

**BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY**  
**BUCKINGHAMSHIRE FIRE AND RESCUE SERVICE**

Director of Legal & Governance, Graham Britten  
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Brigade HQ, Stocklake, Aylesbury, Bucks HP20 1BD  
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**Chief Fire Officer and Chief Executive**

Jason Thelwell

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To: The Members of the Executive Committee

9 March 2015

Dear Councillor

Your attendance is requested at a meeting of the **EXECUTIVE COMMITTEE of the BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY** to be held in Meeting Room 1, Fire and Rescue Headquarters, Stocklake, Aylesbury, Bucks, HP20 1BD on **WEDNESDAY 18 MARCH 2015 at 10.00 am** when the business set out overleaf will be transacted.

Yours faithfully



Graham Britten  
Director of Legal and Governance

Chairman: Councillor Busby  
Councillors: Dransfield, Gomm, Lambert, Morris, Reed, Schofield and Webb



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



## **EXECUTIVE COMMITTEE**

### **TERMS OF REFERENCE**

1. To make all decisions on behalf of the Authority, except in so far as reserved to the full Authority by law or by these Terms of Reference.
2. To assess performance of the Authority against agreed organisational targets.
3. To determine matters relating to pay and remuneration where required by collective agreements or legislation.
4. To select on behalf of the Authority—the Chief Fire Officer and Chief Executive, and deputy to the Chief Fire Officer and Chief Executive, or equivalent , taking advice from suitable advisers and to make recommendations to the Authority as to the terms of appointment or dismissal.
5. To consider and make decisions on behalf of the Authority in respect of the appointment of a statutory finance officer ; a statutory monitoring officer; and any post to be contracted to “Gold Book” terms and conditions in whole or in part taking advice from the Chief Fire Officer and suitable advisers.
6. To act as the Employers’ Side of a negotiating and consultation forum for all matters relating to the employment contracts of the Chief Fire Officer and Chief Executive, deputy to the Chief Fire Officer and Chief Executive, or equivalent; and where relevant, employees contracted to “Gold Book” terms and conditions in whole or in part.
7. To hear appeals if required to do so in accordance with the Authority’s Policies.
8. To determine any human resources issues arising from the Authority’s budget process and improvement programme.
9. To determine policies, codes or guidance:
  - (a) after considering recommendations from the Overview and Audit Committee in respect of:
    - (i) regulating working relationships between members and co-opted members of the Authority and the employees of the Authority; and
    - (ii) governing the conduct of employees of the Authority
  - (b) relating to grievance, disciplinary, conduct, capability, dismissals and appeals relating to employees contracted to “Gold Book” terms and conditions in whole or in part.
10. To form a Human Resources Sub-Committee as it deems appropriate.

## AGENDA

### Item No:

#### 1. Apologies

#### 2. Minutes

To approve, and the Chairman to sign as a correct record, the Minutes of the meeting of the Executive Committee held on 4 February 2015 **(Pages 5 - 8)**

#### 3. Disclosure of Interests

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

#### 4. Questions

To receive questions in accordance with Standing Order S0A7.

#### 5. Recommendations from Committees:

##### Overview and Audit Committee - 11 March 2015

##### (a) Corporate Risk Management Policy

"That the Committee recommend the Corporate Risk Management Policy set out at Annex A to the Executive Committee for approval".

The report considered by the Overview and Audit Committee is attached at Item 5(a) **(Pages 9 - 26)**

#### 6. Budget Monitoring Performance and Debt Management April-December 2014

To consider Item 6 **(Pages 27 - 40)**

#### 7. Treasury Management Performance 2014/15 - Quarter 3

To consider Item 7 **(Pages 41 - 48)**

#### 8. Firefighters' Pension Scheme 2015: Proposed new governance arrangements

To consider Item 8 **(Pages 49 - 66)**

#### 9. Designation of Chief Finance Officer

To consider Item 9 **(Pages 67 - 70)**

#### 10. Strategic Asset Management Plan 2015-2025

To consider Item 10 **(Pages 71 - 88)**

**11. Training Partnership Proposal**

To consider Item 11 (**Pages 89 - 104**)

**12. Insurance Arrangements from 2015/16**

To consider Item 12 (**Pages 105 - 114**)

**13. 2015-20 Corporate Plan**

To consider Item 13 (**Pages 115 - 134**)

**14. Exclusion of Public and Press**

Recommendation:

To resolve that under Paragraph 1 of Part 1 of Schedule 12A of the Local Government Act 1972, the public be excluded from the meeting for the following agenda item on the grounds that it contains information relating to an individual; and Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 as it also contains information relating to the financial or business affairs of a person; and on these grounds it is considered the need to keep information exempt outweighs the public interest in disclosing the information, so that the meeting may consider the following matter:

Agenda Item 15 – Exempt Minutes

**15. Exempt Minutes**

To approve, and the Chairman to sign as a correct record the Exempt Minutes of the meeting of the Executive Committee held on 4 February 2015

**16. Date of Next Meeting**

To note that the next meeting of the Committee will be held on Wednesday 13 May 2015 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)

Minutes of the meeting of the EXECUTIVE COMMITTEE of the BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY held on WEDNESDAY 4 February 2015 at 10.00 am

**Present:** Councillors Busby (Chairman), Dransfield, Gomm, Lambert, Morris, Reed, Schofield and Webb

**Officers:** J Thelwell (Chief Fire Officer), G Britten (Director of Legal and Governance), L Swift (Director of People and Organisational Development), D Sutherland (Resource Manager), M Hemming (Head of Finance [Deputy Director]), J Parsons (Head of Service Delivery), G Smith (Head of Service Development), K MacGillivray (Consultant), D Elliott (Station Commander), F Pearson (Communication and Consultation Manager) and K Nellist (Democratic Services Officer)

**Apologies:** None.

**EX28 MINUTES**

RESOLVED –

That the Minutes of the meeting of the Executive Committee held on 19 November 2014, be approved and signed by the Chairman as a correct record.

**EX29 TREASURY MANAGEMENT STRATEGY 2015/16**

The Vice Chairman introduced the report and advised members there were some small changes, but the Authority was still keeping the risk low.

The Head of Finance asked members to note the main changes that were listed in the Executive Summary; the Strategy proposed to invest in enhanced money market funds to get a better rate of interest. The Strategy proposed that up to 10% of the portfolio could be invested with other local authorities for more than a period of one year and proposed to invest in certificates of deposit which could be traded in earlier if required.

RESOLVED –

That the Authority be recommended to approve the Treasury Management Policy Statement, Treasury Management Strategy Statement and the Annual Investment Strategy for 2014/15.

**EX30 THE PRUDENTIAL CODE, PRUDENTIAL INDICATORS AND MINIMUM REVENUE PROVISION**

The Committee considered the Prudential Code, the Prudential Indicators and the Minimum Revenue Provision policy statement.

The Committee noted that it was not intended that the Authority would be taking on any further borrowing in the foreseeable future.

The Committee noted that the Prudential Code had been established to ensure the capital investment plans were affordable, prudent and sustainable, and equated to an acceptable level of risk to the Authority.

RESOLVED –

That the Authority be recommended to approve:

1. the Prudential Indicators; and
2. the minimum revenue provision policy statement.

### **EX31**

#### **MEDIUM TERM FINANCIAL PLAN**

The Committee considered the Medium Term Financial Plan 2015/16 to 2019/20, including the proposed Revenue and Capital budgets for 2015/16 and the indicative budgets for the following four years.

The Vice Chairman advised the Committee that its job was to recommend to the full Authority the budget for next year and to set the precept for the coming financial year and this report allowed it to do that with confidence. The Authority had performed extremely well and was in a very sound financial position.

The Head of Finance asked members to note the addendum which replaced Appendix 1 on page 46. The main changes being the council tax surplus and the business rates position, which had not been officially declared until the end of January (after the report had been prepared).

The business rate funding in the budget for 2015/16 had a baseline figure of £4.6m, but now that all authorities had declared, the business rate funding had increased by £488k to £5.1m, which was more than expected. This was shown as a one off increase in growth in contingency for one year.

With regard to Council Tax, now that all authorities had declared their position and some had changed their position, rather than projecting a surplus of £113k the Authority was now projecting a surplus of £329k which was an increase of 216k. It was proposed to put the surplus into the revenue contributions capital as a one-off in year amount.

Before the Authority meeting on 18 February 2015 the final settlement would be checked and the business rate increase would be added to the projected figures for future years.

The Chief Fire Officer advised the Committee that the Authority was in an excellent position and with the work undertaken on the public safety plan the Authority had a strategy for the next five years which was good news for everyone.

The Head of Finance advised the Committee there was a very robust challenge process for capital bids, these were scrutinised by two officer challenge panels and two member challenge panels, which produced good solid bids with positive outcomes for the Authority.

The reserves showed adequate reserves for budget for 2015/16.

The general fund set out some of the risks and potential impacts facing the Authority and the reasons to cover each of those risks.

The Chairman thanked the senior management team on behalf of the Committee for the Authority being in such a good financial position.

The recommendations were approved with a minor amendment to recommendation 1 to read Section 11 (not 10).

RESOLVED –

That the Authority:

1. note and have due regard to the report and Statement of the Chief Finance Officer (Section 11).
2. approve a Council Tax precept of £59.13 for a band D equivalent property (no increase from 2014/15) and the revenue budget as set out in Appendix 1.
3. approve the capital programme for 2015/16 as set out in Appendix 2 and the indicative capital programme for 2016/17 to 2019/20.
4. agree that the General Fund balance should be maintained at the current level (£3.7 million) and note the estimated movements in earmarked reserves as set out in Appendix 3.

A proposal to adjourn the meeting so that the Committee could receive a presentation by Station Commander Dean Elliott, was moved by the Chairman and seconded and agreed by all members.

RESOLVED:

That the meeting was adjourned

[the meeting adjourned at 10.25 AM; and resumed at 11.10 AM]

**EX32 EXCLUSION OF PUBLIC AND PRESS**

RESOLVED –

That the public and press was excluded from the meeting by virtue of Paragraph 1 of Part 1 of Schedule 12A of the Local Government Act 1972, as an appendix to the report contained information relating to an individual; and Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 as an appendix to the report contained information relating to the financial or business affairs of a person; and on all these grounds it was considered the need to keep information exempt outweighed the public interest in disclosing the information so that the Committee could consider the following matter:

Appendix 7 of the Senior Management Team Remuneration and Performance Review

J Thelwell (Chief Fire Officer), G Britten (Director of Legal and Governance), L Swift (Director of People and Organisational Development), D Sutherland (Resource Manager), M Hemming (Head of Finance [Deputy Director]), J Parsons (Head of Service Delivery), G Smith (Head of Service Development), D Elliott (Station Commander) and F Pearson (Communication and Consultation Manager) left the meeting.

**EX33 SENIOR MANAGEMENT TEAM REMUNERATION AND PERFORMANCE REVIEW**

The Committee considered the Senior Management Team Remuneration and Performance for the 2014 annual review.

RESOLVED –

That members approve the minor changes to the methodology set out in Appendix 1.

**EX34 SENIOR MANAGEMENT TEAM REMUNERATION AND PERFORMANCE 2014/2015**

The Committee considered Appendix 7, details of which are noted in the confidential/exempt minutes.

RESOLVED –

That members approve the proposals set out in Appendix 7.

**EX35 DATE OF NEXT MEETING**

The Committee noted that the date of the next Executive Committee would be held on Wednesday 18 March 2015 at 10.00am.

THE CHAIRMAN CLOSED THE MEETING AT 11.50AM.





# Buckinghamshire & Milton Keynes Fire Authority

|                               |  |
|-------------------------------|--|
| <b>MEETING</b>                | Overview and Audit Committee   |
| <b>DATE OF MEETING</b>        | 11 March 2015  |
| <b>OFFICER</b>                | Julian Parsons, Head of Service Development  |
| <b>LEAD MEMBER</b>            | David Schofield, Lead Member for Health & Safety, Corporate Risk   |
| <b>SUBJECT OF THE REPORT</b>  | <b>Corporate Risk Management Policy</b>  |
| <b>EXECUTIVE SUMMARY</b>      | <p>The purpose of this paper is to present members with an updated policy for Corporate Risk Management.</p> <p>The policy has been updated following the outcomes of an internal audit review of Corporate Risk Management that was presented to members at their 3 December 2014 meeting. Whilst the Audit report found that good robust processes for management of corporate risks are in place with clear processes for escalation of risk providing 'substantial' assurance to the Authority, it also noted that the policy was out of date and did not reflect the current process operating in the Authority. Service Management therefore agreed to update the policy in readiness for Members to review at this meeting.</p> |
| <b>ACTION</b>                 | Decision.  |
| <b>RECOMMENDATIONS</b>        | That the Committee recommend the Corporate Risk Management Policy set out at Annex A to the Executive Committee for approval.  |
| <b>RISK MANAGEMENT</b>        | The development, implementation and operation of effective corporate risk management policies, 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>     | The Overview & Audit Committee Terms of Reference require it "to monitor the effective development and operation of risk management and corporate  |

|                               |  |
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|                               | <p>governance within the Authority”.</p> <p>The Financial Regulations, at Section C, state that the Executive Committee is responsible for approving the Corporate Risk Management Policy after considering recommendations from the Overview &amp; Audit Committee.</p>   |
| <b>HEALTH AND SAFETY</b>      | <p>No direct implications from the presentation of this report. However risks to achieving the Authority’s Health &amp; Safety objectives or compliance with relevant statutes or regulations are identified assessed and managed via the processes arising from the implementation of this policy.</p>  |
| <b>EQUALITY AND DIVERSITY</b> | <p>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 the processes arising from the implementation of this policy.</p>  |
| <b>USE OF RESOURCES</b>       | <p><b>Communication with Stakeholders</b></p> <p>The updated Corporate Risk Management Policy has been reviewed by the following:</p> <ul style="list-style-type: none"> <li>• Performance Management Board at its 5 February Meeting;</li> <li>• Strategic Management Board at its 17 February Meeting;</li> <li>• The Authority Lead Member for Health and Safety, Corporate Risk.</li> </ul> <p>Following approval of this policy it will be published to the Organisation as a whole and will be available to all Authority Members and Service staff. More detailed guidance and, where necessary, training will be provided to all Service managers and staff to enable them to identify, evaluate, record and report potential corporate risks.</p> <p><b>System of internal control</b></p> <p>The development of the Corporate Risk Management Policy and 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>Risk registers are maintained at Project, Directorate and Corporate levels. Directorate risks are regularly reviewed within Directorates and formally at their management team meetings. An escalation process is in place to enable risks to be elevated to Corporate level. Corporate risks are monitored by the Performance Management Board and the Strategic</p> |

|  |   |
|--|---|
|  | <p>Management Board with CFA Member scrutiny exercised via the quarterly Overview and Audit Committee meetings.</p> <p><b>The Medium Term Financial Strategy</b></p> <p>Financial risks are captured at Directorate and Corporate levels. Any implications for medium term financial planning are included in the individual risk assessments.</p> <p><b>The balance between spending and resources</b></p> <p>The corporate risk management process is funded from within agreed budgetary resources. Any budgetary impacts associated with risk recorded in the risk registers are identified in the individual risk assessments and dealt with via the budget management and planning processes.</p> <p><b>The management of the asset base</b></p> <p>The asset management implications of recorded corporate and directorate risks are captured in the individual risk assessments together with details of the controls and mitigating actions.</p> <p><b>Environmental</b></p> <p>Any environmental impacts associated with risks captured in the corporate and directorate risk registers are identified in the individual risks assessment together with details of the controls and mitigating actions.</p> |
| <p><b>PROVENANCE SECTION<br/>&amp;<br/>BACKGROUND PAPERS</b></p> | <p><b>Background</b></p> <p>A formal policy for the management of Corporate Risk was approved by the Authority in August 2006 and implemented with effect from 31 January 2007 (OC57: Corporate Risk Management Policy).</p> <p>Further development of this policy and framework was reported to members at the 15 September 2010 CFA meeting (see Annex A and item 8 of 15 September CFA:<br/> <a href="http://bucksfire.gov.uk/files/8114/0681/3588/150910.PDF">http://bucksfire.gov.uk/files/8114/0681/3588/150910.PDF</a></p> <p>The outcomes of the Internal Audit Review of Corporate Risk Management were reported to the Overview &amp; Audit Committee at its 3 December 2014 Meeting:<br/> <a href="http://bucksfire.gov.uk/files/4814/1682/7770/ITEM_6_b_Internal_Audit_Report_Risk_Management_2014-15_Appendix_A.pdf">http://bucksfire.gov.uk/files/4814/1682/7770/ITEM_6_b_Internal_Audit_Report_Risk_Management_2014-15_Appendix_A.pdf</a></p> <p>In updating the Corporate Risk Management Policy regard has been given to the good practice guidance given by:</p> <ul style="list-style-type: none"> <li>• The Office for Government Commerce in its</li> </ul>                                      |

|                                      |  |
|--------------------------------------|--|
|                                      | <p>2011 publication "Management of Risk: Guidance for Practitioners";</p> <ul style="list-style-type: none"> <li>• The Association of Local Authority Risk Managers (ALARM) in its "Risk Management Toolkit".</li> </ul> |
| <b>APPENDICES</b>                    | Annex A – Corporate Risk Management Policy   |
| <b>TIME REQUIRED</b>                 | 15 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> <p>01296 744435</p>  |

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|  | <b>Information Asset Owner:</b>  | Head of Service Development |
|   | <b>Protective Marking:</b>       | Not protectively marked     |
|   | <b>Page :</b>                    | 1 of 10                     |
| <b>Policy:</b>  | <b>Corporate Risk Management</b> |                             |

| <b>To:</b>   | <b>Document Type:</b>  | ✓ | <b>Document Summary:</b>  |
|--|------------------------|---|---|
| <ul style="list-style-type: none"> <li>• Fire Authority Members</li> <li>• Brigade Managers</li> <li>• Area Commanders</li> <li>• Group Commanders</li> <li>• Station Commanders</li> <li>• Support Service Directors</li> <li>• Support Service Managers</li> </ul> | Policy                 | ✓ | The purpose of this document is to set out the Authority's policy, structures, processes and methodology for the management of corporate risks. |
|  | Assessment             |   |   |
|  | Procedure              |   |   |
|  | Guidance Note          |   |   |
|  | Technical Note         |   |   |
|  | Information            |   |   |
|  | <b>Safety Critical</b> |   |   |
| <b>Keyword: Risk</b>   |                        |   |   |
| Please note that as Documents are frequently updated, if you print a document, its accuracy cannot be guaranteed, always check for latest version.   |                        |   |   |

## Document History

- 1.1 The Authority's first Corporate Risk Management Policy was approved by the Combined Fire Authority in August 2006.
- 1.2 The policy was updated in September 2010 to reflect good practice guidance published by the Office of Government Commerce (OGC) in its publication "Management of Risk: Guidance for Practitioners".
- 1.3 The policy and accompanying guidance was reviewed and updated following the outcomes of an Internal Audit review of Corporate Risk Management, the findings of which were presented to the Overview & Audit Committee in December 2014. This found the policy to be out of date and not reflective of the current process operating within the Authority.

|                    |                                       |                            |              |
|--------------------|---------------------------------------|----------------------------|--------------|
| <b>Version:</b>    | V 1.1                                 | <b>Status of document:</b> | Draft        |
| <b>Author:</b>     | Corporate Planning Manager            | <b>PIA:</b>                |              |
| <b>Issue Date:</b> | 9 February 2015                       | <b>Review Date:</b>        | January 2018 |
| <b>File Name</b>   | 2015 Corporate Risk Management Policy |                            |              |

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| <b>Policy:</b>  | <b>Corporate Risk Management</b> |                             |

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### APPENDICES

|   |                                  |
|---|----------------------------------|
| A | Risk Evaluation Framework        |
| B | Risk Probability and Impact Grid |
| C | Corporate Risk Register Template |

|                    |                                       |                            |              |
|--------------------|---------------------------------------|----------------------------|--------------|
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## 1.0 Policy Statement

- 1.1 Buckinghamshire and Milton Keynes Fire Authority (the 'Authority') recognises that risk management is a vital activity that underpins and forms part of our vision, values and strategic objectives, including those of operating effectively and efficiently as well as providing confidence to our community. Risk is present in everything we do and it is therefore our policy to identify, assess and manage key areas of risk on a pro-active basis. We seek to embed risk management into the culture of the Authority and Buckinghamshire Fire and Rescue Service (the 'Service') and the behaviour of all people involved in the management, operation and development of the Authority and Service. Risk management needs to be embedded throughout all processes, projects and strategic decisions, including procurement and contracting which will ensure that the management of partnerships and third party relationships are included within the scope of our risk management policy.
- 1.2 The aim for our risk management framework is that it will be fit for purpose, reflect our size and the nature of our various operations and make optimal use of our skills and capabilities.
- 1.3 In order for risk management to be effective and become an enabling tool, we must ensure we have a robust, consistent, communicated and formalised process across the Service. In order to obtain a clear picture of which risks will threaten the ability of the Authority to achieve its objectives it is important the level of risk which the Authority considers acceptable for the organisation to be exposed to, its 'risk appetite', is defined.
- 1.4 This risk management policy and supporting documentation form an integrated framework that supports the Authority and Service in the effective management of risk. In implementing our management of risk system we seek to provide assurance to all our stakeholders that the identification and management of risk plays a key role in the delivery of our strategy and related objectives. We will involve, empower and give ownership to all of our staff in the identification and management of risk. Management of risk activity will be regularly supported through discussion and appropriate action by the senior management. This will include a thorough review and confirmation of the significant risks, evaluating their mitigation strategies and establishing supporting actions to be taken to reduce them to an acceptable level. Managing risks will be an integral part of both strategic and operational planning and the day-to-day running, monitoring, development and maintaining of the Authority and Service.

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| <b>Policy:</b>  | <b>Corporate Risk Management</b> |                             |

## 2.0 Risk Management Definitions

- 2.1 The Authority recognises and has adopted the Office of Government Commerce (OGC) definitions of 'risk' and 'risk management' published in "Management of Risk: Guidance for Practitioners (2011)":

| <b>Definition of Risk</b>   | <b>Definition of Risk Management</b>   |
|---|--|
| An uncertain event or set of events that will have an effect on the achievement of objectives. A risk is measured by a combination of the probability of a perceived threat or opportunity occurring and the magnitude of its impact. | Systematic application of principles, approach and process to the tasks of identifying and assessing risks, and then planning and implementing risk responses. |

## 3.0 Risk Appetite

- 3.1 Risk appetite is the amount of risk that the Authority is willing to tolerate relative to the size, nature and degree of certainty associated with the pursuit of any related opportunities. Managing risk effectively does not mean that the Authority is risk averse but rather that it is aware of the risks associated with any decisions that it takes and is willing and able to accept the consequences for the Authority and Service in the event of any risk crystallising.

As a general principle risks attracting a combined score of 15 or more on the Probability and Impact Grid (shown at Appendix B) will be considered intolerable by the Authority and prioritised for treatment in order to eliminate or reduce the risk to acceptable levels. However, the Authority, at its discretion, may elect to tolerate risks at this level or deem lower levels of risk to be intolerable on a case by case basis.

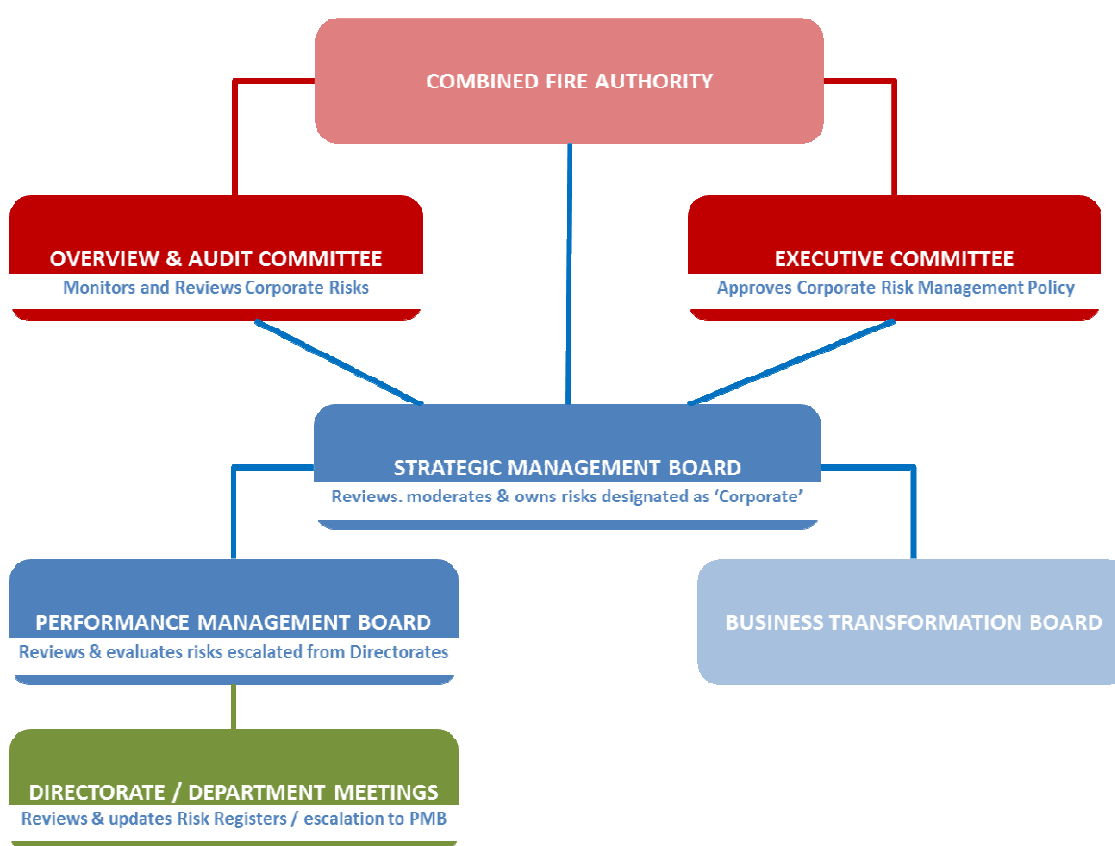
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| <b>Policy:</b>  | <b>Corporate Risk Management</b> |                             |

## 4.0 Governance Structures

4.1 Governance of Corporate Risks, and the policies and processes by which they are managed, is carried out via the Authority Committee and Service Management Meeting Structures:



- 4.2 Monitoring and management of corporate risks is carried out at a level commensurate with the nature and magnitude of the risk.
- 4.3 Risk management is embedded in the Service's core operational, support and change management processes. Risks with the potential to become Corporate Risks are captured and evaluated in Risk Registers maintained by all significant business units within the Service (typically at Directorate level). These risks are regularly reviewed in Directorate Management Meetings and may be escalated to the Performance Management Board

|                    |                                       |                            |              |
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|   | <b>Protective Marking:</b>       | Not protectively marked     |
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| <b>Policy:</b>  | <b>Corporate Risk Management</b> |                             |

(PMB) at the discretion of the relevant Director / Head of Service if they meet the escalation criteria set out at pages 9-10 of this document.

- 4.4 PMB meets on a quarterly basis. It reviews the content of the Corporate Risk Register and evaluates risks escalated from Directorate level and, subject to that evaluation, may recommend them to the Strategic Management Board (SMB) for inclusion in, or removal from, the Corporate Risk Register.
- 4.5 SMB meets on a monthly basis. Each month it reviews the current set of risks designated as 'corporate' to ensure that their status, evaluations and controls remain valid. On a quarterly basis it also reviews recommendations from the Performance Management Board for risks to be included in, or removed from, the Corporate Risk Register. If new, urgent, potential corporate risks are identified outside of the quarterly review cycle these may be escalated directly to SMB by Directors or Heads of Service via the Corporate Planning Manager. SMB is also responsible for reviewing quarterly risk management reports to the Authority's Overview and Audit Committee (O & A).
- 4.6 O & A meets on quarterly basis. Its Terms of Reference require it:
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.
- 4.7 The Authority's Executive Committee meets six times a year. The Financial Regulations, at Section C, state that the Executive Committee is responsible for approving the Corporate Risk Management Policy after considering recommendations from the Overview and Audit Committee.

|                    |                                       |                            |              |
|--------------------|---------------------------------------|----------------------------|--------------|
| <b>Version:</b>    | V 1.1                                 | <b>Status of document:</b> | Draft        |
| <b>Author:</b>     | Corporate Planning Manager            | <b>PIA:</b>                |              |
| <b>Issue Date:</b> | 9 February 2015                       | <b>Review Date:</b>        | January 2018 |
| <b>File Name</b>   | 2015 Corporate Risk Management Policy |                            |              |

|   |                                  |                             |
|---|----------------------------------|-----------------------------|
|  | <b>Information Asset Owner:</b>  | Head of Service Development |
|   | <b>Protective Marking:</b>       | Not protectively marked     |
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| <b>Policy:</b>  | <b>Corporate Risk Management</b> |                             |

## 5.0 Roles & Responsibilities

### 5.1 Authority Members

Hold the Chief Fire Officer / Chief Executive accountable for the effective management of risk throughout the Service via the Overview and Audit Committee.

Approve, via the Executive Committee, the Authority's Corporate Risk Management Policy.

Review, via the Overview and Audit Committee, the Corporate Risk Register and associated reporting.

Challenge Brigade Managers, Directors and Heads of Service to satisfy themselves that risks have been correctly identified, evaluated and addressed.

Raise any potential risks that they may identify to the Head of Service Development, or other designated officer, via the Chairman of the Overview and Audit Committee.

### 5.2 Chief Fire Officer / Chief Executive

Accountable for the effective management of risk throughout the Service and ensuring that appropriate processes and systems are in place to ensure this.

### 5.3 Directors and Heads of Service

Responsible and accountable for the identification, evaluation, recording and effective management of all risks within their Directorate / Department using approved Authority policies and procedures.

Responsible and accountable for ensuring that all risks meeting the escalation criteria at pages 9 -10 are escalated to the Performance Management Board or Strategic Management Board for scrutiny as appropriate.

### 5.4 Corporate Planning Manager

Responsible for developing, maintaining, and implementing the Authority's Corporate Risk Management Policy.

|                    |                                       |                            |              |
|--------------------|---------------------------------------|----------------------------|--------------|
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| <b>Issue Date:</b> | 9 February 2015                       | <b>Review Date:</b>        | January 2018 |
| <b>File Name</b>   | 2015 Corporate Risk Management Policy |                            |              |

|   |                                  |                             |
|---|----------------------------------|-----------------------------|
|  | <b>Information Asset Owner:</b>  | Head of Service Development |
|   | <b>Protective Marking:</b>       | Not protectively marked     |
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| <b>Policy:</b>  | <b>Corporate Risk Management</b> |                             |

Maintains the Corporate Risk Register and risk identification, recording, evaluation and reporting processes for use across the Authority / Service.

## 6.0 Risk Management Processes and Methods

### 6.1 Identification of risks

Corporate risks can emerge from a variety of sources including:

- Authority / Service processes & systems
- People (staff, CFA members, partner organisations, contractors, the public)
- Buildings & equipment
- Contracts
- Partnerships arrangements & activities
- The policies, actions and activities of Central Government
- Other external Political, Economic, Social, Technological, Environmental or Legal (PESTEL) factors

Service Managers will use structured methods to assist with the identification of risks emanating from such sources including:

- The analysis of external risk registers and analyses such as the National Risk Register and Thames Valley Local Resilience Forum Community Risk Register.
- Application of the PESTEL framework and / or other horizon scanning tools
- The outputs of self-assessments, formal audits (internal and external) and Peer Reviews

### 6.2 Evaluation of Risks

All risks will be evaluated against the criteria shown at Appendix A to determine their probability and the nature and scale of their potential impact.

|                    |                                       |                            |              |
|--------------------|---------------------------------------|----------------------------|--------------|
| <b>Version:</b>    | V 1.1                                 | <b>Status of document:</b> | Draft        |
| <b>Author:</b>     | Corporate Planning Manager            | <b>PIA:</b>                |              |
| <b>Issue Date:</b> | 9 February 2015                       | <b>Review Date:</b>        | January 2018 |
| <b>File Name</b>   | 2015 Corporate Risk Management Policy |                            |              |

|   |                                  |                             |
|---|----------------------------------|-----------------------------|
|  | <b>Information Asset Owner:</b>  | Head of Service Development |
|   | <b>Protective Marking:</b>       | Not protectively marked     |
|   | <b>Page :</b>                    | 9 of 10                     |
| <b>Policy:</b>  | <b>Corporate Risk Management</b> |                             |

Risks will then be prioritised for treatment using the thresholds defined in the 'Probability and Impact' Grid shown at Appendix B.

### 6.3 Recording & Reporting of Risks

Evaluated risks are recorded using a common format at both Directorate and Corporate levels. This is shown at Appendix C.

Formal review and reporting of Corporate Risks is undertaken on a quarterly basis to the Performance Management Board (PMB), Strategic Management Board (SMB) and the Authority's Overview and Audit Committee as set out in Section 4 of this document. SMB may also consider new risks requiring urgent consideration outside of the normal quarterly reporting cycle at its formal monthly meetings or weekly informal meetings if the situation demands it.

### 6.4 Managing Risks

Methods appropriate to the nature and scale of the risks should be employed to control and manage them. Typically these will include one or a combination of the following methods:

|           |   |
|-----------|---|
| Terminate | This involves methods such as stopping the activity or process or divesting of the asset giving rise to the risk. |
| Treat     | Implement control measures that reduce the likelihood and / or the impact of the risk to acceptable levels.       |
| Transfer  | Transfer the cost of the risk to a third party e.g. insurance, contract, outsourcing                              |
| Tolerate  | Accept the risk as it is and do nothing to further mitigate it.   |

### 6.5 Risk Escalation Criteria

It is expected that the majority of risks will be managed at Directorate level. However, all Directorate risks scored at 15 or above ('Red' risks), using the Probability and Impact Grid shown at Appendix B, must be escalated to PMB for review. PMB **will** escalate these risks to SMB if they meet at least one of the following criteria:

|                    |                                       |                            |              |
|--------------------|---------------------------------------|----------------------------|--------------|
| <b>Version:</b>    | V 1.1                                 | <b>Status of document:</b> | Draft        |
| <b>Author:</b>     | Corporate Planning Manager            | <b>PIA:</b>                |              |
| <b>Issue Date:</b> | 9 February 2015                       | <b>Review Date:</b>        | January 2018 |
| <b>File Name</b>   | 2015 Corporate Risk Management Policy |                            |              |

|   |                                  |                             |
|---|----------------------------------|-----------------------------|
|  | <b>Information Asset Owner:</b>  | Head of Service Development |
|   | <b>Protective Marking:</b>       | Not protectively marked     |
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| <b>Policy:</b>  | <b>Corporate Risk Management</b> |                             |

1. The means of reducing, mitigating or controlling the risk are considered inadequate and additional interventions or resources beyond those available within the individual Directorate are required;
2. The nature and scale of the risk is such that it cannot be effectively monitored and managed at Directorate level.

Also risks falling within the amber zone on the Probability and Impact Grid may, at the discretion of the line Director or Head of Service, be elevated to PMB for review and potential escalation to SMB if they consider that they are of a pan-organisational nature and / or there is insufficient capacity, resources and / or means of treating it at Directorate level with the consequent potential for it to become 'intolerable' (red zone).

SMB will act as the final point of review for potential corporate risks for inclusion in the Corporate Risk Register which will then be subject to scrutiny by the Authority's Overview and Audit Committee.

|                    |                                       |                            |              |
|--------------------|---------------------------------------|----------------------------|--------------|
| <b>Version:</b>    | V 1.1                                 | <b>Status of document:</b> | Draft        |
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| <b>File Name</b>   | 2015 Corporate Risk Management Policy |                            |              |

### Appendix A: Risk Evaluation Framework - Probability

| Factor           | Score | Threats - Description          | Indicators   |
|------------------|-------|--------------------------------|--|
| Extremely Likely | 5     | Over 90% chance of occurrence  | Circumstance that could give rise to the occurrence frequently encountered (at least monthly)  |
| Very Likely      | 4     | 70-90% chance of occurrence    | Likely to happen at some point within the next 12 months. Circumstances likely to give rise to the occurrence encountered several times a year |
| More Likely      | 3     | 45-70% chance of occurrence    | Likely to happen at some point within the next 2 years. Circumstances likely to give rise to the occurrence encountered a few times a year     |
| Less Likely      | 2     | 20-45% of occurrence           | Only likely to happen within the next 2-5 years. Circumstances giving rise to the risk occasionally encountered                                |
| Unlikely         | 1     | Up to 20% chance of occurrence | Only likely to happen once every 5 or more years   |

## Appendix A: Risk Evaluation Framework – Nature & Impact

| Factor     | Score | Effect on Service   | Embarrassment /Reputation  | Health & Safety   | Personal Privacy Infringement                              | Financial               |
|------------|-------|---|--|---|--|-------------------------|
| Extreme    | 5     | Major service disruption, across several important areas for a protracted period          | Adverse and persistent national media coverage. Adverse Central Government response. Officers or Members forced to resign    | Death of a member of staff or several people. Prosecution under Corporate Manslaughter and Corporate Homicide Act.2007.                     | All personal details compromised or revealed               | over £150k              |
| High       | 4     | Significant service disruption of an important service area for a period of up to 2 weeks | Some adverse national media interest and/or adverse local publicity of a major and persistent nature                         | Serious injury sustained by one or more individuals. Prohibition notice served by HSE that closes a premises                                | Many individual personal details compromised / revealed    | between £35k and £150k. |
| Medium     | 3     | Moderate effect on an important service area for a short period (a few days)              | Adverse local publicity / local opinion aware  | Injury, causing loss of working time to an individual. Investigation by HSE leads to serving an improvement notice or threat of prosecution | Some individual personal details compromised/ revealed     | between £16k and £35k.  |
| Low        | 2     | Minor service disruption in an important area of service for a brief period (hours)       | Contained within a department or service area. Complaint from an individual/small group of arguable merit. No press interest | Minor injury or discomfort to an individual. Failure to report Notifiable incident to the HSE   | Isolated individual personal details compromised/ revealed | between £5k and £16k    |
| Negligible | 1     | Minor service disruption in a non critical area of service for a brief period (hours)     | Contained within a department or service area. No external complaints or press interest                                      | No injuries   | Isolated loss of non personal data                         | up to £5k               |



Appendix B

**BFRS Probability Impact Grid (PIG)**

|                     |   | ←—————→<br>Increasing Likelihood |             |             |             |                  |    |
|---------------------|---|----------------------------------|-------------|-------------|-------------|------------------|----|
|                     |   | 1                                | 2           | 3           | 4           | 5                |    |
|                     |   | Unlikely                         | Less Likely | More Likely | Very Likely | Extremely Likely |    |
| Increasing Impact ↓ | 1 | Negligible                       | 1           | 2           | 3           | 4                | 5  |
|                     | 2 | Low                              | 2           | 4           | 6           | 8                | 10 |
|                     | 3 | Medium                           | 3           | 6           | 9           | 12               | 15 |
|                     | 4 | High                             | 4           | 8           | 12          | 16               | 20 |
|                     | 5 | Extreme                          | 5           | 10          | 15          | 20               | 25 |

↑  
Risk Tolerance Line

### Appendix C: Risk Register Template

| Risk Description | Resp.                                  | Consequences if Untreated Risk Occurs | Risk Score (Former) / New |   |   | Risk Level<br>H/M/L | Current Treatment | R<br>A<br>G | Comments / Further Treatment Proposed |
|------------------|--|---------------------------------------|---------------------------|---|---|---------------------|-------------------|-------------|---------------------------------------|
|                  |  |                                       | P                         | I | Σ |                     |                   |             |                                       |
|                  | Accountable Director / Head of Service |                                       |                           |   |   |                     |                   |             |                                       |

# Buckinghamshire & Milton Keynes Fire Authority



|                               |  |
|-------------------------------|--|
| <b>MEETING</b>                | Executive Committee  |
| <b>DATE OF MEETING</b>        | 18 March 2015  |
| <b>OFFICER</b>                | David Sutherland, Acting Director of Finance and Assets  |
| <b>LEAD MEMBER</b>            | Councillor Andy Dransfield   |
| <b>SUBJECT OF THE REPORT</b>  | <b>Quarter Three Budget Monitoring Performance and Debt Management April – December 2014</b>   |
| <b>EXECUTIVE SUMMARY</b>      | <p>To present the revenue and capital budget monitoring and debt management performance report for the nine months to 31 December 2014.</p> <p>The report at Appendix A sets out the Authority's revenue and capital spending position as at 31 December 2014, together with the projected outturn position for the financial year.</p> <p>Managers have positively and proactively controlled spend and forecast an under-spend of £1.9m, against a revenue budget of £28.8m.</p> <p>Excluding the Statutory Accounting &amp; Contingency items totaling £678k, the overall forecast underspend on operational budgets reduces down to £1,235k.</p> |
| <b>ACTION</b>                 | Information and decision.  |
| <b>RECOMMENDATIONS</b>        | That the Executive Committee note the latest projected outturn forecast for the Authority as at 31 December 2014.  |
| <b>RISK MANAGEMENT</b>        | Management of our financial resources is a key risk to the Authority and the performance reports to Committee inform Members of the main financial risks facing the Authority in year.   |
| <b>FINANCIAL IMPLICATIONS</b> | As set out in the main body of the report.   |
| <b>LEGAL IMPLICATIONS</b>     | None.  |
| <b>HEALTH AND SAFETY</b>      | None.  |

|   |  |
|---|--|
| <b>EQUALITY AND DIVERSITY</b>                             | None.  |
| <b>USE OF RESOURCES</b>                                   | The paper sets out how work has been progressing for achieving greater financial ownership and accountability for resources attached to the delivery of specific aims and objectives of the Authority.   |
| <b>PROVENANCE SECTION<br/>&amp;<br/>BACKGROUND PAPERS</b> | Medium Term Financial Plan 2014/15 to 2017/18, CFA Meeting February 2014<br><a href="http://bucksfire.gov.uk/files/3814/0734/4977/ITEM8MediumTermFinancialPlan201415to201718.pdf">http://bucksfire.gov.uk/files/3814/0734/4977/ITEM8MediumTermFinancialPlan201415to201718.pdf</a><br>Budget Monitoring Performance and Debt Management April – September 2014<br><a href="http://bucksfire.gov.uk/files/5814/1563/0213/ITEM5Q214-15BudgetMonitoringPerformanceAppendixAandB.pdf">http://bucksfire.gov.uk/files/5814/1563/0213/ITEM5Q214-15BudgetMonitoringPerformanceAppendixAandB.pdf</a> |
| <b>APPENDICES</b>   | Appendix A – Budget Monitoring Performance and Debt Management April – December 2014   |
| <b>TIME REQUIRED</b>                                      | 10 minutes.  |
| <b>REPORT ORIGINATOR AND CONTACT</b>                      | Jayshree Takodara - Interim Management Accountant<br><a href="mailto:jtakodara@bucksfire.gov.uk">jtakodara@bucksfire.gov.uk</a><br>01296 744429  |

## 1. Revenue Forecasts by Service Area

**Table 1** The table below shows the budget and actual expenditure for each directorate as at the end of December 2014. The budget of £29m is compared to the forecast outturn to give a forecast year end underspend of £1.9m. If you take out the Statutory Accounting & Contingency items totaling £678k, we are forecasting a £1,235k overall underspend.

| Directorate   | Area Manager             | Total Budget      | Actual Year to Date | Forecast Outturn  | Projected Year End Variance |
|---|--------------------------|-------------------|---------------------|-------------------|-----------------------------|
| Corporate Core  | Corporate Core           | 893,740           | 833,333             | 908,854           | 15,114                      |
|   | Legal & Governance       | 107,117           | 74,333              | 101,514           | -5,603                      |
| <b>Corporate Core Total</b>                                 |                          | <b>1,000,857</b>  | <b>907,666</b>      | <b>1,010,368</b>  | <b>9,511</b>                |
| Finance & Assets  | Finance & Procurement    | 1,023,949         | 749,465             | 1,040,246         | 16,297                      |
|   | Resource Management      | 2,127,789         | 1,633,190           | 2,114,107         | -13,682                     |
| <b>Finance &amp; Assets Total</b>                           |                          | <b>3,151,738</b>  | <b>2,382,655</b>    | <b>3,154,353</b>  | <b>2,615</b>                |
| People & Organisation Development                           | Training & Development   | 1,435,780         | 804,247             | 1,168,909         | -266,871                    |
|   | Operations & Services    | 707,888           | 536,519             | 701,338           | -6,550                      |
| <b>People &amp; Organisation Development Total</b>          |                          | <b>2,143,668</b>  | <b>1,340,766</b>    | <b>1,870,247</b>  | <b>-273,421</b>             |
| Delivery, Corporate Development & Planning                  | Service Delivery         | 14,893,210        | 10,261,074          | 13,974,402        | -918,808                    |
|   | Service Development      | 2,335,176         | 1,751,112           | 2,333,667         | -1,509                      |
|   | Service Transformation   | 1,728,436         | 1,486,298           | 1,674,048         | -54,388                     |
| <b>Delivery, Corporate Development &amp; Planning Total</b> |                          | <b>18,956,822</b> | <b>13,498,485</b>   | <b>17,982,117</b> | <b>-974,705</b>             |
| Statutory Accounting & Contingency                          | Capital Charges          | 1,128,000         | 609,316             | 1,128,000         | 0                           |
|   | Direct Revenue Financing | 1,290,114         | 1,290,114           | 1,290,114         | 0                           |
|   | Contingency              | 928,400           | 20,600              | 237,660           | -690,740                    |
|   | Non Distributed Costs    | 209,266           | 155,814             | 222,070           | 12,804                      |
| <b>Statutory Accounting &amp; Contingency Total</b>         |                          | <b>3,555,780</b>  | <b>2,075,844</b>    | <b>2,877,844</b>  | <b>-677,936</b>             |
| <b>Total Expenditure</b>                                    |                          | <b>28,808,865</b> | <b>20,205,415</b>   | <b>26,894,928</b> | <b>-1,913,937</b>           |

The key variations are;

**Corporate Core £10k over** – The pressure is from one-off legal costs offset by a projection of more bank interest than budgeted.

**Finance & Assets £3k over** – Spend in this area is broadly in-line with budget.

**People & Organisation Development £273k under** – An underspend in Training & Development mainly relates to an initiative designed to meet operational requirements with alternative staffing arrangements. Additional underspends are projected in Operations and Services in relation to occupational health scheme payments, adding to those resulting from managed underspends in staff development.

**Delivery, Corporate Development & Planning £975k under** – Service Delivery is projecting an underspend of £919k, with £884k from direct employee costs. £478k relates to underspends on wholetime and day-crew staffing. Of this, £245k relates to deductions made during periods of industrial action and £152k relates to actual pension scheme membership being lower than modeled. The remaining staffing underspend is made up of lower than budgeted salary payments, underspends in overtime payments, CPD and accommodation allowances.

£299k of the underspend in Service Delivery relates to on-call salary elements, where the organisation is currently under established for on-call firefighters. Vacant administrative posts in Service Delivery also lead to a £112k underspend being forecast in this area for fire protection and fire prevention services.

Service Transformation is currently projecting an underspend of £54k relating to part year vacant posts.

**Statutory Accounting & Contingency £678k under** - The contingency fund was originally set up in the budget to cover the costs of modernisation under the Moving Forward agenda and any pay award and pay protection arrangements. On 19 November 2014 the Executive Committee approved a recommendation in the quarter two budget monitoring performance and debt management report to use £238k of the underspend to fund projects from the KIS strategy brought forward from future years. This has been reflected in the projected outturn.

## 2. Direct Employee Costs

**Table 2** shows the budget and forecast out-turn for each sub-heading within the direct employees subjective as at the end of December 2014.

| <b>Staffing</b>        | <b>Total Budget</b> | <b>Actual Year to Date</b> | <b>Forecast Outturn</b> | <b>Projected Year End Variance</b> |
|------------------------|---------------------|----------------------------|-------------------------|------------------------------------|
| Members of the Brigade | 13,765,944          | 9,589,014                  | 13,099,258              | -666,686                           |
| Retained Duty System   | 1,601,973           | 951,145                    | 1,316,317               | -285,656                           |
| Administrative Staff   | 3,788,079           | 2,880,814                  | 3,621,726               | -166,353                           |
| Control Room Staff     | 443,436             | 539,931                    | 684,961                 | 241,525                            |
| Casual Employees       | 51,122              | 76,004                     | 136,479                 | 85,357                             |
| Cleaners               | 119,758             | 11,508                     | 27,506                  | -92,252                            |
| Technicians            | 269,137             | 135,406                    | 204,840                 | -64,297                            |
| Members Allowances     | 72,080              | 55,380                     | 72,080                  | 0                                  |
| Allowances             | 781,902             | 527,207                    | 699,205                 | -82,697                            |
| Agency Staff           | 117,799             | 171,357                    | 259,209                 | 141,410                            |
| <b>Grand Total</b>     | <b>21,011,230</b>   | <b>14,937,767</b>          | <b>20,121,582</b>       | <b>-889,648</b>                    |

**Members of the Brigade** – underspends relating to industrial action deductions, with additional amounts due to vacancies in operational training and differences in actual pension opt-in.

**Retained Duty System** – on-call firefighter employment is currently significantly below budgeted establishment levels.

**Administrative Staff** - due to HR vacancies at the beginning of the year and vacant posts in fire prevention, fire protection, admin support and response support.

**Control Room Staff** – the overspend arises as a result of the delayed cutover to the combined Thames Valley control room.

**Casual Employees** – casual staff are being used in operational training and co-responder services. In operational training, the expenditure is covered by underspends on brigade staff. In the co-responder service, the expenditure represents an extension of the pilot scheme initiated at the start of the financial year.

**Cleaners** - the underspend is partly offset by a £25k overspend on contracted cleaning services being used due to a number of cleaner vacancies.

**Technicians** – the underspend relates to vacant posts within vehicle workshops.

**Allowances** – underspends in CPD, training school and accommodation allowances. (CPD £45k; accommodation £10k; training school £19k)

**Agency Staff** – agency staff resources are covering vacancies in the Finance team, HR, and supporting key KIS and property projects.

### 3. Major Risk Areas

The monitoring process will focus more attention on areas identified by management as high risk. An initial assessment of the main financial risks faced has been undertaken by Finance against the following categories:

- High value budgets
- Historically volatile budgets
- Demand led income and expenditure budgets

|    |                                  | <b>Total Budget</b> | <b>Actual Year to Date</b> | <b>Forecast Outturn</b> | <b>Projected Year End Variance</b> |
|----|----------------------------------|---------------------|----------------------------|-------------------------|------------------------------------|
| A. | Employee Direct Costs            | 21,011,230          | 14,937,767                 | 20,118,109              | -889,648                           |
| B. | Knowledge & Information Services | 1,136,442           | 1,040,831                  | 1,111,468               | -24,974                            |
| C. | Fuel Charges                     | 290,152             | 193,335                    | 257,780                 | -32,372                            |
| D. | Energy/Utilities                 | 277,505             | 145,403                    | 281,253                 | 3,748                              |
| E. | Employment Agencies/Consultants  | 117,799             | 171,357                    | 259,209                 | 141,410                            |

#### Key variance explanations:

**A. Employee Direct Costs** – Variance as indicated in section 2.

**B. Knowledge & Information Services** – KIS underspend projected in salaries due to vacant posts.

**C. Fuel** – The underspend projected here will be used to offset the further savings required within fleet.

**D. Energy/Utilities** – Utilities are currently projected to finish the year within £5k of budget.

**E. Employment Agencies/Consultants** – agency staff are to be used to cover vacancies in the Finance team as well as supporting ICT, HR and property projects.



#### 4. Funding

The table below details the budget and forecast outturn for each category of funding.

|                                    | <b>Govt<br/>Funding<br/>£000</b> | <b>Business<br/>Rates<br/>£000</b> | <b>Council Tax<br/>Freeze<br/>Grant<br/>£000</b> | <b>Specific<br/>Grants<br/>£000</b> | <b>Council Tax<br/>Receipts<br/>(inc. 13/14<br/>surplus)<br/>£000</b> | <b>Total<br/>Funding<br/>£000</b> |
|------------------------------------|----------------------------------|------------------------------------|--|-------------------------------------|---|-----------------------------------|
| Budget 2014/15                     | -6,013                           | -4,509                             | -179   | -1,178                              | -16,930   | <b>-28,809</b>                    |
| Budget Year to Date                | -3,757                           | -3,846                             | -179   | -589                                | -12,526   | <b>-20,897</b>                    |
| Actual Year to Date                | -3,757                           | -3,996                             | -179   | -574                                | -12,526   | <b>-21,032</b>                    |
| Variance Year to Date              | 0                                | -150                               | 0  | 15                                  | 0   | <b>-135</b>                       |
| Forecast Outturn                   | -6,013                           | -4,656                             | -181   | -1,160                              | -16,930   | <b>-28,940</b>                    |
| <b>Projected Year End Variance</b> | <b>0</b>                         | <b>-147</b>                        | <b>-2</b>  | <b>18</b>                           | <b>0</b>  | <b>-131</b>                       |

**Government Funding** – there has been no indication from the DCLG that the funding from government will differ from the figures used to set the budget.

**Business Rates** – the £147k projected surplus in business rates is based on estimates from the billing authorities which indicate a higher than budgeted yield in the proportion of business rates payable to the Authority.

**Council Tax Freeze Grant** – the £2k projected surplus in council tax freeze grant is due to slightly higher than estimated grant payable from the DCLG

**Specific Grants** – the projected shortfall in specific grants is due to £18k less fire grant funding than indicated in initial communication from the DCLG which was used to set the budget.

**Council Tax** – any surplus or deficit in council tax receipts will impact on the budget for 2015/16.

## 5. Savings and efficiencies

Of the £1,272k savings offered up in the 2014/15 Medium Term Financial Plan £757k is from operations, £440k from Finance & Assets with the remaining £75k from the People and Organisation Development Directorate.

| <b>Directorate</b>                           | <b>Target Saving<br/>£000</b> | <b>Forecast Actual Saving<br/>£000</b> | <b>Under/<br/>(Over)<br/>Recovery<br/>£000</b> | <b>Comments</b>  |
|--|-------------------------------|--|--|--|
| Delivery, Corporate Development and Planning | 757                           | 240                                    | 517  | Control room savings not expected to be achieved in 2014/15, covered by movement from reserves |
| People & Organisation Development            | 75                            | 75                                     | 0  | On target  |
| Finance & Assets                             | 440                           | 433                                    | 7  | Rental savings not achieved in 2014/15   |
| <b>Total Savings</b>                         | <b>1,272</b>                  | <b>748</b>                             | <b>524</b>                                     |  |

## 6. Capital Forecasts

The capital programme for 2014/15 is £1.282m, which together with a number of carry-forward schemes and in year approvals totals £4.603m.

| Project Name          | Original Budget 2014-15 | Agreed 13-14 Carry Forwards Executive | Virements in Year | Revised Budget 2014-15 | Actual Year to Date | Commitments 2014/15 | Forecast Outturn | Slippage to 2015/16 | Year End Variance |
|-----------------------|-------------------------|---------------------------------------|-------------------|------------------------|---------------------|---------------------|------------------|---------------------|-------------------|
| Property              | 550,000                 | 0                                     | 0                 | 550,000                | 88,850              | 163,709             | 395,000          | 131,000             | (24,000)          |
| Property Review       | 0                       | 940,000                               | 0                 | 940,000                | 0                   | 0                   | 0                | 940,000             | 0                 |
| <b>Sub Total</b>      | <b>550,000</b>          | <b>940,000</b>                        | <b>0</b>          | <b>1,490,000</b>       | <b>88,850</b>       | <b>163,709</b>      | <b>395,000</b>   | <b>1,071,000</b>    | <b>(24,000)</b>   |
| BA Set Telemetry      | 174,000                 | 0                                     | 0                 | 174,000                | 0                   | 174,000             | 174,000          | 0                   | 0                 |
| Operational Equipment | 57,150                  | 36,494                                | 0                 | 93,644                 | 37,216              | 0                   | 57,150           | 36,494              | 0                 |
| PPE Uniform           | 33,200                  | 0                                     | 0                 | 33,200                 | 32,814              | 0                   | 32,814           | 0                   | (386)             |
| Operational Vehicles  | 155,000                 | 913,000                               | 0                 | 1,068,000              | 359,455             | 431,193             | 799,398          | 300,000             | 31,398            |
| <b>Sub Total</b>      | <b>419,350</b>          | <b>949,494</b>                        | <b>0</b>          | <b>1,368,844</b>       | <b>429,485</b>      | <b>605,193</b>      | <b>1,063,362</b> | <b>336,494</b>      | <b>31,012</b>     |
| Sprinklers            | 0                       | 14,500                                | 0                 | 14,500                 | 0                   | 0                   | 0                | 14,500              | 0                 |
| <b>Sub Total</b>      | <b>0</b>                | <b>14,500</b>                         | <b>0</b>          | <b>14,500</b>          | <b>0</b>            | <b>0</b>            | <b>0</b>         | <b>14,500</b>       | <b>0</b>          |
| ICT                   | 260,000                 | 102,992                               | 24,114            | 387,106                | 45,809              | 118,316             | 227,106          | 35,000              | (125,000)         |
| ICT Projects          | 0                       | 224,000                               | 237,660           | 461,660                | 207,876             | 0                   | 439,536          | 0                   | (22,124)          |
| Support Vehicles      | 52,900                  | 0                                     | 0                 | 52,900                 | 0                   | 53,260              | 53,260           | 0                   | 360               |
| Staff Cars            | 0                       | 27,766                                | 0                 | 27,766                 | 27,771              | 0                   | 27,771           | 0                   | 5                 |
| <b>Sub Total</b>      | <b>312,900</b>          | <b>354,758</b>                        | <b>261,774</b>    | <b>929,432</b>         | <b>281,456</b>      | <b>171,576</b>      | <b>747,673</b>   | <b>35,000</b>       | <b>(146,759)</b>  |
| Control Room          | 0                       | 800,000                               | 0                 | 800,000                | 0                   | 800,000             | 0                | 800,000             | 0                 |
| <b>Sub Total</b>      | <b>0</b>                | <b>800,000</b>                        | <b>0</b>          | <b>800,000</b>         | <b>0</b>            | <b>800,000</b>      | <b>0</b>         | <b>800,000</b>      | <b>0</b>          |
| <b>TOTAL</b>          | <b>1,282,250</b>        | <b>3,058,752</b>                      | <b>261,774</b>    | <b>4,602,776</b>       | <b>799,791</b>      | <b>1,740,479</b>    | <b>2,206,035</b> | <b>2,256,994</b>    | <b>(139,747)</b>  |

## Capital Funding

The capital programme will be funded as follows;

| <b>Funding Source</b>                                  | <b>£</b>         |
|--|------------------|
| Capital Grant 2014/15                                  | 1,190,077        |
| Unapplied/Unused Capital Grant 2013-14 Brought forward | 302,222          |
| Environmental Agency                                   | 24,000           |
| Control Room Grant                                     | 0                |
| Transfer from RCCO Reserve                             | 689,736          |
| <b>Total Funding</b>                                   | <b>2,206,035</b> |

## Property Portfolio

The Property team was allocated £550k to carry out priority 1 and 2 repairs identified in the property condition survey in 2013. Several stations have had internal and external upgrades carried out this financial year ranging from kit room and ablution upgrades, electrical and boiler upgrades, ceiling repairs and yard repairs. In particular, Gerrards Cross, Chesham, Broughton and Newport Pagnell were in need of urgent yard repairs and the contracts were awarded in Q3 and are due to be completed in Q4.

Property is currently projecting a slippage of £131k which relates to a subsidence issue at Gerrards Cross which has meant all structural works have been put on hold and will only commence once the insurers have fixed the issue. Therefore most of the capital allocation will be carried over into next financial year. The £24k underspend relates to the budget holder going out to market and obtaining best value for money when awarding contracts as the actual cost came in lower than budgeted. The budget holder will continue to work with procurement in ensuring best value is achieved for the Authority.

The property review (£940k) is under consideration and therefore will be carried forward to 2015/16

## Fire Appliances & Equipment

The Aerial Replacement vehicle was delivered to the Authority in December 2014. The Incident Command Unit and Environmental Protection Unit contracts were awarded in Q2 and Q3 with the estimated delivery due before the end of this financial year. Operational vehicles is currently projecting a £30k overspend which relates to the Aerial Replacement vehicle and Incident Command unit needing modifications that meant they both cost slightly higher than budgeted. As part of the MTFP planning, it is proposed that the appliance budget of £300k for the two 4X4 appliances will be slipped into the next financial year with the service looking to go through a full OJEU process to procure the appliances.

The planned expenditure of £94k for operational equipment is for new equipment for the 4x4 appliances and general operational equipment. The budget relating to the new equipment for the 4x4 appliances will be slipped into next year as the equipment is unlikely to be ordered until the order for the 4X4 appliances is placed to ensure the equipment is fit for purpose.

£33k budget was allocated to replace and replenish the PPE uniform stock which had depleted over the years and the funding was used to purchase items with sizes suitable for the current workforce. BA telemetry equipment purchases have been phased over two years whereby £174k was allocated to the 2014/15 budget and £122k allocated to 2015/16. It is anticipated that the delivery of the first phase will take place in Q4 and the full £174k will be spent in this financial year.

### **Community Safety**

A budget of £15k was slipped from last year to fund the purchase of several portable sprinklers as the Authority has begun a programme of installing portable domestic sprinkler systems in high fire risk premises and in the homes of individuals at high risk, in order to protect the most vulnerable people within our community. Based on the zero uptake to date, it is unlikely there will be additional purchases this year as we currently have two portable sprinklers in stock.

### **Support**

ICT was allocated capital funding of £387k for several ICT related projects. Currently ICT is forecasting a £125k underspend which relates to the telephony project (£100k) and the Vivadesk software (£25k). Due to a shortage in resources the telephony budget of £100k will be returned and a new bid was submitted relating to next financial year when the team will be better resourced. Additionally the Vivadesk software was originally planned to be capitalised, however this will now be funded through revenue with the revenue contribution to capital reduced to cover this. ICT is also forecasting a £35k slippage which relates to the virtual desktop environment software due to a shortage in resources and other projects taking priority.

In November 2014, a number of ICT projects to the value of £238k were approved by Executive Committee to use underspends identified in the revenue budget to bring forward projects identified in the KIS Strategy. It is anticipated most of these projects will be completed by the end of this financial year.

Part of the budget for staff cars was slipped last year as one vehicle was still due for delivery. The remaining vehicle was delivered in April and no further commitments are outstanding for this scheme. The £53k budget for support vehicles relates to two hydrant vehicles and one fleet vehicle. The order was placed in September with a lead time of 20 weeks and it is anticipated they will be delivered by February 2015.

## 7. Performance Indicators

The table below shows the performance targets and actuals (rolling averages) for the year to date.

| <b>Description</b>                            | <b>2010/11<br/>Actual</b> | <b>2011/12<br/>Actual</b> | <b>2012/13<br/>Actual</b> | <b>2013/14<br/>Actual</b> | <b>2014/15<br/>Target</b> | <b>2014/15<br/>Actual<br/>(rolling<br/>average)</b> |
|---|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---|
| Budget Monitoring Training                    | 35.0%                     | 100.0%                    | 95.0%                     | 85.0%                     | 90.0%                     | 100.0%  |
| Managers accessing SAP Cost Centre Report     | 76.0%                     | 100.0%                    | 86.3%                     | 80.6%                     | 100.0%                    | 63.1%   |
| % invoices paid within 30 days                | 97.0%                     | 100.0%                    | 97.4%                     | 98.0%                     | 97.7%                     | 99.9%   |
| Budget Mon. Report turn-around (working days) | 44 days                   | 21 days                   | 14 days                   | 7 days                    | 8 days                    | 7 days  |

New cost centre managers are currently given initial budget monitoring training as and when necessary. The Finance team are in the process of streamlining training approaches and creating new on-line e-learning training and guidance sessions that are easily accessible to all managers.

The average number of managers accessing the SAP cost centre report for December was 67.6%. The rolling average for the first half of the year is 63.1% which is significantly below the target set of 100%. This reduction is due to a number of managers being involved in planning prior to the periods of industrial action. Finance will continue to work with all cost centre managers to ensure that the performance against this indicator is improved and the target level is reached.

The consistent high level of creditor invoices paid within 30 days continued in the third quarter, with 100% achieved in November. This has been consistently high each month across the first three quarters of the year and gives a rolling average of 99.9%, in line with the 2014/15 target.

## 8. Debt Management

The table below shows the key debtor performance figures for the first three quarters of the year:

| <b>DEBTOR KEY PERFORMANCE INDICATORS 2014/15</b>            | <b>Q1</b> | <b>Q2</b> | <b>Q3</b> |
|---|-----------|-----------|-----------|
| Debts over 60 days overdue                                  | £42,779   | £96,293   | £110,311  |
| Total Debt outstanding                                      | £205,968  | £162,239  | £175,315  |
| Debts over 60 days overdue as a % of total debt outstanding | 20.9%     | 60.6%     | 63.5%     |
| Debts over 60 days overdue as a % of total income to date   | 1.7%      | 3.5%      | 3.7%      |
| Average time from raising invoices to receipt of income     | 18        | 22        | 19        |

The value of debts over 60 days overdue have increased considerably during quarter two and marginally in quarter three. The above figures show the quarterly average, which for quarter 3 is £110,311. The actual value of debts over 60 days overdue as at the end of December 2014 was £119,149. Total debt outstanding as at the end of December 2014 was £175,315.

Almost all of the debts over 60 days overdue at the end of the quarter relate to three main areas (that total £102k):

- Income due for equipment provided to third parties during industrial action (£43k)
- Lease car mileage rebates due (£37k)
- Cost recovery for Finance secondment (£22k)

The dispute regarding recovery of income relating to equipment loaned out during industrial action is still ongoing. As for lease car mileage rebates, the Authority has received credit notes covering 90% of the rebate due. The credit notes do not match the invoice raised, which means this is currently in dispute between the Authority and customer. The invoice for the Finance secondment will be settled at the end of the financial year.

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## Buckinghamshire & Milton Keynes Fire Authority

|                               |   |
|-------------------------------|---|
| <b>MEETING</b>                | Executive Committee   |
| <b>DATE OF MEETING</b>        | 18 March 2015   |
| <b>OFFICER</b>                | David Sutherland, Acting Director of Finance and Assets   |
| <b>LEAD MEMBER</b>            | Councillor Andy Dransfield  |
| <b>SUBJECT OF THE REPORT</b>  | <b>Treasury Management Performance 2014/15 – Quarter 3</b>  |
| <b>EXECUTIVE SUMMARY</b>      | <p>This report is being presented as members resolved at the meeting of the Buckinghamshire and Milton Keynes Fire Authority on 13 February 2013 that a quarterly Treasury Management report would be submitted to the Executive Committee and it is best practice to review on a regular basis how Treasury Management activity is performing.</p> <p>The accrued interest earned for the first nine months of 2014/15 is £101k, which is £48.5k higher than the budget for the nine month period.</p>   |
| <b>ACTION</b>                 | Information.  |
| <b>RECOMMENDATIONS</b>        | That the Treasury Management Performance 2014/15-Quarter 3 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>There are no direct staffing implications.</p> |
| <b>FINANCIAL IMPLICATIONS</b> | The budget for 2014/15 relating to interest earned on balances invested is £70k. 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 (Capital Finance  |

|   |   |
|---|---|
|   | and Accounting) (England) Regulations 2003 [SI 3146] to have regard to any prevailing CIPFA Treasury Management Code of Practice.   |
| <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<br/>&amp;<br/>BACKGROUND PAPERS</b> | <p>Treasury Management Policy Statement, Treasury Management Strategy Statement and the Annual Investment Strategy.</p> <p><a href="http://www.bucksfire.gov.uk/NR/rdonlyres/89EFC4A0-9874-42ED-BF89-92D56BAC0CC9/0/ITEM7aTREASURYMANAGEMENT.pdf">http://www.bucksfire.gov.uk/NR/rdonlyres/89EFC4A0-9874-42ED-BF89-92D56BAC0CC9/0/ITEM7aTREASURYMANAGEMENT.pdf</a></p> <p>Treasury Management Practices.</p> <p><a href="http://www.bucksfire.gov.uk/NR/rdonlyres/FDA454EA-1735-4569-BE96-C1E3D0079A75/0/ITEM6TreasuryManagementPractice sandASep13andAnnexA.pdf">http://www.bucksfire.gov.uk/NR/rdonlyres/FDA454EA-1735-4569-BE96-C1E3D0079A75/0/ITEM6TreasuryManagementPractice sandASep13andAnnexA.pdf</a></p> |
| <b>APPENDICES</b>   | Appendix A – Treasury Management Performance 2014/15 – Quarter 3  |
| <b>TIME REQUIRED</b>                                      | 5 minutes.  |
| <b>REPORT ORIGINATOR AND CONTACT</b>                      | <p>Linda Blunt</p> <p><a href="mailto:lblunt@bucksfire.gov.uk">lblunt@bucksfire.gov.uk</a></p> <p>01296 744404</p>  |

## Appendix A – Treasury Management Performance 2014/15 – Quarter 3

### Background

Up until 31 March 2013, the Authority's cash balances were managed by Buckinghamshire County Council (BCC) under a Service Level Agreement (SLA). From 2013/14 the Authority began investing in its own name. This report highlights the performance of the in-house treasury management function for the first three quarters of 2014/15.

### 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 Capita (formerly known as Sector). 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 no more than 30% of the total investment portfolio, with a maximum limit of £5m (with the exception of Lloyds Bank, who as our banking provider have a limit of £7.5m, of which at least £2.5m must be instant access). The amount invested with each counterparty on the approved lending list as at 31 December 2014 is detailed below:

| <b>Counterparty</b>                      | <b>Amount (£000)</b> |
|--|----------------------|
| Lloyds Bank plc                          | 5,000                |
| Santander                                | 5,000                |
| Nationwide Building Society              | 3,000                |
| Skipton Building Society                 | 1,000                |
| Barclays Bank                            | 4,000                |
| Lloyds Bank plc (current accounts )      | 1,776                |
| Public Sector Deposit Fund (CCLA) – MMF* | 1,076                |
| <b>Total</b>                             | <b>20,852</b>        |

\*MMF denotes a Money Market Fund

No counterparty limits were breached during Quarter 3.

The above investments include an amount of £1.076m invested in a money market fund (MMF). A MMF employs credit analysts who first assess who is a suitable counterparty and then continue to monitor those counterparties over time. By investing with a range of counterparties, risk is able to be diversified to a greater extent than investing directly in single counterparties.

In its AIS the Authority also resolved that all credit ratings will be monitored weekly, by means of the Capita creditworthiness service. During Quarter 3 Capita downgraded one counterparty on the list, which was Sumitomo Mitsui Banking Corporation Europe Ltd, with whom the Authority had no funds deposited.

Also in Quarter 3 Capita upgraded two counterparties, these being Citibank International plc, which had been downgraded last quarter, and Coventry Building Society. Therefore in line with the AIS, the Authority’s lending list has been updated to reflect these changes as detailed in the table below:

| <b><u>Country</u></b> | <b><u>Counterparty</u></b>                     | <b><u>Maximum Duration as at 30/9/2014</u></b> | <b><u>Maximum Duration as at 31/12/2014</u></b> |
|-----------------------|--|--|---|
| UK                    | Citibank International plc                     | Green - 100 days                               | Red - 6 mths                                    |
| UK                    | Sumitomo Mitsui Banking Corporation Europe Ltd | Red - 6 mths                                   | Green - 100 days                                |
| UK                    | Coventry Building Society                      | No colour - 0 mths                             | Green - 100 days                                |

Key:

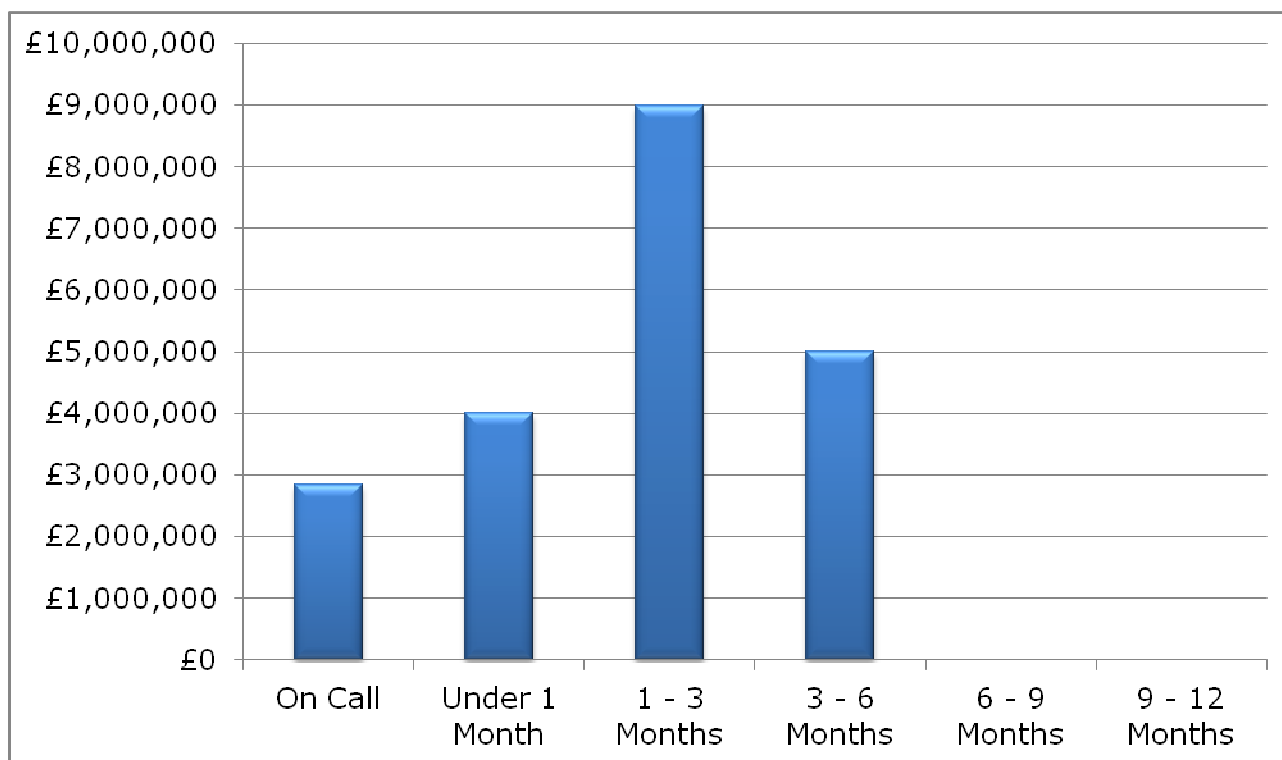
|                    |   |
|--------------------|---|
| Red - 6 mths       | Approved for investments up to 6 months in duration       |
| Green - 100 days   | Approved for investments up to 100 days in duration       |
| No colour - 0 mths | Counterparty not approved for investments of any duration |

It should be noted that although Coventry Building Society was previously not rated, it was already included on the lending list as a UK building society with group assets of at least £10billion (as per the AIS). Of the four UK building societies that were not rated at the start of the year but included on the lending list, two of these (Coventry and Leeds) are now rated 'Green' by Capita.

## 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:



By reviewing the Balance Sheet position, level of reserves and cash requirements, the Authority determined that it was able to re-invest £5m for one year (which matures on 2 April 2015). In order to cover expenditure such as salaries, pensions, creditor payments, and potential liabilities for which we have made provisions within the Statement of Accounts, a greater proportion of the balances are invested as short fixed-term deposits. Any unforeseen circumstances and potential major incidents that could occur are covered by holding a smaller proportion of the investment balances on call (i.e. it is available for use on the day it is required).

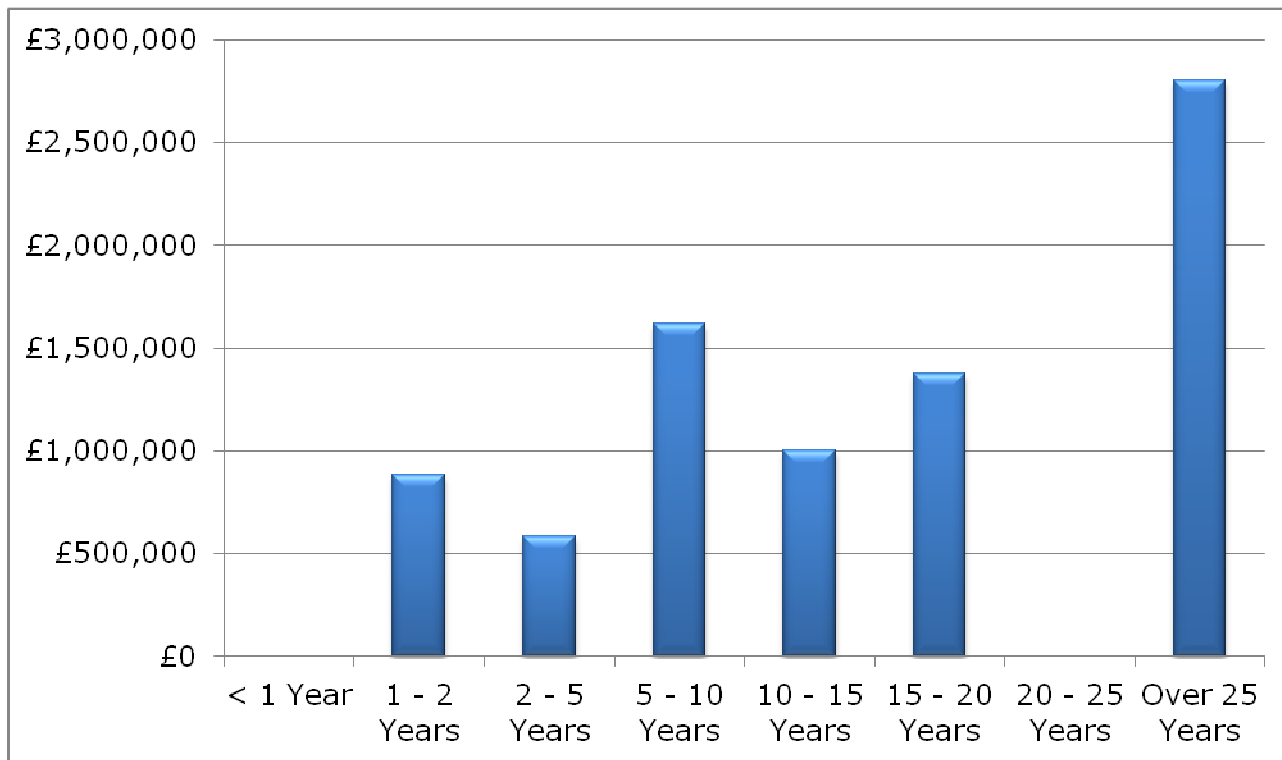
The investments of £4m that are under one month, and investments of £9m that are 1-3 months in duration were originally made for three to six months. These all mature in January 2015 when they will be reinvested for a further 3-6 months in order to maintain liquidity. The £5m invested for the duration of 3-6 months consists of one investment. This was invested for 12 months and will mature in April 2015, at which time the Authority will look to reinvest it for another 12 months to secure a favourable rate of return.

Balances on call include the investment in the MMF. A MMF helps improve the liquidity of the Authority's balances. By investing collectively, the Authority benefits

from liquidity contributed by others and from the knowledge they are all unlikely to need to call on that money at the same time.

Borrowing

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



The earliest date for repayment of borrowing is March 2016, when £0.515m is due to be repaid. A further £0.368m is also due to be repaid in May 2016. 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) year on year) to settle the outstanding liability.

The MRP does have a direct impact on the revenue account and therefore the General Fund. If the Authority repays borrowing and does not take out additional borrowing, the annual MRP charge will gradually reduce over time.

**Investment Yield**

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

Performance Against Budget – Quarter 3

The budget for interest on investment balances for 2014/15 is £70k. This therefore means that the budget for the first nine months of the year is £52.5k. Although the budget was consistently over-achieved in 2013/14, it was left unchanged for 2014/15 due to the downside risk to interest rates present at the time.

The accrued interest earned as at 31 December 2014 is £101k, which is an over achievement of £48.5k for the year to date. The budget for future years is being

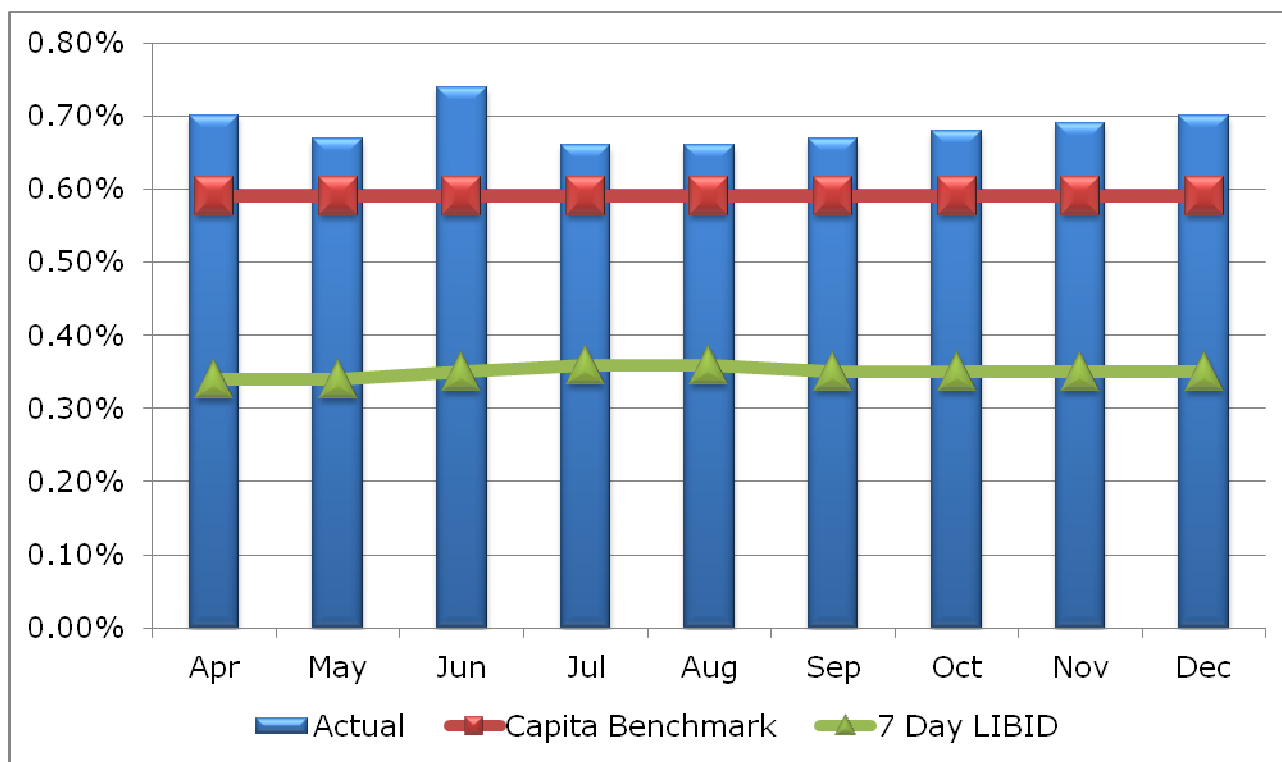
reviewed as part of the Medium Term Financial Planning process. It is anticipated that the income target will be increased in light of continuing over-achievement against the current budget.

Performance Against the Benchmark – Quarter 3

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

- 7 day LIBID – this is the rate the Authority would have earned on all balances had the SLA with BCC continued into 2014/15
- Capita benchmark – this is the indicative rate that Capita advised we should be looking to achieve for 2014/15 at the start of the year

The weighted average rate (%) is compared to the two benchmark figures in the following table for each month:



The Authority has out-performed both benchmark figures for the first nine months of the year. The main reason for the over performance is that the amendments to the AIS for 2014/15 allow for a greater number of counterparties. This has facilitated a more proactive approach to investments enabling the Authority to take advantage of favourable interest rates on shorter investments, whilst also diversifying risk more effectively. The determined liquidity structure has also allowed the Authority to commit a proportion of the portfolio for a duration of one year at a favourable rate.

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## Buckinghamshire & Milton Keynes Fire Authority

|                              |  |
|------------------------------|--|
| <b>MEETING</b>               | Executive Committee  |
| <b>DATE OF MEETING</b>       | 18 March 2015  |
| <b>OFFICER</b>               | Lynne Swift, Director of People and Organisational Development   |
| <b>LEAD MEMBER</b>           | Councillor Roger Reed  |
| <b>SUBJECT OF THE REPORT</b> | <b>Firefighters' Pension Scheme 2015: Proposed new governance arrangements</b>   |
| <b>EXECUTIVE SUMMARY</b>     | <p>This report sets out proposed governance arrangements for the Firefighters' Pension Scheme 2015 which is launched from 1 April 2015.</p> <p>There are three main elements to governance arrangements for the new Firefighters' Pension Scheme 2015 which are outlined in Annexe 1, these are:</p> <ol style="list-style-type: none"> <li>1. Setting up a single national Scheme Advisory Board</li> <li>2. A published employer cost cap</li> <li>3. Local Pension Boards in each fire and rescue authority area</li> </ol> <p><i>Elements 1 and 2 are DCLG responsibilities.</i></p> <p>The Authority is required to establish a new body known as a Local Pension Board to assist the Authority in its role as 'Scheme Manager'. As Scheme Manager the Authority is responsible for delivery of the Firefighters' Pension Scheme.</p> <p>Appendix 2 is a DCLG schematic which summarises the governance structure for the Firefighters' Pension Scheme 2015. DCLG consultation on governance arrangements ran from 10 October 2014 and closed on 21 November 2014. The Authority's response can be found via a link in the 'Background Papers' section of this report.</p> <p>At the time of writing this report, final confirmation of the governance regulations are awaited and this may adapt the report and Annexe 1 slightly.</p> <p>The report focuses on the Authority's requirements in relation to the Local Pension Board.</p> |
| <b>ACTION</b>                | Decision.  |

|                               |   |
|-------------------------------|---|
| <p><b>RECOMMENDATIONS</b></p> | <p>It is recommended that the Executive Committee:</p> <ol style="list-style-type: none"> <li>1. Approve the proposal for the Authority's Firefighters' Pension Scheme 2015 governance arrangements in relation to the Local Pension Board, as set out in the Terms of Reference and Annexe 1.</li> <li>2. Approve delegated authority to the CFO/CE to set up the Authority's Local Pension Board by 1 April 2015.</li> <li>3. Note the recommendation that the Local Pension Board reports, as a minimum annually, to the appropriate Authority Committee.</li> <li>4. Note the governance arrangements will be reviewed at the end of 2015 in conjunction with future pension administration arrangements.</li> </ol>  |
| <p><b>RISK MANAGEMENT</b></p> | <p>Initial risk assessment has identified potential risks as follows:</p> <p><b>Regulations:</b> Late confirmation of the final Regulations and employer cost cap means a very tight timeframe to implement the governance Regulations by the deadline 1 April 2015.</p> <p>Mitigations include the LGA providing template Terms of Reference (Appendix 1), guidance notes and advice and extra resource allocated to administration.</p> <p><b>Board membership:</b> There is the potential for a lack of interest shown by employer and scheme members to be appointment to the Board and for those with the right capacity to represent employer or scheme members.</p> <p><b>Training:</b> Detailed understanding will be required for members of the Local Pension Board. The initial learning curve and specialist knowledge requirements will be significant.</p> <p>This is mitigated by national training events scheduled for June 2015.</p> <p><b>Administration:</b> The local governance arrangements proposal appears to create administrative burden and increased bureaucracy with little added benefit.</p> <p>Improving this position will form part of the proposed review at the end of 2015 where Joint Boards could be considered as an option.</p> <p><b>External expertise:</b> To ensure all governance requirements are met on technical topics such as pensions, it has been arranged for external pension's experts to scrutinise the proposals for setting up, operation and reporting to the Authority for the Local Pension Board.</p> |

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| <p><b>FINANCIAL IMPLICATIONS</b></p>                     | <p>There will be funding implications; however exact amounts have yet to be determined.</p> <p>It is confirmed that all costs associated with the Local Pension Board will be for the employer to pay. This will need to be funded from existing budget for 2015/16.</p>   |
| <p><b>LEGAL IMPLICATIONS</b></p>                         | <p>The Public Service Pensions Act 2013 gives the Secretary of State powers to make regulations to prescribe that each scheme have a Pension Board in place to "assist the Scheme Manager in ... compliance" with, as a minimum, scheme regulations and the Pension Regulator's requirements.</p>  |
| <p><b>HEALTH AND SAFETY</b></p>                          | <p>There are no health and safety implications.</p>  |
| <p><b>EQUALITY AND DIVERSITY</b></p>                     | <p>Equality and diversity requirements will be included and accounted for with any potential Local Pension Board makeup.</p>   |
| <p><b>USE OF RESOURCES</b></p>                           | <p><b>Communication with stakeholders:</b> Stakeholder communication is a significant element of successful implementation of the Firefighters' Pension Scheme 2015 and the appointment and development of an effective Board. Communications with scheme members are planned for February and March 2015.</p> <p><b>The system of internal control:</b> Regular reports will be provided to the Strategic Management Board, and annually to the appropriate Authority Committee.</p> <p><b>The balance between spending and resources:</b> Funding for additional expenditure needs to be identified. Training requirements have been established with national training events scheduled for June 2015 and will be supported by the Pension Regulator learning publications.</p> <p>Reasonable facilities time will need to be managed to allow members of the Local Pension Board to effectively carry out their role.</p> <p><b>The arrangements to promote and ensure probity and propriety:</b> Current audit arrangements and service level agreements will be revised as appropriate to ensure compliance.</p> |
| <p><b>PROVENANCE SECTION &amp; BACKGROUND PAPERS</b></p> | <p><b>Background</b></p> <p>19 November 2014 Executive Committee paper: Response to consultation on Firefighters' Pension Scheme 2015:Proposals for new governance arrangements<br/> <a href="http://bucksfire.gov.uk/files/3414/1563/0310/ITEM_8_Response_to_consultation_on_Firefighters_Pensions_Appendices_1234.pdf">http://bucksfire.gov.uk/files/3414/1563/0310/ITEM_8_Response_to_consultation_on_Firefighters_Pensions_Appendices_1234.pdf</a></p> <p>Independent Public Service Pensions Commission:</p>  |

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|                                      | <p>final report by Lord Hutton, published 10 March 2011<br/> <a href="http://www.nhsbsa.nhs.uk/Documents/Pensions/hutton_final_100311.pdf">http://www.nhsbsa.nhs.uk/Documents/Pensions/hutton_final_100311.pdf</a></p> <p>Public Services Pensions Act 2013<br/> <a href="http://www.legislation.gov.uk/2013?title=public%20services%20pension%20act">http://www.legislation.gov.uk/2013?title=public%20services%20pension%20act</a></p> |
| <b>APPENDICES</b>                    | <p><b>Annexe 1</b> – Firefighters’ Pension Scheme 2015: Proposals for new governance arrangements</p> <p><b>Appendix 1</b> – Draft Terms of Reference for the Local Pension Board</p> <p><b>Appendix 2</b> – DCLG Schematic governance structure</p>   |
| <b>TIME REQUIRED</b>                 | 10 minutes.  |
| <b>REPORT ORIGINATOR AND CONTACT</b> | <p>Lynne Swift, Director of People and Organisational Development</p> <p><a href="mailto:lswift@bucksfire.gov.uk">lswift@bucksfire.gov.uk</a></p> <p>01296 744679</p>  |

## 1.0 Introduction

There are three main elements to governance arrangements for the new Firefighters' Pension Scheme 2015, these are:

1. Setting up a single national Scheme Advisory Board
2. A published employer cost cap
3. Local Pension Boards in each fire and rescue authority area

*Elements 1 and 2 are DCLG responsibilities.*

## 2.0 Scheme Advisory Board (*Appendix 2*)

The Scheme Advisory Board is established by the Regulations and is responsible for providing advice to the Secretary of State on the desirability of making changes to the Firefighters' Pension Scheme and to the administering Authority and Local Pension Boards in relation to the effective and efficient administration and management of the Firefighters' Pension Scheme.

The Scheme Advisory Board is to consist of a chair and at least 2, and no more than 14 persons, appointed by the Secretary of State. DCLG/LGA and the FBU are currently working to implement the Scheme Advisory Board and provide technical advice to that Board.

## 3.0 The Employers Cost Cap

The Government Actuary's Department (GAD) is undertaking a valuation of the Firefighters' Pension Scheme as at 31 March 2012 in accordance with Treasury directions. Valuations of the Firefighters' Pension Scheme will be carried out every four years and use scheme membership data provided by fire and rescue authorities. Members of the Firefighters' Pension Committee were consulted on the 'Advice on Assumptions' and the 'Report on Methodology', both prepared by GAD, for the purpose of the scheme valuation.

GAD has calculated the employer cost cap to be 16.8% of pay for the 2015 scheme. The cost cap is calculated to be the long term cost of the 2015 scheme, excluding the short term effects due to different behaviour patterns for members with service in an existing scheme. As employee contributions are set at 13.2% on average, this values the 2015 scheme at 30% of pay in the long term.

The cost cap will be incorporated into the scheme regulations and the final figures will be confirmed by DCLG.

#### **4.0 Local Pension Board**

The Authority is required to establish a new body known as a Local Pension Board to assist the Authority in its role as 'Scheme Manager'. As Scheme Manager the Authority is responsible for delivery of the Firefighters' Pension Scheme.

#### **5.0 Setting up the Local Board**

The Local Pension Board must be established no later than 1 April 2015. Established in this context means that the Authority must have approved the establishment of the Board, its composition and have the Terms of Reference agreed. The Board is not required to be fully operational by 1 April 2015, however is expected to be operational within a reasonable timeframe after 1 April 2015, being no longer than 4 months.

Training for Board members is being coordinated by LGA, and expected to be delivered in June 2015. The LGA will be providing a three part training programme which will include modules on governance, wider pension issues and specific Firefighters' Pensions Scheme training. Training will also be supported by general e-learning material from the Pensions Regulator which is already published.

#### **6.0 Terms of Reference for BMKFA (*Appendix 1*)**

The draft Terms of Reference template for the Local Pension Board have been recently issued from the LGA and include areas such as:

- The purpose and duties of the Board
- Membership of the Board, including appointment of a chair and other members, notification of appointments and voting
- Conflicts of interest
- Knowledge and understanding, including training
- Terms of office
- Meetings
- Quorum

**NB for SMB to note:** The terms of reference will be completed ahead of the 18 March 2015 Executive Committee as final documents and Regulations are agreed and expected by the end of February 2015. Proposals for employer membership will be discussed at 17 February 2015 SMB.

## **7.0 Board membership**

The Local Pension Board must comprise of an equal number of employer and scheme member representatives, with a minimum requirement of no less than 4 in total. When determining the size of the Local Pension Board, the Authority will consider the capacity of the Board to undertake its role in assisting the Scheme Manager with the governance and administration of the scheme. Factors that will be considered include:

- The number of scheme members and the number of employer members
- The breadth and diversity of scheme and employer members
- The cost of establishing and operating the Board
- The scope of the Board's remit and workplan

The Authority's initial stance is to have 6 members on the Local Pension Board, with an equal number of employer and scheme member representatives, with a quorum of 4.

The position regarding the Authority's elected members as Pension Board members depends on whether they have any responsibility for the pensions function, for example, approval of pension's policy and discretions. BMKFA members have responsibility for pension's functions; therefore it is understood that they will not be eligible to be Local Pension Board members within their own Authority. For BMKFA as the Scheme Manager, the Authority can delegate authority for Officers or senior employees to represent the employer as Board Members.

The Local Pension Board would report back to the appropriate member committee as necessary, and as a minimum on an annual basis, along with more frequent reporting to the Strategic Management Board as required.

## **8.0 Appointment of Local Pension Board members**

Each employer or scheme member representative on the Local Pension Board will represent a significant number of Firefighter Pension Scheme members. It is important that appointment of Board members is truly representative.

There is an opportunity for the appointment of other Local Pension Board members, i.e. members who are not there to represent the employer or scheme member; this could include the appointment of an independent chair person or 'expert'. These members however would not have voting rights. The chair can be appointed by the Authority or Board appointed.

## Firefighters' Pension Scheme 2015: Proposed new governance arrangements

The methodology for appointing members to the Local Pension Board is not prescribed by the Regulations and will fall to the Authority to establish an appropriate process. It is proposed the Authority will seek nominations by advertising through its normal communication channels, this will include direct communication with staff representative bodies. When selecting members, due regard will be given to equal opportunities as with any appointment process within the Authority. It will also be important to appoint members who have a range of experiences to ensure there is a good balance and breadth of experience on the Local Pension Board.

It is proposed that appointments to the Local Pension Board will initially be for a fixed term period to allow the opportunity to review arrangements at the end of 2015 and potentially revise Board arrangements from 1 April 2016 with the potential opportunity of future Joint Board arrangements (*referred to in section 11.0*).

### **9.0 Capacity to represent employers or scheme member**

It will be important to appoint members to the Local Pension Board who have the time to commit to attend meetings, undertake training and effectively represent employers and members, as appropriate.

Board members will be required to have the capacity to understand the rules of the scheme, laws relating to pensions and other such matters and will need to be familiar with the specifics of the Firefighters' Pension Schemes as applied by BMKFA, for example discretionary policy.

The Authority will consider reasonable time off (facilities time), to allow employees who are members of the Local Pension Board to effectively carry out their role. The Authority is committed to enable employees to actively participate on the Board and therefore help in developing an effective Board.

Through the appointment process, the Authority will obtain confirmation from the appointees in the form of a written undertaking that they understand the requirements of the role and to commit to those requirements, for example by:

- Disclosing all interests and responsibilities which have the potential to become conflicts of interest
- Committing to attend a minimum number of meetings a year
- Committing to undertake and attend the necessary knowledge and understanding training
- Undertaking to abide by the Board's terms of reference and wider constitutional documents.



## **10.0 Funding**

It has been confirmed that all costs associated with the Local Pension Boards will be for the employer to pay. This will need to be funded from existing budget for 2015/16.

## **11.0 Joint Boards**

As well as one Local Pension Board per Scheme Manager, there are potential options for Joint Boards to operate. It is expected that strict criteria will apply for approval of any Joint Board. It is understood that legislation is being amended to facilitate Joint Pension Boards where the administration and management of a scheme is wholly or mainly shared by two or more Scheme Managers. Fire Authorities will be able to submit a Joint Pension Board request for approval, however for any chance of success the Authorities must have shared administration and decision making practices.

The Joint Pension Board could be 'horizontally integrated', for example, by geographical location or by administrative supplier, or 'vertically integrated', for example, combining with local authorities/police in a single area.

With the Authority's current arrangements, we are not in a position to meet the draft guidance criteria for a Joint Pension Board. However, the Authority's pension administration arrangements are being reviewed during 2015, and consideration may be given to a Joint Pension Board from 2016 onwards. A joint Pension Board would improve the effectiveness of the Pension Board, allowing for broader expertise and more streamlined administration.

## **12.0 Action plan to ensure governance compliance from 1 April 2015**

- The Authority awaits formal response from DCLG on the consultation on the Firefighters' Pension Scheme 2015 governance arrangements which closed on 21 November 2014
- DCLG to complete consultation on employer cost cap and confirm levels
- DCLG to lay regulations on governance.
- Final Terms of Reference and Regulations confirmed by DCLG/ LGA
- External adviser scrutiny of the Authority's Local Pension Board set up proposals
- Run Board member appointment process
- Organise Board member training

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**PENSION BOARD OF [ INSERT FIRE AND RESCUE AUTHORITY ]  
TERMS OF REFERENCE**

**Statement of purpose**

1. The purpose of the Board is to assist [ INSERT FIRE AND RESCUE AUTHORITY ] in its role as a scheme manager of the Fire Fighters Pension Scheme. Such assistance is to:
  - (a) secure compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme and';
  - (b) ensure the effective and efficient governance and administration of the Scheme.

**Duties of the Board**

2. The Board should at all times act in a reasonable manner in the conduct of its purpose. In support of this duty Board members:
  - (a) Should act always in the interests of the scheme and not seek to promote the interests of any stakeholder group above another.
  - (b) Should be subject to and abide by [ INSERT FIRE AND RESCUE AUTHORITY ] code of conduct for members.

**Membership**

The Board will comprise an equal number of employer and member representatives with a minimum requirement of no less than four in total.

***Member representatives***

3. [INSERT NUMBER] member representatives shall be appointed to the Board.
4. Member representatives shall either be members of the scheme administered by [ INSERT FIRE AND RESCUE AUTHORITY ] or have experience of representing pension scheme members in a similar capacity.
5. Member representatives should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required.

***Employer representatives***

8. [INSERT NUMBER] employer representatives shall be appointed to the Board
9. Employer representatives shall be office holders or senior employees of [ INSERT FIRE AND RESCUE AUTHORITY ] or have experience of representing scheme employers in a similar capacity. Office holders or employees of [ INSERT FIRE AND RESCUE AUTHORITY ] with delegated responsibility for discharging the scheme manager function of [ INSERT FIRE AND RESCUE AUTHORITY ] may not serve as employer representatives.
10. Employer representatives should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required.
12. Employer representatives shall be appointed by [ INSERT FIRE AND RESCUE AUTHORITY ] in a manner which it considers best promotes the purpose of the Board.

***Other members***

13. [INSERT NUMBER TO BE NO GREATER THAN THE COMBINED NUMBER OF EMPLOYER AND MEMBER REPRESENTATIVES ] other members shall be appointed to the Board by [INSERT FIRE AND RESCUE AUTHORITY OR THE BOARD]
14. Other members [ SHALL/SHALL NOT ] be ex-officio members.
15. Any appointments of other members shall have regard to the best interests of the purpose of the Board

***Appointment of chair***

16. The [ INSERT FIRE AND RESCUE AUTHORITY] shall appoint an (delete as appropriate): Option  
 1 Independent chair Option 2  
 Board appointed chair  
 Option 3 [ INSERT FIRE AND RESCUE AUTHORITY ] appointed chair
17. The duties of the chair should be in accordance with the duties of a chair within [ INSERT FIRE AND RESCUE AUTHORITY ].

***Notification of appointments***

18. On appointment to the Board [ INSERT FIRE AND RESCUE AUTHORITY ] shall publish the name of the appointees, the process followed in the appointment together with the way in which the appointments support the effective delivery of the purpose of the Board.

## **Conflicts of interest**

19. All members of the Board must declare to [ INSERT FIRE AND RESCUE AUTHORITY ] on appointment and at any such time as their circumstances change any potential conflict of interest arising as a result of their position on the Board.
20. On appointments to the Board and following any subsequent declaration of potential conflict [ INSERT FIRE AND RESCUE AUTHORITY ] shall ensure that any potential conflict is effectively managed in line with both the internal procedures of [ INSERT FIRE AND RESCUE AUTHORITY ] and the requirements of the Pensions Regulators codes of practice on conflict of interest for Board members.

## **Knowledge and understanding (including Training)**

21. Knowledge and understanding must be considered in light of the role of the Board to assist [ INSERT FIRE AND RESCUE AUTHORITY ] in line with the requirements outlined in section 2 above. The Board should establish and maintain a policy and framework to address the knowledge and understanding requirements that apply to Board members. That policy and framework shall set out the degree of knowledge and understanding required as well as how knowledge and understanding is acquired, reviewed and updated.
22. Board members shall attend and participate in training arranged in order to meet and maintain the requirements set out in the Board's knowledge and understanding policy and framework.
23. Board members shall participate in such personal training needs analysis or other processes that are put in place in order to ensure that they maintain the required level of knowledge and understanding to carry out their role on the Board.

## **Term of office**

24. Term of Office should be in accordance with the committee cycle in [ INSERT FIRE AND RESCUE AUTHORITY ].
25. Board membership may be terminated prior to the end of the term of office due to:
  - (a) A member representative appointed on the basis of their membership of the scheme no longer being a member of the scheme
  - (b) A member representative no longer being a member of the body on which their appointment relied
  - (c) An employer representative no longer holding the office or employment or being a member of the body on which their appointment relied
  - (d) The representative no longer being able to demonstrate their capacity to attend and prepare for meetings or to participate in required training.

## **Meetings**

26. The Board shall as a minimum meet [ INSERT NUMBER] times per year or the same number of times as the [ INSERT NAME OF SECTION 101 COMMITTEE OR OFFICER WITH DELEGATED SCHEME MANAGER FUNCTIONS ] formally meets. Meetings shall normally take place between the hours of [ INSERT TIME ] and [ INSERT TIME ].
27. The chair of the Board with the consent of the Board membership may call additional meetings. Urgent business of the Board between meetings may, in exceptional circumstances, be conducted via communications between members of the Board including telephone conferencing and e-mails.

## **Quorum**

either

28. The total number of members required to be present for a meeting to be quorate is [ INSERT NUMBER ] plus the chair or deputy chair.

or

29. A meeting is only quorate when at least xx% of both member and employer representatives are present plus the chair or deputy chair.

## **Voting**

30. The Chair shall determine when consensus has been reached.
31. Where consensus is not achieved this should be recorded by the Chair.
32. In support of its core functions the Board may make a request for information to [ INSERT NAME OF SECTION 101 COMMITTEE OR OFFICER WITH DELEGATED SCHEME MANAGER FUNCTIONS ] with regard to any aspect of the scheme manager function. Any such a request should be reasonably complied with in both scope and timing.
33. In support of its core functions the Board may make recommendations to [ INSERT NAME OF SECTION 101 COMMITTEE OR OFFICER WITH DELEGATED SCHEME MANAGER FUNCTIONS ] which should be considered and a response made to the Board on the outcome within a reasonable period of time.

## **Interpretation**

34. In these terms 'the Scheme' means the Firefighters' Pension Scheme.
35. In these terms Regulations means the Firefighters' Pension Scheme 1992, as amended, the Firefighters' Pension Scheme 2006, as amended and the Firefighters' Pension Scheme Regulations 2014 as amended.

36. In these terms 'regulations' include the Firefighters' Pension Scheme 1992, as amended, the Firefighters' Pension Scheme 2006, as amended, the Firefighters' Pension Scheme Regulations 2014 as amended, , the Pension Regulators Codes of Practice as they apply to the scheme manager and pension board and any other relevant legislation applying to the Scheme.

**V3 27-11-2014**

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## **ANNEX A**

### **EXAMPLE APPOINTMENT PROCESSES**

#### **Directly appointed member representatives**

1. Every member of the scheme administered by [ INSERT FIRE AND RESCUE AUTHORITY ] shall be sent a nomination pack to include the terms of reference, an invitation to nominate themselves or another appropriate person as a member representative, a nomination form and a voting form.
2. Any nomination should include information as to how the nominee meets the requirements of the role as set out in the terms of reference and how their appointment would be in the best interests of the purpose of the Board.
3. Nominations shall be posted on the website of [ INSERT FIRE AND RESCUE AUTHORITY ] together with instructions for the completion and submission of voting forms.
4. The [ INSERT NUMBER ] nominees with the most number of votes shall be appointed to the Board.

#### **Independent chair**

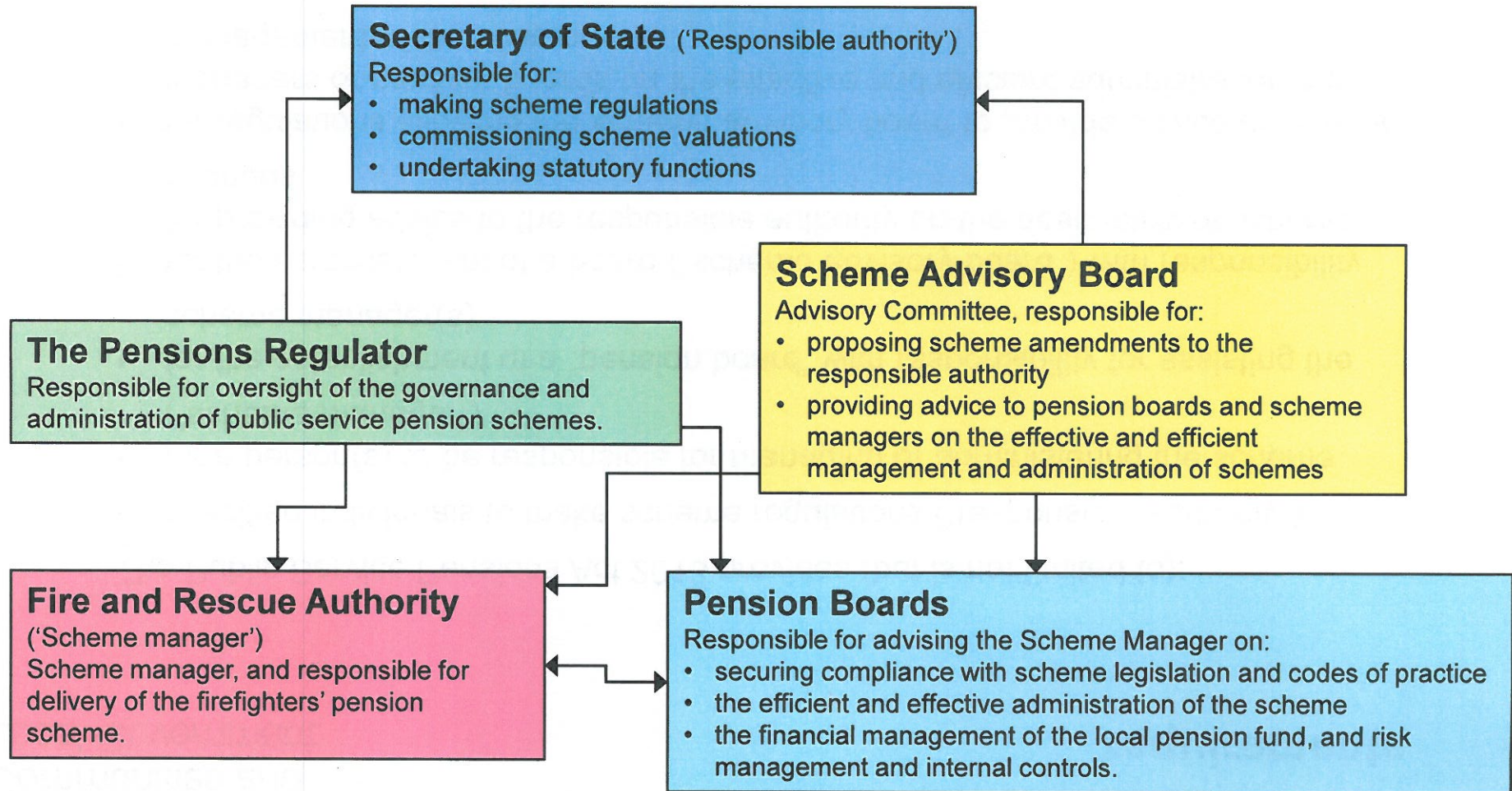
1. [ INSERT FIRE AND RESCUE AUTHORITY ] shall place an advertisement for an independent chair of the board in the appropriate media to include but not be restricted to:
  - (a) The website of [ INSERT FIRE AND RESCUE AUTHORITY ]
  - (b) One local media outlet
  - (c) An employer newsletter
  - (d) A member newsletter
2. The advertisement should ask for applications for the role of independent chair and should include information as to how to apply together with a description of the role.
3. Applications should be submitted to [ INSERT SECTION/OFFICER OF FIRE AND RESCUE AUTHORITY ] and show how the candidate meets the requirements of the role as set out in the terms of reference and how their appointment would be in the best interests of the purpose of the Board.
4. [ INSERT SECTION/OFFICER OF FIRE AND RESCUE AUTHORITY ] shall score the applications against the requirements of the role as set out in the terms of reference and the highest scoring candidates should make up the shortlist.

**V3 27-11-2014**





## Governance structure



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# Buckinghamshire & Milton Keynes Fire Authority

|                              |   |
|------------------------------|---|
| <b>MEETING</b>               | Executive Committee   |
| <b>DATE OF MEETING</b>       | 18 March 2015   |
| <b>OFFICER</b>               | Lynne Swift, Director of People and Organisational Development  |
| <b>LEAD MEMBER</b>           | Councillor Roger Reed   |
| <b>SUBJECT OF THE REPORT</b> | <b>Designation of Chief Finance Officer</b>   |
| <b>EXECUTIVE SUMMARY</b>     | <p>The Authority has a legal obligation to designate a Chief Finance Officer. The Chief Finance Officer duties form part of the established Director of Finance and Assets post.</p> <p>The normal arrangements are when the chief finance officer is absent, for the nominated deputy to fulfil the role. The current nominated deputy is Resource Manager David Sutherland (a member of the Chartered Institute of Public Finance and Accountancy ['CIPFA']).</p> <p>The departure of the Director of Finance and Assets has initiated the need to review the current arrangements to ensure appropriate provisions are in place.</p> |
| <b>ACTION</b>                | Decision.   |
| <b>RECOMMENDATIONS</b>       | It is recommended that David Sutherland be designated as the Chief Finance Officer whilst a full review of the Finance and Assets function is undertaken.   |
| <b>RISK MANAGEMENT</b>       | <p>The recommended arrangements ensure all appropriate statutory provisions are in place.</p> <p>The longer term options for the Finance and Assets functions need to be fully considered. A review period is now required and shall commence the first week in April 2015 in order to consider all options and opportunities for how best to deliver the Authority's finance requirements for the future. It is anticipated that this may take several months to conclude properly.</p> <p>A further paper will be submitted when the review has been concluded. It is anticipated this will be early Autumn 2015.</p>                 |

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| <p><b>FINANCIAL IMPLICATIONS</b></p> | <p>The roles covering the statutory responsibilities are already established posts and therefore budgeted for. Any future proposals will fully consider financial implications.</p>  |
| <p><b>LEGAL IMPLICATIONS</b></p>     | <p>Section 112 of the Local Government Finance Act 1988 ('the 1988 Act') requires the Authority to make arrangements for the proper administration of its financial affairs and shall secure that one of its officers (known as a "Chief Finance Officer" by reference to section 114 of the 1988 Act) has responsibility for the administration of those affairs.</p> <p>The requirement was considered by the High Court in <i>Pinfold North Ltd v Humberside Fire Authority</i> [2010] EWHC 2944 (QB) which held that the Chief Finance Officer need not be an employee of a combined fire authority. The Chief Finance Officer must be a member of one of the accountancy bodies specified in section 113 of the 1988 Act, which includes CIPFA.</p> <p>The Executive Committee is delegated the decision of "appointment of a statutory finance officer" on behalf of the Authority by its Terms of Reference.</p>  |
| <p><b>HEALTH AND SAFETY</b></p>      | <p>There are no health and safety implications.</p>  |
| <p><b>EQUALITY AND DIVERSITY</b></p> | <p>Normal recruitment and selection protocols will be followed when appointing to this role permanently.</p>   |
| <p><b>USE OF RESOURCES</b></p>       | <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 Chief Finance Officer role plays a key part in ensuring the proper financial arrangements are in place and monitored.</p> <p><b>Communication with stakeholders;</b><br/>Normal communication mechanisms will be used to confirm the Authority's statutory arrangements.</p> <p><b>The system of internal control;</b><br/>The post holder is responsible for the overall development and coordination of the Authority's financial management arrangements, including developing efficiency plans and monitoring their effectiveness.</p> <p>The post holder will also be expected to plan and execute the annual audit programme.</p> <p><b>The medium term financial strategy;</b><br/>The post holder is responsible for the Authority's corporate financial planning and financial planning</p> |

|   |   |
|---|---|
|   | frameworks, including corporate financial performance reports.  |
| <b>PROVENANCE SECTION<br/>&amp;<br/>BACKGROUND PAPERS</b> | <p><b>Background</b></p> <p>Section 112 Local Government Finance Act 1988.<br/> <a href="http://www.legislation.gov.uk/ukpga/1988/41/section/112">http://www.legislation.gov.uk/ukpga/1988/41/section/112</a></p> <p>Pinfold North Ltd v Humberside Fire Authority [2010] EWHC 2944 (QB)<br/> <a href="http://www.bailii.org/ew/cases/EWHC/QB/2010/2944.html">http://www.bailii.org/ew/cases/EWHC/QB/2010/2944.html</a></p> |
| <b>APPENDICES</b>   | None.   |
| <b>TIME REQUIRED</b>                                      | 5 minutes.  |
| <b>REPORT ORIGINATOR AND CONTACT</b>                      | <p>Lynne Swift, Director of People and Organisational Development<br/> <a href="mailto:lswift@bucksfire.gov.uk">lswift@bucksfire.gov.uk</a><br/>                     01296 744679</p>   |

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# Buckinghamshire & Milton Keynes Fire Authority

|                                 |  |
|---------------------------------|--|
| <b>MEETING</b>                  | Executive Committee  |
| <b>DATE OF MEETING</b>          | 18 March 2015  |
| <b>OFFICER</b>                  | David Sutherland, Acting Director of Finance and Assets  |
| <b>LEAD MEMBER</b>              | Councillor Adrian Busby  |
| <b>SUBJECT OF THE REPORT</b>    | <b>Strategic Asset Management Plan 2015-2025</b>   |
| <b>EXECUTIVE SUMMARY</b>        | <p>This is a refresh of the current Strategic Asset Management Plan agreed by the Committee at its meeting of 16 May 2012. This draft has been approved by the Business Transformation Board at its meeting of 29 January 2015.</p> <p>Changes to the existing strategic plan are relatively minor; however it is important to demonstrate that an updated version remains in place.</p> |
| <b>ACTION</b>                   | For decision.  |
| <b>RECOMMENDATIONS</b>          | That the Strategic Asset Management Plan 2015-2025 as drafted be agreed.   |
| <b>RISK MANAGEMENT</b>          | By agreeing a set of strategic principles within the plan as drafted, the Authority will reduce the risk of any subsequent, specific asset strategies, not meeting those principles.   |
| <b>FINANCIAL IMPLICATIONS</b>   | No direct impact.  |
| <b>LEGAL IMPLICATIONS</b>       | No direct impact.  |
| <b>HEALTH AND SAFETY</b>        | No direct impact.  |
| <b>EQUALITY AND DIVERSITY</b>   | None identified.   |
| <b>USE OF RESOURCES</b>         | The Strategic Asset Management Plan as drafted will ensure that a set of minimum objectives are achieved through the use of assets maintained within the Authority.  |
| <b>PROVENANCE SECTION &amp;</b> | Executive 16 May 2012: Strategic Asset Management Plan approved - <b>Min EX 56</b>   |

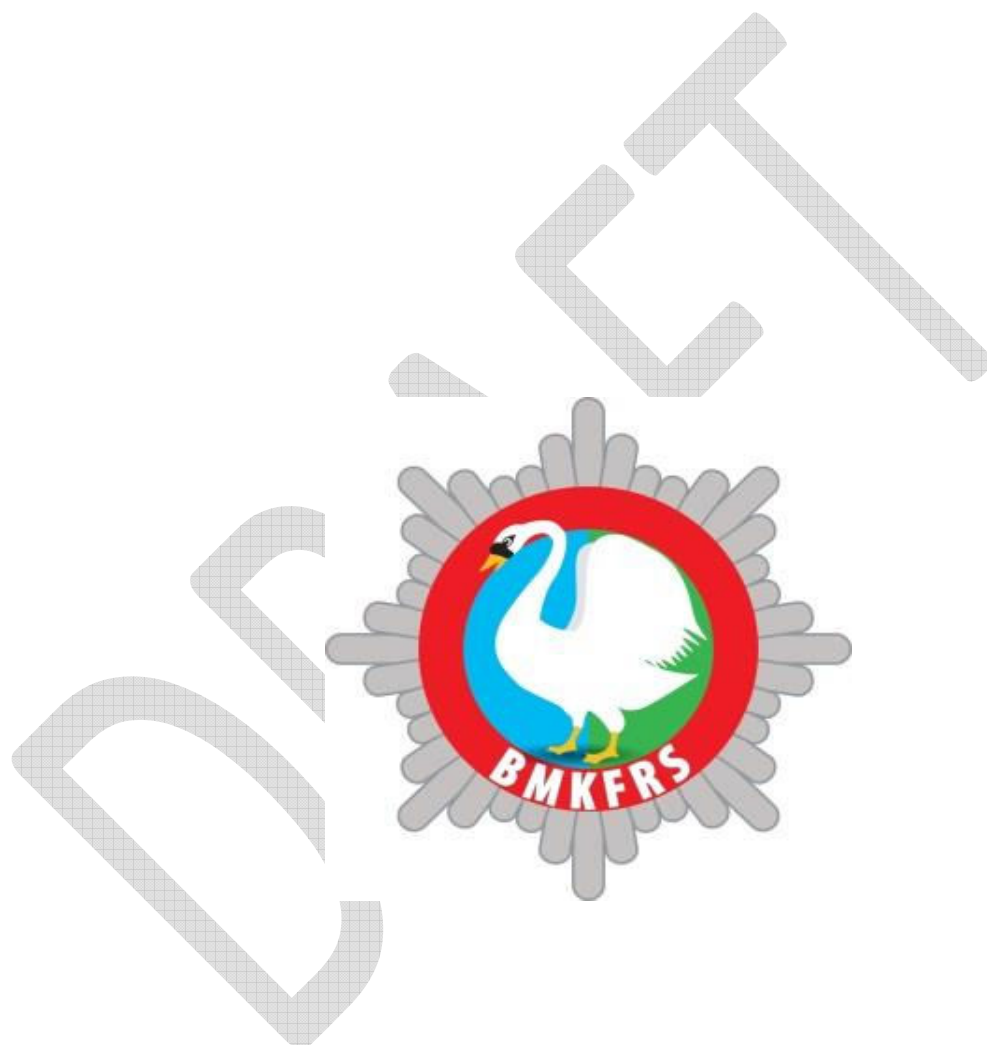
|                                      |  |
|--------------------------------------|--|
| <b>BACKGROUND PAPERS</b>             |  |
| <b>APPENDICES</b>                    | Appendix 1: Draft Strategic Asset Management Plan 2015-2025  |
| <b>TIME REQUIRED</b>                 | 10 minutes.  |
| <b>REPORT ORIGINATOR AND CONTACT</b> | David Sutherland – Acting Director of Finance and Assets<br><a href="mailto:dsutherland@bucksfire.gov.uk">dsutherland@bucksfire.gov.uk</a><br>01296 744662 |



BUCKINGHAMSHIRE & MILTON KEYNES FIRE  
AUTHORITY

STRATEGIC ASSET MANAGEMENT PLAN

2015-2025



## 1. INTRODUCTION

- 1.1 This 'overarching' strategic asset management plan is a refresh of the plan originally approved by the Executive Committee at its meeting of 16 May 2012. In the past 3 years the financial outlook has become even more challenging with no sign of any improvement on the horizon and it remains paramount to set out what the Authority wishes to achieve over the next 10 years in regard to its management of assets.
- 1.2 There is a need to establish a flexible approach which compliments the Buckinghamshire and Milton Keynes Fire Authority's (BMKFA) vision that everyone in the Authority can share in and help to develop. The Authority must determine what the way forward will be for all the assets managed, whether they are Fleet, Property, Information Technology or Equipment assets.
- 1.3 The purpose of this document is to update the strategy agreed in 2012 and set out what the Authority wishes to achieve in respect of asset management for the foreseeable future. As before, once the principles are agreed, the individual strategies underlying this document will follow later and will set out how those principles will be achieved and over what time scale. The recently approved 2015 – 2020 Public Safety Plan will be a key influence to the content of this document.
- 1.4 The financial pressure on all Fire Authorities continues to be significant as Central Government public spending cuts bite hard and it becomes increasingly more difficult to provide an acceptable level of public protection with ever less financial resource. We must therefore use what we have wisely, reduce waste and inefficiency and be smart about the purchase of any replacements. The Authority must continue to broach new horizons and to continually question the rationale behind every decision for either retaining or purchasing any asset; historical precedent can be no barrier to progress.
- 1.5 The Authority should seek to dispose of assets that do not stand up to scrutiny when examining the contribution being made toward the Authority's vision 'to make Buckinghamshire and Milton Keynes the safest area in England in which to live, work and travel' and its duties of Prevention, Protection and Response.
- 1.6 The challenge is clear and must be approached in a methodical fashion that sets out realistic timescales supported by detailed strategies for the component areas of Fleet, Property, Information Technology, Equipment and the Procurement Strategy that underpins those. In that respect the following shows the current strategies in place, all of which have been developed, in two cases

for the second time, since the original strategic asset management plan was approved in May 2012:

Property Strategy 2012 – 2014: Agreed by Executive 12/12/2012

Fleet Strategy 2014 – 2017: Agreed by Executive 14/5/2014

KIS Strategy 2014-2018: Agreed by Executive 17/9/14 (2<sup>nd</sup> update since May 2012)

Procurement Strategy 2015-2020: Agreed by Executive 19/11/14 (2<sup>nd</sup> update since May 2012)

There is no specific equipment strategy as equipment issues are broadly subject to Research & Development (R&D) investigation and dealt with as individual R&D projects

- 1.7 A Property Strategy review is due in the very near future and given the nature of asset management, it is inevitable that activity on some issues will run parallel to the time frame in which this overarching strategy will be agreed, hence it is important this document be agreed and placed on record to support the process.

## **2. DEFINITION OF ASSET MANAGEMENT**

- 2.1 Asset Management is a systematic process of effectively acquiring, maintaining, upgrading, operating and disposing of assets.

Assets need to be managed;

- Strategically to contribute to the long term aim and objectives of the Authority
  - Tactically to support the needs of individual asset users
  - In an efficient and effective manner to deliver best value
  - In order to meet the Authority's statutory obligations under the Fire & Rescue Services Act 2004
  - In a manner which integrates with the Authority's other management processes (financial, risk management, human resources)
- 2.2 This asset management plan has been prepared to set out a high level strategic context by which the provision, development, maintenance and disposal of the Authority's assets will take place.
- 2.3 Asset Management Planning will support the Authority's Corporate Plan priorities with the following objectives:
- Maintain and secure high quality and cost effective premises which will be sufficiently flexible to adapt to the Authority's longer term requirements

- Secure high quality and cost effective vehicle acquisition
- Secure high quality and cost effective equipment
- Deliver a cost effective and responsive service that supports operational needs
- Help to strategically plan accommodation requirements for the future
- Contribute to the Authority's community safety role through continual improvement and maintenance of Fire Stations
- Contribute to the Authority's community safety role through the provision of appropriate vehicles and equipment that meet operational needs
- Provide the Authority with Value for Money
- Support the Authority's Public Safety Plan
- Will influence, and be influenced by the Authority's Procurement Strategy
- Will consider a full range of funding options for asset acquisition

2.4 A principle of asset custodianship is the effective management of assets throughout the asset lifecycle. Annex 1 sets out the principles by which the Authority will manage over the lifecycle of an asset.

### 3. DEFINITION OF AN ASSET

3.1 An asset is defined as something valuable that B&MKFA owns, benefits from, or has use of in performing its operations. An asset can be either tangible or intangible.

3.2 For the purpose of what tangible assets should be recorded on any Asset Management system, a de minimis level of £100 will operate unless there is an operational or security reason to manage and track the item, i.e. such as a mobile phone.

3.3 Accounting requirements are covered by separate definitions and those should not be confused with the levels set out in this document which is aimed at more practical requirements.

3.4 This definition will allow for tracking and management of:

- Items which do not belong to the organisation (i.e. rented items)
- Items which have no original cost (i.e. freeware or donated items)
- Any item, irrespective of cost or value where tracking, maintenance or management is required (i.e. items requiring PAT testing)
- Items used to maintain security (i.e. security ID and door entry cards)

### 4. PLAN STRUCTURE AND REVIEW PERIODS

4.1 This strategic Asset Management Plan will be formally reviewed at least every 3 years with the detailed Strategic Plans each being reviewed in the intervening period as appropriate. (See also 1.6 above)

## 5. CONTEXT

5.1 The Authority's asset portfolio is broadly the responsibility of the Director of Finance & Assets, though KIS sits with the Head of Service Transformation. Each team directly supports the rest of the organisation in its primary task of Prevention, Protection and Response.

5.2 Budgeted gross revenue expenditure in 2014/15 for each team was as follows:

|                   |                      |
|-------------------|----------------------|
| Fleet -           | £1,083k (incl. Fuel) |
| KIS -             | £1,187k              |
| Equipment         | £ 377k               |
| <u>Property -</u> | <u>£ 827k</u>        |
| Total -           | £ 3,474k             |

5.3 Budgeted capital expenditure in 2014/15 for each team was as follows:

|                   |                |
|-------------------|----------------|
| Fleet -           | £1,068k        |
| KIS -             | £ 692k         |
| Equipment -       | £ 301k         |
| <u>Property -</u> | <u>£1,490k</u> |
| Total -           | £3,551k        |

Property Value @ 31/3/2014: £28.8m

Vehicle, Plant & Equipment Value @ 31/3/2014: £9.4m

5.4 Given the overarching nature of this plan, it sits below the Corporate Plan, is informed by the Public Safety Plan (Internal Risk Management Plan) and Medium Term Financial Plan and will influence the Capital Programme objectives.

## 6. EQUIPMENT OBJECTIVES

6.1 There are a number of key objectives that must be attained in order to ensure the Authority safely supplies the right equipment, to the right people at the right time. The following sets out the principles that will apply in equipment management:

- All equipment purchases shall be in accordance with the prevailing Procurement Strategy, Financial Regulations, Financial Instructions and contract Standing Order's
- Each fire appliance will at all times carry with it the minimum acceptable level of equipment, fully functional and safe to use.

- Safe use of equipment is considered critical and each piece of equipment will be serviced, tested and maintained in accordance with the manufacturer's instructions.
- Stores of equipment will be maintained at optimum levels utilising the minimum floor space necessary to provide an acceptable level of service.
- Immediate replacement will take place in the event of theft, loss, damage or at end of life (fair wear and tear).
- All statutory obligations in respect of issue, testing, servicing and maintenance will be upheld.
- A record of equipment, including stock, will be maintained to include purchases, issues, losses, serial numbers (or other agreed identification), location and value, in line with prevailing accounting policies.
- All equipment shall be stored in a secure environment when on Authority premises.
- All equipment shall be kept as secure as is reasonably practical when off Authority premises and accounted for upon return.
- All aspects of equipment management will be in accordance with financial regulations.
- Disposal of damaged, worn, obsolete or end of life equipment will be made in accordance with financial regulations on a regular basis
- Any disposal will as far as possible consider the environmental and ethical aspects of that disposal

## **7. KNOWLEDGE AND INFORMATION SERVICES (KIS) OBJECTIVES**

The following objectives should apply in respect of the management of our KIS asset base. It should be noted that virtually all of the objectives set out below are fulfilled by the 4 year Knowledge and Information Services (KIS) Strategy agreed by the Executive in September 2014.

- 7.1 A governance structure will be in place to enable KIS decisions to be correctly aligned with business needs to achieve the aim of the service and authority. This is currently met through the Business Transformation Board (BTB) and the BTB will act as the sponsoring group for all major corporate KIS development in the service.
- 7.2 The Authority should adopt a KIS Service Delivery Plan which is transparent to the customer and efficiently meets the needs of the business and includes:
- Single point of access for KIS support and KIS service delivery
  - Application maintenance
  - Applications initiation and development
  - Application management
  - Third party support and sub-contractor management (24/7/365)

- User requirements capture and approval process for KIS hardware, software and business applications

7.3 Under the governance of the BTB, a strategic delivery plan will be defined.

7.4 All KIS functions will be fully integrated across departments and the KIS department will be responsible for all support arrangements for hardware, software, middleware (as appropriate) and telephony (i.e. all electronic communications equipment) and will work with the other departments to ensure that:

- Data is authentic, not duplicated, and accountable; systems of change control are identified.
- KIS training is planned as part of any project to support new hardware /software and is an ongoing requirement as part of the induction process.
- Information and communications policies support the appropriate use controls for technological developments.
- Project management and procurement controls enforce and underscore the need to involve KIS at the earliest stage of planning.
- Best value is achieved from our procurement processes.
- Security is embedded as essential criteria for all solutions chosen and all processes used and in determining which legacy systems to retain.
- Everyone understands how systems must be used to be most effective and what is not acceptable in their use.
- Disruption to employees work is reduced by prioritising corrective action work in departments.
- This will be supported by a service level agreement so that employees are accountable for maintaining standards and there is a shared understanding of what will be delivered.

7.5 KIS systems will be compatible i.e. be able to connect to one another to share data across the Authority and with our partners and other agencies.

7.6 The KIS needs of collaborative working will be prioritised so that the timelines can be met.

7.7 Transposition errors and taxonomy variations will be avoided by having single data entry so that authentic information can be located when required.

7.8 Systems will be stable and access speed will be the best possible.

7.9 Mobile working arrangements will be secure and flexible.

7.10 Collaborative tools (e.g. video-conferencing) will facilitate new ways of working to make better use of people-time and avoidance of travel costs.

7.11 Systems development / new solutions will be outcome-based (i.e. specify what the solution must be able to do), to meet business requirements, and identified proactively so that technical resource will be available when required.

- 7.12 The number of systems in use across the Authority will be the minimum necessary to meet the Authority requirements.
- 7.13 Critical systems will have suitable arrangements for replacement in the event of disaster.
- 7.14 Our information assets records will have comprehensive information to inform optimum decision making in all aspects of service delivery.
- 7.15 Intrusion attempts (hacking) or logging errors will be monitored and appropriate corrective action taken.
- 7.16 Arrangements for disaster recovery and business continuity will be responsive to Authority needs.
- 7.17 KIS control systems (i.e. governance arrangements) will reflect best practice in procurement and change management.

## **8. FLEET OBJECTIVES**

8.1 There are 5 main requirements to be considered in managing Fleet assets:

- Overall Strategy
- Procurement
- Maintenance
- Running
- Disposal

It should be noted that virtually all of the objectives set out below are fulfilled by the Fleet Strategy 2014/5 to 2017/18 agreed by the Executive in May 2014.

8.2 In determining a fleet management strategy the following principles should apply for each area:

### 8.3 Strategy

- a) The authority will maintain a clear strategy for fleet management within a single strategy document. This is currently in place having been agreed by the Authority in May 2014.
- b) The needs of drivers and users will be considered in setting that strategy
- c) Fleet performance will be managed
- d) All available methods of fleet provision will be considered
- e) There will be a clear replacement policy
- f) Environmental factors will be considered, i.e. carbon emissions
- g) Where appropriate, the 'Grey Fleet' (i.e. vehicles used and owned by staff or Members for which mileage is claimed) will be included as part of any management strategy
- h) Where appropriate and the business case to do so is sound, services will be procured externally, i.e. White Fleet Servicing, Ladder Maintenance

### 8.4 Procurement



- a) Robust vehicle evaluation will be undertaken based on the views of drivers and users
- b) The authority will consider all procurement options and financing arrangements
- c) Procurement decisions will be based upon robust cost calculations in relation to vehicle selection, financing and whole life costing
- d) Procurement will be a team effort
- e) Joint and/ or central purchasing opportunities will be sought where practical
- f) Robust tendering arrangements will be in place
- g) All fleet procurement will be subject to Member challenge

#### 8.5 Maintenance

- a) The Authority will regularly consider how its vehicle maintenance services are provided
- b) The authority will hold an up to date Operator's Licence if required
- c) Vehicle maintenance will be under control and up to date
- d) The administration of the fleet will be under control
- e) Drivers will be trained to use the vehicles they operate
- f) The allocation of vehicles to drivers will be under control
- g) The Authority will maintain a comprehensive database of all its fleet assets

#### 8.6 Running

- a) Vehicle servicing will take place according to manufacturers guidance as part of a plan with a defect reporting system in place
- b) Tyre management is under control
- c) Fuel management is under control
- d) Suitable breakdown and recovery arrangements will be in place
- e) Short term replacement arrangements will be in place

#### 8.7 Disposal

- a) A clear disposal policy should be in place and governed through Contract Standing Orders
- b) The authority will utilise the most environmentally friendly disposal methods available
- c) There will be an annual review of decisions to use vehicles beyond their estimated life
- d) The Authority will seek best value upon disposal

### 9. **PROPERTY OBJECTIVES**

- 9.1 The Authority currently owns the freehold of 20 operational fire stations, a vehicle and equipment workshop, the Brigade Headquarters, two domestic dwellings and also holds the lease for two premises.

- 9.2 Set out below are the key objectives from management of the property portfolio;
- a) To provide workplaces which comply with health & safety legislation to ensure the well being of all persons, including the public.
  - b) To provide facilities in the workplace to ensure fairness and equality for all current and future employees
  - c) Ensure our premises meet the requirements of the Disability Discrimination Act
  - d) To continually review service premises and implement a planned programme of works to maintain the property portfolio in a condition which meets the requirements of all departments
  - e) Review facilities at our Fire Stations to ensure our commitment to access and to Community Fire Safety is developed and maintained.
  - f) To provide an adequate set of fire stations so as to meet the IRMP commitments in terms of emergency response
  - g) Develop training and service facilities to help maintain operational effectiveness
  - h) Continue to invest in technological solutions that help reduce energy usage
  - i) Provide suitable storage and drying facilities
  - j) Maintain an effective system for reporting and managing premises defects
  - k) Continually review shared service opportunities to ensure best value for money is being achieved across public services
  - l) To actively manage the property portfolio and to seek opportunities for acquisition or disposal in line with the requirements of the Public Safety Plan
  - m) Where determined, to obtain the best disposal value for any property asset
  - n) Where possible and practical, to generate income or other consideration for utilisation of spare capacity within any property asset
  - o) Obtain a comprehensive property survey and valuation at least every 5 years in order to inform the long term property strategy. This was last carried out in 2013.

- p) Invest in new or improved facilities where the business case for doing so can be proven

## 10. ASSET MANAGEMENT SYSTEM

- 10.1 In order to achieve the principles set out in this document, it is important that the proper tools are in place to manage a full range of such disparate assets.
- 10.2 The Authority will invest in an appropriate asset management system in order to maintain a record of all marked equipment, stores, property and KIS assets and will seek to implement as integrated a solution as possible that fits with the Authority's needs.
- 10.3 Asset marking of all equipment will be undertaken using the most modern and effective labelling technology available and appropriate for the relevant piece of equipment
- 10.4 The system will be used to undertake and record Periodic Inspection and Testing (PIT tests) of safety critical equipment employed at each fire station
- 10.5 The system will be utilised to manage stores and equipment movements as efficiently as possible in order to optimise stock holding and space requirements and minimise delivery and movement of equipment between stations.
- 10.6 The system will deliver regular management reporting on inventory, stock, valuations and spend as is required by the Authority's management.
- 10.7 In support of the above, during the course of 2013/14 the Authority has invested in embedding a new asset management system (Redkite) and has undertaken the task of asset marking all equipment on vehicles and equipment held in stores, updating the stores system including populating appropriate records such as re-order levels and implementing the PIT tests, all using new scanner technology.
- 10.8 All relevant training has been rolled out during 2014/15 with a view to being fully functional by April 2015 in line with the corporate plan.

| Date      | Detail                | Prepared By   | Reviewed By                             |
|-----------|-----------------------|---------------|---|
| 23-Dec-14 | Initial Draft         | D. Sutherland | DSk/SG/KIS/GW/JF/MD/SH                  |
| 6-Feb -15 | 2 <sup>nd</sup> Draft | D. Sutherland | Minor updates following BTB             |
| 3-Mar-15  | Final Draft           | D. Sutherland | Minor updates following Member briefing |
|           |                       |               |   |

## **ASSET MANAGEMENT – ASSET LIFECYCLE**

### **1. Introduction**

#### **1.1 Purpose**

This document describes typical phases of an asset lifecycle throughout the life of each asset or group of assets. This guideline describes details of typical activities that BFRS may need to consider to effectively manage their assets.

The intention of this document is to establish a point of reference from which BFRS can formally develop specific policies, standards and procedures relating to the lifecycle of assets and the management of those assets throughout the lifecycle.

#### **1.2 Background**

A principle of asset custodianship is the effective management of assets throughout the asset lifecycle. Good business practice requires that assets be appropriately secured and maintained, used for the purposes intended, periodically accounted for, assessed to ensure their continued value to the organisation and properly disposed of.

This guideline has been developed to assist BFRS to develop and implement processes to track and manage assets over their lifecycle.

### **2. What is an asset?**

An asset is defined as something valuable that BFRS owns, benefits from, or has use of, in performing its operations. An asset can be either tangible or intangible.

For the purpose of what should be recorded on the Asset Management system, a de minimis level of £100 will operate unless there is an operational or security reason to manage and track the item.

Accounting requirements will be covered by separate definitions.

### 3 The asset lifecycle

#### 3.1 Overview of the asset lifecycle

The management of an asset throughout its lifecycle includes planning and support for the investment decision, acquisition, access and ongoing maintenance, through to replacement or retirement planning. The objective of asset lifecycle management is to optimise asset acquisition, maximise the use of the asset and reduce associated service and operational costs resulting in increased asset performance and a lower total cost of ownership.

A simple example of this is set out below for the purchase of a vehicle with a 3 year operational life before replacement:

| 3-year Costs      | Option A - £  | Option B - £  |
|-------------------|---------------|---------------|
| Purchase Price    | 15,000        | 20,000        |
| Insurance         | 1,800         | 1,200         |
| Fuel              | 9,360         | 7,800         |
| Servicing         | 2,600         | 1,800         |
| Residual value    | -3,000        | -5,250        |
| <b>Total Cost</b> | <b>25,760</b> | <b>25,550</b> |

From this example it can be seen that Option B has lowest cost of ownership over operational life of the vehicle

The asset lifecycle shown below demonstrates typical phases and management objectives in the asset lifecycle, from planning the investment decision through to retirement or replacement of the asset.



- Examine all options to achieve service delivery objectives and meet business requirements.
- Rigorously evaluate the decision at the earliest stages of a proposal before investing in new or replacement assets.
- Manage the procurement whether it be a construction, purchase, lease or service
- Minimise the cost and risk of ownership with effective maintenance strategies and procedures.
- Manage operational costs.
- Evaluate the level of investment in assets to identify functional or physical obsolescence, financial viability, re-use opportunities and areas of unacceptable risk.
- Consult with stakeholders and plan for disposal of assets.

Figure 1 - Asset lifecycle

### 3.2 Lifecycle phases

An overview of the management activities conducted in each phase of the lifecycle is described in Table 1. These activities can be applied to all BFRS assets including operational equipment, property and KIS assets.

Table 1 - Phases of the asset lifecycle

| Phase                       | Description   |
|-----------------------------|---|
| Plan                        | <ul style="list-style-type: none"> <li>• Develop requirements including:               <ul style="list-style-type: none"> <li>– business requirements</li> <li>– technical requirements</li> <li>– operational and support requirements</li> <li>– security requirements</li> </ul> </li> <li>• Identify users and support roles and responsibilities.</li> <li>• Identify risks and barriers regarding use of the asset.</li> <li>• Develop strategies to mitigate risks.</li> <li>• Establish training needs.</li> <li>• Establish the context for use of the asset.</li> <li>• Specify the design.</li> <li>• Source suppliers.</li> </ul> |
| Construct, Create, Acquire  | <ul style="list-style-type: none"> <li>• Build, create or acquire the asset.</li> <li>• Monitor the quality of the implementation or installation.</li> </ul>   |
| Commission, Organise, Store | <ul style="list-style-type: none"> <li>• Test the asset against the requirements.</li> <li>• Prepare the asset for use.</li> <li>• Classify the asset and establish data and supporting documentation about the asset and its use.</li> <li>• Ensure that information about the asset and its location can be easily retrieved by endorsed parties.</li> <li>• Ensure assets are stored in secure facilities.</li> </ul>  |
| Access                      | <ul style="list-style-type: none"> <li>• Ensure authorised users can access the asset.</li> <li>• Ensure security requirements are met.</li> <li>• Establish protocols so that the asset can be safely shared or re-used.</li> </ul>  |
| Use                         | <ul style="list-style-type: none"> <li>• Provide support and training to users of the asset.</li> <li>• Monitor usage and utilisation of the asset.</li> </ul>  |

|          |   |
|----------|---|
| Assess   | <ul style="list-style-type: none"> <li>• Assess the condition of the asset.</li> <li>• Assess the cost of maintaining the asset.</li> <li>• Assess opportunities for extending the use of the asset.</li> <li>• Assess the current business value of the asset.</li> <li>• Assess the current and asset management strategy.</li> </ul>   |
| Maintain | <p>Based on the assessments, apply appropriate management strategies. These include:</p> <ol style="list-style-type: none"> <li>1 Optimise – Invest to address or maintain the technical condition maintained while rationalising the operational costs if possible.</li> <li>2 Rationalise – Invest to upgrade the asset to improve its technical condition and reduce operational costs. Consider lower cost alternatives.</li> <li>3 Enhance – Ensure sufficient funding to ensure the future technical condition of the asset and promote reuse of the asset to maximise the future value of the asset.</li> <li>4 Replace – Maintain the technical condition of the asset in the short term until the dependencies have been migrated to an alternative more stable solution.</li> <li>5 Research and explore – Assess the function of asset against the requirement and identify alternative uses for the asset and the potential to deliver additional business value. Promote the availability and use of the asset.</li> <li>6 Decommission – Retire the asset.</li> </ol> |
| Retire   | <ul style="list-style-type: none"> <li>• The business requirement for using asset has significantly evolved or no longer exists.</li> <li>• The asset has reached the end of its useful life and is decommissioned.</li> </ul>  |

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# Buckinghamshire & Milton Keynes Fire Authority



|                               |  |
|-------------------------------|--|
| <b>MEETING</b>                | Executive Committee  |
| <b>DATE OF MEETING</b>        | 18 March 2015  |
| <b>OFFICER</b>                | Lynne Swift, Director of People and Organisational Development   |
| <b>LEAD MEMBER</b>            | Councillor Roger Reed  |
| <b>SUBJECT OF THE REPORT</b>  | <b>Training Partnership Proposal</b>   |
| <b>EXECUTIVE SUMMARY</b>      | This report is being presented to seek approval to work in a formal partnership with the Fire Service College (FSC). This partnership will enable the Service to operate in full the Training Strategy and Framework already approved by the Service's Strategic Management Board. The attached report (Appendix 1) provides the full details of the training partnership.   |
| <b>ACTION</b>                 | Decision.  |
| <b>RECOMMENDATIONS</b>        | It is recommended that members approve the training partnership with the Fire Service College procured through the 'Wider Public Sector Framework' for a period of one year.   |
| <b>RISK MANAGEMENT</b>        | <p>A breakdown of risks associated with the training partnership is included within the main report (Appendix 1 section 11).</p> <p>The strategic training review (SMB approved) concluded that the partnership model would enable the Service to benefit from the opportunities that outsourcing would provide without giving up the resilience of operating its own training, learning and development team.</p>   |
| <b>FINANCIAL IMPLICATIONS</b> | <p>The cost of this training partnership will be funded from within the existing budget allocated to operational training. The total cost to the Service of the training partnership is <b>£178,815</b> per annum. This is funded through a direct monthly payment to the FSC of <b>£8k</b> per month, total of <b>£96k</b> per year.</p> <p>The balance of the funds is provided through Buckinghamshire and Milton Keynes Fire and Rescue Service (BMKFRS) providing the FSC with training instructors for a minimum of 320 days per year. This equates to <b>£82k</b></p> <p>There are no additional accommodation costs or</p> |

|                                      |   |
|--------------------------------------|---|
|                                      | <p>expenses associated with crews attending the FSC for the courses included within the Training Partnership.</p> <p>Full details of what BMKFRS receive from this investment is detailed in the main report (Appendix 1 section 6).</p>  |
| <p><b>LEGAL IMPLICATIONS</b></p>     | <p>Mandatory training requirements for this FRS will be fulfilled by the Training Strategy and Framework.</p> <p>The Head of Procurement has been involved in the discussions with the FSC and has approved the use of the 'Wider Public Sector Framework' as the preferred option for the procurement of this training partnership for a period of 12 months. During this 12 month period officers will complete a full competitive procurement exercise with the successful bidder being awarded a multi-year contract as our training partner.</p> <p>By using the 'Wider Public Service Framework' the Authority is complying with all HM Government and European procurement guidelines.</p>   |
| <p><b>HEALTH AND SAFETY</b></p>      | <p>The Training Strategy and Framework improves the systems being operated to address training needs and delivers accurate reporting. This will improve the overall health and safety of all employees and provides improved assurance to the Authority and to its employees.</p> <p>Through the facilities provided to BMKFRS by the FSC we will have access to realistic training scenarios during the validation exercises that will test and develop our operational crews' practical and theoretical knowledge.</p> <p>The external assurance of the BMKFRS Area Trainers and the validation exercises completed by the FSC will also provide assurance to the Authority that maintenance of skill training on stations is effective and managing the risk to our operational staff.</p> |
| <p><b>EQUALITY AND DIVERSITY</b></p> | <p>A People Impact Assessment has been completed the notable issues identified are:</p> <p>Operational Staff – will be required to attend the 12 hour exercises at the FSC. This is a longer training day than they currently do. A pilot validation exercise been completed and issues were raised with the length of the night and the impact on the employees due to fatigue. Adjustments have been made to the training programme to reduce the impact on the employees. This has included reducing the number of exercises to six from eight, and crews attending in station transport rather than in fire appliances.</p>   |
| <p><b>USE OF RESOURCES</b></p>       | <p>The project will meet the objectives set out in the BMKFRS Corporate Plan to:</p> <ul style="list-style-type: none"> <li>• Continually invest in our staff to ensure that</li> </ul>   |

|  |  |
|--|--|
|  | <p>they are competent, safe and have the skills and knowledge to work effectively with the public and our partners.</p> <ul style="list-style-type: none"> <li>• Manage all our resources to provide the best value for the residents and businesses of the communities we serve.</li> </ul> <p>The project will meet the following objective set out in the POD Directorate plan:</p> <p>POD5 Organisational design: further review of organisational structures, processes way of working.</p> <p><b>Performance Indicators for Training , Learning &amp; Development</b></p> <ul style="list-style-type: none"> <li>➤ A report providing evidence of the Return on Investment (ROI) from the training partnership will be submitted to the Training Strategy Group (TSG) six monthly. Membership of TSG is made up of managers with the authority to make strategic decisions and set direction of training.</li> <li>➤ Quarterly performance reports outlining progress of the partnership will be provided to the Training Strategy Group before being presented to the Performance Management Board.</li> <li>➤ Directorate performance indicators for the training partnership will be reviewed monthly at the People &amp; Organisational Development Directorate management team meetings.</li> </ul> <p><b>Communication with stakeholders;</b><br/>         Verbal and written progress reports have been provided to the Business Transformation Board. Regular progress meetings have been held with managers and staff affected by the change introduced by the new training framework. This includes ensuring that remuneration packages for training staff meet the requirement of the training partnership.</p> <p><b>The system of internal control;</b><br/>         The governance arrangements are identified in the main report, the Training Strategy Group will be responsible for monitoring progress of the training partnership. Performance and progress reports will be received by this group before being passed onto Performance Management Board.</p> <p><b>The arrangements to promote and ensure probity and propriety;</b><br/>         Meetings have been held with national fire service training providers to develop a quality assurance and validation structure for training. The use of the 'Wider Public Service Framework' enables the Service to procure this training without the need to run through a</p> |
|--|--|

|  |   |
|--|---|
|  | <p>full procurement exercise. This will enable a full test of concept to be run over the 12 months of this contract to ensure that it is beneficial for both parties involved.</p> <p><b>Environmental;</b><br/>                 There will be a requirement for BMKFRS crews to travel to the FSC to undertake the validation exercises; this will be required once every two years. We already require our crews to travel around the county to undertake breathing apparatus, water rescue and incident command training. Due to the move to more localised training as detailed in the approved Training Strategy and Framework the impact of this change is minimal.</p>   |
| <p><b>PROVENANCE SECTION<br/>&amp;<br/>BACKGROUND PAPERS</b></p> | <p><b>Background</b></p> <p>A Strategic Training Review report was submitted to the Strategic Management Board in November 2014. This proposed a new Training Strategy and Framework.</p> <p>The reports below have been used to inform the training partnership proposal.</p> <ul style="list-style-type: none"> <li>➤ Strategic training Review Report with Training Strategy and Framework, approved by SMB Nov 2014</li> <li>➤ Strategic Training Review Report, submitted to SMB Feb 2014</li> <li>➤ Industrial &amp; Commercial Training Unit Review Report, submitted to SMB Feb 2014</li> <li>➤ L&amp;D principles, SMB signed off in 2012</li> <li>➤ Corporate plan 2012 - 15</li> <li>➤ Public Safety Plan 2015-20</li> </ul> |
| <p><b>APPENDICES</b></p>   | <p>Appendix 1: Training Partnership – Full Report<br/>                 Appendix 2: Operational Training Framework</p>   |
| <p><b>TIME REQUIRED</b></p>                                      | <p>15 minutes.</p>  |
| <p><b>REPORT ORIGINATOR<br/>AND CONTACT</b></p>                  | <p>Paul Holland<br/> <a href="mailto:pholland@bucksfire.gov.uk">pholland@bucksfire.gov.uk</a><br/>                 01296 744606</p>   |

## **Buckinghamshire and Milton Keynes Fire & Rescue Service**

### **Training Partnership Proposal**

**Author: GM Paul Holland**

#### **1. Purpose/Aim**

This report is being presented to seek approval to work in a formal training partnership with the Fire Service College (FSC). This training partnership will enable the Service to operate in full the Training Strategy and Framework already approved by the Service's Strategic Management Board.

#### **2. Scope**

- 2.1 Service wide operational training function to include delivery, quality assurance and external validation.

#### **3 Recommendations**

It is recommended that:

- 3.1 Members approve the training partnership with the Fire Service College procured through the 'Wider Public Sector Framework' for a period of one year.

#### **4 Background**

- 4.1 A Strategic Training Review Report was approved by the Strategic Management Board (SMB) in November 2014. The report included a new Training, Learning & Development Strategy and Framework for the Service. The framework identified the added value that a professional training partner would provide to the Service in the following areas:

- Quality assurance of BMKFRS Area Trainers.
- External validation of core maintenance of skill training through exercises at the FSC.
- A strategic price for training delivered to BMKFRS employees by the FSC.
- Exposure of BMKFRS area trainers to a commercial training environment with part of their role being based at the FSC.
- The opportunity for FSC courses to be delivered within BMKFRS with the delivery staff made up of BMKFRS trainers.

## 5 Introduction

- 5.1 Discussions have been taking place since June 2014 on the potential of a training partnership between Buckinghamshire and Milton Keynes Fire and Rescue Service (BMKFRS) and the FSC.
- 5.2 The main drive of the partnership is to create a robust and affordable quality assurance (QA) and validation framework for training that will provide the Service with assurance to the competence of its operational employees. This assurance would be in the form of internal quality assurance of training via the new Area Trainer role as well as the external assurance of this QA structure by a national training provider.
- 5.3 The Fire Service College was chosen for these discussions due to the unique range and number of operational training facilities on one site. This supported our need to expose our crews to more realistic scenarios to better prepare them for the operational role they undertake on a daily basis. It will assist us to address the issue of reduced incident numbers and crews not gaining the exposure to incidents that provides the confidence and competence required to undertake their role.
- 5.4 A range of options have been explored with the FSC, however the proposed training partnership detailed below complements the recently approved 'BMKFRS Training Strategy and Framework'. The partnership is planned for an initial period of one year which enables both parties to test the 'proof of concept' as well as ensuring that the proposed benefits to each party are realistically achievable. There is opportunity to grow the partnership to include more FSC courses being delivered within BMKFRS across a much broader range however this will be subject to the success of this initial 12 month period.
- 5.5 The procurement option recommended by the BMKFRS Head of Procurement to enable us to purchase the training and exercising detailed within the partnership is through the HM Government's 'Wider Public Sector Framework' (WPSF). This was awarded to Capita L&D in 2012 with a 2 year contract (extended by 2 years in 2014) to deliver training to the public sector without the need for each individual organisation to have to complete a procurement exercise. As the FSC is part of the wider Capita group of companies the Authority is able to purchase training with them through this framework. Due to the cost to purchase the training and exercising element of the partnership, the WPSF would require BMKFRS to pay a fee of £18k to use the WPSF as the procurement option; this cost has been absorbed by the FSC as part of its commitment to the partnership and demonstrates its support for the initial 12 month 'proof of concept'. The FSC realises that if this model for training and assurance is successful it will become a marketable product for other FRSs to buy into.

5.6 During the next 12 months a full competitive procurement exercise will be undertaken with the successful bidder being awarded a multi-year contract with BMKFRS. The Authority is exploring opportunities for other fire and rescue services to buy into this partnership, initially amongst the Thames Valley fire and rescue services. The FSC will be actively marketing the partnership option with fire and rescue services in 2015.

## **6 Details of the Training Partnership**

### **6.1 Aim**

6.1.1 The Buckinghamshire and Milton Keynes Fire and Rescue Service and the Fire Service College have had a series of detailed discussions; the aim for both parties is to develop an innovative partnership with each other to:

- Increase training efficacy and quality for BMKFRS
- Reduce costs for BMKFRS and the Fire Service College
- Develop an advantageous delivery model which ensures resilience within BMKFRS staffing as well as independent assurance

This proposal addresses the following aspects of the longer term strategy:

- Increase the quality and capability of training provision, through external audit.
- Produce cost savings through innovating the way in which we train and develop personnel.
- Provide a reduction in our fixed costs by redeployment of training personnel.

6.1.2 The Fire Service College can assist BMKFRS in achieving this by working in partnership with Buckinghamshire FRS to achieve the aims by implementing the following:

- A Quality Assurance/ Instructor Assurance Programme for BMKFRS area trainers
- FSC support for BMKFRS learning cycle, through training innovation and validation exercises.
- Incident Command System (ICS) training using cutting edge FSC Bluehawk™ simulation technology and associated packages.

### **6.2 A Quality/Instructor Assurance Programme for BMKFRS instructors**

6.2.1 There are several elements that make up this part of the training solution.

Based on the instructional capabilities provided to the FSC, there will be a need for some of the BMKFRS area trainers to attend the following courses:

- Preparing to Teach in the Lifelong Learning Sector (PTTLS) programme
- Assessor Course

- Internal Quality Assurer course

6.2.2 These courses are required in order to not only fulfil statutory requirements in terms of teaching in the lifelong learning sector, but to provide the necessary foundation for the introduction of our own internal QA framework which will be supported by the FSC who will act as an External Quality Auditor (EQA).

6.2.3 This will be necessary to support BMKFRS in terms of any accredited courses we deliver locally as well as enabling our instructors to be used by the FSC in the future as operational trainers.

### **6.3 Implementation of the Quality Assurance Framework for Instructional Delivery (QAFID)**

6.3.1 There will be a two tiered approach to assurance of BMKFRS instructors:

**Tier 1-** BMKFRS six area training instructors will need the full application of the QAFID. This process should take 10 days to achieve. During this time, several activities will take place with the six area instructors, such as:

- An orientation to the QAFID
- Teaching observations
- Professional discussions
- Knowledge and practical ability testing
- Setting up CPD portfolios and explaining how they will be undertaking **Tier 2** assurance.

Any instructor used by BMKFRS as an area trainer will be measured against the Tier 1 parameters. The initial 10 days set up may reduce once validation exercises start at the FSC as many of the QA activities need to be completed in a live environment.

6.3.2 **Tier 2-** The area training instructors will provide the necessary assurance of the watch-based activities/training that is being delivered locally by watch-based instructors. There will not be a requirement for these instructors to possess all the qualifications and accreditations, but there will still remain a requirement for BMKFRS instructors to conduct various aspects of the QA framework.

Aspects that will be covered at the Tier 2 level by BMKFRS Instructors will be periodically sampled by the FSC to provide a robust audit trail and ensure quality is a 'golden thread' running throughout. In the first year cycle, it is envisaged that sampling will take five days.

### **6.4 Utilisation of BMKFRS instructional staff to deliver FSC courses at Moreton-in-Marsh, within BMKFRS area and/or remote venues**

6.4.1 By having BMKFRS instructors that are up-skilled and quality assured, the FSC would have a variable resource to call upon throughout the year at times when traditionally the FSC would use day rate 'associate tutors'.



6.4.2 As part of the partnership agreement it is proposed that the FSC will not pay BMKFRS for the use of these staff but instead will utilise these staff against the value built up from the provision of the instructor programmes and validation courses in the first instance. Once that value has been absorbed, further use of BMKFRS staff would result in the award of training credits that BMKFRS can then use for other training.

### **6.5 Fire Service College support for BMKFRS learning cycle, through training innovation and validation exercises**

6.5.1 The FSC will develop and run, with assistance from BMKFRS area instructors, a series of 12 hour validation exercises which will take place at the FSC.

6.5.2 Carrying out these validation courses will negate the need for BMKFRS to conduct periodic refresher/assessment courses within Service for risk critical statutory training. It will also serve as the two yearly practical incident command assessment for level one commanders.

6.5.3 Prior to the exercises, there will be an expectation that training and assessment has taken place in Service so as to compliment the activities that will be taking place during the 12 hour exercise.

### **6.6 Re-validation Exercises**

6.6.1 Within the 12 hour timeframe, for 10 delegates, it is envisaged that six scenarios will be needed of which three will be breathing apparatus (BA) related, and three will be special service incidents. This will allow for:

- Delegates to be fully assessed as BA wearers as required by national guidance
- Delegates to be fully assessed across six exercises
- Supervisory Officers to be fully assessed on at least one occasion for incidents listed above

6.6.2 Fire Service College venues will be selected to allow for complex compartment searches, and the testing of Fire Behaviour skills and BA skills at the same time. These courses will be assessed against the core NOS standards alongside BMKFRS against nationally agreed best practice.

6.6.3 Special service incidents will be selected by BMKFRS based on identified Service risks and the need for crews to be tested in specific incident types, for example, chemical incidents.

6.6.4 During the validation exercises, the FSC will provide two independent assessors for the Incident Command System to provide BMKFRS with an external assurance of its supervisory officers' capabilities. The FSC will also provide one further assessor to provide peer oversight on the assessment decisions of BMKFRS instructional staff in relation to BA and the special service incidents.

6.6.5 Based on BMKFRS operational staffing levels there is a requirement for 25 validation exercises per year, over a two year period to cover operational staff for ICS, BA & special service incidents.

### **6.7 Validation Exercise – Pilot**

6.7.1 A pilot of the 12 hour exercises was conducted at the FSC on the night of the 18 December 2014. The feedback and learning from the event has been shared between the FSC and BMKFRS and it was in the main a success. The use of night shifts to run these exercises worked and created an extremely realistic environment for crews to work in. However, from the feedback the crews and the safety staff provided we are reviewing the arrangements for the night exercises as fatigue was a real issue the following morning, especially in regard to travelling back to their base fire stations. Work is on-going to investigate ways to mitigate the issues raised in the feedback and make night time exercising a viable option.

6.7.2 A second daytime validation exercise is planned for March 2015. This will test the On-call and Day Crewing staff to see how the 12 hour exercises fits in with their duty pattern. The cost of additional training hours is a factor to consider however as we will be reducing the number of occasions operational staff will need to attend central training events the cost is likely to be neutral. The cost of overtime related to training events will be monitored through the Training Strategy Group.

### **6.8 Initial Breathing apparatus training**

6.8.1 The FSC is developing a modular approach to on-call firefighter breathing apparatus training to enable local delivery of a number of the modules with only two weekends required at the FSC.

6.8.2 All other initial training will be delivered locally as detailed in the training strategy and framework.

### **6.9 Incident Command System (ICS) training using cutting edge FSC Bluehawk™ simulation technology and associated packages**

6.9.1 The FSC can offer BMKFRS both initial acquisition of skills training and routine refresher training using a blend of pre-course development, cutting edge simulation technology, and practical validation exercises on the incident ground.

6.9.2 In order for BMKFRS to facilitate the Fire Service Colleges Operational Incident Command courses, access to the ICS pre-course development along with Bluehawk™ software would be provided by the FSC.

6.9.3 The simulation element of the course can be delivered using the BMKFRS simulation suite in Marlow fire station or remotely at other sites using laptops and associated learning tools dependent on the chosen delegates i.e. may attend drill nights to complete this aspect or whole time equivalent. It is an assumption

that BMKFRS will complete the incident command practical aspect of the course during the validation exercises.

## 7. Financial

7.1 The anticipated costs below are provided for the first year's delivery only.

| <b>Element</b>                   | <b>Price (£)</b> | <b>Commentary</b>   |
|----------------------------------|------------------|---|
| Validation Training              | <b>162,500</b>   | For up to 25 courses, based on a price of £6,500 per course |
| Instructor Assurance Programme   | <b>6,225</b>     | Provided at 50% of standard price                           |
| Instructor Development Programme | <b>10,090</b>    | Provided at 50% of standard price                           |
| <b>Total Programme Value</b>     | <b>178,815</b>   |   |

### 7.2 Payment Scheme:

7.2.1 It is proposed that a monthly charge of £8,000 (£96,000 p.a.) to BMKFRS is levied and augmented by the provision of instructor resources by BMKFRS to the FSC, with a minimum commitment of 320 instructor days.

7.2.2 Appropriate levels of availability of BMKFRS instructors and notice periods for delivery will need to be agreed; however BMKFRS undertakes to make all reasonable efforts to provide the instructors as required.

7.2.3 Should FSC demand exceed 320 days, BMKFRS will receive a training credit to the same value (£250) for each additional day. Training credits may only be taken once accrued, normally in the year following delivery. The FSC have agreed that following this one year contract they will honour any credits built up by BMKFRS.

All prices quoted are subject to agreement and exclusive of VAT.

7.2.4 The training partnership will be financed from the existing Operational Training budget:

|       |                |           |
|-------|----------------|-----------|
| UBAOT | BA Training    | 81,520.00 |
| UBAOT | Water Training | 52,988.00 |

7.2.5 A review of water rescue training is underway to align it with the training strategy and framework with the delivery of this training being done locally with

## Appendix 1

a robust QA process established to assure the Service of the quality of the delivery. This in addition to the BA training budget will provide the funding to meet the £96k cost of the Training Partnership.

- 7.2.6 Initial Training courses will be funded from within the £206k Learning and Development budget
- 7.2.7 The cost of the Area Trainers time to fulfil the 320 days at the FSC and the validation exercises will be funded from within the existing cost envelope for operational training.
- 7.2.8 Operational crews will attend the training courses within their working shift or in the case of the on-call staff within the existing training hours allocated for central training courses. Additional overtime payments are not predicted to increase.
- 7.2.9 Transport costs are for instructors and operational crews (in station transport) travelling to the FSC is not predicted to increase as they replace the existing requirement for crews to attend central training courses.

## **8. Performance Management**

- 8.1 The Training Delivery manager (Station Commander) will be responsible for monitoring the performance of the partnership to ensure BMKFRS is delivering its part of the agreement and to ensure the FSC fulfils its requirements.
- 8.2 A report providing evidence of the Return on Investment (ROI) from the training partnership will be submitted to the Training Strategy Group (TSG) six monthly. Membership is made up of managers with the authority to make strategic decisions and set direction of training.
- 8.3 Quarterly Performance Indicator (PI) reports will be provided to the TSG, before being presented to the Performance Management Board and these will outline:
  - The number of instructor days provided to the FSC
  - Progress against the Instructor assurance programme
  - Assurance for the on-station core skills maintenance programme
  - Cost of overtime related to training events
- 8.4 PIs will be reviewed by the TSG to ensure that effective performance management is in place.
- 8.5 Directorate performance indicators for the training partnership will be reviewed monthly at the People & Organisational Development Directorate management team meetings.

## **9 Legal**

## Appendix 1

- 9.1 Mandatory training requirements for this FRS will be fulfilled by the training strategy and framework.
- 9.2 The Head of Procurement has been involved in the discussions with the FSC and has approved the use of the 'Wider Public Sector Framework' as the preferred option for the procurement of this Training partnership for a period of 12 months. During this 12 month period officers will complete a full competitive procurement exercise with the successful bidder being awarded a multi-year contract as the training partner.
- 9.3 By using the Wider Public Service Framework the Authority is complying with all HM Government and European procurement guidelines.

### **10 Provenance – The reports and documents below are relevant to this report.**

- Strategic Training Review, Training Strategy and Framework Nov 2014
- Strategic Training Review Report, submitted to SMB Feb 2014
- L&D principles, SMB signed off in 2012
- Corporate Plan 2012/15
- Public Safety Plan 2015/20

## **11 Risks & Mitigations**

### **11.1 A professional partner may terminate the partnership agreement leaving BMKFRS with limited resources and obvious gaps within the quality assurance and validation elements of the training framework.**

BMKFRS will maintain for the twelve month duration of the pilot the structure, facilities and resources to continue to deliver the Training Strategy and Framework.

### **11.2 A partnership with a national training provider would link BMKFRS to this external organisation; this could lead to reputational issues if the professional partner is subject to negative publicity/performance.**

The initial period of 12 months enables BMKFRS to monitor the performance and relationship with the FSC. The WPSF contains standard termination clauses (90 days) that would enable BMKFRS to terminate the partnership.

### **11.3 BMKFRS or the FSC fails to deliver on the requirement of the training partnership**

Effective monitoring by the Training Delivery manager and management of underperformance will mitigate this. Performance indicators approved by the

Training Strategy Group and Performance Management Board (PMB) will be reported to the Service on progress against the requirements of the partnership.

## **12 Implementation Plan**

### **April 2015**

- Partnership commences with FSC
- BMKFRS Instructors trained in accordance with the Instructor Assurance Programme standard
- Internal assurance programme of core maintenance training commences

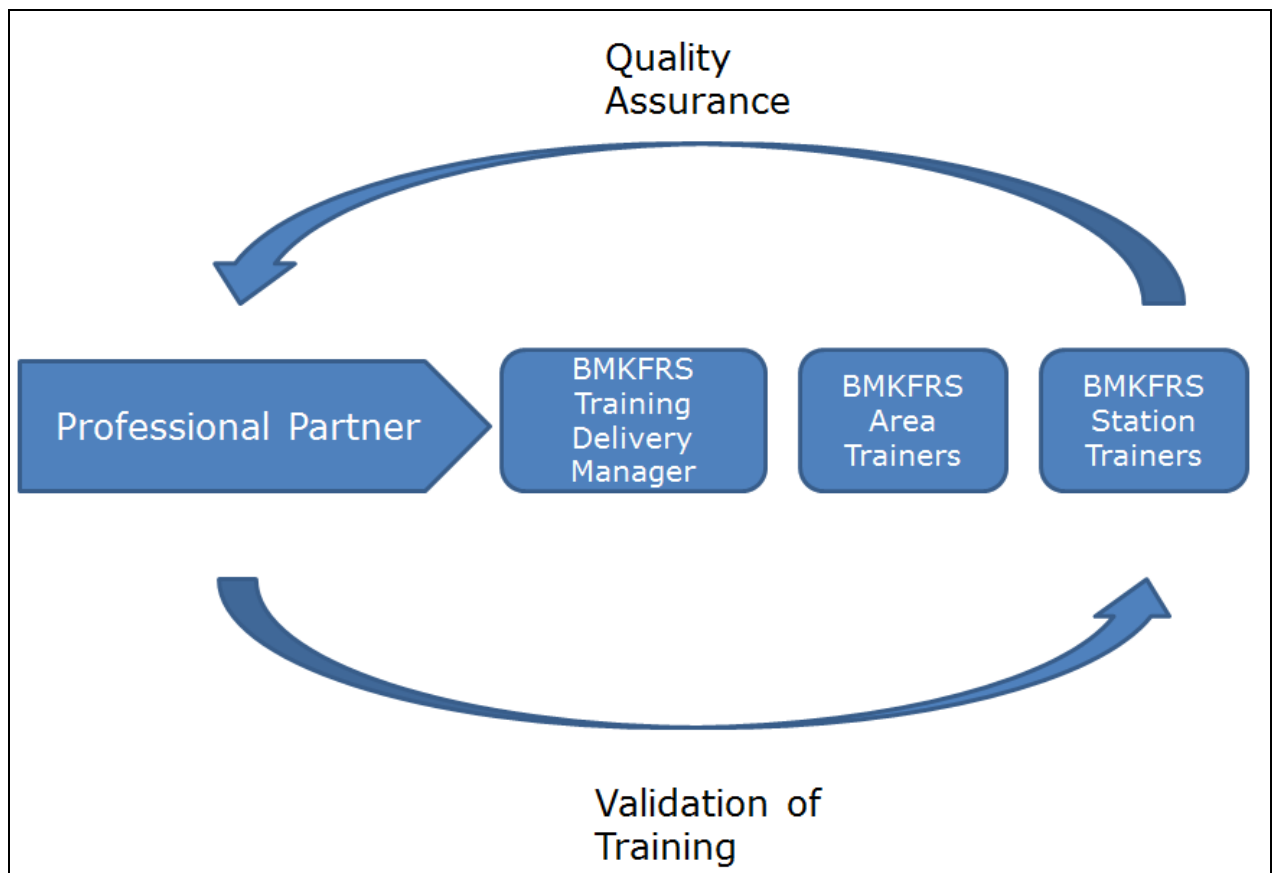
### **October 2015**

- Validation exercise programme commences

### **October & April 2015**

- Six monthly Training, Learning & Development Validation and Return on Investment reports submitted to TSG and then PMB.

## Appendix 2 Operational Training Framework



| Professional Partner   | Training Delivery Manager   | Area Trainers   | Station Trainers   |
|--|---|---|--|
| <ul style="list-style-type: none"> <li>• Training quality assurance system</li> <li>• Validation exercises</li> <li>• Instructor Assurance Programme</li> <li>• Centrally Issued training packages</li> <li>• Incident Command Development</li> <li>• Breathing apparatus initial courses</li> </ul> | <ul style="list-style-type: none"> <li>• Manage internal governance</li> <li>• Manage relationship/monitor performance indicators with Professional Partner</li> <li>• Manage Area Trainers</li> <li>• Quarterly monitoring reports provided to TSG</li> <li>• Training evaluation</li> </ul> | <ul style="list-style-type: none"> <li>• Training support to 3 areas</li> <li>• Quality assure Station Trainers</li> <li>• Work to national trainer portfolio</li> <li>• Support local training programme</li> <li>• Report on area training performance indicators</li> <li>• Multi agency coordinator</li> <li>• Identify and coordinate training venues for the area.</li> </ul> | <ul style="list-style-type: none"> <li>• Watch based maintenance of competence training</li> <li>• Deliver and assess local 'on call' training</li> <li>• Develop to become Associate Trainers</li> <li>• Organise area exercises</li> </ul> |

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## Buckinghamshire & Milton Keynes Fire Authority

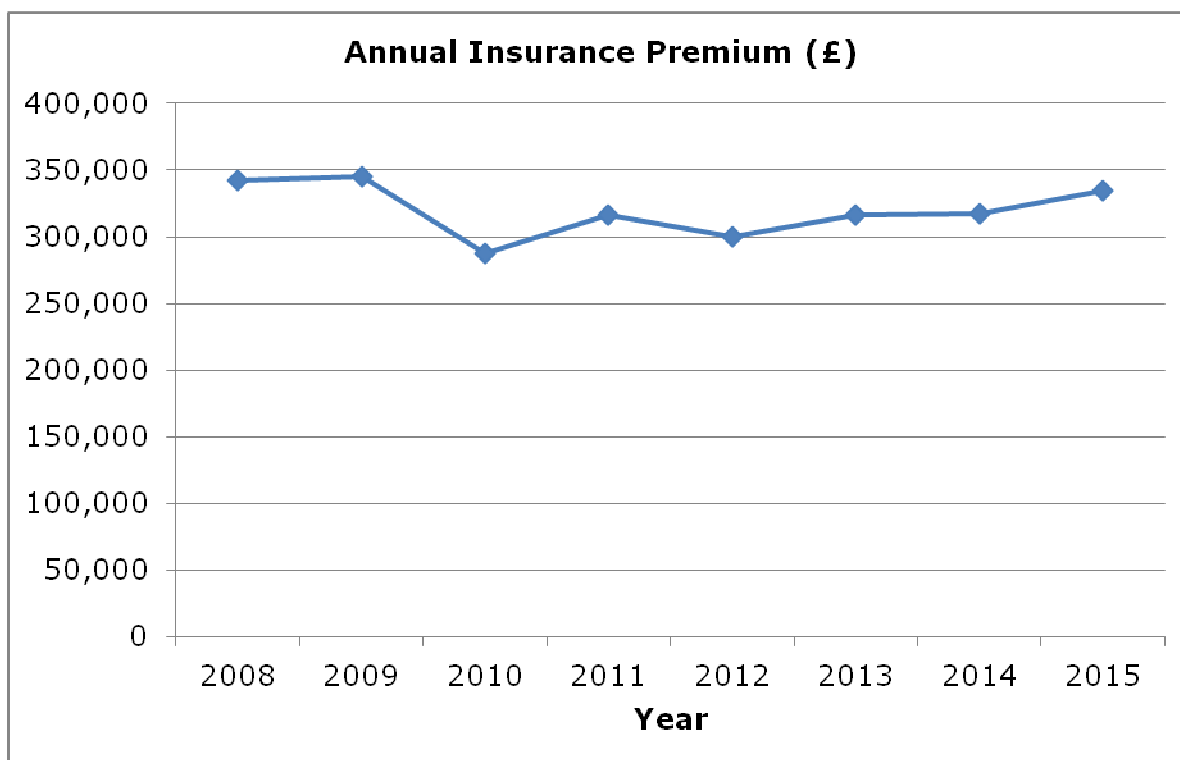
|                               |   |
|-------------------------------|---|
| <b>MEETING</b>                | Executive Committee   |
| <b>DATE OF MEETING</b>        | 18 March 2015   |
| <b>OFFICER</b>                | David Sutherland, Acting Director of Finance and Assets   |
| <b>LEAD MEMBER</b>            | Councillor Andy Dransfield  |
| <b>SUBJECT OF THE REPORT</b>  | <b>Insurance Arrangements from 2015/16</b>  |
| <b>EXECUTIVE SUMMARY</b>      | <p>This report sets out the current insurance arrangements for the Authority, the claims history and the proposals for arrangements from 2015/16.</p> <p>It is being presented as the Executive Committee will need to be sighted on the risks of the new arrangements, as well as grant approval for the creation of an insurance reserve.</p>   |
| <b>ACTION</b>                 | Decision.   |
| <b>RECOMMENDATIONS</b>        | <p>That the Executive Committee:</p> <ol style="list-style-type: none"> <li>1. Provide approval for the level of excess in relation to fleet insurance to be increased.</li> <li>2. Delegate authority to the Chief Finance Officer to determine the level of the excess.</li> <li>3. Approve the creation of an insurance reserve on 31 March 2015 with an initial transfer of £50k from the projected underspend in 2014/15.</li> </ol> |
| <b>RISK MANAGEMENT</b>        | By increasing the level of excess, the upfront insurance premium will reduce, but with the potential for increased in-year costs. This risk has been modelled and is set out in the body of the report.   |
| <b>FINANCIAL IMPLICATIONS</b> | <p>Based on ten fleet claims per year (which is the average for the past three years) the projected savings per annum by increasing the excess are:</p> <ul style="list-style-type: none"> <li>• at a £1,000 excess - £11k per annum</li> <li>• at a £5,000 excess - £17k per annum</li> </ul> <p>Further detail and analysis is set out in the body of the report.</p>   |
| <b>LEGAL IMPLICATIONS</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<br/>&amp;<br/>BACKGROUND PAPERS</b> | None.   |
| <b>APPENDICES</b>   | Appendix A – Options for Insurance from 2015/16<br>Appendix B – Detailed Modelling Chart for Fleet Claims |
| <b>TIME REQUIRED</b>                                      | 15 minutes.   |
| <b>REPORT ORIGINATOR<br/>AND CONTACT</b>                  | Mark Hemming<br><a href="mailto:mhemming@bucksfire.gov.uk">mhemming@bucksfire.gov.uk</a><br>01296 744687  |

## Appendix A – Options for Insurance from 2015/16

### 1. Background

- 1.1. The Authority’s current insurance policy is arranged through an insurance broker. The total premium paid (including brokerage fee) for 2014/15 was £335k.
- 1.2. The history of the cost of the annual insurance premium can be seen in Chart A below:



- 1.3. As can be seen in the chart, the insurance premium fell between 2008/09 and 2009/10, but other than one slight fall has risen year-on-year since then. The Authority is now considering two options to try and reduce the annual cost:
  - Accept a higher excess per claim in exchange for a reduced premium.
  - Apply to join the Fire and Rescue Insurance Consortium (FRIC) Insurance Pool.
- 1.4. In 2013/14, the Authority received quotations for the premium to be paid if a higher excess was accepted. The modelling in this paper assumes the same percentage reduction would be applied to the renewal costs for 2015/16. The insurance contract will be re-tendered for 2015/16 so the actual costs may be higher or lower. The table over the page shows the breakdown of the premium for differing levels of excess:

| <b>Class</b>         | <b>Scenario 1 (£)</b> | <b>Scenario 2 (£)</b> | <b>Scenario 3 (£)</b> |
|----------------------|-----------------------|-----------------------|-----------------------|
| Fleet                | 127,995               | 115,305               | 105,039               |
| Property             | 24,529                | 22,077                | 19,624                |
| Employer's Liability | 73,628                | 73,628                | 73,628                |
| Public Liability     | 56,797                | 56,797                | 56,797                |
| Other                | 51,821                | 51,821                | 51,821                |
| <b>Total</b>         | <b>334,770</b>        | <b>319,628</b>        | <b>306,909</b>        |

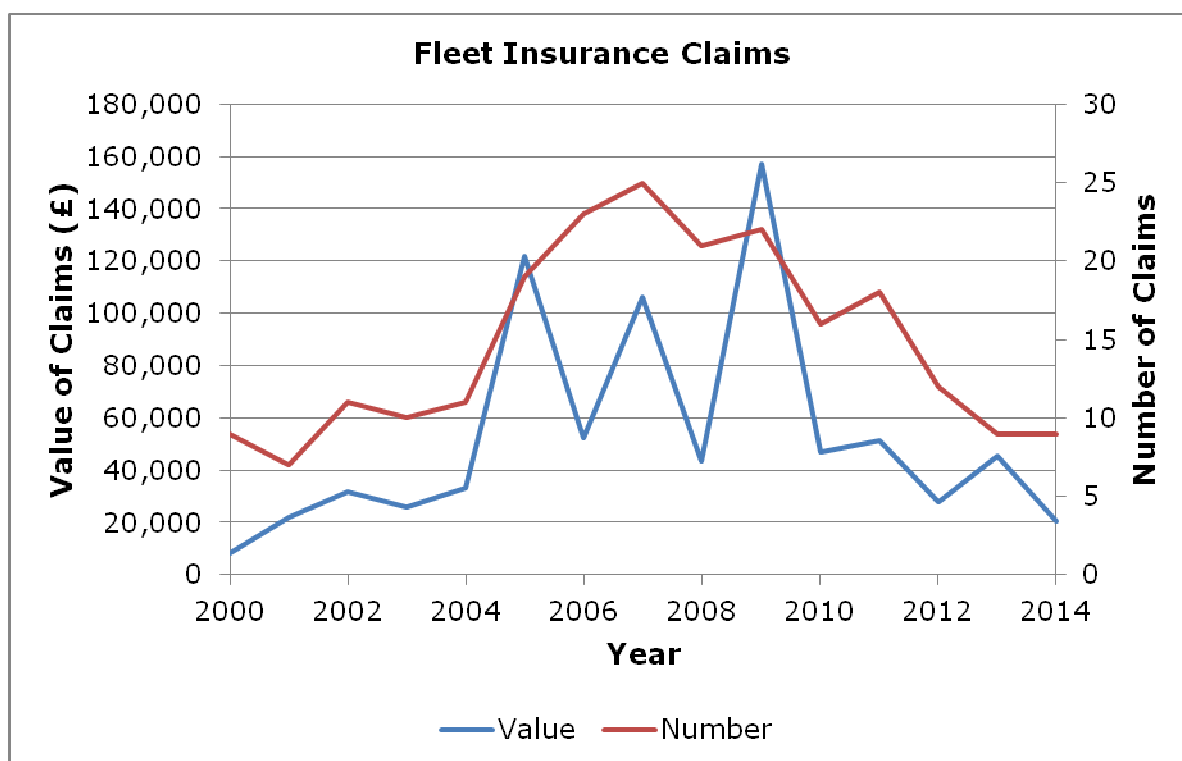
Excess (each and every claim):

- Scenario 1 - Fleet £1,000 (Red) £250 (White) Property £500
- Scenario 2 - Fleet £1,000 (All) Property £5,000
- Scenario 3 - Fleet £5,000 (All) Property £10,000

1.5. An analysis has also been undertaken of claims paid since 2000. The gross payment and number of claims is shown in the table below:

| <b>Class</b>         | <b>Total Paid (£)</b> | <b>Number of Claims</b> |
|----------------------|-----------------------|-------------------------|
| Fleet                | 793,800               | 222                     |
| Property             | 195,809               | 6                       |
| Employer's Liability | 183,069               | 11                      |
| Public Liability     | 61,517                | 2                       |
| Other                | 309                   | 2                       |
| <b>Total</b>         | <b>1,234,503</b>      | <b>243</b>              |

1.6. The trend in the number and value of fleet claims since 2000 has also been analysed and can be seen in the chart below:



- 1.7. This analysis shows that the number of and value of fleet claims has reduced steadily in the last six years.
- 1.8. Of the six property related claims, one was for £151k, three claims were for between £10k and £20k and two smaller claims were made for approximately £1k each.
- 1.9. Since the increase in excess for property claims only reduces the premium by a relatively small amount, any benefit of a reduced premium could be more than offset by the cost of just one claim in a year. Therefore no further analysis has been done of this area.
- 1.10. No further analysis has been done of the employer's liability claims or public liability claims. The excess for these two areas is already set at £5,000 per claim and it is not proposed to increase this level at the current time.

## **2. Option 1 – Increase the Level of Excess for Fleet**

- 2.1. By increasing the level of excess payable for each and every claim, insurers will charge a reduced annual premium.
- 2.2. The current excesses for fleet are £250 per white fleet claim and £1,000 per red fleet claim. Assuming a 50:50 split in claims, the average is £625. It is proposed to increase this to either £1,000 or £5,000 per claim.
- 2.3. Modelling has been done based on historic claims from 2000 to 2014. The key findings are highlighted in section 2.5 below. The detailed chart can be seen in Appendix B.
- 2.4. The approach taken was to:
  - Count the number of incidents in bands of £100, from £0 through to £100,000.
  - Calculate the cumulative incidents to give an approximation for the probability that a claim will be above £x.
  - Group the above bandings into wider ranges to simplify the calculation processing, whilst still retaining sufficient granularity.
  - Use these probabilities and random number generation within Excel to simulate the anticipated claims cost (plus premium) for each level of excess for a number of claims ranging between one and thirty per annum.
  - Display the results graphically, showing the minimum, mean and maximum premium plus excess for each level of excess for the range of claims noted above.
- 2.5. The key points to note are:
  - Historically, 48% of all fleet claims have been for under £1,000.
  - Also, 86% of claims have been under £5,000 and 92% have been under £10,000.
  - The mean costs when the excess is £1,000 or £5,000 are both lower than the mean costs when the excess is £625 for all volumes modelled.
  - The mean cost for a £5,000 excess is lower than at £625 for all claim volumes and lower than at £1,000 for claims up to 22 per annum.
  - The maximum total cost for the £1,000 excess never exceeds the mean total cost for a £625 excess level.

- Whilst the maximum cost for a £5,000 excess is volatile, it is only consistently above the maximum cost for a £625 excess after 15 claims per annum.

### **3. Option 2 – Apply to Join the Fire and Rescue Insurance Consortium (FRIC) Insurance Pool**

- 3.1. From 1 November 2015, the nine fire and rescue authorities that are current members of the FRIC are proposing to create a shared indemnity fund. They are proposing the formation of an entity to act as a pooling mechanism to share risk and reduce “insurance” costs.
- 3.2. A hybrid pooling model is planned with a discretionary pool for the attritional losses and conventional insurance for larger losses.
- 3.3. The rationale for the pool is that by grouping together, authorities are able to carry the risk of a larger policy excess or excess than they could individually.

### **4. Recommendations**

- 4.1. Option 1 is being recommended over option 2 because:

- The new pooling arrangement is not due to start until November 2015. This is a fairly fundamental shift in the way insurance is handled and the risks and benefits associated with it are yet to be proven.
- Being in a pool may restrict our ability to make operational changes that are considered by other members of the pool to add significant risk.
- The Authority has a low number of claims per year and the trend shows that these have reduced steadily over the past six years. Joining a pool may increase the overall risk profile.
- Given the historic claims levels, the modelling indicates savings can be generated whilst still maintaining an acceptable level of risk by increasing the level of deductible per fleet claim. It is not proposed to increase the level of excess in respect of property, as one claim per annum would likely cost more than the amount saved in terms of a reduced premium.
- The creation of an insurance reserve would smooth the impact of any years with exceptionally high or low claim volumes. It is recommended that the level of reserve would initially be set at £50k, as this approximate maximum spread between the minimum and maximum total claims cost for a fleet excess of £5,000.
- It is recommended that the following excesses be adopted for each class, although the Chief Finance Officer will have delegated authority to determine the final amount based on the detailed quotations to be received:
  - Fleet – £5,000 (increased from an average of £625)
  - Property – £500 (no change)
  - Employers Liability – £5,000 (no change)
  - Public Liability – £5,000 (no change)
  -

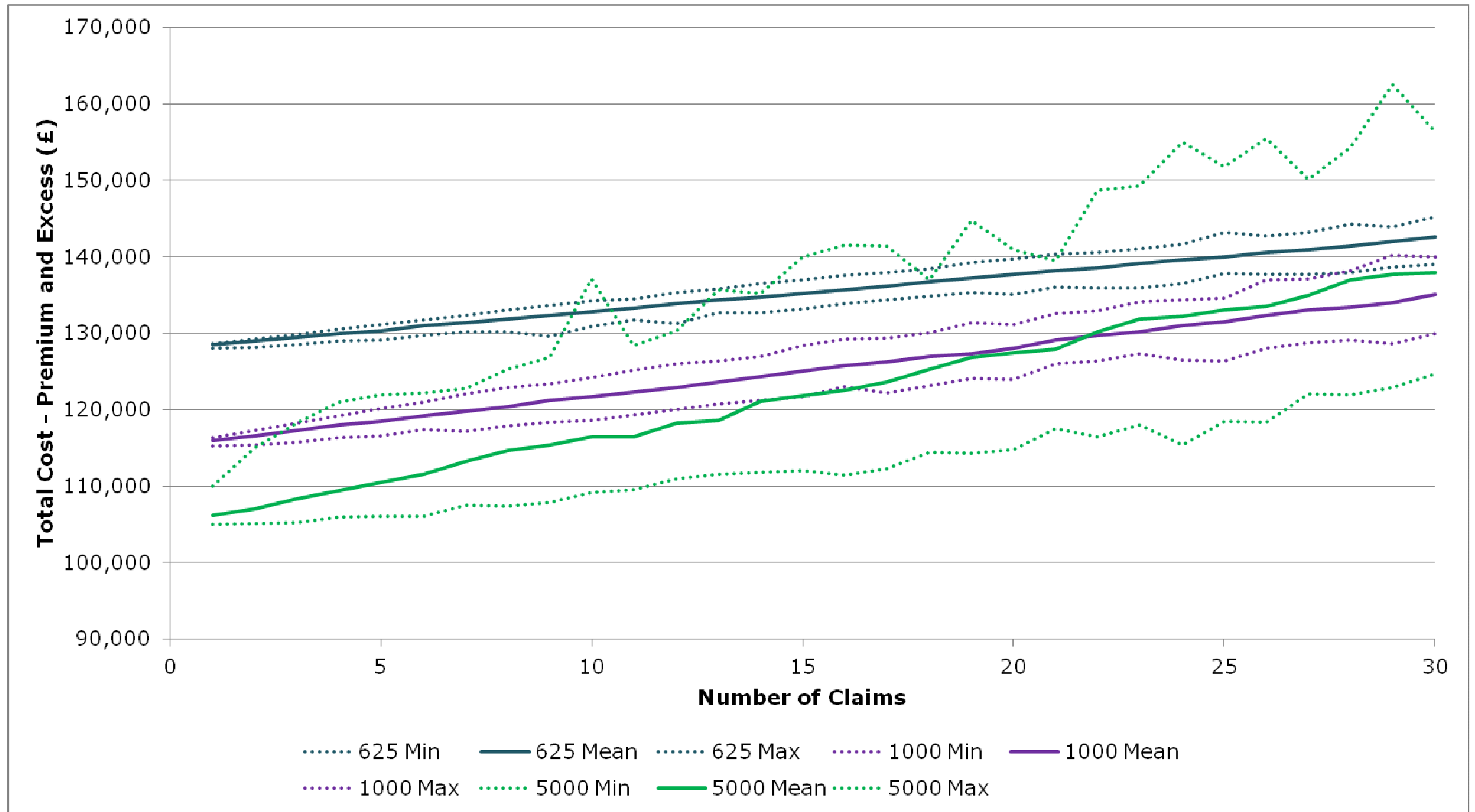
- 4.2. Based on the 2014/15 quotation, the annual premium for this recommendation would be split as follows:

| <b>Class</b>         | <b>Premium</b> |
|----------------------|----------------|
| Fleet                | 105,039        |
| Property             | 24,529         |
| Employer's Liability | 73,628         |
| Public Liability     | 56,797         |
| Other                | 51,821         |
| <b>Total</b>         | <b>311,814</b> |

- 4.3. This represents a saving of approximately 7% on the cost of the total annual premium. As noted in section 1.4, the contract will be re-tendered for 2015/16 so the actual costs may be higher or lower.
- 4.4. For information, the breakdown of insurance included within 'Other' is shown in the table below:

|                                     |               |
|-------------------------------------|---------------|
| Contract Works                      | 3,286         |
| Specified All Risks                 | 1,928         |
| Deterioration of Stock              | 133           |
| Money                               | 588           |
| Computer All Risks                  | 3,302         |
| Business Interruption               | 2,444         |
| Fidelity Guarantee                  | 7,813         |
| Officials Indemnity                 | 5,768         |
| Professional Indemnity              | 3,180         |
| 5% Discount                         | -14,690       |
| Terrorism                           | 3,020         |
| Motor Fleet Uninsured Loss Recovery | 982           |
| Group Personal Accident & Travel    | 11,224        |
| Engineering Inspection              | 5,043         |
| Fee                                 | 17,800        |
| <b>Total</b>                        | <b>51,821</b> |

### Appendix B – Detailed Modelling Chart for Fleet Claims





The table below highlights figures (Total Cost – Premium and Excess [£000]) from the above chart at a regular interval of claim numbers:

| Claims per Year | <b>£625 Excess</b> |                    |             | <b>£1,000 Excess</b> |                    |             | <b>£5,000 Excess</b> |                    |             |
|-----------------|--------------------|--------------------|-------------|----------------------|--------------------|-------------|----------------------|--------------------|-------------|
|                 | Min. (£000)        | <b>Mean (£000)</b> | Max. (£000) | Min. (£000)          | <b>Mean (£000)</b> | Max. (£000) | Min. (£000)          | <b>Mean (£000)</b> | Max. (£000) |
| 1               | 128                | <b>128</b>         | 129         | 115                  | <b>116</b>         | 116         | 105                  | <b>106</b>         | 110         |
| 5               | 129                | <b>130</b>         | 131         | 117                  | <b>118</b>         | 120         | 106                  | <b>110</b>         | 122         |
| 10              | 131                | <b>133</b>         | 134         | 119                  | <b>122</b>         | 124         | 109                  | <b>116</b>         | 137         |
| 15              | 133                | <b>135</b>         | 137         | 122                  | <b>125</b>         | 128         | 112                  | <b>122</b>         | 140         |
| 20              | 135                | <b>138</b>         | 140         | 124                  | <b>128</b>         | 131         | 115                  | <b>127</b>         | 141         |
| 25              | 138                | <b>140</b>         | 143         | 126                  | <b>131</b>         | 135         | 119                  | <b>133</b>         | 152         |
| 30              | 139                | <b>143</b>         | 145         | 130                  | <b>135</b>         | 140         | 125                  | <b>138</b>         | 156         |

The projected savings (based on the mean total cost) for the £1,000 and £5,000 excess compared to the current level are shown in the table below for the same range of claims (amounts in £000):

| Claims per Year | <b>£1,000 Excess</b> | <b>£5,000 Excess</b> |
|-----------------|----------------------|----------------------|
| 1               | 12                   | 22                   |
| 5               | 12                   | 20                   |
| 10              | 11                   | 17                   |
| 15              | 10                   | 13                   |
| 20              | 10                   | 11                   |
| 25              | 9                    | 7                    |
| 30              | 8                    | 5                    |

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# Buckinghamshire & Milton Keynes Fire Authority



|                              |   |
|------------------------------|---|
| <b>MEETING</b>               | Executive Committee   |
| <b>DATE OF MEETING</b>       | 18 March 2015   |
| <b>OFFICER</b>               | Julian Parsons, Head of Service Development   |
| <b>LEAD MEMBER</b>           | Councillor Adrian Busby   |
| <b>SUBJECT OF THE REPORT</b> | <b>2015 -20 Corporate Plan</b>  |
| <b>EXECUTIVE SUMMARY</b>     | <p>The 2015-20 Corporate Plan sets out how we intend to equip and develop our organisation and its people to meet the challenges that we face over the next five years, in particular the need to reshape our service as envisaged in our 2015-20 Public Safety Plan to:</p> <ul style="list-style-type: none"> <li>• reflect the significant changes to demand and risk in the community that have occurred over recent years; and,</li> <li>• reduce our operating costs in line with the reductions in government funding anticipated in our Medium Term Financial Plan.</li> </ul> <p>Subject to recommendation by this Committee, the new plan will become effective from April 2015 succeeding the previous 2012-15 Corporate Plan. The plan also introduces, at page seven of the annexed document, a new, simpler framework of four outcome based 'Strategic Objectives', and three 'Strategic Enablers' to replace the previous five 'Strategic Aims' and 17 'Priorities'.</p> <p>The new plan will be reviewed on a regular basis to ensure that it is fit for purpose in light of an ever changing environmental context. Also more detailed Directorate and Department Plans will be prepared annually to ensure that the changes and developments set out in the Corporate Plan are embedded within the Service.</p> |
| <b>ACTION</b>                | Decision.   |
| <b>RECOMMENDATIONS</b>       | That the 2015-20 Corporate Plan be recommended to the Authority for approval.   |
| <b>RISK MANAGEMENT</b>       | <p>Alongside the Public Safety Plan and Medium Term Financial Plan, the Corporate Plan sets out how the strategic risks facing the Authority over the next five years will be managed.</p> <p>Risks to achieving the plan together with mitigating</p>  |

|                               |  |
|-------------------------------|--|
|                               | actions are identified at page 15 of the annexed plan.   |
| <b>FINANCIAL IMPLICATIONS</b> | Successful implementation of the plan is critical to the achievement of the savings required by the 2015/16 – 2019/20 Medium Term Financial Plan.  |
| <b>LEGAL IMPLICATIONS</b>     | The Terms of Reference for the Authority require it to determine issues in respect of both the “Integrated Risk Management Plan and Action Plan” following recommendations from the Executive Committee.   |
| <b>HEALTH AND SAFETY</b>      | Some elements of the programme of activities set out in the Corporate Plan may have health and safety implications e.g. the Public Safety Plan reviews of emergency cover provision. Detailed assessments of any health and safety implications will be conducted within the scope of the individual projects and work streams.  |
| <b>EQUALITY AND DIVERSITY</b> | Where required, detailed People Impact Assessments will be undertaken within the scope of the individual projects and work streams identified in the Corporate Plan.   |
| <b>USE OF RESOURCES</b>       | <p><b>Communication with stakeholders</b><br/>The 2015-20 Corporate Plan has been reviewed by the following:</p> <ul style="list-style-type: none"> <li>• Business Transformation Board at its 29 January Meeting;</li> <li>• Strategic Management Board at its 17 February Meeting;</li> </ul> <p>Following recommendation of the Plan by the Executive Committee it will be published to the Organisation as a whole and will be available to all Authority Members and Service staff.</p> <p><b>The system of internal control</b><br/>Alongside the Public Safety Plan and Medium Term Financial Plan, The Corporate Plan provides the strategic frame of reference for controlling the Authority’s activities over the next five years (2015-20).</p> <p><b>The medium term financial strategy</b><br/>The Corporate Plan is aligned to and supports delivery of our Medium Term Financial Plan objectives.</p> <p><b>The balance between spending and resources</b><br/>The plan sets out the organisation’s strategic objectives and the activities that will be undertaken to deliver these during the period 2015-20. It will be resourced from within the proposed establishment and budgets implied by the 2015/16 – 2019/20 Medium Term Financial Plan.</p> <p><b>The management of the asset base</b></p> |

|  |  |
|--|--|
|  | <p>The 2015-20 Corporate Plan implies but does not specify specific changes to the Authority's asset base. These will be identified through the relevant programmes of work contained in the plan and referred to the Authority for decision where required or appropriate depending on their nature.</p> <p><b>Environmental</b><br/>Environmental impact assessments of changes arising from implementation of changes specified in the Corporate Plan will be carried out where required or appropriate. It is envisaged that many of these will be positive e.g. changes to the red fleet in favour of smaller, more economical vehicles, consolidation and modernisation of property assets.</p>  |
| <p><b>PROVENANCE SECTION<br/>&amp;<br/>BACKGROUND PAPERS</b></p> | <p>The 2015-20 Corporate Plan schedules the key work programmes arising out of the 2015-20 Public Safety Plan which was approved by the Fire Authority at its 17 December 2014 meeting. At that meeting, the Fire Authority determined that the Chief Fire Officer be granted discretion to determine the sequencing and timing of the work required to further progress the approved proposals:</p> <p><a href="http://bucksfire.gov.uk/files/5414/1803/6075/ITEM_16_2015-20_PSP_Consultation_-_17_December_14_CFA_Paper_Annexes.pdf">http://bucksfire.gov.uk/files/5414/1803/6075/ITEM_16_2015-20_PSP_Consultation_-_17_December_14_CFA_Paper_Annexes.pdf</a></p> <p>The preceding 2012-15 Corporate Plan was approved by the Authority at its 18 April 2012 meeting:</p> <p><a href="http://bucksfire.gov.uk/files/3014/0628/2340/Item7c.pdf">http://bucksfire.gov.uk/files/3014/0628/2340/Item7c.pdf</a></p> |
| <p><b>APPENDICES</b></p>   | <p>Annex: 2015-20 Corporate Plan</p>   |
| <p><b>TIME REQUIRED</b></p>                                      | <p>20 minutes.</p>   |
| <p><b>REPORT ORIGINATOR<br/>AND CONTACT</b></p>                  | <p>Stuart Gowanlock, Corporate Planning Manager<br/><a href="mailto:sgowanlock@bucksfire.gov.uk">sgowanlock@bucksfire.gov.uk</a><br/>01296 744435</p>  |

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## 2015 – 20 Corporate Plan

## **Plan Contents**

1. Introduction
2. Our operating context (key challenges facing the Service over the period of the Plan)
3. Planning Framework
4. Our Vision & Values
5. Our Strategic Objectives, Enablers and Performance Measures
6. Schedule of Key Projects and Tasks
7. Risk Management Plan
8. Plan Governance and Monitoring



## 1. Introduction

This document sets out how we intend to equip and develop our organisation and its people to meet the challenges that we face over the next five years whilst continuing to make progress towards the achievement of our vision and strategic objectives. It also sets out the programme of work that will be needed to develop and implement the proposals approved by the Fire Authority following the outcomes of the public consultation on our 2015-20 Public Safety Plan. These were:

- To review capacity in each of five key geographical areas, starting with Milton Keynes, to ensure that the Service has:
  - The right balance between measures to prevent and protect against risks and the residual capacity needed to respond to emergencies;
  - The most appropriate crewing models relative to current and expected levels of demand and risk;
  - The right number of staff, fire engines and other specialist appliances required to fit with normal, day-to day-demand patterns;
  - The right number of, and location for, fire stations. This may involve moving, merging, closing or co-locating with other blue-light services.
- To identify and implement the level of capacity needed to respond to major local, regional and national emergencies and meet mutual assistance obligations to neighbouring fire and rescue services.
- To work with staff and other stakeholders to develop the very best resourcing models for both the service and the people it serves and protects. This will embrace identifying and implementing changes to staff terms and conditions of employment, crewing models and shift patterns.
- To continue to develop opportunities to increase the benefits and value that we deliver to the public by using our capacity, resources and assets to meet a wider range of community needs in partnership with others.

The Corporate Plan will be reviewed on an annual basis to ensure that it is fit for purpose in light of any changes to our corporate environment. Also more detailed Directorate, Department and Station Plans will be prepared annually to ensure that the changes and developments set out in the Corporate Plan are implemented right across the Service.

## 2. Operating Context (key challenges facing the Service over the period of the Plan)

Over the last decade we have seen significant changes to levels of risk in the communities we serve and consequent reductions in demand for our core emergency response services, mirroring trends seen elsewhere in the country. Our 2015-20 Public Safety Plan sets out our strategic response to these changes which will involve reshaping our organisation to ensure that our resources and assets are more closely aligned and proportionate to this changed pattern of risk and demand.

At the same time, and although much has already been achieved, we still face significant financial challenges. Our Medium Term Financial Plan indicates that largely due to further expected reductions to our Government Grant funding we will need to find total savings of £4.2 million by 2020. Therefore we will need to continue the drive to improve of our efficiency, whilst maintaining effectiveness, throughout the five year period of the Plan.

### Medium Term Financial Plan Summary

|                                | 2014/15<br>£000 | 2015/16<br>£000 | 2016/17<br>£000 | 2017/18<br>£000 | 2018/19<br>£000 | 2019/20<br>£000 |
|--------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Net Budget Requirement         | <b>28,808</b>   | <b>28,740</b>   | <b>27,997</b>   | <b>28,060</b>   | <b>27,693</b>   | <b>27,399</b>   |
| Total Funding Available        | <b>-28,808</b>  | <b>-28,740</b>  | <b>-27,669</b>  | <b>-26,830</b>  | <b>-26,460</b>  | <b>-26,028</b>  |
| Shortfall for Year             | 0               | 0               | 328             | 1,230           | 1,233           | 1,371           |
| Cumulative Savings Requirement | 0               | 0               | 328             | 1,558           | 2,791           | 4,162           |

[Hyperlink to current MTFP](#)

To help us focus on these challenges we have introduced a new, simpler framework of four strategic objectives and three strategic enablers to replace the previous five strategic aims and 17 priorities. The strategic objectives are closely linked to our vision and set out the outcomes that we are trying to achieve for the communities we serve. The strategic enablers are about the things we need to do to equip and develop the Service to ensure that it can deliver against the objectives. The new framework is also designed to help with individual appraisal objective setting and will enable these to be linked to either the strategic objectives, the strategic enablers or a mix of the two. The new framework is shown at page seven of this Plan.

### 3. Planning Framework

Our planning framework is designed to ensure that our planning system work as a whole with each element supporting and underpinning the next through to the vital point of delivery to the public via our network of fire stations.



**4. Vision and Values**

As important as what we do is how we do it and our values therefore form an integral part of our approach to planning and delivery of our services. These also translate through to individual objective setting and performance appraisal via the behavioural elements of our appraisal process.

| <b>Vision</b>   |  |   |  |
|---|--|---|--|
| Buckinghamshire and Milton Keynes are the safest places in England in which to live, work and travel  |  |   |  |
| <p><b>Service to the community</b><br/>We will serve the community by:</p> <p>Working with all groups to reduce risk</p> <p>Treating everyone fairly and with respect</p> <p>Striving for excellence in all we do</p> <p>Being answerable to those we serve</p> | <p><b>People</b><br/>We practice and promote:</p> <p>Fairness and respect</p> <p>Recognition of commitment and the achievement of excellent service</p> <p>Honesty and trust</p> <p>Opportunities to develop and learn</p> <p>Co-operation and inclusive working</p> | <p><b>Diversity</b><br/>We value diversity in our service and in the community by:</p> <p>Treating everyone fairly and with respect</p> <p>Challenging prejudice and discrimination</p> <p>Creating opportunities to meet the different needs of people and the communities</p> <p>Promoting equal opportunities in terms of recruitment, promotion and retention</p> | <p><b>Improvement</b><br/>We value improvement at all levels of the service by:</p> <p>Accepting responsibility for our performance and actions</p> <p>Being open-minded and receptive to alternative approaches</p> <p>Learning from our experiences<br/>Supporting others to enable them to achieve their goals</p> <p>Encourage innovation and creativity</p> |

**5. Strategic Objectives, Enablers and Performance Measures**

|  |   |  |   |
|--|---|--|---|
| <b>Vision</b>  |   |  |   |
| Buckinghamshire and Milton Keynes are the safest places in England in which to live, work and travel   |   |  |   |
| <b>Strategic Objectives</b>  |   |  |   |
| Prevent Incidents that cause harm from happening.  | Protect homes, public buildings and businesses from the effects of fire.  | To provide a timely and proportionate response to incidents by allocating our assets and resources in relation to risk and demand  | Offer best value for money to our residents and businesses.   |
| <b>Outcome Measures</b>  |   |  |   |
| Number of accidental dwelling fires<br><br>Numbers of primary fires in non-domestic buildings<br><br>Number of deliberate fires<br><br>Number of road traffic collision killed and seriously injured | Number of fire deaths<br><br>Number of injuries in accidental dwelling fires<br><br>Number of Injuries in non-domestic building fires.<br><br>False alarms<br><br>Real alarms | Incidents per appliance<br><br>Emergency response time trends<br><br>Appliance availability<br><br>Customer satisfaction (After The Incident Survey)<br><br>Co-Responding (incidents attended / lives saved)<br><br>Number of persons rescued from fires, road traffic collisions and 'Special Service' calls. | Council Tax rates compared with family group and / or other Combined Fire Authorities<br><br>Net expenditure per 1,000 population |
| <b>Strategic Enablers</b>  |   |  |   |
| People   | To optimise the contribution and well-being of our people.  |  |   |
| 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.                 |  |   |
| Assets and Equipment   | To provide high quality, cost effective assets and equipment with sufficient flexibility to adapt to changing requirements.   |  |   |

|  |   |                |                |                |                |  |
|--|---|----------------|----------------|----------------|----------------|--|
| <b>Strategic objective 1</b>   | Prevent incidents that cause harm from happening. |                |                |                |                |  |
| <b>What we will do:</b>  | <b>When we will do it:</b>                        |                |                |                |                | <b>How we will know if we are succeeding:</b>                              |
| <b>Initiative / Project / Key Task</b>   | <b>2015/16</b>                                    | <b>2016/17</b> | <b>2017/18</b> | <b>2018/19</b> | <b>2019/20</b> | <b>Outcome Measures</b>  |
| Implement Prevention Strategy.   |   |                |                |                |                | Number of accidental dwelling fires  |
| Move to focussed Central Prevention Team. This team will reflect the strategy, support stations and be accountable against risk based agreed performance measures. |   |                |                |                |                |  |
|  |   |                |                |                |                | Number of deliberate fires   |
|  |   |                |                |                |                | Number of road traffic collision killed and seriously injured              |
| Effective partnership working to identify "at risk" groups to ensure a targeted approach to prevention initiatives.  |   |                |                |                |                | <b>Output Measures</b>   |
|  |   |                |                |                |                | Number of Home Fire Risk Checks undertaken                                 |
| Focus on community engagement, supporting both fire and the wider social health and well-being risks in the community.   |   |                |                |                |                | Number of Home Fire Risk Checks initially assessed as high risk undertaken |
|  |   |                |                |                |                | Number of people receiving prevention based interventions/education        |
| Promote the installation of fire suppression systems in domestic premises to reduce the risk to life, property, the environment and the wider economy from fire.   |   |                |                |                |                |  |

|   |  |                |                |                |                |  |
|---|--|----------------|----------------|----------------|----------------|--|
| <b>Strategic objective 2</b>  | Protect homes, public buildings and businesses from the effects of fire. |                |                |                |                |  |
| <b>What we will do:</b>   | <b>When we will do it:</b>   |                |                |                |                | <b>How we will know if we are succeeding:</b>                        |
| <b>Initiative / Project / Key Task</b>  | <b>2015/16</b>   | <b>2016/17</b> | <b>2017/18</b> | <b>2018/19</b> | <b>2019/20</b> | <b>Outcome Measures</b>  |
| Implement Protection Strategy   |  |                |                |                |                | Number of fire deaths  |
| Protection structure review and implementation, including the involvement of station based personnel in providing business safety advice.                             |  |                |                |                |                | Number of injuries in accidental dwelling fires                      |
|   |  |                |                |                |                | Number of injuries in non-domestic building fires.                   |
| Support and maintain a risk based audit programme reconfigured to ensure a targeted approach to the provision of business safety advice and enforcement.              |  |                |                |                |                | False alarms   |
|   |  |                |                |                |                | Real alarms  |
|   |  |                |                |                |                | <b>Output Measures</b>   |
| Promote the installation of fire suppression systems in non- domestic premises to reduce the risk to life, property, the environment and the wider economy from fire. |  |                |                |                |                | The outcome risk levels of Fire Safety Audits                        |
|   |  |                |                |                |                | Number of audits carried out as per current Protection risk strategy |
|   |  |                |                |                |                | Number of smoke detectors fitted                                     |

| <b>Strategic objective 3</b>           | To provide a timely and proportionate response to incidents by allocating our assets & resources in relation to risk & demand |                |                |                |                |   |
|--|---|----------------|----------------|----------------|----------------|---|
| <b>What we will do:</b>                | <b>When we will do it:</b>  |                |                |                |                | <b>How we will know if we are succeeding:</b>   |
| <b>Initiative / Project / Key Task</b> | <b>2015/16</b>  | <b>2016/17</b> | <b>2017/18</b> | <b>2018/19</b> | <b>2019/20</b> | <b>Outcome Measures</b>   |
| Milton Keynes reconfiguration          |   |                |                |                |                | Incidents per appliance<br>Emergency response time trends<br>Appliance availability<br>Customer satisfaction (After The Incident survey)<br>Co-Responding (incidents attended / lives saved)<br>Number of persons rescued from fires/RTC/Special Services |
| Amersham & Chesham area review         |   |                |                |                |                |   |
| Amersham & Chesham reconfiguration     |   |                |                |                |                |   |
| Buckingham and Winslow area review     |   |                |                |                |                |   |
| Buckingham & Winslow reconfiguration   |   |                |                |                |                |   |
| M40 Corridor area review               |   |                |                |                |                |   |
| M40 Corridor reconfiguration           |   |                |                |                |                |   |
| Aylesbury area review                  |   |                |                |                |                |   |
| Aylesbury area reconfiguration         |   |                |                |                |                |   |
| On-Call Duty System Pilot              |   |                |                |                |                |   |
| Expansion of Co-Responding Scheme      |   |                |                |                |                |   |



|  |   |                |                |                |   |   |
|--|---|----------------|----------------|----------------|---|---|
| <b>Strategic objective 4</b>   | Offer best value for money to our residents and businesses. |                |                |                |   |   |
| <b>What we will do:</b>  | <b>When we will do it:</b>                                  |                |                |                | <b>How we will know if we are succeeding:</b> |   |
| <b>Initiative / Project / Key Task</b>                                       | <b>2015/16</b>  | <b>2016/17</b> | <b>2017/18</b> | <b>2018/19</b> | <b>2019/20</b>                                | <b>Outcome Measures</b>   |
| Implement a shared Finance function with another local authority             |   |                |                |                |   | Council Tax rates compared with family group and / or other Combined Fire Authorities |
| Evaluate strategic options for future provision of support service functions |   |                |                |                |   |   |
| Implement Strategic changes for provision of support service functions       |   |                |                |                |   | <b>Output Measures</b>  |
| Implement legislated changes to Firefighter Pension Schemes                  |   |                |                |                |   | Ratio of Support ('Green Book') staff to operational ('Grey Book') staff              |
| Review of pension scheme administration to improve service.                  |   |                |                |                |   |   |
| Management Structure Reviews   |   |                |                |                |   |   |
| Collaborative procurement and contract negotiation                           |   |                |                |                |   |   |

| <b>Strategic Enabler 1</b>  |                | To optimise the contribution and well-being of our people. |                |                |                |   |   |
|---|----------------|--|----------------|----------------|----------------|---|---|
| <b>What we will do:</b>   |                | <b>When we will do it:</b>                                 |                |                |                |   | <b>How we will know if we are succeeding:</b> |
| <b>Initiative / Project / Key Task</b>  | <b>2015/16</b> | <b>2016/17</b>   | <b>2017/18</b> | <b>2018/19</b> | <b>2019/20</b> | <b>Supporting Measures</b>  |   |
| Adapt and refresh the workforce to improve service delivery, resilience and deliver PSP outcomes.   |                |  |                |                |                | <ul style="list-style-type: none"> <li>• Accidents / Injuries to staff</li> <li>• Sickness – short term / recurring</li> <li>• New recruit turnover</li> <li>• Vacancy factor</li> <li>• Staff retention</li> <li>• Temporaries in permanent posts</li> <li>• Appraisal performance</li> <li>• Staff satisfaction</li> <li>• Skills gap measures</li> <li>• Workforce characteristics</li> <li>• Career progression measures</li> <li>• Salary / Terms &amp; Conditions benchmarks</li> </ul> |   |
|   |                |  |                |                |                |   |   |
| Move to flexible, affordable local terms and conditions where appropriate to support demand and risk led people resourcing.   |                |  |                |                |                |   |   |
|   |                |  |                |                |                |   |   |
| Ensure the workforce strategy, employment policy, supporting contracts and building capacity & capability systems are established to support demand and risk led people resourcing. |                |  |                |                |                |   |   |
|   |                |  |                |                |                |   |   |
| Adapt employee proposition to optimise employee motivation, attract and retain right calibre, high performing people.   |                |  |                |                |                |   |   |
|   |                |  |                |                |                |   |   |
| KIS Structure Review and implementation.  |                |  |                |                |                |   |   |
|   |                |  |                |                |                |   |   |
| Achieve Reduction of KSI as a strategic priority for the Buckinghamshire and Milton Keynes Partnership Boards   |                |  |                |                |                |   |   |

|   |   |                |                |                |                |   |
|---|---|----------------|----------------|----------------|----------------|---|
| <b>Strategic Enabler 2</b>  | 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. |                |                |                |                |   |
| <b>What we will do:</b>   | <b>When we will do it:</b>  |                |                |                |                | <b>How we will know if we are succeeding:</b>   |
| <b>Initiative / Project / Key Task</b>                                    | <b>2015/16</b>  | <b>2016/17</b> | <b>2017/18</b> | <b>2018/19</b> | <b>2019/20</b> | <b>Supporting Measures</b>  |
| Knowledge & Information Services strategy implementation                  |   |                |                |                |                | <ul style="list-style-type: none"> <li>• System Downtime</li> <li>• System Availability outside BHQ</li> <li>• ICT Customer Satisfaction</li> <li>• ICT 'Maturity Model' level</li> </ul> |
| Business Systems Integration Programme                                    |   |                |                |                |                |   |
| Automation of Payroll Input   |   |                |                |                |                |   |
| Migration to electronic workflow to support key people business processes |   |                |                |                |                |   |
| Communications hardware and software review                               |   |                |                |                |                |   |
| Implement upgrades to communications hardware & software                  |   |                |                |                |                |   |
| Review Knowledge & Information Services strategy                          |   |                |                |                |                |   |
| Implement updated Knowledge & Information Services strategy               |   |                |                |                |                |   |

|   |   |                |                |                |                |  |
|---|---|----------------|----------------|----------------|----------------|--|
| <b>Strategic Enabler 3</b>                                      | Assets and Equipment: To provide high quality, cost effective assets and equipment with sufficient flexibility to adapt to changing requirements. |                |                |                |                |  |
| <b>What we will do:</b>   | <b>When we will do it:</b>  |                |                |                |                | <b>How we will know if we are succeeding:</b>  |
| <b>Initiative / Project / Key Task</b>                          | <b>2015/16</b>  | <b>2016/17</b> | <b>2017/18</b> | <b>2018/19</b> | <b>2019/20</b> | <b>Supporting Measures</b>   |
| MK Transformation Project                                       | █   |                |                |                |                | <ul style="list-style-type: none"> <li>• Maintenance costs as a proportion of asset value</li> <li>• Asset utilisation measures:- <ul style="list-style-type: none"> <li>- 1,000 population per fire station</li> <li>- Area covered per fire station</li> <li>- cost per fire station / appliance</li> </ul> </li> <li>• Medium Term Financial Plan alignment</li> <li>• Conformance to 'Pre-determined Attendance' time targets</li> </ul> |
| Head Quarters /Unit 7 Reconfiguration                           | █   |                |                |                |                |  |
| PPE Review Project  | █   |                |                |                |                |  |
| Implement Red Fleet diversification (new appliance procurement) | █   |                |                |                |                |  |
| Evaluate Impact of Red Fleet diversification strategy           |   |                | █              |                |                |  |
|   |   |                |                |                |                |  |

## 7. Risk Management Plan

| Risk   | Management actions & controls  |
|--|--|
| Costs of implementing plan exceed current funding allocations                      | <ul style="list-style-type: none"> <li>▪ Budget Monitoring Process (officer and member scrutiny)</li> <li>▪ Medium term financial planning process</li> <li>▪ Earmarked Authority Reserves (see 2015/16 – 2019/20 Medium Term Financial Plan)</li> </ul> |
| Staff competencies and / or capacity insufficient to deliver key tasks / projects. | <ul style="list-style-type: none"> <li>▪ Strategic Training Review</li> <li>▪ Workforce Plan</li> <li>▪ Resourcing and Remuneration strategies</li> </ul>  |
| Prolonged business continuity issue (e.g. pandemic flu, industrial action)         | <ul style="list-style-type: none"> <li>▪ Peer reviewed business continuity plan in place</li> <li>▪ Employee relations and engagement strategy</li> </ul>  |
| Unexpected financial pressures   | <ul style="list-style-type: none"> <li>▪ Budget Monitoring Process (officer and member scrutiny)</li> <li>▪ Medium term financial planning process</li> <li>▪ Earmarked Authority Reserves (see 2015/16 – 2019/20 Medium Term Financial Plan)</li> </ul> |
| Dependencies on external parties   | <ul style="list-style-type: none"> <li>▪ Contract / MOU monitoring</li> <li>▪ Business continuity plan</li> </ul>  |

## **8. Plan Governance and Monitoring**

The key activities and projects detailed within this plan will each be supported by a costed and risk-assessed business plan. Each activity or project will be cascaded to a department to deliver through its own individual departmental action plan.

### **Regular Monitoring**

Directorates / Departments will 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 our performance management system and its associated risk register.

This will be supported by monthly budget monitoring reports assessing actual/ projected spend against planned expenditure ensuring financial issues are appropriately raised in good time.

### **Quarterly Monitoring**

At the Quarterly Performance Monitoring Board meetings, Department Heads will discuss progress to ensure that any issues and risks arising are, where appropriate, highlighted to our Senior Management Team, and give assurances that any remedial actions will address the issues. On a quarterly basis, the KIS Information Team will produce quarterly performance reports bringing together performance, risk and financial management. These reports will then form the basis of quarterly performance reports to the Fire Authority.

### **Annual Monitoring**

A summary of progress in relation to key Plan outcomes will be included in our annual Statement of Assurance which is scrutinised by Fire Authority Members at the Overview and Audit Committee.