

**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

8 July 2019

**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 17 JULY 2019 at 10.00 AM** when the business set out overleaf will be transacted.

Yours faithfully

A handwritten signature in black ink that reads 'Graham Britten'.

Graham Britten
Director of Legal and Governance

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



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. Election of Chairman

To elect a Chairman for 2019/20

2. Appointment of Vice Chairman

To appoint a Vice Chairman for 2019/20

3. Apologies

4. Minutes

To approve, and sign as a correct record, the Minutes of the meeting of the Committee held on 13 March 2019 (Item 4) **(Pages 9 - 18)**

5. 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.

6. Questions

To receive questions in accordance with Standing Order S0A7.

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

8. Internal Audit Reports

(a) Final Audit Reports

To consider Item 8a **(Pages 19 - 62)**

(b) Annual Audit Report 2018/19

To consider Item 8b **(Pages 63 - 78)**

9. Annual Governance Statement 2018/19

To consider Item 9 **(Pages 79 - 104)**

10. Audit Results Report 2018/19

To consider Item 10 **(Pages 105 - 152)**

11. Letter of Management Representation 2018/19

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

12. Unaudited Statement of Accounts - Year ended 31 March 2019

To consider Item 12 (**Pages 165 - 254**)

13. Treasury Management Performance 2018/19

To consider Item 13 (**Pages 255 - 262**)

14. Protocol on Member and Officer Relations

To consider Item 14 (**Pages 263 - 278**)

15. Compliments and Complaints

To consider Item 15 (**Pages 279 - 286**)

16. Business and Systems Integration Project: Progress Report

To consider Item 16 (**Pages 287 - 294**)

17. Corporate Risk Management

To consider Item 17 (**Pages 295 - 312**)

18. Operational Assurance Improvement Plan

To consider Item 18 (**Pages 313 - 360**)

19. Apprenticeship Programme - Annual Statutory Reporting 2018/19

To consider Item 19 (**Pages 361 - 386**)

20. Forward Plan

To note Item 20 (**Pages 387 - 388**)

21. Date of next meeting

To note that the next meeting of the Committee will be held on Wednesday 20 November 2019 at 10.00am.

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

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Minutes of the meeting of the OVERVIEW AND AUDIT COMMITTEE of the BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY held on WEDNESDAY 13 MARCH 2019 at 10.00AM

Present: Councillors Christensen, Cranmer, Exon, Geary, Glover, Teesdale and Watson (Chairman)

Officers: J Thelwell (Chief Fire Officer), L Swift (Director of People and Organisational Development), M Hemming (Director of Finance and Assets), J Parsons (Head of Service Development), D Norris (Head of Service Delivery), A Hussain (Principal Accountant) S Harlock (Internal Audit Manager), M Gibb (Chief Internal Auditor) A Kennett (External Auditor, Ernst & Young), A Carter (BASI Project Manager), G Barry (Information Governance and Compliance Manager) S Gowanlock (Corporate Planning Manager) F Mansfield (HR Development Manager) and K Nellist (Democratic Services Officer)

Apologies: Councillors Irwin and Wilson

Members requested that the Chairman sent a letter of thanks to Councillor Wilson who would not be seeking re-election to Milton Keynes Council in May.

OA31 MINUTES

Subject to the following amendment to the Minutes of the meeting held on 14 November 2018:

Councillor Irwin be removed as present.

RESOLVED –

That the Minutes of the meeting of the Overview and Audit Committee held on 14 November 2018, be approved and signed by the Chairman as a correct record.

OA32 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.

OA33 INTERNAL AUDIT REPORTS

a) Final Audit Report

The Audit Manager advised that the purpose of this paper was to update Members on the findings of the finalised Internal Audit reports issued since the last meeting. There was one report the 2018/19 Information Security Audit that had been finalised. Two recommendations had been agreed with the Information Governance and Compliance Manager, and a suitable deadline

date for implementation had been identified. Internal Audit would monitor implementation of the recommendations as they fall due.

RESOLVED –

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

b) Update on Progress of Audit Recommendations

The Audit Manager advised that the purpose of this paper was to update Members on the progress of the implementation of audit recommendations made as at 1 February 2019. There were 21 audit recommendations to report on, 15 had been implemented, three were on track but not yet due, and three were not implemented and the due date revised. There were no outstanding recommendations to be brought to the attention of Members at this time. Internal Audit continued to actively monitor implementation of all outstanding recommendations throughout the year.

RESOLVED –

That the progress on implementation of recommendations be noted.

c) Update on Progress of the Annual Audit Plan 2018/19

The Audit Manager advised that the purpose of this paper was to update Members on the progress of the annual Internal Audit Plan since the last meeting. Work was progressing according to the 2018/19 plan and regular discussions had been held with the Director of Finance and Assets to monitor progress. The audit of Information Security had now been completed and issued as a final report. The draft report for the Project Management Audit of the Blue Light Hub had been issued for management comments. The Performance Management Audit had been deferred to 2019/20 to avoid impeding on the HMICFRS inspection, and was replaced with the Stores Audit as agreed with the Director of Finance and Assets. The field work for the Stores audit was in progress and the Core Financial Controls audit fieldwork had been completed with the draft report due for issue before the end of the financial year.

A Member asked if all 100 audit days would be used and was advised that no, included in the 100 audit days, were 10 contingency days, that had not needed to be used.

RESOLVED –

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

d) Draft Internal Audit Strategy and Annual Internal Audit Plan 2019/20

The Audit Manager advised Members that this paper set out the Internal Audit Strategy and the proposed Internal Audit Plan for 2019/20. There were no material changes from the strategy of previous years, however, there remained some flexibility through a small provision of contingency days to enable the Director of Finance and Assets to work with Internal Audit to direct work to the most appropriate areas.

The Audit Manager advised Members that the Internal Audit Service was provided as part of a service level agreement with Buckinghamshire County Council. The Council's Internal Audit Service was delivered in partnership with the London Audit Framework, hosted by the London Borough of Croydon. This partnership arrangement included an element of a 'call off contract' should it be necessary to outsource specific technical audits such as ICT or complex contracts.

The Audit Manager advised Members that a risk based methodology would be applied to audit assignments, providing assurance that key controls were well designed and operating effectively to mitigate principal risk exposures. Terms of reference would be prepared for each audit assignment, in consultation with the relevant manager, to ensure that key risks within the audited area were identified.

A Member asked who would be undertaking the Cyber Security audit and was advised that an outside auditor from Mazars IT Auditors would be used.

A Member asked if the Strategy needed to be brought to the Committee annually and was advised that as it was a three year strategy, only updates/amendments needed to be brought to the Committee annually and this was agreed by Members.

RESOLVED –

That the Internal Audit Strategy and Annual Internal Audit Plan be approved.

OA34

ERNST & YOUNG AUDIT PLAN 2018/19

The External Auditor highlighted to Members the dashboard on page 65 which summarised the significant accounting and auditing matters outlined in the report. This provided the Committee with an overview of Ernst & Young's initial risk identification for the upcoming audit and any changes in risks identified in the current year. The changes were highlighted as follows:

- PPE Additions (change in focus) when an expenditure transaction was carried out, there was a further opportunity for it then to be capitalised. Apart from management review, there were no controls in place to prevent an item being incorrectly capitalised. This emphasised where Ernst & Young would look in the audit.

- IFRS 9 Financial Instruments (increase in focus) the new accounting standard was applicable for the 2018/19 financial year and would change how financial assets were classified and measured; how the impairment of financial assets were calculated; and the disclosure requirements for financial assets.
- IFRS 15 Revenue from contracts with customers (increase in focus) this new accounting standard was applicable for the 2018/19 financial year. The impact was likely to be limited as large revenue streams like council tax, non-domestic rates and government grants would be outside the scope of IFRS 15. However, where that standard was relevant, the recognition of revenue would change and new disclosure requirements introduced.

The External Auditor advised Members that with regard to materiality, Ernst & Young would report all uncorrected misstatements relating to the primary statements (comprehensive income and expenditure statement, balance sheet, movement in reserves statement and cash flow statement) greater than £33k. Other misstatements identified would be communicated to the extent that they merit the attention of the Committee. With regard to materiality of the Firefighter's Pension Fund this would be anything greater than £8k.

The External Auditor advised Members that the fee had reduced to £24,162k this year.

A Member asked what the rules of capitalisation were and what limits applied and was advised that the Authority would capitalise something if it lasted for more than a year and was worth more than £6k.

A Member asked if the two new IFRS changes were relevant to the Authority and was advised that they were very low risk.

RESOLVED –

That the Audit Plan 2018/19 set out in Annex A be noted.

OA35

CIPFA BENCHMARKING REPORT

The Director of Finance and Assets advised Members that the purpose of this report was to highlight the performance of the Service relative to other fire services. The key points to note were:

- The Service was one of the most efficient services in England and Wales when measured on net expenditure per 1,000 population.
- Each of our fire stations serves a slightly higher number of the population than average, but covers a slightly smaller land area. This indicates that the number of stations currently held is within a reasonable range.

- The number of appliances (including specialist appliances and officer cars) was slightly higher than average both in terms of the population and land area covered.
- The number of wholetime operational staff per million population was significantly below the national average. This was because the bank system allows appliances to be made available with fewer staff. This was also one of the primary reasons the Authority was one of the most efficient services.
- The number of on-call staff per million population was significantly below the national average, while the number of support staff was almost exactly on the national average.
- The number of incidents and our average response time were all broadly in line with the national averages.
- The amount of home fire risk checks undertaken per 1,000 dwellings was significantly lower than the national average. Despite this the prevention outcomes for the Service were still positive.
- The number of fire safety audits undertaken was below the national average. However, the effectiveness of the audits undertaken was significantly greater than the national average. The Service was also increasing the establishment of protection officers to further strengthen this area.

Members agreed they would like to see this report annually.

A Member asked if this report had been circulated to operational staff on station and was advised that it had not, but the senior management team would discuss the best way to circulate the information to all staff.

It being proposed and seconded:

RESOLVED –

That the report be noted and that the information contained within the report be taken to the next Fire Authority meeting.

OA36 TREASURY MANAGEMENT PERFORMANCE 2018/19 QUARTER 3

The Principal Accountant advised Members that the accrued interest earned for the first nine months of 2018/19 was £158k, which was £46k higher than the budget (£150k) for the period. In the second quarter of 2018/19, the Bank of England base rate increased by 0.25% and currently remained at 0.75%. As a result of this increase, the market was expected to follow suit and on the back of this, the level of returns the Authority received had shown some slight improvement in Q3.

RESOLVED –

That the Treasury Management Performance 2018/19 – Quarter 3 report be noted.

OA37

CORPORATE RISK MANAGEMENT

The Corporate Planning Manager advised Members that the report provided an update on the current status of identified corporate risks. At the Strategic Management Board (SMB) meeting on 15 January 2019 the following changes to the Risk Register were agreed:

1. Progress in addressing the Pager Service risk, and its continued green RAG status, indicated that it was appropriate to remove it from the Corporate Risk Register.
2. Central Government had instructed public service providers to undertake contingency planning for a scenario in which the UK leaves the EU without a formal withdrawal agreement on 29 March 2019. In light of this, the potential short-term risks had been scoped and evaluated and were shown at page 8 of Annex C. Given the imminence of the potential EU withdrawal date, it was agreed that this risk be added to the Corporate Risk Register. It was also recommended that any longer term financial risks arising from this scenario be addressed in the funding and savings risk when more was known and the exit scenario clarified.

The Corporate Planning Manager advised Members that officers were also currently considering any potential risks to the Authority that may arise from the Court of Appeal's recent decision regarding the Fire Brigades Union's 2015 firefighters' pension scheme age discrimination case against the Government.

The Corporate Planning Manager had reviewed the individual risks as follows:

Staff Availability: Although staff retention remained an issue, good progress was being made with the apprenticeship recruitment programme and another 16 apprentices were due to start this month. The Authority was also attempting to capitalise on the recent national awareness campaign to attract more interest in on call staff and was also working to identify potential existing staff to step into leadership roles and meet the succession and resilience planning requirements via the Development Centre Programme.

Funding & Savings: Although the Authority had agreed a balanced budget for the period 2019/20 – 2021/22 the risk score and RAG status remained unchanged at Red as this had been achieved at the expense of the Authority's capital reserves which

if continued would leave the Authority with no capital reserves by 2024/25. There were also other factors that may come into play, such as from Brexit that were, as yet, unknown.

Information Security: There had been no major intrusions or disruption to information systems from malware since the last report to Members in November. Members would note from the latest entry on the risk register that the National Fire Chiefs Council (NFCC) had been gathering information on behalf of the Home Office regarding cloud hosting of fire and rescue services data outside the UK. The Authority was able to provide a nil return as none of its data was held outside of UK hosted sites.

No Deal Brexit Scenario: The overall assessment of this, drawing on input from the NFCC and the Thames Valley Local Resilience Forum (TVLRF), was that the likely short term physical impacts of a withdrawal from the EU without a comprehensive exit agreement were low/medium in nature but with a high likelihood of occurrence under a no deal scenario.

A Member asked a question regarding fuel supply and was advised that the Authority had a fuel plan in place. This ensured that the Authority could continue to mobilise to emergency incidents in the event of a contingency arising that could disrupt fuel supplies on a local or national scale.

A Member asked a question regarding the balanced budget and this leaving the Authority with no capital reserves by the end of 2024-25 and was advised that as there were so many uncertainties around future funding that was the worst case scenario. Obviously, once the Authority knows what the future funding would be, action would be taken to ensure that reserves did not run out. It may mean that some difficult decisions would need to be made.

RESOLVED –

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

OA38 BUSINESS AND SYSTEMS INTEGRATION PROJECT: PROGRESS REPORT

The Business and Systems Integration Project Manager advised Members that since the last Overview and Audit Committee meeting the Premises Risk Management System was moving on well, the trial had been extended to Great Holm and training was

now being undertaken with all other stations who do safe and well visits. Safe and Well visits were a new version of the home fire risk checks, but expanded just covering the fire risk to checking the wellness side including falls, social isolation, home warmth etc. The other part of the Premises Risk Management System was Protection which was the audit of commercial properties. This was on track to go live at the beginning of April and streamlined the process that had to be followed.

The Resource Management System was now live across whole-time and day crewed stations. All station watches had received face to face training. This had also recently gone live across on call stations as well. Due to a delay with integrating to Vision our Command Control System, the on call crews had to do part of the process manually to share their status with Vision.

A Member asked if the Safe and Well visit information was shared locally with other relevant agencies and was advised that yes it was, where appropriate.

A Member asked if the Resource Management System was live across all staff and was advised that it was live across all operational staff with support staff to be added over the next couple of months.

RESOLVED –

That the report be noted.

OA39

EQUALITY, DIVERSITY AND INCLUSION POLICY

The HR Development Manager advised Members that this report presented the updated Equality, Diversity and Inclusion policy, which had been reviewed in line with normal practice. This document had undergone formal consultation and all feedback had been considered and incorporated into the updated document, as detailed in Appendix 1.

The HR Development Manager advised Members that Appendix 2 detailed the feedback received during the formal consultation process and the responses to each, as incorporated into the updated policy. As noted, some changes had been made to the document, such as including reference to the structured groups established throughout the Service who would support and promote inclusion and engagement. The section on monitoring sensitive personal information had been amended to confirm that whilst submitting information was optional, it was encouraged, as this data was an important component to identifying inequality, initiating activity and evaluating progress as required to meet legislation under the Equality Act (2010). The nine protected characteristics had also been added to aid understanding for the reader. In addition, minor amendments had been made to the

document to ensure relevance to current working practices and alignment to other procedures.

A Members asked if something had not been declared would the Authority be liable and was advised that it would depend on the individual case.

RESOLVED –

1. That the content of the EDI policy, as detailed in Appendix 1, be approved for presentation to the Executive Committee for adoption ;
2. That the proposed changes to the current EDI policy and consultation feedback as detailed in Appendix 2 be noted.

OA40 UPDATED CODE OF CONDUCT (V3.0)

The HR Development Manager advised Members that this report presented the updated Code of Conduct, which had been reviewed in line with normal practice. This document had undergone formal consultation and all feedback had been considered and incorporated into the updated document, as detailed in Appendix 1.

The HR Development Manager advised Members that Appendix 2 detailed feedback received during the formal consultation process and responses to each, as incorporated into the updated Code of Conduct. As noted, some changes had been made to the document, such as making specific reference to the Authority's values and other sections had been amalgamated to give a more concise document. In addition, minor amendments had been made to the document to ensure relevance to current working practices and alignment to other procedures.

RESOLVED –

1. That the proposed changes to the current Code of Conduct and consultation feedback as detailed in Appendix 2 be noted.
2. That the content of the updated Code of Conduct as detailed in Appendix 1 be approved for presentation to the Executive Committee for adoption.

OA41 UPDATED WHISTLEBLOWING PROCEDURE (V8.0)

The HR Development Manager advised Members that this report presented the updated Whistleblowing procedure, which had been reviewed in line with normal practice. The proposed amendment to the updated procedure was for clarification purposes around the Whistleblowing hotline service. This change was shown as additional text underlined in Section 11 of Appendix 11.

RESOLVED –

That the updated Whistleblowing procedure as detailed in Appendix 1, noting the proposed additional wording in the updated document, be approved for publication.

OA42 IMPLEMENTATION PROGRESS OF GENERAL DATA PROTECTION REGULATION (GDPR)/DATA PROTECTION ACT 2018 (DPA 2018)

The Lead Member for Health and Safety and Corporate Risk advised Members that the Authority was making good progress in providing resilience records management processes that were GDPR compliant. However the Authority was not there yet and, as the Information Commissioner had said "The creation of the Data Protection Act 2018 is not an end point, it's just the beginning" The Authority was also monitoring any information made available regarding the likely impact of Brexit on information privacy. At this time, there didn't seem to be any risks to the Authority.

The Information Governance and Compliance Manager advised Members that as they were aware the GDPR came into effect on 25 May 2018 and although the Authority was following the ICO's twelve step programme that had been released, limited guidance was in place. In terms of GDPR and Brexit the Authority had received good guidance, and as mentioned earlier, all of its cloud hosting was in the UK. The real risk of cloud hosting was not down to GDPR, but bad implementation of the cloud. There had been 70M incidents in the last year of lost or stolen data.

RESOLVED –

1. That the GDPR implementation progress, the impact of Brexit and associated risks be noted.
2. That periodic progress reports on implementation progress be received.

OA43 FORWARD PLAN

RESOLVED –

That the Forward Plan be noted.

THE CHAIRMAN CLOSED THE MEETING AT 11.26 AM

Buckinghamshire & Milton Keynes Fire Authority



MEETING	Overview and Audit Committee
DATE OF MEETING	17 July 2019
OFFICER	Mark Hemming, Director of Finance and Assets Maggie Gibb, Internal Audit Manager
LEAD MEMBER	Chairman of the Overview and Audit Committee
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 following 2018/19 audits have been finalised:</p> <ol style="list-style-type: none"> 1. Core Financial Controls (Substantial) 2. Stores (Limited) 3. Project Management - BLH (Reasonable) <p>The recommendations have been agreed with the responsible officers and suitable deadline dates for implementation have been identified.</p> <p>Internal Audit will monitor implementation of the recommendations as they fall due.</p>
ACTION	Noting.
RECOMMENDATIONS	That Members note the recommendations raised in the finalised Internal Audit reports.
RISK MANAGEMENT	There are no risk implications arising from this report.
FINANCIAL IMPLICATIONS	The audit work is contained within the 2018/19 budget.
LEGAL IMPLICATIONS	There are no legal implications arising from this report.
CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO	Not applicable.

COLLABORATE	
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 Plan 2018/19 Internal Audit reports taken to Overview and Audit Committee
APPENDICES	Appendix A: Core Financial Controls 2018/19 Appendix B: Stores Audit Appendix C: Project Management – BLH
TIME REQUIRED	10 minutes
REPORT ORIGINATOR AND CONTACT	Maggie Gibb – Internal Audit Manager mjibb@buckscc.gov.uk 01296 387327

Appendix A

**BUCKINGHAMSHIRE COUNTY COUNCIL
INTERNAL AUDIT AND RISK MANAGEMENT**

FINAL INTERNAL AUDIT REPORT

Core Financial Controls Audit Report

Date Issued: April 2019



Appendix A CONTENTS

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Audit Control:

Closing meeting:	11 February 2019
Draft report:	28 February 2019
Management responses:	21 March 2019
Final report:	02 April 2019
Audit Ref:	19/45

Auditors:	Maggie Gibb Selina Harlock Betty Davidson	Head of Business Assurance (and Chief Internal Auditor) Audit Manager Senior Auditor
Report Distribution:		
Draft Report	Mark Hemming Asif Hussain Anne Stunell Sharon Elmes	Director of Finance and Assets Principal Accountant Head of Human Resources Employee Services and Payroll Manager
Final Report as above plus:	Lynne Swift Jason Thelwell Ernst and Young	Director of People and Organisational Development Chief Fire Officer External Audit

Appendix A Management Summary

Introduction

This audit of Core Financial Controls was undertaken as part of the 2018/19 Internal Audit plan, agreed by the Overview and Audit Committee. The audit was undertaken during quarter four of 2018/19.

Audit Objective

Internal Audit's objectives for this audit are 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 Core Financial Controls:

- Financial Control
- Creditors
- Debtors
- Payroll
- General Ledger
- Grant Income
- Capital
- Banking and Reconciliations
- VAT
- Treasury Management

The audit also included a follow-up of prior year management actions. 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.

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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
Financial Control	Substantial	0	0	1
Creditors	Reasonable	0	2	1
Debtors	Substantial	0	0	0
Payroll	Substantial	0	0	0
General Ledger	Substantial	0	0	0
Grant Income	Substantial	0	0	0
Capital	Substantial	0	0	0
VAT	Substantial	0	0	0
Treasury Management	Substantial	0	0	0
		0	2	2

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

Appendix A **Financial Control**

The Fire Authority has approved Financial Regulations, Financial Instructions and Contract Standing Orders in place which provide the control framework for all financial processes. However Audit noted that in the Contract Standing Orders were not up to date as the OJEU limits for the tendering of contracts were from 1 January 2016.

From a follow up of the previous year's Core Financial Controls Audit, it was noted that the Financial Instructions have not yet been updated to state that the Chief Financial Officer may refer debts to Legal rather than automatic referral to Legal after 30 days.

Budget monitoring is carried out on a monthly basis with reports being provided by the Integra financial system. There is a workflow system in place which ensures that forecasts are updated by Budget Holders and are subject to check and challenge from the Management Accountants.

Financial Risks are held on the Finance and Assets Risk Register. These risks are reviewed and updated on a regular basis by Finance and Assets Senior Managers, those considered as high risk are escalated to the Corporate Risk Register which is reviewed regularly by the Strategic Management Board.

Process notes are in place that outline the steps to be followed for all financial processes that are carried out on Integra and the Treasury Management and banking systems. These had been reviewed and updated following the 2017/18 Core Financial Controls Audit to include greater detail regarding delegation of responsibilities within processes.

Creditors

The Financial Regulations and Instructions provide comprehensive guidance on the ordering, authorising and receipt of goods and services. Access rights have been set up on Integra and checks are in place to ensure there is an adequate separation of duties in the Creditors process including the setting up of vendors, changing vendor records, raising of orders, approving orders and paying invoices.

A sample of purchase orders and credit notes was tested to ensure that the correct processes had been followed. It was found that one of the purchase orders had been raised retrospectively; this was for quarterly internet access which would have been known about in advance and should have been raised before the order was placed. Additionally, from a sample review of credit notes, it was found that two credit notes had taken 51 days to clear, one of these was for the reimbursement

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of mileage costs on a lease car and one was for rental credit for three months email and cloud protection. One of the credit notes in the sample related to an invoice which had been paid twice in error.

A sample of changes to vendor records was tested by Audit to confirm that appropriate checks had been carried out, for two of the changes to bank account details there was no evidence that the change had been confirmed with the vendor to mitigate the risk of fraud.

A sample of purchasing card transactions was tested by Audit, the testing confirmed that they were reviewed by both the Budget Holder and Finance to ensure that the spend was appropriate and in accordance with purchasing card guidelines. Following last year's Audit new guidance on expenses has been agreed to clarify the rules for spend on hospitality.

Debtors

The Financial Regulations and Instructions provide up to date guidance relating to accounts receivable. Documented procedures regarding the raising and authorisation of invoices on Integra are available to all responsible staff; these include annotated screenshots of the relevant Integra steps that should be followed. Audit found that access on Integra is restricted to relevant staff and adequate separation of duties exists including the setting up of customers, raising of invoices, approving invoices and posting receipts.

The debt management process is included in the Financial Instructions; this explains the processes for issuing payment reminders, recovering debt and for authorising write-offs. An agreed action in the 2017/18 Core Financial Controls Audit report was that the Financial Instructions and Debt Management Policy should be updated to clarify that the Chief Finance Officer may choose to refer debts to legal, rather than implying that they are automatically referred after 30 days. The agreed implementation date was 30 November 2018. From a review of Financial Instructions this has not yet been actioned.

Payroll

The Fire Authority payroll information is held and processed through the iTrent HR system. The Gartan system used for recording on-call staff attendance interfaces with the iTrent system to ensure that the correct hours are paid. The iTrent system allows expenses and overtime for non-Watch based staff to be claimed electronically and there is a workflow system in place for the line manager to approve these claims. There is now a workflow system in place for approving vacancies and new posts on iTrent. Audit found that roles are allocated on iTrent which ensure that there is an appropriate separation of

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duties within the payroll process. Additionally checks are carried out at all stages of the payroll process to ensure that amounts paid and deducted are accurate.

General Ledger

Staff are allocated to a 'role' on Integra to ensure that there is an adequate separation of duties within the financial processes and that staff cannot access transactions which are not appropriate for their role, for example, setting up new cost centres or cost codes.

The Audit review confirmed that journals are appropriately approved and backing documentation is held to support each transaction. However it was noted by Audit that some of the journals raised include a range of costs to be journalled that are not related to each other, for example one of the journals tested included payroll costs, miscoding of electricity costs, year-end accruals, BA Chamber costs, maintenance costs and other costs on the same journal. This leads to the journal having a large number of lines and amount with a variety of backing documentation making it more difficult and time consuming for the figures to be adequately checked for accuracy and appropriateness by the approver. Suspense accounts are reviewed and cleared as part of the monthly control account reconciliation process, and any unreconciled balances identified are supported by an explanatory note.

Grant Income

The process for receiving and recording grant income was reviewed as part of the audit. For the sample reviewed it was confirmed that for all expected grants the correct amounts had been received and on the expected dates. The income had been allocated to the appropriate cost centre on Integra and the receipt of this income is reviewed as part of the monthly budget monitoring process. None of the grants have conditions attached or a requirement to complete a return on expenditure made.

Capital

The Financial Regulations and Financial Instructions detail the processes to be followed for capital expenditure, responsibilities for the approval of the capital programme and monitoring of capital spend is included. Capital spend and forecasts are monitored as part of monthly budget monitoring. Audit confirmed that no new capital bids had been made for the financial year 2018/19.

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Assets of land and building are revalued on an annual basis by an external valuer, Bruton Knowles, in accordance with the valuation method detailed in the annual accounts. The Asset Register was reviewed and valuations were found to be up to date for a sample of assets.

The process for disposals including approval and method is detailed in Contract Standing Orders. Audit reviewed the two disposals of vehicles made in 2018/19 and it was confirmed that the agreed process had been followed.

Banking and Reconciliations

The bank reconciliations process was reviewed as part of the audit, reconciliations are carried out by Finance on a monthly basis. Access to the bank account via Lloyds Link is restricted to appropriate members of Finance staff. Bank statements are produced from Lloyds Link and entries are matched to creditor and debtor transactions on Integra. Control Accounts including the Bank Control Account are reconciled, reviewed and signed off on a monthly basis.

VAT

The process for completing and submitting the VAT return was reviewed as part of the audit. Purchase Ledger and Sales Ledger VAT analysis reports are run from Integra. The total from these reports is compared against that on the relevant ledger spreadsheet and reconciled. This reconciliation is reviewed and signed off by the Principal Accountant who completes the VAT return and submits to HMRC.

Treasury Management

There is an approved Treasury Management Strategy in place which details the investment and borrowing strategies and the approved list of counterparties. This is backed up by the approved Prudential Code which ensures that that treasury management decisions are taken in accordance with good professional practice and comply with the CIPFA Code of Practice for Treasury Management in the Public Sector. The Fire Authority has a consultancy service in place with Link Asset Services who provide regular updates on credit worthiness of counterparties. A sample of investments was reviewed; it was found that daily cash flow statements were produced for each day in the sample; these confirm that the amounts invested were available. All investments in the sample had been appropriately authorised, were on the approved counterparty list and within the time limit for investments.

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Table 2 Detailed Audit Findings and Action Plan

Management actions have been agreed to address control weakness identified during the closing meeting and agreement of the draft Internal Audit report. All management actions will be entered on the Council's Performance Management Software and progress in implementing these actions will be tracked and reported to the Regulatory & Audit Committee.

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

Priority High (H)	Major issue or exposure to a significant risk that requires immediate action or the attention of Senior Management.
Priority Medium (M)	Significant issue that requires prompt action and improvement by the local manager.
Priority Low (L)	Minor issues requiring action to improve performance or overall system of control.

	Audit Finding, risk exposure and potential impact	Priority	Management Action
1.	<p><u>Creditors – Credit Notes</u></p> <p>Credit notes received should be processed in a timely manner to ensure that money owed to the Fire Authority is not outstanding.</p> <p>A sample of seven credit notes received between April and December 2018 was selected from the Purchase Ledger Transactions Report. Audit found the following:</p> <ul style="list-style-type: none"> - Two of the credit notes had taken 51 days to clear. One was for the reimbursement of lease car mileage at the end of the contract period. The other was for rental credit for three months email and cloud protection - One credit note related to an invoice for £4,856 which had been paid twice in error. The original invoice to which it relates was raised in February 2018 and the error was spotted at the beginning of May 2018, the original invoice was input with the account number rather than the invoice number on Integra leading to the invoice being paid twice. <p>If credit notes are not cleared in a timely manner there is a risk that vendor account balances are incorrect leading to a delay in recouping monies owed to the Fire Authority and possible further overpayments.</p>	M	<p><u>Action</u></p> <p>Credit notes received will be processed in a timely manner to ensure that money owed to the Fire Authority is not outstanding.</p> <p>Officer responsible: Principal Accountant</p> <p>Date to be implemented by: 30 April 2019</p>

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	Audit Finding, risk exposure and potential impact	Priority	Management Action
2.	<p><u>Creditors – Changes to Vendor Records</u></p> <p>Changes to vendor records should only be made if this is advised by the vendor. Where bank account changes are made this should be verified with the vendor by telephone and further confirmed via email.</p> <p>Audit selected a sample of six changes to vendor records: Four of the changes were for bank account details it was found that for two of the changes there was no evidence that the details had been verified with the vendor.</p> <p>If changes to vendor bank account details are not verified with the vendor there is an increased risk of a fraudulent attempt to change details succeeding leading to the loss of monies to the Fire Authority.</p>	M	<p><u>Action</u></p> <p>We will ensure that changes to vendor details can be clearly evidenced and a full record kept confirming the contact details of the vendor (employee) who has confirmed the changes requested, along with the date this was verified.</p> <p>Officer responsible: Principal Accountant</p> <p>Date to be implemented by: 30 April 2019</p>

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	Audit Finding, risk exposure and potential impact	Priority	Management Action
3.	<p><u>Financial Control – Contract Standing Orders</u></p> <p>Contract Standing Orders should be reviewed on a regular basis, should be comprehensive and kept up to date to reflect current regulations.</p> <p>Contract Standing Orders were reviewed by Audit. It was found that these are dated October 2017 and were approved at O&A Committee on 27 July 2017. The OJEU limits stated are for the year commencing 1 Jan 2016; these limits have since been changed, however this has not been updated within the Fire Authority’s Contract Standing Orders.</p> <p>If the limits OJEU are not up to date there is a risk that an incorrect process is used for the tendering of contracts.</p>	L	<p><u>Action</u></p> <p>Contract Standing Orders will be reviewed on a regular basis. The OJEU limits will be included within the Standing orders as a hyperlink to ensure they are always up to date.</p> <p>Officer responsible: Procurement Manager</p> <p>Date to be implemented by: 31 March 2020</p>
4.	<p><u>Creditors – Purchase Orders</u></p> <p>Purchasing should be carried out in accordance with Financial Instructions and Financial Regulations.</p> <p>A list of purchase invoices and purchase credit notes from a Purchase Ledger Transaction Report was obtained. A sample of 25 invoices and seven (10%) credit notes were tested.</p> <p>Audit noted one instance where a retrospective Purchase Order for £29,794 had been raised inappropriately. This was for quarterly internet access, and as this would have been known before the order was placed a purchase order should have been raised beforehand.</p> <p>If purchase orders are raised retrospectively there is a risk that inappropriate purchases may be made and financial commitments are made outside of the Integra system which may lead to budget monitoring being inaccurate.</p>	L	<p><u>Action</u></p> <p>Purchase Orders (POs) need to be raised prior to an order being placed.</p> <p>The Fire Authority has a ‘No PO’ ‘No Pay’ policy in place which we will continue to enforce.</p> <p>Officer responsible: Principal Accountant</p> <p>Date to be implemented by: 30 April 2019</p>

Appendix A
Appendix 1 Definition of Conclusions

Grading:	Substantial	Reasonable	Limited
Overall conclusion on the system of internal control being maintained	There is a strong system of internal control in place and risks are being effectively managed. Some minor action may be required to improve controls.	There is generally a good system of internal control in place and the majority of risks are being effectively managed. However some action is required to improve controls.	The system of internal control is weak and risks are not being effectively managed. The system is open to the risk of significant error or abuse. Significant action is required to improve controls.

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Appendix 2 Officers Interviewed

The following staff contributed to the outcome of the audit:

Name:

Mark Hemming
Asif Hussain
Anne Stunell
Sharon Elmes
Marcus Hussey
Laura Taylor
Linda Blunt
Jess Bunce
Fran Hale

Title:

Director of Finance and Assets
Principal Accountant
Head of Human Resources
Employee Services and Payroll Manager
Trainee Accountant
Trainee Accountant
Finance Officer
Finance Assistant
Senior Administrator Employee Services and Payroll

The Exit Meeting was attended by:

Name:

Mark Hemming
Asif Hussain

Title:

Director of Finance and Assets
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.

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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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Appendix B

**BUCKINGHAMSHIRE COUNTY COUNCIL
INTERNAL AUDIT AND RISK MANAGEMENT**

FINAL INTERNAL AUDIT REPORT

Stores Audit 2018/19



Date Issued: May 2019

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Audit Control:

Closing meeting:	22 February 2019
Draft report:	15 March 2019
Management responses:	10 & 26 April 2019
Final report:	03 May 2019
Audit Ref:	19-48

Auditors:	Maggie Gibb Selina Harlock Nav Nalliah	Head of Business Assurance (and Chief Internal Auditor) Audit Manager Auditor
Report Distribution:		
Draft Report	Maria Darrell Jez Finden Mark Hemming Ronda Smith	Asset Management Systems Officer Fleet Manager Director of Finance & Assets Procurement Manager
Final Report as above plus:	Jason Thelwell	Chief Fire Officer

Appendix B

Management Summary

Introduction

This audit of Stores, BMKFA was undertaken as part of the 2018/19 Internal Audit plan as approved by the Overview and Audit Committee. The audit was undertaken during the fourth quarter of 2018/19.

The prime purpose of the Stores within Buckinghamshire Fire and Rescue Service is the purchase, custody and issue of stock. The stores are held in three separate locations, these being the Mezzanine, the Shed and the Stores Room. The Asset Management Team is responsible for issuing new assets to the 20 Fire Stations, with each Fire Station being able to request replacements of existing stock. The Asset Management Team use software, 'Red Kite', to manage the assets. The software allows the team to keep track of current asset levels and what items need to be ordered.

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. It also provides 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 Stores Management:

Management of Stock:

- Stores procedures are compliant with Financial Regulations and Financial Instructions.
- Stock is identified, marked and recorded to reduce the risk of loss or misuse.
- Stock write offs/disposals are authorised appropriately.
- Stock is held securely and access is appropriately restricted.
- Where relevant, stock is tested on a regular basis to ensure it is not obsolete/unsafe.
- An independent annual stock check is carried out, including stock not held centrally, any discrepancies between records and physical stock held are recorded, reported and differences investigated.
- There is an adequate separation of duties between ordering, recording and authorising the purchase of new stock.

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Stock Recording:

- Stock records are adequate to enable identification of assets and stock owned and determine those in use or not in use.
- Regular stock checks are carried out and reconciled to records to identify any anomalies and reduce the risk of loss.
- There is a system in place to monitor the level of stock held and to ensure that levels are reasonable in relation to usage to reduce the risk of wastage.
- The issue of stock from central stores is adequately controlled to reduce the risk that departments are holding too much stock/obsolete stock.

Stock/Asset Management System:

- Appropriate security is provided over access to the asset management system and data to reduce the risk that data is compromised.
- There is a provision for system recovery and continuity of business processes to reduce the risk of loss of data.
- There is an efficient/adequate process in place for uploading data from the asset management system to Integra.
- Data uploaded from the asset management system to Integra is reviewed for accuracy and authorised at the appropriate level.

Personal Protective Equipment (PPE) Contract:

- The performance of the PPE contract is monitored and any issues identified are managed and resolved appropriately.
- There is a named/experienced contract manager in place to manage the contract.
- The contract is working effectively and the necessary equipment is available for use when needed.

The audit considered the controls in place at the time of the audit only. Where appropriate testing was undertaken using samples of transactions that occurred within the last 12 months.

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Table 1 Overall Conclusion

Overall conclusion on the system of internal control being maintained	Limited
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RISK AREAS	AREA CONCLUSION	No of High Priority Management Actions	No of Medium Priority Management Actions
Management of Stock	Reasonable	1	1
Stock Recording	Reasonable	1	1
Stock/ Asset Management System	Limited	2	0
Personal Protective Equipment (PPE) Contract	Substantial	0	0
		4	2

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

The overall conclusion of limited assurance for the Stores audit was concluded as the system of internal control is weak and risks are not being effectively managed. The system is open to the risk of significant error or abuse. Significant action is required to improve controls.

Management of Stock

The Asset Management Team have a Red Kite Asset Management User Guide 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 and, as a consequence, we were unable to confirm if the Red Kite Asset Management User Guide is being reviewed on a regular basis.

New staff members receive training on how to use the Red Kite system. This includes training on how to navigate around the system and how to raise requisitions on Red Kite.

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As part of the audit, a report of all assets held in stock was obtained. From this report, a sample of 20 assets were selected and traced to their location. It was confirmed that in 14 out of the 20 cases, the asset could not be identified in storage. In a further instance, although the asset was identified, it had not been tagged appropriately.

Audit confirmed that one set of asset write-offs had been completed for the current financial year. When assets are to be written-off, the Asset Management Systems Officer provides a list of items that are proposed to be written-off. The Write-off Schedule is sent to the Director of Finance and Assets for approval. Audit confirmed that the write-offs completed for this financial year had been signed off by the Director of Finance and Assets.

The write-offs are input into the General Ledger (Capita – Integra) at the end of the financial year. As a result, the write-offs for the current financial year had not been processed on the General Ledger at the time of the audit, therefore this could not be tested. At the end of the year, the trainee accountant raises a journal to process the write-off. The journal is then approved by an independent member of staff. Audit confirmed that the write-offs had been written off on the Asset Management Software (Red Kite).

Stock is held in one of three areas, this being the Mezzanine, Shed and Stores Room. To enter each of these areas an electronic tag is required to open the securely locked doors. This ensures that only Fire Authority staff members with tags can access the sites. Furthermore, the Shed and the Mezzanine are secured with a separate lock to ensure only the Asset Management team can access the site. The Stores room is manned by a member of the Asset Management Team at all times. This ensures that the items in the room cannot be taken without authorised access.

Staff are required to undertake regular equipment inventory checks. The frequency of these spot checks are dependent on the type of item which, in turn, is determined by the Periodic Inspection Testing (PIT) Number each asset is assigned. For example, the 48b PIT Number (Rados Survey Meter) would be checked once a month at the start of each month. When the staff check the assets, a device is used to scan the tag label of each asset to confirm that the asset has been located and checked. During the spot checks, the staff will declare if they have found the asset, if it is inadequate or faulty.

A sample of ten different items were selected randomly from the Red Kite System. These were tested to see if the items had been checked in accordance with the frequency required. From the sample of ten items tested, in two cases the item had not been checked in line with the frequency required. In two further cases the location of the items was not identified during the test.

An annual stock check is undertaken independent of the regular stock checks. A member of the Finance Team, who is independent of the daily management of the asset management system, undertakes the full asset check. Email records of the annual stock check was provided by the Finance Team.

When purchasing new stock, a staff member in the Asset Management Team raises a requisition order. This order is approved by the Asset Management Budget Holder. Once the requisition order has been approved, the order workflows to

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the Procurement Team. The Procurement Team convert the Requisition Order into a Purchase Order and the order is then placed with the supplier.

The Asset Management Team will receive the goods which they have ordered. A team member is required to undertake a Goods Received check on the items delivered. The invoice is then paid by the Finance Team once the goods received check has been completed. All the documentation should be attached to the General Ledger system.

A report of all purchases for the current financial year (2018/19) was obtained. From this report, a sample of 20 procurements were tested and no exceptions were identified. In all cases, there was adequate segregation of duties, supporting evidence was retained and purchases were approved in line with the Financial Regulations.

Stock Recording

If staff require a replacement for a damaged item, the staff will raise a defect notification on Red Kite. This defect is reviewed by the Asset Management Team, and if assessed to be reasonable, the asset is delivered to the station at the next available opportunity. When a new asset is bought which has not been used at the Fire stations before, the initial tagging and distribution of the assets is down to the Asset Management Team. The Crew members are not able to request new items, only replacements for existing assets which are malfunctioning or damaged.

Furthermore, Red Kite also has the capability to record the minimum, maximum and re-ordering levels. This ensures that when the minimum level is breached, the system will automatically prompt the Asset Management Team on what to order and the quantity to order. This ensures that excessive amounts of stock are not ordered when it is not required.

When procured items are received, these are goods received checked by the asset management team. The assets are tagged and added to Red Kite before they are delivered to the Stores or the relevant Fire Stations. A sample of 20 items were chosen from around the storage area to determine if they could be identified on the Asset Management System. From a sample of 20 items tested, in all cases the items selected from the stores were identified on Red Kite. However, in seven cases the items were stated on Red Kite as being located elsewhere.

A sample of 20 procurement items were chosen from a report of procured items in the current financial year. The sample of procurement items were tested to confirm they had been promptly and accurately updated on Red Kite. Audit identified that in two applicable cases the asset had not been added to the asset management system.

The Red Kite System allows for a record to be kept on what has been ordered in the past. With the Asset Management System, the Asset Management Team can use the historic orders to assess if too many items have been requested in the last few years. The Asset Management Team assess if items are being requested more frequently or in larger quantities

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than historical orders. This allows the Asset Management Team to only deliver items required to the stations. The Asset Management Team can also use other stations and crew sizes to compare if a station is ordering excessive stock.

Stock/ Asset Management System

There are different access levels for different users of the Asset Management System. There are four users in the Asset Management Team who have the access rights to add or remove users. The Human Resources department informs the Asset Management Team through email if a new staff member is required access to Red Kite.

Only members of the Asset Management Team and Property Team can add or remove assets on the system. There are eleven users who can add or remove assets on the Asset Management System. All other staff members have read-only access to the system. Testing confirmed that all users on the Red Kite system are current and relevant.

The Fire Authority was unable to provide a copy of the Red Kite contract. The Red Kite contract should include an agreed time frame for the system to be reinstated in the event of system failure. The Fire Authority was also unable to show that it is the Red Kite system operator's responsibility to ensure that the system is backed up.

The Asset Management System (Red Kite) and General Ledger (Capita Integra) are currently not interfaced, however a high level reconciliation is undertaken at year-end. Therefore we were not able to provide assurance that the values recorded on Red Kite are the same as those maintained on the General Ledger.

Personal Protective Equipment (PPE) Contract

The Personal Protective Equipment Contract is between the Buckinghamshire and Milton Keynes Fire Authority and Bristol Uniforms Ltd. The contract is for Bristol Uniforms Ltd to provide Protective equipment for Firefighters; which includes items such as helmets and gloves.

The Personal Protective Equipment (PPE) contract went live in October 2018. Before the contract went live, the contractor provided the service under a trial period of one year. The procurement was undertaken as part of the Central Government tendering. The Central Government recommended Bristol Uniforms Ltd as the preferred contractor.

The Buckinghamshire and Milton Keynes Fire Authority have Key Performance Indicators in place with the PPE Contractors (Bristol Uniforms Ltd). The Key Performance Indicators are reported to the Procurement Manager on a monthly basis. Where the KPIs are not met, a financial penalty is imposed on the contractor. The KPI reports are reviewed with the contractor on a quarterly basis during the Contract Monitoring meetings. The last three contract monitoring meeting minutes were obtained

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by Audit. The meeting were attended by the Procurement Manager with the Asset Management Systems Officer and the Group Commander attending in some instances.

Examples of KPI's in place include:

- Bristol Uniforms will ensure that all firefighters and officers have access to serviceable and correctly sized PPE at the commencement.
- Bristol Uniforms will, in relation to a safety event, maintain continuity of evidence in accordance with the contract or is reasonably anticipated pursuant.
- Bristol Uniforms will clean and return PPE within seven calendar days of collection including repair.

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Table 2 Detailed Audit Findings and Action Plan

Management actions have been agreed to address control weakness identified during the closing meeting and agreement of the draft Internal Audit report. Progress in implementing these actions will be tracked and reported to the Overview & Audit Committee.

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

Priority High (H)	Major issue or exposure to a significant risk that requires immediate action or the attention of Senior Management.
Priority Medium (M)	Significant issue that requires prompt action and improvement by the local manager.
Priority Low (L)	Minor issues requiring action to improve performance or overall system of control.

	Audit Finding, risk exposure and potential impact	Priority	Management Action
1.	<p><u>Assets are identified, marked and recorded</u></p> <p>All assets maintained by the Fire Authority should be appropriately recorded, marked and stored in the relevant storage area. A clear record of the assets should be maintained to ensure that the existing assets can be used in the most efficient manner.</p> <p>As part of the audit, a report of all assets held in stores was obtained. From this report, a sample of 20 assets were selected and traced to their recorded location. It was confirmed that in 14 out of the 20 cases the asset could not be identified in storage. In a further instance, although the asset was identified, it had not been tagged appropriately.</p> <p>Where assets cannot be located, there is a risk that the asset is unaccounted for. This can result in the assets being mismanaged, which can lead to financial loss for the Fire Authority.</p>	H	<p><u>Asset Review</u></p> <p>Assets in storage will be reviewed on a quarterly basis to ensure the Asset Management records are complete.</p> <p>Officer responsible: Maria Darrell, Asset Management Systems Officer</p> <p>Date to be implemented by: 30 September 2019</p>

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	Audit Finding, risk exposure and potential impact	Priority	Management Action
2.	<p><u>Assets are tested on a regular basis</u></p> <p>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. For example, the 48b PIT Number would be checked once a month at the start of each month. 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.</p> <p>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>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>	H	<p><u>Asset Review</u></p> <p>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> <p>Officer responsible: Maria Darrell, Asset Management Systems Officer</p> <p>Date to be implemented by: 30 September 2019</p>
3.	<p><u>Red Kite Contract</u></p> <p>The Fire Authority uses the Red Kite Asset Management software to manage its assets. It is the responsibility of the Red Kite system providers to back-up the data maintained on the system.</p> <p>However, the Fire Authority was unable to provide a copy of the Red Kite contract. The Red Kite contract should include an agreed time frame for the system to be reinstated in the event of system failure. The Fire Authority was also unable to evidence that it is Red Kite system operator's responsibility to ensure that the system is backed up.</p> <p>Where the Red Kite System providers are not held accountable to the terms of the contract, there is a risk that data maintained on the system is not backed up according to the terms of the contract.</p>	H	<p><u>Request a copy of the contract</u></p> <p>The Fire Authority will request another copy of the contract with Red Kite. Furthermore, the system providers should be held accountable to the terms of the contract.</p> <p>Officer responsible: Ronda Smith, Procurement Manager</p> <p>Date to be implemented by: 30 April 2019</p>

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	Audit Finding, risk exposure and potential impact	Priority	Management Action
4.	<p><u>Reconciliation between Asset Management System and the General Ledger</u></p> <p>The Asset Management System (Red Kite) and General Ledger (Capita Integra) are currently not interfaced, though a high level reconciliation is undertaken at year-end. At the time of the audit we were not able to provide assurance that the values of assets recorded on Red Kite are the same as those maintained on the General Ledger.</p> <p>Where the Asset Management and General Ledger systems are not reconciled on a regular basis, there is a risk that the records maintained on the General Ledger do not accurately reflect the records maintained on Red Kite. This can result in incorrect financial decisions being made by the Fire Authority.</p>	H	<p><u>Reconciliation between the Asset Management System and the General Ledger</u></p> <p>The Finance Team will investigate the possibility of interfacing the Asset Management system records to the General Ledger. Reconciliations between the two systems will be performed on a quarterly basis.</p> <p>Officer responsible: Mark Hemming, Director of Finance and Assets</p> <p>Date to be implemented by: 30 September 2019</p>
5.	<p><u>Stock records are complete</u></p> <p>Stock records should be adequate to enable identification of stock owned and determine those in use or not in use. A completeness asset register test was undertaken by audit to determine if assets were being accurately recorded on Red Kite.</p> <p>A sample of 20 items were chosen from around the storage area to determine if the stock could be identified on the Asset Management System. From a sample of 20 items tested, in all cases the items selected from the stores were identified on Red Kite. However, in seven cases, the items were stated on Red Kite as being located elsewhere.</p> <p>Where the records maintained on Red Kite are not up-to-date, there is a risk that the assets are not managed in the most efficient manner.</p>	M	<p><u>Asset Review</u></p> <p>Quarterly sample testing will be undertaken from the Asset Stores to the Red Kite System to ensure the records maintained on Red Kite are accurate.</p> <p>Officer responsible: Maria Darrell, Asset Management Systems Officer</p> <p>Date to be implemented by: 30 September 2019</p>

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	Audit Finding, risk exposure and potential impact	Priority	Management Action
6.	<p><u>Procured items added to the Asset Management System</u></p> <p>All items procured by the Asset Management Team should be added to Red Kite. This ensures that the records maintained on Red Kite are complete and up to date.</p> <p>A sample of 20 procurement items were chosen from a report of procured items in the current financial year. The sample of procurement items were tested to confirm they had been promptly and accurately updated on Red Kite. Audit identified that in one applicable case the stock item had not been added to Red Kite. Discussions with the Asset Management Team identified that resource constraints has not allowed for a reconciliation to be undertaken of all procured items against new items which had been added onto Red Kite.</p> <p>Where newly procured items are not added to Red Kite, there is a risk that the Asset Management Records maintained on Red Kite are not complete.</p>	M	<p><u>Asset Review</u></p> <p>A list of procured items will be reconciled to Red Kite on a monthly basis.</p> <p>Officer responsible: Maria Darrell, Asset Management Systems Officer</p> <p>Date to be implemented by: 30 September 2019</p>
7.	<p><u>Stores Policies and Procedures</u></p> <p>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>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>	L	<p>Action</p> <p>A review and issue date will be added to the User Guide.</p> <p>Officer responsible: Maria Darrell, Asset Management Systems Officer</p> <p>Date to be implemented by: 30 September 2019</p>

Appendix B

Appendix 1 Definition of Conclusions

Grading:	Substantial	Reasonable	Limited
Overall conclusion on the system of internal control being maintained	There is a strong system of internal control in place and risks are being effectively managed. Some minor action may be required to improve controls.	There is generally a good system of internal control in place and the majority of risks are being effectively managed. However some action is required to improve controls.	The system of internal control is weak and risks are not being effectively managed. The system is open to the risk of significant error or abuse. Significant action is required to improve controls.

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Appendix 2 Officers Interviewed

The following staff contributed to the outcome of the audit:

- Maria Darrell, Asset Management Systems Officer
- Ronda Smith, Procurement Manager
- Laura Taylor, Trainee Accountant

The Closing Meeting was attended by:

- Maria Darrell, Asset Management Systems Officer

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 B

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.

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Appendix C

**BUCKINGHAMSHIRE COUNTY COUNCIL
INTERNAL AUDIT AND RISK MANAGEMENT**

FINAL INTERNAL AUDIT REPORT

Project Management – Blue Light Hub (BLH) 2018/19

Date Issued: March 2019



Appendix C

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Audit Control:

Closing meeting:	09 January 2019
Draft report:	29 January 2019
Management responses:	11 March 2019
Final report:	11 April 2019
Audit Ref:	19/47

Auditors:	Maggie Gibb Selina Harlock Alex Prestridge	Head of Business Assurance (and Chief Internal Auditor) Audit Manager Auditor
Report Distribution:		
Draft Report	David Sutherland Mark Hemming	Head of Finance & Assets Director of Finance & Assets
Final Report as above plus:	Jason Thelwell Roger Reed Ernst and Young	Chief Fire Officer Chair, Bucks and Milton Keynes Fire Authority External Audit

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Management Summary

Introduction

This Project Management Audit of the Blue Light Hub (BLH) was undertaken as part of the 2018/19 Internal Audit plan as agreed by the Strategic Management Board and approved by the Overview and Audit Committee. The audit was undertaken during quarter three of 2018/19

In 2016 the Fire Authority approved the decision to relocate and merge the resources from Great Holm and Bletchley stations to a new 'Blue Light Hub'. This new facility in Thornbury, Milton Keynes will be a campus for the Fire Authority, Thames Valley Police (Neighbourhood Police Team) and South Central Ambulance Service (frontline 999 and non-emergency Patient Transport Services). Building works at the site began in April 2018 and the facility is due to open in January 2020.

A total budget of £13.114 million was approved by the Fire Authority in 2017 to fund this project, which includes a £2.8 million transformation fund grant received from central government, of which a sum of £600k is due to Thames Valley Police to fund their move from Bletchley.

Audit Objective

Internal Audit's objectives for this audit are 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. It also provides assurance to the Section 112 Officer that financial affairs are being properly administered.

Scope of work

The audit activity focussed on the following Project Management key risk areas:

- **Project Initiation**
- **Project Implementation**
- **Project Risk Management**
- **Stakeholder Management**

The audit considered the controls in place at the time of the audit only. Where appropriate testing was undertaken using samples of transactions that occurred within the last 12 months.

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Table 1 Overall Conclusion

Overall conclusion on the system of internal control being maintained	Reasonable
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RISK AREAS	AREA CONCLUSION	No. of High Priority Management Actions	No. of Medium Priority Management Actions
Project Initiation	Substantial	-	-
Project Implementation	Reasonable	-	2
Project Risk Management	Reasonable	1	-
Stakeholder Management	Substantial	-	-
		1	2

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

The BLH Project Management audit has an overall opinion of Reasonable. There is a generally a good system of internal control in place and the majority of risks are being effectively management. However some action is required to improve controls.

Project Initiation

The project funding bid submitted to the Department of Communities and Local Government (DCLG) in 2014 is the Project Initiation Document (PID) as it sets out the purpose of the project, expected outcomes, the projects costs and a project delivery timeline. Since the funding bid, the project has become bigger than initially planned, and now includes the operational response and patient transport services for South Central Ambulance Service such that all three blue light services will be providing operational responses from the new site.

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There is a formal governance structure in place for the project and this includes clear terms of reference for each forum. The governance arrangements were determined in the early stages of the project and as the programme of works has progressed the frequency of meetings for some of the boards has reduced and in other cases the meetings have been discontinued, with reasonable explanations. There is a Joint Delivery Board which includes representation from each of the partnering authorities. Meetings are held on a quarterly basis and a highlight report is presented by The HUB Professional Service which includes key agenda items such as; Project Budget Status, Design/Construction Progress, Risks, Issues, Key Events & Targets and Change Requests/Exceptions. Whilst there are formal meetings held quarterly which are minuted, it was confirmed that informal meetings are also held with the partnering authorities regularly on an individual basis and this allows each partner to address specific matters that relate to them.

The Fire Authority receives regular project progress reports from the Head of Resources & Assets; formally via the Senior Management Board and the Executive. The Overview & Audit Committee receive ad-hoc updates, however the Executive have delegated Authority on the project and oversee all key decisions. The Head of Resources & Assets meets informally with the Councillor for Property and Resource Management and with the Councillor for Finance, IT and Procurement to brief them on the project's progress including highlighting any issues, key risks or financial pressures that arise during the project.

The Property Manager is the Client Liaison for the project, and is overseeing the work that is being undertaken by the HUB by ensuring that the delivery of the project is in line with what is expected by all partners, including making certain that key milestones are being met. The Property Manager meets with the Director of Finance & Assets and Head of Resources & Assets on a monthly basis to discuss the project budget. The Property Manager produces monthly Project Financial Statements which contains over 90 line items of activities and associated costs, and these are used to monitor the project costs and ensure that forecast costs are within the approved budget. There are no meeting minutes recorded to evidence the outcomes of these meetings, as such Internal Audit could not make a clear determination that the financial statements are being updated to reflect what has been agreed/approved by the Director of Finance & Assets and the Head of Resources & Assets at these monthly meetings.

Project Implementation

The HUB Professional Services are consultants who are overseeing the delivery of the project. The HUB is the project technical lead with responsibility for the design/architecture and procurement of sub-contractors in consultation with the Property Manager. There is a documented construction programme in place that identifies all the work that needs to be undertaken at each stage in order for the project to be delivered within the required timescales and to expected standards. Where there are setbacks in the programme of works, these are updated on the chart and adjusted to reflect the overall impact on all set deadlines and any associated financial implications are reported via the Financial Statements that are shared with the Director of Finance & Assets and Head of Resources & Assets. The Quantity Surveyor reviews all invoices from contractors and checks to ensure that all work as invoiced has been delivered prior to submitting the invoice to Finance for payment. Where work invoiced has not been completed, these will not be paid and will be communicated to the contractor.

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Through review of meeting minutes and discussion with the Property Manager, it was confirmed that there have been instances of poor performance whereby HUB have not provided information requested by the construction firm Kingerlee on time and therefore will potentially cause delays. Furthermore, Audit confirmed that such instances of poor performance by the HUB have potential financial implications. At present both HUB and Kingerlee are tasked with mitigating any delays and subsequent costs as much as is possible and these will not be finalised until during the year following practical completion. These costs are currently maintained by the Quantity Surveyor who is independent of the HUB and have been shared with the Director of Finance & Assets. All such costs are reflected in the monthly budget monitoring Financial Statements maintained by the QS, but at this stage potential costs due to delays are not currently showing as attributable as they will be the subject of negotiation between all parties.

Project Risk Management

There is a project risk register in place which includes 50 risks. The risk register is reported as part of the Project Highlight Report presented to the Joint Delivery Board. All risks on the register have been scored and RAG rated, however not all risks are assigned a mitigating action nor was the cost and/or time impact identified for all the risks. Furthermore it was observed that the risks were not being re-assessed as the scores remained the same across the months that were reviewed.

Through discussion with the Property Manager, it was apparent that he is critical to the delivery of this project as he provides the challenge on-site and oversees the work that is being undertaken. The Property Manager role is currently the 'eyes and ears' for the Fire Authority as he provides the authority with assurance that the project is progressing and is therefore expected to be the liaison answering any internal questions regarding the project. Due to the magnitude of the project there is a risk of the Property Manager working over capacity which may impact on his effectiveness, and there currently appears to be no contingency arrangements to maintain resilience and support his role and ensure continued fulfilment of the key responsibilities assigned to him.

Project Stakeholder Management

Through discussion and review of meeting minutes it was confirmed that there are formal and informal meetings that are held with Thames Valley Police and South Central Ambulance Service. The Property Manager continues to liaise with both partners to ensure that all their requirements for the new building are captured and can be met, and the Head of Assets and Resources is ensuring that the lease agreements are being finalised.

There was a Consultation/Communication Board which was responsible for communicating with key stakeholders such as the staff, members and the public. This board has been discontinued as the communication and consultation is not required during the construction phase. The key activities for this board were undertaken in the early stages of the project in 2016/17, with further communication issued before the start of the construction.

Table 2 Detailed Audit Findings and Action Plan

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Management actions have been agreed to address control weakness identified during the closing meeting and agreement of the draft Internal Audit report. All management actions will be entered on the Council's Performance Management Software and progress in implementing these actions will be tracked and reported to the Overview & Audit Committee.

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

Priority High (H)	Major issue or exposure to a significant risk that requires immediate action or the attention of Senior Management.
Priority Medium (M)	Significant issue that requires prompt action and improvement by the local manager.
Priority Low (L)	Minor issues requiring action to improve performance or overall system of control.

	Audit Finding, risk exposure and potential impact	Priority	Management Action
1.	<p><u>Budget Monitoring Meetings</u></p> <p>Budget monitoring meetings are held on a monthly basis and all project costs are recorded on a Financial Statement which is reviewed and updated based on the meeting discussion.</p> <p>From a review of three Budget Monitoring Financial Statements for the periods September, October and November 2018; it was noted that there are no meeting minutes or action logs maintained to evidence the agreed actions from the budget meetings. Furthermore, the format of the Budget Monitoring Financial Statements does not allow for the costs to be easily compared to prior periods. The statements do not track changes and highlight where the costs have either increased/decreased, therefore the only way to identify these movements is by checking the balances individually against prior periods. Internal Audit traced a sample of costs across the three months and found minor cost changes, however these did not have supporting comments to explain the adjustment made, though they could be explained by the Property Manager.</p> <p>Where budget meetings are not formally recorded there is a risk that agreed actions are not reflected in the budget which may lead to budget over/underspends not being identified in a timely manner.</p>	M	<p><u>Action</u></p> <p>Budget meetings are held outside of the normal governance meetings as they are a matter only for the Fire Authority. The QS financial statements are the formal methodology and the Property Manager meets monthly with the DFA to track progress.</p> <p>The Head of Resources & Assets will undertake to meet with the QS to discuss presentational changes to improve the ability to track movements month to month.</p> <p>Any significant budget changes are formally reported to the Executive with the 'bottom line' being a composite of changing expenditure and income estimates. A detailed budget update was provided to the Executive in September 2018, since supplemented by the normal quarterly budget monitoring reports, the last of which was in February 2019. Member expectations are to keep within the overall net budget. This remains the formal process.</p> <p>Nevertheless as part of the discussions with the QS outlined above we will look to see if improvement can be made in highlighting potential changes month to month which could significantly impact on the overall budget position for the Authority.</p> <p>Officer responsible: Head of Resources & Assets</p> <p>Date to be implemented by: 30th April 2019</p>

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	Audit Finding, risk exposure and potential impact	Priority	Management Action
2.	<p><u>The HUB Performance</u></p> <p>The HUB is the project technical lead with the primary responsibility for the project design/architecture. The work being undertaken by the HUB impacts on the construction and therefore a failure to deliver the required outputs within set timescales has an impact on the building works.</p> <p>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>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>M</p>	<p><u>Action</u></p> <p>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 the issues.</p> <p>The financial statements produced by the QS do show <u>all</u> costs (i.e. worst case) but do not at this stage set out which potentially claimable costs are attributable to which parties.</p> <p>Officer responsible:</p> <p>Director of Finance & Assets / Property Manager</p> <p>Date to be implemented by:</p> <p>Ongoing until final accounts agreed by all parties</p>

Appendix C

	Audit Finding, risk exposure and potential impact	Priority	Management Action
3.	<p><u>Project Risk Management</u></p> <p>Risks that impact the project should be recorded on the risk register. All risks should be scored, mitigating actions identified, financial and time impacts assessed, assigned to action owners and should have a target implementation dates.</p> <p>From a review of the project risk register audit found the following:</p> <ul style="list-style-type: none"> • Risks were not being updated regularly, such that the risk scores did not change over a period of time; • Financial and time impact assessments were not recorded for all risks; • Mitigating actions were not identified for some risks; • Risks identified were not being adequately managed with financial and time implications not being considered. For example; the weather was identified as a risk, however there was no evidence of further consideration for the potential time delays on the project, safety, financial implications, and damage to materials etc. <p>In addition, Internal Audit noted that the Property Manager is key in overseeing the delivery of the project and holds significant knowledge and information about the project relating to all stakeholders. In the event of any unforeseen events that may render the Property Manager unavailable and unable to be on-site to oversee the project, there are currently no arrangements for an officer from the Fire Authority to provide that resilience.</p> <p>Where risks are not effectively managed there is a risk that the Authority may have inappropriate actions to manage events that may occur, resulting in delays in the project, leading to financial and reputational damage.</p> <p>Furthermore, if key roles in the project are not adequately supported, there is a risk that vital project knowledge may be lost where resilience arrangements are not in place.</p>	H	<p>The audit comments are primarily around construction risk and in view of progress to date these are becoming much less of an issue. However, what is emerging is occupation risk and these are currently a work in progress with a workplan being formulated and an initial 'kick off' meeting set for March 2019 to allocate roles and responsibilities. A separate risk register will be formulated for occupation issues as soon as possible.</p> <p>The construction risk register will remain in place as normal and it is agreed this should be reviewed to either remove or clearly show as completed any risks that have now passed.</p> <p>A lot of construction risk has genuinely not moved and whilst looking as if not updated, has been regularly reviewed at governance meetings. The Director of Finance made significant changes to the financial risks prior to the Executive meeting of September 2018.</p> <p>The Head of Resources and Assets (HR&A) will carry out a review of the construction risk register in conjunction with the HUB prior to the next governance meeting. The HR&A will also undertake to formulate a separate occupation risk register once the workgroups have been confirmed and lead officers agreed.</p> <p>Officer responsible: Head of Resources and Assets</p> <p>Date to be implemented by:</p> <p>30th April 2019 for construction risk register review</p> <p>30th May 2019 for occupation risk register review</p> <p>In respect of the comments regarding back up resilience arrangements for the Property Manager, the point is well made and one that senior management are conscious of. However, the recent arrangement to appoint the Head of Resources and Assets provides some resilience as that officer also has extensive experience of the project and aided by the technical expertise of the professional team could maintain the client role, reverting to full time as necessary. Further short term resource could also be brought in if required albeit at a cost.</p>

Appendix C

Appendix 1 Definition of Conclusions

Grading:	Substantial	Reasonable	Limited
Overall conclusion on the system of internal control being maintained	There is a strong system of internal control in place and risks are being effectively managed. Some minor action may be required to improve controls.	There is generally a good system of internal control in place and the majority of risks are being effectively managed. However some action is required to improve controls.	The system of internal control is weak and risks are not being effectively managed. The system is open to the risk of significant error or abuse. Significant action is required to improve controls.

Appendix C

Appendix 2 Officers Interviewed

The following staff contributed to the outcome of the audit:

- Asif Hussain, Principal Accountant
- Bruce Babbage, HUB Technical Lead
- Gordon Wylie, Property Manager

The Closing Meeting was attended by:

- David Sutherland, Head of Resources & Assets

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 C

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.

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Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	17 July 2018
OFFICER	Mark Hemming, Director of Finance and Assets Maggie Gibb, Internal Audit Manager
LEAD MEMBER	Chairman of the Overview and Audit Committee
SUBJECT OF THE REPORT	Annual Audit Report 2018/19
EXECUTIVE SUMMARY	<p>To present the Annual Audit Report to the Overview and Audit Committee.</p> <p>In line with best practice, an annual report on the internal control environment is presented to those charged with governance.</p> <p>The Chief Internal Auditor's opinion is that the Fire Authority's system of internal control and risk management facilitates the effective exercise of the Authority's functions. This provides reasonable assurance regarding the effective efficient and economic exercise of the Authority's functions.</p> <p>This opinion is reflected in the Annual Governance Statement.</p>
ACTION	Noting.
RECOMMENDATIONS	It is recommended that members review and note the contents of the Annual Report.
RISK MANAGEMENT	There are no risk implications arising from this report.
FINANCIAL IMPLICATIONS	The audit work was contained within the 2018/19 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 Plan 2018/19 Internal Audit reports taken to Overview and Audit Committee
APPENDICES	Appendix A – Annual Audit Report 2018/19
TIME REQUIRED	10 minutes.
REPORT ORIGINATOR AND CONTACT	Maggie Gibb – Internal Audit Manager mjibb@buckscc.gov.uk 01296 387327

Appendix A

Buckinghamshire & Milton Keynes Fire Authority



**Internal Audit Service
Annual Report of the Chief Internal Auditor 2018/19**

July 2019

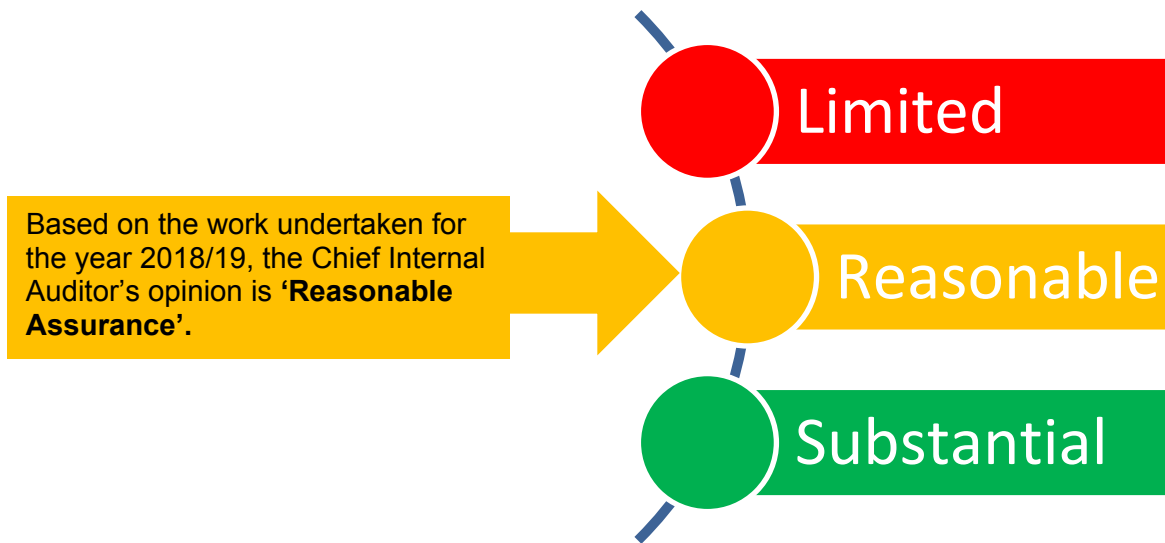
1. Introduction

- 1.1 This report outlines the Internal Audit work undertaken by the Internal Audit Service for the year ending 31 March 2019, and seeks to provide an opinion on the adequacy of the control environment detailing the incidences of any significant control failings or weaknesses.
- 1.2 The Account and Audit Regulations require the Fire Authority to maintain an adequate and effective Internal Audit Service in accordance with proper internal audit practices. The CIPFA Public Sector Internal Audit Standards (PSIAs), which sets out proper practice for Internal Audit, requires the Chief Internal Auditor to provide an annual report to those charged with governance, which should include an opinion on the overall adequacies of the internal control environment.

2. Responsibilities

- 2.1 The PSIA's define internal auditing 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."
- 2.2 Internal Audit is not responsible for the control system. It is a management responsibility to develop and maintain the internal control framework and to ensure compliance. It is the responsibility of Internal Audit to form an independent opinion on the adequacy of the system of internal control. This opinion should be used as a key strand of the assurance framework which management use to develop their Annual Governance Statement.
- 2.3 The role of the internal audit service is to provide management with an objective assessment of whether systems and controls are working properly. It is a key part of the Authority's internal control system because it measures and evaluates the adequacy and effectiveness of other controls so that:
- The Fire Authority can establish the extent to which they can rely on the whole system; and
 - Individual managers can establish how reliable the systems and controls for which they are responsible are.

3. Chief Internal Auditor Opinion



** See Appendix 3 for definitions of the assurance opinions.*

3.1 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.

4. Basis of Audit Opinion

4.1 The Internal Audit Service operates in accordance with the Public Sector Internal Audit Standards (PSIAs). The Audit Strategy complies with the PSIAs and is summarised within the Service Level Agreement. This requires Internal Audit to objectively examine, evaluate and report on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.

4.2 The Internal Audit Plan was developed in consultation with the Director of Finance and Assets to focus specifically on financial management, corporate processes and key risk areas. There were no constraints placed on the scope of audit work in the year and there were sufficient resources to provide an adequate and effective audit coverage. The Internal Audit Plan was approved by the Overview and Audit Committee.

4.3 The strategy for delivery of the Internal Audit Service is reviewed annually and subject to the approval of the Overview and Audit Committee. Internal Audit is required to objectively examine, evaluate and report on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.

4.4 A summary of the work undertaken during the year forming the basis of the audit opinion on the internal control environment is shown in **Appendix 1**. Agreed management actions arising from audit recommendations are monitored and status of implementation reported regularly to the Overview and Audit Committee, **Appendix 2** shows the current status of recommendations raised for the last two years.

4.5 In addition, in arriving at our opinion, we have taken into account:

- The results of all audits undertaken as part of the 2018/19 Internal Audit Plan.
- The results of follow-up action taken in respect of audits from previous years.
- Whether or not any 'high' recommendations have not been accepted by management and the consequent risks.
- The effects of any material changes in the Authority's objectives or activities.
- Whether or not any limitations have been placed on the scope of internal audit.
- Findings of work performed by other assurance providers (e.g. the External Auditors who we have liaised with throughout the year in order to share information and reduce any duplication of audit activity).
- The scope of the internal control environment - which comprises the whole framework of systems and controls established to manage BMKFRS to ensure that its objectives are met.

4.6 It should be noted that the Chief Internal Auditor opinion does not imply that Internal Audit has reviewed all risks relating to the Fire Authority. The most that the Internal Audit Service can provide to the Accountable Officers and Overview and Audit Committee is a reasonable assurance that there are no major weaknesses in control processes. The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

5. Anti-Fraud

5.1 There have been no suspected frauds or financial irregularity brought to the attention of the Chief Internal Auditor during 2018/19. Throughout the year we continued to work closely with the Director of Finance and Assets on fraud awareness and our work on the core financial systems included a review of the key anti-fraud controls.

6. The Internal Audit Team

6.1 The Internal Audit Service is provided by the Business Assurance Team at Buckinghamshire County Council. All staff are qualified or part-qualified with either ACCA, IIA, QICA or AAT qualifications. and all audit work is subject to a rigorous quality assurance process.

6.2 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.

7. Our Performance

7.1 With effect from 1 April 2013, the Public Sector Internal Audit Standards were introduced as mandatory guidance that constitutes the principles of the fundamental requirements for the professional practice of internal auditing within the public sector.

7.2 We continue to monitor our performance standards as 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 monitor relationship management issues in the areas of:

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

7.3 The 2018/19 Internal Audit Strategy set out seven performance indicators that the Internal Audit Service was measured against. Below is a summary of our performance against the set indicators:

Performance Measure	Target	Method	18/19 Results
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	100%
Elapsed Time for completion of audit work (exit meeting) to issue of draft report.	15 Days	Internal Audit Performance Monitoring System	100%
Elapsed Time between issue of Draft report and issue of Final Report	15 Days	Internal Audit Performance Monitoring System	*100%
% of Internal Audit Planned Activity delivered by 30 April 2019	100% of Plan by End of April 2019	Internal Audit Performance Monitoring System	100%
% 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	100%
Customer satisfaction questionnaire (Audit Assignments)	Overall customer satisfaction 95%	Questionnaire	**Nil – questionnaires not utilised for this year

* Please note that measure looks as the timeliness of reporting by the team, and delays caused by the auditees are not factored in.

** Whilst questionnaires were not utilised for 18/19, feedback was provided on completion of each audit and is also discussed as part of the regular meetings with the Director of Finance & Assets.

Maggie Gibb

Chief Internal Auditor

July 2019

Appendix 1: Summary of 2018/19 Audits Performed Informing the Annual Opinion

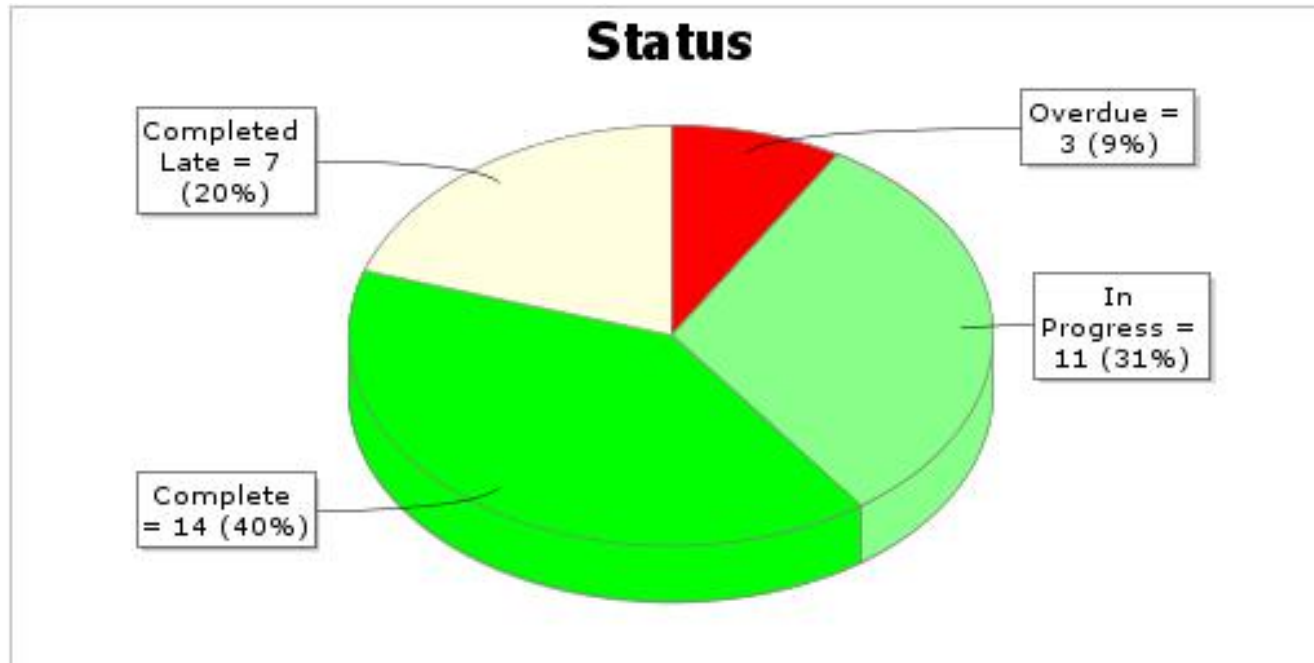
Audit Assignment (No. Days)	Audit Opinion	No. of Audit Actions by Priority	Summary of Audit Findings
Core Financial Controls (40 Days)	Substantial	High = 0 Medium = 2 Low = 2	<p><u>1. Credit Notes (Medium)</u></p> <p>Finding: A sample of seven credit notes received between April and December 2018 was selected from the Purchase Ledger Transactions Report. Audit found the following:</p> <ul style="list-style-type: none"> - Two of the credit notes had taken 51 days to clear. One was for the reimbursement of lease car mileage at the end of the contract period. The other was for rental credit for three months email and cloud protection - One credit note related to an invoice for £4,856 which had been paid twice in error. The original invoice to which it relates was raised in February 2018 and the error was spotted at the beginning of May 2018, the original invoice was input with the account number rather than the invoice number on Integra leading to the invoice being paid twice. <p>Risk: If credit notes are not cleared in a timely manner there is a risk that vendor account balances are incorrect leading to a delay in recouping monies owed to the Fire Authority and possible further overpayments.</p> <p><u>2. Changes to Vendor Records (Medium)</u></p> <p>Finding: Audit selected a sample of six changes to vendor records: Four of the changes were for bank account details it was found that for two of the changes there was no evidence that the details had been verified with the vendor.</p> <p>Risk: If changes to vendor bank account details are not verified with the vendor there is an increased risk of a fraudulent attempt to change details succeeding leading to the loss of monies to the Fire Authority.</p> <p><u>3. Purchase Orders (Low)</u></p> <p>Finding: A list of purchase invoices and purchase credit notes from a Purchase Ledger Transaction Report was obtained. A sample of 25 invoices and seven (10%) credit notes were tested.</p> <p>Audit noted one instance where a retrospective Purchase Order for £29,794 had been raised inappropriately. This was for quarterly internet access, and as this would have been known before the order was placed a purchase order should have been raised beforehand.</p> <p>Risk: If purchase orders are raised retrospectively there is a risk that inappropriate purchases may be made and financial commitments are made outside of the Integra system which may lead to budget monitoring being inaccurate.</p> <p><u>4. Contract Standing Orders (Low)</u></p> <p>Finding: Contract Standing Orders were reviewed by Audit. It was found that these are dated October 2017 and were approved at O&A Committee on 27 July 2017. The OJEU limits stated are for the year commencing 1 Jan 2016; these limits have since been changed, however this has not been updated within the Fire Authority's Contract Standing Orders.</p> <p>Risk: If the limits OJEU are not up to date there is a risk that an incorrect process is used for the tendering of contracts.</p>

Audit Assignment	Audit Opinion	No. of Audit Actions by Priority	Summary of Audit Findings
Information Security	Reasonable	High = 0 Medium = 2 Low = 0	<p>1. <u>CCTV cameras at all Fire Stations (Medium)</u></p> <p>Finding: Audit identified that there is no CCTV Cameras at all Fire Stations within the Authority. Management confirmed that a risk assessment was conducted and a business decision was taken to not install CCTV Cameras at all fire stations as it would be too expensive.</p> <p>Risk: Lack of CCTV Cameras at Fire Stations may lead to theft and compromise of IT equipment not being detected or deterred and may result in exposure of sensitive information.</p> <p>2. <u>Assets Disposal Agreement (Medium)</u></p> <p>Finding: An IT assets disposal arrangement is in place with the third party (Dynamic), where the Authority contacts Dynamic as and when they need to dispose of IT assets. However, we noted that there is no formalised agreement with Dynamic, outlining the procedures for disposing of IT assets.</p> <p>Risk: If a formal agreement which outline the disposal procedure is not in place, there is a risk that personal and/or sensitive information may be made available to unauthorised individuals due to the service provider no following appropriate disposal procedure.</p>
Stores	Limited	High = 4 Medium = 2 Low = 1	<p>1. <u>Reconciliation between Asset Management System and the General Ledger (High)</u></p> <p>Finding: The Asset Management System (Red Kite) and General Ledger (Capita Integra) are currently not interfaced, though a high level reconciliation is undertaken at year-end. At the time of the audit we were not able to provide assurance that the values of assets recorded on Red Kite are the same as those maintained on the General Ledger.</p> <p>Risk: Where the Asset Management and General Ledger systems are not reconciled on a regular basis, there is a risk that the records maintained on the General Ledger do not accurately reflect the records maintained on Red Kite. This can result in incorrect financial decisions being made by the Fire Authority.</p> <p>2. <u>Red Kite Contract (High)</u></p> <p>Finding: The Fire Authority was unable to provide a copy of the Red Kite contract. The Red Kite contract should include an agreed time frame for the system to be reinstated in the event of system failure. The Fire Authority was also unable to evidence that it is Red Kite system operator's responsibility to ensure that the system is backed up.</p> <p>Risk: Where the Red Kite System providers are not held accountable to the terms of the contract, there is a risk that data maintained on the system is not backed up according to the terms of the contract.</p> <p>3. <u>Assets are tested on a regular basis (Medium)</u></p> <p>Finding: 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>

Audit Assignment	Audit Opinion	No. of Audit Actions by Priority	Summary of Audit Findings
Stores	Limited	<p>High = 4 Medium = 2 Low = 1</p>	<p>4. <u>Assets are identified, marked and recorded (Medium)</u></p> <p>Finding: As part of the audit, a report of all assets held in stores was obtained. From this report, a sample of 20 assets were selected and traced to their recorded location. It was confirmed that in 14 out of the 20 cases the asset could not be identified in storage. In a further instance, although the asset was identified, it had not been tagged appropriately.</p> <p>Risk: Where assets cannot be located, there is a risk that the asset is unaccounted for. This can result in the assets being mismanaged, which can lead to financial loss for the Fire Authority.</p> <p>5. <u>Stock records are complete (Medium)</u></p> <p>Finding: A sample of 20 items were chosen from around the storage area to determine if the stock could be identified on the Asset Management System. From a sample of 20 items tested, in all cases the items selected from the stores were identified on Red Kite. However, in seven cases, the items were stated on Red Kite as being located elsewhere.</p> <p>Risk: Where the records maintained on Red Kite are not up-to-date, there is a risk that the assets are not managed in the most efficient manner.</p> <p>6. <u>Procured items added to the Asset Management System (Medium)</u></p> <p>Finding: A sample of 20 procurement items were chosen from a report of procured items in the current financial year. The sample of procurement items were tested to confirm they had been promptly and accurately updated on Red Kite. Audit identified that in one applicable case the stock item had not been added to Red Kite. Discussions with the Asset Management Team identified that resource constraints has not allowed for a reconciliation to be undertaken of all procured items against new items which had been added onto Red Kite.</p> <p>Risk: Where newly procured items are not added to Red Kite, there is a risk that the Asset Management Records maintained on Red Kite are not complete.</p> <p>7. <u>Stores Policies and Procedures (Low)</u></p> <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>

Audit Assignment	Audit Opinion	No. of Audit Actions by Priority	Summary of Audit Findings
Project Management Blue Light Hub	Reasonable	High = 1 Medium = 2 Low = 0	<p>1. Project Risk Management (High)</p> <p>Finding: From a review of the project risk register audit found the following:</p> <ul style="list-style-type: none"> • Risks were not being updated regularly, such that the risk scores did not change over a period of time; • Financial and time impact assessments were not recorded for all risks; • Mitigating actions were not identified for some risks; • Risks identified were not being adequately managed with financial and time implications not being considered. For example; the weather was identified as a risk, however there was no evidence of further consideration for the potential time delays on the project, safety, financial implications, and damage to materials etc. <p>Risk: Where risks are not effectively managed there is a risk that the Authority may have inappropriate actions to manage events that may occur, resulting in delays in the project, leading to financial and reputational damage.</p> <p>2. Budget Monitoring Meetings (Medium)</p> <p>Finding: From a review of three Budget Monitoring Financial Statements for the periods September, October and November 2018; it was noted that there are no meeting minutes or action logs maintained to evidence the agreed actions from the budget meetings. Furthermore, the format of the Budget Monitoring Financial Statements does not allow for the costs to be easily compared to prior periods. The statements do not track changes and highlight where the costs have either increased/decreased, therefore the only way to identify these movements is by checking the balances individually against prior periods. Internal Audit traced a sample of costs across the three months and found minor cost changes, however these did not have supporting comments to explain the adjustment made, though they could be explained by the Property Manager.</p> <p>Risk: Where budget meetings are not formally recorded there is a risk that agreed actions are not reflected in the budget which may lead to budget over/underspends not being identified in a timely manner.</p> <p>3. The HUB Performance (Medium)</p> <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 Kinglerlee – 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.</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>

Appendix 2 Current Status of Audit Actions as at 20 June 2019



** This is a summary status of all audit recommendations raised from 2017/18 to date.*

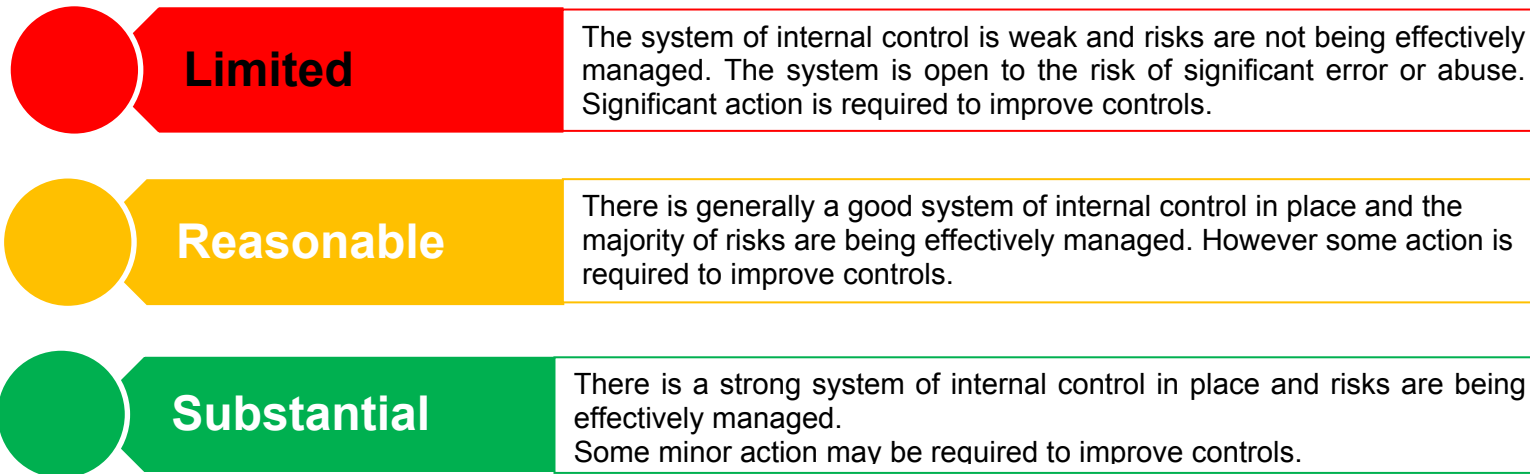
Detailed Description of Overdue Audit Actions as at 20 June 2019

Title	Priority	Due Date	Description	Latest Note
<p style="text-align: center;">Fleet Management (1a) Tranman Review</p>	<p style="text-align: center;">Medium Priority</p>	<p style="text-align: center;">31-Aug-2017</p>	<p>Finding In discussion with the Fleet Manager it was confirmed that the latest Tranman training was delivered circa. December 2015 through a one day training event. This training event covered a large amount of materials in a short period of time and meant that a number of key topics were not covered in their entirety or in sufficient detail to fully absorbed the information to the required standard. Since the training was delivered there have also been a number of staff changes, resulting in three members of staff, from a five person team who use the Tranman system, never being taught the full system and how to use the software from the software provider. This has led to potential under-utilisation of the software and some inconsistencies in the use of the system potentially compromising data integrity and alignment of processes. In addition it was noted that there are current reporting issues through the Crystal Reporting function, which added to the potential inconsistencies in the use of the system means reporting functions cannot be fully relied upon to provide up to date and valid information to base decisions upon. Audit acknowledges that the reporting issue is currently being investigated by Tranman.</p> <p>Risk Where training is not provided on a periodic basis, staff may adopted inappropriate, ineffective, and / or out dated working practices.</p> <p>Action 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.</p>	<p>Update from J. Finden, Fleet Manager on 12/06/2019:</p> <p>The current situation is that we are in the process of looking into upgrading the fleet management system and have made contact with our current provider (Tranman) for information and costings for the upgrade. Our expectations or aim of the upgrade would be to include installation of the latest version of the Tranman fleet management software, provision of 'ruggedized' tablets for vehicle technicians in order to run the 'touch-screen' functionality of the new system and the conversion of all current paper forms to electronic. The tablets would also be permanently connected to the system which would provide constant 'live' data and negate the need to download on a regular basis. As part of the BASI project, we would also be expecting the upgrade to offer a level of integration or communication to other systems that would improve efficiency by reducing the amount of double-entry of data. Obviously, the level of achievement is likely to be dependent on the amount of budget we have available.</p> <p>Our next step is to visit an existing user (in the next couple of weeks) in order to get a better understanding of what the system can offer as well as seeing it in a true working environment. We will then be better placed to see how we will progress this or whether we will need to look at alternative products in the market. Staff training will be an integral part of the implementation of an upgrade or replacement of the current system.</p>

Title	Priority	Due Date	Description	Latest Note
Fleet Management (1b) Training and Utilisation of Tranman	Medium Priority	30-Apr-2018	<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 absorb the information to the required standard. Since the training was delivered there have also been a number of staff changes, resulting in three members of staff, from a five person team who use the Tranman system, never being taught the full system and how to use the software from the software provider. This has led to potential under-utilisation of the software and some inconsistencies in the use of the system potentially compromising data integrity and alignment of processes. In addition it was noted that there are current reporting issues through the Crystal Reporting function, which added to the potential inconsistencies in the use of the system means reporting functions cannot be fully relied upon to provide up to date and valid information to base decisions upon. Audit acknowledges that the reporting issue is currently being investigated by Tranman.</p> <p>Risk Where training is not provided on a periodic basis, staff may adopted inappropriate, ineffective, and / or out dated working practices.</p> <p>Action Identify training requirements, system improvements and possible upgrades for implementation in 2018/19 (depending on funding requirements).</p>	<p>Update from J. Finden, Fleet Manager on 12/06/2019: Linked and being progresses as part of the action above.</p>
Core Financial Controls (2017/18) (4) Payroll	Medium Priority	31-Mar-2019	<p>Finding It was found six of the 25 had claimed for watch overtime. Of these six, although the FB22 had been checked twice by HR, comparison of the examination of the FB22 to the iTrent payslip found that; for one of the six, the number of hours on the payslip did not match those on the FB22. A total of 4.5 hours were listed on the payslip whilst the FB22 recorded 5.5 hours.</p> <p>Risk If the details on iTrent are incorrect there is a risk that the error will not be identified leading to a delay in correcting variations.</p> <p>Action The FB22s are being phased out through automation from April 2018, commencing with support services staff. For operational staff the phase out date links with the go live date for the new Resource Management System.</p>	<p>Update from A. Hussain, Principal Accountant on 10 June 2019: Support staff implemented. Operational staff – we have started to parallel run the new system with FB22’s from the 1st April and anticipate the switchover to take place once we have confirmation the new process is running smoothly.</p>

Appendix 3 Definition of Assurance Opinions

For each audit an opinion was determined firstly on the framework of controls that exist for that operational area and secondly on compliance with the controls. From this an overall audit opinion is given for each audit. An opinion on the quality of risk management in place is also provided. Work has been planned and performed so as to obtain all the information and explanations which were considered necessary to provide sufficient evidence in forming an audit opinion. The range of audit opinions is:-



Buckinghamshire & Milton Keynes Fire Authority



MEETING	Overview and Audit Committee
DATE OF MEETING	17 July 2019
OFFICER	Graham Britten, Director of Legal and Governance Mark Hemming, Deputy Director of Finance and Assets
LEAD MEMBER	Chairman of the Overview and Audit Committee
SUBJECT OF THE REPORT	Annual Governance Statement 2018/19
EXECUTIVE SUMMARY	<p>The purpose of this report is to present the 2018/19 Annual Governance Statement (appended as an Annex to the report). This contains the progress on the implementation of the recommendations of the 2017/18 Annual Governance Statement and to highlight recommendations for 2019/20.</p> <p>The Annual Governance Statement has been based upon the six core principles of good governance set out in the CIPFA/SOLACE guidance (2007, revised and updated 2012):</p> <ol style="list-style-type: none"> 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. <p>This report also provides details of the seven new principles with proposals for their use in future Annual Governance Statements (Annex 2)</p>
ACTION	Decision.

RECOMMENDATIONS	<ol style="list-style-type: none"> 1. That the Annual Governance Statement be approved. 2. That the progress on the implementation of recommendations of the previous Annual Governance Statement (Appendix A to the Annual Governance Statement) be acknowledged. 3. That the priorities for 2019/20 (Appendix B to the Annual Governance Statement) be agreed. 4. That the proposal for the Annual Governance Statement be reformatted for 19/20 by reference to the seven principles in the CIPFA/SOLACE "Delivering Good Governance in Local Government: Framework" (2016) be noted.
RISK MANAGEMENT	Any risk implications of completion or non-completion of the recommendations are included in the relevant report.
FINANCIAL IMPLICATIONS	There are no direct financial implications arising from the report.
LEGAL IMPLICATIONS	Regulations 6(1)(b) and 6(4)(b) of the Accounts and Audit Regulations 2015 require the Committee to approve an annual governance statement which must accompany the statement of accounts and be approved in advance of the approval of the statement of accounts.
CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE	No direct impact.
HEALTH AND SAFETY	There are no direct health and safety implications arising from the report.
EQUALITY AND DIVERSITY	There are no direct equality and diversity implications arising from this report.
USE OF RESOURCES	<p>Communication and consultation The officers with responsibility for the areas audited have been responsible for supplying the information and responses necessary for this report.</p> <p>Progress monitoring Further updates will be provided at future committee meetings.</p>
PROVENANCE SECTION & BACKGROUND PAPERS	<p>Report to Overview and Audit Committee of the Buckinghamshire and Milton Keynes Fire Authority held on 26 July 2017, Item 9:</p> <p>http://bucksfire.gov.uk/files/1015/0028/6272/ITEM_9</p>

	<p>Annual Governance Statement 2016-17 with Annex.pdf</p> <p>CIPFA / SOLACE 'Delivering Good Governance in Local Government - Guidance Notes for English Authorities' 2016 Edition:</p> <p>Link</p> <p>Following a review undertaken by CIPFA and SOLACE, in 2016, the 'Delivering Good Governance in Local Government: Framework' was reissued. The document was based on the 'International Framework: Good Governance in the Public Sector (2014)' which included sustainable economic, societal and environmental outcomes as a key focus for governance processes and structure. CIPFA/SOLACE therefore revised its 6 principles to create 7 new principles which included specifically 'Defining outcomes in terms of sustainable economic, social, and environmental benefits'.</p>
APPENDICES	<p>Annex 1 – Annual Governance Statement 2018/19.</p> <p>Appendix A to Annex – Progress of Annual Governance Statement 2017/18.</p> <p>Appendix B to Annex – Recommendations for Priorities for 2019/20.</p> <p>Annex 2 –Good Governance Framework</p>
TIME REQUIRED	10 minutes.
REPORT ORIGINATOR AND CONTACT	<p>Graham Britten, Director of Legal and Governance gbritten@bucksfire.gov.uk</p> <p>Mark Hemming, Deputy Director of Finance and Assets mhemming@bucksfire.gov.uk</p>

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Annual Governance Statement 2018/19

Scope of Responsibility

Buckinghamshire & Milton Keynes Fire Authority is responsible for maintaining a sound system of internal control that supports the achievement of its policies, aims and objectives whilst safeguarding the public funds and organisational assets. There is also a responsibility for ensuring that the Authority is administered prudently and economically and that resources are applied efficiently and effectively, which includes arrangements for the management of risk.

Buckinghamshire & Milton Keynes Fire Authority has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. This statement explains how Buckinghamshire & Milton Keynes Fire Authority has complied with the code and also meets the requirements of regulation 6(1) of the Accounts and Audit Regulations 2015 in relation to the review of its systems of internal control and the publication of an annual statement on its governance.

The Purpose of the Governance Framework

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievements of the strategic objectives of Buckinghamshire & Milton Keynes Fire Authority, to evaluate the likelihood of those risks being realised and the impact should they occur, and to manage them efficiently, effectively and economically. The system of internal control has been in place for the year ended 31 March 2019 and up to the date of approval of the Statement of Accounts.

The Governance Framework

The governance framework derives from six core principles of good governance set out in the CIPFA/SOLACE guidance which was updated in 2007. The six principles were reconfigured in revised guidance 'Delivering Good Governance in Local Government: Framework (2016)' to create 7 principles. While most can be read across, the Framework proposed the principle of 'Defining outcomes in terms of sustainable economic, social, and environmental benefits'. The six core principles which underpin good governance are:

1. Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area

The Public Safety Plan 2015-20 sets out the detailed future improvements of the services provided by the Authority to the community within the constraints that it faces whilst managing risk. The community was consulted and actively encouraged to engage in debating the issues and priorities set out in the plan, allowing the public to hold the Authority accountable for its decisions and actions in an open and transparent manner. The Public Safety Plan is available on our website at:

[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)

Annual Governance Statement 2018/19

A fundamental element of the Public Safety Plan is ensuring service delivery is linked closely to local requirements. A service delivery directorate plan covers the Milton Keynes and Buckinghamshire Area, supported by individual Station Plans. Operational staff work within the same teams as their protection and prevention colleagues leading to a more joined up approach. This has led to notable achievements in helping the most vulnerable people in our communities through the “safeguarding” procedures; working collaboratively internally as well as with local authorities to improve the lives of those most in need of support, and those who most often fall through society’s “safety nets”.

The 2015–20 Public Safety Plan was presented to the Fire Authority for approval in December 2014 following a public consultation. This plan supersedes the previous 2012-17 plan and took effect from April 2015.

2. *Members and officers working together to achieve a common purpose with clearly defined functions and roles*

The respective roles and responsibilities for members and officers are set out in the Combination Order (the statutory instrument that formed the Fire Authority in 1997). There are two ordinary committees of the Fire Authority: The Executive Committee, and the Overview & Audit Committee. There are terms of reference for each committee and the role of the lead members has been developed over recent years.

Members of the Authority are also members of either Buckinghamshire County Council or Milton Keynes Council. Some members may also be members of district councils with which we may be working, or voluntary agencies. Members are reminded of their responsibility to declare interests at each meeting. There is a scheme of delegation from the Authority to the Chief Fire Officer and statutory officers. The Chief Fire Officer is also the Chief Executive of the Authority.

The Authority’s Member Officer Protocol sets out the respective obligations and expectations and contains a reminder of the Authority’s core values. These were revised and approved by the Overview and Audit Committee at its meeting on 11 March 2015 for recommendation to the Fire Authority on 10 June 2015. These can be found at the following link:

http://bucksfire.gov.uk/files/8414/1053/3511/Protocol_on_Member_and_Officer_Relations_v2_Sept_14.pdf

The Authority approved and adopted its current Pay Policy Statement in February 2019 setting 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 is reviewed at least annually.

The Authority has identified and recorded all partnership arrangements. All partnerships are the subject of formal agreements ensuring that these articulate legal status; respective liabilities and obligations; governance and audit; dispute resolutions and exit provisions. A review of partnership arrangements is undertaken annually and reported to the Executive Committee in order to provide assurance on risks associated with delivering services through third parties. Other key services provided through third parties are overseen by specific governance arrangements, namely:

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- The Thames Valley Fire Control Service (hosted by Royal Berkshire Fire and Rescue Service) is overseen by a joint governance board with representatives from each service at both Officer and Member level.
- Firefighters Pension Administration is overseen by the Local Pension Board. The administrators (West Yorkshire Pension Fund) attend the Board on a quarterly basis to discuss emerging risks, issues and performance against key performance indicators.

In Buckinghamshire & Milton Keynes Fire Authority the Data Protection Officer operates independently and without instruction from the Authority or the Strategic Management Board over the way she carries out tasks, and is free from any conflicts of interest. She is consulted on any privacy issues before papers are submitted to the Chief Finance Officer and Monitoring Officer. The Chief Finance Officer and Monitoring Officer are both members of the Strategic Management Board, helping to develop and implement strategy and to resource and deliver the organisation's strategic objectives.

All material business decisions are taken by the Strategic Management Board (SMB) or by Members. Papers submitted for decision-making purposes must be referred to the Chief Finance Officer and the Monitoring Officer for financial and legal scrutiny prior to any decision being taken. The Chief Finance Officer, supported by the Chief Fire Officer leads the promotion and delivery of good financial management so that public money is safeguarded and used appropriately, economically, efficiently and effectively. This is achieved by a finance team that is suitably resourced, professionally qualified and suitably experienced.

There are nominated lead Members for various work streams and departments. This collaborative approach ensures levels of trust, confidence and awareness constantly improve for the benefit of the public and the service.

The Authority is represented at officer and member level on the three levels of decision making bodies of the Thames Valley Emergency Services Collaboration Programme.

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

2018/19 has continued to see a significant investment in our staff training/development at all levels and across both operational and support functions. This continued investment has contributed to the successful delivery of the on-going transformation programmes set for the organisation.

The Authority Training Needs Analysis (TNA) process continues to assess the need for this type of training at least annually. This TNA is translated into prioritised learning programmes, approved by the Training Strategy Group and scrutinised to ensure alignment with business priorities, business continuity succession plans and approved budgets.

A revised approach to Senior /Executive Leadership talent identification has been developed with Adrian Thomas. This revised model was successfully piloted during the Area Commander Assessment & Development Centre programme early May 2019.

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The Senior/Executive Leadership Model takes into the account the recently launched national Leadership framework. The model is also designed to be used for nominated individuals to help determine senior level potential as well as for group development centres. Individual tailored development plans is a key outcome, delivered in a way that optimises investment. This option is being considered as part of the 2019 succession planning process and appraisal reviews.

An Employee and Career Development review is underway taking into account feedback from the most recent culture survey. The review group includes Joint Consultation Forum (JCF) members and regular updates are taken to JCF. The most recent JCF update in May 2019 included outcomes from the Institute of Fire Engineering (IFE) review. Feedback from operational staff across all stations has been built in to recommendations to be implemented from 2020.

A modular 'Supportive Leadership' Programme commenced as a pilot from June 2019. Additional Modules identified include Recruitment and Selection, Employee Relations and Effective Communications. This programme, supported by ongoing line management coaching, seeks to ensure first time appointed and newly promoted middle managers are equipped to deliver their duties as efficiently and effectively as possible.

All employees have an annual appraisal, where their commitment to their behaviours linked to the Authority's values is an essential element. Quality assurance of appraisal returns is undertaken to identify themes, and to assist with business training requirements.

The maintenance and promotion of high standards of its Members is within the purview of the Overview and Audit Committee. To ensure legal compliance and to avoid a conflict of interest arising, there is a panel of four "Independent Persons" shared amongst five other authorities for the purposes of assisting both an individual member and the Authority itself in the event of an allegation being made that a member has breached the Authority's Code of Conduct.

<http://bucksfire.gov.uk/files/3314/0732/6551/10CODEOFCONDUCT.pdf>

[At its meeting on 15 February 2017](#) the Authority approved a revised Code of Conduct complaints procedure in order that, in the event of an allegation being made of misconduct by Members, any allegation could be dealt with more speedily.

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

To support the service there are structured meetings at all levels within the service, with appropriate delegated authority. Timelines are in place so that SMB and Member meetings will be followed by Directorate and then team meetings to ensure the flow of information throughout the whole organisation. Although this is an evolving process, the culture is steadily changing so that minutes from meetings are available both internally and externally through the website.

Further developments to improve the effectiveness and transparency of decision making within the Service were made following the launch of new internal, officer 'boards' aligned to the Authority committee structure. These comprise:

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- A Strategic Management Board, which focuses on strategic direction, strategic risk and acts as a gateway to the Fire Authority;
- A Performance Management Board which focuses on in year performance against agreed targets and budgets;
- A Business Transformation Board which focuses on strategic change and project portfolio management.

At its meeting of 15 February 2017 the Authority undertook careful consideration as to its number of Members, including whether to increase or decrease its size. On balance taking into account the balance between being large enough to allow scrutiny whilst not becoming burdensome in diverting resources away from operational delivery, it resolved to retain the same number of Members (17).

All Directorates have their own risk registers which are regularly reviewed at Directorate meetings. Corporate risks are reviewed quarterly by the Performance Management Board, monthly by the Strategic Management Board and by Members at each Overview and Audit Committee meeting.

In addition to the development of performance software to improve service delivery, the HR and Finance (SAP) system was replaced in 2017/18 by more modern and fit for purpose systems. As well as improving the efficiency of the service the in-built electronic workflow and cloud-based reporting have further improved the level of system based control and resilience.

This improved control has supported managers to monitor and manage attendance levels. It also ensures that the management and administration of employee benefits and payments are linked to establishment control through an integrated system with the approved budgets and the financial ledger.

The Procurement team are continuing to work collaboratively across the Thames Valley fire authorities. New software under a national initiative is being piloted and this, alongside the existing electronic ordering technology will ensure a continued and more effective proactive, open and transparent approach to procuring supplies and services.

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

In 2018/19 five new members were appointed onto the Authority.

Members are given an induction welcome pack, which includes information on the service's visions and values, Members' Allowances, Code of Conduct, Protocol on Member and Officer Relations, principal officers and a general overview of the service. New members are given an individual mentor, health and safety training and encouraged to visit their local Fire Station and spend time with the crews.

Members have a training and development programme with regular workshops and a dedicated Member Support Officer.

A number of policies are in place to support and underpin the "fit for purpose" structure. These policies have empowered managers to take responsibility and be accountable for their staff issues with HR advice as required.

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A key part of the performance monitoring continues to be an individual performance management (appraisal) system which ensures that strategic aims are translated into individual objectives creating a "Golden Thread" throughout the service. This is an evolving process with particular challenges in applying this process to the retained duty system staff who have very limited time available.

The performance management system also identifies training and development needs and these are aggregated into a service wide Training Needs Analysis. The service increasingly benefits from more efficient and effective menu driven training delivery more aligned to budget planning timetables and delivered in a variety of formats (including face to face and e-learning).

The Strategic Training Partnership with the Fire Service College was once again a prominent feature in the way operational training was delivered during 2018/19. This progressive approach toward training delivery, continued to promote an environment, in which the operational competences of front-line firefighters and supervisory commanders could to be independently assessed and scrutinised. Thereby, providing the necessary assurance operational staff possessed the appropriate skills, knowledge and understanding that would enable them to safely and effectively fulfil the vast array of demands placed upon them, both at operational incidents and in realistic simulation.

As part of our continued commitment to externally provided assurance of our operations, in 2018 a three-year contract was awarded to Operational Assurance Limited (OAL) after a competitive procurement process. A thematic review of our process for managing operational risk information, the effectiveness of our own operational assurance team and how well our Operational Assurance Model was imbedded. A report making recommendations was received and has been translated into positive action as part of our ongoing operational improvement plan. The report was, as is the case with previous reports, put in the public domain.

During 2019 BFRS will be subject to its first inspection from Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS). This is a broad inspection look at the Service's effectiveness, efficiency and how well we support and develop our staff. We expect to receive a full report in December 2019, which will be published on the HMICFRS website.

All captured learning derived from the training partnership and assurance arrangements, will ensure continuous improvement remains a key organisational driver in the operational arena for BFRS. SMB has engendered a collegiate approach with Members through holding "Member Workshops" where future options are aired and discussed with Members before a narrower range of formal proposals are taken forward.

During 2019, BFRS will consult with staff, public and other stakeholders on our proposals for our Public Safety Plan 2020-2025. This draft plan for consultation will be derived as a result of analysis of relevant data on incidents and local/regional/national risks. It also considers the observations on the extensive public engagement exercise conducted in the autumn of 2018. As part of the development of the plan the impact of current and future local spatial plans and critical national infrastructure projects (HS2, East/West rail/Heathrow expansion/Oxford-Cambridge Expressway) have been considered in detail.

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

In terms of the organisational structure, committee meetings are accessible to the public and the dates are published on the website as are the agendas and committee papers, minutes and decisions for those meetings and those of the Thames Valley Control Service Joint Committee to which the Authority appoints 2 Members.

The service complies with the Data Transparency Code (latest version published February 2015) and ensures all the relevant information is published on our external website.

At a more local, direct level there are many examples of how we engage with the public and ensure public accountability:

- The Authority encourages people to contact them if they have any concerns or wish to raise a complaint. The "Complaints about us" procedure (posted on our website) explains how to do this and how we will support them. We treat all concerns and complaints seriously and ask people what resolution they are seeking. We keep them up-to-date with progress and check that they are satisfied when the issue is resolved. We take any learning from the investigation and incorporate it in our processes. We are a learning organisation.
- To encourage communications with us, our privacy statement aims to reassure people how we will protect their privacy. It explains their rights to personal information we hold about them and how to access this. We have a Subject Access Request form on our website which people may choose to use to contact us although they may contact us in other ways if they prefer.
- The service regularly reviews its partnerships to ensure they are appropriate and effective for both the organisation and the public.
- Memoranda of Understanding with other fire and rescue authorities and the police when carrying out fire investigation to improve collaborative working and ensure a more consistent approach to the way we investigate fires / arson.
- BMKFRS is a key stakeholder at a strategic level on both the Safer Stronger Bucks Partnership Board and the Safer MK Partnership. Officers are also engaged and involved in practitioner groups and fora where appropriate, ensuring public engagement and safety initiatives are focussed, effective and measured, whilst working with partner organisations with similar goals and objectives.

Review of effectiveness

Buckinghamshire & Milton Keynes Fire Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Authority who have responsibility for the development and maintenance of the governance environment.

In addition, the Chief Internal Auditor's annual report, comments made by the external auditors (Ernst & Young), the Operational Assessment, other review agencies and

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inspectors (referred to earlier) and the Overview & Audit Committee are all sources providing scrutiny and recommendations upon which the management have drawn to compile the action plan set out in Appendix B.

DRAFT

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Audits undertaken and assurance opinion:

Audit assignments	Level of assurance that risks material to the achievement of the system's objectives are adequately managed and controlled.	
	Days	Overall Assurance (all audits undertaken during 2018/19 unless stated)
Core Financial Controls	40	Substantial
Information Security	10	Reasonable
Project Management	10	Reasonable
Stores	10	Limited
Follow Ups	10	
Corporate work/Audit Management	10	
Total	90	

It is a management responsibility to develop and maintain the internal control framework and to ensure compliance. It is the responsibility of Internal Audit to form an independent opinion on the adequacy of the system of internal control.

This opinion should be used as a key strand of the assurance framework which management use to develop their Annual Governance Statement.

The role of the internal audit service is to provide management with an objective assessment of whether systems and controls are working properly. It is a key part of the Authority's internal control system because it measures and evaluates the adequacy and effectiveness of other controls 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.

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This is presented as the Chief Internal Auditor's opinion:

Opinion on the Authority's Internal Control Environment Summary

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 audit activity in 2018/19 has demonstrated that the Authority continues to improve and develop its key governance processes, and remains focussed on creating a strong system of internal control. The internal audit activity is limited to the scope of the audits within the plan, which represent a sample of the key controls across the Authority, hence we are unable to provide more than a reasonable level of assurance.

A summary of our assignment outcomes and work completed during the year is shown in the table on the previous page.

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Conclusion

As a result of the extensive work undertaken by the management team in reviewing internal structures and reviewing roles and responsibilities as well as the introduction of new systems and processes, working together with the Chief Internal Auditor, the External Auditors and our own Audit Committee, a plan (see Appendix B) is in place to address the weaknesses identified and ensure continuous improvement of the governance system is in place. Appendix A sets out progress against the delivery of the 17/18 Annual Governance Statement action plan.

Further to the Chief Internal Auditor's comments, we propose over the coming year to take steps set out in Appendix B to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed Date 2019...
Chairman of the Buckinghamshire & Milton Keynes Fire Authority

Signed Date 2019...
Jason Thelwell – Chief Executive and Chief Fire Officer of the Buckinghamshire & Milton Keynes Fire Authority

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Appendix A

Significant Governance Issues addressed in 2018/19

	Issue	Action Plan (as per 2016/17 Statement – Appendix B)	Lead Officer	RAG Status	Progress	Target/ Completion Date
1.	Compliance with the General Data Protection Regulation (GDPR)	<ul style="list-style-type: none"> • Hold “decluttering events” to removed information that is no longer required and amend the retention and destruction schedule to reflect any additional information “types” and retention periods. • Amend process for requests to give or revoke access to common drives to limit permissions to Information Asset Owners and their authorised Information Stewards. • Verify that personally identifiable information (PII) records are held securely with no risk of degradation, obsolescence (of media type), damage or destruction or unauthorised access. • Ensure all departments that process PII maintain Records Of Processing Activity (ROPA). 	Director of Legal & Governance	Green	<p>The General Data Protection Regulation came into effect on 25 May 2018. The Authority had prepared for this by following the “12 Step” guidance from the Information Commissioner’s Office and continues to develop its procedures to promote good governance and respect for the privacy of individuals.</p> <p>Two decluttering events were held in 2018/19 and a significant amount of physical records (paper, cassettes, tapes etc) were destroyed. More events will be held to reduce the amount of electronic data held.</p> <p>The process for approving or revoking access to data on network drives has become “business as usual” providing an auditable trail of authorisation for changes made.</p> <p>Records identified within departmental retention schedules are held in paper or</p>	<p>March 2019</p> <p>Ongoing</p>

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					The need for new or revised privacy statements are considered for all processes.	
2.	Currency of financial and contractual governance documents	<p>Anti-Money Laundering Policy – review and update</p> <p>Purchasing Card Guidelines – review and update</p>	Chief Finance Officer	Green	<p>The Anti-Money Laundering Policy was updated and approved by the Overview and Audit Committee on 18 July 2018.</p> <p>Purchasing Card Guidelines were updated in September 2018.</p>	September 2018
3.	Currency of people governance documents	<p>Officers’ Induction Guidance Notes – review and update</p> <p>Equality and Diversity Policy – review and update</p>	Director of People and Organisational Development	Green	<p>The Induction guidance and paperwork has been updated as part of a suite of procedures,</p> <p>In addition any relevant outcomes from the revised Recruitment and Selection procedure will be added into the induction guidance.</p> <p>An e-learning induction programme was designed for all staff and rolled out for all new starters.</p> <p>In June 2019 a week long induction for newly appointed Station Commanders , known as the Supportive Leadership programme, is being run as a pilot. Following validation, this will be extended to first time appointed managers The ED&I policy was approved by</p>	March 2019

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					Overview and Audit in March 2019 for recommended ratification by the Executive at its July 2019 meeting.	
4.	Pensions administration and reporting	<p>The Authority's Pensions administrators continue to transfer increasing amounts of more complex information requirements on a monthly basis to Employee Services and Payroll. In addition there are a complex range of discretions across 4 main schemes. It is proposed to review the skills, capacity and level of internal pensions officer support required within the service and also carry out a full review of all pension discretions, to ensure they are fit for purpose to support the Authority's People Strategy.</p> <p>It is also planned to review Pensions Communications within the service; this reinforced by suggestions from the October 2017 Culture Survey.</p>	Director of People and Organisational Development	Green	<p>Overall responsibility for Pensions will sit with the Director of Finance and Assets, they will matrix manage in regards to the pensions responsibilities.</p> <p>Roles and responsibilities within Human Resources, Payroll and Finance are currently under review to ensure processes are optimised and that the right capacity and skills are in place. Delivering Pensions services as efficiently and effectively as possible, including responsibilities, form a key element of the review</p> <p>Pensions communications has been improved; a dedicated section of the intranet is updated regularly, meetings held with members of staff individually and on a group basis.</p>	March 2019

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Appendix B

Significant Governance Issues to be addressed in 2019/20

	Issue	Action Plan	Lead Officer	Target Date
1.	Public Safety Plan (PSP)	<p>During the early part of 2019/20 the Authority will produce a draft PSP. We will engage with and consult the public before finalising and approving the document in February 2020. The PSP will set the future strategic direction of the Service for the next five years and will be underpinned by other updated strategies, including the:</p> <ul style="list-style-type: none"> • Corporate Plan • Financial Strategy (and Medium Term Financial Plan) • Capital Strategy • Procurement Strategy • A new Corporate Plan will also be developed to cover the term of the next PSP. 	Head of Service Development	February 2020
2.	Independent Inspection of the Service	<p>Between May and July 2019, Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) will assess the effectiveness and efficiency of the Service. In addition, HMICFRS will also provide an opinion of how well the Service treats its people.</p> <p>The final report is expected to be issued in December 2019, at which point the Service will develop an action plan to implement any required improvements and reinforce current successful working practices.</p>	Head of Service Development	December 2019

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3.	Review of Senior Management Team Structure	<p>As part of its ongoing succession planning process the Authority's has identified that two of the current team are due to retire during 2019/20.</p> <p>This provides an opportunity to review the size and structure of the team, as well as individual responsibilities and reporting lines. In addition it provides opportunities to review 'third tier' posts as part of the ongoing succession planning and retention programme. The aim is to revise the structure and invest savings in frontline operational posts.</p>	Chief Fire Officer/Chief Executive	From September 2019
4.	Blue Light Hub Joint Working Arrangements	<p>The new Blue Light Hub in Milton Keynes will be a shared facility between Bucks Fire and Rescue, Thames Valley Police and South Central Ambulance Service.</p> <p>Security and privacy is being risk assessed and a DPIA is being developed these will ensure adequate security arrangements are in place to protect information through robust access and monitoring controls.</p> <p>New governance arrangements will need to be constituted that oversee the management of the building, joint working practices and on-going cost sharing arrangements.</p>	Director of Finance and Assets	March 2020
5.	Security – People, premises, information.	All new, or significantly changed premises arrangements will be subject to DPIA and other security assessments.	Director of Legal & Governance	March 2020

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	<p>Records Management (Freedom of Information Act Section 46 - Code of Practice. (requires the Secretary of State to issue a code of practice providing guidance as to the practice which would, be desirable for the keeping, management and destruction of records).</p>	<p>The Premises Security Group will continue to monitor arrangements for site security and make recommendations for improvements.</p> <p>Good records management supports all information legislation both in being able to release it and in protecting it from unauthorised disclosure. Throughout 2019/20:</p> <ul style="list-style-type: none"> • The reorganisation of People & Organisational Development presents an opportunity to review the records management procedures to improve compliance to information legislation and security in these areas. • Project management is largely a sub-set of records management. Work is needed for the expansion of project management controls across the Authority and stronger reporting arrangements. • A gap analysis will be carried out to determine progress against the the“12 Step” guidance from the Information Commissioner’s Office (ICO) and gaps closed. • The records retention and destruction schedules need to be developed to include all record types held and records deleted /destroyed in line with listed timescales. 		
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		<ul style="list-style-type: none"> • Files in shared network drives which remain unclaimed are deleted. • The service documents records management project defines progress, and handover arrangements. • Records held on media found to be vulnerable to attack or obsolescence will be transferred to a more robust medium. • ROPA are developed to ensures that all processing activities are identified and tracked. 		
6	Annual Governance Statement	For the layout of the Annual Governance Statement 19/20 to be redesigned in order that it can be presented with reference to the 7 principles (A to G) as defined in the CIPFA/SOLACE 'Delivering Good Governance in Local Government: Framework (2016)'	Director of Legal & Governance	March 2020

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Good Governance. The Seven CIPFA/SOLACE principles

CIPFA and SOLACE published a revised framework document on governance entitled: Delivering Good Governance in Local Government Framework 2016 (2016 Guidance). This was a significantly revised version of the previous 2012 guidance. The new framework is taken from the International Framework: Good Governance in the Public Sector (CIPFA/IFAC 2014).

The framework envisages it will be a continuous process of seven principles with a core of A and B being about the behaviours of integrity demonstrating a strong commitment to ethics and respecting the rule of law with practices being carried out in the spirit of openness and comprehensive stakeholder engagement.

While the 2016 Guidance is the product CIPFA and SOLACE, it amounts to statutory guidance because Regulation 6(4)(b) of the Accounts and Audit Regulations 2015 requires the Annual Governance Statement to be prepared in accordance with proper practices in relation to accounts.

The seven principles are:

Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

Principle B - Ensuring openness and comprehensive stakeholder engagement.

Principle C - Defining outcomes in terms of sustainable economic, social, and environmental benefits.

Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes.

Principle E - Developing the Authority's capacity, including the capability of its leadership and the individuals within it.

Principle F - Managing risks and performance through robust internal control and strong public financial management.

Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

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Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	17 July 2019
OFFICER	Mark Hemming, Director of Finance & Assets
LEAD MEMBER	Chairman of the Overview and Audit Committee
SUBJECT OF THE REPORT	Audit Results Report 2018/19
EXECUTIVE SUMMARY	This report summarises the findings from the 2018/19 audit. It includes messages arising from the audit of the Authority's financial statements and the results of the work on how the Authority secures value for money in its use of resources.
ACTION	Noting.
RECOMMENDATIONS	That the content of the report be noted.
RISK MANAGEMENT	The results of the audit give reassurance regarding entries in the accounts and value for money arrangements.
FINANCIAL IMPLICATIONS	No direct impact.
LEGAL IMPLICATIONS	The audit of the financial statements is a statutory requirement.
CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE	No direct impact.
HEALTH AND SAFETY	No direct impact.
EQUALITY AND DIVERSITY	No direct impact.
USE OF RESOURCES	The Audit Results Report concludes that the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.
PROVENANCE SECTION & BACKGROUND PAPERS	None.

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

Buckinghamshire and
Milton Keynes Fire
Authority
Draft audit results
report

Year ended 31 March 2019

2 July 2019



Dear Committee Members,

We have substantially completed our audit of Buckinghamshire and Milton Keynes Fire Authority for the year ended 31 March 2019.

Subject to concluding the outstanding matters listed in our report, we confirm that we expect to issue an unqualified audit opinion on the financial statements in the form that appears in section 4, before 31 July 2019. We also have no matters to report on your arrangements to secure economy, efficiency and effectiveness in your use of resources.

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

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

We welcome the opportunity to discuss the contents of this report with you at the Overview and Audit Committee meeting on 17 July 2019.

Yours faithfully

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

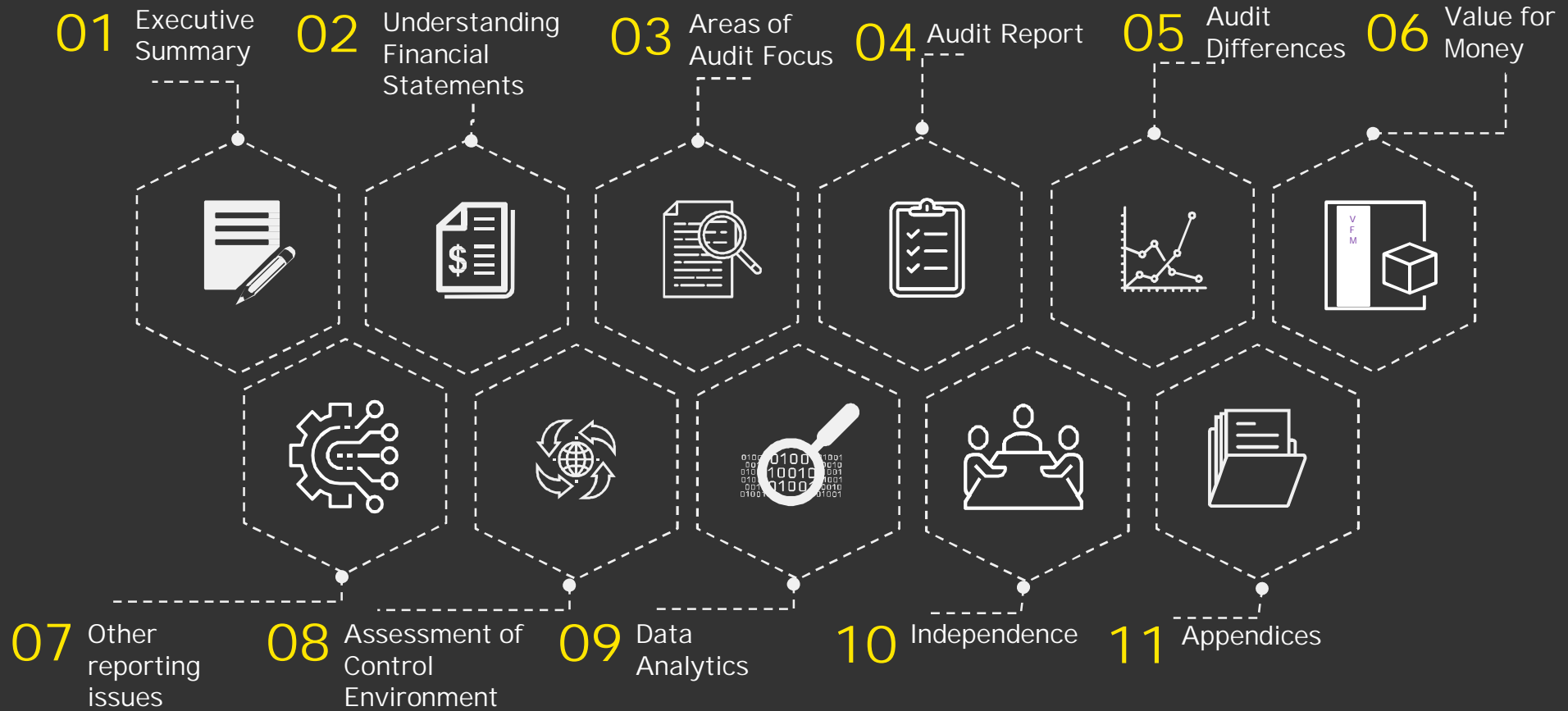
Maria Grindley

Associate Partner

For and on behalf of Ernst & Young LLP

Encl

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

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

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

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



01 Executive Summary

Executive Summary

Scope update

In our audit planning report presented on the 7 March 2019 Overview and Audit Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements.

In our Audit Planning Report, we communicated that our audit procedures would be performed using a materiality of £667,440 for the main accounts and £154,900 for the pension fund. We updated our planning materiality assessment using the draft financial statements and have also reconsidered our risk assessment. Based on our materiality measure of gross expenditure on provision of services, we have updated our overall materiality assessment to £806,780 for the main accounts and £191,940 for the pension fund. This results in updated performance materiality, at 75% of overall materiality, of £605,085 for the main accounts and £143,955 for the pension fund. The updated threshold for reporting misstatements is £40,339 for the main accounts and £9,597 for the pension fund.



Executive Summary

Status of the audit

We have substantially completed our audit of Buckinghamshire and Milton Keynes Fire Authority's financial statements for the year ended 31 March 2019 and have performed the procedures outlined in our Audit planning report. Subject to satisfactory completion of the following outstanding items we expect to issue an unqualified opinion on the Authority's financial statements in the form which appears at Section 4. However until work is complete, further amendments may arise:

The audit will continue through the coming weeks and the following list was outstanding at the time this report was sent into papers i.e. 2 July 2019 - we will update Members at the Committee meeting on progress against these.

- Review of the final set of financial statements
- Contingent liabilities - McCloud case
- Disclosure checklist
- Annual governance statement
- Leases
- Officers remuneration
- Receivables cut-off
- IAS19 protocol procedures - still to receive pension auditors confirmations
- PPE
- Employee costs
- Unrecorded liabilities
- Debtors
- Capital grants received in advance
- Investments - some confirmations still outstanding
- Revaluation gains/losses
- Reserves
- VFMc
- WGA
- Review of the final set of financial statements
- Final Associate Partner review of the audit work
- Receipt of the signed management representation letter
- Completion of subsequent events review

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

Audit differences

There were some adjusted audit difference arising from our audit on note 29a Financial instruments balances and note 29g financial instruments refinancing and maturity risk.

There are no unadjusted audit differences arising from our audit.



Executive Summary

Areas of audit focus

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

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

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

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

Control observations

We have adopted a fully substantive approach, so have not tested the operation of controls.

Value for money

We have considered your arrangements to take informed decisions; deploy resources in a sustainable manner; and work with partners and other third parties. We have no matters to report about your arrangements to secure economy efficiency and effectiveness in your use of resources. Work is still ongoing in this area.

Other reporting issues

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

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

We have no other matters to report.

Independence

Please refer to Section 10 for our update on Independence.

The background of the slide features a close-up, shallow depth-of-field photograph of Euro currency. In the foreground, a 1 Euro coin is in sharp focus, showing its intricate design and the word 'EURO'. Behind it, another coin is slightly out of focus. The background is filled with the textured patterns and colors of Euro banknotes, including a prominent blue note on the left and green notes at the bottom. A dark grey horizontal bar is overlaid on the lower portion of the image, containing the title and a yellow hexagonal icon.

02

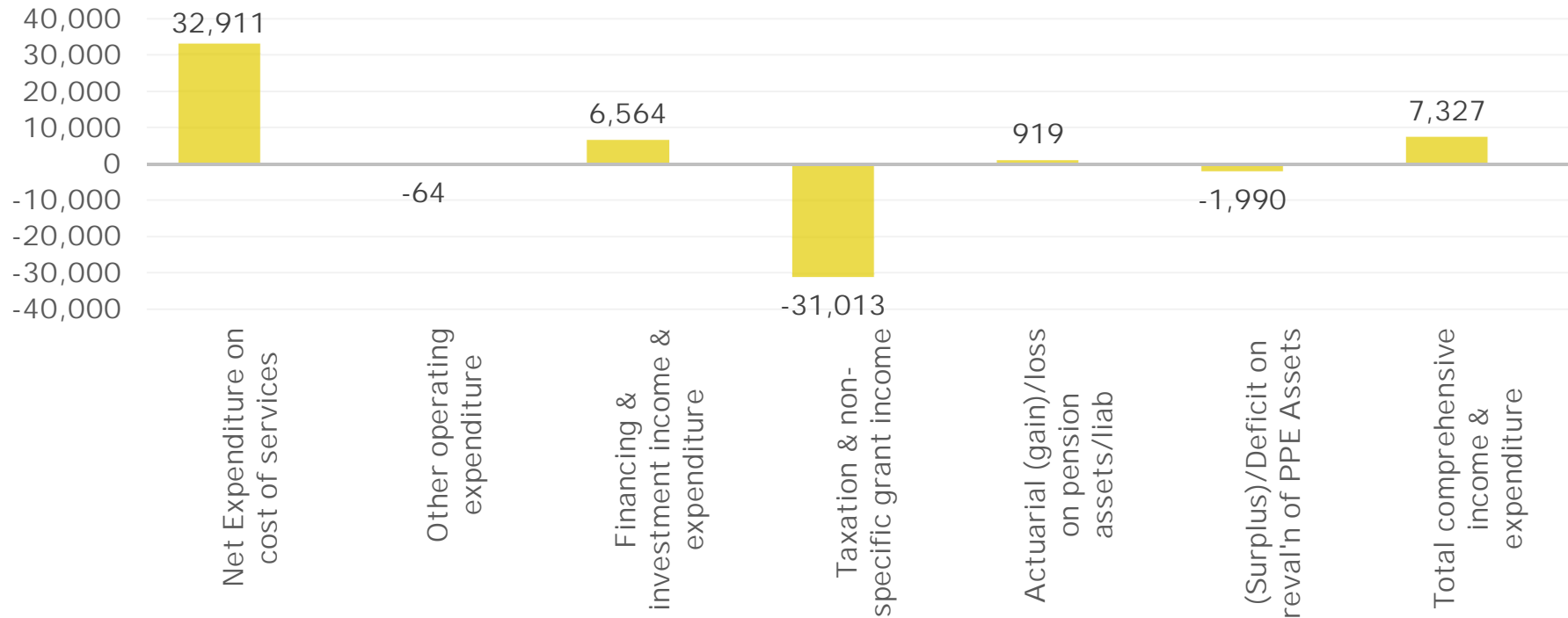
Understanding Financial Statements



Understanding Financial Statements

Key components of net expenditure

The provision of services for the year ended 31 March 2019 was £8,398k deficit, a decrease in deficit of £3,024k from the prior year. During the year there were no significant events that impacted the underlying financial position of the Authority. The following provides an overview of the material items:



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



03 Areas of Audit Focus



Areas of Audit Focus

Significant risk

Misstatements due to fraud or error

What is the risk?

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

As identified in ISA (UK and Ireland) 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. For the Authority we have identified that this risk may manifest itself in the incorrect classification of revenue expenditure and this is covered on the following slide.

What judgements are we focused on?

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

What did we do?

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

We have:

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

What are our conclusions?

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

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

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



Areas of Audit Focus

Significant risk

PPE Additions - Incorrect classification of revenue expenditure

What is the risk?

Local authorities have a statutory duty to balance their annual budget and are operating in a financially challenged environment with reducing levels of government funding and increasing demand for services. Achievement of budget is critical to minimizing the impact and usage of the Authority's usable reserves and provides a basis for the following year's budget. Any deficit outturn against the budget is therefore not a desirable outcome for the authority and management, and therefore this desire to achieve budget increases the risk that the financial statements may be materially misstated.

Due to financial environment in which the authority operates and funding pressures, there is a risk of the Authority incorrectly capitalising purchases.

For this reason we will consider manipulation of revenue expenditure and the risk of it being re-classified to capital.

What judgements are we focused on?

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

For 2018/19, PPE additions totalled £7,657k. We will consider whether this figure is complete, the asset is in existence and whether the asset has been valued correctly in the statement of accounts.

What did we do?

We have:

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

What are our conclusions?

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



Areas of Audit Focus

Other areas of audit focus

Valuation of Land and Buildings

What is the risk?

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

What judgements are we focused on?

As part of our work we focused the key judgemental areas within asset valuations, such as the floor areas used to generate the valuations and the method used for valuing certain assets. We reviewed the accounting estimate of asset valuation for evidence of management bias.

What did we do?

We have performed the procedures described in our original audit plan. We have:

- Considered the work performed by the Authority's valuers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- Sample tested key asset information used by the valuers in performing their valuation (e.g. floor plans to support valuations based on price per square metre);
- Considered the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code for PPE and annually for IP. We have also considered if there are any specific changes to assets that have occurred and that these have been communicated to the valuer;
- Reviewed the assets not subject to valuation in 2018/19 to confirm that the remaining asset base is not materially misstated;
- Considered changes to useful economic lives as a result of the most recent valuation; and
- Tested accounting entries to ensure they have been correctly processed in the financial statements.

What are our conclusions?

This work is currently on-going.



Areas of Audit Focus

Other areas of audit focus

Pension liability valuation

What is the risk?

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

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

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

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

What did we do?

We have:

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

What are our conclusions?

McCloud issues still o/s and we haven't received report from pension auditors yet.



Areas of Audit Focus

Other areas of audit focus

What is the risk/area of focus?

McCloud and Sargeant issue:

This involved legal cases concerning age discrimination on transitional arrangements in Judges Pension Scheme and Fire Pension Scheme. Cipfa released a paper on the McCloud ruling. This was discussed on a recent NAO Local Government Technical Network (LGTN) call, where it was felt the sectors response to include as a contingent liability was not properly considering the latest available legal views or calculations being performed by the Government Actuaries Dept (GAD).

GAD's report reviewing the impact for the LGPS, Police & Fire schemes has been issued in draft to the LGA. Impact has been assessed at scheme level, looking at the increase to liability and service costs.

EY, via the NAO, have requested legal views to be made available via MHCLG and the Home Office as appropriate to the schemes. This is to try and ensure consistency across the sector.

GAD were commissioned to review the potential impacts, including LGPS, Police and Fire. GAD have now produced and shared their report. PWC have now reviewed the GAD report in their role as the NAO's consulting actuary.

EY have now reviewed PWC's report. We have considered the PWC report, and assessed whether GAD's method is judged to be robust and producing a reasonable estimate, and also how the two scenarios they have used could (or should) be applied by an actuary.

The issue that now exists is that the increase in the gross pension liability and the increase to the past service cost, will not be accounted for correctly in the statement of accounts and the disclosure notes. This adjustment is material and affects a lot of areas in the accounts and disclosure notes.

What did we do?

We judge that:

- The circumstances meet the criteria for a provision, taking account of the principles under IAS37;
- We note that IAS37 does not determine how to account for post-employment benefits, and therefore the appropriate accounting is made under IAS19.
- These circumstances would most likely lead to an increase in gross pension liability, and past service cost
- Since the adjustments are material, we would expect an amendment to any draft statement of accounts that were prepared on a different assumption to our judgment - i.e. prepared using an assumption of a contingent liability.

Therefore we need to review your actuaries assumptions and figures calculating the increase in provision and past service cost (which is our current expectation of the relevant accounting).

We need to review the revised statement of accounts and the disclosure notes affected. These will include;

- the increase in the net liability on the balance sheet, and the associated movements through the CIES,
- the Pension Reserve,
- disclosures on adjustments made under statute as the movement is reversed from impacting on the General Fund,
- critical judgements in applying the accounting policies,
- use of estimates and judgements,
- disclosure of events after the balance sheet date to the Supreme Court decision to deny the Government leave to appeal, and
- a pension fund is required to make an IAS26 disclosure regarding the Actuarial Present Value of Promised Retirement Benefits. Updating the assumptions made for McCloud would be expected to increase this value.

This work is currently on-going.



Areas of Audit Focus

Other areas of audit focus

What is the risk/area of focus?

IFRS 9 financial instruments

This new accounting standard is applicable for local authority accounts from the 2018/19 financial year and will change:

- How financial assets are classified and measured;
- How the impairment of financial assets are calculated; and
- The disclosure requirements for financial assets.

There are transitional arrangements within the standard; and the 2018/19 Cipfa Code of Practice on local authority accounting provides guidance on the application of IFRS 9.

IFRS 15 Revenue from contracts with customers

This new accounting standard is applicable for local authority accounts from the 2018/19 financial year.

The key requirements of the standard cover the identification of performance obligations under customer contracts and the linking of income to the meeting of those performance obligations.

The 2018/19 Cipfa Code of Practice on local authority accounting provides guidance on the application of IFRS 15 and includes a useful flow diagram and commentary on the main sources of LG revenue and how they should be recognised.

The impact on local authority accounting is likely to be limited as large revenue streams like council tax, non domestic rates and government grants will be outside the scope of IFRS 15. However where that standard is relevant, the recognition of revenue will change and new disclosure requirements introduced.

What did we do?

We have:

- Assessed the authority's implementation arrangements that should include an impact assessment paper setting out the application of the new standard, transitional adjustments and planned accounting for 2018/19;
- Considered the classification and valuation of financial instrument assets;
- Reviewed the new expected credit loss model impairment calculations for assets; and
- Checked additional disclosure requirements.

Conclusion: We concluded that IFRS 9 financial instruments has been applied correctly.

We have:

- Assessed the authority's implementation arrangements that should include an impact assessment paper setting out the application of the new standard, transitional adjustments and planned accounting for 2018/19;
- Considered application to the authority's revenue streams, and where the standard is relevant test to ensure revenue is recognised when (or as) it satisfies a performance obligation; and
- Checked additional disclosure requirements.

Conclusion: This work is currently on-going.



04 Audit Report

Draft audit report

Our opinion on the financial statements (draft)

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

Opinion

We have audited the financial statements and the firefighters' pension fund financial statements of Buckinghamshire and Milton Keynes Fire Authority for the year ended 31 March 2019 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

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

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

In our opinion the financial statements:

- give a true and fair view of the financial position of Buckinghamshire and Milton Keynes Fire Authority as at 31 March 2019 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

Basis for opinion

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

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

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the Statement of Accounts 2018/19, other than the financial statements and our auditor's report thereon. The Chief Financial Officer is responsible for the other information.



Audit Report

Draft audit report (continued)

Our opinion on the financial statements (draft)

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

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

We have nothing to report in this regard.

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

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

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in November 2017, 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.

Matters on which we report by exception

We report to you if:

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

We have nothing to report in these respects

Responsibility of the Chief Financial Officer

As explained more fully in the Statement of Responsibilities set out on page 14, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the Authority's financial statements and the firefighters pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, and for being satisfied that they give a true and fair view.



Audit Report

Draft audit report (continued)

Our opinion on the financial statements (draft)

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2017, as to whether Buckinghamshire and Milton Keynes Fire Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Buckinghamshire and Milton Keynes Fire Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

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

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

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



Audit Report

Draft audit report (continued)

Our opinion on the financial statements (draft)

Certificate

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

Use of our report

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

Maria Grindley (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Reading
XX July 2019

The maintenance and integrity of the Buckinghamshire and Milton Keynes Fire Authority web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



05 Audit Differences



Audit Differences

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

Summary of adjusted differences

We highlight misstatements greater than £40,339 for the main accounts and £9,597 for the pension fund which have been corrected by management that were identified during the course of our audit.

Note 29a Financial Instruments Balances;

Loans and receivables had been stated as £17,246k, it should have been £292k less at £16,954k

Note 29g Financial instruments refinancing and maturity risk

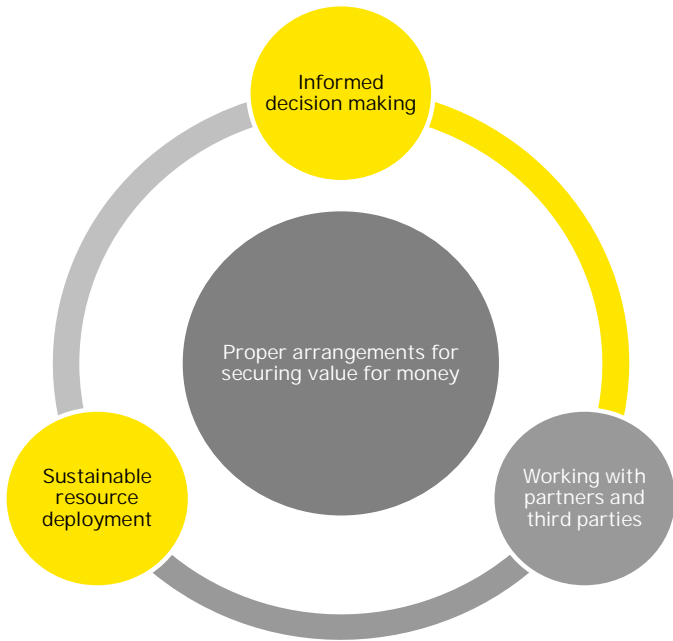
Loans maturing within 2 to 5 years was stated at £620k instead of £1,620k

Loans maturing within 5 to 10 years was stated at £2,000k instead of £1,000k.

There were no uncorrected misstatements to date.



06 Value for Money Risks



Background

We are required to consider whether the Council 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 2018/19 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.

Overall conclusion

We did not identify any significant risks around these criteria to date. We are completing our work in this area and will provide an update to the Committee. We therefore expect having no matters to report about your arrangements to secure economy, efficiency and effectiveness in your use of resources.



07 Other reporting issues

Other reporting issues

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

We must give an opinion on the consistency of the financial and non-financial information in the Statement of Accounts 2018/19 with the audited financial statements.

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

Financial information in the Statement of Accounts 2018/19 and published with the financial statements was consistent with the audited financial statements.

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

Whole of Government Accounts

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

Other powers and duties

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

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

Other matters

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



08

Assessment of Control Environment



Assessment of Control Environment

Financial controls

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

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

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

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

Reliance on internal audit

We have reviewed Internal Audit reports issued to management during the period to 31 March 2019 to ensure that any financial statement risks identified are considered in determining the extent of our audit procedures.



09 Data Analytics



Use of Data Analytics in the Audit

► Data analytics

Analytics Driven Audit

Data analytics

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

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

In 2018/19, our use of these analysers in the authority's audit included testing journal entries and employee expenses, to identify and focus our testing on those entries we deem to have the highest inherent risk to the audit.

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

Journal Entry Analysis

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



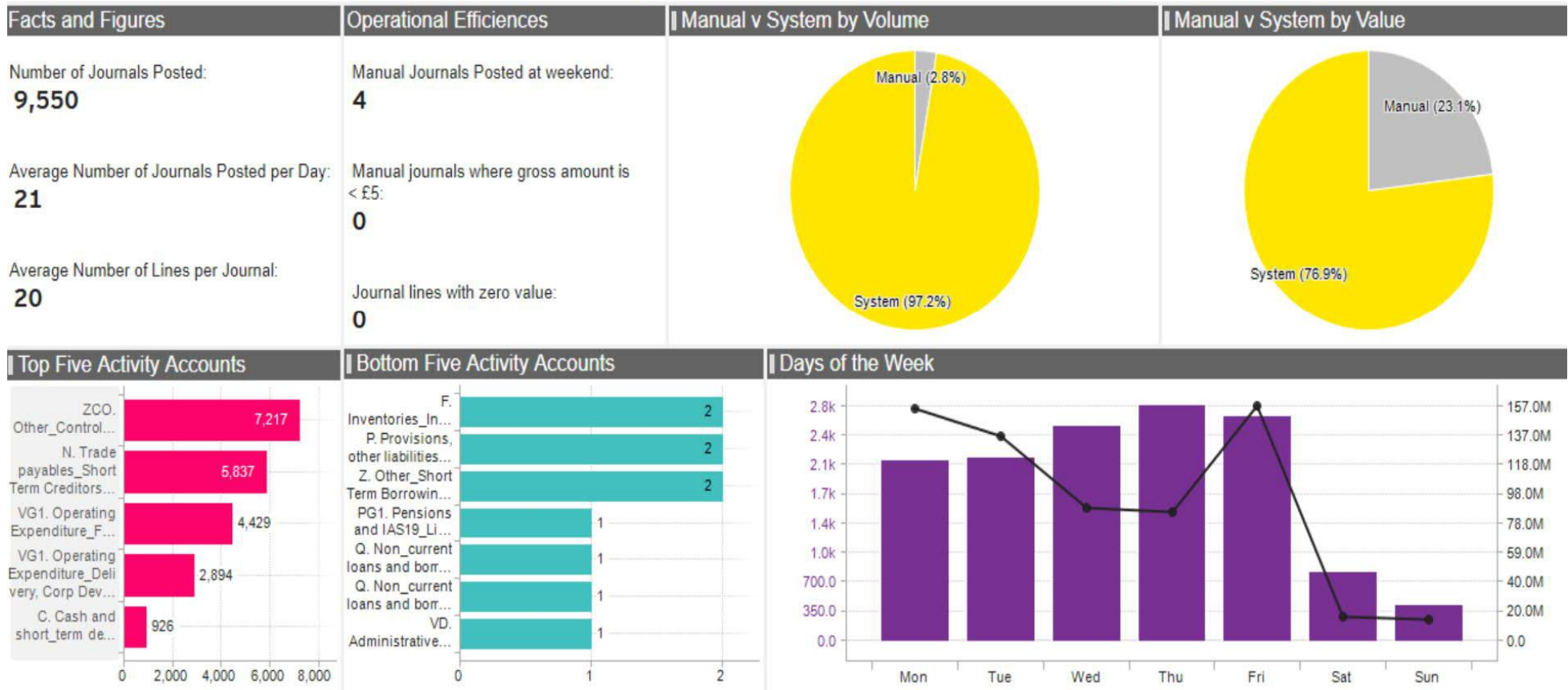
Data Analytics

Journal Entry Data Insights

The graphic outlined below summarises the journal population for 2018/19. We review journals by certain risk based criteria to focus on higher risk transactions, such as journals posted manually by management, those posted around the year-end, those with unusual debit and credit relationships, and those posted by individuals we would not expect to be entering transactions.

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

EY Helix - GLASS: Journal Entry Data Insights - 19 Bucks & MK Fire Authority - P1 to P12 - 31/03/2019





Journal Entry Testing

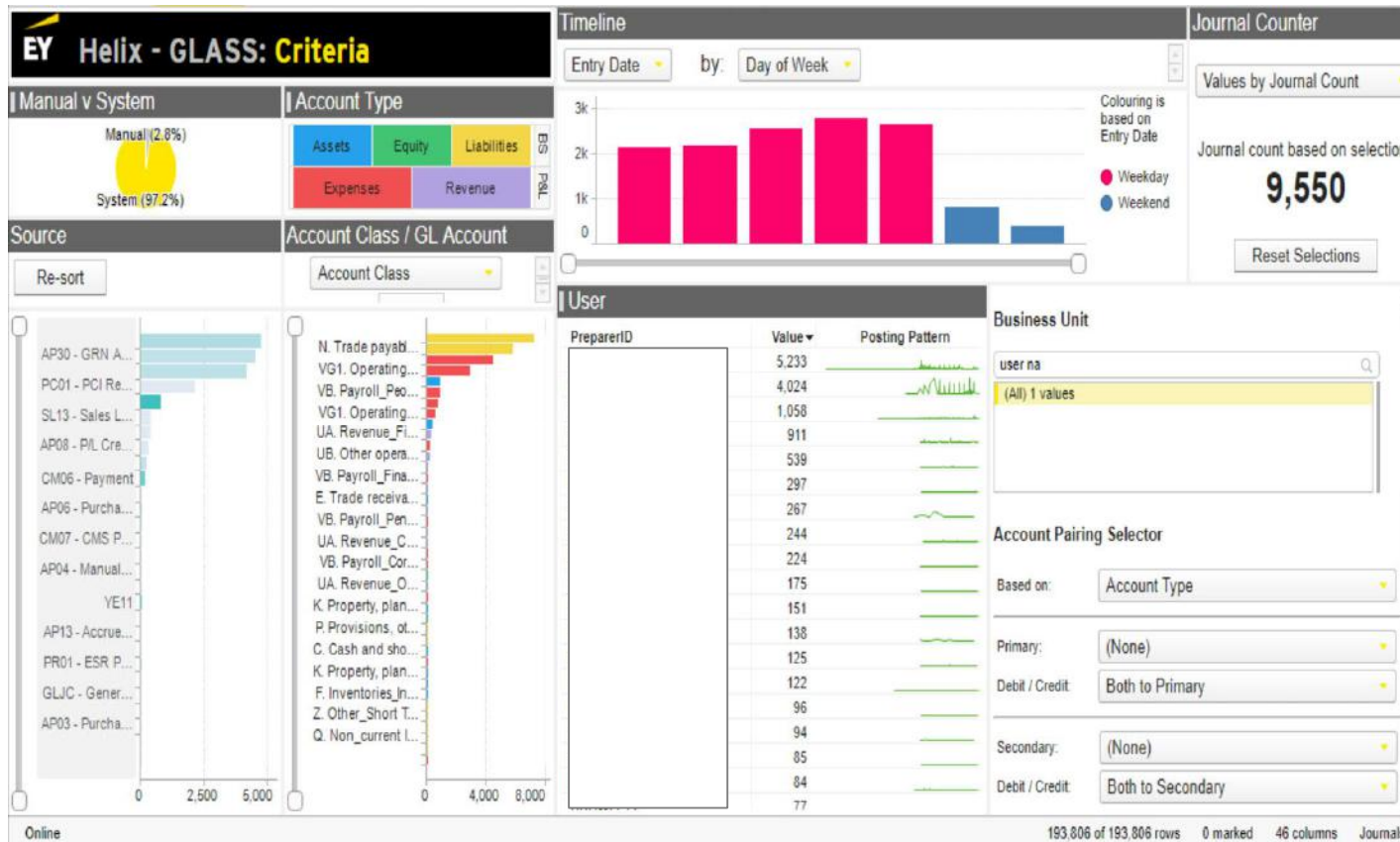
What is the risk?

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

Journal entry data criteria – 31 March 2019

What judgements are we focused on?

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



What did we do?

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

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

What are our conclusions?

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



10 Independence

Confirmation



We confirm that there are no changes in our assessment of independence since our confirmation in our Audit Planning Report dated January 2019.

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

We consider that our independence in this context is a matter which you should review, as well as us. It is important that you and your Overview and Audit Committee consider the facts known to you and come to a view. If you would like to discuss any matters concerning our independence, we will be pleased to do this at the meeting of the Overview and Audit Committee on 17 July 2019.

Independence



Relationships, services and related threats and safeguards



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

There are no relationships from 1 April 2018 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by Ernst & Young

Below includes a summary of the fees that you have paid to us in the year ended 31 March 2019 in line with the disclosures set out in FRC Ethical Standard and in statute.

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

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



Fee analysis

As part of our reporting on our independence, we set out below a summary of the fees paid for the year ended 31 March 2019.

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

	Final Fee 2018/19	Planned Fee 2018/19	Scale Fee 2018/19	Final Fee 2017/18
	£	£	£	£
Total Audit Fee – Code work	24,162	24,162	24,162	35,879

Due to the additional work involved in auditing the adjustments that have taken place to reflect the McCloud issue, there may be an additional fee. This will be discussed with officers once we know the full effect it has had on the audit.







11 Appendices

Appendix A

Required communications with the Audit Committee

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

 Our Reporting to you		
Required communications	 What is reported?	  When and where
Terms of engagement	Confirmation by the Overview and Audit Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	Audit Planning Report presented at the Overview and Audit Committee 13 March 2019.
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Audit Planning Report presented at the Overview and Audit Committee 13 March 2019.
Significant findings from the audit	<ul style="list-style-type: none"> • Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures • Significant difficulties, if any, encountered during the audit • Significant matters, if any, arising from the audit that were discussed with management • Written representations that we are seeking • Expected modifications to the audit report • Other matters if any, significant to the oversight of the financial reporting process. 	Audit Results Report presented at the Overview and Audit Committee 17 July 2019.

Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> • Whether the events or conditions constitute a material uncertainty • Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements • The adequacy of related disclosures in the financial statements 	No conditions or events were identified, either individually or together to raise any doubt about Buckinghamshire and Milton Keynes Fire Authority's ability to continue for the 12 months from the date of our report
Misstatements	<ul style="list-style-type: none"> • Uncorrected misstatements and their effect on our audit opinion • The effect of uncorrected misstatements related to prior periods • A request that any uncorrected misstatement be corrected • Material misstatements corrected by management 	Audit Results Report presented at the Overview and Audit Committee 17 July 2019
Subsequent events	<ul style="list-style-type: none"> • Enquiry of the Overview and Audit Committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements. 	Request for Overview and Audit Committee to approve the letter of representation from management at the Overview and Audit Committee meeting on 17 July 2019
Fraud	<ul style="list-style-type: none"> • Enquiries of the Overview and Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the Authority • Any fraud that we have identified or information we have obtained that indicates that a fraud may exist • Unless all of those charged with governance are involved in managing the Authority, any identified or suspected fraud involving: <ol style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. • The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected • Any other matters related to fraud, relevant to Overview and Audit Committee responsibility. 	<p>Enquiries by letter to the Chair of the Overview and Audit Committee dated 3 April 2019.</p> <p>We have no matters to report.</p>

Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Related parties	<p>Significant matters arising during the audit in connection with the Authority's related parties including, when applicable:</p> <ul style="list-style-type: none"> • Non-disclosure by management • Inappropriate authorisation and approval of transactions • Disagreement over disclosures • Non-compliance with laws and regulations • Difficulty in identifying the party that ultimately controls the Authority 	<p>Audit Results Report presented at the Overview and Audit Committee 17 July 2019.</p> <p>We have no matters to report</p>
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> • The principal threats • Safeguards adopted and their effectiveness • An overall assessment of threats and safeguards • Information about the general policies and process within the firm to maintain objectivity and independence <p>Communications whenever significant judgments are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p>	<p>Initial reporting in the Audit Planning Report presented at the Overview and Audit Committee 13 March 2019.</p> <p>Confirmation in the Audit Results Report presented at the Overview and Audit Committee 17 July 2019</p>
External confirmations	<ul style="list-style-type: none"> • Management's refusal for us to request confirmations • Inability to obtain relevant and reliable audit evidence from other procedures. 	<p>Audit Results Report presented at the Overview and Audit Committee 17 July 2019.</p> <p>We have no matters to report.</p>
Consideration of laws and regulations	<ul style="list-style-type: none"> • Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur • Enquiry of the Overview and Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the audit committee may be aware of 	<p>Audit Results Report presented at the Overview and Audit Committee 17 July 2019.</p> <p>We have no matters to report.</p>

Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> Significant deficiencies in internal controls identified during the audit. 	<p>Audit Results Report presented at the Overview and Audit Committee 17 July 2019.</p> <p>We have no matters to report.</p>
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> Written representations we are requesting from management and/or those charged with governance 	<p>Request for Overview and Audit Committee to approve the letter of representation from management at the Overview and Audit Committee meeting on 17 July 2019</p>
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	<p>Audit Results Report presented at the Overview and Audit Committee 17 July 2019.</p> <p>We have no matters to report.</p>
Auditors report	<ul style="list-style-type: none"> Any circumstances identified that affect the form and content of our auditor's report 	<p>Audit Results Report presented at the Overview and Audit Committee 17 July 2019</p>
Fee Reporting	<ul style="list-style-type: none"> Breakdown of fee information when the audit planning report is agreed Breakdown of fee information at the completion of the audit Any non-audit work 	<p>Audit Planning Report presented at the Overview and Audit Committee 13 March 2019</p> <p>Confirmation in the Audit Results Report presented at the Overview and Audit Committee 17 July 2019</p>

Management representation letter

Management Rep Letter

Ernst & Young
Apex Plaza
Forbury Road
Reading
RG1 1YE

Dear Maria,
Buckinghamshire and Milton Keynes Fire and Rescue Authority - Audit for the year ended 31 March 2019

This letter of representations is provided in connection with your audit of the financial statements of Buckinghamshire and Milton Keynes Fire Authority ("the Authority") for the year ended 31/03/2019. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the Authority financial position of Buckinghamshire and Milton Keynes Fire Authority as of 31/03/2019 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

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

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

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.
 2. We acknowledge, as members of management of the Authority, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Authority in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, and are free of material misstatements, including omissions. We have approved the financial statements.
 3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
 4. As members of management of the Authority, we believe that the Authority has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, that are free from material misstatement, whether due to fraud or error.
- There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

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

1. We acknowledge that we are responsible to determine that the Authority's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

Management representation letter

Management Rep Letter (continued)

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

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

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:

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

2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.

3. We have made available to you all minutes of the meetings of the Authority, the Executive Committee and the Overview and Audit Committee held through the year to the most recent meeting on the following date: 19 June 2019.

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

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

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

D. Liabilities and Contingencies

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

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

3. We have disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent, and have disclosed in Note 27 to the financial statements all guarantees that we have given to third parties.

E. Subsequent Events

1. There have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

Management representation letter

Management Rep Letter (continued)

F. Other information

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

G. Ownership of Assets

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

H. Reserves

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

I. Use of the Work of a Specialist

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

J. Pension Liability and PPE Valuations Estimate

1. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.
2. We confirm that the significant assumptions used in making the estimates appropriately reflect our intent and ability to carry out the specific courses of action on behalf of the entity.
3. We confirm that the disclosures made in the financial statements with respect to the accounting estimate(s) are complete and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.
4. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the financial statements due to subsequent events.

K. Retirement benefits

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

Yours faithfully,

Director of Finance and Assets and Chief Financial Officer

Chairman of the Overview and Audit Committee

About EY

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

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ED None

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Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	17 July 2019
OFFICER	Mark Hemming, Director of Finance & Assets
LEAD MEMBER	Chairman of the Overview and Audit Committee
SUBJECT OF THE REPORT	Letter of Management Representation 2018/19
EXECUTIVE SUMMARY	The Authority is required to consider and sign the letter of representation to Ernst & Young in order for the audit opinion and conclusion to be issued.
ACTION	Noting.
RECOMMENDATIONS	That the Letter of Representation be noted.
RISK MANAGEMENT	The results of the audit give reassurance regarding entries in the accounts and value for money arrangements.
FINANCIAL IMPLICATIONS	No direct impact.
LEGAL IMPLICATIONS	The audit of the financial statements is a statutory requirement.
CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE	No direct impact.
HEALTH AND SAFETY	No direct impact.
EQUALITY AND DIVERSITY	No direct impact.
USE OF RESOURCES	No direct impact.
PROVENANCE SECTION & BACKGROUND PAPERS	As part of the audit, the Chairman was required to provide a response to Ernst & Young detailing how the Committee gains assurance from management. A copy of this letter is attached in Annex B.

APPENDICES	Annex A: Letter of Management Representation 2018/19. Annex B: Understanding how the Overview and Audit Committee gains assurance from management.
TIME REQUIRED	10 minutes
REPORT ORIGINATOR AND CONTACT	Asif Hussain ahussain@bucksfire.gov.uk 01296 744421



Ernst & Young
Apex Plaza
Forbury Road
Reading
RG1 1YE

Our ref: Letter of Representation 2018/19
Enquiries to: Mark Hemming
Direct line: 01296 744687
Date: 17 July 2019
Email: mhemming@bucksfire.gov.uk

Dear Maria,

Buckinghamshire & Milton Keynes Fire and Rescue Authority - Audit for the year ended 31 March 2019

This letter of representations is provided in connection with your audit of the financial statements of Buckinghamshire and Milton Keynes Fire Authority (“the Authority”) for the year ended 31/03/2019. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the Authority financial position **of Buckinghamshire and Milton Keynes Fire Authority** as of 31/03/2019 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

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

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

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with [the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.
2. We acknowledge, as members of management of the Authority, our responsibility for the fair presentation of the financial statements. We believe the financial statements

Director of Finance & Assets: Mark Hemming FCPFA
Buckinghamshire Fire & Rescue Service
Brigade Headquarters, Stocklake, Aylesbury, Bucks HP20 1BD
Tel: 01296 744400 Fax: 01296 744419



referred to above give a true and fair view of the financial position, financial performance and cash flows of the Authority in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19. We have approved the financial statements.

3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
4. As members of management of the Authority, we believe that the Authority has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, that are free from material misstatement, whether due to fraud or error.
5. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

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

1. We acknowledge that we are responsible to determine that the Authority's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. There has been an instance of non-compliance in relation to temporary promotions. This was previously disclosed to Alison Kennett by our Finance Director via a letter dated 14 February 2019 regarding 'Fraud at service organisation & non-compliance with laws & regulations'.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.¹



2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
3. We have made available to you all minutes of the meetings of the Authority, the Executive Committee and the Overview and Audit Committee held through the year to the most recent meeting on the following date: 19 June 2019.
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Authority's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the period end. These transactions have been appropriately accounted for and disclosed in the financial statements.
5. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. We have disclosed to you, and the Authority has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.

E. Subsequent Events

1. There have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

F. Other information

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



G. Ownership of Assets

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

H. Reserves

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

I. Use of the Work of a Specialist

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

J. Pension Liability and PPE Valuations Estimate

1. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.
2. We confirm that the significant assumptions used in making the estimates appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity.
3. We confirm that the disclosures made in the financial statements with respect to the accounting estimate(s) are complete and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.
4. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the financial statements due to subsequent events.



K. Retirement benefits

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

Yours faithfully,

Director of Finance and Assets and Chief Financial Officer

Chairman of the Overview and Audit Committee

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Maria Grindley
Director
Ernst & Young LLP
Apex Plaza
Forbury Road
Reading
RG1 1YE

Your ref: 19 BMKFA/TCWG
Enquiries to: Asif Hussain
Ext no: 177
Direct line: 01296 744421
Date: 24 June 2019
E-mail: ahussain@bucksfire.gov.uk

Dear Maria

Understanding how the Overview and Audit Committee gains assurance from management

I am replying to your letter in my capacity as Chairman of the Overview and Audit Committee in order that you may formally update your understanding of our management processes and arrangements. My responses to your questions are set-out below.

1) How does the Overview and Audit Committee, as 'those charged with governance' at Buckinghamshire and Milton Keynes Fire Authority, exercise oversight of management's processes in relation to:

- Undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud or error (including the nature, extent and frequency of these assessments)

Response: As part of the presentation of the Statement of Accounts the Chief Finance Officer (CFO) is required to certify that they present a true and fair view. The CFO will carry out sufficient scrutiny of the accounts and working papers to enable him to reach that view. The Committee is able to question the CFO on any aspect of the accounts to gain additional assurance on this matter.

- Identifying and responding to risks of fraud in Buckinghamshire and Milton Keynes Fire Authority, including any specific risks of fraud which management have identified or that have been brought to its attention, or classes of transactions, accounts balances, or disclosure for which a risk of fraud is likely to exist

Response: There is a proactive fraud response plan and part of the Internal Audit Plan is allocated to the examination of controls designed to reduce or identify fraudulent behaviour and activity. Internal Audit reports their findings to the Committee on a quarterly basis. Members have the opportunity to raise issues and concerns with both responsible officers and Internal Audit

- Communicating to employees its views on business practice and ethical behaviour (for example by updating, communicating and monitoring against the Authority's code of conduct)

Director of Finance & Assets: Mark Hemming FCPFA
Buckinghamshire Fire and Rescue Service
Brigade Headquarters, Stocklake, Aylesbury, Bucks HP20 1BD

Response: The Authority wide Counter-Fraud and Corruption Policy was reviewed and updated in 2018/19 and released to all employees via the internet (see also Whistleblowing policy below). This policy is approved by the Committee. The Authority has also created an e-Learning module which all employees have access to.

- Encouraging employees to report their concerns about fraud

Response: The Authority wide Whistleblowing Policy was reviewed and updated in 2018/19 and released to all employees via the internet. This policy is approved by the Committee.

- Communicating to you the processes for identifying and responding to fraud or error

Response: The Counter-Fraud and Corruption Policy is approved by the Committee. As Chairman of the Committee I am the counter-fraud champion for the Authority.

- 2) How does the Overview and Audit Committee oversee management processes for identifying and responding to the risk of fraud and possible breaches of internal control?

Response: The Committee receives quarterly updates from Internal Audit and challenges officers on the achievement of recommendations against the agreed timescales.

- 3) Is the Committee aware of any breaches of, or deficiencies in, internal control; and actual, suspected or alleged frauds during 2018-19?

Response: No

- 4) Is the Committee aware of any organisational or management pressure to meet financial or operating targets?

Response: No

- 5) How does the Committee gain assurance that all relevant laws and regulations have been complied with? Are you aware of any instances of non-compliance during 2018/19?

Response: The Director of Legal and Governance is designated as the Monitoring Officer. He is required to report any non-compliance to management and the Committee. There has been an instance of non-compliance in relation to temporary promotions. This was previously disclosed to Alison Kennett by our Finance Director via a letter dated 14 February 2019 regarding 'Fraud at service organisation & non-compliance with laws & regulations'.

- 6) Is the Committee aware of any actual or potential litigation claims that would affect the financial statements?

Response: Yes. A review of potential litigation and claims is carried out by officers as part of the year end closedown process. An assessment is made as to whether these require a provision or contingent liability to be disclosed in order for the financial statements to present a true and fair view. The 2018/19 financial statements contain a number of provisions and contingent liabilities covering a range of events that may impact upon the Authority in subsequent years.

- 7) How does the Committee satisfy itself that is appropriate to adopt the going concern basis in preparing the financial statements?

Response: The circumstances are reviewed by officers against the 'Code of Practice on Local Authority Accounting in the United Kingdom - Guidance Notes for Practitioners'. There is currently no reason to assume that the authority and its functions and services will not continue for the foreseeable future.

- 8) What does the Overview and Audit Committee consider to be the related parties that are significant to the Buckinghamshire and Milton Keynes Fire Authority and what is its understanding of the relationships and transactions with those related parties?

Response: The most significant transaction with a related party is for the provision of a joint control room facility with Royal Berkshire and Oxfordshire fire and rescue services. This, along with all other related party transactions, is disclosed within the Statement of Accounts.

Director of Finance & Assets: Mark Hemming FCPFA
Buckinghamshire Fire and Rescue Service
Brigade Headquarters, Stocklake, Aylesbury, Bucks HP20 1BD

9) Does the Overview and Audit Committee have concerns regarding relationships or transactions with related parties and, if so, what is the substance of those concerns?

Response: None

I believe that the answers that I have given will satisfy all your queries but if you need any more information then please do not hesitate to contact me

Yours sincerely

Councillor David Watson
Chairman – Overview and Audit Committee

Director of Finance & Assets: Mark Hemming FCPFA
Buckinghamshire Fire and Rescue Service
Brigade Headquarters, Stocklake, Aylesbury, Bucks HP20 1BD

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Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	17 July 2019
OFFICER	Mark Hemming, Director of Finance & Assets
LEAD MEMBER	Councillor David Watson
SUBJECT OF THE REPORT	Unaudited Statement of Accounts – Year ended 31 March 2019
EXECUTIVE SUMMARY	The Authority must prepare, in accordance with proper practices in relation to accounts, a statement of accounts for each year.
ACTION	Noting.
RECOMMENDATIONS	That the Unaudited Statement of Accounts for the financial year ended 31 March 2019 be noted.
RISK MANAGEMENT	No direct impact.
FINANCIAL IMPLICATIONS	No direct impact.
LEGAL IMPLICATIONS	The Statement of Accounts must, following consideration, be noted by the Committee.
CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE	No direct impact.
HEALTH AND SAFETY	No direct impact.
EQUALITY AND DIVERSITY	No direct impact.
USE OF RESOURCES	No direct impact.
PROVENANCE SECTION & BACKGROUND PAPERS	None.

APPENDICES	Annex A: Unaudited Annual Financial Statements 2018/19
TIME REQUIRED	15 minutes
REPORT ORIGINATOR AND CONTACT	Asif Hussain ahussain@bucksfire.gov.uk 01296 744421



Unaudited
Annual Financial Statements
for the year ending 31 March 2019



Buckinghamshire
FIRE & RESCUE SERVICE
167ave lives

Table of Contents

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

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

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

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Introduction

Welcome to our Annual Financial Statements

This document sets out the financial activities of Buckinghamshire & Milton Keynes Fire Authority (the Authority) for the year ended 31 March 2019. It shows the financial detail of the services we have provided together with explanatory notes, the resources consumed and the financial position at the end of the year compared with the previous year.

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

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

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

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

<http://bucksfire.gov.uk/about-us/our-visions-values/>

Cllr David Watson
Chairman of the Overview and Audit Committee

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

Narrative Statement

In compiling these accounts we have followed the Chartered Institute of Public Finance and Accountancy's Code of Practice on Local Authority Accounting in the United Kingdom 2018/19: Based on International Financial Reporting Standards (the Code).

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

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

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

- Movement in Reserves Statement - this statement shows the changes in the financial resources over the year. The total usable reserves held as at 31 March 2019 was £7.397m (as at 31 March 2018 was £9.727m);
- Comprehensive Income and Expenditure Statement - this statement shows the gains and losses that contributed towards the changes in resources shown in the Movement in Reserves Statement. The deficit on the provision of services for 2018/19 was £8.398m (2017/18 was a deficit of £11.422m);
- Balance Sheet - this statement shows how the resources available are held in the form of assets and liabilities. The net assets figure is balanced by the Total Reserves figure (see also Movement in Reserves Statement); and
- Cash Flow Statement - this statement shows how the movement in resources has been reflected in cash flows. The starting point for this statement is the net surplus/deficit on the provision of services (see also Comprehensive Income and Expenditure Statement). The net decrease in cash and cash equivalents during the year was £3.120m (net increase of £2.011m in 2017/18). Please refer to Note 17 for details of the movement.

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

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

This Narrative Statement provides information about the Authority, including the key issues affecting the Authority and its accounts. It also provides a summary of the financial position at 31 March 2019 and is structured as below:

- An Introduction to Buckinghamshire and Milton Keynes Fire Authority
- Key Facts about the Authority
- Financial Performance in 2018/19
- Corporate Risks

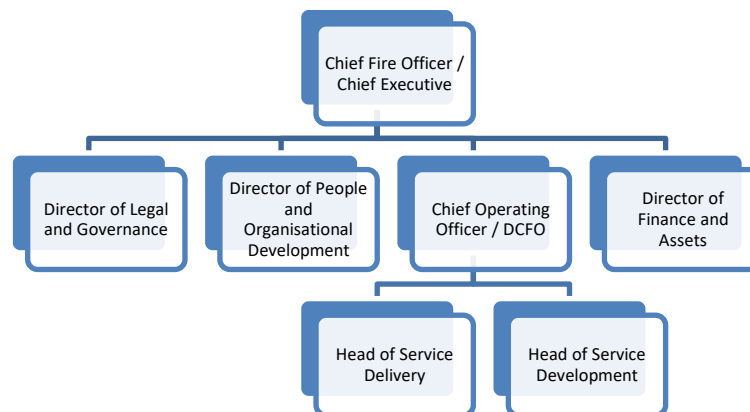
An Introduction to Buckinghamshire and Milton Keynes Fire Authority

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

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

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

Senior Management Structure



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

- developing strategies;
- identifying and planning resources;
- delivering plans; and
- reviewing the Authority's effectiveness with the overall objective of providing excellent services to the public.

2015-2020 Public Safety Plan

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

<https://bucksfire.gov.uk/files/9514/5552/8679/2015 - 20 PSP Updated after 17 Dec CFA.compressed.pdf>

The Efficiency Plan

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

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

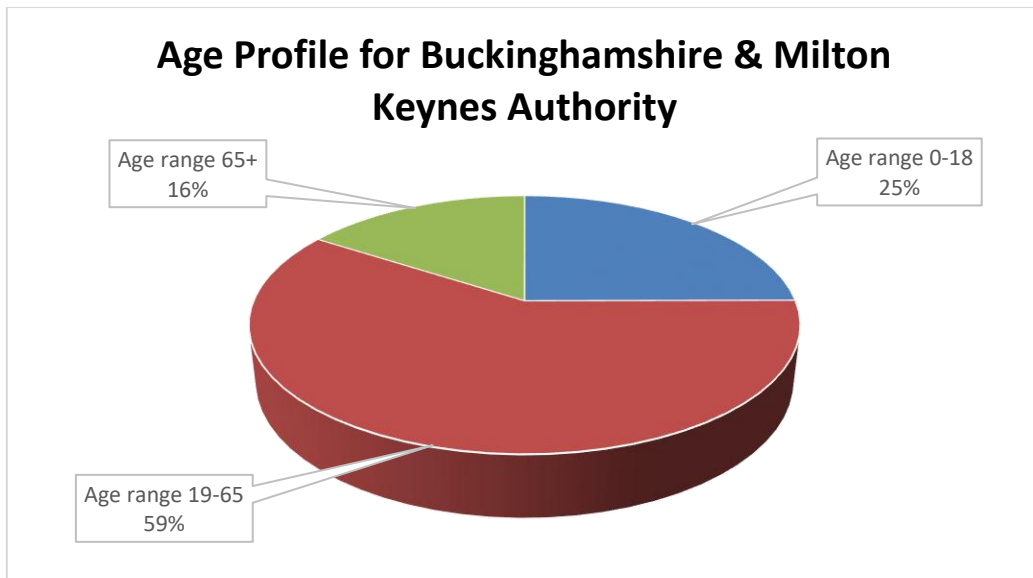
The Efficiency Plan can be viewed here:

http://bucksfire.gov.uk/files/2714/7496/8994/BMKFA_Efficiency_Plan.pdf

Key Facts about the Authority

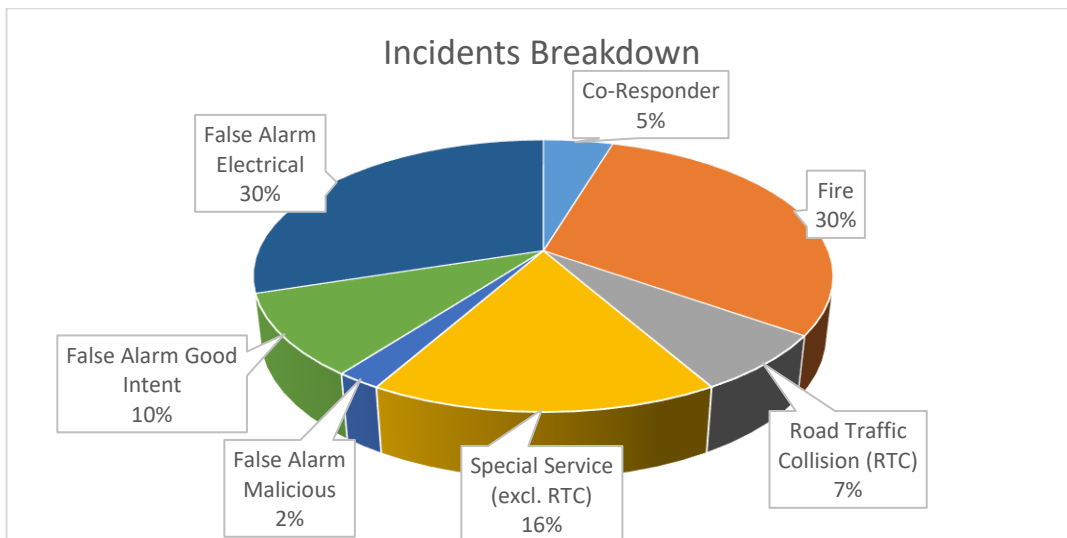
The profile of the local population dictates the direction and substance of the services provided by the Fire Authority. The Authority’s aim is to align our highest level of station cover to those areas with the greatest demand.

The population for Buckinghamshire and Milton Keynes estimated by the Office for National Statistics (Mid-2017) was 803,439. The age profile is presented below:



Incidents by type

False alarm electrical (30% of total incidents) and fire (30%) accounts for a large proportion of incidents recorded followed special service (16%), false alarm good intent (10%), road traffic collisions (7%), co-responder (5%) and false alarms malicious (2%).



In addition to attending incidents, fire-fighters carried out 2,133 Home Fire Risk Checks in our quest to target those who are most vulnerable and at risk from fire based upon our research and work with partners.

Current Operational Resourcing



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

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

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

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

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

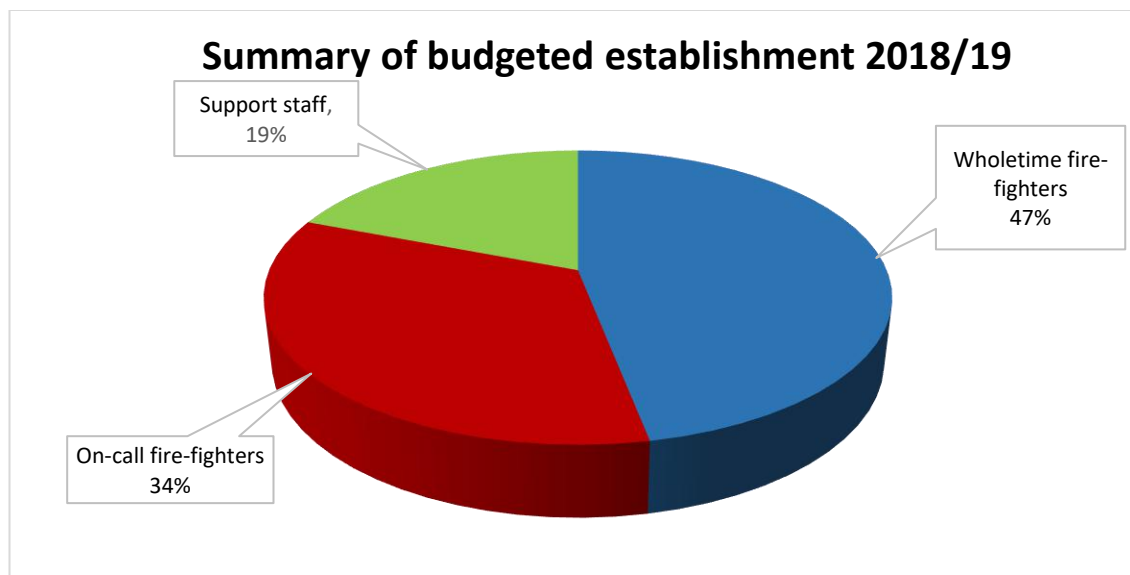
Apprenticeships

At the end of 2018/19, apprentices made up 8% of the Authority’s total workforce, working to a number of different apprenticeship standards. This exceeds the Government’s target of 2.3%, which equates to the equivalent of 9 FTEs per year. The apprenticeship journey for the first tranche of firefighters began in 2016/17. As part of the first tranche, 22 individuals were recruited as apprentice firefighters. At the end of their apprenticeship in August 2018, all apprentices who had successfully completed the apprenticeship were offered permanent whole-time positions.

In 2019/20 BFRS will welcome a further 16 apprentice firefighters, continuing its plan to recruit and develop young people into careers across the Authority and the Government’s nationwide commitment to create 3 million apprenticeships by 2020.

Establishment

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

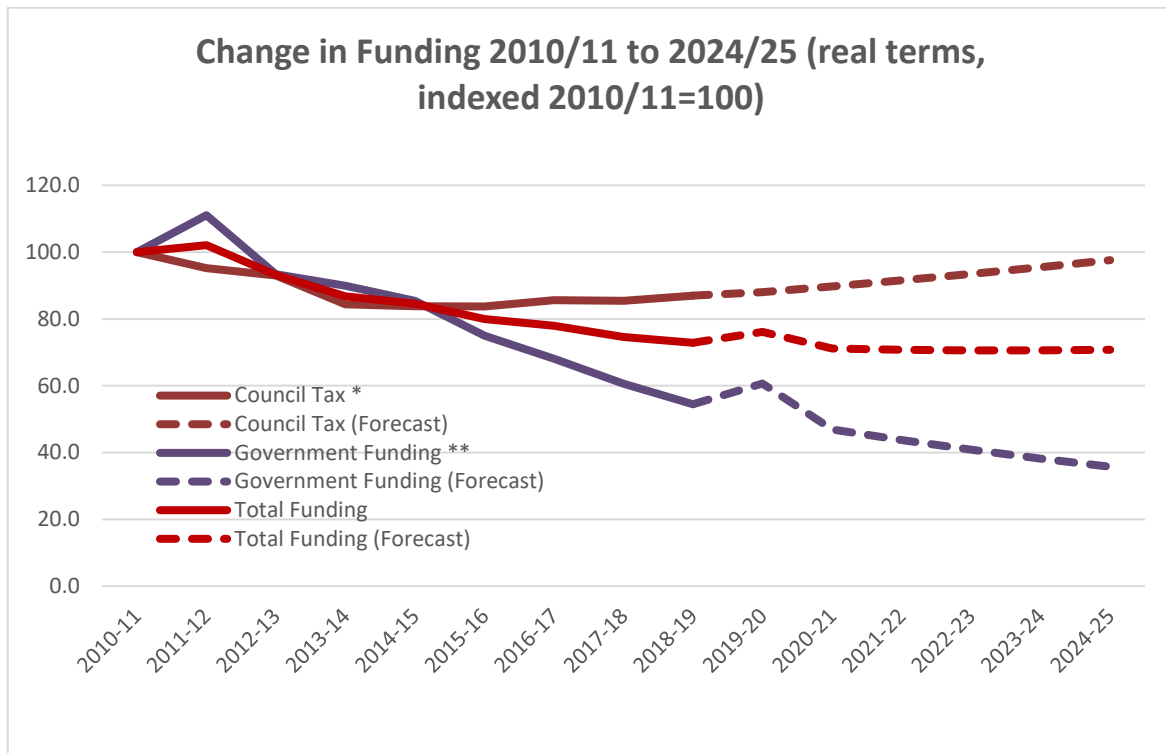


(Figures in the table above are based on full-time equivalents and exclude apprentices)

Financial Performance in 2018/19

Economic Climate

Since 2010, as part of its efforts to reduce the size of the national budget deficit, central government has made significant reductions to its funding for local government thereby increasing reliance on local tax revenues in the form of council tax and business rates to fund services. However, local government’s ability to offset reductions to central government funding has also been constrained by the imposition of council tax referendum limits leading to a net loss of revenue across local government including fire services. The effects of these pressures on our revenues since 2010 are shown in the chart on the following page and amount to a real terms reduction in overall funding of 25 per cent over the period. This was a consequence of a real-terms reduction of 43 per cent in funding from central government.



In this challenging financial environment, work continues to achieve the objectives set in our Public Safety Plan for 2015-20, whilst working towards developing the Public Safety Plan for 2020-25.

The Fire Authority has taken a number of measures already and plans to do more to ensure that it continues to meet the priorities set out in the Public Safety Plan. During 2018/19 we made further savings through a number of initiatives, which involved better ways of working and consolidating workforce plans to meet our vision for the longer term. We also invested in more up-to-date technology and new ways of working and continue to pursue avenues, which aim to share costs with our community partners and other fire authorities.

Budget Setting 2018/19

The budget for 2018/19 was set at a full Authority meeting in February 2018, figures were based on the final financial settlement announced by Central Government earlier that month. It was agreed that there would be a 2.99 percent increase in council tax. Therefore, the levy for a council tax band D property to cover the services provided increased to £62.70 per annum.

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

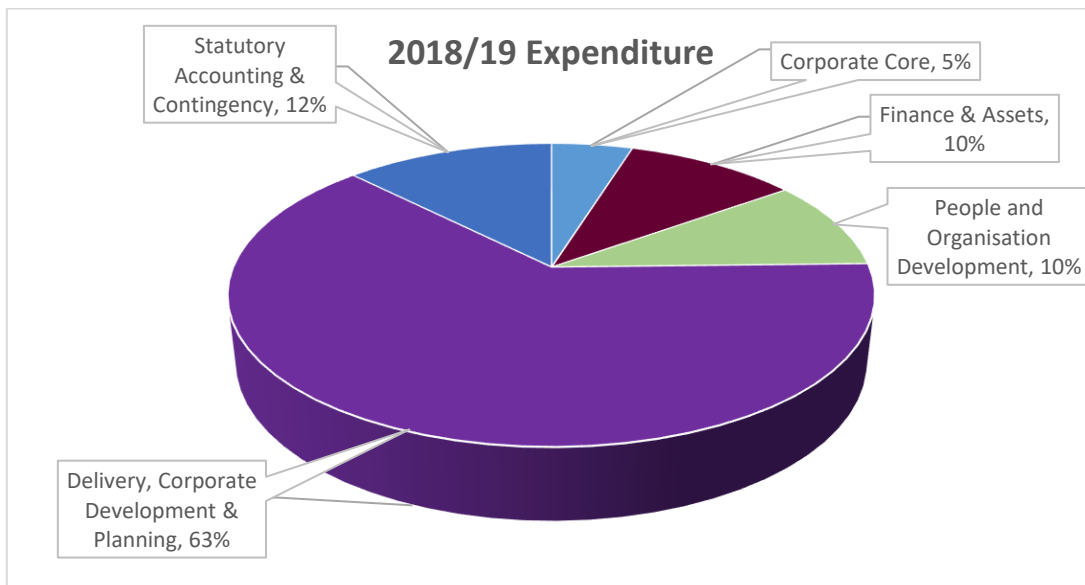
The budget proposed for 2018/19 was a financial estimation based upon the priorities set out within our Public Safety Plan. The employee costs took account of the continued work plan to make efficiencies year on year whilst still ensuring resources were sufficient and in the right place with no reduction in our response capability.

Specific items taken into account in setting the budget for 2018/19 included inflation and the increasing revenue cost for the capital programme. Amounts were also set aside as contingency to

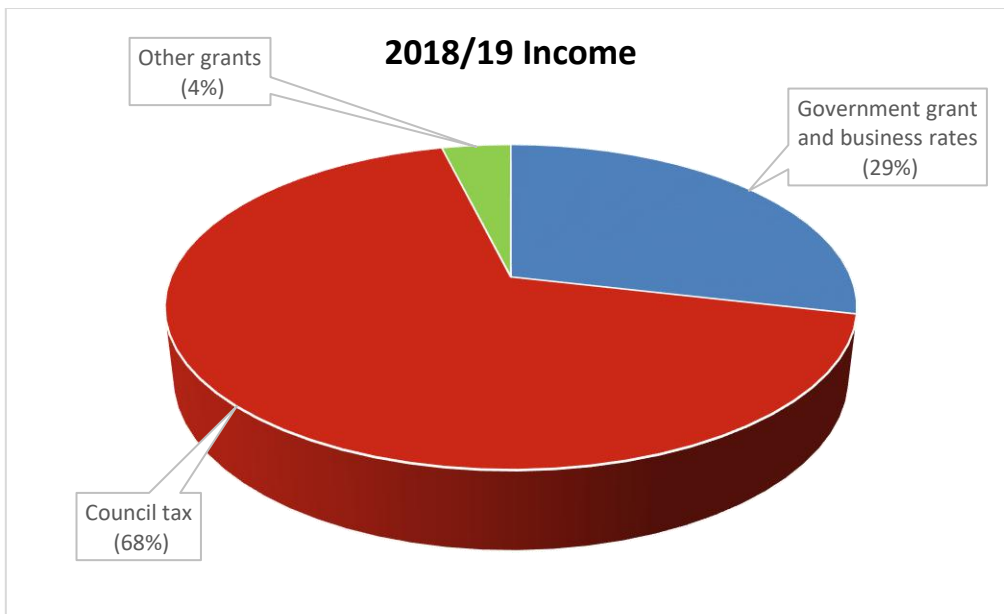
cover protected pay and other unknowns such as a national fire-fighters pay award. During the budget setting process, savings and growth bid packages were submitted to challenge and authorisation by Members.

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

Breakdown of Expenditure 2018/19



Breakdown of Income 2018/19



Revenue Outturn

The revenue budget for 2018/19 was £28.492m set at the full Authority meeting held in February 2018. The table below shows the revenue outturn position for the year. The Authority reported an underspend of £0.520m

Directorate	Area Manager	Total Budget £000	Provisional Out-turn £000	Variance £000
Corporate Core	Corporate Management	1,021	995	(26)
	Legal & Governance	324	369	45
Corporate Core Total		1,345	1,364	(19)
Finance & Assets	Finance & Procurement	952	933	(19)
	Resource Management	1,820	1,968	148
Finance & Assets Total		2,772	2,901	129
People & Organisation Development	Training & Development	2,224	1,875	(349)
	Operations & Services	719	814	95
People & Organisation Development Total		2,943	2,689	(254)
Delivery, Corporate Development & Planning	Service Delivery	16,331	15,692	(639)
	Service Development	503	360	(143)
	IT & Communications	1,701	1,714	13
Delivery, Corporate Development & Planning Total		18,535	17,766	(769)
Statutory Accounting & Contingency	Capital Charges	2,122	2,122	0
	Contingency	494	1,170	676
	Non Distributed Costs	230	229	(1)
	Savings	50	0	(50)
Statutory Accounting & Contingency Total		2,896	3,521	625
Total Expenditure		28,492	28,242	(250)
Total Funding		(28,492)	(28,762)	(270)
Net Position		0	(520)	(520)

Capital Outturn

Capital expenditure is not shown in the Comprehensive Income and Expenditure Statement but is budgeted for and reported separately. The capital programme for 2018/19 was £1.216m which together with a number of carry-forward schemes and in year funding totalled £14.616m. The table below shows the final capital position at year-end for each service area.

Portfolio	Budget 2018/19 £000	Actuals £000	Slippage £000	Year End Variance £000
Finance and Assets	13,275	6,819	5,875	(582)
Delivery, Corporate Development & Planning	1,199	736	465	2
Knowledge and Information Systems	142	103	38	0
Total	14,616	7,658	6,378	(580)

The majority of the expenditure within Finance and Assets directorate relates to the refurbishment of several stations as well as the build of the Blue Light Hub. The build is progressing well with most of the structure built and estimated completion in the last quarter of 2019/20. The level of spend seen within Delivery, Corporate Development and Planning predominantly relates to the purchase of several red fleet appliances and one white fleet vehicle. The outturn is reporting a slippage of £6.378m, which mainly relates to the Blue Light Hub.

The Authority's loans are borrowed from the Public Works Loan Board (PWLB) and during 2018/19 no new loans were taken out. A loan repayment of £0.585m was made in May 2018. The Authority's total borrowing for capital purposes stands at £6.797m with loan repayments spread over the years 2020-2056.

Capital Programme 2019-2022

The table below summarises the provisional capital programme from 2019/20 to 2020/21. Central government funding for capital has reduced over the last few years and is expected to be ring-fenced in the future for transformation projects. Therefore, the capital programme for the Authority will be funded mainly from in year revenue contributions to capital.

Directorate	2019/20 £000	2020/21 £000	2021/22 £000
Finance and Assets *	500	500	500
Delivery, Corporate Development & Planning	646	641	891
Knowledge and Information Systems	75	75	75
Projected Slippage	6,378	-	-
Total Budget	7,599	1,216	1,466

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

Reserves Balances

The level of reserves held by the Authority as at 31 March 2019 are shown in the table below:

31 March 2018 £000		31 March 2019 £000
(1,500)	General Fund Balance	(1,500)
(1,500)	Sub Total Non-Earmarked General Fund Balance	(1,500)
(500)	Apprentice Reserve	(500)
(490)	Sprinklers Reserve	-
(424)	Control Room Reserve (Revenue)	(480)
(465)	Continuing Projects Reserve	(268)
-	Insurance Reserve	-
-	Future Funding Reserve	(570)
(1,879)	Sub Total Earmarked Reserves - Revenue	(1,818)
(521)	Usable Capital Receipts Reserve	-
(5,827)	Revenue Contribution to Capital	(4,080)
(6,348)	Sub Total Earmarked Reserves - Capital	(4,080)
(9,727)	Total Usable Reserves	(7,397)

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

Pension Fund Liability

The accounting treatment for pensions follows International Accounting Standard 19 (IAS19), the purpose of which is to ensure that organisations' accounts reflect the net position of their pension funds and account for the liability to pay accumulated employee benefits in the future. In 2018/19, the Authority's share of the five Pension Fund's net liabilities increased by £11.445m to £296.580m (for 2017/18 the net liability was £285.135m).

Effectively, the Pension Funds are in deficit by £296.580m compared with what is needed to pay the pensions of current scheme members, and the effect is to reduce the overall net worth of the Authority by that amount. However, statutory arrangements for the funding of the deficit, whereby the deficit will be made good by employer contributions over the remaining working life of employees as assessed by the scheme's actuaries, mean that the financial position of the Authority remains healthy.

Corporate Risks

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

Risk Description	Consequence if untreated	Treatment of risk
<p>Staff availability, emerging risks of;</p> <p>1/ industrial action due to pension change or pay dispute;</p> <p>2/ Staff inability to get to work due to external factors e.g. Pandemic Flu, disruption to fuel supplies etc.</p> <p>3/Impact of transformation at pace on attraction of new staff, retention and overall workforce stability.</p>	<p>Potential detrimental effects on service delivery to the community and our reputation.</p> <p>Failure to discharge statutory duties.</p> <p>Loss of critical knowledge / skills / capacity /competency levels.</p>	<p>Full business continuity plan in place & uploaded to Resilience Direct.</p> <p>Peer review of the business continuity arrangements.</p> <p>Bank System</p> <p>Flexi-Duty System Pilot</p> <p>Staff Transfer Procedure</p> <p>Employee assistance and welfare support</p> <p>Training Needs Assessment process</p> <p>Monitoring of staff ‘stability ratio’ relative to best practice and sector norms</p> <p>Review of Resourcing and Retention strategies</p> <p>Wider range of contracts offering more flexible ways of working</p> <p>A variety of approaches are being adopted to replenish the workforce. These include more operational apprentices, transferees, and re-engagement options</p> <p>Workforce planning data is regularly reviewed with Service delivery, HR and Finance.</p> <p>Project on Strategic Review of Operational Resourcing is underway with a number of work-streams, including On-Call and Geographic station reviews</p> <p>Growth bids to be considered to support future resourcing demands.</p> <p>Head of Service delivery is working with SC’s to review reward options</p> <p>HR are reviewing the future promotion and career development options</p>

		Competent temporary SC's substantiated without full IFE (December 2017) and a review of impact on Watch and Crew will be taking place December 2017.
Funding and Savings Requirement	<p>The funding settlement now assumes that a council tax increase is required each year in line with the prevailing capping limit, currently 2% for the Fire Authority, and that local growth meets expectations.</p> <p>If either or both did not come to fruition there is a risk the Authority will not meet its commitment to the PSP 2015-20 and that a fundamental re-think of service provision would be required.</p>	<p>Proactive management of the MTFP is in force and is very closely aligned to workforce planning.</p> <p>For the present, USAR (S31) grant funding is assumed to continue, though notification now seems to be year on year and often after budget setting. If removed, the Authority will need to cope with a circa £800k cut in funding.</p> <p>The Authority has responded to consultations and lobbied MPs to increase the referendum threshold for fire authorities to £12.</p>
<p>Information security failure to -</p> <p>a) comply with statutory or regulatory requirements</p> <p>b) manage technology</p> <p>c) manage organisational resources</p> <p>Deliberate: unauthorised access and theft or encryption of data. Accidental: loss, damage or destruction of data</p>	<p>Inability to access/use our e-information systems.</p> <p>Severe financial penalties from the Information Commissioner</p> <p>Lawsuits from the public whose sensitive personal information is accessed causing damage and distress.</p>	<p>Appropriate roles: SIRO has overall responsibility for the management of risk</p> <p>Information and information systems assigned to relevant Information Asset Owners (IAO's)</p> <p>Department Security Officer (DSO) the Information Governance & Compliance Manager has day-to-day responsibility for the identification of information risks and their treatments</p> <p>'Stewards' assigned by IAO's with day-to-day responsibility for relevant information.</p> <p>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;</p> <p>Policies / procedure: Comprehensive review and amendment of the retention and disposal schedules / Information Asset Registers,</p> <p>Current and tested business continuity plans / disaster recovery plans</p> <p>Employee training/education</p>

		<p>Tested data/systems protection clauses in contracts and data-sharing agreements</p> <p>Integrated Impact Assessments (IIA)</p> <p>Disincentives to unauthorised access e.g. disciplinary action</p> <p>Premises security: Preventative maintenance schedule</p> <p>Frequent audits at Stations and inventory aligned to asset management system.</p> <p>Reduction in the number of CCTV requests following improved education and guidance in relation to the use of the same;</p> <p>Premises Security Group re-established to meet on a three monthly basis aligned to the PMB meeting schedule.</p>
<p>Risk of physical disruption to Service operations due to UK withdrawal from the EU without a formal exit agreement (the so-called 'No Deal Brexit'.</p>	<p>Disruption to procurement processes leading to potential shortages of equipment or consumables.</p> <p>Disruption to transportation delaying personnel and or vehicle movements.</p>	<p>The likely impact of short-term disruption to supplies of equipment to the Service is considered to be low given that: most Authority procurement contracts are with UK based suppliers; and, the relatively long timescales for procurement within the sector. Advice and guidance from the NFCC and Fire Industries Association in relation to this risk is monitored and acted on as required.</p> <p>The risk of transport disruption is considered relatively low due to absence of ports and international airports within the area served by the Authority. Authority officers are actively involved in in TVLRF risk evaluation and mitigation planning for the wider Thames Valley area.</p>

Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The Authority is required to:

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

The Responsibilities of the Director of Finance and Assets

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

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

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the Code.

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

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

Certificate of the Director of Finance and Assets

I hereby certify that this Statement of Accounts presents a true and fair view of the financial position of the Authority as at 31 March 2019 and its income and expenditure for the financial year 2018/19.



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

Date: 24 May 2019

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

External Audit to complete post audit.

Statement of Accounting Policies

i. General Principles

The Statement of Accounts summarises the Authority's transactions for the 2018/19 financial year and its position at the year-end of 31 March 2019. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011, which is required to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 and the Service Reporting Code of Practice 2018/19, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued.

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

ii. Accruals of Income and Expenditure

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

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

iii. Acquisitions and Discontinued Operations

There were no acquired or discontinued operations during the year.

iv. Cash and Cash Equivalents

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

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

v. Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Authority's financial performance. There were no exceptional items during 2018/19.

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

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

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

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

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

vii. Charges to Revenue for Non-Current Assets

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

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

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

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

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

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

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

viii. Employee Benefits

Benefits Payable During Employment

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

Termination Benefits

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

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

Post Employment Benefits

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

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

Uniformed Firefighters

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

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

Transactions in the Firefighters Pension Fund include:

Credits to the Pension Fund

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

Debits to the Pension Fund

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

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

Injury Awards

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

The Local Government Pension Scheme

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

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

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

- quoted securities – current bid price;
- unquoted securities – professional estimate;
- unitised securities – current bid price;
- property – market value.

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

Service cost comprising:

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

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

Remeasurements comprising:

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

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

Discretionary Benefits

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

ix. Events After the Balance Sheet Date

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

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

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

x. Financial Instruments

Financial Liabilities

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

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

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate. There were no repurchase or early settlements during 2018/19.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement. There were no premiums paid or discounts received during 2018/19.

Financial Assets - Loans and Receivables

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

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

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

xi Foreign Currency Translation

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

xii. Heritage Assets

The Authority does not hold any heritage assets.

xiii. Government Grants and Contributions

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

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

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

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

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

xiv. Intangible Assets

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

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

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the

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

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

xv. Interests in Companies and Other Entities

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

xvi. Inventories and Long Term Contracts

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

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

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

xvii. Investment Property

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

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

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

xviii. Jointly Controlled Operations and Jointly Controlled Assets

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the Authority in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the Authority as a joint operator recognises:

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

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

- Buckinghamshire and Milton Keynes Authority – 34%
- Royal Berkshire Fire Authority – 38%
- Oxfordshire Fire Authority – 28%

The capital assets for the Joint Control are recognised as an equal third on the balance sheet. The current NBV held on Buckinghamshire and Milton Keynes Authority is £0.177m, which relates to plant and equipment.

xix. Leases

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

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

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

The Authority as Lessee

Finance Leases

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

Lease payments are apportioned between:

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

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

The Authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

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

The Authority as Lessor

Finance Leases

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

Lease rentals receivable are apportioned between:

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

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

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

Operating Leases

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

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

xx. Overheads and Support Services

The segmental reporting structure in the CIES now is now structured in the way we report to our management internally.

xxi. Property, Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. The Authority's de-minimis level for capital expenditure is £6k.

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued annually to ensure that their carrying amount is not materially different from their fair value at the year-end. Where amounts are

materially different, the gross book value and accumulated depreciation are restated proportionately at the year-end.

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

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

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

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

Impairment

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

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

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

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

Depreciation

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

Depreciation is calculated on the following bases:

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

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

and electrical and finally yards and drill towers (i.e. external elements). Where the life expectancy of any component would exceed the life expectancy of the main structure then the life expectancy of the component will be limited to that of the main structure.

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

Disposals

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

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

xxii. Private Finance Initiative (PFI) and Similar Contracts

The Authority has not entered into any PFI or similar contracts

xxiii. Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

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

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future

events not wholly within the control of the authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

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

Contingent Assets

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

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

xxiv. Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Authority – these reserves are explained in the relevant policies.

xxv. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

xxvi. Revenue Expenditure Funded from Capital under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

Critical Judgements in Applying the Accounting Policies

In this challenging financial environment, work continues to achieve a balanced budget, progressing in line with our Public Safety Plan for 2015-20 so that we can carry on as usual without detriment to public safety or emergency responses.

The Fire Authority has taken a number of measures already and plans to do more to ensure that it continues to meet the priorities set out in the Public Safety Plan. For 2019/20 we will continue to make further savings through a number of initiatives, which involve better ways of working and consolidating workforce plans to meet our vision for the longer term. We are investing in more up-to-date

technology, new ways of working and are pursuing avenues, which aim to share costs with our community partners and other fire authorities.

The accounts are prepared with the underlying assumptions of the accruals basis and the going concern basis i.e. the Authority will continue its operations for the foreseeable future. This means in particular that, despite the high degree of uncertainty resulting from reducing levels of funding in future years, the Comprehensive Income and Expenditure Account and Balance Sheet assume no intention to curtail significantly the scale of the operation. At this stage there is no indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce the level of service provision.

Use of Estimates and Judgements

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Authority's Comprehensive Income and Expenditure Statement for 2018/19 and the Balance Sheet at 31 March 2019 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

- Depreciation (and amortisation of intangible assets) – the remaining useful lives of all assets are estimated. The Authority relies on the expertise of an external valuer to determine the lives of all building assets. The lives of vehicles, plant and equipment and intangible assets are based on historical experience and professional estimates. If the estimates were to differ from the actuals this would affect the level of depreciation and amortisation charged to the Comprehensive Income and Expenditure Statement, as well as the carrying amounts of non-current assets in the Balance Sheet. The carrying amounts of non-current assets as at 31 March 2019 was £47.578m. Total depreciation and amortisation for the year was £2.920m;
- Revaluations and Impairments – the value of non-current assets are reviewed annually by a qualified valuer based on the latest guidance from the Royal Institute of Chartered Surveyors and the recently observed market information. If the estimates were to differ from the actual results this would result in a higher or lower carrying amount for non-current assets in the Balance Sheet. Revaluations charged to the Revaluation Reserve during the year were £2.136m upwards and £0.147m downwards;
- Pensions Liability – the valuation of the liability is based on a number of actuarial assumptions (see Note 28). This figure is provided by an external actuary and is based upon actual contributions for the first 10 months and estimates calculated for the remaining two months for the Fire Fighter Pension Fund. Similarly, the LGPS figure is also provided by an external actuary and based on actuals for the first 10 months and estimates calculated for the remaining two months. If the estimate was to differ from the actual it would result in a higher or lower pension liability and reserve figure on the Balance Sheet. The total pension liability as at 31 March 2019 was £296.580m;
- Financial Assets and Liabilities – further details about the assumptions made and the potential impact can be found in Note 29; and
- The Joint Control (revenue expenditure) split is based on the population, tax base and number of incidents attended for each Authority. Therefore the contribution agreed by each authority was as follow:
 - Buckinghamshire and Milton Keynes Authority – 34%
 - Royal Berkshire Fire Authority – 38%
 - Oxfordshire Fire Authority – 28%

The capital assets for the Joint Control are recognised as an equal third on the balance sheet.

- Buckinghamshire and Milton Keynes Fire Authority (BMKFA) is the Treasurer for the funding allocated to the Emergency Services Mobile Communications Programme (ESMCP) which includes BMKFA and the following brigades; Berkshire, Oxfordshire, Hampshire, Isle of Wight. The funding allocated by central government is based on control rooms and brigade sizes. Budgets and costs have been allocated based on the lead areas each brigade will be providing.

Changes in Accounting Estimates

There has been one change in existing accounting estimates during 2018/19, which relates to the principals of componentisation, the de-minimis value of a property has increased by £0.055m and now the threshold is £0.550m and individual components at £0.055m, i.e. 10% of the overall asset below which any component will not be calculated separately.

Standards Issued But Have Not Yet Been Adopted

The standards introduced in the 2019/20 Code are:

- Amendments to IAS 40 Investment Property: Transfers of Investment Property
- Annual Improvements to IFRS Standards 2014 - 2016 Cycle
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation

It is not anticipated that any of the revised standards will have a material impact on the amounts disclosed.

Movement in Reserves Statement

These statements show the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The (Surplus) or Deficit on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement (CIES). These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The Net (Increase) / Decrease before Transfers to Earmarked Reserves line shows the Statutory General Fund Balance before any discretionary transfers to/from earmarked reserves undertaken by the Authority. Further detail on each reserve is shown in the notes to the accounts as referenced.

	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2017 carried forward	(3,035)	(8,359)	(245)	-	(11,639)	270,333	258,694
<u>Movement in reserves during 2017/18</u>							
(Surplus) or deficit on the provision of services	11,422	-	-	-	11,422	-	11,422
Other Comprehensive Income and Expenditure	-	-	-	-	-	(33,916)	(33,916)
Total Comprehensive Income and Expenditure	11,422	-	-	-	11,422	(33,916)	(22,494)
Adjustments between accounting basis & funding basis under regulations (Note 23)	(9,235)	-	(277)	-	(9,512)	9,512	-
Net (Increase) / Decrease before Transfers to Earmarked Reserves	2,187	-	(277)	-	1,910	(24,404)	(22,494)
Transfers to/from Earmarked Reserves (Note 23)	(652)	652	-	-	-	-	-
(Increase) / Decrease in 2017/18	1,535	652	(277)	-	1,910	(24,404)	(22,494)
Balance at 31 March 2018 carried forward	(1,500)	(7,707)	(522)	-	(9,729)	245,929	236,200
Amounts held for revenue purposes	(1,500)	(1,879)	-	-	(3,379)	285,207	281,828
Amounts held for capital purposes	-	(5,827)	(521)	-	(6,348)	(39,279)	(45,627)

Movement in Reserves Statement continued:

	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2018 carried forward	(1,500)	(7,707)	(522)	-	(9,729)	245,929	236,200
<u>Movement in reserves during 2018/19</u>							
(Surplus) or deficit on the provision of services	8,398	-	-	-	8,398	-	8,398
Other Comprehensive Income and Expenditure	-	-	-	-	-	(1,071)	(1,071)
Total Comprehensive Income and Expenditure	8,398	-	-	-	8,398	(1,071)	7,327
Adjustments between accounting basis & funding basis under regulations (Note 23)	(6,588)	-	522	-	(6,066)	6,066	-
Net (Increase) / Decrease before Transfers to Earmarked Reserves	1,810	-	522	-	2,332	4,995	7,327
Transfers to/from Earmarked Reserves (Note 23)	(1,810)	1,810	-	-	-	-	-
(Increase) / Decrease in 2018/19	-	1,810	522	-	2,332	4,995	7,327
Balance at 31 March 2019 carried forward	(1,500)	(5,898)	-	-	(7,397)	250,925	243,528
Amounts held for revenue purposes	(1,500)	(1,818)	-	-	(3,317)	296,862	293,545
Amounts held for capital purposes	-	(4,080)	-	-	(4,080)	(45,937)	(50,017)

Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement shows the economic cost in the year of providing services in accordance with accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2017/18			2018/19			
Expenditure £000	Income £000	Net £000		Expenditure £000	Income £000	Net £000
1,365	(27)	1,338	Corporate Core	1,526	(16)	1,510
4,056	(426)	3,630	Finance & Assets	4,187	(403)	3,784
2,974	(242)	2,732	People & Organisation Development	3,132	(89)	3,043
23,516	(210)	23,306	Delivery, Corporate Development & Planning	23,671	(130)	23,541
1,135	-	1,135	Statutory Accounting and Contingency	1,033	-	1,033
33,046	(905)	32,141	(Surplus) or Deficit on Continuing Operations (Note 1)	33,549	(638)	32,911
			<u>Other Operating Expenditure</u>			
-	(47)	(47)	(Gain)/losses on disposals of non-current assets	-	(64)	(64)
-	(47)	(47)	Total Other Operating Expenditure	-	(64)	(64)
			<u>Financing and Investment Income and Expenditure</u>			
326	-	326	Interest payable and similar charges (Note 29)	314	-	314
-	(214)	(214)	Interest and Investment income (Note 29)	-	(226)	(226)
7,441	-	7,441	Pension interest cost (Note 28)	6,476	-	6,476
7,767	(214)	7,553	Total Financing and Investment Income and Expenditure	6,790	(226)	6,564
			<u>Taxation and Non-Specific Grant Income</u>			
-	(18,268)	(18,268)	Precepts	-	(19,117)	(19,117)
-	(4,773)	(4,773)	General Government Grants	-	(6,133)	(6,133)
-	(5,184)	(5,184)	Non Domestic Rates redistribution	-	(5,763)	(5,763)
-	(28,225)	(28,225)	Total Taxation and Non-Specific Grant Income (Note 10)	-	(31,013)	(31,013)
40,813	(29,391)	11,422	(Surplus) or Deficit on Provision of Services	40,339	(31,941)	8,398
		(2,552)	(Surplus) or Deficit on revaluation of fixed assets (Note 24e)			(1,990)
		(31,364)	Remeasurement of net defined liability (Note 24d)			919
		(33,916)	Other Comprehensive Income and Expenditure			(1,071)
		(22,494)	Total Comprehensive Income and Expenditure			7,327

Balance Sheet

The Balance Sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority.

31 March 2018		31 March 2019
£000		£000
	<u>Property, Plant and Equipment</u>	
33,351	Land & Buildings	34,060
5,630	Vehicles, Plant & Equipment (including Donated Assets)	5,230
1,501	Assets under construction	7,901
40,482	Total Property, Plant & Equipment (Note 11a)	47,191
155	Investment Property (Note 12)	175
328	Intangible Assets (Note 13)	212
40,965	Non-Current Assets	47,578
18,552	Short Term Investments (Note 14)	14,076
159	Inventories (Note 15)	191
4,460	Short Term Debtors (Note 16)	5,887
4,048	Cash and Cash Equivalents (Note 17)	928
27,219	Current Assets	21,082
(90)	Short Term Borrowing (Note 18)	(80)
(3,508)	Short Term Creditors (Note 18)	(3,760)
(414)	Provision for Accumulated Absences (Note 19)	(401)
-	Provision - Part Time Workers (Note 19)	-
(869)	Provision - VR/Special Payments (Note 19)	(869)
(725)	NNDR Appeals Provision (Note 19)	(881)
(1,188)	Injury Pensions Provision (Note 19)	(792)
(6,794)	Current Liabilities	(6,783)
(7,382)	Long Term Borrowing (Note 20)	(6,797)
	<u>Other Long Term liabilities</u>	
(2,841)	Capital Grants Received in Advance (Note 21)	-
(546)	Revenue Grants Received in Advance (Note 21)	(389)
(1,686)	Finance Lease (Note 22)	(1,639)
-	Donated Asset Account (Note 25)	-
(285,135)	Liability related to the Defined Benefit Pension Scheme (Note 28)	(296,580)
(290,208)	Total Other Long Term Liabilities	(298,608)
(297,590)	Long Term Liabilities	(305,405)
(236,200)	Net Assets	(243,528)
	<u>Reserves</u>	
(9,727)	Usable Reserves (Note 23)	(7,397)
245,927	Unusable Reserves (Note 24)	250,925
236,200	Total Reserves	243,528

Cash Flow Statement

This statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The Cash Flow Statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as: operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of the services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital to the Authority.

2017/18		2018/19
£000	Cash Flow Statement	£000
(11,422)	Net surplus or deficit on the provision of services	(8,398)
15,003	Adjust for non-cash movements	12,104
(368)	Adjust for items that are investing or financing activities	(3,062)
3,213	Net Cash Flow from Operating Activities	644
(1,155)	Investing Activities	(3,717)
(47)	Financing Activities	(47)
2,011	Net Increase or decrease in cash and cash equivalents	(3,120)
2,037	Cash and Cash equivalents at the beginning of the reporting period	4,048
4,048	Cash and Cash equivalents at the end of the reporting period	928

Notes to the Cash Flow Statement can be found in Note 31.

Notes to the Core Financial Statements

1 - Service Information – Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's directorates/services/departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2017/18			Expenditure and Funding Analysis		2018/19		
Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	Services	Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	
£000	£000	£000		£000	£000	£000	
1,259	79	1,338	Corporate Core	1,255	255	1,510	
3,647	(17)	3,630	Finance and Assets	3,448	336	3,784	
2,432	300	2,732	People and Organisational Development	2,663	380	3,043	
20,121	3,185	23,306	Delivery, Corporate Development & Planning	20,462	3,079	23,541	
1,135	0	1,135	Statutory Accounting and Contingency	1,033	0	1,033	
28,594	3,547	32,141	Net Cost of Services	28,861	4,050	32,911	
(26,684)	5,965	(20,719)	Other Income and Expenditure	(26,529)	2,016	(24,513)	
1,910	9,512	11,422	Surplus or Deficit	2,332	6,066	8,398	
(11,639)			Opening General Fund Balance	(9,729)			
1,910			Less/Plus Surplus or (Deficit) on General Fund	2,332			
(9,729)			Closing General Fund Balance at 31 March	(7,397)			

1a – Adjustments between Funding and Accounting Basis

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	2018/19			
	Adjustments For Capital Purposes	Net Change for Pension Adjustments	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000
Corporate Core	-	255	-	255
Finance and Assets	-	336	-	336
People and Organisational Development	-	380	-	380
Delivery, Corporate Development & Planning	-	3,079	-	3,079
Statutory Accounting and Contingency	-	-	-	-
Net Cost of Services	-	4,050	-	4,050
Other Income and Expenditure from the EFA Analysis	(4,460)	6,476	-	2,016
Differences between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(4,460)	10,526	-	6,066

For comparison, the following table sets out the disclosures for adjustments between funding and accounting basis during 2017/18:

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	2017/18			
	Adjustments For Capital Purposes	Net Change for Pension Adjustments	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000
Corporate Core	-	79	-	79
Finance and Assets	-	(17)	-	(17)
People and Organisational Development	-	300	-	300
Delivery, Corporate Development & Planning	-	3,185	-	3,185
Statutory Accounting and Contingency	-	-	-	-
Net Cost of Services	-	3,547	-	3,547
Other Income and Expenditure from the EFA Analysis	(1,476)	7,441	-	5,965
Differences between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(1,476)	10,988	-	9,512

Adjustments for Capital Purposes

1. Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- **Financing and investment income and expenditure** – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Change for the Pensions Adjustments

2. Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- For **services** this represents the removal of the employer pension contributions made by the Authority as allowed by statute and the replacement with current service costs and past service costs.
- For **Financing and investment income and expenditure** the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognized under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.
- The **Accumulated Absences Account** absorbs the differences that would otherwise arise on the General Fund Balance from accruing for Compensated Absences earned but not taken in the year.

Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- **For Financing and investment income and expenditure** - the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.

Segmental Income

Services	2018/19	2017/18
	Income from Services	Income from Services
	£'000	£'000
Corporate Core	(16)	(27)
Finance and Assets	(403)	(426)
People and Organisational Development	(89)	(242)
Delivery, Corporate Development & Planning	(130)	(210)
Statutory Accounting and Contingency	-	-
Net Cost of Services	(638)	(905)

Expenditure and Income Analysed By Nature

The Authority's expenditure and income is analysed as follows:

Expenditure/Income	2018/19	2017/18
Service Analysis	£000	£000
Fees, charges & other service income	(638)	(905)
Interest and investment income	(226)	(214)
Income from Council Tax	(19,117)	(18,268)
Government grants and contributions	(11,896)	(9,957)
Gain or loss on disposal of non-current assets	(64)	-
Total Income	(31,941)	(29,344)
Employee Expenses	19,386	19,593
Employee Absence Accrual	-	-
Other Operating Expenses	7,060	7,052
Support Service Recharges	-	-
Depreciation, amortisation and impairment	3,053	2,854
Interest payments	314	326
Pensions interest cost and return on Pension Fund assets	10,526	10,988
Gain or loss on disposal of non current assets	-	(47)
Total Operating Expenses	40,339	40,766
Surplus (-) or deficit on the provision of services	8,398	11,422

2 - Officers Remuneration

The number of employees whose salary (including fees and allowances) and excluding employer's pension contributions was £50,000 or more in bands of £5,000 is shown below.

2017/18 Totals £000	Remuneration Band	2018/19 Totals £000
21	£50,000 - £54,999	16
12	£55,000 - £59,999	12
2	£60,000 - £64,999	4
2	£65,000 - £69,999	3
3	£70,000 - £74,999	2
1	£75,000 - £79,999	2
-	£80,000 - £84,999	1
-	£85,000 - £89,999	1
1	£95,000 - £99,999	1
2	£100,000 - £104,999	2
1	£105,000 - £109,999	
1	£110,000 - £114,999	
	£120,000 - £124,999	1
1	£130,000 - £134,999	
	£145,000 - £149,999	1
1	£160,000 - £164,999	
48	Total	46

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The following table sets out the remuneration disclosures for senior officers during 2018/19. All posts holders are included within the remuneration bands shown on the previous page.

Post Holder	Salary including Fees and Allowances	Benefits in Kind e.g. Car Allowance	Other Payments	Compensation for Loss of Office	Total Remuneration Excluding Pension Contributions	Pension Contributions	Total Remuneration Including Pension Contributions	Notes
Chief Fire Officer and Chief Executive	145,562	-	-	-	145,562	20,815	166,377	
Chief Operating Officer	122,755	-	-	-	122,755	17,284	140,039	
Head of Service Delivery	118,718	-	-	-	118,718	24,785	143,503	1
Head of Service Development	96,177	-	-	-	96,177	20,870	117,047	
Director of People and Organisational Development	93,124	8,886	-	-	102,010	14,434	116,444	
Director of Finance and Assets & Chief Finance Officer	85,453	5,473	-	-	90,926	13,245	104,171	2
Director of Legal and Governance	93,124	11,423	-	-	104,547	14,434	118,981	
Totals	754,913	25,782	-	-	780,695	125,867	906,562	

Notes

1 & 2 Two different post holders during the year

For comparison, the following table sets out the remuneration disclosures for senior officers during 2017/18:

Post Holder	Salary including Fees and Allowances	Benefits in Kind e.g. Car Allowance	Other Payments	Compensation for Loss of Office	Total Remuneration Excluding Pension Contributions	Pension Contributions	Total Remuneration Including Pension Contributions	Notes
Chief Fire Officer and Chief Executive	143,110	-	20,000	-	163,110	20,456	183,566	
Chief Operating Officer	118,838	-	13,000	-	131,838	16,985	148,824	
Head of Service Delivery	90,546	-	8,500	-	99,046	19,648	118,694	
Head of Service Development	94,577	-	8,500	-	103,077	20,510	123,588	
Director of People and Organisational Development	91,577	8,022	10,000	-	109,599	14,185	123,784	
Director of Finance and Assets & Chief Finance Officer	81,652	8,585	10,000	-	100,237	12,666	112,903	
Director of Legal and Governance	91,577	10,199	10,000	-	111,776	14,185	125,961	
Totals	711,878	26,806	80,000	-	818,684	118,636	937,320	

Exit Packages

There were no exit packages in 2018/19.

3 - Provision for Doubtful Debt

The provision for doubtful debts is £0 as at 31 March 2019 (£0 as at 31 March 2018).

4 - Leases and Lease Type Arrangements

The operating leases held by the Authority apply to lease vehicles and radio communications equipment. The lease rentals paid during the year amounted to £218k (£227k in 2017/18). The estimated un-discharged obligations under the operational lease agreements are shown in the table below:

31 March 2018			31 March 2019		
Vehicles Plant and Equipment	Land and Buildings	Years Operational Lease Remaining	Vehicles Plant and Equipment	Land and Buildings	
£000	£000		£000	£000	
96	80	0 - 1 years	144	83	
120	320	2 - 5 years	289	320	
-	379	6 years and onwards	-	299	
216	779	Total	433	702	

The finance lease held by the Authority is for the sale and leaseback of the Gerrards Cross houses with London Quadrant (previously Opus Housing). The Authority has included the finance lease as a long term liability. The finance lease is detailed in Note 22.

5 - Capital Financing Requirement

The table below shows the effect of capital expenditure on the Authority's capital financing requirement.

2017/18		2018/19
£000		£000
1,731	Opening Capital Financing Requirement	1,684
	<u>Capital Investment</u>	
4,474	Property Plant and Equipment	7,658
-	Intangible Assets	-
	<u>Sources of Finances</u>	
(91)	Capital Receipts	(586)
-	Donated Assets	-
(4,383)	Government Grants and Contributions	(7,072)
(47)	Revenue Funding including MRP	(47)
-	Voluntary Minimum Revenue Provision	-
-	Other Adjustments	-
1,684	Closing Capital Financing Requirement	1,637
	<u>Explanation of movements in year</u>	
(47)	Increase in the underlying need to borrow (supported by Government financial assistance)	(47)
(47)	Increase/(Decrease) in Capital Financing Requirement	(47)

6 - Members Allowances

Total allowances paid in 2018/19 to 21 Members amounted to £64k (2017/18 amounted to £60k and 26 Members).

7 - Audit Fees

Fees paid during the year to Ernst & Young LLP, the Authority's external auditor, for work on external audit and on inspection are set out in the table below. Please note that the actual fees are £24k with the remaining £5k relating to a scale variation fee for the previous year's audit.

2017/18		2018/19
£000	Audit Fees	£000
27	Scale fee for audit work	29
-	National Fraud Initiative (NFI)	1
27	Total	30

8 - Revenue Grants

Section 31 grants received from the Department for Communities and Local Government (DCLG) by the Authority are detailed below. The grants are not ring-fenced but are given for specific streams of work. As the grants are not ring-fenced, they are shown within Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Statement.

2017/18		2018/19
£000	Revenue Grants Applied	£000
(818)	New Dimension (Urban Search and Rescue)	(817)
(271)	Firelink	(281)
(1,089)	Total	(1,098)

The New Dimension grant funds the national resilience capability provided by the Urban Search and Rescue team. Firelink funding contributes to the cost of communications within the control room.

9 - Related Parties

The Authority is required to disclose material transactions with related parties: bodies or individuals that have the potential to control or influence the Authority, or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to operate independently, or might have secured the ability to limit another party's ability to bargain freely with the Authority.

As at April 2015, the Joint Control Room became operational and operates from Royal Berkshire Fire Authority premises. All control functions are controlled jointly by Buckinghamshire and Milton Keynes Fire Authority (BMKFA), Oxfordshire Fire and Rescue and Royal Berkshire Fire Authority with the control room based in Theale, Reading.

The capital assets for the Joint Control are recognised as an equal third on the balance sheet. The net book value as at 31 March 2019 is £351k, of which BMKFA share is £117k.

The revenue expenditure split is based on the Joint control policy stated in the accounting estimates section. The total expenditure for 2018/19 was £2.131m from which BMKFA contributed £724k.

As of April 2016, Buckinghamshire and Milton Keynes Fire Authority was appointed as the treasurer for the ESMCP project and the funding was held on behalf of Royal Berkshire, Oxfordshire, Hampshire and Isle of Wight Fire Services.

Central Government

Central Government is responsible for providing the statutory framework within which the Authority operates and prescribes the terms of many of the transactions that the Authority has with other parties. It also provided direct financial support in 2018/19 to the Authority.

Other Public Bodies

Buckinghamshire County Council provides Internal Audit Services, LGPS Pensions administration Services and SAP legacy access. The Authority provides accommodation to the South Central Ambulance Service and Thames Valley Police.

The Authority has entered into local public service agreements with all six councils within its geographic boundaries. The Authority is using these agreements to build capacity within its Community Fire Safety department so that it can contribute along with its partners to the shared vision of creating a safer Buckinghamshire and Milton Keynes.

A Memorandum of Understanding (MOU) was agreed with Royal Berkshire and Oxfordshire Fire & Rescue Service which set out a formal arrangement for collaborating with the neighbouring Thames Valley Fire and Rescue Services.

A MOU has been established for a number of years with Hampshire Fire & Rescue Service and provides a cost effective way for the Authority to deliver a notable element of an USAR mobilisation that complies with the national requirements.

Members of the Authority

Members have direct control over the Authority's financial and operational policies. However, any contracts entered into are in full compliance with the Authority's standing orders and any decisions are made with proper consideration of declarations of interest. Details of any material interests are recorded in the Register of Members' Interests, which is open to public inspection. All Members have been asked to declare any related party transactions. From the replies provided there are no such transactions to be declared.

Senior Officers of the Authority

Senior Officers have control over the day-to-day management of the Authority. All Senior Officers have been asked to declare any related party transactions. From the replies provided there are no such transactions to be declared.

Assisted Organisations

The Authority provides funding to the Safety Centre Milton Keynes of £0.025m per annum. The Authority is one of a number of funders. An officer of the Authority is one of seven trustees of the centre, which is a registered charity. The Authority does not have a significant influence over the running of the centre.

Training Partnership – Fire Service College

The partnership underpins the Service’s Training Strategy and Framework for Training, Learning and Development. It will provide the Authority with external assurance that training and exercising in BMKFRS is being delivered and assessed to a CFOA endorsed nationally recognised standard.

Companies and Joint Ventures

The Authority does not have any interests in companies outside of its normal contractual arrangements.

10 - Funding

The Authority's net revenue expenditure is funded by local authority precepts, general government grants and non-domestic rates redistribution from the national pool.

2017/18		2018/19
£000	Funding	£000
(4,376)	Aylesbury Vale District Council	(4,568)
(2,699)	Chiltern District Council	(2,844)
(5,132)	Milton Keynes Council	(5,341)
(1,953)	South Buckinghamshire District Council	(2,023)
(4,108)	Wycombe District Council	(4,341)
(18,268)	Total Precepts	(19,117)
(3,532)	Revenue Support Grant	(2,793)
(1,089)	General Revenue Grants (Note 8)	(1,098)
-	Capital Grants	(2,242)
(4,621)	Total General Government Grants	(6,133)
(5,184)	Non Domestic Rates Redistribution	(5,528)
(152)	NNDR Pooling	(235)
(5,336)	Total Non Domestic Rates redistribution	(5,763)
(28,225)	Total	(31,013)

In 2018/19, there were 300,613 Band D properties and in 2017/18 there were 296,507 Band D properties.

11 - Non Current Assets

a) Movement of Property, Plant and Equipment

	Land and Buildings	Leased Land and Buildings	Total Land and Buildings	Vehicles, Plant and Equipment	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000
Gross Book Value as at 1 April 2018	32,898	2,357	35,255	13,516	1,501	50,272
Additions	500	-	500	587	6,570	7,657
Disposals and write offs	-	-	-	(319)	-	(319)
Reclassifications	-	-	-	170	(170)	-
Revaluation increase/decrease (-) recognised in Revaluation Reserve	768	-	768	-	-	768
Revaluation increase/decrease (-) recognised in surplus/deficit on provision of service	(149)	-	(149)	-	-	(149)
Other movements in cost or valuation	-	-	-	-	-	-
Gross Book Value as at 31 March 2019	34,017	2,357	36,374	13,954	7,901	58,229
Accumulated depreciation and impairment as at 1 April 2018	(1,238)	(665)	(1,903)	(7,886)	-	(9,789)
Depreciation for the year	(1,600)	(47)	(1,647)	(1,157)	-	(2,804)
Depreciation on disposal	-	-	-	-	-	-
Depreciation written out to Revaluation Reserve	1,221	-	1,221	319	-	1,540
Depreciation written out to surplus/deficit (-) on provision of service	-	-	-	-	-	-
Impairment losses/reversals(-) recognised in the Revaluation Reserve	14	-	14	-	-	14
Impairment losses/reversals(-) recognised in the surplus/deficit on provision	-	-	-	-	-	-
Impairment on disposal	-	-	-	-	-	-
Reclassification of depreciation or impairment	-	-	-	-	-	-
Other movements in depreciation or impairment	-	-	-	-	-	-
Depreciation c/f	(1,603)	(712)	(2,315)	(8,724)	-	(11,039)
Net Book Value as at 31 March 2019	32,414	1,645	34,060	5,230	7,901	47,191

Leased Land and Buildings refer to the Finance Lease item as detailed in Note 22

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Comparative figures for 2017/18:

	Land and Buildings	Leased Land and Buildings	Total Land and Buildings	Vehicles, Plant and Equipment	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000
Gross Book Value as at 1 April 2017	29,968	2,357	32,325	11,919	1,486	45,730
Additions	1,767	-	1,767	2,225	482	4,474
Disposals and write offs	(248)	-	(248)	(1,095)	-	(1,343)
Reclassifications	-	-	-	467	(467)	-
Revaluation increase/decrease (-) recognised in Revaluation Reserve	1,518	-	1,518	-	-	1,518
Revaluation increase/decrease (-) recognised in surplus/deficit on provision of service	(107)	-	(107)	-	-	(107)
Other movements in cost or valuation	-	-	-	-	-	-
Gross Book Value as at 31 March 2018	32,898	2,357	35,255	13,516	1,501	50,272
Accumulated depreciation and impairment as at 1 April 2017	(1,043)	(618)	(1,661)	(7,570)	-	(9,231)
Depreciation for the year	(1,243)	(47)	(1,290)	(1,330)	-	(2,620)
Depreciation on disposal	8	-	8	1,012	-	1,020
Depreciation written out to Revaluation Reserve	1,035	-	1,035	-	-	1,035
Depreciation written out to surplus/deficit (-) on provision of service	-	-	-	-	-	-
Impairment losses/reversals(-) recognised in the Revaluation Reserve	-	-	-	-	-	-
Impairment losses/reversals(-) recognised in the surplus/deficit on provision	5	-	5	-	-	5
Impairment on disposal	-	-	-	2	-	2
Reclassification of depreciation or impairment	-	-	-	-	-	-
Other movements in depreciation or impairment	-	-	-	-	-	-
Depreciation c/f	(1,238)	(665)	(1,903)	(7,886)	-	(9,789)
Net Book Value as at 31 March 2018	31,660	1,692	33,351	5,630	1,501	40,482

b) Basis of Valuation

All land and buildings were initially revalued during the year with an effective revaluation date of 1 April 2018. The valuations were updated as at 31 March 2019 to ensure the balance sheet accurately reflected the end of year values. Valuations were provided by an external valuer, Martin Wilson BSc (Hons) MRICS of Bruton Knowles. All valuations were prepared in accordance with the RICS Appraisal Valuation Manual and International Financial Reporting Standards. The basis of valuation adopted is Existing Use Value (EUV). For specialised properties the Depreciated Replacement Cost method was used to arrive at the EUV whilst non-specialised properties have been valued using the Comparable Method of valuation to arrive at the EUV. The one investment property was valued at Market Value.

The following significant assumptions were applied in arriving at the fair values:

- The Authority owns the freehold, which is not subject to any unusual or onerous restrictions;
- Properties are unaffected by any matters that would be revealed by a local search;
- All parts are assumed to be in good repair and condition and all properties are free from hazardous materials; and
- Where the remaining useful life of a property is at least 20 years it is on the assumption that it will be maintained reasonably.

c) Valuation Information

The following statement shows the progress of the Authority’s programme for the revaluation of assets.

Year of Valuation	Land and Buildings	Vehicles, Plant and Equipment	Assets Under Construction	Total
	£000	£000	£000	£000
2018/19	32,414	-	-	32,414
Valued at Historic Cost	-	5,230	7,901	13,131
Total	32,414	5,230	7,901	45,545

d) Depreciation Lives

The Authority policy of depreciating assets is on a straight-line basis over their remaining useful lives as below:

- Red Fleet Vehicles - 1 to 15 years
- White Fleet Vehicles – 1 to 6 years
- Plant and Equipment - 1 to 24 years
- Buildings - 6 to 51 years
- Intangibles - 2 to 7 years

e) Commitments under Capital Contracts

At 31 March 2019, the Authority has entered into a number of contracts for the acquisition or enhancement of Property, Plant and Equipment or Intangible Assets.

Capital Contract	Contractor	Amount Outstanding as at 31 March 2019
Red Fleet Appliances	Emergency One	486
Property - Blue Light Hub	Kingerlee	4,168
Total		4,654

All commitments will be honoured during 2019/20 and 2020/21.

Prior year comparators can be seen in the table below:

Capital Contract	Contractor	Amount Outstanding as at 31 March 2018
Red Fleet Appliances	Emergency One	1,034
Property - Blue Light Hub	Kingerlee	10,300
Total		11,334

12 - Investment Property

An office building at Bletchley Fire Station is classified as an investment property, as it is currently held solely for generating rental income.

2017/18		2018/19
£000	Investment Property	£000
105	Opening Balance	155
-	- Transfer from Land and Buildings	-
50	Revaluation	20
-	- Impairment	-
155	Closing Balance	175

13 - Movement of Intangible Fixed Assets

Intangible Assets are recognised as non-financial fixed assets that do not have physical substance but are identifiable and are controlled by the entity through custody or legal rights. These represent the purchase of computer software and licences and other software systems and are amortised to the Comprehensive Income and Expenditure Statement based on the cost and estimated useful life.

Movement of Intangible Assets	£000
Gross Book Value as at 31 March 2018	865
Accumulated Amortisation	(537)
Net Book Value as at 1 April 2018	328
Additions in year	-
Reclassifications	-
Amortisation for the year	(116)
Net Book Value as at 31 March 2019	212

Comparative figures for 2017/18:

Movement of Intangible Assets	£000
Gross Book Value as at 31 March 2017	865
Accumulated Amortisation	(406)
Net Book Value as at 1 April 2017	459
Additions in year	-
Reclassifications	-
Amortisation for the year	(132)
Net Book Value as at 31 March 2018	328

No assets were internally generated. All assets have finite useful lives and are amortised on a straight-line basis between 2 to 7 years.

14 - Short Term Investments

The Authority holds a number of short-term investments in order to manage liquidity.

2017/18		2018/19
£000	Short Term Investments	£000
18,552	Short Term Investments	14,076
18,552	Total	14,076

15 – Inventories

All inventories are purchased at cost. No inventory items are purchased on deferred settlement terms or acquired by an exchange of goods and services. Inventories are distributed at cost or cost plus and do not use LIFO as a cost formula. All inventory items of a similar nature and similar use to the Authority use the same cost formula.

2017/18		2018/19
£000	Inventories	£000
48	Workshops	54
77	Stores	85
34	Fuel	52
159	Total	191

16 - Short Term Debtors

The note below shows the value of debtors as at 31 March 2019.

2017/18		2018/19
£000	Short Term Debtors	£000
905	Central Government Bodies	2,879
1,251	Other Local Authorities	1,094
-	NHS Bodies	-
702	Other Entities and Individuals	575
1,602	Payments in Advance	1,339
-	Provision for Doubtful Debts	-
4,460	Total	5,887

17 - Cash and Cash Equivalents

Cash and cash equivalents are short-term highly liquid investments with a maturity of less than 90 days.

2017/18		2018/19
£000	Cash and cash equivalents	£000
891	Cash at bank	928
3,157	Cash on deposit	-
4,048	Total	928

18 - Short Term Borrowing and Creditors

The interest owing and shown as short term borrowing represents the Public Works Loan Board (PWLB) interest accrued to the 31 March 2018 in accordance with the Code.

2017/18		2018/19
£000	Short Term Borrowing and Creditors	£000
(90)	Short Term Borrowing	(80)
(457)	Central Government Bodies	(380)
(218)	Other Local Authorities	(765)
(2,350)	Other Entities and Individuals	(1,887)
(484)	Receipts in Advance	(728)
(3,509)	Total	(3,760)

19 - Provisions

The following table shows the movements on the Authority’s provisions.

	Accumulated Absences	Voluntary Redundancy and Special Payments	NNDR Appeals Provisions	Injury Pension Payments	Total
	£000	£000	£000	£000	£000
Balance as at 1st April 2018	(414)	(869)	(725)	(1,188)	(3,196)
Additional provisions made in 2018/19	(401)	(259)	(881)	-	(1,541)
Amounts used in 2018/19	414	259	725	396	1,794
Balance as at 31 March 2019	(401)	(869)	(881)	(792)	(2,943)

Accumulated Absences Account

This provision shows the value of the outstanding leave entitlement held by employees of the Authority as at the balance sheet date. Any increase or decrease in the provision is offset by the Accumulated Absences Account (see Note 24a) so that this accounting adjustment does not impact on the level of usable reserves.

Voluntary Redundancy and Special Payments

This provision was established in 2010/11 to provide for the additional costs of redundancy and related payments as a result of restructuring within the Authority and potential ill health retirements. A number of additional provisions have been made during the year to cover potential one-off payments.

NNDR Appeals Provision

This provision shows the Authority’s share of the provision for appeals relating to income from business rates. Due to statutory accounting adjustments, this amount does not impact on the level of the General Fund balance.

Injury Pension Payments

This provision has arisen as a result of the potential requirement to reimburse the Home Office for pension top-up grant claimed in prior years relating to injury awards.

20 - Long Term Borrowing

The Authority undertakes long-term borrowing, principally as a means of financing expenditure on fixed assets. No additional principal was borrowed but repayment of £0.585m was repaid in May 2018. The interest owing and shown as short term borrowing in Note 18 represents the Public Works Loan Board (PWLB) interest accrued to the 31 March 2019 and loans due to be repaid within one year in accordance with the Code.

2017/18		2018/19
£000	Source of Loan	£000
(7,382)	PWLB	(6,797)
(7,382)	Total	(6,797)

The interest rates applicable as at 31 March 2019 were between 3.90% and 5.32%.

Long-term external borrowing by repayment dates is shown in the table below:

2017/18		2018/19
£000	Repayments Dates	£000
(1,205)	Maturing in less than 5 years	(1,620)
(2,000)	Maturing in 5 to 10 years	(1,000)
(1,376)	Maturing in 10 to 15 years	(1,376)
-	Maturing in 15 to 20 years	-
-	Maturing in 20 to 25 years	-
(2,801)	Maturing in over 25 years	(2,801)
(7,382)	Total	(6,797)

21 - Grants Received in Advance

The balance on this account represents capital and revenue grants received by the Authority where the grant conditions had not been met as at the Balance Sheet date. The conditions relating to the transformation grant received in 2016/17 were met in 2018/19 and therefore the grant was fully utilised. In addition to this, the Authority has received funding in relation to the ESMCP project.

2017/18		2018/19
£000	Grants Received in Advance	£000
(546)	ESMCP Funding	(389)
(2,841)	Transformation Fund	-
(3,387)	Total	(389)

22 - Finance Lease

In 2003/04 the Authority entered into a sale and leaseback agreement with Opus Housing Association (now London Quadrant) in respect of the Gerrards Cross Houses for a period of 50 years. The initial cost of the lease is matched by an increase in the value of land and buildings within fixed assets. The rentals payable under this arrangement in 2018/19 were £0.130m charged as £0.083m to the Income and Expenditure account finance costs and £0.047m write down of obligation to the lessor.

	Land and Buildings
	£000
Outstanding obligations under Finance Lease	
Payable in 2019/20	47
Payable between 2020/21 and 2022/23	141
Payable after 2022/23	1,451
Total liabilities as at 31st March 2019	1,639

Comparative information for 2017/18

Rentals payable under this arrangement were £0.123m, charged as £0.076m to the Income and Expenditure account finance costs and £0.047m write down of obligation to the lessor.

	Land and Buildings
	£000
Outstanding obligations under Finance Lease	
Payable in 2018/19	47
Payable between 2019/20 and 2021/22	141
Payable after 2021/22	1,498
Total liabilities as at 31st March 2018	1,686

23 - Usable Reserves
Adjustments under Regulations

General Fund Balance	2017/18			2018/19	
	Usable Capital Receipts Reserve	Unusable Reserves		General Fund Balance	Usable Capital Receipts Reserve
£000	£000	£000		£000	£000
			Adjustments primarily involving the Capital Adjustment Account		
			<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>		
(2,752)	-	2,752	Depreciation Charges	(2,919)	- 2,919
(102)	-	102	Impairment	(134)	- 134
4,383	-	(4,383)	Capital grants and contributions applied	7,072	- (7,072)
50		(50)	Investment Assets Revaluation	20	(20)
			Amounts of non-current assets written off on disposal as part of the (gain)/loss on disposal to the Comprehensive Income and Expenditure Statement	-	- -
(321)	-	321			
			<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>		
47	-	(47)	Minimum Revenue Provision	47	- (47)
			Adjustments primarily involving the Capital Receipts Reserve		
			Transfer of cash sale proceeds credited as part of the (gain)/loss on disposal to the Comprehensive Income and Expenditure Statement	64	(64) -
368	(368)	-			
-	91	(91)	Use of the Capital Receipts Reserve to finance new capital expenditure		586 (586)
			Adjustments primarily involving the Financial Instruments Adjustment Account		
			Adjustments primarily involving the Pension Reserve		
			Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(12,283)	- 12,283
(14,091)	-	14,091			
			Employer's pensions contributions and direct payments to pensioners payable in the year	1,757	- (1,757)
3,103	-	(3,103)			
			Adjustments primarily involving the Collection Fund Adjustment Account		
			Precept and NNDR Income	(226)	- 226
(10)	-	10			
			Adjustments primarily involving the Accumulated Absences Account		
			Employee Absence Account	14	- (14)
90	-	(90)			
(9,235)	(277)	9,512	Total Adjustments	(6,588)	522 6,066

Transfers To/From Reserves

	Note	Balance at 1 April 2017	Transfers (In)/Out 2017/18	Balance at 31 March 2018	Transfers (In)/Out 2018/19	Balance at 31 March 2019
General Fund Balance	A	(3,035)	1,535	(1,500)	-	(1,500)
Sub Total Non Earmarked General Fund Balance		(3,035)	1,535	(1,500)	-	(1,500)
Invest to Save Reserve	B	(250)	250	-	-	-
Apprentice Reserve	C	(500)	-	(500)	-	(500)
Redundancy and Early Retirement Reserve	D	(250)	250	-	-	-
Sprinklers Reserve	E	(200)	(290)	(490)	490	-
Control Room Reserve (Revenue)	F	(371)	(53)	(424)	(56)	(480)
Continuing Projects Reserve	G	(582)	117	(465)	197	(268)
Insurance Reserve	H	(50)	50	-	-	-
Future Funding Reserve	I	-	-	-	(570)	(570)
Sub Total Earmarked Reserves - Revenue		(2,203)	324	(1,879)	61	(1,818)
Usable Capital Receipts Reserve	J	(245)	(276)	(521)	521	-
Revenue Contribution to Capital	K	(6,156)	329	(5,827)	1,747	(4,080)
Sub Total Earmarked Reserves - Capital		(6,401)	53	(6,348)	2,268	(4,080)
Total Usable Reserves		(11,639)	1,912	(9,727)	2,330	(7,397)

A – General Fund Balance

This is a non-earmarked reserve and is kept at a prudent level in order to cover unforeseen eventualities and liabilities.

B – Invest to Save Reserve

This reserve provides one-off funding for initiatives that will help to generate long-term efficiencies within the Authority. The savings generated are used to top-up the reserve in order to fund further projects. The savings have been re-distributed in line with the reserves strategy approved in March 2018.

C – Apprentice Reserve

This reserve is held to fund the apprenticeship initiative over the coming years.

D – Redundancy and Early Retirement Reserve

This reserve is used to fund the cost of redundancy and early retirements incurred as part of the Moving Forward Agenda. The balance in the reserve has been redistributed in line with the reserves strategy approved in March 2018.

E – Sprinklers Reserve

This reserve is held for suitable sprinkler initiative schemes which will be match funded by the Authority. This has now been fully utilised to fund the sprinklers in the Blue Light Hub and support the wider capital programme.

F – Control Room Reserve (Revenue)

This reserve contains the renewals fund used to replenish the Joint control room assets.

G – Continuing Projects Reserve

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

H – Insurance Reserve

This reserve was created to smooth out any short-term fluctuations in cost as a result of increasing the voluntary excess on the Authority's insurance policies. The balance in the reserve has been redistributed in line with the reserves strategy approved in March 2018.

I – Future Funding Reserve

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

J – Usable Capital Receipts Reserve

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

K – Revenue Contribution to Capital

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

24 - Unusable Reserves

a) Accumulated Absences Account

The Accumulated Absences Account mitigates any effect on the General Fund of having to include a provision for any outstanding leave owed to employees at the end of each financial year. There is a requirement that authorities are only required to fund holiday pay and similar benefits when they are used, rather than when employees earn the benefits. Amounts are transferred to this account until the benefits are used. The carrying balance is relatively high as the authority operates a January to December leave year.

2017/18		2018/19
£000	Accumulated Absences Account	£000
504	Opening Balance	414
(504)	Reversal of provision for accumulated absences for previous year	(414)
414	Accumulated absences for the year	401
414	Closing Balance	401

b) Capital Adjustment Account

It is a statutory requirement to have a Capital Adjustment Account. The balance on this account provides a balancing mechanism between the different rates at which assets are depreciated under the Code and are financed through the capital controls system.

2017/18		2018/19
£000	Capital Adjustment Account	£000
(24,158)	Opening Balance	(25,040)
2,752	Depreciation	2,920
618	Depreciation variance Historic to Current	960
(47)	Minimum Revenue Provision	(47)
102	Impairments	134
271	Other adjustments	(20)
-	- Additional Voluntary Contributions	-
-	- Revenue contributions	-
(104)	Asset Disposal	-
(4,383)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(7,072)
(91)	Capital receipts credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(585)
-	Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement	-
(25,040)	Closing Balance	(28,750)

c) Collection Fund Adjustment Account

It is a statutory requirement to have a Collection Fund Adjustment Account. The balance on this account represents the timing differences between statutory accounting requirements and full accruals accounting for council tax.

2017/18		2018/19
£000	Collection Fund Adjustment Account	£000
(351)	Opening Balance	(342)
	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	119
	76	
	Amount by which NNDR income credited to the Comprehensive Income and Expenditure Statement is different from NNDR income calculated for the year in accordance with statutory requirements.	105
	(67)	
(342)	Closing Balance	(118)

d) Pensions Reserve

It is a statutory requirement to have a Pensions Reserve. This reserve represents a balancing figure, reported by the actuary, to allow for the liabilities of both the Local Government Pension Scheme and the Firefighter’s Pension Fund, as required under IAS 19.

2017/18		2018/19
£000	Pensions Reserve	£000
305,511	Opening Balance	285,135
	10,988 Appropriations to and from (-) revenue	10,526
	(31,364) Actuarial gains (-) / losses relating to pensions	919
285,135	Closing Balance	296,580

e) Revaluation Reserve

It is a statutory requirement to have a Revaluation Reserve. This reserve records unrealised revaluation gains arising since the 1 April 2007 from the holding of fixed assets. As and when assets are revalued or revaluations are reversed then adjustments are made to this account. The revaluation reserve is also written down to the capital adjustment account over the remaining useful lives of the assets with revaluation reserve balances.

2017/18		2018/19
£000	Revaluation Reserve	£000
(11,173)	Opening Balance	(14,239)
(3,270)	Upward Asset revaluations	(2,136)
718	Downward Asset revaluations	147
104	Asset Disposal	-
(618)	Depreciation difference - historic cost to current value	(960)
-	Other adjustments	-
(14,239)	Closing Balance	(17,188)

25 - Donated Assets Account

In 2015/16 the Authority recognised on the Balance Sheet the value of the Thames Valley Control Room made available to it by Royal Berkshire Fire Authority. The fair value of the assets was recognised within Vehicles, Plant and Equipment and a credit was recognised in the Comprehensive Income Expenditure Statement (see Note 10).

26 - Contingent Assets

As at 31 March 2019, the Authority does not have any contingent assets.

27 - Contingent Liabilities

At 31 March 2019, the Authority had one contingent liability:

Two employment tribunal cases were brought against the Government in relation to possible discrimination in the implementation of transitional protection following the introduction of the reformed 2015 public service pension schemes from 1 April 2015. The first case (McCloud) relating to the Judicial Pension Scheme was ruled in favour of the claimants, while the second case (Sargeant) in relation to the Fire scheme was ruled against the claimants. Both rulings were appealed and as the two cases were closely linked, the Court of Appeal decided to combine the two cases.

In December 2018, the Court of Appeal ruled that the transitional protection offered to some members as part of the reforms amounts to unlawful discrimination. The Government is currently seeking permission to appeal this decision, with an unknown timeframe for this permission to be granted or denied. If this permission is denied, then it would likely result in a requirement to compensate certain members for any discrimination suffered (which would increase the liabilities the Authority has in relation to the Fire pension scheme). However, there is significant uncertainty over the form that this compensation would take and of course, the Government could still win its appeal and therefore there will be no change.

Given the above uncertainty, it's not possible to put a figure on the effect on the pension liabilities and costs without making particular assumptions about the form the remedy would take (should the Government be unsuccessful in its appeal). Based on a worst case scenario, the actuary estimated an increase in the value of liabilities on the balance sheet to be between 4-5% and the value of the current service cost in the year to 31 March 2019 by 25-30%.

28 - Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Authority offers retirement benefits. Although these will not actually be payable until employees retire, the Authority has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement. The Authority participates in four pension schemes:

- The Local Government Pension Scheme for non-firefighter staff administered locally by Buckinghamshire County Council is a funded defined benefit final salary scheme, administered in accordance with the Local Government Pension Scheme (1997) as amended. The Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. It is contracted out of the State Second Pension;
- The Fire-Fighter Pension Scheme for uniformed fire fighters is an unfunded defined benefit statutory scheme, administered by West Yorkshire Pension Fund in accordance with the Fire Pension Scheme Orders (1992) as amended. It is contracted out of the State Second Pension. There are no investment assets held to back the liabilities of the scheme and cash has to be generated to meet actual pensions payments as they eventually fall due; and
- The Fire-Fighter Pension Scheme for uniformed fire-fighters (retained and new entrants from 1 April 2006) is an unfunded defined benefit statutory scheme, administered by West Yorkshire Pension Fund in accordance with the Fire Pension Scheme Orders (2006) as amended. It is contracted out of the State Second Pension. There are no investment assets held to back the liabilities of the scheme and cash has to be generated to meet actual pension payments as they eventually fall due.
- The Fire Fighter Pension Scheme for uniformed fire-fighters (retained and new entrants from 1 April 2015) is an unfunded defined benefit statutory scheme, administered by West Yorkshire Pension Fund in accordance with the Firefighters' Pension Scheme regulations (2014). It is contracted out of the State Second Pension. There are no investment assets held to back the liabilities of the scheme and cash has to be generated to meet actual pension payments as they eventually fall due.
- The report provided by the actuaries has aggregated all the fire-fighter pension data. This approach was taken to condense the number of reports produced as previously there was an individual report for each pension scheme but with now having five schemes (including modified 2006 scheme), it has been condensed into two reports, LGPS and fire-fighter pensions.

Under the Firefighters' Pension Fund Regulations 2006 if the amounts receivable by the pension fund are less than amounts payable, the fire authority must annually transfer an amount required to meet the deficit to the Pension Fund. Subject to scrutiny and approval by Parliament and the Secretary of State up to 100% of this cost is met by central government top-grant. If however the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the Fire Authority, which must then repay the amount to central government.

a) Transactions relating to retirement benefits

The Authority recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement.

Current Year 2018/19

Comprehensive Income and Expenditure Statement	LGPS	Firefighters	Total
	£000	£000	£000
<u>Cost of Services</u>			
Service Cost	1,280	4,527	5,807
Administration Expenses		-	-
Cost of Services Total	1,280	4,527	5,807
<u>Financing and Investment Income and Expenditure</u>			
Net Interest on the defined liability (asset)	(379)	6,855	6,476
Financing and Investment Total	(379)	6,855	6,476
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	901	11,382	12,283
Actuarial Gains and Losses	(212)	1,131	919
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	689	12,513	13,202
Movement in Reserves Statement			
Reversal of net charges made to the surplus or deficit for post employment benefits in accordance with the code:	(901)	(11,382)	(12,283)
Amount actually charged against the General Fund Balance for pensions in the year for:			
Employers contribution	-	1,494	1,494
Retirement benefit payable to pensioners	13	250	263

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Comparative data for 2017/18

Comprehensive Income and Expenditure Statement	LGPS	Firefighters	Total
	£000	£000	£000
<u>Cost of Services</u>			
Service Cost	1,253	5,397	6,650
Administration Expenses		-	-
Cost of Services Total	1,253	5,397	6,650
<u>Financing and Investment Income and Expenditure</u>			
Net Interest on the defined liability (asset)	(338)	7,779	7,441
Financing and Investment Total	(338)	7,779	7,441
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	915	13,176	14,091
Actuarial Gains and Losses	(1,245)	(30,119)	(31,364)
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(330)	(16,943)	(17,273)
Movement in Reserves Statement			
Reversal of net charges made to the surplus or deficit for post-employment benefits in accordance with the code:	915	13,176	14,091
Amount actually charged against the General Fund Balance for pensions in the year for:			
Employers contribution	1,301	1,374	2,675
Retirement benefit payable to pensioners	14	414	428

b) Assets and liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities 2018/19

Reconciliation of present value of the scheme liabilities	LGPS	Firefighters	Total
	£000	£000	£000
Present Value of scheme liabilities as at 1 April	(38,650)	(272,651)	(311,301)
Current Service Cost	(1,280)	(4,527)	(5,807)
Interest Cost	(980)	(6,855)	(7,835)
Change in financial assumptions	(2,109)	(14,052)	(16,161)
Change in demographic assumptions	2,343	7,020	9,363
Experience loss/(gain) on defined benefit obligation	-	-	-
Estimated benefits paid net of transfers in	668	8,640	9,308
Past service costs, including curtailments	-	-	-
Contribution by Scheme participants	(238)	(1,245)	(1,483)
Unfunded pension payments	13	250	263
Present Value of scheme liabilities as at 31 March	(40,233)	(283,420)	(323,653)

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Prior year 2017/18

Reconciliation of present value of the scheme liabilities	LGPS	Firefighters	Total
	£000	£000	£000
Present Value of scheme liabilities as at 1 April	(37,807)	(291,382)	(329,189)
Current Service Cost	(1,253)	(5,397)	(6,650)
Interest Cost	(1,056)	(7,779)	(8,835)
Change in financial assumptions	1,268	14,156	15,424
Change in demographic assumptions	-	(8,941)	(8,941)
Experience loss/(gain) on defined benefit obligation	-	20,096	20,096
Estimated benefits paid net of transfers in	418	7,444	7,862
Past service costs, including curtailments	-	-	-
Contribution by Scheme participants	(234)	(1,262)	(1,496)
Unfunded pension payments	14	414	428
Present Value of scheme liabilities as at 31 March	(38,650)	(272,651)	(311,301)

Reconciliation of fair value of the scheme assets 2018/19

Reconciliation of fair value of the scheme assets	LGPS	Firefighters	Total
	£000	£000	£000
Fair Value of scheme assets as at 1 April	26,167	-	26,167
Interest on Assets	662	-	662
Return on assets less interest	697	-	697
Other actuarial gains/(losses)	-	5,901	5,901
Administration expenses	(22)	-	(22)
Contributions by employer including unfunded	13	1,744	1,757
Contributions by Scheme participants	238	1,245	1,483
Estimated benefits paid plus unfunded net of transfers in	(681)	(8,890)	(9,571)
Fair Value of scheme assets as at 31 March	27,074	-	27,074

Prior year 2017/18

Reconciliation of fair value of the scheme assets	LGPS	Firefighters	Total
	£000	£000	£000
Fair Value of scheme assets as at 1 April	23,679	-	23,679
Interest on Assets	679	-	679
Return on assets less interest	715	-	715
Other actuarial gains/(losses)	-	4,808	4,808
Administration expenses	(23)	-	(23)
Contributions by employer including unfunded	1,315	1,788	3,103
Contributions by Scheme participants	234	1,262	1,496
Estimated benefits paid plus unfunded net of transfers in	(432)	(7,858)	(8,290)
Fair Value of scheme assets as at 31 March	26,167	-	26,167

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields at the Balance Sheet date. Expected returns on equity investments reflect the long-term real rates of return experienced in the respective markets.

c) Scheme history

Reconciliation of present value of the scheme liabilities	2014/15	2015/16	2016/17	2017/18	2018/19
	£000	£000	£000	£000	£000
<u>Present Value of Liabilities</u>					
LGPS	(30,880)	(30,105)	(37,807)	(38,651)	(40,233)
1992 Firefighters Scheme	(247,893)	(241,242)	(291,382)	(272,651)	(283,420)
2006 Firefighters Scheme	(6,761)	-	-	-	-
Present Value of scheme liabilities as at 31 March	(285,534)	(271,347)	(329,189)	(311,302)	(323,653)
<u>Fair Value of Assets</u>					
LGPS	19,324	19,552	23,679	26,167	27,074
Total Assets - BMKFA estimated allocation of LGPS assets	19,324	19,552	23,679	26,167	27,074
LGPS Experience adjustments on scheme assets	-	-	-	-	-
<u>Surplus/Deficit (-) in the scheme</u>					
LGPS	(11,556)	(10,553)	(14,128)	(12,484)	(13,160)
1992 Firefighters Scheme	(247,893)	(241,242)	(291,382)	(272,651)	(283,420)
2006 Firefighters Scheme	(6,761)	-	-	-	-
Total	(266,210)	(251,795)	(305,510)	(285,135)	(296,580)

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £296.580m has a substantial impact on the net worth of the Authority as recorded in the balance sheet, resulting in a negative overall balance of £243.528m. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

- the deficit on the Local Government Scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the Scheme Actuary every three years;
- Finance is only required to be raised to cover firefighter’s pensions when the pensions are actually paid.

d) Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the Projected Unit Method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.

Both the Firefighters’ and Local Government schemes have been assessed by Barnett Waddingham, an independent firm of actuaries, based on the latest valuations (31 March 2017 for the Local Government scheme and the 31 March 2005 for the Firefighters’ scheme).

The main assumptions used in their calculations have been:

	LGPS		Firefighters	
	2017/18	2018/19	2017/18	2018/19
	£000	£000	£000	£000
<u>Mortality Assumptions</u>				
Longevity at 65 for current pensioners				
Men	24.00	22.90	21.40	20.80
Women	26.10	24.80	23.70	23.10
Longevity at 65 for future pensioners				
Men	26.20	24.60	23.20	22.40
Women	28.40	26.60	25.60	25.00
<u>Financial Assumptions</u>				
Rate of Inflation (RPI)	3.30%	3.40%	3.30%	3.40%
Rate of Inflation (CPI)	2.30%	2.40%	2.30%	2.40%
Rate of salary inflation	3.80%	3.90%	3.80%	3.90%
Rate of pensions inflation	2.30%	2.40%	2.30%	2.40%
Rate for discounting scheme liabilities	2.55%	2.40%	2.55%	2.40%
Take up of option to convert annual pension into retirement lump sum	50.00%	50.00%	50.00%	50.00%

The Local Government Pension Scheme’s assets consist of the following categories by proportion of Buckinghamshire and Milton Keynes Fire Authority’s estimated allocation.

31 March 2018			31 March 2019	
£000	%	LGPS	£000	%
2,386	9%	Gilts	3,343	12%
14,751	56%	Equities	13,777	51%
3,407	13%	Other Bonds	4,036	15%
1,884	7%	Property	2,115	8%
999	4%	Cash	865	3%
279	1%	Alternative Assets	207	1%
1,240	5%	Hedge Funds	1,459	5%
1,221	5%	Absolute Return Portfolio	1,272	5%
26,167	100%	Total	27,074	100%

The Firefighters Pension Schemes have no assets to cover their liabilities.

e) Sensitivity Analysis

The following tables show a sensitivity analysis on the major assumptions used in the valuations:

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	£000	£000	£000
LGPS Sensitivity Analysis			
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	39,403	40,233	41,081
Projected service cost	1,383	1,418	1,453
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	40,297	40,233	40,169
Projected service cost	1,418	1,418	1,418
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	41,016	40,233	39,466
Projected service cost	1,453	1,418	1,383
Adjustment to mortality age rating assumption	+1 year	None	- 1 Year
Present value of total obligation	41,661	40,233	38,855
Projected service cost	1,467	1,418	1,188
Firefighters	£000	£000	£000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	277,593	272,651	289,385
Projected service cost	5,943	5,567	6,363
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	284,018	272,651	282,828
Projected service cost	6,155	5,567	6,143
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	288,781	272,651	278,180
Projected service cost	6,356	5,567	5,949
Adjustment to mortality age rating assumption	+1 year	None	- 1 Year
Present value of total obligation	294,690	272,651	282,594
Projected service cost	6,345	5,567	5,959

29 - Financial Instruments

a) Financial Instruments Balances

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments:

	Long Term		Current	
	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000
Financial liabilities at amortised cost	(9,068)	(8,436)	(3,200)	(3,425)
Total Borrowings	(9,068)	(8,436)	(3,200)	(3,425)
Loans and receivables	-	-	24,028	17,246
Total Investments	-	-	24,028	17,246

b) Financial Instruments gains and losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement in relation to financial instruments are made up as follows.

2017/18	Financial Instruments Gains and Losses	Financial Liabilities	Financial Assets 2018/19			Total
		Liabilities measured at amortised cost	Loans and receivables	Available for sale assets	Fair value through the CIES account	
£000		£000	£000	£000	£000	£000
	326 Interest expense	314	-	-	-	314
	- Losses on derecognition	-	-	-	-	-
	- Impairment losses	-	-	-	-	-
	326 Interest payable and similar charges	314	-	-	-	314
	(214) Interest income	-	(226)	-	-	(226)
	- Gains on derecognition	-	-	-	-	-
	(214) Interest and investment income	-	(226)	-	-	(226)
	- Gains on revaluation	-	-	-	-	-
	- Losses on revaluation	-	-	-	-	-
	- Amounts recycled to the CIES after impairment	-	-	-	-	-
	- Surplus arising on revaluation of financial assets	-	-	-	-	-
	112 Net gain/loss (-) for the year	314	(226)	-	-	88

A reconciliation of the net gain on Loans and Receivables to Investment Income as shown in the Comprehensive Income and Expenditure Statement is given below.

2017/18		2018/19
£000		£000
-	Financial Instruments gain	-
-	Rental income from investment properties	-
(50)	Movement in fair value of investment properties	(20)
(164)	Interest on investments	(206)
(214)	Total Investment income received in the CIES	(226)

c) Fair value of assets and liabilities carried at amortised cost

Financial liabilities and financial assets represented by loans, finance leases and receivables are carried on the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- The fair values for financial liabilities have been determined by reference to the Public Works Loans Board (PWLB) redemption rules and prevailing PWLB redemption rates as at each balance sheet date, and include accrued interest. It should be noted that the redemption rules applying to PWLB debt changed on 1 November 2007, and are less favourable than the previous procedures.
- No early repayment or impairment is recognised;
- Where an instrument will mature in the next 12 months, the carrying amount is assumed to be approximate to fair value;
- The fair value of trade and other receivables is taken to be invoiced or billed amounts.

The fair values calculated are as follows:

	31 March 2018		31 March 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
PWLB Debt at amortised cost	(7,382)	(9,503)	(6,797)	(9,027)
Finance Lease	(1,686)	(1,686)	(1,639)	(1,639)
Creditors	(3,200)	(3,200)	(3,425)	(3,425)
Total Financial Liabilities	(12,268)	(14,389)	(11,861)	(14,091)
Cash and cash equivalents	3,157	3,157	-	-
Short Term Investments	18,552	18,533	14,076	14,093
Debtors	2,319	2,319	2,878	2,878
Total Loans and Receivables	24,028	24,009	16,954	16,971

The differences between the carrying amount and the fair value of PWLB debt are due to the fixed rate of interest on the loans being different from the prevailing rate at 31 March 2019. All creditors and other payables are due to be paid in less than one year.

d) Nature and extent of risk arising from financial instruments

The Authority's activities expose it to a variety of financial risks, the key risks are:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Authority;
- Liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments;

- Re-financing risk – the possibility that the Authority might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms; and
- Market risk - the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates movements.

e) Overall procedures for managing risk

The Authority's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework set out in the Local Government Act 2003 and the associated regulations. These require the Authority to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall these procedures require the Authority to manage risk in the following ways:

- by formally adopting the requirements of the Code of Practice;
- by approving annually in advance prudential indicators for the following three years limiting;
 - i.) the Authority's overall borrowing
 - ii.) the maximum and minimum exposures to fixed and variable rates
- by approving an investment strategy for the forthcoming year setting out its criteria for investing and compliance with the Government Guidance.

These are required to be reported and approved at or before the Authority's annual council tax setting budget. These items are reported with the annual Treasury Management Strategy which outlines the detailed approach to managing risk. Actual performance is also reported annually to Members. The Authority maintains written principles for overall risk management as well as the investment of surplus cash through the Treasury Management Policy approved by the Authority.

f) Credit risk and Liquidity Risk

Investment Policy

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

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

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

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

Creditworthiness Policy

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

- Credit watches and credit outlooks from credit rating agencies
- CDS spreads to give early warning of likely changes in credit ratings;
- Sovereign ratings to select counterparties from only the most creditworthy countries.

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

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

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

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

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

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

Extreme market movements may result in downgrade of an institution or removal from the Authority's lending list. Sole reliance will not be placed on the use of this external service. In addition this Authority will also use market data and market information, information on government support for banks and the credit ratings of that supporting government. The Authority will also invest in AAA rated money market funds and UK building societies with group assets of at least £10 billion.

Country Limits

In 2014/15, the Authority determined that it would use approved counterparties based within the United Kingdom and a limited number of counterparties based in Germany and Sweden (although no deposits were actually placed outside of the UK during the year).

Counterparty Limits

The Authority has determined that the maximum balance that can be invested with a single counterparty at any point in time will be no more than 30% of the portfolio, up to a limit of £5m. The one exception to this is Lloyds, as these are the Authority’s primary banking provider. Up to £7.5m can be invested with Lloyds, of which at least £2.5m must be instant access.

Investment Security

Investments are defined as being in one of two categories:

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

Investment Training

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

Investment of Money Borrowed in Advance of Need

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

Investment Liquidity

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

g) Refinancing and maturity risk

The Authority maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Authority relates to managing the exposure to replacing PWLB Loans as they mature. It is possible that provisions will be made available to meet all PWLB Loans without the direct need to replace loans as they mature, therefore no risk / impairment or other adjustment is required.

A fair value debt calculation of £9.027m has been provided by the PWLB on the Authority’s behalf

The maturity analysis of financial liabilities is as follows:

31 March 2018		31 March 2019
£000		£000
(585)	Maturing in less than 1 year	-
-	Maturing within 2 years	-
(620)	Maturing within 2 to 5 years	(620)
(2,000)	Maturing within 5 to 10 years	(2,000)
(4,177)	Maturing in more than 10 years	(4,177)
(7,382)	Total	(6,797)

h) Market risk

Interest rate risk

The Authority is exposed to interest rate movements on its investments as borrowings are taken at fixed rate and are carried at amortised cost. Movements in interest rates have a complex impact on the Authority, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- borrowings at fixed rates – the fair value of the borrowing liability will fall;
- investments at variable rates – the interest income credited to the Income and Expenditure Account will rise.

Borrowings are not carried at fair value on the balance sheet but are carried at amortised cost, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Account (CIES). However, changes in interest payable on fixed rate borrowings and variable rate investments will be posted to the CIES and affect the General Fund Balance. Movements in the fair value of any variable rate investments will be reflected in Other Comprehensive Income and Expenditure, unless the investments have already been designated as fair value through the CIES.

The Authority has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Authority's prudential indicators and its expected treasury operations. From this Strategy, a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure.

If interest rates had been 1% higher with all other variables held constant the financial effect would be:

	2018/19
	£000
Increase in interest payable on variable rate borrowings	-
Increase in interest receivable on variable rate investments	237
Increase in government grant receivable for financing costs	-
Impact on Comprehensive Income and Expenditure Statement	237
Decrease in fair value of fixed rate borrowing liabilities which has no impact on the Comprehensive Income and Expenditure Statement	-
Total Financial Effect	237

If rates had been 1% lower the amounts would be reversed.

Price risk

The Authority, excluding its share of assets in the Local Government Pension Scheme does not invest in equity shares.

Foreign Exchange risk

The Authority has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

30 - Events after the Balance Sheet Date

There are no events after the balance sheet date which will materially impact the figures disclosed in the Statement of Accounts.

31 - Notes to the Cash Flow Statement

a) Net Cash flows from Operating Activities

2017/18		2018/19
£000		£000
(11,422)	Net Surplus or (Deficit) on the Provision of Services	(8,398)
2,854	Depreciation, amortisation, impairment and downward valuations	3,055
1,116	Net Movement in Creditors	254
(729)	Net Movement in Debtors	(1,426)
187	Net Movement in Stocks	(32)
10,988	Adjustment regarding Pension Liability	10,526
316	Contributions to/from Provisions	(253)
321	Carrying amount of non-current assets sold	-
(50)	Movement in Investment Property Values	(20)
15,003		12,104
-	Capital Grants Credited to surplus or deficit on the provision of services	(2,998)
(368)	Proceeds from the sale of assets	(64)
(368)		(3,062)
3,213	Net Cash Flows from Operating Activities	644

b) Net Cash flows from Operating Activities (Interest)

2017/18		2018/19
£000		£000
214	Ordinary interest received	226
-	Interest received on cash backed funds/reserves	-
214		226
(326)	Interest charge for year	(314)
-	Adj differences between Effective Interest Rates and actual payable	-
-	Other Interest	-
(326)		(314)
(112)	Net Cash Flows from Operating Activities (Interest)	(88)

c) Cash Flows from Investment Activities

2017/18		2018/19
£000		£000
(4,488)	Property Plant and Equipment Purchased	(7,657)
2,518	Purchase of short or long term investments	4,476
-	Movement on Capital Creditors	-
(1,970)		(3,181)
367	Proceeds from the sale of Assets	64
-	Proceeds from the sale of short or long term investments	-
-	Capital Grants Repaid	(600)
448	Capital Grants Received	-
815		(536)
(1,155)	Net Cash Flows from Investing Activities	(3,717)

d) Cash Flows from Financing Activities

2017/18 £000		2018/19 £000
-	Cash receipts of short and long term borrowing	-
-	Repayment of short and long term borrowing	-
-	Other receipts from financing activities	-
(47)	Cash payments for the reduction of outstanding liabilities relating to finance leases	(47)
(47)	Net Cash Flows from Financing Activities	(47)

e) Make up of Cash and Cash Equivalents

2017/18 £000		2018/19 £000
891	Cash and bank balances	928
3,157	Cash investments	-
4,048	Total	928

Firefighters’ Pension Fund Account

Firefighters’ Pension Fund

2017/18 £000	Fund Account	2018/19 £000
	Income to the fund	
	<u>Contributions receivable (funds due to us during the year)</u>	
	From employer	
(1,539)	normal contributions	(1,429)
(59)	early retirements	-
(1,262)	From members	(1,233)
(20)	Ill health charges	(122)
-	Other miscellaneous eligible income	(7)
	<u>Transfers in</u>	
-	Individual transfers in from other schemes	-
-	Other transfers in	-
(2,880)	Total Income to the Fund	(2,791)
	Spending by the fund	
	<u>Benefits payable</u>	
6,582	Pension payments	6,860
1,163	Commutation of pensions and lump sum retirement benefits	2,737
-	Lump sum death benefits	-
-	Other benefits payable	-
	<u>Payments to and on behalf of leavers</u>	
-	Refunds of contributions to people who leave the scheme	-
-	Individual transfers out of the scheme	-
-	Other miscellaneous eligible expenditure	128
-	Pension contribution holiday	-
7,745	Total Spending by the Fund	9,725
4,865	Net amount payable/receivable for the year before top up grant receivable/amount payable to sponsoring department	6,933
(4,865)	Top up grant receivable/amount payable to sponsoring department	(6,933)
-	Net amount payable (-)/receivable for the year	-

Firefighters’ Pension Fund Net Assets Statement

2017/18 £000	Net Assets Statement	2018/19 £000
	Net Current Assets and Liabilities	
-	Contributions due from employer	-
897	Pensions top up grant receivable from sponsoring department	2,068
-	Unpaid pensions benefits	-
-	Amount due to sponsoring department	-
(897)	Other current assets and liabilities (other than liabilities and other benefits in the future)	(2,068)
-	Net Assets at the End of the Year	-

Notes to the Firefighters' Pension Fund Account

1 - Pension Fund Arrangements

Before 1st April 2006 the Firefighters' Pension Scheme did not have a percentage of pensionable pay contribution from employers: rather the Authority was responsible for paying the pensions of its own former employees on a pay-as-you-go basis. Under the new funding arrangements the scheme remains unfunded but will no longer be on a pay-as-you-go basis as far as the Authority is concerned. The Authority will no longer meet the pension outgoings directly: instead they will pay an employer's pension contribution based on a percentage of pay into the Pension Fund. The Authority is required by legislation to operate a Pension Fund and the amounts that must be paid into and paid out of the Pension Fund are specified by regulation. Benefits payable are funded by contributions from employers and employees.

Employers' contribution levels are based on percentages of pensionable pay set nationally by the DCLG and subject to triennial revaluation by the Government Actuary's Department.

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

2 - Pension Fund Accounting Policies

The accounting policies followed are the same as for the main accounts of the Authority.

3 - Balancing the Pension Fund Account

If the Pension Fund Account is not balanced to nil by pension top-up grant receivable or by the amount payable to the sponsoring department the Pension Fund should be balanced to nil by a supplementary contribution from the authority to the Pension Fund or by the Pension Fund returning contribution to the Authority.

This is shown under Short Term Debtors in Note 16 in the notes to the core financial statements.

The Net Assets Statement does not include liabilities to pay pensions and other benefits after the Balance Sheet Date.

4 - Pension Fund Investment Assets

As the Scheme is unfunded there are no investment assets.

5 - Liabilities Shown in the Authority's Main Statements

The liabilities relating to the Firefighters' Pension scheme can be seen in Note 28 of the main statements.

6 - Holiday Contributions 18-20

Firefighters who joined the 1992 FPS aged 18-20 have previously had to contribute for up to 32 years to receive a 30-year pension at the earliest age of 50. Following a legal challenge from the FBU, they

received correspondence from the Department for Communities and Local Government conceding the case.

DCLG accepted that rules of the 1992 FPS would be amended to allow all affected members who joined before the age of 20 or affects members who have already retired and who found themselves in this position after 1 December 2006 when the age discrimination legislation for pensions came into force. Upon reaching 50, the affected member will be able to choose to:

- Retire with a pension.
- Continue employment and recommence payment of contributions (the accrual cap remains in place with a maximum thirty years pension).
- Or continue employment without paying contributions, thereby electing to defer their pension.

Payment of any additional amounts identified as due were made with simple interest calculations as well. These amounts have been disclosed separately within the Fire-Fighters Pension Fund.

Glossary of Terms

Amortisation / Amortise

The equivalent of depreciation when applied to intangible assets.

Accruals

Used to describe allocating expenditure or income to the relevant financial year. Includes Debtors, Creditors and Prepayments

BMKFA

Acronym for Buckinghamshire & Milton Keynes Fire Authority.

Budget

A statement of the Authority's expected level of service delivery plans expressed in monetary terms and spending over a set period, usually one year.

BCC

Buckinghamshire County Council. BCC provide some services to the Authority under a service level agreement.

Capitalisation

Capitalisation is the addition to the balance sheet as an asset of an amount that will benefit the Authority for more than one year.

Capital Adjustment Account

Provides a balancing mechanism between the different rates at which assets are depreciated under the Code and are financed through the capital controls system.

Capital Financing Requirement

Measures the Authority's underlying need to borrow or finance by other long-term liabilities for a capital purpose. It represents the amount of capital expenditure that has not yet been resourced, whether at the point of spend or over the longer term

Capital Receipts

Proceeds from the sale of capital assets that must be used to finance new capital expenditure or reduce the existing Capital Financing Requirement. Receipts available to finance capital expenditure in future years are held in the Usable Capital Receipts Reserve.

Carrying Amount

The carrying amount refers to the amounts that the Authority has on its books for an asset or a liability. For example, the carrying

amount of the authority's rescue pump is the cost of the rescue pump minus the accumulated depreciation on the rescue pump.

CIES

Comprehensive Income and Expenditure Statement. This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.

CIPFA

Chartered Institute of Public Finance and Accountancy.

The Code

The Code of Practice on Local Authority Accounting in the United Kingdom. Sets out the proper practices for producing the Statement of Accounts.

FCPFA

Fellowship Chartered Public Finance Accountant.

CPI (see also RPI)

Consumer Price Index, a key measure of inflation in the UK.

Collection Fund Adjustment Account

Provides a balancing mechanism for the timing differences between statutory accounting requirements and full accruals accounting for council tax.

Council Tax Support Scheme

Regulations introduced in April 2013 that allow councils to design their own schemes to provide incentives for people to find and stay in work.

Creditors

Amounts owed by the Authority at the Balance Sheet date for goods received or work done.

Curtailement

The early payment of accrued pensions upon retirement.

Debtors

Amounts due to the Authority but remaining unpaid at the Balance Sheet date.

Depreciation

The loss of value of assets due to wear and tear, age or obsolescence.

Derecognition

The removal of a previously recognised financial asset or liability from the balance sheet following the transfer of asset to a third party or expiry of contractual rights to an asset.

EUV

Existing Use Value. The price at which a property can be sold on the open market assuming that it can only be used for the existing use for the foreseeable future.

Fair Value

Asset – the amount at which that asset could be bought or sold in a current transaction between willing parties, other than in a liquidation.

Liability- the amount at which that liability could be incurred or settled in a current transaction between willing parties, other than in liquidation.

Financial Instrument

A legal agreement involving some sort of monetary value. Financial instruments can be classified generally as equity based, representing ownership of the asset, or debt based, representing a loan made by an investor to the owner of the asset

General Fund

The balance held by the Authority against which the council tax is raised. The balance sheet shows the accumulated surplus from previous years.

HMRC

Her Majesty's Revenue & Customs.

IAS

International Accounting Standards which have come into effect with the introduction of International Financial Reporting Standards (IFRS).

IAS 19 (formerly FRS17)

The accounting standard that sets out (amongst other things) the requirements and accounting treatment for retirement benefits.

IFRS

The International Financial Reporting Standards which became applicable from the

1st April 2010. All future accounts will be presented using these standards.

Impairments

A downward movement in the value of assets; the opposite to revaluation (upwards) of asset values.

IRMP

The Integrated Risk Management Plan covers the 3 years 2010 – 13 and explains what BMKFA is going to do to develop its services for the future.

LIFO

Last in First Out is one of a number of methods for calculating the carrying value of inventories.

Loans Outstanding

Loans raised to finance capital spending which have to be repaid.

Local Government Pension Scheme (LGPS)

Is the Pension Scheme provided by the Authority for employees not eligible to join the Firefighters' Pension Scheme.

Lower of Cost and Net Realisable Value

A method for determining an asset's value such that either the original cost or the current replacement cost, whichever is lowest, is used for financial reporting purposes

Materiality

Information is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements.

Minimum Revenue Provision (MRP)

The minimum amount of the Authority's outstanding debt which must be repaid by the revenue accounts in the year.

National Non-Domestic Rates (NDR)

Also known as Business Rates, these are collected by local authorities and are the way that those who occupy non-domestic property contribute towards the cost of local services.

NJC

National Joint Council for Local Authority Fire and Rescue Services.

Outturn

The actual level of spending and income in a particular year.

Precept

An amount of money levied by one authority (the precepting authority) which is collected by another authority (the billing authority) as part of the council tax. BMKFA is a precepting authority and the four Buckinghamshire District Councils and Milton Keynes Council are the billing authorities.

Prepayments

Where the authority pays for goods or services before they have been received, any amounts paid but not received by the end of an accounting period are shown in the balance sheet as prepayments.

Provisions

These are sums set aside for a specific purpose, the nature of which is known but the exact amount and due date is not.

Public Works Loan Board (PWLB)

A government body from which a local authority may raise long term loans.

Realised/Unrealised Gains

A realised gain is the capital gain that you make on an asset that you receive in the form of cash. An unrealised gain is an increase in the carrying value of an asset that has yet to be sold.

Revaluation

Revaluation of fixed assets is the process of increasing or decreasing their carrying value to reflect changes in fair value.

Revaluation Reserve

Records unrealised revaluation gains arising (since 1st April 2007) from holding fixed assets.

Revenue Expenditure

This is spending on the day to day running expenses of the Authority. It includes expenses such as salary and wages, heating, lighting, rent, rates and stationery.

Reserves

Amounts set aside in one year to fund expenditure in subsequent years

Revenue Support Grant (RSG)

An amount of money given by central government to local authorities each year

RICS

Royal Institute of Chartered Surveyors

RPI

Retail Price Index, a measure of inflation in the UK. CPI excludes most owner occupier housing costs while the RPI includes mortgage interest payments and house depreciation. RPI generally produces a higher inflation figure than CPI.

Integra

The accounting system software used at Buckinghamshire and Milton Keynes Fire Authority.

SeRCOP

Service reporting Code of Practice 2011/12 replaces the Best Value Accounting Code of Practice (BVACOP) produced by CIPFA to establish a reporting protocol to demonstrate transparency and best value in the provision of services to the community.

Write Down

A reduction in the book value of an asset due to depreciation or a decline in market value



Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	17 July 2019
OFFICER	Mark Hemming, Director of Finance & Assets
LEAD MEMBER	Chairman of the Overview and Audit Committee
SUBJECT OF THE REPORT	Treasury Management Performance 2018/19
EXECUTIVE SUMMARY	<p>This report is being presented to provide the treasury investment as at the end of 2018/19. It is best practice to review on a regular basis how Treasury Management activity is performing.</p> <p>The accrued interest earned for 2018/19 is £206k, which is £56k higher than the budget for the period.</p>
ACTION	Noting.
RECOMMENDATIONS	That the Treasury Management Performance 2018/19 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 2018/19 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 (Capital Finance and Accounting) (England) Regulations 2003 [SI 3146] to have regard to any prevailing CIPFA Treasury

	Management Code of Practice.
CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE	No direct impact.
HEALTH AND SAFETY	No direct impact.
EQUALITY AND DIVERSITY	No direct impact.
USE OF RESOURCES	See Financial Implications.
PROVENANCE SECTION & BACKGROUND PAPERS	Treasury Management Policy Statement, Treasury Management Strategy Statement and the Annual Investment Strategy http://bucksfire.gov.uk/files/1614/4827/6491/ITEM_8_Treasury_Management_Strategy_2016-17_FINAL.pdf Treasury Management Practices http://bucksfire.gov.uk/files/4314/5527/8969/OA2509_13.compressed.pdf
APPENDICES	Appendix A – Treasury Management Performance 2018/19 Appendix B – Link Benchmarking Group Performance
TIME REQUIRED	5 minutes
REPORT ORIGINATOR AND CONTACT	Linda Blunt lblunt@bucksfire.gov.uk 01296 744404

Appendix A – Treasury Management Performance 2018/19

Background

Up until 31 March 2013, the Authority's cash balances were managed by Buckinghamshire County Council (BCC) under a Service Level Agreement (SLA). From 2013/14 the Authority began investing in its own name. This report highlights the performance of the in-house treasury management function for 2018/19.

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 2018 is detailed below:

Counterparty	Amount (£000)
Warrington Borough Council	2,000
Bournemouth Borough Council	2,000
Thurrock Borough Council	1,000
Goldman Sachs International	3,000
Lloyds Bank PLC	2,000
Principality Building Society	1,000
West Bromwich Building Society	2,000
Santander	1,000
Lloyds Bank plc (current accounts)	928
Total	14,928

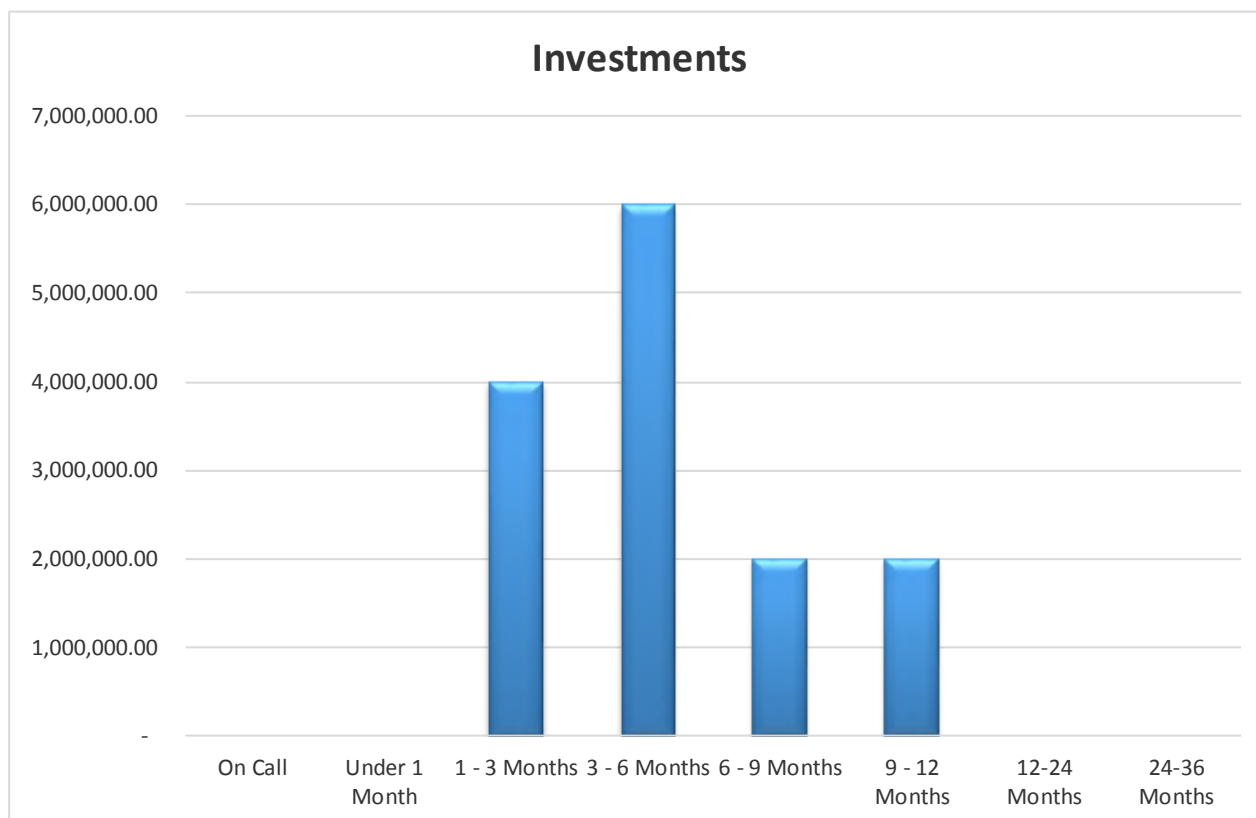
No counterparty limits were breached during the 2018-19 financial year.

In its AIS the Authority also resolved that all credit ratings will be monitored weekly, by means of the Link creditworthiness service. During quarter 4 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:

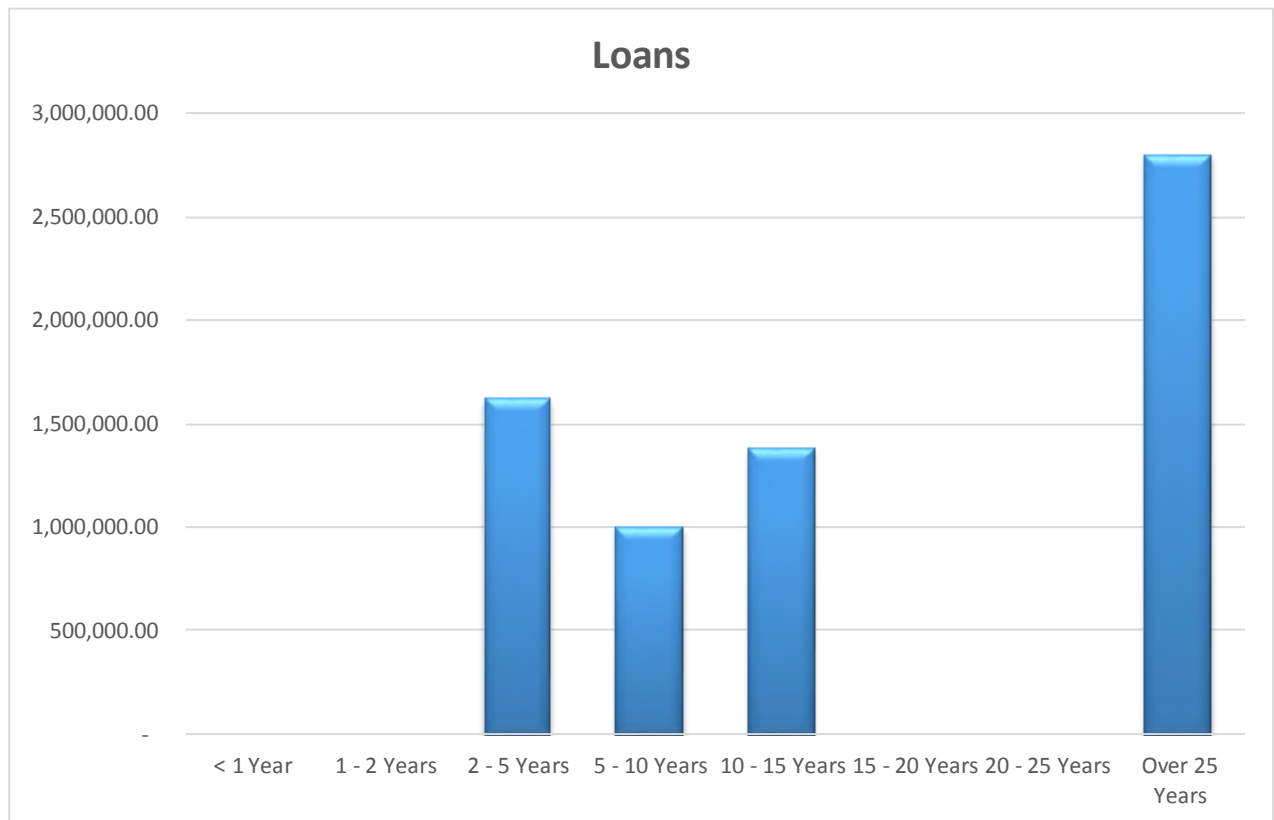


In order to cover expenditure such as salaries, pensions, creditor payments, and potential liabilities for which we have made provisions within the Statement of Accounts, a greater proportion of the balances are invested as short fixed-term deposits.

There are currently 10 investments with 8 different counterparties detailed in the Security of Investments table. These were all originally invested for different terms and will be used to cover monthly expenditure such as salaries and capital expenditure relating to the Blue Light Hub build. Any surplus funds will be re-invested for varying terms upon maturity in order to maintain liquidity and meet future commitments. Currently there are no balances on call as they were used to meet commitments during the final month of Q4. However monies received early in 2019/20 will be used to replace these funds. These funds will be placed in the Money Market Funds and the Ultra Short Dated Bond Funds. These help improve the liquidity of the Authority's balances. By investing collectively, the Authority benefits from liquidity contributed by others and from the knowledge they are all unlikely to need to call on that money at the same time.

Borrowing

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



The total borrowing outstanding as at 31 March 2019 is £6.797m. No further debt repayment is due until May 2020. 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

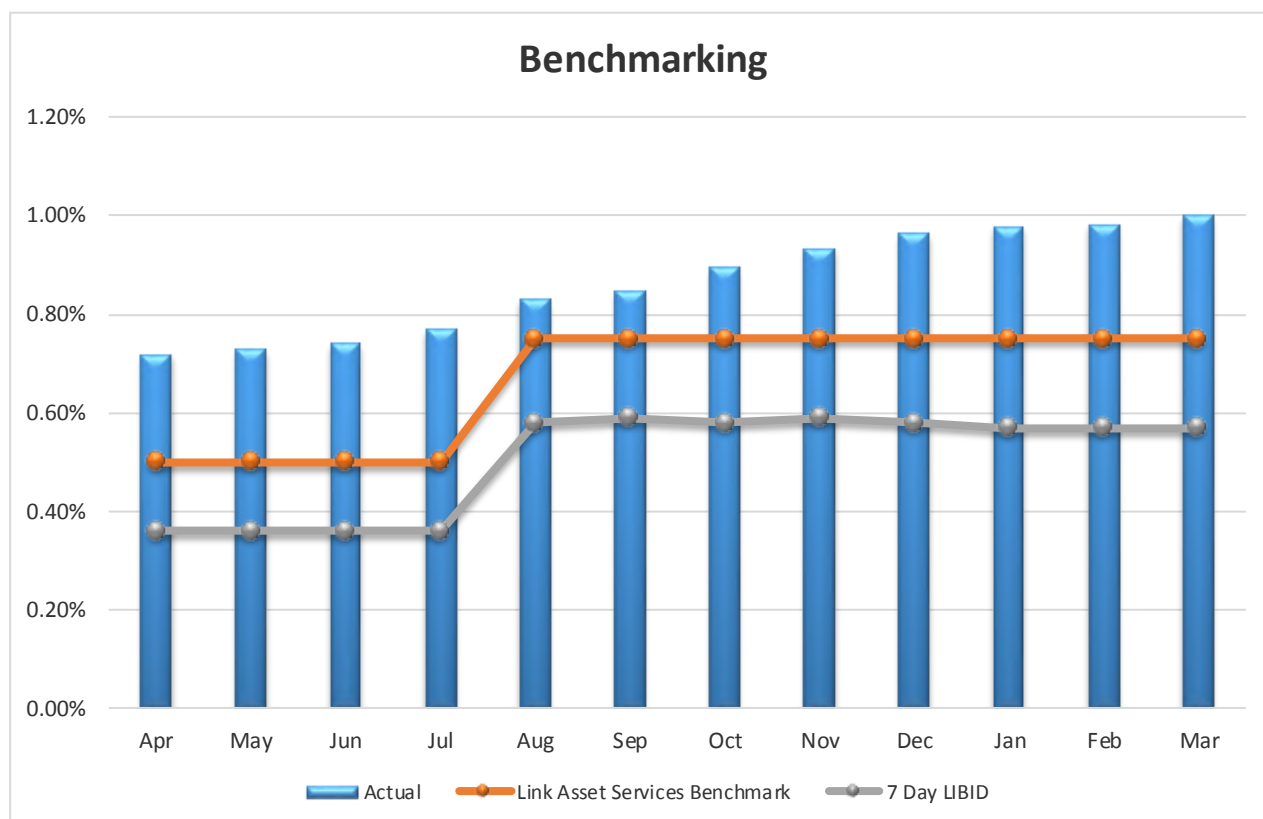
The budget for future years was reviewed as part of the Medium Term Financial Plan process and the income target for 2018/19 is £150k. This has increased by £50k for 2018/19 due to the continuing over-achievement against the previous year’s budget.

The accrued interest earned as at 31 March 2019 is £206k against the planned budget of £150k for the year, which is an over achievement of £56k. It should be noted that £36k of this is due to the interest achieved from making an advance payment in respect of the Employers contribution to the LGPS.

Performance Against the Benchmark

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

- 7 day LIBID – this is the rate the Authority would have earned on all balances had the SLA with BCC continued into future years
- Link benchmark – this is the indicative rate that Link advised we should be looking to achieve for 2018/19 at the start of the year
- The weighted average rate (%) is compared to the two benchmark figures in the following chart for each month:

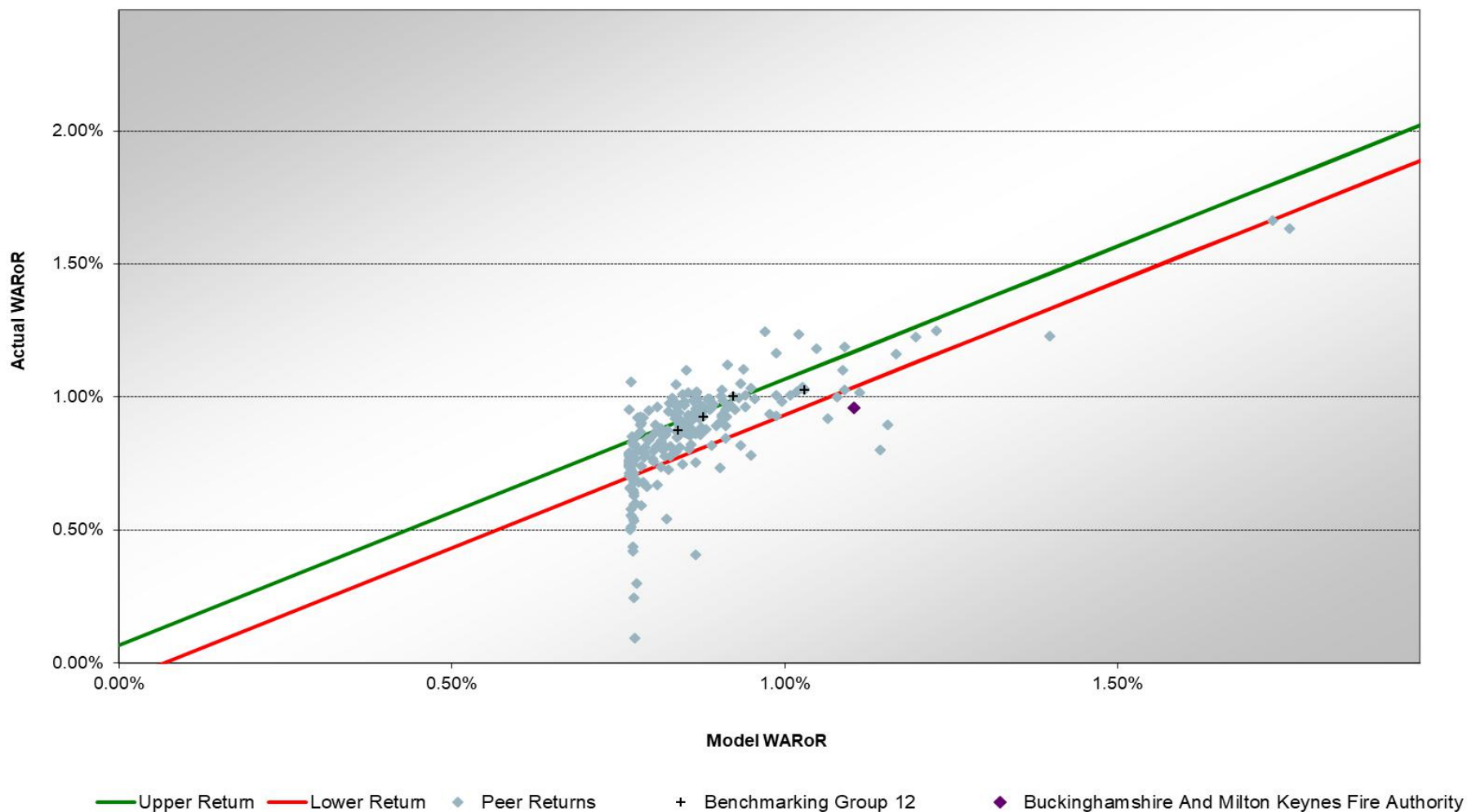


The Authority has out-performed both benchmark figures for the year. This is predominantly due to the Authority investing in longer durations with Local Authorities and other counterparties and benefitting from higher returns which has resulted in the Authority outperforming against the budget set.

In the second quarter of 2018/19, the Bank of England base rate increased by 0.25% and currently remains at 0.75%. As a result of this increase, the market was expected to follow suit and on the back of this, the level of returns the Authority received has shown some slight improvement in the final quarter. However the market has been cautious and slower to react due to the uncertainty over Brexit.

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.

Appendix B – Link Benchmarking Group



The return for Buckinghamshire and Milton Keynes Fire Authority is below the lower return banding which is predominantly due to the short term investments providing a lower return. With the current build of the Blue Light Hub, the Authority requires the liquidity to fund this project and therefore cannot commit to investments beyond 3 to 6 months which has resulted in a lower return in interest.



Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	17 July 2019
OFFICER	Graham Britten, Director of Legal and Governance
LEAD MEMBER	Chairman of the Authority
SUBJECT OF THE REPORT	Protocol on Member and Officer Relations
EXECUTIVE SUMMARY	<p>The purpose of this report is for Members to review and approve the Protocol on Member and Officer Relations (Appendix 1) for adoption by the Authority.</p> <p>The Protocol requires that it be reviewed on a four-yearly cycle. There are no substantive amendments.</p>
ACTION	Decision
RECOMMENDATIONS	It is recommended that the Protocol on Member and Officer Relations be approved and be recommended to the Authority for adoption.
RISK MANAGEMENT	Failure to have an established protocol that clarifies member and officer roles could place members and officers at risk of compromising their respective positions.
FINANCIAL IMPLICATIONS	There are no financial implications arising from this report.
LEGAL IMPLICATIONS	<p>The recommendation that local authorities have in place a protocol on member and officer relations derives from the Third Report of the Committee on Standards of Conduct in Public Life: "<i>Standards of Conduct in Local Government in England, Scotland and Wales</i>" 1997.</p> <p>Common law has established that if the actions of an individual member adversely affect the ability of an officer to execute his or her contract of employment, it can undermine the implied contractual obligation of trust and confidence for which the Authority may be vicariously liable (for which compensation might be payable). The promulgation of a protocol on member and officer relations is a practical measure to mitigate the Authority from vicarious liability.</p>
CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO	There are no identified collaboration opportunities with the ambulance or police services due to their different

COLLABORATE	governance models.
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>The Protocol was reviewed by employee representatives via the Joint Consultation Forum at its meeting on Thursday 23 May 2019. No amendments were requested.</p> <p>The Group Leaders have been consulted by the Monitoring Officer. No amendments were requested.</p>
PROVENANCE SECTION & BACKGROUND PAPERS	<p>The review process for the Member:Officer Protocol is set out in its paragraph 3 (emphasis added):</p> <p>"3. Responsibility for the protocol</p> <p>3.1 The Chief Fire Officer/Chief Executive is responsible for the operation of this protocol and will ensure that it is reviewed <i>on a four yearly cycle</i>. However, the Overview and Audit Committee may request a review at any time.</p> <p>3.2 [...]</p> <p>3.3 <i>Buckinghamshire & Milton Keynes Fire Authority is responsible for approving any amendments or additions to the protocol following consultation with Member and officer representatives and the Overview and Audit Committee where appropriate.</i>"</p> <p>THE THIRD REPORT OF THE COMMITTEE ON STANDARDS IN PUBLIC LIFE (Chairman Lord Nolan) July 1997 Recommendation 20</p> <p>Minutes of the meeting of the BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY held on WEDNESDAY 20 APRIL 2011 (adoption of the Member:Officer protocol)</p> <p>Minutes of the meeting of the BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY held on WEDNESDAY 10 JUNE 2015 (Minute FA 10)</p>
APPENDICES	Appendix 1: Protocol on Member and Officer Relations
TIME REQUIRED	10 minutes.
REPORT ORIGINATOR AND CONTACT	<p>Katie Nellist</p> <p>knellist@bucksfire.gov.uk</p> <p>01296 744633</p>



Buckinghamshire & Milton Keynes Fire Authority

Protocol on Member and Officer Relations

Policy Statement

Buckinghamshire & Milton Keynes Fire Authority is committed to ensuring there is a strong, constructive and trusting relationship between Members and officers. This policy aims to provide a formal protocol for the working relationship between Members and officers to ensure that current good practice continues.

The protocol provides guidance on the behaviour, roles and responsibilities of both Members and officers, and puts in place a mechanism should any issues arise surrounding this subject.

Document history

Version 1.0 Issued March 2011 following adoption by Standards Committee

Version 1.2 Issued September 2014 following change of information asset owner from Deputy Chief Fire Officer Adrian Crook to Director of Legal and Governance Graham Britten.

Version 2.0 NOTE: By resolution of the Authority at its meeting on 13 June 2012, responsibilities of its Standards Committee were transferred to its Overview and Audit Committee. References to the Standards Committee should be construed accordingly.

Version 3.0 Issued June 2015 following adoption by the Fire Authority.

Draft 2019 **To be placed into updated template**



Policy

The aims of this policy are to:

Provide a formal protocol which covers the relationship between elected Members and officers.

Provide a mechanism to deal with any issues that may arise which affect the relationship between elected Members and officers.

Support the Authority's commitment to upholding standards of conduct in public life.

Organisation

Throughout the policy document details have been included for people and organisations that have roles and responsibilities in this policy.

The Chief Fire Officer/Chief Executive is responsible for monitoring this policy and any feedback from Members and officers to ensure that it is working effectively.

Planning & Implementation

Members will be made aware of this policy via the Committee structure and presentation to the meeting of the full Fire Authority. It will be included in any induction pack to new Members following the annual meeting in June.

The policy will be made available via the intranet and managers will be urged to ensure that all staff are familiar with the policy.

Measuring, Audit & Review

The policy performance will be monitored as described at 'organisation' above. Unless a change is required sooner, the policy will be reviewed by the Overview and Audit Committee every four years after approval.



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Protocol on Member and Officer Relations

"Every Local Authority should have its own written statement or protocol governing relations between Members and Officers." (**Third report of the committee on standards in public life, the Nolan Committee**).

1. Introduction

- 1.1 The relationship between elected Members of Buckinghamshire & Milton Keynes Fire Authority (the Authority) and officers has always been and continues to be one of the main organisational strengths. However, the Authority accepts it is required to have a formal protocol which covers the relationship between elected Members and officers. This protocol is prepared to meet those requirements but against a background of a good working partnership which is well-established, widely accepted and benefits everyone who serves or is employed in the Authority. It will provide a safe guide to help ensure that current good practice continues.
- 1.2 The Authority recognises that a strong, constructive and trusting relationship between Members and officers is essential to the effective and efficient working of the organisation. Members and officers should work in partnership in developing the policies of the Authority and in ensuring the delivery of services to the people of Buckinghamshire and Milton Keynes.
- 1.3 This protocol takes into account the respective and different roles of Members and officers and does not seek to change or influence these roles. It is accepted that from time to time issues may arise which need to be addressed. This protocol provides a mechanism by which to address any such matters.
- 1.4 It is recognised that the Authority is a corporate entity but that in terms of its political structure there is an Administration and Opposition and this dimension involves both Members and officers operating in a political sensitive climate. Officers have an overriding obligation to serve the Authority as a corporate body but must be aware of the political dimension.
- 1.5 This protocol forms a key part of the Authority's approach to corporate governance and its commitment to uphold standards of conduct in public life. The Authority supports the wider aims of protecting and enhancing the integrity and reputation of public services and high standards of personal conduct.

2. Operation of this protocol

- 2.1 This protocol will be applied having regard to the requirements of the Members' Code of conduct and the Officers' Code of Conduct, as set



out in the Authority's Constitution, and relevant Authority policies, procedures and processes. Members and officers must at all times observe this protocol; where there is a conflict or discrepancy between this protocol and those codes and policies referred to above, then those codes and policies shall have precedence. Account will also be taken of any conventions in the case of conflict or discrepancy.

- 2.2 This protocol does not affect or interfere with any rights of or protection which a person may have in law.

3. Responsibility for the protocol

- 3.1 The Chief Fire Officer/Chief Executive is responsible for the operation of this protocol and will ensure that it is reviewed on a four yearly cycle. However, the Overview and Audit Committee may request a review at any time.
- 3.2 He or she will rule on the interpretation and/or the application of the protocol in matters of dispute and such rulings will be final. Where such a matter is relevant to or involves the Chief Fire Officer/Chief Executive then the Monitoring Officer shall be the appropriate officer under this paragraph.
- 3.3 Buckinghamshire & Milton Keynes Fire Authority is responsible for approving any amendments or additions to the protocol following consultation with Member and officer representatives and the Overview and Audit Committee where appropriate.

4. Members' access to information

- 4.1 Members have a statutory right under the Local Government Act 1972 to inspect any document which contains material relating to any business which is to be transacted at an Authority meeting. This extends to background papers. If there are any concerns about the rights of members to inspect documents, those involved should consult with the Monitoring Officer.
- 4.2 Members are free to approach the service to provide them with such information, explanation and advice as they may reasonably need to assist them in discharging their role as Members of the Authority. Such approaches should normally be directed to the appropriate senior officer or, in cases of doubt, to the Chief Fire Officer/Chief Executive. Members should not put undue pressure on officers to release information and documents to which they are not entitled to have access.
- 4.3 An exception to the above will be information or reports that contain confidential personal information about employees or other persons. (examples would be a report containing personal medical information



or annual appraisal details of an individual). If the Chief Fire Officer/Chief Executive wishes to withhold a confidential report then he will consult with the Chairman and the Monitoring Officer and, where a report is to be withheld, reasons will be given to the member concerned.

5. Member and Officer Roles

- 5.1 This protocol recognises that Members are elected and officers are appointed to serve the people of Buckinghamshire and Milton Keynes and that their roles are distinct.
- 5.2 The Members are accountable to the electorate who determine the people they wish to represent them on the local authorities. The local authorities of Buckinghamshire and Milton Keynes then nominate elected Members to sit on Buckinghamshire & Milton Keynes Fire Authority.
- 5.3 Officers are accountable to the people of Buckinghamshire and Milton Keynes through this Authority.
- 5.4 Members are primarily responsible for:
- 5.4.1 Political direction and leadership of the Authority. The determination of policies, plans and strategies and deciding matters to give effect to or implement those policies, plans and strategies, particularly in service delivery terms.
 - 5.4.2 Performing the Authority's regulatory functions.
 - 5.4.3 Monitoring and reviewing, primarily through the Executive Committee and the Overview and Audit Committee functions, the Authority's performance in implementing its plans and strategies and in delivering its services.
 - 5.4.4 Participation in partnership working.
 - 5.4.5 Representing the Authority on national, regional and local bodies and organisations.
 - 5.4.6 Representing the views of their communities and individual constituents in respect of the work of the Authority.
- 5.5 Members should not involve themselves in the day to day management of the Authority's services as the responsibility rests with the Chief Fire Officer/Chief Executive and senior managers and there are clearly defined lines of accountability to Members. However, applying this part of the protocol, it has to be recognised that Members do have specific responsibilities under the Authority's Executive Committee and the Overview and Audit Committee as set out in part nine of this document.



- 5.6 Under the Authority's Constitution some Members have additional responsibility at Member level, for example being Chairman of a committee or panel or as lead or champion Member for a specific area of the service. The holding of these offices will involve a different relationship with certain officers in areas where the Member has a particular role and responsibility. Also, the relationships will be more complex and expectations will be different from other Members.
- 5.7 It is important that Members of the Authority:
- 5.7.1 Respect the impartiality of officers and not undermine their role in carrying out their duties.
 - 5.7.2 Do not ask officers to undertake work or to act in a way which seeks to support or benefit a particular political party or gives rise to the officer being criticised for operating in a party political manner.
 - 5.7.3 Do not ask officers to exceed their authority where that authority is given to them in law, by the Authority or by their managers.
- 5.8 This protocol recognises the role of opposition groups in the Authority, acting individually or jointly, and that relationships will be different and complex. Members in opposition have the same rights and obligations in their relationships with officers and should be treated equally. Where opposition groups, individually or collectively, appoint their Members to perform shadow or spokesperson roles, then the requirement of 5.6 above will apply.
- 5.9 It is however envisaged that all Members will work co-operatively to ensure that the Authority meets its statutory obligations and provides an effective and efficient fire and rescue service to the people of Buckinghamshire and Milton Keynes.
- 5.10 The primary role of officers is to advise, inform and support all Members and to implement the lawfully agreed policies of the Fire Authority.
- 5.11 In performing this role, officers will act professionally, impartially and with political neutrality. Whilst officers will report a Member's view on an issue, the officer should not be influenced or pressured to make comments or recommendations which are contrary to his or her professional judgement or views.
- 5.12 The Chief Fire Officer/Chief Executive, the Monitoring Officer and the Chief Finance Officer have specific responsibilities placed on them by law. These responsibilities go beyond their obligations as employees of the Authority. Where an officer is discharging his or her



responsibilities under any statutory office, a Member or Members shall not:-

5.12.1 Interfere with or obstruct the officer in exercising those responsibilities.

5.12.2 Victimise any officer who is discharging or has discharged his or her responsibilities of the statutory office.

5.13 Both Members and officers will, regardless of their role always act in accordance with the Core Values of the Authority (Appendix 1).

6. Member/officer obligations and expectations

6.1 Members will require and expect officers:-

6.1.1 To be committed to the Authority as a whole and not to any political group or individual.

6.1.2 To work in partnership with Members in an impartial and professional manner.

6.1.3 To understand and support the roles of Members and the associated workloads and pressures.

6.1.4 To implement decisions of the Authority and its subordinate committees which:

- are lawful
- have been properly approved in accordance with the law and the Authority's constitution and;
- formally recorded.

6.1.5 To respond to enquiries and complaints in accordance with the Authority's standards.

6.1.6 To provide professional advice, which is not influenced by political views or preferences, and which does not compromise the political neutrality of officers.

6.1.7 To provide information to Members on matters that can reasonably be considered appropriate and relevant taking into account the Members' individual responsibilities and position and the Members' rights to access documents and information, subject to specific exclusions, eg personal interests and confidentiality.

6.1.8 To be aware of, and sensitive to, the internal and external political environment.

6.1.9 To act with honesty, respect, dignity and courtesy at all times.



6.1.10 To provide support and learning and development opportunities for Members to help them in performing their various roles in respect of their Authority Membership.

6.1.11 To act with integrity and appropriate confidentiality.

6.1.12 Not to raise issues of a personal nature outside agreed procedures.

6.1.13 Not to use their relationship with Members to advance their personal interests or to influence decisions improperly.

6.1.14 To comply at all times with the officer Code of Conduct and such other policies or procedures approved by the Authority to support the role of Members with any policy or procedure agreed by the Authority.

6.1.15 Not to support Members in any role other than that of Authority Members and not to undertake any actions which are not compatible with this protocol.

6.2 Officers can expect Members: -

6.2.1 To act within the policies, practices, processes and conventions established by the Authority.

6.2.2 To work constructively with officers, acknowledging their separate and distinct roles and responsibilities.

6.2.3 To understand and support the respective roles and responsibilities of officers and their associated workloads, pressures and reporting lines.

6.2.4 To give political leadership and direction and to seek to further their agreed policies and objectives with the understanding that Members have the right to take the final decision and issues based on advice and within the competence of the Authority.

6.2.5 To treat them fairly and with respect, dignity and courtesy.

6.2.6 To act with integrity, to give support and to recognise appropriate confidentiality.

6.2.7 To recognise that officers work to the instructions of their senior officers and not to individual Members.

6.2.8 Not to subject them to intimidation, harassment or put them under pressure. Members will have regard to the seniority of officers in determining what reasonable requests are, having regard to the relationship between Member and officer and the potential vulnerability of officers, particularly at junior levels.



6.2.9 Not to request them to exercise discretion which involves acting outside the Authority's competence, policies and procedures.

6.2.10 Not to authorise, initiate or certify any financial transactions or enter into any contract, agreement or undertaking on behalf of the Authority, or in their role as Member of the Authority without proper and lawful authority.

6.2.11 Not to use their position or relationship with officers to advance their personal interest or those of others, or to influence decisions improperly.

6.2.12 To comply at all times with the Members' Code of Conduct, the law, the constitution and such other policies, procedures, protocols and conventions agreed by the Authority.

7. Behaviour limitations

7.1 The different roles of Members and officers require particular limitations upon behaviour. Both Members and officers need to ensure that their working relationship is appropriate to their respective role and that they do not act in any way which would lead to their behaviour being questioned. It is not possible to provide a list of circumstances where behavioural issues might be of concern. The main examples below help to illustrate the point.

7.1.1 A close personal relationship between a Member and an officer can confuse their separate roles and influence the proper discharge of the Authority's functions, not least in creating a perception that a Member or officer may be securing advantageous treatment.

7.1.2 The need to maintain the separation of roles means that there are limits to those matters on which a Member may seek the advice of an officer, both in relation to personal matters and party political issues.

7.1.3 Relationships with a particular individual or party group should not be such as to create public suspicion that an employee favours one Member or group above the others.

8. Political groups

8.1 It is in the interests of the Authority to support, to some degree, the effective operation of all its political groups and not one particular group. The operation of political groups may, however, pose particular issues for officers in terms of their impartiality.



- 8.2 A political group may request the Chief Fire Officer/Chief Executive or member of the Senior Management Team to prepare a written report on a matter or matters relating to the Authority for consideration by the group.
- 8.3 An officer report to a political group will be restricted to a statement of material facts and identification of options and the merits or otherwise of such options for the Authority. Such reports will not cover any political implications on the matter or any option. Such reports will not include any recommendations.
- 8.4 The release of such reports to other political groups shall be dealt with in accordance with any conventions in existence at the time.
- 8.5 A political group may request the Chief Fire Officer/Chief Executive or a member of the Senior Management Team to attend a meeting of the group to advise on particular matter relating to the Authority. The Chief Fire Officer/Chief Executive or member of the Senior Management Team may arrange for the attendance of a representative on his or her behalf, or may decline to attend or send a representative where he or she is of the opinion that the particular issue is of such a political nature that it would be inappropriate to attend.
- 8.6 Officer advice at a meeting of a political group will be restricted to a statement of material facts and identification of options and the merits or otherwise of such options for the Authority. The advice will not cover any political implications of any matter or any option.
- 8.7 All officers will respect the confidentiality of any matter which they hear in the course of attending any political group meeting or in respect of any requests for advice and the giving of that advice.

9. Attendance of officers at Executive Committee and Overview and Audit Committee

- 9.1 It is accepted that in carrying out its role, the Executive Committee and Overview and Audit Committee may require an officer to attend to answer questions or to discuss issues. In requiring an officer to attend, a Committee will consider the seniority of the officer it would be appropriate to invite. There is a presumption against inviting officers outside the senior officers' range to attend in this capacity. Requests for officer attendance shall also have regard to workloads of officers.
- 9.2 Where an officer attends such a meeting his or her contributions should be confined to matters of fact and explanation. However, an officer may be asked to explain and justify advice which he or she has given prior to a decision having been made, including decisions taken by him or her and delegated powers.



- 9.3 Officers should not be drawn into discussions of a political nature which would be inconsistent with the political neutrality requirement, nor should any questioning of an officer be reasonably interpreted as constituting harassment.
- 9.4 In Executive or Overview and Audit proceedings the capability or competence of officers must not be questioned. The distinction needs to be drawn between reviewing the policies, performance and decisions of the Authority and its services and the appraisal of staffs' individual performance. The latter is not a function of the Executive Committee or the Overview and Audit Committee.
- 9.5 The approach here is consistent with the committee terms of reference as set out in the Authority's standing orders.
- 9.6 In applying this part of the protocol, account will be taken of any guidance agreed by Executive Committee and/or the Overview and Audit Committee provided that guidance is consistent with the principles of this protocol.

10. Breaches of the protocol

- 10.1 Where a Member is dissatisfied with the conduct, behaviour or performance of an officer, the matter should, in the first instance, be raised with the officer concerned. Where any matter remains unresolved or is of significant concern it should be raised with the appropriate senior manager. Where the officer concerned is a senior manager, the matter should be made with the Chief Fire Officer/Chief Executive. Where the employee concerned is the Chief Fire Officer/Chief Executive, the matter should be raised with the Monitoring Officer.
- 10.2 Where the relationship between Members and officers or other Members breaks down or becomes strained, every effort will be made to resolve matters informally. This can be achieved through conciliation by an appropriate senior manager, group leader and if necessary the Chairman. Officers will also have recourse to the Grievance Procedure or to the Authority's Monitoring Officer as appropriate.
- 10.3 In the event of a grievance or complaint being upheld, the matter will be referred to the Chief Fire Officer/Chief Executive. The Chief Fire Officer/Chief Executive, having advised the Chairman of the Authority and the other appropriate party spokespersons, will decide on the course of action to be taken. Consultation with the Overview and Audit Committee should be considered if appropriate.
- 10.4 Breaches of protocol by a Member may result in a complaint to the Overview and Audit Committee and, in the case of officers, may lead to disciplinary action. In all cases, a resolution should be timely and ideally concluded within 28 days.
- 10.5 Any issues arising from or in relation to this protocol will be reported to



the next appropriate Overview and Audit Committee meeting.



Appendix 1

Core Values of Buckinghamshire & Milton Keynes Fire Authority

Service to the Community

We value service to the community by:

- Working with all groups to reduce risk
- Treating everyone fairly and with respect
- Striving for excellence in all we do
- Being answerable to those we serve

People

We value people by everyone practising and promoting:

- Fairness and respect
- Recognising commitment and the achievement of excellent service
- Honesty and trust
- Opportunities to develop and learn
- Co-operation and inclusive working

Diversity

We value diversity in the Service and the community by:

- Treating everyone fairly and with respect
- Challenging prejudice and discrimination
- Creating opportunities to meet the different needs of people in our communities
- Promoting equal opportunities in terms of recruitment, promotion and retention

Improvement

We value improvement at all levels of the Service by:

- Accepting responsibility for our performance and actions
- Being open-minded and receptive to alternative approaches
- Learning from our experience
- Supporting others to enable them to achieve their goals
- Encourage innovation and creativity



Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	17 July 2019
OFFICER	Graham Britten, Director Legal and Governance
LEAD MEMBER	
SUBJECT OF THE REPORT	Compliments and Complaints
EXECUTIVE SUMMARY	<p>This purpose of this report is to advise of complaints made and, following investigation, any that were upheld. It includes details of the corrective action taken to reduce or remove the problem and improve public perception of the services we provide. It also serves to note public satisfaction and, where new good practice is identified, to improve standard operating procedures.</p> <p>As the numbers of compliments and complaints is relatively low, data from the annual satisfaction survey "After the Incident" is included to capture the perceptions of those experiencing an incident in the home or in non-domestic premises. In 2016/17 surveys were completed for 316 non-domestic and 377 domestic incidents. For 2017/18 this had dropped to 160 non-domestic and 148 domestic incidents. In 2018/19 we received surveys for 62 non-domestic and 54 domestic incidents. The sharp decline in 2018/19 was, at least in part, owing to no survey documents been distributed for the first six months whilst work to implement a new computer system was undertaken.</p> <p>No complaints arising from an information security incident were notified and no complaints were investigated by the Local Government & Social Care Ombudsman (LG&SCO) or the Information Commissioner, during this reporting period.</p>
ACTION	Noting
RECOMMENDATIONS	That the report be noted.
RISK MANAGEMENT	<p>The public are encouraged to raise concerns/make complaints and, if required, are given assistance to do so.</p> <p>There are a number of investigating officers trained in complaints handling to ensure that complaints are rigorously investigated, resolved as quickly as possible and, wherever possible, to the satisfaction of the</p>

	<p>complainant.</p> <p>To protect the privacy of the complainant, all personal data is removed when no longer needed to support the investigation.</p> <p>If a complaint is upheld and actions to prevent a similar incident occurring cannot be put in place immediately, the need for a risk treatment will be recorded in a projector department risk register and may even be escalated to the corporate risk register. These risk registers are reviewed frequently.</p>
FINANCIAL IMPLICATIONS	<p>Whilst there are costs associated with investigating complaints, the cost associated with corrective action continues to be small as issues of liability are thoroughly investigated and, if appropriate, referred to our insurance.</p> <p>A contingency budget and reserves are held in the event of a serious incident occurring.</p>
LEGAL IMPLICATIONS	<p>Actual or potential legal implications are considered during the investigation of a complaint. To proactively avoid complaints, projects, policies, processes and procedures are reviewed when changes in legislation or good practice occur.</p>
CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE	<p>The Policing and Crime Act 2017 requires the Authority to keep opportunities for collaboration with the police and ambulance services under review. The Authority has committed to a default position of collaboration with Thames Valley FRAs unless a clear business case favours an alternative collaborative option.</p> <p>Complaints could arise from any of a number of business projects, processes or procedures. Many of these have been developed in collaboration with other Fire and Rescue Services or other partner agencies.</p> <p>During development and through to implementation, these are risk and impact assessed to reduce incidents that may lead to complaints arising.</p>
HEALTH AND SAFETY	<p>Any actual or potential health and safety issues are considered during the investigation of a complaint.</p>
EQUALITY AND DIVERSITY	<p>Any actual or potential equality and diversity issues are considered during the investigation of a complaint.</p>
USE OF RESOURCES	<p>Buckinghamshire & Milton Keynes Fire Authority is a public authority, complaints against which may be subject to investigation by the LG&SCO. The LG&SCO will usually decline investigation until the public authority's internal complaints procedure has been exhausted. It is therefore important that there is a complaints procedure in place that is understood by users and the Authority, so that complaints are not</p>

	escalated.
PROVENANCE SECTION & BACKGROUND PAPERS	<p>The last report was made to the Overview & Audit committee on 7 March 2018</p> <p>The Data Protection (Monetary Penalties) (Maximum Penalty and Notices) Regulations 2010</p> <p>"After the incident" reports for 2016/17 and 2017/18.</p> <p>O&A meeting 14/11/18 Item 17 Annual Performance Monitoring 2017/18</p>
APPENDICES	Appendix A
TIME REQUIRED	5 minutes
REPORT ORIGINATOR AND CONTACT	<p>Gerry Barry</p> <p>gbarry@bucksfire.gov.uk</p> <p>01296 744442</p>

Appendix A

Compliments, concerns and complaints received 2016/17 – 2018/19

1. Purpose

This purpose of this report is to compare complaints data across the three years 2016/17; 2017/18 and 2018/19, advise of any corrective action taken to reduce or remove the problem that led to a complaint being made, and identify opportunities to improve public perception of the services the Authority provides. It also serves to note public satisfaction and record compliments received and if a compliment represent a new good practice, to identify measures taken to ensure that this becomes standard practice.

2. Scope

As the numbers of compliments and complaints is relatively low, data from the annual satisfaction survey "After the Incident" is included to capture the perceptions of those experiencing an incident in the home or in non-domestic premises.

3. Concerns and complaints

No complaints arising from an information security incident were notified and no complaints were investigated by the Local Government & Social Care Ombudsman (LG&SCO) or Information Commissioner during this reporting period.

2016/2017 14 concerns/ complaints were received. The 2018 report gave details of the four complaints which were upheld:

- Freedom of Information request
- Miscellaneous - Key given to neighbour following a forced entry.
- Miscellaneous - Overgrown foliage
- Miscellaneous - Parking in a disabled bay

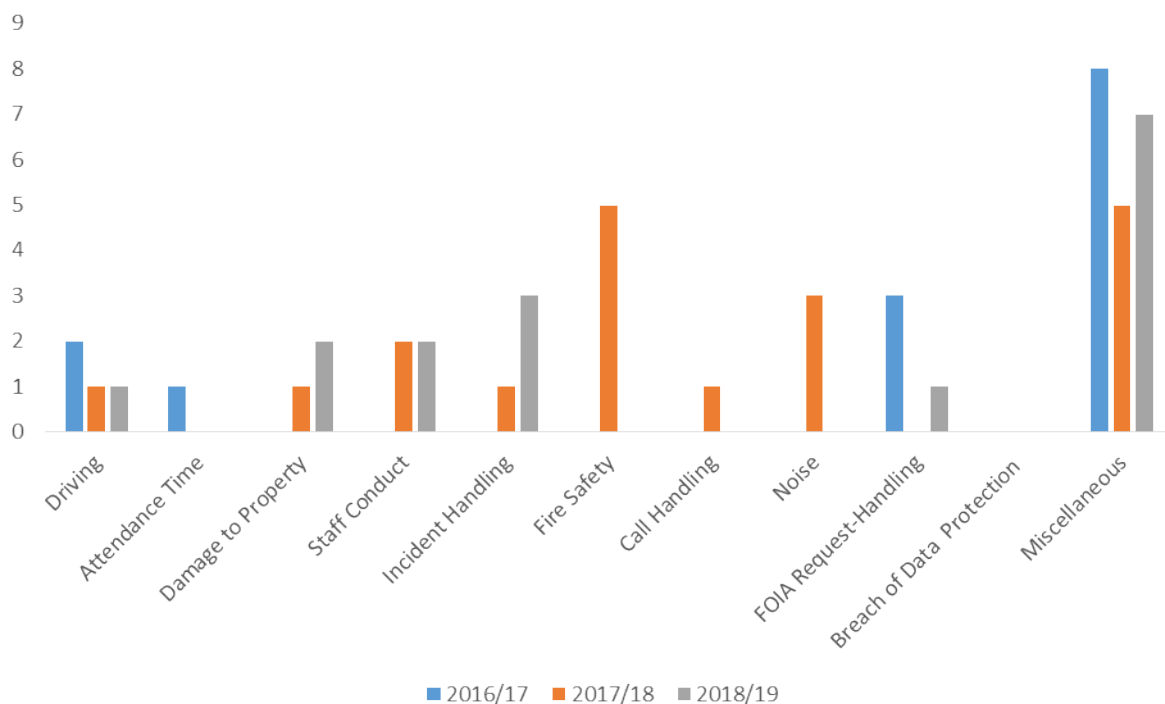
2017/2018 Although the number of concerns/ complaints went up to 19 only three were upheld:

- Fire appliance going through the village with lights and sirens at 9:15 pm and woke children. – This was in the run-up to Christmas and collections were being made for charity. Crews were reminded that the use of lights and sirens is restricted for emergency response.
- "Bleeping" from boiler room at Haddenham. – This was caused through an electrical fault which was corrected as soon as the maintenance engineer arrived.
- Pager messages sending updates after an incident has been "stood down" - disturbing the family sleep. – This has been corrected with the move from pagers to the new mobilising App.

2018/2019 The numbers of complaints/concerns decreased to 16, six of which were upheld:

- During training dirty water from a hose was sprayed onto a neighbour’s window. – Crews were advised to be cautious in considering wind direction when using water hoses in exercises.
- Someone walked on a freshly painted fire hydrant and got paint on their shoes. - This is an ongoing problem where it is unsafe to put anything around the painted area and, in most instances, the paint has dried before the technician has left.
- The report of an incident, on the “latest incidents” on the website, was considered inaccurate. – The householders felt that the incident was misreported and a correction was made.
- An Authority driver pulled out into the path of a car. – The driver was distracted and admitted liability. The driver was referred for refresher training.
- The reporting of an arson finding with regard to a vehicle fire was delayed. – The incident commander did not notify the change in incident cause. As a consequence Thames Valley Police did not allocate a crime number immediately. The procedures have been reviewed to ensure that the correct actions are taken as soon as possible.
- The message explaining that the switchboard was closed over Christmas did not function. – The message had been checked and was thought to be working. Additional checks will be made for future.

Complaints 2016/17; 2017/18; 2018/19



After the incident - Customer satisfaction report 2016/17 - 2018/19

The Authority continues to subscribe to the annual confidential survey which measures the satisfaction of members of the public who have experienced an incident in the home or in a non-domestic dwelling. The questionnaires are returned to Opinion Research Services (ORS) who analyse the returns and publish the results annually.

These surveys have been a good indication of how well the community is served when an incident occurs, and a useful supplement to the compliments, concerns and complaints, received from other sources, to provide a broader range of feedback. Whilst we have not identified the decline in receipts of survey documents from 2016/17 to 2017/18 the further decline to 2018/19 was, at least in part, owing to no survey documents been distributed for the first six months whilst work to implement a new computer system was undertaken.

Domestic	2016/17	2017/18	2018/19
Respondents	366	148	52
Very Satisfied	92%	89%	92%
Fairly Satisfied	5%	6%	6%
Total	97%	95%	98%
Non-Domestic			
	2016/17	2017/18	2018/19
Respondents	309	160	64
Very Satisfied	88%	94%	90%
Fairly Satisfied	8%	6%	10%
Total	96%	100%	100%

4. Compliments

There is no pattern of written compliments. We had previously noted a downward trend and encouraged all departments to ensure that compliments were recorded. This may have led to the increase in the number of written compliments received in 2016/17 but there appears to be no correlation between customer satisfaction and the number of compliments received as in 2017/18 there was a 67% drop followed by a 100% increase in 2018/19.



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Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	17 July 2019
OFFICER	Julian Parsons, Head of Service Development
LEAD MEMBER	
SUBJECT OF THE REPORT	Business and Systems Integration Project: Progress Report
EXECUTIVE SUMMARY	<p>The Business and Systems Integration Project (BASI) remains on track to meet our requirements and on budget.</p> <p>Since the last Overview and Audit Committee meeting there has been the following activity:</p> <ul style="list-style-type: none"> • The Prevention element of Premises Risk Management system (PRM) is now live across all Whole-time and Day-Crewed stations with crews using a tablet to complete a Safe and Well visit; • The Protection element of PRM went live mid-April. All audits inc enforcements are now captured in the new system; • The Resource Management System (RMS) is now live across On-Call stations. • Home Office Annex A submitted for integration between Fire Service Rota and Capita Vision, this will take 3 months to be approved; <p>Spend across the BASI project remains on track and within overall budget. Regular reviews are completed with the Finance team (See Appendix C for Spend breakdown).</p> <p>At the time of completing this report the current activities are underway:</p> <ul style="list-style-type: none"> • Supporting the rollout of the PRM system with following up training sessions; • Development of Working Time Directive metrics that will then be built into the RMS; • Review of feedback for both RMS and PRM to develop the systems & processes further
ACTION	For Noting.
RECOMMENDATIONS	That the report is noted.


<p>RISK MANAGEMENT</p>	<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 – May/June 2019.</p> <p>The governance of this register, including escalations is in line with existing Service policy.</p> <p>An integrated impact assessment is underway for each system.</p>
<p>FINANCIAL IMPLICATIONS</p>	<p>There are no further financial implications related to the project identified in this paper.</p>
<p>LEGAL IMPLICATIONS</p>	<p>There are no further legal implications related to the project identified in this paper.</p>
<p>CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE</p>	<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>
<p>HEALTH AND SAFETY</p>	<p>The Working Time Directive measures in RMS will have a positive impact on the wellbeing of our people.</p>
<p>EQUALITY AND DIVERSITY</p>	<p>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.</p>
<p>USE OF RESOURCES</p>	<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>The Operational resource has now returned to station. The project manager will continue to monitor if other resources are required</p> <p>There is a risk on the risk register due to the movement and leaving of key staff.</p> <p>Staff are being kept abreast of progress through the i:drive and blogs. The communication strategy will be followed as part of the roll out of the new systems and in line with the project plan which has to be agreed with the suppliers.</p>
<p>PROVENANCE SECTION</p>	<p>Background</p>

<p style="text-align: center;">& BACKGROUND PAPERS</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)
<p>APPENDICES</p>	<p>Appendix A: Highlight Report – May/June 2019 Appendix B: Highlight Report – Mar/Apr 2019 Appendix C: Spend Breakdown Appendix D: Go Live Dates</p>
<p>TIME REQUIRED</p>	<p>5 Minutes.</p>
<p>REPORT ORIGINATOR AND CONTACT</p>	<p>Anne-Marie Carter acarter@bucksfire.gov.uk 07966 886689</p>

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Appendix A: Sponsor Highlight Report – May/June 2019

Business & Systems Integration project – May/June 2019

Business Owner: Project Manager: Business Sponsors:	Julian Parsons Anne-Marie Carter Lynne Swift David Sutherland	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 
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Finance		Plan		Risks & Issues		Scope		Resources	
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Exec Summary – Past Period’s Activities

HR & Payroll

- System continues to be updated following feedback from across POD

Premises Risk Management

- Prevention rollout completed across all Whole-time and Day Crew stations
- Protection element now live

Resource Management

- Working Time Directive measures nearing completion
- Contract requirements reviewed v’s system today

Asset Management

- Process mapping the As-Is continues
- Visit to see how Dorset & Wiltshire Fire Service are utilising the system completed

Priorities for Next Period – Jul/Aug

HR & Payroll

- Continue updating system/processes following POD Optimisation sessions
- Update Objectives/Appraisal and succession planning

Premises Risk Management

- Start scoping SSRI, linking to Risk Information Management Programme
- Go live with other Prevention activity inc FireWise

Resource Management

- Continue to review Go Live feedback and continue with development based on this feedback





Asset Management

- Build plan for upgrading the asset management systems




Key Decisions Required:

- None

Key Milestones


Milestone	Forecast/ Actual	RAG
Next BTB	1 st Aug	
Next O&A	17 th Jul	
Other Prevention elements live	Sept	
Support Staff live on Resource Management system	Sept	

Key Risks & Issues

Risk/ Issue	RAG	Description	Mitigating Action	Next Action
R		Home office requires a full Annex A submission with a 3 month turnaround time	Annex A submitted due back on 27 th June	July
R		New systems and ways of working impacting BASI	Continue to engage with Stakeholders. Agree change control process	Ongoing
R		Budget Management	Review monthly	Ongoing

Appendix B: Sponsor Highlight Report – March/April 2018

Business & Systems Integration project – Mar/Apr 2019

Business Owner: Project Manager: Business Sponsors:	Julian Parsons Anne-Marie Carter Lynne Swift David Sutherland	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 
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Finance		Plan		Risks & Issues		Scope		Resources	
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Exec Summary – Past Period’s Activities

HR & Payroll

- Course and Skills Trial continues
- System updated following feedback from across POD

Premises Risk Management

- Prevention Trial continues
- Prevention rollout training started
- Protection system nearing completion – Long and Short audit complete

Resource Management

- Go Live for On Call
- Annex A submitted
- Development and build continues

Asset Management

- Process mapping the As-Is continues
- Initial meeting held with Tranman

Priorities for Next Period – May/June

HR & Payroll

- Extend Attendance management trial
- Continue updating system/processes following POD Optimisation sessions
- Update Objectives/Appraisal and succession planning

Premises Risk Management

- Prevention rollout training continues will all stations live by 1st April
- Protection system Go Live on 1st April

Resource Management

- Continue to review Go Live feedback and continue with development based on this feedback

Asset Management

- Review the options we have with current suppliers



Key Decisions Required:

- None

Key Milestones

Milestone	Forecast/ Actual	RAG
Next BTB	21 st Mar	
Next O&A	13 th March	
Resource Management System Go Live – Officer/ Whole-time/Day Crew	January	
Resource Management System Go Live – On Call	March	
Prevention system Rollout	April	
Protection system rollout	April	

Key Risks & Issues

Risk/ Issue	RAG	Description	Mitigating Action	Next Action
R		Home office requires a full Annex A submission with a 3 month turnaround time	Working with Capita/Thames Valley IT to submit asap	Jan
R		New systems and ways of working impacting BASI	Continue to engage with Stakeholders. Agree change control process	Ongoing
R		Budget Management	Review monthly	Ongoing

Appendix C: Spend Breakdown

Summary:

	2015/16	2016/17	2017/18	2018/19	2019/20	Total
	£000	£000	£000	£000	£000	£000
Budget		590	410	0	0	1,000
Spent	34	373	237	208	12	864
Committed		0	0	0	132	132
Earmarked		0	0	0	124	124
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	19/20	Total
	£000	£000	£000
Project Manager Extension	31	74	105
Resource Management Integrations		15	15

Please note:

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

Appendix D: Go Live Dates

Area	Target Go Live	Tracking
Finance	April 2017	Achieved
HR – Phase 1	April 2017	Achieved
HR – Phase 2	September 2017- March 2019	Recruitment – Achieved Learning event – Achieved Obj/EOY – Delayed (Aug '19)
Payroll	April 2017 1 st Pay run at end of April '17	Achieved
Premises Risk Management	April 2019	Prevention – Achieved Protection – Achieved SSRI – Delayed (Oct '19)
Resource Management	TBC – Mid 2018- Oct 2018 – March 2019	Operational – Achieved Support Staff – Delayed (July '19)
Asset Management	TBC – Late 2018- 2019	N/A

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.

Buckinghamshire & Milton Keynes Fire Authority



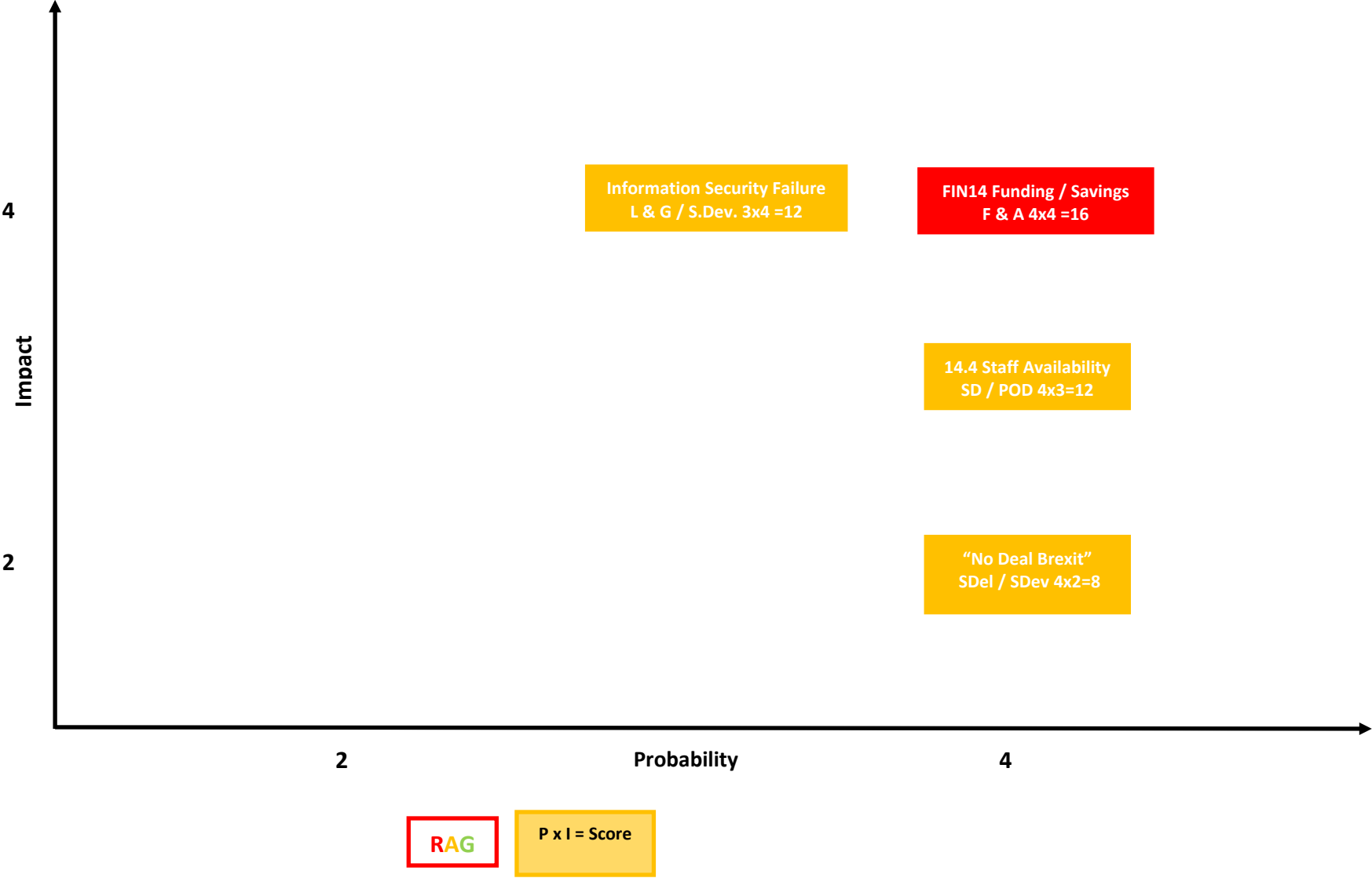
MEETING	Overview and Audit Committee
DATE OF MEETING	17 July 2019
OFFICER	Julian Parsons, Head of Service Development
LEAD MEMBER	
SUBJECT OF THE REPORT	Corporate Risk Management
EXECUTIVE SUMMARY	<p>This report provides an update on the current status of identified corporate risks. Risk registers are 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 on 13 March 2019.</p> <p>Since then it has been regularly reviewed by SMB, most recently at its 2 July meeting, and, by the Performance Management Board on 20 June at which all the directorate level risk registers were scrutinised. Following these reviews, no new items were identified for inclusion in the Corporate Risk Register and the risk assessments relating to the existing corporate risks were confirmed as being appropriate in light of current conditions. The risks remain subject to active review and the following developments were noted in relation to:</p> <ul style="list-style-type: none"> • Staff availability – the FBU have put employers 'on notice' of a potential trade dispute over pay following their members' rejection of the employers' most recent pay offer. This creates an associated risk of national industrial action in the event that an agreement cannot be reached. Also, the rejection of the Government's appeal in relation to the Court of Appeal's ruling that the transition arrangements for the 2015 Firefighters Pension Scheme were unlawful is being evaluated to determine the potential impact on staff retention and retirements; • The outlook for funding remains uncertain ahead of the Government's autumn Comprehensive Spending Review with particular

	<p>uncertainty around the potential for increased employers' liability in relation to firefighter pension scheme contributions, particularly in light of the rejection of the Government's appeal against the Court of Appeal's ruling, and the future of specific central government grants such as that provided to fund the Authority's USAR capabilities;</p> <ul style="list-style-type: none"> • Information Security - a targeted attempt to access the Authority's systems had been identified. These were frustrated by current defences but a review of password security has been instigated to provide additional assurance; • "No Deal" Brexit scenario - no change to the risk score recommended pending clarification of any likely EU exit scenario. <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>
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; 2. comments be provided to officers for consideration and attention in future updates/reports.
RISK MANAGEMENT	<p>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.</p>
FINANCIAL IMPLICATIONS	<p>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.</p>
LEGAL IMPLICATIONS	<p>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.</p>
CONSISTENCY WITH THE PRINCIPLES OF	<p>The potential to share corporate risk intelligence with neighbouring FRS and other relevant agencies will be</p>

THE DUTY TO COLLABORATE	considered. BMKFA already participates in the multi-agency Thames Valley Local Resilience Forum which produces a Community Risk Register which is among the sources used to identify potential risks to the Authority.
HEALTH AND SAFETY	Development of the framework does not impact directly on the legal compliance to health and safety, however if risks are not appropriately identified then this may present Health and Safety risks.
EQUALITY AND DIVERSITY	No direct implications from the presentation of this report. However risks to achieving the Authority's equality, diversity and inclusion objectives or compliance with relevant statutes or regulations are identified assessed and managed via this process and are currently monitored within the People and Organisational Development Risk Register.
USE OF RESOURCES	<p>The development of the risk management framework complements the governance framework and business processes as a critical cog in the system of internal control and makes better use of our people resources by giving them clearly defined areas of responsibility.</p> <p>Senior managers and principal officers are key stakeholders in the development of the framework and have an active role in its development at every stage. The lead Member will also be involved in the development of the framework with particular responsibility for determining the reporting arrangements for the Authority.</p> <p>As with all policy frameworks, all employees will be informed of the changes in the process and will receive any training necessary to support their role in the process.</p>
PROVENANCE SECTION & BACKGROUND PAPERS	<p>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 CFA meeting (see Annex A and item 8 of 15 September CFA Papers:</p> <p>http://bucksfire.gov.uk/files/8114/0681/3588/150910.PDF</p> <p>An updated Corporate Risk Management Policy was approved at the 18th March 2015 Executive Committee:</p> <p>http://bucksfire.gov.uk/files/3314/2564/2098/Executive_Committee_180315.pdf</p> <p>CFA Members were last updated on the status of the</p>

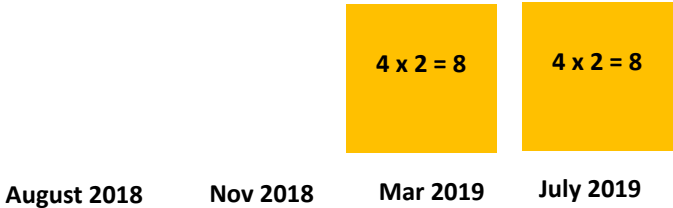
	Authority's Corporate Risks at the 13 March 2019 Overview & Audit Committee and will be updated again at the 20 November 2019 meeting.
APPENDICES	<ol style="list-style-type: none"> 1. Annex A: Distribution of Corporate Risks at 2 July 2019 SMB meeting. 2. Annex B: 12 Month View of Changes to Corporate Risks 3. Annex C: Corporate Risk Register Report
TIME REQUIRED	10 Minutes
REPORT ORIGINATOR AND CONTACT	Stuart Gowanlock, Corporate Planning Manager sgowanlock@bucksfire.gov.uk

Annex A: Corporate Risk Map – As at 2 July 2019 SMB

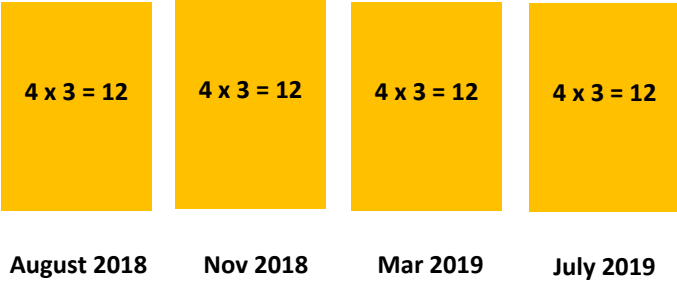


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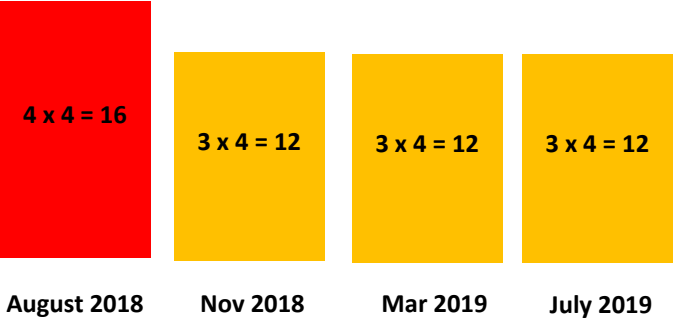
No Deal Brexit Scenario



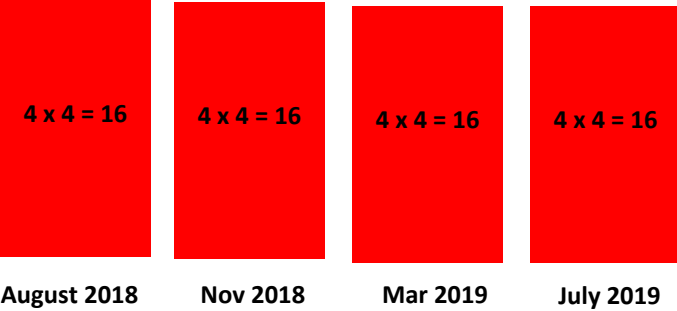
Staff Availability



Information Security Failure



Risk to Funding



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Annex C - Corporate Risk Register – as at 2 July 2019 SMB

Corporate Risks

Risk Description	Resp.	Consequences if Untreated Risk Occurs	Risk Score (Former) / New			Risk Level	Current Treatment	R A G	Comments / Further Treatment Proposed
			P	I	Σ	HML			
<p>CRR 014.4 Staff Availability Emerging risks of 1/ industrial action due to pension change or pay dispute;</p> <p>2/ Staff inability to get to work due to external factors e.g. Pandemic Flu, disruption to fuel supplies etc.</p> <p>3/Impact of transformation at pace on attraction of new staff, retention and overall workforce stability.</p>	COO / POD Dir.	Potential detrimental effects on service delivery to the community and our reputation.	(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. 	A	<p><u>13 February 2018 SMB</u> A review of the extant Career Development procedure, is currently being undertaken. Whilst it is anticipated some amendments will be necessary, these will not in any way be detrimental in continuing to raise standards.</p> <p><u>21 June 2018 PMB</u> A coordinated programme of apprenticeships recruitment, replenishment of promotional development pools for Crew through to Group Commander level, with the accompanying mandatory training requirements and progressing a small number of transferees in to balance experience is on track.</p> <p>The risk of losing operational staff at different levels continues, particularly with LFB who offer London weighting allowance. The position is being closely monitored and modelled into medium term workforce plans</p> <p><u>23 October 2018 SMB</u> The recruitment plan for 2019 to refresh the workforce during a period of predicted peak retirements. Is approved. A fourth tranche of Fire Fighter Apprentices are planned for Q1 2019 20 supplemented by a small number of experienced transfers as required. The transferees' numbers can flex depending on any LFB recruitment impacts and/or unplanned leavers.</p> <p><u>12 February 2019 SMB</u> Apprenticeships recruitment programme completed with 16 Fire Fighter apprentices to be in place by end March 2019.</p>
		Failure to discharge statutory duties.	(5)	(4)	(20)	(H)			
		Loss of critical knowledge / skills / capacity /competency levels.	(4)	(3)	(12)	(M)			
			(5)	(3)	(15)	(H)			
			(4)	(3)	(12)	(M)			
			(5)	(3)	(15)	(H)			
			(3)	(3)	(9)	(M)			
			4	3	12	M			

Annex C - Corporate Risk Register – as at 2 July 2019 SMB

						<ul style="list-style-type: none"> • Head of Service delivery is working with SC's to review reward options • HR are reviewing the future promotion and career development options • Competent temporary SC's substantiated without full IFE (December 2017) and a review of impact on Watch and Crew will be taking place December 2107. • Full suite of appointments planned for 2018 	<p>Development Centre programme to ensure talent pipeline, succession requirements and resilience in place scheduled – 29 April 2019</p> <p>On-Call attraction programme underway utilising the recently launched national awareness campaign.</p> <p><u>16 April 2019 SMB</u></p> <p>The outcome of the recent FBU ballot on the Employer's pay offer was discussed and noted. No change to the current risk assessment and RAG status was recommended at this time albeit that a watching brief will be maintained to ascertain any potential risk of industrial action arising.</p> <p><u>14 May 2019 SMB</u></p> <p>No change to risk score. However, this will be reviewed again in light of any decisions taken at the upcoming FBU conference following the outcome of the ballot in which FBU members rejected the employer's pay offer.</p> <p><u>2 July 2019 SMB</u></p> <p>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.</p> <p>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.</p> <p>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.</p>
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Annex C - Corporate Risk Register – as at 2 July 2019 SMB

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 3% 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 2015-20 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. 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. The Authority has responded to consultations and lobbied MPs to increase the referendum threshold for fire authorities to £12.	R	<p>5 June 2018 SMB</p> <p>The Authority has not received any reassurance regarding the long-term viability of USAR grant funding. There is also no clarity as to the level of any pay-award, and whether or not amounts above 1% will be funded centrally or not. Concerns around levels of funding and current uncertainty were raised with the Home Office during a conference call discussing 'Fire Risk and Demand'. There is currently a forecast budget deficit of £440k for 2019-20. If the level of Council Tax surpluses seen in previous years is forthcoming, and if the local business rates pool continues for a further year, the Authority could conceivably set a balanced budget for 2019-20 by restricting non-pay inflationary rises and not approving any other budget increases. Any other non-budgeted increases or overspends could be covered by reserves for one-year (although this would impact on future investment). After 2019-20 the Authority should have a better indication of future funding, as the outcomes of the upcoming Comprehensive Spending Review and Fair Funding Review will be published. Until then, the risk is to remain as 'Red'.</p> <p>18 September 2018 SMB</p> <p>In addition to the risks noted at 5 June 2018 SMB, further information has been received in relation to employers' contributions to the firefighter's pension scheme (a risk originally anticipated</p>
			(3)	(4)	(12)	M			
			(3)	(4)	(12)	M			
			4	4	16	H			

Annex C - Corporate Risk Register – as at 2 July 2019 SMB

								<p>following the Budget in 2016). In a written statement to the House of Commons (on 6 September 2018) it was noted that ‘early indications are that the amount employers pay towards the [unfunded pension] schemes will need to increase’. The Budget 2016 set out a reduction in the anticipated discount rate used to calculate employer contributions, but the latest statement indicates the reduction in the rate will be even greater, which would lead to even higher employer contributions. The Authority was expecting an increase, but until full valuation results are published, it is not known whether the amount allowed for in the MTFP will be sufficient.</p> <p><u>23 October 2018 SMB</u></p> <p>Initial valuation reports indicate that the average employer contribution rate for the firefighter’s pension scheme will increase from 17.6% to 30.2% from 1 April 2019. The estimated additional cost to the Authority is £1.6m per year. For 2019-20 the Treasury will fund the majority of this amount, leaving a net increase of approximately £150k for the year. An amount greater than this had already been set aside following the announcement in the Budget 2016. No additional funding has been confirmed for 2020-21 and this will need to form part of the sector’s bid within the Comprehensive Spending Review process.</p> <p>The Home Office have commenced an engagement with NFCC on the future of USAR from 2024, when the current USAR assets reach the end of their expected operational life. Four proposed options range from no change through to a reduction in the total number of teams/ units by up to 36%. The</p>
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Annex C - Corporate Risk Register – as at 2 July 2019 SMB

								<p>effect of this could range from a total loss of Section 31 grant funding for the BFRS USAR capability, through the reduced funding for a scaled-back provision. This Service is engaged with the NFCC working group and will be sighted early on development. As the risk develops a range of responses will be raised and considered.</p> <p><u>12 February 2019 SMB</u></p> <p>The Executive Committee has recommended a balanced budget for 2019-20 to 2021-22 for approval by the Fire Authority on 13 February 2019. This has been achieved by significantly reducing the Revenue Contribution to Capital, which would leave the Authority with no capital reserves by the end of 2024-25.</p> <p>This is not sustainable in the longer-term, and the Authority will continue to make the case for additional funding as part of the upcoming Comprehensive Spending Review.</p> <p>At its meeting on 13 February 2019, the Authority is also being recommended to discuss the implications of holding a referendum to increase Council Tax above the 3% threshold in a future year.</p> <p><u>14 May 2019 SMB</u></p> <p>No change to risk score. However, uncertainty remains around USAR grant, Pensions and the likely outcome of the comprehensive spending review.</p> <p><u>2 July 2019 SMB</u></p> <p>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</p>
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Annex C - Corporate Risk Register – as at 2 July 2019 SMB

Risk Description	Resp.	Consequences if Untreated Risk Occurs	Risk Score (Former) / New			Risk Level	Current Treatment	RAG	Comments / Further Treatment Proposed
			P	I	Σ				
<p>Information security failure to -</p> <p>a) comply with statutory or regulatory requirements</p> <p>b) manage technology</p> <p>c) manage organisational resources</p> <p>Deliberate: unauthorised access and theft or encryption of data. Accidental: loss, damage or destruction of data</p>	<p>Senior Information Risk Owner (SIRO) Director Legal & Governance</p>	<ul style="list-style-type: none"> Inability to access/use our e-information systems. Severe financial penalties from the Information Commissioner Lawsuits from the public whose sensitive personal information is accessed causing damage and distress. 	<p>(4) 3</p>	<p>(4) 4</p>	<p>16 12</p>	<p>(H) M</p>	<p>1. Appropriate roles:</p> <ul style="list-style-type: none"> SIRO has overall responsibility for the management of risk Information and information systems assigned to relevant Information Asset Owners (IAO's) Department Security Officer (DSO) the Information Governance & Compliance Manager has day-to-day responsibility for the identification of information risks and their treatments 'Stewards' assigned by IAO's with day-to-day responsibility for relevant information. <p>2. Virus detection/avoidance:</p> <p>Anti-Malware report – no significant adverse trends identified which indicates that improved security measures such as new email and web filters are being successful in intercepting infected emails and links;</p> <p>3. Policies / procedure:</p> <p>Comprehensive review and amendment of the retention and disposal schedules / Information Asset Registers,</p> <ul style="list-style-type: none"> current and tested business continuity plans / disaster recovery plans employee training/education tested data/systems protection clauses in contracts and data-sharing agreements Integrated Impact Assessments (IIA) disincentives to unauthorised access e.g. disciplinary action <p>4. Premises security:</p> <ul style="list-style-type: none"> Preventative maintenance schedule Frequent audits at Stations and inventory aligned to asset management system. Reduction in the number of CCTV requests following improved education and guidance in relation to the use of the same; 	<p>A</p>	<p>23 October 18 SMB</p> <p>SMB discussed a recent data breach that had occurred at Sodexo who provide an online employee benefits facility for Authority employees resulting in employees who have joined the scheme being targeted with spam emails. Also, a report of a recent break-in at a fire station was received. SMB noted the steps being taken to investigate these incidents and identify any additional measures that can be taken to avoid similar in the future. It was agreed that neither incident was at a level that would require an immediate change to the risk score at this point but that this would be reviewed again in light of any further findings. Earlier this year a breach of one of our servers, not connected to the network, was swiftly eradicated and a report was made to "Action Fraud" (part of the National Cyber Crime Unit). To mitigate further attempts on any of our systems we have been working in collaboration with the Police Cyber Security Advisor of the South East Regional Organised Crime Unit to deliver cyber training (free of charge) to the Strategic Management Board. Future events will be arranged for other employee groups.</p> <p>12 February 19 SMB</p> <p>The National Fire Chief's Council are gathering data on behalf of the Home Office regarding cloud-hosting of FRS data outside of the UK.</p> <p>Our records indicate that we do not have data hosted outside of the UK. However, there is no identified risk to the Authority for data to be hosted in the European Economic Area or in a</p>

Annex C - Corporate Risk Register – as at 2 July 2019 SMB

							<p>- Premises Security Group re-established to meet on a three monthly basis aligned to the PMB meeting schedule.</p>	<p>country with an adequacy decision (e.g. Canada).</p> <p>16 April 19 SMB Although the majority of Authority data that is cloud-hosted is hosted in the UK, the biggest risk to cloud-hosted data is not the retrieval of personal information from the European Economic Area (EEA) but the configuration of the cloud storage itself. In 2018, more than 70 million records were stolen or leaked from poorly configured S3 buckets (1) as off-the-shelf web tools can identify misconfigured cloud resources. Any arrangements for new hosting must be evaluated in terms of the value and risk of the data stored. (1) <i>Simple Storage Service - a scalable, high-speed, web-based cloud storage service designed for online backup and archiving of data and applications.</i></p> <p>14 May 2019 SMB A recent i-Trent report highlighted a small number of potential security issues. These have been reviewed and actioned and it is confirmed that the measures now in place are satisfactory. No change to risk score.</p> <p>11 June 2019 SMB The Head of Service Development advised that a targeted attempt to access the Authority's systems had been identified. These were frustrated by current defences but a review of password security has been instigated to provide additional assurance.</p>
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Annex C - Corporate Risk Register – as at 2 July 2019 SMB

Risk Description	Resp.	Consequences if Untreated Risk Occurs	Risk Score (Former) / New			Risk Level	Current Treatment	R A G	Comments / Further Treatment Proposed
			P	I	Σ				
Risk of physical disruption to Service operations due to UK withdrawal from the EU without a formal exit agreement (the so-called 'No Deal Brexit'.	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	2	8	M	<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>	M	<p><u>12 February 2019 SMB</u> Service business continuity plans will be reviewed and updated in light of any localised requirements arising from the ongoing work of the NFCC and TVLRF in relation to EU exit risk evaluation and mitigation planning.</p> <p>Initial risk score remains appropriate given ongoing potential for a 'no deal' Brexit with high likelihood of low / medium impact on the Authority in the short term.</p> <p>The main risks to the Authority are more likely to arise over the medium to long term from the fiscal effect of Brexit and any potential impact on funding streams – especially from central government. These are scenario dependent, as yet unknown, and will be considered within the funding and savings risk when more is known about the likely impact any EU exit arrangements</p> <p><u>16 April 2019 SMB</u> On 5th April 2019) Prime Minister Theresa May wrote to the EU to request another short extension until the 30th June. It is unlikely the EU will provide a short extension, but could provide a 'flex-tension' where a longer date is given up to March 2020 but at the point of a deal (any point earlier) the exit could happen. The Prime Minister has agreed if the UK were in the EU on the 23rd May, MEP elections would take place. MHCLG have advised to still plan for a 12th April 2019 no deal until it is off the table.</p>

Buckinghamshire & Milton Keynes Fire Authority



MEETING	Overview and Audit Committee
DATE OF MEETING	17 July 2019
OFFICER	Julian Parsons, Head of Service Development
LEAD MEMBER	
SUBJECT OF THE REPORT	Operational Assurance Improvement Plan
EXECUTIVE SUMMARY	<p>The purpose of this report is to provide an update on current progress towards the delivery of the Service's approved Operational Assurance Improvement Plan (OAIP).</p> <p>The OAIP is a dynamic document, used to enhance our ability to capture, scrutinise and respond to operational learning originating from events such as our own operational debriefs, assurance visits and external reviews.</p> <p>A fundamental part of the external review process is the Authority's three year contractual agreement with Operational Assurance Limited (OAL). 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:</p> <ul style="list-style-type: none"> • Improving our performance at incidents; • Cope with future changes in the operational environment; • Drive development and innovation. <p>The first of what will be two reviews conducted by OAL during a 12 month period, took place during November 2018, focusing on the following key topic areas:</p> <ul style="list-style-type: none"> • Management of site-specific risk information • Operational discretion • The refined Operational Assurance model <p>The timeframe between the dates of when the review took place to when the final report was received, regrettably was longer than expected.</p> <p>In their final report OAL identified 26 improvement recommendations, all of which are in the process of being progressed. However, instead of adding each</p>

	<p>recommendation to the OAIP, it was agreed and considered better if only the three key topic areas were included as overarching headlines within the improvement plan.</p>
ACTION	Noting.
RECOMMENDATIONS	It is recommended that the progress made against each improvement recommendation detailed within the updated OAIP is noted.
RISK MANAGEMENT	<p>Delivery of the OAIP will contribute toward ensuring the Service's operational safe systems of work are continuously improved to conform to the latest safety standards and are efficient, effective and responsive to significant changes in the external or internal environments.</p> <p>Failure to deliver the OAIP could expose:</p> <ul style="list-style-type: none"> • the Service, its personnel and the public to operational, health and safety risks; • Buckinghamshire & Milton Keynes Fire Authority (BMKFA) to reputational and / or financial risks. <p>The OAIP will inform the ongoing development of our workforce plan particularly in relation to areas such as maintenance of operational skills, acquisition training and assessment.</p> <p>Equally, the OAIP does not appear to raise any immediate privacy issues.</p>
FINANCIAL IMPLICATIONS	Whilst there are no negative, financial implications associated with this report. It is nevertheless important to be reminded of the previously approved £50,000 per annum investment that has resulted in a contractual three year programme of assurance visits, intended to drive continual service improvement.
LEGAL IMPLICATIONS	There are no negative legal implications associated with this report.
CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE	Although the Authority has committed to a default position of collaboration with Thames Valley Fire and Rescue Authorities (FRAs), the OAIP relates specifically to BFRS activities, however any opportunity to collaborate will be explored.
HEALTH AND SAFETY	There are no negative implications on health and safety associated with this report. The delivery of the OAIP will continue to promote and enhance the existing health and safety culture within the Service.
EQUALITY AND DIVERSITY	No immediate issues identified in relation to the OAIP, however, IIAs will be completed for any changes that result from any subsequent activities, where there is

<p>USE OF RESOURCES</p>	<p>potential for equality and / or diversity issues to arise.</p> <p>Communication with stakeholders</p> <p>Learning from operational activity or recommendations, following assurance visits are routinely published and communicated to all staff, utilising either the I:Drive or Operational Assurance newsletter. This approach is intended to ensure there is a clear understanding and appreciation of the collective responsibility there is toward continuous improvement.</p> <p>The system of internal control</p> <p>From a monitoring and reporting perspective, the Head of Service Development leads on the improvement plan and chair of the OAG.</p> <p>The Head of Operational Training and Assurance has responsibility for delivering the OAIP in conjunction with the OA team.</p> <p>The medium term financial strategy</p> <p>It is highly likely, due to the repeated frustrations and challenges experienced with developing the E-safety application into a functional active monitoring system, a growth bid for the financial period 2020\21 will now need to be submitted.</p> <p>The balance between spending and resources</p> <p>No immediate funding requirements have been identified. Adaption of the already procured and purchased E-safety application is no longer a sustainable option, therefore investment will be required in order to realise the introduction of an active monitoring system.</p> <p>Preliminary work has already commenced that will result in the information held on the OAIP, within its current spreadsheet type format, being transferred onto 'Viper'. This is intended to make it easier to both interpret and report on the progress relating to the various improvement recommendations, however the other work commitments involving the Senior Business Intelligence Analyst has caused a delay.</p> <p>The management of the asset base</p> <p>There are currently no identified impacts on the asset base.</p> <p>The arrangements to promote and ensure probity and propriety</p> <p>Delivery of the OAIP is expected to have a positive impact against these criteria by creating a more vigorous and transparent operational assurance environment within the Service.</p> <p>Environmental</p>
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	Delivery of the OAIP will enhance the Service's ability to identify and manage potential environmental hazards in both the internal and external environments.
PROVENANCE SECTION & BACKGROUND PAPERS	Background Overview and Audit Committee: 14 November 2018
APPENDICES	Appendix A: Operational Assurance Improvement Plan Appendix B: Review of Operational Assurance Arrangements, OAL, November 2018
TIME REQUIRED	10 minutes
REPORT ORIGINATOR AND CONTACT	Steve Wells, Head of Operational Training and Assurance swells@bucksfire.gov.uk 01296 744426

Review of Operational Arrangements

**Buckinghamshire
Fire and Rescue Service
November 2018**

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Executive Summary

The BFRS Management team is committed to ensuring independent scrutiny of the Service's risk critical functions, to fully explore any improvement opportunities and help drive continual service improvement. To this end they commissioned an independent audit of the service from Operational Assurance Ltd (OAL) in May 2016, with a smaller checkpoint audit in November 2017 to assess implementation of actions identified.

This document details a further review, the first of a rolling programme, carried out in November 2018 with a focus on key topic areas:

- Management of site-specific risk information
- Operational discretion
- The refined Operational Assurance model

The BFRS Senior Management Team (SMT) instructed OAL to explore all related improvement opportunities, to consolidate current practices and inform future development for the safety and benefit of the Services' operational staff.

As with previous reviews, the audit methodology consisted of structured interviews with a wide range of BFRS uniformed and non-uniformed staff at all levels, supplemented with detailed inspection of relevant databases and records.

OAL, as with previous audits, found BFRS to be a forward thinking, well managed and effective FRS, with a commendable commitment to continuous improvement.

OAL has however identified a several areas for improvement, arising from which are 26 recommendations.

OAL notes that some of these recommendations are already the subject of internal improvement activities generated by the SMT, including investment in new processes and systems. OAL expects therefore, that the majority will be fully addressed when such investment is complete. The recommendations have, nonetheless, been included to provide a snapshot of any consistency or inconsistency to legislation, regulation or best-practice thereby encouraging continued focus on the timeliness of existing improvement actions, rather than necessarily generating additional strands of activity.

Management of Site-Specific Risk Information (SSRI)

The review of the management and storage of SSRI confirmed management decisions to replace the current system with a newly designed and modernised system which will benefit from advances in technology which are not insignificant since the original system was introduced.

BFRS management of SSRI was found to be consistent with the legislation, regulation and most national guidance. Inconsistencies to national guidance were found in 3 areas relating to managerial

roles, staff competencies and the communication of risk information, primarily via the existing BFRS SSRI database which, due to its age, confirmed the BFRS decision to replace it with a new, significantly more robust system with more advanced functionality. 11 recommendations for BFRS consideration were identified, with those relating to the database expected to be fully met once a new system is implemented.

Operational Discretion

OAL evidenced that BFRS is managing OD consistent with national guidance regarding the existence of an Operational Discretion statement, and that staff were widely aware of it. Staff exhibited widespread confidence that they would be supported by service leadership in the exercise of Operational Discretion where warranted. Inconsistencies with national guidance were identified with regard the availability of the statement and the frequency of staff training with other observations included, for instance, regarding the detailed make-up of the training. Six actions for BFRS consideration were identified.

The Refined Operational Assurance Model

The OAL audit in May 2016 identified a number of potential improvements to the BFRS internal operational assurance model, and the November 2017 checkpoint audit showed good progress in implementation. This, November 2018, review has identified that progress has slowed or stalled in several areas, particularly with regard to publication of a revised an up-to-date OA policy, and the introduction of an Active Monitoring System (AMS), possibly due to combination of technical problems and staff turnover. 9 actions for BFRS consideration were identified, however many of these will be considered as fully addressed as the planned policy and procedures are completed.

Background

OAL is a company that is comprised of former senior Fire and Rescue Service (FRS) professionals, specialising and trained in providing the commissioning client with a professional, focused and fully independent audit of agreed risk critical functions. Each team member has wide ranging FRS experience across a number of disciplines, which is used to inform audit outcomes and recommendations¹.

OAL has committed to conduct two assurance visits/audits per annum that focus upon specified, pre-agreed aspects of the BFRS sphere of operations. In November 2018 three representatives from OAL undertook an independent review of the following areas of operations within BFRS:

Site Specific Risk Information (SSRI): This element of the audit tested the management of SSRI in BFRS to determine if the gathering of operational risk information is valid, timely and relevant. Specifically, OAL sought to establish how effectively the service identifies, gathers, develops and communicates site specific risk information to its operational staff. This included technical aspects related to the database application and the use of Mobile Data Terminals (MDTs).

Additionally, the audit sought to determine the level of consistency with BFRS policy and procedural document as well as National Operational Guidance on this topic.

The Management of Operational Discretion: Operational Discretion (OD) relates to rare or exceptional circumstances where strictly following a defined operational procedure could be a barrier to an effective resolution of an incident, or where no established procedure exists to adequately address the immediate situation.

In undertaking this element of review, OAL sought to establish how effectively Operational Discretion is currently managed within BFRS, including the levels of confidence that staff have in its implementation of OD and how effectively it is applied at operational incidents.

The Revised Operational Assurance Model: This element of the audit sought to establish how effectively the Operational Assurance Model is functioning within BFRS. Specifically, OAL were tasked with determining how well the current model has become embedded within the Service and how successfully its principles are being applied.

During the course of the review, the OAL team conducted a range of structured interviews involving a cross-section of BFRS staff and employing a multi-layered approach to include strategic managers, department heads, systems managers, operational officers and firefighters. This approach ensured the OAL team had sufficient opportunity to triangulate evidence and thereby inform and strengthen the findings and recommendations offered within this report.

¹ Short biographies of the attending OAL team are provided at Appendix 'A'.

Consequential Findings

Although not strictly falling within the scope of the review, any matters arising as 'Consequential Findings' have also been included within the body of this report, so as to maximise the potential value of the audit to BFRS and its key stakeholders.

1. Management of Site Specific Risk Information

During the course of the audit the OAL team were afforded the opportunity to interview a newly appointed Area Commander (AC). This officer has been allocated the strategic references for Prevention, Protection and Response, as well as Performance Management.

During the audit, several areas of improvement were identified for the management of site specific risk information. These areas of improvement were discussed in detail with the AC, which provided assurance that BFRS management has a full understanding of the shortcomings related to the management of risk information in BFRS and evidenced that a number of improvements were already underway. Although many of these disclosures were in accord with findings made by OAL during the course of this audit, it would be considered a missed opportunity not to fully identify all improvement opportunities identified within the body of this report.

For the benefit of the reader, the following definitions are provided:

Site Specific Risk Assessment (SSRA) - A risk assessment carried out at a specific location for the purpose of gaining information and knowledge to inform operations. This activity is conducted primarily in satisfaction of the requirements contained in Section 7(2) d of The Fire and Rescue Services Act 2004. For the purpose of this report, this will be known as the **Inspection Process**.

Site Specific Risk Information (SSRI) - Knowledge and information gained from undertaking SSRA activities.

The Database – The electronic application used in BFRS to store and manage SSRI

1.1 BFRS SSRA Procedural Guidance

Buckinghamshire Fire and Rescue Service (BFRS) seek to be wholly compliant with the requirements set out in The Fire and Rescue Services Act 2004 and provides a policy statement for clarity and purpose.

The BFRS Policy Statement:

'The Fire and Rescue Services Act 2004 requires Fire Authorities to make arrangements for the inspection of premises to obtain information for firefighting.

It is the policy of Buckinghamshire Fire & Rescue Service (BFRS) that the procedure for gathering, recording and disseminating the information is based on the principles of risk assessment laid out in the Management of Health, Safety and Welfare at Work Regulations 1992.

The procedure forms an integral part of BFRS risk control strategy by ensuring, as far as is reasonably practicable, that suitable and sufficient information is available to all operational personnel whilst attending emergency incidents.'

In order to audit and review fulfilment of the BFRS Policy Statement for managing risk information, OAL employed an 'end to end' process that gave consideration to the numerous component parts.

The findings from this work stream are set out below and for each component part, consideration is given to the requirement of the policy or procedure and how these are realised at the point of service delivery. Where applicable OAL has made recommendation for improvement based upon end user requirements and evidence from senior managers/implementers.

As has been stated earlier in this report, the existing system for the management and storage of SSRI is under review by BFRS with a view to replacing it with a more modernised and technologically advanced system. It was evidenced that the newly designed system will be more responsive, stable, and user friendly. The findings set out below will briefly identify the areas of improvement in the existing system in order to assist in the development of the newly designed desired elements.

1.2 Procedural Compliance

In the interests of ensuring guidance, contained within the SSRA policy, was in accord with that provided at national level, OAL consulted the following:

- The Chief Fire and Rescue Advisor 'Fire and Rescue Service Operational guidance – Operational Risk Information'
- The National Operational Guidance Programme
- The Fire and Rescue Services Act 2004
- Management of Health, Safety and Welfare at Work Regulations 2006

Findings:

The BFRS SSRA policy was found to be **consistent** with the following core aims and objectives:

- i. The Prevention of injury and ill health of firefighters and other emergency responders.
- ii. The Management and mitigation of risks in the community.
- iii. Compliance with the legal duties on Fire and Rescue Authorities in relation to operational risk information.
- iv. Compliance with formal guidance and "best practice" models.
- v. Ensuring clear documentation, document control and security measures are in place.
- vi. Ensuring the continuing monitoring of the performance of relevant personnel, including assessments of their competency and use of the system.
- vii. That any gaps in the effective management of the system are identified.

The current policy document is a combined document and is provided alongside the operational guidance and instruction manual. During interview with end users it was evidenced that the current guidance does not fully meet with current practical use. The root cause of this inconsistency would appear to be that the advances and development of the SSRI system has not been followed by a change in the policy and guidance. Additionally, no change log could be identified to enable users to track the changes in the policy so as to allow understanding of what has changed and why.

The significant increases in the quality and quantity of information held and information continually added has identified inherent gaps in the current policy. These gaps have, in some cases, brought elements of the policy into areas inconstant with the above aims and objectives. OAL consider some of these gaps as unavoidable until the newly designed system is fully implemented and the accompanying policy document has been revised accordingly. These inconsistent elements are listed below:

- i. Ensuring that the allocation of the roles and responsibilities take account of the competency, level of authority and capacity of individual employees. See section 1.5
- ii. Ensuring there are effective communication and data sharing protocols within the organisation, and between the partner organisations involved in supplying and receiving operational risk information and intelligence. See section 1.6
- iii. Continual improvement in the provision of accurate, relevant and timely operational information. Audit and review mechanisms set out in the Health and Safety Guidance 65 (HSG65). See section 1.10

Recommendation:

1. For the purposes of clarity, BFRS management should consider separating the policy and user manual to enable the effective auditing of change management (version control).

1.3 The Existing SSRI Database

As previously discussed, BFRS stores SSRI on a database provided through the Microsoft Access application. The database was created by a (now retired) Senior Manager and has worked towards making firefighters safe for some 15 years.

During the audit process OAL interviewed a number of key personnel to determine where improvement opportunities exist, these included:

- The BFRS I.T. Technician
- The BFRS Computer Aided Design (CAD) team
- End Users (Station Personnel)
- Station Commanders
- Command Unit Operatives

1.4 Identification and Grading of Risk

The SSRA policy and guidance was found to provide some guidance and support with regard to the identification and grading of risk. However, discussion with end users confirmed that many found the guidance somewhat confusing and often limited in its application, particularly where this concerned gathering information related to more modern construction techniques and their associated risks.

Examples were offered where more prevalent construction methods were unavailable in the system when constructing a new risk record or amending an existing record. Discussion with the I.T. Technician confirmed that the lack of a technical manual for the system provided difficulties in making software changes to meet desired changes.

Recommendation:

2. Ensure all modern elements of building construction are included in the new system as an option for the end user. Such a system should also be sufficiently flexible as to allow the inclusion of new forms of building construction and materials as they become introduced to industry.

A further improvement opportunity for the electronic database relates to the methodology by which sites are allocated a risk scoring. Currently the system allocates a risk score to a site based upon the size of the floor area. For example, a premises with a large floor area, such as a warehouse would automatically attract a score of 4 (high), regardless of its contents, or indeed if it were empty. OAL are of the opinion that this form of risk scoring has the potential to impact the manner in which the location is treated by BFRS for operational purposes. OAL were offered an example of a level 4 warehouse which stands empty yet is subject to a higher level of exercising (10+ pumps) and inspection frequency. This would appear to be disproportionate with the actual risk which is quite low.

Recommendations:

3. Ensure the end user has sufficient competence and privileges to allocate a risk score conducive to the reviewed property.
4. BFRS Management should confirm that any new database system includes a requirement for the end user to record the rationale applied to any risk score. This rationale will provide an audit trail for the purpose of review and provide assurance that this rationale is quality assured.

1.5 Allocation of Risk Work

The SSRI policy and guidance provides information on how risk work is allocated to individual stations. Although the document does not explain how the work is to be delegated beyond the station reference holder, it is accepted that this would be for the appropriate manager to determine.

It is common practice for fire service managers to delegate responsibility for many aspects of station work such as the management of risk information. In the fire sector this is widely accepted as a good method of developing staff and provides a consistent approach to undertaking a particular role. However, in order to perform the role competently and to the required standard, it would follow that the responsible person (the reference holder) should be provided an appropriate level of training, guidance and support.

Findings:

All reference holders interviewed stated that they had received no formal training or guidance on the identification of risk, the use of the database, audit and review of recorded risks, or risk control measures. All those questioned, stated that any competence they have achieved was as a result of cascade training from colleagues on station.

Whilst it is accepted that this apparent lack of training does not necessarily translate to the risk information database being incorrect or deficient, OAL would suggest that this situation does expose BFRS to some risk, insomuch that in the case of a significant event at a risk site, it could be argued that risk information has been included in the database by a person without:

- Adequate training in risk management.
- Any assurance of competence.
- Any quality assurance controls.
- Any meaningful supporting policy or guidance.

Recommendations:

5. BFRS Management should consider providing SSRA reference holders with suitable training in risk identification, risk management/scoring, etc. and all reference holders should be subject to an assessment of competence in the same. This confirmation of competence should be recorded against that persons training records.

1.6 Risk Sites in On Call Station Areas

In order to meet the significant challenge of providing adequate fire cover throughout the region, BFRS employs a range of crewing systems, pivotal to which is the provision of a flexible workforce both from Wholetime and On Call operational staff.

Ordinarily, as the 'On Call' stations are essentially on standby during normal working hours, the crews from these stations are unavailable to undertake core fire service work activities, such as gathering and processing Site Specific Risk Information.

In order to address this situation, BFRS has determined that crews from the adjacent whole-time fire stations will take responsibility for gathering and processing all information for risks occurring within the neighbouring On Call fire station ground(s).

An example of how this works, Aylesbury fire station is encompassed by On Call stations and it falls upon the crews from Aylesbury to inspect and process the outcomes from all risk premises located within the station grounds of the surrounding On Call stations, in addition to the risks occurring within their own station area.

Findings:

It was evidenced that established procedures for undertaking site specific risk assessments make no requirement for the communication of significant findings directly between the inspecting watch/officer/station, and the On Call fire station whose area the risk premises are actually located. It is widely accepted that the provision of risk information prior to any incident taking place allows for the pre-planning, exercising and problem solving of most potential scenarios. In order to triangulate these findings OAL asked watch officers to provide any examples of the outcomes of an SSRA but none were offered.

OAL are of the opinion that a risk exists, in that:

The identified weakness in the electronic database regarding search functionality and auto notification, combined with a policy and guidance document that does not impose a requirement to notify the local fire stations, provides an avoidable risk. This risk is that the local station may be unaware of new risks in their station area even though it has been visited by the nearest whole time station.

Recommendation:

6. The BFRS SSRA policy and procedure should be revised to ensure that, following any SSRA, significant findings should be communicated to relevant stations. In particular on call stations should be notified of SSRA activities and findings carried out on their behalf.²

² It was evidenced that the new database system will have auto-emailing functionality which should address the communications issue currently being experienced between stations.

1.7 Validity and Accuracy of Stored Risk Information

The BFRS I.T. Technician was interviewed to determine the performance, stability and general levels of confidence with the current electronic database and the following findings were revealed:

It was confirmed that there was no technical manual available to support the current electronic database. Such documentation would usually be required for maintenance and development, such as confirmation of data paths for information and other such technical operations, so as to advise potential improvements.

During the course of the audit, OAL became aware of the signs of system instability evidenced at various locations and these included:

- Different versions of a risk with different hazard observations.
- Repeated failures of the system at station level.
- Difficulty in recalling SSRI on the MDT.
- Duplicate records with differing risk information.

The I.T. Technician also confirmed that the current method of wireless update employed at fire stations has potential to create situations where risk information could be 'out of sync' with that information held centrally. It was also confirmed that this potential is due to a lack of incremental updates to the information rather than the all or nothing updates currently in place. The lack of a technical manual meant that OAL were unable to establish whether an uncompleted upload would recommence from the point of interruption, or if the update begins again from the start.

Observations:

Due to the nuances in the current electronic database, a risk exists that some fire engines could mobilise to operational incidents with risk information that varies, or is deficient to that held centrally. Examples of this were demonstrated by viewing the contents of a risk record for a residential care home. The demonstration showed that there were differences in the record on the station desktop computer compared against that on the MDT. The I.T. Technician confirmed that there is a high probability of other such inconsistencies between desktop based records and those on MDT.

Recommendations:

7. The new database system should allow incremental updates as and when new risk information is added.

1.8 Removal of Risk Information

Other key lines of enquiry for OAL involved determining the standard of audit and review in place for the electronic database. This involved discussions with end users as well as managers concerning reviewing the quality of the information added to the electronic database and determining what information had since been removed to ensure accuracy and validity of information.

Finding:

It was evidenced that at each time of asking, no examples could be provided of risk information having been removed from the database. Obvious examples of where removal of information may be required could be acetylene cylinders in businesses that are no longer trading, medical oxygen cylinders showing in premises where the patient has passed away or no longer needs them, premises that have since been demolished, or changed use, such as previous night clubs, etc.

The I.T. Technician confirmed the removal of such invalid information should relieve the stress currently being experienced by the database. Additionally, the removal of superfluous information would reduce the time taken to update each MDT in BFRS every 24 hours and also help to ensure the information is as valid as reasonably practicable pending the introduction of the new database.

Recommendations:

8. BFRS Management should ensure any future electronic database incorporates a process to periodically review the existing risk information and where appropriate, to have this amended for correctness or removed from the database entirely.
9. BFRS Management should provide for an audit of the current SSRA database, so as to identify any redundant risk information that can be safely removed prior to transfer to the new database.

1.9 Provision of Information to Thames Valley Fire Control Service (TVFCS)

During the audit, it was confirmed that on occasions, operational risk information becomes available that is not on the SSRA system. If an immediate change is required to the mobilising data, an officer can submit form 17.2 to TVFCS. This form will contain any information required for inclusion on the mobilising message or 'tip sheet'. The control staff will amend the mobilising information for the identified risk, which will then be immediately available to the attending crews.

Indeed, during the audit such an occurrence took place when many illegal sleepers were located on a building site. The numbers and location of these sleepers were determined to be a life risk by the Station Commander at the incident. This information was passed to TVFCS in the interim period until it could be formally added to the SSRA system. This was evidenced to be an effective way of communicating newly gained risk information.

This process does not however, make any changes to the existing electronic database, therefore cannot be considered as a replacement for this. Also, further questions exist as to how effectively this information is subsequently removed, once the hazard has been controlled or removed.

Recommendation:

10. Where possible, any submission to TVFCS should be synchronised with the new database to ensure conflicts of risk information are minimised so far as is reasonably practicable.

1.10 Quality Assurance of SSRI

In order to confirm the quality of the SSRI used by BFRS, OAL interviewed the following staff:

- Station Commanders
- Watch Officers
- Station Reference Holders (SSRA/SSRI)
- I.T. Technician
- CAD Technician

It has been established that improvement opportunities exist in the quality assurance processes applied to the management of SSRI. All interviewed key personnel involved with this process confirmed that they considered quality assurance of SSRI to be important and something that 'should happen' or that they 'expected to happen'.

Audit evidence gathered by OAL has revealed that the quality assurance of SSRI is somewhat ad hoc and often down to individual competence or diligence, rather than a result of established and embedded procedure.

Clearly the risk to the BFRS is that without an established and auditable quality assurance process for SSRI there is the potential for lack of consistency in the management of risks, additionally any embedded quality assurance process will assist in ensuring relevant information will support any related tactical plan.

Examples are:

It was evidenced that Station Commanders do not routinely evaluate the quality of information contained on risk cards for their own station areas. A review of recent submissions to the SSRA database confirmed that the examples provided to Station Commanders by OAL, would have been rejected by them as 'unsuitable for the submission to the database' had they been reviewed as part of a quality assurance process.

It was evidenced that following submission of many of the SSRAs, the CAD technician has found it necessary to personally visit the risk sites in question, so as to ensure the accuracy of the submitted mapping information provided by the inspecting crews. It was further established that this colleague applies his own quality controls to ensure adequate standards are met.

It was evidenced that Station Commanders do maintain an overview of progress made by their crews in addressing the SSRA workload. However, this activity is primarily quantitative, rather than qualitative in nature and OAL were unable to identify any real quality assurance of the SSRA/SSRI process, other than that applied by the CAD Technician for mapping purposes.

Examples of improvement opportunities evidenced on live risk cards included:

- Photographs with no direct bearing on the risk. For example, photographs elements of structure or operation but no explanation of their relevance or importance.

- Identification of risks, but without the required control measures. For example, identification of a main gas intake, but with no indication of where the control valve is located, or indeed how it is operated.
- Insufficient information relating to fixed installations. For example, how the fixed installation could assist a firefighting strategy.

Recommendations:

11. BFRS management should consider if the requisite level of quality assurance processes are in place to ensure that the information being collated is Accurate, Relevant and Valid/Timely.

2. Operational Discretion

OAL understands that where there is an operational imperative, an Incident Commander (IC) may need to adapt Operational Procedures and develop a tactical plan which balances the need to protect life and property against the risk of inertia. In doing so, the IC will:

- Understand the actions which are normally required as part of the relevant SOP to conduct a suitable dynamic and analytical risk assessment.
- Ensure any variance/adaptation from standard procedures is the minimum necessary to achieve the objective(s).
- Ensure any variance/adaptation from standard procedures is communicated and recorded appropriately (in very dynamic situations this may be a verbal briefing of the tactical plan, which can be formally recorded later).
- Minimise exposure to any increased levels of individual or corporate risk by reverting to the relevant SOP as soon as practicable.

The National Operational Guidance document for Incident Command provides a description of Operational discretion and how it might be used:

'Most situations that incident Commanders are faced with are not unique and are foreseeable. In resolving an incident, Commanders use their own experience and knowledge of guidance, together with that of the command team and crew members.'

However, Incident Commanders may occasionally be presented with a situation that is extremely unusual and not reasonably foreseeable. In this circumstance they may have to make decisions using their professional judgement.

Operational discretion relates to rare or exceptional circumstances where strictly following an operational procedure would be a barrier to resolving an incident, or where there is no procedure that adequately deals with the incident. Commanders need to be sufficiently aware of procedures, the skills and qualities of crew members, and the capability of resources available. Outcomes which would justify applying operational discretion include:

- *Saving human life*
- *Taking decisive action to prevent an incident escalating*
- *Incidents where taking no action may lead others to put themselves in danger*

The overarching principle should be that in the opinion of the incident Commander the benefit of taking unusual, unorthodox or innovative action justifies the risk. Any decision to apply operational discretion should be the minimum necessary and only until the objective is achieved.

To support the post-incident learning process, fire and rescue services should have procedures for incident Commanders to record the reasons that support their decision. The extent of the record should match the severity and/or complexity of the incident.

On occasion, crew members and/or members of the public might apply pressure on an incident Commander to act. An incident Commander can apply operational discretion; therefore, it is unlikely that a crew member would intervene entirely of their own volition without putting colleagues or members of the public at additional serious risk.

Also;

The Health and Safety executive provides clarification of their stance in the published document 'Heroism in the Fire Service';

HSE fully endorses the recommendation in Common Sense, Common Safety that individual firefighters should not be at risk of investigation or prosecution, under health and safety law, if they have put themselves at risk as a result of a heroic act.

And;

HSE views the actions of firefighters as truly heroic when it is clear that they have decided to act entirely of their own volition in putting themselves at risk to protect the public or colleagues and there have been no orders or other directions from senior officers to do so and when their actions have not put other firefighters at similar high risk

It can be seen from the above statements that key stakeholders within the fire sector support the use of operational discretion when appropriate and offers expectations that FRS Commanders do likewise.

In light of these statements all FRS have provided clarification of their policy in what is often known as 'The Operational Discretion Statement'.

2.1 Applicable Guidance

The audit scope sets out an agreement between OAL and BFRS that the management of Operational Discretion will be reviewed against national and local standards (applicable Guidance). These are:

- Foundation for Incident Command
- Foundation for Breathing Apparatus
- BFRS Operational Article (Operational discretion)
- BFRS Standard Operating Procedure (Incident Command)
- HEAT Training packages
- BFRS Training, Learning and Development policy

The auditing officer conducted 11 detailed interviews specifically targeted at the management of Operational Discretion. In order to supplement and evidence the OD findings the remaining two auditors adopted an opportunistic approach by including specific lines of enquiry within their own interviews which provided further evidence from over 30 candidates.

The 11 detailed interview candidates have been operational commanders for between 3 years and 20 years and included:

- 2 Crew Commanders
- 7 Watch Commanders
- 1 Station Commander
- 1 Group Commander

Other Ad Hoc questioning included 7 Watch Commanders 4 Station Commanders, 1 Group Commander and Firefighters from various operational stations.

For the purposes of this report the evidence will be drawn together into concise feedback with recommendations where applicable. Each item of evidence was confirmed and triangulated to ensure accuracy. This was also covered by the time of the closing meeting with BFRS Senior Management Team (SMT).

2.2 Staff Confidence

It should be noted during the reading of this element of the report that all personnel without exception confirmed their confidence that BFRS management would support them should they need to implement operational discretion at an incident. They also confirmed that this confidence would prevent any operational inertia which could result in a delay in command decision making.

2.3 OD Policy

During the audit all personnel were aware that an operational discretion statement exists and it was clear from the knowledge demonstrated that training in OD has been delivered, albeit, for the general workforce some time ago. OAL is confident that following confirmation from all levels of staff, a policy exists and that it was communicated at the time of implementation.

Findings:

- During interview each candidate was asked to provide a copy of the OD statement. No candidate could do so.
- During interview each candidate was asked to access the statement online via the service intranet, no candidate could do so.
- During interview each candidate was asked to provide any evidence that they had received training in any capacity regarding operational discretion, no candidate could do so.

Observations:

OAL would offer the opinion that any operational discretion decision would be difficult to assess for compliance against the policy if the policy cannot be found by staff. Later feedback from SMT confirmed that they were able to access the policy and were confused why staff could not? This may indicate some level of disconnect either through access or competence in the use of the storage media?

It should also be noted that due to the amount of time that has passed since the initial implementation of the OD statement, several staff have left the service and have been replaced with newly promoted Operational Commanders. These new Commanders without exception expressed an opinion that they feel they would benefit from a refresh of the OD input so as to support their own operational development.

Recommendations:

12. OAL recommend that the OD statement is reviewed for republishing so as to ensure it is readily accessible to all staff.
13. OAL recommend that the OD statement is included in the process of command competence acquisition and maintenance.

2.4 Training in Operational Discretion

OAL cannot offer feedback or recommendations concerning the initial implementation of OD in BFRS, as the evidence gained was purely anecdotal and as such cannot be fully relied on. However, OAL can offer feedback on the current OD training package.

During the audit an opportunity arose where the OD training package was delivered to a watch and this training was directly observed by the OAL auditor. The training package was in the form of a PowerPoint lecture and delivered at a fire station.

Observations:

The OD lecture was delivered and discussed among the crews and lasted approximately one hour. It was interesting to note that all the scenarios in the lecture, as well as all the potential usage examples, were of a water incident nature. Additionally, during the interviews all candidates were asked for examples of an operational discretion decision and again, all these examples were of a water incident type.

To confirm:

- No staff member offered an example that was not water based in nature.
- All OD training was water based in nature.
- No staff member during any interview carried out by each OAL team member offered examples of a fire related OD use.
- No examples were offered either by a person or in the training package of when OD cannot or should not be used.

Recommendations:

14. The OD training package should be reviewed to ensure it offers a broader application range and does not overly focus on one specific type of incident.
15. The OD training package should be placed as a priority across all operational staff to ensure they have an appreciation of OD and the responsibilities it holds.

2.5 Recent use of Operational Discretion

During a recent incident in BFRS (April 2018) an operational decision was made which OAL consider a prime example of when OD should have been declared and consequently when OD should have been rescinded once the crisis was over. This incident is currently being processed through the OA team for wider circulation and training, but is currently unpublished.

The incident transcript confirmed that OD was not declared, nor was it rescinded later as per OD guidance. This scenario was discussed during all the interviews as well as a tabletop exercise with groups of firefighters. On each occasion the groups and candidates came to a similar outcome that OD should have been declared and rescinded (with prompting) yet all were confident such a situation was unlikely. The groups and candidates universally expressed surprise that not only did this situation take place but also that it was so recent, and crucially that they had little or no awareness of any learning outcomes arising from it.

Other observations:

- When giving examples of OD, several candidates offered the opinion that the use of OD only applied to fire service personnel and equipment.
- No candidate was able to describe the link between the OD statement and the Joint Decision Making Process.

2.6 Audit and Review

During the review of the incident in April 2018 (see section 2.5), it has been stated in this report that OAL regard this as a prime candidate for OD, but it was not used. OAL attempted to find a record of the review of why the OD statement was not used, but no review was offered or provided. OAL would ask BFRS management to consider this feedback and determine their own incident audit approach so as to ensure OD is reported on if used. This material can then be used to develop Managers in crisis management (WM.7 Skills for Justice).

2.7 Understanding of Hierarchy of Risk Control

It has been confirmed that new Managers are educated on the management of risk controls i.e.:

Eliminate **R**educe **I**solate **C**ontrol **P**olicy and **D**iscipline (ERICPD).

During interview, feedback from candidates indicated a desire to receive further and more detailed input about risk management so as to assist them when making command decisions and installing control measures.

It has been confirmed that all commanders in BFRS hold (as a minimum standard) Institution of Occupational Safety and Health qualifications (IOSH). The course content of IOSH includes the hierarchy of risk control and so OAL consider the maintenance of understanding this risk management process as an on-going process and continual professional development.

2.8 Authority on the Incident Ground

Interviews with some junior commanders confirmed they did not fully understand the line management structure when applying OD. Conversely OA Team members reported that firefighters have failed to comply with some safety instruction on the basis of applying OD, one example offered is a firefighter not wearing a seatbelt when travelling in a fire engine and stating they were not doing so under OD. This would clearly conflict with the ethos of OD.

OAL raise this point not as evidence of a general attitudinal failure, but rather as an example of the level of understanding of the line management structure when applying OD. National Operational Guidance sets a clear responsibility of the incident Commander in applying OD and states:

'The overarching principle should be that in the opinion of the Incident Manager the benefit of taking unusual, unorthodox or innovative action justifies the risk.'

Recommendation:

16. BFRS management should ensure the policy for OD clearly sets out the line management responsibilities when OD is declared at an operational incident.

2.9 Message Procedures

During interviews OAL sought to determine the understanding of standard messaging procedures when implementing and rescinding OD. It was evidenced that the understanding of message procedure for long standing and experienced officers is in accordance with expected standards. However, newly appointed commanders demonstrated a poorer understanding of the required message procedure and required prompting to build a message they could transmit to control when required.

Recommendation:

17. Provide an updated message procedure guidance to include the operational discretion message procedure.

3. The Refined Operational Assurance Model

Operational Assurance (OA) and Resilience in BFRS is largely dependent upon two key factors; the implementation of the revised BFRS Operational Assurance Model and the role of the BFRS OA Team (OAT).

The revised BFRS Assurance Model sets out the methodology by which the service will maintain OA and incorporates a wide array of inputs and outputs to achieve this.

OA Model - Background

In October 2016, Operational Assurance Limited undertook an independent review of Operational Assurance (OA) within BFRS. The review considered the application of a newly developed Assurance Model, and made some 30 recommendations for improvement, of which 26 were accepted by the BFRS management team. Of these 26 accepted recommendations, three themes were considered to be of particular priority:

1. That BFRS should continue to develop and resource effective internal processes through which, matters arising from significant external and internal events are captured, communicated and effectively managed through to a conclusion that is acceptable to the service. This should include (for example) processes for undertaking gap analysis, communicating findings to operational staff and informing any resultant training delivery.
2. That in support of recommendation no. 1 (above), BFRS should develop the use of an Active Monitoring System (AMS) to act as a comprehensive, service-wide tool. This system should incorporate a user-friendly database that is capable of providing auditable records and is easily accessible to all staff.
3. That BFRS should consider re-establishing an effective Operational Assurance forum, with the necessary direction and authority to assist in the formal management and progression of issues arising, through to meaningful resolution.

In November 2017, OAL were invited to revisit BFRS to provide an independent check on the Service's progress on implementation of those recommendations.

OAL's conclusions from this checkpoint audit were extremely positive, with BFRS being found to have made considerable progress against all the accepted recommendations and in particular, the three areas previously identified as being 'Priority'. However, whilst some recommendations were confirmed as having been completed, a number were found to be still in progress, primarily due to interdependencies with other competing work-streams, such as the introduction of an AMS and its attendant operational debriefing repository. Service managers were considered to be committed to ensuring that all work-streams still in progress would be pursued through to completion, in order to ensure that the considerable work undertaken to that point, would not be lost to competing priorities.

As an element of this November 2018 audit, OAL sought to establish how effectively the Operational Assurance Model is now functioning within BFRS. Specifically, OAL were tasked with establishing how well the model has become embedded within the Service and how successfully its principles are being applied.

3.1 BFRS Policy and Procedure

The 2016 review of Operational Assurance made a number of recommendations with regards to policy and guidance. These included:

'Recommendation 5.4.1 - It is recommended that the Operational Assurance model is clearly published and communicated, that roles and responsibilities are clearly identified and finally, that understanding is confirmed.'

Recommendation 6.4.1 - BFRS should review its Procedure Note: 'Operational Assurance; Incident Monitoring and Improvement' at the earliest opportunity to ensure it aligns more closely with the service's new ways of working. Any revised guidance issued should clearly set out the Monitoring Officer role and re-establish the 'Thematic Reviews' process.'

Upon revisiting the Service in November 2017, OAL considered the provision of adequate OA policy and guidance to be 'In Progress' and offered the following observations:

'Whilst the revised version appears more holistic (and comprehensive), service managers confirmed the model will require explanatory documents to explain the specific roles and responsibilities to key stakeholders. Although there is clear sight and knowledge of the revised OA model at strategic level, this has yet to be shared with operational staff, or their understanding confirmed.'

A Procedural Note to capture the revised model for delivering Operational Assurance in BFRS is currently under development. It is intended that once completed and communicated, this Procedural Note will address the above issues with the result that this recommendation will be fully addressed.'

As an element of this November 2018 audit, OAL reviewed the BFRS 'Service Document Procedure: Operational Assurance, Active Monitoring and Review Procedure'. Primarily this document sets out the expectation for an Operational Assurance framework and details the role and terms of reference for the Operational Assurance Group (OAG) and the Operational Assurance team (OAT).

Findings:

The Service Document related to Operational Assurance was found to be still in its draft format.

It should be noted that this document was considered to be nearing completion in November 2017.

Upon close examination it was noted that aspects of the 'new' document were inaccurate, this included the following:

3.1.1 Development Plans

The Service Document Procedure states: *“the OAT will maintain an oversight of all development plans relating to BFRS operational personnel.”*

It was established that the OAT only oversee development plans that come through the ‘Maintenance of Competency’ system (MoC) and therefore only relate to staff not being competent in training. For example, the OAT would be unsighted on any development plans issued in relation to breathing apparatus or validation assessments undertaken at the Fire Service Collage³.

The current approach to managing development plans is considered to be fragmented and without central collation (a repository), or oversight. Instead development plans were found to be held in a variety of locations including on fire stations, held by OAT, held by Training Development, etc.

The current practice is considered to prevent sufficient information from being gathered in any one place, so as to allow for the identification of trends or themes to help inform future training development, training needs analysis and continuous service improvement.

3.1.2 OAT Terms of Reference

The terms of reference for the OAT offers a challenging array of expectations, given the current composition of the team. Therefore, BFRS will need to ensure that all team members, regardless of being temporary or substantive, possess the necessary competences to fulfil their role at operational incidents.

3.1.3 Reference to the Active Monitoring System (AMS)

The Service Document makes continual reference to an AMS that is unlikely to come into Service for the foreseeable future (see Section 3.7.1 below).

3.1.4 Other Items

The BFRS ‘*Service Document Procedure: Operational Assurance, Active Monitoring and Review Procedure*’ also contained a number of inconsistencies, which although less significant in nature than those cover above, were still considered to distract from the accuracy and validity of the document. These included:

- Use of an OAT Response Car - OAL were informed that this support vehicle had not yet been provided.
- OAT utilising available Pool Cars - OAL were informed that this mobilisation option was currently ‘on hold’.
- Upon arrival at an incident the OAT are to deposit their nominal role board or ‘tally’ at the Command Support point - The OAT have not been provided with tallies.

³ Validation usually involves realistic scenarios and this is where the majority of development plans are issued. Development Plans issued in relation to validation should be considered to present a risk, as the situations involved are more likely to be repeated at operational incidents, if they are not effectively addressed.

Observations:

The service would benefit from the provision of a procedural document relating to Operational Assurance, Active Monitoring and Review that relates directly to actual/practical application. Until the existing document is amended and progressed through Governance, the only enacted policy applicable to the workings of the Operational Assurance function in BFRS dates back to the previous 'Performance and Evaluation team' circa 2005⁴.

Recommendations:

18. The Service Document Procedure for 'Operational Assurance, Active Monitoring and Review Procedure' should be reviewed to ensure it contains only current and accurate information and the revised document communicated to all staff at the earliest opportunity.
19. BFRS should review its current procedures for managing development plans. Specifically, all related information should be collated in a central repository, such as the MoC database and the responsibility for maintaining and managing this work stream should be devolved to a single function, with consideration given to this being the Training Assurance department.

3.2 Structure of the Operational Assurance Team (OAT)

The Service Document Procedure defined the structure for the OAT as being comprised of one Station Commander, one Watch Commander and two Crew Commanders.

This document also establishes challenging 'terms of reference' for the OAT, which include the requirement to:

- **Contribute to the tactical decision making process**, and,
- **Perform a mentoring/support role as and when required**

Additionally, OAT members are expected to report against a wide range of incident types including hazardous materials, wild fires, large animal rescues, etc.

It was noted that some members of the current OAT were performing in a temporary role. This included a temporary Crew Manager who only recently left his watch as a firefighter.

Observations:

OAL consider the current structure of the OAT to be inconsistent with some expectations set out within the BFRS draft Service Document Procedure. It was established that some members of OAT have only limited experience in taking command and control of an operational incident and only limited training in performing the OA role.

Specifically, Appendix 'C' of the Service Document Procedure sets out the following Terms of Reference for the OAT incident monitoring role:

⁴ It has been previously reported by OAL that this document is undeliverable due to significant changes in staffing levels due to restructuring post 2008, and considerable changes in working practices.

- Support the Incident Commander in implementing their plan safely, act as a 'critical friend', contribute to the tactical decision making process and perform a mentoring and/or support role 'as and when' required/appropriate.
- Take command of the incident if it is felt that the situation warrants it and the current IC does not appear to have full command and control.

While it is accepted that all Crew and Watch Commanders will attain the same Incident Command (Level 1) qualification, it could be considered challenging for a temporary OAT Crew Commander to effectively peer review the performance of an established Watch Commander, particularly should the OAT member have only limited practical experience in taking charge of such events themselves.

Examples evidenced in other Fire and Rescue Services have included utilising experienced Station Commanders to undertake this role, or to develop (and assess) monitoring officers to perform at one level above that which they are required to operate i.e. Level 2 Incident Command, thereby providing the necessary skillset to and credibility.

In BFRS the OAT members currently attend operational incidents on a fire engine and primarily act in an observational/monitoring capacity. Clearly the team would benefit from the use of a dedicated vehicle to provide flexibility in attending and leaving incidents. Furthermore, access to such a vehicle would provide increased benefit to the organisation through enabling OAT members to attend incidents outside normal working hours, something that currently does not happen.

Recommendations:

20. BFRS should consider providing OAT members with Level 2 training and assessment in Incident Command. Such training would:
 - i. Improve the ability (and credibility) of team members to review and support the Incident Command function at operational incidents.
 - ii. Assist the Service with providing more effective Command Support.

21. The OAT should be afforded access to a dedicated vehicle to provide flexibility in attending and leaving incidents and facilitate attending incidents outside normal working hours.

3.3 Embedding the OA Model

Managers confirmed that embedding the Operational Assurance Model within BFRS has been a challenge.

It is apparent that following the initial 2016 review of Operational Assurance in BFRS, there was a high level of activity that saw implementation of the new OAT and the establishment of the Operational Assurance Group (OAG) as an effective forum to manage and progress OA issues arising, through to meaningful resolution.

During the 2017 Checkpoint review, OAL were provided with strong evidence to demonstrate progress made during the preceding 12 month period. Of particular note was the work undertaken to ensure the organisation could effectively capture, analyse and embed the lessons learnt from significant external events.

This included an impressive presentation concerning the Balmoral bar incident. A piece of work that was considered 'best practice' and the service were advised that the work should be shared for the benefit of the wider Fire and Rescue Service. In addition to this, the operationally focused 'Monthly Newsletter' was found to be of a standard similar to periodicals available on the high street.

Findings:

Discussions held with a cross-section of staff involved in the OA process identified that the quality and detail applied to the early OAT publications was difficult to sustain, insomuch that team members found themselves spending disproportionate amounts of time producing 'glossy documents', as opposed to assuring operations. The situation is reported to have been compounded by a turnover of staff within the OAT, and the loss of some key individuals is said to have initially impacted upon team performance and the quality of its outputs.

It was established through audit that BFRS harnessed the above changes to refocus the efforts of the OAT, so as to strike a better balance between input (undertaking OA) and output (producing reports and newsletters). As an example of this, the new team has moved the newsletter and quiz publications from monthly, to a more achievable bi-monthly publication and having reviewed recent examples, OAL can confirm that the relevance and quality of the current publications remains high, with feedback from station level still very positive.

Although considerable work has been completed, OAL discovered that a number of key elements required to support the mainstreaming of 'Operational Assurance' have yet to reach completion. These include:

- The OA Service Document Procedure (see Section 3.2 above)
- The Progression of Presentations (see above)
- The provision of an effective AMS (see sect. 3.7.1 below)

Whilst visiting BFRS, OAL were unable to identify any member of operational staff who did not speak highly of the Balmoral Bar publication and the learning they derived from this. However, it was also evidenced that the outcomes, findings and recommendations from more recently produced reports was taking significant time to reach staff at the fire stations. This included:

- a) OAL identified that a substantial amount of effort had been placed into producing a presentation that was intended to replicate the learning achieved from the Balmoral bar incident. This work related to a thatched roof fire that occurred in Wavendon during late 2017. However, OAL were unable to evidence anything to suggest this report/presentation had made it to full publication and certainly awareness of this incident and any resultant learning outcomes was extremely sparse at station level. Furthermore, given that the Wavendon incident is now over 12 months old, the potential impact of this work is likely to be diminished with each passing month.
- b) In July 2018 the OAT undertook a Gap Analysis of recommendations made within the Kerlake Report. At the time of the review the findings from this work had not been effectively progressed to inform operational staff.
- c) In April 2018 a significant incident occurred at a lower tier COMAH site near Aylesbury, from which a number of improvement opportunities were identified at the subsequent Learning Review of Command debrief (LRC).

As an outcome of the LRC, OAT produced a report containing six recommendations for improvement, which was presented to the OAG on 27 September 2018. These recommendations related to:

- Analytical Risk Assessment
- Training with foam
- Conducting Multi Agency Meetings
- Sharing SSRI with neighbouring FRS
- Welfare Packs
- Improving information for crews re. Anaerobic Digestion (AD)

At the time of undertaking the November 2018 audit, OAL were unable to evidence any progress made in addressing these recommendations, or any knowledge of the incident or its associated issues, at station level. Furthermore, outcomes from the LRC do not appear to have been communicated to representatives from the site itself.

More significantly, and in direct relation to the topic areas covered during this November 2018 audit, OAL's review of the actions undertaken before, during and after the above incident clearly demonstrate that:

The process for gathering **Site Specific Risk Information** with regards to this incident were ineffective. For example:

- Fire crews had difficulty locating the incident
- There was confusion over the hazardous nature of the products involved
- Fire hydrants were not correctly identified on the risk plan
- There were no details for controlling the pollution of local water courses

There was a failure in the use of **Operational Discretion** at this incident, with the supporting 'incident log' confirming the use of operational discretion was not communicated to TVFCS.

OA Procedures failed to effectively capture and communicate these significant findings to OAG, or indeed to the wider operational staff. At the time of the audit, the issues that had been identified (and recommendations accepted by OAG), were not adequately reflected on the OAIP, or shown to have been progressed.

The horizon scanning aspects of the OA Model had failed to identify that the type of premises involved in the above incident (waste processing and recycling centres), represent a significant risk, insomuch that they are involved in approximately 300 serious fires per year in the UK. It was noted that the SSRA Plan for the above incident made no reference to controlling pollution. This should be an important initial intervention for the Fire and Rescue Service at all such incidents.

Recommendations:

22. Management should review the application of the OA Model. Specifically, consideration should be given to ensuring that learning outcomes are progressed towards operational staff in a timely manner, so as to maximise the relevance and impact.

3.4 OA Model - Inputs and Outputs

The application of OA in BFRS is based on a theoretical model that depicts an aspirational 'catch all' for its inputs. Although OAL were able to confirm the service has vastly improved its arrangements for ensuring such information is captured and progressed, the range of topics progressed via the OAG (the outputs) was found to differ significantly from those depicted.

The OAT were considered to be working well in capturing external information emanating from collaborative learning sites, such as National Operational Learning and Joint Operational Learning databases, etc. However, the ability of OAT to access potentially rich seams of information arising from internal sources could be further strengthened. This includes information from the incident report and feedback forms (17.2 & 17.3), information from the ARA process, and general feedback from operational crews.

Indeed, it was reported that the OAT are themselves responsible for the production of around seventy per cent of all completed 17.2 forms, despite there being an expectation for all operational officers to contribute towards this.

A number of operational fire crew reported that feedback on submissions previously contributed (including 17.2 forms, ARAs, etc.) was limited and OAL consider this a potential demotivating factor that may be contributing towards the low return rates currently experienced.

Given that members of OAT are station based for the majority of the working week, a clear opportunity exists to improve the flow of information and feedback loop that BFRS should look to exploit.

It is the opinion of OAL that establishing the OA Model within BFRS is a journey to which the organisation is fully committed and indeed a considerable amount of has already been achieved. However, there is still some work still to be done, before the model can be considered as being 'fully embedded'.

Recommendations:

23. It is recommended that BFRS review the processes for gathering information from internal sources, such as ARA data. This should include ensuring operational staff are in compliance with the BFRS incident reporting procedures, and providing adequate feedback to crews on the same.

3.5 Active Monitoring System (AMS)

The implementation of an effective AMS is a key element for supporting and embedding the Operational Assurance Model in BFRS and is cited in the draft Service Document Procedure as follows:

The AMS has been developed to assist the OAT in providing assurance that the operational front-line capabilities with BFRS are both effective and efficient. The OAT will continually review the AMS ensuring that identified areas of operational improvement are being managed appropriately.

At the time of the November 2017 audit the tranche of work to introduce the AMS was considered to be nearing completion.

Unfortunately however, the introduction of the AMS would appear to have stalled due to technical difficulties and therefore the AMS related activities set out within the draft Service Document Procedure cannot currently take effect.

This includes the requirement for incident monitoring and incident feedback forms (17.2 & 17.3), to be completed directly into the AMS and instead the OAT has reverted to utilising Excel Spread sheets. to gather and review such data.

The practice of employing Excel Spread sheets to gather and review such data provides poor information security and integrity is not considered conducive to effective audit and review.

Recommendation:

24. BFRS should revisit its options for providing an effective AMS in consideration to providing a workable, secure and user-friendly application at the earliest opportunity.

3.6 Training and Exercising

A challenging exercise programme has been developed to commence in January 2019, which places an expectation on each area of the Service undertaking four large-scale operational exercises, per annum.

Training exercises are also undertaken twice a year at the Fire Services College, with an aspiration for each to incorporate multi agency working.

It was identified that the OAT has some difficulty in completing all the required post-exercise activities, such as completing debriefs, especially where this involves On-Call staff. This process is further frustrated due to the lack of an effective AMS in which to upload and analyse the outcomes.

3.7 Optimising the OAT

Notwithstanding the comments offered above, it is the opinion of OAL that much could be done to ensure the Service achieves maximum impact from the resources it has allocated to the OAT.

In particular, it was noted that the Station Commander in charge of the OAT did not attend operational incidents specifically in an OA capacity, such as to:

- Offer credibility to the role
- Undertake Quality Assurance and ensure consistency of approach
- Support and mentor new/junior members of the OAT
- Provide 'on the job' training

Furthermore, when reviewing the working practices of the OAT it was established the team work from fire stations on four out of five days each week, (with the remaining day spent working from Service Headquarters (SHQ)).

The OAT are given the freedom to choose where they will work, and also to determine which incidents they will respond to with the crews.

It was further identified that multiple OAT members often work from the same fire station location and that the same location could be repeatedly used, whilst other stations may not be visited.

OAL were unable to identify if any meaningful interaction took place between the OAT and the duty watch, other than when the OAT undertook their observational role at an incident. OAL were unable to determine how the team were supporting any work routine, structured delivery or rotational programme. This lack of clear guidance was considered to also extend to the team's operational roles and responsibilities.

Recommendations:

BFRS Management should consider reviewing the OAT work routine so as to ensure the team provides maximum benefit and optimal impact. In particular:

25. Consideration should be given to developing an OAT rota to formalise the current working practices and to ensure all fire stations are visited on a regularised basis.

26. Consideration should be given to formalising the interaction between OAT members and the duty watch so as to provide maximum benefit from the visit. This interaction may include:

- i. Reviewing the previous evening work routines and discussing any incidents attended.
- ii. Observing the station handover and routine tests.
- iii. Leading discussions, providing further information/feedback regarding recent newsletters, quizzes, or other reports produced by OAT.
- iv. Reviewing previous incidents and debriefs.
- v. Reviewing new/trial equipment.
- vi. Canvassing the watch for concerns or suggestions, and acting as a conduit between them and the appropriate departments at SHQ.

Table of Recommendations

Section 1. SSRI Policy	
1	For the purpose of clarity, BFRS management should consider separating the policy and user manual to enable the effective auditing of change management (version control).
2	Ensure all modern elements of building construction are included in the new system as an option for the end user. Such a system should also be sufficiently flexible as to allow the inclusion of new forms of building construction and materials as they become introduced to industry.
3	Ensure the end user has sufficient competence and privileges to allocate a risk score conducive to the reviewed property
4	BFRS Management should confirm that any new database system includes a requirement for the end user to record the rationale applied to any risk score.
5	BFRS Management should consider providing SSRA reference holders with suitable training in risk identification, risk management/scoring, etc. and all reference holders should be subject to an assessment of competence in the same. This confirmation of competence should be recorded against that persons training records.
6	The BFRS SSRA policy and procedure should be revised to ensure that, following any SSRA, significant findings should be communicated to relevant stations. In particular on call stations should be notified of SSRA activities and findings carried out on their behalf.
7	BFRS Management should consider utilising watch-based reference holders to assist in maintaining the SSRA database and related procedures and processes. These reference holders can provide a quality assurance role with associated consistency benefits. The rationale for this recommendation is that watch based reference holders will have ownership of specific risks with a consequent attainment of consistency in the management of the database.
8	BFRS Management should ensure any future electronic database incorporates a process to periodically review the existing risk information and where appropriate, to have this amended for correctness or removed from the database entirely.
9	The new database system should allow incremental updates as and when new risk information is added. BFRS Management should provide for an audit of the current SSRA database, so as to identify any redundant risk information that can be safely removed prior to transfer to the new database.

10	Where possible, any submission to TVFCS should be synchronised with the new database to ensure conflicts of risk information are minimised so far as is reasonably practicable.
11	BFRS management should consider if the requisite level of quality assurance processes are in place to ensure that the information being collated is Accurate, Relevant and Valid/Timely.
Section 2. Operational Discretion	
12	OAL recommend that the OD statement is reviewed for republishing so as to ensure it is readily accessible to all staff.
13	OAL recommend that the OD statement is included in the process of command competence acquisition and maintenance.
14	The OD training package should be reviewed to ensure it offers a broader application range and does not overly focus on one specific type of incident.
15	The OD training package should be placed as a priority across all operational staff to ensure they have an appreciation of OD and the responsibilities it holds.
16	BFRS management should ensure the policy for OD clearly sets out the line management responsibilities when OD is declared at an operational incident.
17	Provide an updated message procedure guidance to include the operational discretion message procedure.
Section 3. The Refined Operational Assurance Model	
18	BFRS should review the Service Document Procedure for 'Operational Assurance, Active Monitoring and Review Procedure' to ensure it contains only current and accurate information.
19	BFRS should review its procedures for managing development plans. Specifically, all related information should be collated in a central repository and managed by a single function.
20	BFRS should consider providing OAT members with Level 2 training and assessment in Incident Command.
21	The OAT should be afforded access to a dedicated vehicle to provide flexibility in attending/leaving incidents and responding outside normal working hours.
22	BFRS should review the application of the OA Model to ensure that learning outcomes are progressed towards operational staff in a timely manner.
23	BFRS should review the processes for gathering information from internal sources. This should include ensuring operational staff are in compliance with the BFRS incident reporting procedures, and providing feedback to crews on the same.
24	BFRS should revisit its options for providing a workable, secure and user-friendly AMS at the earliest opportunity.
25	Consideration should be given to developing an OAT rota to formalise current working practices and to ensure all fire stations are visited on regularised basis.
26	Consideration should be given to formalising the interaction between OAT members and the duty watch so as to provide maximum benefit from the visit.

Garry Jones – Team Leader

Garry retired from Greater Manchester Fire and Rescue Service in October 2014, having served 27 years at some of Greater Manchester's most operationally challenging inner city fire stations. For the last ten years of his career Garry served as a Group Commander, with responsibility for Performance Review and Operational Assurance. Since retirement from the FRS, Garry has specialised in audit, review of risk critical activities and risk management of Lower Tier COMAH sites.

Garry Geoghegan

Gary joined the London Fire Brigade in 1981. Gary served at some of the busiest stations as an operational firefighter and Watch Officer. Gary served at London Fire Service HQ and London Eastern Command and held responsibilities which included managing London's Arson Reduction Teams and Community Engagement Manager for London. Gary also worked directly for the Commissioner for London, performing the role of London's link Officer to the Office of the Deputy Prime Minister (ODPM) and Department for Communities and Local Government (DCLG). Gary has extensive experience in writing operational policy and standard operating procedures for Fire Services.

Kevin O'Connor

Kevin has wide ranging operational experience having served at some of Greater Manchester's most operationally challenging locations as a firefighter and Watch Officer. Kevin also spent 5 years at Fire Service Headquarters within the Operational Assurance Department. In his role as Head of the Greater Manchester Incident Command Academy, Kevin was instrumental in the development of command competence development and assessment. Kevin was the subject matter lead officer in enabling GMFRS to become an approved 'Skills for Justice' Centre for incident command, providing accreditation to the level of Strategic Manager. Additionally, he was GMFRS lead coordinator for the JESIP rollout in 2013.

Kevin was singularly responsible for assuring and maintaining the command competence of all GMFRS Officers up to the role of Assistant Principal Officer. Kevin retired from the service in July 2016.

Glossary

AM	Area Manager
ARA	Analytical Risk Assessment
BFRS	Buckinghamshire Fire & Rescue Service
CAD	Computer Aided Design
CC	Crew Commander
FDO	Flexible Duty Officer
IC	Incident Commander
ICU	Incident Command Unit
JESIP	Joint Emergency Service's Interoperability Principles
KLOE	Key Line of Enquiry
MDT	Mobile Data Terminal
NOGIC	National Operational Guidance Incident Command
OA	Operational Assurance
OAL	Operational Assurance Ltd.
OAG	Operational Assurance Group
OAT	Operational Assurance Team
OD	Operational Discretion
OIG	Organisational Improvement Group
SMT	Service Management Team
SSRA	Site Specific Risk Assessment
SSRI	Site Specific Risk Information
SFJ	Skills for Justice (an accrediting body)
SC	Station Commander
SOP	Standard Operating Policy
WM	Watch Commander

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Ref	Report Title	Section	Recommendation	Action	Priority	Lead Officer	Lead Dept	Start date (Authorised by OAG)	Delivery Date	RAG	Progress & Issues Report	Status
					H/M/L	Resp.				Status		
OAL checkpoint report												
7.4.1	OAL review report	Element 7.4.1	Currently the service is still progressing a number of outstanding development plans. This process is to be further supported by detailed guidance to be included within a 'Validation Training Procedure Note', currently under draft.	Is the Service progressing a Validation procedure note?	M	SC	Ops Training & Assurance		31\3\2019		Sean Cunningham to review draft Validation procedure note (SG 06/02/2019) In progress (SC 21/03/209)	In-Progress
JESIP Assurance Report												
12	JESIP Assurance Report		We would advise Bucks FRS to ensure this training commitment is included in the service Learning and Development plan. We would suggest conducting the training over a 3-year rolling programme with partner agencies,	Develop a 3 year training plan	M	SW	Ops Training & Assurance		31\3\2019		19\9\2018 – See comments in relation to 5.4.1 with regard to the Debrief procedure. A lesson identified, resulting from a multi-agency debrief has recently been submitted on JOL. (SW) 11\12\2018 - There is no specific reference made within the current L&D strategy, however the intention is to include a commitment to ensure commanders attend a course that delivers the JESIP learning outcomes, when the strategy is reviewed later this year (SW). 11\2\2019 – The commitment toward JESIP training will be included within the revised strategy when drafted (SW). 22\3\2019 – Revised strategy in the process of being drafted. Once complete will then be subject to internal governance arrangements (SW). 07\5\2019 – No change since previous update (SW).	In Progress
19	JESIP Assurance Report		We would suggest a review of the original Standard Airwave Test provided by JESIP to help increase confidence around talk group use and changing channels. This requires co-ordination between the services and should include a method that allows commanders on duty to be included, not just control rooms. The test should also be recorded in terms of it taking place and if deemed appropriate shared with the LRF partners.	AC Powell RBFRS project lead for this	M	SW\TVFCS	Ops Training & Assurance		31\10\2018		A.Burnell (OAT) to contact AC Powell for update (06/06/2018) Airwave interoperability tests discussed by TVFRS JESIP leads in late June. TVFCS Group Manager Control awaiting strategic leads to provide an appropriate contact from TVP and then TVFCS will progress the tests (SG 21/07/2018) Airwave interoperability tests to go live on the 1st of October, briefing note to be produced by TVFCS (Simon Harris TVFCS 17/09/2018) Airwave Tac Ad course bought for 2 participants from RMT to run at the end of the year. (PS 19/09/2018) Airwave Testing procedure now in place in TVFCS, which allows Testing between control rooms and also involves selected officers (SG 13/12/18) Awaiting update from TVFCS on BFRS involvement (SG 11/02/19) BFRS currently not included in weekly TVFCS Airwave testing. JP to raise with Simon Harris (OAG-14/02/2019) The procedure put into the Thames Valley Fire Control included a requirement to test with all three services on a rotational basis. We agreed with TVP that we would test weekly. TVP keep a record of the testing which I will request. We did have some issues with the test, as TVP were initiating and then concluding the test before we had an opportunity to assign officers. I raised this with TVO, but I'll need to check if this is still happening (S.Harris 25/03/2019). The current implementation of the testing process does not fully meet the recommendations from JESIP and, due to the ad hoc scheduling and implementation, is prohibiting officer participation. This has been raised with TVP, who will try to include officers in the test. Ultimately, the test needs to be run as recommended, which requires the participation of SWASFT. This has been raised with the JESIP strategic lead for discussion. It should be noted that Fire are not the lead agency for this activity, and the current arrangements have been put in place as an interim solution only	In Progress
Olleco Incident Report 18/04/2018												

KR2	Kerslake Report Gap Analysis	Elements 8, 11	NILO elements of the Gap analysis	Equipment – In relation to the issue of ballistic protection for NILOs it was agreed that their role at incidents requiring such protection needs to be clarified before any procurement decisions are taken.	M	ST	NILO Group				Call off framework available at £512 per kit. There are currently 8 Nilos so would need to find circa £4k to fund PPE. Still need to clarify necessity for PPE as JOPS 4 is not clear in showing a requirement. Nilo group are being consulted to establish what other services (without a MTFA team) are doing and to clarify if there is a need for this PPE (ST 05/12/18) Adoption of JOPS 4 is on hold following previous OAG meeting, awaiting refreshed national guidance (ST 11/02/19) MTA JOPS 1 published WC 18/03/19. Work can now commence to implement guidance and recommend level of PPE required (ST 21/03/19) MTA JOPS 1 proceeding through internal consultation forum prior to adoption as guidance/principles. NILO group discussed requirement for BPPE at meeting (01/5/19) general feeling from NILO cadre is that BPPE is required as nearest duty NILO would be mobilised to MTFA incident to undertake duties at Forward Control Point. Dean Elliott is liaising with SCAS and TVP to establish what the agreed level of PPE is for each service when operating at a FCP MTFA incident. (16/05/19 ST)	In-progress
KR4	Kerslake Report Gap Analysis	Element 3, 5, 7, 11, 19,28, 29	Communications	To liaise with TVFCS to ensure progression of this gap analysis and TVFCS gap analysis.	M	PS	Resourcing and Projects				On-going liaison (SG 06/02/2019) SH – Review has been started utilising the TV NILO Group. Suggestions have been received, but have not yet been agreed due to lack of full representation of all TV FRS at the TV NILO group meeting. GC Tuffley progressing this as part of Operational Alignment work (SH 09/05/2019) SH – Interoperability Comms between Control Rooms has now been addressed with TVP and tests are taking place, albeit not directly aligning to the JESIP recommendations. The review of system prompts is contingent on the completion of the activity in 2.1 (SH 09/05/2019)	
BFRS Review of Operational Arrangements												
ROA1	Review of Operational Arrangements	Element 1,2,3,4,5,6,7,8,9,10, 11	SSRI Policy	Actions contained within recommendations table of report	M	ST	Response Policy	05/06/2019			Already a project underway re SSRA. Recommendations from OAL regarding SSRA to fall into the programme to be managed by ST.	In-Progress
ROA2	Review of Operational Arrangements	Element 12,13,14,15,16,17	Operational Discretion	Actions contained within recommendations table of report	M		Ops Training & Assurance	05/06/2019			OPS Discretion – No further action required. Papers to go through Governance procedure outlining position.	Complete
ROA3	Review of Operational Arrangements	18,19,20,21,22,23,24,25,26,	The refined Operational Assurance Model	Actions contained within recommendations table of report	M	SG	Ops Training & Assurance	05/06/2019			OPS Assurance Model – Progressing recommendations through Governance procedure. Group to read report and bring to next meeting those recommendations that they think should be in OAIP plan.	In-Progress
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Buckinghamshire & Milton Keynes Fire Authority



MEETING	Overview & Audit Committee
DATE OF MEETING	17 July 2019
OFFICER	Lynne Swift, Director of People and Organisational Development
LEAD MEMBER	Lead Member – People and Equality and Diversity
SUBJECT OF THE REPORT	Apprenticeship Programme – Annual Statutory Reporting 2018/19
EXECUTIVE SUMMARY	<p>This report sets out the Buckinghamshire and Milton Keynes Fire Authority (BMKFA) annual statutory report against the public sector apprenticeship target for the year ending 31 March 2019, for member endorsement.</p> <p>As part of the Government’s apprenticeships Reform agenda, a public sector target was introduced whereby organisations in England must meet a minimum of 2.3 per cent apprenticeship new starts each year, based on employee headcount. For the Authority this equates to 10 per year.</p> <p>The Authority is a qualifying organisation in scope of the public sector target and is therefore required to provide an annual report to the Department for Education (D of E), detailing its progress towards achieving the target. The 2018 / 19 report is set out in Appendix A. It is also a requirement for the Authority to publish the information.</p> <p>The current target period for annual reporting is from 1 April 2017 to 31 March 2021 and the deadline for returns is the 30 September each year.</p> <p>The Authority has exceeded this target for the 1 April 2018 – 31 March 2019 with 42 new apprentice starts;</p> <ul style="list-style-type: none"> • 30 Apprentice Firefighters • 10 Leadership & Management Apprentices • 2 CIPD Apprentices <p>The first report was presented at the Executive Committee at its meeting on 19 September 2018, and it was determined that the Overview and Audit Committee would consider future reports for</p>

	endorsement.
ACTION	Decision.
RECOMMENDATIONS	<p>It is recommended that;</p> <ol style="list-style-type: none"> 1. The Authority’s annual return – attached as Appendix B – be endorsed for submission to the Department for Education, and for publication on the Authority’s website.
RISK MANAGEMENT	<p>There is a potential risk that the Authority might not meet the annual 2.3 per cent target for new apprentice starts set by the Government. Appendix A sets out the government guidance.</p> <p>This risk is mitigated through effective workforce planning, and the Authority’s continued commitment to using apprenticeships as part of its blended approach to refreshing and retaining its workforce.</p>
FINANCIAL IMPLICATIONS	<p>There are no direct costs implications attached to the production and submission of this information.</p> <p>The Apprenticeship levy was introduced in April 2017 for all employers that have an annual PAYE bill of £3 million per annum and employ over 250 staff. The employer’s payment is set at 0.5% of their annual payroll and will include a £15,000 annual allowance. The Authority current pays £62,328 per year into the levy.</p> <p>The Authority is able to draw down on this levy for those employees who are currently undertaking apprenticeships to assist with their own development and to also enhance the skills within the organisation.</p>
LEGAL IMPLICATIONS	The recommendations meet and exceed the requirements of the statutory guidance.
CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE	<p>The Authority continues to work with its Thames Valley Fire Service partners to determine options for a collaborative approach to operational apprenticeship recruitment. This is one of the priority work streams for the Workforce Reform Group. Work remains ongoing with Thames Valley Police (TVP) on apprenticeships and, in particular, in looking at improving diversity and working together to resolve common issues.</p> <p>Careers fairs are being targeted with a collaborative approach being taken between ourselves and TVP, at present these have included the WorldSkillsUK event at the NEC and also the National Apprenticeship show at the MK arena.</p>
HEALTH AND SAFETY	There are no Health and Safety implications.

<p>EQUALITY AND DIVERSITY</p>	<p>The Authority continues to improve the diversity of its workforce and during its recent firefighter apprenticeship recruitment we had a small increase in both Female and BAME.</p> <p>In previous years the authority has been mindful of trying to reduce the average age of the operational workforce.</p> <p>Workforce diversity is an ongoing priority. Building on the successes to date with our apprenticeship programme and utilising the national On Call awareness campaign material our aims are:</p> <ul style="list-style-type: none"> • To increase awareness through TV collaboration work and joined up resourcing • Existing workforce who already interact with the local community being utilised to promote the service we deliver and being supported by our ED&I ambassadors • The continuation of identifying role models within the organisation who can promote the values, commitment to diversity and our employment propositions e.g. we have a national diversity ambassador <p>The Authority endorsed the submission of a pledge, and were the first Fire and Rescue Service to be accepted by the Apprenticeship Diversity Champions Network (ADCN) in February 2018. The Authority were given the opportunity to be quoted within the 2019 ADCN report, being asked to showcase us as exemplars within this group.</p> <p>The Authority’s innovative apprenticeship programme provides an excellent opportunity to improve the diversity make-up of the Authority. Targeted “have a go” days are organised for ethnic minority applicants. Further have a Go days programmed throughout the forthcoming year. A targeted campaign was delivered via social media to assist with the attraction of a diverse workforce, and analysis of the data is being undertaken to determine the outcomes and to inform future campaigns.</p>
<p>USE OF RESOURCES</p>	<p>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;</p> <p>The Authority’s apprenticeship programme contributes to achieving its People Strategic Enabler set out in the Corporate Plan 2015-2020:-</p>

	<p>‘To optimise the contribution and well-being of our people’.</p> <p>Apprentice recruitment forms part of the Authority’s succession planning process and contributes to the delivery of the Authority’s People Strategy, by building capacity and capabilities agenda, supporting ongoing professionalisation of the Service and continuing to raise standards.</p> <p>Communication with stakeholders;</p> <p>A range of methods is used to communicate on workforce reform across the Authority. Communication is delivered via the People & Organisational Development Director’s blog, the Leadership Group, and the I: drive. The success of the Authority’s apprenticeship programme is showcased internally and externally through visits from other Services and national events.</p> <p>The system of internal control;</p> <p>The Apprenticeship Programme is continually monitored through regular updates to the Authority and internal governance boards.</p> <p>The awarding body accredits the programme and yearly audits are undertaken by their representatives to ensure the required standards are being met.</p> <p>The apprenticeship training provider is audited by Ofsted to ensure compliance with funding regulations.</p>
<p>PROVENANCE SECTION & BACKGROUND PAPERS</p>	<p>The Authority introduced its apprenticeship programme in 2016, ahead of the Government’s reform agenda, and this was driven by its workforce plan. Its key areas of focus were: how apprentices can be utilised most effectively; highlighting the importance of improving the diversity of our workforce; offering career development opportunities to our existing employees and increasing the resilience of our workforce.</p> <p>Report to the Executive Committee held 19 September 2018: Apprenticeship Programme – Annual Statutory Reporting https://bucksfire.gov.uk/files/1215/3631/0140/ITEM_6_Apprenticeship_Programme_Appendices.pdf</p> <p>Report to the Fire Authority held 13 June 2018: Update on Buckinghamshire & Milton Keynes Fire Authority Apprenticeship Programme https://bucksfire.gov.uk/files/2215/2810/3697/ITEM_15_Update_on_Buckinghamshire_Milton_Keynes_Fire_Authority_Apprenticeship_Programme_Appendices-min.pdf</p> <p>Report to the Fire Authority held 14 February 2018: Apprenticeship Diversity Champions Network</p>

	<p>http://bucksfire.gov.uk/files/5415/1782/9457/ITEM_12_Apprenticeship_Diversity_Champions_Network_ADCN_Fire_Authority_and_Annex_A.pdf</p> <p>Report to the Fire Authority held 18 October 2017; Update on Buckinghamshire and Milton Keynes Fire Authority Apprenticeship Programme</p> <p>http://bucksfire.gov.uk/files/8715/0719/9540/ITEM_11_Apprenticeships_Update_Report_JPMAppentices.pdf</p> <p>Report to the Executive Committee held 29 July 2015: Apprenticeship Scheme</p> <p>http://bucksfire.gov.uk/files/7114/5527/6772/EXECUTIVE_COMMITTEE_PACK_290715.compressed.pdf</p>
APPENDICES	<p>Appendix A – Government Guidance – Meeting the Public Sector Apprenticeship Target</p> <p>Appendix B – Data Publication and Apprenticeship Activity Return 30 September 2019</p>
TIME REQUIRED	10 Minutes.
REPORT ORIGINATOR AND CONTACT	<p>Dave Whitelock - Station Commander</p> <p>dwhitelock@bucksfire.gov.uk</p> <p>07919 697354</p>

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Department
for Education

Meeting the Public Sector Apprenticeship Target

**Statutory guidance for bodies in scope of
the Public Sector Apprenticeship Target**

Revised February 2018

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Summary

About this guidance

This is statutory guidance from the Department for Education which accompanies the regulations bringing into effect the Public Sector Apprenticeship Target. Public bodies within scope of those regulations should have regard to this guidance when considering how they have regard to the target and how they report their progress towards meeting the target.

What legislation does this guidance refer to?

This guidance refers to 'The Public Sector Apprenticeship Targets Regulations 2017' which were made under powers conferred by the Apprenticeships, Skills, Children and Learning Act 2009.

This guidance has been updated to reflect amendments made to these Regulations by the Apprenticeships (Miscellaneous Provisions) Regulations 2017, which come into force on 31 March 2018.

Who is this guidance for?

This guidance is for:

- All public bodies in scope of the target; with a few exceptions, all public bodies with 250 or more staff in England as of 31 March in each of 2017, 2018, 2019 and 2020 are within scope.
- This includes schools, local authorities, central government and arms-length bodies, NHS organisations, the armed forces, and emergency services, together with anyone else who may be in scope of the target.

Main points

- Public sector bodies in scope of the target should appropriately demonstrate in their returns that they have had regard to the target.
- Public sector bodies should provide their returns in line with the reporting arrangements described in this guidance.

Having regard to the target

Prescribed groups and public sector bodies with 250 or more staff in England have a target to employ an average of at least 2.3% of their staff as new apprentice starts over the period of 1 April 2017 to 31 March 2021. Bodies in scope must have regard to the target.

The Government considers the duty to ‘have regard’ to the target to mean that, in making workforce planning decisions, public bodies should actively consider apprenticeships, either for new recruits or as part of career development for existing staff. Apprentices are only considered as ‘new apprentices’ who will count towards the target, in the year in which they begin their apprenticeship.

Public bodies should use the Apprenticeship Activity Return (see pages 8-9) to explain how they have had regard to the target. This may include describing actions they have taken to challenge obstacles preventing them from meeting the target, for example:

- a relevant framework or standard is not currently available but the organisation has been involved in developing new standards and has plans for individuals to start on these;
- an organisation has a large number of part time workers whose Full Time Equivalent (FTE) makes it difficult to meet the numbers of apprentices needed and/or due to the number of hours they work are not eligible for apprenticeships. However the employer is taking steps to employ apprenticeships within those roles which are eligible for them. They are also permitted to report FTE alongside headcount in their Data Publication return (see page 7).

The Government would also encourage public bodies that are looking to establish further apprenticeship standards to engage with the Institute for Apprenticeships to establish these.

Grouped Bodies

Following consultation two groups have been prescribed in the regulations for the purpose of responding to the target. The bodies in these groups are collectively in scope – they are set a single target which covers all bodies in their respective group. These groups are ‘Transport for London and its subsidiaries’ and ‘Government Departments and those bodies listed in Schedule 1 of the Public Sector Apprenticeship Targets Regulations 2017’.

There was no clear support in consultation for other groupings. Therefore the target will apply individually to all other bodies in-scope; they will each have an individual apprenticeship target which they must have regard to.

What must a public body do to have regard to the target?

Prescribed groups and in-scope bodies should demonstrate that they have actively considered apprenticeships, either for new recruits or as part of career development for existing staff.

Where the target has not been met

It may be the case that a body believes it has been having regard to the target but yet is failing to meet the target set. As such, all bodies should use the Apprenticeship Activity Return (see pages 8-9) to explain how they have sought to have regard to the target and any factors they feel have hindered their efforts to meet the target. These explanations should be of sufficient detail to evidence the body's actions, in particular by:

- providing evidence which identifies where a body has actively considered apprenticeships, either for new recruits or as part of career development for existing staff;
- identifying where an organisation, in attempting to have regard to the target, has encountered and attempted to overcome challenges in employing apprentices, as outlined in the previous section.

There may also be some circumstances where a body which has not met the target is able to highlight mitigating factors which demonstrate its commitment to apprenticeships, therefore demonstrating that regard has been had to the target. For example:

- an organisation employs a higher proportion of apprentices on two or more year apprenticeship programmes; and,
- an organisation is planning a major recruitment the following year which would bring their average number of apprenticeship starts up to or beyond the target.

Interpreting 'ordinarily work' in England

Regulations identify that an apprentice can only be counted towards the targets if 'they ordinarily work in England.' Whether an apprentice ordinarily works in England is determined by a number of factors, but generally the determining factor is where the apprentice is based. This might be determined by reference to:

- the location in which the apprentice ordinarily starts and ends the day;
- where the apprentice lives.

Interpreting those in scope

Almost all public bodies with 250 or more staff in England will be in-scope of the target. The number of staff working for a public body is determined by its headcount on 31 March in each of 2017, 2018, 2019 and 2020.

A public body with 250 or more staff working for it on any of those dates will be subject to the target for that coming year.

The primary legislation defines a public body as:

- a public authority or;
- a body or other person that is not a public authority but has functions of a public nature and is funded wholly or partly from public funds.

This is with the specific exception of; the BBC, Channel Four, The House of Commons and House of Lords and the Post Office Ltd., as well as all their associated subsidiaries. Also out of scope of the targets are charities, FE colleges, Universities, housing associations, housing trusts, independent schools, and financial bodies which are partly state-owned (such as RBS).

Provided they meet the headcount criteria above, academy trusts and multi academy trusts will come within scope from 31 March 2018. These academy trusts are not required to provide an annual return on progress towards the target for apprenticeship starts between 1 April 2017 and 31 March 2018. They will need to do so for the first time from April 2019, for starts between 1 April 2018 and 31 March 2019.

Police forces are required to include police officers within their headcount when calculating their target from 31 March 2018.

Providing returns to the target

Bodies in scope of the target are required to provide an annual return of two parts, detailing amongst other things their progress towards the target, to the Department for Education.

Content

As established in the primary legislation and the regulations, bodies in scope must provide the information identified below. In response to queries where the Council/Local Authority (LA) is the employer for schools and fire and rescue services, each LA may choose to show the information required for these organisations separately within their Returns.

Return Section 1 - Data Publication

The Data Publication includes several figures which will enable the Government, the public, and wider stakeholders to understand each body's headcount and the number of apprentices they employ, and then use that information to assess the progress a body has made towards meeting the target.

The information required is:

Figure A: The number of employees whose employment in England by the body began in the reporting period in question.

Figure B: The number of apprentices who began to work for the body in that period and whose apprenticeship agreements also began in that period.

- This includes employees who were already working for the body before beginning their apprenticeship, as well as new apprentice hires.

Figure C: the number of employees employed in England that the body has at the end of that period.

Figure D: the number of apprentices who work for the body at the end of that period.

Public bodies are also required to provide two percentages in order to give context to the other figures. These percentages do not reflect the progress a public body has made towards the target:

Figure E: Figure B expressed as a percentage of figure A.

Figure F: Figure D expressed as a percentage of figure C.

If the public body is in their first reporting period they must also provide:

Figure G: The number of apprentices who worked for the body immediately before that period.

In addition, the Apprenticeship Activity Return (Return Section 2) requires public bodies to send the following figures, which will help identify their progress towards meeting the target, to the Department for Education. Public bodies could also consider providing these figures in the Data Publication:

Figure H: Headcount on the day before the first day of each reporting period in the target period; and

Figure I: Figure B expressed as a percentage of figure H

Return Section 2 - Apprenticeship Activity Return

The Apprenticeship Activity Return includes both information on a body's progress against the target and information to assess actions taken towards, and challenges faced in, meeting the targets.

The return includes quantitative and qualitative elements:

Quantitative

- Headcount on the day before the first day of each reporting period in the target period; and
- **Figure B** in Return Section 1 (the number of apprentices who began to work for the body in the reporting period in question and whose apprenticeship agreements also began in that period), expressed as a percentage of headcount on the day before the first day of the reporting period in question.

This will enable the Government to assess the progress a body has made towards meeting the target.

Qualitative

- Action that the body has taken to meet their apprenticeship target (i.e. how it has 'had regard');
- If their target has not been met then specific further evidence may be required. This may include an explanation of why the target was not met, actions the body has taken to overcome the challenges it has faced and/or mitigating factors which demonstrate the body's commitment to apprenticeships;

- Information about action the body proposes to take to meet their future apprenticeship targets; and
- If the body considers that a future target is not likely to be met, an explanation of why that is so.

In calculating their headcount public bodies should include the following staff, as at 31 March in each year they are in scope:

- those members of staff on the body's payroll, including apprentices, on whose behalf the public body makes National Insurance Contributions. This will include:
 - o permanent members of staff;
 - o members of staff who have a fixed-term contract;
 - o those who work full-time as well as those who work part-time;
- other members of staff who are not described above who have a fixed-term contract;
- staff who are on maternity, paternity or adoption leave;
- staff who are on sick-leave or any other type of extended paid leave;
- apprentices employed by the public body through an Apprenticeship Training Agency (ATA); or
- employees on secondment or loan only if your organisation is paying for the majority (more than 50 per cent) or all of their wages.

They should not include:

- those who are employed through employment agencies;
- those who are working on a zero-hour contract;
- bank staff;
- employees in sub-contracted organisations who are not paid directly from the payroll; or
- those on career breaks.

Format

Bodies in scope are required to publish the Data Publication. Government is not being prescriptive about where the information should be published but it must be easily accessible to the public, for example on the internal and external facing website of a public sector body in scope. It must also be sent to the Department for Education.

Bodies do not have to publish the Apprenticeship Activity Return. However they must send this information to the Department for Education.

Most bodies will send their Data Publication and Apprenticeship Activity Return to the Department for Education through their Apprenticeship Service account. If you are a levy paying organisation, you should make sure you are registered on the Apprenticeship Service to submit your annual return. If you are unsure how to do this, please contact the National Apprenticeship Service Support Service on 0800 015 0600 (option 1 then option 2) or email helpdesk@manage-apprenticeships.service.gov.uk.

The Civil Service, Armed Forces and any non-levy paying organisations will not send their returns through the Apprenticeship Service. We are setting up an electronic mailbox for the receipt of returns from these bodies. For the form to complete and details of where to send it, please contact the National Apprenticeship Service Support Service from April 2018 on 0800 015 0600 (option 1 then option 2) or email helpdesk@manage-apprenticeships.service.gov.uk.

The Target and Reporting Periods

The Target Period is from 1 April 2017 to 31 March 2021. Throughout the Target Period, public bodies must have regard to the target and report their progress towards meeting the target.

However, it is important to note that there may be cases where a public body is not within scope of the target for the entirety of the Target Period. This will be the case if a body's headcount falls below 250 on any of the days on which headcount is determined (i.e. 31 March in 2017, 2018, 2019 and 2020).

For example, if a public body has 250 or more employees on 31 March 2017, but this falls below 250 employees on 31 March 2018, they will no longer be in scope of the target in 2018/19.

The Target Period is divided into four Reporting Periods lasting a year each.

As established in the Regulations, the targets will be measured as an average from 2017/18 to 2020/21. Public bodies must provide their Data Publication and Apprenticeship Activity Return for each of the following Reporting Periods where they are in scope:

- 1 April 2017 to 31 March 2018
- 1 April 2018 to 31 March 2019
- 1 April 2019 to 31 March 2020
- 1 April 2020 to 31 March 2021

As explained above, they may fall in and out of scope during the Target Period if their headcount falls below or meets/rises above 250 people.

Reports for each year in which a public body is in-scope will be due within six months of the end of each Reporting Period. This is known as the Response Period and during this time in-scope each body must publish the Data Publication and send both that and the Apprenticeship Activity Return, to the Department for Education. The deadlines for these returns will be:

- 30 September 2018
- 30 September 2019
- 30 September 2020
- 30 September 2021

As explained above, provided they meet the headcount criteria, academy trusts and multi academy trusts will come within scope from 31 March 2018. These academy trusts are not required to provide an annual return on progress towards the target for apprenticeship starts between 1 April 2017 and 31 March 2018. They will need to do so for the first time from April 2019, for starts between 1 April 2018 and 31 March 2019.



Department
for Education

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Your employees

[Who counts as an employee](#)

You should include the following staff when calculating your employee numbers:

- Anyone on your payroll on whose behalf you make National Insurance contributions
- Staff on fixed-term contracts
- Staff on maternity, paternity or adoption leave
- Staff on sick leave or extended paid leave
- Apprentices employed by the public body through an Apprenticeship Training Agency
- Employees on secondment or loan if you are paying more than 50% of their wages

Do not include:

- Anyone employed through employment agencies
- Those working on a zero-hour contract
- Bank staff
- Employees in sub-contracted organisations who are not paid directly from your payroll
- Those on career breaks

Number of employees who were working in England on 31 March 2018

454

Number of employees who were working in England on 31 March 2019

443

Number of new employees who started working for you in England between 1 April 2018 to 31 March 2019

38

Your apprentices

[Who counts as an apprentice](#)

You should include the following staff when calculating your apprentice numbers:

- Anyone doing an approved English apprenticeship framework or standard with an apprenticeship agreement in place

Number of apprentices who were working in England on 31 March 2018

37

Number of apprentices who were working in England on 31 March 2019

45

Number of new apprentices in England whose apprenticeship agreements started in between 1 April 2018 to 31 March 2019

This includes both new hires and existing employees who started an apprenticeship

42

Your full-time equivalents (optional)

[How to calculate your full-time equivalent numbers](#)

Firstly, work out the number of weekly hours each part-time employee is contracted to work divided by your organisation's standard full-time working week. For example, 10 hours divided by 37 hours equated to 0.27 full-time equivalents.

Then add your full-time employee numbers to come up with a total number of full-time equivalents. Round your total to the nearest whole number.

Number of full-time equivalents (optional)

Outline any actions you have taken to help you progress towards meeting the public sector target

The Authority supports the Government's Workforce Reform agenda through early (pre-levy) employment of apprentices as part of our own strategic workforce reform. Apprentice firefighters are being recruited on to the Operational Firefighter trailblazer standard and support services apprentices predominantly through the Business and Administration framework.

Twelve members of the existing workforce were enrolled onto apprenticeships at various levels during this reporting period, to develop their professional leadership skills and as part of the Authority's strategy for the retention and upskilling of existing staff and to develop future leaders. This also helps to profile, embed and mentor apprenticeship programmes within the organisation.

Our Apprenticeship's lead sits on the National Fire Chiefs Council (NFCC) working group to promote apprenticeships both within our organisation and for the sector. Various staff have supported the development of apprenticeship standards with their area of competence.

The Authority continues its pledge to the Apprenticeship Diversity Champions Network (ADCN). Information, guidance and resources from this network is being used in the attraction, engagement and recruitment of apprentices.

Various apprentices have volunteered to work with external bodies i.e. The Young Apprentice Ambassador Network and the Institute of Apprentices and Technical Education, This allows them to promote apprenticeships both locally and nationally, through seminars and also social media.

The Authority has also had representation at the WorldSkillsUK live at the NEC and the National Apprenticeship show at the MK Arena, so enabling our service to encourage individuals from a vast demographic, and to help shape the future generation.

250 words

Tell us about any challenges you have faced in your efforts to meet the target

Funding bands: The FRS sector accepted lower than required funding bands for the Operational Firefighter, Business Fire Safety Advisor and Community Safety Advisor trailblazer standards, to ensure that these standards were in place for the start of Year 2 of the Apprenticeship Levy. This will be reviewed after first tranche completed in 2020.

The lack of registered training providers available locally for Business Fire Safety Apprentices and Community Safety Advisors has made us unable to recruit these apprenticeships.

Having limited involvement from End Point Assessment (EPA) organisations has made it difficult to deliver the firefighter standard to meet this requirement, making it hard to prepare apprentices.

The lack of knowledge from educational providers for the Level 6 leadership and management apprenticeship and reluctance to recognise previous fire sector qualifications to enable enrolment.

250 words

How are you planning to ensure you meet the target in future?

Working with other fire and rescue services (FRS) including our Thames Valley partners (Oxfordshire and Royal Berkshire) and partner agencies to establish a procurement framework for the provision of training. A collaborative procurement tender process has already commenced.

Continuing to work with the National Apprenticeship Service (NAS) to identify and progress a range of actions that meet FRS requirements. These include events, workshops, training, and specific guidance and communications to share across the FRSs.

NFCC Workforce Committee has set up an Apprenticeships Board to reinforce profile, and to optimise resources to best support FRSs deliver their plans.

Continuing to work with Emergency Services to deliver joint trailblazers and identify further opportunities for collaboration.

Continuation of the Authority's strategic workforce planning, where apprentices are an integral element of a blended approach to resourcing. This also involves developing career pathways for upskilling existing staff based on the FRS leadership framework.

Continuing to support apprenticeship trailblazers for sector-relevant standards by providing resources and subject matter experts to the trailblazer groups.

Continued membership of the Apprenticeship Diversity Champions Network, improving networking opportunities, and learning from other members and organisations about ways in which we could improve the diversity of our apprentices and, therefore, our workforce.

Optimising the use of national resources to promote apprenticeship careers.

Working with local training providers to develop new opportunities for new starters and existing members of staff.

Reviewing Apprenticeship options for On-Call employees and how they can meet the apprenticeship criteria to helping us attract and retaining On-Call FF's.

250 words

Do you have anything else you want to tell us? (optional)

For local authorities this could include commenting on how schools and fire services in your control have contributed to the target

With current and previous apprentices now embedded across departments and fire stations within BFRS this has enabled a culture change allowing experience to be shared and also existing firefighters to become mentors for those new apprentices.

The decision to keep the Register of Apprenticeship Training Providers (RoATP) open is welcomed, and should provide opportunities for more organisations and FRSs to apply, and so deliver more apprenticeships.

We will be exploring the exciting work that Devon & Somerset have been doing with the delivery of on-call firefighter apprenticeships and looking to see how we can utilise this model for our future on-call staff, giving us the ability to standardise the training and development offered to all new firefighter recruits regardless of contract.

The Authority continues to work with its Thames Valley Fire Service partners to determine a collaborative approach to operational apprenticeship recruitment. Work is ongoing with Thames Valley Police (TVP) on apprenticeships and, in particular, in looking at improving diversity and working together to resolve common issues. Specific actions were identified, both internally and through this collaborative work, to improve the diversity of applicants, primarily from both female and BAME candidates. These actions include awareness campaigns, 'have a go days' and allocation of 'recruitment buddies'.

Future apprenticeship strategy considerations include career pathways, of which pre-entry qualifications and functional skills form part. Government funding to support organisations in the development and implementation of this would be beneficial.

250 words

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Overview and Audit Committee Forward Plan 2019/20

ITEM 19

Item	Reporting Date	Recommended Action	Lead Officer
Internal Audit Report: Final Audit Reports	November 2019	Noting	Internal Audit Manager and Director of Finance and Assets
Internal Audit Report: Update on Progress of Audit Recommendations	November 2019	Noting	Internal Audit Manager and Director of Finance and Assets
Internal Audit Report: Update on Progress of Annual Audit Plan	November 2019	Noting	Internal Audit Manager and Director of Finance and Assets
Annual Audit Letter	November 2019	Decision	Director of Finance and Assets
Local Pension Board Annual Report	November 2019	Noting	Director of Finance and Assets
Treasury Management Performance - Q1 and Q2	November 2019	Noting	Director of Finance and Assets
CIPFA Benchmarking Report	November 2019	Noting	Director of Finance and Assets
Business and Systems Integration Project: Progress Report	November 2019	Noting	Head of Service Development
Corporate Risk Management	November 2019	Decision	Head of Service Development
Operational Assurance Improvement Plan	November 2019	Noting	Head of Service Development
General Data Protection Regulation(GDPR)/Data Protection Act(DPA) Implementation Progress Update	November 2019	Noting	Director of Legal and Governance

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