

**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

13 July 2020

**MEMBERS OF THE PRESS**  
**AND PUBLIC**

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

Dear Councillor

Your **remote** attendance is requested at a meeting of the **OVERVIEW AND AUDIT COMMITTEE of the BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY** to be held in accordance with the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 **online** on **WEDNESDAY 22 JULY 2020 at 10.00 AM** when the business set out overleaf will be transacted.

Your online remote access will be via Microsoft Teams.

Yours faithfully

Graham Britten  
Director of Legal and Governance

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



**MAKING YOU SAFER**

**[www.bucksfire.gov.uk](http://www.bucksfire.gov.uk)**



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

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

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

## **Adjournment and Rights to Speak – Public**

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

A request to speak on a specified agenda item should be submitted by email to [gbritten@bucksfire.gov.uk](mailto:gbritten@bucksfire.gov.uk)

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

- (a) call the telephone number to be provided to the member of the public's email address,
- (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.

## **Rights to Speak - Members**

A Member of the constituent Councils who is not a Member of the Authority may attend Meetings of the Authority or its Committees to make a statement on behalf of the Member's constituents in the case of any item under discussion which directly affects the Member's division, with the prior consent of the Chairman of the Meeting which will not be unreasonably withheld. The Member's statement will not last longer than four minutes. Such attendance will be facilitated if requests are made to [enquiries@bucksfire.gov.uk](mailto:enquiries@bucksfire.gov.uk) at least two clear working days before the meeting. Statements will be via a telephone number to be provided.

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

## **Questions**

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

# **OVERVIEW AND AUDIT COMMITTEE**

## **TERMS OF REFERENCE**

### **Overview**

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

### **Audit**

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

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

## **Governance**

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

## **Risk**

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

## **Employees**

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

## **General**

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

## **AGENDA**

### **Item No:**

#### **1. Election of Chairman**

To elect a Chairman for 2020/21

#### **2. Appointment of Vice Chairman**

To appoint a Vice Chairman for 2020/21

#### **3. Apologies**

#### **4. Minutes**

To approve, and sign as a correct record, the Minutes of the meeting of the Committee held on 11 March 2020 (Item 4) **(Pages 9 - 18)**

#### **5. Disclosure of Interests**

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

#### **6. Questions**

To receive questions in accordance with Standing Order S0A7.

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

#### **8. Internal Audit Reports**

##### **(a) Final Audit Reports**

To consider Item 8a **(Pages 19 - 56)**

##### **(b) Annual Audit Report 2019/20**

To consider Item 8b **(Pages 57 - 74)**

#### **9. Annual Governance Statement 2019/20**

To consider Item 9 **(Pages 75 - 104)**

#### **10. Audit Results Report 2019/20**

To receive a verbal update

#### **11. Letter of Management Representation 2019/20**

To consider Item 11 **(Pages 105 - 116)**

**12. Unaudited Statement of Accounts - Year ended 31 March 2020**

To consider Item 12 (**Pages 117 - 200**)

**13. Treasury Management Performance 2019/20**

To consider Item 13 (**Pages 201 - 206**)

**14. Business and Systems Integration Project: Evaluation**

To consider Item 14 (**Pages 207 - 228**)

**15. Corporate Risk Management**

To consider Item 15 (**Pages 229 - 246**)

**16. 2019/20 Compliments, Concerns and Complaints**

To consider Item 16 (**Pages 247 - 256**)

**17. Apprenticeship Programme - Annual Statutory Reporting 2019-2020**

To consider Item 17 (**Pages 257 - 282**)

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

To consider Item 18 (**Pages 283 - 296**)

**19. Operational Assurance Improvement Plan**

To consider Item 19 (**Pages 297 - 300**)

**20. Emergency Services Collaboration in the Thames Valley**

To consider Item 20 (**Pages 301 - 312**)

**21. Forward Plan**

To note Item 21 (**Pages 313 - 314**)

**22. Date of next meeting**

To note that the next meeting of the Committee will be held on Wednesday 11 November 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](mailto:knellist@bucksfire.gov.uk)

This page is intentionally left blank



Minutes of the meeting of the OVERVIEW AND AUDIT COMMITTEE of the BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY held on WEDNESDAY 11 MARCH 2020 at 10.00AM

**Present:** Councillors Brown, Carroll (part), Clare, Exon, Glover and Watson (Chairman)

**Officers:** J Thelwell (Chief Fire Officer), M Osborne (Deputy Chief Fire Officer), M Hemming (Director of Finance and Assets), G Britten (Director of Legal and Governance), C Bell (Head of Service Development), D Norris (Head of Service Delivery) S Harlock (Senior Auditor), A Kennett (EY), G Barry (Information Governance and Compliance Manager) S Gowanlock (Corporate Planning Manager) M Hussey (Principal Accountant) and K Nellist (Democratic Services Officer)

1 Member of the public

**Apologies:** Councillors Christensen, Cranmer and Minns

The Chairman announced that it was with great sadness that the Authority learned of the death of former Member Reg Edwards in the last week of February. Former Councillor Edwards served on the Authority from June 2006 to May 2007, and then was reappointed to the Authority in June 2008. He served on the Standards Committee for his first two years; then on the Overview and Audit Committee as well as the Standards Committee from June 2010 for two years. He then served on the Executive Committee from June 2012 until his retirement from the Authority in May 2014 when he stepped down from Milton Keynes Council.

A minute's silence was observed.

#### **0A33 MINUTES**

RESOLVED –

That the Minutes of the meeting of the Overview and Audit Committee held on 20 November 2019, be approved and signed by the Chairman as a correct record.

#### **0A34 RIPA POLICY (MINUTE 0A39 – 090316)**

RESOLVED –

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

#### **0A35 INTERNAL AUDIT REPORTS**

##### **a) Internal Audit Report: Final Audit Reports**

The Senior Auditor began by giving Members a verbal update on the progress of the audit plan. For the 2019/20 plan there were four audits for completion. To date, two had been finalised, Cyber Security and Budget Monitoring and Forecasting, and two were at draft level, Core Financial Controls and Performance Management. These would be presented at the next Committee meeting.

The Senior Auditor advised that the purpose of this paper was to update Members on the findings of the finalised Internal Audit reports issued since the last Overview and Audit Committee meeting. The 2019/20 Budget Monitoring and Forecasting Audit had been finalised. The audit activity focussed on the following key control areas: Policies and procedures; budget setting and approval; adjustments; budget monitoring process; forecasting; reporting to management and support training for cost centre managers. The overall conclusion on the system of internal control being maintained was 'Substantial'.

RESOLVED -

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

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

The Senior Auditor advised that the purpose of the paper was to update Members on the progress of implementation of audit recommendations made as at 14 February 2020. In total there was 34 recommendations to report on, the status of which were classified as follows, 25 (73%) were implemented, 5 (15%) were in progress and 4 (12%) were past the due date but in progress. There were no outstanding recommendations to bring to the attention of Members at this time.

A Member asked regarding an issue that had been outstanding since August 2017 and was advised that it was to do with the Fleet Management system 'Tranman' and reporting. A system upgrade in the early part of the upcoming financial year would address this issue.

A Member asked if three of the four outstanding actions would be completed by the end of this month and was advised that two of the three would be completed, but the Blue light Hub may take a little longer to settle final accounts.

RESOLVED -

That the progress on implementation of recommendations be noted.

(Councillor Carroll joined the meeting)

### **c) Internal Audit Report: Internal Audit Strategy and Annual Internal Audit Plan 2020/21**

The Senior Auditor advised that this report sets out the Internal Audit Strategy and the proposed Internal Audit Plan for 2020/21 for the approval of the Committee. There were no material changes from the strategy of previous years, however, there remained some flexibility through a small provision of contingency days to enable the Director of Finance and Assets to work with Internal Audit to direct the work to the most appropriate areas.

The Senior Auditor advised that the Strategy was for information purposes only as it was agreed last year that it did not need to be approved annually, but it sets out the regulations for Internal Audit and what its purpose was for compliance with regard to the public sector standards. Appendix A showed the Internal Audit Plan 2020/21 and the key audit objectives for each audit. The auditable areas for 2020/21 were Core Financial Controls; GDPR; Asset Management and the Resource Management System. Other audit areas were Contingency; Follow-up General and Corporate Work.

The Senior Auditor took Members through Appendix B, the Audit Universe which showed all previous audit activity and assurance levels since 2012/13.

RESOLVED -

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

**OA36**

### **ERNST & YOUNG AUDIT PLAN 2019/20**

The External Auditor gave Neil Harris' apologies as he could not attend the meeting. Neil Harris was an Associate Partner at Ernst & Young and leads the Authority's core External Audit Team along with Alison Kennett. The External Auditor advised Members that the Audit Plan 2019/20 set out the plan of activity for Ernst & Young for their work in relation to the financial year 2019/20.

The External Auditor highlighted to Members the audit risks and areas of focus; for example, misstatements due to fraud or error, and that inappropriate capitalisation of revenue expenditure was a new risk for 2019/20. There were two inherent risks; Valuation of land and buildings and Pension liability valuations. Both were very similar, high valuation items. There were two other new inherent risks; Going concern, Compliance with ISA 570 and IFRS 16 – readiness assessment.

The External Auditor advised Members that for planning purposes, materiality for 2019/20 had been set at £1,074k and £195k for the pension fund. This represented 2% of the

Authority's prior year gross expenditure on provision of services and benefits payable respectively.

A Member asked what was meant by 'going concern' and was advised that it meant that when the accounts were produced each year, the Authority would continue year on year and would not fold or collapse, that was what the accounts were based on. The External Auditor needed to be assured that the Authority would not go bust or get the liquidators in.

A Members asked what IFRS 16 dealing with leases meant to the Authority and was advised that it was really to know where the Authority was leasing something with an operating lease which would then be recognised in the balance sheet. For the Authority it would include Unit 7, the building the meeting was taking place in, as it was paid for on an annual lease. The other one for the Authority would be vehicles that were leased and would need to show on the balance sheet, but it doesn't have a direct financial impact.

RESOLVED –

That the Audit Plan 2019/20 (Annex A) be noted.

#### **OA37**

#### **TREASURY MANAGEMENT PERFORMANCE 2019/20 – QUARTER 3**

The Principal Accountant advised Members that the report was being presented to provide the treasury investment position as at the end of the third quarter. The accrued interest for the first three quarters of 2019/20 was £150k, which was £37.5k higher than the budget for the period. The level of investments was currently at £14M, this was less than in previous years, due to a reduction in the reserve balance that was available. It was envisaged that the funds available for future years would be in line with the £14M. With the Bank of England announcing a cut in interest rates, the Authority's treasury advisers had given some guidance on how that would impact the Authority. They had suggested it would be a temporary measure, but would depend on the impact of the Coronavirus. The direct impact to the Authority would be a fall in interest rates in its current accounts. In future years this would impact the Authority's return on investments and would impact the budget for next year as well.

RESOLVED –

That the Treasury Management Performance 2019/20 – Quarter 3 report be noted.

#### **OA38**

#### **2018/19 STATEMENT OF ASSURANCE**

The Director of Legal and Governance advised Members that as stated in the executive summary of the cover report, the requirement to produce and publish an Annual Statement of

Assurance was introduced by the 2012 Fire and Rescue National Framework and maintained in the updated 2018 National Framework.

The format and content of the Statement was based on Government guidance published in 2013. Whilst a Statement of Assurance was essentially a statutory requirement, the Government Guidance gave the Authority discretion as to how, when and, by whom the Statement was signed off.

Everything in the Statement of Assurance Members would have seen before, as the Statement was intended to serve as an accessible overview of the outcomes of the assurance activities undertaken across the financial, governance and operational strands of the service.

In recent years the Authority had brought these statements to the November meeting of this Committee. However, officers were unable to do that for this financial year, due to the delay in the adoption of the audited statement of accounts which was often the last piece of the assurance jigsaw.

The Statement of Assurance covered the financial year 2018/19, so looked ancient given all that has happened since, in particular the HMI inspection and preparation of our new 2020-25 Public Safety Plan which was approved by the Authority at its February 2020 meeting. Substantive coverage of these elements would feature in the 2019/20 Statement.

Members would see that the updated positions relative to the previous year's statement were shaded grey in the attachment at Annex A; and that there were hyperlinks to the more detailed reports referenced in the document.

A Member asked if the other Thames Valley Fire and Rescue Services were recruiting apprentice firefighters and was advised that they were looking primarily at apprenticeships for support services, but not firefighters. They were maintaining a traditional model for their recruitment of firefighters.

The Member also asked if other fire and rescue services were recruiting apprentice firefighters and was advised that there were other services that were doing similar but different schemes. The framework was a national framework, but there were different models within the framework. There were a number of different models that achieve the same aim. The Authority was also working with Thames Valley Police attending recruitment fares etc.

The Chief Fire Officer advised Members that collaboration across the three Thames Valley Services was going very well. There was one Thames Valley Fire Control, fire engines were being purchased together with the same equipment on them and the three services had just committed to buying the same breathing

apparatus sets together. At the end of three years, Members would see an alignment of operational procedures, training and all equipment.

RESOLVED –

That the 2018/19 Statement of Assurance be approved for signature by the Chairman of the Overview and Audit Committee and the Chief Fire Officer.

#### **OA39 BUSINESS AND SYSTEMS INTEGRATION PROJECT: CLOSEDOWN**

The Head of Service Development gave Members the Programme Manager's apologies as she was on leave. The Business and Systems Integration Project started in mid-2015 and the current programme Manager started in October 2015. The purpose of the role was to deliver the objectives of the business case which was to integrate a range of its current data systems and to deliver greater efficiency, accuracy, currency and immediacy of the Authority's information.

Key activities that would be taking place up to 31 March would be subject to a complete evaluation to review what had been delivered versus the business case. This was the closing down paper and a further report would be coming back to the Committee at its next meeting.

Vision integration testing was getting underway and there would be a handover to business as usual for the Resource Management System and the Premises Risk Management System.

The Head of Service Development advised Members that the HMI Report under innovation and efficiency highlighted "We found the service has introduced an effective business and systems integration project (BASI). This replaces several disjointed systems and has streamlined processes across the service including finance, payroll, HR, fleet, assets and the premise risk management system."

RESOLVED –

That the report be noted.

#### **OA40 CORPORATE RISK MANAGEMENT**

The Corporate Planning Manager advised Members that there had been some significant changes across the range of risks contained in the Corporate Risk Register since Members were last updated in November last year.

The staff availability risk, in particular, had been updated to take in the outcome of the employment tribunal hearing of 18 December 2019 and the potential implications of this on the Authority's retirement profile and workforce planning, notably the

potential increase in numbers of staff retiring in the period to March 2022. The Authority had already elevated this risk to red RAG status before the last Overview and Audit Committee meeting in anticipation of this. It remains at this status, not least because, and in addition, the Authority had another factor that had the potential to significantly affect staff availability across all parts of the Service over the next few months in the form of the Covid-19 virus. In this regard officers had already activated the pandemic planning and business continuity management processes and were taking steps to mitigate the impact of this risk on operations.

The Head of Service Development advised Members that the service was continuing to run its Pandemic Management Group (PMG). The focus was on how does the service look to plan, prepare and position itself best to continue to deliver a service. The meetings were twice weekly, and tie into the Local Resilience Forum.

Members were updated by officers on the arrangements in place for dealing with the Covid-19 pandemic.

The funding and savings risk also remained at Red RAG status given the outcomes of the recent HMICFRS inspection which found that the Authority was underfunded, the reduction in flexibility to increase Council Tax without holding a referendum from 3% to 2% and continued uncertainties over long-term funding for the Authority. Also, at this point, it was not known what the fiscal effect of disruption caused by the Covid-19 outbreak would be, but when Members look at the impact on the financial markets it was anticipated that it would be more than negligible and may have local as well as national dimensions.

Turning to the information security risk, Members would see updates in the risk register relating to disruption to the ICT network which resulted from a server failure (not an external source). This would be mitigated by the migration to cloud hosting. However, the Authority remained alert to potential threats from external sources and, in this regard, Members may have seen coverage in the media of the ransomware attack on Redcar and Cleveland Council's IT systems on 8 February 2020 which affected delivery of services to 135,000 residents and was serious enough to warrant investigation by the National Crime Agency and the National Cyber Security Centre.

The Information Governance and Compliance Manager advised Members that it was not clear if all the services Redcar and Cleveland Council provided to the community were available. Their systems were unavailable for about three weeks.

Finally, the Corporate Planning Manager advised Members that they would see that the 'Brexit' risk had been re-defined and re-scored following the UK's withdrawal from the EU's political structures on 31 January. It now referred to the "Risk of physical

disruption to Service operations due to no, or insufficiently comprehensive, agreement covering future UK relations with the EU.”

As Members were aware, the UK was now in a transitional period which would expire on 31 December of this year. During this period, the UK was treated in the same way as Member states and was required to continue following EU law.

However, the risk of disruption to UK trading and other relations with EU countries remains, pending and dependent on the nature of any future agreement reached with the EU. However, we have, for the time-being reduced the risk probability score to 3 (Green RAG status), given that proximity of risk has receded and pending further information as to progress with trade and other future EU relationship negotiations.

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.

#### **OA41**

#### **LOCAL PENSION BOARD UPDATE – MARCH 2020**

The Head of Service Development advised that this paper was being presented to inform the Committee of the work undertaken by the Local Pension Board (of which he was the Chairman), for Buckinghamshire and Milton Keynes Fire Authority. The Pension Regulator was keen to make sure that pension schemes within the UK were run properly and can provide secure benefits for their members upon retirement.

The Head of Service Development advised Members that the Board maintained a risk register, which was discussed and reviewed at each meeting. There was one identified ‘red’ risk which was as a consequence of the recent Court of Appeal ruling on the McCloud/Sargeant cases. It was determined that the transitional provisions introduced in 2015 to the Firefighters’ pension schemes resulted in direct age discrimination.

RESOLVED –

That the report be noted.

#### **OA42**

#### **HMICFRS ACTION PLAN**

The Head of Service Delivery gave Members a verbal update on the HMICFRS inspection report received by this Service on 17 December 2019. The report was presented to the Authority at an Extraordinary Meeting on the 23 January 2020, also attended by our HMICFRS Service Liaison Lead, Paul Kay.



Application of the inspection methodology resulted in judgements against three pillars; effectiveness (risk, prevention, protection, response and civil emergencies), efficiency and people. This Service was judged as requiring improvement for the effectiveness and efficiency pillars, and good for the people pillar.

In the report Inspectors highlighted eleven areas for improvement and one cause for concern, accompanied by two recommendations. The current Fire and Rescue Service National Framework issued under Section 21 of the Fire and Rescue Services Act 2004, to which the Authority must have regard when carrying out its functions, states as follows at paragraph 7.5 'Fire and rescue authorities must give due regard to reports and recommendations made by HMICFRS and, if recommendations are made, prepare, update and regularly publish an action plan detailing how the recommendations are being actioned. If the fire and rescue authority does not propose to undertake any action as a result of a recommendation, reasons for this should be given.'

Accordingly a report was taken to the Authority on the 12 February outlining the approach to achieving that requirement, and at that meeting agreed that the HMICFRS Inspection Findings Action Plan be approved and progress against the Action Plan be reported regularly to the Overview and Audit Committee, and onwards to the Fire Authority.

Since that meeting, ongoing activity across the Service had led to further development of the Action Plan and an internal improvement plan. The Action Plan would be presented to this committee and would show progress against all eleven areas for improvement and both recommendations. Interestingly, the recommendations relate to having capacity and capability to support activity in the Public Safety Plan and, consulting with the people of Buckinghamshire and Milton Keynes on options to have the most effective and efficient response against the financial environment in which it operates.

The purpose of the improvement plan was to address the finer detail contained in the inspection report, at individual department level. All improvement activity would be monitored through existing oversight structures. A fuller report of improvement activity against the Action Plan, would be reported at the next Overview and Audit Committee meeting.

The Head of Service Delivery advised Members that another element of the HMICFRS inspection methodology included a staff survey, and for those services achieving a response rate over 25%, the survey results were shared. We achieved a response rate of 33% (160 respondents). The results would be considered alongside the recent Culture survey results. A further staff survey would be carried out ahead of the next inspection.

The Inspection dates for next year had now been released. The Service remains in tranche 3. Discovery week would be June 2021 and July 2021 for fieldwork. Officers continue to meet on a regular basis with Paul Kay, our Service Liaison Lead, to talk through developments and discuss progress.

**OA43**

**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.

THE CHAIRMAN CLOSED THE MEETING AT 11.34 AM



# Buckinghamshire & Milton Keynes Fire Authority

<b>MEETING</b>	Overview and Audit Committee
<b>DATE OF MEETING</b>	22 July 2020
<b>OFFICER</b>	Mark Hemming – Director of Finance and Assets Maggie Gibb – Internal Audit Manager
<b>LEAD MEMBER</b>	Chairman of Overview and Audit Committee
<b>SUBJECT OF THE REPORT</b>	<b>Internal Audit Report: Final Audit Reports</b>
<b>EXECUTIVE SUMMARY</b>	<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 Core Financial Controls Audit and Performance Management Audit have been finalised.</p> <p>Three recommendations and a <b>Substantial</b> assurance opinion was awarded for the Core Financials Controls Audit.</p> <p>Four recommendations and a <b>Reasonable</b> assurance opinion was awarded for the Performance Management Audit.</p>
<b>ACTION</b>	Noting
<b>RECOMMENDATIONS</b>	That the recommendations raised in the finalised Internal Audit reports be noted.
<b>RISK MANAGEMENT</b>	There are no risk implications arising from this report.
<b>FINANCIAL IMPLICATIONS</b>	The audit work is contained within the 2019/20 budget.
<b>LEGAL IMPLICATIONS</b>	There are no legal implications arising from this report.
<b>CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE</b>	Not applicable
<b>HEALTH AND SAFETY</b>	There are no health and safety implications arising from this report.
<b>EQUALITY AND DIVERSITY</b>	There are no equality and diversity implications arising from this report.

<b>USE OF RESOURCES</b>	<b>Communication and progress monitoring;</b> All audits, follow up reports and further updates will be submitted to the Strategic Management Board and the Overview and Audit Committee.
<b>PROVENANCE SECTION &amp; BACKGROUND PAPERS</b>	Internal Audit Plans 2019/20 Internal Audit reports taken to Overview and Audit Committee.
<b>APPENDICES</b>	Appendix A – Core Financial Controls Audit Final Report Appendix B – Performance Management Audit Final Report
<b>TIME REQUIRED</b>	5 minutes.
<b>REPORT ORIGINATOR AND CONTACT</b>	Maggie Gibb – Internal Audit Manager <a href="mailto:Maggie.Gibb@buckinghamshire.gov.uk">Maggie.Gibb@buckinghamshire.gov.uk</a> 01296 387327



# Business Assurance and Risk Management

---

## BMKFA Core Financial Controls Audit Report - FINAL (Ref-20/47)

### **Auditors**

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

Selina Harlock, Audit Manager

Alex Prestridge, Senior Auditor

Durkhani Dost, CIPFA Trainee

## CONTENTS

<b>Management Summary .....</b>	<b>3</b>
<b>Table 1: Overall Conclusion .....</b>	<b>4</b>
<b>Table 2: Overall Conclusion .....</b>	<b>12</b>
<b>Appendix 1: Definition of Conclusions .....</b>	<b>14</b>
<b>Appendix 2: Officers Interviewed .....</b>	<b>16</b>
<b>Appendix 3: Distribution List .....</b>	<b>17</b>

## Management Summary

### Introduction

The audit of Core Financial Controls was undertaken as part of the 2019/20 Internal Audit plan, agreed by the Overview and Audit Committee. The audit was undertaken during quarter four of 2019/20.

The Core Financial Controls Audit reviewed the Fire Authority's key financial processes including Creditors, Debtors, Payroll, General Ledger, Grant Income, Banking, VAT and Treasury Management processes. It is vital to the achievement of the Fire Authority's strategic objectives to ensure that there are robust controls in place to enable good financial governance.

### Audit Objective

Internal Audit's objectives for this audit were to provide an evaluation of, and an opinion on, the adequacy and effectiveness of the system of internal controls in place to manage and mitigate financial and non-financial risks to the system.

This serves as a contribution towards the overall opinion on the system of internal control that the Chief Internal Auditor is required to provide annually. It also provides assurance to the Section 112 Officer that financial affairs are being properly administered.

### Scope of work

The audit activity focussed on the following key risk areas identified in the processes relating to Core Financial Controls:

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

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

**Table 1: Overall Conclusion**

<b>Overall conclusion on the system of internal control being maintained</b>	<b>Substantial</b>
--	--------------------

<b>RISK AREAS</b>	<b>AREA CONCLUSION</b>	<b>No. of High Priority Management Actions</b>	<b>No. of Medium Priority Management Actions</b>	<b>No. of Low Priority Management Actions</b>
<b>Financial Control Framework</b>	<b>Substantial</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Creditors</b>	<b>Substantial</b>	<b>0</b>	<b>0</b>	<b>1</b>
<b>Debtors</b>	<b>Substantial</b>	<b>0</b>	<b>0</b>	<b>1</b>
<b>Payroll</b>	<b>Substantial</b>	<b>0</b>	<b>0</b>	<b>1</b>
<b>General Ledger</b>	<b>Substantial</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grant Income</b>	<b>Substantial</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Capital</b>	<b>Substantial</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Banking and Reconciliations</b>	<b>Substantial</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>VAT</b>	<b>Substantial</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Treasury Management</b>	<b>Substantial</b>	<b>0</b>	<b>0</b>	<b>0</b>
		<b>0</b>	<b>0</b>	<b>3</b>

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



The Financial Regulations were updated in September 2019, reflecting changes to the finance system and current European procurement limits and detail requirements for all financial systems within the Fire Authority. These have been published and the latest approved copies are available to staff on the Intranet.

The Financial Instructions were updated and approved in January 2018 and are available to staff on the BMKFA Intranet. They contain instructions for the effective operation of all financial systems within the Fire Authority and have been reviewed and updated to reflect changes to the Finance system.

Contract Standing Orders were reviewed by Internal Audit. These were dated October 2017 and were approved at O&A Committee on 27 July 2017. The OJEU limits stated are for the year commencing 1 January 2016; these limits have since been changed, however this has not been updated within the Fire Authority's Contract Standing Orders. A low priority finding was raised within the April 2019 Core Financial Controls audit report. Management agreed that Contract Standing Orders would be reviewed on a regular basis and that the OJEU limits would be included within the Standing orders as a hyperlink to ensure they are always up to date. The agreed implementation date for this action was 31 March 2020 so the finding has not been re-raised as part of this audit report. Management provided the following update to Internal Audit in January 2020:

*A full review of Contract Standing Orders has been postponed until further guidance is issued following the UK's withdrawal from the EU, as OJEU requirements may cease to apply. The Procurement Team are aware of the latest OJEU limits, and as all OJEU tenders have to be done by them, the risk of using the incorrect process is minimal.*

## Creditors

The Financial Instructions contain guidance on ordering, authorising and receiving goods and services. This includes requirements for the information to be included on purchase orders and supplier invoices. The Financial Instructions make reference to the Financial Regulations and include regulations on separation of duties, procurement and expenditure.

A list of users with access to Integra (the Fire Authority's financial system), along with the amounts that they can authorise and the tasks they can perform, was obtained from Finance. Examination of the list confirmed that all users have appropriate access according to the requirements of their job role. Requests to amend approvers/Budget Holders are sent to Finance to action, with checks in place to ensure that an adequate separation of duties is maintained within the system. There have been no requests to change approval levels during the 2019/20 financial year.

Budget Holder and Requisitioner roles can enter and authorise purchase orders via workflow. System parameters on Integra require a separation of duties, meaning they do not allow the same user to both raise and authorise a purchase order. When a purchase order is created it workflows to the Budget Holder to approve and then depending on the amount, it is authorised by a senior member of the team (i.e. Director of Finance or Head of Service Development) in line with delegated approval limits.

Examination of a sample of 25 supplier invoices received between April 2019 and December 2019 found the following:

- In all 25 cases, the invoice was authorised in line with delegations by the Budget Holder and by a senior member of the team.
- In 24 cases, the purchase order was raised prior to the date of the invoice. However, in one case a retrospective purchase order was raised six days after the invoice. This was for a £60,000 Professional Partner Subscription Payment made to the Chief Fire Officers Association, and as this would

have been known about before the payment was made, a purchase order should have been raised beforehand. The Finance Officer confirmed that she monitors cases where a purchase order is not raised for an invoice received by the Fire Authority and reminds Budget Holders of the need to raise timely requisitions.

- In all 25 cases, invoices were paid after a Goods Receipt Note had been input in Integra. Finance team confirmed that the System won't allow payment before good receipting.
- In all 25 cases, the details on the invoice agreed with those on Integra.
- In all 25 cases, the invoice was posted to the correct cost centre and GL codes.

A sample of five credit notes received between April 2019 and December 2019 was selected from the Purchase Ledger Transactions Report. Examination of the five credit notes established that in all five cases, the credit note was allocated to the correct supplier account in a timely manner.

Process notes for creating and amending suppliers were obtained. A review of these confirmed that they detail roles and responsibilities for making changes and carrying out individual checks. The Finance Officer confirmed that changes are made as a result of an email request. If the change involves a change of bank details, the Finance Officer calls the supplier to check the changes to bank details using the telephone number held on the supplier account in Integra or on a previous invoice. The Finance Officer confirmed that if a recent request to change contact details has been made, the telephone number is checked against that on the supplier website, if available. An email to confirm that the change has been made is then sent to a second Finance Officer for final checking and approval, with emails saved on supplier records. Examination of a sample of one new vendor set-up and four changes to vendor records was tested on Integra and it established that:

- In all five cases, a written request was retained and there was an email from a Finance Officer confirming that the changes made were as requested by the supplier.
- In all five cases, supplier information was checked by Procurement, in line with the process notes for creating and making changes to a supplier, and sufficient supporting evidence was received.
- One of the five cases related to a bank detail change and an e-mail from the officer confirming that the supplier was contacted via telephone to confirm this request was held on file. Discussion with the officer checking the request confirmed that the telephone number was sourced from the supplier account in Integra and that a recent request to change contact details had not been received.

BACS runs are processed on a weekly basis. Examination of a sample of five BACS runs over the period April 2019 to December 2019 established that in all five cases the total amount and the number of payments on the BACS submission matched those on the payment projection report, with all five BACS control sheets completed and signed off to indicate that the checker have reviewed and carried out all checks on BACS payments. In all five cases, the payment projection report was reviewed by the checker for duplicate payments / invoices and no duplicate payments were found. In all five cases, payments over £10,000 were checked for accuracy and signed by Principal Accountant. BACS processing date errors were noted in five cases, but they were all checked and amended as necessary.

The Fire Authority's Financial Instructions include instructions for the appropriate use of purchasing cards and a Purchasing Card User Guide is in place, outlining the responsibilities for the Purchasing Card Holder in respect of how to use the purchasing card, reconciling the monthly statements and general usage guidelines. The guidance was issued in October 2017 and reviewed in October 2018. The guidelines list monthly credit limits by role type. Discussion

with the Finance Officer established that the transaction limits are equal to these amounts. A list of Purchasing Card Holders along with their agreed monthly spending limit, as defined on Integra, was obtained. This shows that there are 66 staff who hold Purchasing Cards, 61 of whom used it between April 2019 and December 2019.

Examination of a sample of 20 Purchasing Card transactions posted on Integra between April 2019 and December 2019 (and incurred by 20 Purchase Card Holders) found that in all 20 cases a signed Card Holder Agreements was in place with an approved spending limit. A log of Purchasing Card transactions is maintained on Integra. This includes a description of the purchases made, a record of review and authorisation by the card holder's line manager and attached receipts.

## Debtors

A review of the Financial Instructions confirmed that they include guidance for the Accounts Receivable functions. Documented procedures for Debtors processes, and how these are actioned on Integra, were obtained from the Principal Accountant and Finance Officer. They were found to be up to date and available to staff on the shared area. These include the Aged Debt Report Process. Review of a list of users with system access, confirmed that access to set up customers is restricted to Finance Officers.

The Fire Authority's biggest single source of income by total value of invoices raised was work carried out by the Fire Authority's workshops which includes MOTs, vehicle repairs and the sale of used vehicles. The total value of invoices raised under this General Ledger code between April 2019 and December 2019 was £90,986. Invoices for workshops are raised by Finance on Integra following receipt of an invoice request containing all the information required to raise the invoice and a proof of sale receipt from the workshop. The Fire Authority's second biggest source of income is Seconded Officers for which a total of £81,833 worth of invoices was raised between April 2019 and December 2019. Seconded Officer's invoices are raised by Finance following receipt of a purchase order from customer. All of the 25 invoices tested were either raised by the originating department or by Finance.

A sample of 25 debtor invoices raised on Integra between April 2019 and December 2019 was examined and our findings were as follows::

- In all 25 cases, there was an adequate separation of duties between the officers setting up customers, raising invoices, approving and posting receipts.
- In all 25 cases, supporting documents were retained;
- In 16 cases, the invoice was paid within the 14 day payment terms displayed on the invoice. In nine cases, the invoice was not paid within 14 days. In eight out of the nine cases, the debtor was chased in accordance with the Debt Management Policy. In the remaining one case, the debtor was not chased as payment was received one day late.

A report of Credit Notes was run from Integra. This showed that between April 2019 and December 2019 eight credit notes were raised. Examination of a sample of five credit notes found the following:

- In all five cases, the credit note was raised against the correct customer account and budget code.
- In four cases, a clear reason for raising the credit note was recorded on Integra. In one case the reason for raising the credit note was not clear. The reason was recorded on Integra as 'credit for invoice' which did not sufficiently explain why a credit note was raised against the invoice payment.

- In four cases the credit note was raised within a timely manner of the invoice date (between 0 and 5 days). In one case the credit note was raised five months after the date of the original invoice. Further query established that the invoice related to copies of the fire report requested by an insurer. The outstanding payment was chased by the Finance Officer and a reply was received stating that the reports were no longer required. The relevant email communication was attached to the credit note transaction on Integra.

The Debt Management Control Data file was obtained. This includes a summary of outstanding debts and invoice amounts and provides measurements against Debtors KPIs. The reconciliation and recording of control data is completed monthly. As of December 2019 there was a total of £71,985 outstanding debt owed to the Fire Authority, of which £9,886 was over 60 days old. We confirmed that there were no write-offs for 2019/20.

## Payroll

The Fire Authority's Payroll information is processed through the iTrent Payroll system. Discussion with the Payroll & Benefits Manager and a walkthrough of the system, established that a phased implementation of Fire Service Rota was underway at the time of the audit to replace the Gartan file management system and FB22 forms used to record on-call staff attendance and overtime. At the time of the audit, Fire Service Rota had been implemented for all on-call pay and recording of bank-shifts with testing underway for public holiday adjustments, approved overtime pay and standby payments with full implementation in April.

Examination of a sample of 10 starters confirmed that the payroll details were correctly entered on iTrent.

Examination of a sample of 20 employees selected from a list of employees paid as part of the December 2019 payroll found the following:

- In all 20 cases employees in the sample were on the Fire Authority's structure report obtained from the Payroll and Benefits Manager. Their job title on the payroll also matched against the structure report in all 20 cases.
- Four temporary allowances were identified. In all four cases, the employment contract allowed for such changes and documentation and approval supporting the changes was held on file.
- In 19 cases, a deduction was made from the employee's payslip for either statutory payments or for schemes offered to employees by the Fire Authority. Of these 19 cases, in 15 cases the deduction matched that agreed by the employee and a record of the employee's agreement for the deduction was held on file. In three cases a deduction related to the Fire Authority's prize draw and one case related to a charity reduction. However a relevant form confirming the deduction was not held on file in these four cases.

The iTrent ESS module allows expenses and overtime for non-Watch based staff (Fire crews on duty at Fire Stations) to be claimed electronically and there is a workflow system in place for the line manager to approve these claims. There is now a workflow system in place for approving vacancies and new posts on iTrent. Audit found that roles are allocated on iTrent which ensure that there is an appropriate separation of duties within the payroll process. Additionally checks are carried out at all stages of the payroll process to ensure that amounts paid and deducted are accurate.

Examination of ten expenses claims and ten mileage claims submitted between April 2019 and December 2019, found the following:

- In six cases of the nine cases where an ESS expenses claim form was required, an expense claim form had been submitted through iTrent. In one case, an ESS form was not required as the claim was for the office Tea Boat money, with email approval retained. In three of the nine cases, there was no evidence that an expenses claim form had been submitted. However, further query established that these were manual claims classified as 'other

expenses' and submitted as a special request from the Line Manager. All three claims included receipts, the necessary budget holder approval and adequate information to support the claim and were checked by the Payroll and Benefits Manager.

- Of the six cases where an ESS expenses claim form was submitted, in five cases a proof of purchase receipt or alternative supporting evidence (dependent on the requirements for the expense type) was required. In one case, the expense claim was for Out of Pocket Allowance for which proof of purchase receipts are not required as the expense is dependent on travel time and not amount spent. Of the five cases where an ESS expenses claim form had been submitted and a receipt was required, a proof of purchase receipt or alternative valid supporting evidence was attached to the claim.
- For all ten mileage claims, no exceptions were noted.

Examination of a sample of 10 employees who left the Fire Authority's employment in 2019/20 found that in all 10 cases resignation letters or notification of retirement were received and held on file, with all notification of resignation/retirement forms initialed for each stage of the Leaver process as actioned by an HR Officer, and then initialed by a second HR Officer to verify that the leaver had been removed from iTrent and that final pay calculations were accurate. A new Leaver checklist was implemented in December 2019 to record the reason for leaving and final checks.

Examination of pay slips and information on iTrent for the sample of ten employees found that there were no recurring payments still active on the system and none of the leavers received salary overpayments.

### **General Ledger**

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

Examination of a sample of 25 journals raised over the period April 2019 to December 2019 found that:

- In all 25 cases, journals raised were authorised by a Principal Accountant. In one case, the journal was raised by a Principal Accountant and in this case it was authorised by the other Principal Accountant.
- In all 25 cases, supporting documentation was attached to the journal entry on Integra to justify the reason for the journal being processed.
- In all 25 cases, journals amounts agreed to supporting documentation.
- In all 25 cases, journals have been input by the Finance Team, with the Finance Officer confirming that only Finance have access to raise journals.

Review of the two Suspense Accounts (one for payroll errors and a general purpose suspense account) for the period of April 2019 to December 2019 confirmed that they are reviewed monthly as part of the Control Account reconciliation process.

A review of reconciliations from April 2019 to December 2019, traced 25 transactions to the General Ledger, this confirmed that all 25 items transactions were posted to the correct account.

### **Grant Income**

A schedule of expected grant income is in place for 2019/20 and includes grant instalment amounts and payment dates for Council Tax Precepts, BRRS, Revenue Support Grant and Department for Communities and Local Government grants. Receipts against expected grant income is monitored as part of the budget monitoring process.

Examination of a sample of five grant payments scheduled to be received between April 2019 and January 2020 was selected from the schedule of grant income found the following:

- In all five cases, the income received as per Integra and the bank statement matches that on the schedule of grant income.
- In all five cases, the income was received within seven days of the date on the schedule, as per the bank statement.
- In all five cases, there were no conditions attached to the grant payments and none of the grants in our sample required submission of returns for example.
- In all five cases, determination letters and payment schedules were reviewed and found to have been received from either the Home Office or relevant Local Authority and were held on file.
- In all five cases, grant income was allocated to the correct cost centre on Integra as part of the bank reconciliation process.

## **Capital**

The December 2019 Budget Monitoring and Forecasting audit covered the setting and approval of the Capital Programme for 2019/20. From this work, we confirmed that the Capital Programme was set in line with the guidance relating to the control of capital and assets in the Financial Instructions and Financial Regulations, with approval from Executives and Members obtained within the required timescales as set out in the budget setting timetable.

A sample of new capital bids for 2019/20 was tested as part of the December 2019 Budget Monitoring and Forecasting audit and found no exceptions in respect of the approval of capital bids. Capital works are recorded as separate schemes on Integra and include the necessary approved supporting documentation for the bid. Budget managers review capital project progress and update budgets on Integra on a monthly basis. Results of both capital and revenue budget monitoring are presented to the Executive Committee as part of quarterly Budget Monitoring Performance reports.

Building and land assets are revalued on an annual basis by an external valuer, Bruton Knowles, in accordance with the valuation method detailed in the annual accounts. The Asset Register was reviewed and valuations were found to be up to date. The process for disposals including approval and method is detailed in Contract Standing Orders.

## **Banking and Reconciliations**

Bank reconciliations are carried out on a monthly basis and a report is run from Integra which lists any discrepancies. Discussion with the Finance Officer and review of the system found that Integra notifies Finance Officers of what the discrepancies are and the Finance team clear them as necessary.

Access to the bank account via Lloyds Link is restricted to the Director of Finance and Assets, Principal Accountants, Management Accountants, Finance Officer, Finance Assistant and Finance Apprentice. Levels of access differ depending on staff members' roles, with the Finance Officer confirming that users request a role on the system which is then authorised by the Principal Accountant. Bank statements are produced from Lloyds Link and entries are matched to creditor and debtor transactions on Integra.

Discussion with the Finance Officer confirmed that transactions are manually matched as part of the reconciliation process. Bank statements are exported and uploaded into Integra and receipts and payments are lodged on a weekly basis. The opposite side going to the bank control account is automated.

Examination of a sample of five payments appearing on Lloyds Link bank statements dated between April 2019 and December 2019 found that in all five cases the creditor and payment amount matched that listed on Integra, and that the opposite side of the payment had posted against the bank control account.

Examination of a sample of five income transactions recorded on Lloyds Link bank statements between April 2019 and December 2019 found that in all five cases the bank statement was exported and uploaded correctly into Integra; receipts were lodged against the appropriate debtor on both the bank statement and Integra; receipts on the bank statement match those on Integra; and receipts have posted against the bank control account.

The Bank Control Account is reconciled on a monthly basis and any discrepancies are investigated and resolved accordingly. There were some discrepancies in October 2019 relating to a timing difference and these were resolved in December 2019. Bank Control Account Reconciliations are reviewed and signed off by the Principal Accountant on a monthly basis.

## **VAT**

The process for completing the VAT return is now fully automated following the implementation of a new process in September 2019, with process notes updated to reflect this. Following the start of the 2020/21 tax year, the reconciliation is to be completed and authorised within Integra and then fed into the HMRC system for submission.

All reconciliations examined for 2019/20 were completed outside of Integra, in line with the old system. To complete this, the Purchase Ledger and Sales Ledger VAT analysis reports are run from Integra. The total from these reports is compared against that on the relevant ledger spreadsheet and reconciled. This reconciliation is reviewed and signed off by the Principal Accountant who completed the VAT return and submitted it to HMRC.

## **Treasury Management**

There is an approved Treasury Management Strategy in place which details the investment and borrowing strategies and the approved list of counterparties. This is supplemented by the approved Prudential Code which ensures that that treasury management decisions are taken in accordance with good professional practice and comply with the CIPFA Code of Practice for Treasury Management in the Public Sector. The Fire Authority has a consultancy service in place with Link Asset Services who provide regular updates on credit worthiness of counterparties. Treasury Management Performance reports are produced on a quarterly basis and presented to the Overview and Audit Committee. The latest report, for 2019/20 Quarter 2, shows that the accrued interest earned for the first half of 2019/20 was £97,000, which is £22,000 higher than the budget for the period.

A sample of investments was reviewed and found that daily cash flow statements were produced for each day in the sample; these confirm that all investments in the sample had been authorised, were on the approved counterparty list and within the time limit for investments.

**Table 2: Detailed Audit Findings and Management Action Plan**

Finding 1: Creditors – Purchase Orders	Risk Rating	Agreed Management Actions
<p>Purchasing should be carried out in accordance with Financial Instructions and Financial Regulations.</p> <p>A list of purchase invoices was obtained from a Purchase Ledger Transaction Report. A sample of 25 invoices was tested. Audit noted one instance where a retrospective Purchase Order for £60,000 had been raised inappropriately. This was for a Professional Partner Subscription payment, and as this would have been known about before the payment was made, a purchase order should have been raised beforehand. The Finance Officer monitors and flags instances of invoices without a purchase order. However, there is a small number of recurring retrospective purchase orders which should be escalated.</p> <p>If purchase orders are raised retrospectively there is a risk that inappropriate purchases may be made and financial commitments are made outside of the Integra system which may lead to budget monitoring being inaccurate.</p>	L	<p><b>Action:</b></p> <p>A reminder will be sent to all suppliers regarding our policy of no purchase order, no payment and a training refresh will be carried out for all relevant BFRS employees to remind all requisitioners/budget holders that a PO needs to be raised prior to an order being placed.</p> <p><b>Officer responsible:</b> Principal Accountant (Technical)</p> <p><b>Date to be implemented by:</b> 31<sup>st</sup> December 2020</p>
Finding 2: Debtors – Reason for raising Credit Notes	Risk Rating	Agreed Management Actions
<p>Credit notes are raised against the customer account and with the same details included on the original invoice. A valid reason should be given for raising the credit note.</p> <p>Examination of a sample of five credit notes raised between April 2019 and December 2019 found that in one case the reason for raising the credit note was not clear. The reason was recorded on Integra as 'credit for invoice' which did not sufficiently explain why a credit note was raised against the invoice payment. Whilst the value of credit notes is reviewed by the Principal Accountant as part of the Debt Management Control reconciliation, there was no evidence of independent monitoring of each credit note transaction.</p> <p>If a sufficient and clear reason for raising a credit note is not recorded on Integra, there is a risk that the credit note has been raised inappropriately or in error, leading to financial loss to the Fire Authority.</p>	L	<p><b>Action:</b></p> <p>The Principal Accountant will review the credit note explanations as part of the debt management control reconciliations and if these are inadequate, the inputter will be notified to update the system accordingly.</p> <p><b>Officer responsible:</b> Principal Accountant (Technical)</p> <p><b>Date to be implemented by:</b> 30<sup>th</sup> April 2020</p>



Finding 3: Payroll – Voluntary deductions	Risk Rating	Agreed Management Actions
<p>Employees can opt into voluntary payroll deductions for a range of schemes offered by the Fire Authority. Deductions should be authorised by the employee prior to being actioned on the Payroll system.</p> <p>Examination of a sample of 20 employees paid in December 2019 found the following exceptions:</p> <ul style="list-style-type: none"> <li>• In three cases where a deduction was recorded on the employee's payslip for the Fire Authority's prize draw, there was no prize draw deduction form held on file.</li> <li>• In one case where a charity deduction was recorded on the employee's payslip, there was no charity deduction form held on file.</li> </ul> <p>If authorisation to make a deduction from an employee's payslip is not retained on file, there is a risk that a deduction to pay is made without the employee's consent.</p>	L	<p><b>Action:</b></p> <p><u>Prize Drawer Deductions</u></p> <p>All employees currently participating in the prize drawer will be sent a prize draw deduction form to re-confirm their entrance into the prize draw to ensure a record is kept of all participants.</p> <p><u>Charity Deductions</u></p> <p>From 1<sup>st</sup> April 2020 we have launched a new Tax Free Payroll Giving scheme via an external benefits provider, therefore all prior charitable deductions were ceased from 31.03.2020 with a request to join the new scheme.</p> <p><b>Officer responsible:</b> Payroll and Benefits Manager</p> <p><b>Date to be implemented by:</b> March 2021</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
<b>Substantial</b>	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>
<b>Reasonable</b>	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>
<b>Partial</b>	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>
<b>Limited</b>	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:**

Asif Hussain  
Marcus Hussey  
Sharon Elmes  
Linda Blunt

**Title:**

Principal Accountant  
Principal Accountant  
Payroll & Benefits Manager  
Finance Officer (Transactions and Reports)

**The Exit Meeting was attended by:**

**Name:**

Asif Hussain  
Marcus Hussey

**Title:**

Principal Accountant  
Principal Accountant

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

## Appendix 3: Distribution List

### Draft Report:

Mark Hemming  
Asif Hussain  
Marcus Hussey

Director of Finance and Assets  
Principal Accountant  
Principal Accountant

### Final Report as above plus:

Jason Thelwell  
Ernst and Young

Chief Fire Officer  
External Audit

### Audit Control:

Closing Meeting  
Draft Report  
Management Responses  
Final Report  
Audit File Ref

14 February 2020  
5 June 2020 (delayed due to Covid-19)  
10 June 2020  
15 June 2020  
20-47

## 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

Maggie Gibb, Head of Business Assurance Manger

Phone: 01296 387327

Email: [maggie.gibb@buckinghamshire.gov.uk](mailto:maggie.gibb@buckinghamshire.gov.uk)

Selina Harlock, Audit Manager

Phone: 01296 383717

Email: [selina.harlock@buckinghamshire.gov.uk](mailto:selina.harlock@buckinghamshire.gov.uk)



# Business Assurance and Risk Management

---

## FINAL BMKFA Performance Management Audit Report (Ref-2019)

### **Auditors**

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

Selina Harlock, Audit Manager

Caroline Jenkins, Senior Auditor

## CONTENTS

Management Summary .....	3
Table 1: Overall Conclusion .....	4
Table 2: Detailed Audit Findings and Management Action Plan .....	9
Appendix 1: Definition of Conclusions .....	13
Appendix 2: Officers Interviewed.....	15
Appendix 3: Report Distribution List .....	16



## Management Summary

### Introduction

The Performance Management audit was undertaken as part of the 2019/20 Internal Audit plan.

Performance Management is important for any organisation. It helps identify and focus on corporate priorities; helps with the monitoring and management of significant risks; and helps improve decision making.

Performance at the Fire Authority covers a number of areas, including Finance, Health and Safety and Operations within each directorate. Each directorate is responsible for managing and monitoring its own performance and risks.

The main board for overseeing performance is the Performance Management Board who reviews on a quarterly basis, performance against PSP targets, performance against annual Directorate / Corporate Plans and performance against annual revenue and capital budgets. In addition the Performance Management Board reviews directorate and corporate risks.

Performance data is collected on a business information system called Viper from which reports are downloaded for presentation at Boards and information can be drilled down where required.

### Audit Objective

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

### Scope of work

The audit activity focussed on the following key risk areas identified in the processes relating to Performance Management:

- Corporate Performance Framework
- Data Quality
- Risk and Performance Management

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

## Table 1: Overall Conclusion

Overall conclusion on the system of internal control being maintained	Reasonable
---	------------

RISK AREAS	AREA CONCLUSION	No of High Priority Management Actions	No of Medium Priority Management Actions	No of Low Priority Management Actions
Corporate Performance Framework	Partial	0	2	1
Data Quality	Substantial	0	0	0
Risk and Performance Management	Reasonable	0	0	1
		0	2	2

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

### Corporate Performance Framework

The Corporate Performance Framework works on a financial year basis. Directorates / Departments review their performance against their action plans and assess progress of the key activities/projects and monitor their position against agreed performance indicators and risk treatments, updating their progress using the performance management system and its associated risk register. Quarterly performance reporting is undertaken and any actions plans for underperformance agreed and monitored. There is also an Annual Performance Monitor Report produced which includes the Balance Scorecard.

To support this framework there is the Fire Authority Committee and Service Board Structure in place. The structure has been in place since 2013 with the last updates to the structure being approved by the Strategic Management Board (SMB) in October 2019. There are Terms of References available for each committee / board and there is a hierarchy diagram available within committee minutes on the Fire Authority website. It was noted that the structure is due to be fully reviewed in 2020. The main board in relation to performance management is the Performance Management Board (PMB) who oversees performance and concentrates on the performance against the in-year plans.

The Fire Authority, through its Corporate Plan 2015 - 2020, has clearly stated its vision, strategic objectives and performance measures. Cross examination of the documents provided confirmed that there was a clear link between the performance measures and the strategic objectives.

### Performance Measures

16 key performance measures have been defined within the Corporate Plan and each measure is linked to one of the four strategic objectives of the Fire Authority as shown in the table below:

Strategic Objective 1: Prevent Incidents that cause harm from happening	Strategic Objective 2: Protect homes, public buildings and businesses from the effects of fire.	Strategic Objective 3: To provide a timely and proportionate response to incidents by allocating our assets and resources in relation to risk and demand.	Strategic Objective 4: Offer best value for money to our residents and businesses.
Performance Measures: <ul style="list-style-type: none"> <li>• Number of accidental dwelling fires.</li> <li>• Numbers of primary fires in non-domestic buildings.</li> <li>• Number of deliberate fires.</li> <li>• Number of road traffic collision killed and seriously injured.</li> </ul>	Performance Measures: <ul style="list-style-type: none"> <li>• Number of fire deaths.</li> <li>• Number of injuries in accidental dwelling fires.</li> <li>• Number of Injuries in non-domestic building fires.</li> <li>• False alarms.</li> <li>• Real alarms.</li> </ul>	Performance Measures: <ul style="list-style-type: none"> <li>• Incidents per appliance.</li> <li>• Emergency response time trends.</li> <li>• Appliance availability.</li> <li>• Customer satisfaction (After the Incident Survey).</li> <li>• Co-Responding (incidents attended / lives saved).</li> <li>• Number of persons rescued from fires, road traffic collisions and 'Special Service' calls.</li> </ul>	Performance Measures: <ul style="list-style-type: none"> <li>• Council Tax rates compared with family group and / or other Combined Fire Authorities.</li> <li>• Net expenditure per 1,000 population.</li> </ul>
Enablers: <ol style="list-style-type: none"> <li>1. People - To optimise the contribution and well-being of our people.</li> <li>2. Information Management Systems and Processes- To ensure that risk, performance, financial and management information is accurate, relevant and delivered to users in an efficient, timely and reliable way.</li> <li>3. Assets and Equipment - To provide high quality, cost effective assets and equipment with sufficient flexibility to adapt to changing requirements.</li> </ol>			

The Corporate Plan was originally produced in 2014 with the plan being revised twice, the last revision being in March 2019 and presented to the Fire Authority in June 2019.

There are four strategic objectives around prevention, protection and proportionate response, with several performance (outcome) measures for each objective. There are also three strategic enablers around people, information management systems and assets and equipment. The Corporate Plan also sets key projects and tasks to meet strategic objectives.

Examination of performance measures identified the following issues:

- The 'Council Tax rates compared with family group and / or other Combined Fire Authorities' performance measure is no longer appropriate given the outcome of the Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) report issued in December 2019.
- The 'Customer Satisfaction' performance measure - the Annual Performance Monitor 2018-2019 report notes that 'from this feedback [Customer Satisfaction] it would appear that it is not linked to the time taken by the Service to have an appliance on scene'. However the strategic objective relating to the Customer Satisfaction performance measure is 'to provide a timely and proportionate response to incidents by allocating our assets and resources in relation to risk and demand'. Given this, Audit believes that the performance measure is not appropriate.
- The 'Emergency response time trends' performance measure – the HMICFRS report notes that:

In July 2018, the service agreed with its fire and rescue authority a different approach to reporting attendance times. This approach better suited the capacity of the risk-based demand-led model to work to an average attendance time no worse than ten seconds more than the average of the previous five-year period. In the year ending 31 March 2019, the service was meeting this new measurement. But this agreement means the response could potentially get worse and the service will still meet its response standards.'

Although Audit acknowledges this HMICFRS finding and that the Fire Authority should be aware that response time could potentially get worse, it recognises that the Fire Authority does have a mechanism in place to review, monitor and report on response trends. And therefore through this mechanism, the Fire Authority should be able to:

- Recognise if the response trend is getting worse over time over a rolling five year period and act accordingly; and
- Continuously review and factor in changes to parameters to attendance times such as road traffic.

There are two main points where underperformance is escalated. As part of the PMB, performance is reviewed and any areas where underperformance is discussed and actions places put in place. The SMB reviews exception reports from the PMB with regards to the annual plan targets, milestones and budgets. From a review of underperformance, there was evidence that it had been identified, escalated and action plans put in place.

### Performance Benchmarking

Benchmarking is another performance management tool that can be used to compare an organisation's performance against others within the same sector.

The key performance benchmarking exercise undertaken by the Fire Authority for the past few years was the CIPFA Benchmarking. The benchmarking compares the Fire Authority's fire and rescue service figures from CIPFA statistics collection against a group of 22 other combined fire & rescue authorities. This provides a comprehensive analysis of fire data covering all the major topics collected in the CIPFA Fire and Rescue statistics.

The last CIPFA benchmarking report was dated 19 September 2018 but this was not presented to the Overview and Audit Committee until 13 March 2019. Although the Executive Summary on the supporting Overview and Audit Committee papers highlights the key points from the CIPFA Benchmarking report, it did not summarise how the statistics links to the strategic objectives and whether any further action is required. Management should ensure that for any benchmarking exercises completed going forwards, that there is a clear link between performance results and objectives. Management should also ensure that for any benchmarking exercises completed going forwards, that exercises are completed and results presented in a timely manner. This will allow management to make timely and informed decisions about any improvements required.

It should be noted that more recent benchmarking data with a similar coverage was now provided within the HMICFRS report that was issued in December 2019. The Fire Authority noted that for any future benchmarking chosen, statistical and financial comparisons with other organisations would be reviewed by the Fire Authority to identify opportunities to align them with the Service's strategic objectives and enablers. Also, wherever possible, commentaries will be added to provide additional insights and better inform future decision making.

### **Data Quality**

There are management and systems controls and defined processes, including clear roles and responsibilities in place, to ensure that source data for the performance measures are accurate and complete. Performance measures are ultimately captured on the Viper system however the data comes from the Incident Reporting System (IRS) and Vision (Thames Valley Fire Control). As well as the system validation with the IRS, IRS data is quality checked by a member of the Data Intelligence Team using the Home Office guide and the Home Office good practice guide. Local data is then compared with incident data from command and control to ensure that all incidents and information have been captured. Local data is also compared with national data to ensure all incidents have been received and that any incidents reported by other services that have an influence on the Fire Authority's statistics.

In addition to the management and system controls in place, reports are run to ensure that the data is as accurate as can be and automated exception reports are run on source data sets such as the control data - this identifies any missing data, non-date format in date fields and logic tests. All systems are regularly backed up and are duplicated in the cloud utilising Azure.

### **Risk and Performance Management**

The Risk Management Policy was last updated in 2015 and was approved by the Executive Committee on 18 March 2015. The policy indicates that it was due to be reviewed January 2018. However, this has not been done and we were informed that a formal review is planned for the 2020/21.

The identification and management of risk plays a key role in the delivery of the strategy and related objectives and as such risk registers are reviewed alongside performance information at the Performance Management Board.

From a review of directorate risk registers, we confirmed that there is a link between the risks and performance, through the strategic outcomes and enablers as stated in the Corporate Plan.

We confirmed that performance measures are monitored and reported on in a timely manner. The Corporate Performance Framework works on a financial year basis. Directorates / Departments review their performance against established action plans, assess the progress of key activities/projects and also monitor current position against agreed performance indicators and risk treatments, updating progress through the performance management system and its associated risk register.

Quarterly performance is reported to the PMB with any actions plans for underperformance agreed and monitored. Also, the Annual Performance Monitor Report, which includes the Balance Scorecard, is assessed by the Executive Committee with the Overview & Audit Committee also having oversight.

**Table 2: Detailed Audit Findings and Management Action Plan**

Finding 1: Corporate Performance Framework – Bucks Fire & Rescue Service (BRFS) Balance Scorecard	Risk Rating	Agreed Management Actions
<p>A balance scorecard is a strategic performance management metric which takes a 'balanced' view of performance against an organisation's strategic objectives.</p> <p>The Bucks Fire &amp; Rescue Service (BRFS) Balance Scorecard supplements the Fire Authority's Annual Performance Monitor report and details some of the performance measures from the Corporate Plan and are grouped into the following four quadrants; Prevention, Protection, Response and Finance.</p> <p>It was noted that on the BRFS Balance Scorecard, there are no headings to describe what each quadrant is showing the reader and how it relates back to strategic objectives.</p> <p>If there are no appropriate headings or commentary alongside the balance scorecard, management may not be able to easily identify the link between performance and objectives.</p>	L	<p>Headings / explanations will be added to Scorecard.</p> <p><b>Officer responsible:</b> Craig Newman, Data Intelligence Team Manager</p> <p><b>Date to be implemented by:</b></p> <p>June 2020</p>

Finding 2: Corporate Performance Framework – Council Tax Performance Measure	Risk Rating	Agreed Management Actions
<p>In relation to performance management, there should be appropriate performance measures in place that are specific measurable achievable relevant and timely (SMART) to ensure that management can make informed decisions.</p> <p>One of the strategic objectives for the Fire Authority is to ‘Offer best value for money to our residents and businesses’ and one of the outcome measures against this strategic objective is “Council Tax rates compared with family group and / or other Combined Fire Authorities’.</p> <p>However, HMICFRS report issued in December 2019 states that the Fire Authority ‘requires Improvement’. One of the questions asked was ‘How efficient is the service at keeping people safe and secure?’ and the following was noted by HMICFRS:</p> <p>“We have serious concerns as to whether Buckinghamshire FRS has the resources it needs to meet its foreseeable risk. As a result of the financial position the service finds itself in, it does not have enough operational firefighters to resource its prevention and protection functions and crew the minimum number of fire engines it says it needs.”</p> <p>Given that the Fire Authority must address the findings in the HMICFRS report to ensure that budget requirements and funding are sustainable in the future, it is no longer an appropriate performance measure that Buckinghamshire and Milton Keynes Fire Authority continues to be the lowest precepting Combined Fire Authority based on Band D Council Tax.</p> <p>By not having appropriate performance measures in place there is a risk that management cannot make informed decisions that will impact on strategic objectives.</p>	M	<p>This discussion had already taken place at the Performance Management Board and Senior Management Board and it was decided that this measure would be removed from the next iteration of the Corporate Plan.</p> <p><b>Officer responsible:</b></p> <p>Stuart Gowanlock, Corporate Planning Manager.</p> <p><b>Date to be implemented by:</b></p> <p>March 2020</p>



Finding 3: Corporate Performance Framework – Customer Satisfaction Performance Measure	Risk Rating	Agreed Management Actions
<p>In relation to performance management, there should be appropriate performance measures in place that are specific measurable achievable relevant and timely (SMART) to ensure that management can make informed decisions.</p> <p>A review of the Annual Performance Monitor 2018-2019 report showed that for the 'Customer Satisfaction' performance measure, the customer satisfaction results does not give any detail as to why customers are satisfied or dis-satisfied. The annual report also notes that “from this feedback [Customer Satisfaction] it would appear that it is not linked to the time taken by the Service to have an appliance on scene”. However, the strategic objective relating to the Customer Satisfaction performance measure is 'to provide a timely and proportionate response to incidents by allocating our assets and resources in relation to risk and demand'.</p> <p>Given the lack of detail around the customer satisfaction results and its link to the strategic objective and what is stated in the annual report, there is a risk that management cannot make informed decisions that will impact on strategic objectives being achieved.</p>	<p><b>M</b></p>	<p>The measure contained in the Annual Performance Report is drawn from the 'After the Incident' Survey and measures customer satisfaction with the Service as whole. However, the survey also includes a range of ratings for different aspects of our service, including response. We will review these with a view to including further analysis within the Annual Performance Report that can provide additional insights to inform decision making.</p> <p><b>Officer responsible:</b> Stuart Gowanlock, Corporate Planning Manager</p> <p><b>Date to be implemented by:</b> July 2020</p>

Finding 4: Risk and Performance Management – Risk Management Policy	Risk Rating	Agreed Management Actions
<p>Performance management is not undertaken in isolation from risk management within the Fire Authority to ensure that threats and opportunities are identified and managed. There should be a Risk Management Policy in place that has been approved by the relevant committee, is up to date and has been subject to regular review.</p> <p>The Risk Management Policy was last updated in 2015 and was approved by the Executive Committee on 18 March 2015. It is noted on the policy that it was due to be reviewed January 2018. However, the policy has yet to be reviewed.</p> <p>If there is an out of date Risk Management Policy, there is a risk that the risk management processes are not effective to ensure performance meets strategic objectives.</p>	L	<p>A formal review is planned during the 2020/21 Financial Year.</p> <p><b>Officer responsible:</b></p> <p>Stuart Gowanlock, Corporate Planning Manager</p> <p><b>Date to be implemented by:</b></p> <p>December 2020</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
<b>Substantial</b>	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>
<b>Reasonable</b>	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>
<b>Partial</b>	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>
<b>Limited</b>	Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and this exposes the system objectives to an unacceptable level of risk.	<p>The internal control is generally weak/does not exist. Significant non-compliance with basic controls which leaves the system open to error and/or abuse.</p> <p>Actions will include high priority matters to be actions. Some medium priority matters may also be present.</p>

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

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

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

## Appendix 2: Officers Interviewed

**The following staff contributed to the outcome of the audit:**

**Name:**

Mark Hemming  
Stuart Gowanlock  
Craig Newman

**Title:**

Director of Finance and Assets  
Corporate Planning Manager  
Data Intelligence Team Manager

**The Exit Meeting was attended by:**

**Name:**

Mark Hemming  
Stuart Gowanlock  
Craig Newman

**Title:**

Director of Finance and Assets  
Corporate Planning Manager  
Data Intelligence Team 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:

Mark Hemming  
Stuart Gowanlock  
Craig Newman

Director of Finance and Assets  
Corporate Planning Manager  
Data Intelligence Team Manager

### Final Report as above plus:

Lynne Swift  
Jason Thelwell

Ernst and Young

Director of People and Organisational Development  
Chief Fire Officer  
Chairman of Bucks and Milton Keynes Fire Authority  
External Audit

### Audit Control:

Closing Meeting  
Draft Report  
Management Responses  
Final Report  
Audit File Ref

03 March 2020  
05 June 2020 (delayed due to Covid-19)  
25 June 2020  
01 July 2020  
19-45

## 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

Maggie Gibb, Head of Business Assurance

Phone: 01296 387327

Email: [Maggie.Gibb@buckinghamshire.gov.uk](mailto:Maggie.Gibb@buckinghamshire.gov.uk)

Selina Harlock, Audit Manager

Phone: 01296 383717

Email: [Selina.Harlock@buckinghamshire.gov.uk](mailto:Selina.Harlock@buckinghamshire.gov.uk)

This page is intentionally left blank





# Buckinghamshire & Milton Keynes Fire Authority

<b>MEETING</b>	Overview and Audit Committee
<b>DATE OF MEETING</b>	22 July 2020
<b>OFFICER</b>	Mark Hemming – Director of Finance and Assets Maggie Gibb – Internal Audit Manager
<b>LEAD MEMBER</b>	Chairman of the Overview and Audit Committee
<b>SUBJECT OF THE REPORT</b>	<b>Annual Audit Report 2019/20</b>
<b>EXECUTIVE SUMMARY</b>	<p>To present the Annual Audit Report to the Overview and Audit Committee.</p> <p>In line with best practice, an annual report on the internal control environment is presented to those charged with governance.</p> <p>The Chief Internal Auditor's opinion is that the Fire Authority's system of internal control and risk management facilitates the effective exercise of the Authority's functions. This provides <b>Reasonable</b> assurance regarding the effective efficient and economic exercise of the Authority's functions.</p> <p>This opinion is reflected in the Annual Governance Statement.</p>
<b>ACTION</b>	Noting
<b>RECOMMENDATIONS</b>	It is recommended that Members review and note the contents of the Annual Report.
<b>RISK MANAGEMENT</b>	There are no risk implications arising from this report.
<b>FINANCIAL IMPLICATIONS</b>	The audit work was contained within the 2019/20 budget.
<b>LEGAL IMPLICATIONS</b>	There are no legal implications arising from this report.
<b>CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE</b>	Not applicable.

<b>HEALTH AND SAFETY</b>	There are no health and safety implications arising from this report.
<b>EQUALITY AND DIVERSITY</b>	There are no equality and diversity implications arising from this report.
<b>USE OF RESOURCES</b>	Communication and progress monitoring All audits, follow up reports and further updates will be submitted to SMB and Overview and Audit Committee.
<b>PROVENANCE SECTION &amp; BACKGROUND PAPERS</b>	Internal Audit Plan 2019/20 Internal Audit reports taken to Overview and Audit Committee
<b>APPENDICES</b>	Appendix A – Annual Audit Report 2019/20
<b>TIME REQUIRED</b>	10 minutes.
<b>REPORT ORIGINATOR AND CONTACT</b>	Maggie Gibb – Internal Audit Manager <a href="mailto:Maggie.Gibb@buckinghamshire.gov.uk">Maggie.Gibb@buckinghamshire.gov.uk</a> 01296 387327

## **Buckinghamshire & Milton Keynes Fire Authority**



**Internal Audit Service  
Annual Report of the Chief Internal Auditor 2019/20**

**July 2020**

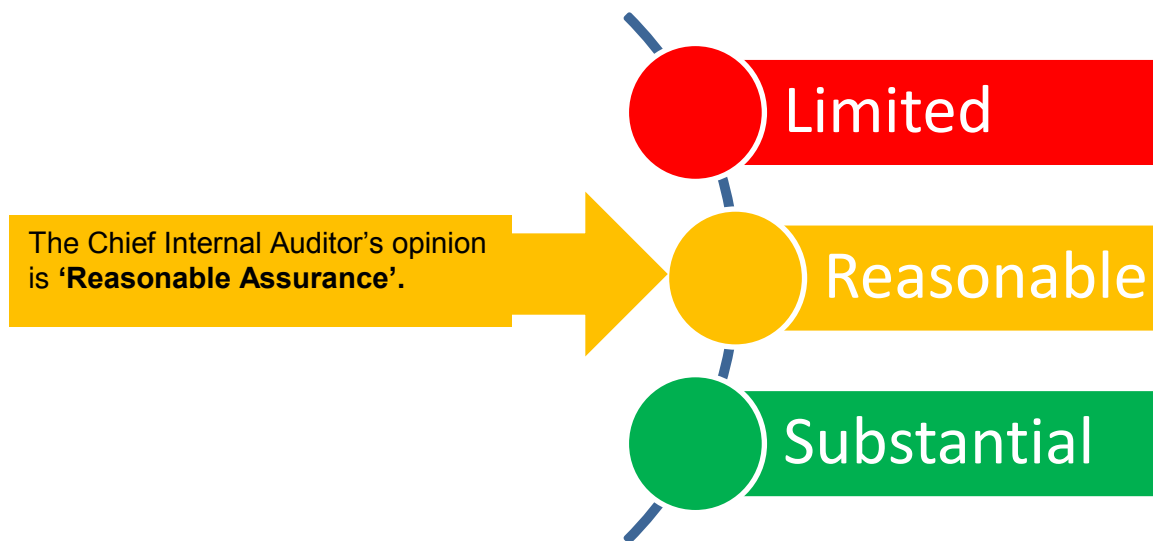
## 1. Introduction

- 1.1 This report outlines the Internal Audit work undertaken by the Internal Audit Service for the year ending 31 March 2020, and seeks to provide an opinion on the adequacy of the control environment detailing the incidences of any significant control failings or weaknesses.
- 1.2 The Account and Audit Regulations require the Fire Authority to maintain an adequate and effective Internal Audit Service in accordance with proper internal audit practices. The CIPFA Public Sector Internal Audit Standards (PSIAs), which sets out proper practice for Internal Audit, requires the Chief Internal Auditor to provide an annual report to those charged with governance, which should include an opinion on the overall adequacies of the internal control environment.

## 2. Responsibilities

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

### 3. Chief Internal Auditor Opinion



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

3.1 Based on the audit work undertaken, our experience and knowledge of previous years' performance and the current climate in which the Authority is operating, in my opinion the system of internal control provides reasonable assurance regarding the effective, efficient and economic exercise of the Authority's functions. Findings raised from the 2019/20 internal audit reviews have not identified any material weaknesses to the internal control framework. Overall, the Fire Authority has continued to demonstrate a robust and effective internal control and risk management environment.

3.2 The Chief Internal Auditor would like to acknowledge the report from Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) issued in December 2019 which concluded that the Fire Authority 'requires Improvement'. It should be noted that the conclusion of the inspection does not impact on my opinion on the adequacy and effectiveness of the Authority's internal control framework. However it should be recognised that the inspection has highlighted some fundamental risks that may impact the Authority's ability to achieve objectives. The Chief Internal Auditor is confident that Senior Officers in the Authority take the inspection findings seriously and with a strong improvement programme, clear deadlines and a robust governance framework which includes the Overview and Audit Committee scrutiny, the identified weaknesses will be addressed.

## 4. Basis of Audit Opinion

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

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

4.3 The strategy for delivery of the Internal Audit Service is reviewed triennially and subject to the approval of the Overview and Audit Committee.

4.4 In arriving at our opinion, we have taken into account:

- The results of all audits undertaken as part of the 2019/20 Internal Audit Plan- **Appendix 1.**
- The results of follow-up action taken in respect of audits from previous years **Appendix 2.**
- Whether or not any 'high' priority recommendations have not been accepted by management and the consequent risks.
- The effects of any material changes in the Authority's objectives or activities.
- Whether or not any limitations have been placed on the scope of internal audit.
- Findings of work performed by other assurance providers (e.g. the External Auditors who we have liaised with throughout the year in order to share information and reduce any duplication of audit activity).
- The scope of the internal control environment - which comprises the whole framework of systems and controls established to manage BMKFRS to ensure that its objectives are met.

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

## 5. Anti-Fraud

5.1 There have been no suspected frauds or financial irregularity brought to the attention of the Chief Internal Auditor during 2019/20. Throughout the year we continued to work closely with the Director of Finance and Assets on fraud awareness and our work on the core financial systems included a review of the key anti-fraud controls.

## 6. The Internal Audit Team

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

6.2 The quality of work is assured through the close supervision of staff and the subsequent review of reports, audit files and working papers by an Audit Manager. Exit meetings are held with the relevant officers to ensure factual accuracy of findings and subsequent reporting, and to agree appropriate action where additional risk mitigation is required.

## 7. Our Performance

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

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

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

7.3 The 2019/20 Internal Audit Strategy set out seven performance indicators that the Internal Audit Service was measured against. Below is a summary of our performance against the set indicators:

Performance Measure	Target	Method	19/20 Results
Elapsed time between start of the audit (opening meeting) and Exit Meeting.	Target date agreed for each assignment by the Audit manager, stated on Terms of Reference, but should be no more than 3 X the total audit assignment days (excepting annual leave etc.)	Internal Audit Performance Monitoring System	80%
Elapsed Time for completion of audit work (exit meeting) to issue of draft report.	15 Days	Internal Audit Performance Monitoring System	80%
Elapsed Time between issue of Draft report and issue of Final Report	15 Days	Internal Audit Performance Monitoring System	*100%
% of Internal Audit Planned Activity delivered by 30 April 2019	100% of Plan by End of April 2019	Internal Audit Performance Monitoring System	80%
% of High and Medium priority recommendations followed up after implementation date	All High and Medium recommendations followed up within three months of the date of expected implementation	Internal Audit Performance Monitoring System	100%
Customer satisfaction questionnaire (Audit Assignments)	Overall customer satisfaction 95%	Questionnaire	**Nil – questionnaires not utilised for this year

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

\*\* Whilst questionnaires were not utilised for 19/20, feedback was provided on completion of each audit and is also discussed as part of the regular meetings with the Director of Finance & Assets.



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

***Maggie Gibb***

*Chief Internal Auditor*

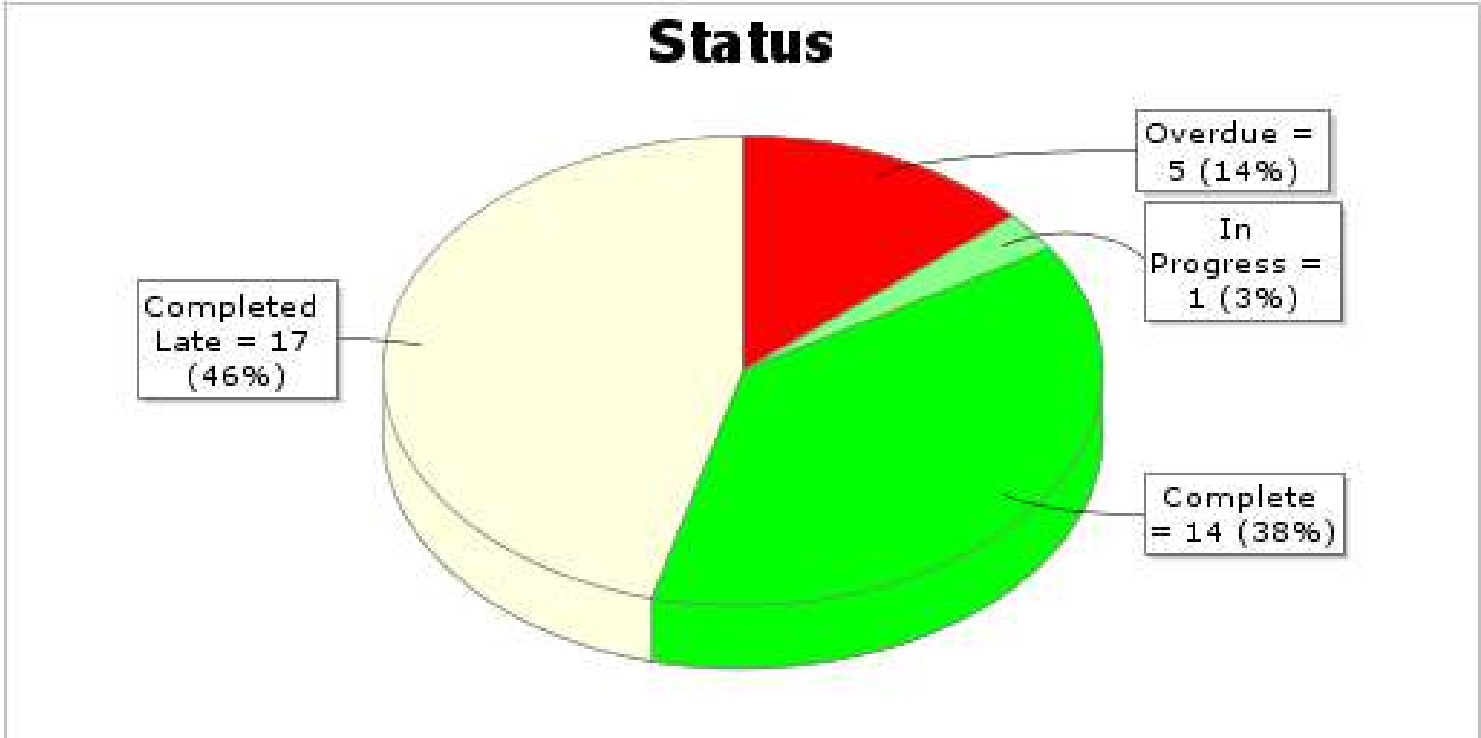
*July 2020*

## Appendix 1: Summary of 2019/20 Audits Performed Informing the Annual Opinion

Audit Assignment (No. Days)	Audit Opinion	No. of Audit Actions by Priority	Summary of Audit Findings
Core Financial Controls (40 Days)	Substantial	High = 0 Medium = 0 Low = 3	<p><b><u>1. : Creditors – Purchase Orders</u></b>  <b>Finding:</b> A list of purchase invoices was obtained from a Purchase Ledger Transaction Report. A sample of 25 invoices was tested. Audit noted one instance where a retrospective Purchase Order for £60,000 had been raised inappropriately. This was for a Professional Partner Subscription payment, and as this would have been known about before the payment was made, a purchase order should have been raised beforehand. The Finance Officer monitors and flags instances of invoices without a purchase order. However, there is a small number of recurring retrospective purchase orders which should be escalated.  <b>Risk:</b> If purchase orders are raised retrospectively there is a risk that inappropriate purchases may be made and financial commitments are made outside of the Integra system which may lead to budget monitoring being inaccurate.</p> <p><b><u>2. Debtors – Reason for raising Credit Notes</u></b>  <b>Finding:</b> Examination of a sample of five credit notes raised between April 2019 and December 2019 found that in one case the reason for raising the credit note was not clear. The reason was recorded on Integra as ‘credit for invoice’ which did not sufficiently explain why a credit note was raised against the invoice payment. Whilst the value of credit notes is reviewed by the Principal Accountant as part of the Debt Management Control reconciliation, there was no evidence of independent monitoring of each credit note transaction.  <b>Risk:</b> If a sufficient and clear reason for raising a credit note is not recorded on Integra, there is a risk that the credit note has been raised inappropriately or in error, leading to financial loss to the Fire Authority.</p> <p><b><u>3. Payroll – Voluntary deductions</u></b>  <b>Finding:</b> Examination of a sample of 20 employees paid in December 2019 found the following exceptions:</p> <ul style="list-style-type: none"> <li>• In three cases where a deduction was recorded on the employee’s payslip for the Fire Authority’s prize draw, there was no prize draw deduction form held on file.</li> <li>• In one case where a charity deduction was recorded on the employee’s payslip, there was no charity deduction form held on file.</li> </ul> <p><b>Risk:</b> If authorisation to make a deduction from an employee’s payslip is not retained on file, there is a risk that a deduction to pay is made without the employee’s consent.</p>

Audit Assignment	Audit Opinion	No. of Audit Actions by Priority	Summary of Audit Findings
Performance Management	Reasonable	High = 0 Medium = 2 Low = 2	<p><b><u>1. Corporate Performance Framework – Customer Satisfaction Performance Measure (Medium)</u></b></p> <p><b>Finding:</b> A review of the Annual Performance Monitor 2018-2019 report showed that for the 'Customer Satisfaction' performance measure, the customer satisfaction results does not give any detail as to why customers are satisfied or dis-satisfied. The annual report also notes that “from this feedback [Customer Satisfaction] it would appear that it is not linked to the time taken by the Service to have an appliance on scene”. However, the strategic objective relating to the Customer Satisfaction performance measure is 'to provide a timely and proportionate response to incidents by allocating our assets and resources in relation to risk and demand'.</p> <p><b>Risk:</b> Given the lack of detail around the customer satisfaction results and its link to the strategic objective and what is stated in the annual report, there is a risk that management cannot make informed decisions that will impact on strategic objectives being achieved.</p> <p><b><u>2. Corporate Performance Framework – Council Tax Performance Measure (Medium)</u></b></p> <p><b>Finding:</b> One of the strategic objectives for the Fire Authority is to 'Offer best value for money to our residents and businesses' and one of the outcome measures against this strategic objective is “Council Tax rates compared with family group and / or other Combined Fire Authorities'.</p> <p>However, HMICFRS report issued in December 2019 states that the Fire Authority 'requires Improvement'. One of the questions asked was 'How efficient is the service at keeping people safe and secure?' and the following was noted by HMICFRS:</p> <p>“We have serious concerns as to whether Buckinghamshire FRS has the resources it needs to meet its foreseeable risk. As a result of the financial position the service finds itself in, it does not have enough operational firefighters to resource its prevention and protection functions and crew the minimum number of fire engines it says it needs.”</p> <p>Given that the Fire Authority must address the findings in the HMICFRS report to ensure that budget requirements and funding are sustainable in the future, it is no longer an appropriate performance measure that Buckinghamshire and Milton Keynes Fire Authority continues to be the lowest precepting Combined Fire Authority based on Band D Council Tax.</p> <p><b>Risk:</b> By not having appropriate performance measures in place there is a risk that management cannot make informed decisions that will impact on strategic objectives.</p> <p><b><u>3. Corporate Performance Framework – Bucks Fire &amp; Rescue Service (BRFS) Balance Scorecard (Low)</u></b></p> <p><b>Finding:</b> The Bucks Fire &amp; Rescue Service (BRFS) Balance Scorecard supplements the Fire Authority's Annual Performance Monitor report and details some of the performance measures from the Corporate Plan and are grouped into the following four quadrants; Prevention, Protection, Response and Finance. It was noted that on the BRFS Balance Scorecard, there are no headings to describe what each quadrant is showing the reader and how it relates back to strategic objectives.</p> <p><b>Risk:</b> If there are no appropriate headings or commentary alongside the balance scorecard, management may not be able to easily identify the link between performance and objectives.</p>

Audit Assignment	Audit Opinion	No. of Audit Actions by Priority	Summary of Audit Findings
Performance Management	Reasonable	High = 0 Medium = 2 Low = 2	<p><b><u>4. Risk and Performance Management – Risk Management Policy (Low)</u></b></p> <p><b>Finding:</b> The Risk Management Policy was last updated in 2015 and was approved by the Executive Committee on 18 March 2015. It is noted on the policy that it was due to be reviewed January 2018. However, the policy has yet to be reviewed.</p> <p><b>Risk:</b> If there is an out of date Risk Management Policy, there is a risk that the risk management processes are not effective to ensure performance meets strategic objectives.</p>
Cyber Security	Reasonable	High = 0 Medium = 2 Low = 1	<p><b><u>1. Role profiles and tidying up of current access permissions (Medium)</u></b></p> <p><b>Finding:</b> 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.</p> <p><b>Risk:</b> 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><b><u>2. Training and the measurement of its effectiveness (Medium)</u></b></p> <p><b>Finding:</b> 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><b>Risk:</b> 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><b><u>3. Contract management with Udata (Low)</u></b></p> <p><b>Finding:</b> 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 10<sup>th</sup> 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><b>Risk:</b> 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>
Budget Monitoring and Forecasting	Substantial	High = 0 Medium = 0 Low = 0	<p>All control areas reviewed were found to be adequate and no recommendations were raised as a sound system of internal control designed to achieve objectives and minimise risk was found to be in place and operating effectively.</p>



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

## Detailed Description of Overdue Audit Actions as at 20 June 2019

Title	Priority	Due Date	Description	Latest Note
Fleet Management (1a & b) Tranman Review	Medium Priority	31-Aug-2017	<p><b>Finding</b> 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><b>Risk</b> Where training is not provided on a periodic basis, staff may adopted inappropriate, ineffective, and / or out dated working practices.</p> <p><b>Action</b> 1a) Tranman to carry out a review of the current system and its utilisation and offer options for further utilisation of the current system, available 'upgrades' and system improvements. This information can then be analysed to ascertain the most appropriate action. 1b) Identify training requirements, system improvements and possible upgrades for implementation in 2018/19 (depending on funding requirements).</p>	<p>Update from J. Finden, Fleet Manager (June 2020):</p> <p>The situation with the fleet management system is still as in the previous update, but I can confirm the contract has recently been signed and an order raised for the upgrade.</p> <p>I have had the initial contact from the Tranman project leader who informed me that our upgrade is now on their calendar and will contact me when they are ready for more information from us. The initial estimate is the project should be underway in September.</p>
BMKFA 1718 1830 Property Management (1) Red Kite Functionality	Low Priority	31-Mar-2020	<p><b>Finding</b> 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><b>Risk</b> 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><b>Action</b> 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>	<p>Update from Gordon Wylie, Property Manager (June 2020):</p> <p>There is no further progress since my last update. Covid 19 has effected what is essential and non-essential in terms of workloads. I do not see us returning to this until early 2021.</p>

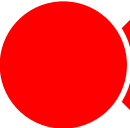


Title	Priority	Due Date	Description	Latest Note
BMKFA 1819 1947 Project Management BLH (2) The Hub Performance	Medium Priority	31-Oct- 2019	<p><b>Finding</b> During the Audit it was confirmed that the HUB have had difficulties with technical support; which has had an impact of the timeliness of design work, changes or updates and which in turn has led to delays in providing information that is required by Kingerlee – the construction firm. The Quantity Surveyor maintains a schedule of delays caused by the HUB and the associated costs. It was confirmed that any financial implications that arise as a result of the HUB's poor performance could potentially be recoverable. However Audit found that whilst these potentially recoverable costs are reflected in the Budget Monitoring Financial Statements, they are not separately identified as attributable to any party as this will be the subject of negotiation between all parties depending on final outcomes at the conclusion of construction. The risk of HUB poor performance has been recorded in the risk register.</p> <p>It was confirmed that the Director for the HUB Professional Services has been made aware of potentially recoverable costs and the issues that were causing poor performance have been addressed.</p> <p><b>Risk</b> 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><b>Action</b> The necessary actions to deal with potential financial loss arising from delays on the part of HUB have already been addressed during 2018 and a significant improvement has been seen. The current delay in the construction programme (5-6 weeks) has not altered for some months.</p> <p>Both the HUB and Kingerlee have a responsibility to mitigate any delay as much as possible and with some 8 months of construction still to take place at the time of writing (Feb 2019) they must both maintain the opportunity to do so.</p> <p>Only at post construction and during the period when the final account will be negotiated and agreed, will any financial loss due to delays or failures be attributed. The Director of HUB's parent company (Integral UK Ltd) has been in discussions with both DFA and Property Manager and he is well aware of the potential claim the Authority may have in due course.</p> <p>The financial statements produced by the QS do show all costs (i.e. worst case) but do not at this stage set out which potentially claimable costs are attributable to which parties.</p> <p>The Authority's officers will continue to maintain dialogue with senior representatives at both the HUB and Kingerlee over any potential situation (either worsening or improving) that may lead to a claim.</p>	<p>Update from Mark Hemming, Director of Finance and Assets (June 2020):</p> <p>Although practical completion of the building was achieved on 7 May 2020, there are still a number of matters outstanding before the final account can be agreed. It is anticipated that this will take place in the latter part of the year.</p>

Title	Priority	Due Date	Description	Latest Note
BMKFA 1819 1948 Stores (2) Asset Review	High Priority	31-Dec-2019	<p><b>Finding</b> 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><b>Risk</b> 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><b>Action</b> Inventory checks should be reviewed by the Asset Management Systems Officer. Where the inventory checks have not been undertaken on a consistent basis, this will be followed up with staff.</p>	<p>Update from Maria Darrell, Asset Management and Equipment Manager (June 2020):</p> <p>This action will be dependent on when we employ someone to carry out the actions required. I think we should set a review date for this for the 31st September if you are agreeable.</p>
BMKFA 1920 2021 Cyber Security (2) Training and the measurement of its effectiveness	Medium Priority	31-Mar-2020	<p><b>Finding:</b> 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>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><b>Risk:</b> 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><b>Action:</b> 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). 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 <a href="https://www.ncsc.gov.uk/training/top-tips-for-staff-web/story.html#5">https://www.ncsc.gov.uk/training/top-tips-for-staff-web/story.html#5</a></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>Update from Gerry Barry, Information Governance and Compliance Manager (June 2020):</p> <p>We have recently moved to a new "Heat" online training facility. All employees will complete "Responsible for Information" bi-annually and the National Cyber Security Centre's "Top tips for staff" cyber security training alternate years. Having investigated mock phishing attacks I find there are inconclusive benefits. The then Buckinghamshire County Council audit team were unable to provide me with details of the supplier / process they used for mock phishing attacks.</p> <p>The training offered by the SEROCU was arranged for Spring 2020 and had to be cancelled owing to the coronavirus pandemic. This will be rescheduled at a future date. Additional InfoSec training is delivered by the Information Governance &amp; Compliance Manager as part of Watch and Crew Manager development and also ad hoc training to individuals and teams to address specific issues.</p>



## Appendix 3 Definition of Assurance Opinions

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

	<b>Limited</b>	The system of internal control is weak and risks are not being effectively managed. The system is open to the risk of significant error or abuse. Significant action is required to improve controls.
	<b>Reasonable</b>	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.
	<b>Substantial</b>	There is a strong system of internal control in place and risks are being effectively managed. Some minor action may be required to improve controls.

This page is intentionally left blank



# Buckinghamshire & Milton Keynes Fire Authority

<b>MEETING</b>	Overview and Audit Committee
<b>DATE OF MEETING</b>	22 July 2020
<b>OFFICER</b>	Graham Britten, Director of Legal and Governance Mark Hemming, Director of Finance and Assets
<b>LEAD MEMBER</b>	Chairman of the Overview and Audit Committee
<b>SUBJECT OF THE REPORT</b>	<b>Annual Governance Statement 2019/20</b>
<b>EXECUTIVE SUMMARY</b>	<p>The purpose of this report is to present the 2019/20 Annual Governance Statement (appended as an Annex to the report) for approval. It contains the progress on the implementation of the recommendations of the 2018/19 Annual Governance Statement and recommendations for 2020/2021.</p> <p>CIPFA and SOLACE published a revised framework document on governance: Delivering Good Governance in Local Government Framework 2016 (2016 Guidance). This was a significantly revised version of the previous 2012 guidance. The new framework is taken from the International Framework: Good Governance in the Public Sector (CPIFA/IFAC 2014).</p> <p>The framework envisages that delivering good governance will be a continuous process of seven principles with a core of principles A and B permeating principles C to G.</p> <p>The Annual Governance Statement 2019/20 has been formatted to reflect those principles</p> <p>The seven principles are:</p> <p>Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.</p> <p>Principle B - Ensuring openness and comprehensive stakeholder engagement.</p> <p>Principle C - Defining outcomes in terms of sustainable economic, social, and environmental benefits.</p> <p>Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes.</p> <p>Principle E - Developing the Authority's capacity, including the capability of its leadership and the</p>

	<p>individuals within it.</p> <p>Principle F - Managing risks and performance through robust internal control and strong public financial management.</p> <p>Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability.</p>
<b>ACTION</b>	Decision.
<b>RECOMMENDATIONS</b>	<ol style="list-style-type: none"> <li>1. That the Annual Governance Statement 2019/20 be approved.</li> <li>2. That the progress on the implementation of recommendations of the previous Annual Governance Statement (Appendix A to the Annual Governance Statement) be acknowledged.</li> <li>3. That the priorities for 2020/21 (Appendix B to the Annual Governance Statement) be agreed</li> </ol>
<b>RISK MANAGEMENT</b>	One of the principles of the CIPFA/SOLACE framework is the management of risk through robust internal control and strong public financial management. The Annual Governance Statement details the management arrangements in place, as well as highlighting recent improvements and plans for future areas of development.
<b>FINANCIAL IMPLICATIONS</b>	There are no direct financial implications arising from the report.
<b>LEGAL IMPLICATIONS</b>	<p>Regulations 6(1)(b) and 6(4)(b) of the Accounts and Audit Regulations 2015 require the Committee to approve an annual governance statement which must accompany the statement of accounts and be approved in advance of the approval of the statement of accounts.</p> <p>While the 2016 Guidance is the product of CIPFA and SOLACE, it amounts to statutory guidance as Regulation 6(4)(b) of the Accounts and Audit Regulations 2015 requires the Annual Governance Statement to be prepared in accordance with proper practices in relation to accounts.</p>
<b>CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE</b>	No direct impact. Each public body is required to approve its own Annual Governance Statement.
<b>HEALTH AND SAFETY</b>	There are no direct health and safety implications arising from the report.
<b>EQUALITY AND</b>	There are no direct equality and diversity implications

<b>DIVERSITY</b>	arising from this report.
<b>USE OF RESOURCES</b>	<p><b>Communication and consultation</b> The officers with responsibility for the areas audited have been responsible for supplying the information and responses necessary for this report.</p> <p><b>Progress monitoring</b> Further updates will be provided at future committee meetings.</p>
<b>PROVENANCE SECTION &amp; BACKGROUND PAPERS</b>	<p>CIPFA / SOLACE 'Delivering Good Governance in Local Government - Guidance Notes for English Authorities' 2016 Edition, copyrighted document accessible by this <a href="#">Link</a></p> <p>Following a review undertaken by CIPFA and SOLACE, in 2016, the 'Delivering Good Governance in Local Government: Framework' was reissued. The document was based on the 'International Framework: Good Governance in the Public Sector (2014)' which included sustainable economic, societal and environmental outcomes as a key focus for governance processes and structure. CIPFA/SOLACE therefore revised its 6 principles to create 7 new principles which included specifically 'Defining outcomes in terms of sustainable economic, social, and environmental benefits'.</p> <p>The proposal that the Annual Governance Statement be reformatted by reference to the seven principles in the CIPFA/SOLACE "Delivering Good Governance in Local Government: Framework" (2016) was one of the agreed priorities in the Annual Governance Statement 2018/19</p> <p><a href="#">Report to the Overview and Audit Committee of the Buckinghamshire and Milton Keynes Fire Authority held on 17 July 2019, Item 9</a></p>
<b>APPENDICES</b>	<p>Annex 1 – Annual Governance Statement 2019/20.</p> <p>Appendix A to Annex – Progress against recommendations from the Annual Governance Statement 2018/19.</p> <p>Appendix B to Annex – Recommendations for Priorities for 2020/21.</p>
<b>TIME REQUIRED</b>	10 minutes.
<b>REPORT ORIGINATOR AND CONTACT</b>	<p>Graham Britten, Director of Legal and Governance <a href="mailto:gbritten@bucksfire.gov.uk">gbritten@bucksfire.gov.uk</a></p> <p>Mark Hemming, Deputy Director of Finance and Assets <a href="mailto:mhemming@bucksfire.gov.uk">mhemming@bucksfire.gov.uk</a></p>

This page is intentionally left blank

## **Annual Governance Statement 2019/20**

### **Scope of Responsibility**

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

This statement explains how the Authority has complied with the principles of the CIPFA/SOLACE 'Delivering Good Governance in Local Government Framework' (2016 Edition) and also meets the requirements of regulation 6(1) of the Accounts and Audit Regulations 2015 in relation to the review of its systems of internal control and the publication of an annual statement on its governance.

Under the Accounts and Audit Regulations 2015 the Authority must ensure that it has a sound system of internal control which—

- (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;
- (b) ensures that the financial and operational management of the Authority is effective; and
- (c) includes effective arrangements for the management of risk.

### **The Purpose of the Governance Framework**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievements of the strategic objectives of the Authority, to evaluate the likelihood of those risks being realised and the impact should they occur, and to manage them efficiently, effectively and economically. The system of internal control has been in place for the year ended 31 March 2020 and up to the date of approval of the Statement of Accounts.

### **The Governance Framework**

The governance measures in place reflect the seven principles of good governance set out in the CIPFA/SOLACE 'Delivering Good Governance in Local Government: Framework (2016)'.

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

**Members' Code of Conduct and Register of Interests.** A local [Code of Conduct](#) for all Members has been agreed by the Authority and a Register of disclosable pecuniary interests for each Member is reviewed annually and [published on the Authority's website](#). To ensure legal compliance and to avoid a conflict of interest arising, there is a panel of four "Independent Persons" shared amongst five other authorities for the purposes of assisting both an individual member and the Authority itself in the event of an allegation being made that a member has breached the Authority's Code of Conduct. The [complaints procedure](#) is publicly accessible.

**Member Officer Protocol.** [The Protocol on Member and Officer Relations](#) sets out the respective obligations and expectations and contains a reminder of the Authority's core values. This was subject to a quadrennial review and approved by the Overview and Audit Committee at its meeting on 17 July 2019 for recommendation to the Authority whereupon it was adopted on 18 September 2019.

**Leadership.** There are nominated [Lead Members](#) for various work streams and departments. This collaborative approach ensures levels of trust, confidence and awareness improve for the benefit of the public and the service.

**Ethical Framework.** The Authority's objective is to embed Equality, Diversity and Inclusion (EDI) into everything it does, both internally and externally. The EDI objectives are set out and published against the Authority's core values: Diversity; Service to the Community; Improvement and People. The Authority publishes its EDI [Policy Statement, Objectives and Vision](#) (to be updated post 10 June 2020 Authority Meeting) and [Values](#)

**Code of Conduct for Staff.** The Code provides individuals with an understanding of the standards expected when performing duties as an employee and guides behaviour, placing an obligation on all employees to take responsibility for their own conduct.

**Register of Gifts and Hospitality.** In accordance with the Code of Conduct, staff are required to register offers and acceptances of gifts or hospitality in the [Register](#), summaries of the entries are publicly available.

**Whistleblowing Policy.** A procedure is in place and published for employees or contractors to raise concerns about a dangerous or illegal activity that they are aware of through their work.



**Complaints process.** The [procedure](#) is published explaining how complaints from the public will be handled and investigated. All concerns and complaints are treated seriously and people asked what resolution they are seeking. We keep them up-to-date with progress and check that they are satisfied when the issue is resolved. We take any learning from the investigation and incorporate it in our processes. We are a learning organisation.

**Counter-Fraud and Corruption Policy.** The Authority has a zero tolerance approach to fraud, bribery and corruption, whether it is attempted from inside or outside the organisation . A copy of the policy is available on our [website](#).

**Statutory Officers.** The Monitoring Officer provides advice on the scope of the powers and responsibilities of the Authority and has a statutory duty to ensure lawfulness and fairness of decision making and also to receive allegations of breaches of the Code of Conduct by Authority Members. The Director of Legal & Governance acts as the Authority's Monitoring Officer and is governed by the professional standards set by the Solicitors' Regulation Authority.

The Authority's Data Protection Officer operates independently and without instruction from the Authority or the Strategic Management Board over the way she carries out tasks and is free from any conflicts of interest. She is consulted on any privacy issues before papers are submitted to the Chief Finance Officer and Monitoring Officer and attends formal SMB meetings to advise of progress and issues affecting privacy and transparency.

The Chief Finance Officer and Monitoring Officer are both members of the Strategic Management Board (SMB), helping to develop and implement strategy and to resource and deliver the Authority's strategic objectives.

***Core Principle B: Ensuring openness and comprehensive stakeholder engagement.***

**The Public Safety Plan 2020-25.** This is the Authority's Integrated Risk Management Plan that sets out the detailed future improvements of the services provided by the Authority to the community within the constraints that it faces whilst managing risk. The community was consulted and encouraged to engage in debating the issues and priorities set out in the plan, allowing the public to hold the Authority accountable for its decisions and actions in an open and transparent manner.

A fundamental element of the [Public Safety Plan 2020-25](#) is ensuring service delivery is linked closely to local requirements. A service delivery directorate plan covers the Milton Keynes and Buckinghamshire Area, supported by individual Station Plans. Operational staff work within the same teams as their protection and prevention colleagues leading to a more joined up approach.

The Public Safety Plan 2020-25 was approved by Buckinghamshire & Milton Keynes Fire Authority on 12 February 2020 following the outcomes of a [public consultation](#) which took place between 23 September and 18 November 2019. This plan supersedes the previous 2015-2020 plan and will take effect from April 2020.

**Fire Station Open Days and public engagement.** These facilitate engagement with the public with regards to the services we provide. To encourage communications with us, our privacy statement aims to reassure people how we will protect their privacy. It explains their rights to personal information we hold about them and how to access this. We have a [Subject Access Request](#) form on our website which people may choose to use to contact us although they may contact us in other ways if they prefer.

**Engagement with partners.** The Authority is represented on the Safer Buckinghamshire Partnership Board; the Safer MK Partnership; MK Together Management Board; Bucks Anti-slavery & Exploitation Network and the Bucks Healthy Communities Board. Officers are also engaged and involved in practitioner groups and fora where appropriate, ensuring public engagement and safety initiatives are focussed, effective and measured, whilst working with partner organisations with similar goals and objectives.

**Authority meetings.** The [meetings](#) of the Authority and its committee meetings are accessible to the public and the dates are published on the website as are the agendas and committee papers, minutes and decisions for those meetings and those of the [Thames Valley Fire Control Service Joint Committee](#) to which the Authority appoints 2 Members.

**Internal Boards.** To improve the effectiveness and transparency of decision making within the Authority there are internal, officer 'boards' aligned to the Authority committee structure. These comprise:

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

**The Joint Consultation Forum.** The objective of the Joint Consultation Forum is to continuously improve organisational performance by developing greater trust and increased job satisfaction through employee engagement. Its membership comprises a senior management representative, the Head of HR, an HR Officer (Employee Relations), the HR Development Manager and up to two representatives from each of the recognised Representative Bodies namely Fire Brigades Union, Fire Officers' Association,

and UNISON. The Forum facilitates joint examination and discussion of issues of mutual interest with the aim of seeking acceptable solutions to problems through a genuine exchange of views and information. Consultation does not remove the right of managers to manage – they must still make the final decision – but it does require that the views of employees will be sought and considered before significant decisions are taken.

***Core Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits.***

**Authority Corporate Plan.** The 2020-25 Corporate Plan sets out how the Authority intends to equip and develop the Service and its people to meet the challenges that we face over the next five years, in particular the need to:

- develop the Service to address the strategic context and priorities set out in our 2020-25 Public Safety Plan;
- address the 'Areas for Improvement' identified by Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) in their report on the findings from their first inspection of the Service undertaken in 2019.

The new plan will become effective following approval by the Authority at its 10 June 2020 meeting, succeeding the previous [2015-20 Corporate Plan](#).

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

- The Thames Valley Fire Control Service (hosted by Royal Berkshire Fire and Rescue Service) is overseen by a joint committee with Member representatives appointed by the three participating fire and rescue services, supported by Officers from the three services.
- The Authority is represented at Officer and Member level on the three levels of decision making bodies of the [Thames Valley Emergency Services Collaboration Programme](#).

- Firefighters Pension Administration is overseen by the Local Pension Board. The administrators (West Yorkshire Pension Fund) attend the Board on a quarterly basis to discuss emerging risks, issues and performance against key performance indicators.

***Core Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes.***

**Performance Management Framework.** The Authority is currently undertaking a review of its performance and development process with the aim of refreshing the appraisal process, ensuring it is fit for purpose and delivering effective performance reviews for all staff

These are the outcomes to be achieved from the review:

- That all staff will understand the key stages of the appraisal process and their role and responsibilities
- To enable managers to unlock the productivity and potential of employees
- All staff to understand the appraisal process and timings/deadlines
- All staff to understand how to complete the revised appraisal documentation
- Managers can set relevant, timely and role specific objectives that align to the organisation
- Enable staff to give and receive feedback through positive and challenging conversations

The pilot revised process is being launched in June 2020 and feedback will be sought from all staff, which will be evaluated and used to fully embed into the 2021/22 process.

**Medium Term Financial Plan.** This is approved annually by the Authority sets out the resources needed to deliver services.

**Corporate Risk Register** . This identifies controls to mitigate identified risks and is monitored on an on-going basis with reporting to every Strategic Management Board and to the Overview & Audit Committee.

**Departmental Risk Registers.** Each Directorate maintains its own risk register. These are reviewed on a quarterly basis by the Performance Management Board which considers whether there are any risks which require escalation to the Strategic Management Board for potential inclusion in the Corporate Risk Register. Corporate risks are also scrutinised by the Authority's [Overview and Audit Committee](#) at each of its meetings.

**Safeguarding.** The Service works to support and improve the lives of the most vulnerable people in its community in partnership with local safeguarding boards. Where safeguarding needs are identified, referrals are made in line with the safeguarding procedure, and escalation is used where an agency response is not in line with service expectations. Complex cases and those at heightened risk of fire through self-neglect or arson are supported through interaction between relevant agencies.

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

**Authority Constitutional Documents.** The Authority's [Standing Orders](#) define the roles and responsibilities of the Authority, Committees, Members and Officers and the protocols to be followed. The respective roles and responsibilities for members and officers are set out in the [Combination Order](#) (the statutory instrument that formed the Fire Authority in 1997). Members of the Authority are also members of either Buckinghamshire County Council or Milton Keynes Council. Some members may also be members of district councils with which we may be working, or voluntary agencies. Members are reminded of their responsibility to declare interests at each meeting. There is a [scheme of delegation](#) from the Authority to the Chief Fire Officer and statutory officers. The Chief Fire Officer is also the Chief Executive of the Authority.

There are two ordinary committees of the Fire Authority: the [Executive Committee](#), and the [Overview & Audit Committee](#).

**Member Development.** In 2019/20 five new members were appointed onto the Authority. Members are given an induction welcome pack, which includes information on the service's visions and values, Members' Allowances, Code of Conduct, Protocol on Member and Officer Relations, principal officers and a general overview of the service. New members are given an individual mentor, health and safety training and encouraged to visit their local Fire Station and spend time with the crews. Members have a training and development programme with regular workshops and a dedicated Member Support Officer.

Members supported the latest batch of new Apprentices, watching them train at Great Holm Fire Station and having an update visit to the Blue Light Hub. Members attend the Apprentices' Graduation Ceremony at the Fire Service College. Members also attended workshops after the Executive Committee and Overview and Audit Committee meetings in July 2019, to be given the Strategic Brief officers had given to Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS). Members attended

the LGA Leadership Essentials: Fire and Rescue Programme, which covered topics such as good governance, building safety following Grenfell, inclusion and diversity and political leadership.

**People Strategy.** The People Strategy's purpose is to deliver the Authority's goals by linking strategic aims to service-wide initiatives and projects. This approach aims to develop the organisation through the promotion of a culture of employee involvement, ownership, responsibility and trust. It also ensures our employees, alongside our partners and key stakeholders, can see how strategic aims are translated into day-to-day business, highlighting the importance of every person's contribution to achieving the Authority's vision.

The strategic framework highlights the five key areas supporting our overarching People Strategy; Equality, Diversity and Inclusion, Employee Engagement, Resourcing, Talent Management and Employee Wellbeing. Within each area there are a number of strategic outcomes which are aligned with the direction of the Service.

**Staff Development Process.** The Authority's talent management programme, continues to ensure replenished development pools at each level, resulting in staff with the required skills to fulfil the roles as and when needed.

A pilot scheme to identify and develop future leaders in the Service was successfully employed to recruit an interim replacement for the Head of Service Development, and a programme to support and develop newly recruited or promoted managers is ongoing.

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

**Succession planning.** Regular systematic and rigorous Strategic Workforce and Succession Planning processes are in place, which incorporate current Public Safety Plan requirements and horizon scanning of likely future external and internal challenges. Outcomes from these processes are subsequently translated into timely interventions to ensure the Authority continues to meet workforce capacity requirements and build capability. In addition, it provides opportunity to refresh the workforce through the identification of people; internal and where required external to fill identified key positions.

**Health and wellbeing.** The Wellbeing group is made up of employees from across the Service, who support employees using a range of initiatives. The Well-being strategy '*Start well, Work well and Age well*' was implemented in 2018 and has regularly been communicated to employees through various means such as the intranet; the Well-being Roadshows and the Health and Safety department update programme.

In addition to the internal and external physical and mental health support networks available to staff, 2019 saw the introduction of a network of Mental Health Champions and First Aiders across the organisation. The Critical Incident Stress Debriefing team has been replenished and trained in Trauma Support which replaces Critical Incident Stress Debriefing. Trauma Support will be launched in the very near future.

**Training Needs Analysis.** The 'TNA' process assesses the need for staff training at least annually. This TNA is translated into prioritised learning programmes, approved by the Training Strategy Group and scrutinised to ensure alignment with business priorities, business continuity succession plans and approved budgets.

**Fire Service College.** The Service entered a collaborative contract with The Fire Service College (the FSC) in 2017 which is due to continue until June 2022. A feature of the arrangement is that our instructors take the lead and run the FSC instructor courses. This ensures that our instructors keep up to date with best practice within other fire and rescue service, rather than becoming insular.

The FSC facilities are used to assess and maintain the competence of operational staff for Breathing Apparatus and 'Incident Command Level 1' and to deliver training on fire behaviour and road traffic collisions.

Refresher training and assessment for Incident Command Levels 2 and 3 is also covered in the arrangement with the FSC. This covers Station and Group Commanders.

The facilities at the FSC enable large scale exercises to be run which enables us to test and improve relationships with partner agencies, such as the South Central Ambulance Service and the Thames Valley Police keen to know when the next one is.

***Core Principle F: Managing risks and performance through robust internal control and strong public financial management.***

**Managing Data.** The Authority has a data management framework which includes a programme of auditing the quality and accuracy of data used in decision making and performance monitoring; a training programme; data quality policy; and procedures for identifying personal and other sensitive information, assessing the impact of systems, processes and procedures, and for sharing information with other agencies and members of the public. The Performance Management Board (PMB) reviews and challenges performance against targets and objectives.

The Authority uses encrypted email for the transmission of information outside of its Virtual Private Network (VPN) and has resilient back-up arrangements to assist in compliance and accountability to the confidentiality, integrity and availability of information.

**Overview & Audit Committee.** This committee reviews arrangements for identifying and managing the Authority's business risks and the approval or recommendation of policies in respect of the Authority's governance framework.

**Chief Finance Officer.** The Director of Finance & Assets ensures the sound administration of the financial affairs of the Authority, as required by the statutory duties associated with section 112 of the Local Government Finance Act 1988 and the Accounts and Audit Regulations 2015. The Chief Financial Officer is required to adhere to professional and ethical standards set by CIPFA.

**Risk Management Strategy.** This ensures that the Authority identifies strategic risks and applies the most cost-effective control mechanisms to manage those risks, and reduce impact on the service provided to the public.

**Business Continuity Management.** This is to ensure the Authority is resilient to interruptions which have the potential to adversely affect the delivery of core functions. The Authority's business continuity management processes include specific guidance for the management of pandemics. Under these arrangements, a 'Pandemic Management Group' was formed to act as a focal point for contingency planning in relation to the emerging Covid-19 pandemic outbreak from 14 February 2020. The business continuity management process was invoked with effect from 17 March 2020 to comply with Government guidance relating to the management of the pandemic.

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

***Core Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability***

**Pay Policy Statement**. This is reviewed at least annually (most recently approved by the Authority in February 2020) setting out its policies on the remuneration of its chief officers, the remuneration of its lowest paid employees and the relationship between the remuneration of its chief officers and the remuneration of its employees who are not chief officers.



**Gender Pay Gap Reporting.** This is reported annually to the Authority's Executive Committee. The Authority publishes six pieces of prescribed data about the pay and bonuses of male and female workers within the organisation. The report is published annually on the gov.uk and external website.

**Transparency Information.** Data is published on the website in accordance with the [Local Government Transparency Code](#) (latest version published February 2015) to promote openness and accountability through reporting on local decision making, public spending and democratic processes.

**Agendas, minutes and decisions.** These are published on the website and include the rationale and considerations on which decisions are based.

**Internal Audit.** Buckinghamshire Council Internal Audit service provides the internal audit function for the Authority and reports to the Overview & Audit Committee. Regulation 5 of the Accounts and Audit Regulations 2015 states that the Authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. Proper internal audit practices are defined in the Public Sector Internal Audit Standards 2017. The Chief Internal Auditor provides this opinion in an annual report on the System of Internal Control, which is used to inform the Authority's Annual Governance Statement.

**External Audit.** Ernst & Young LLP provides the external audit services to the Authority and reports regularly to the Overview and Audit Committee. They provide an opinion on whether the financial statements of the Authority give a true and fair view of the financial position and of the income and expenditure for the year. They also provide a conclusion on the Authority's arrangements to secure economy, efficiency and effectiveness, as well as reporting to the National Audit Office on the Authority's Whole of Government Accounts return.

**Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services.** The 'HMICFRS' [published the findings](#) from its inspection of the Service on 17 December 2019. The report identified 11 areas for improvement and one cause for concern accompanied by two recommendations. The Fire and Rescue Service National Framework requires fire and rescue services to give due regard to HMICFRS reports and recommendations. Where recommendations are made, the receiving Service is required to prepare, update and regularly publish an action plan detailing how such recommendations are actioned ([Fire and Rescue National Framework](#), section 7.5). The Service's [Action Plan](#) was published and approved by the Authority at its 12 February 2020 meeting

where it was also agreed that progress against the Action Plan be reported regularly to the Overview and Audit Committee, and onwards to the Authority.

**Statement of Assurance.** This provides staff, partners and local communities with an assurance that the Authority is doing everything it can to keep them safe and that it is providing value for money.

### **Review of effectiveness**

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

In addition, the Chief Internal Auditor's annual report, comments made by the external auditors (Ernst & Young), the Operational Assessment, other review agencies and inspectorates (referred to earlier) and the Overview & Audit Committee are all sources providing scrutiny and recommendations upon which the management have drawn to compile the action plan set out in Appendix B.

## Annex 1

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

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

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

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

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

**Opinion on the Authority's Internal Control Environment Summary:**

**"3.1 Based on the audit work undertaken, our experience and knowledge of previous years' performance and the current climate in which the Authority is operating, in my opinion the system of internal control provides reasonable assurance regarding the effective, efficient and economic exercise of the Authority's functions. Findings raised from the 2019/20 internal audit reviews have not identified any material weaknesses to the internal control framework. Overall, the Fire Authority has continued to demonstrate a robust and effective internal control and risk management environment.**

**3.2 The Chief Internal Auditor would like to acknowledge the report from Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) issued in December 2019 which concluded that the Fire Authority 'requires Improvement'. It should be noted that the conclusion of the inspection does not impact on my opinion on the adequacy and effectiveness of the Authority's internal control framework. However it should be recognised that the inspection has highlighted some fundamental risks that may impact the Authority's ability to achieve objectives. The Chief Internal Auditor is confident that Senior Officers in the Authority take the inspection findings seriously and with a strong improvement programme, clear deadlines and a robust governance framework which includes the Overview and Audit Committee scrutiny, the identified weaknesses will be addressed."**

## Conclusion

As a result of the extensive work undertaken by the management team in reviewing internal structures and reviewing roles and responsibilities as well as the introduction of new systems and processes, working together with the Chief Internal Auditor, the External Auditors and our own Audit Committee, a plan (see Appendix B) is in place to address the weaknesses identified and ensure continuous improvement of the governance system is in place. Appendix A sets out progress against the delivery of the 18/19 Annual Governance Statement action plan.

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

Signed ..... Date .....2020..

Lesley Clarke OBE - Chairman of the Buckinghamshire & Milton Keynes Fire Authority

Signed ..... Date .....2020..

Jason Thelwell – Chief Executive and Chief Fire Officer of the Buckinghamshire & Milton Keynes Fire Authority

This page is intentionally left blank

## Appendix A

### Significant Governance Issues addressed in 2019/20

	Issue	Action Plan (as per 2019/20 Statement – Appendix B)	Lead Officer	RAG Status	Comments	Target Date
1.	Public Safety Plan (PSP)	<p>During the early part of 2019/20 the Authority will produce a draft PSP. We will engage with and consult the public before finalising and approving the document in February 2020. The PSP will set the future strategic direction of the Service for the next five years and will be underpinned by other updated strategies, including the:</p> <ul style="list-style-type: none"> <li>• Corporate Plan</li> <li>• Financial Strategy (and Medium Term Financial Plan)</li> <li>• Capital Strategy</li> <li>• Procurement Strategy</li> <li>• A new Corporate Plan will also be developed to cover the term of the next PSP.</li> </ul>	Head of Service Development	Green	The 2020-25 PSP was approved by the Fire Authority on 12 February 2020 following the outcomes of a full public consultation. It will become effective from 1 April 2020.	1 April 2020 - Completed
2.	Independent Inspection of the Service	<p>Between May and July 2019, Her Majesty's Inspectorate of Constabulary and Fire &amp; Rescue Services (HMICFRS) will assess the effectiveness and efficiency of the Service. In addition, HMICFRS will also provide an opinion of how well the Service treats its people.</p> <p>The final report is expected to be issued in December 2019, at</p>	Head of Service Development	Green	Following publication of the HMICFRS' inspection report and action plan addressing the recommendations and areas for improvement was approved by the Authority on 12 February 2020. Ongoing progress in relation to the Action Plan will be monitored by the Overview and Audit Committee.	12 February 2020 - Completed

		which point the Service will develop an action plan to implement any required improvements and reinforce current successful working practices.				
3.	Review of Senior Management Team Structure	<p>As part of its ongoing succession planning process the Authority's has identified that two of the current team are due to retire during 2019/20.</p> <p>This provides an opportunity to review the size and structure of the team, as well as individual responsibilities and reporting lines. In addition it provides opportunities to review 'third tier' posts as part of the ongoing succession planning and retention programme. The aim is to revise the structure and invest savings in frontline operational posts.</p>	Chief Fire Officer/Chief Executive	Green	<p>In September 2019 a report was submitted to Fire Authority which set out the new Senior Management Team (SMT) structure, to deliver the Authority's Corporate and Public Safety Plans as efficiently and effectively as possible.</p> <p>The changes took into account the financial restraints on the Service, while creating capacity to address effectively issues arising from Her Majesty's Inspectorate of Constabulary and Fire &amp; Rescue Services inspection (HMICFRS).</p> <p>It looked towards the delivery of the 2020-2025 Public Safety Plan that was due for public consultation. The proposal was to maintain focus on continuous improvement whilst, consolidating areas of strength, and developing the supporting information technology and intelligence processes to be modern and efficient.</p>	September 2019 - completed



					<p>The main areas of change were:</p> <ul style="list-style-type: none"> <li>- Removal of the position of Director of People and Organisational Development (DPOD) and transfer these responsibilities to the Deputy Chief Officer/Chief Operating Officer (DCFO/COO);</li> <li>- Reallocation of some of the existing functions between the Heads of Service.</li> </ul> <p>The structure was designed to continue to deliver the Service in a focused way with a balance of responsibilities between SMT members, whilst providing some capacity to ensure continuing improvement. The proposals are cost neutral.</p> <p>The second line reporting review paper presented to the Strategic Management Board in January 2020 detailed amendments to reporting lines, and recommendations to 1) create a new post (Head of Technology, Transformation and PMO) and 2) remove the Head of Resources and Assets post when the current post holder retired at the end of March 2020. These changes</p>	
--	--	--	--	--	--	--

					were agreed and have been implemented and are being recruited to.	
4.	Blue Light Hub Joint Working Arrangements	<p>The new Blue Light Hub in Milton Keynes will be a shared facility between Bucks Fire and Rescue, Thames Valley Police and South Central Ambulance Service.</p> <p>Security and privacy is being risk assessed and a DPIA is being developed these will ensure adequate security arrangements are in place to protect information through robust access and monitoring controls.</p> <p>New governance arrangements will need to be constituted that oversee the management of the building, joint working practices and on-going cost sharing arrangements.</p>	Director of Finance and Assets	Amber	<p>Due to delays in the project, this objective has not been fully completed. The fire and rescue service commenced operations from the building on 30 June 2020. It is anticipated that Thames Valley Police and South-Central Ambulance Service will start operating from the building in the Autumn of 2020.</p> <p>Security and privacy continue to be form part of the occupation risk assessment. The cost sharing arrangement has been agreed and will be kept under review as part of the new governance arrangements to be implemented during the coming year.</p>	New target date September 2020
5.	Security – People, premises, information.	<p>All new, or significantly changed premises arrangements will be subject to DPIA and other security assessments.</p> <p>The Premises Security Group will continue to monitor arrangements for site security and make recommendations for improvements.</p>	Director of Legal & Governance	Green	The Blue Light Hub has been subject to a DPIA which will be maintained for the life of the project and thereafter for further reviews, particularly associated with surveillance arrangements.	

	<p>Records Management (Freedom of Information Act Section 46 - Code of Practice. (requires the Secretary of State to issue a code of practice providing guidance as to the practice which would, be desirable for the keeping, management and destruction of records).</p>	<p>Good records management supports all information legislation both in being able to release it and in protecting it from unauthorised disclosure. Throughout 2019/20:</p> <ul style="list-style-type: none"> <li>• The reorganisation of People &amp; Organisational Development presents an opportunity to review the records management procedures to improve compliance to information legislation and security in these areas.</li> <li>• Project management is largely a sub-set of records management. Work is needed for the expansion of project management controls across the Authority and stronger reporting arrangements.</li> <li>• A gap analysis will be carried out to determine progress against the the"12 Step" guidance from the Information Commissioner's Office (ICO) and gaps closed.</li> </ul>			<ul style="list-style-type: none"> <li>• A Head of Programme Management Office, Technology and Transformation is to be appointed. This will enable controls over what projects will be progressed</li> <li>• The "12 Step" guidance is subject to periodic review and gap analysis. Figures in ( ) refers to ( ) Step</li> </ul>	
--	--	---	--	--	--	--

					<p>(1) Raise awareness. A great deal of work was undertaken prior to the General Data Protection Regulation (GDPR) coming into force. As well as training for the Strategic Management Board (SMB) and other groups of employees the (11) Data Protection Officer (DPO) was appointed early in the process and attends formal SMB meetings to gain support and continue to raise awareness of GDPR issues.</p> <p>(2) 'Document everything' is an area we are still working on to ensure that all the data we hold, where it came from and with whom it is shared is adequately documented and will be reviewed as part of a GDPR audit planned for 2020/21.</p> <p>(3) Review current privacy notices. Privacy notices and (5) procedures. were reviewed and amended to ensure they reflect (4) the rights of individuals and how requests are handled and to ensure that (6) the lawful basis for processing personally identifiable information was identified, documented and explained.</p> <p>(7) Where consent is used these were reviewed and</p>	
--	--	--	--	--	---	--

		<ul style="list-style-type: none"> <li>• The records retention and destruction schedules need to be developed to include all record types held and records deleted /destroyed in line with listed timescales.</li> <li>• Files in shared network drives which remain unclaimed are deleted.</li> </ul>		<p>refreshed. (8) children's data is held and is frequently reviewed to ensure that the process is rigorous.</p> <p>(9) A process is in place for the detection, reporting and investigation of breaches of personal data. This is reviewed annually. (10) The measures for protecting personal data are determined early in the process to reduce the risk of a breach and Data Protection Impact Assessments (DPIA) are undertaken for all processes involving the handling of personal information.</p> <p>Step 12 does not apply as the Authority does not trade internationally.</p> <ul style="list-style-type: none"> <li>• Is an area we are still working on to ensure that all the data we hold, where it came from and with whom it is shared is adequately documented and will be reviewed as part of a GDPR audit planned for 2020/21.</li> <li>• Once all record types and their locations have been identified, all residual files will be deleted.</li> </ul>	
--	--	--	--	---	--

		<ul style="list-style-type: none"> <li>• The service documents records management project defines progress, and handover arrangements.</li> <li>• Records held on media found to be vulnerable to attack or obsolescence will be transferred to a more robust medium.</li> <li>• ROPA are developed to ensures that all processing activities are identified and tracked.</li> </ul>			<ul style="list-style-type: none"> <li>• As part of project closure a post implementation review has been planned for early 2020/21</li> <li>• The medium under which records are stored is recorded in departmental retention schedules and subject to periodic review.</li> <li>• The adequacy of 'Records of Processing Activity' will be reviewed as part of a GDPR audit planned for 2020/21</li> </ul>	
6	Annual Governance Statement	For the layout of the Annual Governance Statement 19/20 to be redesigned in order that it can be presented with reference to the 7 principles (A to G) as defined in the CIPFA/SOLACE 'Delivering Good Governance in Local Government: Framework (2016)'	Director of Legal & Governance	Green	Completed	July 2020

## Appendix B

### Significant Governance Issues to be addressed in 2020/21

	Issue	Action Plan	Lead Officer	Target Date
1.	Review and refresh of internal project and programme governance arrangements.	<p>The Service is in the process of forming a programme management office. Part of the remit of this new function will be to ensure the Service has effective oversight of all projects and programmes, and that these are started, progressed and closed-down in line with best practice.</p> <p>Internal governance has not been formally reviewed for a number of years. There may be an opportunity to streamline the number of meetings and ensure that all arrangements are proportionate to allow decisions to be taken at the most appropriate level.</p>	Director of Legal & Governance	March 2021
2.	Review of external partnership arrangements	<p>During the response and recovery phases of the COVID-19 pandemic, the Service has engaged with a large number of external partners across a range of activities. These, and other existing partnership arrangements, will be reviewed to ensure that:</p> <ul style="list-style-type: none"> <li>• partners maintain the same high standards of conduct with regard to financial administration and corporate governance that apply throughout the Authority</li> <li>• they are evaluated and contribute to the achievement of the Authority's objectives</li> </ul>	Director of Finance and Assets	March 2021
3.	Blue Light Hub Joint Working Arrangements	The new Blue Light Hub in Milton Keynes will be a shared facility between Bucks Fire and Rescue, Thames Valley Police and South Central Ambulance Service.	Director of Finance and Assets	September 2021

		<p>Security and privacy is being risk assessed and a DPIA is being developed these will ensure adequate security arrangements are in place to protect information through robust access and monitoring controls.</p> <p>New governance arrangements will need to be constituted that oversee the management of the building, joint working practices and on-going cost sharing arrangements.</p>		
4.	Information Security	<ul style="list-style-type: none"> <li>• The records retention and destruction schedules need to be developed to include all record types held and records deleted /destroyed in line with listed timescales.</li> <li>• Records Of Processing Activities are developed to ensure that all processing activities are identified and tracked.</li> </ul>	Director of Legal & Governance	September 2021





# Buckinghamshire & Milton Keynes Fire Authority

<b>MEETING</b>	Overview and Audit Committee
<b>DATE OF MEETING</b>	22 July 2020
<b>OFFICER</b>	Mark Hemming, Director of Finance & Assets
<b>LEAD MEMBER</b>	Chairman of Overview and Audit Committee
<b>SUBJECT OF THE REPORT</b>	<b>Letter of Management Representation 2019/20</b>
<b>EXECUTIVE SUMMARY</b>	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.
<b>ACTION</b>	Noting
<b>RECOMMENDATIONS</b>	That the Letter of Representation be noted.
<b>RISK MANAGEMENT</b>	The results of the audit give reassurance regarding entries in the accounts and value for money arrangements.
<b>FINANCIAL IMPLICATIONS</b>	No direct impact.
<b>LEGAL IMPLICATIONS</b>	The audit of the financial statements is a statutory requirement.
<b>CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE</b>	No direct impact.
<b>HEALTH AND SAFETY</b>	No direct impact.
<b>EQUALITY AND DIVERSITY</b>	No direct impact.
<b>USE OF RESOURCES</b>	No direct impact.
<b>PROVENANCE SECTION &amp; BACKGROUND PAPERS</b>	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 B.
<b>APPENDICES</b>	Annex A: Letter of Management Representation

	2019/20. Annex B: Understanding how the Overview and Audit Committee gains assurance from management.
<b>TIME REQUIRED</b>	10 minutes
<b>REPORT ORIGINATOR AND CONTACT</b>	Marcus Hussey <a href="mailto:mhussey@bucksfire.gov.uk">mhussey@bucksfire.gov.uk</a> 01296 744680



## Annex A

Ernst & Young  
Apex Plaza  
Forbury Road  
Reading  
RG1 1YE

Our ref: Letter of Representation 2019/20  
Enquiries to: Mark Hemming  
Direct line: 01296 744687  
Date: 22 July 2020  
Email: mhemming@bucksfire.gov.uk

Dear Neil,

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

This letter of representations is provided in connection with your audit of the financial statements of Buckinghamshire and Milton Keynes Fire Authority ("the Authority") for the year ended 31/03/2020. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the Authority financial position of **Buckinghamshire and Milton Keynes Fire Authority** as of 31/03/2020 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK 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 2019/20.



2. We acknowledge, as members of management of the Authority, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Authority in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20. We have approved the financial statements.
3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
4. As members of management of the Authority, we believe that the Authority has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, that are free from material misstatement, whether due to fraud or error.
5. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

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

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

#### **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: 05 February 2020.
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Authority's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the 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 2019/20.
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 2019/20.
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

This page is intentionally left blank





**Buckinghamshire**  
**FIRE & RESCUE SERVICE**  
*we save lives*

---

## Annex B

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

Your ref: 20 BMKFA/TCWG  
Enquiries to: Marcus Hussey  
Ext no: 177  
Direct line: 01296 744680  
Date: 22 July 2020  
E-mail: [mhussey@bucksfire.gov.uk](mailto:mhussey@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 triannual 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)

**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

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

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 2019-20?

**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 2019/20?

**Response:** The Authority has appointed a Monitoring Officer and a Data Protection Officer. The Monitoring Officer has discretion to commission an investigation and/or refer matters to the relevant authorities to investigate. In respect of potential or actual unlawful acts that relate to personal data, the Data Protection Officer has put in place a number of procedural documents which support the protection of information against unlawful disclosure. These include a data breach management process to encourage and instruct the reporting of data breaches, incidents or 'near misses'.

The Overview and Audit Committee is not aware of any instances of non-compliance in 2019/20

- 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 2019/20 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.

- 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

David Carroll

Chairman – Overview and Audit Committee

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

This page is intentionally left blank



# Buckinghamshire & Milton Keynes Fire Authority

<b>MEETING</b>	Overview and Audit Committee
<b>DATE OF MEETING</b>	22 July 2020
<b>OFFICER</b>	Mark Hemming, Director of Finance & Assets
<b>LEAD MEMBER</b>	Chairman of Overview and Audit Committee
<b>SUBJECT OF THE REPORT</b>	<b>Unaudited Statement of Accounts – Year ended 31 March 2020</b>
<b>EXECUTIVE SUMMARY</b>	The Authority must prepare, in accordance with proper practices in relation to accounts, a statement of accounts for each year.
<b>ACTION</b>	Noting
<b>RECOMMENDATIONS</b>	That the Unaudited Statement of Accounts for the financial year ended 31 March 2020 be noted.
<b>RISK MANAGEMENT</b>	No direct impact.
<b>FINANCIAL IMPLICATIONS</b>	No direct impact.
<b>LEGAL IMPLICATIONS</b>	The Statement of Accounts must, following consideration, be noted by the Committee.
<b>CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE</b>	No direct impact.
<b>HEALTH AND SAFETY</b>	No direct impact.
<b>EQUALITY AND DIVERSITY</b>	No direct impact.
<b>USE OF RESOURCES</b>	No direct impact.
<b>PROVENANCE SECTION &amp; BACKGROUND PAPERS</b>	None.
<b>APPENDICES</b>	Annex A: Unaudited Annual Financial Statements 2019/20

<b>TIME REQUIRED</b>	15 minutes
<b>REPORT ORIGINATOR AND CONTACT</b>	Marcus Hussey <a href="mailto:mhussey@bucksfire.gov.uk">mhussey@bucksfire.gov.uk</a> 01296 744680





# Unaudited Annual Financial Statements

for the year ending 31 March 2020



**Buckinghamshire**  
**FIRE & RESCUE SERVICE**  
*114 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.

Introduction.....	3
Narrative Statement .....	4
Statement of Responsibilities for the Statement of Accounts .....	19
Independent Auditor's Report to Members of Buckinghamshire and Milton Keynes Fire Authority ...	20
Statement of Accounting Policies .....	21
Movement in Reserves Statement .....	37
Comprehensive Income and Expenditure Statement .....	39
Balance Sheet .....	40
Cash Flow Statement .....	41
Notes to the Core Financial Statements.....	42
1 - Service Information – Expenditure and Funding Analysis.....	42
2 - Officers Remuneration .....	45
3 - Provision for Doubtful Debt .....	47
4 - Leases and Lease Type Arrangements .....	47
5 - Capital Financing Requirement.....	47
6 - Members Allowances .....	47
7 - Audit Fees.....	48
8 - Revenue Grants .....	48
9 - Related Parties .....	48
10 - Funding.....	51
11 - Non Current Assets.....	52
12 - Investment Property .....	55
13 - Movement of Intangible Fixed Assets .....	55
14 - Short Term Investments .....	55
15 - Inventories .....	56
16 - Short Term Debtors.....	56
17 - Cash and Cash Equivalents.....	56
18 - Short Term Borrowing and Creditors.....	56
19 - Provisions.....	57
20 - Long Term Borrowing .....	58
21 - Grants Received in Advance.....	58
22 - Finance Lease .....	58
23 - Usable Reserves.....	59
24 - Unusable Reserves .....	61
25 - Donated Assets Account.....	63
26 - Contingent Assets .....	63
27 - Contingent Liabilities .....	63
28 - Pension Schemes .....	64
29 - Financial Instruments .....	69
30 - Events after the Balance Sheet Date.....	74
31 - Notes to the Cash Flow Statement.....	75
Firefighters' Pension Fund Account.....	77
Notes to the Firefighters' Pension Fund Account .....	78
Glossary of Terms .....	80



# Introduction

## Welcome to our Annual Financial Statements

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

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

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

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

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

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

[https://bucksfire.gov.uk/documents/2020/03/vision\\_and\\_values\\_policy.pdf/](https://bucksfire.gov.uk/documents/2020/03/vision_and_values_policy.pdf/)

Chairman of the Overview and Audit Committee

Mark Hemming FCPFA

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

## **Narrative Statement**

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

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

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

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

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

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

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

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

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

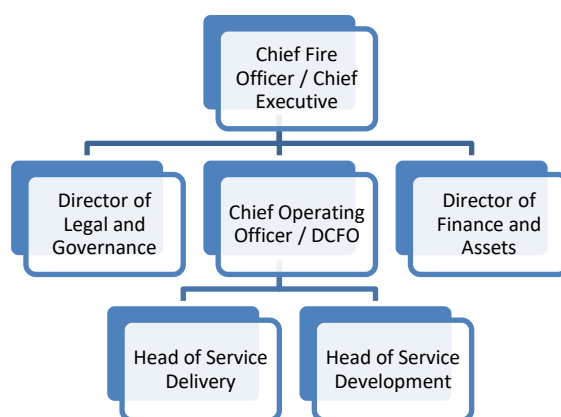
### An Introduction to Buckinghamshire and Milton Keynes Fire Authority

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

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

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

### Senior Management Structure



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

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

### 2015-2020 Public Safety Plan

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

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

## **The Efficiency Plan**

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

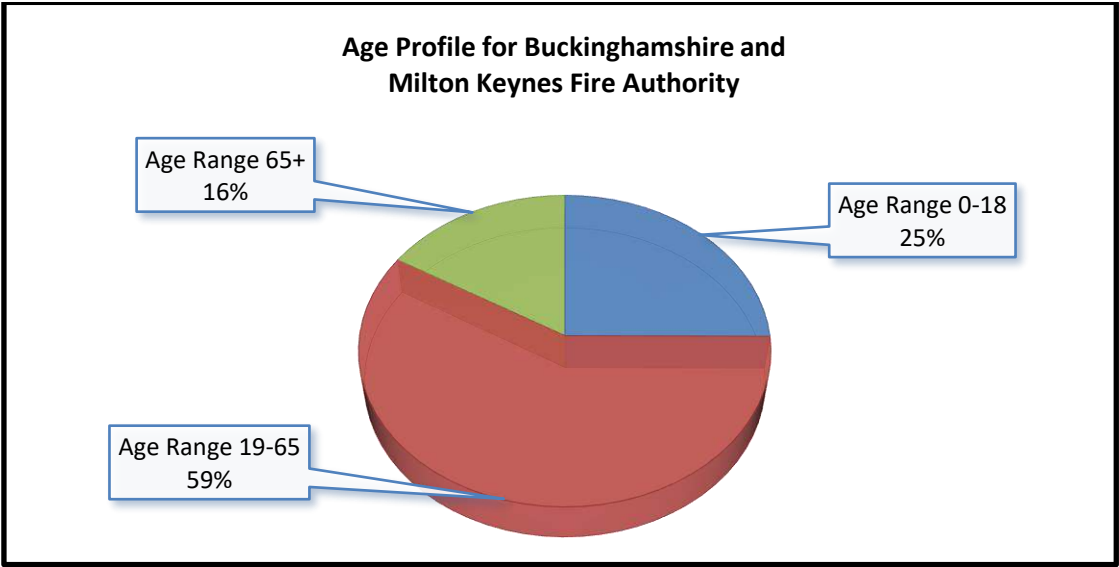
- A flexible approach to how the Authority prevents emergencies, protect life, properties and the environment and also respond when called upon.
- Improve the services and value that the Authority deliver to the public.

The Efficiency Plan can be viewed here:

[https://bucksfire.gov.uk/documents/2020/03/bmkfa\\_efficiency\\_plan.pdf/](https://bucksfire.gov.uk/documents/2020/03/bmkfa_efficiency_plan.pdf/)

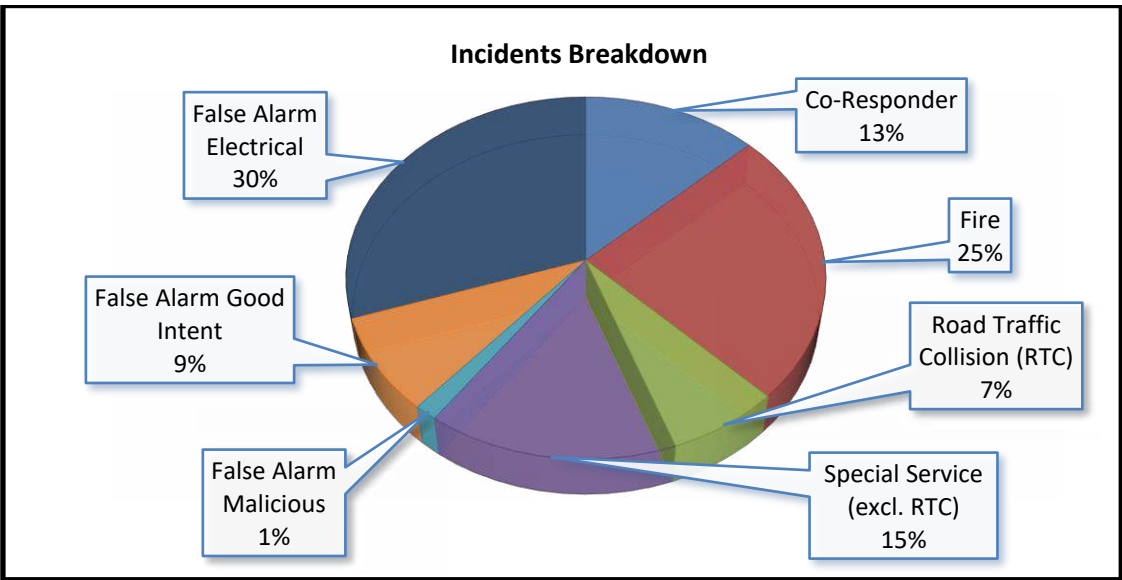
**Key Facts about the Authority**

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



**Incidents by type**

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



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

## Current Operational Resourcing



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

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

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

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

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

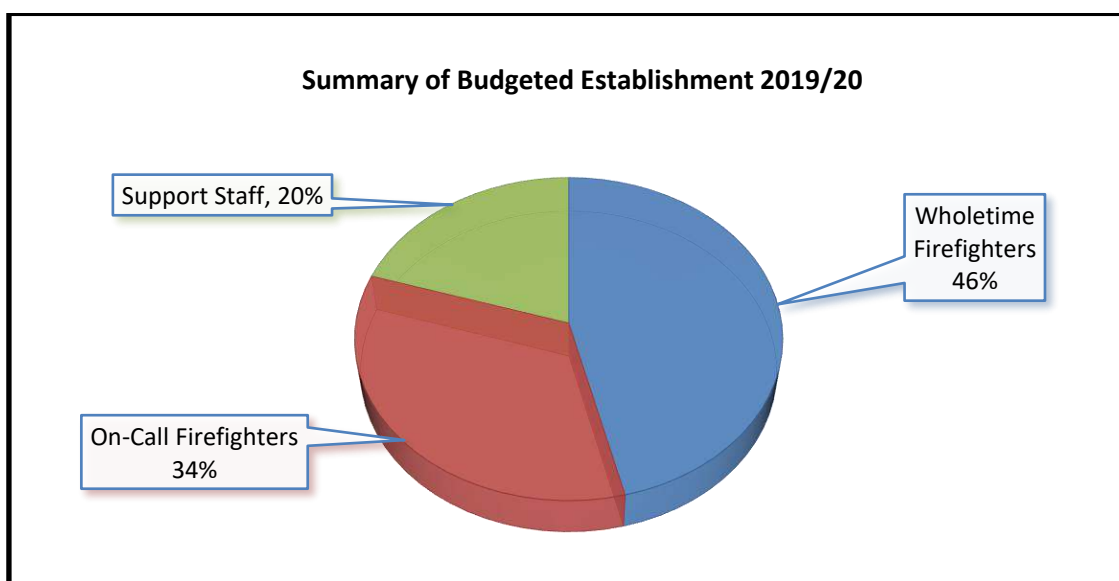
## Apprenticeships

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

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

## Establishment

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

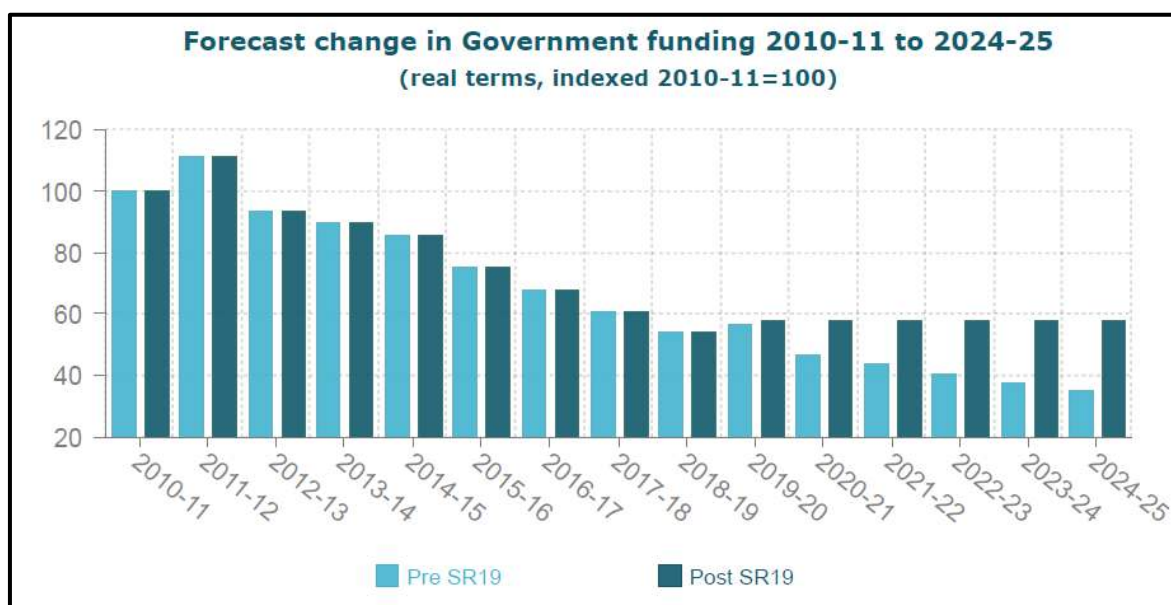


(Figures in the table above are based on full-time equivalents and exclude apprentices)

## Financial Performance in 2019/20

### Economic Climate

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



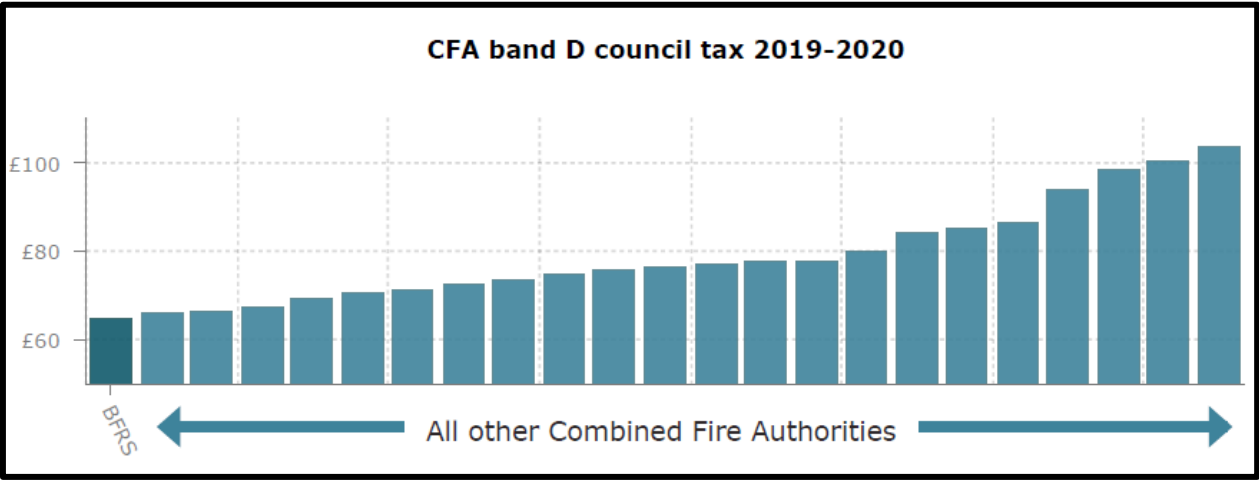
However, SR19 only covers a one-year time period, and future Comprehensive Spending Reviews may require these forecasts to be revisited. Also, despite the effect of efficiency measures already taken during the period 2015-2020, the Authority continue to face other financial uncertainties that potentially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

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



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

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



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

## **Budget Setting 2019/20**

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

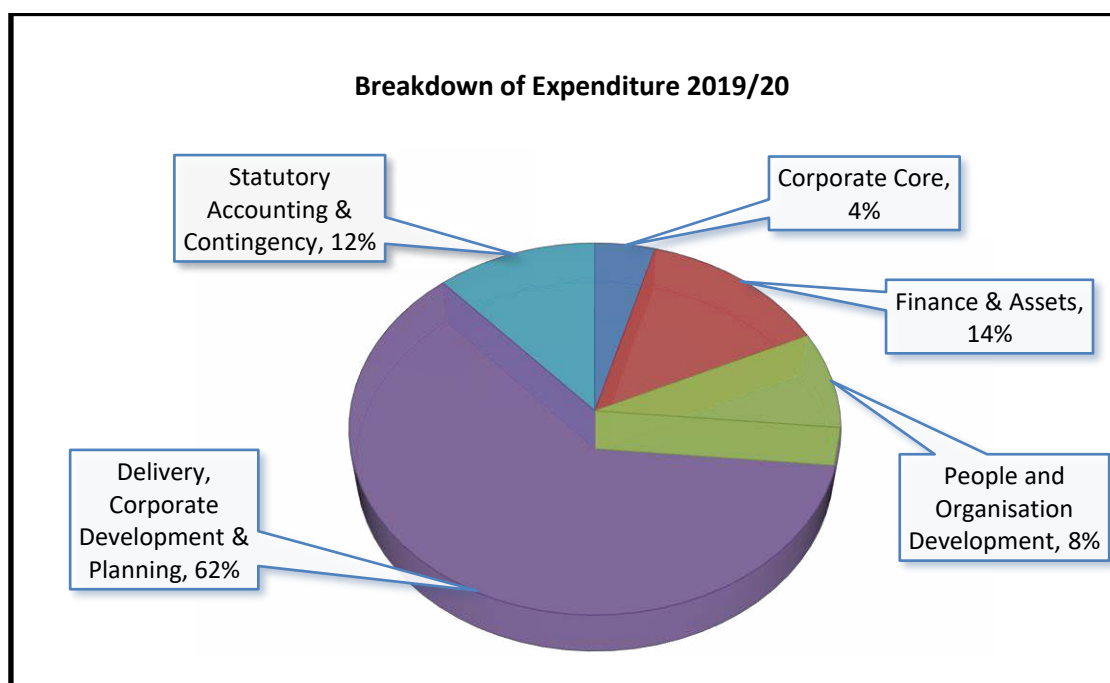
The remainder of total expenditure was funded through Central Government Grants, National Non-Domestic Rates (NNDR) redistribution and income for the recovery of costs from other agencies including grants for specific responsibilities such as Urban Search and Rescue Operations (USAR/New Dimensions).

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

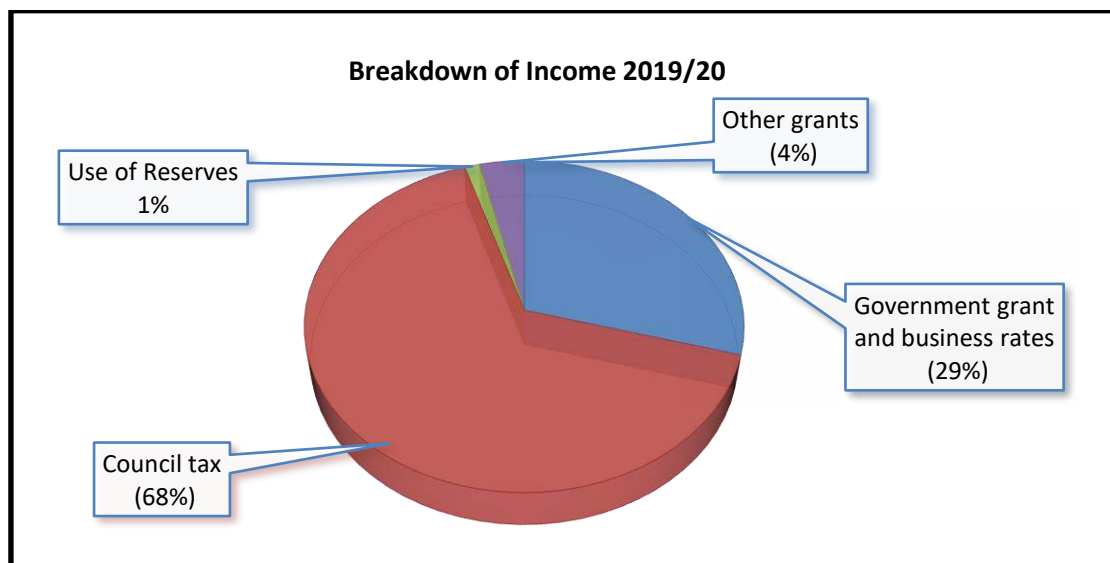
Specific items taken into account in setting the budget for 2019/20 included inflation and the increasing revenue cost for the capital programme. Amounts were also set aside as contingency to cover protected pay and other unknowns such as a national fire-fighters pay award. During the budget setting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

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

## **Breakdown of Expenditure 2019/20**



## Breakdown of Income 2019/20



## Revenue Outturn

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

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

## Capital Outturn

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

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

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

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

## Capital Programme 2019-2022

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

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

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

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

## **Reserves Balances**

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

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

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

## **Pension Fund Liability**

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

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

## Corporate Risks

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

<b>Risk Description</b>	<b>Consequence if untreated</b>	<b>Treatment of risk</b>
<p>Staff availability, emerging risks of;</p> <p>1/ Court of Appeal ruling on the McLeod/Sergeant cases. Potential for all affected staff retiring from the Service on or before March 2022</p> <p>2/ Staff inability to get to work due to external factors e.g. Pandemic Flu, disruption to fuel supplies etc.</p> <p>3/Impact of transformation at pace on attraction of new staff, retention and overall workforce stability.</p>	<p>Potential detrimental effects on service delivery to the community and our reputation.</p> <p>Failure to discharge statutory duties.</p> <p>Loss of critical knowledge / skills / capacity /competency levels.</p>	<ul style="list-style-type: none"> <li>- Full business continuity plans in place &amp; uploaded to Resilience Direct.</li> <li>- Peer review of the business continuity arrangements</li> <li>- Bank System</li> <li>- Flexi-Duty System Pilot</li> <li>- Staff Transfer Procedure</li> <li>- Employee assistance and welfare support</li> <li>- Training Needs Assessment process</li> <li>- Monitoring of staff 'stability ratio' relative to best practice and sector norms</li> <li>- Review of Resourcing and Retention strategies</li> <li>- Wider range of contracts offering more flexible ways of working</li> <li>- A variety of approaches are being adopted to replenish the workforce. These include more operational apprentices, transferees, and re-engagement options</li> <li>- Workforce planning data is regularly reviewed with Service delivery, HR and Finance.</li> <li>- Project on Strategic Review of Operational Resourcing is underway with a number of work-streams, including On-Call and Geographic station reviews</li> <li>- Growth bids to be considered to support future resourcing demands.</li> <li>- HR are reviewing the future promotion and career development options</li> </ul>
<p>Funding and Savings Requirement</p>	<p>The funding settlement now assumes that a council tax increase is required each year in line with the prevailing capping limit, currently 2% for the Fire Authority, and that local growth meets expectations.</p> <p>If either, or both, did not come to fruition then there is a risk the Authority will not meet its commitment to the PSP 2020 - 25 and that a fundamental re-think of service provision would be required.</p>	<p>Proactive management of the MTFP is in force and is very closely aligned to workforce planning.</p> <p>For the present, USAR (S31) grant funding is assumed to continue, though notification now seems to be year on year and often after budget setting. If removed, the Authority will need to cope with a circa £800k cut in funding.</p> <p>The Authority has responded to consultations and lobbied MPs to increase the referendum threshold for fire authorities to £5.</p>

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

**Coronavirus (COVID-19) Pandemic**

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

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

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

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

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



## **Statement of Responsibilities for the Statement of Accounts**

### **The Authority's Responsibilities**

The Authority is required to:

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

### **The Responsibilities of the Director of Finance and Assets**

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

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

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

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

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

### **Certificate of the Director of Finance and Assets**

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



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

Date: 31 May 2020

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

**External Audit to complete post audit.**

## **Statement of Accounting Policies**

### **i. General Principles**

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

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

### **ii. Accruals of Income and Expenditure**

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

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

### **iii. Acquisitions and Discontinued Operations**

There were no acquired or discontinued operations during the year.

### **iv. Cash and Cash Equivalents**

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

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

**v. Exceptional Items**

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

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

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

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

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

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

**vii. Charges to Revenue for Non-Current Assets**

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

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

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

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

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

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

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

**viii. Employee Benefits****Benefits Payable During Employment**

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

**Termination Benefits**

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

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

**Post Employment Benefits**

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

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

**Uniformed Firefighters**

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

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

Transactions in the Firefighters Pension Fund include:

Credits to the Pension Fund

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

Debits to the Pension Fund

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

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

Injury Awards

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

The Local Government Pension Scheme

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

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

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

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

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

Service cost comprising:

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

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

Remeasurements comprising:

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

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

#### Discretionary Benefits

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

#### **ix. Events After the Balance Sheet Date**

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

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

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

**x. Financial 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 2019/20.

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

Financial Assets - Loans and Receivables

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

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



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

#### **xi Foreign Currency Translation**

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

#### **xii. Heritage Assets**

The Authority does not hold any heritage assets.

#### **xiii. Government Grants and Contributions**

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

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

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

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

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

#### **xiv. Intangible Assets**

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

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

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

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

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

#### **xv. Interests in Companies and Other Entities**

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

#### **xvi. Inventories and Long Term Contracts**

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

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

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

#### **xvii. Investment Property**

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

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

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

#### **xviii. Jointly Controlled Operations and Jointly Controlled Assets**

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

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

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

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

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

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

## **xix. Leases**

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

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

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

### The Authority as Lessee

#### Finance Leases

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

Lease payments are apportioned between:

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

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

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

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

#### Operating Leases

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

#### The Authority as Lessor

##### Finance Leases

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

Lease rentals receivable are apportioned between:

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

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

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

#### Operating Leases

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

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

## **xx. Overheads and Support Services**

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

## **xxi. Property, Plant and Equipment**

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

### Recognition

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

### Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

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

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

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

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

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

### Impairment

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

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

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

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

### Depreciation

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

Depreciation is calculated on the following bases:

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

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

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

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

#### Disposals

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

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

### **xxii. Private Finance Initiative (PFI) and Similar Contracts**

The Authority has not entered into any PFI or similar contracts

### **xxiii. Provisions, Contingent Liabilities and Contingent Assets**

#### Provisions

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

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

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

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

#### Contingent Liabilities

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

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

#### Contingent Assets

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

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

#### **xxiv. Reserves**

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

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

#### **xxv. VAT**

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

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

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

#### **Critical Judgements in Applying the Accounting Policies**

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

The Fire Authority has taken a number of measures already and plans to do more to ensure that it continues to meet the priorities set out in the Public Safety Plan. For 2020/21 the Authority will continue to make further savings through a number of initiatives, which involve better ways of working and consolidating workforce plans to meet our vision for the longer term. The Authority are investing in more up-to-date technology, new ways of working and are pursuing avenues, which aim to share costs with our community partners and other fire authorities.



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

### **Use of Estimates and Judgements**

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Authority's Comprehensive Income and Expenditure Statement for 2019/20 and the Balance Sheet at 31 March 2020 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

- Depreciation (and amortisation of intangible assets) – the remaining useful lives of all assets are estimated. The Authority relies on the expertise of an external valuer to determine the lives of all building assets. The lives of vehicles, plant and equipment and intangible assets are based on historical experience and professional estimates. If the estimates were to differ from the actuals this would affect the level of depreciation and amortisation charged to the Comprehensive Income and Expenditure Statement, as well as the carrying amounts of non-current assets in the Balance Sheet. The carrying amounts of non-current assets as at 31 March 2020 was £52.999m. Total depreciation and amortisation for the year was £2.589m;
- Revaluations and Impairments – the value of non-current assets are reviewed annually by a qualified valuer based on the latest guidance from the Royal Institute of Chartered Surveyors 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 £1.147m upwards and £0.701m downwards;
- Pensions IAS 19 – Two employment tribunal cases were brought against the Government in relation to possible discrimination in the implementation of transitional protection following the introduction of the reformed 2015 public service pension schemes from 1 April 2015. Transitional protection enabled some members to remain in their pre-2015 schemes after 1 April 2015 until retirement or the end of a pre-determined tapered protection period. The claimants challenged the transitional protection arrangements on the grounds of direct age discrimination, equal pay and indirect gender and race discrimination.

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

The Government sought permission to appeal this decision but on 27 June 2019 the Supreme Court denied the Government's request for an appeal in the McCloud/Sargeant case. The Authority still have to wait for a remedy either be imposed by the Employment Tribunal or negotiated and applied to all public service schemes, so the outcome for the Police Pension Schemes is still unknown.

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

The results of this amended 31 March 2017 valuation were then rolled forward using the same approach as detailed in the 2018 and 2019 disclosures to 31 March 2019 and the increase in the liability is recorded as a past service cost. Changes in the liability arising from changes in assumptions in the 2019/20 accounts have been treated as an actuarial gain/loss within remeasurement of the defined benefit liability. A similar approach was also applied to the valuation of the Local Government Pension Scheme liability;

- Pensions Liability - the valuation of the liability is based on a number of actuarial assumptions (see Note 28). This figure is provided by an external actuary and is based upon actual contributions for the first 10 months and estimates calculated for the remaining two months for the Fire Fighter Pension Fund. The LGPS figure is also provided by an external actuary and based on actuals for the full 12 months. If the estimate was to differ from the actual it would result in a higher or lower pension liability and reserve figure on the Balance Sheet. The total pension liability as at 31 March 2020 was £286.440m;
- Financial Assets and Liabilities – further details about the assumptions made and the potential impact can be found in Note 29; and
- The Joint Control (revenue expenditure) split is based on the population, tax base and number of incidents attended for each Authority. Therefore the contribution agreed by each authority was as follow:
  - Buckinghamshire and Milton Keynes Authority – 32.7%
  - Royal Berkshire Fire Authority – 37.8%
  - Oxfordshire Fire Authority – 29.5%

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

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

### **Changes in Accounting Estimates**

There has been one change in existing accounting estimates during 2019/20, which relates to the pension liabilities. For 2019/20 the Authority provided a full 12 months actual data to the to the external actuary.

### **Standards Issued But Have Not Yet Been Adopted**

The standards introduced in the 2019/20 Code are:

- Amendments to IAS 28 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures
- Annual Improvements to IFRS Standards 2015–2017 Cycle
- Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement.

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

## Movement in Reserves Statement

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

	<b>General Fund Balance £000</b>	<b>Earmarked Reserves £000</b>	<b>Capital Receipts Reserve £000</b>	<b>Capital Grants Unapplied £000</b>	<b>Total Usable Reserves £000</b>	<b>Unusable Reserves £000</b>	<b>Total Authority Reserves £000</b>
<b>Balance at 31 March 2018 carried forward</b>	<b>(1,500)</b>	<b>(7,707)</b>	<b>(522)</b>	<b>-</b>	<b>(9,729)</b>	<b>245,929</b>	<b>236,200</b>
<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)
<b>Total Comprehensive Income and Expenditure</b>	<b>21,758</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,758</b>	<b>(1,071)</b>	<b>20,687</b>
Adjustments between accounting basis & funding basis under regulations (Note 23)	(19,948)	-	522	-	(19,426)	19,426	-
<b>Net (Increase) / Decrease before Transfers to Earmarked Reserves</b>	<b>1,810</b>	<b>-</b>	<b>522</b>	<b>-</b>	<b>2,332</b>	<b>18,355</b>	<b>20,687</b>
Transfers to/from Earmarked Reserves (Note 23)	(1,810)	1,810	-	-	-	-	-
<b>(Increase) / Decrease in 2018/19</b>	<b>-</b>	<b>1,810</b>	<b>522</b>	<b>-</b>	<b>2,332</b>	<b>18,355</b>	<b>20,687</b>
<b>Balance at 31 March 2019 carried forward</b>	<b>(1,500)</b>	<b>(5,897)</b>	<b>-</b>	<b>-</b>	<b>(7,397)</b>	<b>264,284</b>	<b>256,887</b>
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)

# Buckinghamshire & Milton Keynes Fire Authority – Statement of Accounts 2019/20

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
<b>Balance at 31 March 2019 carried forward</b>	<b>(1,500)</b>	<b>(5,897)</b>	-	-	<b>(7,397)</b>	<b>264,284</b>	<b>256,887</b>
<u>Movement in reserves during 2019/20</u>							
(Surplus) or deficit on the provision of services	10,513	-	-	-	10,513	-	10,513
Other Comprehensive Income and Expenditure	-	-	-	-	-	(37,499)	(37,499)
<b>Total Comprehensive Income and Expenditure</b>	<b>10,513</b>	-	-	-	<b>10,513</b>	<b>(37,499)</b>	<b>(26,986)</b>
Adjustments between accounting basis & funding basis under regulations (Note 23)	(8,254)	-	-	-	(8,254)	8,254	-
<b>Net (Increase) / Decrease before Transfers to Earmarked Reserves</b>	<b>2,259</b>	-	-	-	<b>2,259</b>	<b>(29,245)</b>	<b>(26,986)</b>
Transfers to/from Earmarked Reserves (Note 23)	(2,259)	2,259		-	-	-	-
<b>(Increase) / Decrease in 2019/20</b>	<b>-</b>	<b>2,259</b>	-	-	<b>2,259</b>	<b>(29,245)</b>	<b>(26,986)</b>
<b>Balance at 31 March 2020 carried forward</b>	<b>(1,500)</b>	<b>(3,639)</b>	-	-	<b>(5,139)</b>	<b>235,041</b>	<b>229,902</b>
Amounts held for revenue purposes	(1,500)	(2,197)	-	-	(3,697)	286,447	282,750
Amounts held for capital purposes	-	(1,442)	-	-	(1,442)	(51,406)	(52,848)

## Comprehensive Income and Expenditure Statement

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

2018/19				2019/20		
Expenditure £000	Income £000	Net £000		Expenditure £000	Income £000	Net £000
1,912	(16)	1,896	Corporate Core	1,435	(13)	1,422
4,254	(403)	3,851	Finance & Assets	5,456	(317)	5,139
4,100	(89)	4,011	People & Organisation Development	3,024	(103)	2,921
35,610	(130)	35,480	Delivery, Corporate Development & Planning	23,817	(165)	23,652
1,033	-	1,033	Statutory Accounting and Contingency	1,156	-	1,156
<b>46,909</b>	<b>(638)</b>	<b>46,271</b>	<b>(Surplus) or Deficit on Continuing Operations (Note 1)</b>	<b>34,888</b>	<b>(598)</b>	<b>34,290</b>
-	(64)	(64)	<u>Other Operating Expenditure</u> (Gain)/losses on disposals of non-current assets	-	(88)	(88)
<b>-</b>	<b>(64)</b>	<b>(64)</b>	<b>Total Other Operating Expenditure</b>	<b>-</b>	<b>(88)</b>	<b>(88)</b>
314	-	314	<u>Financing and Investment Income and Expenditure</u> Interest payable and similar charges (Note 29)	312	-	312
-	(226)	(226)	Interest and Investment income (Note 29)	-	(202)	(202)
6,476	-	6,476	Pension interest cost (Note 28)	9,005	-	9,005
<b>6,790</b>	<b>(226)</b>	<b>6,564</b>	<b>Total Financing and Investment Income and Expenditure</b>	<b>9,317</b>	<b>(202)</b>	<b>9,115</b>
-	(19,117)	(19,117)	<u>Taxation and Non-Specific Grant Income</u> Precepts	-	(20,027)	(20,027)
-	(6,133)	(6,133)	General Government Grants	-	(4,716)	(4,716)
-	(5,763)	(5,763)	Non Domestic Rates redistribution	-	(5,791)	(5,791)
-	-	-	Non Government contributions	-	(2,270)	(2,270)
<b>-</b>	<b>(31,013)</b>	<b>(31,013)</b>	<b>Total Taxation and Non-Specific Grant Income (Note 10)</b>	<b>-</b>	<b>(32,804)</b>	<b>(32,804)</b>
<b>53,699</b>	<b>(31,941)</b>	<b>21,758</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>44,205</b>	<b>(33,692)</b>	<b>10,513</b>
		(1,990)	(Surplus) or Deficit on revaluation of fixed assets (Note 24e)			(446)
		919	Remeasurement of net defined liability (Note 24d)			(37,053)
		<b>(1,071)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(37,499)</b>
		<b>20,687</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(26,986)</b>

## Balance Sheet

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

31 March 2019		31 March 2020
£000	Balance Sheet	£000
	<u>Property, Plant and Equipment</u>	
34,060	Land & Buildings	33,216
5,230	Vehicles, Plant & Equipment (including Donated Assets)	4,952
7,901	Assets under construction	14,542
<b>47,191</b>	<b>Total Property, Plant &amp; Equipment (Note 11a)</b>	<b>52,710</b>
175	Investment Property (Note 12)	183
212	Intangible Assets (Note 13)	106
<b>47,578</b>	<b>Non-Current Assets</b>	<b>52,999</b>
14,076	Short Term Investments (Note 14)	12,078
191	Inventories (Note 15)	214
5,887	Short Term Debtors (Note 16)	4,424
928	Cash and Cash Equivalents (Note 17)	1,764
<b>21,082</b>	<b>Current Assets</b>	<b>18,480</b>
(80)	Short Term Borrowing (Note 18)	(81)
(3,760)	Short Term Creditors (Note 18)	(3,922)
(401)	Provision for Accumulated Absences (Note 19)	(399)
-	Provision - Part Time Workers (Note 19)	-
(869)	Provision - VR/Special Payments (Note 19)	(537)
(881)	NNDR Appeals Provision (Note 19)	(871)
(792)	Injury Pensions Provision (Note 19)	(396)
<b>(6,783)</b>	<b>Current Liabilities</b>	<b>(6,206)</b>
(6,797)	Long Term Borrowing (Note 20)	(6,797)
	<u>Other Long Term liabilities</u>	
-	Capital Grants Received in Advance (Note 21)	-
(389)	Revenue Grants Received in Advance (Note 21)	(347)
(1,639)	Finance Lease (Note 22)	(1,591)
-	Donated Asset Account (Note 25)	-
(309,940)	Liability related to the Defined Benefit Pension Scheme (Note 28)	(286,440)
<b>(311,968)</b>	<b>Total Other Long Term Liabilities</b>	<b>(288,378)</b>
<b>(318,765)</b>	<b>Long Term Liabilities</b>	<b>(295,175)</b>
<b>(256,888)</b>	<b>Net Assets</b>	<b>(229,902)</b>
	<u>Reserves</u>	
(7,397)	Usable Reserves (Note 23)	(5,139)
264,285	Unusable Reserves (Note 24)	235,041
<b>256,888</b>	<b>Total Reserves</b>	<b>229,902</b>

## Cash Flow Statement

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

2018/19		2019/20
£000	Cash Flow Statement	£000
(21,758)	Net surplus or deficit on the provision of services	(10,513)
25,464	Adjust for non-cash movements	17,019
(3,062)	Adjust for items that are investing or financing activities	(130)
<b>644</b>	<b>Net Cash Flow from Operating Activities</b>	<b>6,376</b>
(3,717)	Investing Activities	(5,493)
(47)	Financing Activities	(47)
<b>(3,120)</b>	<b>Net Increase or decrease in cash and cash equivalents</b>	<b>836</b>
4,048	Cash and Cash equivalents at the beginning of the reporting period	928
<b>928</b>	<b>Cash and Cash equivalents at the end of the reporting period</b>	<b>1,764</b>

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

## Notes to the Core Financial Statements

### 1 - Service Information – Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's directorates/services/departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2018/19			Expenditure and Funding Analysis	2019/20		
Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	Services	Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
1,255	641	1,896	Corporate Core	1,166	256	1,422
3,448	403	3,851	Finance and Assets	4,782	357	5,139
2,663	1,348	4,011	People and Organisational Development	2,492	429	2,921
20,462	15,018	35,480	Delivery, Corporate Development & Planning	20,146	3,506	23,652
1,033	-	1,033	Statutory Accounting and Contingency	1,156	0	1,156
<b>28,861</b>	<b>17,410</b>	<b>46,271</b>	<b>Net Cost of Services</b>	<b>29,742</b>	<b>4,548</b>	<b>34,290</b>
(26,529)	2,016	(24,513)	Other Income and Expenditure	(27,483)	3,706	(23,777)
<b>2,332</b>	<b>19,426</b>	<b>21,758</b>	<b>Surplus or Deficit</b>	<b>2,259</b>	<b>8,254</b>	<b>10,513</b>
(9,729)			Opening General Fund Balance	(7,397)		
2,332			Less/Plus Surplus or (Deficit) on General Fund	2,259		
<b>(7,397)</b>			<b>Closing General Fund Balance at 31 March</b>	<b>(5,139)</b>		

#### 1a – Adjustments between Funding and Accounting Basis

2019/20				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net Change for Pension Adjustments	Other Differences	Total Adjustments
£000	£000	£000	£000	£000
Corporate Core	-	256	-	256
Finance and Assets	-	357	-	357
People and Organisational Development	-	429	-	429
Delivery, Corporate Development & Planning	-	3,506	-	3,506
Statutory Accounting and Contingency	-	-	-	-
<b>Net Cost of Services</b>	<b>-</b>	<b>4,548</b>	<b>-</b>	<b>4,548</b>
Other Income and Expenditure from the EFA Analysis	(5,299)	9,005	-	3,706
<b>Differences between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>(5,299)</b>	<b>13,553</b>	<b>-</b>	<b>8,254</b>



For comparison, the following table sets out the disclosures for adjustments between funding and accounting basis during 2017/18:

<b>Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts</b>	<b>Adjustments For Capital Purposes</b>	<b>2018/19</b>		<b>Total Adjustments</b>
		<b>Net Change for Pension Adjustments</b>	<b>Other Differences</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
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	-	-	-	-
<b>Net Cost of Services</b>	<b>-</b>	<b>17,410</b>	<b>-</b>	<b>17,410</b>
Other Income and Expenditure from the EFA Analysis	(4,460)	6,476	-	2,016
<b>Differences between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>(4,460)</b>	<b>23,886</b>	<b>-</b>	<b>19,426</b>

### **Adjustments for Capital Purposes**

- Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:
  - Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
  - Financing and investment income and expenditure** – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
  - Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

### **Net Change for the Pensions Adjustments**

- Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:
  - For **services** this represents the removal of the employer pension contributions made by the Authority as allowed by statute and the replacement with current service costs and past service costs.
  - For **Financing and investment income and expenditure** the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
  - The charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognized under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.
  - The **Accumulated Absences Account** absorbs the differences that would otherwise arise on the General Fund Balance from accruing for Compensated Absences earned but not taken in the year.

## Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- **For Financing and investment income and expenditure** - the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.

## Segmental Income

2018/19		2019/20
£000	Income from Services	£000
(16)	Corporate Core	(13)
(403)	Finance and Assets	(317)
	People and Organisational	
(89)	Development	(103)
	Delivery, Corporate	
(130)	Development & Planning	(165)
	Statutory Accounting and	
-	Contingency	-
<b>(638)</b>	<b>Net Cost of Services</b>	<b>(598)</b>

## Expenditure and Income Analysed by Nature

The Authority's expenditure and income is analysed as follows:

2018/19		2019/20
£000	Expenditure/Income	£000
(638)	Fees, charges & other service income	(598)
(226)	Interest and investment income	(202)
(19,117)	Income from Council Tax	(20,027)
(11,896)	Government grants and contributions	(12,777)
(64)	Gain or loss on disposal of non current assets	(88)
<b>(31,941)</b>	<b>Total Income</b>	<b>(33,692)</b>
19,386	Employee Expenses	21,420
7,060	Other Operating Expenses	6,308
-	Support Service Recharges	-
3,053	Depreciation, amortisation and impairment	2,612
314	Interest payments	312
23,886	Pensions interest cost and return on Pension Fund assets	13,553
-	Gain or loss on disposal of non- current assets	-
<b>53,699</b>	<b>Total Operating Expenses</b>	<b>44,205</b>
<b>21,758</b>	<b>Surplus (-) or deficit on the provision of services</b>	<b>10,513</b>

## **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.

<b>2018/19</b>		<b>2019/20</b>
<b>£000</b>	<b>Remuneration Band</b>	<b>£000</b>
16	£50,000 - £54,999	27
12	£55,000 - £59,999	17
4	£60,000 - £64,999	12
3	£65,000 - £69,999	1
2	£70,000 - £74,999	4
2	£75,000 - £79,999	1
1	£80,000 - £84,999	1
1	£85,000 - £89,999	
	£90,000 - £94,999	1
1	£95,000 - £99,999	1
2	£100,000 - £104,999	
	£105,000 - £109,999	1
1	£120,000 - £124,999	
	£124,000 - £129,999	1
1	£145,000 - £149,999	
	£150,000 - £154,999	1
<b>46</b>	<b>Total</b>	<b>68</b>

The following table sets out the remuneration disclosures for senior officers during 2019/20. All posts holders are included within the remuneration bands shown on the previous page.

<b>Post Holder</b>	<b>Salary including Fees and Allowances</b>	<b>Benefits in Kind e.g. Car Allowance</b>	<b>Other Payments</b>	<b>Compensation for Loss of Office</b>	<b>Total Remuneration Excluding Pension Contributions</b>	<b>Pension Contributions</b>	<b>Total Remuneration Including Pension Contributions</b>	<b>Notes</b>
Chief Fire Officer and Chief Executive	150,850	-	-	-	<b>150,850</b>	42,971	<b>193,821</b>	
Chief Operating Officer	125,555	-	-	-	<b>125,555</b>	36,160	<b>161,715</b>	
Head of Service Delivery	96,124	-	-	-	<b>96,124</b>	36,101	<b>132,225</b>	
Head of Service Development	97,673	-	-	-	<b>97,673</b>	30,864	<b>128,538</b>	1
Director of People and Organisational Development	32,128	3,182	-	-	<b>35,310</b>	4,980	<b>40,290</b>	2
Director of Finance and Assets & Chief Finance Officer	87,745	5,000	-	-	<b>92,745</b>	13,600	<b>106,346</b>	
Director of Legal and Governance	95,454	12,646	-	-	<b>108,101</b>	14,795	<b>122,896</b>	
<b>Total</b>	<b>685,530</b>	<b>20,828</b>	-	-	<b>706,358</b>	<b>179,472</b>	<b>885,830</b>	

Notes

- 1 - Two different post holders during the year
- 2 - Post holder retired and not replaced

For comparison, the following table sets out the remuneration disclosures for senior officers during 2018/19:

<b>Post Holder</b>	<b>Salary including Fees and Allowances</b>	<b>Benefits in Kind e.g. Car Allowance</b>	<b>Other Payments</b>	<b>Compensation for Loss of Office</b>	<b>Total Remuneration Excluding Pension Contributions</b>	<b>Pension Contributions</b>	<b>Total Remuneration Including Pension Contributions</b>	<b>Notes</b>
Chief Fire Officer and Chief Executive	145,562	-	-	-	<b>145,562</b>	20,815	<b>166,377</b>	
Chief Operating Officer	122,755	-	-	-	<b>122,755</b>	17,284	<b>140,039</b>	
Head of Service Delivery	118,718	-	-	-	<b>118,718</b>	24,785	<b>143,503</b>	1
Head of Service Development	96,177	-	-	-	<b>96,177</b>	20,870	<b>117,047</b>	
Director of People and Organisational Development	93,124	8,886	-	-	<b>102,010</b>	14,434	<b>116,444</b>	
Director of Finance and Assets & Chief Finance Officer	85,453	5,473	-	-	<b>90,926</b>	13,245	<b>104,171</b>	2
Director of Legal and Governance	93,124	11,423	-	-	<b>104,547</b>	14,434	<b>118,981</b>	
<b>Total</b>	<b>754,913</b>	<b>25,782</b>	-	-	<b>780,695</b>	<b>125,867</b>	<b>906,562</b>	

Notes

- 1 & 2 - Two different post holders during the year

### Exit Packages

There were no exit packages in 2019/20.

### **3 - Provision for Doubtful Debt**

The provision for doubtful debts is £0 as at 31 March 2020 (£0 as at 31 March 2019).

### **4 - Leases and Lease Type Arrangements**

The operating leases held by the Authority apply to lease vehicles and radio communications equipment. The lease rentals paid during the year amounted to £232k (£218k in 2018/19). The estimated un-discharged obligations under the operational lease agreements are shown in the table below:

2018/19			2019/20		
Vehicles Plant and Equipment £000	Land and Buildings £000	Years Operational Lease Remaining	Vehicles Plant and Equipment £000	Land and Buildings £000	
144	83	0 - 1 years	123	83	
289	320	2 - 5 years	181	330	
-	299	6 years and onwards	-	227	
<b>433</b>	<b>702</b>	<b>Total</b>	<b>304</b>	<b>640</b>	

The finance lease held by the Authority is for the sale and leaseback of the Gerrards Cross houses with London Quadrant (previously Opus Housing). The Authority has included the finance lease as a long-term liability. The finance lease is detailed in Note 22.

### **5 - Capital Financing Requirement**

The table below shows the effect of capital expenditure on the Authority's capital financing requirement.

2018/19		2019/20
£000		£000
<b>1,684</b>	<b>Opening Capital Financing Requirement</b>	<b>1,637</b>
	<u>Capital Investment</u>	
7,658	Property Plant and Equipment	7,579
-	Intangible Assets	-
	<u>Sources of Finances</u>	
(586)	Capital Receipts	(88)
-	Donated Assets	-
(7,072)	Government Grants and Contributions	(7,491)
(47)	Revenue Funding including MRP	(47)
-	Voluntary Minimum Revenue Provision	-
-	Other Adjustments	-
<b>1,637</b>	<b>Closing Capital Financing Requirement</b>	<b>1,590</b>
	<u>Explanation of movements in year</u>	
(47)	Increase in the underlying need to borrow (supported by Government financial assistance)	(47)
<b>(47)</b>	<b>Increase/(Decrease) in Capital Financing Requirement</b>	<b>(47)</b>

### **6 - Members Allowances**

Total allowances paid in 2019/20 to 21 Members amounted to £61k (2018/19 amounted to £64k and 21 Members).

## 7 - Audit Fees

Fees paid during the year to Ernst & Young LLP, the Authority's external auditor, for work on external audit and on inspection are set out in the table below. Please note that the actual fees are £24k with the remaining £2k relating to a scale variation fee for the previous year's audit.

2018/19		2019/20
£000	Audit Fees	£000
29	Scale fee for audit work	26
1	National Fraud Initiative (NFI)	-
<b>30</b>	<b>Total</b>	<b>26</b>

## 8 - Revenue Grants

Section 31 grants received from the Department for Communities and Local Government (DCLG) by the Authority are detailed below. The grants are not ring-fenced but are given for specific streams of work. As the grants are not ring-fenced, they are shown within Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Statement.

2018/19		2019/20
£000	Revenue Grant Applied	£000
(817)	New Dimension (Urban Search and Rescue)	(817)
(281)	Firelink	(290)
-	Pension Fire Grant	(1,209)
-	COVID-19	(91)
-	ESMCP	(12)
-	Transparency Grant	(7)
-	S106. Funding	(4)
<b>(1,098)</b>	<b>Total</b>	<b>(2,430)</b>

The New Dimension grant funds the national resilience capability provided by the Urban Search and Rescue team. Firelink funding contributes to the cost of communications within the control room.

## 9 - Related Parties

The Authority is required to disclose material transactions with related parties: bodies or individuals that have the potential to control or influence the Authority, or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

As at April 2015, the Joint Control Room became operational and operates from Royal Berkshire Fire Authority premises. All control functions are controlled jointly by Buckinghamshire and Milton Keynes Fire Authority (BMKFA), Oxfordshire Fire and Rescue and Royal Berkshire Fire Authority with the control room based in Theale, Reading.

The capital assets for the Joint Control are recognised as an equal third on the balance sheet. The net book value as at 31 March 2020 is £0.249m of which BMKFA share is £0.083m.

The revenue expenditure split is based on the Joint control policy stated in the accounting estimates section. The total expenditure for 2019/20 was £2.230m from which BMKFA contributed £0.729m.

As of April 2016, Buckinghamshire and Milton Keynes Fire Authority was appointed as the treasurer for the ESMCP project and the funding was held on behalf of Royal Berkshire, Oxfordshire, Hampshire and Isle of Wight Fire Services.

### Central Government

Central Government is responsible for providing the statutory framework within which the Authority operates and prescribes the terms of many of the transactions that the Authority has with other parties. It also provided direct financial support in 2019/20 to the Authority.

### Other Public Bodies

Buckinghamshire County Council provides Internal Audit Services, LGPS Pensions administration Services and SAP legacy access. The Authority provides accommodation to the South Central Ambulance Service and Thames Valley Police.

The Authority has entered into local public service agreements with all six councils within its geographic boundaries. The Authority is using these agreements to build capacity within its Community Fire Safety department so that it can contribute along with its partners to the shared vision of creating a safer Buckinghamshire and Milton Keynes.

A Memorandum of Understanding (MOU) was agreed with Royal Berkshire and Oxfordshire Fire & Rescue Service which set out a formal arrangement for collaborating with the neighbouring Thames Valley Fire and Rescue Services.

A MOU has been established for a number of years with Hampshire Fire & Rescue Service and provides a cost effective way for the Authority to deliver a notable element of an USAR mobilisation that complies with the national requirements.

### Members of the Authority

Members have direct control over the Authority's financial and operational policies. However, any contracts entered into are in full compliance with the Authority's standing orders and any decisions are made with proper consideration of declarations of interest. Details of any material interests are recorded in the Register of Members' Interests, which is open to public inspection. All Members have been asked to declare any related party transactions. From the replies provided there are no such transactions to be declared.

### Senior Officers of the Authority

Senior Officers have control over the day-to-day management of the Authority. All Senior Officers have been asked to declare any related party transactions. From the replies provided there are no such transactions to be declared.

### Assisted Organisations

The Authority provides funding to the Safety Centre Milton Keynes of £0.025m per annum. The Authority is one of a number of funders. An officer of the Authority is one of seven trustees of the centre, which is a registered charity. However, during 2019/20 this officer retired. The Authority does not have a significant influence over the running of the centre.

Training Partnership – Fire Service College

The partnership underpins the Service's Training Strategy and Framework for Training, Learning and Development. It will provide the Authority with external assurance that training and exercising in BMKFRS is being delivered and assessed to a CFOA endorsed nationally recognised standard.

Companies and Joint Ventures

The Authority does not have any interests in companies outside of its normal contractual arrangement.



## **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.

<b>2018/19</b>		<b>2019/20</b>
<b>£000</b>	<b>Funding</b>	<b>£000</b>
(4,568)	Aylesbury Vale District Council	(4,839)
(2,844)	Chiltern District Council	(2,900)
(5,341)	Milton Keynes Council	(5,617)
(2,023)	South Buckinghamshire District Council	(2,206)
(4,341)	Wycombe District Council	(4,465)
<b>(19,117)</b>	<b>Total Precepts</b>	<b>(20,027)</b>
(2,793)	Revenue Support Grant	(2,286)
(1,098)	General Revenue Grants (Note 8)	(2,430)
(2,242)	Capital Grants	-
<b>(6,133)</b>	<b>Total General Government Grants</b>	<b>(4,716)</b>
(5,528)	Non Domestic Rates Redistribution	(5,791)
(235)	NNDR Pooling	-
<b>(5,763)</b>	<b>Total Non Domestic Rates redistribution</b>	<b>(5,791)</b>
-	Non Government Contributions	(2,270)
-	<b>Total Non Government Contributions</b>	<b>(2,270)</b>
<b>(31,013)</b>	<b>Total</b>	<b>(32,804)</b>

In 2019/20, there were 305,330 Band D properties and in 2018/19 there were 300,613 Band D properties.

## 11 - Non Current Assets

### a) Movement of Property, Plant and Equipment

2019/20	Land and Buildings £000	Leased Land and Buildings £000	Total Land and Buildings £000	Vehicles, Plant and Equipment £000	Assets Under Construction £000	Total £000
<b>Gross Book Value as at 1 April 2019</b>	<b>34,017</b>	<b>2,357</b>	<b>36,374</b>	<b>13,954</b>	<b>7,901</b>	<b>58,229</b>
Additions	144	-	144	542	6,893	7,579
Disposals and write offs	-	-	-	(528)	-	(528)
Reclassifications	-	-	-	252	(252)	-
Revaluation increase/decrease (-) recognised in Revaluation Reserve	(1,149)	-	(1,149)	-	-	(1,149)
Revaluation increase/decrease (-) recognised in surplus/deficit on provision of service	(28)	-	(28)	-	-	(28)
Other movements in cost or valuation	-	-	-	-	-	-
<b>Gross Book Value as at 31 March 2020</b>	<b>32,984</b>	<b>2,357</b>	<b>35,341</b>	<b>14,220</b>	<b>14,542</b>	<b>64,103</b>
<b>Accumulated depreciation and impairment as at 1 April 2019</b>	<b>(1,603)</b>	<b>(712)</b>	<b>(2,315)</b>	<b>(8,724)</b>	-	<b>(11,039)</b>
Depreciation for the year	(1,364)	(47)	(1,411)	(1,072)	-	(2,483)
Depreciation on disposal	-	-	-	528	-	528
Depreciation written out to Revaluation Reserve	1,595	-	1,595	-	-	1,595
Depreciation written out to surplus/deficit (-) on provision of service	-	-	-	-	-	-
Impairment losses/reversals(-) recognised in the Revaluation Reserve	4	-	4	-	-	4
Impairment losses/reversals(-) recognised in the surplus/deficit on provision	-	-	-	-	-	-
Impairment on disposal	-	-	-	-	-	-
Reclassification of depreciation or impairment	-	-	-	-	-	-
Other movements in depreciation or impairment	-	-	-	-	-	-
<b>Depreciation c/f</b>	<b>(1,368)</b>	<b>(759)</b>	<b>(2,127)</b>	<b>(9,268)</b>	-	<b>(11,395)</b>
<b>Net Book Value as at 31 March 2020</b>	<b>31,618</b>	<b>1,598</b>	<b>33,216</b>	<b>4,952</b>	<b>14,542</b>	<b>52,710</b>

Leased Land and Buildings refer to the Finance Lease item as detailed in Note 22

Comparative figures for 2018/19:

<b>2018/19</b>	<b>Land and Buildings</b>	<b>Leased Land and Buildings</b>	<b>Total Land and Buildings</b>	<b>Vehicles, Plant and Equipment</b>	<b>Assets Under Construction</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Gross Book Value as at 1 April 2018</b>	<b>32,898</b>	<b>2,357</b>	<b>35,255</b>	<b>13,516</b>	<b>1,501</b>	<b>50,272</b>
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	-	-	-	-	-	-
<b>Gross Book Value as at 31 March 2019</b>	<b>34,017</b>	<b>2,357</b>	<b>36,374</b>	<b>13,954</b>	<b>7,901</b>	<b>58,229</b>
<b>Accumulated depreciation and impairment as at 1 April 2018</b>	<b>(1,238)</b>	<b>(665)</b>	<b>(1,903)</b>	<b>(7,886)</b>	<b>-</b>	<b>(9,789)</b>
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	-	-	-	-	-	-
<b>Depreciation c/f</b>	<b>(1,603)</b>	<b>(712)</b>	<b>(2,315)</b>	<b>(8,724)</b>	<b>-</b>	<b>(11,039)</b>
<b>Net Book Value as at 31 March 2019</b>	<b>32,414</b>	<b>1,645</b>	<b>34,060</b>	<b>5,230</b>	<b>7,901</b>	<b>47,191</b>

**b) Basis of Valuation**

All land and buildings were initially revalued during the year with an effective revaluation date of 1 April 2019. The valuations were updated as at 31 March 2020 to ensure the balance sheet accurately reflected the end of year values. Valuations were provided by an external valuer, Martin Wilson BSc (Hons) MRICS of Bruton Knowles. All valuations were prepared in accordance with the RICS Appraisal Valuation Manual and International Financial Reporting Standards. The basis of valuation adopted is Existing Use Value (EUV). For specialised properties the Depreciated Replacement Cost method was used to arrive at the EUV whilst non-specialised properties have been valued using the Comparable Method of valuation to arrive at the EUV. The one investment property was valued at Market Value.

The following significant assumptions were applied in arriving at the fair values:

- The Authority owns the freehold, which is not subject to any unusual or onerous restrictions;
- Properties are unaffected by any matters that would be revealed by a local search;
- All parts are assumed to be in good repair and condition and all properties are free from hazardous materials; and
- Where the remaining useful life of a property is at least 20 years it is on the assumption that it will be maintained reasonably.

**c) Valuation Information**

The following statement shows the progress of the Authority's programme for the revaluation of assets.

Year of Valuation	Land and Buildings	Vehicles, Plant and Equipment	Assets Under Construction	Total
	£000	£000	£000	£000
2019/20	31,618	-	-	31,618
Valued at Historic Cost	-	4,952	14,542	19,494
<b>Total</b>	<b>31,618</b>	<b>4,952</b>	<b>14,542</b>	<b>51,112</b>

**d) Depreciation Lives**

The Authority policy of depreciating assets is on a straight-line basis over their remaining useful lives as below:

- Red Fleet Vehicles - 1 to 15 years
- White Fleet Vehicles - 1 to 6 years
- Plant and Equipment - 1 to 24 years
- Buildings - 6 to 51 years
- Intangibles - 2 to 7 years

**e) Commitments under Capital Contracts**

At 31 March 2020, the Authority has entered into a number of contracts for the acquisition or enhancement of Property, Plant and Equipment or Intangible Assets. The major commitments are:

Amount Outstanding as at 31 March 2019	Capital Contract	Contractor	Amount Outstanding as at 31 March 2020
486	Red Fleet Appliances	Emergency One	-
4,168	Property - Blue Light Hub	Kingerlee	1,188
-	Property - Blue Light Hub	Combined Office Interiors Ltd	204
<b>4,654</b>	<b>Total</b>		<b>1,392</b>

All commitments will be honoured during 2020/21.

## **12 - Investment Property**

An office building at Bletchley Fire Station is classified as an investment property, as it is currently held solely for generating rental income.

<b>2018/19</b>		<b>2019/20</b>
<b>£000</b>	<b>Investment Property</b>	<b>£000</b>
<b>155</b>	<b>Opening Balance</b>	<b>175</b>
-	Transfer from Land and Buildings	-
20	Revaluation	8
-	Impairment	-
<b>175</b>	<b>Closing Balance</b>	<b>183</b>

## **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.

<b>2018/19</b>		<b>2019/20</b>
<b>£000</b>	<b>Movement of Intangible Assets</b>	<b>£000</b>
865	Gross Book Value	865
(537)	Accumulated Amortisation	(653)
<b>328</b>	<b>Opening Net Book Value</b>	<b>212</b>
-	Additions in year	-
-	Reclassifications	-
(116)	Amortisation for the year	(106)
<b>212</b>	<b>Closing Net Book Value</b>	<b>106</b>

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.

<b>2018/19</b>		<b>2019/20</b>
<b>£000</b>	<b>Short Term Investments</b>	<b>£000</b>
14,076	Short Term Investments	12,078
<b>14,076</b>	<b>Total</b>	<b>12,078</b>

## 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.

<b>2018/19</b>		<b>2019/20</b>
<b>£000</b>	<b>Inventories</b>	<b>£000</b>
54	Workshops	57
85	Stores	103
52	Fuel	54
<b>191</b>	<b>Total</b>	<b>214</b>

## 16 - Short Term Debtors

The note below shows the value of debtors as at 31 March 2019.

<b>2018/19</b>		<b>2019/20</b>
<b>£000</b>	<b>Short Term Debtors</b>	<b>£000</b>
2,879	Central Government Bodies	1,526
1,094	Other Local Authorities	1,264
-	NHS Bodies	-
575	Other Entities and Individuals	585
1,339	Payments in Advance	1,049
-	Provision for Doubtful Debts	-
<b>5,887</b>	<b>Total</b>	<b>4,424</b>

## 17 - Cash and Cash Equivalents

Cash and cash equivalents are short-term highly liquid investments with a maturity of less than 90 days.

<b>2018/19</b>		<b>2019/20</b>
<b>£000</b>	<b>Cash and cash equivalents</b>	<b>£000</b>
928	Cash at bank	1,764
-	Cash on deposit	-
<b>928</b>	<b>Total</b>	<b>1,764</b>

## 18 - Short Term Borrowing and Creditors

The interest owing and shown as short term borrowing represents the Public Works Loan Board (PWLb) interest accrued to the 31 March 2020 in accordance with the Code.

<b>2018/19</b>		<b>2019/20</b>
<b>£000</b>	<b>Short Term Borrowing and Creditors</b>	<b>£000</b>
<b>(80)</b>	<b>Short Term Borrowing</b>	<b>(81)</b>
	<u>Short Term Creditors</u>	
(380)	Central Government Bodies	(436)
(765)	Other Local Authorities	(958)
(1,887)	Other Entities and Individuals	(1,867)
(728)	Receipts in Advance	(661)
<b>(3,760)</b>	<b>Total</b>	<b>(3,922)</b>

## **19 - Provisions**

The following table shows the movements on the Authority's provisions.

	<b>Accumulated Absences</b>	<b>Voluntary Redundancy and Special Payments</b>	<b>NNDR Appeals Provisions</b>	<b>Injury Pension Payments</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Balance as at 1st April 2019</b>	(401)	(869)	(881)	(792)	<b>(2,943)</b>
Additional provisions made in 2019/20	(399)	(62)	(871)	-	<b>(1,332)</b>
Amounts used in 2019/20	401	394	881	396	<b>2,072</b>
<b>Balance as at 31 March 2020</b>	<b>(399)</b>	<b>(537)</b>	<b>(871)</b>	<b>(396)</b>	<b>(2,203)</b>

### Accumulated Absences Account

This provision shows the value of the outstanding leave entitlement held by employees of the Authority as at the balance sheet date. Any increase or decrease in the provision is offset by the Accumulated Absences Account (see Note 24a) so that this accounting adjustment does not impact on the level of usable reserves.

### Voluntary Redundancy and Special Payments

This provision was established in 2010/11 to provide for the additional costs of redundancy and related payments as a result of restructuring within the Authority and potential ill health retirements.

### NNDR Appeals Provision

This provision shows the Authority's share of the provision for appeals relating to income from business rates. Due to statutory accounting adjustments, this amount does not impact on the level of the General Fund balance.

### Injury Pension Payments

This provision has arisen as a result of the requirement to reimburse the Home Office for pension top-up grant claimed in prior years relating to injury awards.

## 20 - Long Term Borrowing

The Authority undertakes long-term borrowing, principally as a means of financing expenditure on fixed assets. No additional principal was borrowed during 2019/20. The interest owing and shown as short term borrowing in Note 18 represents the Public Works Loan Board (PWLb) interest accrued to the 31 March 2020 and loans due to be repaid within one year in accordance with the Code.

2018/19		2019/20
£000	Source of Loan	£000
(6,797)	PWLb	(6,797)
<b>(6,797)</b>	<b>Total</b>	<b>(6,797)</b>

The interest rates applicable as at 31 March 2020 were between 3.90% and 5.32%.

Long-term external borrowing by repayment dates is shown in the table below:

2018/19		2019/20
£000	Repayments Dates	£000
(1,620)	Maturing in less than 5 years	(1,620)
(1,000)	Maturing in 5 to 10 years	(1,000)
(1,376)	Maturing in 10 to 15 years	(1,376)
-	Maturing in 15 to 20 years	-
-	Maturing in 20 to 25 years	-
(2,801)	Maturing in over 25 years	(2,801)
<b>(6,797)</b>	<b>Total</b>	<b>(6,797)</b>

## 21 - Grants Received in Advance

The Authority has received funding in relation to the ESMCP project.

2018/19		2019/20
£000	Grants Received in Advance	£000
(389)	ESMCP Funding	(347)
-	Transformation Fund	-
<b>(389)</b>	<b>Total</b>	<b>(347)</b>

## 22 - Finance Lease

In 2003/04 the Authority entered into a sale and leaseback agreement with Opus Housing Association (now London Quadrant) in respect of the Gerrards Cross Houses for a period of 50 years. The initial cost of the lease is matched by an increase in the value of land and buildings within fixed assets. The rentals payable under this arrangement in 2019/20 were £0.135m charged as £0.088m to the Income and Expenditure account finance costs and £0.047m write down of obligation to the lessor.

2018/19		2019/20
£000	Outstanding Obligations under Finance Lease	£000
47	Payable in less than 1 year	47
141	Payable in 1 to 3 years	141
1,451	Payable in over 3 years	1,403
<b>1,639</b>	<b>Total</b>	<b>1,591</b>



## 23 - Usable Reserves

### Adjustments under Regulations

General Fund Balance £000	2018/19 Usable Capital Receipts Reserve £000	Unusable Reserves £000		General Fund Balance £000	2019/20 Usable Capital Receipts Reserve £000	Unusable Reserves £000
			<b>Adjustments primarily involving the Capital Adjustment Account</b>			
			<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>			
(2,919)	-	2,919	Depreciation Charges	(2,589)	-	2,589
(134)	-	134	Impairment	(23)	-	23
7,072	-	(7,072)	Capital grants and contributions applied	7,491	-	(7,491)
20		(20)	Investment Assets Revaluation	8	-	(8)
-	-	-	Amounts of non-current assets written off on disposal as part of the (gain)/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-
			<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>	-		
47	-	(47)	Minimum Revenue Provision	47	-	(47)
			<b>Adjustments primarily involving the Capital Receipts Reserve</b>			
64	(64)	-	Transfer of cash sale proceeds credited as part of the (gain)/loss on disposal to the Comprehensive Income and Expenditure Statement	88	(88)	-
	586	(586)	Use of the Capital Receipts Reserve to finance new capital expenditure	-	88	(88)
			<b>Adjustments primarily involving the Financial Instruments Adjustment Account</b>			
			<b>Adjustments primarily involving the Pension Reserve</b>			
(25,643)	-	25,643	Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(15,302)	-	15,302
1,757	-	(1,757)	Employer's pensions contributions and direct payments to pensioners payable in the year	1,749	-	(1,749)
			<b>Adjustments primarily involving the Collection Fund Adjustment Account</b>			
(226)	-	226	Precept and NNDR Income	275	-	(275)
			<b>Adjustments primarily involving the Accumulated Absences Account</b>			
14	-	(14)	Employee Absence Account	2	-	(2)
<b>(19,948)</b>	<b>522</b>	<b>19,426</b>	<b>Total Adjustments</b>	<b>(8,254)</b>	<b>-</b>	<b>8,254</b>

Transfers To/From Reserves

	Note	Balance at 1 April 2018 £000	Transfers (In)/Out 2018/19 £000	Balance at 31 March 2019 £000	Transfers (In)/Out 2019/20 £000	Balance at 31 March 2020 £000
General Fund Balance	A	(1,500)	-	(1,500)	-	(1,500)
<b>Sub Total Non Earmarked General Fund Balance</b>		<b>(1,500)</b>	<b>-</b>	<b>(1,500)</b>	<b>-</b>	<b>(1,500)</b>
Apprentice Reserve	B	(500)	-	(500)	-	(500)
Sprinklers Reserve	C	(490)	490	-	-	-
Control Room Reserve	D	(424)	(56)	(480)	(54)	(534)
Continuing Projects Reserve	E	(465)	197	(268)	120	(148)
COVID-19 Reserve	F	-	-	-	(364)	(364)
Future Funding Reserve	G	-	(570)	(570)	(81)	(651)
<b>Sub Total Earmarked Reserves - Revenue</b>		<b>(1,879)</b>	<b>61</b>	<b>(1,818)</b>	<b>(379)</b>	<b>(2,197)</b>
Usable Capital Receipts Reserve	H	(521)	521	-	-	-
Revenue Contribution to Capital	I	(5,827)	1,747	(4,080)	2,638	(1,442)
<b>Sub Total Earmarked Reserves - Capital</b>		<b>(6,348)</b>	<b>2,268</b>	<b>(4,080)</b>	<b>2,638</b>	<b>(1,442)</b>
<b>Total Usable Reserves</b>		<b>(9,727)</b>	<b>2,330</b>	<b>(7,397)</b>	<b>2,259</b>	<b>(5,139)</b>

**A – General Fund Balance**

This is a non-earmarked reserve and is kept at a prudent level in order to cover unforeseen eventualities and liabilities.

**B – Apprentice Reserve**

This reserve is held to fund the apprenticeship initiative over the coming years.

**C – Sprinklers Reserve**

This reserve is held for suitable sprinkler initiative schemes which will be match funded by the Authority. This has now been fully utilised to fund the sprinklers in the Blue Light Hub and support the wider capital programme.

**D – Control Room Reserve (Revenue)**

This reserve contains the renewals fund used to replenish the Joint control room assets.

**E – Continuing Projects Reserve**

This reserve has been created to cover any future costs on a number of large scale projects currently being undertaken by the Authority.

**F – COVID-19 Reserve**

This reserve is held to fund unknown expenditure requirements during the coronavirus (COVID-19) pandemic.

**G – Future Funding Reserve**

This reserve is held to meet known funding requirements within the medium term financial plan and to fund projects from underspends in the previous year.

**H – Usable Capital Receipts Reserve**

This reserve receives monies from the sale of capital assets and uses these monies towards the purchase of new assets.

**I – Revenue Contribution to Capital**

This reserve represents funding set aside to contribute towards future capital expenditure in order to mitigate the need to fund the expenditure through additional borrowing.

## **24 - Unusable Reserves**

### a) Accumulated Absences Account

The Accumulated Absences Account mitigates any effect on the General Fund of having to include a provision for any outstanding leave owed to employees at the end of each financial year. There is a requirement that authorities are only required to fund holiday pay and similar benefits when they are used, rather than when employees earn the benefits. Amounts are transferred to this account until the benefits are used. The carrying balance is relatively high as the authority operates a January to December leave year.

<b>2018/19</b>		<b>2019/20</b>
<b>£000</b>	<b>Accumulated Absences Account</b>	<b>£000</b>
<b>414</b>	<b>Opening Balance</b>	<b>401</b>
(414)	Reversal of provision for accumulated absences for previous year	(401)
401	Accumulated absences for the year	399
<b>401</b>	<b>Closing Balance</b>	<b>399</b>

### 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.

<b>2018/19</b>		<b>2019/20</b>
<b>£000</b>	<b>Capital Adjustment Account</b>	<b>£000</b>
<b>(25,040)</b>	<b>Opening Balance</b>	<b>(28,750)</b>
2,920	Depreciation	2,589
960	Depreciation variance Historic to Current	785
(47)	Minimum Revenue Provision	(47)
134	Impairments	23
(20)	Other adjustments	(8)
-	- Additional Voluntary Contributions	-
-	- Revenue contributions	-
-	- Asset Disposal	-
(7,072)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(7,491)
(585)	Capital receipts credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(88)
-	Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement	-
<b>(28,750)</b>	<b>Closing Balance</b>	<b>(32,987)</b>

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.

<b>2018/19</b>		<b>2019/20</b>
<b>£000</b>	<b>Collection Fund Adjustment Account</b>	<b>£000</b>
<b>(342)</b>	<b>Opening Balance</b>	<b>(118)</b>
119	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(34)
105	Amount by which NNDR income credited to the Comprehensive Income and Expenditure Statement is different from NNDR income calculated for the year in accordance with statutory requirements.	(240)
<b>(118)</b>	<b>Closing Balance</b>	<b>(392)</b>

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.

<b>2018/19</b>		<b>2019/20</b>
<b>£000</b>	<b>Pensions Reserve</b>	<b>£000</b>
<b>285,135</b>	<b>Opening Balance</b>	<b>309,940</b>
23,886	Appropriations to and from (-) revenue	13,553
919	Actuarial gains (-) / losses relating to pensions	(37,053)
<b>309,940</b>	<b>Closing Balance</b>	<b>286,440</b>

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.

<b>2018/19</b>		<b>2019/20</b>
<b>£000</b>	<b>Revaluation Reserve</b>	<b>£000</b>
<b>(14,239)</b>	<b>Opening Balance</b>	<b>(17,188)</b>
(2,136)	Upward Asset revaluations	(1,147)
147	Downward Asset revaluations	701
-	Asset Disposal	-
(960)	Depreciation difference - historic cost to current value	(785)
-	Other adjustments	-
<b>(17,188)</b>	<b>Closing Balance</b>	<b>(18,419)</b>

**25 - Donated Assets Account**

In 2015/16 the Authority recognised on the Balance Sheet the value of the Thames Valley Control Room made available to it by Royal Berkshire Fire Authority. The fair value of the assets was recognised within Vehicles, Plant and Equipment and a credit was recognised in the Comprehensive Income Expenditure Statement (see Note 10).

**26 - Contingent Assets**

As at 31 March 2020, the Authority does not have any contingent assets.

**27 - Contingent Liabilities**

As at 31 March 2020, the Authority does not have any contingent liabilities.

**28 - Pension Schemes**

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

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

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

**a) Transactions relating to retirement benefits**

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

<b>2018/19</b>				<b>2019/20</b>		
<b>LGPS</b>	<b>Firefighters</b>	<b>Total</b>		<b>LGPS</b>	<b>Firefighters</b>	<b>Total</b>
<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>Comprehensive Income and Expenditure Statement</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
			<u>Cost of Service</u>			
1,280	4,527	5,807	Current Service Cost	1,289	5,008	6,297
253	13,107	13,360	Past Service Cost	-	-	-
-	-	-	Administration Expenses	-	-	-
<b>1,533</b>	<b>17,634</b>	<b>19,167</b>	<b>Cost of Service Total</b>	<b>1,289</b>	<b>5,008</b>	<b>6,297</b>
			<u>Financing and Investment Income and Expenditure</u>			
(379)	6,855	6,476	Net Interest on the defined liability (asset)	1,970	7,035	9,005
<b>(379)</b>	<b>6,855</b>	<b>6,476</b>	<b>Financing and Investment Total</b>	<b>1,970</b>	<b>7,035</b>	<b>9,005</b>
<b>1,154</b>	<b>24,489</b>	<b>25,643</b>	<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>3,259</b>	<b>12,043</b>	<b>15,302</b>
(212)	1,131	919	Actuarial Gains and Losses	(5,921)	(31,132)	(37,053)
<b>942</b>	<b>25,620</b>	<b>26,562</b>	<b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>(2,662)</b>	<b>(19,089)</b>	<b>(21,751)</b>
			<b>Movement in Reserves Statement</b>			
(1,154)	(24,489)	(25,643)	Reversal of net charges made to the surplus or deficit for post employment benefits in accordance with the code:	(3,259)	(12,043)	(15,302)
			Amount actually charged against the General Fund Balance for pensions in the year for:			
-	1,494	1,494	Employers contribution	-	1,520	1,520
13	250	263	Retirement benefit payable to pensioners	12	217	229

**b) Assets and liabilities in relation to retirement benefits**

**Reconciliation of present value of the scheme liabilities 2019/20**

<b>2018/19</b>				<b>2019/20</b>		
<b>LGPS</b>	<b>Firefighters</b>	<b>Total</b>		<b>LGPS</b>	<b>Firefighters</b>	<b>Total</b>
<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>Reconciliation of present value of the scheme liabilities</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
(38,650)	(272,651)	(311,301)	Present Value of scheme liabilities as at 1 April	(40,486)	(296,527)	(337,013)
(1,280)	(4,527)	(5,807)	Current Service Cost	(1,289)	(5,008)	(6,297)
(980)	(6,855)	(7,835)	Interest Cost	(963)	(7,035)	(7,998)
(2,109)	(14,052)	(16,161)	Change in financial assumptions	3,874	26,560	30,434
2,343	7,020	9,363	Change in demographic assumptions	625	(399)	226
-	-	-	Experience loss/(gain) on defined benefit obligation	1,048	-	1,048
668	8,640	9,308	Estimated benefits paid net of transfers in	993	7,720	8,713
(253)	(13,107)	(13,360)	Past service costs, including curtailments	-	-	-
(238)	(1,245)	(1,483)	Contribution by Scheme participants	(232)	(1,229)	(1,461)
13	250	263	Unfunded pension payments	12	217	229
<b>(40,486)</b>	<b>(296,527)</b>	<b>(337,013)</b>	<b>Present Value of scheme liabilities as at 31 March</b>	<b>(36,418)</b>	<b>(275,701)</b>	<b>(312,119)</b>

Reconciliation of fair value of the scheme assets 2019/20

2018/19			Reconciliation of fair value of the scheme assets	2019/20		
LGPS £000	Firefighters £000	Total £000		LGPS £000	Firefighters £000	Total £000
26,167	-	26,167	Fair Value of scheme assets as at 1 April	27,074	-	27,074
662	-	662	Interest on Assets	641	-	641
697	-	697	Return on assets less interest	(1,648)	-	(1,648)
-	5,901	5,901	Other actuarial gains/(losses)	399	4,971	5,370
(22)	-	(22)	Administration expenses	(25)	-	(25)
13	1,744	1,757	Contributions by employer including unfunded	12	1,737	1,749
238	1,245	1,483	Contributions by Scheme participants	232	1,229	1,461
(681)	(8,890)	(9,571)	Estimated benefits paid plus unfunded net of transfers in	(1,005)	(7,937)	(8,942)
<b>27,074</b>	<b>-</b>	<b>27,074</b>	<b>Fair Value of scheme assets as at 31 March</b>	<b>25,680</b>	<b>-</b>	<b>25,680</b>

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields at the Balance Sheet date. Expected returns on equity investments reflect the long-term real rates of return experienced in the respective markets.

c) Scheme history

**Reconciliation of present value of the scheme liabilities**

	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
<u>Present Value of Liabilities</u>					
LGPS	(30,105)	(37,807)	(38,651)	(40,486)	(36,418)
Firefighters Scheme	(241,242)	(291,382)	(272,651)	(296,527)	(275,701)
<b>Present Value of scheme liabilities as at 31 March</b>	<b>(271,347)</b>	<b>(329,189)</b>	<b>(311,302)</b>	<b>(337,013)</b>	<b>(312,119)</b>
<u>Fair Value of Assets</u>					
LGPS	19,552	23,679	26,167	27,074	25,680
<b>Total Assets - BMKFA estimated allocation of LGPS assets</b>	<b>19,552</b>	<b>23,679</b>	<b>26,167</b>	<b>27,074</b>	<b>25,680</b>
LGPS Experience adjustments on scheme assets	-	-	-	-	-
<u>Surplus/Deficit (-) in the scheme</u>					
LGPS	(10,553)	(14,128)	(12,484)	(13,413)	(10,739)
Firefighters Scheme	(241,242)	(291,382)	(272,651)	(296,527)	(275,701)
<b>Total</b>	<b>(251,795)</b>	<b>(305,510)</b>	<b>(285,135)</b>	<b>(309,940)</b>	<b>(286,440)</b>

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £286.440m has a substantial impact on the net worth of the Authority as recorded in the balance sheet, resulting in a negative overall balance of £229.902m. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

- The deficit on the Local Government Scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the Scheme Actuary every three years;
- Finance is only required to be raised to cover firefighter's pensions when the pensions are actually paid.



**d) Basis for estimating assets and liabilities**

Liabilities have been assessed on an actuarial basis using the Projected Unit Method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.

Both the Firefighters' and Local Government schemes have been assessed by Barnett Waddingham, an independent firm of actuaries, based on the latest valuations (31 March 2017 for the Local Government scheme and the 31 March 2005 for the Firefighters' scheme).

The main assumptions used in their calculations have been:

	<b>LGPS</b>		<b>Firefighters</b>	
	<b>2018/19</b>	<b>2019/20</b>	<b>2018/19</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<u>Mortality Assumptions</u>				
Longevity at 65 for current pensioners				
Men	22.90	21.80	20.80	21.00
Women	24.80	25.10	23.10	23.10
Longevity at 65 for future pensioners				
Men	24.60	23.20	22.40	22.70
Women	26.60	26.50	25.00	24.90
<u>Financial Assumptions</u>				
Rate of Inflation (RPI)	3.40%	2.70%	3.40%	2.70%
Rate of Inflation (CPI)	2.40%	1.90%	2.40%	1.90%
Rate of salary inflation	3.90%	2.90%	3.90%	3.40%
Rate of pensions inflation	2.40%	1.90%	2.40%	1.90%
Rate for discounting scheme liabilities	2.40%	2.35%	2.40%	2.40%
Take up of option to convert annual pension into retirement lump sum	50.00%	50.00%	50.00%	50.00%

The Local Government Pension Scheme's assets consist of the following categories by proportion of Buckinghamshire and Milton Keynes Fire Authority's estimated allocation.

<b>31 March 2019</b>			<b>31 March 2020</b>		
<b>£000</b>	<b>%</b>	<b>LGPS</b>	<b>£000</b>	<b>%</b>	
3,343	12%	Gilts	2,211	9%	
13,777	51%	Equities	13,529	53%	
4,036	15%	Other Bonds	4,728	18%	
2,115	8%	Property	1,889	7%	
865	3%	Cash	624	2%	
207	1%	Alternative Assets	202	1%	
1,459	5%	Hedge Funds	1,299	5%	
1,272	5%	Absolute Return Portfolio	1,198	5%	
<b>27,074</b>	<b>100%</b>	<b>Total</b>	<b>25,680</b>	<b>100%</b>	

The Firefighters Pension Schemes have no assets to cover their liabilities.

e) Sensitivity Analysis

The following tables show a sensitivity analysis on the major assumptions used in the valuations:

2018/19				2019/20			
£000	£000	£000	LGPS	£000	£000	£000	
<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>	Adjustment to discount rate	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>	
39,651	40,486	41,340	Present value of total obligation	35,669	36,418	37,184	
1,417	1,452	1,489	Projected service cost	1,452	1,488	1,525	
<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>	Adjustment to long term salary increase	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>	
40,553	40,486	40,421	Present value of total obligation	36,474	36,418	36,363	
1,452	1,452	1,452	Projected service cost	1,489	1,488	1,487	
<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>	Adjustment to pension increases and deferred revaluation	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>	
41,273	40,486	39,716	Present value of total obligation	37,131	36,418	35,720	
1,489	1,452	1,417	Projected service cost	1,525	1,488	1,452	
<b>+1 year</b>	<b>None</b>	<b>- 1 Year</b>	Adjustment to mortality age rating assumption	<b>+1 year</b>	<b>None</b>	<b>- 1 Year</b>	
41,923	40,486	39,100	Present value of total obligation	37,840	36,418	35,052	
1,502	1,452	1,404	Projected service cost	1,537	1,488	1,440	
<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>Firefighters</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	
<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>	Adjustment to discount rate	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>	
290,637	296,527	302,519	Present value of total obligation	270,166	275,701	281,362	
7,595	7,834	8,081	Projected service cost	4,870	5,039	5,214	
<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>	Adjustment to long term salary increase	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>	
297,317	296,527	295,744	Present value of total obligation	276,464	275,701	274,945	
7,882	7,834	7,786	Projected service cost	5,047	5,039	5,032	
<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>	Adjustment to pension increases and deferred revaluation	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>	
301,753	296,527	291,414	Present value of total obligation	280,618	275,701	270,893	
8,033	7,834	7,642	Projected service cost	5,207	5,039	4,877	
<b>+1 year</b>	<b>None</b>	<b>- 1 Year</b>	Adjustment to mortality age rating assumption	<b>+1 year</b>	<b>None</b>	<b>- 1 Year</b>	
308,215	296,527	285,296	Present value of total obligation	286,637	275,701	265,193	
8,084	7,834	7,592	Projected service cost	5,204	5,039	4,879	

## 29 - Financial Instruments

### a) Financial Instruments Balances

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments:

31 March 2019			31 March 2020		
Long Term	Current		Long Term	Current	
£000	£000	Financial Instruments Balances	£000	£000	
(8,436)	(3,425)	Financial liabilities at amortised cost	(8,388)	(3,628)	
<b>(8,436)</b>	<b>(3,425)</b>	<b>Total Borrowings</b>	<b>(8,388)</b>	<b>(3,628)</b>	
-	16,954	Loans and receivables	14,433	-	
-	<b>16,954</b>	<b>Total Investments</b>	<b>14,433</b>	-	

### b) Financial Instruments gains and losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement in relation to financial instruments are made up as follows.

2018/19			2019/20			
Financial Liabilities and Assets		Financial Liabilities	Financial Assets			
Total	Financial Instruments Gains and Losses	Liabilities measured at amortised cost	Loans and receivables	Available for sale assets	Fair value through the CIES account	Total
£000		£000	£000	£000	£000	£000
314	Interest expense	312	-	-	-	312
-	Losses on derecognition	-	-	-	-	-
-	Impairment losses	-	-	-	-	-
<b>314</b>	<b>Interest payable and similar charges</b>	<b>312</b>	-	-	-	<b>312</b>
(226)	Interest income	-	(202)	-	-	(202)
-	Gains on derecognition	-	-	-	-	-
<b>(226)</b>	<b>Interest and investment income</b>	-	<b>(202)</b>	-	-	<b>(202)</b>
-	Gains on revaluation	-	-	-	-	-
-	Losses on revaluation	-	-	-	-	-
-	Amounts recycled to the CIES after impairment	-	-	-	-	-
-	Surplus arising on revaluation of financial assets	-	-	-	-	-
<b>88</b>	<b>Net gain/loss (-) for the year</b>	<b>312</b>	<b>(202)</b>	-	-	<b>110</b>

A reconciliation of the net gain on Loans and Receivables to Investment Income as shown in the Comprehensive Income and Expenditure Statement is given below.

2018/19		2019/20
£000		£000
-	Financial Instruments gain	-
-	Rental income from investment properties	-
(20)	Movement in fair value of investment properties	(8)
(206)	Interest on investments	(194)
<b>(226)</b>	<b>Total Investment income received in the CIES</b>	<b>(202)</b>

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:

<b>31 March 2019</b>			<b>31 March 2020</b>		
<b>Carrying Amount</b>	<b>Fair Value</b>		<b>Carrying Amount</b>	<b>Fair Value</b>	
<b>£000</b>	<b>£000</b>		<b>£000</b>	<b>£000</b>	
(6,797)	(9,027)	PWLB Debt at amortised cost	(6,797)	(8,634)	
(1,639)	(1,639)	Finance lease	(1,591)	(1,591)	
(3,425)	(3,425)	Creditors	(3,628)	(3,628)	
<b>(11,861)</b>	<b>(14,091)</b>	<b>Total Financial Liabilities</b>	<b>(12,016)</b>	<b>(13,853)</b>	
-	-	Cash and cash equivalents	-	-	
14,076	14,093	Short term investments	12,078	12,078	
2,878	2,878	Debtors	2,355	2,355	
<b>16,954</b>	<b>16,971</b>	<b>Total Loans and Receivables</b>	<b>14,433</b>	<b>14,433</b>	

The differences between the carrying amount and the fair value of PWLB debt are due to the fixed rate of interest on the loans being different from the prevailing rate at 31 March 2020. All creditors and other payables are due to be paid in less than one year.

d) Nature and extent of risk arising from financial instruments

The Authority's activities expose it to a variety of financial risks, the key risks are:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Authority;
- Liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments;
- Re-financing risk – the possibility that the Authority might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms; and
- Market risk - the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates movements.

e) Overall procedures for managing risk

The Authority's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework set out in the Local Government Act 2003 and the associated regulations. These require the Authority to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall these procedures require the Authority to manage risk in the following ways:

- By formally adopting the requirements of the Code of Practice;
- By approving annually in advance prudential indicators for the following three years limiting;
  - i.) The Authority's overall borrowing
  - ii.) The maximum and minimum exposures to fixed and variable rates
- By approving an investment strategy for the forthcoming year setting out its criteria for investing and compliance with the Government Guidance.

These are required to be reported and approved at or before the Authority's annual council tax setting budget. These items are reported with the annual Treasury Management Strategy which outlines the detailed approach to managing risk. Actual performance is also reported annually to Members. The Authority maintains written principles for overall risk management as well as the investment of surplus cash through the Treasury Management Policy approved by the Authority.

#### f) Credit risk and Liquidity Risk

##### *Investment Policy*

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

Continuing regulatory changes in the banking sector are designed to see greater stability, lower risk and the removal of expectations of Government financial support should an institution fail. This withdrawal of implied sovereign support has had an effect on ratings applied to institutions. This will result in the key ratings used to monitor counterparties being the Short Term and Long Term ratings only. Viability, Financial Strength and Support Ratings previously applied have effectively become redundant. This change does not reflect deterioration in the credit environment but rather a change of method in response to regulatory changes.

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

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

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

### *Creditworthiness Policy*

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

- Credit watches and credit outlooks from credit rating agencies
- CDS spreads to give early warning of likely changes in credit ratings;
- Sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes have been used by the Authority to determine the suggested duration for investments. It is recommended that the Authority continues to use Link's colour codes plus an additional six months for UK counterparties only. It would be beneficial if the Authority could lend to existing counterparties for a longer duration. This will increase the risk slightly but will offer increased returns. The Authority will therefore use counterparties within the following durational bands:

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

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

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

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

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

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

### *Country Limits*

In 2017/18, the Authority determined that it would not only use approved counterparties based within the United Kingdom but allowed any counterparty (UK or non UK based) rated at least 'Green' by Link. Although no counterparty outside UK was used during 2018/19, these will remain on the lending list for 2019/20.

### *Counterparty Limits*

The Authority has determined that the maximum balance that can be invested with a single counterparty at any point in time will be no more than 30% of the portfolio, up to a limit of £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 £8.634m has been provided by the PWLB on the Authority's behalf

The maturity analysis of financial liabilities is as follows:

<b>31 March 2019</b>		<b>31 March 2020</b>
<b>£000</b>		<b>£000</b>
-	Maturing in less than 1 year	-
-	Maturing within 2 years	-
(1,620)	Maturing within 2 to 5 years	(1,620)
(1,000)	Maturing within 5 to 10 years	(1,000)
(4,177)	Maturing in more than 10 years	(4,177)
<b>(6,797)</b>	<b>Total</b>	<b>(6,797)</b>

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:

	<b>2019/20</b>
	<b>£000</b>
Increase in interest payable on variable rate borrowings	-
Increase in interest receivable on variable rate investments	188
Increase in government grant receivable for financing costs	-
<b>Impact on Comprehensive Income and Expenditure Statement</b>	<b>188</b>
Decrease in fair value of fixed rate borrowing liabilities which has no impact on the Comprehensive Income and Expenditure Statement	-
<b>Total Financial Effect</b>	<b>188</b>

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**

<b>2018/19</b>		<b>2019/20</b>
<b>£000</b>		<b>£000</b>
<b>(21,758)</b>	<b>Net Surplus or (Deficit) on the Provision of Services</b>	<b>(10,513)</b>
3,055	Depreciation, amortisation, impairment and downward valuations	2,612
254	Net Movement in Creditors	162
(1,426)	Net Movement in Debtors	1,463
(32)	Net Movement in Stocks	(23)
23,886	Adjustment regarding Pension Liability	13,553
(253)	Contributions to/from Provisions	(740)
-	Carrying amount of non-current assets sold	-
(20)	Movement in Investment Property Values	(8)
<b>25,464</b>		<b>17,019</b>
(2,998)	Capital Grants Credited to surplus or deficit on the provision of services	(42)
(64)	Proceeds from the sale of assets	(88)
<b>(3,062)</b>		<b>(130)</b>
<b>644</b>	<b>Net Cash Flows from Operating Activities</b>	<b>6,376</b>

#### **b) Net Cash flows from Operating Activities (Interest)**

<b>2018/19</b>		<b>2019/20</b>
<b>£000</b>		<b>£000</b>
226	Ordinary interest received	202
-	Interest received on cash backed funds/reserves	-
<b>226</b>		<b>202</b>
(314)	Interest charge for year	(312)
-	Adj differences between Effective Interest Rates and actual payable	-
-	Other Interest	-
<b>(314)</b>		<b>(312)</b>
<b>(88)</b>	<b>Net Cash Flows from Operating Activities (Interest)</b>	<b>(110)</b>

#### **c) Cash Flows from Investment Activities**

<b>2018/19</b>		<b>2019/20</b>
<b>£000</b>		<b>£000</b>
(7,657)	Property Plant and Equipment Purchased	(7,579)
4,476	Purchase of short or long term investments	1,998
-	Movement on Capital Creditors	-
<b>(3,181)</b>		<b>(5,581)</b>
64	Proceeds from the sale of Assets	88
-	Proceeds from the sale of short or long term investments	-
(600)	Capital Grants Repaid	-
-	Capital Grants Received	-
<b>(536)</b>		<b>88</b>
<b>(3,717)</b>	<b>Net Cash Flows from Investing Activities</b>	<b>(5,493)</b>

d) Cash Flows from Financing Activities

<b>2018/19</b>		<b>2019/20</b>
<b>£000</b>		<b>£000</b>
-	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)
<b>(47)</b>	<b>Net Cash Flows from Financing Activities</b>	<b>(47)</b>

e) Make up of Cash and Cash Equivalents

<b>2018/19</b>		<b>2019/20</b>
<b>£000</b>		<b>£000</b>
928	Cash and bank balances	1,764
-	Cash investments	-
<b>928</b>	<b>Total</b>	<b>1,764</b>

## Firefighters' Pension Fund Account

### Firefighters' Pension Fund

2018/19		2019/20
£000	Fund Account	£000
	<b>Income to the fund</b>	
	<u>Contributions receivable (funds due to us during the year)</u>	
	From employer	
(1,429)	normal contributions	(2,751)
-	early retirements	-
(1,233)	From members	(1,238)
(122)	Ill health charges	(143)
(7)	Other miscellaneous eligible income	(18)
	<u>Transfers in</u>	
-	Individual transfers in from other schemes	(16)
-	Other transfers in	-
<b>(2,791)</b>	<b>Total Income to the Fund</b>	<b>(4,166)</b>
	<b>Spending by the fund</b>	
	<u>Benefits payable</u>	
6,860	Pension payments	7,966
2,737	Commutation of pensions and lump sum retirement benefits	723
	<u>Payments to and on behalf of leavers</u>	
-	Individual transfers out of the scheme	149
128	Other miscellaneous eligible expenditure	-
<b>9,725</b>	<b>Total Spending by the Fund</b>	<b>8,839</b>
<b>6,933</b>	<b>Net amount payable/receivable for the year before top up grant receivable/amount payable to sponsoring department</b>	<b>4,673</b>
(6,933)	Top up grant receivable/amount payable to sponsoring department	(4,673)
<b>-</b>	<b>Net amount payable (-)/receivable for the year</b>	<b>-</b>

### Firefighters' Pension Fund Net Assets Statement

2018/19		2019/20
£000	Net Assets Statement	£000
	<b>Net Current Assets and Liabilities</b>	
2,068	Pensions top up grant receivable from sponsoring department	1,294
(2,068)	Other current assets and liabilities (other than liabilities and other benefits in the future)	(1,294)
<b>-</b>	<b>Net Assets at the End of the Year</b>	<b>-</b>

## **Notes to the Firefighters' Pension Fund Account**

### **1 - Pension Fund Arrangements**

Before 1st April 2006 the Firefighters' Pension Scheme did not have a percentage of pensionable pay contribution from employers: rather the Authority was responsible for paying the pensions of its own former employees on a pay-as-you-go basis. Under the new funding arrangements the scheme remains unfunded but will no longer be on a pay-as-you-go basis as far as the Authority is concerned. The Authority will no longer meet the pension outgoings directly: instead they will pay an employer's pension contribution based on a percentage of pay into the Pension Fund. The Authority is required by legislation to operate a Pension Fund and the amounts that must be paid into and paid out of the Pension Fund are specified by regulation. Benefits payable are funded by contributions from employers and employees.

Employers' contribution levels are based on percentages of pensionable pay set nationally by the DCLG and subject to triennial revaluation by the Government Actuary's Department.

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

### **2 - Pension Fund Accounting Policies**

The accounting policies followed are the same as for the main accounts of the Authority.

### **3 - Balancing the Pension Fund Account**

If the Pension Fund Account is not balanced to nil by pension top-up grant receivable or by the amount payable to the sponsoring department the Pension Fund should be balanced to nil by a supplementary contribution from the authority to the Pension Fund or by the Pension Fund returning contribution to the Authority.

This is shown under Short Term Debtors in Note 16 in the notes to the core financial statements.

The Net Assets Statement does not include liabilities to pay pensions and other benefits after the Balance Sheet Date.

### **4 - Pension Fund Investment Assets**

As the Scheme is unfunded there are no investment assets.

### **5 – Liabilities Shown in the Authority's Main Statements**

The liabilities relating to the Firefighters' Pension scheme can be seen in Note 28 of the main statements.

### **6 – Holiday Contributions 18-20**

Firefighters who joined the 1992 FPS aged 18-20 have previously had to contribute for up to 32 years to receive a 30-year pension at the earliest age of 50. Following a legal challenge from the FBU, they

received correspondence from the Department for Communities and Local Government conceding the case.

DCLG accepted that rules of the 1992 FPS would be amended to allow all affected members who joined before the age of 20 or affects members who have already retired and who found themselves in this position after 1 December 2006 when the age discrimination legislation for pensions came into force. Upon reaching 50, the affected member will be able to choose to:

- Retire with a pension.
- Continue employment and recommence payment of contributions (the accrual cap remains in place with a maximum thirty years pension).
- Or continue employment without paying contributions, thereby electing to defer their pension.

Payment of any additional amounts identified as due were made with simple interest calculations as well. These amounts have been disclosed separately within the Fire-Fighters Pension Fund.

## Glossary of Terms

### **Amortisation / Amortise**

The equivalent of depreciation when applied to intangible assets.

### **Accruals**

Used to describe allocating expenditure or income to the relevant financial year.  
Includes Debtors, Creditors and Prepayments

### **BMKFA**

Acronym for Buckinghamshire & Milton Keynes Fire Authority.

### **Budget**

A statement of the Authority's expected level of service delivery plans expressed in monetary terms and spending over a set period, usually one year.

### **BCC**

Buckinghamshire County Council. BCC provide some services to the Authority under a service level agreement.

### **Capitalisation**

Capitalisation is the addition to the balance sheet as an asset of an amount that will benefit the Authority for more than one year.

### **Capital Adjustment Account**

Provides a balancing mechanism between the different rates at which assets are depreciated under the Code and are financed through the capital controls system.

### **Capital Financing Requirement**

Measures the Authority's underlying need to borrow or finance by other long-term liabilities for a capital purpose. It represents the amount of capital expenditure that has not yet been resourced, whether at the point of spend or over the longer term

### **Capital Receipts**

Proceeds from the sale of capital assets that must be used to finance new capital expenditure or reduce the existing Capital Financing Requirement. Receipts available to finance capital expenditure in future years are held in the Usable Capital Receipts Reserve.

### **Carrying Amount**

The carrying amount refers to the amounts that the Authority has on its books for an asset or a liability. For example, the carrying amount of the authority's rescue pump is the cost of the rescue pump minus the accumulated depreciation on the rescue pump.

### **CIES**

Comprehensive Income and Expenditure Statement. This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.

### **CIPFA**

Chartered Institute of Public Finance and Accountancy.

### **The Code**

The Code of Practice on Local Authority Accounting in the United Kingdom. Sets out the proper practices for producing the Statement of Accounts.

### **FCPFA**

Fellowship Chartered Public Finance Accountant.

### **CPI (see also RPI)**

Consumer Price Index, a key measure of inflation in the UK.

### **Collection Fund Adjustment Account**

Provides a balancing mechanism for the timing differences between statutory accounting requirements and full accruals accounting for council tax.

### **Council Tax Support Scheme**

Regulations introduced in April 2013 that allow councils to design their own schemes to provide incentives for people to find and stay in work.

### **Creditors**

Amounts owed by the Authority at the Balance Sheet date for goods received or work done.

**Curtailment**

The early payment of accrued pensions upon retirement.

**Debtors**

Amounts due to the Authority but remaining unpaid at the Balance Sheet date.

**Depreciation**

The loss of value of assets due to wear and tear, age or obsolescence.

**Derecognition**

The removal of a previously recognised financial asset or liability from the balance sheet following the transfer of asset to a third party or expiry of contractual rights to an asset.

**EUV**

Existing Use Value. The price at which a property can be sold on the open market assuming that it can only be used for the existing use for the foreseeable future.

**Fair Value**

Asset – the amount at which that asset could be bought or sold in a current transaction between willing parties, other than in a liquidation.

Liability – the amount at which that liability could be incurred or settled in a current transaction between willing parties, other than in liquidation.

**Financial Instrument**

A legal agreement involving some sort of monetary value. Financial instruments can be classified generally as equity based, representing ownership of the asset, or debt based, representing a loan made by an investor to the owner of the asset

**General Fund**

The balance held by the Authority against which the council tax is raised. The balance sheet shows the accumulated surplus from previous years.

**HMRC**

Her Majesty's Revenue & Customs.

**IAS**

International Accounting Standards which have come into effect with the introduction of International Financial Reporting Standards (IFRS).

**IAS 19 (formerly FRS17)**

The accounting standard that sets out (amongst other things) the requirements and accounting treatment for retirement benefits.

**IFRS**

The International Financial Reporting Standards which became applicable from the 1<sup>st</sup> April 2010. All future accounts will be presented using these standards.

**Impairments**

A downward movement in the value of assets; the opposite to revaluation (upwards) of asset values.

**IRMP**

The Integrated Risk Management Plan covers the 3 years 2010 – 13 and explains what BMKFA is going to do to develop its services for the future.

**LIFO**

Last in First Out is one of a number of methods for calculating the carrying value of inventories.

**Loans Outstanding**

Loans raised to finance capital spending which have to be repaid.

**Local Government Pension Scheme (LGPS)**

Is the Pension Scheme provided by the Authority for employees not eligible to join the Firefighters' Pension Scheme.

**Lower of Cost and Net Realisable Value**

A method for determining an asset's value such that either the original cost or the current replacement cost, whichever is lowest, is used for financial reporting purposes

**Materiality**

Information is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements.

**Minimum Revenue Provision (MRP)**

The minimum amount of the Authority's outstanding debt which must be repaid by the revenue accounts in the year.

**National Non-Domestic Rates (NNDR)**

Also known as Business Rates, these are collected by local authorities and are the way that those who occupy non-domestic property contribute towards the cost of local services.

**NJC**

National Joint Council for Local Authority Fire and Rescue Services.

**Outturn**

The actual level of spending and income in a particular year.

**Precept**

An amount of money levied by one authority (the precepting authority) which is collected by another authority (the billing authority) as part of the council tax. BMKFA is a precepting authority and the four Buckinghamshire District Councils and Milton Keynes Council are the billing authorities.

**Prepayments**

Where the authority pays for goods or services before they have been received, any amounts paid but not received by the end of an accounting period are shown in the balance sheet as prepayments.

**Provisions**

These are sums set aside for a specific purpose, the nature of which is known but the exact amount and due date is not.

**Public Works Loan Board (PWLB)**

A government body from which a local authority may raise long term loans.

**Realised/Unrealised Gains**

A realised gain is the capital gain that you make on an asset that you receive in the form of cash. An unrealised gain is an increase in the carrying value of an asset that has yet to be sold.

**Revaluation**

Revaluation of fixed assets is the process of increasing or decreasing their carrying value to reflect changes in fair value.

**Revaluation Reserve**

Records unrealised revaluation gains arising (since 1<sup>st</sup> April 2007) from holding fixed assets.

**Revenue Expenditure**

This is spending on the day to day running expenses of the Authority. It includes expenses such as salary and wages, heating, lighting, rent, rates and stationery.

**Reserves**

Amounts set aside in one year to fund expenditure in subsequent years

**Revenue Support Grant (RSG)**

An amount of money given by central government to local authorities each year

**RICS**

Royal Institute of Chartered Surveyors

**RPI**

Retail Price Index, a measure of inflation in the UK. CPI excludes most owner occupier housing costs while the RPI includes mortgage interest payments and house depreciation. RPI generally produces a higher inflation figure than CPI.

**Integra**

The accounting system software used at Buckinghamshire and Milton Keynes Fire Authority.

**SeRCOP**

Service reporting Code of Practice 2011/12 replaces the Best Value Accounting Code of Practice (BVACOP) produced by CIPFA to establish a reporting protocol to demonstrate transparency and best value in the provision of services to the community.

**Write Down**

A reduction in the book value of an asset due to depreciation or a decline in market value





# Buckinghamshire & Milton Keynes Fire Authority

<b>MEETING</b>	Overview and Audit Committee
<b>DATE OF MEETING</b>	22 July 2020
<b>OFFICER</b>	Mark Hemming, Director of Finance & Assets
<b>LEAD MEMBER</b>	Cllr David Hopkins
<b>SUBJECT OF THE REPORT</b>	<b>Treasury Management Performance 2019/20</b>
<b>EXECUTIVE SUMMARY</b>	<p>This report is being presented to provide the treasury investment position as at the end of 2019/20. It is best practice to review on a regular basis how Treasury Management activity is performing.</p> <p>The accrued interest earned for 2019/20 year is £195k, which is £45k higher than the budget for the period.</p>
<b>ACTION</b>	Noting
<b>RECOMMENDATIONS</b>	That the Treasury Management Performance 2019/20 report be noted.
<b>RISK MANAGEMENT</b>	<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>
<b>FINANCIAL IMPLICATIONS</b>	The budget for 2019/20 relating to interest earned on balances invested is £150k. Performance against the budget is included within Appendix A.
<b>LEGAL IMPLICATIONS</b>	The Authority is required by section 15(1) of the Local Government Act 2003 to have regard to the Department for Communities and Local Government Guidance on Local Government Investments; and by regulation 24 of the Local Authorities (Finance and Accounting) (England) Regulations 2003 [SI 3146] to

	have regard to any prevailing CIPFA Treasury Management Code of Practice
<b>CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE</b>	No direct impact.
<b>HEALTH AND SAFETY</b>	No direct impact.
<b>EQUALITY AND DIVERSITY</b>	No direct impact.
<b>USE OF RESOURCES</b>	See Financial Implications.
<b>PROVENANCE SECTION &amp; BACKGROUND PAPERS</b>	Treasury Management Policy Statement, Treasury Management Strategy Statement and the Annual Investment Strategy <a href="https://bucksfire.gov.uk/documents/2020/03/130219_fire_authority_agenda.pdf/">https://bucksfire.gov.uk/documents/2020/03/130219_fire_authority_agenda.pdf/</a>
<b>APPENDICES</b>	Appendix A: Treasury Management Performance 2019/20
<b>TIME REQUIRED</b>	5 minutes
<b>REPORT ORIGINATOR AND CONTACT</b>	Linda Blunt <a href="mailto:lblunt@bucksfire.gov.uk">lblunt@bucksfire.gov.uk</a> 01296 744404

## Appendix A – Treasury Management Performance 2019/20

### Background

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

This report highlights the performance to date of the in-house treasury management function for 2019/20. It is worth noting that the interest receivable from BCC under the SLA on the 2019/20 average balance of £14.5m would have been £82.6k.

### Security of Investments

The primary investment priority as set out in the Treasury Management Policy Statement is the security of capital. The Authority applies the creditworthiness service provided by Link. This determines whether or not a counterparty is suitable to invest with and if so, the maximum duration an investment could be placed with them. In the Annual Investment Strategy (AIS), the Authority resolved that the balances invested with any single counterparty at any point in time would be 30% of the total investment portfolio to a maximum of £5m (with the exception of Lloyds Bank, who as our banking provider that have a limit of £7.5m, of which at least £2.5m must be instant access). The amount invested with each counterparty on the approved lending list as at 31 March 2020 is detailed below:

Counterparty	Amount (£000)
Lloyds Bank	5,000
Nottingham Building Society	2,000
Principality Building Society	1,000
Warrington Borough Council	2,000
Thurrock Borough Council	1,000
West Bromwich Building Society	1,000
Lloyds Bank (Current Accounts)	1,764
<b>Total</b>	<b>13,764</b>

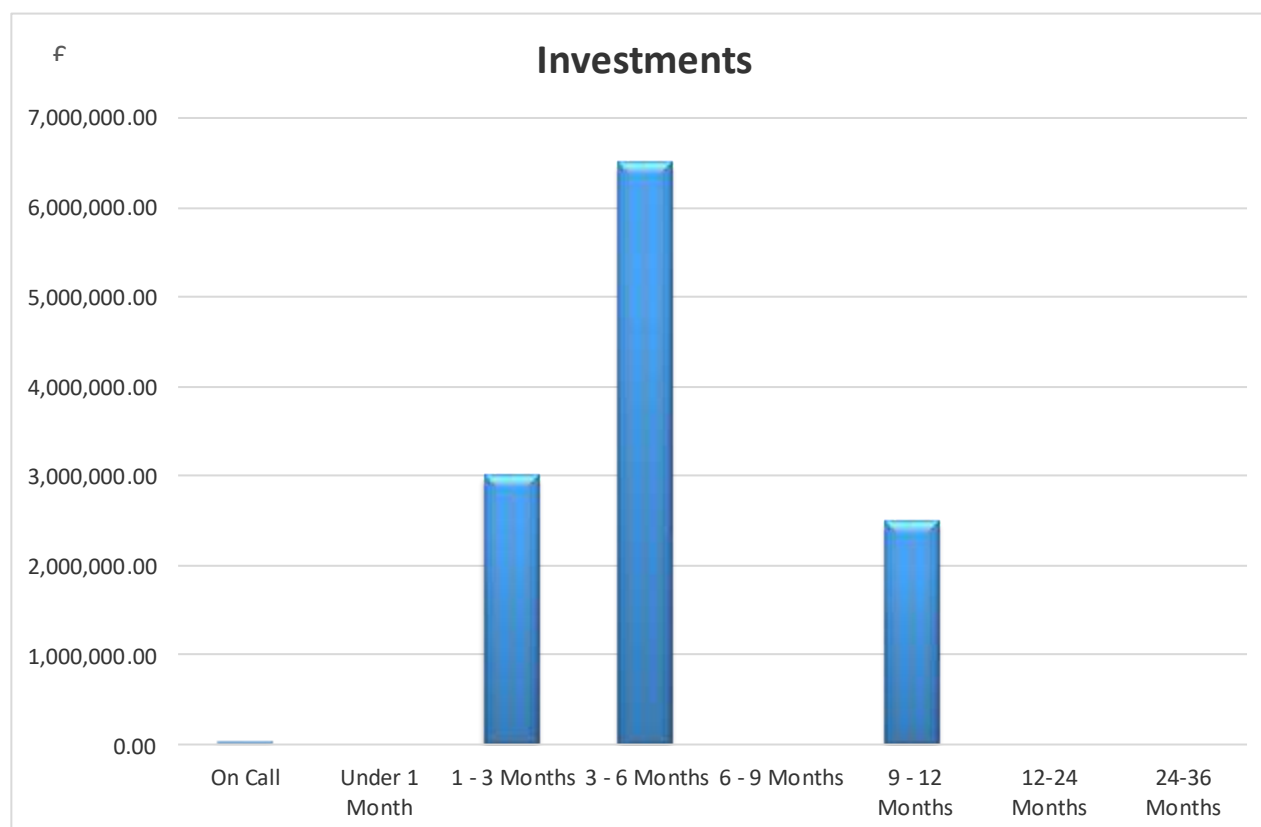
No counterparty limits were breached during the 2019/20 financial year.

In its AIS the Authority also resolved that all credit ratings will be monitored weekly, by means of the Link creditworthiness service. During Quarter 4 Link made no relevant changes to the counterparty listing.

## Liquidity

### Investments

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

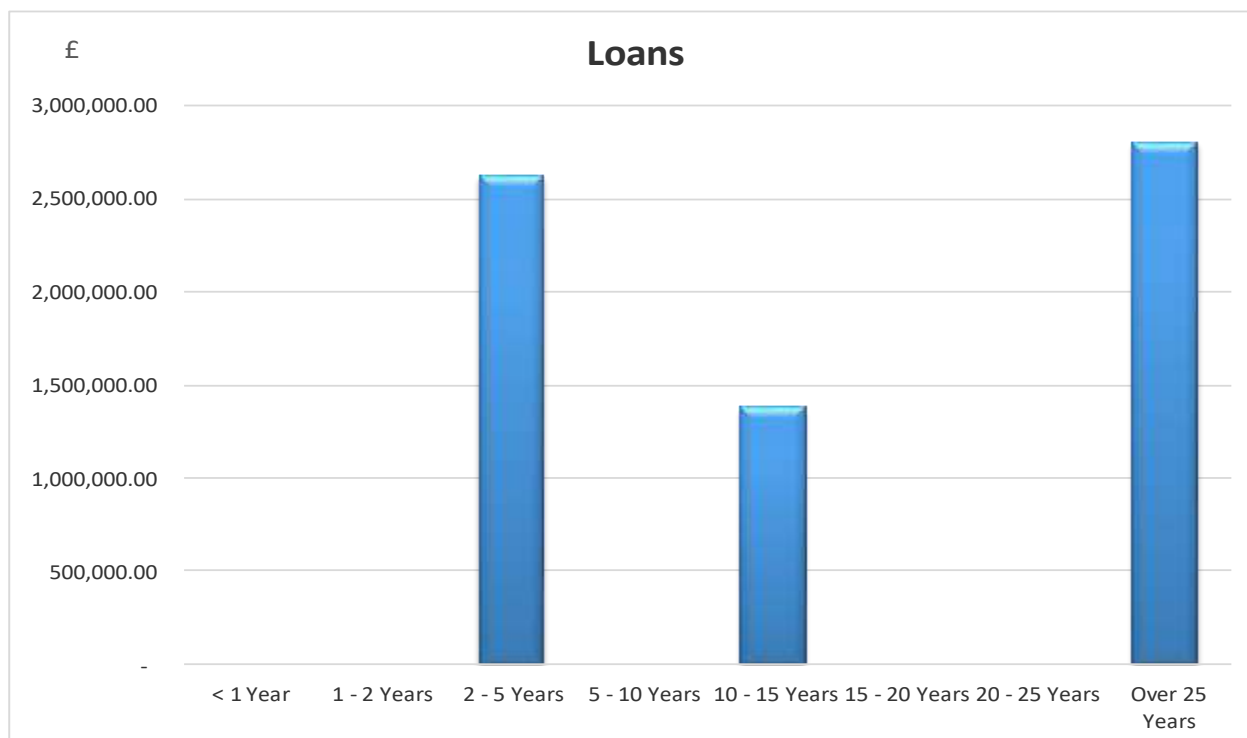


In order to cover expenditure such as salaries, pensions, creditor payments, and potential liabilities for which we have made provisions within the Statement of Accounts, the balances are invested as short fixed-term deposits.

There are seven investments currently falling in the 1-3 and 3-6 month periods. These mature one each month for the next seven months and were all originally invested for different terms and will be re-invested for varying terms upon maturity in order to maintain liquidity and meet future commitments. The Authority continues to hold Money Market Funds to help improve the liquidity of the Authority's balances. However, there is currently no money invested in these funds due to the timing of payments relating to the Blue Light Hub. This is expected to change during the next financial year. By investing collectively, the Authority benefits from liquidity contributed by others and from the knowledge they are all unlikely to need to call on that money at the same time.

## Borrowing

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



The total borrowing outstanding as at 31 March 2020 is £6.797m. No further debt repayment is due until May 2022. These repayments do not directly affect the revenue budget, as they simply reflect the use of cash accumulated by setting aside the appropriate minimum revenue provision (MRP) to settle the outstanding liability. At the Fire Authority meeting in February 2020, the Authority approved an increase in the Authorised Limit by £2m with immediate effect in-case short-term borrowing is required to effectively manage cashflow. This additional borrowing headroom was not utilised, primarily due to the receipt of £2m from South Central Ambulance Service for their contribution towards the Blue Light Hub.

## **Investment Yield**

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

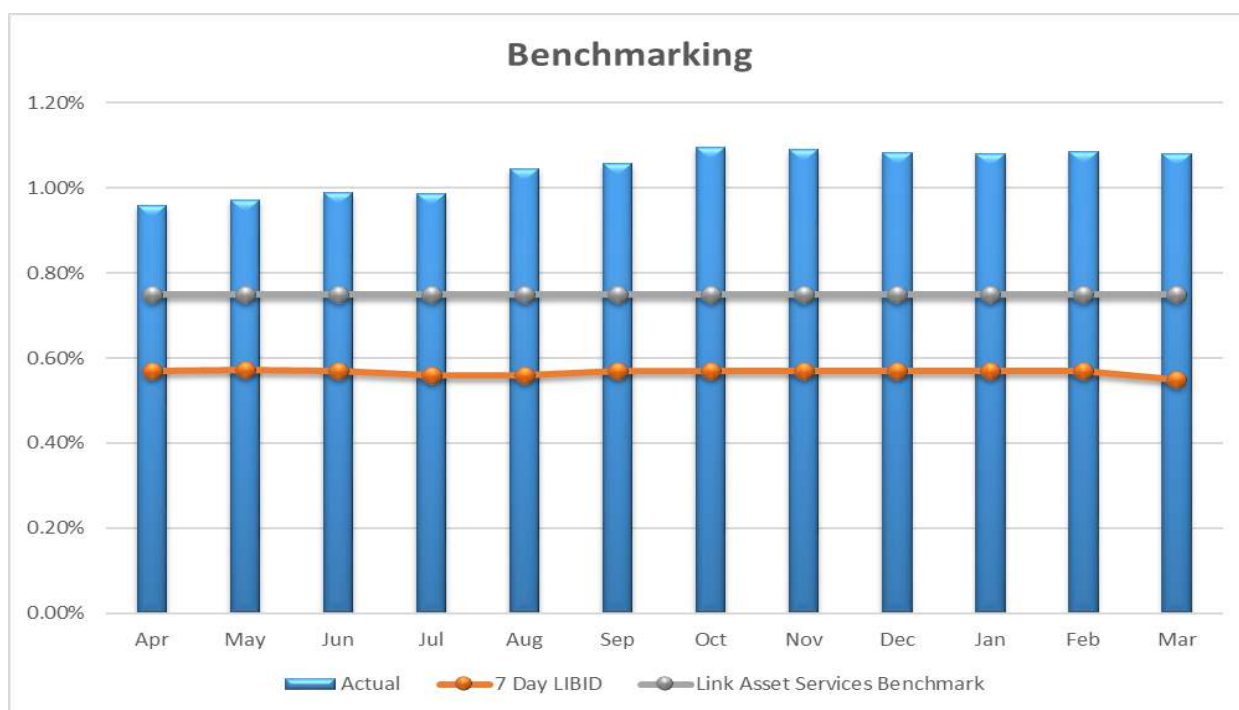
### Performance Against Budget

The budget for future years was reviewed as part of the Medium Term Financial Plan process and the income target for 2019/20 is £150k. This has not increased for 2019/20 due to the continuing spend on the Blue Light Hub at West Ashlands, Milton Keynes. It is expected that there will be less funds available for investments, hence the potential to realise greater interest is diminished. The accrued interest earned as at 31 March 2020 is £195k against the planned budget of £150k for the year, which is an over achievement of £45k. It should be noted that £36k of this is due to the interest achieved from making an advance payment in respect of the Employers contribution to the LGPS of £1.3m, achieving £36k interest per year for the current year.

### Performance Against the Benchmark

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

- 7 day LIBID – this is the rate the Authority would have earned on all balances had the SLA with BCC continued into future years
- Link benchmark – this is the indicative rate that Link advised 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 as a result of the reduction in reserves. 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.

In addition, the impact of the corona virus will have an influence on the return on investments in the next financial year. Currently in March 2020 the Bank of England have made 2 unprecedented emergency interest rate cuts bringing the base rate to a record low of 0.10%. The full impact of the pandemic will not be known for quite some time but is having a major impact on the money markets and the world economy in general, which will take a considerable time to recover. The direct impact on the Authority will be interest rates on current accounts, money market funds and investments.



# Buckinghamshire & Milton Keynes Fire Authority

<b>MEETING</b>	Overview and Audit Committee
<b>DATE OF MEETING</b>	22 July 2020
<b>OFFICER</b>	Mark Hemming, Director of Finance & Assets
<b>LEAD MEMBER</b>	Councillor David Hopkins
<b>SUBJECT OF THE REPORT</b>	<b>Business and Systems Integration Project: Evaluation</b>
<b>EXECUTIVE SUMMARY</b>	<p>Following a high-level feasibility study undertaken in 2014, the Business and System Integration (BASI) detailed business case was approved by the Executive committee in July 2015.</p> <p>It outlined the following objectives for the project:</p> <ul style="list-style-type: none"> <li>- Information Processing Efficiency</li> <li>- Information Accuracy and Currency</li> <li>- Information Immediacy</li> <li>- Technical Requirements</li> </ul> <p>It also provided four recommendations:</p> <ul style="list-style-type: none"> <li>- Software: the final solution should include two enterprise level systems, ERP and Finance.</li> <li>- Implementation: a four-phase cutover is recommended.</li> <li>- Timeline: two years is the minimum achievable, three years would be more manageable.</li> <li>- Investment: estimated £1.2m (for a two-year project using external resources).</li> </ul> <p>The Business and Systems integrations project has delivered new, modern systems and processes across the service that met the project objectives.</p> <p>Officers chose not to procure an ERP as it would not meet our wide-ranging needs. Therefore, the overall timescales to deliver the project took longer.</p> <p>The project was delivered within budget.</p> <p>The new systems allow us to continue to develop our processes.</p> <p>For the detailed project evaluation please see Annex A.</p>
<b>ACTION</b>	Noting
<b>RECOMMENDATIONS</b>	That the report is noted.

<b>RISK MANAGEMENT</b>	The project risks were contained within a project risk register. This will be stored alongside the lessons learnt.
<b>FINANCIAL IMPLICATIONS</b>	There are no further financial implications related to the project identified in this paper.
<b>LEGAL IMPLICATIONS</b>	There are no further legal implications related to the project identified in this paper.
<b>CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE</b>	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.
<b>HEALTH AND SAFETY</b>	The Resource Management system allows us to monitor Working Time Directive measures.
<b>EQUALITY AND DIVERSITY</b>	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.
<b>USE OF RESOURCES</b>	The relevant teams will use and manage their systems and processes as part of the current establishment.
<b>PROVENANCE SECTION &amp; BACKGROUND PAPERS</b>	<p><b>Background</b></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><b>Background Papers</b></p> <ul style="list-style-type: none"> <li>• <a href="#">Business and Systems Integration Business Case</a></li> <li>• <a href="#">Business and Systems Terms of Reference</a></li> <li>• <a href="#">Business and Systems Integration Project: Governance Reporting Arrangements (18 November 2015)</a></li> </ul>
<b>APPENDICES</b>	<p>Annex A: Project Evaluation</p> <ul style="list-style-type: none"> <li>• Appendix 1 to Annex A: Business Case proposed 4 stage cutover</li> <li>• Appendix 2 to Annex A: Business Case proposed Plan</li> <li>• Appendix 3 to Annex A: Business Case proposed Financials</li> </ul>
<b>TIME REQUIRED</b>	10 Minutes.
<b>REPORT ORIGINATOR</b>	Anne-Marie Carter



<b>AND CONTACT</b>	<a href="mailto:acarter@bucksfire.gov.uk">acarter@bucksfire.gov.uk</a> 01296 744453
--------------------	--

This page is intentionally left blank

## Annex A

### Service Document Standard Form:

### Project Management Process

## PROJECT EVALUATION



<b>PROJECT:</b>	<i>Business and Systems Integration (BASI)</i>
<b>FILE LOCATION:</b>	<i>TBC</i>
<b>DATE:</b>	<i>15<sup>th</sup> June 2020</i>
<b>AUTHOR:</b>	<i>Anne-Marie Carter</i>
<b>PROJECT SPONSORS:</b>	<i>Calum Bell Mick Osborne Mark Hemming</i>
<b>VERSION NUMBER:</b>	<i>1.2</i>
<b>APPROVALS:</b>	<ul style="list-style-type: none"><li>• <i>Calum Bell</i></li><li>• <i>Mick Osborne</i></li><li>• <i>Mark Hemming</i></li><li>• <i>Business Transformation Board</i></li></ul>
<b>DISTRIBUTION:</b>	<ul style="list-style-type: none"><li>• <i>Project Teams</i></li></ul>

## DOCUMENT CONTROL

<b>Version:</b>	<b>Date:</b>	<b>Notes:</b>
1.0	08 June 2020	Initial Draft version
1.1	15 June 2020	Updated following feedback at BTB
1.2	23 June 2020	Updated following feedback at SMB

## APPROVAL RECORD

<b>Version</b>	<b>Date:</b>	<b>Approval:</b>	<b>Notes</b>
1.1	15 June 2020	BTB	Approved
1.2	23 June 2020	SMB	Approved

## 1. Purpose

*The evaluation report provides the opportunity to reflect on the performance of the project once it has been completed. It provides an evaluation of how far the project went in achieving the stated aims and objectives which were outlined in the Business Case and the Project Initiation Document (PID).*

## 2. Executive Summary

The Business and Systems integrations project has delivered new, modern systems and processes across the service.

Although there has been some resistant to change we have come along way, its only when we stop and reflect you realise the changes we have achieved.

The new systems allow us to continue to develop our processes, but we need to make sure it is handled in controlled way.

## 3. Background

Following a high level feasibility study undertaken in 2014, the Business and System Integration (BASI) detailed business case was approved by the Executive committee in July 2015. It outlined the following for the project.

### *Business Need*

There were several business drivers behind the desire to change.

- Firstly there was need throughout the organisation to reduce the low value administrative activities. To automate where possible, and to introduce more agile ways of working, utilising mobile technology where possible. This requirement was clearly defined in the ICT strategy at the time.
- Secondly some existing systems are, or are becoming less 'fit for purpose' over time in terms of supporting the business, and modification to these systems was either not technically desirable or not possible or not deemed to be economically viable.
- Thirdly, there is a need to improve, advance and standardise the technology deployed at BMKFRS in order to create options for sharing of services, systems and technology platforms with third parties or other Fire Service organisations in the future.

A link to the Business case can be found [here](#)

## 4. Project description

The BASI project had 4 objectives:

1. Information Processing Efficiency
  - a. The number of manual processes should be reduced
  - b. Duplication should be eliminated
  - c. Automated integration between systems and system modules
  - d. Complete tasks via self-service or mobile devices where possible

2. Information Accuracy and Currency
  - a. Sector specific standard functionality must be provided
  - b. Replace manual processes with automation
  - c. A single source of master data should be maintained
  - d. Master data should be propagated to slave systems regularly and automatically
  - e. Security and data control mechanisms must be robust
3. Information Immediacy
  - a. Information must be easy to search, query and output
  - b. Information must be accessible on tablets / mobile devices where possible (see objective 4b below)
  - c. Information must progress automatically through scheduling or workflow
  - d. Alerts automatically generated when information flow is blocked
4. Technical Requirements
  - a. Flexible support packages should be available with out-of-hours available if needed
  - b. Potential vendors should be cognisant with Fire Service requirements
  - c. Software should be delivered on a modern architecture (e.g. multi-tiered, web-based)
  - d. Integration with mobile technologies should be available (i.e. not just through full Windows OS, but via Windows Mobile, iOS or Android)
  - e. Flexible hosting options should be available (in-house or external)
  - f. External hosting arrangements must comply with ISO27001 and any additional BMKFRS information security requirements

### *Benefits*

The expected tangible benefits of the recommended solution were

1. Direct cost savings
  - a. Staffing reductions made possible with more efficient administration functions (greater automation, devolved administration).
  - b. Lower system support costs.
  - c. Reduced paper consumption.
  - d. Future savings potential through shared services and streamlined partnerships.
2. Indirect cost savings
  - a. Time saved by improved system response times.
  - b. Time saved by streamlined, automated processes.
  - c. Time saved by removing duplication of effort.
  - d. Ability to configure financial information according to fire service needs without non-fire service restrictions.

The expected intangible benefits of the recommended solution were:

- Improved service quality through a real-time integrated view of the activities of the organisation.
- Improved customer relations through on-line accessibility and a modern perception of the organisation.
- Better employee experience and more agile working opportunities through remote access and self-service applications.
- Greater control through greater awareness of work status, risks, issues, trends etc.

- Improved staff development via greater visibility of development paths and training needs.
- Enhanced Establishment control and workforce planning.
- Greater interdepartmental collaboration driven by a common view of information.
- Support staff will be able to spend time supporting service delivery and development rather than inputting data. Fits with the vision of smaller but more highly skilled support service teams.
- Potential to decentralise some smaller expenditure to station level e.g. use of purchasing cards.

The business case was summarised with 4 recommendations:

Software: the final solution should include two enterprise level systems, ERP and Finance. (See Appendix 1)

Implementation: a four phase cutover is recommended. (See Appendix 1)

Timeline: two years is the minimum achievable, three years would be more manageable. (See Appendix 2)

Investment: estimated £1.2m (for a two year project using external resources). (See Appendix 3)

## **5. Analysis of Project**

### **How did the project deliver against the 4 recommendations**

#### **Software:**

Business Case Recommendation: The final solution should include two enterprise level systems, ERP and Finance.

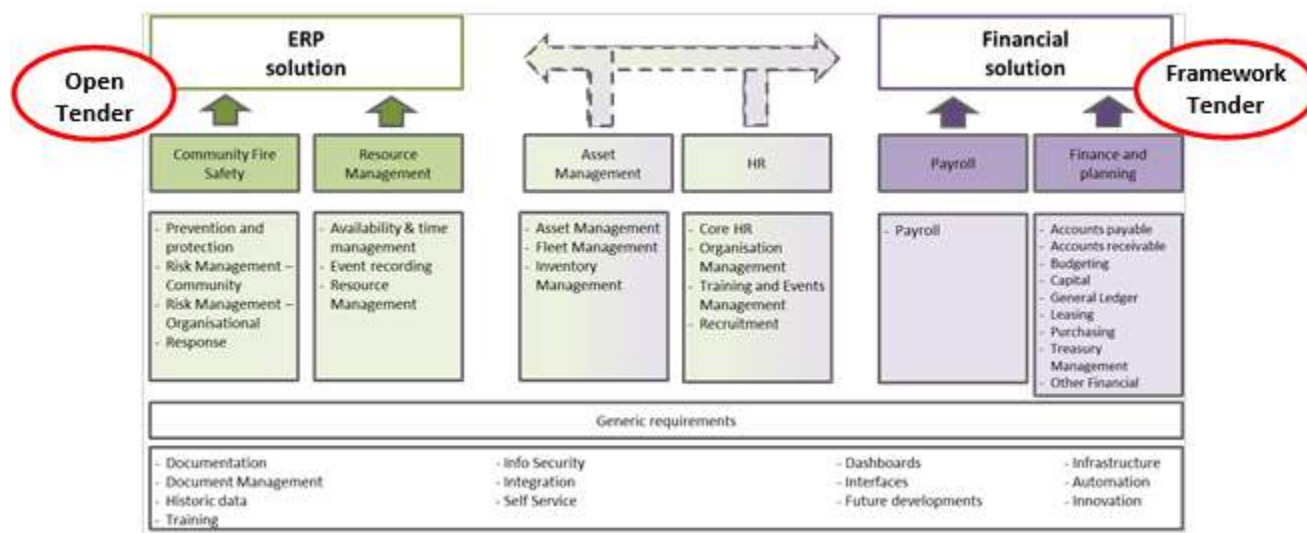
Outcome:

Following a further review of suppliers, it was noted that there was not going to be a supplier that could deliver the ERP solution we would need to meet our requirements across the Service.

There were several challenges identified with looking for an ERP, they include:

- Too generalised
- Excessive complexity
- High Cost
- Inflexible
- Poor interoperability

Therefore, we chose to approach the initial tender in the following way, giving us more flexibility:



Following the initial tender it confirmed that there was not going to be an ERP solution that would meet our needed and therefore the evaluation group recommended the following solution, to the project sponsors, for the BASI project:

	Community Fire Safety	Resource Management	Asset Management	HR	Payroll	Finance
	Mandatory	Mandatory	Optional	Optional	Mandatory	Mandatory
5	Retender	Hold – Future Dev	Hold – Future Dev	Capita	Capita	Capita

Further tenders were completed for the Community Fire Safety System, Resource Management system and the Fleet Management System.

It was signed off by the project sponsors to not move away from Redkite so no tender was completed for Asset Management

This approach ensured we got systems that were right for each area ensuring no one had to “make-do”.

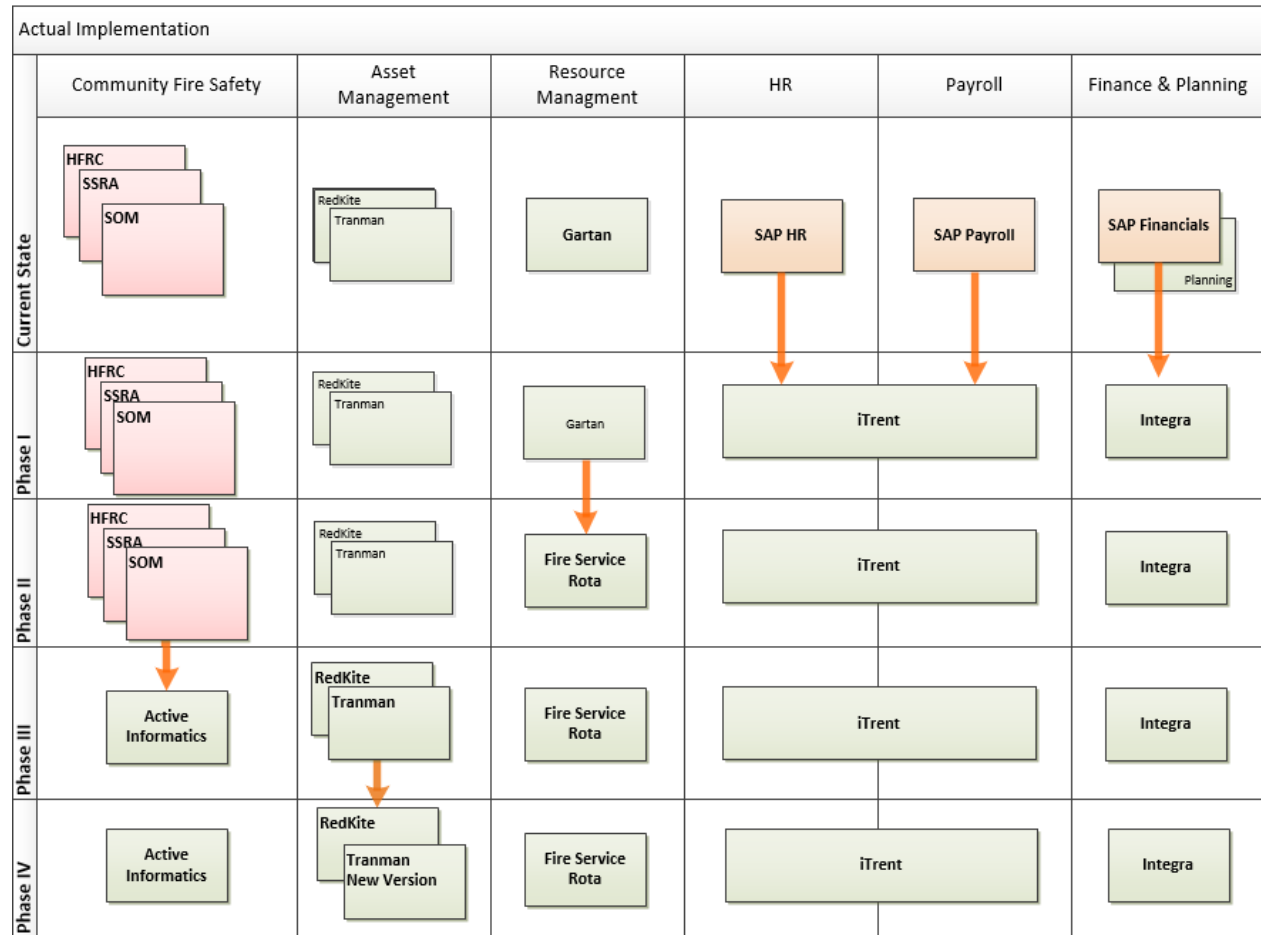
Although no joint tenders took place we have shared learnings with multiple services throughout the projects.

## Implementation:

Business Case Recommendation: a four phase cutover is recommended.

The project was splits into 4 stages but due to the move away from an ERP the timing of the changes was different.

The box below shows how the systems was migrated by phase:



There are 3 elements still in progress

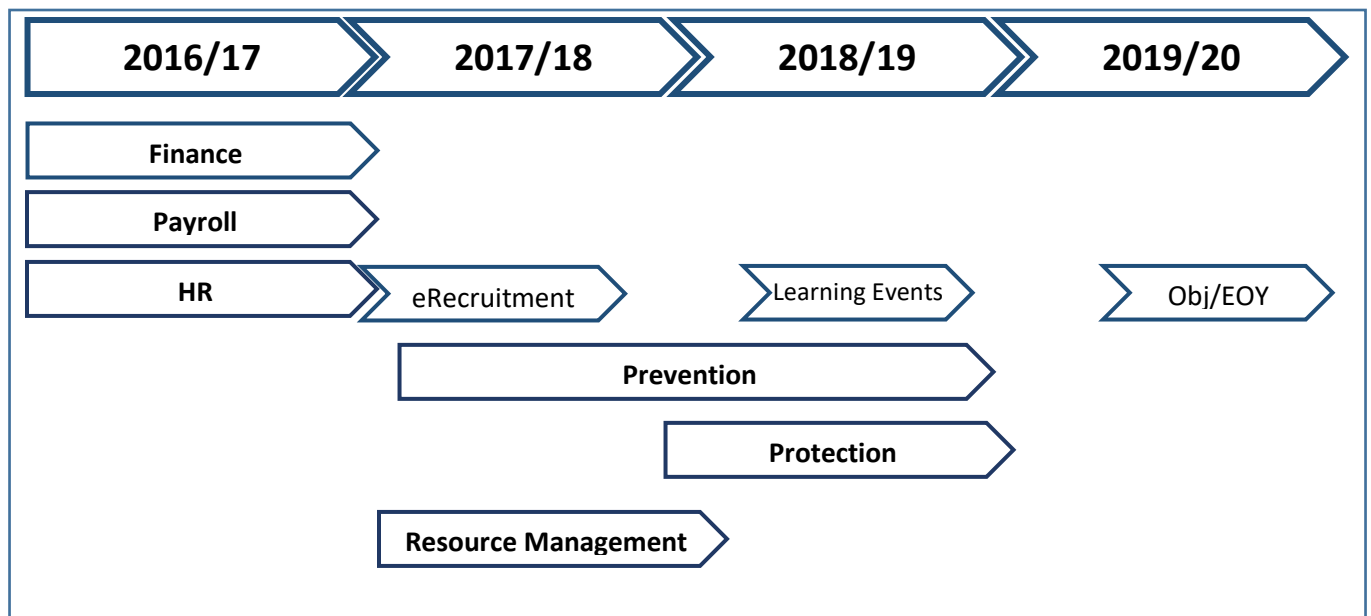
- SSRI – The Service has decided to review the methodology it uses to capture site risk info. The new methodology is based on National Operational Guidance (NOG). Once the methodology has been agreed work on the system can start.
- Redkite – The BASI budget allows for the purchase of new scanners, conversations have started with potential suppliers.
- Fleet Management – The contract has been awarded to Tranman, a plan is in place to upgrade the fleet management system to the new cloud based Tranman system.



### **Timeline:**

Business Case Recommendation: Two years is the minimum achievable, three years would be more manageable.

The project has been delivered over four years and all changes to the timeline were agreed with the Project sponsors.



There are a number of reasons for the programme being extended:

- Original timescales didn't allow sufficient time for the tender process, there was no time allowed for extra tenders due to the move away from an ERP.
- A number of areas had a change in personnel leading to more time being spent on clarifying requirements
- For some systems we increased the amount of time we spent testing to ensure it was right for the end users

**Investment:**

Business Case Recommendation: £1.2M is provisionally set aside in reserves for funding this project.

The final BASI project cost was £1.12M

These costs covered

- 1) Project team
- 2) System development to Go Live
- 3) Integration
- 4) Hardware

***Savings***

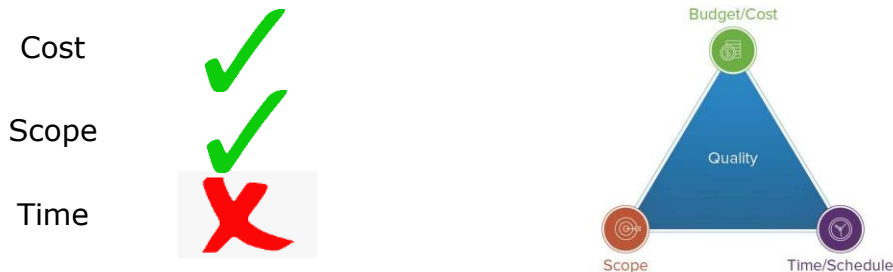
The business case identified 2 types of savings:

- Direct Savings £128,861  
These savings were removed as part of the MTFP and are delivered
- Indirect Savings £118,029  
All areas have seen a reduction in the time it takes to do tasks allowing them to take on other work.  
A good example of this is the administrative time by station staff for Safe and Well has significantly reduced

The Opex cost of the new systems are inline with the business case and are factored into the ICT budget for 2020/21 onwards.

### a. Operational Performance

The BASI project followed the time/cost/scope quality model and has the following status:



As a Service we were happy for the project to take longer but deliver the right requirements for all areas and within budget

The project was run day to day by the Project Manager. It was identified that the project would benefit from operational support during the delivery of the Resource Management System (RMS) and Premises Risk Management (PRM) system, so the project had additional support via an Operational secondment.

The governance structure proposed to the Overview and Audit committee in November 2015 has been followed. There were regular highlight reports presented to the Sponsors, Business Transformation Board and the Overview and Audit committee. Where needed adhoc meetings were held with sponsors.

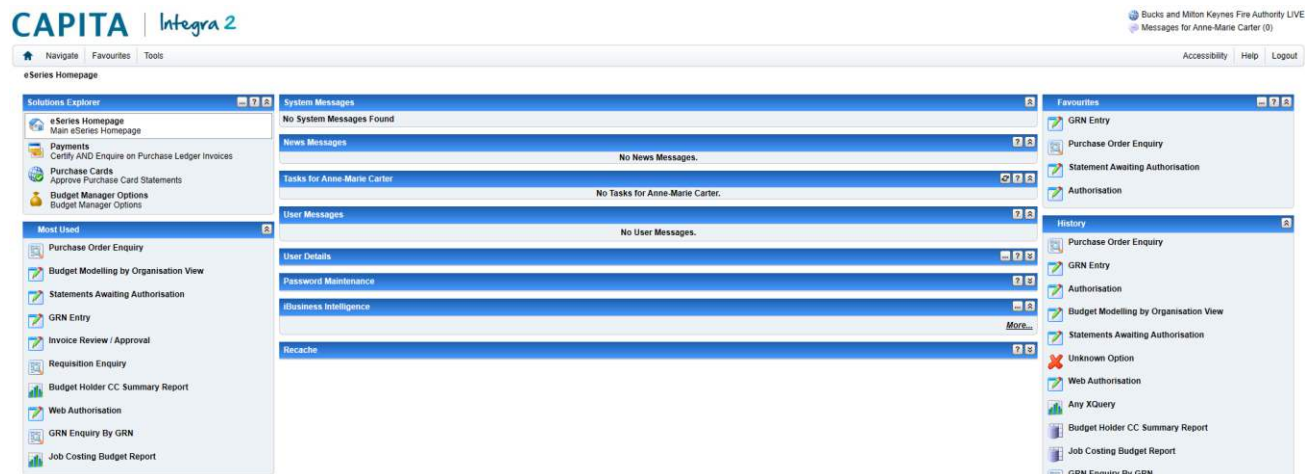
Regular meetings, often weekly, were held with the relevant teams as each area was delivered.

## b. Outputs and outcomes

The following section breaks down the outcome and outputs by system

### Finance System

Provided by Capita (Integra) for use across all Finance processes



A full review of all processes was completed before work started on the system ensuring strong buy in from the start across the team.

We have utilised the system to reduce paper across the service including

- Electronic invoicing
- Electronic procurement card process

The system gives us the ability to update it ourselves allowing us to configure the system to meet our business need.

Both end of month and end of year reporting is simpler and easier for staff.

Payroll data is automatically fed into the Finance system to support costing.

The reduction in non value add task has allowed for the identified reduction in headcount to be delivered.

The system is hosted by Capita and can be accessed either in the office or at home. The App provides functionality eg allowing requisitions to be approved on the go.

The Finance's team approach to the project contributed to them winning the team of the year at the Public Finance Innovation awards

**Finance Team of the Year - Local Services (sponsored by CIPFA Penna)**

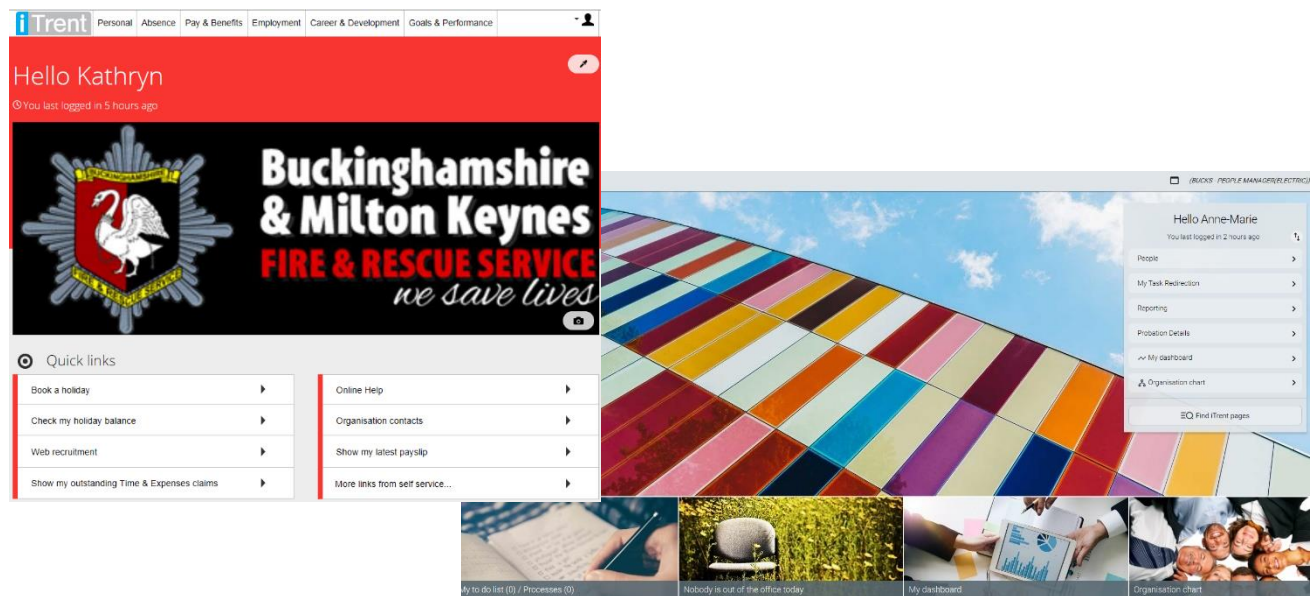
Sponsored by: CIPFA Penna

**WINNER:** Finance and Procurement Team, Buckinghamshire & Milton Keynes Fire Authority (BMKFA)

**Judges' comments:** "Finance teams across the local government sector are continuing to operate effectively – and with passion – in challenging circumstances. Buckinghamshire and Milton Keynes Fire Authority achieved a lot with a small team through collaboration and flexibility."

## HR/Payroll/L&D System

Provided by MHR (iTrent) for use across HR/Payroll/Learning & Development processes



We have utilised the system to reduce paper across the service including

- Electronic expenses
- Electronic holiday requests and tracking
- Return to works
- Digital payslips

Data entered once into the system can be seen by the relevant people, ie An employee can see their absence in Self Service, their manager can see it in People manager and the HR team can see it in the core system.

The data only needs to be entered once for it to be seen by the groups above.

We are utilising the system workflows to inform areas across the business of changes eg new starters, transfers, leavers.

Relevant data is transferred from the Payroll system to the Finance system automatically.

The system gives us the ability to update it ourselves allowing us to configure the system to meet our business need.

The system is hosted by MHR and can be accessed either in the office or at home. The site is responsive allowing it to be viewed on a mobile device.

The system is updated on a quarterly basis allowing us to gain enhancements to the system at no cost to the service.

# Premises Risk Management System

Provided by Active Informatics for use across all Prevention, Protection and Site specific risk information processes



All information related to a property is now captured in one place.

Information is captured real-time allowing us to review progress immediately

A full review of the data we needed to capture for Fire & Wellness was completed ensuring we captured the right data at the right time and store it appropriately.

The new processes meant there were no outstanding Fire and Wellness visits at the end of the year.

The system allows us to display information using the dashboard functionality making it simpler for managers to see work in progress or completed

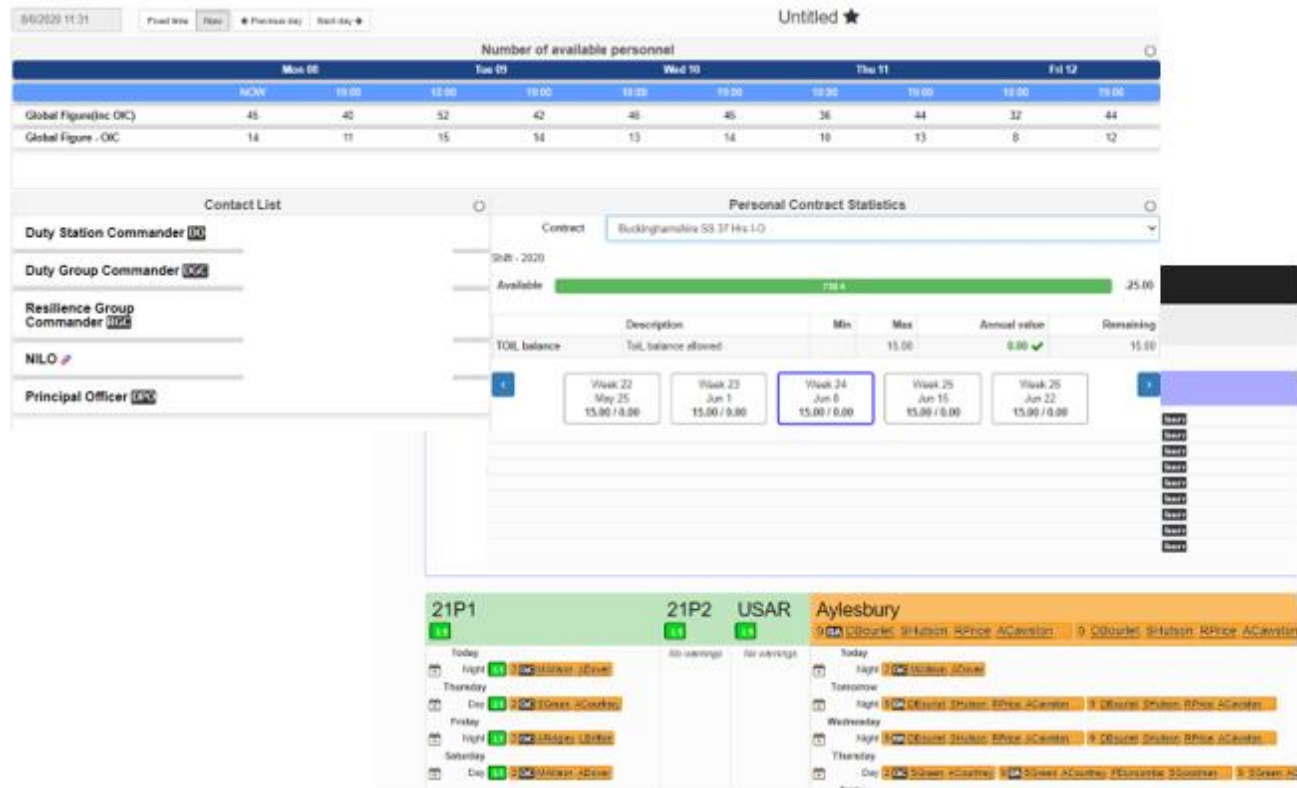
The end of year reporting is simpler and quicker across both Prevention and Protection

The system is hosted by Active Informatics and can be accessed either in the office or at home.

Station staff use the App on a tablet device to capture data on the go. We are continuing to look at offline capability to support when the mobile signal is not sufficient.

## Resource Management System

Provided by Fire Service Rota (FSR) for use across Resource management processes



All Operational staff are now in one system. A manager can see what hours a member of their team as worked on a station.

The system has moved the Service forward with ensuring our staff work inline with the Working Time Directive.

The system supports our availability model with staff able to enter their response level and the appliance availability is automatically calculated. There is work ongoing to link Fire Service Rota to our Command and Control system-Vision, the delay is not due to FSR.

The system provides greater visibility of the staff we have available across the service at any one time through dashboard capability.

Relevant data is transferred from the Resource management system to the payroll system to ensure both our oncall and whole time staff are paid correctly for extra hours.

The system is hosted by Fire Service Rota and can be accessed either in the office or at home. The App provides functionality eg booking availability

The system is updated on a regular basis allowing us to gain enhancements to the system at no cost to the service.

## 6. Evidence Limitations

Some information collated in the document was captured at the time the system went live. This may mean, for systems that went live early in the project, processes have moved on.

## 7. Recommendations

Following the delivery of the project I would make the following recommendations:

### *Planning*

- Ensure plans allow for sufficient tender times inc internal sign off
- Ensure plans include a review phase
- Challenge ourselves when building tender requirements to ensure we fully understand what we need

### *During the project*

- Consider impact on longer term projects when moving staff

### *Post Project*

- Build a Change Management process for after a project is transferred to 'Business as usual'.

We now have greater control of our systems, but changes need to be completed in a managed way.

These recommendations will be picked up as part of the establishment of the Programme Management Office (PMO).

## 8. Any further actions required

The BASI project manager has taken responsibility for transferring to Business as usual. The following items will be completed by the end of June:

- RMT Handover document
- RMT User guide

The relevant teams have taken responsibility for ensuring their people continue to develop their knowledge of the system

Finance have taken responsibility to ensure any remaining money is available for the items still to be delivered.

The plan for the remaining items is below

### SSRI

Agree methodology	Q2
System build and test	Q3

### Asset Management

Source new scanner	Q2
--------------------	----

### Fleet Management

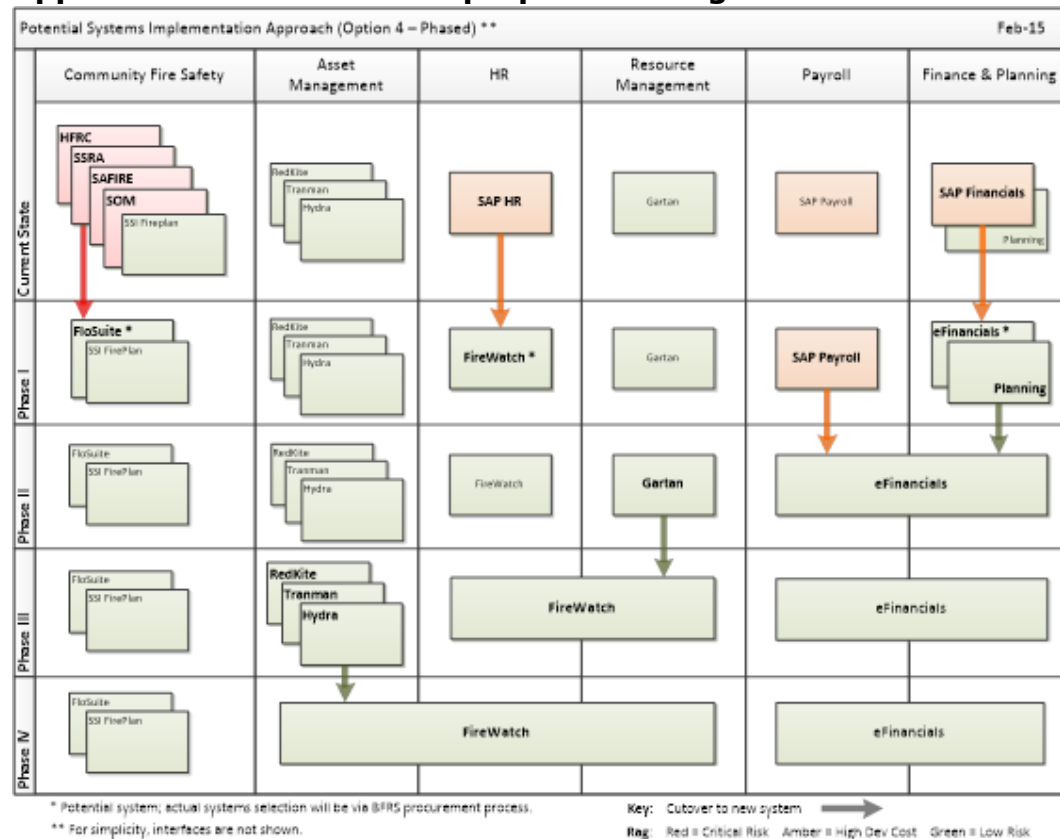
Upgrade to new system	Q4
-----------------------	----

These projects will be managed under the Head of Technology, transformation and

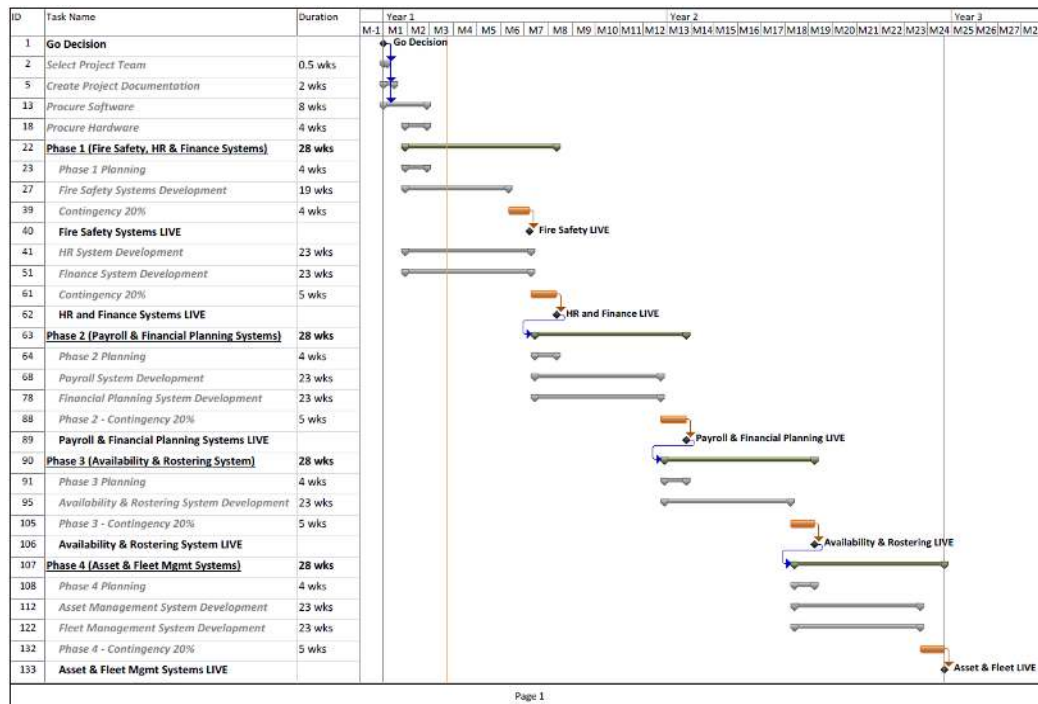


PMO department  
**Appendices**

**Appendix 1: Business Case proposed 4 stage cutover**



**Appendix 2: Business Case proposed Plan**



### Appendix 3: Business Case proposed Financials

2 year Implementation						
	Year 0	Year 1	Year 2	Year 3	Year 9	Total
ERP Software Licences (Infographics)	27,820	37,064	37,064	37,064	37,064	361,400
Hardware Costs (incl. Implementation)	38,500	0	0	0	0	38,500
<b>Hardware/Software Licences</b>	<b>66,320</b>	<b>37,064</b>	<b>37,064</b>	<b>37,064</b>	<b>37,064</b>	<b>399,900</b>
External Services	307,133	194,500	0	0	0	501,633
Internal Resource Costs	49,315	25,332	0	0	0	74,646
<b>Total Investment</b>	<b>422,767</b>	<b>256,896</b>	<b>37,064</b>	<b>37,064</b>	<b>37,064</b>	<b>976,179</b>
ERP Annual Support (Infographics)	55,640	72,280	72,280	72,280	72,280	706,160
Finance Subscription (Agresso)	57,884	62,639	62,639	62,639	62,639	621,634
Hardware Support	4,500	4,500	4,500	4,500	4,500	45,000
<b>Support Costs</b>	<b>118,024</b>	<b>139,419</b>	<b>139,419</b>	<b>139,419</b>	<b>139,419</b>	<b>1,372,794</b>
Expected Savings	0	-208,272	-246,690	-246,690	-246,690	-2,181,788
SAP Support	0	-57,614	-76,819	-76,819	-76,819	-672,166
ABS Support	0	-6,000	-6,000	-6,000	-6,000	-54,000
Gartan Support	0	0	-55,750	-55,750	-55,750	-446,000
RedKite / Tranman / Hydra Support	0	0	-18,436	-18,436	-18,436	-147,489
<b>Total Estimated Savings</b>	<b>0</b>	<b>-271,886</b>	<b>-403,695</b>	<b>-403,695</b>	<b>-403,695</b>	<b>-3,501,444</b>
<b>TOTAL</b>	<b>540,791</b>	<b>124,429</b>	<b>-227,212</b>	<b>-227,212</b>	<b>-227,212</b>	<b>-1,152,471</b>
<b>Payback Period</b>	<b>540,791</b>	<b>665,221</b>	<b>438,009</b>	<b>210,798</b>	<b>-1,152,471</b>	

#### Expected Savings

Area	Type of Expense	Annual Cost	Saved Qty, FTE	Direct Annual Savings	Indirect Annual Savings
<b>PHASE 1</b>	Reduced headcount (reduced admin from CFS Systems)	Band G Administrator (top of scale)	Scale G	2	£60,162
	Reduced Operational hours (from CFS Systems, HFRC, 6000 checks)	1 hour per shift to open database = 700 hrs 1 hour to upload a completed HFRC = 6000 hrs	Firefighter, Comp	2.5	£94,426
	Reduced Operational hours (from CFS Systems, SAFIRE, 90 cases)	90 hours Operational administration 90 hours Administrator support	Scale G	0.1	£3,008
	Reduced Operational hours (from CFS Systems, SSRA, 200 3/4 cases)	220 hours Inspecting Officer administration 800 hours Administrator support	Scale H	0.5	£16,595
	HFRC - Automated processes	A4 Paper 6000 sheets (forms)	£516	6000 sheets	Negligible
	HFRC - Automated processes	A4 Paper 4000 sheets (job cards)	£175	4000 sheets	Negligible
	Access Database Maintenance	Costs avoided	£4,000	10 days	£4,000
				<b>£60,162</b>	<b>£118,029</b>
<b>PHASE 2</b>	Reduced headcount (reduced admin from HR / Payroll Systems)	Band G Administrator (top of scale)	Scale G	1	£30,081
				<b>£30,081</b>	<b>£0</b>
<b>PHASE 3</b>	Reduced headcount (from admin from Finance Systems)	Band I Officer	Scale I	1	£38,418
				<b>£38,418</b>	<b>£0</b>
				<b>TOTALS</b>	<b>£128,661</b>
					<b>£118,029</b>

Note: Headcount savings are estimated and subject to further verification.

#### Costing assumptions:

1. The costs presented throughout this document are based on information received so far and are a reasonable indication of the likely costs.
2. Headcount savings are estimated and subject to further verification.
3. No uplift for inflation is included.
4. It is assumed that the costs of purchasing the required modules can be spread without penalty if the implementation is phased (if not the modules may need to be purchased up front).
5. It is assumed that discounts can be negotiated during the procurement process, so the software costs presented in this business case represent the worst case.
6. There may be additional costs for interface development depending upon the degree of automation required.
7. A sufficient number of mobile devices (tablets, smartphones) have already been purchased.
8. Costs are included for third party development of an SQL database to replace the Access databases.
9. Costs for external resources are based on market rates, however it may be possible to second experienced staff to assist from other FRS's at a lower rate (discussions are ongoing with RBFRS).
10. If internal staff are used to resource the project (as far as possible) it will take the same effort as if external staff are used.
11. Internal staff will be backfilled while they are working on the project.
12. Provision is not made for the permanent recruitment of a Business Systems Analyst to support the systems during the project and in the future, but this is highly recommended.

This page is intentionally left blank



# Buckinghamshire & Milton Keynes Fire Authority

<b>MEETING</b>	Overview and Audit Committee
<b>DATE OF MEETING</b>	22 July 2020
<b>OFFICER</b>	Graham Britten, Director of Legal & Governance
<b>LEAD MEMBER</b>	Councillor Keith McLean
<b>SUBJECT OF THE REPORT</b>	<b>Corporate Risk Management</b>
<b>EXECUTIVE SUMMARY</b>	<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 &amp; A) on 11 March 2020. Since then, it has been reviewed by the Performance Management Board (PMB) on 11 June 2020 and, most recently, by SMB on 23 June 2020.</p> <p>Since the last O &amp; A meeting, the risk register has been updated to reflect the latest positions in relation to all four corporate risks including:</p> <ul style="list-style-type: none"> <li>• Staff availability which has remained high despite the Covid-19 pandemic;</li> <li>• Funding and savings – updated to reflect the provision of Government grant funding to offset immediate costs associated with responding to the Covid-19 pandemic. However, the outlook for longer term funding remains uncertain both in light of Covid-19 and other factors;</li> <li>• Information Security – updated to include reference to risks associated with Covid-19 including external threats and those associated with staff use of remote technologies such as video-conferencing; and,</li> <li>• Progress with the ongoing negotiations to agree the nature of the future relationship between the UK and EU. In light of this PMB recommended, and SMB approved that the probability score for this risk be increased from three to four elevating the RAG status from Green to Amber (see pages 7-8 of Appendix 3).</li> </ul>

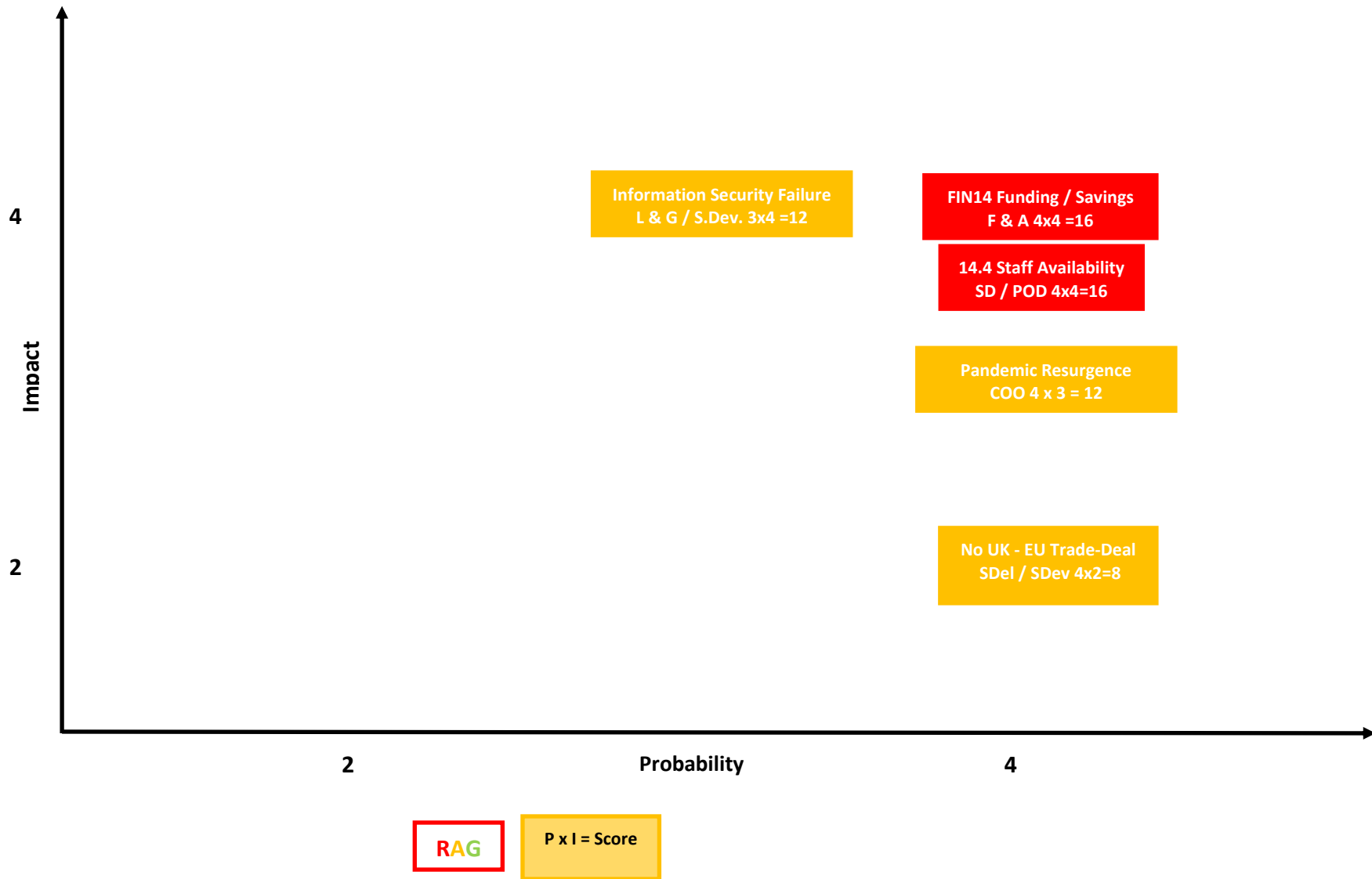
	<p>Also, at the 23 June 2020 SMB, it was agreed that the risk of a second Covid-19 'peak' and / or pandemic flu outbreak be included in the Corporate Risk Register. The outcome of this evaluation is at page 9 of Appendix C.</p> <p>The current distribution of corporate risks relative to probability and potential impact is shown at Annex A.</p> <p>Changes to the corporate risk ratings over the last year are shown at Appendix B.</p> <p>Detailed assessments of identified corporate risks are shown in the Corporate Risk Register at Appendix C.</p> <p>The next O &amp; A review is scheduled for 11 November 2020 preceded by reviews at the 8 October 2020 PMB, at which all the Directorate Risk Registers will be scrutinised, and the 20 October 2020 SMB.</p>
<b>ACTION</b>	Decision
<b>RECOMMENDATIONS</b>	<p>It is recommended that:</p> <ol style="list-style-type: none"> <li>1. the status report on identified corporate risks at Annex C be reviewed and approved; and,</li> <li>2. comments be provided to officers for consideration and attention in future updates/reports.</li> </ol>
<b>RISK MANAGEMENT</b>	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.
<b>FINANCIAL IMPLICATIONS</b>	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.
<b>LEGAL IMPLICATIONS</b>	None directly arising from this report. Any legal consequences associated with the crystallisation of individual risks are detailed in the Risk Register report at Appendix C.
<b>CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE</b>	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.
<b>HEALTH AND SAFETY</b>	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.
<b>EQUALITY AND DIVERSITY</b>	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.
<b>USE OF RESOURCES</b>	<p>The development of the risk management framework complements the governance framework and business processes as a critical cog in the system of internal control and makes better use of our people resources by giving them clearly defined areas of responsibility.</p> <p>Senior managers and principal officers are key stakeholders in the development of the framework and have an active role in its development at every stage. The lead Member will also be involved in the development of the framework with particular responsibility for determining the reporting arrangements for the Authority.</p> <p>As with all policy frameworks, all employees will be informed of the changes in the process and will receive any training necessary to support their role in the process.</p>
<b>PROVENANCE SECTION &amp; BACKGROUND PAPERS</b>	<p>The current Corporate Risk Management Policy was approved at the 18<sup>th</sup> March 2015 Executive Committee:</p> <p><a href="https://bucksfire.gov.uk/documents/2020/03/180315_exec_committee_papers.pdf/">https://bucksfire.gov.uk/documents/2020/03/180315_exec_committee_papers.pdf/</a></p> <p>CFA Members were last updated on the status of the Authority's Corporate Risks at the 11 March 2020 Overview &amp; Audit Committee and will be updated again at the 11 November 2020 meeting.</p>
<b>APPENDICES</b>	<ol style="list-style-type: none"> <li>1. Appendix A: Distribution of Corporate Risks at 23 June 2020 SMB meeting.</li> <li>2. Appendix B: 12 Month View of Changes to Corporate Risks</li> <li>3. Appendix C: Corporate Risk Register Report</li> </ol>
<b>TIME REQUIRED</b>	10 Minutes
<b>REPORT ORIGINATOR AND CONTACT</b>	<p>Stuart Gowanlock, Corporate Planning Manager</p> <p><a href="mailto:sgowanlock@bucksfire.gov.uk">sgowanlock@bucksfire.gov.uk</a></p>

This page is intentionally left blank

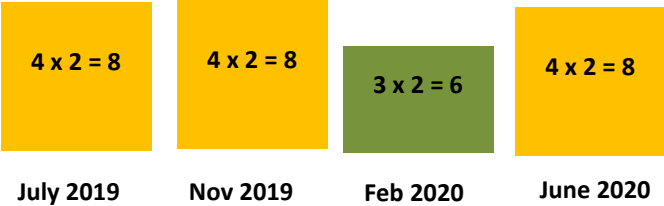


## Annex A: Corporate Risk Map – As at 23 June 2020

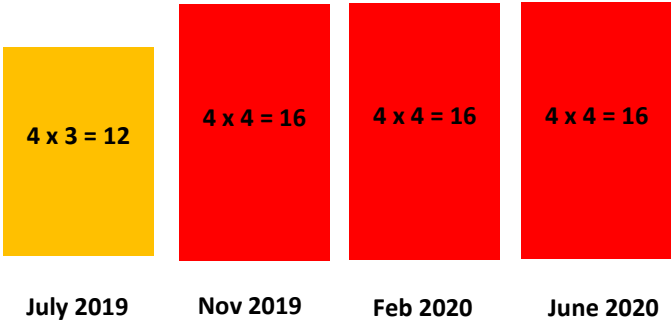


This page is intentionally left blank

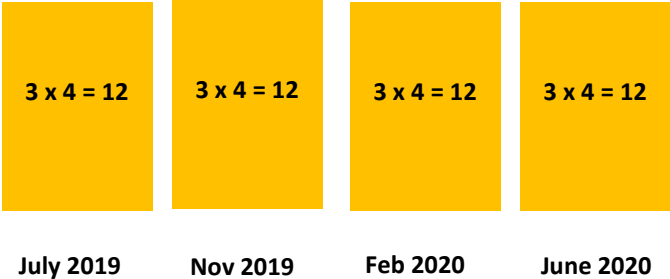
No UK – EU Trade Agreement



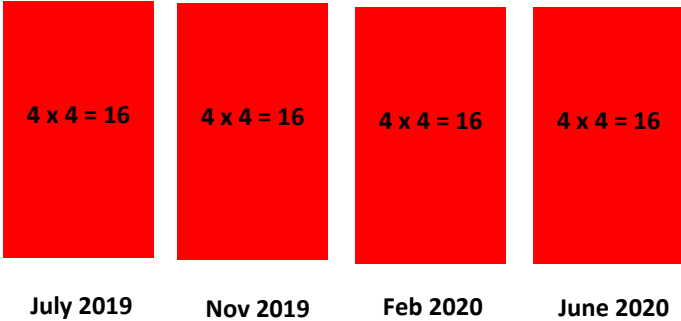
Staff Availability



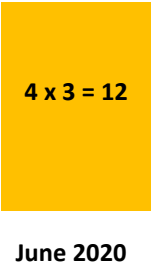
Information Security Failure



Risk to Funding



Risk of Covid-19 Resurgence / Pandemic Flu



This page is intentionally left blank

# Annex C - Corporate Risk Register – as at 23 June 2020 SMB

## 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				
<b>CRR 014.4 Staff Availability</b> <b>Emerging risks of 1/ Court of Appeal ruling on the McLeod/Sergeant cases.</b> <b>Potential for all affected staff retiring from the Service on or before March 2022</b>  <b>2/ Staff inability to get to work due to external factors e.g. Pandemic Flu, disruption to fuel supplies etc.</b>  <b>3/Impact of transformation at pace on attraction of new staff, retention and overall workforce stability.</b>	Chief Operating Officer	Potential detrimental effects on service delivery to the community and our reputation.  Failure to discharge statutory duties.  Loss of critical knowledge / skills / capacity / competency levels.	(2)	(5)	(10)	(M)	<ul style="list-style-type: none"> <li>Full business continuity plans in place &amp; uploaded to Resilience Direct.</li> <li>Peer review of the business continuity arrangements</li> <li>Bank System</li> <li>Flexi-Duty System Pilot</li> <li>Staff Transfer Procedure</li> <li>Employee assistance and welfare support</li> <li>Training Needs Assessment process</li> <li>Monitoring of staff 'stability ratio' relative to best practice and sector norms</li> <li>Review of Resourcing and Retention strategies</li> <li>Wider range of contracts offering more flexible ways of working</li> <li>A variety of approaches are being adopted to replenish the workforce. These include more operational apprentices, transferees, and re-engagement options</li> <li>Workforce planning data is regularly reviewed with Service delivery, HR and Finance.</li> <li>Growth bids to be considered to support future resourcing demands.</li> <li>HR are reviewing the future promotion and career development options</li> </ul>	<b>R</b>	<b>2 July 2019 SMB</b> The Government's application to appeal the Court of Appeal ruling that the transition arrangements for the 2015 Firefighters Pension Scheme were unlawful was refused on 27 June 2019. The case will now be remitted back to the employment tribunal for remedy. This decision will impact on retirement dates and staff retention. Workforce plan modelling is underway covering a range of potential scenarios. These scenarios will be refined as the remedy is developed. <b>27 August 2019 Informal SMB</b> 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). <b>22 October 2019 SMB</b> 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. <b>14 January 2020 SMB</b> On 18 December 2019, the employment tribunal ruled that more than 6,000 firefighters are entitled to return to their pre-2015 pension schemes. The claimants, members of the 1992 and 2006 firefighters' pension schemes, are now entitled to
			(5)	(5)	(25)	(H)			
			(3)	(5)	(15)	(H)			
			(4)	(5)	(20)	(H)			
			(3)	(5)	(15)	(H)			
			(5)	(4)	(20)	(H)			
			(4)	(3)	(12)	(M)			
			(5)	(3)	(15)	(H)			
			(4)	(3)	(12)	(M)			
			(5)	(3)	(15)	(H)			
			(3)	(3)	(9)	(M)			
			(4)	(3)	(12)	(M)			
			<b>4</b>	<b>4</b>	<b>16</b>	<b>H</b>			

## Annex C - Corporate Risk Register – as at 23 June 2020 SMB

<p>This is a composite risk more detailed evaluations of individual risk components are contained in the P &amp; OD Directorate Risk Register.</p>								<p>be treated as if they have remained members of their original pension scheme, with benefits including a retirement age of between 50 and 55.</p> <p><b><u>30 January 2020 PMB</u></b></p> <p>Officers are monitoring developments associated with the recent 'Corona-Virus' (2019-nCoV) outbreak in China which has already spread to other parts of the world including the UK. Production of new guidance which consolidates, updates and supersedes a range of previous guidance relating to planning and preparedness for this area of risk has been accelerated and is being submitted to the 11 February SMB for approval and publication on the Intranet.</p> <p><b><u>11 February 2020 SMB</u></b></p> <p>Updated Pandemic Outbreak Planning Guidance approved for release to all staff via the intranet. Officers continue to monitor developments and to work with Local Resilience Forum partners to prepare for all identifiable contingencies associated with this area of risk.</p> <p><b><u>12 May 2020 SMB</u></b></p> <p>Resourcing levels are constantly monitored to ensure coverage. Resourcing has not been impacted by the pandemic outbreak, if anything they are better than previously. 20 Apprentices (cohort 5) joined the service on 6 April, and cohorts 3 and 4 joined on the 22 March. Development centres and recruitment are continuing to ensure roles are resourced. Plans are in place to ensure that the On-call recruitment continues in the near future.</p> <p><b><u>23 June 2020 SMB</u></b></p> <p>No change to risk score or evaluation.</p>
--	--	--	--	--	--	--	--	--

# Annex C - Corporate Risk Register – as at 23 June 2020 SMB

Risk Description	Resp.	Consequences if Untreated Risk Occurs	Risk Score (Former) / New			Risk Level	Current Treatment	RAG	Comments / Further Treatment Proposed
			P	I	Σ				
<b>Fin 14 – Funding and Savings Requirement</b>	Director Finance & Assets	The funding settlement now assumes that a council tax increase is required each year in line with the prevailing capping limit, currently 2% for the Fire Authority, and that local growth meets expectations.  If either, or both, did not come to fruition then there is a risk the Authority will not meet its commitment to the PSP 2020 - 25 and that a fundamental re-think of service provision would be required.	(4)	(4)	(16)	H	Proactive management of the MTFP is in force and is very closely aligned to workforce planning.	<b>R</b>	<p><b>17 September 2019 SMB</b></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 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><b>14 January 2020 SMB</b></p> <p>On 17 December 2019, HMICFRS published the report on the outcomes of its inspection of the Service. Amongst other things, it corroborated the Service's position that it requires additional funding.</p> <p>On 20 December 2019, the Government published the provisional local government finance settlement for 2020-21. The proposed referendum principles for fire and rescue</p>
			(3)	(4)	(12)	M			
			(3)	(4)	(12)	M	For the present, USAR (S31) grant funding is assumed to continue, though notification now seems to be year on year and often after budget setting. If removed, the Authority will need to cope with a circa £800k cut in funding.		
			<b>4</b>	<b>4</b>	<b>16</b>	<b>H</b>	The Authority has responded to consultations and lobbied MPs to increase the referendum threshold for fire authorities to £5.		

## Annex C - Corporate Risk Register – as at 23 June 2020 SMB

									<p>services is that any increases in Council Tax are limited to less than 2% (the threshold for the previous two years was 3%). Official confirmation that the pension grant funding will continue into 2020-21 has not yet been received, although this is expected before the final settlement.</p> <p><b><u>11 February 2020 SMB</u></b></p> <p>On 6 February 2020, the Government published the Final local government finance settlement: England, 2020 to 2021 via a written statement to Parliament (the debate on this is due to take place on 12 February 2020). The statement confirmed the referendum principles for fire and rescue services would be 2%.</p> <p>On 6 February 2020, the Home Office also formally confirmed that the same amounts of pension grant funding will be paid for 2020-21 as were paid in 2019-20.</p> <p><b><u>12 May 2020 SMB</u></b></p> <p>The immediate costs relating to COVID-19 have been covered by the additional grant funding provided by Government. However, there is a significant risk to future funding levels, as Council Tax and business rates revenues are likely to fall and Government funding may also be decrease. It is also unlikely that a Comprehensive Spending Review will be completed in time for 2021-22, adding further uncertainty to the current financial outlook.</p> <p><b><u>23 June 2020 SMB</u></b></p> <p>No change to risk score or evaluation.</p>
--	--	--	--	--	--	--	--	--	---



# Annex C - Corporate Risk Register – as at 23 June 2020 SMB

Risk Description	Resp.	Consequences if Untreated Risk Occurs	Risk Score (Former) / New			Risk Level	Current Treatment	RAG	Comments / Further Treatment Proposed
			P	I	Σ				
<b>Information security failure to -</b>  <b>a) comply with statutory or regulatory requirements</b>  <b>b) manage technology</b>  <b>c) manage organisational resources</b>  Deliberate: unauthorised access and theft or encryption of data. Accidental: loss, damage or destruction of data	Senior Information Risk Owner (SIRO) Director Legal & Governance	<ul style="list-style-type: none"> <li>Inability to access/use our e-information systems.</li> <li>Severe financial penalties from the Information Commissioner</li> <li>Lawsuits from the public whose sensitive personal information is accessed causing damage and distress.</li> </ul>	(4) 3	(4) 4	(16) 12	(H) M	<b>1. Appropriate roles:</b> - 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. <b>2. Virus detection/avoidance:</b> 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; <b>3. Policies / procedure:</b> Comprehensive review and amendment of the retention and disposal schedules / Information Asset Registers, - current and tested business continuity plans / disaster recovery plans - employee training/education - tested data/systems protection clauses in contracts and data-sharing agreements - Integrated Impact Assessments (IIA) - disincentives to unauthorised access e.g. disciplinary action <b>4. Premises security:</b> - 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	<b>17 September 2019 SMB</b> The National Cyber Security Centre weekly threat report advised that security breaches against service desk/ support lines lead to an increase in phishing scams. GB to investigate the availability of training packages for "mock" phishing scams to help to raise awareness amongst employees. Not all departments have a retention and disposal schedule in place. This is a legal requirement and also helps the Authority to identify all of the information types it holds and enables an audit of information to ensure security arrangements including timely destruction. <b>22 October 2019 SMB</b> The South East Regional Organised Crime Unit (SEROUC) cyber training to be reviewed with a view to rolling it out to a large group of employees. <b>14 January 2020 SMB</b> NCSC weekly threat report - as at 20 Dec no new UK threat notified. Large volumes of data stored on our network drives, particularly Outlook files, are threatening to delay the migration to Microsoft 365 and to cloud hosting. We have already experienced significant systems disruption as a result of server failure so any delay to cloud hosting may lead to further incidents. <b>11 February 2020 SMB</b> A report of data breaches reported to the Information Commissioner's Office in 2019 found that nine out of ten of the 2,376

## Annex C - Corporate Risk Register – as at 23 June 2020 SMB

							<p>- Premises Security Group re-established to meet on a 3 monthly basis aligned to the PMB meeting schedule.</p> <p><b>5. Training:</b> 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>		<p>breaches were owing to “mistakes by users”. Phishing was named as the main cause of breaches.</p> <p><b><u>12 May 2020 SMB:</u></b> Threats to our network and systems are particularly disruptive during the coronavirus crisis when rules and guidance are dynamic and subject to frequent updates. (Refer to note 14 January); The use of video conferencing has not been commonplace across the Authority and most employees are unfamiliar with conferencing tools to be aware of additional security risks; employees failing to familiarise themselves with Authority policies and procedures and instructions put the Authority at risk. It is important to remember that privacy laws have not been suspended and new or amended procedures involving personally identifiable information must be impact assessed before changes are made.</p> <p><b><u>23 June 2020 SMB</u></b> As the use of video conferencing becomes more commonplace across the Authority its use has grown exponentially so that meetings are replacing telephone and email communications. This has enabled all relevant parties to interact concurrently rather than consecutively and issues are resolved with fewer iterations. No change to risk score or evaluation.</p>
--	--	--	--	--	--	--	--	--	---

# Annex C - Corporate Risk Register – as at 23 June 2020 SMB

Risk Description	Resp.	Consequences if Untreated	Risk Score (Former) / New			Risk Level	Current Treatment	RAG	Comments / Further Treatment Proposed
			P	I	Σ				
Risk of physical disruption to Service operations due to no, or insufficiently comprehensive, agreement covering future UK relations with the EU.	Heads of Service Development and Delivery.	Disruption to procurement processes leading to potential shortages of equipment or consumables.  Disruption to transportation delaying personnel and or vehicle movements.	(4) (3) <b>4</b>	(2) (2) <b>2</b>	(8) (6) <b>8</b>	(M) (L) <b>M</b>	The likely impact of short-term disruption to supplies of equipment to the Service is considered to be low given that: most Authority procurement contracts are with UK based suppliers; and, the relatively long timescales for procurement within the sector. Advice and guidance from the NFCC and Fire Industries Association in relation to this risk is monitored and acted on as required.  The risk of transport disruption is considered relatively low due to absence of ports and international airports within the area served by the Authority. Authority officers are actively involved in in TVLRF risk evaluation and mitigation planning for the wider Thames Valley area.	<b>M</b>	<p><b><u>11 February 2020 SMB</u></b></p> <p>On 31 January 2020, the UK formally withdrew from the European Union. Whilst it has left the EU's political structures, it will remain within the Single Market and Customs Union for a transitional period which ends on 31 December 2020. However, the risk of disruption to UK trading and other relations with EU countries remains, pending and dependent on the nature of any future agreement reached with the EU. Greater clarity regarding this is unlikely to emerge before the autumn, in the meantime officers continue to monitor developments with a view to identifying any emerging implications for the Authority / Service and its operations. Agreed to reduce risk probability score to 3, given that proximity of risk has receded, pending further information as to progress with trade and other future EU relationship negotiations.</p> <p><b><u>12 May 2020 SMB</u></b></p> <p>The second round of negotiations over the future relationship between the UK and the EU was completed on 27 April 2020. The EU's Chief negotiator, Michel Barnier, has <a href="#">expressed concern</a> at lack of progress in the negotiations: <i>"The U.K. cannot refuse to extend the Brexit transition period and at the same time slow down discussion on important areas,"</i> However, Michael Gove, who leads preparations for a 'no deal' end to the transition period <a href="#">maintains</a> that it is still possible for a trade deal to be secured by the</p>

# Annex C - Corporate Risk Register – as at 23 June 2020 SMB

								<p>end of the year. Two further negotiating rounds are scheduled before the end of June waypoint at which a view will be taken as to whether enough progress has been made to indicate that an agreement can be successfully concluded by the end of the transition period (31 December). The UK has repeatedly indicated that it will not seek an extension to the transition period. Officers will continue to monitor progress and whether any potential risks to the Authority may arise.</p> <p><b>11 June 2020 PMB</b> In light of the current state of negotiations between the UK and EU regarding their future relationship, PMB recommended increasing the risk probability score to 4 which raises the RAG status to Amber.</p> <p><b>23 June 2020 SMB</b> SMB approved the increase in the risk probability score to 4. It was also noted that ongoing free trade negotiations with other countries such as the USA, Japan and Australia, that are being pursued in parallel with the UK – EU ones, could have implications for existing EU / UK focused supply chains, with the potential for changes to costs and standards associated with materials and end-products used in the fire sector. The CFO is monitoring these via the NFCC.</p>
--	--	--	--	--	--	--	--	---

# Annex C - Corporate Risk Register – as at 23 June 2020 SMB

Risk Description	Resp.	Consequences if Untreated	Risk Score (Former) / New			Risk Level	Current Treatment	R A G	Comments / Further Treatment Proposed
			P	I	Σ				
Risk of resurgence of Covid-19 and / or pandemic influenza in Autumn / Winter 2020.	Chief Operating Officer	Increased levels of sickness absence amongst staff.  Potential degradation of capacity or capability to deliver key services to the public and / or sustain supporting functions.	4	3	12	M	<p>In addition to controls identified for existing staff availability risk (see page 1-2 above):</p> <ul style="list-style-type: none"> <li>Maintenance of current social distancing and sanitisation regimes in all Authority workplaces.</li> <li>Remote working for functions that do not require physical presences in Authority workspaces.</li> <li>Risk assess and prioritise non-emergency services requiring physical contact with the public, suppliers, partner agencies etc.</li> <li>Provision of appropriate PPE for staff required to work in close proximity with the public.</li> <li>Appliance / service availability degradation planning.</li> </ul>		<p><b>11 June 2020 PMB</b> Overall risk assessment indicates high probability but medium impact based on current experience of operating under Covid-19 lockdown conditions. Staff and appliance availability have remained high. However, it has been necessary to scale back non-emergency service provision to the public and divert resources to support other agencies such as the ambulance service with response to the pandemic. PMB recommend that SMB approve this risk for inclusion in the Corporate Risk Register.</p> <p><b>23 June 2020 SMB</b> Risk and accompanying evaluation approved for inclusion in the Corporate Risk Register.</p>

This page is intentionally left blank



# Buckinghamshire & Milton Keynes Fire Authority

<b>MEETING</b>	Overview & Audit Committee
<b>DATE OF MEETING</b>	22 July 2020
<b>OFFICER</b>	Graham Britten, Director of Legal & Governance
<b>LEAD MEMBER</b>	Councillor Steven Lambert
<b>SUBJECT OF THE REPORT</b>	<b>2019/20 Compliments, Concerns and Complaints</b>
<b>EXECUTIVE SUMMARY</b>	<p>This purpose of this report is to:</p> <ul style="list-style-type: none"> <li>compare concerns, complaints and compliments data across the three years 2017/18; 2018/19 and 2019/20.</li> <li>advise of any corrective action taken to reduce or remove problems that led to a complaint being made.</li> <li>identify opportunities to improve public perception of the services the Buckinghamshire &amp; Milton Keynes Fire Authority (the Authority) provides.</li> </ul> <p>It includes details of the complaints that were upheld, corrective action taken to reduce or remove the problem and improve public perception of the services we provide.</p> <p>As the numbers of concerns and complaints received directly from the public is relatively low, data from the externally hosted annual satisfaction survey "After the Incident" is also included to capture the perceptions of those experiencing an incident in the home or in non-domestic premises.</p> <p>There were no complaints arising from an information security incident and no complaints were investigated by the Local Government &amp; Social Care Ombudsman (LG&amp;SCO) or the Information Commissioner, during this reporting period.</p>
<b>ACTION</b>	Noting
<b>RECOMMENDATIONS</b>	That the report be noted.
<b>RISK MANAGEMENT</b>	The public are encouraged to report concerns or complaints and, if required, are given assistance to do so. Processes are in place to ensure that concerns and complaints are rigorously investigated, resolved as quickly as possible and, wherever possible, to the

	<p>satisfaction of the complainant.</p> <p>During the complaint investigation personal data is retained to enable the investigating officer to keep in contact with the complainant and, in discussion with the Data Protection Officer (DPO), to consider if a Data Protection Impact Assessment is necessary to ensure that no aspect of the investigations is privacy intrusive. When the investigation is complete and sufficient time has passed to confirm no further action is required, all personal data is removed, and the anonymised data is retained to consider any patterns of risk. If a complaint is upheld and actions to prevent a similar incident occurring cannot be put in place immediately, the need for a risk treatment will be recorded in a project or department risk register and may be escalated to the corporate risk register. These risk registers are reviewed frequently.</p>
<b>FINANCIAL IMPLICATIONS</b>	<p>Whilst there are costs associated with investigating complaints, the cost associated with corrective action continues to be small as issues of liability are thoroughly investigated and, if appropriate, referred to the Authority's insurance. Reserves are held in the event of a serious incident occurring.</p>
<b>LEGAL IMPLICATIONS</b>	<p>Actual or potential legal implications are considered during the investigation of a complaint. To proactively avoid complaints, projects, policies, processes and procedures are reviewed when changes in legislation or good practice occur.</p>
<b>CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE</b>	<p>The Policing and Crime Act 2017 requires the Authority to keep opportunities for collaboration with the police and ambulance services under review. The Authority has committed to a default position of collaboration with Thames Valley Fire and Rescue Authorities (FRAs) unless a clear business case favours an alternative collaborative option. Complaints could arise from any of a number of business projects, processes or procedures. Many of these have been developed in collaboration with other Fire and Rescue Services or other partner agencies. During development and through to implementation, these are risk and impact assessed to reduce incidents that may lead to complaints arising.</p>
<b>HEALTH AND SAFETY</b>	<p>Any actual or potential health and safety issues are considered during the investigation of a complaint.</p>
<b>EQUALITY AND DIVERSITY</b>	<p>Any actual or potential equality and diversity issues are considered during the investigation of a complaint.</p>
<b>USE OF RESOURCES</b>	<p>Buckinghamshire &amp; Milton Keynes Fire Authority is a public authority, complaints against which may be subject to investigation by the LG&amp;SCO. The LG&amp;SCO</p>



	will usually decline investigation until the public authority's internal complaints procedure has been exhausted. It is therefore important that there is a robust complaints procedure in place that is understood by the public and the Authority, so that complaints do not need to be escalated.
<b>PROVENANCE SECTION &amp; BACKGROUND PAPERS</b>	The last report was made to the Overview & Audit committee on 17 July 2019. "After the incident" report <a href="#">2017/18 - 2018/19</a> .
<b>APPENDICES</b>	Appendix A Compliments, concerns and complaints received 2017/18 – 2019/20
<b>TIME REQUIRED</b>	5 minutes
<b>REPORT ORIGINATOR AND CONTACT</b>	Gerry Barry <a href="mailto:gbarry@bucksfire.gov.uk">gbarry@bucksfire.gov.uk</a> 01296 744442

## **Appendix A**

### **Compliments, concerns and complaints received 2017/18 – 2019/20**

#### **1. Purpose**

This purpose of this report is to:

- compare concerns, complaints and compliments data across the three years 2017/18; 2018/19 and 2019/20.
- advise of any corrective action taken to reduce or remove problems that led to a complaint being made.
- identify opportunities to improve public perception of the services the Authority provides.

It includes details of the complaints that were upheld, corrective action taken to reduce or remove the problem and improve public perception of the services we provide.

#### **2. Scope**

As the numbers of concerns, complaints and compliments received directly from the public is relatively low, data from the annual satisfaction survey "After the Incident" is also included, to capture the perceptions of those experiencing an incident in the home or in non-domestic premises.

#### **3. Concerns and complaints**

There were no complaints arising from an information security incident and no complaints were investigated by the Local Government & Social Care Ombudsman (LG&SCO) or the Information Commissioner, during this reporting period.

**2017/2018** 19 concerns/complaints were received. However, only three of these were upheld:

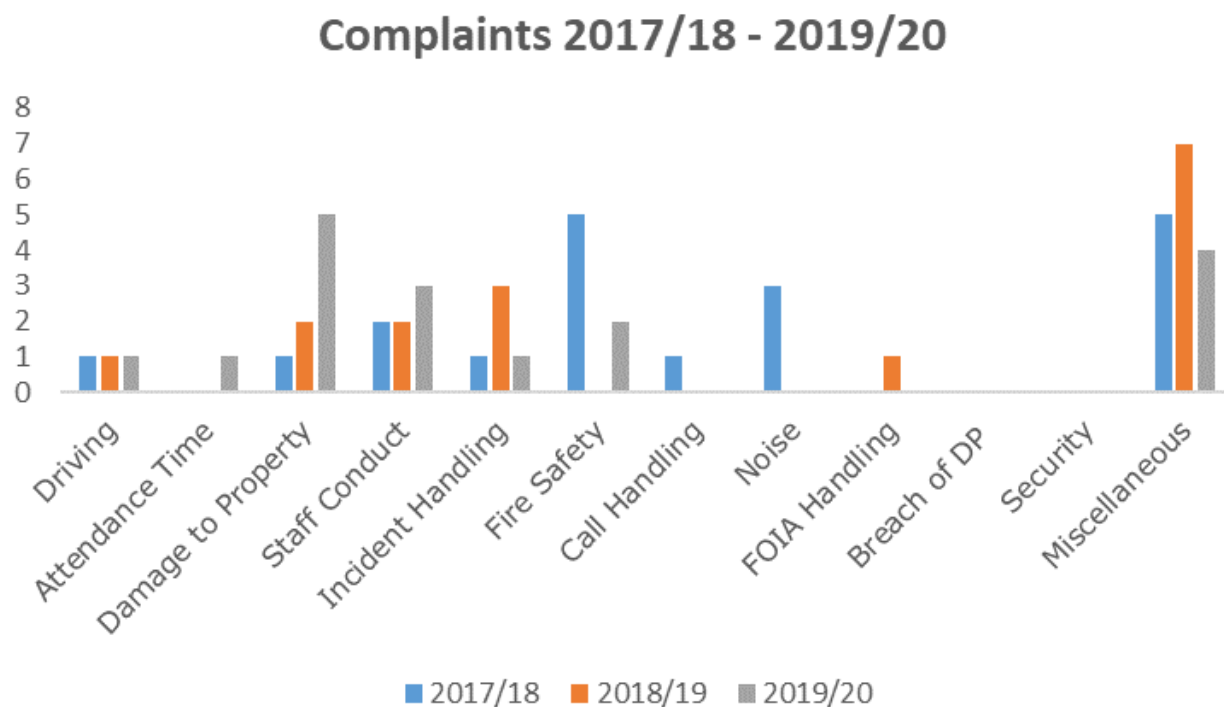
- Fire appliance going through the village with lights and sirens at 9:15 pm and woke children. This was in the run-up to Christmas and collections were being made for charity. - *Crews were reminded that the use of lights and sirens is restricted for emergency response.*
- "Bleeping" from boiler room at Haddenham. - *This was caused through an electrical fault which was corrected as soon as the maintenance engineer arrived.*
- Pager messages sending updates after an incident has been "stood down" – disturbing the family sleep. - *This has been corrected with the move from pagers to the new mobilising App.*

**2018/2019** The numbers of complaints/concerns decreased to 16, six of which were upheld:

- During training dirty water from a hose was sprayed onto a neighbour's window. – *Crews were advised to be cautious in considering wind direction when using water hoses in exercises.*
- Someone walked on a freshly painted fire hydrant and got paint on their shoes. – *This is an ongoing problem where it is unsafe to put anything around the painted area and, in most instances, the paint has dried before the technician has left.*
- The report of an incident, on the "latest incidents" on the website, was considered inaccurate. – *The householders felt that the incident was misreported and a correction was made.*
- An Authority driver pulled out into the path of a car. – *The driver was distracted and admitted liability. The driver was referred for refresher training.*
- The reporting of an arson finding with regard to a vehicle fire was delayed. – *The incident commander did not notify the change in incident cause. As a consequence, Thames Valley Police did not allocate a crime number immediately. The procedures have been reviewed to ensure that the correct actions are taken as soon as possible.*
- The message explaining that the switchboard was closed over Christmas did not function. – *The message had been checked and was thought to be working. Additional checks will be made in future.*

**2019/2020** There were 17, concerns/ complaints five of which were upheld:

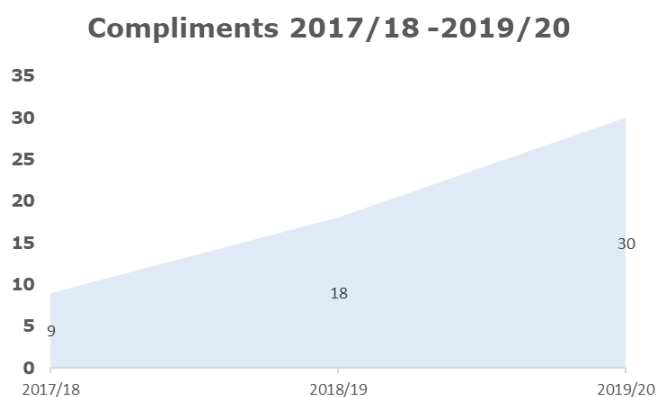
- Inappropriate use of social media which could be seen as bringing the Authority into disrepute. – *All employees reminded that social media cannot be used to present personal views whilst representing the Authority.*
- An Authority employee driving a badged vehicle was seen speaking on a mobile phone whilst driving. – *This was referred as a disciplinary investigation.*
- An officer failed to attend an appointment for a fire and wellness visit – *Officer fell sick and we were unable to make contact to advise the resident and reschedule the appointment.*
- A complainant stated that a uniformed firefighter approached him at his place of work and threatened him. – *This was found to be a family dispute. However, as the firefighter was in uniform, this was referred as a disciplinary investigation.*
- Following a visit by our contractors coming to collect scrapped vehicles, it was found that batteries had been put in the wrong place resulting in "sparking" which could have resulted in a fire. – *The procedure had changed under a new contract and the extant procedural document did not reflect this. This procedure has since been rewritten.*



#### 4. Compliments

There has been a steep increase in compliments received in the number of compliments received since 2017/18.

Chart 2 Compliments 2017/18 – 2019/20



This may not be indicative of a pattern emerging as in previous years there had been a decline in compliments received (18 in 2015/16). In 2016/17 we saw an increase to 27 which dropped to nine in 2017/18. With the increase in electronic communication compliments can arrive through a wide number of media and it is thought that not all are captured and fed into the central register.

#### 5. After the incident - Customer satisfaction report 2017/18 - 2019/20

The Authority continues to subscribe to the annual confidential survey which measures the satisfaction of members of the public who have experienced an incident in the home or in a non-domestic dwelling. The questionnaires are returned to an independent social research practice<sup>1</sup> who analyse the returns and publish the results annually. These surveys have been a good indication of how well the community is

<sup>1</sup> <https://www.ors.org.uk/>

served when an incident occurs, and a useful supplement to the compliments, concerns and complaints, received from other sources, to provide a broader range of feedback.

The decline in receipts of survey documents from to 2017/18 was owing to the halt in survey document distribution for six months whilst work to implement a new computer system was undertaken.

In 2019/20 no survey documents were distributed in the last two weeks of March when employees began to work from home.

Table 1 Domestic incidents 2017/18 – 2019/20

<b>Domestic</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
Respondents	148	52	143
Very Satisfied	89%	92%	97%
Fairly Satisfied	6%	6%	2%
Neither Satisfied nor Dissatisfied	*	*	1%
<b>Total:</b>	<b>96%</b>	<b>98%</b>	<b>100%</b>

\* Not captured in previous years.

The bulleted list below are comments submitted by people completing the survey of incidents in the home.

- Really appreciate their help
- So pleased it was quick to arrive
- They were brilliant – really helpful and reassuring
- They were with me within eight minutes, which was incredible. (It felt like a very long eight minutes however).
- Took longer but appreciate we are very rural.

Table 2 Nondomestic incidents 2017/18 – 2019/20

<b>Non-Domestic</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
Respondents	160	64	131
Very Satisfied	94%	90%	91%
Fairly Satisfied	6%	10%	9%
Very Dissatisfied	*	*	1%
<b>Total:</b>	<b>100%</b>	<b>100%</b>	<b>101%</b>

\* Not captured in previous years.

\*\* 101 per cent due to rounding.

The bulleted list below are comments submitted by people completing the survey of incidents in non-domestic properties.

- all as expected from a great service.
- all very quick and efficient.
- always helpful to the staff, friendly and approachable.
- arrived promptly and informative.
- arrived quickly.
- assisted to identify the location of where the fire alarm was coming from as the building work was going on and all the rooms were locked.
- call out was due to malicious activation of a call point. FRS were very understanding and gave good advice on how to try and minimise any future incidents.
- calming, took over and very supportive.
- clear communication, efficient and thorough.
- communication and swift view of alarm area.
- communication. patient.
- effective service.
- efficient and informative.
- efficient service and arrived speedily as expected and acted as expected.
- ensure safety, whereabouts of everyone. advising on actions.
- ensure the building was clear and incident was dealt with quickly.
- everything from start to finish was done quickly and professionally and no-one rushed off from the scene until they were happy.
- everything was great
- friendly and helpful, couldn't do enough for me.
- FRS team were quick, efficient and understanding of the circumstance of a false alarm. ensure the alarm was safely reset and enabled before leaving the premises.
- good communication, calming influence.
- made sure residents who were in apartment felt safe and advised them to keep drinking water, and if they got any chest pains go to the hospital.
- polite and explained everything in detail.
- polite and helpful. identified the sensor that had been triggered immediately.
- polite given it was a false alarm, also informative as told us power would be

back on soon after power cut.

- polite, efficient, and left everything tidy and clean.
- polite, efficient.
- quick and efficient
- quick and helpful and was conducted it very well
- quick response and great communication.
- quick response, advice was helpful
- reassured me that they would get me out of the lift asap, clear instructions as to what was happening.
- response time and helpful information.
- sensitive to needs of people with disabilities on attending the site.
- supportive and helpful.
- speed in attending.
- the teams are always polite, friendly, and helpful to myself and the team, we have a very good working relationship.
- the way they spoke to me and they were very professional, ready to help.
- they were very understanding in their language.
- they arrived quickly, were helpful and understanding.
- they discovered why they had been called which means we can avoid another incident/false alarm in future.
- they were extremely polite and informative.
- they were very reassuring.
- to be called out in the middle of the night for a false alarm, their attitude was excellent, very pleasant.
- very helpful, calm and friendly
- very polite and helpful. they explained their process thoroughly.
- very prompt and helpful.
- very quick arrival, informative, polite, information provided was very useful.
- very quick.
- very speedy, professional response.
- willing and helpful over resetting fire alarm system after incident.

## **6. Next steps**

During the next reporting period effort will be made to identify any complaints, concerns and compliments across a broader range of media.

This page is intentionally left blank



# Buckinghamshire & Milton Keynes Fire Authority



<b>MEETING</b>	Overview & Audit Committee
<b>DATE OF MEETING</b>	22 July 2020
<b>OFFICER</b>	Mick Osborne – Chief Operating Officer
<b>LEAD MEMBER</b>	Councillor Steven Lambert
<b>SUBJECT OF THE REPORT</b>	<b>Apprenticeship Programme – Annual Statutory Reporting 2019 - 2020</b>
<b>EXECUTIVE SUMMARY</b>	<p>This report sets out the Buckinghamshire and Milton Keynes Fire Authority (BMKFA) annual statutory report against the public sector apprenticeship target for the year ending 31 March 2020, for member endorsement.</p> <p>As part of the Government's apprenticeships Reform agenda, a public sector target was introduced whereby organisations in England must meet a minimum of 2.3 per cent apprenticeship new starts each year, based on employee headcount. For the Authority this equates to 10 per year.</p> <p>The Authority is a qualifying organisation in scope of the public sector target and is therefore required to provide an annual report to the Department for Education (DfE), detailing its progress towards achieving the target. The 2019 / 20 report is set out in Appendix A. It is also a requirement for the Authority to publish the information.</p> <p>The current target period for annual reporting is from 1 April 2017 to 31 March 2021 and the deadline for returns is the 30 September each year.</p> <p>For the period of 1 April 2019 – 31 March 2020 the Authority have not met their target with 4 new apprentice starts;</p> <ul style="list-style-type: none"> <li>• 1 Business Admin</li> <li>• 1 Assistant Accountant</li> <li>• 1 Cyber Security Technologist</li> <li>• 1 Senior Leader Master's Degree</li> </ul> <p>This shortfall in meeting the target has been due to cohort four being employed by the Authority on 25 March 2019 and cohort five being employed on 6<sup>th</sup> April 2020, both of which are outside of this reporting period.</p> <p>Appendix A however does state that qualifying organisations will be measured on average over the</p>

	<p>annual reporting period of 1 April 2017 to 31 March 2021. With our previous employment stats and our current workforce planning the Authority will exceed its required target for this reporting period.</p> <p>Previous reports have been presented at the Executive Committee, and it has been decided that the Overview and Audit Committee would consider future reports for endorsement.</p>
<b>ACTION</b>	Decision
<b>RECOMMENDATIONS</b>	It is recommended that the Authority's annual return – attached as Appendix B – be endorsed for submission to the Department for Education, and for publication on the Authority's website.
<b>RISK MANAGEMENT</b>	<p>There is an ongoing risk that the Authority might not meet the annual 2.3 per cent target for new apprentice starts set by the Government</p> <p>This risk is mitigated through effective workforce planning, and the Authority's continued commitment to using apprenticeships as part of its blended approach to refreshing and retaining its workforce.</p>
<b>FINANCIAL IMPLICATIONS</b>	<p>There are no direct costs implications attached to the production and submission of this information.</p> <p>The Apprenticeship levy was introduced in April 2017 for all employers that have an annual PAYE bill of £3 million per annum and employ over 250 staff. The employer's payment is set at 0.5% of their annual payroll and will include a £15,000 annual allowance. The Authority current pays approx. £58,000 per year into the levy which the government tops up by 10% making a total of £63,800.</p> <p>The Authority is able to draw down on this levy for those employees who are currently undertaking apprenticeships to assist with their own development and to also enhance the skills within the organisation.</p> <p>If the levy fund becomes depleted the Authority will enter into a co-investment with the government. The co-investment rate has changed for new apprenticeships starting on or after 1 April 2019. You will now pay 5% towards the cost of apprenticeship training. The government will pay the rest (95%) up to the funding band maximum.</p>
<b>LEGAL IMPLICATIONS</b>	The recommendations meet and exceed the requirements of the statutory guidance.
<b>CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE</b>	The Authority continues to work with its Thames Valley Fire Service partners to determine options for a collaborative approach to operational apprenticeship recruitment. Work remains ongoing with Thames Valley Police (TVP) on apprenticeships and, in

	<p>particular, in looking at improving diversity and working together to resolve common issues.</p> <p>Careers fairs are being targeted with a collaborative approach being taken between ourselves and TVP, at present these have included the WorldSkillsUK event at the NEC and also the National Apprenticeship show at the MK arena. We have also utilised the assistance of the National Fire Chiefs Council (NFCC) with the organising and their attendance at the WorldSkillsUK.</p>
<b>HEALTH AND SAFETY</b>	<p>There are no Health and Safety implications.</p>
<b>EQUALITY AND DIVERSITY</b>	<p>The Authority continues to improve the diversity of its workforce and during its recent firefighter apprenticeship recruitment we had a small increase in Female employment.</p> <p>The Authority continues to be mindful of trying to reduce the average age of the operational workforce.</p> <p>Workforce diversity is an ongoing priority. Building on the successes to date with our apprenticeship programme and utilising the national On Call awareness campaign material our aims are:</p> <ul style="list-style-type: none"> <li>• To increase awareness through TV collaboration work and joined up resourcing</li> <li>• Existing workforce who already interact with the local community being utilised to promote the service we deliver and being supported by our ED&amp;I ambassadors</li> <li>• The continuation of identifying role models within the organisation who can promote the values, commitment to diversity and our employment propositions e.g. we have a national diversity ambassador</li> </ul> <p>The Authority endorsed the submission of a pledge, and were the first Fire and Rescue Service to be accepted by the Apprenticeship Diversity Champions Network (ADCN) in February 2018. The Authority were given the opportunity to be quoted within the 2019 ADCN report, being asked to showcase us as exemplars within this group and we continue to be active members of this group. In February 2020 we attended The House of commons with our ADCN partners as part of an apprenticeship celebration for National Apprenticeship week. This gave us the opportunity to network with other likeminded organisations.</p> <p>The Authority's innovative apprenticeship programme provides an excellent opportunity to improve the diversity make-up of the Authority. Targeted "have a go" days are organised for all audiences. A targeted</p>

	<p>campaign was delivered by internal departments and an external organisation via social media to assist with the attraction of a diverse workforce, and analysis of the data is being undertaken to determine the outcomes and to inform future campaigns.</p>
<b>USE OF RESOURCES</b>	<p><b>The arrangements for setting, reviewing and implementing strategic and operational objectives; performance monitoring, including budget monitoring; achievement of strategic objectives and best value performance indicators;</b></p> <p>The Authority's apprenticeship programme contributes to achieving its People Strategic Enabler set out in the Corporate Plan 2015-2020:-</p> <p>'To optimise the contribution and well-being of our people'.</p> <p>Apprentice recruitment forms part of the Authority's succession planning process and contributes to the delivery of the Authority's People Strategy, by building capacity and capabilities agenda, supporting ongoing professionalisation of the Service and continuing to raise standards.</p> <p><b>Communication with stakeholders;</b></p> <p>A range of methods are used to communicate on workforce reform across the Authority. Communication is delivered via the Senior Management Team's blog, the Leadership Group, and the "I" drive. The success of the Authority's apprenticeship programme is showcased internally and externally through visits from other Services and national events.</p> <p><b>The system of internal control;</b></p> <p>The Apprenticeship Programme is continually monitored through regular updates to the Authority and internal governance boards.</p> <p>The awarding body accredits the programme and yearly audits are undertaken by their representatives to ensure the required standards are being met.</p> <p>The apprenticeship training provider is audited by Ofsted to ensure compliance with funding regulations.</p>
<b>PROVENANCE SECTION &amp; BACKGROUND PAPERS</b>	<p>The Authority introduced its apprenticeship programme in 2016, ahead of the Government's reform agenda, and this was driven by its workforce plan. Its key areas of focus were: how apprentices can be utilised most effectively; highlighting the importance of improving the diversity of our workforce; offering career development opportunities to our existing employees and increasing the resilience of our workforce.</p>

	<p>Report to the Overview and Audit committee held on 17 July 2019: Apprenticeship Programme – Annual Statutory Reporting 2018/19</p> <p><a href="https://bucksfire.gov.uk/documents/2020/03/overview_and_audit_committee_agenda_and_reports_170719-min-min.pdf/">https://bucksfire.gov.uk/documents/2020/03/overview_and_audit_committee_agenda_and_reports_170719-min-min.pdf/</a></p> <p>Report to the Fire Authority held 13 June 2018: Update on Buckinghamshire &amp; Milton Keynes Fire Authority Apprenticeship Programme</p> <p><a href="https://bucksfire.gov.uk/documents/2020/03/130618_fire_authority_agm_agenda.pdf/">https://bucksfire.gov.uk/documents/2020/03/130618_fire_authority_agm_agenda.pdf/</a></p> <p>Report to the Fire Authority held 14 February 2018: Apprenticeship Diversity Champions Network</p> <p><a href="https://bucksfire.gov.uk/documents/2020/03/140218_fire_authority_agenda.pdf/">https://bucksfire.gov.uk/documents/2020/03/140218_fire_authority_agenda.pdf/</a></p> <p>Report to the Fire Authority held 18 October 2017; Update on Buckinghamshire and Milton Keynes Fire Authority Apprenticeship Programme</p> <p><a href="https://bucksfire.gov.uk/documents/2020/03/181017_fire_authority_agenda_part2.pdf/">https://bucksfire.gov.uk/documents/2020/03/181017_fire_authority_agenda_part2.pdf/</a></p> <p>Report to the Executive Committee held 29 July 2015: Apprenticeship Scheme</p> <p><a href="https://bucksfire.gov.uk/documents/2020/03/2990715_exec_committee_papers.pdf/">https://bucksfire.gov.uk/documents/2020/03/2990715_exec_committee_papers.pdf/</a></p>
<b>APPENDICES</b>	<p>Appendix A – Government Guidance – Meeting the Public Sector Apprenticeship Target</p> <p>Appendix B – Data Publication and Apprenticeship Activity Return 30 September 2020</p>
<b>TIME REQUIRED</b>	10 Minutes.
<b>REPORT ORIGINATOR AND CONTACT</b>	<p>Dave Whitelock - Station Commander</p> <p><a href="mailto:dwhitelock@bucksfire.gov.uk">dwhitelock@bucksfire.gov.uk</a></p> <p>07919 697354</p>

This page is intentionally left blank



Department  
for Education

# **Meeting the Public Sector Apprenticeship Target**

**Statutory guidance for bodies in scope of  
the Public Sector Apprenticeship Target**

**Revised February 2018**

# Contents

Summary	3
About this guidance	3
What legislation does this guidance refer to?	3
Who is this guidance for?	3
Main points	3
Having regard to the target	4
Where the target has not been met	5
Interpreting ‘ordinarily work’ in England	5
Interpreting those in scope	6
Providing returns to the target	7
Content	7
Format	9
The Target and Reporting Periods	10



# Summary

## About this guidance

This is statutory guidance from the Department for Education which accompanies the regulations bringing into effect the Public Sector Apprenticeship Target. Public bodies within scope of those regulations should have regard to this guidance when considering how they have regard to the target and how they report their progress towards meeting the target.

## What legislation does this guidance refer to?

This guidance refers to 'The Public Sector Apprenticeship Targets Regulations 2017' which were made under powers conferred by the Apprenticeships, Skills, Children and Learning Act 2009.

This guidance has been updated to reflect amendments made to these Regulations by the Apprenticeships (Miscellaneous Provisions) Regulations 2017, which come into force on 31 March 2018.

## Who is this guidance for?

This guidance is for:

- All public bodies in scope of the target; with a few exceptions, all public bodies with 250 or more staff in England as of 31 March in each of 2017, 2018, 2019 and 2020 are within scope.
- This includes schools, local authorities, central government and arms-length bodies, NHS organisations, the armed forces, and emergency services, together with anyone else who may be in scope of the target.

## Main points

- Public sector bodies in scope of the target should appropriately demonstrate in their returns that they have had regard to the target.
- Public sector bodies should provide their returns in line with the reporting arrangements described in this guidance.

## Having regard to the target

Prescribed groups and public sector bodies with 250 or more staff in England have a target to employ an average of at least 2.3% of their staff as new apprentice starts over the period of 1 April 2017 to 31 March 2021. Bodies in scope must have regard to the target.

The Government considers the duty to ‘have regard’ to the target to mean that, in making workforce planning decisions, public bodies should actively consider apprenticeships, either for new recruits or as part of career development for existing staff. Apprentices are only considered as ‘new apprentices’ who will count towards the target, in the year in which they begin their apprenticeship.

Public bodies should use the Apprenticeship Activity Return (see pages 8-9) to explain how they have had regard to the target. This may include describing actions they have taken to challenge obstacles preventing them from meeting the target, for example:

- a relevant framework or standard is not currently available but the organisation has been involved in developing new standards and has plans for individuals to start on these;
- an organisation has a large number of part time workers whose Full Time Equivalent (FTE) makes it difficult to meet the numbers of apprentices needed and/or due to the number of hours they work are not eligible for apprenticeships. However the employer is taking steps to employ apprenticeships within those roles which are eligible for them. They are also permitted to report FTE alongside headcount in their Data Publication return (see page 7).

The Government would also encourage public bodies that are looking to establish further apprenticeship standards to engage with the Institute for Apprenticeships to establish these.

## Grouped Bodies

Following consultation two groups have been prescribed in the regulations for the purpose of responding to the target. The bodies in these groups are collectively in scope – they are set a single target which covers all bodies in their respective group. These groups are ‘Transport for London and its subsidiaries’ and ‘Government Departments and those bodies listed in Schedule 1 of the Public Sector Apprenticeship Targets Regulations 2017’.

There was no clear support in consultation for other groupings. Therefore the target will apply individually to all other bodies in-scope; they will each have an individual apprenticeship target which they must have regard to.

## **What must a public body do to have regard to the target?**

Prescribed groups and in-scope bodies should demonstrate that they have actively considered apprenticeships, either for new recruits or as part of career development for existing staff.

## **Where the target has not been met**

It may be the case that a body believes it has been having regard to the target but yet is failing to meet the target set. As such, all bodies should use the Apprenticeship Activity Return (see pages 8-9) to explain how they have sought to have regard to the target and any factors they feel have hindered their efforts to meet the target. These explanations should be of sufficient detail to evidence the body's actions, in particular by:

- providing evidence which identifies where a body has actively considered apprenticeships, either for new recruits or as part of career development for existing staff;
- identifying where an organisation, in attempting to have regard to the target, has encountered and attempted to overcome challenges in employing apprentices, as outlined in the previous section.

There may also be some circumstances where a body which has not met the target is able to highlight mitigating factors which demonstrate its commitment to apprenticeships, therefore demonstrating that regard has been had to the target. For example:

- an organisation employs a higher proportion of apprentices on two or more year apprenticeship programmes; and,
- an organisation is planning a major recruitment the following year which would bring their average number of apprenticeship starts up to or beyond the target.

## **Interpreting 'ordinarily work' in England**

Regulations identify that an apprentice can only be counted towards the targets if 'they ordinarily work in England.' Whether an apprentice ordinarily works in England is determined by a number of factors, but generally the determining factor is where the apprentice is based. This might be determined by reference to:

- the location in which the apprentice ordinarily starts and ends the day;
- where the apprentice lives.

## Interpreting those in scope

Almost all public bodies with 250 or more staff in England will be in-scope of the target. The number of staff working for a public body is determined by its headcount on 31 March in each of 2017, 2018, 2019 and 2020.

A public body with 250 or more staff working for it on any of those dates will be subject to the target for that coming year.

The primary legislation defines a public body as:

- a public authority or;
- a body or other person that is not a public authority but has functions of a public nature and is funded wholly or partly from public funds.

This is with the specific exception of; the BBC, Channel Four, The House of Commons and House of Lords and the Post Office Ltd., as well as all their associated subsidiaries. Also out of scope of the targets are charities, FE colleges, Universities, housing associations, housing trusts, independent schools, and financial bodies which are partly state-owned (such as RBS).

Provided they meet the headcount criteria above, academy trusts and multi academy trusts will come within scope from 31 March 2018. These academy trusts are not required to provide an annual return on progress towards the target for apprenticeship starts between 1 April 2017 and 31 March 2018. They will need to do so for the first time from April 2019, for starts between 1 April 2018 and 31 March 2019.

Police forces are required to include police officers within their headcount when calculating their target from 31 March 2018.

## Providing returns to the target

Bodies in scope of the target are required to provide an annual return of two parts, detailing amongst other things their progress towards the target, to the Department for Education.

### Content

As established in the primary legislation and the regulations, bodies in scope must provide the information identified below. In response to queries where the Council/Local Authority (LA) is the employer for schools and fire and rescue services, each LA may choose to show the information required for these organisations separately within their Returns.

### Return Section 1 - Data Publication

The Data Publication includes several figures which will enable the Government, the public, and wider stakeholders to understand each body's headcount and the number of apprentices they employ, and then use that information to assess the progress a body has made towards meeting the target.

The information required is:

**Figure A:** The number of employees whose employment in England by the body began in the reporting period in question.

**Figure B:** The number of apprentices who began to work for the body in that period and whose apprenticeship agreements also began in that period.

- This includes employees who were already working for the body before beginning their apprenticeship, as well as new apprentice hires.

**Figure C:** the number of employees employed in England that the body has at the end of that period.

**Figure D:** the number of apprentices who work for the body at the end of that period.

Public bodies are also required to provide two percentages in order to give context to the other figures. These percentages do not reflect the progress a public body has made towards the target:

**Figure E:** Figure B expressed as a percentage of figure A.

**Figure F:** Figure D expressed as a percentage of figure C.

If the public body is in their first reporting period they must also provide:

**Figure G:** The number of apprentices who worked for the body immediately before that period.

In addition, the Apprenticeship Activity Return (Return Section 2) requires public bodies to send the following figures, which will help identify their progress towards meeting the target, to the Department for Education. Public bodies could also consider providing these figures in the Data Publication:

**Figure H:** Headcount on the day before the first day of each reporting period in the target period; and

**Figure I:** Figure B expressed as a percentage of figure H

## Return Section 2 - Apprenticeship Activity Return

The Apprenticeship Activity Return includes both information on a body's progress against the target and information to assess actions taken towards, and challenges faced in, meeting the targets.

The return includes quantitative and qualitative elements:

### Quantitative

- Headcount on the day before the first day of each reporting period in the target period; and
- **Figure B** in Return Section 1 (the number of apprentices who began to work for the body in the reporting period in question and whose apprenticeship agreements also began in that period), expressed as a percentage of headcount on the day before the first day of the reporting period in question.

This will enable the Government to assess the progress a body has made towards meeting the target.

### Qualitative

- Action that the body has taken to meet their apprenticeship target (i.e. how it has 'had regard');
- If their target has not been met then specific further evidence may be required. This may include an explanation of why the target was not met, actions the body has taken to overcome the challenges it has faced and/or mitigating factors which demonstrate the body's commitment to apprenticeships;

- Information about action the body proposes to take to meet their future apprenticeship targets; and
- If the body considers that a future target is not likely to be met, an explanation of why that is so.

In calculating their headcount public bodies should include the following staff, as at 31 March in each year they are in scope:

- those members of staff on the body's payroll, including apprentices, on whose behalf the public body makes National Insurance Contributions. This will include:
  - o permanent members of staff;
  - o members of staff who have a fixed-term contract;
  - o those who work full-time as well as those who work part-time;
- other members of staff who are not described above who have a fixed-term contract;
- staff who are on maternity, paternity or adoption leave;
- staff who are on sick-leave or any other type of extended paid leave;
- apprentices employed by the public body through an Apprenticeship Training Agency (ATA); or
- employees on secondment or loan only if your organisation is paying for the majority (more than 50 per cent) or all of their wages.

They should not include:

- those who are employed through employment agencies;
- those who are working on a zero-hour contract;
- bank staff;
- employees in sub-contracted organisations who are not paid directly from the payroll; or
- those on career breaks.

## Format

Bodies in scope are required to publish the Data Publication. Government is not being prescriptive about where the information should be published but it must be easily accessible to the public, for example on the internal and external facing website of a public sector body in scope. It must also be sent to the Department for Education.

Bodies do not have to publish the Apprenticeship Activity Return. However they must send this information to the Department for Education.

Most bodies will send their Data Publication and Apprenticeship Activity Return to the Department for Education through their Apprenticeship Service account. If you are a levy paying organisation, you should make sure you are registered on the Apprenticeship Service to submit your annual return. If you are unsure how to do this, please contact the National Apprenticeship Service Support Service on 0800 015 0600 (option 1 then option 2) or email [helpdesk@manage-apprenticeships.service.gov.uk](mailto:helpdesk@manage-apprenticeships.service.gov.uk).

The Civil Service, Armed Forces and any non-levy paying organisations will not send their returns through the Apprenticeship Service. We are setting up an electronic mailbox for the receipt of returns from these bodies. For the form to complete and details of where to send it, please contact the National Apprenticeship Service Support Service from April 2018 on 0800 015 0600 (option 1 then option 2) or email [helpdesk@manage-apprenticeships.service.gov.uk](mailto:helpdesk@manage-apprenticeships.service.gov.uk).

## The Target and Reporting Periods

The Target Period is from 1 April 2017 to 31 March 2021. Throughout the Target Period, public bodies must have regard to the target and report their progress towards meeting the target.

However, it is important to note that there may be cases where a public body is not within scope of the target for the entirety of the Target Period. This will be the case if a body's headcount falls below 250 on any of the days on which headcount is determined (i.e. 31 March in 2017, 2018, 2019 and 2020).

For example, if a public body has 250 or more employees on 31 March 2017, but this falls below 250 employees on 31 March 2018, they will no longer be in scope of the target in 2018/19.

The Target Period is divided into four Reporting Periods lasting a year each.

As established in the Regulations, the targets will be measured as an average from 2017/18 to 2020/21. Public bodies must provide their Data Publication and Apprenticeship Activity Return for each of the following Reporting Periods where they are in scope:

- 1 April 2017 to 31 March 2018
- 1 April 2018 to 31 March 2019
- 1 April 2019 to 31 March 2020
- 1 April 2020 to 31 March 2021



As explained above, they may fall in and out of scope during the Target Period if their headcount falls below or meets/rises above 250 people.

Reports for each year in which a public body is in-scope will be due within six months of the end of each Reporting Period. This is known as the Response Period and during this time in-scope each body must publish the Data Publication and send both that and the Apprenticeship Activity Return, to the Department for Education. The deadlines for these returns will be:

- 30 September 2018
- 30 September 2019
- 30 September 2020
- 30 September 2021

As explained above, provided they meet the headcount criteria, academy trusts and multi academy trusts will come within scope from 31 March 2018. These academy trusts are not required to provide an annual return on progress towards the target for apprenticeship starts between 1 April 2017 and 31 March 2018. They will need to do so for the first time from April 2019, for starts between 1 April 2018 and 31 March 2019.



Department  
for Education

© Crown copyright 2018

This publication (not including logos) is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

To view this licence:

visit [www.nationalarchives.gov.uk/doc/open-government-licence/version/3](http://www.nationalarchives.gov.uk/doc/open-government-licence/version/3)

email [psi@nationalarchives.gsi.gov.uk](mailto:psi@nationalarchives.gsi.gov.uk)

write to Information Policy Team, The National Archives, Kew, London, TW9 4DU

About this publication:

enquiries [www.education.gov.uk/contactus](http://www.education.gov.uk/contactus)

download [www.gov.uk/government/publications](http://www.gov.uk/government/publications)

Reference: DFE-00123-2017



Follow us on Twitter:  
[@educationgovuk](https://twitter.com/educationgovuk)



Like us on Facebook:  
[facebook.com/educationgovuk](https://facebook.com/educationgovuk)

## Apprenticeship Programme – Annual Statutory Reporting 2019 - 2020

### [Who counts as an employee?](#)

**You should include the following staff when calculating your employee numbers:**

- Anyone on your payroll on whose behalf you make National Insurance contributions
- Staff on fixed-term contracts
- Staff on maternity, paternity or adoption leave
- Staff on sick leave or extended paid leave
- Apprentices employed by the public body through an Apprenticeship Training Agency
- Employees on secondment or loan if you are paying more than 50% of their wages

**Do not include:**

- Anyone employed through employment agencies
- Those working on a zero-hour contract
- Bank staff
- Employees in sub-contracted organisations who are not paid directly from your payroll
- Those on career breaks

### **Number of employees who were working in England on 31 March 2019**

443
-----

### **Number of employees who were working in England on 31 March 2020**

465
-----

### **Number of new employees who started working for you in England between 1 April 2019 to 31 March 2020**

46
----

# Your apprentices

## [Who counts as an apprentice?](#)

**You should include the following staff when calculating your apprentice numbers:**

- Anyone doing an approved English apprenticeship framework or standard with an apprenticeship agreement in place

**Number of apprentices who were working in England on 31 March 2019**

45

**Number of apprentices who were working in England on 31 March 2020**

30

**Number of new apprentices in England whose apprenticeship agreements started in between 1 April 2019 to 31 March 2020**

**This includes both new hires and existing employees who started an apprenticeship**

4

# Your full-time equivalents (optional)

## [How to calculate your full-time equivalent numbers](#)

Firstly, work out the number of weekly hours each part-time employee is contracted to work divided by your organisation's standard full-time working week. For example, 10 hours divided by 37 hours equated to 0.27 full-time equivalents.

Then add your full-time employee numbers to come up with a total number of full-time equivalents. Round your total to the nearest whole number.

## Number of full-time equivalents (optional)

468
-----

# Outline any actions you have taken to help you progress towards meeting the public sector target

Support services apprentices are being recruited predominantly through the Business and Administration standards with one other being within the finance sector. We have been working hard to transform enrolment of our operational firefighters. As an organisation we have moved away from our previous Apprentice Training Agency (ATA) model and have decided to employ directly and appoint a separate training provider. This has enabled the organisation to utilise its levy and all new starters to benefit from local terms and conditions and national pay rates which will enable us to employ the right candidate from a larger range of applicants.

The appointment of an apprentice development officer has given the organisation dedicated support for all of its apprentices. This role will also assist the organisation in future attraction pieces for both operational and support roles.

Two members of the current workforce were enrolled onto apprenticeships at various levels during this reporting period, to develop their professional leadership skills and as part of the Authority's strategy for the retention and upskilling of existing staff and to develop future leaders. This also helps to profile, embed and mentor apprenticeship programmes within the organisation.

Various staff have supported the development of apprenticeship standards with their area of competence by providing representation on trailblazer groups.

The Authority continues its pledge to the Apprenticeship Diversity Champions Network (ADCN). Information, guidance and resources from this network is being used in the attraction, engagement and recruitment of apprentices.

Various apprentices have volunteered to work with external bodies i.e. The Young Apprentice Ambassador Network and the Institute of Apprentices and Technical Education, This allows them to promote apprenticeships both locally and nationally, through seminars and also social media.

The Authority has had representation at WorldSkillsUK live at the NEC which was led by the National Fire Chiefs Council (NFCC) and a collaboration of other national fire and rescue services. We also had a stand at the National Apprenticeship show at the MK Arena. Both of these enabling our service to encourage individuals from a vast demographic, and to help shape the future generation.

Commissioning of an advertising campaign to target all demographics within our targeted area. This was achieved by social media and digital advertising. We also utilised our internal expertise to advertise through our own website, people strategy and social media.

# **Tell us about any challenges you have faced in your efforts to meet the target**

Funding bands: The FRS sector accepted lower than required funding bands for the Operational Firefighter, Business Fire Safety Advisor and Community Safety Advisor trailblazer standards, to ensure that these standards were in place for the start of Year 2 of the Apprenticeship Levy (April 2018)

The lack of registered training providers available locally for Business Fire Safety Apprentices and Community Safety Advisors has made it unable for us to utilise these apprenticeship Standards.

Some training providers only wanting to take on cohorts of apprentices and not being able tailor their delivery to meet the requirements of only one apprentice i.e. project management and learning and development level five.

The perception of being an apprentice as being a low age, low wage position. Adverts relating positions as being young school leavers and sometimes not for the wider audience.

The lack of availability of the training provider courses for our operational firefighters based around our own workforce planning

The service is better placed than it was last year due to having taken a cohort of operational firefighters through end point assessment. We have been able to gain from this experience and by having regular engagement with awarding bodies through the NFCC Apprenticeship forum and being involved in the Operational Firefighter Apprenticeship standard review. This has allowed us to enable our apprentices with a more round appreciation of this process which will better equip the organisation in the future.

# How are you planning to ensure you meet the target in future?

NFCC Workforce Committee has set up an Apprenticeships Board to reinforce profile, and to optimise resources to best support FRS's to deliver their plans. The Authority has representation on this committee to ensure our local proposition aligns National developments.

Continuing to work with Emergency Services to deliver joint trailblazers and identify further opportunities for collaboration.

Continuation of the Authority's strategic workforce planning, where apprentices are an integral element of a blended approach to resourcing. This also involves developing career pathways for upskilling existing staff based on the FRS leadership framework.

Continuing to support apprenticeship trailblazers for sector-relevant standards by providing resources and subject matter experts to the trailblazer groups.

Continued membership of the Apprenticeship Diversity Champions Network, improving networking opportunities, and learning from other members and organisations about ways in which we could improve the diversity of our apprentices and, therefore, our workforce.

Optimising the use of national resources to promote apprenticeship careers.

Building relationships with local training providers and other FRS's to develop new opportunities for new starters and existing members of staff to promote and deliver best practice.

Reviewing Apprenticeship options for On-Call employees and how they can meet the apprenticeship criteria to helping us attract and retaining On-Call FF's.

Promotion of our apprenticeship programmes through National Apprentice week, social media campaigns and local events to attract our apprentices of the future, this will also help break down previous challenges and myths. Continuation of frequent "have a go days" to promote the operational firefighter role to include the targeting of specific groups. Utilising our station crews to champion apprenticeship programmes throughout the service when they carry out visits to include engagement sessions with local colleges that run emergency services courses.



# Do you have anything else you want to tell us? (optional)

For local authorities this could include commenting on how schools and fire services in your control have contributed to the target

It should be noted that the organisations numbers for new apprentice starts is low for this reporting period. This was due to cohorts starting just before and just after this reporting period.

With current and previous apprentices now embedded across departments and fire stations within Bucks this has enabled a culture change allowing experience to be shared and also serving firefighters to become mentors for those new apprentices.

As a service we will be exploring the possibility of signing up to the Register of Apprenticeship Training Providers (RoATP) as a supporting provider as this will enable us to deliver training to our own staff. It is also always encouraging that the National Apprenticeship service is open and available to discuss opportunities at the NFCC Apprenticeship forums.

We will be exploring the exciting work that Devon & Somerset continue to do with the delivery of On-Call firefighter apprenticeships and looking to see how we can utilise this model for our future On-Call staff giving us the ability to standardise the training and development offered to all new firefighter recruits regardless of contract this is also something that we would be interested in delivering to our Flexi-Firefighters.

Work is ongoing with Thames Valley Police (TVP) on apprenticeships and, in particular, in looking at improving diversity and working together to resolve common issues. Specific actions were identified, both internally and through this collaborative work, to improve the diversity of applicants, primarily from both female and BAME candidates. These actions include awareness campaigns, 'have a go days' and allocation of 'recruitment buddies'.

Cadet courses and T- Levels are areas that will be looked as a source for future apprentices within the organisation.

This page is intentionally left blank



# Buckinghamshire & Milton Keynes Fire Authority

<b>MEETING</b>	Overview and Audit Committee
<b>DATE OF MEETING</b>	22 July 2020
<b>OFFICER</b>	David Norris, Head of Prevention, Response and Resilience
<b>LEAD MEMBER</b>	Councillor Lesley Clarke OBE
<b>SUBJECT OF THE REPORT</b>	<b>Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) – Buckinghamshire Fire and Rescue Service (BFRS) Improvement Plan Update</b>
<b>EXECUTIVE SUMMARY</b>	<p>Following completion of the first inspection round of all 45 fire and rescue services, HMICFRS published the report into Buckinghamshire Fire &amp; Rescue Service on 17 December 2019, as part of the final tranche of reports.</p> <p>An improvement plan has been developed addressing specifically the report recommendations and identified areas for improvement. At the meeting of the Authority on the 12 February 2020, it was agreed that progress against this plan will be reported to this committee.</p> <p>Our Service Liaison Lead, Paul Kay, visited on the 10 March 2020 and indicated our approach to improvement, and addressing matters raised in the report, was sensible. On the 13 March 2020 Sir Tom Winsor (Her Majesty's Chief Inspector of Fire and Rescue Services) wrote to all fire and rescue services (FRSs) confirming;</p> <ul style="list-style-type: none"> <li>• All inspection work is suspended (FRS performance would continue to be assessed based on available information)</li> <li>• Arrangements for secondees (GC Richard Priest is our seconded officer)</li> </ul> <p>On the 20 March 2020, HMICFRS confirmed suspension of the HMICFRS survey of staff for FRSs in round 2, tranche 1 inspections.</p> <p>CFO Thelwell is a member of the HMICFRS External Reference Group (ERG). Formed of representatives from Home Office, Local Government Association, Police Fire and Crime Commissioners, National Fire Chiefs Council and HMICFRS Portfolio team, the ERG is a mechanism through which HMICFRS test the</p>

	<p>effectiveness and impact of the inspection regime.</p> <p>At the last ERG meeting on the 12 May 2020, HMICFRS discussed approaches to inspection post-COVID-19. It is clear that there will be on-going postponement of inspection activity. Our next inspection was due to commence in June 2021 (discovery work) and July 2021 (fieldwork). These dates are now expected to be put back to later in 2021, possibly Spring 2022. Any delay has little impact on our improvement programme.</p> <p>On 7 July 2020, Her Majesty's Inspector of Fire and Rescue Services, Zoe Billingham, issued the letter shown at Appendix B updating interested parties on the Inspectorate's proposals for resuming inspection activities during the period of disruption caused by the Covid-19 pandemic. In particular:</p> <ul style="list-style-type: none"> <li>• A 'working assumption' that round two inspections will recommence in early 2021 (see paragraph 6);</li> <li>• An intention to approach the Home Secretary for permission to undertake an inspection on the Fire and Rescue Service's response to Covid-19 (see paragraphs 7 - 9); and,</li> <li>• A proposal to follow-up, later this year and ahead of the recommencement of round two inspections, with each of the 14 Services (which includes BFRS) that were given a cause, or causes, of concern (see paragraph 10).</li> </ul> <p>We continue to monitor developments and work closely with HMICFRS to support the inspection programme established for fire and rescue services.</p>
<b>ACTION</b>	Noting.
<b>RECOMMENDATIONS</b>	That Members note current position regarding HMICFRS inspection programme, and the BFRS inspection improvement plan.
<b>RISK MANAGEMENT</b>	There remain reputational corporate risks to the organisation should we have been judged as inadequate. The Service had already taken steps to mitigate this through having extensive internal and external audits of a number of areas of the Service. Notably, our operations have been subject to external independent assurance. Our Health, Safety and Wellbeing function has been independently audited by the Royal Society for the Prevention of Accidents and received a Gold Award.
<b>FINANCIAL IMPLICATIONS</b>	FRSs are not funded for the burden of preparation for, resource implications of, HMICFRS inspections, nor is the Service charged. This round of inspections was

	funded directly by the Home Office. The Police are top sliced from their government grants to fund the HMICFRS inspections of Police Forces. There has been no indication yet that this might be a future funding model for the inspection of FRSs.
<b>LEGAL IMPLICATIONS</b>	<p>The current Fire and Rescue Service National Framework issued under section 21 of the Fire and Rescue Services Act 2004, to which the Authority must have regard when carrying out its functions, states as follows at paragraph 7.5:</p> <p>'Fire and rescue authorities must give due regard to reports and recommendations made by HMICFRS and – if recommendations are made – <b>prepare, update and regularly publish an action plan detailing how the recommendations are being actioned</b>. If the fire and rescue authority does not propose to undertake any action as a result of a recommendation, reasons for this should be given.'[emphasis added]</p> <p>It continues: 'When forming an action plan, the fire and rescue authority could seek advice and support from other organisations, for example, the National Fire Chiefs Council and the Local Government Association'.</p>
<b>CONSISTENCY WITH THE PRINCIPLES OF DUTY TO COLLABORATE</b>	Officers have developed our approach to inspection with our Thames Valley FRS partners, and with 'peer' support from Thames Valley and Gloucestershire Police Forces.
<b>HEALTH AND SAFETY</b>	There are no Health, Safety or Wellbeing implications from this report.
<b>EQUALITY AND DIVERSITY</b>	There are no Equality and Diversity implications as part of the report.
<b>USE OF RESOURCES</b>	<p>Following this Service's inspection, an improvement plan was presented to the Fire Authority and approved on 12 February 2020.</p> <p>We maintain a robust and enduring relationship with HMICFRS. Our ongoing approach to HMICFRS inspections is now being led by the Head of Prevention, Response and Resilience, as the designated Service Liaison Officer.</p> <p><u>Communication with stakeholders</u></p> <p>Engagement and briefings have regularly been carried out, and points of communication with Members and staff have been scheduled.</p> <p><u>The system of internal control</u></p> <p>Specific areas for service improvement have been</p>

	<p>identified through a number of workshops. These are being captured in relevant departmental plans and in the Operational Assurance Plan. These will be reported on in the usual way and ultimately to the Overview and Audit Committee.</p> <p><u>The medium-term financial strategy</u></p> <p>No direct implications for the strategy are identified at this time. There may be future implications depending on the long-term funding model for HMICFRS.</p> <p><u>The balance between spending and resources</u></p> <p>No new capability requirements have been identified as being required to prepare for, and support an inspection. The Corporate Planning Manager oversees preparation of evidence with support from the Service's Resilience and Business Continuity Manager. The Viper system has been designed to capture evidence on an ongoing basis. This allows managers to provide evidence as part of their usual reporting process. Performance Management Board provides further scrutiny of progress towards the delivery of the corporate plan.</p> <p>The ethos of the Service will be to continue to deliver the Service's vision and strategic aims and gather the relevant evidence for the HMICFRS on a business as usual basis, rather than as an extra burden. While we develop an understanding of the inspection process and monitor the experience and effect on other Services we will revisit the resourcing needs. We have identified that preparations for aspects of the new Public Safety Plan (PSP) due in 2020 need to be closely aligned with preparations for the HMICFRS. This is reflected in the Public Safety Plan 2020-2025.</p>
<p><b>PROVENANCE SECTION &amp; BACKGROUND PAPERS</b></p>	<p><b>Background</b></p> <p>Background Chapter four of the Policing and Crime Act 2017 established the legal framework for the inspection of English Fire and Rescue Services. Wales and Scotland have their own mechanisms for assuring Services. The Home Office subsequently awarded a contract to Her Majesty's Inspectorate of Constabulary and consequently they changed their name to Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services.</p> <p>Our preparation plans together with our response to HMICFRS' consultation on the inspection methodology was presented to, and considered at, the 14 February 2018 Fire Authority meeting (see pages 131 – 162):</p> <p><a href="https://bucksfire.gov.uk/documents/2020/03/140218_fire_authority_agenda.pdf/">https://bucksfire.gov.uk/documents/2020/03/140218_fire_authority_agenda.pdf/</a></p> <p>14 November 2018 O &amp; A preparation update (see</p>

	<p>pages 185-192):</p> <p><a href="https://bucksfire.gov.uk/documents/2020/03/overview_and_audit_committee_agenda_and_reports_141118-min.pdf/">https://bucksfire.gov.uk/documents/2020/03/overview_and_audit_committee_agenda_and_reports_141118-min.pdf/</a></p> <p>13 February 2019 – Fire Authority preparation update (see pages 155-244):</p> <p><a href="https://bucksfire.gov.uk/documents/2020/03/130219_fire_authority_agenda.pdf/">https://bucksfire.gov.uk/documents/2020/03/130219_fire_authority_agenda.pdf/</a></p> <p>23 January 2020 - Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) – Buckinghamshire Fire and Rescue Service (BFRS) Inspection Findings Report: <a href="https://bucksfire.gov.uk/documents/2020/03/230120_item_7_hmicfrs_cover_report_23012020_appendix-min.pdf/">https://bucksfire.gov.uk/documents/2020/03/230120_item_7_hmicfrs_cover_report_23012020_appendix-min.pdf/</a></p> <p>12 February 2020 - HMICFRS Inspection Findings Report – Action Plan: <a href="https://bucksfire.gov.uk/documents/2020/03/120220_item12_hmicfrs_inspection_findings.pdf/">https://bucksfire.gov.uk/documents/2020/03/120220_item12_hmicfrs_inspection_findings.pdf/</a></p>
<b>APPENDICES</b>	<p>A: BFRS Inspection Improvement Plan</p> <p>B: HMICFRS Inspections Update letter dated 7 July 2020</p>
<b>TIME REQUIRED</b>	15 minutes
<b>REPORT ORIGINATOR AND CONTACT</b>	<p>David Norris – Head of Prevention, Response and Resilience</p> <p>01296 744627</p> <p><a href="mailto:dnorris@bucksfire.gov.uk">dnorris@bucksfire.gov.uk</a></p>

**HMICFRS INSPECTION REPORT – ACTION PLAN**  
**MARCH-JUNE 2020**


Report Reference	Inspection Pillar	HMICFRS inspection report item	Improvement Activity
Page 11	Prevention – Area for improvement	The service should evaluate its prevention work, so it understands the benefits better.	<p>An evaluation methodology has been developed, and designed to provide broad and robust assessment of prevention activity.</p> <p>The evaluation has commenced, with the results considered as part of on-going improvement work.</p>
Page 11	Prevention - Area for improvement	The service should understand the reasons for its reducing number of prevention visits and consider how it can better target those who are most at risk to fire.	<p>An evaluation exercise is underway which will inform a refresh of our prevention activity targeting.</p> <p>The Service continues to engage with colleagues and partners to understand better vulnerability and risk to the public.</p> <p>The new Corporate plan sets out clear objectives for the development and integration of risk intelligence and activity.</p>
Page 14	Protection - Area for improvement	The service should ensure it allocates enough resources to a prioritised and risk-based inspection programme.	<p>An evaluation methodology has been developed, and designed to provide broad and robust evaluation of the risk-based inspection programme.</p> <p>The protection team has recently secured additional funding to support more personnel, and this expansion linked to an evaluation of the current ways of working to develop an improved approach protection, aligned with better integration across the service.</p> <p>A recent successful growth bid led to the increase in the Protection Team by 4 FTEs, and introducing a Team Leader role and two further FTEs into the Prevention Team.</p> <p>The Service remains in regular contact with colleagues in other FRSs</p>



APPENDIX A: HMICFRS Inspection Findings -Action Plan

			developing a similar approach.
Page 14	Protection - Area for improvement	The service should review its response to false alarms to ensure operational resources are used effectively (termed 'unwanted fire signals').	<p>An evaluation of the Thames Valley Fire and Rescue Services Automatic Fire Alarm policies is shortly to commence, led by the BFRS Prevention, Response and Resilience.</p> <p>The initial meeting with colleagues in Oxfordshire and Royal Berkshire will take place shortly. Once the scope is agreed, the evaluation project will commence.</p>
Page 14	Protection - Area for improvement	The service should ensure it works with local businesses and large organisations to share information and expectations on compliance with fire safety regulations.	<p>The Protection team has recently secured additional funding to support an increase in personnel, and this expansion linked to an evaluation of the current ways of working to develop an improved approach protection, aligned with better integration across Service Delivery.</p> <p>The Service remains in regular contact with colleagues in other FRSs developing a similar approach.</p>
Page 16	Response – Area for Improvement	The service should ensure it has a sustainable system to provide its operational response model.	<p>Following a review of the Resourcing Model, the Service has commenced work to improve further availability of appliances and disposition of staff. The introduction of new staff contracts has led to a better employment proposition for staff, which in turn provides resilience and opportunity.</p> <p>Total staffing numbers remain low, and the review has identified a range of areas in which efficiency can be improved. These efficiencies will be supported by the introduction of 20 additional firefighters to the establishment following a recent successful growth bids.</p> <p>The Service has clear plans for the recruitment and introduction of these new staff, which will have a significant and positive impact to appliance availability, and corresponding reduction in the use of Bank Shifts over the next two years.</p>

Page 16	Response – Area for Improvement	The service should improve the availability of its on-call fire engines to respond to incidents.	<p>Following a review of the Resourcing Model, the Service has commenced work to improve further availability of appliances and disposition of staff. The introduction of new on-call contracts has led to a better employment proposition for staff, which in turn provides resilience and opportunity.</p> <p>Recruitment activity has focussed on identified stations, and this will be sustained over the coming years. The Service is considering alternative ways to use on-call staff including the development of second and third line availability. This provides a further way through which further resilience of the Resource Model can be achieved and through which the impact and demand on the primary employment, and personal circumstances, of On-call staff can be minimised</p>
Page 23	Efficiency – Recommendation	Ensure it has the capacity and capability to support its activity in its public safety plan;	<p>Officers adopted a zero-based budget approach when developing the budget proposal for 2020/21. This approach has been developed alongside the new Public Safety Plan and feedback from our recent inspection report from HMICFRS. Although our report noted that the inspectorate “would like to see improvements in the year ahead, but without increased funding, it is difficult to see where progress can be made” the zero-based budget approach has identified some key opportunities within the current budgetary constraints:</p> <ul style="list-style-type: none"> <li>• Increasing the wholetime establishment by up to 20 firefighters in 2020/21, with the potential to increase by a further 10 in the following year (depending on the outcome of the comprehensive spending review)</li> <li>• Increasing the Protection Team by 4 FTEs and introducing a Team Leader role and two further FTEs into the Prevention Team.</li> <li>• Introducing a Head of Technology, Transformation and Programme Management Office (PMO) to manage the actions required following our inspection report.</li> </ul>
Page 23	Efficiency – Recommendation	Consult with the people of Buckinghamshire and Milton Keynes on options to have the most effective and efficient response against the	<p>The 2020-2025 Public Safety Plan (PSP) was approved for public consultation at the Authority’s 18 September 2019 meeting. The consultation was open for an eight-week period from 23 September to 18 November 2019. Officers will proceed with the further development of the strategy proposals</p>

APPENDIX A: HMICFRS Inspection Findings -Action Plan

		financial environment in which it operates.	set out in the PSP having regard to the consultation feedback as they are progressed and to undertake further consultations with stakeholders potentially affected by any specific changes arising from their implementation.
Page 25	Efficiency – Area for Improvement	The service should use sound financial management to ensure all additional costs such as pension liability are accounted for and that there is a contingency plan.	<p>The zero-based budgeting approach adopted for 2020/21 reviewed all costs to ensure that the right amount of money is being spent in the right places.</p> <p>The Medium Term Financial Plan (MTFP) for 2020/21 to 2024/25 shows two scenarios, one with the continuation of the pension grant funding and the other showing the impact if it were to cease after 2020/21.</p> <p>Further work will be undertaken to develop a longer-term financial strategy following approval of the PSP. This will include the development of alternative scenarios and contingency plans.</p>
Page 31	People –Area for Improvement	The service should put in place an achievable succession plan, for the whole organisation.	<p>The Service has established Strategic Workforce and Succession Planning processes, incorporating Public Safety Plan and future external and internal challenges. These are being refreshed to ensure they provide the necessary Service resilience.</p> <p>This provides the opportunity to refresh the workforce through the identification of people; internal and where required external to fill identified key positions.</p>
Page 33	People – Area for Improvement	The service should plan to be more ambitious in its efforts to attract a more diverse workforce which better reflects the community it serves.	<p>Recruitment and inclusion strategies are regularly refreshed to ensure our workforce is representative of our communities.</p> <p>There is increasing focus on positive action for female and BAME recruitment. We operate open, fair recruitment and selection processes for staff and new applicants. HR staff provide support during recruitment and selection to minimise the risk of discrimination and we are commencing training on unconscious bias, initially for recruiting managers.</p> <p>Ongoing engagement with the community, including careers fairs, and have-a-go days, are in place to encourage female and BAME groups to apply for</p>

			<p>roles in the organisation, and understand the diverse range of careers available to them.</p> <p>The Equality, Diversity and Inclusion (EDI) group are currently working on the objectives for the next 6, 12, 18 months.</p>
Page 34	People – Area for Improvement	<p>The service should put in place an open and fair process to identify, develop and support high-potential staff and aspiring leaders.</p>	<p>Established staff development and succession plans exist to improve our ability to identify leadership potential. These are being further enhanced.</p> <p>The introduction of the 'Aspiring Leaders Pathway (ALP)' process, available to all staff, is more inclusive and transparent for talent identification.</p> <p>The Authority's talent management programme, continues to ensure replenished development pools at each level.</p> <p>A pilot scheme to identify and develop future leaders in the Service was successfully employed to recruit an interim replacement for the Head of Service Development, and a programme to support and develop newly recruited or promoted managers is ongoing.</p>



6<sup>th</sup> Floor, Globe House,  
89 Eccleston Square, London SW1V 1PN  
Direct Line: 020 3513 0524  
Fax: 020 3513 0650  
Email: [zoe.billingham@hmicfrs.gov.uk](mailto:zoe.billingham@hmicfrs.gov.uk)

**Zoë Billingham BA Hons (Oxon)**  
Her Majesty's Inspector of Constabulary  
Her Majesty's Inspector of Fire and  
Rescue Services

By email

Chief Fire Officers  
Chairs of Fire and Rescue Authorities  
Police, Fire and Crime Commissioners  
Police and Crime Commissioners  
Lead Fire and Rescue Authority Members  
Locally Elected Mayors  
Other FRS interested parties

07 July 2020

Dear colleague,

**FIRE AND RESCUE SERVICE INSPECTIONS UPDATE**

I hope everyone is keeping well during these difficult times. I write to keep you updated with our plans.

*Recommencing our activity*

2. On 13 March 2020, Sir Thomas Winsor wrote to inform the police and fire sectors that we were suspending our inspection activity as a result of the Covid-19 pandemic. He promised to let you know in good time before inspections recommenced. This letter serves to keep that promise and sets out our plans for the rest of the financial year. A separate letter is being sent to police forces.

*FRS response to Covid-19*

3. At the outset I would like to express my gratitude to your staff who are maintaining fire and rescue services during the Covid-19 outbreak. The current national emergency has necessitated a major shift in fire and rescue practice – ranging from delivering medicine and supplies, driving ambulances, providing staff to work in ambulance control rooms and transporting patients and the deceased. Many of you have told me about how you've changed not only what you do but also how you do it. This includes transforming IT provision, strong multi-agency relationships with partners and other new ways of working. I hope you can preserve the best of what you have created.

4. I know of the very real health threats faced by your staff, through their daily interaction with the public, which at times cannot be subject to any social distancing. The added issue of returning home to family and loved ones must only heighten levels of stress unique to this situation. I am humbled by the contributions you and your colleagues have made to the national response to the pandemic.

### *Supporting the Covid-19 response*

5. I am delighted that we have been able to support the request from services, the National Fire Chiefs Council, the Home Office and others for resources, skills and expertise to support their work in response to Covid-19. A number of our inspection team have been deployed to support these organisations and I am immensely proud of what they have achieved. Some have already returned to us and we look forward to welcoming back the remainder as soon as they can be returned. We have begun getting in touch with these organisations to start planning towards their eventual return in the coming weeks.

### *Round two FRS inspections*

6. We have had initial discussions with our External Reference Group about next steps. Our current working assumption is that round two will recommence in early 2021. We will provide you further information about this shortly.

### *Potential Covid-19 inspection*

7. In the meantime, we have discussed internally and with our External Reference and Technical Advisory groups whether - and how - we could support the sector by carrying out an inspection on the response to Covid-19. Feedback has been positive and so we will approach the Home Secretary for permission to undertake such an inspection under section 28A(3) of the Fire and Rescue Services Act 2004. If the Home Secretary commissions us to do this work, we expect to inspect every service and determine:

- (a) how the fire sector is responding to the Covid-19 outbreak;
- (b) what is working well and what is being learned;
- (c) how the sector is dealing with the problems it faces; and
- (d) what changes are likely or appropriate for the fire and rescue sector as a result of the Covid-19 pandemic.

8. While this is all dependent on agreement from the Home Secretary, if she is supportive, we will undertake this inspection virtually, with pilots beginning in August and service inspections shortly thereafter. Reports – with narrative rather than graded judgments – should be published by the end of the calendar year. We will engage with services individually to arrange convenient times to gather evidence and Sir Thomas Winsor will write to you providing the commission once it has been agreed by the Home Secretary.

9. I recognise you may have questions about this and will want further information. Should we receive a commission from the Home Secretary, I will hold a virtual chiefs and chairs event to give you more information and answer your questions. We will also host a similar event with service liaison officers. We will be in touch to organise the event should we receive the green light. While we will try to give you as much notice as possible, depending on timings this may not be possible. If you are not available, by all means delegate the invitation to a colleague so that your service is represented.

### *Round 1 causes of concern*

10. In addition to Covid-19 inspections, we want to follow-up with each of the fourteen services who were given a cause – or causes – of concern in round 1 to consider what progress is being made. Round 2 will be delayed by approximately twelve months following the suspension for Covid-19 and so we don't want to wait over three years in some services to follow up on this work.

We will inform each of these services shortly what this follow-up work will entail, but we expect to begin this activity later this calendar year in advance of round 2 recommencing early in 2021.

#### *Data*

11. We intend to shortly restart our data collection and request data for the period October 2019 to March 2020 - this is data that we would have originally asked for in April had inspection activity not been paused. We will also request data for the period from April 2020 to June 2020. To assist services, this request will mirror the previous one. Should the Home Secretary commission us to do a Covid-19 inspection, we will ask for additional data to contribute to the inspection. We have already discussed this with our Technical Advisory Group and will keep the request as small as possible. We will provide further information to services on this new collection when we are in a position to do so.

#### *State of Fire & Rescue 2020*

12. As previously mentioned, the chief inspector is under a legal obligation to publish an annual assessment on the effectiveness and efficiency of fire and rescue services in England. We are therefore planning to publish our second State of Fire and Rescue report in January. I wanted to let you know that like he did last year, Sir Thomas Winsor will shortly be writing to the sector for any contributions to this assessment.

#### *HMI Phil Gormley*

13. You may be aware that HMI Gormley has tendered his resignation and will be leaving us shortly. Interim arrangements are needed until his successor is appointed. Responsibility for his fire and rescue services (and police forces) has been shared amongst the other HMIs, and affected services are being informed who their new HMI will be. I am sure the respective HMI will be in contact with the chiefs of their new services shortly.

14. Since my last letter, Laura Gibb has returned following her maternity leave. I am very grateful to Alex Hill for his support and leadership of the fire portfolio team while covering Laura's absence. I know Laura has met many of you since her return. If you require any further information about the FRS inspection programme, please do not hesitate to contact her ([lauraalice.gibb@hmicfrs.gov.uk](mailto:lauraalice.gibb@hmicfrs.gov.uk)).

15. Finally, thank you for the work that you and your teams continue to do to meet this historic challenge. I wish you and your staff all the very best for the weeks and months ahead.

Yours sincerely,



**Zoë Billingham**

Her Majesty's Inspector of Constabulary

Her Majesty's Inspector of Fire and Rescue Services

This page is intentionally left blank



# Buckinghamshire & Milton Keynes Fire Authority



<b>MEETING</b>	Overview and Audit Committee
<b>DATE OF MEETING</b>	22 July 2020
<b>OFFICER</b>	AC Calum Bell, Head of Protection & Assurance
<b>LEAD MEMBER</b>	Councillor Steven Lambert
<b>SUBJECT OF THE REPORT</b>	<b>Operational Assurance Improvement Plan</b>
<b>EXECUTIVE SUMMARY</b>	<p>The purpose of this report is to provide an update on the progress that continues to be made, with regard to 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 are now customary for all notable incidents, 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 and then implement practical and corrective solutions, in order to enhance operational performance.</p> <p>A fundamental part of the external assurance process remains the Authority's contractual agreement with Operational Assurance Limited (OAL), which is due to end on the 31 August 2020. This agreement has enabled the Service's risk critical operations to be 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"> <li>• Improving our performance at incidents;</li> <li>• Cope with future changes in the operational environment;</li> <li>• Drive development and innovation.</li> </ul> <p>The second operational review undertaken by representatives from OAL, took place over a 4½ day period during November 2019, focusing on the following operational activity:</p> <ul style="list-style-type: none"> <li>• High Rise Procedures</li> <li>• Command Support</li> </ul> <p>As a consequence of the visit, specific areas of</p>

	<p>improvement were identified that culminated in 14 recommendations being made within the final report, the content of which is currently being reviewed. It would be fair to say the timeframe between the conclusion of the visit and receipt of the final report, has for varying reasons taken longer than would normally be expected.</p> <p>All resultant recommendations were either marked as being <b>Advisory</b>, where OAL felt that positive management action in this area may be required, or <b>Suggested</b>, where OAL recommend that management undertake a review of the issue identified.</p> <p>The 14 recommendations were made up as follows:  (x9) Advisory  (x5) Suggested</p> <p>These recommendations will be presented to members of the Operational Assurance Group, who will then determine, which of these are deserving of further consideration and inclusion onto the OAIP.</p>
<b>ACTION</b>	Noting.
<b>RECOMMENDATIONS</b>	It is recommended that the progress made against each improvement recommendation detailed within the updated OAIP is noted.
<b>RISK MANAGEMENT</b>	<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"> <li>the Service, its personnel and the public to operational, health and safety risks;</li> <li>Buckinghamshire &amp; Milton Keynes Fire Authority (BMKFA) to reputational and / or financial risks.</li> </ul> <p>The OAIP will inform the ongoing development of our operational workforce plan particularly in relation to areas such as maintenance of operational skills, acquisition training and assessment.</p> <p>Furthermore, the OAIP does not appear to raise any immediate privacy issues.</p>
<b>FINANCIAL IMPLICATIONS</b>	<p>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 (two years, with the option to extend by a further year) programme of assurance visits, intended to drive continual service</p>

	improvement.
<b>LEGAL IMPLICATIONS</b>	There are no negative legal implications associated with this report.
<b>CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE</b>	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 operational learning.
<b>HEALTH AND SAFETY</b>	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.
<b>EQUALITY AND DIVERSITY</b>	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.
<b>USE OF RESOURCES</b>	<p><b>Communication with stakeholders</b></p> <p>Learning from operational activity or recommendations following debrief and 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 in respect to operational performance.</p> <p><b>The system of internal control</b></p> <p>From a monitoring and reporting perspective, the Head of Protection &amp; Assurance leads on the improvement plan and is chair of the Operational Assurance Group (OAG).</p> <p>The Head of Operational Training and Assurance has responsibility for delivering the OAIP in conjunction with the OA team.</p> <p><b>The medium-term financial strategy</b></p> <p>It is intended that delivery of the OAIP, continues to be achieved within the existing budget.</p> <p><b>The balance between spending and resources</b></p> <p>In light of the previous challenges associated with adapting the already procured and purchased E-safety application and following approval of the growth bid during the BTB meeting held on the 1 August 2019. Coordinated visits to other fire services and informal discussions with suppliers have taken place, in order to identifying the different active monitoring systems commercially available. This has resulted in trial being</p>

	<p>commenced that will then be subject to evaluation, before a final decision is made in respect to its suitability.</p> <p>It was also recognised early on that by transferring the information held on the OAIP, within its current spreadsheet type format, onto 'Viper'. Would make it easier to both interpret and report on the progress being made, in relation to the different improvement recommendations. However, progress has unfortunately been delayed, primarily due to the other work commitments involving the Data Intelligence Manager.</p> <p><b>The management of the asset base</b></p> <p>There are currently no identified impacts on the asset base.</p> <p><b>The arrangements to promote and ensure probity and propriety</b></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><b>Environmental</b></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>
<b>PROVENANCE SECTION &amp; BACKGROUND PAPERS</b>	<p><b>Background</b></p> <p>Overview and Audit Committee: 20 November 2019, 2019 (see pages 81-84)</p> <p><a href="https://bucksfire.gov.uk/documents/2020/03/overview_and_audit_committee_agenda_and_reports_201119-min.pdf/">https://bucksfire.gov.uk/documents/2020/03/overview_and_audit_committee_agenda_and_reports_201119-min.pdf/</a></p>
<b>APPENDICES</b>	Appendix A: Operational Assurance Improvement Plan
<b>TIME REQUIRED</b>	10 minutes
<b>REPORT ORIGINATOR AND CONTACT</b>	<p>Steve Wells, Head of Operational Training and Assurance</p> <p><a href="mailto:swells@bucksfire.gov.uk">swells@bucksfire.gov.uk</a></p> <p>01296 744426</p>



# Buckinghamshire & Milton Keynes Fire Authority

<b>MEETING</b>	Overview and Audit Committee
<b>DATE OF MEETING</b>	22 July 2020
<b>OFFICER</b>	Calum Bell, Head of Protection and Assurance
<b>LEAD MEMBER</b>	Councillor Lesley Clarke
<b>SUBJECT OF THE REPORT</b>	<b>Emergency Services Collaboration in the Thames Valley</b>
<b>EXECUTIVE SUMMARY</b>	<p>This paper provides an update for the Committee on the ongoing work and key achievements that have been delivered through collaboration between the Blue Light Emergency Services within the Thames Valley.</p> <p>The Thames Valley Collaboration Board is made up of five key stakeholders: Buckinghamshire Fire &amp; Rescue Service (BFRS); Oxfordshire Fire &amp; Rescue Service (OFRS); Royal Berkshire Fire &amp; Rescue Service (RBFRS); South Central Ambulance Service (SCAS) and Thames Valley Police (TVP). The Collaboration structure consists of three tiers of governance: Interoperability Group; Executive Board; and Steering Group. The Governance Structure and Processes can be seen in more detail in Appendix A and B.</p> <p>The programme consists of five main projects: Operational Alignment; Fire Protection; Blue Light Estates; Procurement; and Workforce Reform.</p> <p><u>Operational Alignment</u></p> <ul style="list-style-type: none"> <li>• Policy - integrating operational doctrine aligned to National Operational Guidance (NOG) and working with partner agencies to resolve incidents classified under the Joint Emergency Services Interoperability Programme (JESIP) protocols.</li> <li>• Equipment - not just the savings from purchasing the same equipment but the benefits from aligning training, technical notes and operational use.</li> <li>• Mobilising - borderless, reduction in the number of vehicle movements, Relief crews, Control room actions etc.</li> <li>• Training - consistent approach to training materials and training outcomes to enable crews from the three fire rescue services to operate seamlessly at incidents.</li> </ul> <p><u>Fire Protection</u></p>

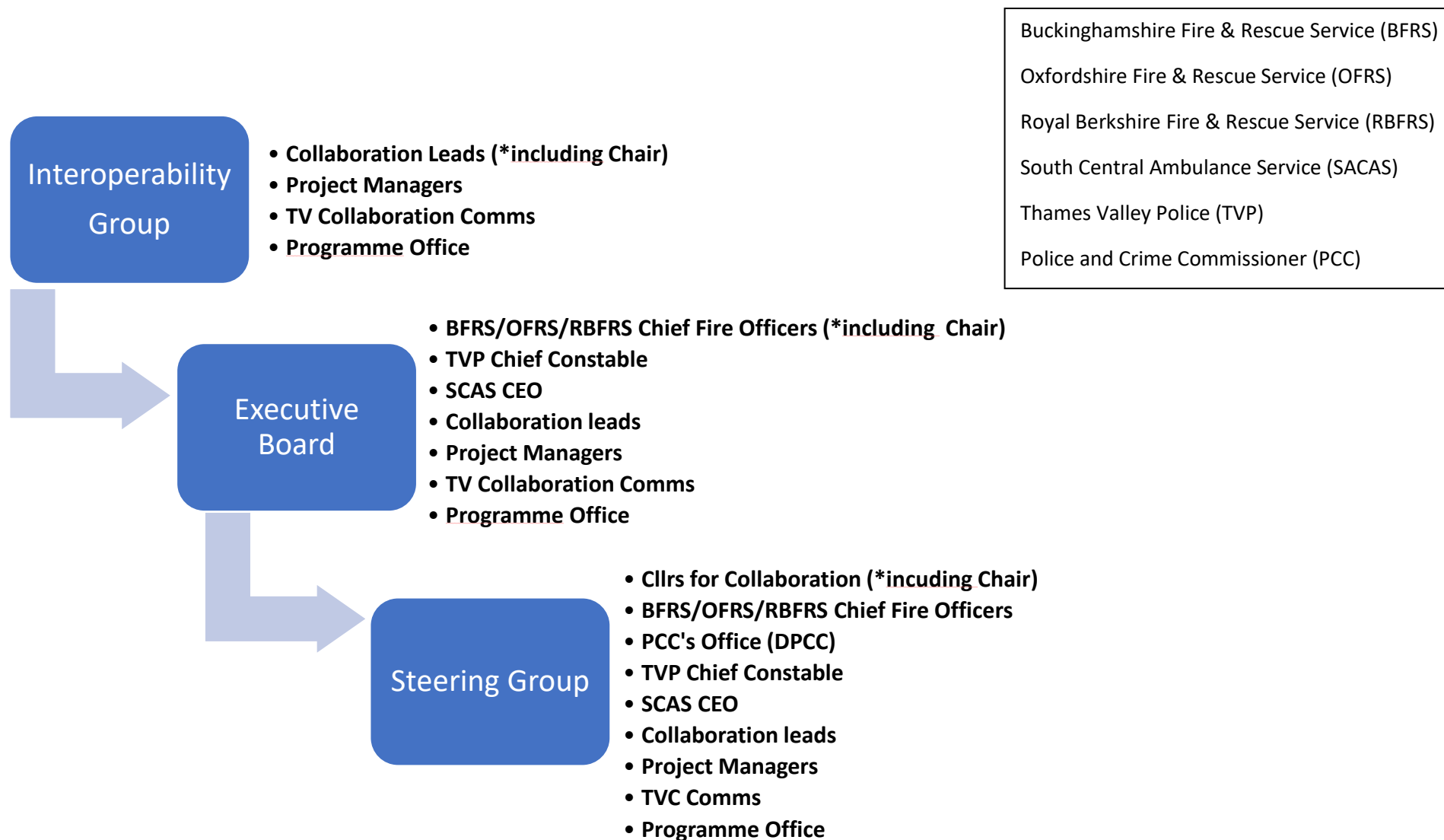
	<ul style="list-style-type: none"> <li>• Scope is under review and being refreshed</li> </ul> <p><u>Blue Light Estates</u></p> <p>Including shared estates, such as</p> <ul style="list-style-type: none"> <li>• Broughton Fire Station</li> <li>• Blue Light Hub Milton Keynes</li> </ul> <p>Neighbourhood Police Offices / bases, which free up public estates, improve working practices and provide a focal point for local communities where they see partners working together for them, whilst delivering year on year revenue savings.</p> <p><u>Procurement</u></p> <ul style="list-style-type: none"> <li>• Appliances</li> <li>• Operational Equipment</li> <li>• Personal Protective Equipment (PPE)</li> </ul> <p>Primary benefits include improved interoperability, enhanced resilience, a reduction in cross border mobilisations. Best Value is achieved through collaborative contract negotiation and joint procurement.</p> <p>A recent example is the joint red fleet replacement, which has standardised the front-line fire appliances and equipment across the Thames Valley. Total savings per appliance of the equipment alone, following on from collaboration contracts with Berkshire and Oxfordshire: <b>£7,087.85</b> per appliance</p> <p>BFRS purchased 12 appliances in 2019, the total saving achieved was <b>£85k</b> with two more to go, resulting in around <b>£100k</b> saved through the life of the contract.</p> <p>In September 2017, the Fire Authority approved funding for a new PPE contract with Bristol Uniforms as part of the national PPE collaborative framework. The contract delivers savings of <b>£152,693</b> over the contract life when compared with purchasing the equipment outright.</p> <p><u>Workforce Reform</u></p> <ul style="list-style-type: none"> <li>• Apprenticeships: recruiting our staff through an apprenticeship framework has delivered a range of benefits across departments, including - Workshops, Finance, Staff Development and Response. Four cohorts of firefighters (57 staff) now directly employed in operational roles and a fifth cohort (16 staff) currently in training who are scheduled to go into operational roles from 8<sup>th</sup> July, totalling 73 apprentice firefighters. We have had nine support staff, on apprenticeships, complete their qualifications, with five currently enrolled on apprenticeships as part of our upskilling</li> </ul>
--	---

	<p>programme.</p> <ul style="list-style-type: none"> <li>Recruitment and Selection: Working in partnership with our TVP colleagues at recruitment fayres and apprenticeship shows.</li> </ul>
<b>ACTION</b>	Noted
<b>RECOMMENDATIONS</b>	It is recommended that the progress of the Emergency Services Collaboration programme, within the Thames Valley Update, be noted.
<b>RISK MANAGEMENT</b>	<p>Each project is subject to regular review and scrutiny throughout its various stages of delivery. Risks are identified at the Interoperability stage within the Business case and monitored all the way through to oversight by the Steering Group.</p> <p>Programme risks are regularly evaluated and monitored through the Collaboration programme structure.</p>
<b>FINANCIAL IMPLICATIONS</b>	The financial benefits of collaboration will vary depending upon the type of service or procurement arrangements. Major collaboration projects are subject to normal officer and member approval protocols. The recent collaborative work on appliances and associated equipment between the Thames Valley Fire Authorities produced savings on collective budgets of well over £700k over the four years in which they will be procured. This has resulted in standardised equipment enabling standard operating procedures.
<b>LEGAL IMPLICATIONS</b>	No direct impact.
<b>CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE</b>	The <a href="#">Policing and Crime Act 2017</a> requires the Authority to keep opportunities for collaboration with the police and ambulance services under review.
<b>HEALTH AND SAFETY</b>	No direct impact. However, options to deliver Health, Safety and Welfare functions across the Thames Valley, continue to be part of the Collaboration programme.
<b>EQUALITY AND DIVERSITY</b>	Considerations of equality and diversity issues are built into the individual collaboration projects. For example, the Thames Valley Fire and Rescue Services collaborative recruitment and apprenticeships programme set out processes which seek to increase the diversity of the workforce.
<b>USE OF RESOURCES</b>	<p><b>Strategic context</b></p> <p>The Authority's approach to collaborative working aligns well with the Policing and Crime Act 2017 and is well defined to support the strategic objectives set out</p>

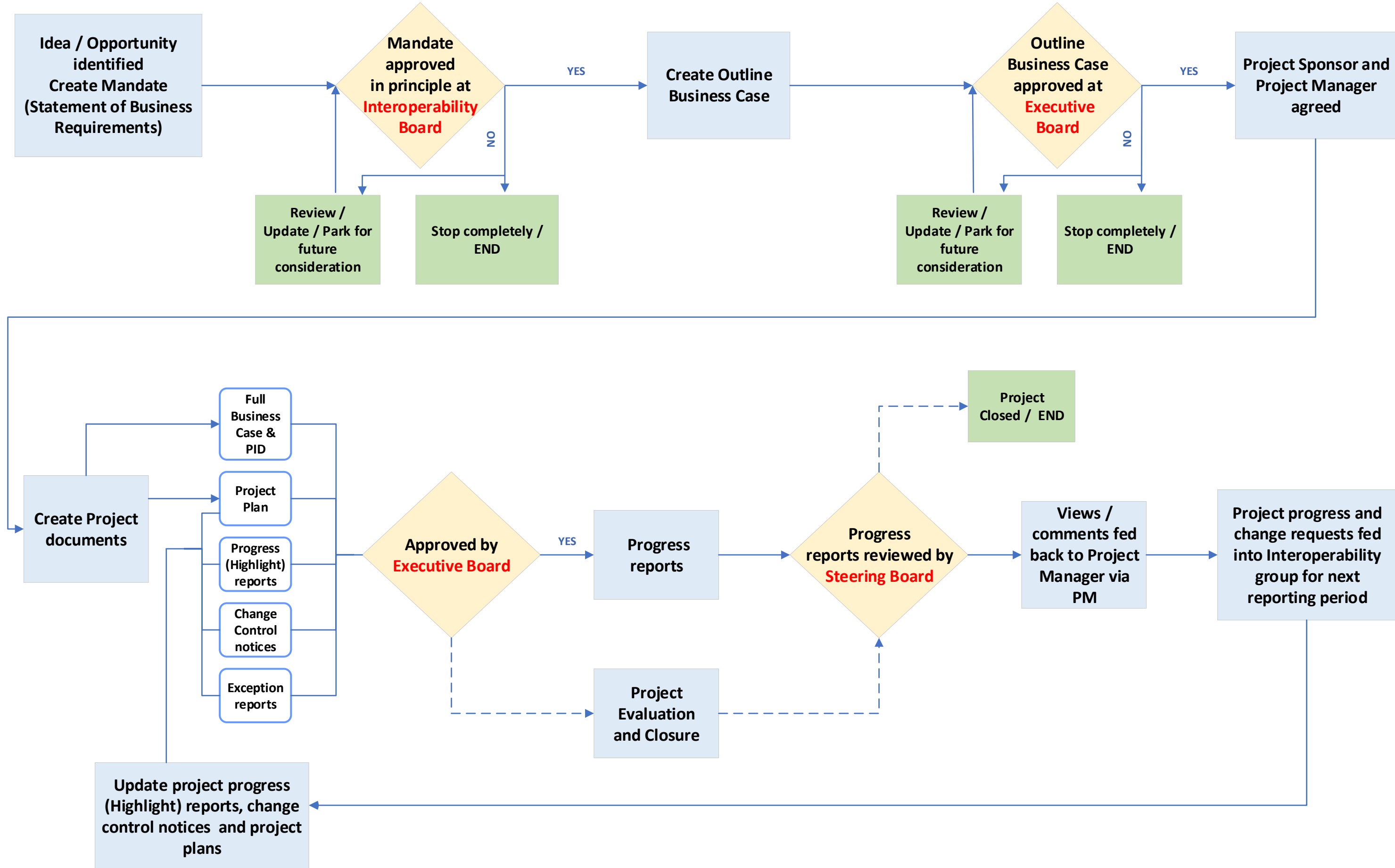
	<p>within the 2020 to 2025 Corporate Plan.</p> <p><b>Communication with stakeholders</b></p> <p>Internal – updates are included in SMT BLOGs and internal bi-monthly meetings are held with the Senior Responsible Owner (SRO) and the project managers</p> <p>External – information is exchanged and shared at the Interoperability Group (SRO's), Executive Board (CEO's, CFO's and Chief Constable) and Steering Group (Elected Members and PCC's Office)</p> <p><b>The system of internal control</b></p> <p>Updates will be provided to the Emergency Services Thames Valley Collaboration Steering Group and Fire Authority as required.</p> <p><b>The management of the asset base</b></p> <p>Collaborative opportunities will be actively sought that allow for efficient use of property and equipment assets between Authorities. This may be shared use, shared procurement, or shared back office and systems in respect of asset management.</p>
<b>PROVENANCE SECTION &amp; BACKGROUND PAPERS</b>	<p><b>Background</b></p> <p>Report to the Fire Authority, held 12 December 2018, Item 12, Emergency Services Collaboration in the Thames Valley</p> <p><a href="https://bucksfire.gov.uk/documents/2020/03/121218_fire_authority_agenda.pdf/">https://bucksfire.gov.uk/documents/2020/03/121218_fire_authority_agenda.pdf/</a></p>
<b>APPENDICES</b>	<p>Appendix A: Governance Structure</p> <p>Appendix B: Draft Governance Processes</p> <p>Appendix C: Training Alignment Review</p> <p>Appendix D: Letter of thanks</p>
<b>TIME REQUIRED</b>	15 minutes
<b>REPORT ORIGINATOR AND CONTACT</b>	<p>Calum Bell</p> <p><a href="mailto:cbell@bucksfire.gov.uk">cbell@bucksfire.gov.uk</a></p> <p>07766340974</p>



## **Thames Valley Collaboration Governance Structure**



This page is intentionally left blank



Thames Valley Collaboration Governance Process Map (V2.0)

This page is intentionally left blank

### **TV Collaboration ~Training Alignment Review ~ May 2020**

Skill area	Progress	Further actions
<b>Transport</b>	All services aligned in terms of equipment and procedures	OFRS to share training packages
<b>Water</b>	All services aligned in terms of Module 2-5, with the exception of "Tethered Wade" technique	Bucks to reintroduce Tethered wade, RBFRS to discuss introduction into service
<b>Casualty Care</b>	All services aligned to IEC (BFRS to 100% provision, RBFRS to 75% provision, OFRS to 100% provision)	RBFRS to determine how 75% provision is split and feedback to OFRS – OFRS to discuss potential impact
<b>Incident Command</b>	All services aligned for L1 – L3 provision. Services looking for alternate solutions to L4 initial and revalidation assessments.	RBFRS to determine if other services included in new Peter Stanley contract. OFRS to trial FSC L4 initial course and feedback.
<b>Practical Fire craft</b>	RBFRS send OC candidates to OFRS. BFRS run internal course. OFRS and BFRS running new WT apprenticeship course, RBFRS using Red One for standard FFDP	RBFRS to confirm whether still require OFRS to train On-call.
<b>Hazmat</b>	HMA and DIM training aligned, however uncertainty relating to alignment of operational resources	Working group to be set up between Hazmat instructors to discuss
<b>Driving</b>	OFRS and BFRS aligned.	RBFRS to determine any barriers for alignment
<b>BA</b>	PPV not aligned. BA techniques not aligned.	RBFRS to determine introduction of Phase 2 PPV. All services to wait for alignment of BA set to align on specific BA techniques.
<b>Working at Height</b>	Services not aligned.	Working group to be re-started to discuss aligning RBFRS to OFRS/BFRS for on-call and provision of WT assets.
<b>Tactical Operational Guidance/Standard Operating Procedure/Additional Hazard Information System/Maintenance of Competence</b>	Services aligning to OIN's and NOG in own ways	OFRS to provide access to new TOG/SOP/AHIS packages and MoC

	Mostly achieved
	Working towards

### **Glossary of Terms**

BFRS	Buckinghamshire Fire & Rescue Service
OFRS	Oxfordshire Fire & Rescue Service
RBFRS	Royal Berkshire Fire & Rescue Service
AHIS	Additional Hazard Information System
BA	Breathing Apparatus
DIM	Detection Identification & Monitoring
FFDP	Fire Fighter Development Programme
FSC	Fire Service College (Training Provider)
L 1 - 4	Four levels of Incident Command, Supervisory > Strategic
MHA	Hazardous Materials Advisor
MoC	Maintenance of Competence
NOG	National Operational Guidance
OC	On-Call firefighters (part time)
OIN	Operational Information Note
PPV	Positive Pressure Ventilation
Red One	Training Provider
SOP	Standard Operating Procedure
TOG	Tactical Operational Guidance
WT	Wholetime (full time)



18<sup>th</sup> May 2020

Jason Thelwell  
 Chief Fire Officer  
 Buckinghamshire Fire and Rescue Service

[jthelwell@bucksfire.gov.uk](mailto:jthelwell@bucksfire.gov.uk)

Northern House  
 Unit 7 and 8 Talisman Business Centre  
 Talisman Road  
 Bicester  
 Oxon  
 OX26 6HR  
 Tel: +44 (0) 1869 365031

Dear Jason

On behalf of South Central Ambulance Service, I would like to take this opportunity to pass on our very grateful thanks to you for providing and releasing your staff to come and work for SCAS as blue light drivers during our COVID response. The Trust could not have operated fully without the assistance that you very kindly provided to us.

Our Urgent and Emergency care demand through our 999 calls has reduced over the past few weeks which is why we are decreasing the reliance on additional support. We are continuing to monitor our activity levels and have a robust plan to increase our operational resource levels when required, and this includes utilising the Fire personnel who have been trained and deployed over the last few weeks.

We would really appreciate any feedback that you or your staff who have been deployed to SCAS, have on how we have trained and integrated them into SCAS. If you have any feedback then please can I ask this is sent through to Nic Dunbar, Head of Operations, Community Engagement & Training. We are keen to identify any positive or negative areas to ensure we learn from this experience and improve any areas as required.

Whilst it is difficult to plan for any future peaks in demand during our response to COVID, we are keen that having developed the framework and working relationships with our Fire & Rescue Services, we harness these in the future to enable us to deploy Fire personnel during other peak demand periods. I would like to request that our respective operational teams agree that where possible we would call upon the support of the Fire staff to be deployed in SCAS during periods such as adverse weather or times where SCAS are unable to meet our escalating demand.

COVID has been very challenging for the Ambulance Service and it was with the help of your organisation that we were able to utilise your staff to assist us to continue to provide the best service to our patients. I am keen that we continue to work across these partnerships to ensure both organisations continue to deliver the best response to our patients and the public.

Thank you once again for kindly releasing your staff it has helped so much.

Yours sincerely

Will Hancock  
**Chief Executive**

This page is intentionally left blank



## Overview and Audit Committee Forward Plan 2020/21

ITEM 21

Item	Reporting Date	Recommended Action	Lead Officer
Internal Audit Reports (a) Final Audit Reports (c) Update on Progress of the Annual Audit Plan (b) Update on Progress of Audit Recommendations	November 2020	Noting	Internal Audit Manager and Director of Finance and Assets
HMICFRS Action Plan	November 2020	Noting	Head of Prevention, Response and Resilience
Corporate Risk Management	November 2020	Decision	Director of Legal and Governance
Operational Assurance Improvement Plan	November 2020	Noting	Head of Protection and Assurance
Treasury Management Performance Q2	November 2020	Noting	Director of Finance and Assets
Audit Results Report 2019/20	November 2020	Noting	Director of Finance and Assets
Letter of Management Representation 2019/20	November 2020	Decision	Director of Finance and Assets
Adoption of the Audited Statement of Accounts - Year ended 31 March 2020	November 2020	Decision	Director of Finance and Assets

This page is intentionally left blank