

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

Director of Legal & Governance, Graham Britten  
Buckinghamshire Fire & Rescue Service  
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**Chief Fire Officer and Chief Executive**  
Jason Thelwell

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To: The Members of the Executive Committee

30 January 2017

**MEMBERS OF THE PRESS  
AND PUBLIC**

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

Dear Councillor

Your attendance is requested at a meeting of the **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 8 February 2017 at 10.00 am** when the business set out overleaf will be transacted.

Yours faithfully

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

Graham Britten  
Director of Legal and Governance

Chairman: Councillor Busby  
Councillors: Carroll, Gomm, Lambert, Marland, McDonald, Reed and Schofield



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## **Recording of the Meeting**

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

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

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

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

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

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

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

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

## **Rights to Speak - Members**

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

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

## **Questions**

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

## **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 sign as a correct record, the Minutes of the meeting of the Committee held on 23 November 2016 (Item 2) **(Pages 7 - 12)**

**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. Budget Monitoring Performance and Debt Management April - November 2016**

To consider Item 5 **(Pages 13 - 28)**

**6. The Prudential Code, Prudential Indicators and Minimum Revenue Provision**

To consider Item 6 **(Pages 29 - 38)**

**7. Medium Term Financial Plan (MTFP) 2017/18 to 2019/20**

To consider Item 7 **(Pages 39 - 50)**

**8. Size of the Authority and its Code of Conduct Complaints Procedure**

To consider Item 8 **(Pages 51 - 76)**

**9. Emergency Services Mobile Communications Programme (ESMCP) Report**

To consider Item 9 **(Pages 77 - 114)**

**10. Apprenticeship Pilot**

To receive a verbal update.

**11. Strategic Management Board Remuneration and Performance Review 2016 and Annual Report on the Employee Bonus Scheme**

To consider Item 11 **(Pages 115 - 144)**

## **12. Date of Next Meeting**

To note that the next meeting of the Committee will be held on Wednesday 15 March 2017 at 10am.

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)

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Minutes of the meeting of the EXECUTIVE COMMITTEE of the BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY held on WEDNESDAY 23 NOVEMBER 2016 at 10.00 am

**Present:** Councillors Busby (Chairman), Carroll, Gomm, Lambert, Reed and Schofield

**Officers:** J Thelwell (Chief Fire Officer), M Osborne (Deputy Chief Fire Officer), G Britten (Director of Legal and Governance), L Swift (Director of People and Organisational Development), D Sutherland (Director of Finance and Assets), M Hemming (Deputy Director of Finance and Assets), K McCafferty (Head of Human Resources), N Boustred (Head of Service Delivery), P Holland (Head of Service Transformation), M Stevens (Management Accountant), J Parsons (Head of Service Development), D Thexton (ICT Manager) and K Nellist (Democratic Services Officer)

**Apologies:** Councillor Marland

**EX21 MINUTES**

RESOLVED –

That the Minutes of the meeting of the Executive Committee held on Wednesday 21 September 2016, be approved and signed by the Chairman as a correct record.

**EX22 BUDGET MONITORING PERFORMANCE AND DEBT MANAGEMENT APRIL-SEPTEMBER 2016**

The Committee considered an update of the provisional revenue and capital outturn position and debt management performance to 30 September 2016.

The Management Accountant advised the Committee that managers had positively and proactively controlled spending and forecast an under-spend of £655k, against a revenue budget of £28.3m.

The Committee were advised that the underspend was mainly due to staffing levels being lower than budgeted for, whole-time retirements and on-call firefighter employment being significantly below budgeted establishment levels. The underspend which resulted from this would be redirected into schemes looking to the future, including apprenticeships and new and flexible ways of working, for example the 'bank' system.

The Management Accountant advised the Committee that out of the £655k under-spend, £200k would be transferred to a reserve to help fund a sprinkler initiative for future years.

The Chairman advised Members that they should not focus on the issue of underspend in isolation, as if the Authority was

successful with its new model for on call firefighters, some of that underspend would be used up quickly.

The Chairman requested that future reports should include a line which reflected the costs to the Authority of the 'bank system'.

RESOLVED –

1. That the latest projected outturn forecast for the Authority as at 30 September 2016 be noted.
2. That £200k of the projected underspend for 2016/17 be transferred to a reserve to help fund the sprinklers initiative in future years.

## **EX23**

### **ANNUAL REPORT ON PARTNERSHIPS**

The Director of Finance and Assets advised the Committee that this was an annual update of Member and Officer participation in external partnership arrangements and also suggested recommended additions to the Partnership Register.

Members had also been provided with a list of joint working groups and ongoing collaborative work.

RESOLVED –

1. That the revised Partnership Register, including suggested additions, set out in Appendix 2, be approved;
2. That the separate list of joint working groups where the Authority had an interest, including suggested additions, set out in Appendix 3, be noted.
3. That the content of Appendix 4 be noted.

## **EX24**

### **MEMBERS' ALLOWANCES**

The Director of Legal and Governance advised Members that the Authority was required to adopt a Scheme of Members' Allowances before 1 April each year and, in so doing, have due regard to the recommendations of the Independent Remuneration Panels of the constituent authorities when considering its own Scheme of Members' Allowances and confirm that it had done so when it gives public notice of the Scheme of Allowances.

This report recommended that the Scheme for 2017/18 increase the Members' allowances to the pay award for the National Joint Council (NJC) for Local Authorities' Fire and Rescue Services, Scheme of Conditions of Service (Grey Book), which was 1% for 2016/17.

A Member asked if it would be possible to look at a combined public notice with one of the local authorities to reduce the cost



to the Authority. It was agreed that the Director of Legal and Governance would look into this.

RESOLVED –

That the Authority be recommended to adopt the Scheme for Members' Allowances for 2017/18.

## **EX25**

### **ICT DISASTER RECOVERY PLAN**

The Head of Service Development advised Members that in December 2015, following a review of the ICT Strategy, the Authority agreed to a revision promoting that, wherever prudent, solutions should be remotely hosted or cloud based. This very much reflected a clear policy steer from Government to the public sector in relation to cloud based solutions.

This report was presented to the Strategic Management Board on 25 October 2016 where it was agreed to move the disaster recovery system to a remotely hosted solution. As a result of decommissioning the control facility following the move to the Thames Valley Fire Control Service, the Authority's DR Servers were currently installed in the same room as the Business as Usual Servers. This was clearly not ideal and was always designed to be a temporary arrangement until the MK Blue Light Hub was constructed and provided a remote site for the DR servers. As this project was still some time from being constructed and enabled by the new ICT strategy, the ICT team investigated the possibility of an alternative cloud based solution.

A strong business case had been put together offering initial savings of £32K and further savings of £72K every six years by not needing to replace the servers (typically they have a life of 5/6 years). The project also had significant other business continuity benefits as it reduced other practical potential points of failure, such as the loss of the HQ site or connections provided by third party suppliers.

The report also updated Members on other areas of concern in relation to the exponential increase in virus attacks globally. After experiencing a couple of minor attacks and a significant ransomware attack, the ICT team was looking to bolster its defences through investment in its systems.

RESOLVED-

1. That the decision to move to cloud based technology to provide the bases of the Service's ICT disaster recovery plan be noted;
2. that the progress in delivering this project be reported to the Overview and Audit Committee.

## **EX26**

### **INDEPENDENT REVIEW OF CONDITIONS OF SERVICE FOR FIRE AND RESCUE STAFF IN ENGLAND**

The Lead Member for Human Resources and Equality and Diversity advised the Committee that there were a total of forty-five recommendations in the independent review of conditions of service by Adrian Thomas, the vast majority of which this Authority would totally support. These recommendations were broken down into five main themes: the working environment; documented conditions of service; industrial relations; retained duty system and management of fire and rescue services.

The Lead Member for Human Resources and Equality and Diversity also advised the Committee that the Fire Brigades Unions' initial response had not welcomed the report, and had considered it 'irrelevant'.

The Director of People and Organisational Development advised the Committee that most of the recommendations in the report were already included in the Service's workforce reform agenda. Some of the recommendations were national issues and refer to things that are outside the Authority's remit, for example the National Joint Council (NJC) and the Chief Fire Officers Association (CFOA). Regardless of whether the NJC reform happened, it would not impact on the Authority's agenda to move its conditions of service to local terms and conditions.

The Head of Human Resources advised Members that the Executive Summary mentions succession planning and resilience and resource modelling and Members would recall that the senior management succession plan was brought to a meeting of this Committee in July 2016. In addition, the report refers to the modernising of grey book and removal of gold book. This Authority had a very robust pay policy statement and the annual review of senior remuneration is presented to this Committee each year.

The Head of Human Resources also advised Members that there was a referral in the report under the working environment section, to early engagement and communication. The Authority had a very modern managing change procedure and really good positive relationships with representative bodies, including a Joint Consultation Forum with all representative bodies, including the local staff representative who sit and discuss, engage and consult. Finally, there was reference to rolling out unconscious bias training. Mr Thomas visited this Service in October 2016 as part of the leadership master class to deliver that training.

The Chief Fire Officer advised the Committee that at page 107 Section 30 it said "Fire authorities should keep the number and level of commitment of fire authority elected members under review. The right number may differ by authority but should be large enough to allow scrutiny without becoming burdensome on operational delivery. This was a matter which, at the June 2016 meeting of the Authority, the Chairman had requested be

considered at the Authority meeting in February 2017 regarding the size of the Authority.

RESOLVED –

That the content of the report be noted.

**EX27**

**DATE OF NEXT MEETING**

The Committee noted that the date of the next Executive Committee meeting would be held on Wednesday 8 February 2017 at 10.00am.

THE CHAIRMAN CLOSED THE MEETING AT 10.50AM.

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# Buckinghamshire & Milton Keynes Fire Authority

<b>MEETING</b>	Executive Committee
<b>DATE OF MEETING</b>	8 February 2017
<b>OFFICER</b>	David Sutherland, Director of Finance and Assets
<b>LEAD MEMBER</b>	Councillor Peter McDonald
<b>SUBJECT OF THE REPORT</b>	<b>Budget Monitoring Performance and Debt Management April – November 2016</b>
<b>EXECUTIVE SUMMARY</b>	<p>To present the provisional revenue and capital outturn position and debt management performance to 30 November 2016.</p> <p>The report in Appendix A sets out the Authority's revenue and capital spending position as at 30 November 2016, together with the projected outturn position for the financial year.</p> <p>Managers have positively and proactively controlled spend and forecast an underspend of £510k, against a revenue budget of £28.3m.</p> <p>In response to Members' request for more details on the cost of the bank system, further analysis has been provided in Section 3. This shows that while the cost of the bank system is increasing, the increased use is driving further overall savings in the cost of the whole-time establishment.</p>
<b>ACTION</b>	Decision/Information.
<b>RECOMMENDATIONS</b>	<ol style="list-style-type: none"> <li>1. That the latest projected outturn forecast for the Authority as at 30 November 2016 be noted.</li> <li>2. That £200k of the projected underspend for 2016/17 is transferred to the Revenue Contributions to Capital Outlay (RCCO) reserve in order to add resilience to this area in future years.</li> </ol>
<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>CONSISTENCY WITH THE PRINCIPLES OF COLLABORATION</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 &amp; BACKGROUND PAPERS</b>	<p><b>Background</b></p> <p>Medium Term Financial Plan 2016/17 to 2019/20, CFA Meeting 10 February 2016:  <a href="http://bucksfire.gov.uk/files/4614/5459/6672/Fire_Authority_Summons_and_Agenda_100216_72dpi.pdf">http://bucksfire.gov.uk/files/4614/5459/6672/Fire_Authority_Summons_and_Agenda_100216_72dpi.pdf</a></p> <p>Budget Monitoring Performance and Debt Management April - September 2016:  <a href="http://bucksfire.gov.uk/files/1414/7879/2916/EXECUTIVE_COMMITTEE_AGENDA_231116_compressed.pdf">http://bucksfire.gov.uk/files/1414/7879/2916/EXECUTIVE_COMMITTEE_AGENDA_231116_compressed.pdf</a></p>
<b>APPENDICES</b>	Appendix A – Budget Monitoring Performance and Debt Management April – November 2016
<b>TIME REQUIRED</b>	10 Minutes
<b>REPORT ORIGINATOR AND CONTACT</b>	<p>Mark Stevens (Revenue) and Asif Hussain (Capital)</p> <p><a href="mailto:mstevens@bucksfire.gov.uk">mstevens@bucksfire.gov.uk</a>  <a href="mailto:ahussain@bucksfire.gov.uk">ahussain@bucksfire.gov.uk</a></p> <p>01296 744425 and 01296 744421</p>

## Appendix A

## 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 November 2016. The budget of £28.3m is compared to the forecast outturn to give a forecast year-end underspend of £510k.

Directorate	Area Manager	Total Budget	Actual Year to Date	Forecast Outturn	Projected Year End Variance
Corporate Core	Corporate Core	913,260	674,237	866,515	-46,745
	Legal & Governance	84,350	42,123	84,350	0
<b>Corporate Core Total</b>		<b>997,610</b>	<b>716,361</b>	<b>950,865</b>	<b>-46,745</b>
Finance & Assets	Finance & Procurement	972,490	692,661	979,060	6,570
	Resource Management	2,111,760	1,437,226	2,037,399	-74,361
<b>Finance &amp; Assets Total</b>		<b>3,084,250</b>	<b>2,129,887</b>	<b>3,016,459</b>	<b>-67,791</b>
People & Organisation Development	Training & Development	1,747,726	1,130,779	1,880,818	133,092
	Operations & Services	779,940	531,194	796,409	16,469
<b>People &amp; Organisation Development Total</b>		<b>2,527,666</b>	<b>1,661,973</b>	<b>2,677,227</b>	<b>149,561</b>
Delivery, Corporate Development & Planning	Service Delivery	15,350,794	9,208,404	14,859,249	-491,545
	Service Development	473,275	487,226	454,580	-18,695
	Service Transformation	1,269,970	965,832	1,747,704	477,734
	IT and Communications	1,421,725	799,929	1,331,487	-90,238
<b>Delivery, Corporate Development &amp; Planning Total</b>		<b>18,515,764</b>	<b>11,461,391</b>	<b>18,393,020</b>	<b>-122,744</b>
Statutory Accounting & Contingency	Capital Charges	873,886	-1,092,249	833,886	-40,000
	Direct Revenue Financing	1,290,114	1,290,114	1,290,114	0
	Contingency	818,240	34,186	352,181	-466,059
	Non Distributed Costs	215,170	140,929	216,966	1,796
<b>Statutory Accounting &amp; Contingency Total</b>		<b>3,197,410</b>	<b>372,980</b>	<b>2,693,147</b>	<b>-504,263</b>
<b>Total Expenditure</b>		<b>28,322,700</b>	<b>16,342,591</b>	<b>27,730,718</b>	<b>-591,982</b>
<b>Total Funding</b>		<b>-28,322,700</b>	<b>-21,265,062</b>	<b>-28,241,101</b>	<b>81,599</b>
<b>Net Position</b>		<b>0</b>	<b>-4,922,471</b>	<b>-510,383</b>	<b>-510,383</b>

The key variations in directorate budgets compared to year-end outturn shown above in Table 1 are:

**Finance & Assets £68k under** – This variance relates to the vacant Resource Manager post and unbudgeted income received from aerial sites. Employment agency payments in Workshops and Procurement, as well as more minor overspends across the directorate then bring the favourable variance down to the headline figure that is being seen here.

**People & Organisation Development £150k over** – An overspend is being seen in this directorate because the costs of the apprenticeship scheme are being picked up here, while being funded from underspends elsewhere in the organisation. The overall adverse variance is then reduced by under establishments in the POD directorate.

**Delivery, Corporate Development & Planning £123k under** –

*Service Delivery:* Staffing levels are lower than budgeted in this area due to retirements and leavers in previous years, while on-call firefighter employment is significantly below budgeted establishment levels. The underspends which result from this are then utilised for apprenticeships seen in POD, the 'bank' system seen under this directorate and non-grey book staffing seen below. £500k has been set aside to create a reserve for the apprenticeship scheme, while £200k has also been set aside to create a reserve for sprinkler initiatives next year.

*Service Transformation:* The bulk of overspends in this area relate to the non-grey book staffing initiative alluded to above, with temporary service transformation posts also contributing to overspends.

**Statutory Accounting & Contingency £504k under** - The contingency fund makes provision for any pay award and pay protection arrangements as well as exceptional items for which no budget has been approved during the budget setting process. The current level of the fund was reduced as part of the Medium Term Financial Plan for 2016/17, however, in-year savings are also held here as part of a new program of centralising budgets once they have been identified as bearing consistent underspends. It is also recommended that £200k of underspend is transferred from this area, into a reserve to fund revenue contributions to capital in future years (see Recommendation 2).



## 2. Direct Employee Costs

**Table 2** shows the budget and provisional outturn for each sub-heading within the direct employees subjective as at the end of November 2016.

<b>Staffing</b>	<b>Total Budget</b>	<b>Actual Year to Date</b>	<b>Forecast Outturn</b>	<b>Variance</b>
Members of the Brigade	12,741,410	8,176,432	12,377,966	-363,444
Retained Duty System	1,684,554	774,357	1,258,625	-425,929
Administrative Staff	3,852,084	2,501,768	3,789,810	-62,274
Control Room Staff	0	34,312	0	0
Casual Employees	61,450	41,594	59,782	-1,668
Technicians	244,120	167,642	251,937	7,817
Members Allowances	72,780	38,898	72,780	0
Allowances	747,330	443,394	666,911	-80,419
Agency Staff	109,040	183,125	297,475	188,435
<b>Grand Total</b>	<b>19,512,768</b>	<b>12,361,522</b>	<b>18,775,286</b>	<b>-737,482</b>

**Members of the Brigade** – this relates to lower staffing levels than budgeted, however, the cost of the bank system in 2016/17 can be seen to offset these favourable variances to a degree (see Section 3 for further analysis of bank costs).

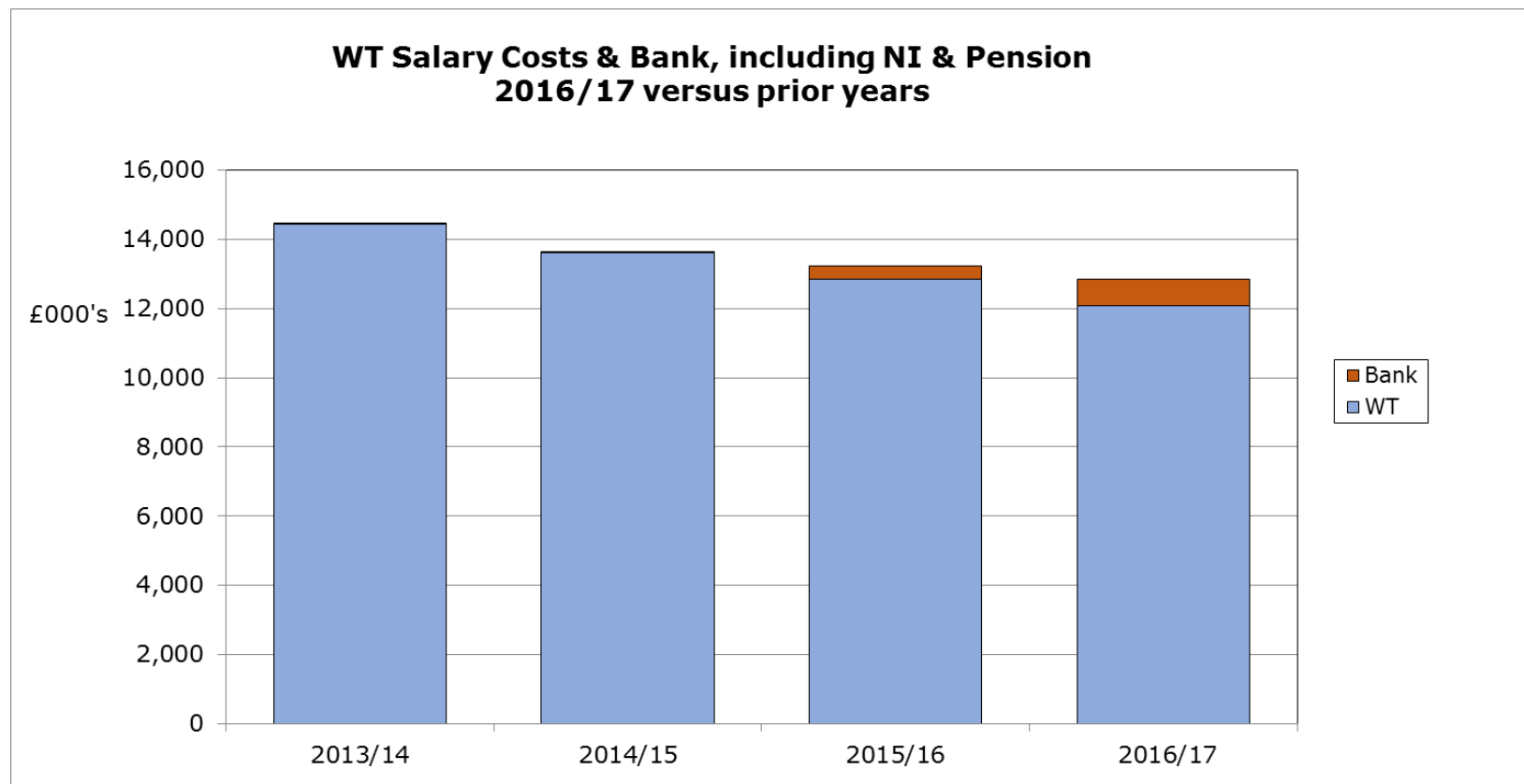
**Retained Duty System** – on-call firefighter employment is currently significantly under budgeted establishment levels.

**Administrative Staff** – Underspends in Finance, KIS, the driving school, Fire Protection, Staff Development, Corporate and Forward Planning and in relation to the Resource Manager post can be seen to outweigh overspends in this area. With regard to overspends, elements include a Programme Manager and work placement role assigned to facilitate service transformation, as well as a temporary member of staff in Property, while a Business and Systems Integration Project Manager post will be funded from earmarked reserves as planned.

**Agency Staff** – agency staff have been used to cover interim vacancies in the Finance and Procurement team as well as to support projects in Property and short-term resourcing in Workshops.

### 3. Bank cost analysis

The table below shows whole-time operational staff costs from 2013/14 onwards, with Bank payments forming part of these from 2015/16.



Dec/Jan/Feb and Mar 2016/17 figures are projections based on November salary costs and profiled Bank forecasts

The Authority has been proactive in developing resilient resourcing models in order to meet known risk and demand levels of the service, while maintaining response standards. Examples of this approach include operating with a smaller regular establishment, which is reinforced by on-call and whole-time firefighters working 'Bank' shifts, as well as a number of FFs on more flexible local terms and conditions.

With a smaller regular establishment being achieved via falling staff numbers from 2013/14 -due to retirements and leavers- the 'Bank system' offers BMKFRS a flexible resource, designed to maintain appliance availability in the event of crewing shortfalls.

The aforementioned figures show how costs have continued to fall over the last few years, driven by the introduction of this more flexible resource.

#### 4. 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	19,512,768	12,361,522	18,775,286	-737,482
B.	Knowledge & Information Services	1,304,617	757,454	1,264,334	-40,283
C.	Fuel Charges	280,760	133,508	218,000	-62,760
D.	Energy/Utilities	277,670	97,835	273,437	-4,233
E.	Employment Agencies/Consultants	109,040	183,125	297,475	188,435

- The variances for A. B. and E. are as noted in Section 2 above, while fuel is underspent as both usage and cost per litre are currently lower than budgeted.

## 5. Funding

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

	<b>Govt Funding £000</b>	<b>Business Rates £000</b>	<b>NNDR Pooling £000</b>	<b>Specific Grants £000</b>	<b>Council Tax Receipts (incl. 15/16 surplus) £000</b>	<b>Total Funding £000</b>
Budget 2016/17	-4,507	-4,874	-164	-1,099	-17,679	-28,323
Budget Year to Date	-3,413	-3,691	-124	-832	-13,390	-21,451
Actual to Date	-3,413	-3,657	0	-805	-13,390	-21,265
Variance Year to Date	0	34	124	28	0	186
Forecast Outturn	-4,507	-4,829	-164	-1,062	-17,679	-28,241
Projected Year End Variance	0	45	0	37	0	82

Current projections show the majority of funding streams to budget.

The Home Office have now confirmed New Dimensions funding for the full financial year following review of mass decontamination capabilities. Levels are £37k lower than originally projected due to an adjustment in relation to the Incident Response Unit.

In addition to this, exact funding levels resulting from NNDR pooling arrangements are uncertain at this stage and Business Rates will be approximately £45k less than budgeted, due to a change to the way cap compensation is distributed to authorities.

## 6. Savings and efficiencies

Of the £559k savings offered up in the 2016/17 Medium Term Financial Plan, £17k is from Corporate Core, £21k from Finance & Assets, £44k from POD and £476k from Delivery, Corporate Development and Planning.

Directorate	Target Saving £0	Forecast Actual Saving £0	Under/ (Over) Recovery £0
Corporate Core	16,779	16,779	-
Finance & Assets	21,335	21,335	-
People & Organisation Development	44,394	44,394	-
Delivery, Corporate Development and Planning	476,492	476,492	-
<b>Total Savings</b>	<b>559,000</b>	<b>559,000</b>	-

**Corporate Core, Finance and Assets and POD** – Supplies and services budgets have been reduced based on historical analysis of actual spend in this area.

**Delivery, Corporate Development and Planning** – The new firefighter pension scheme has been modelled into the budgeted establishment to reflect the lower cost of the 2015 scheme.

## 7. Capital Forecasts

The capital programme for 2016/17 is £3.236m and in October 2016, an additional budget of £6.763m was agreed to fund the blue light hub which together with a number of carry-forward schemes totals £16.451m.

Project Name	Original Budget 2016-17	Agreed 15-16 Carry Forwards	In year budget agreed (Oct 16)	Revised Budget 2015-16	Actual Year to Date	Commitments 2015/16	Forecast Outturn	Slippage to 2017/18	Year End Variance
Property	500,000	194,615		694,615	297,952	73,607	544,615	150,000	0
Property Review	0	5,161,125	6,763,375	11,924,500	719,417	105,451	824,868	11,099,632	0
<b>Sub Total</b>	<b>500,000</b>	<b>5,355,740</b>	<b>6,763,375</b>	<b>12,619,115</b>	<b>1,017,369</b>	<b>179,058</b>	<b>1,369,483</b>	<b>11,249,632</b>	<b>0</b>
CCTV Cameras	45,000	50,000		95,000	35,000	4,125	95,000	0	0
Operational Vehicles Red Fleet	2,300,000	696,000		2,996,000	543,920	2,041,590	1,960,000	996,000	(40,000)
Operational Vehicles White Fleet	132,000	0		132,000	72,854	39,545	140,000	0	8,000
Hydraulic Equipment	56,000	0		56,000	0	0	56,000	0	0
Water Tankers	0	80,000		80,000	0	80,000	80,000	0	0
Operational Equipment	93,000	66,263		159,263	48,817	43,688	159,263	0	0
<b>Sub Total</b>	<b>2,626,000</b>	<b>892,263</b>	<b>0</b>	<b>3,518,263</b>	<b>700,591</b>	<b>2,208,947</b>	<b>2,490,263</b>	<b>996,000</b>	<b>(32,000)</b>
ICT	110,000	203,503		313,503	103,850	177,636	313,503	0	0
<b>Sub Total</b>	<b>110,000</b>	<b>203,503</b>	<b>0</b>	<b>313,503</b>	<b>103,850</b>	<b>177,636</b>	<b>313,503</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>3,236,000</b>	<b>6,451,506</b>	<b>6,763,375</b>	<b>16,450,881</b>	<b>1,821,811</b>	<b>2,565,641</b>	<b>4,173,249</b>	<b>12,245,632</b>	<b>(32,000)</b>

## Funding

The capital programme will be funded as follows:

<b>Funding Source</b>	<b>£</b>
Capital Receipts	40,000
Transfer from RCCO Reserve	4,133,249
<b>Total Funding</b>	<b>4,173,249</b>

## Property Portfolio

The Property team have been allocated £500k for 2015/16, which relates to priority 2 repairs as identified in the condition survey and other priorities identified within the property strategy. A slippage amount of £5.356m has been carried over from 2015/16 with the majority of the slippage relating to the property review.

As at the end of November, several stations have had repairs and refurbishments completed. In particular, a new modular building has been installed at Beaconsfield station and refurbishments at Newport Pagnell and Aylesbury station have been completed. Further works are scheduled in at several stations which are due to commence in quarter 4. A slippage of £150k is being reported based on outstanding priority 2 repairs which will not take place this financial year due to other commitments. In October 2016, a report was presented to the Authority detailing the funding required going forward for the MK project. The additional funding was approved by Members. It is however anticipated that most of the budget will be spent in 2017/18 when the building works are likely to commence and therefore a slippage of £11.250m is currently being reported.

## Fire Appliances & Equipment

A budget of £2.3m and £132k was allocated to purchase several red and white fleet appliances. Orders for the red fleet appliances have been placed with the first set of appliances expected to be delivered in March. The remaining appliances will be delivered from April 2017 onwards. Due to most of the appliances being delivered from April onwards, £996k is being slipped as the final installment for the appliances will not be made until all appliances have been delivered to the Authority. A underspend of £40k is currently being projected in the red fleet appliance budget due to the efficient work carried out by Procurement and the Operational leads in ensuring value for money was achieved when procuring for the appliances. It is recommended that some of the £40k underspend is utilised to purchase the USAR canine vehicle. A separate business case will be presented to Members to request approval for the reallocation of the current underspend projected.

A slippage of £696k relates to four red fleet appliances (part of 2015/16 capital programme) which were expected to be delivered by December 2016. However a further delay in the build caused by the supplier has pushed this date back further. On-going



discussions are taking place between the Fleet Manager and the supplier to discuss a way forward. It is expected that one of the four appliances will be delivered in January 2017.

Two of the four white fleet vehicles have been delivered with the remaining expected to be delivered by the end of the financial year. CCTV installation is progressing well with all vehicle installations expected to be completed by the end of the financial year. The budget for the water tanker has slipped from last year but an order has now been placed and delivery expected in quarter 4. Hydraulic equipment and operational equipment orders are being placed throughout the year.

### Support

ICT was allocated a budget of £110k which is for the Wi-Fi upgrade and the replacement of hardware. A balance of £204k has been brought forward from the previous year with majority of the slippage relating to the telephony project and the server upgrade. The server upgrade is now complete with the telephony project likely to commence in quarter four. The delay in commencement has been caused by the supplier who is unable to start the telephony project until they have completed a similar installation at a neighboring council.

### 8. Reserves

The table below shows the projected movement in reserves during the year.

<b>Reserves</b>	<b>Balance at start of year £000</b>	<b>Projected Additions £000</b>	<b>Projected Use of £000</b>	<b>Projected year-end balance £000</b>
General Fund	-2,165	-310		-2,475
Earmarked Reserves (Revenue)	-2,037	-750*		-2,787**
Earmarked Reserves (Capital)	-6,961	-1,977***	4,173	-4,765

\* This figure includes the £500k underspend to be transferred to a reserve to help fund the apprenticeship initiative in future years in addition to the £200k underspend to fund the joint sprinkler initiative in future years.

\*\* This figure includes £369k, which represents this Authority's share of the joint control room renewals fund (which is held by Oxfordshire Fire and Rescue Service) and £1,166m held in relation to the Business and Systems Integration project which is currently being implemented with a new HR and Finance system due to go-live in April 2017.

\*\*\* This figure also includes the £200k underspend which is being recommended to be transferred into a reserve to fund revenue contributions to capital in future years (see Recommendation 2).

## 9. Performance Indicators

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

<b>Description</b>	<b>2015-16 Actual</b>	<b>2016/17 Target</b>	<b>2016/17 Actual (rolling average)</b>
Budget Monitoring Training	100.0%	100.0%	100%
Managers accessing SAP Cost Centre Report	100%	100.0%	100%
% invoices paid within 30 days`	99.67%	99%	99.81%
Budget Mon. Report turn-around (working days)	7 days	7 days	6 days

Budget monitoring training is provided to managers assuming responsibility for budget management and control. A risk based approach is applied to budget monitoring with resources allocated to high risk areas. This supports a proactive challenge role for Finance and budget holder engagement. Compliance to date has been at 100%.

Invoices paid within 30 days has a rolling average of 99.81% as at the end of November.

## 10. Debt Management

The table below shows the key debtor performance figures for 2016/17:

<b>DEBTOR KEY PERFORMANCE INDICATORS 2016/17</b>	<b>Q1</b>	<b>Q2</b>	<b>Nov 16</b>
Debts over 60 days overdue	£54,098	£29,132	£13,271
Total Debt outstanding	£119,382	£70,786	£52,351
Debts over 60 days overdue as a % of total debt outstanding	43.42%	37.72%	29.06%
Debts over 60 days overdue as a % of total income to date	2.64%	1.33%	0.67%
Average days from raising invoices to receipt of income	65 days	37 days	16 days

The above figures show the quarterly average of debt during 2016/17. As at the end of November, the average total debt outstanding was £52k, of which £13k relates to debt 60 days overdue. Total debt outstanding as at the end of November 2016 was £36k, with the actual value of debts over 60 days overdue being £15k. November 2016 saw a reduction in this area, resulting in a significant decrease in average debt during quarter three.

The decrease in total debt outstanding is mainly due to the collection of income relating to officers seconded to other Fire and Rescue Services.

All debt over 60 days relates to awards of legal costs made in favour of Bucks Fire & Rescue Service against defendants after being successfully prosecuted for breaches of fire safety regulations. Once a court order has been made the Authority has little control over the timing of these payments.

The 'average days' taken to raise an invoice and then receipt income as at the end of November is 16 days.

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# Buckinghamshire & Milton Keynes Fire Authority

<b>MEETING</b>	Executive Committee
<b>DATE OF MEETING</b>	8 February 2017
<b>OFFICER</b>	David Sutherland, Director of Finance and Assets
<b>LEAD MEMBER</b>	Councillor Peter McDonald
<b>SUBJECT OF THE REPORT</b>	<b>The Prudential Code, Prudential Indicators and Minimum Revenue Provision</b>
<b>EXECUTIVE SUMMARY</b>	<p>This report is being presented as the Prudential Indicators (Appendices A and B) and Minimum Revenue Provision policy statement (Appendix C) are required to be approved by the Fire Authority and to support the Medium Term Financial Plan (MTFP).</p> <p>A review of the Balance Sheet indicates that the Authority is currently in an over-borrowed position. Due to prohibitive penalties the early repayment of borrowing is not an option. The Authority has no plans for additional borrowing in the foreseeable future, according to the current MTFP.</p>
<b>ACTION</b>	Decision.
<b>RECOMMENDATIONS</b>	<p>That the Executive Committee approve the recommendations below for submission to the Fire Authority.</p> <p>That the Authority be recommended to approve:</p> <ol style="list-style-type: none"> <li>1. the Prudential Indicators; and</li> <li>2. the Minimum Revenue Provision policy statement</li> </ol>
<b>RISK MANAGEMENT</b>	<p>The Prudential Code was established to ensure that capital investment plans are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. The indicators presented here demonstrate that the current plans for capital investment meet these criteria and present an acceptable level of risk to the Authority.</p> <p>Minimum revenue provision is a statutory charge to the General Fund, which ensures that an Authority has sufficient cash balances to repay borrowing upon maturity, reducing the refinancing risk.</p> <p>There are no direct staffing implications.</p>

<p><b>FINANCIAL IMPLICATIONS</b></p>	<p>The decision on the prudential indicators sets out the financial limits within which the Authority will operate in future years.</p> <p>The minimum revenue provision is a statutory charge against the General Fund, estimated at £47k for 2017/18 (no change from 2016/17).</p>
<p><b>LEGAL IMPLICATIONS</b></p>	<p>The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, SI 2003/3146 make provision for capital finance and accounts under the Local Government Act 2003 requiring the authority to have regard to the 'Prudential Code for Capital Finance in Local Authorities' when determining, under the Local Government 2003 Act, how much money it can afford to borrow; and require the Authority to determine for the current financial year an amount of minimum revenue provision which it considers to be prudent.</p>
<p><b>CONSISTENCY WITH THE PRINCIPLES OF COLLABORATION</b></p>	<p>No direct impact.</p>
<p><b>HEALTH AND SAFETY</b></p>	<p>No direct impact.</p>
<p><b>EQUALITY AND DIVERSITY</b></p>	<p>No direct impact.</p>
<p><b>USE OF RESOURCES</b></p>	<p>The impact of the Prudential Code will allow the Authority to make informed choices between revenue and capital financing of procured services, to encourage invest to save schemes and will only allow capital investment to proceed where the Authority can fund projects within prudential limits.</p> <p>Making sufficient minimum revenue provision ensures that when borrowing matures, cash is available to make the repayment. This ensures that the Authority does not need to borrow additional money to repay existing loans.</p>
<p><b>PROVENANCE SECTION &amp; BACKGROUND PAPERS</b></p>	<p><b>Background</b></p> <p>Realignment of Reserve Balances to Facilitate the Medium Term Financial Plan, Executive Committee, 18 November 2015:</p> <p><a href="http://bucksfire.gov.uk/files/7314/4612/0201/ITEM_6_._Reserve_Balances_-_Update_Post_Pre-Brief.pdf">http://bucksfire.gov.uk/files/7314/4612/0201/ITEM_6_._Reserve_Balances_-_Update_Post_Pre-Brief.pdf</a></p>
<p><b>APPENDICES</b></p>	<ul style="list-style-type: none"> <li>• Appendix A – Prudential Indicators</li> <li>• Appendix B – Summary Table of Prudential Indicators</li> <li>• Appendix C – Minimum Revenue Provision Policy Statement</li> </ul>

<b>TIME REQUIRED</b>	10 minutes.
<b>REPORT ORIGINATOR AND CONTACT</b>	Asif Hussain <a href="mailto:Ahussain@bucksfire.gov.uk">Ahussain@bucksfire.gov.uk</a> (01296) 744421

## Appendix A – Prudential Indicators

### 1.0 Indicators for Affordability

#### 1.1 The ratio of financing costs to net revenue stream

This indicator measures the percentage of the net revenue funding used to finance external debt. The spike in 2015/16 relates to the decision to reallocate reserves to reduce the capital financing requirement (excluding finance lease) to zero (see Provenance Section & Background Papers). As no future borrowing is planned it will remain consistently low from 2016/17 onwards:

Indicator	Actual 2015/16	Estimate 2016/17	Estimate 2017/18	Estimate 2018/19	Estimate 2019/20
Ratio of financing costs to net revenue stream	24.8%	1.0%	1.2%	1.2%	1.1%

#### 1.2 The incremental impact of capital investment decisions on the council tax

This indicator measures the impact of any additional (or reduction in) financing costs on the council tax.

Indicator	Actual 2015/16	Estimate 2016/17	Estimate 2017/18	Estimate 2018/19	Estimate 2019/20
The incremental impact of capital investment decisions on the council tax	-£0.92	£0.00	£0.00	£0.00	£0.00

### 2.0 Indicators for Prudence

#### 2.1 Gross borrowing and the Capital Financing Requirement

The table below shows gross borrowing and the capital financing requirement (CFR). The Authority should ensure that gross borrowing does not, except in the short term, exceed the CFR. However, due to the reallocation of reserves to reduce the CFR (excluding finance lease) to zero (see Provenance Section & Background Papers) gross borrowing will exceed CFR for the medium to long-term. This situation will exist until borrowing is repaid. Due to early repayment premiums it is prohibitively expensive to make any early repayments at the current time.

Gross borrowing will reduce to £7.382m due to a loan repayment of £368k which matured in May 2016. The figures shown below indicate the maximum level of borrowing during the year (i.e. repayments will reduce the limit for the following year):

Indicator	Actual 2015/16	Estimate 2016/17	Estimate 2017/18	Estimate 2018/19	Estimate 2019/20
Gross borrowing (£000)	8,265	7,750	7,382	7,382	6,797
Capital financing requirement (£000)	1,826	1,779	1,732	1,685	1,638



### **3.0 Indicators for Capital Expenditure**

#### **3.1 Capital Expenditure**

This indicator shows the expected level of capital expenditure for future years:

<b>Indicator</b>	<b>Actual 2015/16</b>	<b>Estimate 2016/17</b>	<b>Estimate 2017/18</b>	<b>Estimate 2018/19</b>	<b>Estimate 2019/20</b>
Capital expenditure (£000)	2,363	4,173	13,580	1,228	1,228

#### **3.2 Capital Financing Requirement (CFR)**

The CFR reflects the Authority's underlying need to borrow. This figure was reduced down to the level of the finance lease by the reallocation of reserves (see Provenance Section & Background Papers). No additional borrowing is planned in the medium term. The CFR should be looked at in relation to gross borrowing, as detailed in Section 2.1:

<b>Indicator</b>	<b>Actual 2015/16</b>	<b>Estimate 2016/17</b>	<b>Estimate 2017/18</b>	<b>Estimate 2018/19</b>	<b>Estimate 2019/20</b>
Capital financing requirement (underlying need to borrow for a capital purpose) (£000)	1,826	1,779	1,732	1,685	1,638

### **4.0 Indicators for External Debt**

#### **4.1 Authorised Limit**

This is the maximum limit on borrowing and other long-term liabilities (currently limited to the finance lease at Gerrards Cross). This amount cannot be exceeded without approval from the Fire Authority:

<b>Indicator</b>	<b>Actual 2015/16</b>	<b>Estimate 2016/17</b>	<b>Estimate 2017/18</b>	<b>Estimate 2018/19</b>	<b>Estimate 2019/20</b>
Operational boundary for borrowing (£000)	8,265	7,750	7,382	7,382	6,797
Operational boundary for other long-term liabilities (£000)	1,826	1,779	1,732	1,685	1,638
Operational boundary for external debt (£000)	10,091	9,529	9,114	9,067	8,435

## 4.2 Operational Boundary

This indicator shows the most likely estimate of debt for future years:

Indicator	Actual 2015/16	Estimate 2016/17	Estimate 2017/18	Estimate 2018/19	Estimate 2019/20
Operational boundary for borrowing (£000)	8,265	7,750	7,382	7,382	6,797
Operational boundary for other long-term liabilities (£000)	1,826	1,779	1,732	1,685	1,638
Operational boundary for external debt (£000)	10,091	9,529	9,114	9,067	8,435

The actual external debt for the year ending 31 March 2016 was **£9.529m**.

## 5.0 Indicators for Treasury Management

### 5.1 Adoption of CIPFA's Treasury Management in the Public Services: Code of Practice and Cross-Sectorial Guidance Notes

The aim is to ensure that treasury management is led by a clear and integrated forward treasury management strategy, and a recognition of the pre-existing structure of the Authority's borrowing and investment portfolios.

### 5.2 Upper limit on fixed interest rate exposures

This indicator shows the Authority's upper limit of the net exposure to fixed interest rates. Currently all borrowing is at a fixed rate of interest:

Indicator	Actual 2015/16	Estimate 2016/17	Estimate 2017/18	Estimate 2018/19	Estimate 2019/20
Upper limit on fixed interest rate exposures	100%	100%	100%	100%	100%

### 5.3 Upper limit on variable interest rate exposures

This indicator shows the Authority's upper limit of the net exposure to variable interest rates:

Indicator	Actual 2015/16	Estimate 2016/17	Estimate 2017/18	Estimate 2018/19	Estimate 2019/20
Upper limit on variable interest rate exposures	20%	20%	20%	20%	20%

## 5.4 Maturity structure of fixed rate borrowing

This shows the repayment profile of fixed rate borrowing. All loans are repayable on maturity:

Indicator	Actual 2015/16	Projected 2016/17		Estimate 2017/18		Estimate 2018/19		Estimate 2019/20	
	Actual Maturity	Lower Limit	Upper Limit	Lower Limit	Upper Limit	Lower Limit	Upper Limit	Lower Limit	Upper Limit
Under 12 months	6%	0%	5%	0%	0%	0%	8%	0%	0%
12 months and within 24 months	4%	0%	0%	0%	8%	0%	0%	0%	0%
24 months and within five years	7%	0%	8%	0%	0%	0%	8%	0%	24%
five years and within 10 years	20%	0%	21%	0%	22%	0%	27%	0%	15%
10 years and within 20 years	29%	0%	31%	0%	32%	0%	19%	0%	20%
20 years and within 30 years	0%	0%	0%	0%	0%	0%	0%	0%	0%
30 years and within 40 years	26%	0%	35%	0%	38%	0%	38%	0%	41%
40 years and above	8%	0%	0%	0%	0%	0%	0%	0%	0%

## 5.5 Total principal sums invested for periods longer than 364 days

The purpose of this indicator is for the Authority to contain its exposure to the possibility of loss that might arise as a result of its having to seek early repayment or redemption of principal sums invested. The Authority may seek to invest for periods longer than 364 days with other Local Authorities. This will be kept under review in light of economic conditions and advice from treasury management advisors:

Indicator	Actual 2015/16	Estimate 2016/17	Estimate 2017/18	Estimate 2018/19	Estimate 2019/20
Total principal sums invested for periods longer than 364 days (£000)	0	0	2,000 (max)	2,000 (max)	2,000 (max)

## 5.6 Credit Risk

The duration of any investment with a counterparty will be restricted as advised by our treasury management advisors. The advisors will base their assessment of credit risk based on credit ratings provided by the major agencies, as well as reviewing credit default swaps (a proxy measure for the markets perceived risk of default).

## Appendix B – Summary Table of Prudential Indicators

For reference, the following table summarises the key indicators detailed in Appendix A in a single table:

	Indicator	Actual 2015/16	Estimate 2016/17	Estimate 2017/18	Estimate 2018/19	Estimate 2019/20
<b>Indicators for Affordability</b>						
1.1	Ratio of financing costs to net revenue stream	24.8%	1.0%	1.2%	1.2%	1.1%
1.2	The incremental impact of capital investment decisions on the council tax	-£0.92	£0.00	£0.00	£0.00	£0.00
<b>Indicators for Prudence</b>						
2.1	Gross borrowing (£000)	8,265	7,750	7,382	7,382	6,797
<b>Indicators for Capital Expenditure</b>						
3.1	Capital expenditure (£000)	2,363	4,173	13,580	1,228	1,228
3.2	Capital financing requirement (£000)	1,826	1,779	1,732	1,685	1,638
<b>Indicators for External Debt</b>						
4.1	Authorised limit for external debt (£000)	10,091	9,529	9,114	9,067	8,435
4.2	Operational boundary for external debt (£000)	10,091	9,529	9,114	9,067	8,435
<b>Indicators for Treasury Management</b>						
5.2	Upper limit on fixed interest rate exposures	100%	100%	100%	100%	100%
5.3	Upper limit on variable interest rate exposures	20%	20%	20%	20%	20%
5.5	Total principal sums invested for periods longer than 364 days (£000)	0	0	2,000 (max)	2,000 (max)	2,000 (max)

The actual external debt for the year ending 31 March 2016 was £9.529m. The projected external debt for the year ending 31 March 2017 is £9,114m (both figures include the finance lease liability).

The following indicators are not shown above:

- 5.1 – the Authority has adopted CIPFA’s Treasury Management Code for 2016/17
- 5.4 – details of the maturity structure of fixed rate borrowing (see Appendix A)
- 5.6 – narrative regarding credit risk (see Appendix A)

## **Appendix C – Minimum Revenue Provision (MRP) Policy Statement**

The two methods for calculating prudent provision are set out below and were approved by members in 2008/09. Regulation 28 of the 2003 Regulations (as amended by regulation 4 of the 2008 Regulations) requires a local authority to calculate for the current financial year an amount of MRP which it considers to be prudent. The Secretary of State recommends that, for the purposes of regulation 4 the prudent amount of provision should be determined in accordance with one of four options, two of which were agreed by members in 2008/09 and are outlined below.

The broad aim of prudent provision is to ensure that debt is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits (asset life).

### **(a) CFR Method**

MRP is equal to 4% of the Capital Financing Requirement (CFR) at the end of the preceding financial years. Since the CFR (excluding finance lease) is now at zero, this method is no longer applicable (for finance leases, the MRP requirement is regarded as met by a charge equal to the element of the rent that goes to write down the Balance Sheet liability).

### **(b) Asset Life Method**

Since 1 April 2008, where capital expenditure on an asset is financed wholly or partly by borrowing or credit arrangements, MRP is to be determined by reference to the life of the asset, based on an equal instalment method. This amount is projected to be nil for 2017/18.

Where assets have been purchased utilising Capital grants or Revenue Contributions no MRP calculation is required. Only assets purchased utilising borrowing require an MRP charge.

The asset life method calculation requires estimated useful lives of assets to be input in to the calculations. These life periods will be determined by the Director of Finance and Assets & Treasurer, with regard to the statutory guidance and advice from professional valuers.

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# Buckinghamshire & Milton Keynes Fire Authority

<b>MEETING</b>	Executive Committee
<b>DATE OF MEETING</b>	8 February 2017
<b>OFFICER</b>	David Sutherland, Director of Finance and Assets
<b>LEAD MEMBER</b>	Councillor Peter McDonald
<b>SUBJECT OF THE REPORT</b>	<b>Medium Term Financial Plan (MTFP) 2017/18 to 2019/20</b>
<b>EXECUTIVE SUMMARY</b>	<p>The main report (Annex A) presents the proposed revenue and capital Medium Term Financial Plan (MTFP) for the financial years 2017/18 to 2019/20.</p> <p>The provisional settlement was announced on 15 December 2016 and is included in the funding assumptions. Final confirmation is expected in February 2017.</p> <p>Key assumptions are detailed in section 4.5 of Annex A and are based on information received to date.</p> <p>Appendix 1 shows the base budget for 2016/17 with adjustments made for savings and growth to give the position for each future year. The savings and growth lines match the totals for those bids scrutinised by officers, Strategic Management Board and the Chairman of the Authority, the Chairman of the Overview and Audit Committee and the Lead Members for Finance, Human Resources and Property and Resource Management at the challenge sessions held on 24 October 2016 and 12 January 2017.</p> <p>Appendix 2 shows the latest summary of the capital programme for 2017/18 and approved schemes for the following three years.</p> <p>Appendix 3 provides further detail on the level of council tax chargeable for each band if the Authority accepts the recommendation to increase the band D equivalent amount by 1.98%.</p>
<b>ACTION</b>	Decision.
<b>RECOMMENDATIONS</b>	<p>It is recommended that the Authority be recommended to:</p> <ol style="list-style-type: none"> <li>1. Note and have due regard to the report and Statement of the Chief Finance Officer (see section 8 of Annex A).</li> <li>2. Approve a Council Tax precept of £60.88 for a band D equivalent property (a 1.98% increase</li> </ol>

	<p>from 2016/17 - equal to 2.3p per week) and the revenue budget as set out in Appendix 1.</p> <p>3. Approve the capital programme as set out in Appendix 2.</p>
<b>RISK MANAGEMENT</b>	<p>Management of our Financial resources is a key risk to the Authority. By projecting forward and monitoring our financial plans, we are in a better position to avoid and mitigate the risk of adverse financial consequences.</p>
<b>FINANCIAL IMPLICATIONS</b>	<p>All financial implications are shown in the main body of the report.</p>
<b>LEGAL IMPLICATIONS</b>	<p>The Local Government Act 2003 gives the responsible finance officer, namely the Chief Finance Officer of the Combined Fire Authority under s112 of the Local Government Finance Act 1988, the responsibility to report to Members of the Authority on their assessment of the robustness of the estimates used within the budget and on the adequacy of reserves.</p> <p>Members must take account of the advice of the Chief Finance Officer in respect of the above and the highlighted associated risks before considering the recommendations as set out in the report.</p>
<b>CONSISTENCY WITH THE PRINCIPLES OF COLLABORATION</b>	<p>No direct impact.</p>
<b>HEALTH AND SAFETY</b>	<p>No direct impact.</p>
<b>EQUALITY AND DIVERSITY</b>	<p>No direct impact.</p>
<b>USE OF RESOURCES</b>	<p>The Medium Term Financial Plan, including capital and revenue budgets, identifies the financial resources required projected into the future based on the delivery of specific aims and objectives of the Authority as set out in the Public Safety Plan (PSP). Members, Senior Management Board and many staff have been involved in agreeing priorities and the budget setting process over the preceding months.</p>
<b>PROVENANCE SECTION &amp; BACKGROUND PAPERS</b>	<p><b>Background</b></p> <p>Medium Term Financial Plan (MTFP) 2016/17 to 2019/20, Fire Authority, 3 February 2016:  <a href="http://bucksfire.gov.uk/files/9214/5564/0122/ITEM_7_c_Medium_Term_Financial_Plan.compressed.pdf">http://bucksfire.gov.uk/files/9214/5564/0122/ITEM_7_c_Medium_Term_Financial_Plan.compressed.pdf</a></p> <p>Four Year Settlement and Efficiency Plan, Executive Committee, 21 September 2016:  <a href="http://bucksfire.gov.uk/files/3414/7333/8081/ITEM_6">http://bucksfire.gov.uk/files/3414/7333/8081/ITEM_6</a></p>



	<a href="#">_BMKFA Efficiency Plan Appendix.pdf</a>
<b>APPENDICES</b>	Annex A – Medium Term Financial Plan 2017/18 to 2019/20 Appendix 1 – MTFP Budget Models Appendix 2 – Capital Programme Summary Appendix 3 – Council Tax Funding
<b>TIME REQUIRED</b>	30 minutes
<b>REPORT ORIGINATOR AND CONTACT</b>	Mark Hemming <a href="mailto:mhemming@bucksfire.gov.uk">mhemming@bucksfire.gov.uk</a> 01296 744687

## **Annex A – Medium Term Financial Plan (MTFP) 2017/18 to 2019/20**

### **1. Introduction**

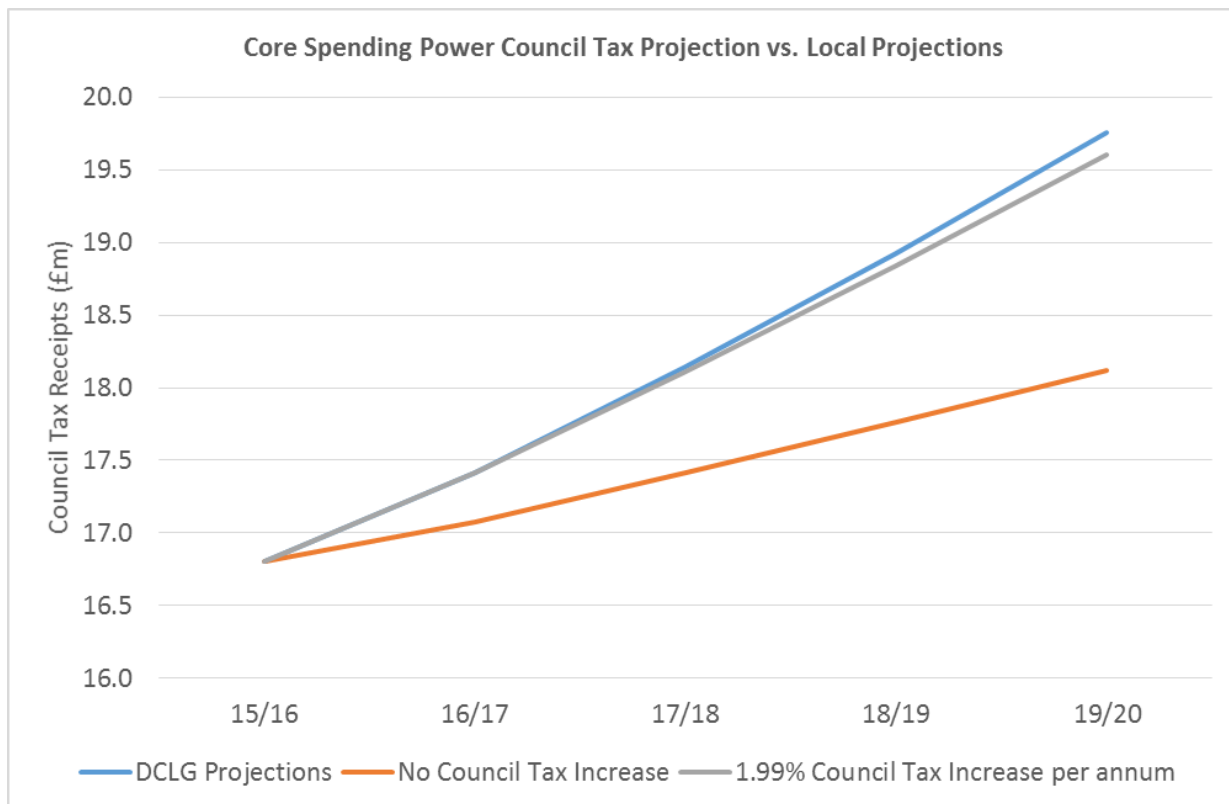
- 1.1. The purpose of this report is to present the proposed revenue and capital Medium Term Financial Plan (MTFP) 2017/18 to 2019/20.
- 1.2. The MTFP is closely linked to the Public Safety Plan (PSP) and Corporate Plan. The PSP sets out our strategic approach to the management of risk in the communities we serve. The Corporate Plan sets out how we intend to equip and develop our organisation and its people to meet the challenges that we face. The MTFP details the resources available to facilitate these plans and how the plans contribute to reducing future operating costs.
- 1.3. As part of the Fire Authority's Terms of Reference and MTFP, the Authority reviews and sets a balanced budget each year in line with corporate priorities. The MTFP is expressed as a detailed annual budget for the first year, with outline indicative budgets for the following two years.
- 1.4. Under Section 25 of the Local Government Act 2003 the Chief Finance Officer (as S.112 Chief Finance Officer of the Local Government Finance Act 1988) is required to report to Members on:
  - The robustness of the estimates made for the purposes of the calculations of the budget
  - The adequacy of the proposed financial reserves
- 1.5. The Local Government Act 2003 requires that Members have regard to the report in making their decisions (see section 8).
- 1.6. Section 42A of the Local Government Finance Act 1992 also requires the Authority to have regard to the level of reserves for meeting estimated future expenditure when calculating the net budget requirement.

### **2. Local Government Finance Settlement 2017 to 2018**

- 2.1. This year's settlement announcement continued the important shifts in the Government's principles announced last year. Most noticeably, the shift away from freezing council tax to using council tax to generate additional funding has continued.
- 2.2. As part of the last year's announcement, the Government published headline changes in core spending power between 2015/16 and 2019/20 for every authority. The headline change for BMKFA for was an increase of 1.2%. As the Authority has accepted the four-year settlement offer, the figures and assumptions have not changed with this year's announcement.
- 2.3. However, this headline increase is based on two fundamental assumptions
  - That the average growth in council tax base between 2013-14 and 2015-16 will continue until 2019-20
  - That authorities will increase their Band D council tax in line with the forecast for inflation each year, which is an annual average increase of 1.75%
- 2.4. Underlying the core spending power figures is a decrease of 57% in revenue support grant that we receive between 2015/16 and 2019/20.

### 3. Council Tax and Business Rates

- 3.1. In publicly declaring core spending power figures, the Government has clearly set an expectation that local authorities will increase council tax every year during the current spending review period.
- 3.2. The chart below shows the council tax receipts assumed for BMKFA in the Government’s core spending power figures versus the amounts receivable from a council tax freeze each year and a 1.99% increase each year:



- 3.3. The cumulative difference between a 1.99% annual increase and holding council tax at its current level over the four year period is £3.6m. It is also important to consider that all the Public Safety Plan objectives up to 2020 are assumed to be met as part of the financial planning.
- 3.4. The Authority has taken a responsible approach and frozen council tax in every year from 2010/11 to 2014/15 and decreased it by 1% in 2015/16. This was despite having the option to increase council tax by up to £5.00 (equivalent to an 8.46% rise) in 2013/14 without the need to undertake a local referendum.
- 3.5. Council tax was increased by 1.98% last year, in response to the aforementioned shift in Government policy away from providing a Council Tax Freeze Grant.
- 3.6. Despite this Authority’s response to the settlement consultation, there is no change in the referendum threshold from previous years, which continues to be 2%.
- 3.7. The Authority currently sets a band D equivalent precept of £59.70 per annum (approx. £1.14 per week). This is significantly below the national average and is the lowest precept of any non-metropolitan combined fire authority.

- 3.8. Council tax chargeable for each band should the Authority resolve to increase the band D equivalent amount by 1.98% is shown in Appendix 3.
- 3.9. For the year 2017/18, BMKFA has agreed to continue with the Buckinghamshire business rates pool. This allows more rates to be retained locally and is estimated to be worth around £164k to the Authority. However, the longevity of this pool is subject to local agreement, and is dissolved if one participant decides to withdraw. It may also be curtailed early subject to Government announcements on the move to retaining 100% of business rates locally.

#### **4. Risk Factors in Budget Assumptions**

- 4.1. The budget proposed for 2017/18 at Appendix 1 has been compiled by looking in detail at current spending and future plans. Savings opportunities and growth bids compared to last year's budget have been identified and subjected to senior officer and Member challenge. As far as possible, bids and savings have been matched to the priorities outlined in the corporate plan.
- 4.2. At the time of writing there is no information available on the continuation or otherwise of USAR grant. Funding for 2016/17 was initially only confirmed for 6 months, before the remaining six month's funding was confirmed later in the year. The potential discontinuation of USAR funding is the biggest financial risk facing the Authority at present.
- 4.3. Savings and growth bids (including the impacts of those submitted in previous years) which have been subjected to challenge are included for 2017/18 and the base adjusted. The savings figures include (amongst others) all reductions in staff numbers in line with the Public Safety Plan and workforce plan, savings from utilising the transformation funding relating to Milton Keynes and the reduction in the level of contingency. Other risks which have been identified are to be covered from the general reserves and the remaining contingency.
- 4.4. The forecast underspend for 2016/17 as at the end of November was £1.2m (including amounts already transferred to reserves during the year). The vast majority of this variation relates to operational staffing and contingency. Both of these budgets are being reduced significantly for 2017/18.

- 4.5. The detailed costings are based on the updated budget requirement including the annual uplift assumptions below:

	2016/17	2017/18	2018/19	2019/20
Pay inflation	1%	1%	1%	1%
RPI	0.8%	2%	3%	3%
CPI	1.75%	1.75%	1.75%	1.75%
Council tax base	1.6%	1.7%	2%	2%
Business tax base	0.75%	0.75%	0.75%	0.75%

## 5. Capital

- 5.1. The revenue impact of the capital programme has been factored into the base revenue budget requirement. This includes an annual revenue contribution to capital of £1.9m.
- 5.2. The table at Appendix 2 details the approved capital programme for 2016/17, the estimated provisional outturn position and any proposed slippage to the programme. Any slippage is then added to the new budget requests for 2017/18 to give a total capital budget requirement of £8.5m for 2017/18.
- 5.3. The Authority should also take cognisance of the prudential indicators when approving the capital programme (submitted as a separate paper at this meeting).

## 6. Scrutiny and Challenge Process

- 6.1. All budget changes have been determined based on a series of challenge panels held by officers and then by the Chairman of the Authority, the Chairman of the Overview and Audit Committee and the Lead Members for Finance, Human Resources and Property and Resource Management during the MTFP process.

## 7. Adequacy of Reserves

- 7.1. A paper ensuring the adequacy of reserves to support the MTFP was approved by the Executive Committee at its meeting on 18 November 2015 ([http://bucksfire.gov.uk/files/7314/4612/0201/ITEM\\_6\\_Reserve\\_Balances\\_Update\\_Post\\_Pre-Brief.pdf](http://bucksfire.gov.uk/files/7314/4612/0201/ITEM_6_Reserve_Balances_Update_Post_Pre-Brief.pdf)). There have been no subsequent events that require the level of the General Fund determined at that time to be adjusted at present
- 7.2. The forecast balances and reserves at year-end as per the budget monitoring report at the end of November 2016 are:
- General Fund Balance - £2.0m
  - Earmarked Reserves - £1.75m
  - Capital Reserves - £3.4m
- 7.3. The above figure assumes that the recommendation to transfer an additional amount of £200k to the Revenue Contribution to Capital Reserve is approved. No further transfers to or from reserves are required at this point in time.

## **8. Statement of the Chief Finance Officer**

8.1. The purpose of this statement is to comply with the requirements of the Local Government Act 2003 whereby the Chief Finance Officer, in the Fire Authority's case the Director of Finance and Assets and Chief Finance Officer, must report on:

- The robustness of the estimates made for the purposes of the calculations of the budget and;
- The adequacy of the proposed financial reserves;
- In recommending the budget to the Authority, Members must take the advice of the Chief Finance Officer in respect of the above and the associated risks as highlighted within the report.

8.2. Given the level of the General Fund Balance and earmarked reserves available, the prudent approach to the budget setting process for the next financial year and the tighter controls introduced for budget management, it is my conclusion as Chief Finance Officer for the Authority that there is sufficient capacity in the reserves to cope with the financial risks the Authority faces for 2017/18 and future years and that the methodology applied provides the necessary assurance to the Authority about the robustness of the estimates used in constructing the budget.

## Appendix 1 – MTFP Model

The model below is based on the assumptions detailed in Section 4.5 and all growth and savings bids have been subjected to officer and Member scrutiny as detailed in section 6.1. It is assumed that the USAR grant will continue to be received for the medium-term, although as noted previously, its potential discontinuation represents a very significant risk to the Authority. It should also be noted that the figures for council tax and business rates are provisional. The statutory deadline for the billing authorities to provide this information to the Authority is 31 January. Any changes to the figures will be notified at the meeting.

	<b>2015/16 £000</b>	<b>2016/17 £000</b>	<b>2017/18 £000</b>	<b>2018/19 £000</b>	<b>2019/20 £000</b>
Base Budget	27,499	28,827	28,323	28,173	27,799
Pay Adjustment	213	565	245	183	183
Inflation Adjustment	88	90	140	88	86
Savings	-1,096	-559	-2,184	-140	0
Growth	728	1,309	1,565	-560	560
Previous year savings & growth adjustments	-888	-824	24	55	0
Contingency	1,309	-669	-140	0	0
Revenue Contribution to Capital	887	-416	200	0	0
<b>Net Budget Requirement</b>	<b>28,740</b>	<b>28,323</b>	<b>28,173</b>	<b>27,799</b>	<b>28,628</b>
Govt Funding	-5,170	-4,507	-3,352	-2,630	-2,290
Business Rates	-5,158	-4,874	-4,949	-5,123	-5,314
Council Tax Receipts Surplus/Deficit	-329	-265	-276	0	0
Council Tax Freeze Grant (15/16) then NNDR Pooling	-182	-164	-164	0	0
Fire Specific Grants (USAR/Firelink)	-1,099	-1,099	-1,074	-1,074	-1,074
Council Tax Receipts	-16,802	-17,414	-18,054	-18,846	-19,607
Use of Reserves			-250		
<b>Total Funding Available</b>	<b>-28,740</b>	<b>-28,323</b>	<b>-28,119</b>	<b>-27,673</b>	<b>-28,285</b>
Shortfall for year	0	-0	55	127	343
Cumulative savings requirement	0	-0	54	181	524

## Appendix 2 – Capital Programme

The table below summarises the capital programme from 2016/17 through to 2020/2021:

Capital Programme Summary	Approved Budget 2016/17 £000	Provisional Outturn 2016/17 £000	Slippage 2016/17 £000	New Budget Requests 2017/18 £000	Total Budget Requirement 2017/18 £000	New Budget Requests 2018/19 £000	New Budget Requests 2019/20 £000	New Budget Requests 2020/21 £000
Property	694	545	150	500	650	500	500	500
Property Review	140	0	140	0	140	0	0	0
Milton Keynes Review	11,785	825	10,960	0	10,960	0	0	0
Fire Appliances & Equipment	3,518	2,490	996	747	1,743	641	646	641
Support	314	314	0	87	87	87	87	87
<b>Total Expenditure</b>	<b>16,451</b>	<b>4,173</b>	<b>12,246</b>	<b>1,334</b>	<b>13,580</b>	<b>1,228</b>	<b>1,233</b>	<b>1,228</b>
<b>Funding b/fwd</b>		<b>-9,209</b>			<b>-7,613</b>	<b>-335</b>	<b>-1,044</b>	<b>-1,748</b>
<b>In year funding</b>		<b>-2,577</b>			<b>-6,302</b>	<b>-1,937</b>	<b>-1,937</b>	<b>-1,937</b>
<b>Funding (Available) / Deficit</b>		<b>-7,613</b>			<b>-335</b>	<b>-1,044</b>	<b>-1,748</b>	<b>-2,457</b>



### Appendix 3 – Council Tax Rates

Although the projected headline increase in the model is 1.99%, the actual percentage increase (to two decimal places) would be 1.98% in 2017/18. This is due to the effect of rounding on small numbers.

If the band D equivalent council tax were increased by 1.98% for 2017/18, the following rates would apply to properties in each band:

Bands	Proportion of Band D Charge	Per Week (£)	Per Month (£)	Per Year (£)
A	6/9	0.78	3.38	40.59
B	7/9	0.91	3.95	47.35
C	8/9	1.04	4.51	54.12
D	9/9	1.17	5.07	60.88
E	11/9	1.43	6.20	74.41
F	13/9	1.69	7.33	87.94
G	15/9	1.95	8.46	101.47
H	18/9	2.34	10.15	121.76

This would represent an annual increase of 79p per annum on a band A, £1.18 per annum on a band D and £2.36 per annum on a band H property.

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# Buckinghamshire & Milton Keynes Fire Authority

<b>MEETING</b>	Executive Committee
<b>DATE OF MEETING</b>	8 February 2017
<b>OFFICER</b>	Graham Britten, Director of Legal and Governance
<b>LEAD MEMBER</b>	Councillor Adrian Busby, Chairman of the Authority Councillor David Watson, Chairman of the Overview and Audit Committee
<b>SUBJECT OF THE REPORT</b>	<b>Size of the Authority and its Code of Conduct Complaints Procedure</b>
<b>EXECUTIVE SUMMARY</b>	<p>At its AGM on 8 June 2016, a discussion was held on membership of the Authority. It was requested that a review of the number of Members on the Fire Authority be reported to its February 2017 meeting with recommendations, taking into account a potential seat for the Police and Crime Commissioner ('PCC').</p> <p>The purpose of the report is to put forward options for the Executive Committee to make recommendations from its preferred option(s) to the Authority.</p> <p>If a change in size is preferred the Executive Committee should recommend the size to the Authority. If the change is a reduction in size, the co-option of members and the number of co-opted members should be considered for recommendation to the Authority.</p> <p>Primarily to enable a reduction in the size of the Authority, but also irrespective of that decision, the report recommends revising the Authority's arrangements for determining complaints against Members to facilitate both speedier resolution and the more effective use of resources.</p>
<b>ACTION</b>	Decision.
<b>RECOMMENDATIONS</b>	<p>That the Authority be recommended to resolve that:</p> <ol style="list-style-type: none"> <li>1. The Authority remains a size of 17 members.</li> </ol> <p><b>OR</b></p> <ol style="list-style-type: none"> <li>1. With effect commencing 2017/18 the Authority be increased to a size of between <b>18</b> and <b>25</b> Members.</li> </ol> <p><b>OR</b></p> <ol style="list-style-type: none"> <li>1. With effect commencing 2017/18 the Authority be reduced to a size of between <b>9</b> and <b>16</b></li> </ol>

	<p>Members, and if fewer than <b>13</b> Members:</p> <ol style="list-style-type: none"><li>a. the Executive Committee not be constituted; and</li><li>b. the Overview and Audit Committee be constituted to comprise those Members who are not Lead Members together with <b>1</b> to <b>3</b> non-voting Co-opted Member(s).</li></ol> <p>2. In the event of recommendations 1(a) to (b) being approved, the Director of Legal and Governance be authorised to:</p> <ol style="list-style-type: none"><li>a. advertise for suitable appointable candidates to be co-opted onto the Overview and Audit Committee and to agree a process for selection in consultation with the Chairman of the Overview and Audit Committee in advance of the Authority's 2017 AGM; and</li><li>b. prepare any necessary amendments arising from the resolutions set out under 1(a) to (b) to the Authority's constitutional documents for approval at the Authority's 2017 AGM.</li></ol> <p>3. The Procedure for the handling of allegations under the Code of Conduct for Councillors and Co-opted Members (<b>Annex C</b>) be adopted.</p> <p>4. It be noted that the Policing and Crime Bill will require the Authority at a future meeting:</p> <ol style="list-style-type: none"><li>a. if a request is received from the Thames Valley Police and Crime Commissioner to attend, speak and vote at Authority meetings as if a Member of the Authority, to:<ol style="list-style-type: none"><li>i. consider the request, and</li><li>ii. give reasons for their decision to agree to or refuse the request.</li></ol></li><li>b. to revise its Code of Conduct Complaints Procedure if the Thames Valley Police Crime Commissioner were to become a Member of the Authority.</li></ol> <p>5. In the event of a change in size to the Authority being approved, the Director of Legal and Governance be authorised to write to the Chief Executives of Buckinghamshire County and Milton Keynes councils of the change in membership in order that that their councils can appoint councillors on the basis of the respective electorates as at 1 December 2016 according to the Office for National Statistics as published in February 2017.</p>
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<p><b>RISK MANAGEMENT</b></p>	<p>None of the options present a risk to the operational delivery of the Authority’s services to the public nor a risk of non-compliance with regulatory requirements.</p> <p>One of the key findings of the Adrian Thomas Review was that “Fire authorities should keep the number and level of commitment of fire authority elected members under review. The right number may differ by authority but should be large enough to allow scrutiny without becoming burdensome on operational delivery”.</p> <p>Comparisons to the sizes of membership of other combined fire and rescue authorities are set out elsewhere in the report. The sizes of the metropolitan fire and rescue authorities, and LFEPA, are as follows:</p> <p>South Yorkshire – 12</p> <p>Tyne and Wear – 16</p> <p>London Fire and Emergency Planning Authority – 17*</p> <p>Merseyside – 18</p> <p>West Yorkshire – 22</p> <p>West Midlands – 27</p> <p>Greater Manchester – 30</p> <p>In addition there are 15 county fire and rescue authorities which are integrated within individual councils under the control of an executive member typically with responsibility for other public protection services.</p> <p>*The Policing and Crime Bill legislates for the abolition of LFEPA with responsibility transferring under the Deputy Mayor for Fire for London.</p>																						
<p><b>FINANCIAL IMPLICATIONS</b></p>	<p>The costs of allowances and expenses paid to Members over the last 10 years are set out below:</p> <table border="1" data-bbox="628 1543 1094 2018"> <thead> <tr> <th>Year</th> <th>Amount (000s)</th> </tr> </thead> <tbody> <tr> <td>2015/16</td> <td>£63</td> </tr> <tr> <td>2014/15</td> <td>£72</td> </tr> <tr> <td>2013/14</td> <td>£61</td> </tr> <tr> <td>2012/13</td> <td>£61</td> </tr> <tr> <td>2011/12</td> <td>£65</td> </tr> <tr> <td>2010/11</td> <td>£72</td> </tr> <tr> <td>2009/10</td> <td>£71</td> </tr> <tr> <td>2008/09</td> <td>£51</td> </tr> <tr> <td>2007/08</td> <td>£39</td> </tr> <tr> <td>2006/07</td> <td>£40</td> </tr> </tbody> </table> <p>If the membership were reduced, there would be a reduction in basic allowances in total paid to non-Lead Members.</p>	Year	Amount (000s)	2015/16	£63	2014/15	£72	2013/14	£61	2012/13	£61	2011/12	£65	2010/11	£72	2009/10	£71	2008/09	£51	2007/08	£39	2006/07	£40
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	<p>Further comparative analysis of allowances and sizes of the other combined fire and rescue authorities that was undertaken on behalf of Hampshire Fire and Rescue Authority is attached at <b>Annex A</b> (used with permission). The median is 20 members; the mean is 20 members. Further analysis conducted by Hampshire Fire and Rescue Authority based on 14/15 data is attached at <b>Annex B</b> (used with permission).</p> <p>Whilst there have been no co-opted members since the dissolution of the Standards Committee in 2011/12, Authority's Members' Scheme of Allowances retains provisions for the payment of a basic allowance to co-opted members. The Co-optee Allowance for 17/18 is £303 per annum. There would be additional costs in recruitment and in providing training for the role.</p>
<p><b>LEGAL IMPLICATIONS</b></p>	<p><b>Size of the Authority</b></p> <p>Under the Buckinghamshire Fire Services (Combination Scheme) Order 1996 ('the Combination Scheme') Part III paragraphs 11 and 12 subject to a maximum membership of 25, each constituent authority is required, so far as is practicable, to appoint such number of representatives to be members of the Authority as is proportionate to the number of local government electors in its area in relation to the number of such electors on the other constituent authority's area. The Combination Scheme mandates that the minimum quorum of a meeting of the full Authority is one third with at least one Member from each constituent council.</p> <p>Part IV paragraph 20 of the Combination Scheme applies section 102 of the Local Government Act 1972 to the effect that the Authority may co-opt persons who are not members of the Authority onto its committees, other than a committee for regulating and controlling its finances, as non-voting members of the committee.</p> <p><b>Code of Conduct Complaints Procedure</b></p> <p>Section 28 of the Localism Act 2011 requires that, in the event that written allegations are made that one of its Members or Co-opted Members has failed to comply with its Code of Conduct, the Authority must have in place arrangements under which these can be investigated, and under which a decision about the written allegations can be made; whether to take action if there is found to be a failure to comply with the Code of Conduct; and what action to take.</p> <p>The Localism Act 2011 from 1 April 2012 abolished the model code of conduct for local authorities in England, in favour of a new regime that requires local authorities to formulate and adopt a Code of Conduct locally. The requirement for local authorities in</p>

	<p>England to have standards committees was also abolished, in favour of “independent persons” who have a consultative role as part of their local standards arrangement: section 28(7).</p> <p>The power of local authorities to suspend members was revoked from 7 June 2012. Thus, in England, a councillor cannot be disqualified unless he or she is (i) in the paid employment of the authority; (ii) convicted of any offence and sentenced to imprisonment for at least three months; or (iii) convicted of an offence of deliberately withholding or misrepresenting a disclosable pecuniary interest and thereafter made the subject of a disqualification order of up to 5 years by the magistrates’ court.</p> <p>Sanctions for breaches of the Code of Conduct are now limited to (for example) a formal finding that the member has breached the code, formal censure, press or other appropriate publicity, a requirement to undergo relevant training, and removal from committee roles or from outside appointments.</p> <p><b>Thames Valley Police and Crime Commissioner (‘PCC’)</b></p> <p>The Policing and Crime Bill will require the Authority, if a request is made by the Thames Valley PCC to attend, vote, and speak at an Authority meeting, to (a) consider the request, (b) give reasons for their decision to agree to or refuse the request, and(c) publish those reasons. If the request is agreed, the legislation deems the Thames Valley PCC to be Member of the Authority and to be bound by the Authority’s Code of Conduct.</p> <p>If the PCC were to become a member of the Authority, the Policing and Crime Bill amends the Localism Act 2011 so that the Authority must include in its Code of Conduct Procedure arrangements for allegations against the PCC to be referred to the Thames Valley Police and Crime Panel and for dealing with any resulting report made to the Authority by that Panel.</p>
<p><b>CONSISTENCY WITH THE PRINCIPLES OF COLLABORATION</b></p>	<p>The proposals have taken into account practices in place in other fire and rescue authorities.</p>
<p><b>HEALTH AND SAFETY</b></p>	<p>None arising from the recommendations. There would be an induction procedure for co-opted members.</p>
<p><b>EQUALITY AND DIVERSITY</b></p>	<p>Members appointed as councillors onto the Authority are not determined by the Authority. The only criterion is that they have been duly elected as eligible candidates to their respective councils.</p> <p>Any method adopted to recruit candidates to be co-opted onto the Authority will be designed to be consistent with the Authority’s Equality &amp; Diversity</p>

	Objectives 2016 – 2020																																																												
<b>USE OF RESOURCES</b>	<p>On the basis of the respective electorates as at 1 December 2015 (<i>Office for National Statistics, 24 February 2016</i>) for Buckinghamshire County Council and Milton Keynes Council 375,790:179,328 the ratio of 67.7:32.3 provides the following allocations:</p> <p>Reduction in the size of membership from 17</p> <table border="1" data-bbox="628 479 1461 607"> <tr> <td>Members</td> <td>9</td> <td>10</td> <td>11</td> <td>12</td> <td>13</td> <td>14</td> <td>15</td> <td>16</td> <td><b>17</b></td> </tr> <tr> <td>BCC</td> <td>6</td> <td>7</td> <td>7</td> <td>8</td> <td>9</td> <td>9</td> <td>10</td> <td>11</td> <td><b>12</b></td> </tr> <tr> <td>MKC</td> <td>3</td> <td>3</td> <td>4</td> <td>4</td> <td>4</td> <td>5</td> <td>5</td> <td>5</td> <td><b>5</b></td> </tr> </table> <p>Increase in the size of membership</p> <table border="1" data-bbox="635 674 1466 801"> <tr> <td>Members</td> <td><b>17</b></td> <td>18</td> <td>19</td> <td>20</td> <td>21</td> <td>22</td> <td>23</td> <td>24</td> <td>25</td> </tr> <tr> <td>BCC</td> <td><b>12</b></td> <td>12</td> <td>13</td> <td>14</td> <td>14</td> <td>15</td> <td>16</td> <td>16</td> <td>17</td> </tr> <tr> <td>MKC</td> <td><b>5</b></td> <td>6</td> <td>6</td> <td>6</td> <td>7</td> <td>7</td> <td>7</td> <td>8</td> <td>8</td> </tr> </table> <p>The Authority meets four times a year. One of its committees, the Executive Committee, meets six times a year. Its other committee, the Overview and Audit Committee, has tended to meet for three of its scheduled four meetings a year.</p> <p><b>Options:</b></p> <p><b>Reduction in size with the abolition of Executive Committee. Overview and Audit Committee enhanced with co-opted membership.</b></p> <p>One option contemplates decisions that would previously have been dealt under the Executive Committee’s terms of reference becoming instead decisions for the Authority. The timetable of meetings would likely result in no more than nine Authority meetings (the two February budget meetings being elided) in its first year of operation.</p> <p>Whilst the Home Office has stated that it will use provisions of the Fire and Rescue Services Act 2004 and the Policing and Crime Bill to introduce a national independent inspectorate for fire and rescue services, combined fire and rescue authorities will still not be required to have scrutiny committees of the type found in principal councils. The use of co-opted members on the Authority’s Overview and Audit Committee should be conducive to strengthened local governance and accountability of the Authority.</p> <p><b>Code of Conduct</b></p> <p>The proposed revised Code of Conduct Complaints procedure (<b>Annex C</b>) dispenses with the need to constitute and populate two subcommittees each of three members as required under current process in order to determine complaints and appeals. The current procedure therefore requires a pool of six</p>	Members	9	10	11	12	13	14	15	16	<b>17</b>	BCC	6	7	7	8	9	9	10	11	<b>12</b>	MKC	3	3	4	4	4	5	5	5	<b>5</b>	Members	<b>17</b>	18	19	20	21	22	23	24	25	BCC	<b>12</b>	12	13	14	14	15	16	16	17	MKC	<b>5</b>	6	6	6	7	7	7	8	8
Members	9	10	11	12	13	14	15	16	<b>17</b>																																																				
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	<p>members and subcommittee meetings to be timetabled when they can be available to attend, together with officers in attendance. The proposed procedure is based on the procedure adopted by London Fire and Emergency Planning Authority which has been in place since the Localism Act 2011 permitted locally determined arrangements. The Flowchart (<b>Annex D</b>) illustrates the procedure.</p>
<p><b>PROVENANCE SECTION &amp; BACKGROUND PAPERS</b></p>	<p><b>Background</b></p> <p>There have been 17 Members on the Authority since its inception in 1997. At the request of the, then, Chairman the membership was increased to 21 in June 2008. This reverted to 17 in June 2010. Archived minutes show that the Vice Chairman being a Member from Milton Keynes Council dates back to June 2000.</p> <p>Section 21 of the Fire and Rescue Services Act 2004 requires the Secretary of State to prepare a 'National Framework' for fire and rescue authorities and for the Authority to have regard to an extant National Framework in carrying out their functions.</p> <p>The current national framework, first published 11 July 2012 mandates at paragraphs 2.4 and 2.5 respectively that <i>"The fire and rescue authority must hold their Chief Fire Officer/Chief Executive to account for the delivery of the fire and rescue service."</i> and <i>"Fire and rescue authorities must have arrangements in place to ensure that their decisions are open to scrutiny."</i></p> <p>The National Audit Office in 2015 commented in relation to its report 'Financial sustainability of fire and rescue services' that: <i>"Unlike in other emergency services there is no external inspection of fire and rescue authorities. DCLG now relies on local scrutiny – from local councillors, the public, and fire chiefs themselves – to safeguard service standards and value for money. Councillors can however lack technical independent support, while a lack of standardised data on response standards makes it hard for people to compare the performance of their local fire authority with others"</i>.</p> <p>On 10 February 2016 the parliamentary Public Accounts Committee published its report, 'Financial sustainability of fire and rescue services'. One of its conclusions was that, <i>"The strength of local governance and accountability is variable, posing risks for the local maintenance of value for money and service standards."</i> Its summary stated that <i>"There are weaknesses in the local scrutiny by fire authorities which raise concerns about their operational performance and safeguarding value for money; this is more serious because of the lack of an external inspectorate, unlike in other emergency services. Weaknesses in the local system of oversight also led</i></p>

	<p><i>to gaps in the Department’s statutory assurance to Parliament that all authorities are maintaining both required performance standards and value for money.”</i></p> <p>The independent review of conditions of service, ‘the Adrian Thomas Review’, was commissioned in August 2014 by the Department for Communities and Local Government (DCLG).</p> <p>Adrian Thomas visited Buckinghamshire and Milton Keynes Fire Authority (BMKFA) as part of his research. The report was completed in 2015 however it was not published until 3 November 2016.</p> <p>The Executive Committee of the Authority considered its findings at its meeting on 23 November 2016. The report made a total of 45 ‘key findings’ broken down into 5 main themes:</p> <ul style="list-style-type: none"> <li>• The working environment</li> <li>• Documented conditions of service</li> <li>• Industrial relations</li> <li>• Retained Duty System</li> <li>• Management of fire and rescue services</li> </ul> <p>Under ‘Management of the Fire and Rescue Service’ Thomas posed rhetorically “<i>The question is, is there value added benefit from an average of between 15 and 20 elected councillors in any one fire and rescue service providing political oversight and local accountability or can political decisions and this level of oversight actually work against reform and efficiency?</i>” His report’s key finding 30 was as follows: “<i>Fire authorities should keep the number and level of commitment of fire authority elected members under review. The right number may differ by authority but should be large enough to allow scrutiny without becoming burdensome on operational delivery</i>”</p> <p><a href="#"><u>Fire and rescue national framework for England, July 2012, Department for Communities and Local Government</u></a></p> <p><a href="#"><u>National Audit Office Financial sustainability of fire and rescue services 23 November 2015</u></a></p> <p><a href="#"><u>House of Commons Committee of Public Accounts Financial sustainability of fire and rescue services 10 February 2016</u></a></p> <p><a href="#"><u>Independent review of conditions of service for fire and rescue staff in England</u></a></p>
<p><b>APPENDICES</b></p>	<p>Annex A – Comparative analysis of allowances and sizes of other Combined Fire Authorities (HFRS)</p> <p>Annex B – Further analysis of 2014/15 data (HFRS)</p> <p>Annex C - The Procedure for the handling of allegations under the Code of Conduct for Councillors</p>

	and Co-opted Members Annex D – Complaints Procedure Flow Chart
<b>TIME REQUIRED</b>	20 minutes.
<b>REPORT ORIGINATOR AND CONTACT</b>	Graham Britten, Director of Legal and Governance <a href="mailto:gbritten@bucksfire.gov.uk">gbritten@bucksfire.gov.uk</a> 01296 744441

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## Annex A

Combined Authority	No of Members	No of Committees (exc full Authority)	Population <sup>1</sup>
Avon	25	5	807,313
Bedfordshire	12	1	462,902
Royal Berkshire	20	2	624,805
Buckinghamshire	17	2	555,118
Cambridgeshire	17	2	591,293
Cheshire	23	3	784,787
Cleveland	16	3	398,971
Derbyshire	16	3	767,060
Devon & Somerset	26	6	1,259,023
Dorset and Wiltshire	30	6	1,077,231
Durham	21	5	456,201
East Sussex	18	6	582,293
Essex	25	4	1,299,775
Hampshire	25 <sup>2</sup> (10)	4	1,303,626
Hereford & Worcester	25	4	573,147
Humberside	22	1	676,367
Kent	25	2	1,067,917
Lancashire	25	5	1,066,343
Leicestershire	17	2	761,714
North Yorkshire	16	2	597,504
Nottinghamshire	18	8	790,674
Shropshire	17	3	353,837
Staffordshire	21	6	826,454

Information correct at 17.11.16

<sup>1</sup> i.e. registered electorate (Data source: ONS Electoral statistics 2015 )

<sup>2</sup> With a resolution passed on 7 September 2016 to reduce to "10 Councillors plus PCC" wef its Annual Meeting in 2017  
Executive Committee, 8 February 2017

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Annex B

Combined FRA's									
Fire Authority	Population	No of Members	No of Councils	No of Members per Council	No of population per Member	Members allowances paid 2014/15	Cost per Member	Cost per head of population	
						£	£	£	£
Avon	1,092,800	25	4	6.25	43,712	49,000	1960.00	0.04	
Bedfordshire	633,900	12	3	4.00	52,825	68,000	5666.67	0.11	
Berkshire	878,400	25	6	4.17	35,136	75,000	3000.00	0.09	
Buckinghamshire	771,800	17	2	8.50	45,400	72,000	4235.29	0.09	
Cambridgeshire	820,500	17	2	8.50	48,265	92,450	5438.24	0.11	
Cheshire	1,034,800	23	4	5.75	44,991	142,286	6186.35	0.14	
Cleveland	559,700	23	4	5.75	24,335	74,943	3258.39	0.13	
Derbyshire	1,027,600	16	2	8.00	64,225	91,000	5687.50	0.09	
Devon and Somerset	1,687,500	24	4	6.00	70,313	140,636	5859.83	0.08	
Dorset	754,400	15	3	5.00	50,293	67,438	4495.87	0.09	
Durham	621,400	25	2	12.50	24,856	61,000	2440.00	0.10	
East Sussex	812,500	18	2	9.00	45,139	79,000	4388.89	0.10	
Essex	1,753,000	25	3	8.33	70,120	152,296	6091.84	0.09	
Hampshire	1,787,300	25	3	8.33	71,492	138,000	5520.00	0.08	
Hereford & Worcester	758,300	25	2	12.50	30,332	53,117	2124.68	0.07	
Humberside	922,200	22	4	5.50	41,918	120,097	5458.95	0.13	
Kent	1,764,600	25	2	12.50	70,584	94,722	3788.88	0.05	
Lancashire	1,468,900	25	3	8.33	58,756	118,201	4728.04	0.08	
Leicestershire	1,033,000	17	3	5.67	60,765	67,620	3977.65	0.07	
North Yorkshire	805,100	16	2	8.00	50,319	72,809	4550.56	0.09	
Nottinghamshire	1,107,000	18	2	9.00	61,500	110,000	6111.11	0.10	
Shropshire	477,100	25	2	12.50	19,084	74,241	2969.64	0.16	
Staffordshire	1,107,200	21	2	10.50	52,724	131,794	6275.90	0.12	
Wiltshire	693,600	13	2	6.50	53,354	57,761	4443.15	0.08	
	24,372,600	497			49,039				

Notes: Data taken from Websites - Members allowances as published or in the FRA statement of accounts - includes travel  
Population taken from CIPFA Stats 2014 (provisional)

Sorted by expenses paid									
Fire Authority	Population	No of Members	No of Councils	No of Members per Council	No of population per Member	Members allowances paid 2014/15	Cost per Member	Cost per head of population	
Avon	1,092,800	25	4	6.25	43,712	49,000	1960.00	0.04	
Hereford & Worcester	758,300	25	2	12.50	30,332	53,117	2124.68	0.07	
Wiltshire	693,600	13	2	6.50	53,354	57,761	4443.15	0.08	
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Staffordshire	1,107,200	21	2	10.50	52,724	131,794	6275.90	0.12	
Hampshire	1,787,300	25	3	8.33	71,492	138,000	5520.00	0.08	
Devon and Somerset	1,687,500	24	4	6.00	70,313	140,636	5859.83	0.08	
Cheshire	1,034,800	23	4	5.75	44,991	142,286	6186.35	0.14	
Essex	1,753,000	25	3	8.33	70,120	152,296	6091.84	0.09	

Sorted by cost per Member									
Fire Authority	Population	No of Members	No of Councils	No of Members per Council	No of population per Member	Members allowances paid 2014/15	Cost per Member	Cost per head of population	
Avon	1,092,800	25	4	6.25	43,712	49,000	1960.00	0.04	
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Leicestershire	1,033,000	17	3	5.67	60,765	67,620	3977.65	0.07	
Buckinghamshire	771,800	17	2	8.50	45,400	72,000	4235.29	0.09	
East Sussex	812,500	18	2	9.00	45,139	79,000	4388.89	0.10	
Wiltshire	693,600	13	2	6.50	53,354	57,761	4443.15	0.08	
Dorset	754,400	15	3	5.00	50,293	67,438	4495.87	0.09	
North Yorkshire	805,100	16	2	8.00	50,319	72,809	4550.56	0.09	
Lancashire	1,468,900	25	3	8.33	58,756	118,201	4728.04	0.08	
Cambridgeshire	820,500	17	2	8.50	48,265	92,450	5438.24	0.11	
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Derbyshire	1,027,600	16	2	8.00	64,225	91,000	5687.50	0.09	
Devon and Somerset	1,687,500	24	4	6.00	70,313	140,636	5859.83	0.08	
Essex	1,753,000	25	3	8.33	70,120	152,296	6091.84	0.09	
Nottinghamshire	1,107,000	18	2	9.00	61,500	110,000	6111.11	0.10	
Cheshire	1,034,800	23	4	5.75	44,991	142,286	6186.35	0.14	
Staffordshire	1,107,200	21	2	10.50	52,724	131,794	6275.90	0.12	

## Annex B

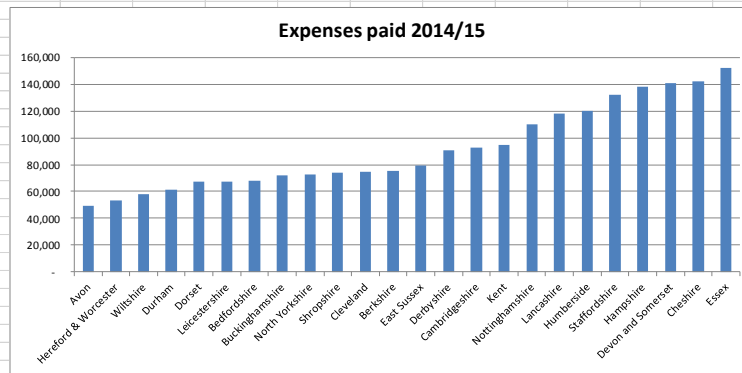
Sorted by no of Members								
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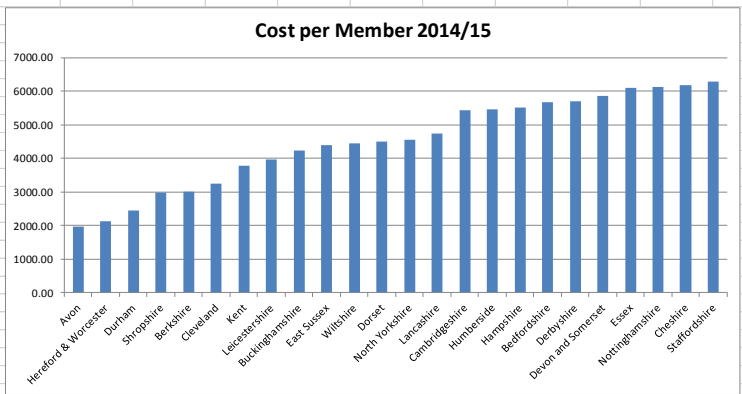


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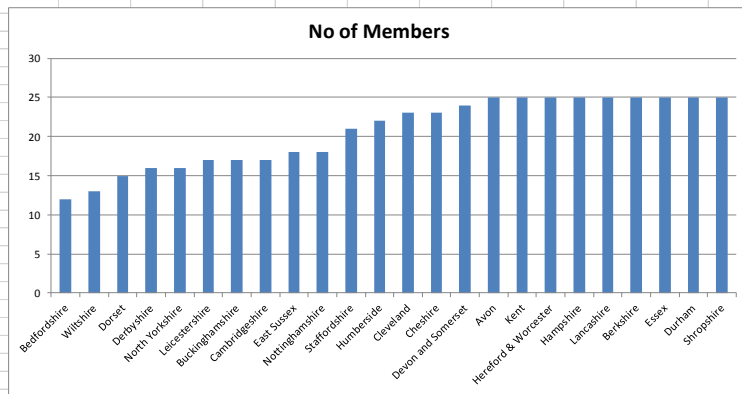
Avon	49,000
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Durham	61,000
Dorset	67,438
Leicestershire	67,620
Bedfordshire	68,000
Buckinghamshire	72,000
North Yorkshire	72,809
Shropshire	74,241
Cleveland	74,943
Berkshire	75,000
East Sussex	79,000
Derbyshire	91,000
Cambridgeshire	92,450
Kent	94,722
Nottinghamshire	110,000
Lancashire	118,201
Humberside	120,097
Staffordshire	131,794
Hampshire	138,000
Devon and Somerset	140,636
Cheshire	142,286
Essex	152,296



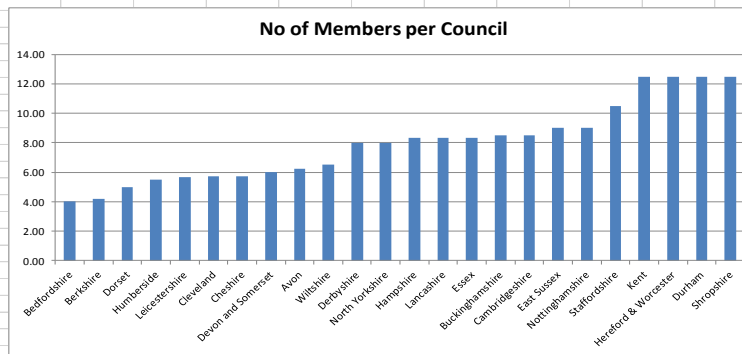
Avon	1960.00
Hereford & Worcester	2124.68
Durham	2440.00
Shropshire	2969.64
Berkshire	3000.00
Cleveland	3258.39
Kent	3788.88
Leicestershire	3977.65
Buckinghamshire	4235.29
East Sussex	4388.89
Wiltshire	4443.15
Dorset	4495.87
North Yorkshire	4550.56
Lancashire	4728.04
Cambridgeshire	5438.24
Humberside	5458.95
Hampshire	5520.00
Bedfordshire	5666.67
Derbyshire	5687.50
Devon and Somerset	5859.83
Essex	6091.84
Nottinghamshire	6111.11
Cheshire	6186.35
Staffordshire	6275.90



Bedfordshire	12
Wiltshire	13
Dorset	15
Derbyshire	16
North Yorkshire	16
Leicestershire	17
Buckinghamshire	17
Cambridgeshire	17
East Sussex	18
Nottinghamshire	18
Staffordshire	21
Humberside	22
Cleveland	23
Cheshire	23
Devon and Somerset	24
Avon	25
Kent	25
Hereford & Worcester	25
Hampshire	25
Lancashire	25
Berkshire	25
Essex	25
Durham	25
Shropshire	25



Bedfordshire	4.00
Berkshire	4.17
Dorset	5.00
Humberside	5.50
Leicestershire	5.67
Cleveland	5.75
Cheshire	5.75
Devon and Somerset	6.00
Avon	6.25
Wiltshire	6.50
Derbyshire	8.00
North Yorkshire	8.00
Hampshire	8.33
Lancashire	8.33
Essex	8.33
Buckinghamshire	8.50
Cambridgeshire	8.50
East Sussex	9.00
Nottinghamshire	9.00
Staffordshire	10.50
Kent	12.50
Hereford & Worcester	12.50
Durham	12.50
Shropshire	12.50



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## **Procedure for the handling of allegations under the Code of Conduct against Members of the Buckinghamshire and Milton Keynes Fire Authority (“the Authority”)**

### **Introduction**

This procedure applies to complaints about alleged breaches of the Code of Conduct by Members of the Buckinghamshire and Milton Keynes Fire Authority, pursuant to section 28 of the Localism Act 2011.

For the purposes of this procedure the person who makes the complaint is described as “the Complainant” and the person about whom the complaint is made is “the Member”. In this procedure “Member” includes “Co-opted Member”.

### **Summary of how the procedure works**

#### *Stage 1 - Making a complaint*

In order to make a complaint you must send your complaint in writing to the Monitoring Officer (see paragraph 1.1 below for details of how to do this and where to send your complaint).

#### *Stage 2 - Assessment of your complaint*

If informal resolution is not possible the Monitoring Officer will assess the complaint and decide whether to investigate the allegations contained in it. If the Monitoring Officer decides that the complaint should be investigated, he/she will undertake a process (details of which are set out below) to determine whether or not the complaint is upheld. If the complaint is not to be investigated the Monitoring Officer will write to you to explain why. In some cases the Monitoring Officer may consider informal resolution of your complaint is appropriate.

#### *Stage 3 - Investigation of the complaint*

If the Monitoring Officer does investigate your complaint the final summary investigation report and finding will be published on the Authority’s website. In cases where the Monitoring Officer upholds your complaint he/she can apply no formal sanction other than to provide an opinion on the conduct of the Member concerned as compared to the expectations of the Code of Conduct.

There are no appeal mechanisms within this procedure. Should you be dissatisfied with the Monitoring Officer’s decisions and/or actions at any point, you may complain to the Local Government Ombudsman or to the courts.

## **STAGE 1 - HOW TO COMPLAIN ABOUT MEMBER CONDUCT AND WHAT YOU AND THE MEMBER ARE TOLD AFTER YOU HAVE MADE A COMPLAINT**

### **1.1 How to complain**

- 1.1.1. If you want to complain that a Member of the Authority has breached the Authority's Code of Conduct you must make your complaint in writing.
- 1.1.2 You can do this by completing a complaint form. A complaint form can be obtained from the Authority's website or by emailing [enquiries@bucksfire.gov.uk](mailto:enquiries@bucksfire.gov.uk) or by calling 01296 XXXXXX. The complaint form explains what information you should include in the form.
- 1.1.3 You are not, however, required to use the complaint form, and can make your complaint by writing to: The Monitoring Officer, Buckinghamshire and Milton Keynes Fire Authority, Brigade HQ, Stocklake, Aylesbury, Bucks, HP20 1BD or The Monitoring Officer via [enquiries@bucksfire.gov.uk](mailto:enquiries@bucksfire.gov.uk).
- 1.1.4 If you do not use the complaint form and write to the Monitoring Officer instead you should clearly set out the following information in your letter:
- The name of the Member you believe has breached the Code of Conduct;
  - What the Member has done that you believe breaches the Code of Conduct, and which paragraphs of the Code you believe they have breached. (If you are complaining about more than one Member you should clearly explain what each individual person has done that you believe breaches the Code of Conduct);
  - You should be specific, wherever possible, about exactly what you are alleging the Member said or did;
  - You should provide the dates of the alleged incidents wherever possible. If you cannot provide exact dates it is important to give a general timeframe;
  - You should confirm whether there were any witnesses to the alleged conduct and provide their names and contact details if possible;
  - You should provide any relevant background information;
  - You should say what action you think would be appropriate to resolve your complaint;
  - You should say whether you would like your identity and the details of your complaint to be kept from the Member(s) you are complaining about and, if so, explain why. Any such request will be taken into account but your anonymity cannot be guaranteed.

### **1.2. What happens once you submit a complaint?**

- 1.2.1 All complaints about Member conduct will be dealt with by the Authority's Monitoring Officer.
- 1.2.2 If the Monitoring Officer is unsure whether you are actually making a complaint, or any details of your complaint, (s) he will contact you to clarify.

### **1.3. What you and the Member are told next**

1.3.1 If the Monitoring Officer is clear that you are making a complaint that a Member of the Authority has breached the Authority's Code of Conduct, where the Monitoring Officer considers it appropriate, s/he will try to resolve your complaint informally (see Stage 2 below).

1.3.2 If informal resolution is not appropriate or is unsuccessful the Monitoring Officer will:

- (i) write to you to acknowledge that (s)he has received your formal complaint and to inform you that the Member you are complaining about will usually be provided with your identity, unless you write back within 5 working days asking for this not to happen; and
- (ii) unless there are good reasons not to, write to the Member you are complaining about:
  - (a) stating that a formal complaint has been made against them;
  - (b) providing them with your name (unless you have asked that this information is not provided and/or the Monitoring Officer considers there are good reasons not to provide it);
  - (c) stating the relevant paragraphs of the Code you believe the Member has breached; and
  - (d) stating that the complaint will be considered by the Monitoring

## **STAGE 2 – ASSESSMENT**

### **2.1 Assessing your complaint and making a decision**

- 2.1.1 The Monitoring Officer will assess all complaints on a case by case basis and, in doing this, will also take into account relevant guidance and professional advice and may seek the views of the Independent Person (see paragraphs 3.1.2 and 3.2 below).
- 2.1.2 The Monitoring Officer will also take into account any relevant criteria and factors.
- 2.1.3 In the absence of formal sanctions available to the Monitoring Officer to apply in the event of a breach of the Code the Authority expects this complaints procedure to be proportionate to the issues raised and the expected outcomes. The Monitoring Officer will therefore take into account the wider public interest and the cost to the public purse of undertaking any investigation into alleged breaches of the Code. Complaints are, therefore, only likely to be taken forward for investigation where the allegations are reasonably considered to be serious matters.
- 2.1.4 After reviewing your complaint, the Monitoring Officer will do one of the following:
- (a) decide that no action should be taken on your complaint (and inform you of this decision and the related reasons); or
  - (b) decide to investigate your complaint (and inform you of this decision and the related reasons); or
  - (c) decide that informal resolution is appropriate.

### **2.2 How are you told about the Monitoring Officer's decision?**

- 2.2.1 Within 5 working days of making a decision, the Monitoring Officer will provide you and the Member you are complaining about with a written document, containing his/her decision. This is called a "Decision Notice."

### **2.3 What information will the Decision Notice contain?**

- 2.3.1 This will be prepared having regard to any professional advice and the information it contains will depend upon what information the Monitoring Officer decides should be provided. Normally, however, the Decision Notice will:
- contain your name and a written summary of your complaint;
  - contain the Monitoring Officer's decision;
  - record the main points the Monitoring Officer considered, the conclusion and the reasons.
- 2.3.2 The Monitoring Officer will first consider whether providing these or any details is in the public interest or would undermine a person's ability to investigate your complaint (as this may be necessary at a later stage).

2.3.3 If there has been no finding against the Member, the Decision Notice will not contain the name of the Member.

## **2.4. Decision Notices are made public**

2.4.1 After the Decision Notice has been sent to you and the Member you are complaining about, the Authority will publish the Decision Notice on its website.

## **2.5. A decision of 'no action' and your right to ask for a review of that decision**

2.5.1 The Monitoring Officer's decision is final. Where the Monitoring Officer has decided that no action should be taken on your complaint, there is no right to ask for a review of the decision. In these circumstances, your recourse is to complain to the Local Government Ombudsman (10th Floor, Millbank Tower, Millbank, London, SW1P 4QP, Tel: 020 7217 4620).

## **2.6 What is informal resolution?**

2.6.1 Where the Monitoring Officer decides that it would be appropriate to seek informal resolution, s/he will contact you to find out if your complaint can be resolved immediately, without recourse to formal investigation.

2.6.2 Unless there are good reasons not to, the Monitoring Officer will normally advise the Member at this stage that a complaint has been received and provide the Member with such details as the Monitoring Officer considers appropriate.

2.6.3 There will be a whole range of actions that may be appropriate to try and resolve your complaint informally. Some examples are: the Monitoring Officer having a discussion with the Member you have complained about; arranging for the Member to do something which you have asked them to do; arranging a discussion between you and the Member; obtaining an apology from a Member.

2.6.4 It is important, therefore, that you tell us in your complaint what action you think would be appropriate to resolve your complaint.

## **STAGE 3 - INVESTIGATION FOLLOWING ASSESSMENT**

### **3.1 Monitoring Officer decides to investigate your complaint**

- 3.1.1 Where the Monitoring Officer decides that a complaint should be investigated further, s/he may ask you, the Member, any witnesses and any other relevant people to provide them with detailed information or explanations, possibly by way of an interview.
- 3.1.2 The Monitoring Officer may arrange for the investigation to be carried out on her or his behalf by another person. In determining the complaint the Monitoring Officer will seek and take into account the views of at least one Independent Person appointed by the Authority for such purposes. The Monitoring Officer may take into account the views of an Independent Person on any other matter concerning the investigation.
- 3.1.3 Information obtained in conducting the investigation will only be released to third parties where this will allow your complaint to be dealt with properly.
- 3.1.4 In addition to taking into account the views of the Independent Person, the Monitoring Officer will, when seeking to reach a finding on the complaint, take into account relevant guidance and professional advice.

### **3.2 The role of the Independent Person**

- 3.2.1 The role of the independent Person, under section 28(7) Localism Act 2011, is:
- To give views, which must be taken into account by the Monitoring Officer before s/he makes a decision on an investigation s/he has decided to investigate;
  - Give views, if requested by the Monitoring Officer, on any other allegation;
  - To give views to a Member if that person's behaviour is the subject of an allegation.
- 3.2.2 What happens when your complaint is investigated and the investigation is completed?
- 3.2.3 Once the investigation is completed, the Monitoring Officer will:
- (i) find that the Member has failed to comply with the Authority's Code of Conduct ("a finding of failure"); OR find that the Member has not failed to comply with the Authority's Code of Conduct ("a finding of no failure");
  - (ii) prepare a written summary report of the investigation which contains a statement of the finding;
  - (iii) send a copy of the report to you and the Member as soon as is reasonably practicable after making the decision; and



- (iv) publish a summary report and finding on the Authority's web site. The name of the Member will only be published where there is a finding of failure on the part of the Member.

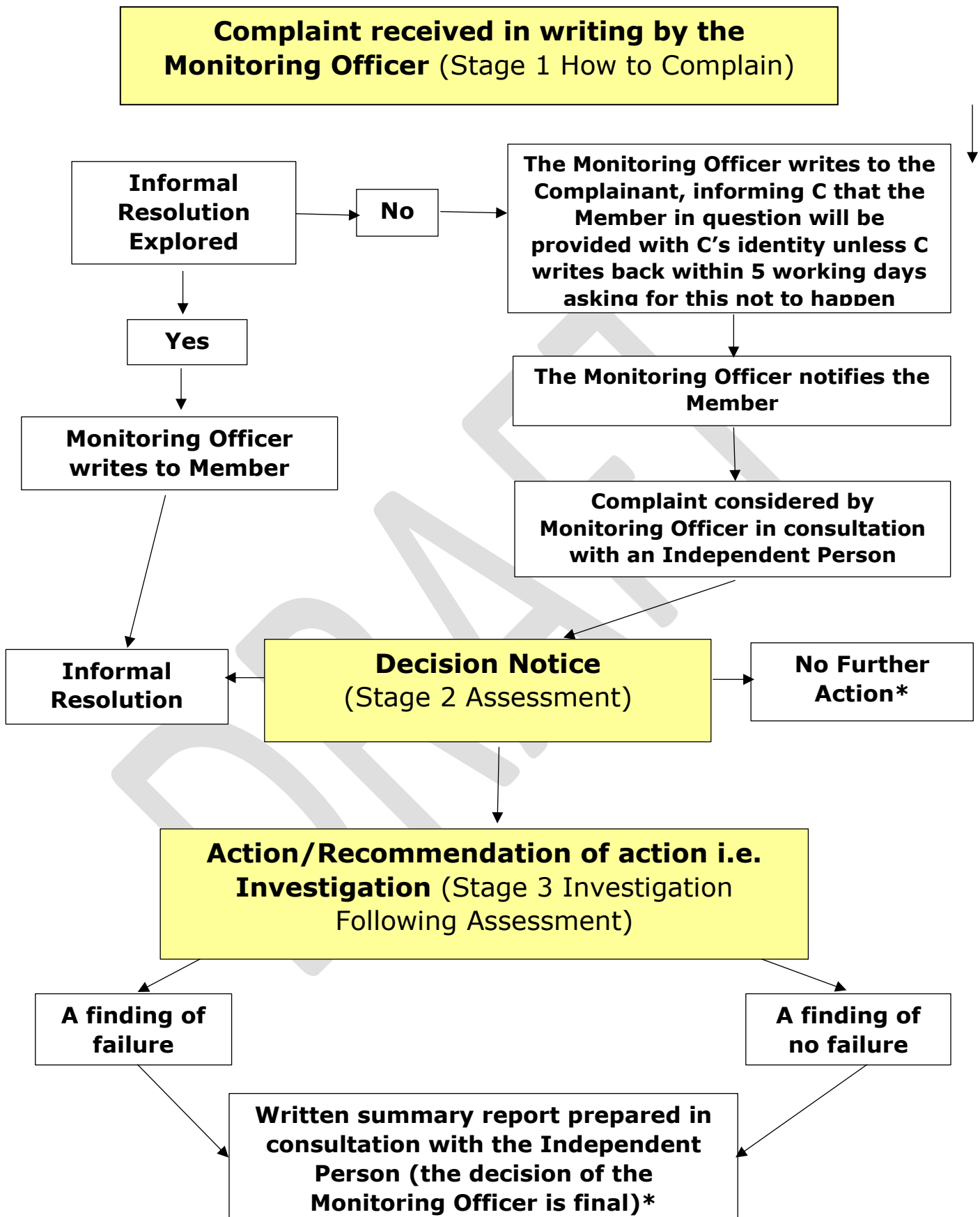
3.2.4 In cases where the Monitoring Officer upholds your complaint, s/he has no legal powers to apply formal sanctions other than to provide an opinion on the conduct of the Member as compared with the expectations of the Code of Conduct.

3.2.5 The decision of the Monitoring Officer is final. There is no entitlement to appeal against the Monitoring Officer's decision on a complaint. In these circumstances, you may be able to complain to the Local Government Ombudsman (10th Floor, Millbank Tower, Millbank, London, SW1P 4QP, Tel: 020 7217 4620).

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## COMPLAINTS PROCEDURE FLOWCHART



\* Subject to the jurisdiction of the Local Government Ombudsman

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# Buckinghamshire & Milton Keynes Fire Authority

<b>MEETING</b>	Executive Committee
<b>DATE OF MEETING</b>	8 February 2017
<b>OFFICER</b>	Julian Parsons, Head of Service Development
<b>LEAD MEMBER</b>	Councillor Peter McDonald
<b>SUBJECT OF THE REPORT</b>	<b>Emergency Services Mobile Communications Programme (ESMCP)</b>
<b>EXECUTIVE SUMMARY</b>	<p>This paper is to provide a further update regarding the national status of the programme and the impact on the regional and local transition.</p> <p>Since last reporting the main developments are as follows:</p> <ul style="list-style-type: none"> <li>• The Central Programme Board has recently announced a series of delays to the project, initially slipping by three months, now extending to six months.</li> <li>• The Public Accounts Committee (PAC) recently reviewed the Programme following the publication of the National Audit Office (NAO) report. The report was published 25 January 2017 and the main findings were in line with the NAO report in that the risks of project overrun had been not fully assessed nor budgeted for.</li> <li>• After completion of a tender process, Mott Macdonald have been appointed by the South Central Region to provide Programme Management for the five fire services involved.</li> <li>• The continuing concern of officers is the lack of detailed information being released from the Central Programme and the compression of the timeframe allowed for the testing and assurance process.</li> </ul>
<b>ACTION</b>	Information.
<b>RECOMMENDATIONS</b>	Members are requested to note the report.
<b>RISK MANAGEMENT</b>	<p>As notified in the last update, Members will be aware that this programme has been added to the Service Development Risk Register. There is also a risk register held and maintained by the South Central Transition Delivery Team.</p> <p>There remains an unknown financial risk to the Service with regard to achieving the necessary</p>

	<p>security information technology compliance. It is still believed that any costs to achieve this compliance will be met by the Central Programme as it will be a new burden, but this has still to be confirmed despite being raised for discussion at every opportunity.</p> <p>One area concerning officers is Emergency Services Network (ESN) devices. There has been a delay in the development of the promised range of devices and it is highly likely that only one of each type of device will be available to user organisations during the period of transition. Current indications are that these first generation devices may not meet originally advertised specifications. Feedback from user organisations is continually made in a bid to influence the end products.</p> <p>The NAO published a review of ESMCP in September 2016. The report highlights the risk involved with a programme that is attempting to implement technology that is not being attempted anywhere else in the world except South Korea. As a result, a lot of the technology is still being developed and therefore the assurances are yet to be seen. The NAO report sees the programme as being high risk and expresses concern that it does not appear on the Home Office national risk register.</p> <p>There has been some reassurance received with regard to network coverage. A hard copy of the proposed coverage for the Buckinghamshire and Milton Keynes areas has been received and whilst it highlights some known areas of historically poor communications coverage, the picture is generally good. Further detail will be provided once the delivery team gain access to the electronic maps which is expected shortly.</p>
<p><b>FINANCIAL IMPLICATIONS</b></p>	<p>The Home Office (HO) have committed to provide funding through Section 31 Grants to cover local transition support, upgrading control rooms, vehicle installations and devices. BFRS will act as treasurer for the collaborative aspects of the project delivery.</p> <p>HO will directly fund ten regional implementation managers to coordinate and monitor the transition in fire and rescue services.</p> <p>Government Digital Services (GDS) have made a decision that all connecting Services should be fully Public Safety Network (PSN) compliant across their whole service. This decision was not expected and has implications for the project nationally and locally. It is our understanding that as this is a new burden the costs will be met by government. The government have written a number of letters requesting information on required quotes for security checks and the financial implications of each services action plans.</p>

	They have yet to confirm any intention to reimburse services in writing though.
<b>LEGAL IMPLICATIONS</b>	As outlined within the last update paper to Members, each fire and rescue service within the South Central Region has now formally signed up to the ESMCP.
<b>CONSISTENCY WITH THE PRINCIPLES OF COLLABORATION</b>	<p>Buckinghamshire Fire and Rescue Service (BFRS) remains an active participant of the South Central Transition Delivery arrangements. The governance and delivery models have now been established and BFRS are involved at each level. The principle has been adopted that information is shared across all five services and where appropriate, joint responses to work requests are submitted.</p> <p>Funding awards have been pooled centrally, and BFRS are now acting as treasurers for the region.</p> <p>BFRS officers are proactively involved in all areas of the collaboration and lead on three of the eight work streams.</p>
<b>HEALTH AND SAFETY</b>	There are no health and safety implications perceived at this time. There is constant review of this and any issues that may arise in the future will be referred.
<b>EQUALITY AND DIVERSITY</b>	There have been no equality and diversity implications identified to date. As the programme progresses and further information becomes available, then an Integrated Impact Assessment will be completed.
<b>USE OF RESOURCES</b>	<p>As stated in the last update to Members, the Transformation Programme Manager is the Project Manager for ESMCP delivery.</p> <p>The Area Commander Service Development is the Senior User for this Authority and sits on the South Central Steering Group.</p> <p>This Authority is providing officers to lead in three workstreams of the South Central Region Transition Team - ICT, Procurement and Finance, and Operational Policy (who is also the lead for Operational Alignment within the Thames Valley collaboration programme).</p>
<b>PROVENANCE SECTION &amp; BACKGROUND PAPERS</b>	<p><b>Background</b></p> <p>The ESMCP is the programme to provide the next generation of mobile communications for emergency services and will replace the Airwave Tetra network introduced to fire services in 2009.</p> <p>The Programme is considered to be ground breaking and innovative and is designed to improve the integration of emergency services communications by taking advantage of 4G communications developments and by reducing costs to user organisations.</p>

	<p>The current national Airwave contracts are due to be terminated at the end of December 2019.</p> <p>The period of transition for the South Central Region was originally planned to take place between November 2017 and November 2018. These dates are now under review and a revised plan is due to be released following the review completion.</p> <p><b>Background Papers</b></p> <p><a href="#">ESMCP Update June 2015</a></p> <p><a href="#">ESMCP Update February 2016</a></p> <p><a href="#">ESMCP Update July 2016</a></p> <p><a href="#">Public Accounts Committee Report</a></p>
<p><b>APPENDICES</b></p>	<p>Appendix A: ESMCP Executive Committee Update February 2017</p> <p>Appendix B: National Audit Office Report Summary</p> <p>Appendix C: ESN Programme Update – December 2016</p> <p>Appendix D: National Programme Governance Structure</p> <p>Appendix E: ITHC Remediation Plan Costings Summary</p>
<p><b>TIME REQUIRED</b></p>	<p>10 minutes</p>
<p><b>REPORT ORIGINATOR AND CONTACT</b></p>	<p>Marie Crothers</p> <p><a href="mailto:mcrothers@bucksfire.gov.uk">mcrothers@bucksfire.gov.uk</a></p> <p>07765 001907</p>





# **Emergency Services Mobile Communication Programme**

Executive Committee Update

8 February 2017

## **1. Purpose**

This report provides an update regarding the Emergency Services Mobile Communications Programme (ESMCP). The last update was provided to Members in July 2016.

This programme will upgrade the radio system used by emergency services with an Emergency Services Network (ESN), a system that has not yet been implemented anywhere else in the world and as such carries significant risk. The current system in use (Airwave), whilst very reliable, has limited data capability and is an expensive system.

This paper seeks to update Members regarding the progress of ESMCP which has now moved wholly under the control of the Home Office and Department for Health now that responsibility for Fire has moved to the Home Office.

Members will recall from the last briefing paper that the programme had recently finalised the procurement of the new system, the Emergency Services Network (ESN) which will be provided by two commercial companies (Motorola and EE) and will utilise the Public Services Network (PSN) via mobile network operators using 4G LTE (Long Term Evolution) for the transmission of voice and data traffic between emergency service resources.

Individual fire and rescue services were asked to sign up formally to engage with the programme in February 2016 – Buckinghamshire Fire and Rescue Service (BFRS) completed this following the Executive Committee meeting in February 2016.

## **2. Executive Summary**

Since last reporting the main developments are as follows:

- The Central Programme Board has recently announced a series of delays to the project, initially slipping by three months, now extending to six months;
- The Public Accounts Committee (PAC) recently reviewed the Programme following the publication of the National Audit Office (NAO) report;
- After completion of a tender process, Mott Macdonald have been appointed by the South Central Region to provide Programme Management for the five fire services involved.

The continuing concern of officers is the lack of detailed information being released from the Central Programme and the compression of the timeframe allowed for the testing and assurance process.

## **3. Programme update**

### **a. National Audit Report**

The National Audit Office (NAO) published a report into the progress of the ESMCP in September 2016. This report examined the significant challenges to the programme, the risks involved and the controls in place to manage these

risks. As the programme is still in delivery, it was deemed too early to consider whether it was achieving value for money at this stage.

The ESN is expected to save money by using parts of the existing EE network but there are a number of challenges that the programme will need to overcome which are detailed later within this paper. The NAO report raised concerns over the management of the risks involved in delivering this programme and considers that the Home Office has underrated the importance of those risks.

The overall opinion of the NAO is that ESN is the correct solution to replace the current Airwave system and that the ESN benefits will be substantial. However, the delivery timescale is challenging for all parties with key milestones being:

- **2017** – testing and pilots
- **September 2017** – transition due to start in the North West region. All services will need to have procurements planned and resources allocated well in advance of transition
- **December 2019** – Airwave due to be shut down
- **December 2023** – date beyond which ESN contracts cannot be extended.

A summary of the National Audit Office report can be found at Appendix B.

The Public Accounts Committee (PAC) publicly examined the project following publication of the NAO report. Representatives of the emergency services, Home Office officials and project officials were extensively questioned. The PAC findings were broadly in line with those of the NAO and represented a number of concerns already identified by user organisations.

## **b. Project Delivery Timeline**

Following the receipt of a request for a change to some of the delivery milestones from Motorola, lengthy negotiations have taken place with both Motorola and EE which have resulted in at least a three month delay to the plan.

The latest official release from the National Programme Director was released in December 2016 and can be seen at Appendix C. In summary, a further milestone has been introduced to be known as 'Service Ready' with a delivery date of April 2018 (delayed from September 2017). Once all functions and features of the ESN are available and this new milestone has been achieved, then the emergency services will be able to commence with what has been described by the Central Programme Team as 'Major Operational Trials'.

An assessment of the transition timeline has taken place within the first region due to transition across to the ESN; the North West. They raised concerns that they would not be able to meet current timescales. A workshop was held involving representatives from all user organisations to discuss the issues highlighted and the outputs from this have been fed into an existing review of the programme. As a result of these reviews it is now apparent that there are some areas that are causing significant concern, such as the provision of ESN devices. Further engagement with user organisations is required to assess these and to feed into the review of the new plan.

The new plan is now being reviewed by emergency services senior users and a report from the Central Team, on the impact of this on services ability to transition, is expected in the near future.

The Central Team update also acknowledges the findings of the NAO report that this programme is high risk and ground breaking in its delivery with an ambitious timescale. The programme has undertaken a commitment not to risk the critical communications of the emergency services and public safety. They continue to emphasise this.

### **c. Governance**

The establishment of the governance model at national and regional levels has continued with the roles of national and regional delivery being filled in late 2016. A number of Deputy Director changes have been made at national level and the Fire Regional Implementation Managers (RIM) have now been appointed. These posts will work closely with the delivery partner Group Transition Managers (GTM) to assist user organisations with their transition work. A schematic showing the establishment of the national governance model can be seen at Appendix D.

A new team to provide Field Transition Assurance has been established and will be reporting directly to the Home Office.

### **d. Technical**

#### **i. Control Rooms**

There is a requirement for all existing control rooms to be connected to the ESN prior to any service commencing transition. It will also allow for legacy systems to continue to work during the transition phase. Depending on the existing call handling equipment arrangements in each control room, the connection may require an upgrade to the existing Integrated Command and Control Systems. It will also be necessary to provide an interface between mobilising systems and the ESN. This connection must be security compliant. This work will be known as the Direct Network Service (DNS) and a single supplier has been procured centrally to become the DNS Provider (DNSP) – this will be Vodafone.

Each region has been requested to submit their requirements regarding the Direct Network Service – as BFRS are partners within the TVFCS, a joint submission has been made with Oxfordshire and Royal Berkshire Fire and Rescue Services. One issue that remains outstanding regarding this work is funding. Funding will be provided for the cost of installing the DNSP link into control rooms. Funding will also be provided to cover the costs of dual running when in transition. However, it is not clear how this funding will cover a joint control room

with a number of fire and rescue services connections as is the case within the Thames Valley.

## **ii. Information Technology Health Checks (ITHC)**

Each user organisation has been required to carry out an ITHC to assess their readiness to transition across to the ESN. The BFRS ITHC was completed in early July 2016 and a full report was subsequently received. Each organisation has been requested to assess their ITHC reports and develop an action plan to resolve any issues identified. In consultation and under advisement with the Central Programme Team, as to what constituted legitimate claims and what would be considered as a new burden, a submission has been made regarding the actions to be taken and a breakdown of associated costs. There is an expectation that these costs will be covered by central funding but no assurance has been received thus far to confirm this. The return to the Home Office will inform the decision to make grants to services.

Remediation work against the ITHC has begun and one third of the identified risks have been resolved and work continues on the remainder. Some ongoing projects i.e. telephony replacement are key to completing the work, in addition a new project of installing two factor authentication on our systems will be required. We have requested funding from the Home Office to allow us to do this later project.

The ITHC Remediation Plan Costings Summary can be found at Appendix E.

## **iii. Devices**

There has been some frustration on the part of user organisations regarding the information being provided regarding the devices that will be available that will be ESN compliant.

In 2014, a series of workshops were held involving all user organisations to ascertain user requirements and this information was to be used when developing devices for procurement by organisations before transition. It was originally intended that there would be a range of devices that organisations would be able to choose from to meet their requirements.

It has since become apparent that this may not be the case leading up to transition and that the 'range of devices' are yet to be developed. This delay has been attributed to the fact that this programme is world leading and the market for compatible devices is still developing. Device suppliers have highlighted issues which have challenged them in bringing ESN approved devices to the market.

In order to address this issue and to ensure that the timelines of the programme are not negatively impacted, the Home Office is proposing

to run a procurement exercise for the first generation of devices, with a plan to replace them in the future once the market has developed. Early models of these devices are currently in the developmental phase. A recent workshop has taken place where there was representation from the five South Central region fire and rescue services. It would appear that these early devices have requirement for further development before they meet the requirements of user organisations and match the standards and functionality of currently used devices.

We await further information regarding the technical development and availability of these devices and will continue to provide feedback as necessary.

#### **iv. Coverage**

As Members will already be aware, the ESN will be based on the foundation of the network already established by commercial provider EE. EE already has the biggest 4G footprint nationally and with the largest capacity.

EE are currently undertaking an enhancement of their network which involves upgrading around 5000 sites to 4G, building 500 new sites and improving reach and enhancing indoor coverage.

It is intended this enhanced service will be rolled out in a phased process and user trials will take place to ensure full functionality and assurance.

A trial involving vehicles of the London Ambulance Service in the London area has demonstrated good ESN coverage. It is proposed that this trial is extended to involve other user organisations.

The build of 500 new aerial sites is intended to provide extended area services to those remote and rural areas that are currently outside the contractual coverage of EE. There is a timescale risk to this work as there will be a requirement to obtain planning permissions before commencing build work. It should be noted that there are no extended coverage sites within the South Central region.

BFRS received a hard copy of the coverage map for Buckinghamshire and Milton Keynes shortly before Christmas. Generally local coverage looks promising, but we are awaiting access to the electronic versions of the maps so that we can drill down into some detail to decide which areas (if any) will require user assurance testing. It is hoped that access to these electronic maps will be gained in the next few weeks.

#### **e. South Central Transition Group**

##### **i. Governance**

There has been further progress regarding the governance model for the South Central Region Transition group. As previously reported, a proposal for engaging the services of an external programme manager was being discussed.

An interim Regional Programme Co-ordinator was appointed to assist services during the latter part of the autumn. The person appointed was formerly a Business Change Manager for the ESMCP and therefore has provided a wealth of knowledge and experience to the South Central region.

In the meantime, a procurement exercise took place to secure the Programme Management function from an external supplier. The successful bid came from Mott MacDonald and they will provide the service from December 2016. Mott MacDonald will also provide Programme Office support.

The appointed manager is currently undertaking meetings with project teams around the South Central region and with the RIM and GTM and will advise on any governance changes that he wishes to make.

## **ii. Finance**

The Home Office have committed to provide funding through Section 31 Grants to cover local transition support, upgrading control rooms, vehicle installations and devices. BFRS will act as treasurer for the collaborative aspects of the project delivery.

The Home Office will directly fund 10 RIMs to coordinate and monitor the transition in fire and rescue services.

Government Digital Services have made a decision that all connecting Services should be fully Public Safety Network (PSN) compliant across their whole service. This decision was not expected and has implications for the project nationally and locally. It is our understanding that as this is a new burden the costs will be met by government. The government have written a number of letters requesting information on required quotes for security checks and the financial implications of each services action plans. They have yet to confirm any intention to reimburse services in writing though.

In light of the recently announced delay to the programme delivery, there will be questions regarding the resulting impact on financial arrangements for the delivery of the programme and whether the Firelink funding will still continue up to the point of transition completion. This is currently being considered at a national level and we expect an update from the Business Change Lead (Fire), in his next update to senior users.

## **iii. Programme Delivery**

The Five FRS involved in the collaboration in the South Central Region are:

- BFRS;
- Royal Berkshire FRS;
- Oxfordshire FRS;
- Hampshire FRS;
- Isle of Wight FRS.

As well as the FRSs the collaboration also actively involves Thames Valley Police, Hampshire Police and South Central Ambulance Service

The previously known South Central Transition Group which had senior manager representation from the five fire and rescue services in the region received approval from each service to form the Steering Group for the programme with the additional attendance of the Programme Manager and our assigned RIM and GTM.

The South Central Delivery Team has now been established and is to be chaired by the Programme Manager. The group consists of FRS Project Managers who are the single point of contact into fire and rescue services together with lead officers for each designated workstream. Workstream leads have been shared amongst the services and are as follows:

ICT Lead	Buckinghamshire FRS
Test and Assurance Lead	Oxfordshire FRS
TVFCS Control Lead	Royal Berkshire FRS
Hampshire and Isle of Wight Control Lead	Hampshire FRS
Training Lead	Oxfordshire FRS
Ops Policy Lead	Buckinghamshire FRS
Procurement and Finance Lead	Buckinghamshire FRS
Fleet and Vehicles Lead	Hampshire FRS

Terms of Reference for each workstream have been agreed and meetings are now beginning to take place. It should be noted however, that due to the lack of availability of information in some areas, some workstreams are more advanced than others at this stage.



Discussions are now taking place with the regional GTM regarding the reporting tool and requirements that each user organisation will be expected to follow.

Report ends

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National Audit Office

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## Report

by the Comptroller  
and Auditor General

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## Home Office

# Upgrading emergency service communications: the Emergency Services Network

## Key facts

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**70%**

percentage of Great Britain's landmass, as measured for Emergency Services Network (ESN) purposes, covered by EE's 4G network, July 2016. This needs to be increased to 97% to match Airwave's coverage

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**£3.6bn**

estimated value of the quantified benefits over 17 years resulting from switching to the ESN

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**£1.2bn**

estimated cost of ESN, April 2015 to March 2020. After March 2020 ESN is expected to save money compared to Airwave

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- 412** number of public organisations using Airwave in 2016 – there are an estimated 328,000 Airwave devices within these organisations
- 99.9%** average availability of the Airwave network between 2010 and 2016
- £500** estimated annual saving per device (handheld or vehicle-mounted, used by the emergency services once the transition to ESN is complete
- 5 months** the minimum length of time the programme is currently behind schedule compared to the full business case. The programme considers this will be recovered before ESN goes fully operational
- £475 million** estimated cost to the taxpayer of a 12-month nationwide delay in the time taken to transition to ESN

# Key dates

	Airwave	Emergency Services Network – target dates in August 2015 full business case	Emergency Services Network – actual dates or current targets
2000	Airwave contract signed with BT		
2005	Ambulance trusts in England and Wales sign contract to join Airwave		
2006	Fire and Rescue Services and Scottish Ambulance Service join Airwave		
2007	Infrastructure funds managed by the Macquarie Group buy Airwave		
2010	Airwave becomes a strategic supplier to government. Negotiations with the Cabinet Office to secure discounts in current contracts unsuccessful		
2011			ESN programme begins
2012 (December)	Date at which Airwave contract breaks even on capital investment		
2013 (December)			ESN outline business case approved by programme board
2014 (April)	Programme officials discussed extending Airwave contract with Macquarie, but did not secure a discount it considered sufficient		
2015 (August)			ESN full business case approved by programme board
2015 (September)			ESN contract with Kellogg Brown and Root signed
2015 (October)		Target date for awarding main contracts	
2015 (December)			ESN contracts with Motorola and EE signed
2016 (February)	Motorola purchases Airwave from the Macquarie-managed infrastructure funds  Airwave contracts extended to December 2019. They were originally due to expire between September 2016 and May 2020		
2016 (March)		Target date for completing ESN design	
2016 (August)			ESN designs fully complete
2017 (July)		Target date for completing building and testing of ESN	
2017 (September)			Current target date for completing building and testing of ESN. Emergency services to start transitioning onto ESN
2018 (June, July and October)			Peak flow in emergency services transitioning to ESN
2019 (December)	Airwave contracts currently due to expire (can be extended beyond that date)		Current target date for completing transition to ESN
2020 (January)		Target date for completing transition to ESN	
2023 (December)			Date beyond which ESN contracts cannot be extended
2032		End-date for period covered by the ESN full business case	

# Summary

**1** Modern police, fire and ambulance services (the emergency services) rely on communications between control rooms and personnel in the field. These communications are currently provided by Airwave Solutions Limited (Airwave) through a series of contracts that now expire in 2019. These contracts cover 105 emergency services in Great Britain as well as 307 other public sector organisations.

**2** In 2011, the government set up the Emergency Services Mobile Communications Programme (the programme) to look at options to replace Airwave when the contracts expire. The programme is part of the Home Office but is co-funded by the Department of Health, Scottish Government and Welsh Government. The programme's objectives are to replace the Airwave service with one that matches it in all respects and:

- makes high-speed data more readily available to the emergency services to improve their performance;
- provides more flexibility to take advantage of new technologies as they emerge; and
- costs less.

**3** The government's chosen option to replace the Airwave service is known as the Emergency Services Network (ESN). ESN will save money by sharing an existing commercial 4G network: the Airwave network is fully dedicated to public sector use. It will also bring better mobile-data capabilities than provided by Airwave.

**4** The programme awarded the three main contracts for the provision of ESN in 2015 to Kellogg Brown and Root (KBR), Motorola Solutions Inc. (Motorola Solutions) and EE Ltd (EE). Some related contracts were awarded in June 2016 but others have yet to be awarded. In February 2016, Motorola Solutions bought the incumbent, Airwave, from an infrastructure fund managed by the Macquarie Group. The current plan is that the emergency services will start moving onto the new network in September 2017 and are due to complete this process in December 2019.

## Scope of this report

5 This report examines the significant upcoming challenges that the programme will need to manage if it is to be successful, how it is managing them and why it has chosen this approach. This report looks at a live programme early in its delivery phase: it is too soon to assess whether the programme has achieved value for money. This report only looks at the services provided by Airwave that are relevant to the future programme.

6 We have defined good performance as there should be:

- an agreed understanding between the programme, funding organisations and user organisations on the risks they will need to manage to deliver ESN, and similar risk appetites;
- appropriate commercial arrangements in place for ESN;
- best-practice processes in place for managing the delivery of ESN;
- good consultation over a wide range of options before the ESN option was chosen; and
- a business case which is based on strong evidence and reasonable assumptions.

7 We examined programme documentation, interviewed officials and suppliers and held workshops with programme officials and emergency services representatives. We commissioned a report on international provision of emergency service communications, which is available on our website. Full details of our methods are in the appendices.

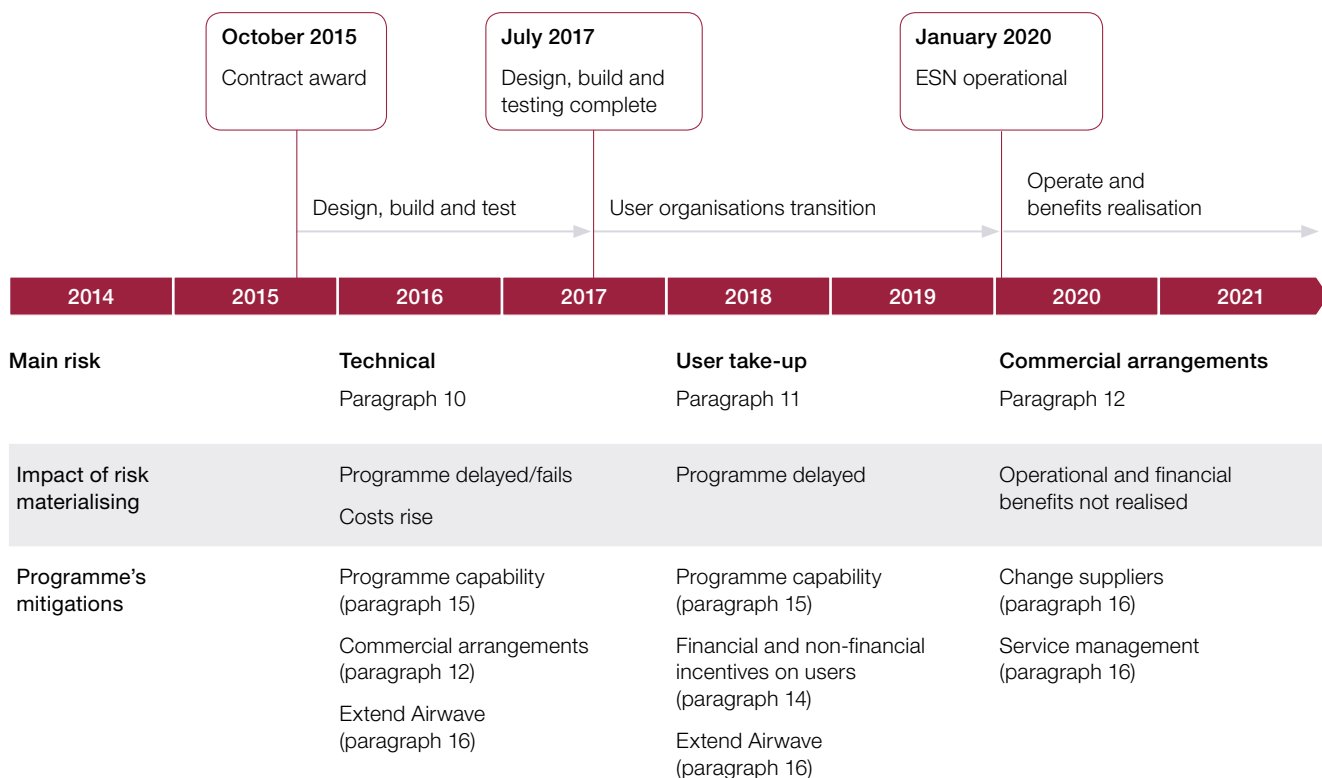
## Key findings

8 **Airwave has delivered a communication service that has served the emergency services effectively in dealing with life or death situations.** The Airwave network covers 97% of Great Britain, including nearly all roads and a small number of aircraft. The network has averaged 99.9% availability since April 2010 and provides capabilities for emergency service personnel to cooperate with those working in different regions or services. These capabilities exceed those available in all but two of the other G20 countries at the current time (paragraphs 1.2 to 1.8).

## Risks with delivering ESN

9 **ESN is inherently high risk and such an approach has not yet been used, nationwide, anywhere in the world.** There are three main categories of risk associated with ESN: technical; user take-up; and commercial arrangements. These roughly align to the three major phases of the programme: design, build and test; transition; and operate. There is also an overarching risk due to the ambitious nature of the timeline adopted by the programme. Only South Korea is currently seeking to deploy a solution similar to ESN nationwide, but starts from a better base with significantly greater 4G coverage (**Figure 1** overleaf, paragraphs 2.1 to 2.3).

**Figure 1**  
Main ESN risks and mitigations



**Note**

1 Dates are those planned in the full business case. The main contracts were actually awarded in September and December 2015.

Source: National Audit Office analysis

**10 ESN is technically cutting edge.** There are some significant technical challenges to delivering ESN.

- **Increasing the percentage of Great Britain's landmass covered by EE's network** from 70% (as at July 2016) to 97%. The work to do this is shared between EE and the programme and their current projection is that sufficient coverage will be available by September 2017.
- **Developing handheld and vehicle-mounted devices that will work with ESN** as no suitable devices currently exist.
- **Developing new push-to-talk software** to enable 'radio-like' communications between emergency services personnel and control rooms.
- **Implementing the software and protocols that are needed to give emergency services personnel priority** over commercial users of EE's network.

Delivery by the programme against these technical challenges is by no means certain and, while total failure seems unlikely, there remains a risk that the programme will not be able to overcome these challenges for the cost or timetable proposed in the full business case, or to the satisfaction of users (paragraphs 2.3 and 2.4).



**11 The programme's success depends on the emergency services and other users choosing to take up ESN and make full use of it.** The programme is not intending to force the emergency services to transition to ESN but has instead assured them that they can stay on Airwave until ESN is 'at least as good as Airwave'. Defining this is complex and leaves room for disagreement, particularly over where is covered by the ESN service. There are also some elements of the functionality of Airwave where it is unclear how they will be matched in ESN. If even a small number of the emergency services and other users choose to delay transition, this will reduce benefits compared to the full business case. The full benefits of ESN rely on the emergency services exploiting high-speed data services by changing their operational behaviour, but supporting this is not part of the programme's scope and the government is not yet clear on what support it may need to put in place (paragraphs 2.5 to 2.8, 4.18).

**12 The commercial arrangements for ESN have separated the operational responsibilities of the emergency services from the commercial levers, which are held by the programme and therefore the Home Office.** This separation has two elements. First, the majority of the cost of ESN will be paid for centrally. Second, emergency services will not have their own contractual arrangements for the full scope of ESN. Instead, they will have a call-off arrangement with one of the ESN suppliers, EE, but the terms of this are more limited than the contract they currently have with Airwave. For example, their contract with EE will give them very little direct recourse for poor service. Nor will they have a contract with most of the other ESN suppliers. Programme officials consider that, in practical terms, the arrangements under ESN are similar to those under Airwave. We have observed that under Airwave the emergency services make use of a wide range of supplementary communications services and the business case for ESN assumes these stop being needed. We consider that the commercial arrangements under ESN therefore create a risk that the emergency services feel they do not have sufficient control over the service they receive and may continue to make use of supplementary services, leading to a reduction in the benefits of ESN (paragraphs 1.14, 2.9 to 2.16).

**13 Despite the inherently high level of risk, the programme has adopted a timeline for delivering ESN that is very ambitious.** Programme staff and emergency services personnel all saw delivering ESN in line with the timeline in the full business case as very difficult. Programme officials told us that the current timeline contains no contingency during the design, build and test phase. Programme officials consider that it does have contingency, however, in the transition period. Emergency services personnel do not agree and told us that the transition period from September 2017 to December 2019 already gave them limited opportunity to plan or learn lessons from each other (paragraphs 2.17 to 2.22).

## **The programme's approach to managing these risks**

**14 A 12-month delay to ESN could cost up to £475 million so the programme has put in place commercial and funding mechanisms that are designed to manage this risk.** The programme's commercial arrangements pass many elements of the technical risk to suppliers because, in the opinion of programme officials, they are best placed to manage these risks. While this is true if the risk materialises on a small scale, we consider that these arrangements could be detrimental to the overall commercial relationship between the programme and its suppliers if there are high cost increases or long delays. During transition, programme officials consider that most of the cost of delay, and benefit of achieving the existing transition plan, will fall on the emergency services, which will incentivise emergency services to transition without unnecessary delay. However, this is not certain as budgets beyond March 2020 have not yet been set (paragraphs 2.8, 2.14 to 2.18).<sup>1</sup>

**15 In general, the programme has a positive delivery-focused culture that has helped it retain staff and manage issues as they have emerged.** In contrast with other programmes that we have examined recently, the ESN programme has benefited from stability in staffing at both senior and junior levels. In interviews and workshops we consistently heard positive comments about the programme's culture and focus. Staff on the programme have a strong record of delivering other projects. These factors have helped the programme manage challenges that have arisen to date. They also mean that it is well respected among stakeholders who were, for example, willing to approve investment in the programme despite wider government spending constraints. During the course of the study, the programme made changes in response to comments from us and other reviewers (paragraphs 3.2 and 3.3).

**16 Nevertheless, the programme's management of its key risks needs to improve if it is to deliver ESN successfully.** For example:

- **The programme's approach to technical assurance and testing needs to be better.** The programme board lacks independent telecommunications expertise and the panel the programme set up to provide such assurance has not systematically analysed the risks. Furthermore, the programme's testing plans are currently high level and there are differences of opinion between programme officials and suppliers on the scope of, and roles and responsibilities for, testing. In a programme this complex some assurance that is independent of suppliers, the programme and the emergency services would be beneficial (paragraphs 3.5 to 3.9).
- **User engagement could be better, particularly with police and non-emergency service users of Airwave.** Emergency services representatives agreed that engagement over requirements had been good but perceptions were more mixed since then. Some emergency services representatives were unsure of the benefits of ESN to them, possibly because Airwave is currently largely paid for centrally. Some emergency services representatives also told us how programme officials do not always listen to challenges that they raise (paragraphs 3.10 to 3.13).

<sup>1</sup> Unless stated otherwise the financial numbers used in this report are based on estimates provided by the programme, which we have converted into current prices using our own methodology.

- **The circumstances in which the Airwave contract will be extended need to be more clearly set out.** The programme has a clear contingency, to extend Airwave, and has agreed a cost for doing so. However, there is limited detail on how and when this contingency will be invoked and for how long. As a consequence, we found that there was not a shared understanding between programme officials, emergency services representatives and other stakeholders about contingency plans and how any delay will be funded (paragraph 3.4).
- **The service management arrangements once ESN is operational need to be more clearly articulated.** At the moment it is unclear who in the Home Office will be responsible for ensuring ESN delivers its predicted benefits once it is operational. It is also unclear what governance will exist between that party and the emergency services to ensure that ESN continues to meet user requirements. The length of the new ESN contracts are much shorter than the Airwave contract and give the programme flexibility to change suppliers during the life of the business case (paragraphs 2.11 and 3.17).

**17 The programme is behind schedule compared to the full business case and has responded by squeezing the time available rather than extending the overall time frame.** The programme awarded contracts two months later than it expected in its full business case. Since contract award the programme delivered detailed designs three months late and has delayed the delivery of some elements of functionality by eight months. Overall, it is therefore between five and ten months behind the full business case. Programme officials consider that it has missed milestones due to factors outside their control. It has so far been reluctant to extend the Airwave contract and has instead reduced the time available to move the emergency services onto ESN by three months and introduced a more gradual approach to building and testing. In August 2016, the programme expected to turn off Airwave in December 2019, one month earlier than targeted in the full business case (paragraphs 2.17 to 2.22).

**18 Overall, the programme, the Home Office and other sponsor bodies appear to be underrating the seriousness of the risks ESN poses.** The emergency services demonstrated to us a low risk-appetite when it comes to deciding whether to transition to ESN. For example, they talked to us about plans to independently test ESN coverage because they were not convinced by the programme's plans. By contrast, technology was not one of the top three risks raised with us by programme staff. Since the beginning of 2016, the Home Office has downgraded the risk of delivering ESN twice because it considered the risks to be under control. This meant that by June 2016 ESN did not feature on the list of risks escalated to the Home Office's management board. We consider that, despite the programme's mitigations, ESN remains an inherently high-risk programme that will require the highest levels of senior oversight throughout its lifetime (paragraphs 3.5 to 3.9, 3.18).

## **Why the programme chose to adopt these risks**

**19 ESN is the right direction strategically and the programme's planned approach to delivery, if successful, will maximise benefits.** Airwave is an expensive communication system costing £1,300 per handheld or vehicle-mounted device per year. Setting up ESN will cost an estimated £1.2 billion to March 2020 but after that ESN will cost an estimated £500 less than Airwave per device per year. ESN will have better data capabilities than Airwave, which should allow the emergency services to operate more effectively, and the commercial arrangements under ESN should make it easier to transition to newer technologies, such as 5G, when they arrive. From 2010 the government had a deteriorating commercial relationship with Airwave and considered that Airwave's owners had an unsustainable debt position. Taken together, programme officials considered these factors created a strong case for moving to ESN as quickly as possible. All parties that we have spoken to, including Airwave, agree that ESN is the right long-term direction (paragraphs 1.13, 2.11, 4.2 to 4.6, 4.10 to 4.17).

**20 However, we consider that in seeking to maximise benefits the programme's planned approach to delivery has also maximised risk.** The programme's option appraisal shows that ESN carried the highest level of risk among the options it considered in detail. Further, the programme's option appraisal did not cover options for a slower implementation of ESN to allow more time for build, testing and transition. No country yet uses 4G mobile technology for its emergency service communications and countries that are looking to implement it are planning to take a lower risk approach than that adopted by the programme. For example, South Korea, whose approach is the nearest comparator to ESN, is planning to use dedicated mobile spectrum for its emergency services communications rather than, as in Great Britain, sharing spectrum with commercial users. Australia is planning to use commercial 4G services for data first and moving to using it for voice later. All other options would have resulted in fewer benefits than the programme expects from ESN. Analysis, planning and procurement activities undertaken since inception of the programme have given programme officials more confidence in their ability to deliver ESN to time, quality and cost than when the option was agreed in 2013 (paragraphs 2.2, 4.7 to 4.9).

**21 The benefits of ESN should be substantial but we consider that the business case may be overly optimistic in its valuation of these.** The programme has estimated that the benefits of ESN will be worth £3.6 billion between April 2015 and March 2032. Valuing benefits is always difficult but we consider that a number of the assumptions that the programme has made in valuing these benefits may be optimistic. For example, in calculating how much ESN will save, the programme has assumed that Airwave will continue to cost the same in the future as it has done to date due to the difficult relationship they had with Airwave. Historically, however, the cost of Airwave has included designing and building the network which will not need to be repeated and we therefore consider that at least some discount should have been assumed (paragraphs 4.10 to 4.18).

## **Conclusion**

**22** The communication systems used by our emergency services can literally make the difference between life and death for members of the public and the services themselves. The existing system, provided by Airwave, works but at £1,300 per device is expensive. The need to save money and exit a difficult commercial relationship with Airwave has led the government to try and move to an approach that is not yet used nationwide anywhere in the world and carries significant implementation risk. ESN is the right direction strategically but we are concerned that the risks with getting there are under rated in the Home Office and elsewhere.

**23** On the positive side, the programme has an energetic, delivery-focused culture that has helped it retain staff and manage issues as they have emerged. The programme needs to put in place more independent testing and assurance regimes for its technical solution and urgently improve its approach to engaging with the emergency services, on whose cooperation the programme depends.

## **Additional text requested by the Home Office**

*The Home Office has asked us to record that they have adopted their approach to equip the emergency services with the modern data communications capabilities they need and so welcomes the report's key finding that ESN is the right direction strategically. The Department has also accepted the key recommendations. However, the Home Office does not agree with the NAO's judgement about the Department's acknowledgement of the programme's risk, on incentives on users to transition, or the scale of benefits in the business case, considering that the programme and commercial approach are designed to maximise value for money and comply with procurement law.*

## Recommendations

For the programme

- a **The programme should improve the independence of the technical assurance arrangements it has in place.** The programme should seek to recruit some external telecommunications expertise onto its programme board to provide more independent challenge of the programme. It should also look to ensure more independent testing assurance of ESN prior to transition.
- b **The programme needs to urgently develop a detailed contingency plan.** So that the programme, the emergency services and suppliers can be clear on the circumstances in which Airwave will be extended and respond effectively to any problems, the programme should develop a detailed plan that considers some likely scenarios and responses, including funding requirements and sources.
- c **The programme needs to improve communications with the emergency services and other users of Airwave.** To minimise the risk of unnecessary delay the programme should do more to engage with emergency services and other users. It could also do more, working with its sponsors, to clarify uncertainties around the extent to which future savings will benefit the emergency services to encourage them to move to ESN as quickly as it is safe to do so and ensuring the benefits of ESN are maximised.
- d **The programme needs to work with the Home Office, other sponsors and users to develop the service management arrangements for when ESN is fully operational.** How the ESN service will be governed, managed and evolved during its life is currently unclear and this leads to a risk that user requirements will not be met.

For the Home Office and wider government

- e **The Home Office and other sponsors should work together to protect the programme from unnecessary staff turnover.** The programme has benefited from stability in senior and junior roles. Lack of stability has been a problem for similar programmes in a number of our recent reports. All sponsors have a role to play in helping to maintain this. For example, they can reduce staff rotation requirements.
- f **When designing and approving commercial arrangements, departments and the Cabinet Office should carefully consider what will maximise the chances of successful delivery.** The commercial arrangements for ESN are complex and, in our opinion, allocate risk to suppliers that they may not be best placed to manage. This has increased the risks that the ESN programme faces.

# ESN

## Emergency Services Network – Programme Update

### Programme Planning

At the November 2016 Programme Board we discussed a plan the Programme had been developing with our suppliers to ensure ESN was sufficiently and rigorously tested and trialled before user organisations begin transition. We introduced a new milestone called Service Ready when all functions and features, including service management, have been delivered, enabling the emergency services to begin Major Operational Trials.

The review is now concluded and the new plan shows Service Ready as April 2018. We are working with the emergency services senior users to agree the best approach for Major Operational Trials to prove functionality and end-to-end performance. In parallel the Programme will conduct 2 months of Verification to confirm that what was tested on the reference system has been delivered on the ground. On successful completion, the emergency services will be able to begin Transition to ESN in mid-2018.

Emergency services senior users are working with user organisations to review the new plan and its impact on the emergency services' preparations for Transition. They will report in the New Year.

As the National Audit Office (NAO) acknowledged in their recent report, ESN is inherently high risk and the timescale ambitious; we are leading the world when it comes to delivering the next generation public safety communications. This new plan reflects our commitment not to risk the critical communications required by the emergency services; we will not be taking any risks with public safety so Airwave will continue until the emergency services have completed Transition on to ESN.



Gordon Shipley

Programme Director

*December 16*



HM Government



CFOA  
Chief Fire Officers  
Association



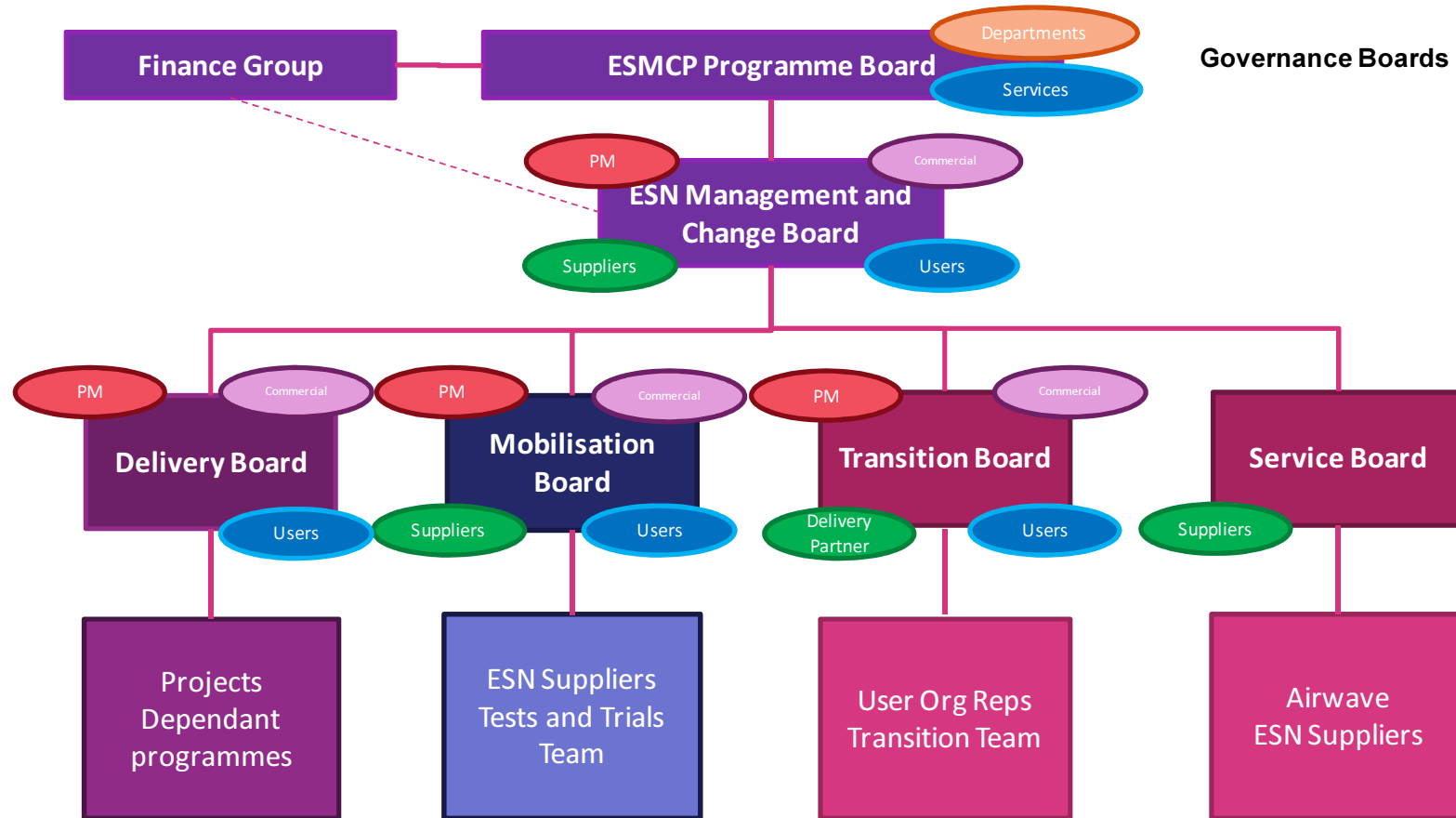
ASSOCIATION OF  
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CHIEF EXECUTIVES

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# Programme Governance

## 4 Main Boards



# Group level Transition Roles

- **Group Transition Manager (GTM):**
  - 1 GTM per Transition Group.
  - Responsible for delivering the transition of all user organisations within their Transition Group. Including:
    - Acting as the single point of contact for all Group Transition activities, promoting collaborative engagement and co-ordination.
    - Working closely with 3ES regional representatives to understand, access and engage with each user organisation and ensure a common understanding of Transition requirements.
    - Planning and assurance of Transition readiness of each user organisation.
    - Tracking and reporting transition progress to the Transition Board (and ultimately to the ESN Management and Change Board).
  - Recruited by the DP and accountable to the ESN Transition

# Group level Transition Roles

- **Regional Implementation Managers (RIMs):**
  - 3 RIMs per Transition Group, one RIM representing each Service.
  - Responsible for representing their respective Emergency Service within their Transition Group. Including:
    - Overseeing and assisting the preparation of and execution of the transition of user organisations to the ESN, explaining what is required and help them develop their implementation plans.
    - Working closely with the Delivery Partner to assess and report transition readiness and implementation progress to the BCL and Transition Board.
    - Identify synergies between transition activities across the Transition Group.
    - Oversee testing and piloting of ESN in the region during mobilisation.
  - Recruited by the 3ES and ultimately accountable to the Business Change Lead (BCL).

# Group level Transition Roles

- **Authority – Transition Team:**

- Home Office representatives, acting on behalf of the Programme, responsible for providing support to the Delivery Partners Group Transition Managers and 3ES Regional Implementation Managers.

Including:

- Providing the products and communications to support user organisations planning, enabling them to understand and undertake the detailed activities required to transition to ESN, products include Transition Commencement Criteria, a template project plan and the User Transition Manual, comprising of How to Guides.
- Assurance of deliverables and activities from the Delivery Partners Transition teams.
- Ensuring that the GTMs and RIMs are aware of updates to the products set, are provided with accurate and timely Transition related communications to support events and briefing.

○ Provided by the Authority and accountable to the Programme Director.



HM Government

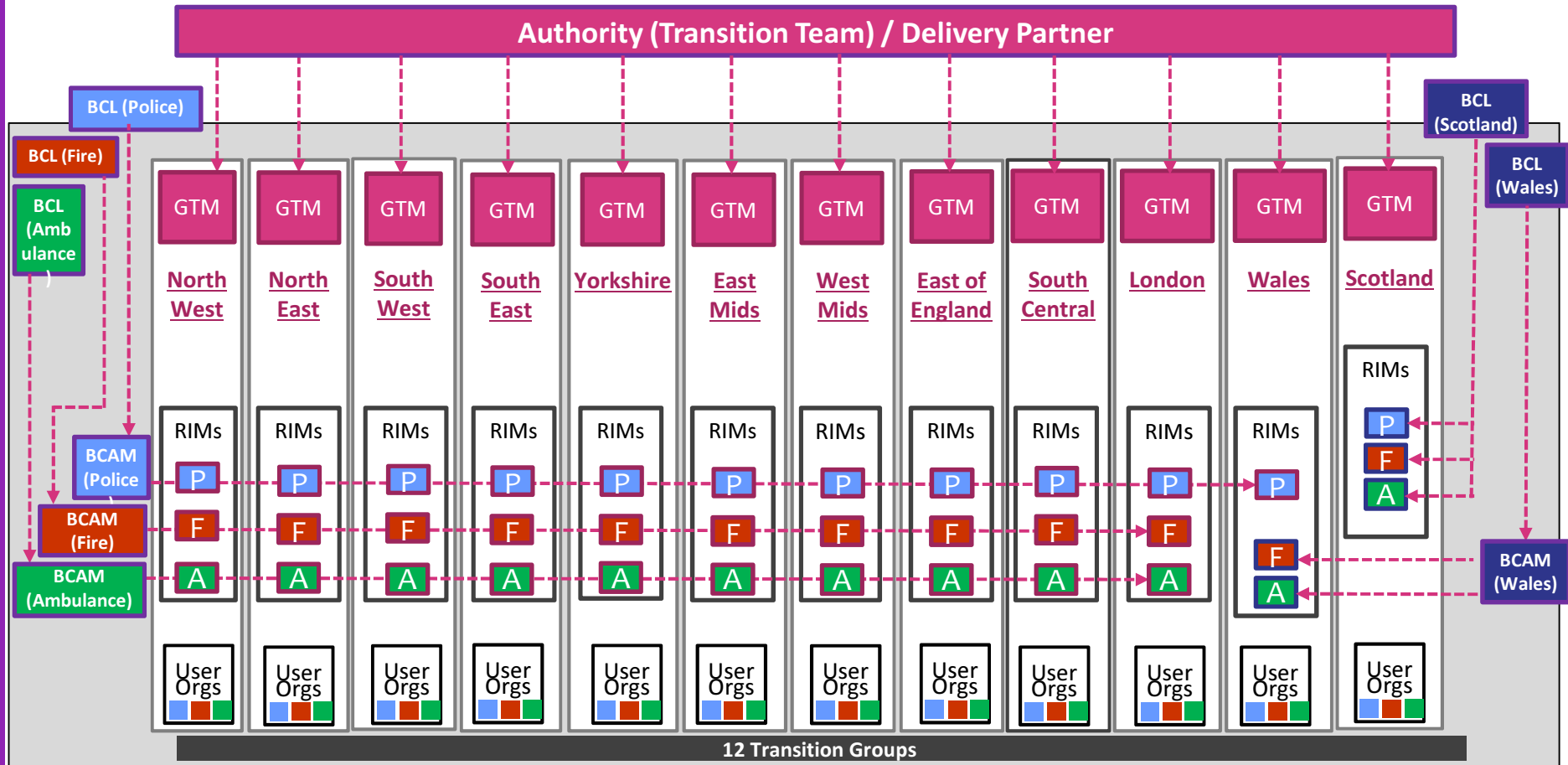


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# Overview of Group level Collaboration

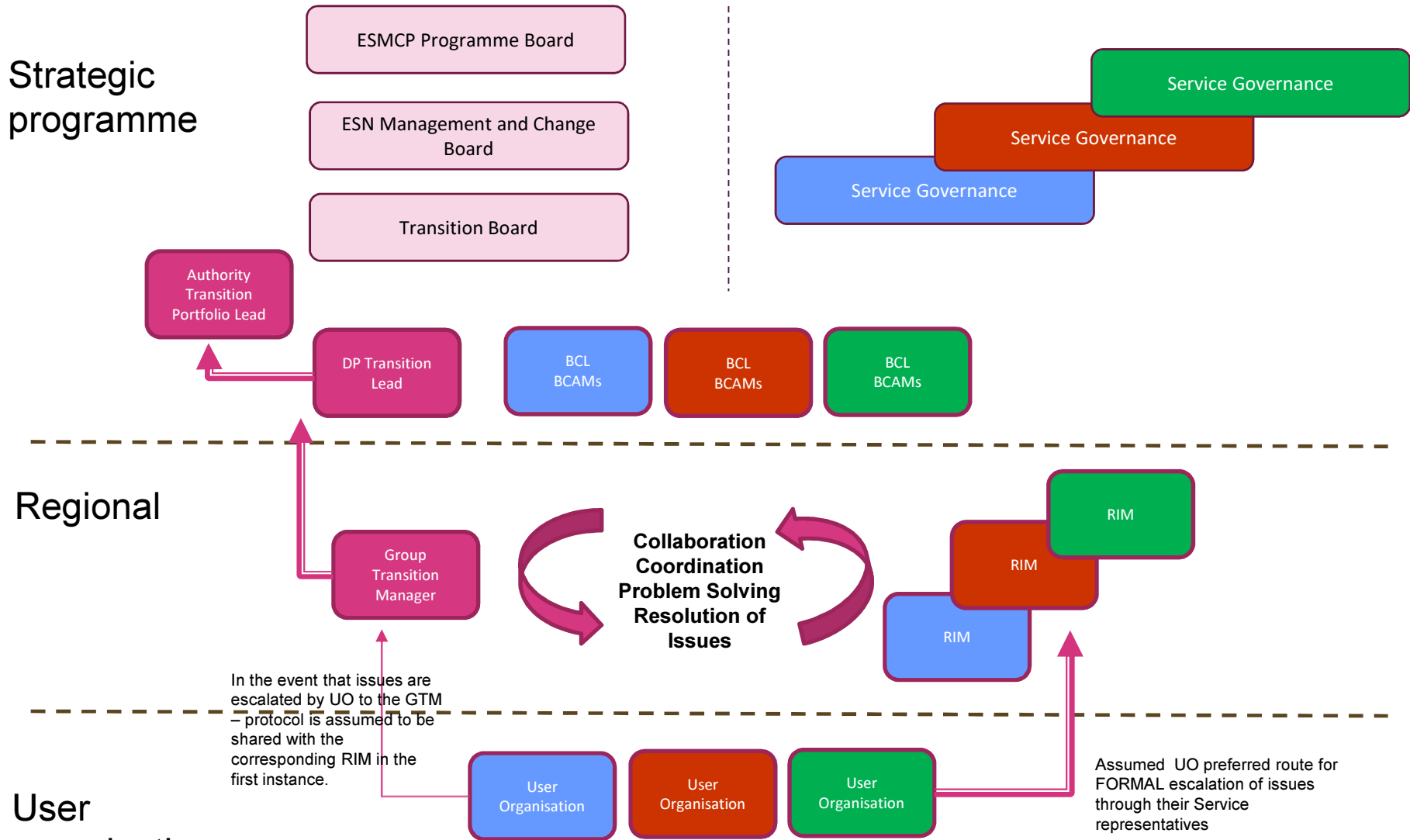


**Key:**

- GTM Group Transition Manager
- RIMs Regional Implementation Managers
- > Lines of accountability
- User Orgs User Organisations

- BCL Business Change Lead
- BCAM Business Change Assurance Mangers
- P Police
- F Fire
- A Ambulance

# Escalation



# Summary

## Overarching principles

- A GTM presence in each Region, co-located with the 3ES user organisations to enable day to day co-ordination and communication with key contacts.
- Structured approach to Group Transition planning, tracking and reporting, to ensure consistency and accuracy of information.
- Collaborative, joint working at Group level ensuring development of National level plans.
- Build on work completed to date and sharing lessons identified and experienced.
- Clear governance structure, programme management process and shared knowledge to promote a shared understanding.

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# Buckinghamshire Fire & Rescue Service ESN IT Healthcheck

## 1. Background

- 1.1. Further to the correspondence received by Buckinghamshire Fire & Rescue Service (BFRS) on 7 December 2016, BFRS has compiled a costed remediation plan. You have already received a copy of the full report which was sent to you on the 5 September 2016.
- 1.2. The costings, contained within this report, are based on estimations from third parties and also internal costings based on time to implement the changes as recommended.
- 1.3. BFRS doesn't have a business need to operate with a current PSN compliance standard. As such, many of the items found within the IT Healthcheck (ITHC) are regarded by this service as an extra burden required in order to connect to ESN. However, some of the items identified within the report refer to equipment which will be replaced by capital projects in the next 12 months. These have already been costed and will be covered by BFRS under business as usual (BAU).
- 1.4. A separate ITHC has been undertaken for the Thames Valley Fire Control Service, the joint control room for Oxfordshire, Royal Berkshire and Buckinghamshire Fire and Rescue Services. A separate report and remediation plan will be produced following that ITHC by TVFCS.

## 2. BFRS ITHC Report and Remediation plan.

- 2.1. The assessors report risk categorised the issues found into Critical (109), High (575), Medium (332), Low (119) and Information (116).
- 2.2. In anticipation of the requirement to be PSN compliant before the transition to ESN (until recently this was scheduled for BFRS to commence in January 2018 as part of the South Central Group) some work has already been undertaken to address items found in the ITHC. By 31 December 2016, 20 critical and 195 high priority items have been resolved. This leaves 89 and 380 items outstanding, these will be covered under BAU.
- 2.3. BFRS have concentrated on items deemed as Critical or High. The table below identifies the following estimated costings. These costings are estimates and no contingency for either quotation costs or staffing time estimates have been factored in.

Risks Identified	Item Resolution	Activity to Resolve	Resolves Req'd		Est Cost
			Critical	High	£
<p>A pie chart illustrating the distribution of risks identified. The largest segment is Critical at 573 (46%), followed by Medium at 332 (27%), Low at 119 (9%), Info at 116 (9%), and High at 105 (9%).</p>					
	Two Factor Authentication on all relevant devices.	Required to achieve PSN compliance. Not currently a business need for BFRS so therefore a new burden.  Identified that this may be required on as many as 600 devices.  £23,000 of device adaption and external consultancy. Estimated six months' time of implementation by internal systems specialist £15000.	2	0	£38,000
	Business as usual	A number of items found we regard as business as usual and do not propose to pass on any expenses incurred as we would have completed these resolutions in any event.	87	380	£0
	Total Fixes		89	380	
	Total Cost				£38,000



# Buckinghamshire & Milton Keynes Fire Authority

<b>MEETING</b>	Executive Committee
<b>DATE OF MEETING</b>	8 February 2017
<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>Strategic Management Board Remuneration and Performance Review 2016 and Annual Report on the Employee Bonus Scheme</b>
<b>EXECUTIVE SUMMARY</b>	<p>Strategic Management Board (SMB) members are contracted under the National Joint Council (NJC) for Brigade Managers of Fire and Rescue Services Constitution and Scheme of Conditions of Service; known as the "Gold Book", for pay purposes. This involves a two-track approach for determining levels of pay;</p> <ul style="list-style-type: none"> <li>National Pay - At national level, the NJC annually reviews the level of pay increase applicable to Principal Officers. Any increase is effective from the usual annual settlement date 1st January.</li> <li>Local Pay - The NJC agreement also requires Fire and Rescue Authorities to review Principal Officers' salary levels on an annual basis.</li> </ul> <p>In determining any proposed changes to local pay, the Pay Review methodology requires Members to consider various types of qualitative and quantitative data, including public sector comparisons and organisations geographically relevant.</p> <p>In line with the methodology an independent review considering performance and relevant benchmarking data has been undertaken and is attached at Annex A for consideration by Members.</p> <p>Overall there has been continued demonstration of success across all directorates including operational delivery, prudent financial and asset management, innovative and progressive workforce reform, and increased partnership working to deliver a range of services to the community.</p> <p>The Authority's Pay Policy Statement also requires that the Executive Committee receives an annual report summarising the awards which have been made under the Employee Bonus Scheme to employees throughout the organisation.</p>

<b>ACTION</b>	Decision/information.
<b>RECOMMENDATIONS</b>	<p>It is recommended that:</p> <ol style="list-style-type: none"> <li>1. a financial recognition of achievements to the Chief Fire Officer/Chief Executive (CFO/CE) through a bonus payment be considered;</li> </ol> <p>If a bonus payment to the Chief Fire Officer is approved, it is recommended that:</p> <ol style="list-style-type: none"> <li>2. the level of bonus be agreed.</li> </ol> <p>It is recommended that:</p> <ol style="list-style-type: none"> <li>3. an amount of funds be agreed to be allocated to other members of the SMB by the Chief Fire Officer based on individual performance reviews;</li> <li>4. the recommendation made in the independent review to cease Private Health cover for SMB members be noted;</li> <li>5. members note that following local discussions no member of staff will have Private Health cover from 1 April 2017;</li> <li>6. the summary of the awards made in 2015/16 under the Authority’s Employee Bonus Scheme set out at Appendix 2 be noted.</li> </ol>
<b>RISK MANAGEMENT</b>	There are no risks to the delivery of the Authority’s functions.
<b>FINANCIAL IMPLICATIONS</b>	<p>If members are minded to consider bonus awards as per the methodology described, this would be funded from the year end outturn favourable variances.</p> <p>For members information the year end outturn positions before movements to and from reserves in recent years have been:</p> <p>2013/14 c£1,330k favourable variance  2014/15 c£1,811k favourable variance  2015/16 c£1,821k favourable variance</p> <p>The latest estimate for the corresponding 2016/17 outturn as of end November 2016 is projected to be c£1,210k.</p>
<b>LEGAL IMPLICATIONS</b>	The terms of reference of the Executive Committee include the role of the employer in connection with employees of the Authority contracted in whole or in part to the “Gold Book”. The recommendations are consistent with the Authority’s extant statutory pay policy statement.
<b>CONSISTENCY WITH THE PRINCIPLES OF</b>	Collaboration on senior pay is not appropriate at this time, although relevant market rates are reviewed as

<b>COLLABORATION</b>	<p>part of the process.</p> <p>There may be an opportunity in future to use one external independent consultant to review senior remuneration across the Thames Valley Services, particularly if we are able to align Pay Policy Statements.</p>
<b>HEALTH AND SAFETY</b>	There is no impact.
<b>EQUALITY AND DIVERSITY</b>	There are no equality and diversity issues arising from this report.
<b>USE OF RESOURCES</b>	<p>The Strategic Management Board members are collectively and individually responsible for delivering the corporate plan and the Authority's objectives.</p> <p>Performance of SMB members is regularly appraised either by the CFO/CEO or Chairman supported by Lead Members where appropriate.</p> <p>The Authority's Pay Policy, Part 2 section 24, (Appendix 8) and the methodology described in Appendix 7, allow for Authority consideration of one-off bonus payments linked to evidenced and scrutinised delivery of performance management objectives.</p> <p>Whilst SMB members have been invited to contribute with evidence to demonstrate performance improvements, officers have not been and will not be party to any decision making in relation to their own remuneration.</p> <p><b>Performance and Benchmarking Data:</b></p> <p>In determining any changes to local pay, the methodology requires members to consider various types of qualitative and quantitative data, including:</p> <ol style="list-style-type: none"> <li>1. Information about the extent to which corporate objectives have been met</li> <li>2. CFO /CE appraisal data as provided by the Chairman</li> <li>3. SMB appraisal data as provided by the CFO/CE</li> <li>4. Progress on any specific projects that members identified as high priority</li> <li>5. Performance data provided by the CFO/CE relating to SMB.</li> <li>6. Comparative performance data with other FRSs</li> <li>7. Salary benchmarking data in relation to senior manager teams, (Population Band 2), Combined South East Region Fire Services</li> <li>8. Financial data about budget provision for pay /</li> </ol>

	<p>reward costs arising from this review</p> <p>9. Data about national pay settlements awarded to Gold, Green and Grey Book employees</p> <p><b>Internal Controls:</b> Adherence to the Pay Policy Principles and Statement is controlled via strict establishment and pay change approval process controls.</p>
<p><b>PROVENANCE SECTION &amp; BACKGROUND PAPERS</b></p>	<p><b>Background</b></p> <p>The SMB is made up of the:</p> <ul style="list-style-type: none"> <li>• Chief Fire Officer/Chief Executive</li> <li>• Chief Operating Officer/Deputy Chief Fire Officer</li> <li>• Director of Finance and Assets</li> <li>• Director of People and Organisational Development</li> <li>• Director of Legal and Governance</li> <li>• Head of Service Delivery</li> <li>• Head of Service Development</li> </ul> <p>Appendix 7 sets out the Senior Management Team pay review methodology which covers the mechanism for the implementation of the Senior Officers Remuneration Procedure.</p> <p>The SMB methodology recognises that there are a range of pay and non-pay options for members to consider which include attending development opportunities, incorporated salary rises, non-incorporated bonuses, pay agreements that span a number of years and no change to existing reward packages.</p> <p>Remuneration principles are part of the Authority’s current Pay Policy Statement 2015/2016. The principle of self-funding linked to efficiencies and performance is central to the Authority’s reward and remuneration philosophy.</p> <p>The Authority strives to provide a modern employment proposition to support demand. A revised Pay Policy Statement 2017/2018 is recommended for approval by the full Authority in February 2017. It already “recognises that new employees may be employed on terms and conditions outside of the Grey Book”. The Authority also recognises that employees in existing firefighter roles may want to agree rates of pay outside of the Grey Book for the protection of services and provision of enhanced resilience including agreement to not participate in industrial action.</p> <p>Report to Fire Authority 16 December 2015: Pay Policy Principles and Statement 2016/17:</p> <p><a href="http://bucksfire.gov.uk/files/6614/4948/1341/ITEM_8_Pay_Policy_Principles_and_Statement_2016-17Appendix.pdf">http://bucksfire.gov.uk/files/6614/4948/1341/ITEM_8_Pay_Policy_Principles_and_Statement_2016-17Appendix.pdf</a></p>

<p><b>APPENDICES</b></p>	<p>Annex A Strategic Management Board Remuneration and Performance Review Report, and report on Employee Bonus Scheme (South East Employers)</p> <p>Appendix 1: Minimum annual rates of pay for chief fire officers by population band from 1 January 2016</p> <p>Appendix 2: Bonus awards 2016 non SMB staff</p> <p>Appendix 3: Breakdown of total remuneration of CFO/CE and SMB members</p> <p>Appendix 4: BMKFA Pay Multiple over three years</p> <p>Appendix 5: Comparative data provided by 30 other combined fire authorities against data provided by BMKFA for average Band D equivalent Council Tax 2015-16 and for 2014-15 (source CIPFA and Fire and Rescue Services statistics 2016/17).</p> <p>Appendix 6: Illustrative figures for the total pay bill against population size in June 2014, compared to average Band D council tax 2016/17 of other authorities in the South East, CIPFA.</p> <p>Appendix 7: Senior Management Team Pay Review Methodology</p> <p>Appendix 8: Pay Policy 2015/16 extract Part 2 SMB</p>
<p><b>TIME REQUIRED</b></p>	<p>15 Minutes.</p>
<p><b>REPORT ORIGINATOR AND CONTACT</b></p>	<p>Jennifer McNeill, Independent Consultant                  Kerry McCafferty Head of HR &amp; OD  <a href="mailto:jennifer@seemp.co.uk">jennifer@seemp.co.uk</a> <a href="mailto:kmccafferty@bucksfire.gov.uk">kmccafferty@bucksfire.gov.uk</a>                  07901 528 397/ 01296 744621</p>

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**Strategic Management Board Remuneration and Performance Review,  
and Annual Report on Employee Bonus Scheme**

**Buckinghamshire and Milton Keynes Fire Authority (BMKFA)**

**Report to the Fire Authority February 2017**

**1. Executive Summary**

- 1.1 This report provides information for members' consideration in their review of the corporate and individual performance of the strategic management board (SMB), and whether a bonus payment would be appropriate. A local pay review is conducted annually and any proposed changes are approved by the full Authority in February, to be effective from the preceding January. The last remuneration review was in February 2016.
- 1.2 The senior management posts under consideration in this review are Chief Fire Officer / Chief Executive, Chief Operating Officer / Deputy Chief Fire Officer, Director of People and Organisational Development, Director of Legal and Governance, Director of Finance and Assets, Head of Service Delivery and Head of Service Development. These posts are considered under the 'Gold Book' arrangements of national and local review.
- 1.3 To support members in their considerations, account has been taken of the pay context in which the fire service operates, conditions of employment, local methodology for conducting a pay review, pay policy and corporate plan, financial position, performance data compared with other fire authorities (council tax precept, pay bill, net expenditure), salary benchmarking, deliverables against corporate plan, evidenced achievements.
- 1.4 Context and service performance data has been drawn from management reports to the FRA and from published national data collected by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Government Association (LGA). At the time of writing the report, the CIPFA statistics for 2017 are not yet available, so recommendations are based on previous estimates.
- 1.5 Overall, the data presented continues to reflect a strong and effective leadership team that ensures efficient deployment of assets, has increased operational outputs with wider services to the community and has proactively engaged with

external partners. This is against a backdrop of continuing tighter fiscal measures and fewer resources including a decrease of 57% in revenue support grant received between 2015/16 and 2019/20. There has been an increase in the Government's core spending power for every authority and for BMKFA this is an increase of 1.2%. The Government has set an expectation that council tax will be increased every year during the current spending review and 2016/17 saw an increase of 1.98%.

- 1.6 The cost of providing the fire service compared to other combined fire authorities is one of the lowest in the country yet BMKFA continues to demonstrate improvement in reducing incidents of fire or road traffic collisions through prevention activities and life-saving and health promoting initiatives.
- 1.7 Savings have been made across front line service delivery and back office functions and a consistent underspend against budget is noted. The base salary level of the CFO and the COO are a little above the mean average range for salaries at the population (Band 2) size.
- 1.8 The CFO was appointed in post in January 2015 and senior salaries were revised at this point and provide the benchmark level for consideration each year. The CFO is keen to report on the SMT performance and remuneration position in an open and transparent way.

## **2 Background and context to pay and remuneration**

- 2.1 The Local Government Transparency Code 2015, Department for Communities and Local Government (DCLG) seeks to ensure local people can access data including salary levels for senior staff. A link to this published data is to be provided on the website with a list of responsibilities, details of bonuses and 'benefits in kind' for all staff earning over £50k.
- 2.2 Localism Act, 2011 requires authorities to produce a Pay Policy Statement showing the dispersion of pay (including variable pay, use of performance related pay, bonuses, allowances and cash value of benefits in kind) and the ratio of pay between levels of staff, known as a 'pay multiple'.
- 2.3 Hutton report on Fair Pay, 2011 set out the case for a maximum pay multiple, keeping the pay of top public sector executives bounded to what their staff earn. It was reported that executive pay in much of the public sector has been rising faster than the pay of median and low earners, creating a greater pay dispersion over the last 10 years. A maximum pay multiple of 20:1 was proposed.
- 2.4 The Report from Adrian Thomas, Independent Review of Conditions of Service, England, November 2016, highlights differences between fire authorities including accessibility of pay policy statements, CFO annual salaries and complexity of rank, job evaluation for principal officers. Data for Chief Fire

Officers' salaries 2013 from each FRS is published and BMKFA features at number 20 out of 46 authorities in descending order of CFO salary level. It should be noted that those differentials are no longer relevant following the review of salary levels when a new CFO was appointed in 2015. BMKFA salary figures are now closer to the mean average.

- 2.5 There continues to be significant focus on pay restraint for senior managers and this remains central to the government's deficit reduction strategy. Government guidance to this effect was published on 5 February 2016 as a reminder of the rules in place and the government's expectations on public sector employers, particularly relating to senior pay controls, exit payments, salary sacrifice schemes and other benefits.
- 2.6 The National Living Wage (NLW) was introduced in April 2016 at a minimum of £7.20 / hour and is due to increase in April 2017 to £7.50 / hour. It is still unclear what 60% of the UK median earning will be by 2020 but previous figures proposed remain suggest it will be between £9 - £9.40 / hour. The NLW may present a challenge for local authorities in planning for future pay policies as it may impact on established pay structures and pay differentials.

### **3 Fire Service Conditions of employment**

- 3.1 BMKFA applies national conditions of pay for the majority of operational and senior staff. SMB are contracted under the National Joint Council (NJC) for Brigade Managers of Fire and Rescue Services Constitution and Scheme of Conditions of Service 'Gold Book'. This provides for a national and local review of pay.
- 3.2 Operational staff below Brigade Manager are conditioned to the 'Grey Book'. However, the Authority recognises that new employees may be employed on terms and conditions outside the Grey Book. This includes the operation of a 'Bank System' where staff make themselves available when not on duty for operations. Payment for this is agreed locally.
- 3.3 There is currently a pilot of flexible arrangements for firefighters where terms and rates of pay are agreed outside the Grey Book for the protection of services and provision of enhanced resilience, including agreement to not participate in industrial action, on a voluntary basis.
- 3.4 Support staff are on local terms and conditions of employment and progression through pay scales is determined based on evidenced performance.
- 3.5 Twenty two apprentice firefighters started in August 2016, to be operational from October 2016. Also, four support staff apprentices were taken on. Apprentices do not have 'employed status' during their apprenticeship, as do employees.

- 3.6 At national level annual reviews are considered by the NJC to negotiate on national pay, taking account of affordability, other relevant pay deals and the rate of inflation. There has been an increase of 1% in brigade managers' pay with effect from 1 January 2016 and of 1% with effect from 1 July 2016 for Grey Book staff. At the time of writing, the 2017 pay claim is still awaited. A working assumption, based on public sector pay, is a likely increase of 1% over a one year period for 2017.
- 3.7 The NJC agreement requires Fire and Rescue Authorities (FRAs) to review Principal Officers' salary levels annually and determine this at a local level. 'When determining the appropriate level of salaries for all Brigade Managers, the FRA should refer to the relevant minimum salary of the CFO and the most relevant benchmark data'.
- 3.8 Account is also taken of national benchmarking, special market considerations, substantial local factors or complex responsibilities that bring added value, top management structures and size of management team compared to other Fire and Rescue Services (FRS), objectively assessed relative size of post and incident command responsibility (including beyond own boundaries).
- 3.9 Consideration in setting salary levels locally are likely to include:
1. Minimum salary levels for Chief Officers in relevant sized local authorities
  2. Market rates of pay for senior managers in a range of private and public sector organisations
  3. Evidence of recruitment and/or retention difficulties with existing minimum rates
- 3.10 The revised minimum levels of annual rates of pay for chief fire officers from 1 January 2016 covering Bands 1 – 4 is provided by the Local Government Association (LGA), **Appendix 1**. The relevant Band for BMKFA is Band 2.

#### **4. BMKFA Policies and Plans**

- 4.1 The Pay Policy Principles and Statement 2016/17 set out the factors that are taken into account in determining the recommendations for the future pay position for senior managers.
- 4.2 A revised pay policy for 2017/18 will go to the Fire Authority in February 2017 but the changes will not impact on the SMB remuneration for this year. Decisions on pay policy are taken by elected members as they are directly accountable to local communities and all decisions on pay and reward for chief officers must comply with the current Pay Policy Statement.

- 4.3 Annex C of the Pay Policy refers to bonus payments being *'one-off ... to reflect excellent performance... which exceeds standards and targets agreed with the employee during their annual appraisal process...'*. Recognition does not have to take the form of payment, and where financial awards are proposed, it requires a fair and transparent process to be in place. Objectives are to reward those who demonstrate sustained, outstanding achievement or excellence in role.
- 4.3 In March 2016, eligibility criteria for the payment of "merit/bonus" awards for use by managers was agreed. This decision reflected the high performance and delivery of corporate objectives across the Authority, and mirrored the scheme which ran successfully in 2015.
- 4.5 Bonus payments are not intended as additional reward to staff who are performing at a fully satisfactory level and/or developing in line with normal expectations. Discretionary payments, such as merit awards, are not to be used where the requirements of a job have changed significantly and permanently, as this would be for consideration under job evaluation.
- 4.6 Managers were invited to make applications for merit/bonus awards for staff in line with established criteria provided at **Appendix 2**. The outcome of these considerations for non-SMB staff is also provided at **Appendix 2**.
- 4.7 The Pay Policy 2016/17 defines Strategic Management Board (SMB) levels of remuneration as comprising salary, any bonuses, fees or allowances routinely payable and any benefits in kind. Bonuses will be considered linked to evidenced and scrutinised delivery of performance management objectives. Benefits in kind are listed as car allowance value P11D and private medical insurance. See **Appendix 3**. A car allowance is included in the flexible duty system required by senior operational managers as part of the operational cover provided. This differs from the level of car allowance for support staff.
- 4.8 Payment for bonuses is discretionary and non-contractual. The amount allocated for bonuses will be self-funding linked to savings and performance. This principle is central to the Authority's considerations of reward and remuneration.
- 4.9 A further requirement is the publication of a 'Pay Multiple'. This is the ratio between the highest paid employee and the median average salary figure for all employees. This is provided in **Appendix 4**.
- 4.10 In March 2015 the 2015-20 Corporate Plan was presented to the Fire Authority. The focus was to equip the organisation to meet future challenges, respond to changes in demand and risk to the community, and reduce operating costs in line with planned reductions in government funding. The Plan outlined the strategic objectives and enablers and scheduled key work programmes arising from the 2015/20 Public Safety Plan.

#### 4.11 Objectives focus on:

- Preventing incidents
- Protecting homes, buildings and businesses
- Allocating assets and resources according to risk and demand
- Providing value for money

#### 4.12 Enabled by:

- People
- Information management
- Assets and equipment

4.13 Successful implementation of the Plan was noted as being critical to the achievement of the savings required by the 2015/16 to 2019/20 Medium Term Financial Plan. The Plan identifies issues to be addressed in the Integrated Risk Management Plan (IRMP) and Action Plans. These are underpinned by more detailed Directorate Plans.

4.14 It is intended that the activities to deliver the strategic objectives and actions will be resourced from within the proposed establishment and budgets as outlined in the 2015/16 – 2019/20 Medium Term Finance Plan.

4.15 Directorates will review performance against action plans and monitor progress against agreed performance indicators. Overall performance is scrutinised by Fire Authority members at the Overview and Audit Committee.

## 5 Pay review methodology

5.1 The following performance and benchmarking data have been used as the basis for members to determine any changes to local pay. This requires members to consider various types of qualitative and quantitative data, which may include:

1. Information about the extent to which corporate objectives have been met
2. Chief Fire Officer appraisal data as provided by the Chairman
3. Strategic management board appraisal data as provided by the Chief Fire Officer
4. Progress on any specific projects that members had identified as high priority
5. Performance data provided by the Chief Fire Officer following discussions with the strategic management board.
6. Comparative performance data with other fire services
7. Salary benchmarking data in relation to senior management team salaries for Group 2, Combined South East Region Fire Services
8. Financial data about budget provision for pay / reward costs arising from this review

9. Data about the national pay settlements awarded to Gold, Green and Grey Book employees
- 5.2 Evidence is required to demonstrate delivery of performance management objectives reflecting excellence. Information to support consideration of areas 6-9 above is provided in this report.
- 5.3 Relevant posts for consideration (SMT) are:
- Chief Fire Officer / Chief Executive
  - Chief Operating Officer / Deputy Chief Fire Officer
  - Director of People and Organisational Development,
  - Director of Legal and Governance
  - Director of Finance and Assets
  - Head of Service Delivery
  - Head of Service Development
- 5.4 Any costs arising from the application of the agreed SMT pay review methodology is to be self-funded through savings on the SMT budget and will not impact on the finance available for other staffing budgets.
- 5.5 A range of possible outcomes to this pay review are:
- Non-pay rewards
  - Pay increases that are incorporated into salaries (consolidated and pensionable)
  - Non-incorporated bonuses (non-consolidated and non-pensionable)
  - Pay agreements that span more than one year
  - No change to existing reward arrangements
- 5.6 All statutory deductions will apply (income tax and national insurance contributions) and funds for any uplift are to be taken from savings achieved during the preceding year.
- 5.7 In accordance with the Pay Policy Principles, there is no right of appeal against recommendations or final decisions made.

## **6 Financial position**

- 6.1 The Annual Report to Buckinghamshire County Council 2016 confirmed BMKFA demonstrated sustained improvement regarding reducing fire calls, providing a wider range of services to the local community, making savings across the whole service and delivering this with the lowest council tax level for fire services in the country.

- 6.2 Increased flexibility and modernisation of working practices has created opportunities for further partnership working, developing and piloting new initiatives, for example, attending medical emergencies as co-responders, taking on new firefighter and support staff apprentices, acquisition of a drone to support firefighting operations and investigations.
- 6.3 The Budget Monitoring Performance and Debt Management April – September 2016 report to the Executive Committee stated that managers have positively and proactively controlled spend and forecast an underspend of £655k, against a revenue budget of £28.3m. This underspend figure takes account of £500k transferred to reserves during the year. Excluding this amount the forecast underspend at the time was £1,155k.
- 6.4 Proactive management of finances and a prudent approach to spending public money has reported a consistent underspend against budget from 2011 to 2016.
- 6.5 According to the Annual Financial Statement to end March 2016, a net surplus for the year 2015/16 was due to more efficient and effective ways of working, staffing levels below the budgeted establishment in a number of areas, the over-achievement of interest earned on cash balances.
- 6.6 This presents a consistent pattern of underspend over recent years, although the level of underspend is forecast to reduce by circa £500k between 2015/16 and 2016/17.

## 7 Performance data compared with other fire authorities

### 7.1 Council tax precept

- 7.1.1 Council tax was frozen by BMKFA from 2011 to 2015 at £59.13 per household in Band D and was reduced by 1% in 2015/16 to £58.54 per household. A change in Government policy led to BMKFA increasing the Band D equivalent council tax by 1.98% in 2016/17 to £59.70 per household.
- 7.1.2 The Medium Term Financial Plan 2016/17 to 2019/20 is based on the assumption that council tax for BMKFA will be raised by 1.99% for the next three years. The 2016/17 Band D equivalent for BMKFA is £59.70 compared to an average Band D figure of £71.58 for combined fire authorities in 2016/17.
- 7.1.3 **Appendix 5** compares council tax data between BMKFA and 30 other combined fire authorities. This illustrates an average Band D equivalent Council Tax for 2016-17 and evidences the position of BMKFA remaining within the lower quartile and sitting at third lowest figure of the 30 fire services. (and the lowest non-metropolitan CFA).



- 7.1.4 The range of Band D council tax figures for 2016-17 is from £56.03 (West Midlands Fire Authority) to £95.76 (Durham Fire Authority). BMKFA council tax is recorded at £59.7. The range within the lower quartile is from £56.03 to £65.50, and BMKFA is slightly lower than the mean average figure of £60.65.
- 7.1.5 Illustrative figures for the total pay bill against population size in June 2014 compared to average Band D council tax 2016-17 of other fire authorities in the South East are provided in **Appendix 6**

**7.2 Total pay bill expenditure**

- 7.2.1 A breakdown of CFO and SMT members’ remuneration is provided in **Appendix 3**. A number of honoraria / bonus payments are shown paid in 2016 for performance in 2015. Some refer to new appointments.

**7.3 Net expenditure excluding capital charges per 1,000 population**

- 7.3.1 The ‘Budget Monitoring Performance and Debt Management April 2015 – March 2016’ report to the fire authority dated 13 July 2016, reflected a provisional underspend of £1,821k. It reported that work has been progressing to achieve greater financial ownership and accountability for resources attached to the delivery of specific aims and objectives of the Authority.
- 7.3.2 The figures provided in each of the above areas reflect a positive achievement for the fire authority. Performance here has demonstrated consistent improvement or maintenance of these figures in times of financial constraint. This reflects very positively on the financial position of the fire authority and the efficiency and probity with which its resources are being managed and deployed.

**8 Salary benchmarking data in relation to senior management team salaries and LGA fire salary benchmark information**

**8.1 Employee costs**

- 8.1.1 BMKFA is in Population Band 2. The national range of CFO salaries in Population 2 in **2014** is reported\*\* as £100,619 - £157,423 with the average (mean) salary level at £130,832.
- 8.1.2 The national range of DCFO salaries in Population 2 in **2014** is reported\*\* as £89,769 - £125,530 with the average (mean) salary level at £103,840.

	<b>National range**</b>	<b>Mean average</b>
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<b>2014</b>		
CFO	100,619 - 157,423	£130,832
DCFO	89,769 - 125,530	£103,840
<b>2012</b>		
CFO	80,670 – 154,321	124,148
DCFO	82,158 – 123,056	104,494

\*\* LGA Fire salary survey 2014 and 2012

Assumptions in the table below are based on 1% salary increase for 2015 and 2016 on the latest 2014 national figures

	National range +1% x 2	National Mean average	BMKFA	BMKFA difference above mean average
<b>2016</b>				
CFO	102,641 - 160,587	£131,614	£141,284	£9,670
DCFO	91,573 - 128,053	£109,813	£117,312	£7,499
<b>2017*</b>	<b>+1%</b>			
CFO	103,667 – 162,193	£132,930	£142,697	£9,767
DCFO	92,489 – 129,334	£110,912	£118,485	£7,573

\*Anticipated 1% increase

8.1.3 The base salary for the Chief Fire Officer in BMKFA in 2016 is £141,284 and the Deputy Chief Fire Officer is £117,312. In both 2016 and 2017 the CFO figures are 7% higher than the assumed mean average for Population Band 2 fire services and the DCFO figures are 6.6% higher.

## 9 Deliverables against the Corporate Plan

9.1 In addition to successes already outlined in the report, achievements demonstrate positive actions to generate efficiencies and reduce costs by working with other agencies whilst focusing on improved service delivery across communities. These achievements also evidence an awareness of the wider role and benefits that can be provided by taking a broader perspective on such issues as collaborative working with other agencies and the wider health agenda.

9.2 Members will be aware that in the 2017 New Year Honours, the CFO was awarded the Queen's Fire Service Medal. This is recognition of the CFO's

continued distinguished service and also the significant contribution made by SMB and all staff.

- 9.3 The Authority frequently receives ministers and government visitors who have shown interest in the good work being progressed.
- 9.4 There has been innovative and progressive workforce reform, including BMKFA being the only fire service to have taken on apprentice firefighters outside Grey Book terms and conditions.

## **10 Appraisals and evidenced performance management achievements**

- 10.1 A verbal update on the CFO appraisal will be provided by the Chairman of the Fire Authority at the meeting, which will be supported by documentation.
- 10.2 The CFO has indicated his assessment that the strategic management board have performed well and that if members were supportive, they would warrant recognition by way of bonus payments for their contribution to the service's success. Any payments will be based on evidenced performance criteria and will be dealt with by the CFO through normal managerial arrangements.

## **11 Proposal**

- 11.1 There has been a continuous demonstration of success in workforce reform, operational delivery, prudential financial and asset management, growing partnership working to deliver a range of services to the community, a small increase in Council Tax of 1.98% following three years of no increase and one of a small decrease, and comparatively slightly higher than average salary levels for the CFO and DCFO.
- 11.2 I propose therefore that members consider whether or not to award a financial recognition of this achievement to the CFO through a bonus payment, and if so, the level of bonus. Also, the total amount of funds, if any, to be allocated to other members of the SMT based on individual performance reviews, through the delegated authority of the CFO.
- 11.3 Government guidance on public sector pay and terms (5 February 2016) specifically refers to taxpayers' money is not to be used to pay for private health insurance. Very few local authorities are now making this provision and, where this still exists, steps are being taken to remove this.
- 11.4 I am aware that the option of private medical insurance is no longer available for new employees at BMKFA. Following a briefing to staff and consultation process, Bupa membership was removed from Support Service staff at the end of the annual contract in April 2015. A compensatory payment was made to staff affected that equated to 6 months Bupa membership, paid in March 2015.

- 11.5 In 2015/16 there remained 10 employees in receipt of private medical insurance benefit, made up of Gold and Grey book staff. Since then, four left the service, two opted not to renew their membership and one was advised that this would cease on 31 March 2016. Currently, three employees still take up this benefit, all of whom are on the SMB.
- 11.6 In light of the Government guidance and the expectation that tax payers' money is not used in this way, I recommend that the three individuals on SMB are asked to agree to the cessation of this membership at 31 March 2017. This would save the administrative as well as actual cost of renewing this.
- 11.7 These individuals would normally expect 3 months' notice of this ending. However, an early discussion with them in January could seek to secure this change by their agreement. If they do not agree, then BMKFA may have to consider providing this policy to them for a further year due to the annual policy running from 1 April. Given the level of goodwill there appears to be on both sides, I do not think the shorter notice period would be a barrier to ending this arrangement and creating parity with the rest of the workforce.

**List of Appendices:**

- Appendix 1** Minimum annual rates of pay for chief fire officers by population band from 1 January 2016
- Appendix 2** Bonus Awards 2016 non-SMB staff
- Appendix 3** Breakdown of total remuneration of CFO and SMT members
- Appendix 4** BMKFA pay multiples over three years
- Appendix 5** Comparative data provided by 30 other combined fire authorities against data provided by BMKFA for average Band D equivalent Council Tax 2015-16 and for 2014-15 (*source CIPFA and Fire and Rescue Services statistics 2016-17*).
- Appendix 6** Illustrative figures for the total pay bill against population size in June 2014 compared to average Band D council tax 2016-17 of other fire authorities in the South East, CIPFA.

**Annual rates of pay for chief fire officers from 1 January 2016**

Population Band 1	Up to 500,000
Minimum rate of pay	£99,778
Population Band 2	500,001 to 1,000,000
Minimum rate of pay	£99,778
Population Band 3	1,000,001 to 1,500,000
Minimum rate of pay	£108,881
Population Band 4	1,500,000 and above (except London)
Minimum rate of pay	£119,668

## Criteria used by managers when applying for merit/bonus awards for staff March 2016

Criteria	Category
Where an individual consistently demonstrates <b>significant outcomes and achievements</b> that are beyond what is expected for the role, performing at an exceptional standard.	<b>A</b>
Where there is a <b>retention issue</b> with a member of staff who has significant experience, knowledge and/or skills which are of high value to the work of the Authority and without whom its effectiveness would be significantly reduced.	<b>B</b>
Where an individual has contributed to the success of a <b>one-off project</b> to an exceptionally high standard and to the benefit of the Authority, beyond normal expectations.	<b>C</b>
Where an individual has helped to cover the <b>absence of a colleague</b> for a significant period of time whilst not undertaking the role in total.	<b>D</b>
Where an individual has developed or changed a <b>way of working</b> in a way which has had a significant, positive impact on the effectiveness of the service.	<b>E</b>
<b>Other reason:</b> to be described in full	<b>F</b>

**Outcome of managers' recommendations**

Applications were received for 44 individuals, (24 operational staff and 20 support services staff). A team nomination was made for a Station award and was approved.

This was an increase from 19 individual applications submitted in 2015.

In June 2016, applications and supporting evidence (eg performance rating, attendance levels, amounts applied for) were considered by a panel of SMB members.

All applications were supported and recommended for a merit award. In some cases the panel recommended alternative amounts, either a reduction or an increase. Payments are non-pensionable. Total payments made were £ 38,100.

The panel were pleased with the evidence and cases put forward for all nominations. The CFO approved the recommendations and payments were made in July 2016.

## Appendix 3

### CFO Remuneration

Wef 1 January	Base Salary	Bonus / honorarium **	Private medical insurance	Car value	Employer Pension contribution	Total cost
2015	138,500	15,000	936	4,670	30,054	189,160
2016	141,284	20,000	936	4,670	20,137	187,027
2017	142,697 *					

### Deputy CFO Remuneration

Wef 1 January	Base Salary	Bonus / honorarium **	Private medical insurance	Car value	Employer Pension contribution	Total cost
2015	116,150	10,000	936	4,670	25,205	156,961
2016	117,312	12,000	936	4,670	25,407	160,325
2017	118,485 *					

### Head of Service Delivery – Remuneration

Wef 1 January	Base Salary	Bonus / honorarium **	Private medical insurance	Car value	Employer Pension contribution	Total cost
2016	80,000***	4,000		4,670	13,630	102,300
2017	80,800 *					

### Head of Service Development – Remuneration

Wef 1 January	Base Salary	Bonus / honorarium **	Private medical insurance	Car value	Employer Pension contribution	Total cost
2014	91,510					
2015	92,425		936	4,670	20,056	118,087
2016	93,350	5,000	936	4,670	20,259	124,215
2017	94,284 *					

### Director People and Organisational Development – Remuneration

Wef 1 January	Base Salary	Bonus / honorarium **	Benefit in Kind Private medical insurance	Benefit in Kind Car value P11D	Employer Pension contribution	Total cost
2014	88,606	3,500				
2015	89,492	8,000	936	6,771	11,902	117,101
2016	90,387	12,000	936	7,416	12,056	122,795
2017	91,291 *					

### Director, Legal & Governance – Remuneration

Wef 1 January	Base Salary	Bonus / honorarium **	Benefit in Kind Private medical insurance	Benefit in Kind Car value P11D	Employer Pension contribution	Total cost
2015	89,492	7,000	936	4,705	11,902	114,035
2016	90,387	10,000	936	9,312	12,056	122,691
2017	91,291 *					

### Director Finance Assets – Remuneration

Wef 1 January	Base Salary	Bonus / honorarium **	Benefit in Kind Private medical insurance	Car allowance	Employer Pension contribution	Total cost
2015	75,750 (Temp)					
2015	83,000 (perm)			5,000	7,787	95,787
2016	83,830 88,000 wef 1.11.16	7,000		5,000	10,490	107,014
2017	88,880 *					

\*Assumption of a 1% national pay increase 2017

\*\* bonus / honorarium for performance in previous year

\*\*\* WEF 1 August 2016 – not substantive SMB member until then



**BMKFA pay multiples – last three years**

<b>Year</b>	<b>Highest pay : Lowest pay</b>	<b>Highest pay : Median pay</b>
2017/18	10.17 : 1	4.77 : 1
2016/17	10.71 : 1	4.72 : 1
2015/16	11.04 : 1	4.77 : 1

The pay multiple is the ratio between the highest paid salary and the median average salary of the Authority's workforce. The average salary level is defined as the total of all regular payments made to an individual.

## Lower quartile authorities

Code	Authority Name	Authority Class	General Data - Average Band D Equivalent Council Tax 2016-17 (£ p)
E6146	West Midlands Fire and CD Authority	FA	56.03
E6142	Greater Manchester Fire and CD Authority	FA	58.78
E6104	Buckinghamshire Combined Fire Authority	FA	59.70
E6147	West Yorkshire Fire and CD Authority	FA	59.71
E6103	Berkshire Combined Fire Authority	FA	61.27
E6124	Leicestershire Combined Fire Authority	FA	61.62
E6117	Hampshire Combined Fire Authority	FA	62.60
E6123	Lancashire Combined Fire Authority	FA	65.50
E6105	Cambridgeshire Combined Fire Authority	FA	65.52
E6127	North Yorkshire Combined Fire Authority	FA	65.88
E6144	South Yorkshire Fire and CD Authority	FA	67.63
E6115	Essex Combined Fire Authority	FA	67.68
E6101	Avon Combined Fire Authority	FA	67.93
E0000	<a href="#">Dorset and Wiltshire</a>	FA	69.21
E6134	Staffordshire Combined Fire Authority	FA	70.33
E6110	Derbyshire Combined Fire Authority	FA	71.18
E6107	Cleveland Combined Fire Authority	FA	71.70
E6106	Cheshire Combined Fire Authority	FA	71.86
E6122	Kent Combined Fire Authority	FA	72.00
E6143	Merseyside Fire and CD Authority	FA	72.89
E6130	Nottinghamshire Combined Fire Authority	FA	73.85
E6160	London F&EPA	FA	73.89
E6145	Tyne and Wear Fire and CD Authority	FA	76.11
E6118	Hereford and Worcester Combined Fire Authority	FA	78.00
E6120	Humberside Combined Fire Authority	FA	78.89
E6161	Devon and Somerset Fire and Rescue Service	FA	79.98
E6114	East Sussex Combined Fire Authority	FA	86.72
E6102	Bedfordshire Combined Fire Authority	FA	91.00
E6132	Shropshire Combined Fire Authority	FA	94.05
E6113	Durham Combined Fire Authority	FA	95.76

Total Number of Fire Authorities (standalone only)

30

1st quartile

7.5

Assume this is rounded up to the first 8

**Combined fire authorities South East region**

<b>Authority name Combined fire authority</b>	<b>Population June 2014</b>	<b>Average Band D council tax 2016-17 £</b>
Berkshire	885600	61.27
Buckinghamshire	781100	59.7
East Sussex	820900	86.7
Hampshire	1800500	62.6
Kent	1784400	72

**Combined fire authorities – similar population size to BMKFA**

<b>Authority name Combined fire authority</b>	<b>Population June 2014</b>	<b>Average Band D council tax 2016-17 £p</b>
Bedfordshire	644000	90.9
Berkshire	885600	61.27
Buckinghamshire	781100	59.7
Cambridgeshire	830300	65.5
East Sussex	820900	86.7
N Yorkshire	805900	65.8

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**Chartered Fellow CIPD, MA, BEd**  
**12 January 2017**

**Regional Director: Jennifer McNeill**

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**Senior Management Team Remuneration and Performance Review****Senior Management Team Pay Review Methodology**

This methodology is designed to provide a mechanism for the implementation of the Senior Officers Remuneration Procedure, in accordance with the Gold Book.

**Overview**

A working group of at least two members of the Executive Committee (including the Chairman) and the Chairman of the Overview and Audit Committee will meet annually to consider relevant data and make recommendations to the autumn meeting of the Executive Committee. This will then be put forward as a recommendation to the full Authority; who will consider it in the context of the approved policy statement.

The salaries for the posts of Chief Fire Officer, Chief Operating Officer, Director of People and Organisational Development, Director of Legal and Governance, Director of Finance and Assets and Heads of Service Delivery will be considered as part of this process.

Changes will generally be effective from 1 January.

In their deliberations, members will be mindful of the wider economic context and the current national pay restraints. The outcomes of the Hutton Review of Fair Pay in the Public Sector will also be considered.

Any costs arising from the application of this methodology will be self-funded through savings (full or part) on the senior management team budget and will not impact on the finance available for other Buckinghamshire and Milton Keynes Fire and Rescue Service staffing budgets.

**Objectives**

The purpose of the review is to ensure that the Fire Authority motivates the senior management team to:

- Stimulate greater effectiveness.
- Expedite the Corporate plan.
- Drive culture change by providing an acceptable level of reward which is
- recognised as fair, given local and national perspectives.

**Range of Possible Outcomes**

The working group may choose to make a range of recommendations including:

- Non-pay rewards (such as attending development opportunities).
- Pay increases that are incorporated into salaries.
- Non-incorporated bonuses.
- Pay agreements that span more than one year.
- No change to existing reward arrangements.

**Senior Management Team Remuneration and Performance Review****Process**

1. An external consultant will be engaged to gather relevant information and prepare a report for presentation to the members' sub-group. The report with recommendations will address qualitative and quantitative data which may include:
  - Information about the extent to which corporate objectives have been met (as provided by the Performance Intelligence Unit Manager).
  - Chief Fire Officer appraisal data as provided by the Chairman.
  - Senior management team appraisal data as provided by the Chief Fire Officer.
  - Progress on any specific projects that members had identified as high priority.
  - Performance data provided by the Chief Fire Officer (following discussions with the senior management team).
  - Comparative performance data with other fire services.
  - Salary benchmarking data in relation to senior management team salaries for Group 2, Combined South East Region Fire Services.
  - Financial data about budget provision for pay/reward costs arising from this review.
  - Data about the national pay settlements awarded to Gold, Green and Grey book employees.

From 31 March 2012, these points will be considered within the context of the approved policy statement as set by the Authority.

2. Working group members meet to analyse and discuss the report, and determine their recommendation to the Executive Committee.
3. The external consultant prepares the report to committee setting out the sub-group recommendation, and the justification for the recommendation. This report forms the audit trail for any pay/benefits adjustments.
4. The report will be presented to members at the autumn meeting of the Executive Committee and then to the full Fire Authority.
5. Any appeals will be dealt with through the Buckinghamshire and Milton Keynes Fire Authority Grievance Procedure.

## **Part 2 Pay Policy – Strategic Management Board (SMB)**

SMB members pay arrangements are covered by the National Joint Council for Brigade Managers of Fire and Rescue Services known as the “Gold Book”.

### **Level and elements of remuneration**

- 19 Senior management remuneration comprises salary, car provision and private medical insurance.
20. Gold Book Pay is based on a twin track approach of an annual nationally agreed pay deal and a local pay agreement. SMB Pay Policy includes proposals to consider the implementation of Earn Back Arrangements and addresses the requirements of the Localism Act in relation to the SMB.

### **Remuneration on Recruitment**

21. Remuneration will be based on the evaluated rate for the job.

### **Increases and additions to remuneration**

22. Increases and additions for senior management posts will require approval of the appropriate committee of the Authority.

### **Use of Performance related pay**

23. Performance related pay will be used in the context of the relevant policy, based on “Earn back” principles and will need approval by the appropriate committee.

### **Use of Bonuses**

24. One off bonus payments may be considered linked to evidenced and scrutinised delivery of performance management objectives.

### **Approach on ceasing to hold office or be employed by the Authority**

- |                           |  |
|---------------------------|--|
| 25. Summary dismissal     | dismissal without notice payments                |
| Dismissal with notice     | salary payment in line with contract             |
| Redundancy                | in accordance with service policy                |
| Resignation or leave date | normal salary payment until end of notice period |
| Redeployment              | in accordance with prevailing service policy.    |

26. This Authority does not make payments to senior staff members who leave other than to those who are leaving for the purposes of improved efficiency.

27. Re-employment/re-engagement will not normally occur following retirement, however there may be exceptional circumstances where specialist knowledge and expertise are required for a defined period of time in the event of which re-employment/re-engagement may be considered.
28. The Fire Authority will be given the opportunity to vote as to the terms of appointment or dismissal of the Chief Fire Officer and Chief Executive, and deputy to the Chief Fire Officer and Chief Executive, or equivalent.

**Publication of and access to information relating to remuneration**

29. We will publish information in accordance with the "Local Government Transparency Code 2014".