

BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY
BUCKINGHAMSHIRE FIRE AND RESCUE SERVICE

Director of Legal & Governance, Graham Britten
Buckinghamshire Fire & Rescue Service
Brigade HQ, Stocklake, Aylesbury, Bucks HP20 1BD
Tel: 01296 744441



Chief Fire Officer and Chief Executive
Jason Thelwell

To: The Members of the Overview and Audit Committee

11 November 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 20 NOVEMBER 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

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



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Recording of the Meeting

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

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

Adjournment and Rights to Speak – Public

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

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

- (a) raise their hands to indicate their wish to speak at the invitation of the Chairman,
- (b) speak for no more than four minutes,
- (c) should only speak once unless the Chairman agrees otherwise.

The Chairman should resume the Meeting as soon as possible, with the agreement of the other Members present.

Adjournments do not form part of the Meeting and should be confined to times when the views of the public need to be heard.

Rights to Speak - Members

A Member of the constituent Councils who is not a Member of the Authority may attend Meetings of the Authority or its Committees to make a statement on behalf of the Member's constituents in the case of any item under discussion which directly affects the Member's division, with the prior consent of the Chairman of the Meeting which will not be unreasonably withheld. The Member's statement will not last longer than four minutes.

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

Questions

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

OVERVIEW AND AUDIT COMMITTEE

TERMS OF REFERENCE

Overview

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

Audit

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

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

Governance

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

Risk

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

Employees

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

General

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

AGENDA

Item No:

1. Apologies

2. Minutes

To approve, and sign as a correct record, the Minutes of the meeting of the Committee held on 17 July 2019 (Item 2) **(Pages 9 - 16)**

3. Disclosure of Interests

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

4. Questions

To receive questions in accordance with Standing Order S0A7.

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

6. Internal Audit Reports

(a) Final Audit Reports

To consider Item 6a **(Pages 17 - 34)**

(b) Update on Progress of Audit Recommendations

To consider Item 6b **(Pages 35 - 44)**

(c) Update on Progress of the Annual Audit Plan

To consider Item 6c **(Pages 45 - 48)**

7. Business and Systems Integration Project: Progress Report

To consider Item 7 **(Pages 49 - 56)**

8. General Data Protection Regulation (GDPR) - One Year On

To consider Item 8 **(Pages 57 - 60)**

9. Annual Performance Monitor 2018-2019

To consider Item 9 **(Pages 61 - 80)**

10. Operational Assurance Improvement Plan

To consider Item 10 **(Pages 81 - 84)**

11. Corporate Risk Update

To consider Item 11 (**Pages 85 - 100**)

12. Treasury Management Performance 2019-20 Quarter 2

To consider Item 12 (**Pages 101 - 108**)

13. Audit Results Report 2018/19

To consider Item 13 (**Pages 109 - 156**)

14. Letter of Management Representation 2018/19

To consider Item 14 (**Pages 157 - 170**)

15. Adoption of the Audited Statement of Accounts - Year ended 31 March 2019

To consider Item 15 (**Pages 171 - 264**)

16. Forward Plan

To note Item 16 (**Pages 265 - 266**)

17. Date of next meeting

To note that the next meeting of the Committee will be held on Wednesday 11 March 2020 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 17 JULY 2019 at 10.00AM

Present: Councillors Carroll, Clarke (OBE) [Substituting for Councillor Clare], Exon, Glover, Minns and Watson

Officers: J Thelwell (Chief Fire Officer), L Swift (Director of People and Organisational Development), M Hemming (Director of Finance and Assets), G Britten (Director of Legal and Governance), J Parsons (Head of Service Development), C Bell (Group Commander Service Delivery) S Harlock (Senior Auditor), A Kennett (EY), D Sutherland (Head of Resources and Assets) Carter (BASI Project Manager), G Barry (Information Governance and Compliance Manager) S Gowanlock (Corporate Planning Manager) A Hussain (Principal Accountant) D Whitelock (Station Commander POD Projects) C Jordan (Team PA) M Hussey (Trainee Account) S Elmes (Payroll and Benefits Manager) and F Pearson (Communications and Consultation Manager)

Apologies: Councillors Clare and Christensen and Cranmer

OA01 ELECTION OF CHAIRMAN

(Director of Legal and Governance presiding)

It was moved and seconded that Councillor Watson be elected Chairman of the Committee for 2019/20.

RESOLVED –

That Councillor Watson be elected as Chairman of the Committee for 2019/20

OA02 APPOINTMENT OF VICE CHAIRMAN

It was moved and seconded that Councillor Glover be appointed as Vice Chairman of the Committee for 2019/20.

RESOLVED -

That Councillor Glover be appointed as Vice-Chairman of the Committee for 2019/20.

OA03 MINUTES

RESOLVED –

That the Minutes of the meeting of the Overview and Audit Committee held on 13 March 2019, be approved and signed by the Chairman as a correct record.

OA04 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.

OA05

INTERNAL AUDIT REPORTS

a) Internal Audit Report: Final Audit Reports

The Senior Auditor presented the report and confirmed the results of the completed Audits. These were Core Financial Controls (Substantial), Stores (Limited) and Project Management – Blue Light Hub (BLH) (Reasonable).

All the recommendations had been agreed with the responsible officers and suitable deadline dates for implementation had been identified.

Following some questions from the Committee regarding the Stores audit the Director of Finance and Assets confirmed that the result was not unexpected as it was the first Stores audit to be requested and has proved helpful in highlighting areas where improvements could be made.

A discussion took place regarding the Project Management – BLH audit around problems that have arisen on the project. Members congratulated the team on their work in keeping the project running on the planned time scales.

RESOLVED -

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

b) Internal Audit Report: Annual Audit Report 2018/19

The Senior Auditor advised that in line with best practice an annual report on the internal control environment was presented to those charged with governance.

Based on the internal audit work carried out during 2018/19 the internal auditors were able to confirm a Reasonable Assurance regarding the effective, efficient and economic running of the Authority.

It was brought to the Committee's notice that no suspected frauds or financial irregularities were brought to the attention of the Auditors during 2018/19.

RESOLVED -

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

OA06

ANNUAL GOVERNANCE STATEMENT 2018/19

The Director of Legal and Governance advised Members that the purpose of this report was to present the Annual Governance Statement 2018/19.

The Annual Governance Statement also contained the progress on the implementation of the recommendations of the 2017/18 Annual Governance Statement (erroneously referenced as 2016/17 in Appendix A, to be corrected once approved before publication) and highlights recommendations for 2019/20. The Annual Governance Statement had been based upon the six core

principles of good governance set out in the CIPFA/SOLACE guidance (2007, revised and updated 2012).

The committee were advised that CIPFA/SOLACE have revised their guidance and created seven new core principles which it is proposed be used for the Annual Governance Statement for 2019/20.

RESOLVED –

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 2019/20 by reference to the seven principles in the CIPFA/SOLACE “Delivering Good Governance in Local Government: Framework” (2016) be noted.

OA07

AUDIT RESULTS REPORT 2018/19

The External Audit Manager advised Members that due to a shortage of resources EY had been, as of 17 July 2019, unable to complete the External Audit for 2018/19.

The External Audit Manager assured the Committee that the Audit would be completed as soon as possible and resources had been allocated for completion week beginning 5 August. The External Audit Manager advised that at the time of the meeting 75% of the Audit had been completed and no major issues had come to light.

The Committee enquired whether EY would be issuing a rebate on the Audit Fee, the External Audit Manager confirmed that she was not in position to comment on this. The Director of Finance & Assets informed Members that a letter of complaint to EY was being drafted and would be sent shortly.

The Director of Finance and Assets informed the Committee that the plan was to bring the completed Audit Results Report 2018/19 and other associated reports to the Authority meeting in September to be approved.

The External Audit Manager brought areas of interest to the attention of the Committee. These included the valuation of the Property, Plant and Equipment (PPE) and Investment Property (IP) and the request for a new valuation which has been submitted to EY. The pension liability valuation is still outstanding as the Pension Fund auditors have not yet issued their report.

RESOLVED –

That the content of the report be noted.

OA08 LETTER OF MANAGEMENT REPRESENTATION 2018/19

The Principal Account notified the Committee that the Letter of Management Representation to EY cannot be signed by the Director of Finance and Assets and the Chairman of the Committee as the external audit had not been completed. It was proposed that the letter be reviewed and signed at the Authority meeting on 18 September 2019.

RESOLVED –

That the Letter of Representation be noted.

OA09 UNAUDITED STATEMENT OF ACCOUNTS – YEAR ENDED 31 MARCH 2019

The Principal Accountant informed Members that all the internal work on the Statement of Accounts for the Authority had been completed and all queries raised by the Auditors to date had been resolved. The Committee were updated on areas that had changed since 2017/18 accounts. This included the amount of monies available for treasury investment due to expenditure on the Blue Light Hub.

The Committee were advised that, as discussed before, the external audit of the Statement of Accounts has not been completed by the external auditors so the Accounts cannot be signed at this meeting.

RESOLVED –

That the Unaudited Statement of Accounts for the financial year ended 31 March 2019 be noted.

OA10 TREASURY MANAGEMENT PERFORMANCE 2018/19

The Principal Account advised Members that the Treasury Management performance exceeded the budget set by £56k. As mentioned in the previous item the amount of money available to invest has been reduced due to spending on the Blue Light Hub, so investment returns may decrease in future years.

RESOLVED –

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

OA11 PROTOCOL ON MEMBER AND OFFICER RELATIONS

The Director of Legal and Governance advised Members that this protocol sits alongside the Members' and Officers' Code of Conduct and needs to be reviewed every four years and adopted by the Authority. No revisions had been requested by employee representatives nor by the Group Leaders.

A request was made that all Members of the Authority should have a printed copy of the updated protocol.

RESOLVED –

That the Protocol on Member and Officer Relations be approved and be recommended to the Authority for adoption.

OA12 COMPLIMENTS AND COMPLAINTS

The Information Governance and Compliance Manager advised Members that the number of complaints received was still very low and no complaints had been escalated.

The Committee asked how complaints were dealt with including the time taken to respond. The Information Governance and Compliance Manager confirmed that due to operational staff rotas that the intention was to deal with all issues within five working days, but the Authority did try and acknowledge the complaint on day of receipt.

RESOLVED –

That the report be noted.

OA13 BUSINESS AND SYSTEMS INTEGRATION PROJECT: PROGRESS REPORT

The BASI Project Manager presented the report and informed Members that the implementation of the project was on track and budget.

The introduction of the Prevention and Protect element on the Premises Risk Management System (PRM) was delivering a more efficient and paperless solution.

The Resource Management System was now being used by all Operational Staff. Support Staff were also being integrated on to the new system shortly.

RESOLVED –

That the report be noted.

OA14 CORPORATE RISK MANAGEMENT

The Corporate Planning Manager introduced the main risks and how they were being managed and explained the reasoning behind the Risk Map to new Members.

The Corporate Planning Manager informed the Committee that no new Risks had been added to the Register since the last meeting, but updated the Members on changes to the four main risk areas for the Authority. The main risks were staff availability, funding (both national and local), information security and “no deal Brexit”.

RESOLVED –

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

OA15 OPERATIONAL ASSURANCE IMPROVEMENT PLAN

The Head of Service Development introduced the Operational Assurance Improvement Plan and informed Members of its purpose. It was explained that due to the necessity to review the original report there had been a delay between the review of Operations and the publication date.

The report recommended 26 areas of improvement all of which were being reviewed and updated. Rather than adding 26 recommendations to the report three key topics areas had been added to the Operational Improvement Plan which were outlined in the report.

Operational Discretion was discussed and explained to Members with examples given. Following any event where "operational discretion" was used the event would be reviewed to see what could be learnt.

RESOLVED –

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

OA16 APPRENTICESHIP PROGRAMME – ANNUAL STATUTORY REPORTING 2018/19

The Director of People and Organisational Development introduced the Annual Statutory report and then asked the Station Commander, POD Projects, to give an overview of information covered in the report.

Members were informed that the report shown in Appendix B was the final report and would be submitted before 30 September 2019 to the Department of Education. The Committee was advised that the reporting was quite prescriptive with limited scope to explore all areas.

RESOLVED –

That the Authority's annual return be endorsed for submission to the Department for Education and for publication on the Authority's website.

OA17 FORWARD PLAN

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

RESOLVED –

That the Forward Plan be noted.

OA18 DATE OF NEXT MEETING

The Committee noted that the next Overview and Audit Committee meeting would be held on Wednesday 20 November 2019 at 10.00am.

The Overview and Audit Committee requested that it be minuted that as this is the last meeting for the Director of People and Organisational Development and the Head of Service

Development, that thanks were given to them both for their hard work and wished them well in their retirement.

THE CHAIRMAN CLOSED THE MEETING AT 11:53 AM

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Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	20 November 2019
OFFICER	Mark Hemming – Director of Finance and Assets Maggie Gibb – Internal Audit Manager
LEAD MEMBER	Councillor David Watson
SUBJECT OF THE REPORT	Internal Audit Report: Final Audit Reports
EXECUTIVE SUMMARY	<p>The purpose of this paper is to update Members on the findings of the finalised Internal Audit reports issued since the last Overview and Audit Committee meeting.</p> <p>The 2019/20 Cyber Security Audit has been finalised. Three recommendations have been agreed with the Information Governance and Compliance Manager, and a suitable deadline date for implementation has been identified.</p> <p>Internal Audit will monitor implementation of the recommendations as they fall due.</p>
ACTION	Noting.
RECOMMENDATIONS	That the recommendations raised in the finalised Internal Audit report be noted.
RISK MANAGEMENT	There are no risk implications arising from this report.
FINANCIAL IMPLICATIONS	The audit work is contained within the 2019/20 budget.
LEGAL IMPLICATIONS	There are no legal implications arising from this report.
CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE	Not applicable
HEALTH AND SAFETY	There are no health and safety implications arising from this report.
EQUALITY AND DIVERSITY	There are no equality and diversity implications arising from this report.

<p>USE OF RESOURCES</p>	<p>Communication and progress monitoring; All audits, follow up reports and further updates will be submitted to the Strategic Management Board and the Overview and Audit Committee.</p>
<p>PROVENANCE SECTION & BACKGROUND PAPERS</p>	<p>Internal Audit Plans 2019/20 Internal Audit reports taken to Overview and Audit Committee.</p>
<p>APPENDICES</p>	<p>Appendix A – 2019/20 Cyber Security Audit</p>
<p>TIME REQUIRED</p>	<p>5 minutes.</p>
<p>REPORT ORIGINATOR AND CONTACT</p>	<p>Maggie Gibb – Internal Audit Manager mgibb@buckscc.gov.uk 01296 387327</p>

BUCKINGHAMSHIRE COUNTY COUNCIL



Business Assurance and Risk Management

Final BMKFA Cyber Security Audit Report (Ref-20/21)

Auditors

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

Selina Harlock, Audit Manager

William Ockendon, IT Manager

Sue Bressington, IT Audit Senior

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Management Summary

Introduction

This audit of Cyber Security at Buckinghamshire and Milton Keynes Fire Authority (the Authority) was undertaken as part of the 2019/20 Internal Audit plan as approved by the Overview and Audit Committee. The audit was undertaken during the second quarter of 2019/20.

The prime purpose of the Authority is to provide Fire & Rescue Services in the South East Region of England. The area covered reaches the outskirts of London to the South Midlands, which is split into the following districts within the Buckinghamshire geographical area – Aylesbury Vale, Chiltern, South Bucks, Wycombe and Milton Keynes.

The Authority connects to the Bucks County Council infrastructure for its Wide Area Network (WAN) via a Virtual Local Area Network (VLAN), as a stakeholder of the Council's Public Sector Network. The network infrastructure is managed by Udata (part of the Capita Group), who provide a fully managed network service, as well as maintaining the current WAN, LAN and associated ICT services. This is supplemented by a small team of Fire Authority Officers who provide a service desk and non-network management related tasks, as well as monitoring the network's health and status. Although the monitoring is officially completed by Udata, the Authority monitors this to ensure that all issues are identified and remediated by Udata as soon as possible

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 risks associated with Cyber Security within the Authority.

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 control areas as defined by the Cyber Essentials Scheme (a Government backed and industry supported scheme to help organisations who become accredited, to protect themselves against common cyber-attacks; Cyber Essentials It provides a clear statement of the basic controls all organisations should implement to mitigate the risk from common internet based threats):

Boundary firewalls and internet gateways

- Information, applications and PCs within the Group's internal networks should be protected against unauthorised access and disclosure from the internet, using boundary firewalls, internet gateways or equivalent network devices.

Secure configuration

- PCs and network devices should be configured to reduce the level of inherent vulnerabilities and provide only the services required to fulfil their role.

User access control

- User accounts, particularly those with special access privileges (e.g. administrative accounts) should be assigned only to authorised individuals, managed effectively and provide the minimum level of access to applications, computers and networks.

Malware protection

- Devices that are exposed to the internet should be protected against malware infection through the use of malware protection software.

Patch management

- Software running on PCs and other network devices should be kept up-to-date and have the latest security patches installed.

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

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	No of Low Priority Management Actions
Boundary firewalls and internet gateways	Substantial	0	0	1
Secure configuration	Reasonable	0	1	0
User access control	Reasonable	0	1	0
Malware protection	Substantial	0	0	0
Patch management	Substantial	0	0	0
		0	2	1

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

The overall opinion of **Reasonable** Assurance for the Cyber Security audit was concluded as there were no significant weaknesses in the control framework for the areas reviewed as part of this audit. 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 in relation to user access protocols, cyber security training and contract management with Updata. The implementation of our recommendations should help to strengthen the Cyber Security controls within the Authority.

Boundary firewalls and internet gateways

The Authority's network perimeter is protected by firewalls to create a buffer zone between the Internet (and other untrusted networks) and the networks used by the Authority. The firewall rules are set to deny traffic by default and only allow access for authorised protocols, ports and applications to exchange data across the boundary. Any required changes are subject to a change management process where proposed changes are reviewed and approved prior to configuration. All changes are supported by a business case to explain why they are required. Firewall rules are reviewed annually by Updata and any changes are notified to the Authority's ICT Manager, who is responsible for approving or rejecting the change to go ahead.

Wireless access points are secured to only allow known devices to connect to corporate Wi-Fi services.

Administrator access to any network component is authenticated and authorised, and default administrative passwords for network equipment are routinely changed upon implementation of the application.

The network is managed by Updata with support from the Authority. The Operational Process document agreed with Updata sets out target response times, and states that monthly service performance reports will be sent to the Authority on 10th working day of the calendar month. The reports should include incidents raised, analysis of resolution categories, time to fix, performance to SLA and service availability. These reports are not provided by Updata (see *Finding 3 below*).

Secure configuration

Solarwinds is in use to regularly monitor network vulnerabilities, the status of corporate devices and ensure that all required actions are identified. Actions are to be completed by Updata, therefore if the Authority identifies an action to be taken before Updata, they raise a service desk ticket to start the process. Conversely, if Updata identify one, they raise a ticket and notify the Authority.

System Center Operations Manager (SCOM) is used to monitor servers, which provides a monitoring solution for operating systems and hypervisors (virtual machine manager). SCOM uses a single interface that shows state, health and performance information of systems. It also provides alerts generated according to some availability, performance, configuration or security situation being identified. It works with Microsoft Windows Server and Unix-based hosts.

System administrators are the only officers able to install software. This is controlled by a group policy setting which is configured to not allow execution files to run for standard users. Therefore software can only be downloaded if it has been pre-approved and made available for users to install by ICT, in Microsoft System Center Configuration Manager (SCCM). Group policy settings allow USB devices to install documents to PC's but not PC to USB unless the USB is encrypted. All PC's are encrypted by BitLocker and users are not permitted to connect with their own device.

External penetration tests are completed bi-annually, with a targeted test in between. Required actions identified in the last test (2016) were monitored and recorded in a remediation plan and no actions are outstanding. The next full test which was due in 2018 is scheduled for completion this month; this was delayed due to resourcing and staffing issues, however we note that there are monitoring tools in use to help identify any vulnerabilities, and the vulnerabilities identified in the last penetration test have been addressed.

User access control

A walk-through review of the process for notifying starters and leavers to ICT was completed. We noted that automatic emails are created as part of a workflow process, which are then diarised in a central diary by ICT to ensure that all relevant staff have access and are able to act upon the email requests.

During the last 12 months, there were 38 new starters and 62 leavers. Walk-through testing of three starters and one leaver confirmed that these had been processed in accordance with local procedure. The local procedure permits standard users the same level of access by department. Access permissions for applications are managed by ICT within the relevant application. Role profiles have not been identified and are therefore not in use. We note that access rights have been created and some privileges granted are added after the initial user permissions have been created. There is therefore a need to review all profiles to ensure that users do not have access to data and systems not needed to perform their job duties, and this has not been completed (*see Finding 1 below*).

The Authority's active directory has seven ICT users with enhanced privileges, 22 external users with enhanced privileges (including one network manager and 3rd party software suppliers). In total there are 430 active accounts.

At the time of the audit, 92.3% of all staff had completed mandatory e-Learning security training "Protecting Information". This training is part of the user induction process. All training materials and relevant topic updates are added to the Intranet, however there is not a standard cyber security refresher course, and no mock phishing attacks are completed to test the effectiveness of induction training and user awareness (*see Finding 2 below*).

Malware protection

Microsoft System Center Configuration Manager (SCCM) is utilised to manage the Authority's Anti Malware and Antivirus solution. Updates are configured to automatically roll out when they are available, the next time a device connects to the network. The SCCM Endpoint Protection Status is checked on a daily basis to make sure the Endpoints are reporting in and have installed correctly on client devices and servers. At the time of the audit, a total of 30 from 356 active devices with endpoint protection had not connected to the network to receive the latest update. This was monitored and reviewed on an on-going basis throughout the day.

Patch management

SCCM enables administrators to manage the deployment and security of devices and applications across an enterprise. One of the features in use at the Authority is the remote control of patch management, operating system deployment, network protection and other various services. The SCCM endpoint protection of windows servers is managed by WSUS (Windows Server Update Services) which downloads the updates from the Microsoft Update website and then distributes them to devices connected to the network. This has been configured to download updates and for the products installed on clients and servers.

Updates are pushed out to client devices 14 days after "Microsoft Patch Tuesday". User devices are configured to have the update installed within two days of ICT releasing it. 14 days are passed before deploying these updates to make sure that all issues with the updates have been identified and resolved by Microsoft, therefore this negates the need for pre-release testing. Patch management for all applications are controlled by the relevant software provider.

Table 2: Detailed Audit Findings and Management Action Plan

Finding 1: Role profiles and tidying up of current access permissions	Risk Rating	Agreed Management Actions
<p>Role profiles have not been identified and are therefore not in use. We note that access rights have been created and some users have additional privileges granted after the initial user permissions have been created. User profiles therefore need to be reviewed to ensure that there is a business need for all users to access the systems and date they have been granted, however this has not been completed. This increases the risk of unauthorised access being granted as there is no set profile structure, which could result in users having access to data they are not entitled to view.</p> <p>We recommend, as has been identified by the ICT Manager and Service Desk Manager that current access permissions are reviewed and removed where appropriate, and role profiles are created and implemented to allow a standard configuration by function.</p>	<p>M</p>	<p>We currently use a retention schedule with each department Information Asset Owner owning their own schedule worksheets within it. When a new starter (or new to role) is notified they can only be given access as advised by the Information Steward to be listed as an access rights holder in relevant schedule. If an existing employee transfers to another department their access rights are stripped and rebuilt as advised in the relevant schedule.</p> <p>Officer responsible: ICT Manager, DT</p> <p>Date to be implemented by: 31 March 2020</p>

Finding 2: Training and the measurement of its effectiveness	Risk Rating	Agreed Management Actions
<p>At the time of the audit, 92.3% of all staff had completed mandatory e-Learning security training “Protecting Information”. This training is provided as part of the user induction process.</p> <p>All training materials and relevant topic updates are added to the Intranet, however there is not a standard cyber security refresher course, and no mock phishing attacks are completed to test the effectiveness of induction training and user awareness.</p> <p>This increases the risk of users not being aware of, or accountable for inappropriate use of the Authority’s devices, which could result in a cyber-attack or data breach occurring.</p> <p>We recommend that an annual refresher training course/package is completed and rolled out to all users to ensure that they are kept up to date with the most recent guidance.</p> <p>Mock phishing attacks should be scheduled on a rotational basis to establish the effectiveness of training and user awareness.</p>	<p>M</p>	<p>The “Responsible for Information” general user is completed by all new starters and bi-annually by all employees via the HEAT package (an online training facility). It replaced the “Protecting Information” training. HEAT sends out reminders when the refresher training is due.</p> <p>It is proposed to maintain the refresher training as bi-annual (rather than annually as suggested).</p> <p>We are in discussion with BCC Audit for suggested mock phishing providers.</p> <p>We have identified a free cyber training package from the National Cyber Security Centre</p> <p>https://www.ncsc.gov.uk/training/top-tips-for-staff-web/story_html5.html</p> <p>It is proposed to roll this out via HEAT with refreshers on a bi-annual basis by 31 March 2020</p> <p>After the free training session provided by the South East Regional Organised Crime Unit to SMB on 1 October 2018 it was agreed that its free training offer for lower tier would be rolled out.</p> <p>Officer responsible: Information Governance & Compliance Manager. GB</p> <p>Date to be implemented by: 31 March 2020</p>

Finding 3: Contract management with Udata	Risk Rating	Agreed Management Actions
<p>The network is managed by Udata with support from the Authority. The Operational Process document agreed with Udata sets out target response times, and states that monthly service performance reports will be sent to the Authority on the 10th working day of the calendar month. The reports should include incidents raised, analysis of resolution categories, time to fix, performance to SLA and service availability. These reports are not provided by Udata.</p> <p>There is an increased risk that Udata are not effectively delivering against their SLA targets, and this may not be identified. There is also a risk that the overall high level monitoring of network issues is not identified.</p> <p>The Authority should, in conjunction with Bucks CC, discuss and agree the process for contract monitoring and reporting with Udata, to ensure that a full overview of the network stability and performance is available and repeat issues identified and resolved.</p>	<p>L</p>	<p>The Authority has signed a two-year extension to the Udata contract. Whilst we have not previously found regular reports and meetings necessary due to the small level of issues, we will insist that these are prepared and formally delivered in the future.</p> <p>Officer responsible: ICT Manager, DT</p> <p>Date to be implemented by: 1 November 2019</p>

Appendix 1: Definition of Conclusions

Key for the Overall Conclusion:

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

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

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

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

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

Appendix 2: Officers Interviewed

The following staff contributed to the outcome of the audit:

Name:

Dave Thexton
Lewis Higgins
Daniel Shaw
Dylan Bettles-Hill

Title:

ICT Manager
Service Desk Manager
ICT Server Specialist
ICT Operations Specialist

The Exit Meeting was attended by:

Name:

Dave Thexton

Title:

ICT Manager

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

Appendix 3: Distribution List

Draft Report:

Dave Thexton
Gerry Barry
Graham Britten

ICT Manager
Information Governance and Compliance Manager
Director of Legal and Governance

Final Report as above plus:

Mark Hemming
Jason Thelwell
Ernst and Young

Director of Finance and Assets
Chief Fire Officer
External Audit

Audit Control:

Closing Meeting
Draft Report
Management Responses
Final Report
Audit File Ref

10 July 2019
27 August 2019
22 October 2019
24 October 2019
20-21

Disclaimer

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

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

Contact Persons

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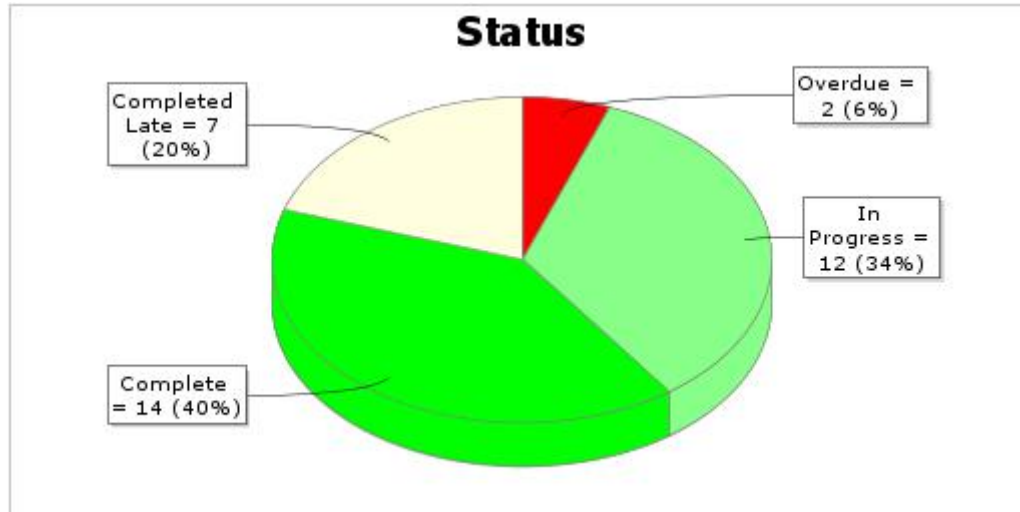
Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	20 November 2019
OFFICER	Mark Hemming – Director of Finance and Assets Maggie Gibb – Internal Audit Manager
LEAD MEMBER	Councillor David Watson
SUBJECT OF THE REPORT	Internal Audit Report: Update on Progress of Audit Recommendations
EXECUTIVE SUMMARY	<p>The purpose of this paper is to update Members on the progress of the implementation of audit recommendations made as at 13 October 2019.</p> <p>Any further progress against outstanding recommendations will be verbally presented to the Overview and Audit Committee on 20 November 2019.</p> <p>In total there are 35 recommendations to report on the status of which are classified as follows:</p> <p>Implemented - 21/35 (60%) In-progress - 12/35 (34%) Past Due date (In-progress) - 2/35 (6%)</p> <p>There are no outstanding recommendations to bring to the attention of the Members at this time.</p> <p>Internal Audit continues to actively monitor implementation of all outstanding recommendations throughout the year.</p>
ACTION	Noting.
RECOMMENDATIONS	That the progress on implementation of recommendations be noted.
RISK MANAGEMENT	There are no risk implications arising from this report.
FINANCIAL IMPLICATIONS	The audit work is contained within the 2019/20 budget.
LEGAL IMPLICATIONS	There are no legal implications arising from this report.
CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE	Not applicable.

HEALTH AND SAFETY	There are no health and safety implications arising from this report.
EQUALITY AND DIVERSITY	There are no equality and diversity implications arising from this report.
USE OF RESOURCES	Communication and progress monitoring All audits, follow-up reports and further updates will be submitted to SMB and Overview and Audit Committee.
PROVENANCE SECTION & BACKGROUND PAPERS	Internal Audit Plans 2016/17, 2017/18 and 2018/19 Internal Audit reports taken to Overview and Audit Committee
APPENDICES	Annex A: Status of Internal Audit Recommendations – October 2019
TIME REQUIRED	10 minutes
REPORT ORIGINATOR AND CONTACT	Maggie Gibb – Internal Audit Manager mgibb@buckscc.gov.uk 01296 387327

Annex A: Update on progress of audit recommendations – October 2019

Generated on: 13 October 2019



Title	Priority	Due Date	Description	Assigned To	Latest Note
Fleet Management (1a) Tranman Review	Medium Priority	31-Aug-2017	<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.</p> <p>Since the training was delivered there have also been a number of staff changes, resulting in three members of staff, from a five person team who use the Tranman system, never being taught the full system and how to use the software from the software provider. This has led to potential under-utilisation of the software and some inconsistencies in the use of the system potentially compromising data integrity and alignment of processes.</p> <p>In addition it was noted that there are current reporting issues through the Crystal Reporting function, which added to the potential inconsistencies in the use of the system means reporting functions cannot be fully relied upon to provide up to date and valid information to base decisions upon. Audit acknowledges that the reporting issue is currently being investigated by Tranman.</p> <p>Risk Where training is not provided on a periodic basis, staff may adopted inappropriate, ineffective, and / or out dated working practices.</p> <p>Action 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>	Fleet Manager, JF	The fleet management project is moving forward, but very slowly. Since the last update we have visited another fire service for a demonstration of the latest version of Tranman including how they have implemented a number of 'paperless' forms and functions. We are currently in the process of securing the necessary funding and approval for the upgrade and improvements.

Title	Priority	Due Date	Description	Assigned To	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 absorbed the information to the required standard.</p> <p>Since the training was delivered there have also been a number of staff changes, resulting in three members of staff, from a five person team who use the Tranman system, never being taught the full system and how to use the software from the software provider. This has led to potential under-utilisation of the software and some inconsistencies in the use of the system potentially compromising data integrity and alignment of processes.</p> <p>In addition it was noted that there are current reporting issues through the Crystal Reporting function, which added to the potential inconsistencies in the use of the system means reporting functions cannot be fully relied upon to provide up to date and valid information to base decisions upon. Audit acknowledges that the reporting issue is currently being investigated by Tranman.</p> <p>Risk Where training is not provided on a periodic basis, staff may adopted inappropriate, ineffective, and / or out dated working practices.</p> <p>Action Identify training requirements, system improvements and possible upgrades for implementation in 2018/19 (depending on funding requirements).</p>	Fleet Manager, JF	The fleet management project is moving forward, but very slowly. Since the last update we have visited another fire service for a demonstration of the latest version of Tranman including how they have implemented a number of 'paperless' forms and functions. We are currently in the process of securing the necessary funding and approval for the upgrade and improvements.
Property Management (1) Red Kite Functionality	Low Priority	31-Mar-2020	<p>Finding Review of 10 Reactive Works jobs on Red Kite, identified two red rated jobs which were closed within 24 hours of the job being open, this cannot confirm whether it was made operationally safe within the four hour timeframe. There were also two Amber Rated jobs, one of which was closed within 72 Hours and the other 144 hours.</p> <p>Risk Where the Authority are unable to hold record events as they become operationally safe, there is a lack of information available to confirm whether these internal targets are being consistently met.</p> <p>Action As part of the latter phase of the BASI project it is intended to review the current asset management systems utilised by the Authority, part of this review will examine the case for improving the functionality of existing systems working with the suppliers to develop them accordingly. This work is currently scheduled for early 2019.</p>	Property Manager, GW	In-progress, not yet due.
Core Financial Controls (2) Creditors	Medium Priority	31-Dec-2019	<p>Finding A sample of 20 purchasing card transactions over the period April to December 2017 was reviewed by Audit and testing identified the following purchases that were not in line with the guidelines</p> <ul style="list-style-type: none"> • Evening meals which included alcohol • Small, regular purchases from coffee shops. 	Principal Accountant, AH	Expenses policy has been updated and presented to BTB in May 2019. BTB requested some minor amendments before they put forward to the appropriate

Title	Priority	Due Date	Description	Assigned To	Latest Note
			<p>Expenditure made on purchasing cards is checked by Finance staff and monies recouped, such as alcohol purchases, where necessary. However, the Purchasing Card Guidelines and the Expenses Policy do not include any rules surrounding spend on hospitality.</p> <p>Risk If staff are unaware of what the guidelines are for expenditure on hospitality and what expenses are allowable there is a risk that inappropriate purchases will be made leading to Finance staff time being spent on recouping the monies.</p> <p>Action Purchasing Card Guidelines and Expenses Procedure to be updated to clarify rules surrounding spend on hospitality. The review of the Expenses Procedure and related guidance has commenced and alignment with and relevant section of the Purchasing card guidelines will be ensured.</p>		<p>board for approval. Next BTB will be in September and likely to be approved by the end of the financial year.</p> <p>Due Date amended from 31 December 2018 to 31 December 2019.</p>
Core Financial Controls (3) Debtors	Medium Priority	31-Dec-2019	<p>Finding A sample of 25 invoices raised between April and December 2017 and a sample of five current debts was reviewed to confirm that supporting documentation was held for each invoice raised, invoices were paid on time and that any outstanding debts are chased seven days after the due date in accordance with Financial Instructions. However the following exceptions were noted from the testing undertaken:</p> <ul style="list-style-type: none"> • Four current debts were subject to the standard debt recovery process, for two of these debts the chasing letter was sent out to debtors more than seven days after the due date (14 days and 11 days respectively). For one of these debts no first reminder was held on Integra. • Two of the five debts tested were older than 30 days. These were both being chased by way of email reminders from Finance and had not been referred to Legal Services as required by the Financial Instructions. <p>Risk If debts to the Fire Authority are not managed and actively pursued in line with the Financial Instructions, there is a risk that money owed to the Fire Authority may not be recovered</p> <p>Action Financial Instructions and Debt Management Policy to be updated to clarify that the Chief Finance Officer may choose to refer debts to legal, rather than implying that they are automatically referred after 30 days.</p>	Principal Accountant, AH	<p>This only requires the word 'may' added onto the Financial Instructions and therefore would not be practical to only make this amendment and send for approval. Financial Instructions as a whole likely to be updated latter part of this year and therefore should be completed by December 2019.</p> <p>Due Date changed from 30 November 2018 to 31 December 2019.</p>
Core Financial Controls (4) Payroll	Medium Priority	01-Apr-2020	<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>	Payroll & Benefits Manager, SE	Update from 30 September 2019: The FB22s are gradually being phased out for Operational Staff. Only Watch based Op's Staff on Station are currently still using FB22s. There have been delays in developing the pay aspect to FSR due to developmental and implementation issues with the

Title	Priority	Due Date	Description	Assigned To	Latest Note
			<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>mobilising aspect, development focus has been on this aspect for the initial 6 months. Opportunity has also been taken to automate our Bank Shift process during this phase – booking and pay output. This has helped test some of the more complex rules required for day to day pay processing and as a consequence has broadened the scope against which will utilise FSR for pay processing.</p> <p>There was a review meeting on 25th September 2019 where it was sought to push the Payroll development side into a 3 month intensive parallel run phase for Q3 moving to a 3 month live run with no FB22s ahead of the roll into FY 2020-2021. This is supported by the GC for Resourcing and the BASI project manager.</p> <p>Due date has changed from 31 March 2019 to 01 April 2020.</p>
Core Financial Controls (1) Financial Control – Contract Standing Orders	Low Priority	31-Mar-2020	<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> <p>Action 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>	Director of Finance & Assets, MH	

Title	Priority	Due Date	Description	Assigned To	Latest Note
Project Management BLH (2) The Hub Performance	Medium Priority	31-Oct-2019	<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. However Audit found that whilst these potentially recoverable costs are reflected in the Budget Monitoring Financial Statements, they are not separately identified as attributable to any party as this will be the subject of negotiation between all parties depending on final outcomes at the conclusion of construction. The risk of HUB poor performance has been recorded in the risk register.</p> <p>It was confirmed that the Director for the HUB Professional Services has been made aware of potentially recoverable costs and the issues that were causing poor performance have been addressed.</p> <p>Risk Where the impact of poor performance is not completely and accurately reflected in the budget and/or risk register, this may lead to project overspend as the budget will not be forecasting all expected costs.</p> <p>Action The necessary actions to deal with potential financial loss arising from delays on the part of HUB have already been addressed during 2018 and a significant improvement has been seen. The current delay in the construction programme (5-6 weeks) has not altered for some months.</p> <p>Both the HUB and Kinglerlee have a responsibility to mitigate any delay as much as possible and with some 8 months of construction still to take place at the time of writing (Feb 2019) they must both maintain the opportunity to do so.</p> <p>Only at post construction and during the period when the final account will be negotiated and agreed, will any financial loss due to delays or failures be attributed.</p> <p>The Director of HUB's parent company (Integral UK Ltd) has been in discussions with both DFA and Property Manager and he is well aware of the potential claim the Authority may have in due course.</p> <p>The financial statements produced by the QS do show all costs (i.e. worst case) but do not at this stage set out which potentially claimable costs are attributable to which parties.</p> <p>The Authority's officers will continue to maintain dialogue with senior representatives at both the HUB and Kinglerlee over any potential situation (either worsening or improving) that may lead to a claim.</p>	Head of Resources & Assets, DS	Ongoing until final accounts agreed by all parties.
Project Management BLH (3) Project Risk Management	High Priority	30-Nov-2019	<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; 	Head of Resources & Assets, DS	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

Title	Priority	Due Date	Description	Assigned To	Latest Note
			<ul style="list-style-type: none"> • 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>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>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> <p>Action 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>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> <p>We are continuing to develop the occupation risk register. This will be monitored at the regular occupation group meetings, which also include representatives from TVP and SCAS.</p> <p>Although it is substantially complete as far as our occupation is concerned, we need to incorporate risks of other parties that may have an indirect impact on us.</p> <p>Due Date changed from 31 July 2019 to 30 November 2019.</p>
Stores (1) Asset Review	High Priority	31-Dec-2019	<p>Finding 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>Action Assets in storage will be reviewed on a quarterly basis to ensure the Asset Management records are complete.</p>	Fleet Manager, JF	<p>All equipment is now 'quarantined' until asset tagged and marked with Bucks Fire.</p> <p>Due to recent workload, the progress has been slower than originally anticipated. The expected completion will now be by the end of December.</p> <p>Due Date changed from 30 September 2019 to 31 December 2019.</p>

Title	Priority	Due Date	Description	Assigned To	Latest Note
Stores (2) Asset Review	High Priority	31-Dec-2019	<p>Finding Staff are required to undertake regular asset checks. The frequency of these inventory checks are dependent on the type of items, with this being determined by the PIT Number each asset is assigned. When the staff check the assets, a device would be used to scan the tag label of each asset to show that the asset has been located and checked. Once the staff have scanned the item, evidence of this scan is registered automatically on Red Kite. During these inventory checks the staff will declare if they have found the asset and if it is inadequate or faulty.</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>Risk Where assets are not checked on a regular basis, there is a risk that faulty or inadequate items are being held and used by staff members.</p> <p>Action Inventory checks should be reviewed by the Asset Management Systems Officer. Where the inventory checks have not been undertaken on a consistent basis, this will be followed up with staff.</p>	Fleet Manager, JF	<p>FF Brown has been employed to complete asset testing and inventories on Redkite on a regular basis. Staff are now reporting any items they find that are missing asset tags. We are also marking items in permanent marker with the asset number as a backup so as to further identify items if the labels become damaged/lost.</p> <p>Due to recent workload, the progress has been slower than originally anticipated. The expected completion will now be by the end of December.</p> <p>Due Date changed from 30 September 2019 to 31 December 2019.</p>
Stores (3) Asset Review	Medium Priority	31-Dec-2019	<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>Action 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>	Fleet Manager, JF	<p>The recording of items being moved is now more robust. Staff must now complete a form with the asset number recorded and where the item is being moved to. Due to recent workload, the progress has been slower than originally anticipated. The expected completion will now be by the end of December.</p> <p>Due Date changed from 30 September 2019 to 31 December 2019.</p>
Stores (6) Reconciliation between the Asset Management System and the General Ledger	High Priority	31-Mar-2020	<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</p>	Director of Finance & Assets, MH	<p>Whilst it is currently possible to obtain a report of stock purchases from the General Ledger there is no equivalent field in Redkite that would hold a purchase order number to facilitate an efficient</p>

Title	Priority	Due Date	Description	Assigned To	Latest Note
			<p>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>Action 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>reconciliation. We have placed a development request with Redkite to see if this is something that be added to the current version, or developed for a future upgrade.</p> <p>Due date changed from 30 September 2019 to 31 March 2020.</p>
Stores (7) Policies and Procedures	Low Priority	31-Dec-2019	<p>Finding A Red Kite Asset Management User Guide is in place. This is a guide for staff members on how to use the Asset Management Software. Review of the User Guide identified that there is no issue or review date to the guide. Therefore we were unable to confirm if the Red Kite Asset Management User Guide is being reviewed on a regular basis.</p> <p>Risk Where policies and procedures are not reviewed on a regular basis, there is a risk that staff are working with practices that are out-of-date.</p> <p>Action A review and issue date will be added to the User Guide.</p>	Fleet Manager, JF	<p>The Redkite Asset Management User Guide was reviewed by SC Tuffley in March 2019.</p> <p>Due to recent workload, the progress has been slower than originally anticipated. The expected completion will now be by the end of December.</p> <p>Due Date changed from 30 September 2019 to 31 December 2019.</p>

Buckinghamshire & Milton Keynes Fire Authority



MEETING	Overview and Audit Committee
DATE OF MEETING	20 November 2019
OFFICER	Mark Hemming – Director of Finance and Assets Maggie Gibb – Internal Audit Manager
LEAD MEMBER	Councillor David Watson
SUBJECT OF THE REPORT	Internal Audit Report: Update on Progress of the Annual Audit Plan
EXECUTIVE SUMMARY	<p>The purpose of this paper is to update Members on the progress of the annual Internal Audit Plan since the last meeting.</p> <p>Work has progressed according to the 2019/20 plan, and regular discussions have been held with the Director of Finance and Assets to monitor progress.</p> <p>The audit of Cyber Security has been completed and issued as a final report.</p> <p>The fieldwork for the Budget Monitoring and Forecasting audit is in progress and the Performance Management audit is currently at the planning stage. The final reports will be presented to Members at the next Overview and Audit Committee meeting.</p>
ACTION	Noting.
RECOMMENDATIONS	That Members note the progress on the Annual Internal Audit Plan.
RISK MANAGEMENT	There are no risk implications arising from this report.
FINANCIAL IMPLICATIONS	The audit work is contained within the 2019/20 budget.
LEGAL IMPLICATIONS	There are no legal implications arising from this report.
CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE	Not applicable.
HEALTH AND SAFETY	There are no health and safety implications arising from this report.

EQUALITY AND DIVERSITY	There are no equality and diversity implications arising from this report.
USE OF RESOURCES	Communication and progress monitoring All audits, follow up reports and further updates will be submitted to the Strategic Management Board and the Overview and Audit Committee.
PROVENANCE SECTION & BACKGROUND PAPERS	Internal Audit Plans 2019/20 Internal Audit reports taken to Overview and Audit Committee.
APPENDICES	Appendix A – Progress against 2019/20 Internal Audit Plan
TIME REQUIRED	10 minutes.
REPORT ORIGINATOR AND CONTACT	Maggie Gibb – Internal Audit Manager mjibb@buckscc.gov.uk 01296 387327

Appendix A – Update on Progress of the Annual Audit Plan 19/20

Auditable Area	Key Audit Objectives	Day Budget (Timing)	Status
Core Financial Controls	<p>To fulfil our statutory responsibilities, we will undertake work to provide assurance over key controls within the financial governance framework. Key systems that will be tested include:</p> <ul style="list-style-type: none"> • Financial Control/Monitoring • Procure to Pay • Payroll & Pensions • Debtors • Capital • Financial Regulations • General Ledger • Reconciliations • Treasury Management <p>This review will include a follow-up of the 2018/19 audit findings.</p>	40 days (Q3/4)	Planning
Performance Management	<p>This risk based audit will aim to provide assurance on the controls in place over the key performance indicator monitoring system, the robustness of reporting and the escalation of issues.</p> <p>This audit is carried forward from the previous year.</p>	10 days	Planning
Cyber Security	<p>This audit will provide assurance on the adequacy of key controls that the Authority has in place to mitigate the risk from common internet based threats.</p>	10 days	Final report (Reasonable)
Budget Monitoring & Forecasting	<p>The objective of this audit is to provide assurance that there are adequate and effective controls over Budget Monitoring and Forecasting, such that reports produced are complete and accurate.</p>	10 days	In-progress

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



Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	20 November 2019
OFFICER	Calum Bell, Head of Service Development
LEAD MEMBER	Councillor David Hopkins
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 Resource Management System (RMS) has been developed to capture and measure working time metrics; • Home Office Annex A approved allowing integration work to start between RMS and Command & Control (Vision); • Showcased the work we have done across Premises Risk Management System (PRMS) and RMS with other Services; • Community Activity now being captured in PRMS allowing us to track and report on the great community activity that take place. <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"> • Vision integration development in progress and testing to start in October; • Fleet Management system contract being written; • Site Specific Risk Information (SSRI) requirements being pulled together including feedback sessions with stations; • Review of feedback for both RMS and PRM continues to develop the systems and processes further.


ACTION	Noting.
RECOMMENDATIONS	That the report is noted.
RISK MANAGEMENT	<p>The project risks are contained within a project risk register.</p> <p>Current high-level project risks can be seen in Appendix A – Highlight Report – Sept/Oct 2019.</p> <p>The governance of this register, including escalations is in line with existing Service policy.</p> <p>DPIA to be completed by each systems Information Asset owner.</p>
FINANCIAL IMPLICATIONS	There are no further financial implications related to the project identified in this paper.
LEGAL IMPLICATIONS	There are no further legal implications related to the project identified in this paper.
CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE	<p>Opportunities for collaboration have been actively sought and considered during the procurement phase of the project.</p> <p>Collaboration with Warwickshire and Shropshire Fire Services continues to support the development of the Resource Management system.</p> <p>We continue to look beyond our Thames Valley partners, working with organisations that use the same systems as us to share knowledge and collaborate on developing the systems i.e. Bedfordshire.</p>
HEALTH AND SAFETY	The Working Time Directive measures, that have been built in RMS, are being reviewed.
EQUALITY AND DIVERSITY	The HR system allows us to collect 'real time' Equality & Diversity (E&D) data securely allowing it to be used for trend analysis. eRecruitment will provide E&D data at all stages of recruitment.
USE OF RESOURCES	<p>The project is managed by the Project Manager. The Project Manager is proactively using existing skills and experience within the workforce to move the project forward.</p> <p>Business case approved for Operational resource on alternative duties to support the project.</p> <p>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</p>

	<p>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 & BACKGROUND PAPERS</p>	<p>Background</p> <p>As part of the ICT Strategy 2014-2019 an independent review of systems integration was commissioned. An external consultant undertook this task and delivered a business case which was formally agreed to be progressed by the Executive Committee Meeting 29 July 2015.</p> <p>The project is scheduled to be delivered in phases over a two-year period.</p> <p>Background Papers</p> <ul style="list-style-type: none"> • ICT Strategy 2014-2019 • Business and Systems Terms of Reference • Business and Systems Integration Business case • Business and Systems Integration Project: Governance Reporting Arrangements (18 November 2015) • NEW - ICT Strategy 2019-2024
<p>APPENDICES</p>	<p>Appendix A: Highlight Report – Sept/Oct 2019</p> <p>Appendix B: Highlight Report – July/Aug 2019</p> <p>Appendix C: Spend Breakdown</p> <p>Appendix D: Go Live Dates</p>
<p>TIME REQUIRED</p>	<p>5 Minutes.</p>
<p>REPORT ORIGINATOR AND CONTACT</p>	<p>Anne-Marie Carter</p> <p>acarter@bucksfire.gov.uk</p> <p>07966 886689</p>

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Appendix A: Sponsor Highlight Report – Sept/Oct 2019

Business & Systems Integration project – September/October 2019

Business Owner: Project Manager: Business Sponsors:	Calum Bell Anne-Marie Carter Mick Osborne Mark Hemming	Project Objectives: To streamline, automate and integrate systems and business processes across: - HR & Payroll, Finance & Planning, Premises Risk Management, Resource Management, Asset Management Data duplication will be reduced and the efficiency and effectiveness of both our processes and MI will increase	Overall RAG 
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Finance		Plan		Risks & Issues		Scope		Resources	
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Exec Summary – Past Period’s Activities

HR & Payroll

- 3 day process optimisation workshop completed focusing on Request to recruit, new starters, leavers
- System and processes continues to be updated following feedback from across POD

Premises Risk Management

- SSRI Question set scoped
- System updated following feedback from end users

Resource Management

- Vision integration development completed

Asset Management

- New contract for Fleet management scoped
- Initial review of Redkite completed

Overall

- Showcased both PRMS and RMS with a Humberside and Hertfordshire

Priorities for Next Period – Nov/Dec

HR & Payroll

- Continue updating system/processes following Optimisation workshop

Premises Risk Management

- Continue scoping SSRI, linking to Risk Information Management Programme
- Continue to update system following feedback from end users
- Agree handover/support process

Resource Management

- Continue to review Go Live feedback and complete development based on this feedback
- Vision integration testing to be completed





Asset Management

- Visit Redkite to understand development opportunities
- Sign Fleet Management contract




Key Decisions Required:

- None

Key Milestones


Milestone	Forecast/ Actual	RAG
Next BTB	5 th Sept	
Next O&A	13 th Nov	
		
		






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 has now been signed off and work has started on integration	Oct
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 – July/August 2018

Business & Systems Integration project – July/August 2019

Business Owner: Project Manager: Business Sponsors:	Calum Bell Anne-Marie Carter Mick Osborne Mark Hemming	Project Objectives: To streamline, automate and integrate systems and business processes across: - HR & Payroll, Finance & Planning, Premises Risk Management, Resource Management, Asset Management Data duplication will be reduced and the efficiency and effectiveness of both our processes and MI will increase	Overall RAG 
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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

- Scoping for SSRI started
- Community activity capture now live

Resource Management

- Working Time Directive measures added to the system
- Vision integration development started

Asset Management

- Agreement of scope for fleet management

Overall

- Opex review completed and Budget Challenge submitted

Priorities for Next Period – Sept/Oct

HR & Payroll

- Continue updating system/processes following POD Optimisation sessions
- 3 day process optimisation workshop

Premises Risk Management

- Start scoping SSRI, linking to Risk Information Management Programme
- Update system following feedback from end users

Resource Management

- Continue to review Go Live feedback and complete development based on this feedback
- Vision integration development to be completed and testing started


Asset Management

- New contract to be signed for Fleet Management




Key Decisions Required:

- None

Key Milestones

Milestone	Forecast/ Actual	RAG
Next BTB	5 th Sept	
Next O&A	13 th Nov	
		
		

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 has now been signed off and work has started on integration	Oct
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	57	909
Committed		0	0	0	104	104
Earmarked		0	0	0	107	107
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 August 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 (TBC)
Resource Management	TBC – Mid 2018- Oct 2018 – March 2019	Operational – Achieved Support Staff – Delayed (Early 2020)
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	20 November 2019
OFFICER	Graham Britten, Director of Legal & Governance
LEAD MEMBER	Councillor David Hopkins
SUBJECT OF THE REPORT	General Data Protection Regulation (GDPR) – One Year On
EXECUTIVE SUMMARY	The purpose of this paper is to review the implementation of the GDPR across the Authority since it came into effect on 25 May 2018. The Overview and Audit Committee was last apprised of progress at its meeting in March 2019 at which it agreed that periodic progress reports on implementation progress be received.
ACTION	Noting.
RECOMMENDATIONS	That the report be noted.
RISK MANAGEMENT	<p>Details of outstanding issues are included in the Information Management risk register.</p> <p>This report has no equality, diversity and inclusion implications.</p> <p>The report is about the implementation of privacy legislation and does not include any personal or personally identifiable information (PII).</p> <p>The report does cover issues of cyber security but does not introduce any new or increased threats to security.</p>
FINANCIAL IMPLICATIONS	There are no financial issues directly associated with the report. However, risk treatments may have financial implications.
LEGAL IMPLICATIONS	There are no direct legal implications associated with this report.
CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE	The report deals with implementation measures for GDPR in the Buckinghamshire & Milton Keynes Fire Authority. Opportunities to collaborate may arise as risk treatments are identified by relevant Information Asset Owners.
HEALTH AND SAFETY	There are no health and safety issues directly

	associated with this report.
EQUALITY AND DIVERSITY	Nothing in the report deals directly with issues of equality, diversity or inclusion.
USE OF RESOURCES	<p>Any resource implications will arise directly at department / stations level.</p> <p>Communication</p> <p>The Information Governance & Compliance Manager, in her role as Data Protection Officer, will raise awareness of actions needed to comply with GDPR, with Information Asset Owners (Senior Management Team members) and their Information Stewards; and provides guidance and training to employees.</p> <p>Procedures and information security articles will be notified through the Authority's intranet.</p>
PROVENANCE SECTION & BACKGROUND PAPERS	<p>Provenance</p> <p>This paper has been considered by the Performance Management Board and the Strategic Management Board.</p> <p>Background</p> <p>Regulation 2016/679 of the European Parliament and of the Council</p> <p>Data Protection Act 2018</p> <p>Implementation progress of the GDPR/DPA 2018</p> <p>(Report to Overview and Audit Committee, 13 March 19)</p>
APPENDICES	Appendix A - GDPR One Year On report
TIME REQUIRED	5 minutes
REPORT ORIGINATOR AND CONTACT	<p>Gerry Barry</p> <p>gbarry@bucksfire.gov.uk</p> <p>01296 744442</p>

Appendix A

The General Data Protection Regulation (GDPR): One year on

The purpose of this paper is to review the implementation of the GDPR across the Authority since it came into effect on 25 May 2018.

1. 12 Steps

Although the Authority followed the guidance from the Information Commissioner's Office (ICO) – "*Preparing for the General Data Protection Regulation (GDPR) 12 steps to take now*" - very limited supporting guidance was available. Indeed there was (and is) no certification¹ scheme in place for organisations to demonstrate compliance to the GDPR and enhance transparency.

The [Annual Governance Statement 18/19](#) approved by the Overview and Audit Committee at its meeting on 17 July 2019 contained an update of the Authority's progress against the '12 Steps'. The Committee approved new governance issues which were identified to be addressed in 20/19 in the area of 'Security – People, premises, information'.

2. Monitoring compliance

We currently monitor our compliance through a rolling programme of work which includes checking that our employees are adequately trained for their roles and that our suppliers, potential suppliers and partner agencies are also trained and able to demonstrate that they have adequate arrangements in place to protect information.

Each month the ICO advise on changes it has introduced and we review these for any impact on Authority plans or process's.

We demonstrate compliance by keeping records of what we are doing with Personally Identifiable Information (PII) and our legal basis for processing it, and by embedding privacy measures into corporate policies and everyday activities.

3. Certification

Following adoption of the [Guidelines on certification and identifying certification criteria in accordance with Articles 42 and 43 of the Regulation 2016/679](#), by the European Data Protection Board (June 2019), the ICO has advised that the certification scheme will be in place this Autumn.

So, whilst a lot of work was undertaken to prepare for GDPR, post 25 May 2018 we continue to work towards compliance as it is a moving feast until sufficient case law exists to interpret some of its provisions.

4. Data Protection Impact Assessments (DPIAs) (Article 35)

A DPIA is required where a type of processing in particular using new technologies and is likely to result in a high risk to the rights and freedoms of natural persons (data subjects). All new or amended processes or projects undertaken within the Authority are screened to determine any privacy issues and, where the privacy issues are likely to be high risk, more detailed DPIAs are undertaken.

¹ Articles 42 and 43 talks about the introduction of a certification standard and agreed certification bodies.

Overview & Audit Committee (Item 8), 20 November 2019

5. Security of processing (Article 32)

The Data Protection Act 1998 (repealed) stated that "Appropriate technical and organisational measures shall be taken against unauthorised or unlawful processing of personal data and against accidental loss or destruction of, and damage to, personal data". Under GDPR not only do measures have to be taken to protect data but these measures must be designed into the systems and processes and comprehensive Records Of Processing Activity (ROPA) kept to demonstrate who information is shared with. Since GDPR came into effect all departments and Stations are required to maintain a register of all the types of information they hold, who they share it with, and other details such as how long it's held for and where.

6. Cyber

One significant change since the Data Protection Act 1998 first came into effect has been the move from predominantly paper records to electronic records and the increase in cyber-crime.

We undertake a number of measures to protect Authority systems from attack, this includes the use of intrusion detection software and patching, and we employ measures to delete records that are no longer required. This is both to reduce the risk of holding PII for longer than we can justify and to remove the opportunities for viruses to lay dormant in files.

People continue to create the prime vulnerability either through failure to take appropriate measures to protect data, being vulnerable to social engineering or being threat actors for money or beliefs.

This summer we achieved Cyber Essentials and will work toward Cyber Essentials Plus. Cyber Essentials is a Government-backed, industry-supported scheme to help organisations protect themselves against common online threats. We have internal audits of Information Security and employ Penetration Testers (aka ethical hackers) to provide assurance in the security of our IT network by attempting to breach some of the system's security, using the same tools and techniques as an adversary might².

7. What next for GDPR?

With the passing of the first year of GDPR, the Information Commissioner has stated that the focus for the second year of the GDPR must be beyond baseline compliance; that organisations need to shift their focus to accountability with a real evidenced understanding of the risks to individuals in the way they process data and how those risks should be mitigated. Well-supported and resourced Data Protection Officers are central to effective accountability³. People are increasingly demanding to be shown how their data is being used and looked after.

As cybercrime evolves, and criminals become more deceptive in their attack methods, we will need to continually address privacy and security risks to ensure we are accountable for the personal data we hold and are compliant with the legislation.

We will continue to build on our knowledge of GDPR and the impact case law has on it. We will ensure that our policies and procedures reflect good practice and that performance is monitored and reviewed at an acceptable frequency.

² National Cyber Security Centre definition

³ [Blog: GDPR - one year on, 30 May 2019, a blog by Elizabeth Denham, Information Commissioner](#)

Buckinghamshire & Milton Keynes Fire Authority



MEETING	Overview and Audit Committee
DATE OF MEETING	20 November 2019
OFFICER	Calum Bell, Head of Service Development
LEAD MEMBER	Councillor Lesley Clarke OBE
SUBJECT OF THE REPORT	Annual Performance Monitor 2018-2019
EXECUTIVE SUMMARY	<p>This report provides an overview of annual performance in relation to the Authority's 2015 – 20 Corporate Plan objectives focusing, in particular, on prevention, protection and response. It covers the period 1 April 2018 to 31 March 2019.</p> <p>Overall, the balanced scorecard shows continuing restriction in our ability to secure budget growth. Despite this, the Service remains operationally successful. We have achieved a reduction in the average attendance time through continued flexibility and optimisation of our resources based on demand and informed by risk.</p> <p>In the face of an increasing population, we have achieved a continued reduction in the number of accidental dwelling fires (a key area for focus as this is typically where fire deaths occur). However, non-domestic building fires saw a slight increase in number. This small increase follows on from an exceptionally good year and continues to follow a positive long-term trend.</p> <p>The number of deliberate fires continue to increase. This is a national trend which is also being experienced in our Service area. Buckinghamshire and Milton Keynes still have one of the lowest numbers of deliberate fires per head of population when compared with similar Service areas.</p> <p>The report highlights the following notable performances:</p> <ul style="list-style-type: none"> • In total BFRS attended 7,982 incidents this compares to 7,745 in 2017-18 • Accidental Dwelling Fires reduced by 8%; • Fire related fatalities reduced and fire related injuries marginally increased; • Customer satisfaction remains high with over 90% of those surveyed very satisfied with our

	<p>services;</p> <ul style="list-style-type: none"> • Average attendance times reduced by three seconds; • We remain the lowest precepting Combined Fire Authority in the country; • There was a five per cent increase in primary fires in non-domestic properties; • There has been a nine per cent increase in false alarms; • There has been an eight per cent increase in deliberate fires.
ACTION	Noting.
RECOMMENDATIONS	That the out-turn performance against the outcome measures specified in the Corporate Plan 2015-20 be noted.
RISK MANAGEMENT	Performance and risk information is designed and presented to assist the Authority in the strategic decision-making through understanding the communities we serve and associated risk profiles. Performance management information is a major contributor to service improvement and to the effective prioritisation of resources.
FINANCIAL IMPLICATIONS	None at present.
LEGAL IMPLICATIONS	None at present.
CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE	This report references collaborative work-streams based upon the Authority's collaborative principles where this is deemed appropriate.
HEALTH AND SAFETY	No issues identified from this report.
EQUALITY AND DIVERSITY	<p>Where applicable the limited resources we have are being targeted at the most vulnerable, based upon collected demographic data and available intelligence. This demonstrates an equitable process based upon risk to all members of the community. Non-domestic and domestic properties are targeted according to their risk in terms of fire and health, thus identifying the most vulnerable in the community. Scrutiny of outputs and outcomes will ensure that we obtain a clear understanding of the communities that may be impacted through under-performance.</p> <p>As a result of undertaking an Integrated Impact Assessment it has been identified that further work can now be undertaken to assess the impact and</p>

	effectiveness of our performance in relation to protected groups and others. This will then be used to inform the development of our risk management strategies.
USE OF RESOURCES	<p>Performance monitoring; Identifying the appropriate process that enables challenge of outputs and outcomes relative to our strategic objectives supports further understanding of our communities and their resource requirements.</p> <p>Communication with stakeholders; We aim to provide informative and structured performance information incorporating stakeholder contributions. The report will be circulated throughout the organisation for information and awareness. It will also be used as evidence for our preparations for the next HMICFRS inspection to demonstrate our commitment to self-analysis and improvement.</p>
PROVENANCE SECTION & BACKGROUND PAPERS	<p>Background papers:</p> <ul style="list-style-type: none"> • Corporate Plan 2015-20 • Public Safety Plan 2015-20
APPENDICES	<p>Annex A - presents a summary of performance with associated graphs.</p> <p>Annex B - presents the balanced scorecard (Prevention, Protection, Response and Finance) that supplements the annual performance monitor.</p>
TIME REQUIRED	10 minutes.
REPORT ORIGINATOR AND CONTACT	<p>Craig Newman, Manager – Data Intelligence Team cnewman@bucksfire.gov.uk 01296 744444</p>

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Overview and Audit Committee 20 November 2019

2018-19 Annual Performance Monitor

Summary

Overall the balanced scorecard shows continuing constraints on our ability to secure budget growth. Despite this, the Service remains operationally successful. We have achieved a reduction in the average attendance time through continued flexibility and optimisation of our resources based on demand and informed by risk.

Against a backdrop of an increasing population, we have achieved a continued reduction in the number of accidental dwelling fires (a key area for focus as this is typically where fire deaths occur). However, non-domestic building fires saw a slight increase in number. This small increase follows on from an exceptionally good year and continues to follow a positive long-term trend.

The number of deliberate fires continue to increase. This is a national trend which is also being experienced in our Service area. Buckinghamshire and Milton Keynes still have one of the lowest numbers of deliberate fires per head of population when compared with similar Service areas.

Introduction

This is the end of year performance report for 2018-19. It monitors the Authority's activities and outcomes in delivering the Strategic Objectives we set in our 2015-20 Corporate Plan.

This monitor provides Members with an overview of performance.

Buckinghamshire Fire & Rescue Service (BFRS) continues to perform strongly whilst maintaining a cost-effective service for the public. We have continued to be innovative in our approach to delivery of core services. Our workforce, and the changes we have made, have made this possible and we continue to explore further opportunities for innovation and good practice to ensure that we can continue deliver a first-class service to the communities we serve.

Performance Highlights

The performance highlights show some areas of improved performance but also show some areas where we need to improve our focus to try and reverse trends. Some of these trends are not always fully within our control as they depend on

socio-economic and environmental factors over which we have little, if any, influence.

These include:

- A population that is ageing, growing and diversifying;
- Busier than ever roads;
- Continued constraints on fire service funding from Government and restrictions on the amount allowed that we are allowed to raise from Council Tax, and;
- The impact of climate change on weather patterns.

Key performance indicators 2018-2019

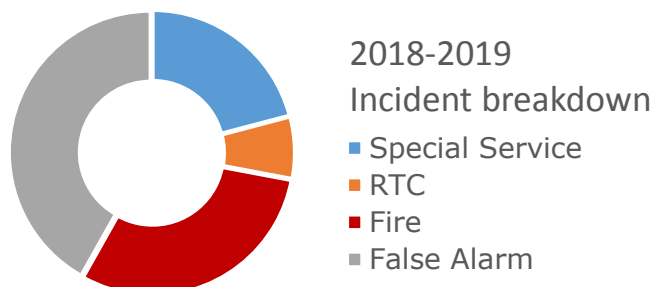
- In total BFRS attended 7,982 incidents, this compares to 7,745 in 2017-18. This is a three per cent increase (nationally there has been a two per cent increase in the same period);
- Accidental Dwelling Fires reduced by eight per cent (nationally there has been a four per cent decrease);
- Fire related fatalities reduced and fire related injuries marginally increased;
- Customer satisfaction remains high with over 90 per cent of those surveyed satisfied with our services;
- Average attendance times reduced by three seconds;
- We remain the lowest precepting combined fire authority in the country;
- There was a five per cent increase in primary fires in non-domestic properties;
- There has been a nine per cent increase in false alarms;
- There has been an eight per cent increase in deliberate fires.

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Overall Incidents

In 2018-2019 BFRS attended 7,982 incidents. This was a three per cent increase on 2017-2018. Again, BFRS saw changes in the profile of incidents attended.



It can be seen from the above graph that a significant proportion of incidents attended continue to be false alarms. While we still see many benefits of our approach (explained in a later section in this report) we shall be reviewing this as part of our next Public Safety Plan. Attendance at non-fire related incidents continues to grow as a proportion, even after a busy summer of secondary fires due to the weather.

The table below details the increase of non-fire and non-RTC based incidents. In particular, the increase can be seen in terms of how we assist other agencies, such as effecting entry and exit and attending medical incidents. These result from collaboration and expansion the range of our operations to assist the public when they need us.

Overall there has been an 82.5% increase in our attendance to other types of incident since 2010.

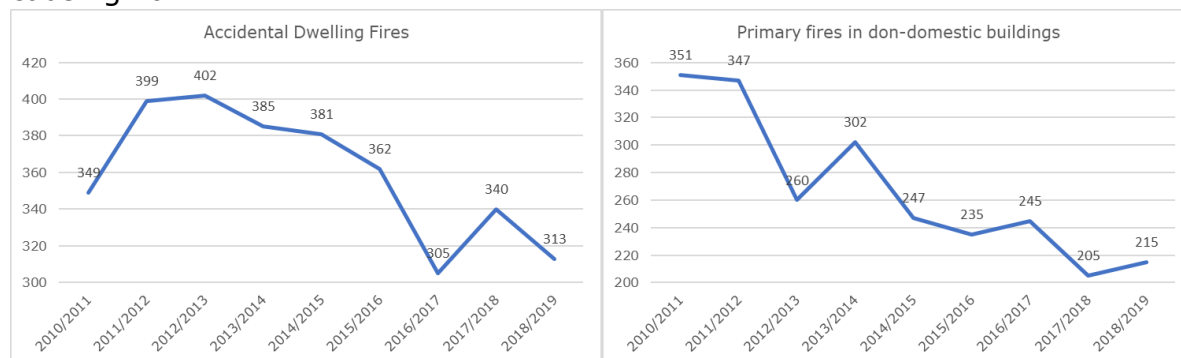
	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
Advice Only	23	17	23	50	43	29	17	16	10
Animal assistance incidents	69	64	59	74	58	46	55	75	42
Assist other agencies	38	44	44	50	56	65	60	74	108
Effecting entry/exit	165	152	170	202	164	214	216	330	381
Evacuation (no fire)	3	6	3	7	7	3	12	8	8
Flooding	186	172	144	241	136	138	230	251	222
Hazardous materials incident	21	25	21	17	32	51	51	67	61
Lift release	77	77	81	70	70	68	102	136	123
Making safe (not RTC)	29	28	32	62	37	34	37	32	37
Medical Incident	4	7	14	9	6	1492	1152	689	384
No action (not false alarm)	39	41	36	38	32	80	86	80	71
Other rescue/release of persons	73	86	64	76	57	26	29	41	37
Other Transport incident	10	16	13	12	8	22	15	28	7
Removal of objects from people	52	61	53	68	62	62	57	56	50
Removal of people from objects						29	28	20	35
Rescue or evacuation from water	7	10	24	10	10	8	6	19	13
Spills and leaks (not RTC)	75	73	57	68	55	27	30	35	28
Suicide/attempts	15	13	22	14	19	8	19	29	28
Other	28	20	20	16	8	17	19	22	23
Total	914	912	880	1084	860	2419	2221	2008	1668

Primary Fires

Indicator Description

Primary fires are generally more serious fires that occur in property and vehicles.

The largest single type of primary fire occurs in the home and the prevention of these is a key focus for the Service. These have the greatest likelihood of causing harm.



For reporting purposes, we measure the following categories:

- Accidental Dwelling Fires; and,
- Non Domestic Building Fires.

In 2018-19 there were 324,767 domestic properties (an increase of 3044¹) within Buckinghamshire and Milton Keynes and 22,378 non-domestic properties (an increase of 172). The overall population rose to 803,439².

Injuries and fatalities caused as a result of fire are commented on later in this report.

Performance Activity

The number of accidental dwelling fires declined to 313 - eight per-cent fewer than in 2017-18. The decline in numbers continues the positive trend that has been achieved since 2010/11 when there were 349 fires (with a peak of 402 in 2012/2013).

Last year there was a small increase in primary fires in non-domestic buildings (up from 205 to 215). Despite this, we continue to report a positive trend over the six-year period when in 2013-14 there were 302 fires.

BFRS continues to pursue a range of activities to promote community safety and extend the fire safety message through local and national fire safety campaigns.

¹ CiPFA FIRE 2018 Provisional Statistics

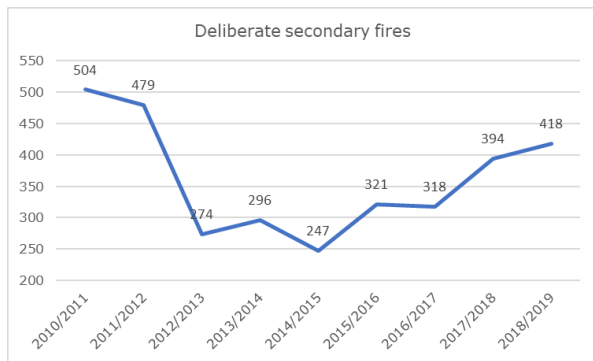
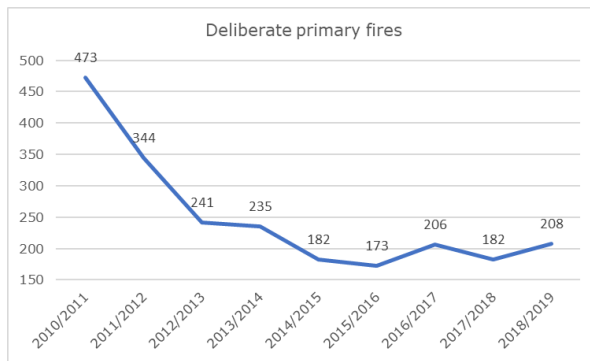
² ONS mid-year population estimates 06/2018

Our targeted approach to community safety based upon trend analysis and historical data to predict future incidents, has assisted us in identifying the most vulnerable members of our communities. This has led us to move away from the traditional approach of identifying areas of deprivation, enabling resources to be focused more specifically on individuals who data indicates are at a higher level of risk from fire. This has been supported by ensuring that agencies referring people into the Service have a good understanding of what constitutes a domestic fire risk.

The table below shows our performance since 2010 in respect of primary fires. We have reduced them in all areas.

	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
Building	783	810	728	748	677	643	594	587	576
Road Vehicle	469	354	315	319	289	285	316	253	310
Outdoor	186	174	125	115	100	90	79	106	127
Other transport vehicle	2	3	2	1	1	5	3	1	1

Deliberate Fires



Source: BMS (Viper) 08/2019

Indicator Description

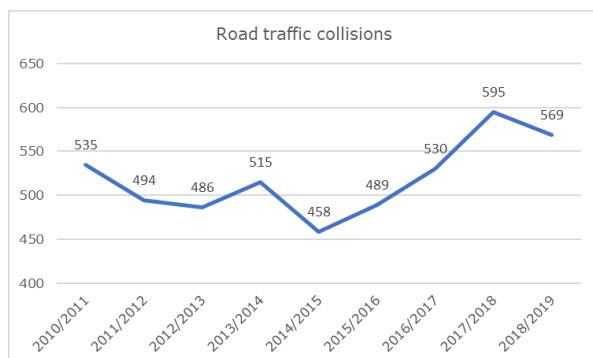
The number of deliberate fires for Buckinghamshire and Milton Keynes was 626 in 2018-19 - an increase of eight per cent on the previous year. The pattern over the past five years continues to project an upward trend. Nationally there has been an increase in arson and criminal damage which is reflected in the national crime statistics for England and Wales.

Deliberate primary and secondary fires in Buckinghamshire and Milton Keynes have increased by 46% over the last four years compared with a national increase of 21%. However, whilst the Service recognises that the trend is not a positive one over a four-year period, when looking over a longer period (since 2010), BFRS has seen an overall reduction in deliberate fires of 36%, this is compared with the national reduction of 26%.

Performance Activity

The Service has supported work undertaken by Thames Valley Police and other agencies to reduce the demand placed on it by known high intensity users. The Firewise intervention program addressing deliberate fire-setting behaviour has been reinvigorated and extended to include interventions for vulnerable adults. In addition to the Year 5 education engagement program, where a pattern of deliberate fires has been identified, targeted assemblies have been delivered in local schools to draw children's attention as part of a behaviour change program.

Road Traffic Collisions



Source: BMS (Viper) 08/2019

Indicator Description

This data shows the number of fatalities that result from road traffic collisions (RTC) that we are called to attend. It does not include figures from other partner agencies for incidents that we did not attend.

Performance Activity

While the amount of traffic on our roads continues to increase, the number of those killed and seriously injured following road traffic collisions has remained constant for the last five years at around 13 to 14 individuals. In 2017-2018 there was a spike due to a multiple fatality incident on the M1 in August 2017.

We continue to deliver a number of pro-active prevention schemes to support road safety. There are more specific education talks and an interactive theatre presentation for those in Key Stage 5 in school, at college or completing an apprenticeship who are about to start driving, which is based upon the number of young drivers killed or seriously injured over recent years. Also the Service works closely with driving examiners and uses this relationship to deliver road safety messages to newly-qualified drivers who are at a higher risk of being involved in a road traffic collision.

'Biker Down' is an initiative designed to improve motorcycle riders' knowledge of collision prevention, immediate emergency aid and scene management if they are involved in crash.

	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
Fatalities - RTC	19	16	11	16	14	13	13	25	14
Serious Injuries - RTC	101	88	82	111	85	85	89	83	82
Slight Injuries - RTC	255	238	231	284	245	245	234	324	280

Fire Injuries and Fatalities

Indicator Description

This indicator includes cases where the cause of death has been identified as fire related even if the death occurs sometime after the incident.

The number of fire deaths has remained constant for the last five years with an average of three deaths per year.

The current population in Buckinghamshire & Milton Keynes is 803,439³. Two fire related deaths occurred in 2018-19 which equates to 0.2489 deaths per 100,000 head of population.

A longer term trend for decline in accidental dwelling fires correlates with continuing low number of accidental dwelling fire related injuries with 27 recorded in 2018-19.

The total number of fire related injuries in non-domestic premises in 2018-19 was six. Although this was an increase on the last two years it is not statistically significant. Non-domestic buildings cover a wide range of buildings and structures including offices, care homes, hospitals and also buildings that are not subject to the Regulatory (Fire Safety) Reform Order.

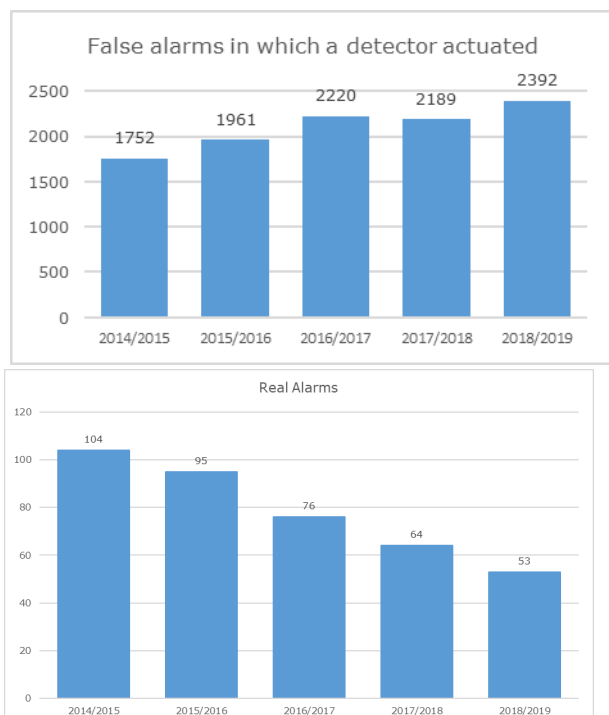
Performance Activity

Although the number of fire fatalities remains relatively low, we have nonetheless been able to identify the main underlying causes. From this information the Service has evaluated how best it can further decrease the number of fire fatalities.

By working with partners such the NHS, who supply details of over-65s in the 'Exeter Database', we are able to focus our prevention resources and activities on those most vulnerable to a range of domestic risks. We continue to develop our use of commercially available data sources to help us identify those most at risk in the communities we serve. We have identified that those killed or injured in fires are very usually over 55 years of age. Characteristics around physical incapacity and dependencies on medication, drugs and / or alcohol are often common factors. As the population increases and ages significantly, we can expect upward pressure on fire incident numbers and casualties.

³ ONS mid-year population estimates 06/2016

False Alarms and Real Alarms



Source: BMS (Viper) 08-2019

Indicator Description

Fire alarms and fire detection systems are fundamental to providing early warning of fire, giving people the chance to evacuate in a safe manner. To ensure they are effective they must be installed and maintained properly to avoid activation when there is no fire situation. In 2018-19, only 546 of the 2,392 incidents were identified as being a false alarm due to the system itself.

The trend in false alarms continues to increase year on year due to the increase in new building numbers in the Buckinghamshire and Milton Keynes area.

A real alarm is classed as an incident that we were mobilised to as a result of an automatic fire detection system and we had to undertake a firefighting intervention as a result. This shows both the value of these systems and also our early attendance.

Performance Activity

This Service is almost unique in attending automatic fire alarms and uses the opportunity to positively engage with businesses to create safer systems of work whilst over time reducing the demands on the Fire Service. This approach aligns with the government's desire for public services to support commerce appropriately.

Whilst there continues to be a slight increase year on year in the number of attendances at automatic fire alarm incidents, these are used as positive

opportunities to engage with business as evidenced by the continued decrease in primary fires and fire injuries in commercial premises.

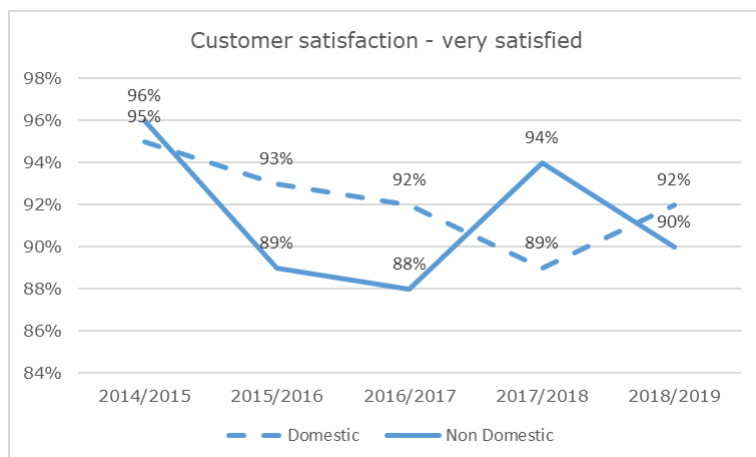
We are currently developing our 2020-2025 Public Safety Plan. In the Autumn of 2018, we undertook some public engagement to help start shaping our thinking. One of the outcomes of this was support from the public to review our policy of attending all activations of automatic fire alarms, but in general they were supportive of the overall aims. A proposal to undertake this review will be included in the public consultation.

We continue to employ a full-time specialist who works with business to reduce false alarms which reduces the impact on business and the demand on us.

The table below shows that overall we are still below where we were in 2010-11.

	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
Apparatus - Animal				2	1	1	4	1	
Apparatus - Contaminants	306	308	276	245	293	234	293	277	278
Apparatus - External factors	17	19	28	23	24	16	24	32	39
Apparatus - Human	512	435	426	505	474	697	834	857	1027
Apparatus - System	699	539	650	632	642	631	635	582	546
Apparatus - Unknown	366	370	318	308	318	382	430	440	502
Good Intent - Fire	1100	1121	1146	942	1023	709	719	743	667
Good Intent - Special Service	257	156	67	108	50	65	71	102	111
Malicious	129	105	122	126	104	93	114	110	170
Total	3386	3053	3033	2891	2929	2828	3124	3144	3340

Customer Satisfaction



Source: BMS (Viper) 08-2019

Indicator Description

After the incident questionnaires are sent following incidents at domestic and non – domestic premises (except where serious injury/ fatality or significant damage has occurred). The questionnaires are returned to Opinion Research Services (ORS) who analyse the returns and publish the results. BFRS continually remain in the 90 per-cent plus brackets for customer satisfaction in both domestic and non-domestic.

In 2018-19 98 per cent of domestic customers were either fairly satisfied or very satisfied with services received. 100 per cent of non-domestic customers were either fairly satisfied or very satisfied.

Performance Activity

Customer satisfaction is monitored by a third party on the Service's behalf and it remains at a high level. From this feedback it would appear that it is not linked to the time taken by the Service to have an appliance on scene.

Response

Indicator Description

Our strategic aim is to provide a timely and proportional response to incident by allocating our assets and resources in relation to risk and demand.

Attendance times are important to us because:

- Faster attendance times may result in a better outcome for persons and property;
- Attendance times provide us with benchmarking data for resource and risk modelling;
- Attendance times allow us to identify areas for improvement as well as change in the make-up of the county;
- Allow the public to have an informed expectation.

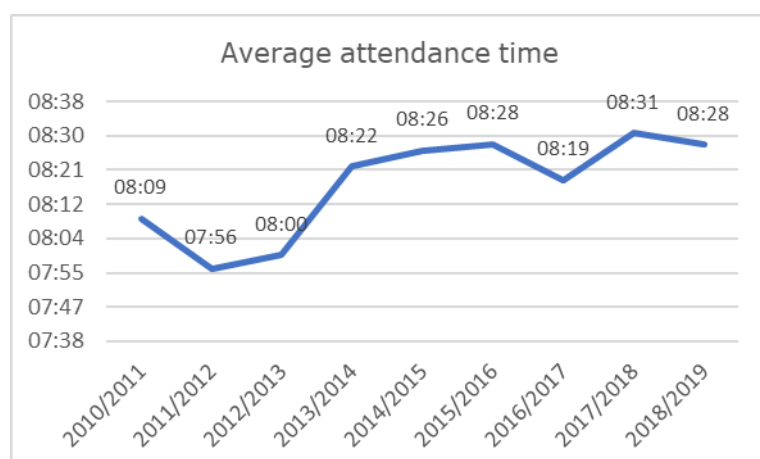
However, attendance times are not the full picture:

- Attendance times do not include any delay prior to the call being made;
- Attendance times do not identify if the resources sent were appropriate or proportionate;
- Attendance times do not identify how performance of crews at an incident affected the outcomes.

These key areas are subject to challenge and scrutiny through our operational assurance activities.

The stated Service objectives are:

- We strive to achieve an average attendance time no worse than ten seconds more than the average of the previous five years.
- We strive to improve attendance time through continuous service improvement.



Source: BMS (Viper) 08-2019

Performance Activity

The move to the Thames Valley Fire Control Service, which also serves Royal Berkshire and Oxfordshire fire and rescue services, has supported our aim in

improving attendance times. The introduction of Automated Vehicle Locating System (AVLS) now ensures that the nearest appliance will attend the incident irrespective of traditional Service boundaries. The positive benefit of this can be seen with an average time of 8 minutes 28 seconds for the first resource to be on-scene. This is a three second reduction on last year.

BFRS has placed display screens in fire stations which shows live data to crews about their performance. This data includes information about their turn out and attendance times which has led to improvements. This also allows them to assist in improving data quality by spotting data errors which they can report to Thames Valley Fire Control.

In 2017-18 we changed the balanced scorecard to reflect the evolution of our resourcing and crewing strategy. We have found that simply focusing on our on-call availability or the number of incidents per main appliance doesn't provide the assurance or reflect the overall performance of this strategy.

Figure 1.1 (below) shows the number of appliances available for immediate response to emergency incidents during the day and night in 2018/19. This is an important factor in ensuring we can maintain our attendance times (we achieved a three second reduction in 2018/19 compared with 2017/18). While twelve appliances has been shown to be sufficient to meet up to 99% of our typical demand (with the correct geographical distribution), we continue to aim for 15 as this provides greater assurance that we can maintain our attendance times. Maintaining 15 appliances has been more challenging this year and the Services is actively increasing the firefighter establishment to support appliance availability.

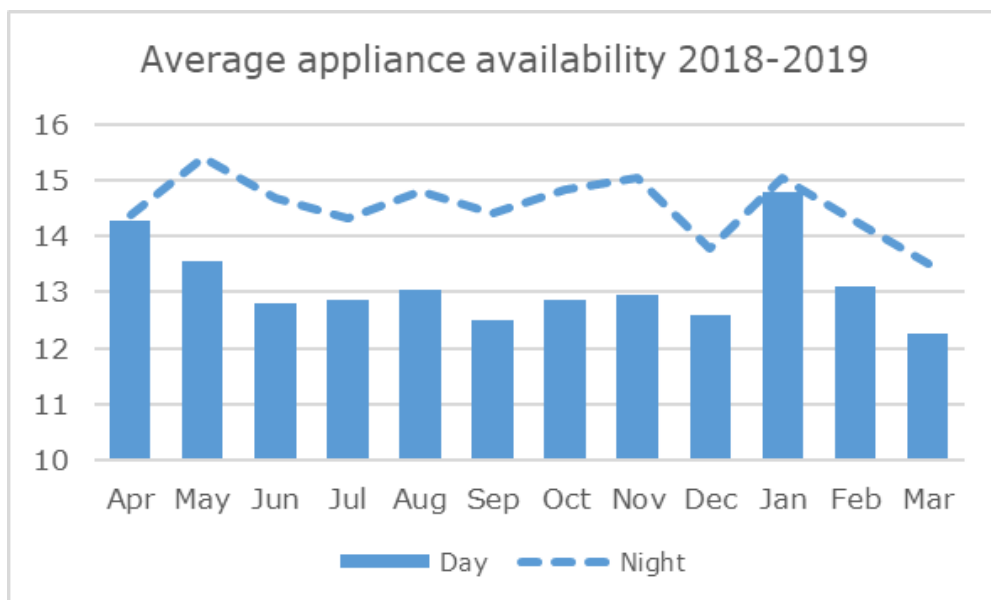


Figure 1.1 - Source: RMT 08-2019

Since moving to the Thames Valley Fire Control Service (April 2015), we continue to look at our requirements for efficiently resourcing for day-to-day demand and in-frequent risk (*Figure 1.2*).

This analysis has enabled us to ascertain that up to nine appliances deployed simultaneously were sufficient to meet demand on 99 per-cent of occasions between April 2018 and Mar 2019. The risk identified during this same period suggests that between 10 and 33 appliances are likely to be deployed simultaneously on the remaining 1 per-cent of occasions. It is this 'in-frequent' risk that represents a challenge for the Service in terms of resourcing efficiently and we have been able to mitigate this through the flexibility and innovation of our workforce.

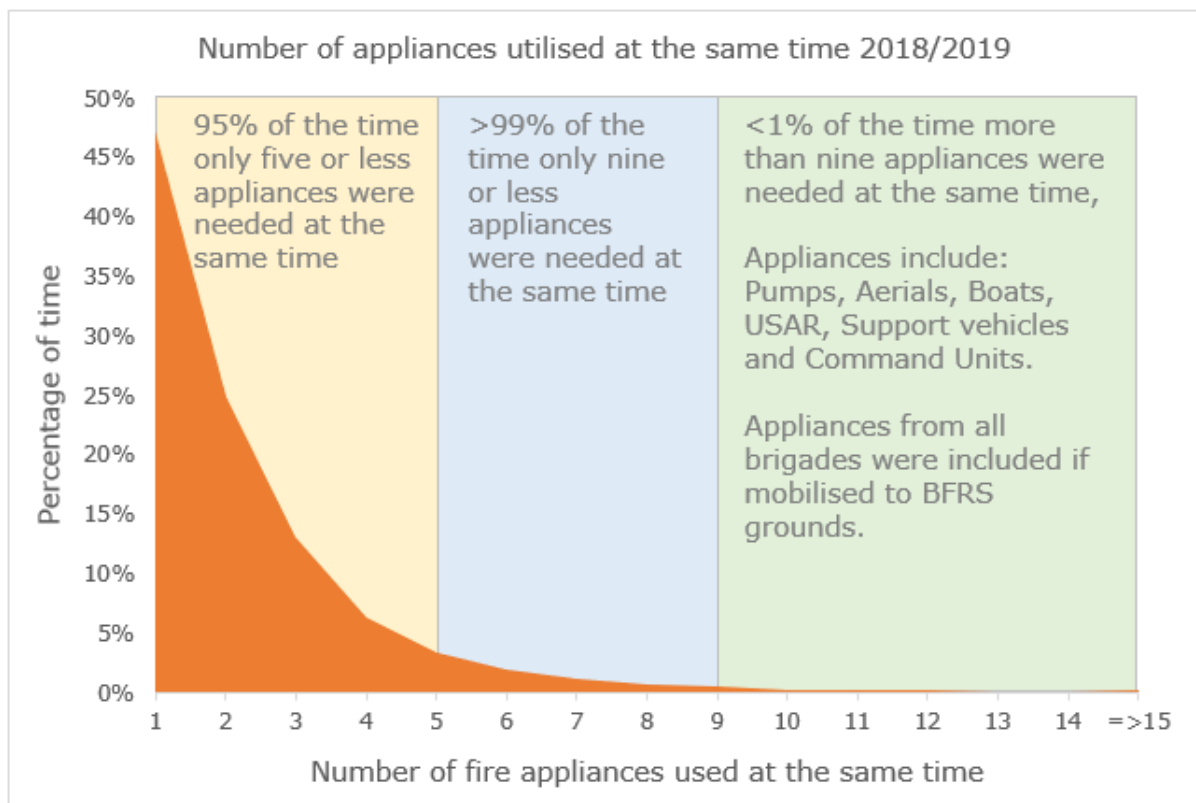
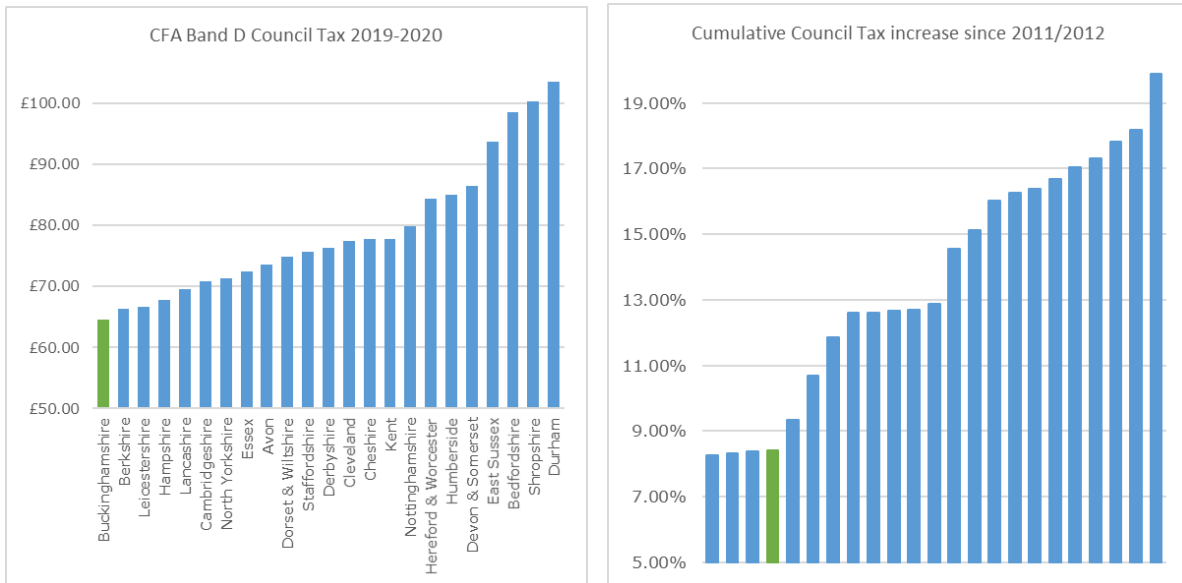


Figure 1.2 - Source: Data Intelligence Team – IRS/Vision 08-2019

Finance



Indicator Description

The Authority's financial performance is measured in comparison with other Services which share the same governance model. This provides an accurate comparison of both the funding model and funding strategy for fire and rescue services.

To ensure consistency, financial performance is also measured relative to population size for both the national average of all fire and rescue services as well as combined fire authorities alone.

Performance Activity

Buckinghamshire and Milton Keynes Fire Authority continues to be the lowest precepting Combined Fire Authority based on Band D Council Tax. In terms of all fire and rescue services it features third from lowest with only two major metropolitan services charging less in terms of council tax.

Due to a long period of constraint on increasing council tax (including a reduction of one per cent in 2014/15), the Authority continues to be amongst the lowest in terms of council tax increases since 2011/12.

End of Report.



Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	20 November 2019
OFFICER	Calum Bell, Head of Service Development
LEAD MEMBER	Councillor Steven Lambert
SUBJECT OF THE REPORT	Operational Assurance Improvement Plan
EXECUTIVE SUMMARY	<p>The purpose of this report is to provide an update on the notable 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, which in the past 12 months as resulted in six being completed, assurance visits and external reviews.</p> <p>Our internal approach toward how we now gather and assess learning from operational activity, has better enabled us to effectively identify emerging issues, as well as implement practical and corrective solutions, in order to improve operational performance. Recent examples being, the evident lack of underpinning knowledge amongst some of our operational staff in relation to performing the role of command support. Conversely, the improvements made in respect to the communication exchange between Thames Valley Fire Control Services (TVFCS) and our Duty Officer on the occasions when there is a non-mobilisation of our operational resources.</p> <p>An intrinsic part of the external review process continues to be 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>Discussions were held with representatives from OAL</p>

	<p>at a meeting on 9 October 2019, during which the following key topics were agreed to be the focus of the second review visit.</p> <ul style="list-style-type: none"> • High Rise Procedures • Command Support <p>The review visit commenced on 18 November 2019 and is expected to be over a 4½ day period.</p> <p>Once the visit has been completed, OAL will then detail within their final report, those improvement recommendations that are deserving of further consideration and inclusion onto the OAIP.</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 operational activity, however any opportunity to collaborate will be explored, as will the

	sharing of any identified learning.
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 and DPIAs will be completed for any changes that result from any subsequent activity, where there is the potential for equality, diversity and privacy issues to arise.
USE OF RESOURCES	<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 is 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>Due to the previous frustrations and challenges experienced with developing the E-safety application into a functional active monitoring system. A growth bid for £8,500 was duly submitted for consideration at the BTB meeting held on the 1 August 2019. It was decided at that meeting bids below £25K would be accepted without the requirement for a full business case.</p> <p>The balance between spending and resources</p> <p>Adaptation of the already procured and purchased E-safety application is now no longer a sustainable option. Investment will therefore be required; hence, the reason for the recent growth bid submission that will support the development and 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 in</p>

	<p>the intended progress.</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> <p>Delivery of the OAIP will enhance the Service’s ability to identify and manage potential environmental hazards in both the internal and external surroundings.</p>
<p>PROVENANCE SECTION & BACKGROUND PAPERS</p>	<p>Background</p> <p>SMT 2 July 2019</p> <p>Overview and Audit Committee: 17 July 2019</p>
<p>APPENDICES</p>	<p>Appendix A - Operational Assurance Improvement Plan</p>
<p>TIME REQUIRED</p>	<p>10 minutes</p>
<p>REPORT ORIGINATOR AND CONTACT</p>	<p>Steve Wells, Head of Operational Training and Assurance</p> <p>swells@bucksfire.gov.uk</p> <p>01296 744426</p>



Buckinghamshire & Milton Keynes Fire Authority

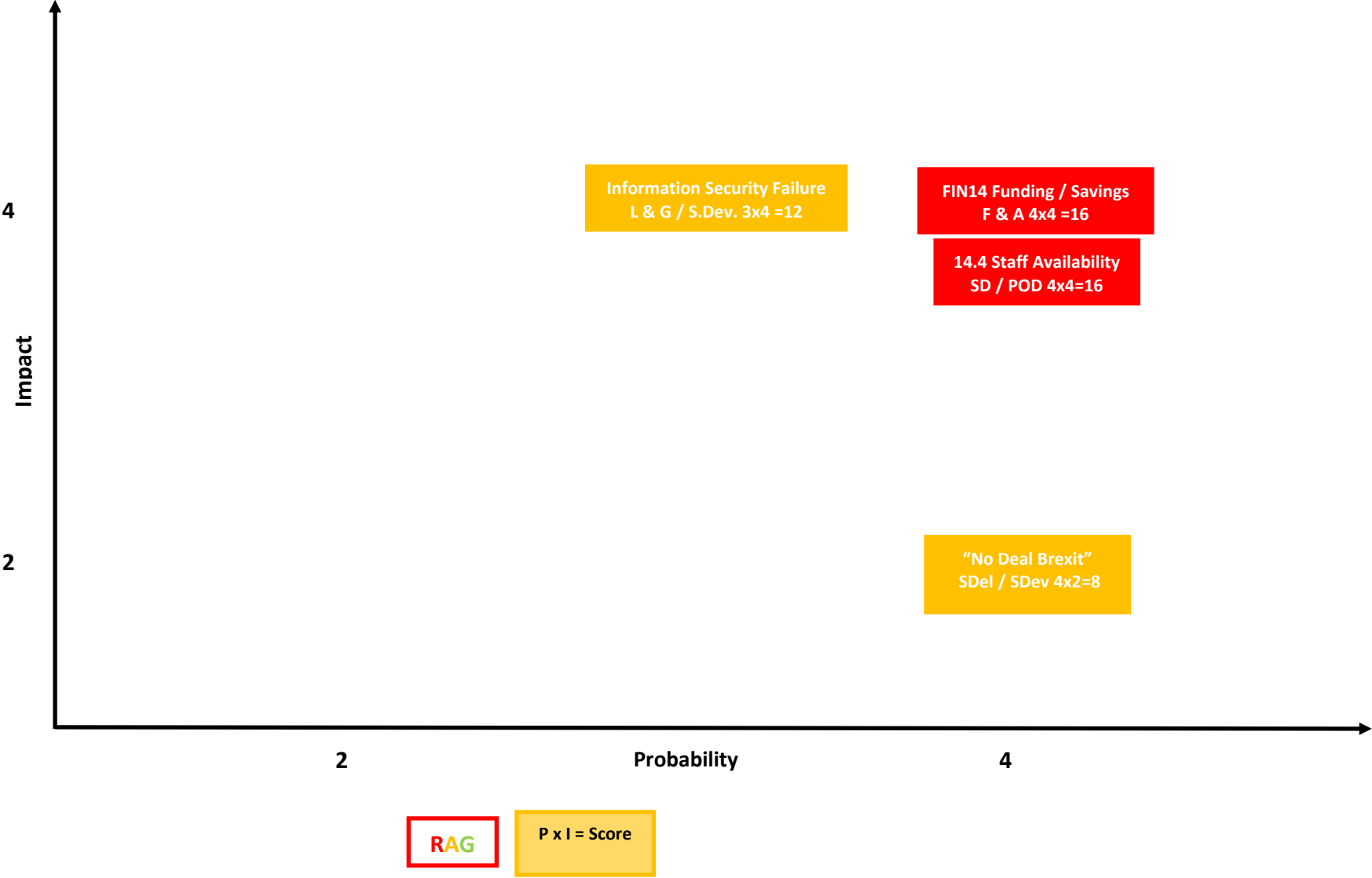
MEETING	Overview and Audit Committee
DATE OF MEETING	20 November 2019
OFFICER	Calum Bell, Head of Service Development
LEAD MEMBER	Councillor Jean Teesdale
SUBJECT OF THE REPORT	Corporate Risk Management
EXECUTIVE SUMMARY	<p>This report provides an update on the current status of identified corporate risks. Risk registers are maintained at project, departmental and directorate levels. Corporate risks are those that have been escalated from these levels for scrutiny by the Strategic Management Board (SMB) because of their magnitude, proximity or because the treatments and controls require significant development.</p> <p>The Corporate Risk Register was last reviewed by the Overview and Audit Committee (O & A) at its 17 July 2019 meeting. Since then it has been reviewed by the Performance Management Board (PMB) and SMB at their regular meetings.</p> <p>The main change since the last O & A meeting is the elevation of the Staff Availability risk to red RAG status (4x4=16) following initial assessment of the likely impact of the recent Supreme Court decision in relation to the firefighter pension scheme on our ability to retain middle and senior ranking officers.</p> <p>The timing and nature of the UK's withdrawal from the EU remains uncertain pending the outcome of the General Election scheduled for 12 December 2019. However, Service Officers continue to prepare for the possibility of a 'no deal' departure from the EU on 31 January 2020 which is the current revised legal default date following the EU's agreement to an extension.</p> <p>The current distribution of corporate risks relative to probability and potential impact is shown at Annex A.</p> <p>Changes to the corporate risk ratings over the last year are shown at Annex B.</p> <p>Detailed assessments of identified corporate risks are shown in the Corporate Risk Register at Annex C.</p> <p>The next O & A review is scheduled for 11 March 2020 preceded by reviews at the 30 January 2020 PMB, at which all the directorate risk registers will also be</p>

	scrutinised, and the 11 February 2020 SMB.
ACTION	Decision.
RECOMMENDATIONS	It is recommended that: <ol style="list-style-type: none"> 1. the status report on identified corporate risks at Annex C be reviewed and approved; and, 2. comments be provided to officers for consideration and attention in future updates/reports.
RISK MANAGEMENT	The development, implementation and operation of effective corporate risk management structures, processes and procedures are considered critical to assure continuity of service to the public, compliance with relevant statutory and regulatory requirements and the successful delivery of the Authority's strategic aims, priorities and plans.
FINANCIAL IMPLICATIONS	No direct financial implications arising from the presentation of this report. It is envisaged that the further development of the Authority's corporate risk management framework will be undertaken from within agreed budgets.
LEGAL IMPLICATIONS	None directly arising from this report. Any legal consequences associated with the crystallisation of individual risks are detailed in the Risk Register report at Annex C.
CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE	The potential to share corporate risk intelligence with neighbouring FRS and other relevant agencies will be considered. BMKFA already participates in the multi-agency Thames Valley Local Resilience Forum which produces a Community Risk Register which is among the sources used to identify potential risks to the Authority.
HEALTH AND SAFETY	Development of the framework does not impact directly on the legal compliance to health and safety, however if risks are not appropriately identified then this may present Health and Safety risks.
EQUALITY AND DIVERSITY	No direct implications from the presentation of this report. However, risks to achieving the Authority's equality, diversity and inclusion objectives or compliance with relevant statutes or regulations are identified assessed and managed via this process and are currently monitored within the People and Organisational Development Risk Register.
USE OF RESOURCES	The development of the risk management framework complements the governance framework and business processes as a critical cog in the system of internal control and makes better use of our people resources

	<p>by giving them clearly defined areas of responsibility.</p> <p>Senior managers and principal officers are key stakeholders in the development of the framework and have an active role in its development at every stage. The lead Member will also be involved in the development of the framework with particular responsibility for determining the reporting arrangements for the Authority.</p> <p>As with all policy frameworks, all employees will be informed of the changes in the process and will receive any training necessary to support their role in the process.</p>
<p>PROVENANCE SECTION & BACKGROUND PAPERS</p>	<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 18 March 2015 Executive Committee:</p> <p>http://bucksfire.gov.uk/files/3314/2564/2098/Executive_Committee_180315.pdf</p> <p>Members were last updated on the status of the Authority's Corporate Risks at the 17 July 2019 Overview & Audit Committee and will be updated again at the 11 March 2020 meeting.</p>
<p>APPENDICES</p>	<ol style="list-style-type: none"> 1. Annex A: Distribution of Corporate Risks. 2. Annex B: 12 Month View of Changes to Corporate Risks. 3. Annex C: Corporate Risk Register Report.
<p>TIME REQUIRED</p>	<p>10 minutes.</p>
<p>REPORT ORIGINATOR AND CONTACT</p>	<p>Stuart Gowanlock, Corporate Planning Manager</p> <p>sgowanlock@bucksfire.gov.uk</p>

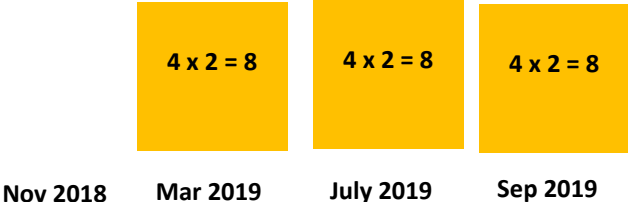
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Annex A: Corporate Risk Map – As at 22 October 2019 SMB

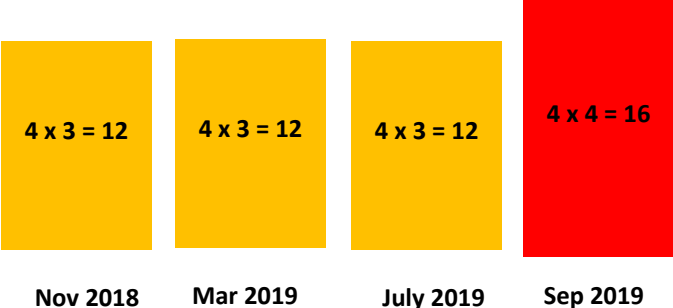


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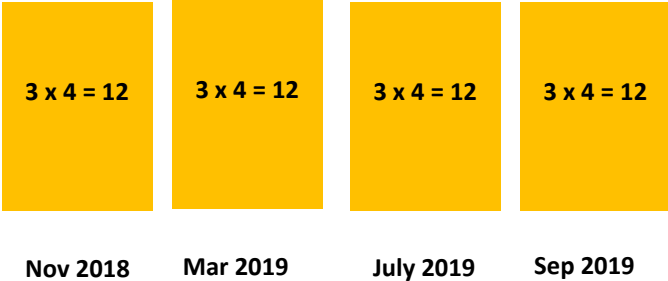
No Deal Brexit Scenario



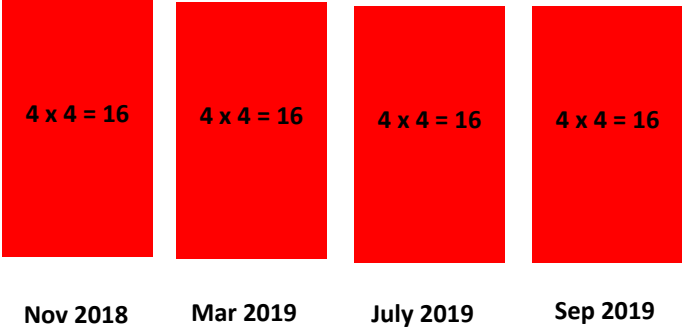
Staff Availability



Information Security Failure



Risk to Funding



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Annex C - Corporate Risk Register – as at 5 November 2019

Corporate Risks

Risk Description	Resp.	Consequences if Untreated Risk Occurs	Risk Score (Former) / New			Risk Level	Current Treatment	RAG	Comments / Further Treatment Proposed
			P	I	Σ	HML			
CRR 014.4 Staff Availability Emerging risks of 1/ industrial action due to pension change or pay dispute; 2/ Staff inability to get to work due to external factors e.g. Pandemic Flu, disruption to fuel supplies etc. 3/Impact of transformation at pace on attraction of new staff, retention and overall workforce stability.	COO / POD Dir.	Potential detrimental effects on service delivery to the community and our reputation.	(2)	(5)	(10)	(M)	<ul style="list-style-type: none"> • Full business continuity plans in place & uploaded to Resilience Direct. • Peer review of the business continuity arrangements • Bank System • Flexi-Duty System Pilot • Staff Transfer Procedure • Employee assistance and welfare support • Training Needs Assessment process • Monitoring of staff 'stability ratio' relative to best practice and sector norms • Review of Resourcing and Retention strategies • Wider range of contracts offering more flexible ways of working • A variety of approaches are being adopted to replenish the workforce. These include more operational apprentices, transferees, and re-engagement options • Workforce planning data is regularly reviewed with Service delivery, HR and Finance. • Project on Strategic Review of Operational Resourcing is underway with a number of work-streams, including On-Call and Geographic station reviews • Growth bids to be considered to support future resourcing demands. 	R	<p><u>3 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. Development Centre programme to ensure talent pipeline, succession requirements and resilience in place scheduled – 29 April 2019 On-Call attraction programme underway utilising the recently launched national awareness campaign.</p> <p><u>16 April 2019 SMB</u> 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> 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>
			(5)	(5)	(25)	(H)			
			(3)	(5)	(15)	(H)			
		Failure to discharge statutory duties.	(4)	(5)	(20)	(H)			
			(3)	(5)	(15)	(H)			
			(5)	(4)	(20)	(H)			
		Loss of critical knowledge / skills / capacity /competency levels.	(4)	(3)	(12)	(M)			
			(5)	(3)	(15)	(H)			
			(4)	(3)	(12)	(M)			
		(4)	(3)	(12)	(M)				
		(4)	(4)	(16)	H				

Annex C - Corporate Risk Register – as at 5 November 2019

							<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><u>2 July 2019 SMB</u> 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> <p><u>27 August 2019 Informal SMB</u> Early analysis of the potential impact of the pensions decision indicates that senior and middle ranking officers are likely to be most affected. In light of this the risk has been elevated to red RAG status (with a 4 x 4 = 16 probability and impact score).</p> <p><u>17 September 2019 SMB</u> No changes to risk score / RAG status recommended.</p> <p><u>22 October 2019 SMB</u> As the transitional provisions transferring members into the 2015 Firefighters' Pension Scheme were found to be unlawful, a 'remedies hearing' has been scheduled for 18 December 2019. Any remedy awarded to scheme members is likely to have a significant impact on current assumptions about retirement profiles and succession pipelines.</p>
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Annex C - Corporate Risk Register – as at 5 November 2019

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><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 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</p>
			(3)	(4)	(12)	M			
			(3)	(4)	(12)	M			
			4	4	16	H			

Annex C - Corporate Risk Register – as at 5 November 2019

									<p>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 remitted back to the employment tribunal for remedy. Although the initial cost of remedy is expected to be met by Government, it is likely that it will mean longer-term increases in the employer contributions that will need to be paid for by the Authority.</p> <p><u>17 September 2019 SMB</u></p> <p>Spending Round 2019 (SR19) was announced by the Chancellor on 4 September 2019. Prior to SR2019 we were forecasting that real-terms central</p>
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Annex C - Corporate Risk Register – as at 5 November 2019

								<p>government funding would continue to fall over the period of this PSP. Since SR19 was announced we have updated our forecasts to show this now being flat in real-terms.</p> <p>However, SR19 only covers a one-year time period, and future Comprehensive Spending Reviews may require these forecasts to be revisited. Also, despite the effect of efficiency measures already taken during the period 2015-2020, we continue to face other financial uncertainties that potentially require us to find additional funding and/or make further savings. These uncertainties arise from: Increases in the amount that employers are required to contribute to the Firefighters’ Pension Scheme due to changes made by the Government; uncertainty over long-term funding that we receive from Government to provide Urban Search and Rescue as part of national resilience arrangements to deal with major civil emergencies such as terrorist attacks; and changes to the allocation of business rate receipts to local authorities.</p> <p><u>22 October 2019 SMB</u> No changes to risk score / RAG status recommended.</p>
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Annex C - Corporate Risk Register – as at 5 November 2019

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. 	(4) 3	(4) 4	16 12	(H) M	<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; 	A	<p>11 June 2019 SMB</p> <p>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> <p>17 September 2019 SMB</p> <p>The National Cyber Security Centre weekly threat report advised that security breaches against service desk/ support lines lead to an increase in phishing scams. GB to investigate the availability of training packages for "mock" phishing scams to help to raise awareness amongst employees.</p> <p>Not all departments have a retention and disposal schedule in place. This is a legal requirement and also helps the Authority to identify all of the information types it holds and enables an audit of information to ensure security arrangements including timely destruction.</p> <p>22 October 2019 SMB</p> <p>The South East Regional Organised Crime Unit (SEROUCU) cyber training to be reviewed with a view to rolling it out to a large group of employees.</p>

Annex C - Corporate Risk Register – as at 5 November 2019

							<p>- Premises Security Group re-established to meet on a three monthly basis aligned to the PMB meeting schedule.</p> <p>5. Training: The biannual “Responsible for Information” training will be supplemented by the National Cyber Security Centre’s new e-learning package 'Top Tips For Staff' which will be built into the Heat training platform as a mandatory biannual package.</p>	
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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>16 April 2019 SMB 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> <p>25 April 2019 PMB EU response to Prime Minister’s request was to offer an extension to 31 October 2019. Awaiting confirmation and clarification of new exit arrangements and date.</p> <p>14 May 2019 SMB No change to risk score pending clarification of likely EU exit scenario.</p>

Annex C - Corporate Risk Register – as at 5 November 2019

											<p><u>13 August SMB</u> No change to risk score. Preparations for 31 October 2019 still ongoing as directed by Central Government.</p> <p><u>22 October 2019 SMB</u> No change to risk score. Preparations for 31 October 2019 still ongoing as directed by Central Government.</p> <p><u>5 November 2019 Update</u> On 28 October 2019, EU27 ambassadors agreed to extend the Brexit negotiations for a further three months until 31 January 2020. Technically the UK would be able to leave sooner, should the UK Parliament ratify the withdrawal agreement before that date. However, this is likely to depend on the outcome of the General Election on 12 December 2019. The departure arrangements and timing therefore remain uncertain but the possibility of a ‘no deal’ exit remains and officers therefore continue to plan for this contingency.</p>
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Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	20 November 2019
OFFICER	Mark Hemming, Director of Finance & Assets
LEAD MEMBER	Councillor David Watson
SUBJECT OF THE REPORT	Treasury Management Performance 2019/20 Quarter 2
EXECUTIVE SUMMARY	<p>This report is being presented to provide the treasury investment position as at the end of the second quarter. It is best practice to review on a regular basis how Treasury Management activity is performing.</p> <p>The accrued interest earned for the first half of 2019/20 is £97k, which is £22k higher than the budget for the period.</p>
ACTION	Noting.
RECOMMENDATIONS	That the Treasury Management Performance 2019/2020 – Quarter 2 report be noted.
RISK MANAGEMENT	<p>Making investments in the Authority's own name means that the Authority bears the risk of any counterparty failure. This risk is managed in accordance with the strategy and with advice from external treasury management advisors.</p> <p>The Director of Finance and Assets, will act in accordance with the Authority's policy statement; Treasury Management Practices and CIPFA's Standard of Professional Practice on Treasury Management.</p> <p>The risk of counterparty failure is monitored on the directorate level risk register within Finance and Assets.</p> <p>There are no direct staffing implications.</p>
FINANCIAL IMPLICATIONS	The budget for 2019/20 relating to interest earned on balances invested is £150k. Performance against the budget is included within Appendix A.
LEGAL IMPLICATIONS	The Authority is required by section 15(1) of the Local Government Act 2003 to have regard to the Department for Communities and Local Government Guidance on Local Government Investments; and by regulation 24 of the Local Authorities (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 2019/2020 – Quarter 2
TIME REQUIRED	5 minutes
REPORT ORIGINATOR AND CONTACT	Linda Blunt lblunt@bucksfire.gov.uk 01296 744404

Appendix A – Treasury Management Performance 2019/20 – Quarter 2

Background

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

Security of Investments

The primary investment priority as set out in the Treasury Management Policy Statement is the security of capital. The Authority applies the creditworthiness service provided by Link. This determines whether or not a counterparty is suitable to invest with and if so, the maximum duration an investment could be placed with them. In the Annual Investment Strategy (AIS), the Authority resolved that the balances invested with any single counterparty at any point in time would be 30% of the total investment portfolio to a maximum of £5m (with the exception of Lloyds Bank, who as our banking provider that have a limit of £7.5m, of which at least £2.5m must be instant access). The amount invested with each counterparty on the approved lending list as at 30 September 2019 is detailed below:

Counterparty	Amount (£000)
Lloyds Bank	3,500
Newcastle Building Society	2,000
Nottingham Building Society	2,000
Principality Building Society	2,000
Warrington Borough Council	2,000
Aberdeen MMF*	1,752
Goldman Sachs International	1,000
Thurrock Borough Council	1,000
West Bromwich Building Society	1,000
CCLA MMF	602
Lloyds Bank (Current Accounts)	591
Total	17,445

*MMF denotes a Money Market Fund

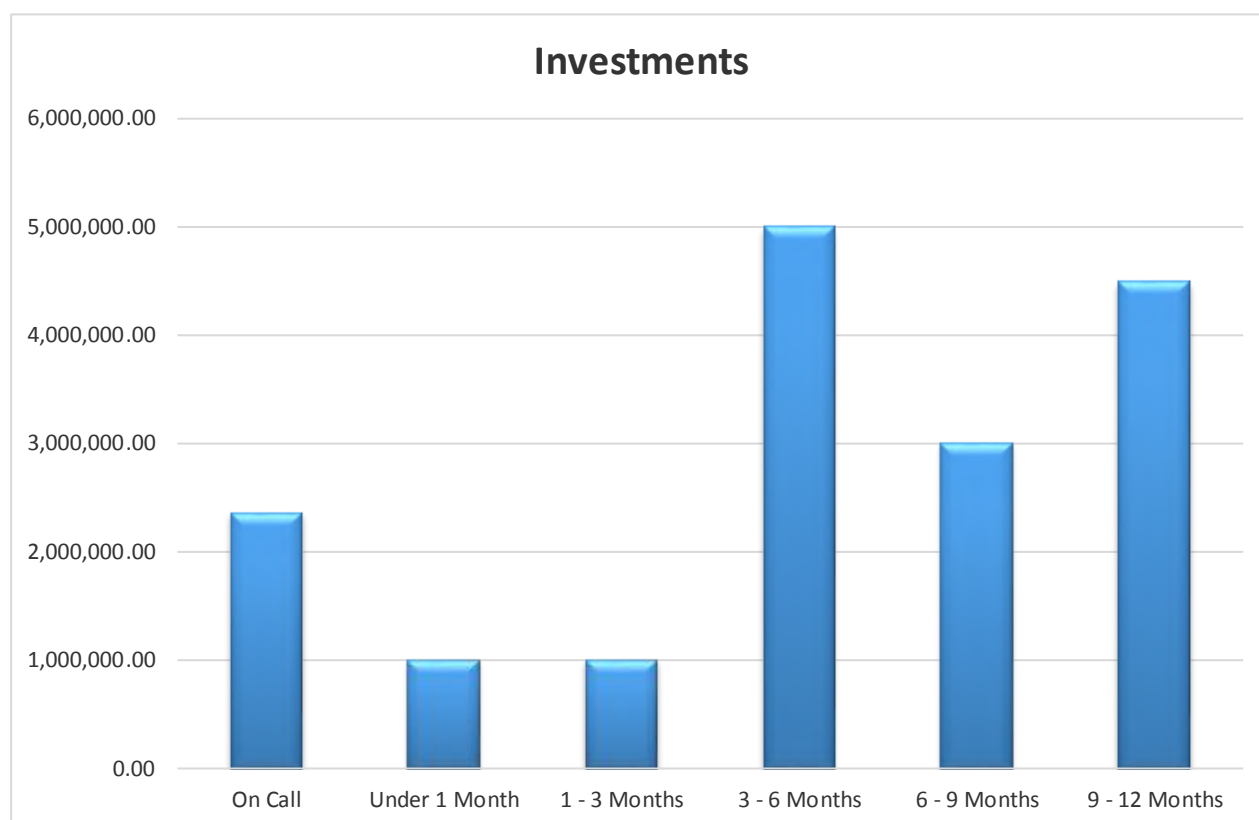
No counterparty limits were breached during Quarter 2.

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

Liquidity

Investments

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

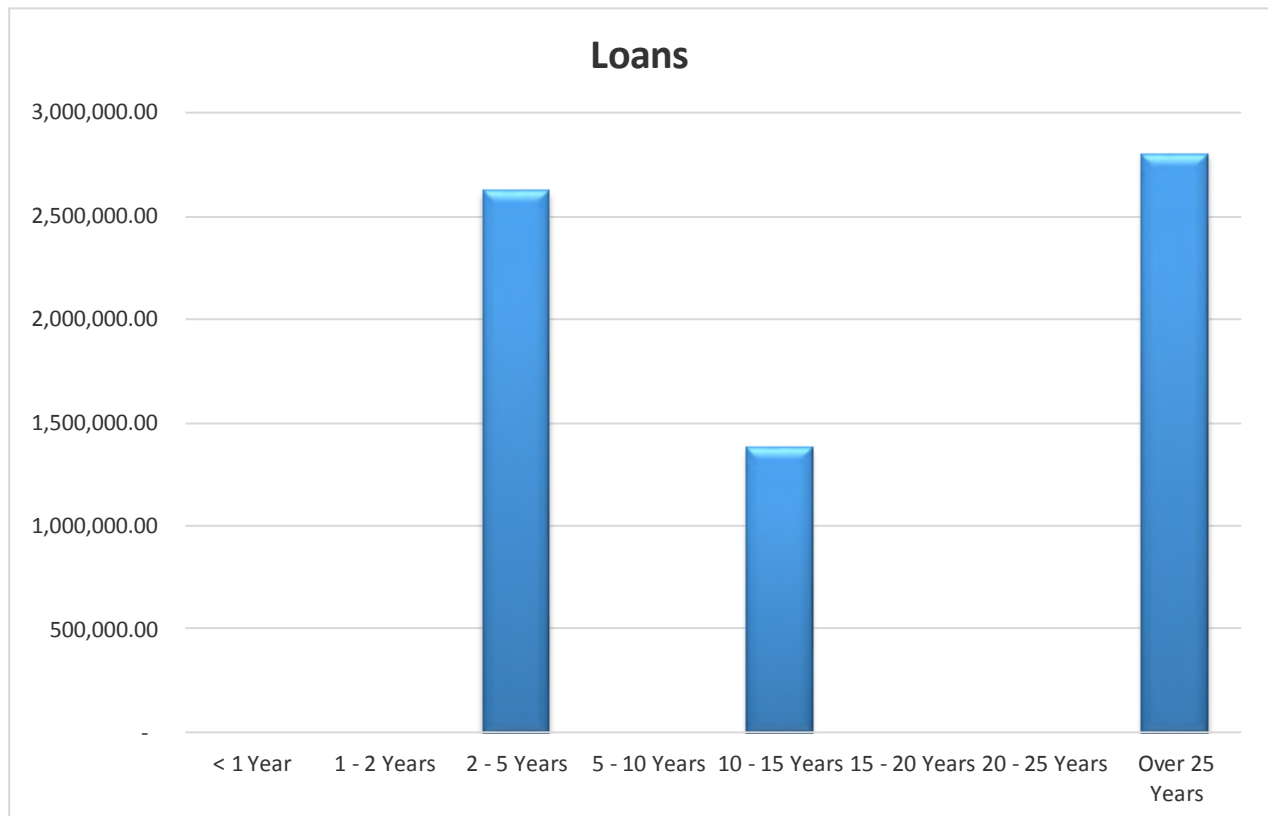


In order to cover expenditure such as salaries, pensions, creditor payments, and potential liabilities for which we have made provisions within the Statement of Accounts, a proportion of the balances are invested as short fixed-term deposits. Any unforeseen circumstances and potential major incidents that could occur are covered by holding a percentage of the investment balances on call (i.e. it is available for use on the day it is required).

There are seven investments currently falling in the 1-3 and 3-6 month periods. These were all originally invested for different terms and will be re-invested for varying terms upon maturity in order to maintain liquidity and meet future commitments. Balances on call include the investments in the Money Market 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 30 September 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.

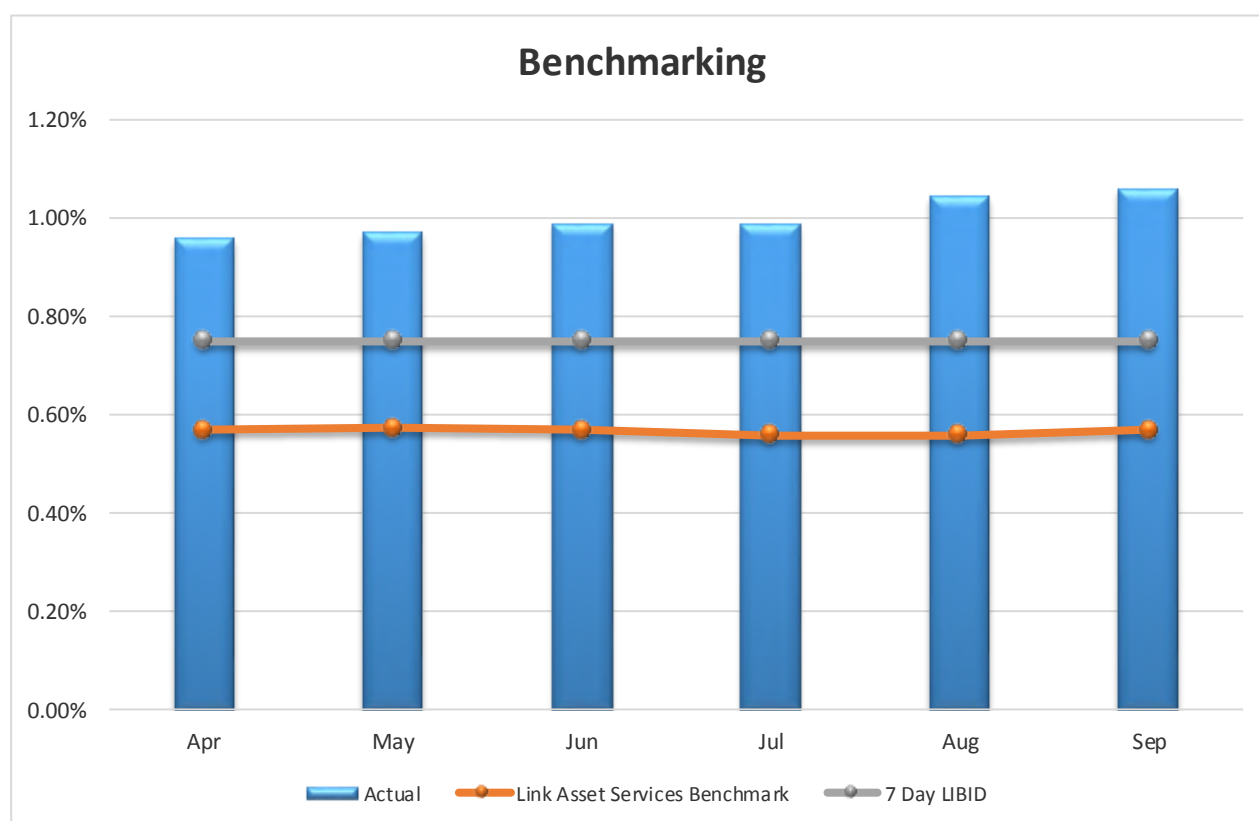
Performance Against Budget – Quarter 2

The budget for future years was reviewed as part of the Medium Term Financial Plan process and the income target for 2019/20 is £150k. This has not increased for 2019/20 due to the continuing spend on the Blue Light Hub at West Ashlands, Milton Keynes. It is expected that there will be less funds available for investments, hence the potential to realise greater interest is diminished. The accrued interest earned as at 30 September 2019 is £97k against the planned budget of £75k for the first half of the year, which is an over achievement of £22k. It should be noted that £18k of this is due to the interest achieved from making an advance payment in respect of the Employers contribution to the LGPS of £1.3m, achieving £36k interest per year for the current year.

Performance Against the Benchmark – Quarter 2

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

- 7 day LIBID – this is the rate the Authority would have earned on all balances had the SLA with BCC continued into future years
- Link benchmark – this is the indicative rate that Link advised we should be looking to achieve for 2019/20 at the start of the year
- The weighted average rate (%) is compared to the two benchmark figures in the following chart for each month:



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

It must also be noted that the level of funds available for investment have reduced and going forward, they will continue to do so as they are being used to fund the build of the Blue Light Hub at West Ashlands, Milton Keynes. The Authority will continue to re-invest any surplus funds with varying maturity dates to ensure we make a return and have sufficient liquidity to cover the day to day expenditure.

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Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	20 November 2019
OFFICER	Mark Hemming, Director of Finance & Assets
LEAD MEMBER	Councillor David Watson
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

EY

Building a better
working world

20 November 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. 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 20 November 2019.

Yours faithfully

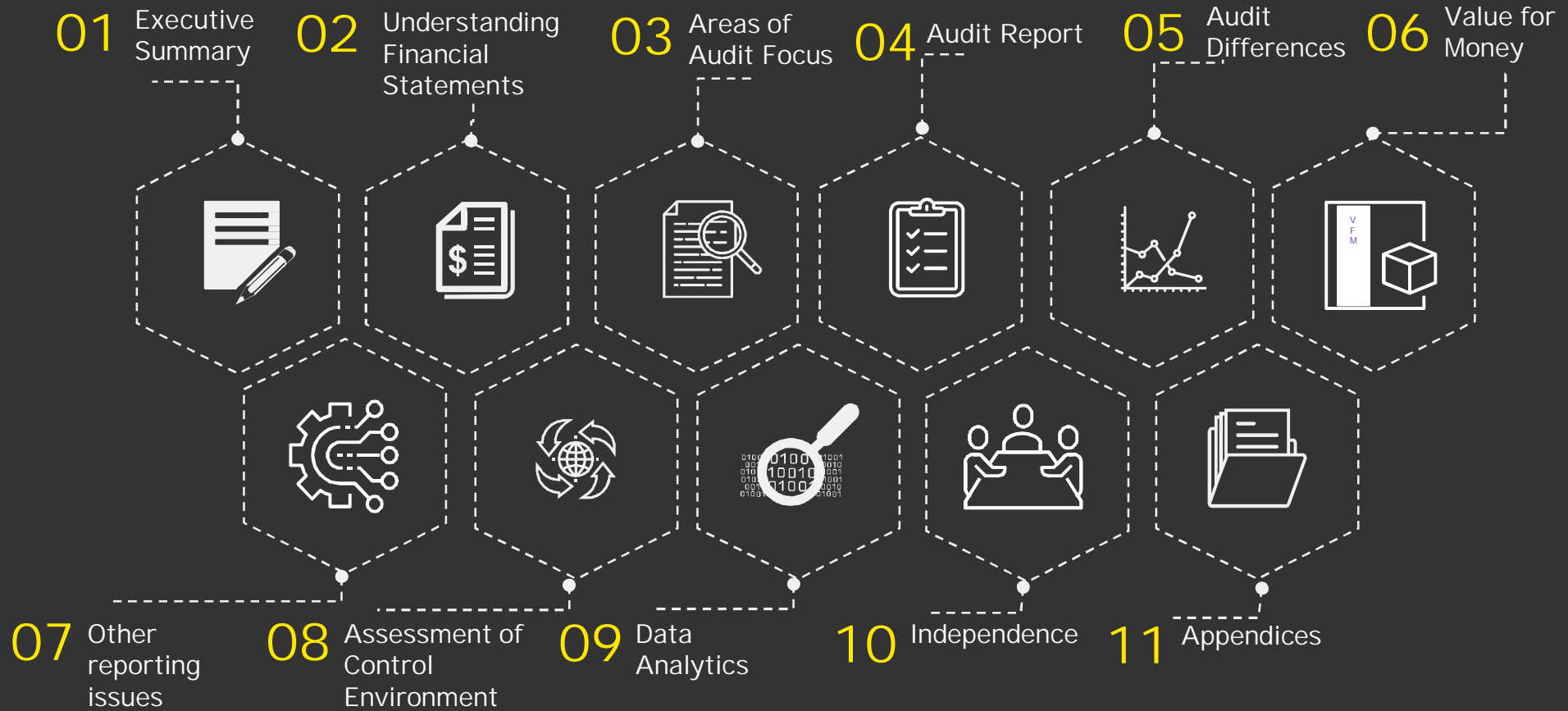
Maria Grindley

Associate Partner

For and on behalf of Ernst & Young LLP

Encl

Contents



Public Sector Audit Appointments Ltd (PSAA) have issued a 'Statement of responsibilities of auditors and audited bodies'. It is available from the Chief Executive of each audited body and via the PSAA website (www.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.

The actuary reports needed to be re-run following the ruling on two pension cases regarding age discrimination (McCloud and Sargeant). This led to changes in the figures to the draft accounts. The effect of this was to change our materiality figures for the main accounts.

Our overall materiality assessment moved to £1,073,980, performance materiality to £805,485 and the threshold for reporting misstatements to £53,699.

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. 14 October 2019 - we will update Members at the Committee meeting on progress against these.

- 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.

Adjustments were required following the re-run of the actuary reports due to the McCloud and Sargeant age discrimination pension cases.

There is one unadjusted audit difference arising from our audit. This is in relation to IAS 19 Asset values on the accounts and is £200k.



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.

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 performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission.

We review related party transactions. We noted that one person did not return their declaration of interest form. This individual has left BMKFA and is no longer a member at year end.

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 and a green note, with the number '0' visible on the blue one.

02

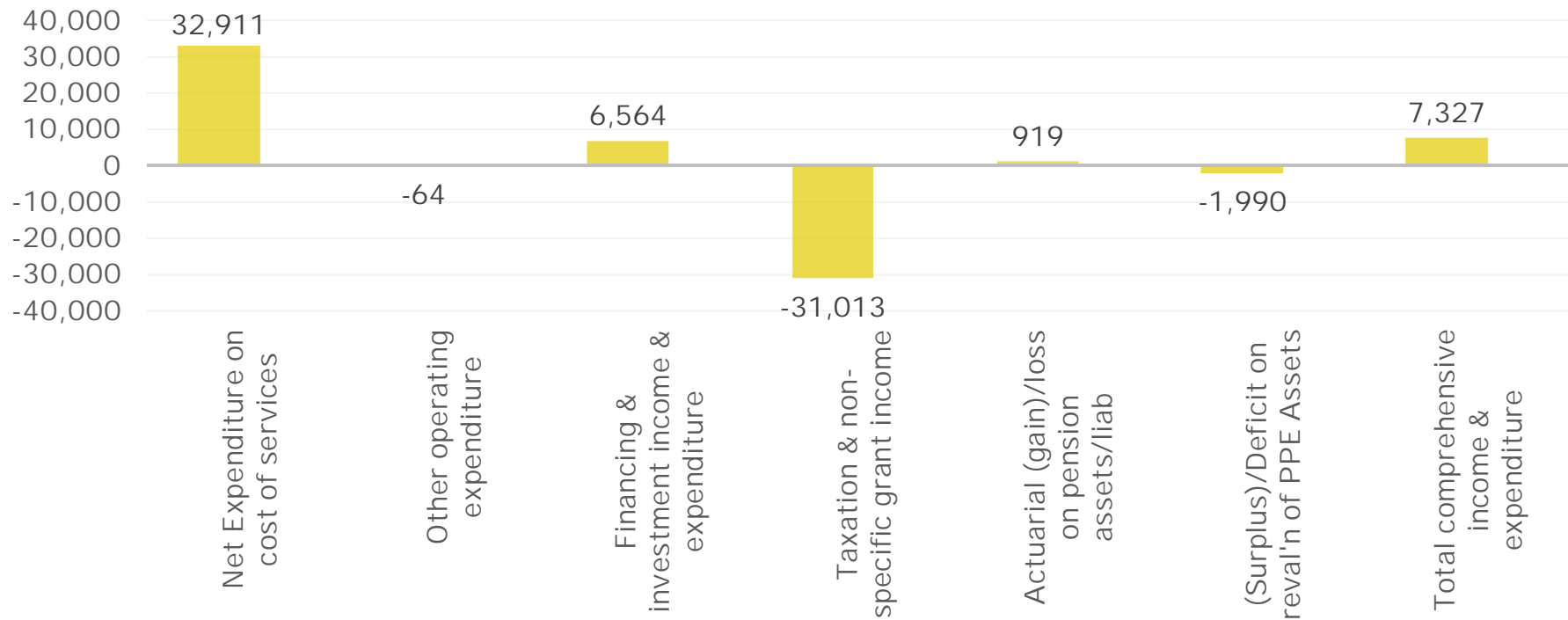
Understanding Financial Statements



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 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?

We have not identified any issues with the data sent to, and the report produced by, the Authority's valuer.

Our sample testing of valuations back to key asset information used by the valuer showed that the valuations carried out were reasonable.

No issues were identified with the economic lives of assets.

Our testing of the journals for the valuation adjustments confirmed they have been accurately processed in the financial statements.

Our work did not identify any material issues we need to report to you.



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?

As part of our review of IAS 19 asset values we identified an issue with some differences between the estimated fund value applied by the actuary as at December 2018 and the actual outturn on the fund value of the Buckinghamshire County Council Pension Fund as at 31st March 2019. This resulted in an overall difference of £22,300k from the actual fund value. The Authority's estimated share of this difference is £200k on the Authority's asset values.

Rather than re-running all of the IAS19 disclosures it was agreed that this would be accounted for as an unadjusted mis-statement. It is above the reporting threshold to yourselves, but below our performance materiality of £805k.

We found that the actuary had dealt with the GMP equalisation in an acceptable way, based on the assumptions they had used.

The accounting entries and disclosures made within the Authority's financial statements had been carried out correctly based on the information the Authority received from the actuary.



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.

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 the authority asked the actuary to re-run the figures calculating the increase in provision and past service cost (which is our current expectation of the relevant accounting).

Our EY pensions specialists ran a model using your membership data and compared it with the outcomes from your actuaries. For both the LGPS and FFPF, the difference was within an acceptable range.

The changes follow the re-run of the figures to statement of accounts and the disclosure notes included;

- 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.



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: We concluded that IFRS 15 Revenue from contracts with customers has been applied correctly.



04 Audit Report



Audit Report

Draft audit report

Our opinion on the financial statements (draft)

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

Opinion

We have audited the financial statements and the firefighters' pension fund financial statements of Buckinghamshire and Milton Keynes Fire Authority for the year ended 31 March 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
Xxxxx 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 £53,699 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.

Following the McCloud and Sargeant ruling;

An increase in the gross expenditure on continuing operations £13,360k

Liabilities related to defined benefit pension schemes £13,360k

Pension reserves £13,360k

Adjustments through OCI £13,360k

Summary of unadjusted differences

We have included all judgemental amounts greater than £53,699 for the main accounts and £9,597 for the pension fund relating to Buckinghamshire and Milton Keynes Fire Authority in our summary of misstatements below.

Unadjusted Differences:

We have identified one unadjusted audit difference. This arose from our completion of our review of IAS Pension Liabilities. The mis-statement is in relation to a difference in the value of Pension Fund assets as assessed by the actuary of the Buckinghamshire County Council Pension Fund of which Buckinghamshire and Milton Keynes Fire Authority is an admitted body. We compared the Fund value as estimated by the actuary in December 2018 to the actual Fund value as at 31st March 2019 as reported in the draft financial statements and noted a difference of £22,300k. Adjusted for the Authority's share of the Fund this equated to a difference of £200k.



06 Value for Money Risks



Value for Money

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.

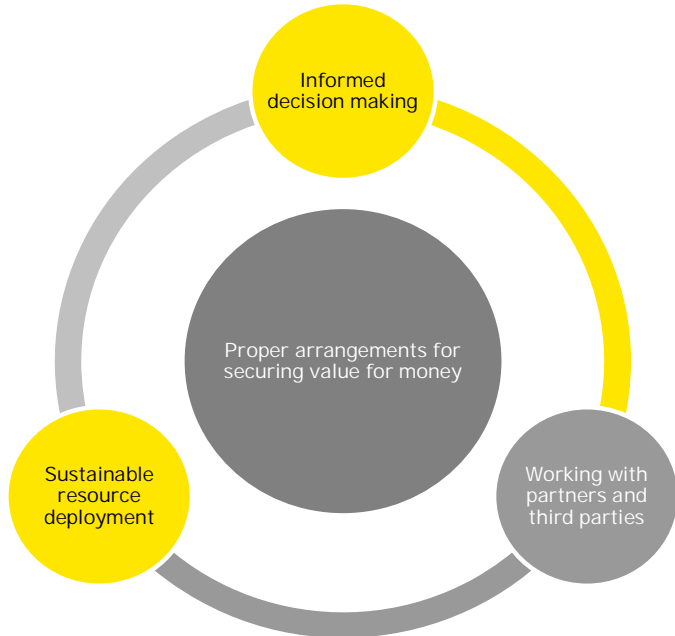
For 2018/19 this is based on the overall evaluation criterion:

"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. We have 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

As the authority is below the expected threshold of £500m, we 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.



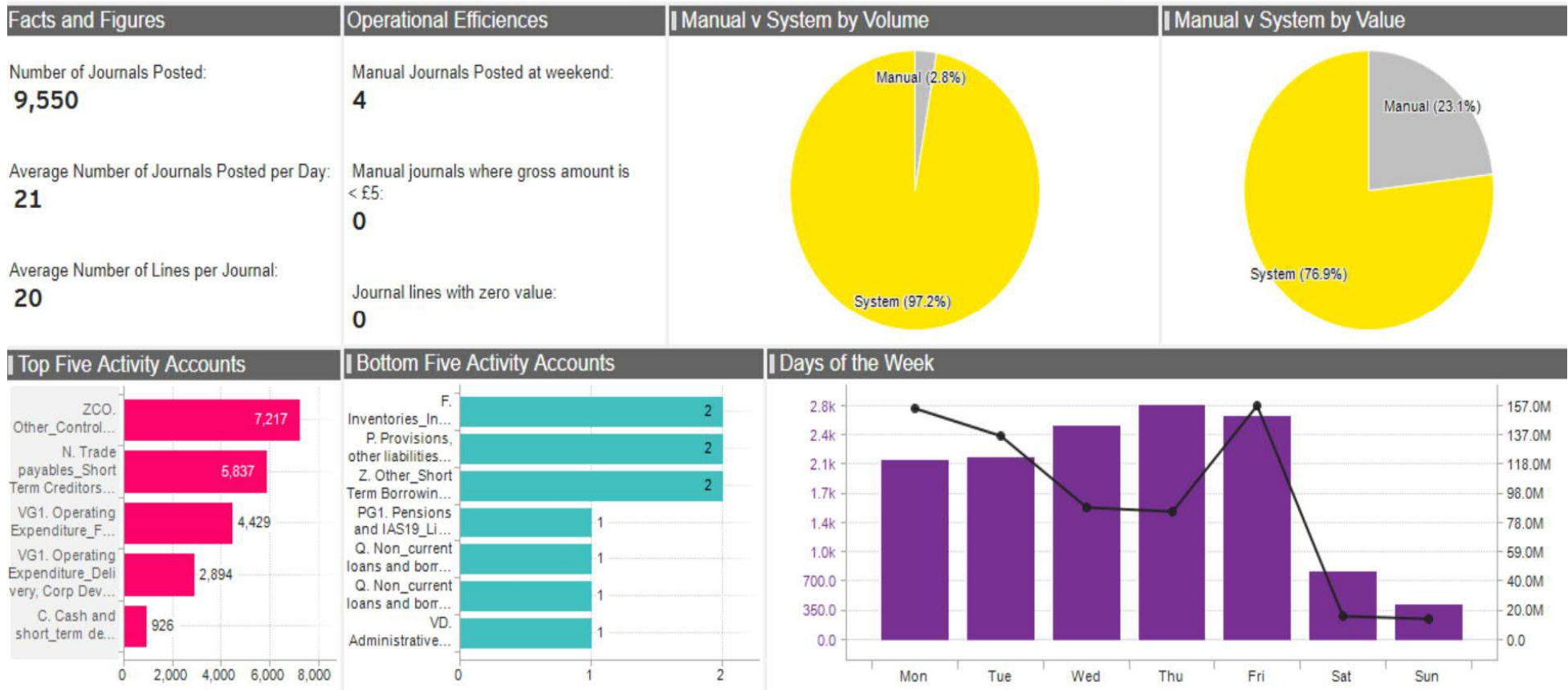
Data Analytics

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

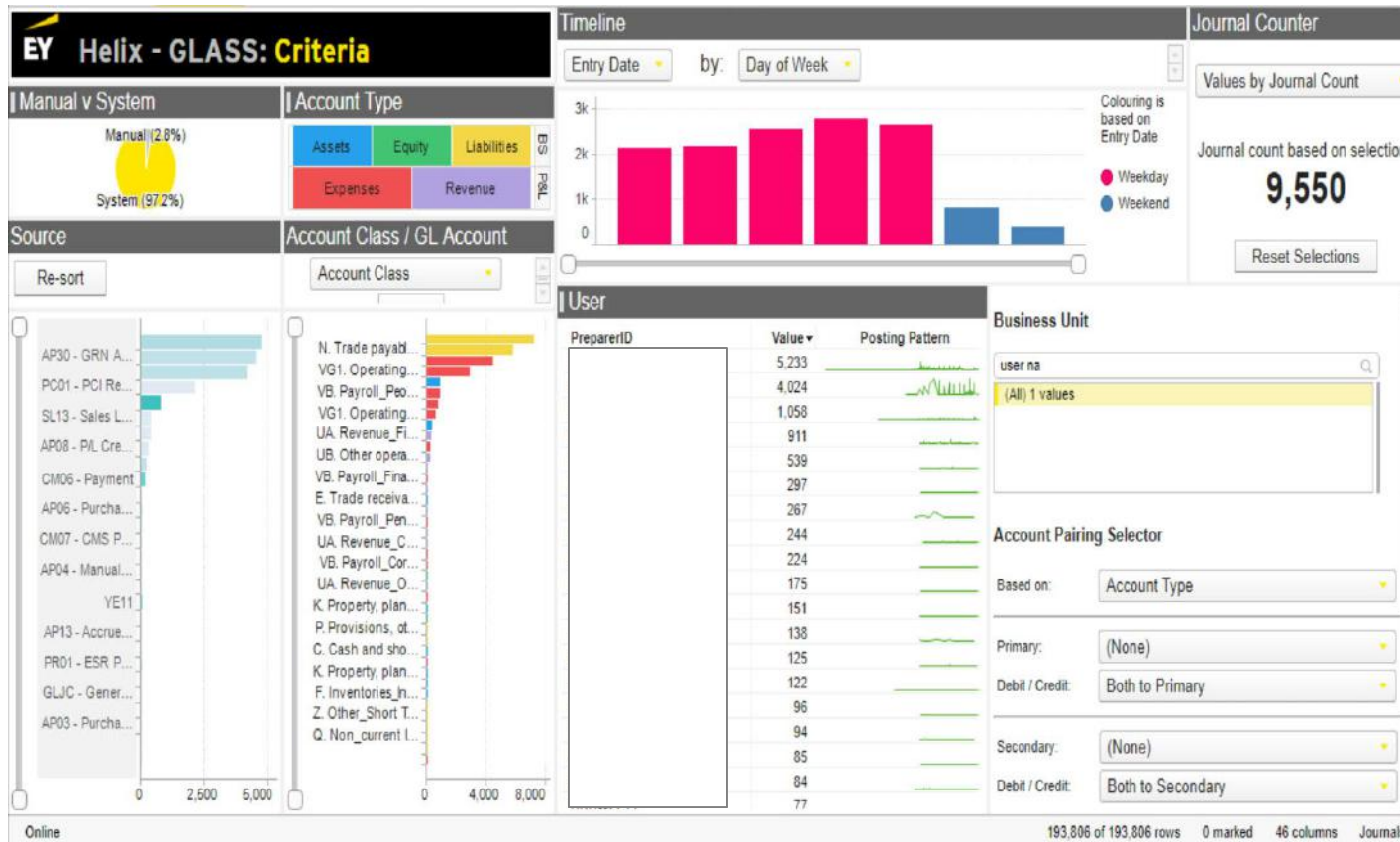
What is the risk?

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 20 November 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.
5. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. We have not corrected these differences identified by and brought to the attention from the auditor because

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

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

Management representation letter

Management Rep Letter (continued)

3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

We have disclosed to you, and provided you full access to information and any internal investigations relating to, all instances of identified or suspected non-compliance with law and regulations, including fraud, known to us that may have affected the Council (regardless of the source or form and including, without limitation, 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 Council’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 Council’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: 18 September 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.

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 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

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

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Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	20 November 2019
OFFICER	Mark Hemming, Director of Finance & Assets
LEAD MEMBER	Councillor David Watson
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	Decision.
RECOMMENDATIONS	That the Letter of Representation be approved for signature by the Chief Finance Officer and the Chairman of the Overview and Audit Committee.
RISK MANAGEMENT	The results of the audit give reassurance regarding entries in the accounts and value for money arrangements.
FINANCIAL IMPLICATIONS	No direct impact.
LEGAL IMPLICATIONS	The audit of the financial statements is a statutory requirement.
CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE	No direct impact.
HEALTH AND SAFETY	No direct impact.
EQUALITY AND DIVERSITY	No direct impact.
USE OF RESOURCES	No direct impact.
PROVENANCE SECTION & BACKGROUND PAPERS	As part of the audit, the Chairman was required to provide a response to Ernst & Young detailing how the Overview and Audit Committee gains assurance from management. A copy of this letter is attached in Annex C.

APPENDICES	Annex A: Letter of Management Representation 2018/19. Annex B: Summary of Unadjusted Audit Differences Annex C: 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: 20 November 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 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. 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. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. We have not corrected these differences identified by and brought to the attention from the auditor due to the unadjusted differences being below the materiality threshold for the Auditor and therefore the impact to the financial statements will be immaterial. Please see annex B for a breakdown of the unadjusted audit differences.

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.
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 September 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 sincerely,

Director of Finance and Assets and Chief Financial Officer

Chairman of the Overview and Audit Committee



Buckinghamshire
FIRE & RESCUE SERVICE
we save lives

Director of Finance & Assets: Mark Hemming FCPFA

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

Communication schedule for uncorrected misstatements

Entity: Buckinghamshire Milton Keynes & Fire Authority

Period Ended: 31-Mar-2019

Currency: GBP

Uncorrected misstatements			Analysis of misstatements Debit/(Credit)							Income statement effect of the prior period	
No.	W/P ref.	Account (Note 1) (misstatements are recorded as journal entries with a description)	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCI	Income statement effect of the current period		
			Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit)	Debit/(Credit)	Non taxable		

Factual misstatements:

1	19 BMKFA IAS19 LGPS Fund Asset Consideration	Overstatement of Council's share of Pension Fund Assets - due to differences in the actuarial estimate of the pension fund asset value at 31 March 2019 compared with the actual value.									
		Net liability related to defined benefit scheme					(200,000)				
		Remeasurement Gains on Assets						200,000			

Projected misstatements:

		<Title of the misstatement>									

Judgmental misstatements:

		<Title of the misstatement>									

Total of uncorrected misstatements before income tax			0	0	0	(200,000)	0	200,000	0		0
---	--	--	---	---	---	-----------	---	---------	---	--	---

Total of uncorrected misstatements			0	0	0	(200,000)	0	200,000	0		0
---	--	--	---	---	---	-----------	---	---------	---	--	---

Financial statement amounts											
Effect of uncorrected misstatements on F/S amounts			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%

Do not remove any categories of misstatements above, even if there are no misstatements; removing these categories may adversely affect the formulas or template functionality.

Memo: Total of non-taxable items (marked 'X' above)											0
Uncorrected misstatements before income tax								0.0%	0		0
Less: Tax effect of misstatements at current year marginal rate									0		0
Uncorrected misstatements in income tax									0		0
Cumulative effect of uncorrected misstatements after tax but before turnaround								0.0%	0		0
Turnaround effect of prior period uncorrected misstatements											
All factual and projected misstatements:								After tax	0		Memo: Before tax
Judgmental misstatements (Note 3):									0		0
Cumulative effect of uncorrected misstatements, after turnaround effect								0.0%	0		
Current year income before tax											
Current year income after tax									0		

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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: 20 November 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	20 November 2019
OFFICER	Mark Hemming, Director of Finance & Assets
LEAD MEMBER	Councillor David Watson
SUBJECT OF THE REPORT	Adoption of the Audited Statement of Accounts – Year ended 31 March 2019
EXECUTIVE SUMMARY	<p>The Authority must prepare, in accordance with proper practices in relation to accounts, a statement of accounts for each year. Due to resourcing issues experienced by the external auditors this year, they were unable to complete the audit by 31 July 2019.</p> <p>The audit has now been completed and the Fire Authority are asked to consider any issues raised during the audit before approving the accounts for signing.</p>
ACTION	Decision.
RECOMMENDATIONS	<ol style="list-style-type: none"> 1. That the matters raised by the external auditors be considered; 2. that the Statement of Accounts for the financial year ended 31 March 2019 be approved for signing by the Chairman of the Overview and Audit Committee.
RISK MANAGEMENT	No direct impact.
FINANCIAL IMPLICATIONS	No direct impact.
LEGAL IMPLICATIONS	The Statement of Accounts must, following consideration, be approved by the Authority or Committee of the Authority.
CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE	No direct impact.
HEALTH AND SAFETY	No direct impact.
EQUALITY AND DIVERSITY	No direct impact.

USE OF RESOURCES	No direct impact.
PROVENANCE SECTION & BACKGROUND PAPERS	None.
APPENDICES	Annex A: Annual Financial Statements 2018/19
TIME REQUIRED	15 minutes
REPORT ORIGINATOR AND CONTACT	Asif Hussain ahussain@bucksfire.gov.uk 01296 744421



Audited Annual Financial Statements

for the year ending 31 March 2019



Buckinghamshire
FIRE & RESCUE SERVICE
17 Save Lives

Table of Contents

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

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

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

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Introduction

Welcome to our Annual Financial Statements

This document sets out the financial activities of Buckinghamshire & Milton Keynes Fire Authority (the Authority) for the year ended 31 March 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 £21.758m (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

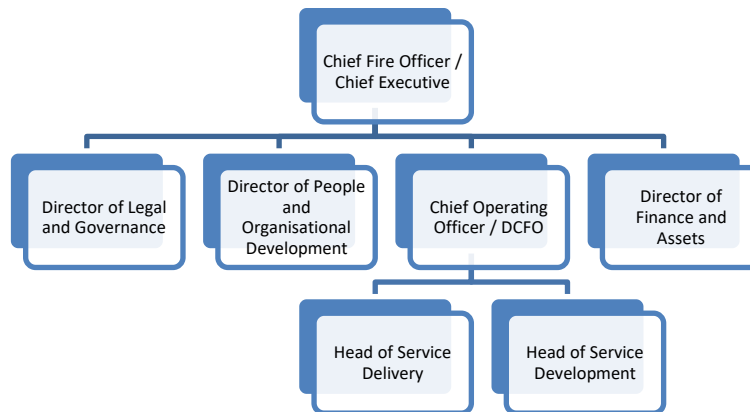
An Introduction to Buckinghamshire and Milton Keynes Fire Authority

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.

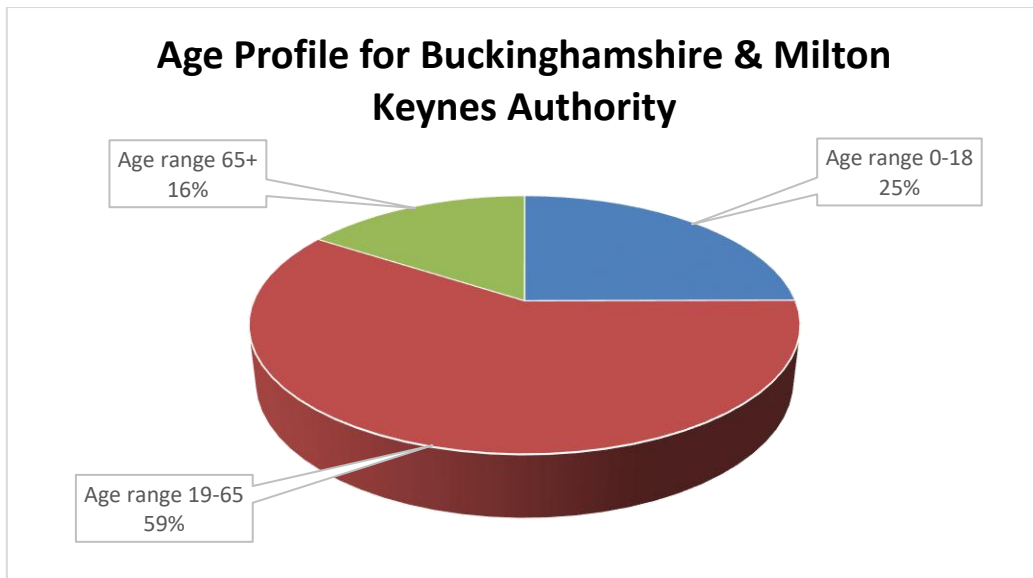
The Efficiency Plan can be viewed here:

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

Key Facts about the Authority

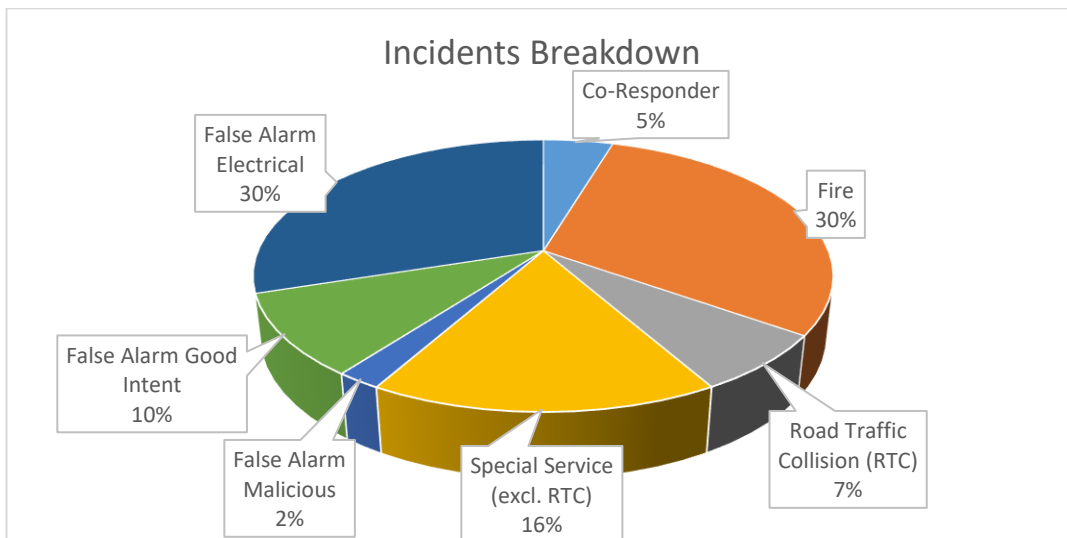
The profile of the local population dictates the direction and substance of the services provided by the Fire Authority. The Authority’s aim is to align our highest level of station cover to those areas with the greatest demand.

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.

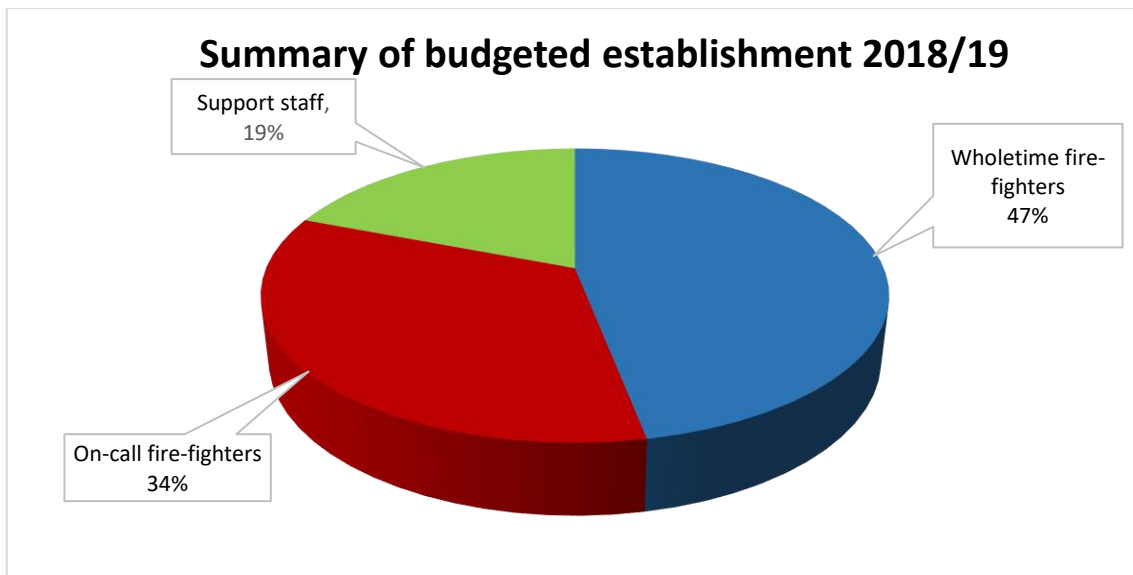
Apprenticeships

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;

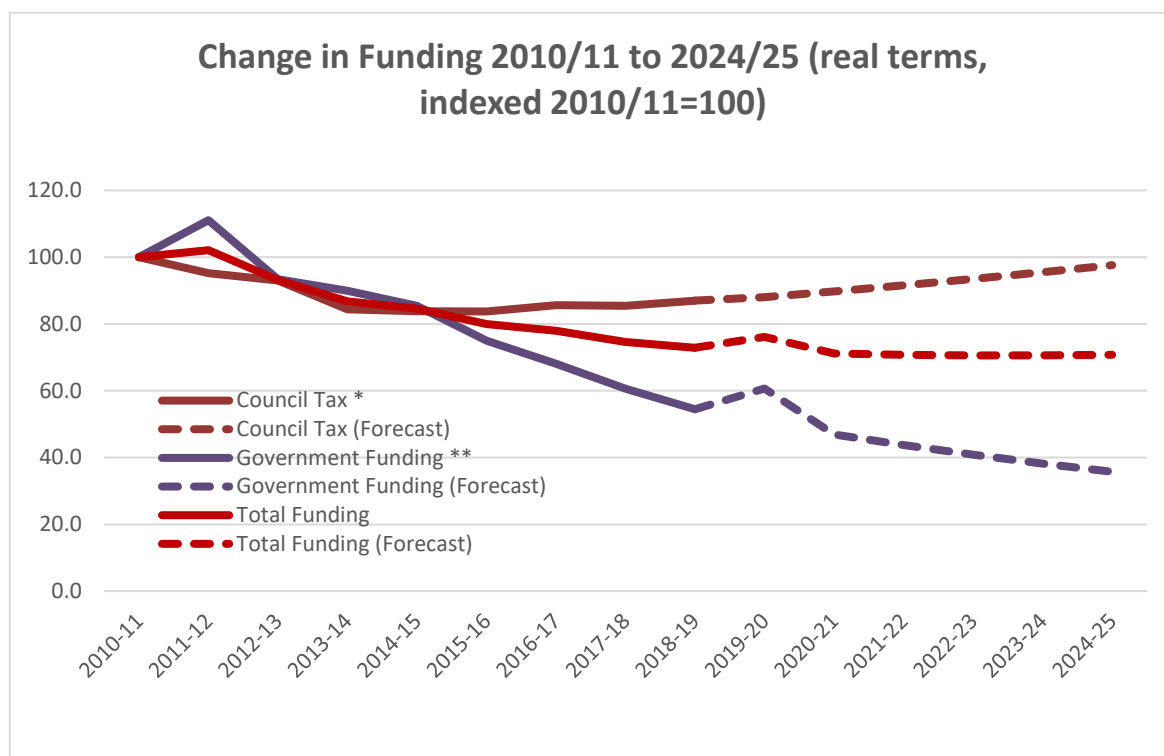


(Figures in the table above are based on full-time equivalents and exclude apprentices)

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).

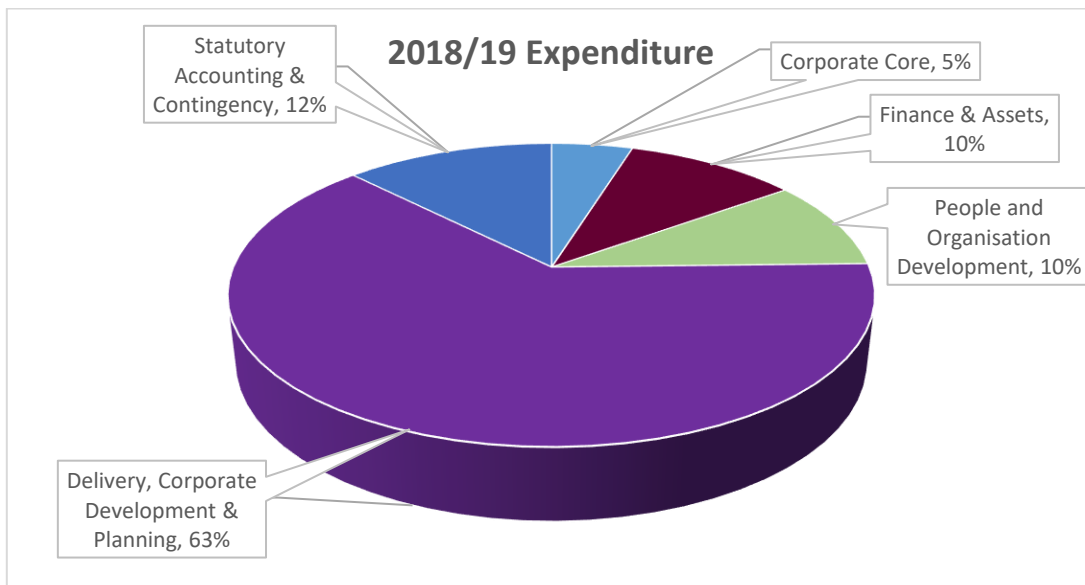
The budget proposed for 2018/19 was a financial estimation based upon the priorities set out within our Public Safety Plan. The employee costs took account of the continued work plan to make efficiencies year on year whilst still ensuring resources were sufficient and in the right place with no reduction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

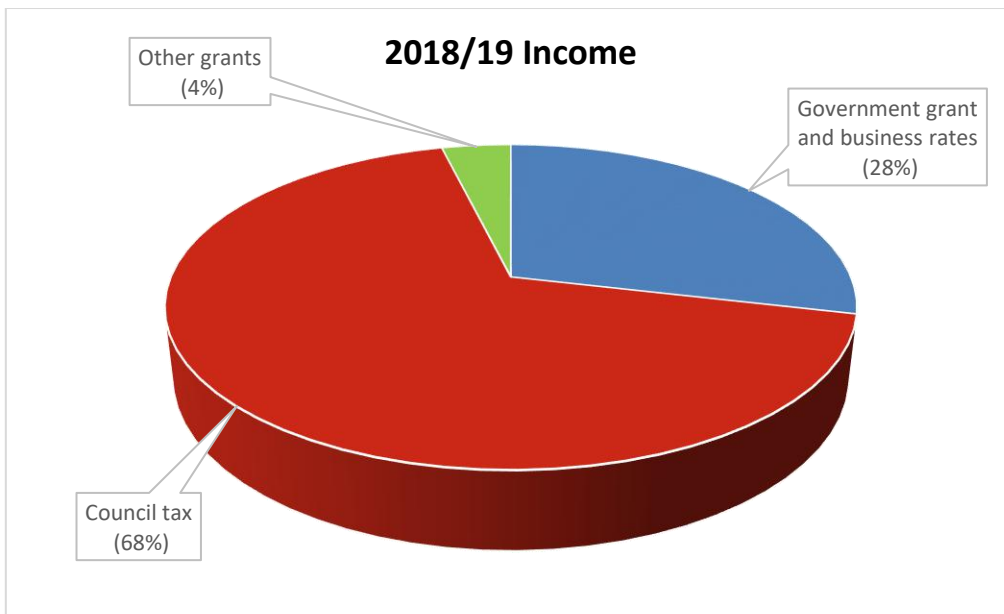
cover protected pay and other unknowns such as a national fire-fighters pay award. During the budget setting process, savings and growth bid packages were submitted to challenge and authorisation by Members.

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 £24.805m to £309.940m (for 2017/18 the net liability was £285.135m).

Effectively, the Pension Funds are in deficit by £309.940m 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: 20 November 2019

Independent Auditor's Report to 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 and the related notes 1 to 6.

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

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 18, 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.

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.

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

20 November 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.

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 IAS 19 – Two employment tribunal cases were brought against the Government in relation to possible discrimination in the implementation of transitional protection following the introduction of the reformed 2015 public service pension schemes from 1 April 2015. Transitional protection enabled some members to remain in their pre-2015 schemes after 1 April 2015 until retirement or the end of a pre-determined tapered protection period. The claimants challenged the transitional protection arrangements on the grounds of direct age discrimination, equal pay and indirect gender and race discrimination.

The first case (McCloud) relating to the Judicial Pension Scheme was ruled in favour of the claimants, while the second case (Sargeant) in relation to the Fire scheme was ruled against the claimants. Both rulings were appealed and as the two cases were closely linked, the Court of Appeal decided to combine the two cases. In December 2018, the Court of Appeal ruled that the transitional protection offered to some members as part of the reforms amounts to unlawful discrimination.

The Government sought permission to appeal this decision but on 27 June 2019 the Supreme Court denied the Government's request for an appeal in the McCloud/Sargeant case. We still have to wait for a remedy either be imposed by the Employment Tribunal or negotiated and

applied to all public service schemes, so the outcome for the Police Pension Schemes is still unknown.

The liability has been valued using “worst-case” calculations at the most recent valuation, 31 March 2017, with the assumption that all those who were previously members of a final salary scheme will remain in that scheme and only new staff joining after 1 April 2015 join the 2015 CARE scheme.

The results of this amended 31 March 2017 valuation were then rolled forward using the same approach as detailed in the 2018 and 2019 disclosures to 31 March 2019 and the increase in the liability is recorded as a past service cost. A similar approach was also applied to the valuation of the Local Government Pension Scheme liability;

- Pensions Liability - the valuation of the liability is based on a number of actuarial assumptions (see Note 28). This figure is provided by an external actuary and is based upon actual contributions for the first 10 months and estimates calculated for the remaining two months for the Fire Fighter Pension Fund. 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 £309.940m;
- 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 £0.050m 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)

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Movement in Reserves Statement continued:

	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2018 carried forward	(1,500)	(7,707)	(522)	-	(9,729)	245,929	236,200
<u>Movement in reserves during 2018/19</u>							
(Surplus) or deficit on the provision of services	21,758	-	-	-	21,758	-	21,758
Other Comprehensive Income and Expenditure	-	-	-	-	-	(1,071)	(1,071)
Total Comprehensive Income and Expenditure	21,758	-	-	-	21,758	(1,071)	20,687
Adjustments between accounting basis & funding basis under regulations (Note 23)	(19,948)	-	522	-	(19,426)	19,426	-
Net (Increase) / Decrease before Transfers to Earmarked Reserves	1,810	-	522	-	2,332	18,355	20,687
Transfers to/from Earmarked Reserves (Note 23)	(1,810)	1,810	-	-	-	-	-
(Increase) / Decrease in 2018/19	-	1,810	522	-	2,332	18,355	20,687
Balance at 31 March 2019 carried forward	(1,500)	(5,898)	-	-	(7,397)	264,284	256,887
Amounts held for revenue purposes	(1,500)	(1,818)			(3,317)	310,222	306,905
Amounts held for capital purposes	-	(4,080)	-		(4,080)	(45,938)	(50,018)

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	1,912	(16)	1,896
4,056	(426)	3,630	Finance & Assets	4,254	(403)	3,851
2,974	(242)	2,732	People & Organisation Development	4,100	(89)	4,011
23,516	(210)	23,306	Delivery, Corporate Development & Planning	35,610	(130)	35,480
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)	46,909	(638)	46,271
			<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	53,699	(31,941)	21,758
		(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			20,687

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)	(309,940)
(290,208)	Total Other Long Term Liabilities	(311,968)
(297,590)	Long Term Liabilities	(318,765)
(236,200)	Net Assets	(256,888)
	<u>Reserves</u>	
(9,727)	Usable Reserves (Note 23)	(7,397)
245,927	Unusable Reserves (Note 24)	264,285
236,200	Total Reserves	256,888

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	(21,758)
15,003	Adjust for non-cash movements	25,464
(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	641	1,896
3,647	-17	3,630	Finance and Assets	3,448	403	3,851
2,432	300	2,732	People and Organisational Development	2,663	1,348	4,011
20,121	3,185	23,306	Delivery, Corporate Development & Planning	20,462	15,018	35,480
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	17,410	46,271
-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	19,426	21,758
-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	-	641	-	641
Finance and Assets	-	403	-	403
People and Organisational Development	-	1,348	-	1,348
Delivery, Corporate Development & Planning	-	15,018	-	15,018
Statutory Accounting and Contingency	-	-	-	-
Net Cost of Services	-	17,410	-	17,410
Other Income and Expenditure from the EFA Analysis	(4,460)	6,476	-	2,016
Differences between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(4,460)	23,886	-	19,426

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
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	23,886	10,988
Gain or loss on disposal of non-current assets	-	(47)
Total Operating Expenses	53,699	40,766
Surplus (-) or deficit on the provision of services	21,758	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		2018/19 Totals
£000	Remuneration Band	£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 new provisions have made this year which net-off against existing provisions used resulting in a net movement of zero.

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	(25,643)	- 25,643
(14,091)	-	14,091			
3,103	-	(3,103)	Employer's pensions contributions and direct payments to pensioners payable in the year	1,757	- (1,757)
			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	(19,948)	522 19,426

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	23,886
	(31,364) Actuarial gains (-) / losses relating to pensions	919
285,135	Closing Balance	309,940

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

As at 31 March 2019, the Authority does not have any contingent liabilities.

28 - Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Authority offers retirement benefits. Although these will not actually be payable until employees retire, the Authority has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement. The Authority participates in four pension schemes:

- The Local Government Pension Scheme for non-firefighter staff administered locally by Buckinghamshire County Council is a funded defined benefit final salary scheme, administered in accordance with the Local Government Pension Scheme (1997) as amended. The Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. It is contracted out of the State Second Pension;
- The Fire-Fighter Pension Scheme for uniformed fire fighters is an unfunded defined benefit statutory scheme, administered by West Yorkshire Pension Fund in accordance with the Fire Pension Scheme Orders (1992) as amended. It is contracted out of the State Second Pension. There are no investment assets held to back the liabilities of the scheme and cash has to be generated to meet actual pensions payments as they eventually fall due; and
- The Fire-Fighter Pension Scheme for uniformed fire-fighters (retained and new entrants from 1 April 2006) is an unfunded defined benefit statutory scheme, administered by West Yorkshire Pension Fund in accordance with the Fire Pension Scheme Orders (2006) as amended. It is contracted out of the State Second Pension. There are no investment assets held to back the liabilities of the scheme and cash has to be generated to meet actual pension payments as they eventually fall due.
- The Fire Fighter Pension Scheme for uniformed fire-fighters (retained and new entrants from 1 April 2015) is an unfunded defined benefit statutory scheme, administered by West Yorkshire Pension Fund in accordance with the Firefighters' Pension Scheme regulations (2014). It is contracted out of the State Second Pension. There are no investment assets held to back the liabilities of the scheme and cash has to be generated to meet actual pension payments as they eventually fall due.
- The report provided by the actuaries has aggregated all the fire-fighter pension data. This approach was taken to condense the number of reports produced as previously there was an individual report for each pension scheme but with now having five schemes (including modified 2006 scheme), it has been condensed into two reports, LGPS and fire-fighter pensions.

Under the Firefighters' Pension Fund Regulations 2006 if the amounts receivable by the pension fund are less than amounts payable, the fire authority must annually transfer an amount required to meet the deficit to the Pension Fund. Subject to scrutiny and approval by Parliament and the Secretary of State up to 100% of this cost is met by central government top-grant. If however the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the Fire Authority, which must then repay the amount to central government.

a) Transactions relating to retirement benefits

The Authority recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement.

Current Year 2018/19

Comprehensive Income and Expenditure Statement	LGPS	Firefighters	Total
	£000	£000	£000
<u>Cost of Services</u>			
Current Service Cost	1,280	4,527	5,807
Past Service Cost	253	13,107	13,360
Administration Expenses	-	-	-
Cost of Services Total	1,533	17,634	19,167
<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	1,154	24,489	25,643
Actuarial Gains and Losses	(212)	1,131	919
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	942	25,620	26,562
Movement in Reserves Statement			
Reversal of net charges made to the surplus or deficit for post employment benefits in accordance with the code:	(1,154)	(24,489)	(25,643)
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

Buckinghamshire & Milton Keynes Fire Authority – Statement of Accounts 2018/19

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	(253)	(13,107)	(13,360)
Contribution by Scheme participants	(238)	(1,245)	(1,483)
Unfunded pension payments	13	250	263
Present Value of scheme liabilities as at 31 March	(40,486)	(296,527)	(337,013)

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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)	(40,486)
1992 Firefighters Scheme	(247,893)	(241,242)	(291,382)	(272,651)	(296,527)
2006 Firefighters Scheme	(6,761)	-	-	-	-
Present Value of scheme liabilities as at 31 March	(285,534)	(271,347)	(329,189)	(311,302)	(337,013)
<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)	(13,413)
1992 Firefighters Scheme	(247,893)	(241,242)	(291,382)	(272,651)	(296,527)
2006 Firefighters Scheme	(6,761)	-	-	-	-
Total	(266,210)	(251,795)	(305,510)	(285,135)	(309,940)

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £309.940m has a substantial impact on the net worth of the Authority as recorded in the balance sheet, resulting in a negative overall balance of £256.888m. 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:

LGPS Sensitivity Analysis	£000	£000	£000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	39,651	40,486	41,340
Projected service cost	1,417	1,452	1,489
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	40,553	40,486	40,421
Projected service cost	1,452	1,452	1,452
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	41,273	40,486	39,716
Projected service cost	1,489	1,452	1,417
Adjustment to mortality age rating assumption	+1 year	None	- 1 Year
Present value of total obligation	41,923	40,486	39,100
Projected service cost	1,502	1,452	1,404

Firefighters	£000	£000	£000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	290,637	296,527	302,519
Projected service cost	7,595	7,834	8,081
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	297,317	296,527	295,744
Projected service cost	7,882	7,834	7,786
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	301,753	296,527	291,414
Projected service cost	8,033	7,834	7,642
Adjustment to mortality age rating assumption	+1 year	None	- 1 Year
Present value of total obligation	308,215	296,527	285,296
Projected service cost	8,084	7,834	7,592

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	16,954
Total Investments	-	-	24,028	16,954

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
		2018/19	Loans and receivables	Available for sale assets	Fair value through the CIES account	
£000	£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	(1,620)
(2,000)	Maturing within 5 to 10 years	(1,000)
(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	(21,758)
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	23,886
316	Contributions to/from Provisions	(253)
321	Carrying amount of non-current assets sold	-
(50)	Movement in Investment Property Values	(20)
15,003		25,464
-	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		2018/19
£000		£000
-	Cash receipts of short and long term borrowing	-
-	Repayment of short and long term borrowing	-
-	Other receipts from financing activities	-
(47)	Cash payments for the reduction of outstanding liabilities relating to finance leases	(47)
(47)	Net Cash Flows from Financing Activities	(47)

e) Make up of Cash and Cash Equivalents

2017/18		2018/19
£000		£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

Overview and Audit Committee Forward Plan 2019/20

ITEM 16

Item	Reporting Date	Recommended Action	Lead Officer
Internal Audit Report: Final Audit Reports	March 2020	Noting	Internal Audit Manager and Director of Finance and Assets
Internal Audit Report: Update on Progress of Audit Recommendations	March 2020	Noting	Internal Audit Manager and Director of Finance and Assets
Internal Audit Report: Update on Progress of Annual Audit Plan	March 2020	Noting	Internal Audit Manager and Director of Finance and Assets
Internal Audit Strategy and Annual Plan	March 2020	Decision	Director of Finance and Assets
Treasury Management Performance	March 2020	Noting	Director of Finance and Assets
CIPFA Benchmarking Report	March 2020	Noting	Director of Finance and Assets
External Audit Plan	March 2020	Noting	Director of Finance and Assets
HMI Report Implementation Plan Progress Report	March 2020	Noting	Head of Service Delivery
Business and Systems Integration Project: Progress Report	March 2020	Noting	Head of Service Development
Operational Assurance	March 2020	Noting	Head of Service Development
Thames Valley Collaboration	March 2020	Noting	Head of Service Development
Corporate Risk Management	March 2020	Decision	Head of Service Development
Statement of Assurance 2018/19	March 2020	Decision	Director of Legal and Governance

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