

BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY
BUCKINGHAMSHIRE FIRE AND RESCUE SERVICE

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

Jason Thelwell

To: The Members of the Overview and Audit Committee

14 September 2015

Dear Councillor

Your attendance is requested at a meeting of the **OVERVIEW AND AUDIT COMMITTEE of the BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY** to be held in Meeting Room 1, Fire and Rescue Headquarters, Stocklake, Aylesbury on **WEDNESDAY 23 SEPTEMBER 2015 at 10.00 am** when the business set out overleaf will be transacted.

Yours faithfully

Graham Britten
Director of Legal and Governance

Chairman: Councillor Watson
Councillors: Bendyshe-Brown, Clarke OBE, Exon, Glover, Huxley, Mallen, Vigor-Hedderly and Wilson



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OVERVIEW AND AUDIT COMMITTEE

TERMS OF REFERENCE

Overview

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

Audit

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

Governance

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

Risk

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

Employees

1. To be a sounding board to help the Authority promote and maintain high standards of conduct by employees of the Authority.

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

General

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

AGENDA

Item No:

1. Apologies

2. Minutes

To approve, and sign as a correct record, the Minutes of the meeting of the Committee held on 15 July 2015 (Item 2) **(Pages 7 - 14)**

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. Corporate Risk Management

To consider Item 5 **(Pages 15 - 28)**

6. Compliments, Complaints & Concerns

To consider Item 6 **(Pages 29 - 60)**

7. Internal Audit Reports:

(a) Internal Audit Report: Final Audit Report

To consider Item 7(a) **(Pages 61 - 74)**

(b) Internal Audit Report: Update of progress of the Annual Audit Plan

To consider Item 7(b) **(Pages 75 - 78)**

8. Audit Results Report

To consider Item 8 **(Pages 79 - 102)**

9. Adoption of the Audited Statement of Accounts

To consider Item 9 **(Pages 103 - 186)**

10. Letter of Management Representation

To consider Item 10 **(Pages 187 - 196)**

11. Counter Fraud and Corruption Policy

To consider Item 11 **(Pages 197 - 204)**

12. Anti-Money Laundering Policy

To consider Item 12 (**Pages 205 - 226**)

13. Date of Next Meeting

To note that the next meeting of the Committee will be held on Wednesday 2 December 2015 at 10.00am.

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

Minutes of the meeting of the OVERVIEW AND AUDIT COMMITTEE of the BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY held on WEDNESDAY 15 JULY 2015 at 10.00 am

Present: Councillors Bendyshe-Brown, Dransfield (substitute for Mallen), Exon, Huxley, Reed (substitute for Clarke OBE), Watson (Chairman) and Wilson

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 (Acting Director of Finance and Assets), M Hemming (Deputy Finance Director), M Gibb (Internal Audit Manager), B Davidson (Internal Audit), J Parsons (Head of Service Development), G Smith (Head of Service Delivery), S Gowanlock (Corporate Planning Manager), K McCafferty (Head of Human Resources) and D Guest (External Auditor EY)

Duncan Payne (Firefighter)

Apologies: Councillors Clarke OBE, Glover, Mallen, Vigor-Hedderly

0A01 ELECTION OF CHAIRMAN

(Councillor Bendyshe-Brown presiding)

It was moved and seconded that Councillor Watson be elected Chairman of the Committee for 2015/16.

RESOLVED –

That Councillor Watson be elected as Chairman of the Committee for 2015/16.

0A02 APPOINTMENT OF VICE-CHAIRMAN

It was moved and seconded that Councillor Bendyshe-Brown be appointed as Vice-Chairman of the Committee for 2015/16.

RESOLVED –

That Councillor Bendyshe-Brown be appointed as Vice-Chairman of the Committee for 2015/16.

0A03 MINUTES

RESOLVED –

That the Minutes of the meeting of the Overview and Audit Committee held on 11 March 2015, be approved and signed by the Chairman as a correct record.

0A04 CORPORATE RISK MANAGEMENT

The Corporate Planning Manager introduced the Corporate Risk Management report which provided an update of the current status of identified corporate risks. Since last reviewed by the Overview and Audit Committee on 11 March 2015, a few changes had been made to the risk register.

The probability score for the Information Security risk had been downgraded to reflect the impact of further training; updated protective marking; and harm testing procedures. It was recommended to be removed from the register.

The staff availability risk had been reduced from 5 to 3 given the current outlook for further industrial action over the FBU pensions dispute with the Government.

The wording of the Funding and Savings Requirement risk had been updated to reflect latest savings requirement and level of funding pressures reserve in line with the MTFP.

The Control Room continuity risk had been redefined to reflect the risks to service continuity following transfer to the new Thames Valley Fire Control Service and now that Secondary Control was in place at Kidlington, Oxfordshire and further back up arrangements with North Yorkshire Fire and Rescue Service.

An emerging risk to operational staff resources arising as a result of an ageing workforce profile and linked to recent pension changes was discussed. A question was asked as to why the Control Room continuity risk still had an amber rating now that it was live. It was explained that this was partly a function of cautious scoring as it had been given a low probability score. Members asked if this could be reviewed before the next meeting of the Committee.

A question was asked as to why after reducing the council tax precept by 1% financial funding and savings had been given an amber rating not green. It was advised that although the Fire Authority was currently in a good position, the future long-term funding was still unknown. Officers confirmed that Member's observations would be taken into account in reviewing risk scores.

The Chief Fire Officer had written to the Chancellor and all local MPs to request a longer term view on future funding to give the Service an opportunity to plan more appropriately for the future.

RESOLVED –

1. That the status report on identified corporate risks be reviewed.

2. That the removal of the Information Security risk from the Corporate Risk Register and transferred to the Legal and Governance Directorate Risk Register for future monitoring given the reduction in the risk assessment to Green RAG status be approved.

OA05

INTERNAL AUDIT REPORTS:

(A) Internal Audit Report: Final Audit Reports

The Internal Audit Manager updated Members on the findings of three finalised Internal Audit reports issued since the last Overview and Audit Committee meeting in March. Housing and Accommodation Allowances, HR People Management and Core Financial Controls.

The Housing and Accommodation Allowances Final Report was given a 'reasonable' level of assurance that relevant risks had been effectively identified, managed and controlled. Some areas for improvement had been identified; however, no high priority recommendations were raised. Of the five actions identified, four were now complete and one was in progress. It was also noted that a report reviewing the housing policy was being presented to the next Executive Committee meeting.

The HR People Management Final Report was given a 'substantial' level of assurance that relevant risks had been effectively identified, managed and controlled. Of the two actions identified (one medium and one low priority) one had been implemented and one was in progress due to be implemented by the end of August 2015.

The Chief Fire Officer asked Members to note what he described as an excellent result.

It was explained that the Core Financial Controls Final Report is one of the main audits in the programme each year and covers all the key financial areas and for the second year was given a 'substantial' level of assurance that relevant risks had been effectively identified, managed and controlled. Of the eight actions identified, one was high priority, four medium and three low priority. All had been implemented, or were not yet due to be implemented but work was progressing.

RESOLVED –

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

(B) Internal Audit Report: Update of progress of audit recommendations

The Internal Audit Manager stated that the purpose of this report was to update Members on the progress of the implementation of audit recommendations made as at 8 June 2015.

The Committee noted that out of the 54 recommendations arising from the various audit reports, 42 (78%) had been fully implemented and 12 were on track but not yet due to be implemented.

There were no outstanding recommendations to bring to the attention of the Committee at this time.

The Members wished to record their thanks to officers for making good progress on resolving past audit points.

RESOLVED –

That the progress on the implementation of recommendations be noted.

OA06 ANNUAL REPORT OF THE CHIEF INTERNAL AUDITOR 2014/15

The Committee, as the Committee charged with governance, considered the Annual Report of the Chief Internal Auditor 2014/15 on the internal control environment.

The Committee noted that the Chief Internal Auditor's opinion was that the Fire Authority's system of internal control provides 'reasonable' assurance regarding the effective, efficient and economic exercise of the Authority's functions.

The opinion was consistent with the outcomes of the individual audits, in which of the six audits completed all had opinions of 'reasonable' or 'substantial' assurance.

The reason behind the overall 'reasonable' level of assurance, was that Internal Audit work was limited to a certain number of days and a certain number of audits per year, so only a 'reasonable' level of assurance can be given.

The Acting Director of Finance and Assets advised Members this demonstrated good progress on internal audit matters.

RESOLVED –

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

OA07 FINANCIAL INSTRUCTIONS

This report presents the updated Financial Instructions as approved by the Chief Fire Officer and Acting Director of Finance and Assets in May 2015. The changes were required to update

role titles, clarify the acceptance of electronic signature or system workflow authorisation and to reflect substantive changes such as the introduction of purchasing cards and the removal of Imprest accounts.

A more substantial overhaul of these Instructions would be required next year if the finance system was replaced as part of the business and systems integration project.

RESOLVED –

That the updated Financial Instructions be noted.

OA08

ANNUAL GOVERNANCE STATEMENT 2014/15

The report presented the 2014/15 Annual Governance Statement and also contained the progress on the implementation of the recommendations of the 2013/14 Annual Governance Statement and highlighted the recommendations for 2015/16.

The Director of Legal and Governance asked Members to note that the Authority had acted on the recommendations from Ernst & Young in their audit last year which suggested that the Authority brought forward the Annual Governance Statement to an earlier meeting in the calendar. Although not a legal requirement, it was felt this was a constructive recommendation and this report was being presented earlier than in previous years.

An extensive amount of work had gone into the production of the Annual Governance Statement this year by the Corporate Planning Manager and the Deputy Finance Director.

The objectives set in the previous Annual Governance Statement had all been achieved and through the Performance Management Board the directors across the service had identified areas of weakness and areas that need to be addressed.

In approving the overall governance arrangements a Member queried as to whether the Committee should be taking a greater role in matters within its Terms of Reference and asked the Chairman to consider a work plan for the Committee.

RESOLVED –

1. That the Annual Governance Statement be approved.
2. That the progress on the implementation of recommendations of the previous Annual Governance Statement be acknowledged.
3. That the priorities of the 2015/16 Statement be agreed.

OA09**STATEMENT OF ACCOUNTS 2014/15: VERBAL UPDATE**

The Acting Director of Finance and Assets advised Members that the Statement of Accounts had been signed off at the end of May 2015.

The Acting Director of Finance and Assets had taken the opportunity this year to fast track the programme for signing the statement of accounts because in 2017/18 it would be a statutory duty. Next year the Statement of Accounts would be presented at the July meeting for sign off, which would stand the Authority in good stead in preparation for 2017/18.

The External Auditor reiterated that the deadline for Ernst & Young to complete the audit and for the accounts to be signed off was being moved forward in 2017/18, but there was no reason why this should not be possible in 16/17 with the steps now having been put in place.

The Acting Director of Finance and Assets felt that the new Audit Manager and Auditor Director had demonstrated a positive commitment in his working relationship with the Authority; Members were looking forward to a new working relationship with Ernst & Young.

The Chairman of the Overview and Audit Committee requested sight of the draft unaudited statement of accounts prior to the next meeting of the Committee.

OA10**INJURY AWARDS: VERBAL UPDATE**

The Director of People and Organisation Development updated Members on the HR people recommendations from the Injury Awards Final Report. The first two points were also high-lighted in the Annual Governance Statement as actions from 2015/16.

BMKFA should review its arrangements for the administration of its pension fund. The Director of People and Organisational Development was pleased to report that this was well underway and a timetable of actions had been established. The plan was to have a new pension's administration service in place by 1 April 2016. This would be in collaboration with Royal Berkshire Fire and Rescue Service whose current arrangements end in March 2016.

BMKFA should review its processes for handovers between leavers and joiners. This had been a particular issue in the injury awards process. The recruitment process had been amended to incorporate this and there was also new guidance for back up.

BMKFA should develop a policy within Human Resources for dealing with injury awards under the 2006 Compensation Scheme to complement the policies addressing ill-health

retirements. The Authority has decided to wait until the new pension scheme was in place and until when the new guidance from DCLG becomes available. A new policy had been drafted and would go out for consultation at the end of July 2015. It was planned to have the policy in place for September/October 2015.

The Chief Fire Officer advised Members that since the recent elections there was a new Fire Minister, Mark Francois MP. The Chief Fire Officer had written to Neil O'Connor, Director Fire, Resilience and Emergencies at DCLG asking at what point would the Minister be making a decision regarding this issue and the response was that the Minister still hadn't made a decision.

OA11

REVISED WHISTLEBLOWING PROCEDURE

The Director of People and Organisation Development advised Members that there was a rigorous timetable in place to review all the Authority's employment related policies and procedures and this update of the whistleblowing procedure was being presented at this meeting in line with the current procedural review arrangements. There had been no significant legislation changes, but approval was sought for the minor amendments being proposed to the procedure as detailed.

It was also important to keep Members updated if there had been any cases of whistleblowing and the Director of People and Organisational Development confirmed there had been no cases of whistleblowing to report.

Members all agreed it was important that everyone within the organisation was aware of this policy and the Chief Fire Officer reminded Members they were all very welcome to visit their local fire station and talk directly with firefighters.

RESOLVED –

1. That the revised whistleblowing procedure be approved for publication.
2. That the next approval of the whistleblowing procedure be in 2018, with any interim amendments, as appropriate, be approved by delegated authority to the Director of People and Organisational Development.

OA12

REVISED CODE OF CONDUCT

The Director of People and Organisational Development advised Members that the Authority's Code of Conduct was first issued in 2006. Since being published, the Code of Conduct had been detailed in a variety of documents, built up over time to reflect different circumstances.

What the Authority had tried to do, reinforced by internal audit recommendations in the corporate governance audit last year, was to bring together all standards into a single document. The Code had also taken into consideration constructive feedback provided during the formal consultation process held in March-April 2015 and also included some new guidance on emerging areas such as social media and cyber bullying.

The Chief Fire Officer reminded Members that the service doesn't only go to fires it visits the vulnerable and elderly in their homes and needs to be presentable and respectable and uphold professional standards at all time.

RESOLVED –

That the revised Code of Conduct was recommended for approval by the Executive Committee.

OA13

DATE OF NEXT MEETING

The Committee noted that the next meeting of the Committee would take place on Wednesday 23 September 2015 at 10.00am.

THE CHAIRMAN CLOSED THE MEETING AT 11.35 AM

Buckinghamshire & Milton Keynes Fire Authority



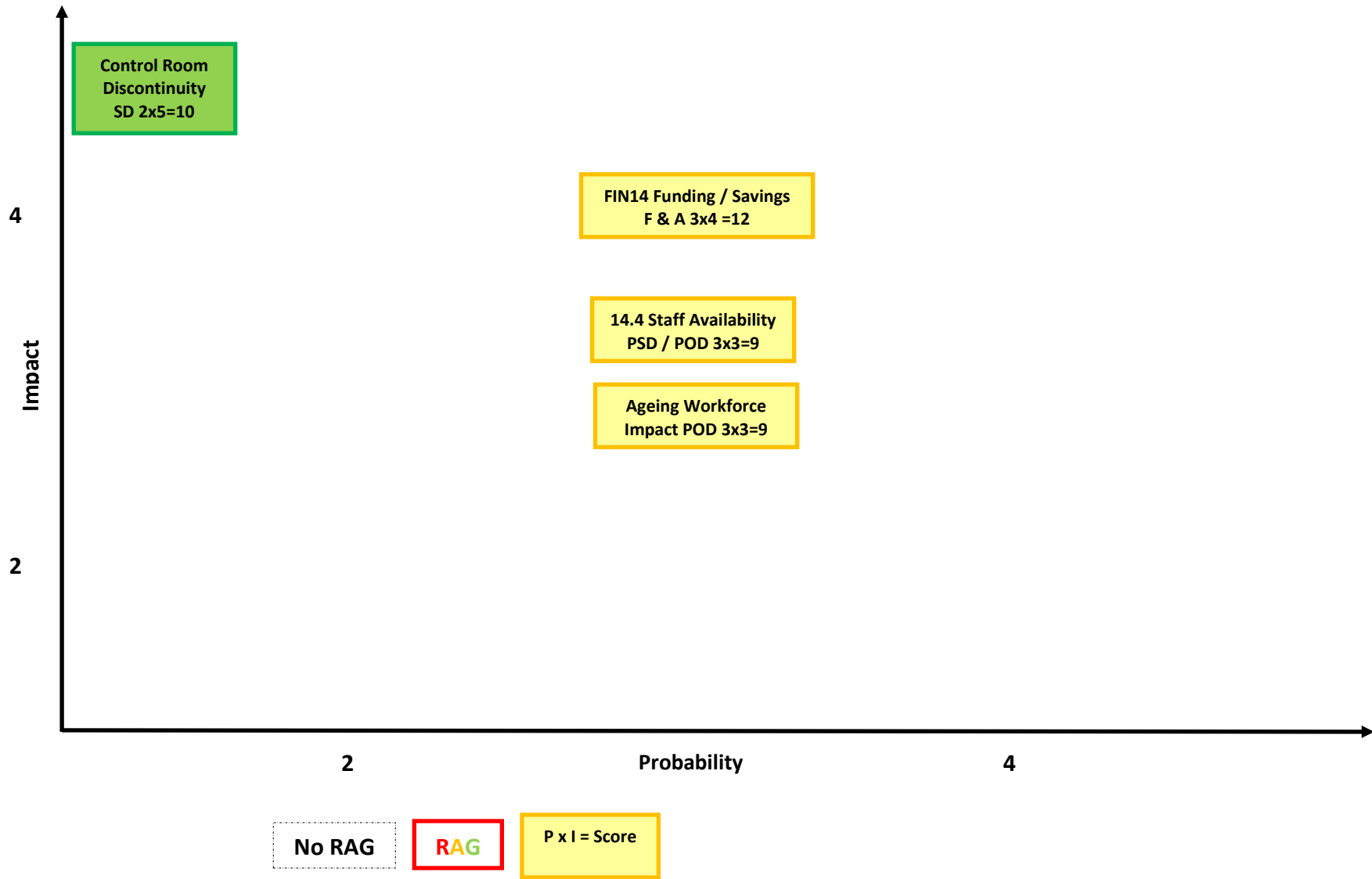
MEETING	Overview and Audit Committee
DATE OF MEETING	23 September 2015
OFFICER	Julian Parsons, Head of Service Development
LEAD MEMBER	David Schofield, Health and Safety and Corporate Risk
SUBJECT OF THE REPORT	Corporate Risk Management
EXECUTIVE SUMMARY	<p>This report provides an update on the current status of identified corporate risks. Risk registers are maintained at project, departmental and directorate levels. Corporate risks are those that have been escalated from these levels for scrutiny by the Strategic Management Board (SMB), because of their magnitude, proximity or because the treatments and controls require significant development.</p> <p>The Corporate Risk Register was last reviewed by the Overview and Audit Committee on 15 July 2015 when it:</p> <ul style="list-style-type: none"> • Approved the removal of the Information Security risk from the Corporate Risk Register and transfer to the Legal and Governance Directorate Risk Register for future monitoring given the reduction in the risk assessment to Green RAG status; • Asked Officers to review the Control Room Continuity risk ahead of the next Overview and Audit Committee meeting to see if there was scope for this to be lowered now that the new arrangements are live with two layers of back up in place. <p>Since then the Risk Register has been regularly reviewed by the Performance Management (PMB) and Strategic Management Boards (SMB), most recently at the 20 August 2015 PMB and 1 September 2015 SMB. At the 1 September SMB it was agreed that the Control Room risk score be reduced to a probability/impact score of 1 x 5 following the successful implementation and testing of business continuity arrangements for this vital function. Also, although the funding and savings risk is well managed via the Medium Term Financial Plan, it was decided not to reduce the risk score pending clarification of the outcome of the Government's autumn spending</p>

	<p>review.</p> <p>The current distribution of corporate risks relative to probability and potential impact is shown at Annex A.</p> <p>Changes to the corporate risk ratings over the last year are shown at Annex B.</p> <p>Detailed assessments of identified corporate risks are shown in the Corporate Risk Register Report at Annex C.</p>
ACTION	Decision.
RECOMMENDATIONS	<p>It is recommended that the Committee:</p> <ul style="list-style-type: none"> i. Review the status report on identified corporate risks at Annex C; and, ii. Feedback comments to officers for consideration and attention in future updates/reports.
RISK MANAGEMENT	The development, implementation and operation of effective corporate risk management structures, processes and procedures are considered critical to assure continuity of service to the public, compliance with relevant statutory and regulatory requirements and the successful delivery of the Authority's strategic aims, priorities and plans.
FINANCIAL IMPLICATIONS	No direct financial implications arising from the presentation of this report. It is envisaged that the further development of the Authority's corporate risk management framework will be undertaken from within agreed budgets.
LEGAL IMPLICATIONS	None directly arising from this report. Any legal consequences associated with the crystallisation of individual risks are detailed in the Risk Register report at Annex C.
CONSISTENCY WITH THE PRINCIPLES OF COLLABORATION	The potential to share corporate risk intelligence with neighbouring fire and rescue services and other relevant agencies will be considered. BMKFA already participates in the multi-agency Thames Valley Local Resilience Forum which produces a Community Risk Register which is among the sources used to identify potential risks to the Authority.
HEALTH AND SAFETY	Development of the framework does not impact directly on the legal compliance to health and safety, however if risks are not appropriately identified then this may present Health and Safety risks.
EQUALITY AND DIVERSITY	No direct implications from the presentation of this report. However risks to achieving the Authority's equality, diversity and inclusion objectives or

	<p>compliance with relevant statutes or regulations are identified assessed and managed via this process and are currently monitored within the People and Organisational Development Risk Register.</p>
USE OF RESOURCES	<p>The development of the risk management framework complements the governance framework and business processes as a critical cog in the system of internal control and makes better use of our people resources by giving them clearly defined areas of responsibility.</p> <p>Senior managers and principal officers are key stakeholders in the development of the framework and have an active role in its development at every stage. The lead Member will also be involved in the development of the framework with particular responsibility for determining the reporting arrangements for the Authority.</p> <p>As with all policy frameworks, all employees will be informed of the changes in the process and will receive any training necessary to support their role in the process.</p>
PROVENANCE SECTION & BACKGROUND PAPERS	<p>A formal policy for the management of Corporate Risk was approved by the Authority in August 2006 and implemented with effect from 31 January 2007 (OC57: Corporate Risk Management Policy).</p> <p>Further development of this policy and framework was reported to members at the 15 September 2010 CFA meeting (see Annex A and item 8 of 15 September CFA Papers):</p> <p>http://bucksfire.gov.uk/files/8114/0681/3588/150910.PDF</p> <p>An updated Corporate Risk Management Policy was approved at the 18 March 2015 Executive Committee:</p> <p>http://bucksfire.gov.uk/files/3314/2564/2098/Executive Committee 180315.pdf</p> <p>CFA Members were last updated on the status of the Authority's Corporate Risks at the 15 July 2015 Overview and Audit Committee:</p> <p>Bucks Fire and Rescue Fire Authority & Committee Meetings Buckinghamshire and Milton Keynes</p>
APPENDICES	<p>Annex A: Distribution of Corporate Risks at 1 September 2015.</p> <p>Annex B: 12 Month View of Changes to Corporate Risks</p> <p>Annex C: Corporate Risk Register Report</p>

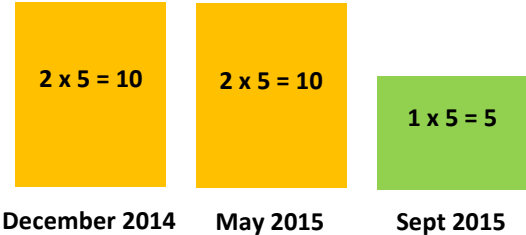
TIME REQUIRED	15 Minutes.
REPORT ORIGINATOR AND CONTACT	Stuart Gowanlock, Corporate Planning Manager sgowanlock@bucksfire.gov.uk 01296 744435

Annex A: Corporate Risk Map – 1 September 2015

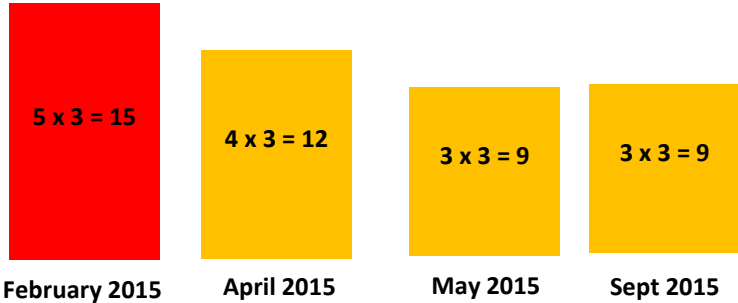


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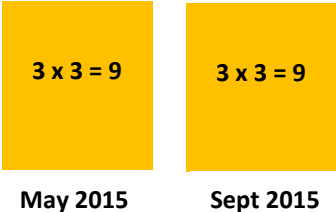
Thames Valley Control



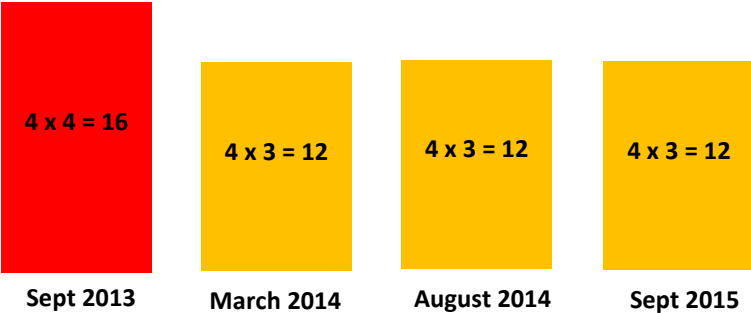
Staff Availability



Ageing Workforce Impact



Risk to Funding



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Corporate Risk Register – as at 1 September 2015

Corporate Risks

Risk Description	Resp.	Consequences if Untreated Risk Occurs	Risk Score (Former) / New			Risk Level	Current Treatment	R A G	Comments / Further Treatment Proposed
			P	I	Σ	HML			
CRR 014.4 Staff Availability Emerging risks of 1/ industrial action due to pension change or pay dispute; 2/ Staff inability to get to work due to external factors e.g. Pandemic Flu, disruption to fuel supplies etc. 3/ Retirements proceeding more quickly than anticipated.	COO / POD Dir.	Potential detrimental effects on service delivery to the community and our reputation.	(2)	(5)	(10)	(M)	<ul style="list-style-type: none"> • Full business continuity plan in place • Peer review of the business continuity arrangements • Bank System • Flexi-Duty System Pilot • Staff Transfer Procedure 	A	<p>2 September 14 SMB Probability score for further industrial action raised to 5 (Extremely Likely).</p> <p>13 January 15 SMB Probability score reduced to 4 (Very Likely)</p> <p>17 February 15 SMB Probability score increased to 5 (Extremely Likely) following announcement of further strike action by the FBU (from 7 am on Wednesday 25 February 2015 until 7am on Thursday 26 February 2015).</p> <p>14 April 15 SMB Probability reduced to 4.</p> <p>21 May 15 PMB Probability score recommended to reduce to 3 in light of current position in relation to the FBU trade dispute with the Government following enactment of the new Pensions legislation.</p> <p>16 June 15 SMB PMB recommendation to reduce risk score approved.</p> <p>11 August 15 SMB & 20 August PMB Agreed that risk score should remain at 9 as although the risk of industrial action over the pension dispute has receded staff availability is affected by other contingencies such as Pandemic Flu (WHO currently predicting an outbreak within the next 18 – 24 months.)</p> <p>1 September 2015 SMB PMB risk review confirmed.</p>
		(5)	(5)	(25)	(H)				
		(3)	(5)	(15)	(H)				
		(4)	(5)	(20)	(H)				
		(3)	(5)	(15)	(H)				
		Failure to discharge statutory duties.	(5)	(4)	(20)	(H)			
		(4)	(3)	(12)	(M)				
		(5)	(3)	(15)	(H)				
		Loss of critical knowledge / skills / capacity.	(4)	(3)	(12)	(M)			
		(5)	(3)	(15)	(H)				
3	3	9	M						

Corporate Risk Register – as at 1 September 2015

Risk Description	Resp.	Consequences if Untreated Risk Occurs	Risk Score (Former) / New			Risk Level	Current Treatment	RAG	Comments / Further Treatment Proposed
			P	I	Σ	HML			
Fin 14 – Funding and Savings Requirement	Director Finance & Assets	If funding settlements for 2016/17+ follow the current MTFP model, we would have a cumulative savings requirement of £4.2 million by the end of 2019/20. Potential savings have been identified that reduce this amount to £844k. However, there is still a lot of work required to achieve these savings. There is also still uncertainty around the outcome and impact of the upcoming general election in May 2015 and potential volatility within the Business Rates system, both of which may impact upon future funding.	(4)	(4)	(16)	H	• A funding pressures reserve (approx. £1.2million by 31.03.2015) has been created, but this would be quickly exhausted without a dramatic altering of service provision and/or an increase in alternative funding to offset the reduction in Government funding	A	<p>21 October 14 SMB: Agreed that wording should be amended as current explanation not broad enough. Wording to be amended from ‘Council Tax’ to an increase in ‘alternative funding’.</p> <p>14 April 15 SMB: Agreed that wording should be updated to reflect latest savings requirement and level of funding pressures reserve in line with the MTFP. The description was also updated to reflect potential savings identified and the potential risk of not achieving these.</p> <p>16 June 15 SMB: Updates to risk description to reflect latest savings requirement and level of funding pressures reserve in line with the MTFP</p> <p>11 August 2015 SMB Agreed that a revised MTFP would be taken to the Executive Committee in November.</p> <p>1 September 2015 SMB Funding risk score to remain as is pending outcome of Autumn Budget and spending review.</p>
			(3)	(4)	(12)	M			
			3	4	12	M			

Corporate Risk Register – as at 1 September 2015

Risk Description	Resp.	Consequences if Untreated Risk Occurs	Risk Score (Former) / New			Risk Level	Current Treatment	RAG	Comments / Further Treatment Proposed
			P	I	Σ				
Thames Valley Control Service discontinuity (Control Room continuity of service following delay to Thames Valley Control implementation)	COO / Head Service Dev.	<ul style="list-style-type: none"> Potential for delay in receiving and handling of calls locally, therefore affecting response times of appliances 	2	5	10	M		A	<p><u>21 May 15 PMB</u></p> <p>Risk re-defined to relate to new Thames Valley Control Service</p> <p><u>16 June 15 SMB</u></p> <p>Re-definition of risk approved</p> <p><u>11 August 2015 SMB</u></p> <p>Amend risk description to incorporate its previous title, 'Control Room continuity of service following delay to Thames Valley Control implementation' in brackets, for reasons of clarity.</p> <p><u>1 September 2015 SMB</u></p> <p>Risk factor to be reduced from 2 x 5 to 1 x 5 following successful implementation of the new service and the completion of business continuity plans that have been successfully tested. The software provider has resolved initial issues with the mobilising system and ways of working are now embedded within the new control room.</p>

Corporate Risk Register – as at 1 September 2015

Risk Description	Resp.	Consequences if Untreated Risk Occurs	Risk Score (Former) / New			Risk Level	Current Treatment	R A G	Comments / Further Treatment Proposed
			P	I	Σ				
			3	3	9	M			
<p>Potential impact on of operational staff resources due to aging workforce profile. As of April 2015 the average age of our FF's is 39.</p>	<p>Director of POD</p>	<ul style="list-style-type: none"> An aging workforce and significant retirement and leaver profile would impact on the Service providing an operational response to the community, and may also impact on the capacity and capability of our staff to provide a diverse range of services. Greater potential for increased long term Sickness absence, which would not demonstrate an effective use of salary spend, and would increase management time spent managing attendance. A potential increase in ill health retirements would negatively impact on the Service budget 					<ul style="list-style-type: none"> SMB are reviewing the Whole time workforce and retirement profile in line with the MTFP to consider what options are available for refreshing the workforce and aligning staff with demand. Improved take up of Bank and Ops resourcing pool will assist operational resilience. Review wellbeing support options for different workforce profiles Functional hearing assessments being conducted in house 	A	<ul style="list-style-type: none"> Next SMB planning meeting 8 June 2015 Potential to offer different and more flexible contractual arrangements which may be more attractive to an aging workforce with different needs and priorities Encourage a balance of demographics across the organisation Succession and workforce planning to be developed further. Review opportunities for reasonable adjustments for aging workforce. <p><u>21 May 15 PMB</u> An initial score of 3 x 3 = 9 recommended for this newly defined risk.</p> <p><u>16 June 15 SMB</u> Risk approved for inclusion in Corporate Risk Register.</p> <p><u>1 September 2015 SMB</u> Risk score considered to be at right level at present but will a reduction will be considered once the new apprenticeship schemes are in place and up and running.</p>

Corporate Risk Register – as at 1 September 2015

		<ul style="list-style-type: none"> Pension arrangements historically have retained staff to predictable retirement dates. The NFFS 2015 may be unlikely to guarantee full service and a consequence is a more unpredictable leaver profile with staff leaving at short notice. 							
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Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	23 September 2015
OFFICER	Graham Britten, Director of Legal and Governance
LEAD MEMBER	Councillor David Watson (Chairman, Overview and Audit Committee)
SUBJECT OF THE REPORT	Compliments, Complaints & Concerns
EXECUTIVE SUMMARY	<p>This report has two purposes:</p> <ol style="list-style-type: none"> 1. To introduce a suite of documents to replace the existing procedures and manage the handling of compliments, concerns and complaints based on current best-practice advice from the office of the Local Government Ombudsman. 2. To advise on any trends and corrective action taken to reduce or remove the problem that led to a complaint being made and to identify opportunities to improve public perception of the services Buckinghamshire and Milton Keynes Fire Authority (BMKFA) provide. <p>The last complaints report was made to the Overview and Audit Committee on 29 August 2014 and included data for the financial years 2011/12, 2012/13 and 2013/14. To continue to provide three years of rolling data this report covers the financial years 2012/13, 2013/14, and 2014/15.</p> <p>Since 2013 BMKFA has been proactively working to identify and record anything that could be considered a concern or complaint and, after a rise from ten in 2012/13 to thirty-three in 2013/14 has reduced to twenty three in 2014/15 with only seven of these being upheld.</p> <p>Fifty-four letters of thanks were received from members of the public who were pleased with services they received. There will have been many more verbal compliments paid directly to Authority staff that were not recorded.</p> <p>The "After the Incident" survey findings were not available for inclusion in the report this year.</p>
ACTION	Information and decision.

RECOMMENDATIONS	It is recommended that: 1) the document suite be approved; and 2) the report be noted.
RISK MANAGEMENT	<p>Both the Local Government Ombudsman (LGO) and the Information Commissioner will not, normally, investigate a complaint until an organisation's own complaints process has been exhausted. If BMKFA do not have a rigorous complaints policy in place there is a risk that issues will be raised with the LGO (or Information Commissioner for complaints under information legislation) and the opportunity to resolve the complaint internally will be lost and, if the complaint is upheld, may lead to reputational damage and/or financial penalty.</p> <p>BMKFA encourage the public to raise concerns /make complaints and complainants are given assistance to do so and to understand the investigation process.</p> <p>BMKFA investigating officers have been given complaints handling training by the Local Government Ombudsman to assist in ensuring that complaints are rigorously investigated, resolved as quickly as possible and, wherever possible, to the satisfaction of the complainant.</p> <p>To protect the privacy of the complainant, all personal data is removed when no longer needed to support investigations and the remaining anonymised data has no residual information risk.</p>
FINANCIAL IMPLICATIONS	There are no negative financial implications associated with this report. Process improvements may assist in avoiding financial penalties or compensation costs.
LEGAL IMPLICATIONS	There are no negative legal implications associated with this report.
CONSISTENCY WITH THE PRINCIPLES OF COLLABORATION	The author of this report undertakes a similar role for both BMKFA and Royal Berkshire Fire Authority and best practice is able to be shared across the two Authorities.
HEALTH AND SAFETY	There are no negative implications on health and safety compliance.
EQUALITY AND DIVERSITY	The People Impact Assessment has been reviewed and the process for raising concerns and complaints is fair to all people.
USE OF RESOURCES	<p>Communication with stakeholders; During the development of the Compliments, Concerns & Complaints documentation consultation was undertaken with :</p>

	<ul style="list-style-type: none"> • A trainer from the Local Government Ombudsman • Investigating Officers <p>and reviewed by:</p> <ul style="list-style-type: none"> • Performance Management Board at its 21 May meeting • Strategic Management Board at its 16 June meeting <p>Following approval of the document suite it will be promulgated to all employees and published on BMKFA Document Management System. The customer facing document "Complaints About Us" will be published on the BMKFA website.</p> <p>The system of internal control; The development of the complaints document suite and annual reporting arrangements to the Overview and Audit committee complements the governance framework and business processes by helping to maintain high quality service delivery.</p> <p>Concerns and complaints are subject to internal scrutiny during the investigation process and an escalation process is in place to enable complaints to be elevated to Corporate level.</p> <p>The arrangements to promote and ensure probity and propriety; The purpose of having robust procedures for managing concerns and complaints is to promote and ensure probity and propriety by encouraging the public to raise concerns /make complaints and to give them assistance to do so and to understand the investigation process.</p> <p>BMKFA investigating officers have been given complaints handling training by the Local Government Ombudsman to ensure best practice investigation techniques are adopted.</p>
<p>PROVENANCE SECTION & BACKGROUND PAPERS</p>	<p>Background papers</p> <p>Annual reports to the Overview and Audit Committee (last report 24 September 2014).</p> <p>http://bucksfire.gov.uk/files/3814/1079/8548/ITEM_6_Review_of_Compliments_and_Complaints_and_Appendix_A.pdf</p> <p>Current procedure for compliments, concerns and complaints available on the BMKFA Document Management System on the intranet and a public facing procedure on the website.</p> <p>Best practice recommendations from the Local Government Ombudsman.</p>

<p>APPENDICES</p>	<p>A. Performance report B. Complaints policy C. Compliments concerns and complaints procedure D. Unreasonably persistent complainants and unreasonable complainant behaviour procedure. E. Complaints about us – a customer facing short version of the complaints procedure for the website.</p>
<p>TIME REQUIRED</p>	<p>10 minutes.</p>
<p>REPORT ORIGINATOR AND CONTACT</p>	<p>Gerry Barry, Information Governance and Compliance Manager gbarry@bucksfire.gov.uk 01296 744442 or 07920 710637</p>

Appendix A

Compliments & Complaints Received

2012/13 – 2014/15

1. Purpose

The purpose of this report is to understand the type of feedback received, most, from the residents of Buckinghamshire and Milton Keynes.

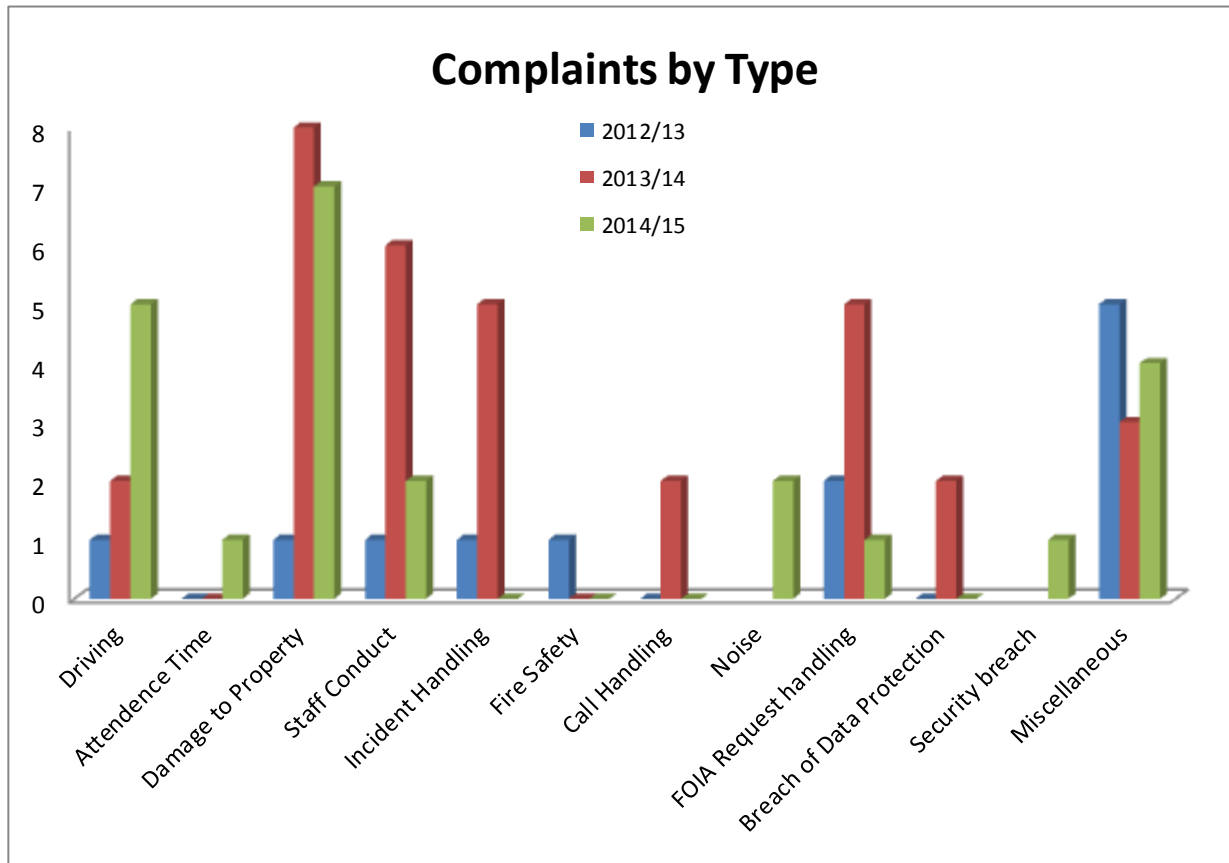
This report includes three years of complaints data for the period 2012/13 - 2014/15

2. 2014/ 2015 Compliments

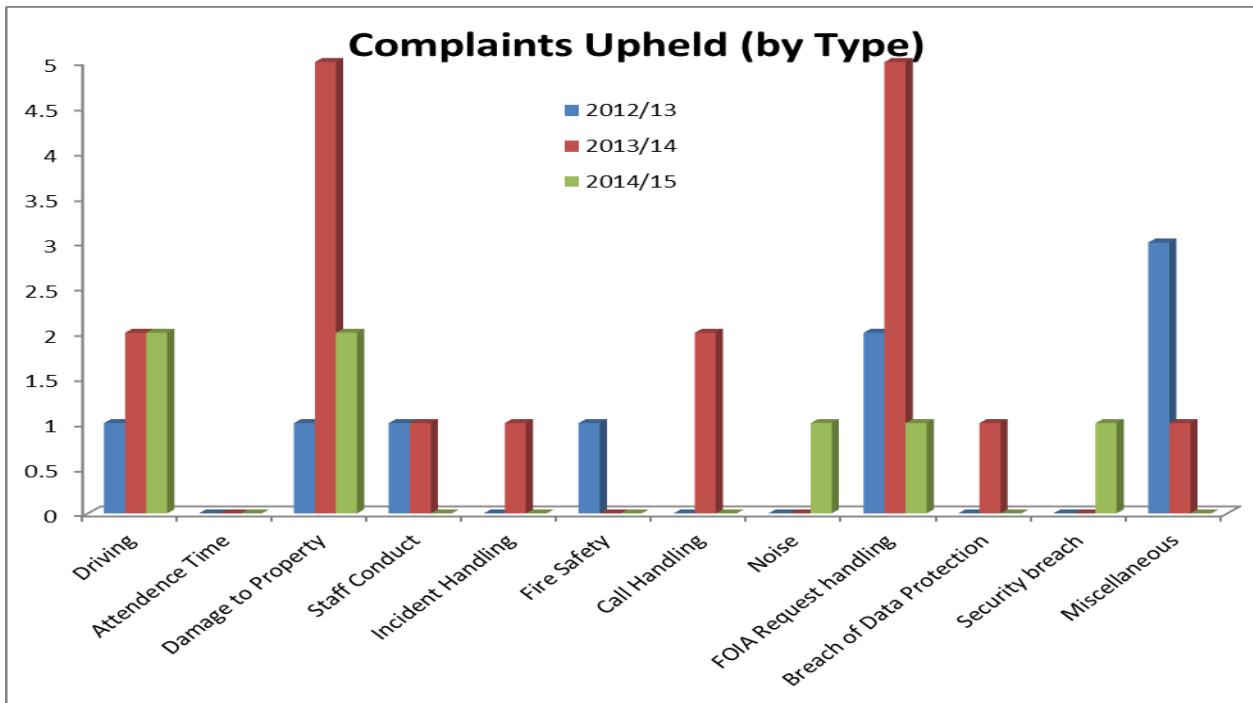
Fifty-four letters of thanks were received from members of the public who were pleased with services they received or witnessed these include how fires in their homes were managed, delivery of home fire safety checks and advice, considerate driving near a horse, animal rescues, rescuing a child locked in a car, courteous behaviour, support at community events and for the "inconsiderate parking" initiative whereby posters were displayed in a local resident's street where he was very concerned that emergency services would be unable to get to a house that was on fire. There will have been many more verbal compliments paid directly to Authority staff.

3. 2014/2015 Complaints

Twenty three complaints were received in 2014/15 compared to thirty-three in 2013/14. There were no complaints about fire safety, incident or call handling or about breaches of data protection. Call handling complaints will continue to be reported on even though the Thames Valley Control Room is now operational.



- 3.1 Although we received five complaints about **driving** only two of these were upheld and the drivers have since received refresher training.
- 3.2 The complaint about **attendance** time was not upheld as it related to a fire alarm in a swimming pool that did not result in an emergency call.
- 3.3 Two of the complaints about **damage to property** were upheld compared to five in the previous year. Recent training, for investigators, from the Local Government Ombudsman emphasised the importance of rigorous investigations into property damage to ensure that public money is protected.
- 3.4 Of the two complaints about **staff conduct** one was withdrawn and the other was not upheld as it was based on a lack of understanding of Fire and Rescue Service powers under the Fire and Rescue Service Act 2004.
- 3.5 We received a complaint about the **noise** of car horns being sounded before 07:30am during a period of industrial action and have included this with the complaints that were upheld.
- 3.6 Only seven of the twenty-three complaints were upheld compared to eighteen in 2013/14 when thirty-three complaints were received and nine of the twelve in 2012/13.



4. Cost of Corrective Action

As stated in previous reports, the cost to the Authority in investigating a complaint can be significantly more than the cost of the corrective action. Improvements in the complaints management processes may assist in reducing the time needed to investigate a complaint but the Authority's aim is to reduce the number of complaints received by process improvements and deterring people from making complaints for compensation where there is no evidence of the Authority being financially liable. This approach is best practice as advised by the Local Government Ombudsman.

5. Was the Complainant Satisfied?

We continue to try to gather feedback from complainants to determine if they are satisfied with how their complaint was handled. In 2013/14 sixteen of the thirty-three complainants advised they were satisfied with the handling of their complaints (even though in six instances the complaint was not upheld) of the other seventeen only one advised they were unsatisfied with the handling of their and that they would be taking this to the Information Commissioner. However no complaints had to be resolved by the Ombudsman or the Information Commissioner.

5. Process Development

The Compliments, Concerns & Complaints policy and procedures have been revised and amended to include best practice advice from the Local Government Ombudsman. These are included as appendices C, D and E.

6. After the incident - Customer satisfaction report 2014/15 (June 2015)

After the incident questionnaires are sent following incidents at domestic and non – domestic premises (except where serious injury/ fatality or significant damage/arson has occurred). The questionnaires are returned to Opinion Research Services (ORS) who analyse the returns and publish the results on an annual basis.

Not all fire and rescue services use ORS and currently there are 21 fire and rescue services using the service which provides a good comparison of publicly perceived performance.

Fire and rescue services are measured against 24 indicators in three groups (see table 1 for indicators).

Performance Management

The Authority continues to remain within the upper quartile nationally for after the incident reporting in relation to domestic properties. The last five years has seen a continual improvement overall in the public perception of the Authority's performance resulting in the Authority being ranked within the top five for the past four years nationally.

Of significance is that over the past five years the Authority has consistently outperformed the national average of offering post incident home fire safety checks (see chart 1).

Over the past five years the numbers of returns being submitted to ORS in relation to non-domestic after the incident questionnaires has fallen significantly with the effect that the Authority has not been ranked for the last three years.

Although overall 96% of those businesses that have had need of the services of the Authority are very satisfied with the service they have received, there are some areas where the performance is not so good and the Authority falls behind the national average. One of the areas where our performance is deemed poor is in the supply of a post incident booklet (see chart 2).

Historically ATI Questionnaires have only been sent to domestic accidental dwelling fires and non-domestic building fires. However, the scope of the survey allows a wider range of incident types to be included and with immediate effect questionnaires will be issued to the full range of incident types included within the survey in an effort to improve response levels.

Chart 1

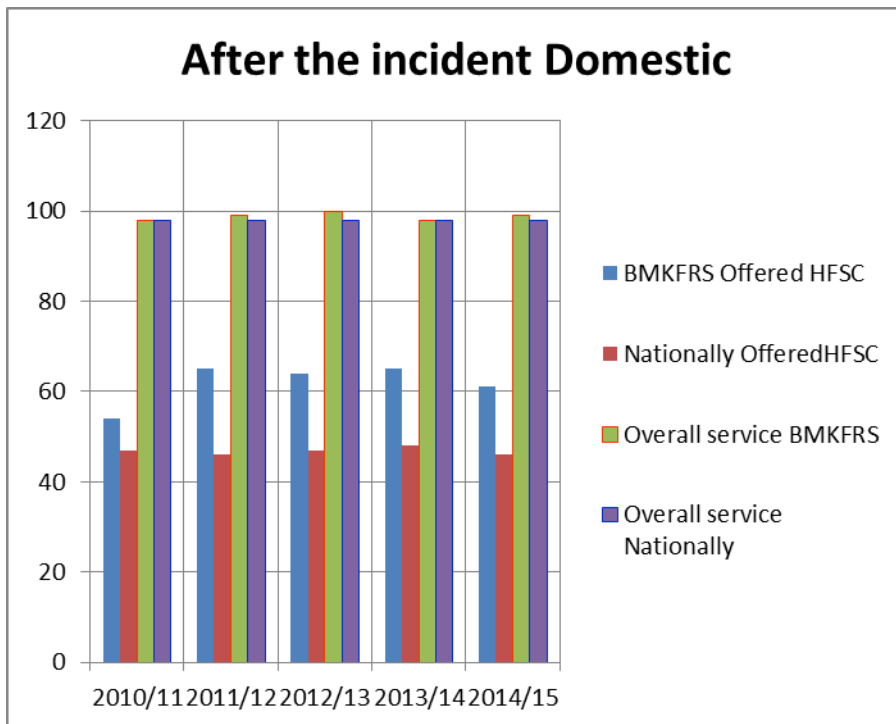


Chart 2

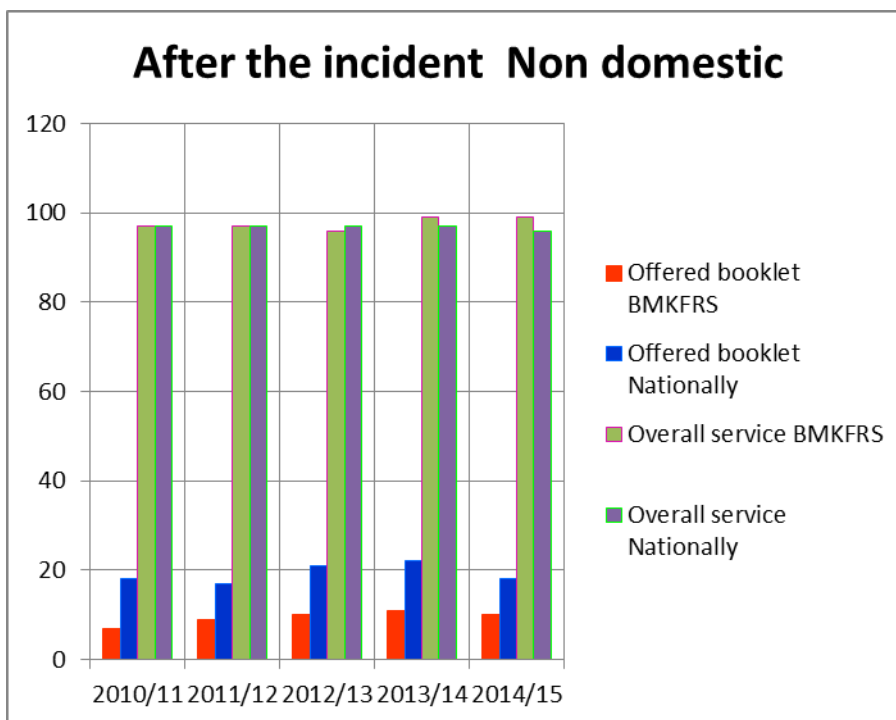


Table 1

Figure in **green** show significantly above average scores

Figures in **red** show significantly below average scores

Domestic	2010/11		2011/12		2012/13		2013/14		2014/15	
	BFRS	Nationally	BFRS	Nationally	BFRS	Nationally	BFRS	Nationally	BFRS	Nationally
	Initial contact polite	95	97	97	97	98	97	97	97	99
initial contact helpful	94	96	96	97	97	97	96	96	99	97
Initial contact efficient	95	96	97	97	98	97	97	97	99	97
Initial contact reassuring	91	93	92	94	95	94	93	94	95	94
Initial contact informative	90	92	92	94	95	94	92	93	95	94
Initial contact satisfactory	96	96	97	97	98	97	97	97	98	97
Speed of response	65	72	70	73	70	74	68	73	71	72
Informed during incident	99	96	97	96	96	96	96	97	99	96
FF polite	98	98	98	98	97	98	97	98	99	98
FF helpful	98	98	99	98	98	98	98	98	99	98
FF informative	97	97	98	97	98	97	97	97	99	97
FF efficient	98	98	99	98	98	98	98	98	99	98
FF sensitive	97	95	98	96	97	96	96	96	97	96
Effect kept to a minimum	99	99	100	99	100	99	100	99	100	99
Overall satisfaction at scene	98	98	99	98	99	99	99	98	98	98
Received safety advice at scene	89	83	93	84	92	85	95	86	94	85
Advice at scene useful	99	99	93	83	92	84	92	85	94	84
Offered HFSC	54	47	65	46	64	47	65	48	61	46
Offered booklet	36	34	41	32	52	34	41	33	50	35
Booklet was easy to understand	94	95	96	95	97	95	97	95	97	95
Was booklet informative	93	94	95	94	96	95	96	94	96	95
Was booklet helpful	93	94	95	94	95	94	95	94	95	95
Was booklet relevant	91	92	95	93	94	94	94	92	95	93
Overall service	98	98	99	98	100	98	98	98	99	98
National Ranking	13/25		4/24		2/19		5/20		2/18	

Non Domestic	2010/11		2011/12		2012/13		2013/14		2014/15	
	BFRS	Nationally	BFRS	Nationally	BFRS	Nationally	BFRS	Nationally	BFRS	Nationally
	Initial contact polite	96	94	98	95	95	95	99	96	100
Initial contact helpful	97	94	99	96	94	94	99	95	100	95
Initial contact efficient	97	95	99	96	94	93	99	96	98	95
Initial contact reassuring	89	90	95	92	91	91	93	93	98	92
Initial contact informative	89	91	95	91	91	91	97	93	98	93
Initial contact satisfactory	96	96	98	97	96	96	99	97	98	97
Speed of response	59	62	57	62	61	64	67	64	65	63
Kept informed during incident	98	96	98	96	94	97	100	97	100	96
FF polite	96	95	97	95	97	96	98	96	100	97
FF helpful	96	95	97	96	98	96	98	96	100	96
FF informative	95	94	96	94	95	95	98	94	100	95
FF efficient	97	95	97	96	98	97	100	96	100	96
FF sensitive	93	90	95	92	94	92	100	92	100	92
Effect kept to a minimum	100	98	98	98	97	99	100	98	100	97
Overall satisfaction at scene	98	97	99	97	99	97	97	97	97	97
Received safety advice at scene	75	76	78	75	81	84	79	79	79	78
Advice at scene helpful	97	99	98	99	100	100	100	100	93	98
Offered booklet	7	18	9	17	10	21	11	22	10	18
Overall satisfaction	97	97	97	97	96	97	99	97	99	96
National Ranking	9		4		N/A*		N/A*		N/A*	



Appendix B

Complaints

Policy statement

Buckinghamshire and Milton Keynes Fire Authority (the Authority) is committed to working in an open and accountable way that builds the trust and respect of all our stakeholders. – The people who live, work or travel through Buckinghamshire and Milton Keynes and others who may have an interest in how we deliver our services. One of the ways in which we can continue to improve our service is by listening and responding to the views of stakeholders, and in responding positively to complaints.

Statement of principles

The Authority defines a complaint as any expression of dissatisfaction and aims to ensure that:

- making a complaint is as easy as possible;
- all complaints are handled fairly, consistently and wherever possible resolved to the complainant's satisfaction.
- we deal with complaints promptly, politely and, when appropriate, confidentially;
- we learn from complaints, use them to improve our service.

Many concerns are raised informally, and dealt with quickly. An informal approach is appropriate when it can be achieved but, if concerns cannot be satisfactorily resolved informally, then the formal complaints procedure will be followed.

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Procedure Note: **Compliments, Concerns and Complaints**

Appendix C

To:	Document Summary:
All staff	This procedure describes Buckinghamshire Fire and Rescue Service (BFRS) approach to addressing compliments concerns and complaints.
Please note that as Documents are frequently updated, if you print a document, its accuracy cannot be guaranteed, always check for latest version.	

1. Changes since to previous version

- Issue 4.0 February 2015
- Name changed from compliments, complaints, concerns and and Suggestions.
 - Reference to handling personal information and protective marking included.
 - Notifying the Information Governance and Compliance Manager when a concern or complaint is raised
 - Use of "Statements of Complaint" and "Decision Statements" added.
 - Appendix A added – decision notice based on guidance from the Local Government Ombudsman.

2. Purpose

- 2.1 This procedure has been written in accordance with best practice advice from the Local Government Ombudsman (LGO) to assist employees to identify when a complaint is being made and to deal with concerns and complaints fairly.
- 2.2 Compliments handling is also included in this document to ensure that we consider if lessons can be learned from these that can contribute to improvements to the quality of our service.

3. What is a compliment, concern or complaint?

3.1 Compliments

A compliment is regarded as when someone takes the time to thank BFRS and/or the Authority for providing good service. The Administrative Support Team are responsible for adding these to these to relevant sections on **I:DRIVE**.

3.2 Concern

A concern is anything that is not clearly intended as a complaint – for example when someone does not understand something and is seeking clarification or information (these are referred as "service requests" by the LGO. If concerns are not resolved quickly (within five days) they should be treated formally and, even if not received in writing, they must still be

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recorded and passed to the Duty Officer and copied to the Information Governance and Compliance Manager.

3.3 Complaint

A complaint is any report of a problem arising in the course of service delivery or in any connection with BFRS or its employees – an expression of dissatisfaction.

4. Scope and exclusions

Scope

4.1 This procedure deals with compliments, concerns and complaints made to BFRS. Even if a concern or a complaint is raised anonymously, BFRS will endeavor to investigate in the same way as where the person makes themselves known to us.

4.2 When a person or organisation who has requested information under Environmental Information Regulations 2004, Freedom Of Information Act 2000 or the Data Protection Act 1998 requests a review /makes a complaints about how their information request was handled this will be referred to the Director of Legal & Governance or a member of his team. Whilst the request will be dealt with, with the same level of rigour as for other complaints once the review is completed, if the complainant is still unhappy with our response, they will be referred to the Information Commissioner.

4.3 Exclusions

- Complaints from employees should be made using the Grievance Procedure.
- Complaints against a Member of the Authority¹ should be referred to the Director of Legal and Governance.
- Fire safety complaints, about the condition of premises belonging to other organisations,² should be referred to the Prevention and Protection Policy Team.

5. Receiving compliments, concerns and complaints

¹ Information about how to make a complaint about a member of the authority can be found on the BFRS website at www.bucksfire.gov.uk

² Information about how to make a complaint about fire safety matters at other organisations premises can be found on the BFRS website at www.bucksfire.gov.uk

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Procedure Note:

Compliments, Concerns and Complaints

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- 5.1 To assist service users, for example, residents of Buckinghamshire and Milton Keynes, other organisations, suppliers and contractors, a customer-facing procedure "COMPLAINTS ABOUT US How to make a complaint or raise a concern".
- 5.2 *Compliments, concerns or complaints* can be received in a number of formats, such as via an online form from our website; telephone; e-mail; fax; in writing or face-to-face. When a concern or complaint is received sufficient information needs to be collected (see form FB1.10) to enable us to pursue an investigation.
- 5.3 *Urgent complaints or concerns (e.g. a potential danger to the public)* Urgent complaints or concerns received out-of-hours, should be notified to Control who will contact the Duty Officer to take appropriate action.

6. Responding to compliments, concerns or complaints

- 6.1 *Protecting personal information*
Compliments, concerns and complaints usually contain some personal information (for example the name and contact details of the complainant), which, although not sensitive personal information, must be protectively marked and not made available to anyone who does not have a business need to access this information. BFRS will protect any personal information received and will not share it with any third parties, other than for the purpose of crime prevention or detection or the apprehension or prosecution of offenders, and will delete it when it is no longer needed. Anonymised /depersonalised information will be retained to enable data to be analysed and lessons learned.
- 6.2 Complaints should be referred to the Duty Officer and copied to the Information Governance and Compliance Manager unless:
- there is concern about individual or organisational malpractice (for example concerns about possible fraud or corruption) which must be referred to the Director of Legal and Governance and the Director of Finance and Assets
or
 - the complaint is out-of-scope for this procedure (see section 4.3)
or
 - the complaint is about how an information request has been handled which should be referred to the Director of Legal and Governance.
- 6.3 *Actions taken by the Duty Officer*
In some instances the Duty Officer will be able to resolve concerns immediately – these are often service requests where (for example) the

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explanation of a process or redirection to the appropriate organisation enables the concern to be resolved informally.

6.4 Although the Duty Officer will appoint an investigating officer to investigate a complaint he/she may have to make further enquires to establish the nature of the complaint before selecting the most appropriate person to deal with the complaint.

6.5 *Acknowledging concerns or complaints*
In most instances we do not acknowledge compliments in writing, but concerns and complaints should be acknowledged within five working days. If the Duty Officer or investigating officer has verbally acknowledged the concern or complaint, but the investigation is likely to take more than five working days to resolve, then a written acknowledgement should be made.

6.6 *Clarifying the complaint*
If not already done, the investigating officer will contact the complainant if clarification/ further information about the complaint is required and to determine how the complainant prefers to be contacted (for example visit, telephone, email, letter).

6.7 *Helping people to raise a concern or make a complaint.*
Some people require assistance in clarifying their concerns. We should always verify whether assistance is needed. Assistance may be required if, for example, English is not the person's first language; they have a disability; or just need help to understand what to do. In some instances the complainant puts their complaint in writing but there is so much additional information it is not always clear what the complaint is about. We will take appropriate action to assist in overcoming any problem. This may be (but is not limited to):

- Identifying a suitable advocate (which may be a translator, friend or other)

and /or
- Visiting the person to clarify their needs

6.8 *Verbal concerns or complaints*
If a concern or a complaint is made verbally, record the details, whilst speaking to the person, and repeat it back to ensure that the nature of the concern or complaint is fully understood.

6.9 It is not an admission of responsibility to apologise to the complainant for raising a concern or complaining. A complainant is often unhappy or angry so it may be appropriate to say you are sorry that they are

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distressed and reassure him/her that you will be investigating their concerns thoroughly.

6.10 It is also good practice to ask the complainant what they want at an early stage. This does not mean you are making a decision about the complaint before you have investigated it, or that you are promising something to the complainant that you may not then be able to deliver. You can then manage their expectations, rather than giving them bad news at the end of the process.

6.11 *Writing a 'statement of complaint'*
Once the investigating officer thinks that he/she understands what the complaint is about he/she should capture this in a statement of complaint – a letter or email to the complainant and ask the complainant to confirm if this is correct.

7. Investigating a concern or complaint

Complaints about compensation for damage (scratched cars, dirty carpets etc) will be forwarded, by the Procurement department to BFRS insurers for their consideration.

8. Escalating concerns and complaints

8.1 Once the investigating officer has completed the investigation he/she should send the complainant a decision letter - a letter or email to the complainant explaining the findings of the investigation³. – This will assist reviews of the how the complaint was handled.

8.2 *Stage 1 (Informal stage)*
The informal stage is aimed at attempting to resolve issues quickly and informally “on the spot”, or within five days.

8.3 *Stage 2 (formal stage)*
Stage 2 is used to address issues that cannot be resolved immediately, where the originator is dissatisfied following Stage 1, or where a concern or complaint can be more appropriately referred directly to Stage 2 and will be passed to a senior officer who will be responsible for ensuring that it is investigated and the results reported to the originator, normally, within 20 working days.

8.3.1 If BFRS cannot give a complete answer, or if the issue is complex, the investigating officer will contact the originator, in writing, advising how BFRS’s investigation is progressing and how long

³ See appendix A for guidance from the Local Government Ombudsman on what should be included in a decision letter.

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Compliments, Concerns and Complaints

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he/she expects it to take. For long investigations the originator should be given regular progress reports.

8.4 Stage three (final stage)

Stage 3 is to be used if the originator continues to be dissatisfied following Stage 2 or where there is any suspicion of individual or organisational malpractice. (for more information refer to Anti-fraud and Corruption and Whistle blowing procedures).

8.4.1 Where there is a suspicion of individual or organisational malpractice the Chief Fire Officer/Chief Executive, Director of Finance and Assets, or authorised delegate, will refer the matter to the authority's internal auditors for investigation.

8.4.2 All other complaints will be referred to the Chief Fire Officer/Chief Executive, or authorised delegate, who will be responsible for ensuring that the complaint is reviewed and the results reported to the originator, normally, within 20 working days.

8.5 If the originator is still not satisfied with our response

Whenever a concern or complaint is thought to be resolved, the originator should be contacted to determine that they are satisfied with the manner in which it has been addressed. If the originator remains dissatisfied they should be advised to contact the Ombudsman.

8.6 Complaints about Employees

If a complaint regarding an employee's actions or behaviour is found to be valid it will be referred to the appropriate Human Resource procedure (such as the discipline procedure). Should any individual be under investigation, he/she will be notified and offered support as required.

8.7 If at any stage of the process it is apparent that disciplinary action may be involved, all information should be sent to the appropriate line manager who will inform the Information Governance and Compliance Manager that he/she is now dealing with the matter. The line manager will inform the originator of the relevant procedures, the likely timescales and, when the investigation is concluded, advise the originator of the outcome of the investigation. A copy of the outcome letter will be sent to the Information Governance and Compliance Manager (this may be redacted to remove personal data) . All notes regarding the investigation will be retained and kept secure by the Human Resources department.

9. Roles and responsibilities

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- 9.1 **All employees** are responsible for ensuring that information about the complaint and complainant is appropriately handled, marked, classified and secured, and only shared with those responsible for dealing with the complaint, in accordance with the Authority’s “Data Protection policy and “protective marking – harm testing and classification scheme”.
- 9.2 **Any employee receiving a concern or complaint** is responsible for notifying the Duty Officer and copying the Information Governance and Compliance Manager.
- 9.3 **Duty Officers** are responsible for appointing an Investigating Officer (unless it is a request for a review of the handling of an information request) and notifying the Information Governance and Compliance Manager that an investigation has been opened.
- 9.4 **Investigating Officers** are responsible for
- investigating concerns and complaints promptly,
 - keeping the originator, and Information Governance and Compliance Manager informed of the progress of the investigation,
 - liaising with his/her line manager in agreeing any remedial work that incurs cost to the Authority,
 - escalating the complaint if the originator is not satisfied
 - and
 - applying the appropriate protective marking and safeguarding the personal information of everyone involved.
- 9.5 The **Information Governance and Compliance Manager** is responsible for liaising with Investigating Officers to ensure that the procedure is being complied with, the investigation file includes sufficient information to demonstrate the responsiveness of the investigation and the satisfaction level of the originator, to provide de-sensitised/ anonymised reports to the Senior Management Team and Member Committees, and for maintaining this procedure.

10. Records history

Issue 1.0 First issue

Issue 2.0 Rewritten to better fit with other policies and codes of practice.

Issue 2.1 amended to reference to complaints forms FB1.10 and FB1.11.

Issue 2.2 removes reference to the named Central Register Holder; the requirement to complete a stage one report; annual reporting requirements; introduces a requirement to advise the likely timescales; removes the name of the ombudsman.

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Issue 2.3 revised April 2008 amends the reporting requirements.

Issue 3.0 revised September 2009. Process extended to include compliments, concerns and suggestions and to cross references policies on complaints against Members and to the Protection Department, regarding other organisations premises. *Also directs employees to use FB 0.10 form for verbal 'Requests for Information'.*

Issue 3.1 revised June 2010. Guidance for employees conducting investigations removed. OC 56/01/01 changed to "How to *raise an issue with Buckinghamshire Fire and Rescue Services: Complaints; Compliments; Concerns and Suggestions*" and incorporated as an appendix. Forms FB1.10 amended and FB1.11 made obsolete.

Issue 4.0 This issue.

Appendix A

What should be included in a decision letter.

A decision letter at stage 1 or 2 should include:

- A reiteration of the statement of complaint
- A reiteration of the steps taken by the investigating officers.
- What you have taken into account as part of the review – for example:
 - things the complainant has said
 - information you have obtained from who and where (take care with confidentiality and data protection)
- Your decision and the reason for it.
- Any relevant policy or legislation.
- What will happen next – if any action is to be taken, how, when and by whom.
- If the complainant disagrees how they can challenge the decision (advising a reasonable time-period for notifying dissatisfaction (a month should be adequate in most instances).

If a complaint has reached stage 3 the final decision letter should include:

You have now exhausted our internal complaints procedure and no further review will be taken by Buckinghamshire and Milton Keynes Fire Authority.

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If you are not content with the outcome your complaint, you may apply directly to the Local Government Ombudsman:

- Telephone: 0300 061 0614 or 0845 602 1983.
- Email: advice@lgo.org.uk
- Fax: 024 7682 0001
- In writing: The Local Government Ombudsman, PO Box 4771, Coventry CV4 0EH.

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Procedure Note: **Unreasonably persistent complainants and unreasonable complainant behaviour**

Appendix D

To:	Document Summary:
All staff	This procedure sets out Buckinghamshire Fire & Rescue Service' (BFRS) approach to dealing with unreasonably persistent complainants and unreasonable complainant behaviour.
Please note that as Documents are frequently updated, if you print a document, its accuracy cannot be guaranteed, always check for latest version.	

1. Changes since to previous version

Issue 1.0 First issue

2. Purpose

- 2.1 The purpose of this procedure is to help Buckinghamshire Fire and Rescue Service (BFRS) deal with unreasonably persistent complaints, and unreasonable complainant behaviour, in ways that are consistent and fair. It lets staff and complainants know what we consider to be unreasonable complainant behaviour and what action may be taken.
- 2.2 A very small minority of complainants make or pursue complaints in a persistent or vexatious way which can either slow down the investigation of their complaint or can have significant resource issues for BFRS.
- 2.3 Raising legitimate queries or criticisms of the progress of a complaint, for example if agreed timescales are not met, should not in itself lead to someone being regarded as an unreasonably persistent or unreasonably behaved.
- 2.4 Similarly, the fact that a complainant is unhappy with the outcome of a complaint and seeks to challenge it once, or more than once, should not necessarily cause him or her to be labelled unreasonably persistent or unreasonably behaved.

3. Unacceptable Behaviour & Frivolous or Vexatious Requests

In dealing with unreasonably persistent behaviour, BFRS may terminate or suspend a complaint if we consider that the complainant has acted unreasonably - this relates to the behaviour of the individual. If BFRS deem a complaint to be frivolous or vexatious SMT will write to the complainant to advise that we are terminating our consideration of the complaint and the reason(s) for our decision. Frivolous or vexatious complaints relates to the nature of the complaint itself.

4. What is a frivolous or vexatious complaint?

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4.1 A frivolous or vexatious complaint can be characterised in a number of ways:

- Complaints which are obsessive, persistent, harassing, prolific, repetitious.
- Insistence upon pursuing unmeritorious complaints and/or unrealistic outcomes beyond all reason.
- Insistence upon pursuing meritorious complaints in an unreasonable manner.
- Complaints which are designed to cause disruption or annoyance.
- Demands for redress which lack any serious purpose or value.

4.2 A vexatious complainant is someone who contentiously raises a complaint, without grounds, in order to cause annoyance or disruption.

5. What is a persistent complainant?

5.1 A persistent complainant is someone who contacts BFRS and raises the same complaint or similar complaints many times. - Many times is defined as on more than three separate occasions.

5.2 Examples of persistent and vexatious behaviour are:

- Persistently approaching BFRS through different routes about the same issue.
- Persistently seeking an outcome which we have already explained is unrealistic for policy, legal or other valid reasons.
- Complaining about or challenging an issue based on a historic and/or irreversible decision or incident.
- Making an unreasonable number of contacts with BFRS, by any means, in relation to a specific complaint or complaints.
- Making persistent and unreasonable demands or expectations of BFRS staff and/or the complaint process after the unreasonableness has been explained to the complainant (for example a complainant who insists on immediate responses to numerous, frequent and/or complex letters, telephone calls or emails).
- Refusing to specify the grounds of a complaint despite offers of assistance.

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- Refusing to co-operate with the complaints investigation process while still wishing their complaint to be resolved.
- Refusing to accept that issues are not within the remit of the BFRS complaints policy and procedure despite having been provided with information about the scope of the policy and procedure.
- Insisting on the complaint being dealt with in ways which are incompatible with the complaints policy and procedure or with good practice (e.g. insisting that there must not be any written record of the complaint).
- Refusing to accept the outcome of the complaint process after its conclusion, repeatedly arguing the point, complaining about the outcome and /or denying that an adequate response has been given.
- Making the same complaint repeatedly, perhaps with minor differences, after the complaints procedure has been concluded and insisting that the minor differences makes these 'new' complaints which should be put through the full corporate complaints procedure.

6. Restricting access

- 6.1 In considering when to apply this policy it is critical that BFRS consider a complainant's circumstance, how and why they feel as they do and what it is that would resolve the matter for them. We must be sure that we have given them the right opportunity to express their views and opinions and that we have listened and given appropriate thought and effort to resolving and explaining the position and our actions.
- 6.2 If a complainant's behaviour adversely affects BFRS ability to do its work and provide services to others, such behaviour may need to be addressed by restricting contact with us.
- 6.3 The decision to restrict access to our Stations, offices and officers can only be taken by the Strategic Management Team (SMB) in consultation with the Director of Legal & Governance. Before deciding whether the policy should be applied SMT should be satisfied that:
- the complaint is being or has been investigated properly
 - any decision reached has been reviewed and is found to be appropriate
 - communications with the complainant have been adequate and

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the complainant is not now providing any significant new information that might affect our view on the complaint.

6.4 Actions that could be taken to restrict access and contact:

- Requesting contact in a particular form only (e.g. letters only)
- Placing restrictions on telephone calls to specific times and days of the week
- Requesting that the customer enters into a contact agreement for their future contact with BFRS
- Placing restrictions on the amount of time officers will spend investigating their complaints
- Where relationships have broken down, requesting that the customer uses an appropriate advocate to act and contact BFRS on their behalf
- Banning the complainant from sending emails to some or all BFRS officers and insisting they only correspond by letter or a designated email contact
- Banning the complainant from visiting any BFRS building except by appointment
- Requiring contact to take place with one named member of staff only
- Requiring any face to face contact to take place in the presence of an appropriate witness and
- Letting the complainant know that BFRS will not reply to or acknowledge any further contact from them on the specific topic of that complaint.
- In some circumstances, BFRS may decide that it is appropriate to reduce or stop responding to a particular complainant.

7. What happens if BFRS decide that a complainant's behaviour is unreasonable?

7.1 Once SMT has been advised why a complainant's behaviour is causing a concern, and giving clear documented evidence to support this, they will decide what action to take. In the first instance this may be to write to the complainant to explain what will happen if the behaviour persists. If there is a need to take action SMT will write and advise what action will be taken and a date when the action will be reviewed.

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7.2 Following the review, if there has been no persistent or unacceptable behaviour since action was taken SMT will remove whatever restrictions it had imposed and notify the complainant.

8. If the originator is still not satisfied with our response

Whenever a concern or complaint is thought to be resolved, the originator should be contacted to determine that they are satisfied with the manner in which it has been addressed. If the originator remains dissatisfied they should be advised to contact the Local Government Ombudsman:

The Local Government Ombudsman
PO Box 4771
Coventry CV4 0EH

Tel: 0300 061 0614 Monday to Friday from 8.30am to 5.00pm.

9. Roles & Responsibilities

9.1 **Any investigating officers with concerns about a complainant** should, in the first instance, discuss this with their line manager and/or the **Information Governance & Compliance Manager**.

9.2 The **Information Governance & Compliance Manager** should assist **investigating officers** to collate evidence of **unacceptable behaviour and frivolous or vexatious requests**.

9.3 **SMB**, in consultation with the **Director of Legal and Governance** are responsible for deciding what course of action to be followed when the behaviour of a complainant is unacceptable.

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Appendix E

COMPLAINTS ABOUT US

How to make a complaint or raise a concern

See also: Making a general request for information

Although we make every effort to provide the best possible service, we may sometimes make mistakes. If things do go wrong, we will say sorry, put things right as far as we can, and make every effort to learn from the experience and improve the way we deliver our services. We also aim to learn from things we do well, and to address concerns and investigate the improvement opportunities by acting on suggestions received.

Your complaints are important to us. Where something has gone wrong, they help us to put it right and improve our service.

- When considering complaints we:
- Try to be helpful and accessible.
- Try to be clear, timely and thorough.
- Try to be positive about putting matters right and learning lessons for the future.
- Recognise that sometimes you may not be satisfied with what we say.

If it is urgent

Please telephone us on: 01296 744400 so that we can address the issue as soon as possible. If your call is made outside normal office hours, and it is urgent – for instance, something that is a potential danger to the public – we will notify the Duty Officer who will take appropriate action.

During operational incidents

While we welcome face-to-face contact, when an operational incident is in progress it is not possible for an officer to become involved in a discussion which could impact on operational efficiency or compromise the health and safety of the incident ground.

Need any help?

You can contact us in a number of ways:

- Telephone: 01296 744400
- Complete our contact form **INSERT HYPERLINK**
- Email: enquiries@bucksfire.gov.uk
- Fax: 01296 744600

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- In writing: Buckinghamshire Fire & Rescue Service HQ, Stocklake, Aylesbury, Bucks, HP20 1BD
- Face-to-face: At any of our 20 fire stations or at the address above. If you require assistance please let us know when you contact us and we will try to help you – for example if English is not your first language, or you have a disability, or you need help understanding what to do.

What happens when I complain or raise a concern?

We try to address all complaints as quickly as possible and, unless we have been able to resolve your concern immediately the investigating officer will contact you to discuss it with you and to ask you how you would prefer to be contacted. We normally expect to respond to complaints within 20 working days of receiving them. If we cannot do so, we will let you know and explain why.

Before we come to any decision on our investigations, we provide our draft decisions for your comment. We will not treat disagreement with those views as a complaint about a decision, as no decision has been made. The investigating officer will take account of what you say in coming to their decision.

I'm not satisfied. What should I do now?

If you disagree with the decision and explain why, you should ask the investigating officer to arrange for a review to take place.

A senior member of staff who has not been involved with the investigation will review whether the decision was reasonable. The review is neutral. It will consider your comments and those of staff involved. It will not be a reinvestigation, although it can result in a reinvestigation which we aim to complete within 20 working days.

If we do agree with all or part of your complaint, we will apologise and may take other steps we consider appropriate to provide a remedy for our failure.

If we do not agree with your views, we will explain the reasons why. We hope this will help you to understand matters better, even if some of your concerns still remain.

I would like to take my complaint further

After you have received our decision on your complaint there is no further review of the same matter. Unless you raise new issues that we consider significant, we will not be able to discuss matters or respond to you further. However, you can contact the Local Government Ombudsman:

- Telephone: 0300 061 0614 or 0845 602 1983.
- Email: advice@lgo.org.uk

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- Fax: 024 7682 0001
- In writing: The Local Government Ombudsman, PO Box 4771, Coventry, CV4 0EH.

Request for a review /complaints made under the Freedom Of Information Act, Data Protection Act or Environmental Information Regulations

A request for a review /complaint of how your information request was handled will be referred to the Director of Legal & Governance or a member of his team. Once the review is completed if you are still unhappy with our response, you can contact the Information Commissioner:

- Telephone: 08456 30 60 60 or 01625 54 57 45
- Email: **data@dataprotection.gov.uk**
- Fax: 01625 524510
- In writing: Information Commissioner, Wycliffe House, Water Lane, Wilmslow, Cheshire, SK9 5AF.
- Website: **www.ico.gov.uk/Global/contact_us.aspx**

The Information Commissioner will deal with complaints where you have been refused access to information or are unhappy with the way in which their request was dealt with. Complaints about Buckinghamshire & Milton Keynes Fire Authority's publication scheme will considered at the Commissioner's discretion.

Privacy

We record and hold details of complaints on computer. We will only hold your personal information – your name, contact details and other personal information – for as long as is necessary to ensure that the complaint and any reviews are complete. We will continue to hold anonymised details of the complaint (so that you cannot be identified) and how it was dealt with, so that we can review the lessons learned from considering complaints improve the quality of our service and the experience of others who use our service.

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Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	23 September 2015
OFFICER	Maggie Gibb, Internal Audit Manager David Sutherland, Acting Director of Finance and Assets
LEAD MEMBER	Councillor David Watson
SUBJECT OF THE REPORT	Internal Audit Report: Final Audit Report
EXECUTIVE SUMMARY	<p>The purpose of this paper is to update Members of the Overview and Audit Committee on the findings of the finalised Internal Audit reports. One report, relating to Knowledge and Information Systems (KIS) has been finalised since the last meeting and is attached in full for the Committee's information</p> <p>The recommendations have all been agreed with management and suitable deadline dates for implementation have been identified. Internal Audit will monitor implementation of the recommendations as they fall due.</p>
ACTION	Information.
RECOMMENDATIONS	That Members note the recommendations raised in the finalised Internal Audit report.
RISK MANAGEMENT	There are no risk implications arising from this report.
FINANCIAL IMPLICATIONS	The audit work was contained within 2014-15 budget.
LEGAL IMPLICATIONS	There are no legal implications arising from this report.
CONSISTENCY WITH THE PRINCIPLES OF COLLABORATION	No impact arising from the audit work.
HEALTH AND SAFETY	There are no health and safety implications arising from this report.
EQUALITY AND DIVERSITY	There are no equality and diversity implications arising from this report.

USE OF RESOURCES	Communication and progress monitoring All audits, follow up reports and further updates will be submitted to this Committee.
PROVENANCE SECTION & BACKGROUND PAPERS	Internal Audit Plan 2014/15 Internal Audit reports taken to Overview and Audit Committee
APPENDICES	Annex A: ICT Strategy 2014/15.
TIME REQUIRED	5 minutes.
REPORT ORIGINATOR AND CONTACT	Maggie Gibb – Internal Audit Manager mgibb@buckscc.gov.uk 01296 387327

AUDIT AND RISK MANAGEMENT

INTERNAL AUDIT REPORT

BUCKINGHAMSHIRE & MILTON KEYNES FIRE AUTHORITY

ICT STRATEGY 2014/15

June 2015





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Audit Control:

Closing meeting:	June 2015
Draft report:	June 2015
Management responses:	June 2015
Final report:	June 2015

Auditors:	Ian Dyson – Chief Internal Auditor Paul Beasley – Principal Auditor
Report Distribution:	
Draft Report	<i>Head of Service Delivery</i> <i>Chief Operating Officer</i> <i>Acting Director of Finance and Assets</i>
Final Report as above plus:	<i>Chief Fire Officer</i> <i>Chair, Bucks and Milton Keynes Fire Authority</i> <i>External Audit</i>

1. Executive Summary

1.1 Overall Audit Opinion

In our opinion **reasonable** assurance can be provided that relevant risks are effectively identified, managed and controlled.

- 1.2 The methodology used for this audit was one of reviewing key documentation regarding delivery of the KIS Strategy and discussion with key personnel on this and business as usual controls. We did not undertake any detailed testing.
- 1.3 Key to providing overall governance with regard to successful delivery of the strategy is project G1 “ICT Governance” which has seen the introduction of the Business Transformation Board through which all projects are approved and progress reported and monitored.
- 1.4 The strategy itself however, lacks clarity and is not written such that it is easily transferable into an action plan to bring about the clear outcomes. It is important that this is addressed as a matter of priority. Furthermore the Project Portfolio detailed in table 7.1 of the strategy document is also in need of updating as it contains business as usual activity, completed projects and various activities that come under the “Business and Systems Integration” umbrella. It is currently difficult to see how each specifically relates to delivery of the strategy.
- 1.5 Business as usual systems covering current KIS are sound in respect of the provision of adequate levels of assurance. With regard to security Mott MacDonald are used to undertake external penetration testing and internally a security expert is employed part-time. With regard to availability, performance and capacity Updata is used and uptime is very close to 100% other than for planned down-time. For every customer contact to the helpdesk they use Survey Monkey and the results are published.
- 1.6 Some areas for improvement were identified and are detailed in Section 3. There is one High priority recommendation.
- 1.7 Findings from the previous audit were found to have been implemented apart from the following: The SLA for Service Delivery Support has not yet been agreed. The whole position and value of internal SLAs is something that needs to be reconsidered. The SLA with Service Delivery will be revisited this year as part of an overall piece of work around ICT’s role in the services transformation programme.



Buckinghamshire and Milton Keynes Fire Authority ICT Strategy 2014/15 – Internal Audit Report

1.5 Recommendations summary:

In order to provide an assurance on the extent to which the risks identified are managed, our review focussed on the main business objectives associated with the KIS.

Progress in implementing these recommendations will be tracked and reported to the Overview & Audit Committee.

Business Objective	Risk	Recommendations		
		High	Medium	Low
The Key Information Systems Strategy enables the agreed requirement to be delivered.	Key Information Systems are not delivered.	1	1	0
<i>TOTAL</i>		1	1	0

The detailed findings are summarised in Section 3 of this report. *(All findings have been discussed with the Head of Service Delivery and the ICT Development & Support Manager who have agreed all the recommendations and produced an action plan to implement them.)*

1.6 There were no aspects of this audit which were considered to have value for money implications for the Authority or which indicated instances of over control. Any relevant findings will have been included in the findings and recommendations section of this report.



2. Background

- 2.1 The audit review of the ICT Strategy formed part of the agreed audit programme for 2014/15. The review was carried out during February, March and April 2015.
- 2.2 ICT Strategy was categorised as high risk as part of the audit needs assessment exercise based on its relative importance to the achievement of the Authority's corporate objectives.
- 2.3 In June 2012 Cronin Management Consultancy carried out a strategic review of Property, Fleet and ICT. Following this the Business Transformation Programme for ICT was launched and endorsed in August 2012. An interim ICT Strategy was put in place to deliver phase one of transformation during October 2012 – March 2013, with a view to updating the strategy by March 2013 and thereafter annually. In March 2014 Internal Audit undertook a review of the ICT Strategy. The Strategy was renamed the Knowledge & Information Services (KIS) Strategy in August 2014 and approved by the Executive Committee in September 2014. The Strategy sets out how it will deliver high-performing, customer focused, efficient and effective Knowledge and Information Systems and also real cashable savings
- 2.4 A summary of the scope of this review can be seen in Appendix A.



3. Recommendations and Action Plan

The control description column details the actual controls that should be established to mitigate identified risk. The Findings & Consequences column details the results of analysis and tests carried out.

The priority of the findings and recommendations are as follows:

- High** immediate action is required to ensure that the objectives for the area under review are met.
- Medium** action is required within six months to avoid exposure to significant risks in achieving the objectives for the area under review.
- Low** action advised within 9 months to enhance control or improve operational efficiency.

	Control description	Issues & Consequences	Priority H/M/L	Management Action Plan	Task owner and target date for implementation
	Key Area	Risk Management Strategy/Framework			
1		The current KIS Strategy, April 2014 – March 2018, is in our opinion not written in plain English and lacks clarity. On discussion with the Head of Service Development (HoSD) and the ICT Development & Support Manager we established that they hold a fairly similar view and they feel there is a need for work to be undertaken to turn the strategy into an action plan. (Some of the projects listed in the portfolio at Table 7 in the strategy document have	High	KIS Strategy to be reviewed and revised as appropriate, to provide a more concise view of the way forward and method of achieving this, and then presented to the Fire Authority for approval.	<i>Who to be actioned by:</i> Head of Service Delivery <i>When to be actioned by:</i> 31 October 2015



**Buckinghamshire and Milton Keynes Fire Authority
ICT Strategy 2014/15 – Internal Audit Report**

	Control description	Issues & Consequences	Priority H/M/L	Management Action Plan	Task owner and target date for implementation
		<p>however been completed).</p> <p>In order to effectively progress implementation of the strategy a business case for the restructure of KIS, written by the HoSD, was recently presented to the Senior Management Board (SMB). This proposed structure is a better fit with the action plan they intend to draw from the strategy. Alongside this the business case for the Business and Systems Integration (BSI) is also shortly to go to the SMB after which it will be presented to the Fire Authority in the summer. This is a major piece of work which, if approved, will last for two and a half years.</p> <p>In order to ensure that future key information systems deliver what the CFA require and the way forward has been appropriately approved there is a need to refocus the strategy document and following this revision endorsement obtained from the</p>			



**Buckinghamshire and Milton Keynes Fire Authority
ICT Strategy 2014/15 – Internal Audit Report**

	Control description	Issues & Consequences	Priority H/M/L	Management Action Plan	Task owner and target date for implementation
		Fire Authority.			
2		<p>Section 7 of the Strategy document “identifies a project portfolio to address information management and KIS requirements”. They are cross referenced to the “Strategic Business Requirements” and “Outcomes” within the document.</p> <p>Within this portfolio of 32 there is a key piece of work, “Project G1 ICT Governance” which was designed to provide overall control of delivery of the KIS strategy by establishing robust mechanisms to ensure all aspects of KIS management and development are handled in a robust, coherent and systematic manner”. To that end a Business Transformation Board has been established.</p> <p>Listed against each project is the original time frame. These go back to 2012 and have not been</p>	Medium	Project portfolio updated removing business as usual activity, and projects that have been completed and reference made to Business and Systems Integration where projects are part of this activity.	<p>Who to be actioned by:</p> <p>Head of Service Delivery</p> <p>When to be actioned by:</p> <p>31 October 2015</p>



**Buckinghamshire and Milton Keynes Fire Authority
ICT Strategy 2014/15 – Internal Audit Report**

	Control description	Issues & Consequences	Priority H/M/L	Management Action Plan	Task owner and target date for implementation
		<p>updated to reflect the current position. We reviewed the list and ascertained the current position on each in discussion with the ICT Development and Support Manager. The portfolio contains business as usual activity, such as “documentation of ICT environment” and “optimising of sourcing channels” which are not projects. Some of the projects listed have been completed and others come under the umbrella of the BSI piece of work but this is not made clear. We therefore concluded that the content of the portfolio needs to be reviewed and updated in order to provide a clear picture of current and completed project activity and how it specifically relates to delivery of the strategy.</p>			

Appendix A

AUDIT SCOPE AND FRAMEWORK

4. Specific Audit Scope

4.1 The objective of the review was twofold. Firstly, to evaluate the governance arrangements for successfully implementing the strategy and to provide an opinion on the level of assurance that can be taken from these arrangements. This included follow up of the action plan resulting from the 2014 audit. Secondly, to provide an opinion on the level of assurance that can be taken from the high level controls currently in place to ensure that each of the IT service areas is operating effectively.

4.2 We considered the following areas and the associated potential risks:

KIS Strategy

- Governance structure to deliver the strategy
- Risk Management process
- Control of individual projects
- Outcomes
- Reporting

Business as Usual

- Systems and reporting that provide assurance that business as usual services are operating effectively.

5. Staff Interviewed

- Julian Parsons, Head of Service Delivery
- Dave Thexton, ICT Development & Support Manager

6. Audit Methodology and Opinions

- a. The audit was undertaken using a risk-based methodology in a manner compliant with the CIPFA Code of Practice. The audit approach was developed with reference to the Internal Audit Manual and by an assessment of risks and management controls operating within each area of the scope. Where we consider that a risk is not being adequately managed, we have made recommendations that, when implemented, should help to ensure that the system objective is achieved in future and risks are reduced to an acceptable level.
- b. The matters raised in this report are only those, which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the risks that exist or all improvements that might be made.
- c. Each audit will result in an overall ‘audit assurance’. A detailed summary will be provided to the Overview and Audit Committee for all ‘limited’ assurance opinion reports. The range of audit opinions is outlined below:

ASSURANCE	SUBSTANTIAL	REASONABLE	LIMITED
Adequacy of risk management techniques employed within the area.	Thorough processes have been used to identify risks. Action being taken will result in risks being mitigated to acceptable levels. No more monitoring is necessary than is currently undertaken.	The action being taken will result key risks being mitigated to acceptable levels. Some additional monitoring is required.	No action is being taken, OR insufficient action is being taken to mitigate risks. Major improvements are required to the monitoring of risks and controls.
Adequacy of the existing control framework to reduce identified risks to an acceptable level.	Controls are in place to give assurance that the system’s risks will be mitigated.	Most controls are in place to give assurance that the system’s key risks will be managed but there are some weaknesses.	The control framework does not mitigate risk effectively. Key risks are not identified or addressed.
Adequacy of compliance with the existing control framework.	The control framework is generally complied with. Emerging risks are identified and addressed in a timely manner.	Compliance with the control framework mitigates risk to acceptable levels, except for the risks noted.	Compliance is poor so risks are not being mitigated to acceptable levels and it is probable that some objectives will not be, OR are not being achieved.

- d. The responsibility for a sound system of internal control rests with management. Internal audit procedures are designed to focus on areas identified by management as being of greatest risk and significance. Effective implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

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Buckinghamshire & Milton Keynes Fire Authority



MEETING	Overview and Audit Committee
DATE OF MEETING	23 September 2015
OFFICER	David Sutherland, Acting Director of Finance and Assets Maggie Gibb, Internal Audit Manager
LEAD MEMBER	Councillor David Watson
SUBJECT OF THE REPORT	Internal Audit Report: Update of progress of the Annual Audit Plan
EXECUTIVE SUMMARY	<p>The purpose of this paper is to update the Overview and Audit Committee on the progress of the annual Internal Audit Plan since the last meeting.</p> <p>Work is progressing according to the 2015/16 plan, and following discussion with the Acting Director of Finance and Assets the first three audits are at a planning stage.</p> <p>Timings for the remaining audits will be discussed and agreed with the Overview and Audit Committee.</p>
ACTION	Information.
RECOMMENDATIONS	That the Overview and Audit Committee note the progress on the Annual Internal Audit Plan.
RISK MANAGEMENT	There are no risk implications arising from this report.
FINANCIAL IMPLICATIONS	The audit work is contained within the 2015-16 budget.
LEGAL IMPLICATIONS	There are no legal implications arising from this report.
CONSISTENCY WITH THE PRINCIPLES OF COLLABORATION	The Authority has committed to a default position of collaboration with Thames Valley FRAs unless a clear business case favours an alternative collaborative option.
HEALTH AND SAFETY	There are no health and safety implications arising from this report.
EQUALITY AND DIVERSITY	There are no equality and diversity implications arising from this report.
USE OF RESOURCES	Communication and progress monitoring.

	All audits, follow up reports and further updates will be submitted to SMB and Overview and Audit Committee.
PROVENANCE SECTION & BACKGROUND PAPERS	Internal Audit Plan 2015/16 Internal Audit reports taken to Overview and Audit Committee
APPENDICES	Annex A: Progress against the 2015/16 annual Audit Plan, including timings of the planned work.
TIME REQUIRED	10 minutes.
REPORT ORIGINATOR AND CONTACT	Maggie Gibb – Internal Audit Manager mgibb@buckscc.gov.uk 01296 387327

Annex A**Progress against 2015/16 Internal Audit Plan with a schedule of proposed work still to be undertaken**

Auditable Area	Key Audit Objectives	Day Budget (Timing)	Status	O&A Report Date
Core Financial Controls	To fulfil our statutory responsibilities, we will undertake work to provide assurance over key controls within the financial governance framework. Key systems that will be tested include: <ul style="list-style-type: none"> o Budget Setting/Monitoring o Procure to Pay o Payroll & Pensions o Debtors o Capital o Financial Regulations o General Ledger o Reconciliations o Treasury Management o Asset Management This review will include a follow up of the 2014/15 audit report.	30 days (Q4)		Mar/June 2016
Pension Administration	This audit will focus on the systems of control in place for the administration of Firefighters Pensions, including roles and responsibilities, compliance with legislation and accuracy of accounting.	7 days (Q2)	Planning (initial meeting 27/8/15)	March 2016
Control Centre	Scope to be agreed post cut over (possibly joint with OCC)	8 days (Q1)	Planning	December 2015
Asset Management	The audit will provide assurance on the governance framework and functionality of the Asset Management System including system security, asset recording and reporting.	7 days (Q2)	Planning (initial meeting 27/8/15)	December 2015
TBC	Possible areas: Project Management Contract Management Financial Planning To be discussed and agreed with Acting Director of Finance and Assets in conjunction with Overview and Audit Committee.	13 days (Q3)		March 2016
HR People Management	This audit will focus on the systems of control in place within the HR service over allocation of workloads and managing staff. This will include a review of the VIVA system.	5 days (Q1)	Planning (initial meeting 27/8/15) (delayed to Q2)	March 2016

Internal Audit Report: Update of progress of the Annual Audit Plan

Contingency	A contingency has been included within the audit plan to provide flexibility and in recognition of an expected but as yet unspecified need. If the days remain as at the beginning of Q4 then they will be used to review some key Governance areas such as Project Management and Contract Management, with the agreement of the Acting Director of Finance and Assets.	10 days		
Follow Up				
Follow Up general	-To ensure all 2013/14 and 2014/15 medium and high recommendations of significant nature are implemented, in addition to recommendations still outstanding from previous years.	10 days	Ongoing	December 2015
Audit Management				
Corporate Work	A proportion of the total audit resource is made available for 'corporate work'. Corporate work is non-audit specific activity which still 'adds value' or fulfils our statutory duties. Examples of this type of work include attendance and reporting to Management and Committee, and audit strategy and planning work. This also includes developing the Audit Plan, writing the Annual Report and undertaking the annual Review of Effectiveness of Internal Audit.	10 days	N/a	N/a
Total		100 days		



Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	23 September 2015
OFFICER	David Sutherland, Acting Director of Finance & Assets
LEAD MEMBER	Councillor Andy Dransfield
SUBJECT OF THE REPORT	Audit Results Report
EXECUTIVE SUMMARY	This report summarises the findings from the 2014/15 audit. It includes messages arising from the audit of the Authority's financial statements and the results of the work on how the Authority secures value for money in its use of resources.
ACTION	Information.
RECOMMENDATIONS	Members are asked to note the content of the report.
RISK MANAGEMENT	The results of the audit give reassurance regarding entries in the accounts and value for money arrangements.
FINANCIAL IMPLICATIONS	No direct impact.
LEGAL IMPLICATIONS	The audit of the financial statements is a statutory requirement.
CONSISTENCY WITH THE PRINCIPLES OF COLLABORATION	No direct impact.
HEALTH AND SAFETY	No direct impact.
EQUALITY AND DIVERSITY	No direct impact.
USE OF RESOURCES	The Audit Results Report concludes that the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.
PROVENANCE SECTION & BACKGROUND PAPERS	None

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

Buckinghamshire and Milton Keynes Fire Authority

Overview and Audit Committee Summary

For the year ended 31 March 2015

Audit Results Report – ISA (UK and Ireland) 260

September 2015



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Section 1

Executive summary

Executive summary – key findings

Audit results and other key matters

The Audit Commission's Code of Audit Practice (the Code) requires us to report to those charged with governance – the Overview and Audit Committee – on the work we have carried out to discharge our statutory audit responsibilities together with any governance issues identified. This report summarises the findings from the 2014/15 audit which is substantially complete. It includes the messages arising from our audit of the Authority's financial statements and the results of our work to assess its arrangements to secure value for money in its use of resources.

Financial statements

- ▶ As at 7 September 2015, subject to satisfactory completion of the final matters, we expect to issue an unqualified opinion on the financial statements. Our audit results demonstrate that the Authority has prepared its financial statements adequately, as we only have a few matters to communicate.

Value for money

- ▶ We expect to conclude that the Authority has made appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.

Whole of Government Accounts

- ▶ We do not expect to report any significant matters to the National Audit Office (NAO) on the Whole of Government Accounts submission.

Audit certificate

- ▶ The audit certificate is issued to demonstrate that the full requirements of the Code have been discharged for the relevant audit year. We expect to issue the certificate at the same time as the audit opinion.

Section 2

Extent and purpose of our work

Extent and purpose of our work

The Authority's responsibilities

- ▶ The Authority is responsible for preparing and publishing its Statement of Accounts, accompanied by the Annual Governance Statement (AGS). In the AGS, the Authority reports publicly on the extent to which it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in the year, and any planned changes in the coming period.
- ▶ The Authority is also responsible for having proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Purpose of our work

- ▶ Our audit was designed to:
 - ▶ express an opinion on the 2014/15 financial statements and the consistency of other information published with them;
 - ▶ report on an exception basis on the Annual Governance Statement;
 - ▶ consider and report any matters that prevent us being satisfied that the Authority had proper arrangements for securing economy, efficiency and effectiveness in its use of resources (the Value for Money conclusion); and
 - ▶ discharge the powers and duties set out in the Audit Commission Act 1998 and the Code of Audit Practice.

This report also contains our findings related to the areas of audit emphasis and any views on significant deficiencies in internal control or the Authority's accounting policies and key judgments.

As the Authority is considered a component of the Whole of Government Accounts (for the whole public sector) and we are the component auditor, we also follow the NAO group instructions and report the results on completion of the WGA work through the Assurance Statement to both the NAO and to the Authority.

This report is intended solely for the information and use of the Authority. It is not intended to be and should not be used by anyone other than the specified party.

Section 3

Addressing audit risks

Addressing audit risks – significant audit risks

We identified the following audit risk during the planning phase of our audit, and reported this in our Audit Plan. We set out here how we have gained audit assurance over this issue.

In the context of auditing the financial statements, we define a significant audit risk as an inherent risk which is both more likely to happen and has a more serious effect if it does happen, and which requires special audit consideration. For significant risks, we obtain an understanding of the entity’s relevant controls and assess their design and implementation.

Audit risk identified within our audit plan	Audit procedures performed	Assurance gained and issues arising
<p>Significant audit risk (including fraud risks)</p> <p>Risk of Management Override As identified in ISA (UK & Ireland) 240, management is in a unique position to perpetrate fraud because of their ability to directly or indirectly manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p>	<p>Our approach focused on:</p> <ul style="list-style-type: none"> • Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements; • Reviewing accounting estimates for evidence of management bias; and • Evaluating the business rationale for any significant unusual transactions. 	<p>Our testing gave us no concerns as to management override through inappropriate or biased management decisions.</p>

Addressing audit risks – other audit risks

We identified the following other audit risk during the planning phase of our audit, and reported this in our Audit Plan. We set out here how we have gained audit assurance over this issue.

Audit risk identified within our Audit Plan	Audit procedures performed	Assurance gained and issues arising
<p>Other audit risk</p> <p>New Section 112 Officer During the 2014/15 year the Section 112 Officer for the Authority has been replaced. Due to the importance of this role there is a risk that the new Section 112 Officer is not appropriately experienced or qualified to perform their role.</p>	<p>Our approach focused on:</p> <ul style="list-style-type: none"> • Undertaking inquiries with the new Section 112 Officer and management to gain assurances over their qualifications and experience. 	<p>Our inquiries and testing with the Section 112 Officer and management gave us no concerns as to the qualifications and experience of the Section 112 Officer.</p>

Section 4

Financial statements audit – issues and findings

Financial statements audit – issues and misstatements arising from the audit

Progress of our audit

- ▶ We need to complete the following areas of our work programme. We will provide an update of progress at the Overview and Audit Committee meeting:
 - ▶ Resolution of accounting for GAD vs Milne*;
 - ▶ Receipt of a signed Letter of Representation which will be agreed at the meeting; and
 - ▶ Whole of Government Accounts (WGA) review.
- ▶ Subject to these being resolved satisfactorily, we propose to issue an unqualified audit report on the financial statements.

* GAD vs Milne is a national issue which is affecting all Fire and Police Authorities. This will not impact on the bottom line of the accounts and we are working with management to determine the final accounting treatment. We expect to have agreed this in time for the Overview and Audit Committee on the 23rd September and we will provide a full explanation of the issue and process then.

Uncorrected misstatements

- ▶ We have not identified any misstatements in the draft financial statements which management has chosen not to adjust.

Corrected misstatements

- ▶ Our audit also identified a number of misstatements which our team has highlighted to management for amendment. These have been corrected during the audit and Appendix A shows the details.

Other matters

- ▶ As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must communicate to the Committee significant findings from the audit and other matters significant to the oversight of the Authority's financial reporting process. These include the following:
 - ▶ qualitative aspects of accounting practices; estimates and disclosures;
 - ▶ matters specifically required by other auditing standards to be communicated to those charged with governance, e.g. issues around fraud, compliance with laws and regulations, external confirmations, and related party transactions;
 - ▶ any significant difficulties during the audit; and
 - ▶ any other audit matters of governance interest.

We have no matters we wish to report.

Financial statements audit – application of materiality

Our application of materiality

When establishing our overall audit strategy, we set the level of uncorrected misstatements we considered to be material for the financial statements as a whole.

Item	
<p>Planning Materiality and Tolerable error</p>	<p>For the Authority’s financial statements, we set planning materiality at £0.629 million (2014: £0.671 million), which is 2% of gross expenditure in the accounts of £31.433 million.</p> <p>For the Firefighter’s pension fund, we set planning materiality at £0.071 million (2014: £0.143 million), which is 1% of benefits payable in the accounts of £7.086 million.</p> <p>We also set a tolerable error (TE) for the audit. This is how we apply planning materiality at the more detailed level of an individual account or balance. Its purpose is to make reasonably sure that the total of all uncorrected and undetected misstatements is unlikely to exceed planning materiality. The level of TE drives how much detailed audit testing we need to support our opinion.</p> <p>For both the Authority’s financial statements and the Firefighter’s pension fund we have set TE at the lower level of the available range because of the adjustments required in 2013/14 for injury benefits.</p>
<p>Reporting Threshold</p>	<p>We agreed with the Overview and Audit Committee that we would report to them all audit differences in excess of £0.032 million (2014: £0.034 million) for the Authority’s financial statements and for the pension fund £0.004 million (2014: £0.007 million)</p>

We also identified areas where we used a lower level of materiality level, as it might influence the reader. For these areas we developed a specific audit strategy. These include:

- Remuneration disclosures including any severance payments, exit packages and termination benefits: Strategy applied: Tested all disclosures to payroll information and supporting documentation
- Related party transactions. Strategy applied: Tested all disclosures and the register of members interests

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above; we also take into account any other relevant qualitative considerations.

Financial statements audit – internal control, written representations and whole of government accounts

Internal control

- ▶ It is the Authority's responsibility to develop and implement systems of internal financial control and to have proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as the Authority's auditor is to consider whether the Authority has adequate arrangements to satisfy itself that this is indeed the case.
- ▶ We have tested the controls of the Authority only to the extent needed to complete our audit. We are not expressing an opinion on the overall effectiveness of internal control.
- ▶ We have reviewed the Annual Governance Statement and can confirm that:
 - ▶ it complies with the requirements of CIPFA/SOLACE Delivering Good Governance in Local Government Framework, and
 - ▶ it is consistent with other information we know from our audit of the financial statements.

We have not identified any significant deficiencies in the design or operation of an internal control, and which the Authority does not know about, that might result in a material misstatement in the financial statements.

Request for written representations

We have requested a management representation letter to gain management's confirmation on a number of matters.

We have not requested any specific representations for this year in addition to the standard representations required.

Whole of Government Accounts (WGA)

- ▶ As well as our work on the financial statements, we also review and report to the National Audit Office on the Authority's Whole of Government Accounts return. The extent of our review and the nature of our report are specified by the National Audit Office.
- ▶ We are currently concluding our work in this area and will report any matters arising to the Overview and Audit Committee.

Section 5

Arrangements to secure economy, efficiency and effectiveness

Arrangements to secure economy, efficiency and effectiveness

The Code of Audit Practice (2010) sets out our responsibility to satisfy ourselves that Buckinghamshire and Milton Keynes Fire Authority has proper arrangements to secure economy, efficiency and effectiveness in its use of resources. In examining the Authority's corporate performance management and financial management arrangements, we consider the following criteria and focus specified by the Audit Commission.

Criterion 1 – arrangements for securing financial resilience

- ▶ 'Whether the Authority has robust systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future'
- ▶ We did not identify any significant risks under this criterion.
- ▶ We have no issues to report under this criterion.

Criterion 2 – arrangements for securing economy, efficiency and effectiveness

- ▶ 'Whether the Authority is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity'
- ▶ We did not identify any significant risks under this criterion.
- ▶ We have no issues to report under this criterion.

Our work did not identify any other matters on aspects of the Authority's corporate performance and financial management framework which are not covered by the scope of these criteria

Section 6

Independence and audit fees

Independence and audit fees

Independence

- ▶ We confirm there are no changes in our assessment of independence since the confirmation in our Audit Plan dated 6 May 2015.
- ▶ We complied with the Auditing Practices Board's Ethical Standards for Auditors and the requirements of the Audit Commission's Code and Standing Guidance. In our professional judgement the firm is independent, and the objectivity of the audit engagement partner and staff has not been compromised within the meaning of regulatory and professional requirements.
- ▶ We confirm that we are not aware of any relationships that may affect the independence and objectivity of the firm and that we are required by auditing and ethical standards to report to the Authority.
- ▶ We consider that our independence in this context is a matter that should be reviewed by both the Authority and us. It is therefore important to consider the facts of which the Authority is aware and come to a view. If the Committee wish to discuss any matters concerning our independence, we will be pleased to do so at the meeting on 23 September 2015.

Reporting to Those Charged With Governance (TCWG)

- ▶ We confirm that we have met the reporting requirements to the Overview and Audit Committee, as 'those charged with governance' under International Standards on Auditing (UK and Ireland) 260 – Communication with those charged with governance. Our plan to meet these requirements were set out in our Audit Plan of 6 May 2015.

Audit fees

- ▶ The table below sets out the original scale fee and our final proposed audit fees.

	Proposed final fee 2014/2015	Scale fee 2014/2015	Variation comments
	£	£	
Audit Fee: Code work	41,839	41839	N/a
Non-audit work	0	0	N/a

- ▶ Our actual fee is provisionally in line with the agreed fee, subject to the satisfactory clearance of the outstanding audit work.
- ▶ We confirm that we have not undertaken any non-audit work outside the Audit Commission's Audit Code requirements.

Section 7

Appendices

Appendix A – Financial Statements - corrected audit misstatements

- ▶ The following corrected misstatements greater than £0.032 million for the financial statements have been identified during the course of our audit and we judge that we should inform the Committee.
- ▶ Management has corrected these items in the revised financial statements.

Balance sheet and statement of comprehensive income and expenditure

Item of account	Nature	Type	Balance sheet	Comprehensive income and expenditure statement
	Description	F, P, J	Debit/(credit)	Debit/(credit)
1. Short Term Borrowing	The Authority's borrowings (all with PWLB) had been classified as Long Term when there was one payment due during 2015/16 and should have been classified as Short Term Borrowing.	F	515,000	
2. Long Term Borrowing		F	(515,000)	
3. Provision – VR/Special Payments	Testing of Provisions found that an agreed exit package should have been classified as a Short Term Creditor as there was no uncertainty of the payment being made.	F	(32,000)	
4. Short Term Creditors		F	32,000	

Key

- ▶ F – Factual misstatement
- ▶ P – Projected misstatement based on audit sample error and population extrapolation
- ▶ J – Judgemental misstatement

Appendix B – Fire Fighters Pension Fund- corrected audit misstatements

- ▶ The following corrected misstatements greater than £0.004 million for the Fire Fighters pension fund have been identified during the course of our audit and we judge that we should inform the Committee.
- ▶ Management has corrected these items in the revised financial statements.

Balance sheet and statement of comprehensive income and expenditure

Item of account	Nature	Type	Net Asset Statement	Pension Fund Account
	Description	F, P, J	Debit/(credit)	Debit/(credit)
1. Pension Payments	Testing of Firefighters' Pension Fund Lump sum payments identified a number of regular	F		42,994
1. Commutation and Lump Sum Benefits	monthly payments that should have been classified as Pension Payments.	F		(42,994)

NB – We will update this table when the outcome of the work on GAD vs Milne is known with any required adjustments.

Key

- ▶ F – Factual misstatement
- ▶ P – Projected misstatement based on audit sample error and population extrapolation
- ▶ J – Judgemental misstatement

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ED None

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Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	23 September 2015
OFFICER	David Sutherland, Acting Director of Finance & Assets
LEAD MEMBER	Councillor Andy Dransfield
SUBJECT OF THE REPORT	Adoption of the Audited Statement of Accounts
EXECUTIVE SUMMARY	The Authority must prepare, in accordance with proper practices in relation to accounts, a statement of accounts for each year. The statement of accounts must be adopted by the Committee no later than 30 September in the year immediately following the end of the year to which the statement relates.
ACTION	Decision.
RECOMMENDATIONS	That Members consider the matters raised by the Audit Commission and agree that the Statement of Accounts for the financial year ended 31 March 2015 can be signed by the Chairman of this Committee.
RISK MANAGEMENT	No direct impact.
FINANCIAL IMPLICATIONS	No direct impact.
LEGAL IMPLICATIONS	The Statement of Accounts must, following consideration, be approved by the Committee.
CONSISTENCY WITH THE PRINCIPLES OF COLLABORATION	No direct impact.
HEALTH AND SAFETY	No direct impact.
EQUALITY AND DIVERSITY	No direct impact.
USE OF RESOURCES	No direct impact.
PROVENANCE SECTION & BACKGROUND PAPERS	None.

APPENDICES	Annex A: Annual Financial Statements 2014/15
TIME REQUIRED	15 minutes.
REPORT ORIGINATOR AND CONTACT	Mark Hemming mhemming@bucksfire.gov.uk 01296 744687

Annual Financial Statements

for the year ending 31 March 2015

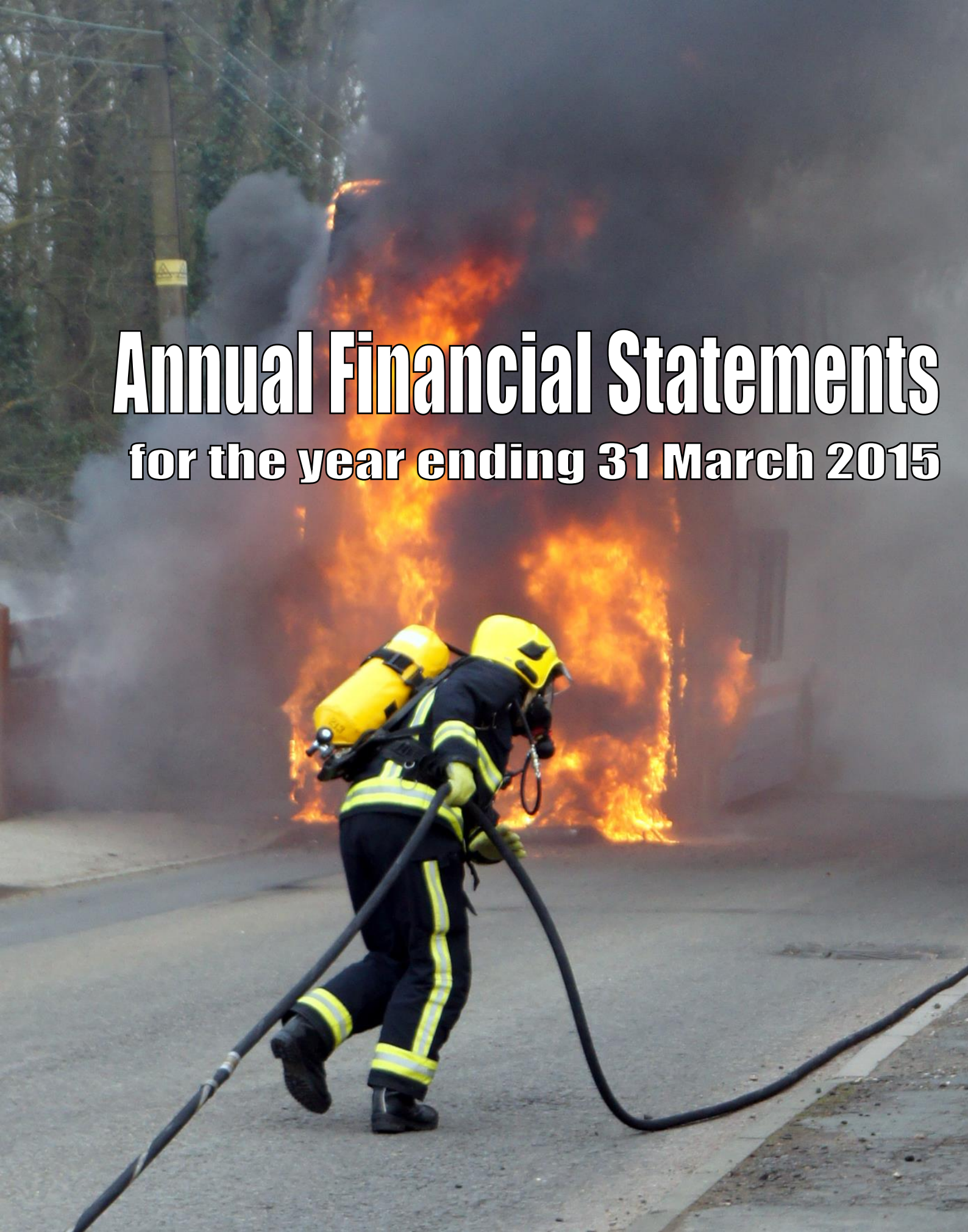


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The Annual Financial Statements contains the Statement of Accounts and additional accompanying statements.

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

The Auditor's Report and the Explanatory Foreword are outside the scope of the Statement of Accounts. These parts of the Annual Financial Statements are also outside the scope of the responsible financial officer's true and fair certification.

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Introduction

Welcome to our Annual Financial Statements

This document sets out the financial activities of Buckinghamshire & Milton Keynes Fire Authority (the Authority) for the year ended 31 March 2015. It shows the financial detail of the services we have provided together with explanatory notes, the resources consumed and the financial position at the end of the year compared with the previous year.

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

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

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

Ernst and Young LLP reported in its Annual Results Report 2014 that the Authority has robust systems and processes to manage financial risks and opportunities effectively. They also concluded that the Authority is prioritising its resources within tighter budgets, achieving cost reductions and improving efficiency and productivity.

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

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

.....
Cllr David Watson
Chairman of the Overview and Audit Committee

.....
David Sutherland CPFA
Acting Director of Finance and Assets & Chief Finance Officer, Buckinghamshire & Milton Keynes Fire Authority

Explanatory Foreword

In compiling these accounts we have followed the Chartered Institute of Public Finance and Accountancy's Code of Practice on Local Authority Accounting in the United Kingdom 2014/15: Based on International Financial Reporting Standards (the Code).

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

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

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

- Movement in Reserves Statement - this statement shows the changes in the financial resources over the year. The total usable reserves held as at 31 March 2015 was £15.886m (as at 31 March 2014 was £12.771m);
- Comprehensive Income and Expenditure Statement - this statement shows the gains and losses that contributed towards the changes in resources shown in the Movement in Reserves Statement. The deficit on the provision of services for 2014/15 was £8.810m (2013/14 was a deficit of £10.509m);
- Balance Sheet - this statement shows how the resources available are held in the form of assets and liabilities. The net assets figure is balanced by the Total Reserves figure (see also Movement in Reserves Statement); and
- Cash Flow Statement - this statement shows how the movement in resources has been reflected in cash flows. The starting point for this statement is the net surplus/deficit on the provision of services (see also Comprehensive Income and Expenditure Statement). The net decrease in cash and cash equivalents during the year was £1.169m (net decrease of £12.954m in 2013/14). Please refer to Note 17 for details of the movement.

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

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

Service Expenditure

The budget for 2014/15 was set at a full Authority meeting in February 2014, figures were based on the final financial settlement announced by Central Government earlier that month. It was agreed that there would be no increase in the level of Council Tax and a grant of £179k was received in lieu. The levy for a council tax band D property to cover the services provided remained at £59.13.

The remainder of total expenditure was funded through Central Government Grants, National Non-Domestic Rates (NNDR) redistribution and income for the recovery of costs from other agencies including grants for specific responsibilities such as Urban Search and Rescue Operations (USAR/New Dimensions). The Authority's council tax for a band D property is the lowest of all combined fire authorities in the country.

The budget proposed for 2014/15 was a financial estimation based upon the priorities set out within our Public Safety Plan. The employee costs took account of the continued work plan to make efficiencies year on year whilst still ensuring resources were sufficient and in the right place with no reduction in our response capability.

Specific items taken into account in setting the budget for 2014/15 included inflation and the increasing revenue cost for the capital programme. Amounts were also set aside as contingency to cover protected pay and other unknowns such as a national fire-fighters pay award. During the budget setting process, savings and growth bid packages were submitted to challenge and authorisation by Members.

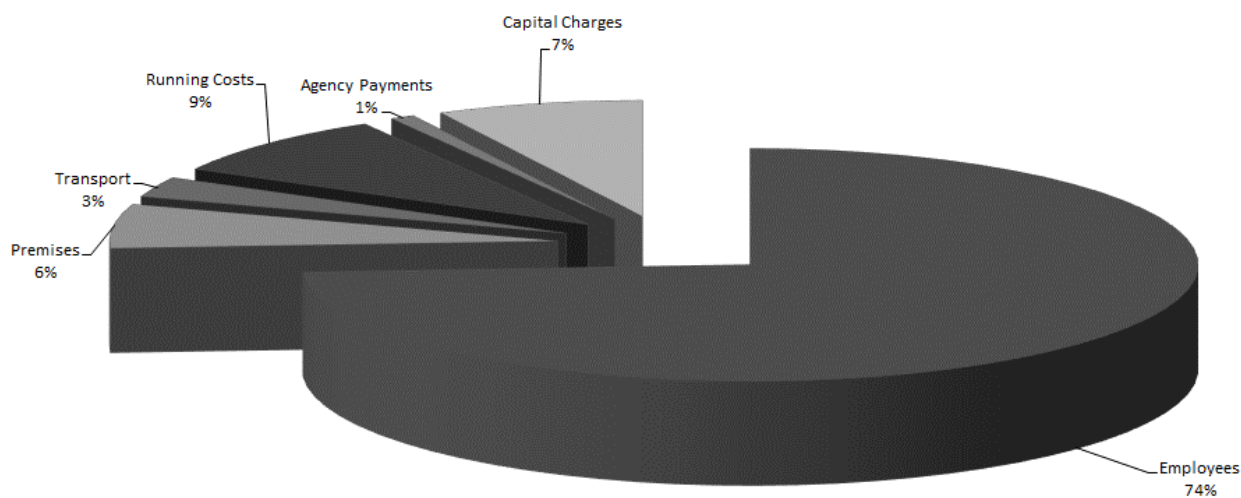
We fund our capital programme through a mixture of government grant and revenue funding. The programme was targeted to fund the essential refurbishment of our fire stations, the replacement of fire specialist equipment and our investment in new technology.

Income and Expenditure 2014/15

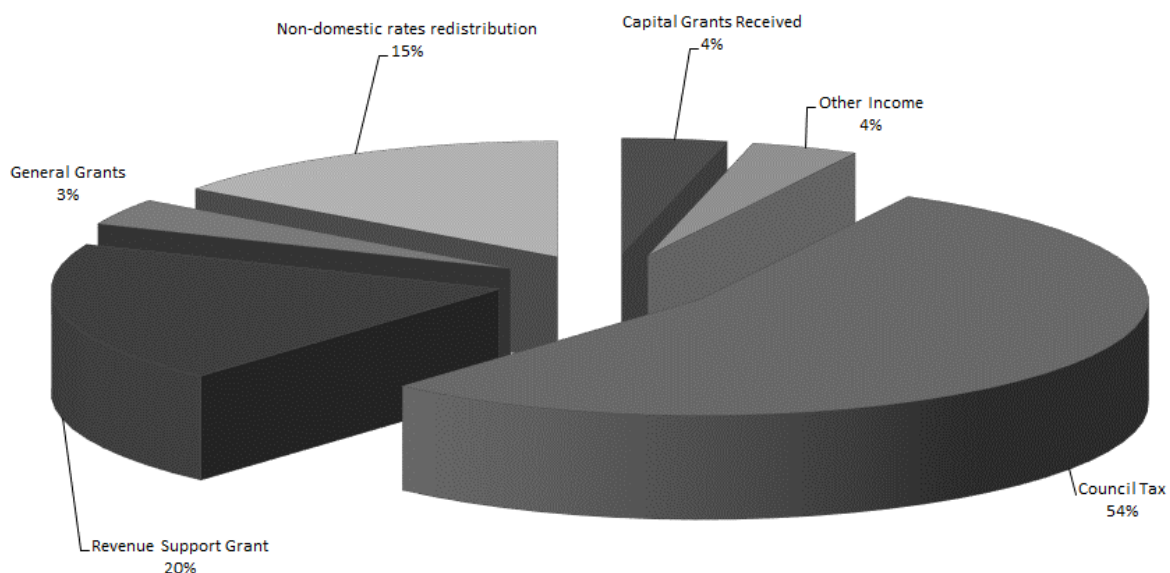
The following table shows revenue expenditure and income against the budget for 2014/15 as a whole:

2013/14			2014/15	
Actual	Budget		Actual	Budget
£000	£000		£000	£000
22,402	23,243	Employees	20,997	22,097
1,844	1,783	Premises	1,741	1,758
866	1,107	Transport	798	773
2,258	2,959	Running Costs	2,477	3,312
237	316	Agency Payments	249	987
1,651	1,730	Capital Charges	2,115	2,188
1,900	-	Local Government Pension Scheme Liability Restructuring	-	-
31,158	31,138	Expenditure	28,377	31,115
(1,191)	(1,191)	Capital Grants Received	(1,190)	(1,191)
(1,302)	(1,397)	Other Income	(1,222)	(1,116)
28,665	28,550	Net Expenditure	25,965	28,808
(16,639)	(16,393)	Council Tax	(16,950)	(16,930)
(6,978)	(6,934)	Revenue Support Grant	(6,209)	(6,191)
(1,220)	(1,166)	General Grants	(1,160)	(1,178)
(4,531)	(4,495)	Non-domestic rates redistribution	(4,714)	(4,509)
703	438	Contribution to/from Reserves	3,068	-
(28,665)	(28,550)	Income	(25,965)	(28,808)
-	-	Total (Under)/Overspend	-	-

Breakdown of Expenditure 2014/15



Breakdown of Income 2014/15



The net surplus for the year 2014/15 (which resulted in a net contribution to reserves – see below) was due to a number of factors:

- More efficient and effective ways of working
- Staffing levels were below the budgeted establishment in a number of areas
- The over-achievement of interest earned on cash balances

Surpluses realised as and when they have arisen throughout the year have been set aside into earmarked reserves in preparation for future economic pressures. Further details of these can be found in Note 23.

Movement in Reserves

The breakeven position is inclusive of transfers to/from reserves. Excluding these movements would show an underspend of £3.068m. The treatment of this underspend is shown in the table below:

	£000
Revenue outturn before contributions to reserves	(3,068)
<u>Required Transfers to/(from) Reserves</u>	
Other Capital Grants Unapplied (c/fwd)	(216)
Sub Total - Required Contributions to Reserves	(216)
<u>Transfers to/(from) Reserves</u>	
Invest to Save Reserve	(13)
Redundancy and Early Retirement Reserve	128
Vehicle Reserve	122
Funding Pressures Reserve	94
Continuing Projects Reserve	1,200
Insurance Reserve	50
Revenue Contribution to Capital	1,703
Sub Total - Additional Contributions to Reserves	3,284
Net Charge to the General Fund Balance (General Reserve)	-

Reserve balances and a description the purpose of each reserve can be seen in Note 23.

The Comprehensive Income and Expenditure Statement (CIES) shows the Authority's actual financial performance for the year, measured in terms of the resources consumed and generated over the last 12 months.

The Authority is required to raise council tax on a different accounting basis to that of the CIES, the main differences being:

- Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed.
- Retirement benefits are charged as amounts become payable to pension funds and pensioners, rather than as future benefits are earned.

A reconciliation from council tax funded expenditure to the deficit for the year on the Comprehensive Income and Expenditure Statement is shown in the table below:

	£000
Council Tax Net Expenditure (Surplus)/Deficit	-
<u>Employees</u>	
IAS 19 Pension Charges	11,835
Employee Absence Account	(91)
<u>Capital Charges</u>	
Depreciation	2,125
Impairment	1
Minimum Revenue Provision	(324)
Capital Receipts	(47)
<u>Income</u>	
Capital Grant	(1,406)
Statutory Precept and NNDR Adjustment	(215)
<u>Other Adjustments</u>	
Transfers to/from Reserves	(3,068)
(Surplus)/Deficit for the year on the Comprehensive Income and Expenditure Statement	8,810

The General Fund Balance compares the Authority's spending against the council tax that it raised for the year and other income received, taking into account the use of reserves built up in the past and contributions to reserves earmarked for future expenditure.

The Capital Account Summary

Capital expenditure is not shown in the Comprehensive Income and Expenditure Statement but is budgeted for and reported separately.

The approved capital expenditure budget for 2014/15 was £4.603m (including £3.059m relating to schemes brought forward from 2013/14). A total of £1.406m was spent on capital schemes and equipment as follows:

Land and Buildings	Plant, Vehicles and Equipment	Assets Under Construction	Intangible Assets	Total
£000	£000	£000	£000	£000
326	1,080	-	-	1,406

Further detail of the expenditure is shown in Note 11.

The largest proportion of capital expenditure during the year was on vehicles and equipment. This covered the purchase of a new turntable ladder appliance and a large number of items of operational equipment. The £0.326m spent on land and buildings relates to enhancements and major refurbishments at a number of fire stations.

The Authority received £1.190m of capital grant from central government to help fund the capital programme. The Authority's loans are borrowed from the Public Works Loan Board (PWLb) and during 2014/15 no new loans were taken out. The Authority's total borrowing for capital purposes stands at £8.265m with loan repayments spread over the years 2016-2056.

Reserves Balances

The level of reserves held by the Authority as at 31 March 2015 are shown in the table below:

31 March 2014 £000		31 March 2015 £000
(3,700)	General Fund Balance	(3,700)
(3,700)	Sub Total Non Earmarked General Fund Balance	(3,700)
(150)	Fire Control Reserve	(150)
(513)	Invest to Save Reserve	(500)
	- Moving Forward Reserve	-
(1,000)	New Dimensions Reserve	(1,000)
	- Asset Management Reserve	-
(349)	Redundancy and Early Retirement Reserve	(477)
	- New Burdens Reserve	-
(69)	Vehicle Reserve	(191)
(1,183)	Funding Pressures Reserve	(1,277)
(1,360)	Control Room Reserve (Revenue)	(1,360)
(650)	RDS Pension Contributions Reserve	(650)
(300)	Continuing Projects Reserve	(1,500)
	- Insurance Reserve	(50)
(5,574)	Sub Total Earmarked Reserves - Revenue	(7,155)
(46)	Usable Capital Receipts Reserve	(93)
(800)	Control Room Capital Grant Unapplied	(800)
(302)	Other Capital Grants Unapplied	(86)
(2,349)	Revenue Contribution to Capital	(4,052)
(3,497)	Sub Total Earmarked Reserves - Capital	(5,031)
(12,771)	Total Usable Reserves	(15,886)

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

Contingent Liabilities

At 31 March 2015, the Authority had two contingent liabilities:

- The Authority is still awaiting the formal notification of the outcome of a case involving Retained Duty System (RDS) firefighters. The Authority could potentially be liable to pay backdated employer contributions relating to RDS pensions. If the Authority is liable, the amount to be paid would then be dependent on the number of firefighters who decide to backdate their employee contributions. Not enough certainty around the outcome exists at this moment in time for a provision to be required. The Authority created a reserve of £650k in 2011/12 to provide for potential future costs that may be incurred.
- The Authority is awaiting formal notification as to whether or not it will be charged interest in relation to the pension top-up grant covering injury awards between April 2007 and March 2014. No amount has been recognised in the accounts due to the uncertainty as to whether interest will be applied, and if so, the rate applicable.

Pension Fund Liability

The accounting treatment for pensions follows International Accounting Standard 19 (IAS19), the purpose of which is to ensure that organisations' accounts reflect the net position of their pension funds and account for the liability to pay accumulated employee benefits in the future. In 2014/15, the Authority's share of the three Pension Fund's net liabilities increased by £48.578m to £266.210m (for 2013/14 the net liability was £217.632m).

Effectively, the Pension Funds are in deficit by £266.210m compared with what is needed to pay the pensions of current scheme members, and the effect is to reduce the overall net worth of the Authority by that amount. However, statutory arrangements for the funding of the deficit, whereby the deficit will be made good by employer contributions over the remaining working life of employees as assessed by the scheme's actuaries, mean that the financial position of the Authority remains healthy. The actuary for the Local Government Pension Scheme is Barnett Waddingham and the actuary for both firefighters schemes are the Government Actuary's Department (GAD).

Treasury Management

Up until 31 March 2013, Buckinghamshire County Council (BCC) provided the day to day operation of the Authority's treasury management function under a Service Level Agreement (SLA). This included the management of the Authority's cash flows, its banking, money market and capital market transactions.

As of 1 April 2013, the Authority ceased the Treasury Management SLA with BCC and brought all treasury services in-house. This has enabled the Authority to achieve a higher investment yield, with minimal impact on security and liquidity.

The Authority has outstanding PWLB Loans at 31 March 2015 of £8.265m.

Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The Authority is required to:

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

The Responsibilities of the Acting Director of Finance and Assets

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

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

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

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

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

Certificate of the Acting Director of Finance and Assets

I hereby certify that this Statement of Accounts presents a true and fair view of the financial position of the Authority as at 31 March 2015 and its income and expenditure for the financial year 2014/15.

David Sutherland CPFA

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

Date:

Approval of the Statement of Accounts

I hereby confirm that this Statement of Accounts has been approved by the Overview and Audit Committee at its meeting held on 23 September 2015

Cllr David Watson

Chairman, Buckinghamshire & Milton Keynes Fire Authority's Audit Committee

Date:

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

To be added after the conclusion of the audit

To be added after the conclusion of the audit

To be added after the conclusion of the audit

Statement of Accounting Policies

i. General Principles

The Statement of Accounts summarises the Authority's transactions for the 2014/15 financial year and its position at the year-end of 31 March 2015. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011, which is required to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and the Service Reporting Code of Practice 2014/15, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued.

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

ii. Accruals of Income and Expenditure

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

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

iii. Acquisitions and Discontinued Operations

There were no acquired or discontinued operations during the year.

iv. Cash and Cash Equivalents

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

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

v. Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Authority's financial performance. There were no exceptional items during 2014/15.

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

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

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

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

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

vii. Charges to Revenue for Non-Current Assets

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

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

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

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

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

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

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

viii. Employee Benefits

Benefits Payable During Employment

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

Termination Benefits

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

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

Post Employment Benefits

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

- Uniformed Firefighters - 1992 Pension Scheme (Old Scheme) and the 2006 New Firefighters' Pension Scheme (New Scheme);
- The Local Government Pensions Scheme, administered by Buckinghamshire County Council.

Uniformed Firefighters - 1992 Pension Scheme (Old Scheme) and the 2006 New Firefighters' Pension Scheme (New Scheme)

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

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

Transactions in the Firefighters Pension Fund include:

Credits to the Pension Fund

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

Debits to the Pension Fund

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

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

The New Scheme offers defined retirement benefits to all whole time and retained firefighters joining the service after 1 April 2006.

All whole time firefighters who were part of the pension scheme prior to the 1 April 2006 were given the option to transfer to the new scheme on preferential terms up to 31 March 2007. Any new employees must join the new scheme.

Injury Awards

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

The Local Government Pension Scheme

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

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

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

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

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

Service cost comprising:

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
- net interest on the net defined benefit liability (asset), ie net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Remeasurements comprising:

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

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

Discretionary Benefits

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

ix. Events After the Balance Sheet Date

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

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have

a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts. There were no such events disclosed in these statements.

x. Financial Instruments

Financial Liabilities

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

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

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate. There were no repurchase or early settlements during 2014/15.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement. There were no premiums paid or discounts received during 2014/15.

Financial Assets - Loans and Receivables

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

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to

the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

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

xi Foreign Currency Translation

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

xii. Heritage Assets

The Authority does not hold any heritage assets.

xiii. Government Grants and Contributions

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

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

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

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

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

xiv. Intangible Assets

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

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

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

xv. Interests in Companies and Other Entities

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

xvi. Inventories and Long Term Contracts

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

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

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

xvii. Investment Property

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

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

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

xviii. Jointly Controlled Operations and Jointly Controlled Assets

The Authority does not have any jointly controlled operations or jointly controlled assets.

xix. Leases

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

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

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

The Authority as Lessee

Finance Leases

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

Lease payments are apportioned between:

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

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

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

Operating Leases

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

The Authority as Lessor

Finance Leases

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

Lease rentals receivable are apportioned between:

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

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

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

Operating Leases

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

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

xx. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2014/15 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Authority's status as a multifunctional, democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

xxi. Property, Plant and Equipment

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

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

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

Assets included in the Balance Sheet at fair value are revalued annually to ensure that their carrying amount is not materially different from their fair value at the year-end. Where amounts are materially different, the gross book value and accumulated depreciation are restated proportionately at the year-end.

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

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

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

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

Impairment

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

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

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

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

Depreciation

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

Depreciation is calculated on the following bases:

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

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. In applying the principals of componentisation the de-minimis value of a property has been set at £500,000 and individual components at £50,000, i.e. 10% of the overall asset below which any component will not be calculated separately. The components that have been identified as relevant to the authority are weatherproofing (to include windows, roofs, bay doors and doors), mechanical

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

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

Disposals

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

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

xxii. Private Finance Initiative (PFI) and Similar Contracts

The Authority has not entered into any PFI or similar contracts

xxiii. Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

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

Contingent Liabilities

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

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

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

Contingent Assets

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

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

xxiv. Reserves

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

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

xxv. Revenue Expenditure Funded from Capital under Statute

This does not apply as the Authority does not incur expenditure which may be capitalised under statutory provision and which does not result in the creation of a non-current asset.

xxvi. VAT

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

Critical Judgements in Applying the Accounting Policies

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

Use of Estimates and Judgements

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Authority's Comprehensive Income and Expenditure Statement for 2014/15 and the Balance Sheet at 31 March 2015 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

- Depreciation (and amortisation of intangible assets) – the remaining useful lives of all assets are estimated. The Authority relies on the expertise of an external valuer to determine the lives of all building assets. The lives of vehicles, plant and equipment and intangible assets are based on historical experience and professional estimates. If the estimates were to differ from the actuals this would affect the level of depreciation and amortisation charged to the Comprehensive Income and Expenditure Statement, as well as the carrying amounts of non-current assets in the Balance Sheet. The carrying amounts of non-current assets as at 31 March 2015 was £33.833m. Total depreciation and amortisation for the year was £2.125m;
- Revaluations and Impairments – the value of non-current assets are reviewed annually by a qualified valuer based on the latest guidance from the Royal Institute of Chartered Surveyors and the recently observed market information. If the estimates were to differ from the actual results this would result in a higher or lower carrying amount for non-current assets in the Balance Sheet. Revaluations charged to the Revaluation Reserve during the year were £1.908m upwards and £0.022m downwards;
- Pensions Liability – the valuation of the liability is based on a number of actuarial assumptions (see Note 28). This figure is provided by an external actuary. If the estimate was to differ from the actual it would result in a higher or lower pension liability and reserve figure on the Balance Sheet. The total pension liability as at 31 March 2015 was £266.210m;
- Financial Assets and Liabilities – further details about the assumptions made and the potential impact can be found in Note 29; and
- Estimates are made as to the amount of time spent by firefighters in carrying out Community Safety activities based on technical officer advice as to work volumes and activities. This estimate is used to determine how much of the direct costs of firefighters is apportioned to Community Fire Safety in the Comprehensive Income and Expenditure Statement. If the actual results were to differ from the estimate the effect would be limited to the apportionment between Community Fire Safety and Fire Fighting and Rescue Operations. There would be no net impact on the total surplus or deficit reported.

Estimates are also used to allocate the cost of support services to the relevant headings with the Comprehensive Income and Expenditure Statement. The process by which this is done is set out below:

The cost of support services and service management has been fully charged to service expenditure headings. In line with CIPFA guidance, the cost of corporate management is not charged to service expenditure headings. Corporate management relates to those activities and costs incurred in the general running of the Authority. It includes a proportion of the senior officer management team and such items as the cost of external audit. Costs are apportioned based on a range of criteria including accommodation space occupied, IT services employed and technical officer assessments of volumes and activities.

Democratic representation and management includes all Members' allowances and costs, officer time in support of Members and certain subscriptions to local authority associations. Where support services are recharged a number of methods are used depending on the nature of the costs:

- Buildings are apportioned based on the floor space occupied by the service
- Central departments such as Finance and Accountancy Services, Property, Procurement and Transport are all apportioned based on the recipient service's controllable budget;
- Human Resources, Equality and Diversity, Performance Planning and Publicity are apportioned based on staff full time equivalent numbers as at the end of the year; and
- ICT support costs are apportioned based on the number of workstations within each service.

If the actual results were to differ from the estimates the effect would be limited to the apportionment between headings in the Comprehensive Income and Expenditure Statement. There would be no net impact on the total surplus or deficit reported, nor on the level of reserves held.

Changes in Accounting Estimates

There have been no changes in accounting estimates during 2014/15.

Standards Issued But Not Yet Adopted

The standards introduced in the 2015/16 Code are:

- IFRS 13 Fair Value Measurement (May 2011);
- Annual Improvements to IFRSs (2011 – 2013 Cycle) – see paragraph for further details;
- IFRIC 21 Levies.

The issues included in the Annual Improvements to IFRSs 2011 – 2013 cycle are:

- IFRS 1: Meaning of effective IFRSs;
- IFRS 3: Scope exceptions for joint ventures;
- IFRS 13: Scope of paragraph 52 (portfolio exception); and
- IAS 40: Clarifying the interrelationship of IFRS 3 Business Combinations and IAS 40 Investment Property when classifying property as investment property or owner-occupied property

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

Movement in Reserves Statement

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

	General Fund Balance	Earmarked Reserves	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£000	£000	£000	£000	£000
Balance at 31 March 2013 carried forward	(3,700)	(8,362)	(12,062)	176,673	164,611
<u>Movement in reserves during 2013/14</u>					
(Surplus) or deficit on the provision of services	10,509	-	10,509	-	10,509
Other Comprehensive Income and Expenditure	-	-	-	6,244	6,244
Total Comprehensive Income and Expenditure	10,509	-	10,509	6,244	16,753
Adjustments between accounting basis & funding basis under regulations (Note 23)	(11,212)	(6)	(11,218)	11,218	-
Net (Increase) / Decrease before Transfers to Earmarked Reserves	(703)	(6)	(709)	17,462	16,753
Transfers to/from Earmarked Reserves (Note 23)	703	(703)	-	-	-
(Increase) / Decrease in 2013/14	-	(709)	(709)	17,462	16,753
Balance at 31 March 2014 carried forward	(3,700)	(9,071)	(12,771)	194,135	181,364
Amounts held for revenue purposes	(3,700)	(5,574)	(9,274)	218,130	208,856
Amounts held for capital purposes	-	(3,497)	(3,497)	(23,995)	(27,492)

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Movement in Reserves Statement continued:

	General Fund Balance	Earmarked Reserves	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£000	£000	£000	£000	£000
Balance at 31 March 2014 carried forward	(3,700)	(9,071)	(12,771)	194,135	181,364
<u>Movement in reserves during 2014/15</u>					
(Surplus) or deficit on the provision of services	8,810	-	8,810	-	8,810
Other Comprehensive Income and Expenditure	-	-	-	34,857	34,857
Total Comprehensive Income and Expenditure	8,810	-	8,810	34,857	43,667
Adjustments between accounting basis & funding basis under regulations (Note 23)	(11,878)	(47)	(11,925)	11,925	-
Net (Increase) / Decrease before Transfers to Earmarked Reserves	(3,068)	(47)	(3,115)	46,782	43,667
Transfers to/from Earmarked Reserves (Note 23)	3,068	(3,068)	-	-	-
(Increase) / Decrease in 2014/15	-	(3,115)	(3,115)	46,782	43,667
Balance at 31 March 2015 carried forward	(3,700)	(12,186)	(15,886)	240,917	225,031
Amounts held for revenue purposes	(3,700)	(7,155)	(10,855)	266,404	255,549
Amounts held for capital purposes	-	(5,031)	(5,031)	(25,487)	(30,518)

Comprehensive Income and Expenditure Statement

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

2013/14			2014/15		
Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
<u>Continuing Operations</u>					
2,952	(159)	2,793	3,007	(130)	2,877
27,480	(1,027)	26,453	27,079	(977)	26,102
813	26	839	977	27	1,004
-	-	-	549	-	549
1,900	-	1,900	-	-	-
33,145	(1,160)	31,985	31,612	(1,080)	30,532
<u>(Surplus) or Deficit on Continuing Operations (Note 1)</u>					
<u>Other Operating Expenditure</u>					
(2)	-	(2)	(47)	-	(47)
(2)	-	(2)	(47)	-	(47)
<u>Total Other Operating Expenditure</u>					
<u>Financing and Investment Income and Expenditure</u>					
380	-	380	380	-	380
-	(142)	(142)	-	(142)	(142)
8,559	-	8,559	8,310	-	8,310
8,939	(142)	8,797	8,690	(142)	8,548
<u>Total Financing and Investment Income and Expenditure</u>					
<u>Taxation and Non-Specific Grant Income</u>					
-	(16,639)	(16,639)	-	(16,950)	(16,950)
-	(9,390)	(9,390)	-	(8,559)	(8,559)
-	(4,242)	(4,242)	-	(4,714)	(4,714)
-	(30,271)	(30,271)	-	(30,223)	(30,223)
<u>Total Taxation and Non-Specific Grant Income (Note 10)</u>					
42,082	(31,573)	10,509	40,255	(31,445)	8,810
<u>(Surplus) or Deficit on Provision of Services</u>					
		(3,644)			(1,886)
		9,888			36,743
		6,244			34,857
<u>Other Comprehensive Income and Expenditure</u>					
		16,753			43,667
<u>Total Comprehensive Income and Expenditure</u>					

Balance Sheet

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

31 March 2014 £000		31 March 2015 £000
	<u>Property, Plant and Equipment</u>	
27,466	Land & Buildings	28,784
4,724	Vehicles, Plant & Equipment (including Donated Assets)	4,669
112	Assets under construction	61
32,302	Total Property, Plant & Equipment (Note 11a)	33,514
100	Investment Property (Note 12)	105
264	Intangible Assets (Note 13)	214
32,666	Non-Current Assets	33,833
13,108	Short Term Investments (Note 14)	19,066
235	Inventories (Note 15)	224
3,049	Short Term Debtors (Note 16)	2,672
2,375	Cash and Cash Equivalents (Note 17)	1,206
18,767	Current Assets	23,168
(101)	Short Term Borrowing (Note 18)	(616)
(1,967)	Short Term Creditors (Note 18)	(2,480)
(653)	Provision for Accumulated Absences (Note 19)	(562)
(145)	Provision - Part Time Workers (Note 19)	(145)
(360)	Provision - VR/Special Payments (Note 19)	(571)
(42)	Other Provisions (Note 19)	-
(355)	NNDR Appeals Provision (Note 19)	(468)
(1,380)	Injury Pensions Provision (Note 19)	(1,380)
(5,003)	Current Liabilities	(6,222)
(8,265)	Long Term Borrowing (Note 20)	(7,750)
	<u>Other Long Term liabilities</u>	
(24)	Capital Grants Received in Advance (Note 21)	(24)
(1,873)	Finance Lease (Note 22)	(1,826)
-	Donated Asset Account (Note 25)	-
(217,632)	Liability related to the Defined Benefit Pension Scheme (Note 28)	(266,210)
(219,529)	Total Other Long Term Liabilities	(268,060)
(227,794)	Long Term Liabilities	(275,810)
(181,364)	Net Assets	(225,031)
	<u>Reserves</u>	
(12,771)	Usable Reserves (Note 23)	(15,886)
194,135	Unusable Reserves (Note 24)	240,917
181,364	Total Reserves	225,031

Cash Flow Statement

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

2013/14		2014/15
£000	Cash Flow Statement	£000
(10,509)	Net surplus or deficit on the provision of services	(8,810)
11,631	Adjust for non-cash movements	15,072
(945)	Adjust for items that are investing or financing activities	(1,237)
177	Net Cash Flow from Operating Activities	5,025
(12,851)	Investing Activities	(6,127)
(280)	Financing Activities	(67)
(12,954)	Net Increase or decrease in cash and cash equivalents	(1,169)
15,329	Cash and Cash equivalents at the beginning of the reporting period	2,375
2,375	Cash and Cash equivalents at the end of the reporting period	1,206

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

Notes to the Core Financial Statements

1 - Service Information

a) Service Analysis

Current Year

	Corporate Core	Finance and Assets	People and Organisational Development	Delivery, Corporate Development & Planning	Statutory Accounting and Contingency	Total
Service Analysis	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	(50)	(444)	(308)	(275)	-	(1,077)
Government Grants	(137)	-	-	-	-	(137)
Total Income	(187)	(444)	(308)	(275)	-	(1,214)
Employee Expenses	1,011	1,402	1,994	16,198	393	20,998
Other Operating Expenses	243	2,421	97	3,712	2,565	9,038
Total Operating Expenses	1,254	3,823	2,091	19,910	2,958	30,036
Cost of Services	1,067	3,379	1,783	19,635	2,958	28,822

Prior Year Comparative Information

	Corporate Core	Finance and Assets	People and Organisational Development	Delivery, Corporate Development & Planning	Statutory Accounting and Contingency	Total
Service Analysis	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	(35)	(443)	(435)	(213)	(36)	(1,162)
Government Grants	(142)	-	-	-	-	(142)
Total Income	(177)	(443)	(435)	(213)	(36)	(1,304)
Employee Expenses	1,055	1,562	2,421	17,306	75	22,419
Other Operating Expenses	155	2,349	213	2,453	2,881	8,051
Total Operating Expenses	1,210	3,911	2,634	19,759	2,956	30,470
Cost of Services	1,033	3,468	2,199	19,546	2,920	29,166

b) Reconciliation to Net Cost of Services in the Comprehensive Income and Expenditure Statement

2013/14		2014/15
£000	Reconciliation	£000
29,166	Cost of Services in Service Analysis	28,822
1,894	Add services not included in main analysis	(3)
4,547	Adjust for amounts not reported to management	6,217
(3,622)	Remove amounts reported to management not included in CIES	(4,504)
31,985	Cost of Services	30,532

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c) Reconciliation to Subjective Analysis

Current Year

	Service Analysis	Service not in Analysis	Amounts not reported to management	Amounts not in CIES	Net Cost of Services	Corporate Amounts	Total
	£000	£000	£000	£000	£000	£000	£000
Service Analysis							
Fees, charges & other service income	(1,077)	(3)	-	-	(1,080)	-	(1,080)
Interest and investment income	(137)	-	-	137	-	(142)	(142)
Income from Council Tax	-	-	-	-	-	(16,950)	(16,950)
Government grants and contributions	-	-	-	-	-	(13,273)	(13,273)
Total Income	(1,214)	(3)	-	137	(1,080)	(30,365)	(31,445)
Employee Expenses	20,343	-	-	-	20,343	-	20,343
Employee Absence Accrual	653	-	562	(653)	562	-	562
Other Operating Expenses	8,660	-	-	(3,608)	5,052	-	5,052
Support Service Recharges	-	-	-	-	-	-	-
Depreciation, amortisation and impairment	-	-	2,130	-	2,130	-	2,130
Interest payments	380	-	-	(380)	-	380	380
Pensions interest cost and return on Pension Fund assets	-	-	3,525	-	3,525	8,310	11,835
Gain or loss on disposal of non current assets	-	-	-	-	-	(47)	(47)
Total Operating Expenses	30,036	-	6,217	(4,641)	31,612	8,643	40,255
(Surplus) or deficit on the provision of services	28,822	(3)	6,217	(4,504)	30,532	(21,722)	8,810

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Prior Year Comparative Information

	Service Analysis	Service not in Analysis	Amounts not reported to management	Amounts not in CIES	Net Cost of Services	Corporate Amounts	Total
	£000	£000	£000	£000	£000	£000	£000
Service Analysis							
Fees, charges & other service income	(1,154)	(6)	-	-	(1,160)	-	(1,160)
Interest and investment income	(142)	-	-	142	-	(142)	(142)
Income from Council Tax	-	-	-	-	-	(16,639)	(16,639)
Government grants and contributions	-	-	-	-	-	(13,632)	(13,921)
Total Income	(1,296)	(6)	-	142	(1,160)	(30,413)	(31,862)
Employee Expenses	21,742	-	-	-	21,549	-	21,549
Employee Absence Accrual	676	-	653	(676)	653	-	653
Other Operating Expenses	7,664	-	-	(2,708)	4,956	-	4,956
Support Service Recharges	-	-	-	-	-	-	-
Depreciation, amortisation and impairment	-	-	2,135	-	2,034	-	2,034
Interest payments	380	-	-	(380)	-	380	380
Pensions interest cost and return on Pension Fund assets	-	1,900	1,759	-	3,659	8,559	12,218
Gain or loss on disposal of non current assets	-	-	-	-	-	(2)	(2)
Total Operating Expenses	30,462	1,900	4,547	(3,764)	33,145	8,937	41,788
(Surplus) or deficit on the provision of services	29,166	1,894	4,547	(3,622)	31,985	(21,476)	10,509

2 - Officers Remuneration

The number of employees whose remuneration excluding employer's pension contributions was £50,000 or more in bands of £5,000 is shown below.

2013/14 Totals		2014/15 Totals	
£000	Remuneration Band	£000	
22	£50,000 - £54,999	20	
7	£55,000 - £59,999	2	
7	£60,000 - £64,999	8	
-	£65,000 - £69,999	2	
-	£75,000 - £79,999	1	
1	£80,000 - £84,999	-	
1	£85,000 - £89,999	-	
3	£90,000 - £94,999	1	
-	£95,000 - £99,999	1	
-	£100,000 - £104,999	1	
-	£105,000 - £109,999	1	
-	£110,000 - £114,999	-	
1	£120,000 - £124,999	1	
1	£145,000 - £149,999	-	
-	£155,000 - £159,999	1	
-	£175,000 - £179,999	1	
43	Total	40	

The following table sets out the remuneration disclosures for senior officers during 2014/15. All posts holders are included within the remuneration bands above.

Post Holder	Salary including Fees and Allowances	Benefits in Kind e.g. Car Allowance	Compensation for Loss of Office	Other Payments	Total Remuneration Excluding Pension Contributions	Pension Contributions	Total Remuneration Including Pension Contributions	Notes
Chief Fire Officer and Chief Executive	154,180	889	-	39,490	194,559	30,433	224,992	1
Acting Chief Fire Officer and Chief Executive	23,721	217	-	15,000	38,938	6,805	45,743	2
Chief Operating Officer	100,330	653	-	12,500	113,483	19,942	133,425	3
Acting Chief Operating Officer	31,477	300	-	10,000	41,777	7,649	49,426	4
Head of Service Delivery	59,335	477	-	6,500	66,312	12,143	78,455	5
HR Director	89,158	7,641	-	11,500	108,299	11,900	120,199	
Director of Finance and Assets & Chief Finance Officer	85,545	5,291	-	5,000	95,836	11,401	107,237	6
Acting Director of Finance and Assets & Chief Finance Officer	8,093	-	-	-	8,093	1,088	9,181	
Director of Legal and Governance	83,089	5,575	-	13,000	101,664	11,099	112,763	
Totals	634,928	21,043	-	112,990	768,961	112,460	881,421	

Notes

- 1 Two different post holders during the year
- 2 This post was occupied for two separate periods during the year
- 3 Two different post holders during the year
- 4 Part-year post

- 5 Part-year post
- 6 Part-year post

For comparison, the following table sets out the remuneration disclosures for senior officers during 2013/14:

Post Holder	Salary including Fees and Allowances	Benefits in Kind e.g. Car Allowance	Compensation for Loss of Office	Other Payments	Total Remuneration Excluding Pension Contributions	Pension Contributions	Total Remuneration Including Pension Contributions	Notes
Chief Fire Officer and Chief Executive	144,917	820	-	-	145,738	30,594	176,332	
Chief Operating Officer	120,739	770	-	-	121,509	25,549	147,059	
Deputy Chief Fire Officer	53,750	-	-	-	53,750	11,449	65,199	1
HR Director	89,361	2,576	-	-	91,937	17,001	108,939	
Director of Finance and Assets & Chief Finance Officer	85,638	6,011	-	-	91,649	16,316	107,965	
Director of Legal and Governance	79,469	5,949	-	-	85,418	15,283	100,701	
Totals	573,874	16,127	-	-	590,001	116,193	706,194	

All posts other than the Deputy Chief Fire Officer include a back-dated pay award relating to a number of months in 2012/13. The salaries excluding the pay award are:

- Chief Fire Officer and Chief Executive - £140,000
- Chief Operating Officer - £118,000
- HR Director - £86,000
- Director of Finance & Assets and Chief Finance Officer - £82,500
- Director of Legal and Governance - £78,000

Notes

- 1 This post was from 1 April 2013 – 30 September 2013 only

Exit Packages

In 2014/15 there were seven exit packages provided at a total cost of £0.075m.

3 - Provision for Doubtful Debt

The provision for doubtful debts is £35,851 as at 31 March 2015 (£35,851 as at 31 March 2014). This is considered a prudent level to hold against debts that may not be recovered. All existing debts have been considered for recoverability and the provision is adequate to ensure any doubtful debts could be covered.

4 - Leases and Lease Type Arrangements

The operating leases held by the Authority apply to lease vehicles and radio communications equipment. The lease rentals paid during the year amounted to £332k (£341k in 2013/14). The estimated un-discharged obligations under the operational lease agreements are shown in the table below:

31 March 2014			31 March 2015		
Vehicles Plant and Equipment	Land and Buildings	Years Operational Lease Remaining	Vehicles Plant and Equipment	Land and Buildings	
£000	£000		£000	£000	
118	116	0 - 1 years	123	98	
166	361	2 - 5 years	169	313	
-	684	6 years and onwards	-	605	
284	1,161	Total	292	1,016	

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

5 - Capital Financing Requirement

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

2013/14 £000		2014/15 £000
9,004	Opening Capital Financing Requirement	8,669
	<u>Capital Investment</u>	
896	Property Plant and Equipment	1,406
43	Intangible Assets	-
	<u>Sources of Finances</u>	
-	Capital Receipts	-
(939)	Government Grants and Contributions	(1,406)
(335)	Revenue Funding including MRP	(324)
-	Voluntary Minimum Revenue Provision	-
-	Other Adjustments	-
8,669	Closing Capital Financing Requirement	8,345
	<u>Explanation of movements in year</u>	
(335)	Increase in the underlying need to borrow (supported by Government financial assistance)	(324)
(335)	Increase/(Decrease) in Capital Financing Requirement	(324)

6 - Members Allowances

Total allowances paid in 2014/15 to 17 Members amounted to £72k (2013/14 amounted to £61k and 23 Members).

7 - Audit Fees

Fees paid during the year to Ernst & Young LLP, the Authority’s external auditor, for work on external audit and on inspection are set out in the table below. The 2014/15 fee contained rebates totalling £4k (£10k in 2013/14) relating to previous year’s fees.

2013/14		2014/15
£000	Audit Fees	£000
42	Scale fee for audit work	42
(10)	Rebate received	(4)
32	Total	38

8 - Revenue Grants

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

2013/14		2014/15
£000	Revenue Grants Applied	£000
(940)	New Dimension (Urban Search and Rescue)	(942)
(239)	Firelink	(218)
(41)	Other Fire Revenue Grant	-
(1,220)	Total	(1,160)

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

9 - Related Parties

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

As at the 31 March 2015, the Control Room was still operating from Buckinghamshire and Milton Keynes Authority premises, however the Thames Valley control room which is in partnership with Oxfordshire Fire and Rescue and Royal Berkshire Fire Authority is due to go live in April 2015. All control functions will then be controlled jointly by the three Authorities with the control room based in Theale, Reading.

Central Government

Central Government is responsible for providing the statutory framework within which the Authority operates and prescribes the terms of many of the transactions that the Authority has with other parties. It also provided direct financial support in 2014/15 to the Authority.

Other Public Bodies

Buckinghamshire County Council provides Internal Audit Services, Pensions Services and SAP Systems Support. The Authority provides accommodation to the Southern Counties Ambulance Service and Thames Valley Police. The Authority also has a joint procurement service arrangement with Royal Berkshire Fire and Rescue Service. These are undertaken on a commercial basis and will therefore not have a controlling influence on either body.

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

Members of the Authority

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

Senior Officers of the Authority

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

Assisted Organisations

The Authority provides funding to the Safety Centre Milton Keynes of £25k per annum. The Authority is one of a number of funders. An officer of the Authority is one of seven trustees of the centre, which is a registered charity. The Authority does not have a significant influence over the running of the centre.

Companies and Joint Ventures

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

10 - Funding

The Authority's net revenue expenditure is funded by local authority precepts, general government grants and non-domestic rates redistribution from the national pool.

2013/14		2014/15
£000	Funding	£000
(3,900)	Aylesbury Vale District Council	(3,956)
(2,531)	Chiltern District Council	(2,551)
(4,536)	Milton Keynes Council	(4,642)
(1,823)	South Buckinghamshire District Council	(1,926)
(3,849)	Wycombe District Council	(3,875)
(16,639)	Total Precepts	(16,950)
(6,800)	Revenue Support Grant	(6,014)
(178)	Council Tax Freeze Grant	(195)
(1,221)	General Revenue Grants (Note 8)	(1,160)
(1,191)	Capital Grants	(1,190)
(9,390)	Total General Government Grants	(8,559)
(4,242)	Non Domestic Rates redistribution	(4,714)
(4,242)	Total Non Domestic Rates redistribution	(4,714)
(30,271)	Total	(30,223)

In 2014/15 there were 281,281 Band D properties and in 2013/14 there were 274,056 Band D properties.

11 - Non Current Assets
a) Movement of Property, Plant and Equipment

	Land and Buildings	Leased Land and Buildings	Total Land and Buildings	Vehicles, Plant and Equipment	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000
Gross Book Value as at 1 April 2014	26,412	2,357	28,769	9,424	112	38,305
Additions	326	-	326	1,080	-	1,406
Disposals and write offs	-	-	-	(380)	-	(380)
Reclassifications	-	-	-	51	(51)	-
Revaluation increase/decrease (-) recognised in Revaluation Reserve	1,070	-	1,070	-	-	1,070
Revaluation increase/decrease (-) recognised in surplus/deficit on provision of service	(9)	-	(9)	-	-	(9)
Other movements in cost or valuation	-	-	-	-	-	-
Gross Book Value as at 31 March 2015	27,799	2,357	30,156	10,175	61	40,392
Accumulated depreciation and impairment as at 1 April 2014	(826)	(477)	(1,303)	(4,700)	-	(6,003)
Depreciation for the year	(846)	(47)	(893)	(1,186)	-	(2,079)
Depreciation on disposal	-	-	-	380	-	380
Depreciation written out to Revaluation Reserve	816	-	816	-	-	816
Depreciation written out to surplus/deficit (-) on provision of service	-	-	-	-	-	-
Impairment losses/reversals(-) recognised in the Revaluation Reserve	-	-	-	-	-	-
Impairment losses/reversals(-) recognised in the surplus/deficit on provision	8	-	8	-	-	8
Impairment on disposal	-	-	-	-	-	-
Reclassification of depreciation or impairment	-	-	-	-	-	-
Other movements in depreciation or impairment	-	-	-	-	-	-
Depreciation c/f	(848)	(524)	(1,372)	(5,506)	-	(6,878)
Net Book Value as at 31 March 2015	26,951	1,833	28,784	4,669	61	33,514

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

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Comparative figures for 2013/14:

	Land and Buildings	Leased Land and Buildings	Total Land and Buildings	Vehicles, Plant and Equipment	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000
Gross Book Value as at 1 April 2013	24,108	2,357	26,465	8,866	503	35,834
Additions	278	-	278	567	51	896
Disposals and write offs	-	-	-	(360)	-	(360)
Reclassifications	61	-	61	351	(442)	(30)
Revaluation increase/decrease (-) recognised in Revaluation Reserve	2,695	-	2,695	-	-	2,695
Revaluation increase/decrease (-) recognised in surplus/deficit on provision of service	(730)	-	(730)	-	-	(730)
Other movements in cost or valuation	-	-	-	-	-	-
Gross Book Value as at 31 March 2014	26,412	2,357	28,769	9,424	112	38,305
Accumulated depreciation and impairment as at 1 April 2013	(1,576)	(430)	(2,006)	(3,948)	-	(5,954)
Depreciation for the year	(816)	(47)	(863)	(1,108)	-	(1,971)
Depreciation on disposal	-	-	-	356	-	356
Depreciation written out to Revaluation Reserve	950	-	950	-	-	950
Depreciation written out to surplus/deficit (-) on provision of service	-	-	-	-	-	-
Impairment losses/reversals(-) recognised in the Revaluation Reserve	-	-	-	-	-	-
Impairment losses/reversals(-) recognised in the surplus/deficit on provision	616	-	616	-	-	616
Impairment on disposal	-	-	-	-	-	-
Reclassification of depreciation or impairment	-	-	-	-	-	-
Other movements in depreciation or impairment	-	-	-	-	-	-
Depreciation c/f	(826)	(477)	(1,303)	(4,700)	-	(6,003)
Net Book Value as at 31 March 2014	25,586	1,880	27,466	4,724	112	32,302

b) Basis of Valuation

All land and buildings were initially revalued during the year with an effective revaluation date of 1 April 2014. The valuations were updated as at 31 March 2015 to ensure the balance sheet accurately reflected the end of year values. Valuations were provided by an external valuer, Ian S Pitt BSc (Hons) MRICS of Bruton Knowles. All valuations were prepared in accordance with the RICS Appraisal Valuation Manual and International Financial Reporting Standards. The basis of valuation adopted is Existing Use Value (EUV). For specialised properties the Depreciated Replacement Cost method was used to arrive at the EUV whilst non-specialised properties have been valued using the Comparable Method of valuation to arrive at the EUV. The one investment property was valued at Market Value.

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

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

c) Valuation Information

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

Year of Valuation	Land and Buildings	Vehicles, Plant and Equipment	Assets Under Construction	Total
	£000	£000	£000	£000
2014/15	26,951	-	-	26,951
Valued at Historic Cost	-	4,669	61	4,730
Total	26,951	4,669	61	31,681

d) Depreciation Lives

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

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

e) Commitments under Capital Contracts

At 31 March 2015, the Authority has entered into a number of contracts for the acquisition or enhancement of Property, Plant and Equipment or Intangible Assets.

Capital Contract	Contractor	Amount Outstanding as at 31 March 2015
Control Room	Thames Valley Control Room	800
MDT	Antivirus Market Limited	49
BA Telemetry	Draeger	174
Incident Command Unit	S Macneille & Son	164
Environmental Protection Unit	WH Bence Coachworks	40
Support Vehicles	General Motors	53
Total		1,280

All commitments will be honoured during 2015/16.

Prior year comparators can be seen in the table below:

Capital Contract	Contractor	Amount Outstanding as at 31 March 2014
Aerial Replacement Vehicle	Northfire	565
Total		565

12 - Investment Property

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

2013/14		2014/15
£000	Investment Property	£000
100	Opening Balance	100
	- Transfer from Land and Buildings	-
	- Revaluation	5
	- Impairment	-
100	Closing Balance	105

13 - Movement of Intangible Fixed Assets

Intangible Assets are recognised as non-financial fixed assets that do not have physical substance but are identifiable and are controlled by the entity through custody or legal rights. These represent the purchase of computer software and licences and other software systems and are amortised to the Comprehensive Income and Expenditure Statement on the basis of the cost and estimated useful life.

Movement of Intangible Assets	£000
Gross Book Value as at 31 March 2014	438
Accumulated Amortisation	(174)
Net Book Value as at 1 April 2014	264
Additions in year	-
Reclassifications	-
Amortisation for the year	(50)
Net Book Value as at 31 March 2015	214

No assets were internally generated. All assets have finite useful lives and are amortised on a straight-line basis between 2 to 7 years. Amortisation will be included within Community Fire Safety and Fire Fighting and Rescue Operations within the Comprehensive Income and Expenditure Statement.

14 - Short Term Investments

The Authority holds a number of short term investments in order to manage liquidity.

2013/14		2014/15
£000	Short Term Investments	£000
13,108	Short Term Investments	19,066
13,108	Total	19,066

15 – Inventories

All inventories are purchased at cost. No inventory items are purchased on deferred settlement terms or acquired by an exchange of goods and services. Inventories are distributed at cost or cost plus and do not use LIFO as a cost formula. All inventory items of a similar nature and similar use to the Authority use the same cost formula.

2013/14		2014/15
£000	Inventories	£000
40	Workshops	35
140	Stores	153
54	Fuel	35
1	Catering	1
235	Total	224

16 - Short Term Debtors

The note below shows the value of debtors as at 31 March 2015.

2013/14		2014/15
£000	Short Term Debtors	£000
1,731	Central Government Bodies	556
536	Other Local Authorities	110
16	NHS Bodies	-
586	Other Entities and Individuals	1,319
216	Payments in Advance	723
(36)	Provision for Doubtful Debts	(36)
3,049	Total	2,672

17 - Cash and Cash Equivalents

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

2013/14		2014/15
£000	Cash and cash equivalents	£000
127	Cash at bank	27
2,248	Cash on deposit	1,179
2,375	Total	1,206

18 - Short Term Borrowing and Creditors

The interest owing and shown as short term borrowing represents the Public Works Loan Board (PWLB) interest accrued to the 31 March 2015 in accordance with the Code.

2013/14		2014/15
£000	Short Term Borrowing and Creditors	£000
(101)	Short Term Borrowing	(616)
(741)	Central Government Bodies	(377)
(194)	Other Local Authorities	(628)
(820)	Other Entities and Individuals	(1,295)
(212)	Receipts in Advance	(180)
(1,967)	Total	(2,480)

19 - Provisions

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

	Accumulated Absences	Part Time Workers	Voluntary Redundancy and Special Payments	Other Provisions	NNDR Appeals Provisions	Injury Pension Payments	Total
	£000	£000	£000	£000	£000	£000	£000
Balance as at 1st April 2014	(653)	(145)	(360)	(42)	(355)	(1,380)	(2,935)
Additional provisions made in 2014/15	(562)	-	(310)	-	(113)	-	(985)
Amounts used in 2014/15	653	-	99	42	-	-	794
Balance as at 31 March 2015	(562)	(145)	(571)	-	(468)	(1,380)	(3,126)

Accumulated Absences Account

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

Part Time Workers

This provision was established in 2009/10 (£250k) to provide for the back pay for Retained Duty System (RDS) staff following an equal pay court case. As at 31st March 2015, £105k of the provision had been used to cover claims paid to date. There are still further claims expected, but the Authority considers the remaining provision to be sufficient to meet the total liability outstanding.

Voluntary Redundancy and Special Payments

This provision was established in 2010/11 to provide for the additional costs of redundancy and related payments as a result of restructuring within the Authority. A number of additional provisions have been made during the year to cover potential one-off payments.

Other Provisions

This provision was established in 2012/13 to reflect costs associated with the decision to proceed with a review of the white fleet (non-operational vehicles) within the Authority. This amount was fully utilised during 2014/15.

NNDR Appeals Provision

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

Injury Pension Payments

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

20 - Long Term Borrowing

The Authority undertakes long term borrowing, principally as a means of financing expenditure on fixed assets. No additional principal was borrowed nor repaid during the year. The interest owing and shown as short term borrowing in Note 18 represents the Public Works Loan Board (PWLB) interest accrued to the 31 March 2015 in accordance with the Code.

2013/14		2014/15
£000	Source of Loan	£000
(8,265)	PWLB	(7,750)
(8,265)	Total	(7,750)

The interest rates applicable as at 31 March 2015 were between 3.90% and 5.32%.

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

2013/14		2014/15
£000	Repayments Dates	£000
(1,468)	Maturing in less than 5 years	(1,468)
(1,620)	Maturing in 5 to 10 years	(1,620)
(1,000)	Maturing in 10 to 15 years	(1,000)
(1,376)	Maturing in 15 to 20 years	(1,376)
-	Maturing in 20 to 25 years	-
(2,801)	Maturing in over 25 years	(2,801)
(8,265)	Total	(8,265)

21 - Capital Grants Received in Advance

The balance on this account represents capital grants received by the Authority where the grant conditions had not been met as at the Balance Sheet date. In 2012/13 the Authority received a grant from the Environment Agency to part fund the purchase of a new environment protection unit in 2013/14. The conditions of this grant were not fulfilled during 2014/15 so the grant continues to be treated as a capital grant received in advance.

2013/14		2014/15
£000	Capital Grants Received in Advance	£000
(24)	Environment Agency	(24)
(24)	Total	(24)

22 - Finance Lease

In 2003/04 the Authority entered into a sale and leaseback agreement with Opus Housing Association (now London Quadrant) in respect of the Gerrards Cross Houses for a period of 40 years. The initial cost of the lease is matched by an increase in the value of land and buildings within fixed assets. The rentals payable under this arrangement in 2014/15 were £112,234, charged as £65,234 to the Income and Expenditure account finance costs and £47,000 write down of obligation to the lessor.

	Land and Buildings
	£000
Outstanding obligations under Finance Lease	
Payable in 2015/16	47
Payable between 2016/17 and 2019/20	188
Payable after 2019/20	1,591
Total liabilities as at 31st March 2015	1,826

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Rentals payable under this arrangement were £108,612, charged as £61,612 to the Income and Expenditure account finance costs and £47,000 write down of obligation to the lessor.

	Land and Buildings
	£000
Outstanding obligations under Finance Lease	
Payable in 2014/15	47
Payable between 2015/16 and 2018/19	188
Payable after 2018/19	1,638
Total liabilities as at 31st March 2014	1,873

23 - Usable Reserves

Adjustments Under Regulations

2013/14			2014/15		
General Fund Balance	Usable Capital Receipts Reserve	Unusable Reserves	General Fund Balance	Usable Capital Receipts Reserve	Unusable Reserves
£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account					
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>					
(2,022)	-	2,022	(2,125)	-	2,125
(113)	-	113	(1)	-	1
939	-	(939)	1,406	-	(1,406)
Depreciation Charges					
Impairment					
Capital grants and contributions applied					
Amounts of non-current assets written off on disposal as part of the (gain)/loss on disposal to the Comprehensive Income and Expenditure Statement					
(6)	-	6	-	-	-
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>					
335	-	(335)	324	-	(324)
Minimum Revenue Provision					
Adjustments primarily involving the Capital Receipts Reserve					
6	(6)	-	47	(47)	-
Transfer of cash sale proceeds credited as part of the (gain)/loss on disposal to the Comprehensive Income and Expenditure Statement					
-	-	-	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure					
Adjustments primarily involving the Financial Instruments Adjustment Account					
-	-	-	-	-	-
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements					

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			Adjustments primarily involving the Pension Reserve		
(15,165)	-	15,165	Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(16,229)	-
4,847	-	(4,847)	Employer's pensions contributions and direct payments to pensioners payable in the year	4,394	-
			Adjustments primarily involving the Collection Fund Adjustment Account		
(56)	-	56	Precept and NNDR Income	215	-
			Adjustments primarily involving the Accumulated Absences Account		
23	-	(23)	Employee Absence Account	91	-
(11,212)	(6)	11,218	Total Adjustments	(11,878)	(47)
				11,925	

Transfers To/From Reserves

	Note	Balance at 1 April 2013	Transfers (In)/Out 2013/14	Balance at 31 March 2014	Transfers (In)/Out 2014/15
General Fund Balance	A	(3,700)	-	(3,700)	-
Sub Total Non Earmarked General Fund Balance		(3,700)	-	(3,700)	-
Fire Control Reserve	B	(150)	-	(150)	-
Invest to Save Reserve	C	(500)	(13)	(513)	13
Moving Forward Reserve	D	(1,083)	1,083	-	-
New Dimensions Reserve	E	(1,000)	-	(1,000)	-
Asset Management Reserve	F	(124)	124	-	-
Redundancy and Early Retirement Reserve	G	(180)	(169)	(349)	(128)
Vehicle Reserve	I	(51)	(18)	(69)	(122)
Funding Pressures Reserve	J	(2,000)	817	(1,183)	(94)
Control Room Reserve (Revenue)	K	(684)	(676)	(1,360)	-
RDS Pension Contributions Reserve	L	(650)	-	(650)	-
Continuing Projects Reserve	M	(300)	-	(300)	(1,200)
Insurance Reserve	R	-	-	-	(50)
Sub Total Earmarked Reserves - Revenue		(6,722)	1,148	(5,574)	(1,581)
Usable Capital Receipts Reserve	N	(40)	(6)	(46)	(47)
Control Room Capital Grant Unapplied	O	(800)	-	(800)	-
Other Capital Grants Unapplied	P	(51)	(251)	(302)	216
Revenue Contribution to Capital	Q	(749)	(1,600)	(2,349)	(1,703)
Sub Total Earmarked Reserves - Capital		(1,640)	(1,857)	(3,497)	(1,534)
Total Usable Reserves		(12,062)	(709)	(12,771)	(3,115)
				(15,886)	

A – General Fund Balance

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

B – Fire Control Reserve

This was originally established in 2004/05 to assist with issues relating to regional control rooms. No proposal to remove this money has been made at this stage due to the uncertainty surrounding the provision of control room services.

C – Invest to Save Reserve

This reserve provides one-off funding for initiatives that will help to generate long-term efficiencies within the Authority. The savings generated are used to top-up the reserve in order to fund further projects.

D – Moving Forward Reserve

This reserve was fully utilised in 2013/14 in order to contribute towards the repayment of the deficit on the Local Government Pension Scheme, which will generate a net revenue saving over the relevant period.

E – New Dimensions Reserve

This reserve has been setup to mitigate the risk of reduction or cessation of grant funding associated with Section 31 grants for Urban Search and Rescue and Incident Response Units.

F – Asset Management Reserve

This reserve was setup in 2010/11 to provide funding for the implementation of a new asset management system. This reserve was fully utilised in 2013/14.

G – Redundancy and Early Retirement Reserve

This reserve is used to fund the cost of redundancy and early retirements incurred as part of the Moving Forward Agenda. The net underspend for 2013/14 (after all other reserves movements) was transferred to this reserve to provide for future restructuring costs.

I – Vehicle Reserve

This reserve is used to contribute towards the cost of replacing pool cars as they reach the end of their useful lives.

J – Funding Pressures Reserve

This reserve was created to assist with future pressures resulting from changes in Government grant funding. An additional £1.000m was added to the reserve in 2012/13 to reflect the increased uncertainty regarding future funding settlements. The amount utilised in 2013/14 was the remaining amount required to pay off the deficit on the Local Government Pension Scheme (see also the Moving Forward Reserve [D])

K – Control Room Reserve (Revenue)

This reserve contains the funding received in 2011/12 to contribute towards the revenue costs of combining control room services in future years. An additional transfer was made to this reserve in 2013/14 to cover the anticipated savings not fully realised in 2014/15 due to the delay in project go-live.

L – RDS Pension Contribution Reserve

This reserve has been setup to cover any potential costs that may be incurred in relation to back-dated Retained Duty System (RDS) pensions. Not enough certainty exists at the moment to create a provision, but additional information is disclosed within Note 27 - Contingent Liabilities.

M – Continuing Projects Reserve

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

R – Insurance Reserve

This reserve was created to smooth out any short-term fluctuations in cost as a result of increasing the voluntary excess on the Authority’s insurance policies.

N – Usable Capital Receipts Reserve

This reserve receives monies from the sale of capital assets and uses these monies towards the purchase of new assets.

O – Control Room Capital Grant Unapplied

This reserve contains the funding received in 2011/12 to contribute towards the capital costs of combining control room services in future years.

P – Other Capital Grants Unapplied

This reserve contains capital grant funding received and committed in 2014/15, but where delivery of the goods/service will take place in 2015/16.

Q – Revenue Contribution to Capital

This reserve represents funding set aside to contribute towards future capital expenditure in order to mitigate the need to fund the expenditure through additional borrowing.

24 - Unusable Reserves

a) Accumulated Absences Account

The Accumulated Absences Account mitigates any effect on the General Fund of having to include a provision for any outstanding leave owed to employees at the end of each financial year. There is a requirement that authorities are only required to fund holiday pay and similar benefits when they are used, rather than when employees earn the benefits. Amounts are transferred to this account until the benefits are used. The carrying balance is relatively high as the authority operates a January to December leave year.

2013/14	Accumulated Absences Account	2014/15
£000		£000
676	Opening Balance	653
(676)	Reversal of provision for accumulated absences for previous year	(653)
653	Accumulated absences for the year	564
<hr/> 653	Closing Balance	<hr/> 564

b) Capital Adjustment Account

It is a statutory requirement to have a Capital Adjustment Account. The balance on this account provides a balancing mechanism between the different rates at which assets are depreciated under the Code and are financed through the capital controls system.

2013/14	Capital Adjustment Account	2014/15
£000		£000
(19,944)	Opening Balance	(18,957)
2,022	Depreciation	2,125
120	Depreciation variance Historic to Current	247
(335)	Minimum Revenue Provision	(324)
113	Impairments	-
6	Other adjustments	(1)
-	Revenue contributions	-
-	Usable capital receipts	-
(939)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(1,406)
-	Application of grants to capital financing from the Capital Grants Unapplied Account	-
(18,957)	Closing Balance	(18,316)

c) Collection Fund Adjustment Account

It is a statutory requirement to have a Collection Fund Adjustment Account. The balance on this account represents the timing differences between statutory accounting requirements and full accruals accounting for council tax.

2013/14	Collection Fund Adjustment Account	2014/15
£000		£000
(211)	Opening Balance	(155)
(233)	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(20)
289	Amount by which NNDR income credited to the Comprehensive Income and Expenditure Statement is different from NNDR income calculated for the year in accordance with statutory requirements.	(195)
(155)	Closing Balance	(370)

d) Pensions Reserve

It is a statutory requirement to have a Pensions Reserve. This reserve represents a balancing figure, reported by the actuary, to allow for the liabilities of both the Local Government Pension Scheme and the Firefighter's Pension Fund, as required under IAS19.

2013/14	Pensions Reserve	2014/15
£000		£000
197,426	Opening Balance	217,632
10,318	Appropriations to and from (-) revenue	11,835
9,888	Actuarial gains (-) / losses relating to pensions	36,743
217,632	Closing Balance	266,210

e) Revaluation Reserve

It is a statutory requirement to have a Revaluation Reserve. This reserve records unrealised revaluation gains arising since the 1st April 2007 from the holding of fixed assets. As and when assets are revalued or revaluations are reversed then adjustments are made to this account. The revaluation reserve is also written down to the capital adjustment account over the remaining useful lives of the assets with revaluation reserve balances.

2013/14	Revaluation Reserve	2014/15
£000		£000
(1,274)	Opening Balance	(5,038)
(3,644)	Upward Asset revaluations	(1,908)
-	Downward Asset revaluations	22
-	Impairment losses recognised in the Revaluation Reserve	-
(120)	Depreciation difference - historic cost to current value	(247)
-	Other adjustments	-
(5,038)	Closing Balance	(7,171)

25 - Donated Assets Account

In 2010/11 the Authority recognised on the Balance Sheet the value of the New Dimension Assets made available to it by the Government. The fair value of the assets was recognised within Vehicles, Plant and Equipment and a credit was recognised in the Donated Assets Account. In 2011/12 the Authority agreed to accept ownership of the assets and comply with the conditions set out in the transfer agreement. The balance on the Donated Assets Account was transferred to the Comprehensive Income and Expenditure Statement. Contra entries were made in the Movement in Reserves Statement and the Capital Adjustment Account to ensure that there is no impact on the General Fund.

The donated assets are now included within Vehicles, Plant and Equipment and will be depreciated over their remaining useful life on a straight-line basis. As at 31 March 2015 the balance on this account was zero. The account will remain at a zero balance unless any new donations of assets are made to the Authority.

26 - Contingent Assets

- As at 31 March 2015, the Authority does not have any contingent assets.

27 - Contingent Liabilities

At 31 March 2015, the Authority had two contingent liabilities:

- The Authority is still awaiting the formal notification of the outcome of a case involving Retained Duty System (RDS) firefighters. The Authority could potentially be liable to pay backdated employer contributions relating to RDS pensions. If the Authority is liable, the amount to be paid would then be dependent on the number of firefighters who decide to backdate their employee contributions. Not enough certainty around the outcome exists at this moment in time for a provision to be required. The Authority created a reserve of £650k in 2011/12 to provide for potential future costs that may be incurred.
- The Authority is awaiting formal notification as to whether or not it will be charged interest in relation to the pension top-up grant covering injury awards between April 2007 and March 2014. No amount has been recognised in the accounts due to the uncertainty as to whether interest will be applied, and if so, the rate applicable.

28 - Pension Schemes

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

- The Local Government Pension Scheme for non-firefighter staff administered locally by Buckinghamshire County Council is a funded defined benefit final salary scheme, administered in accordance with the Local Government Pension Scheme (1997) as amended. The Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. It is contracted out of the State Second Pension;
- The Fire Fighter Pension Scheme for uniformed fire fighters is an unfunded defined benefit statutory scheme, administered by Buckinghamshire County Council in accordance with the Fire Pension Scheme Orders (1992) as amended. It is contracted out of the State Second Pension. There are no investment assets held to back the liabilities of the scheme and cash has to be generated to meet actual pensions payments as they eventually fall due; and
- The Fire Fighter Pension Scheme for uniformed fire fighters (retained and new entrants from 1st April 2006) is an unfunded defined benefit statutory scheme, administered by Buckinghamshire County Council in accordance with the Fire Pension Scheme Orders (2006) as amended. It is contracted out of the State Second Pension. There are no investment assets held to back the liabilities of the scheme and cash has to be generated to meet actual pension payments as they eventually fall due.

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

a) Transactions relating to retirement benefits

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

Current Year 2014/15

Comprehensive Income and Expenditure Statement	LGPS	1992 Firefighters	2006 Firefighters	Total
	£000	£000	£000	£000
<u>Cost of Services</u>				
Service Cost	1,046	6,121	738	7,905
Administration Expenses	14	-	-	14
Cost of Services Total	1,060	6,121	738	7,919
<u>Financing and Investment Income and Expenditure</u>				
Net Interest on the defined liability (asset)	(1,003)	9,109	204	8,310
Financing and Investment Total	(1,003)	9,109	204	8,310
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	57	15,230	942	16,229
Actuarial Gains and Losses	4,121	29,267	3,355	36,743
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	4,178	44,497	4,297	52,972
Movement in Reserves Statement				
Reversal of net charges made to the surplus or deficit for post employment benefits in accordance with the code:	(57)	(15,230)	(942)	(16,229)
Amount actually charged against the General Fund Balance for pensions in the year for:				
Employers contribution	473	1,755	1,953	4,181
Retirement benefit payable to pensioners	15	198	-	213

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Comparative data for 2013/14

Comprehensive Income and Expenditure Statement	LGPS	1992 Firefighter s	2006 Firefighter s	Total
	£000	£000	£000	£000
<u>Cost of Services</u>				
Service Cost	897	4,893	816	6,606
Administration Expenses	18	-	-	18
Cost of Services Total	915	4,893	816	6,624
<u>Financing and Investment Income and Expenditure</u>				
Net Interest on the defined liability (asset)	16	8,305	238	8,559
Financing and Investment Total	16	8,305	238	8,559
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	931	13,198	1,054	15,183
Actuarial Gains and Losses	778	10,524	(1,414)	9,888
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	1,709	23,722	(360)	25,071
Movement in Reserves Statement				
Reversal of net charges made to the surplus or deficit for post employment benefits in accordance with the code:	(913)	(13,198)	(1,054)	(15,165)
Amount actually charged against the General Fund Balance for pensions in the year for:				
Employers contribution	2,595	1,765	280	4,640
Retirement benefit payable to pensioners	14	193	-	207

b) Assets and liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities 2014/15

Reconciliation of present value of the scheme liabilities	LGPS	1992 Firefighters	2006 Firefighters	Total
	£000	£000	£000	£000
Present Value of scheme liabilities as at 1 April	(25,002)	(205,349)	(4,417)	(234,768)
Current Service Cost	(897)	(6,121)	(738)	(7,756)
Interest Cost	(1,119)	(9,109)	(204)	(10,432)
Change in financial assumptions	(4,111)	(33,232)	(1,161)	(38,504)
Change in demographic assumptions	-	-	-	-
Experience loss/(gain) on defined benefit obligation	4	-	-	4
Estimated benefits paid net of transfers in	639	7,042	-	7,681
Past service costs, including curtailments	(163)	-	-	(163)
Contribution by Scheme participants	(246)	(1,322)	(241)	(1,809)
Unfunded pension payments	15	198	-	213
Present Value of scheme liabilities as at 31 March	(30,880)	(247,893)	(6,761)	(285,534)

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Prior year 2013/14

Reconciliation of present value of the scheme liabilities	LGPS	1992	2006	Total
		Firefighters	Firefighters	
	£000	£000	£000	£000
Present Value of scheme liabilities as at 1 April	(22,910)	(183,585)	(5,057)	(211,552)
Current Service Cost	(897)	(4,893)	(816)	(6,606)
Interest Cost	(1,047)	(8,305)	(238)	(9,590)
Change in financial assumptions	(1,443)	(7,262)	(135)	(8,840)
Change in demographic assumptions	(360)	(4,233)	(643)	(5,236)
Experience loss/(gain) on defined benefit obligation	1,345	(3,212)	2,720	853
Estimated benefits paid net of transfers in	529	7,173	-	7,702
Past service costs, including curtailments	-	-	-	-
Contribution by Scheme participants	(233)	(1,225)	(248)	(1,706)
Unfunded pension payments	14	193	-	207
Present Value of scheme liabilities as at 31 March	(25,002)	(205,349)	(4,417)	(234,768)

Reconciliation of fair value of the scheme assets 2014/15

Reconciliation of fair value of the scheme assets	LGPS	1992	2006	Total
		Firefighters	Firefighters	
	£000	£000	£000	£000
Fair Value of scheme assets as at 1 April	17,137	-	-	17,137
Interest on Assets	773	-	-	773
Return on assets less interest	1,349	-	-	1,349
Other actuarial gains/(losses)	-	-	-	-
Administration expenses	(15)	-	-	(15)
Contributions by employer including unfunded	488	-	-	488
Contributions by Scheme participants	246	-	-	246
Estimated benefits paid plus unfunded net of transfers in	(654)	-	-	(654)
Fair Vale of scheme assets as at 31 March	19,324	-	-	19,324

Prior year 2013/14

Reconciliation of fair value of the scheme assets	LGPS	1992	2006	Total
		Firefighters	Firefighters	
	£000	£000	£000	£000
Fair Vale of scheme assets as at 1 April	14,126	-	-	14,126
Interest on Assets	702	-	-	702
Return on assets less interest	329	-	-	329
Other actuarial gains/(losses)	(304)	-	-	(304)
Administration expenses	(17)	-	-	(17)
Contributions by employer including unfunded	2,609	-	-	2,609
Contributions by Scheme participants	233	-	-	233
Estimated benefits paid plus unfunded net of transfers in	(542)	-	-	(542)
Fair Vale of scheme assets as at 31 March	17,136	-	-	17,136

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields at the Balance Sheet date. Expected returns on equity investments reflect the long-term real rates of return experienced in the respective markets.

c) Scheme history

Reconciliation of present value of the scheme liabilities	2010/11	2011/12	2012/13	2013/14	2014/15
	£000	£000	£000	£000	£000
<u>Present Value of Liabilities</u>					
LGPS	(15,831)	(20,037)	(22,910)	(25,002)	(30,880)
1992 Firefighters Scheme	(140,866)	(171,253)	(183,585)	(205,349)	(247,893)
2006 Firefighters Scheme	(2,156)	(3,774)	(5,057)	(4,417)	(6,761)
Present Value of scheme liabilities as at 31 March	(158,853)	(195,064)	(211,552)	(234,768)	(285,534)
<u>Fair Value of Assets</u>					
LGPS	10,696	10,742	14,126	17,136	19,324
Total Assets - BMKFA estimated allocation of LGPS assets	10,696	10,742	14,126	17,136	19,324
LGPS Experience adjustments on scheme assets	530	(1,131)	1,578	-	-
<u>Surplus/Deficit (-) in the scheme</u>					
LGPS	(5,135)	(9,295)	(8,784)	(7,866)	(11,556)
1992 Firefighters Scheme	(140,866)	(171,253)	(183,585)	(205,349)	(247,893)
2006 Firefighters Scheme	(2,156)	(3,774)	(5,057)	(4,417)	(6,761)
Total	(148,157)	(184,322)	(197,426)	(217,632)	(266,210)

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £266.210m has a substantial impact on the net worth of the Authority as recorded in the balance sheet, resulting in a negative overall balance of £225.031m. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

- the deficit on the Local Government Scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the Scheme Actuary every three years;
- Finance is only required to be raised to cover firefighter’s pensions when the pensions are actually paid.

d) Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the Projected Unit Method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.

Both the Firefighters’ and Local Government schemes have been assessed by Barnett Waddingham, an independent firm of actuaries, based on the latest valuations (31 March 2013 for the Local Government scheme and the 31 March 2005 for the Firefighters’ scheme).

The main assumptions used in their calculations have been:

	LGPS		Firefighters 1992		Firefighters 2006	
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15
	£000	£000	£000	£000	£000	£000
<u>Mortality Assumptions</u>						
Longevity at 65 for current pensioners						
Men	23.60	23.70	23.40	23.50	23.40	23.50
Women	26.00	26.10	25.70	25.90	25.70	25.90
Longevity at 65 for future pensioners						
Men	25.80	26.00	25.60	25.70	25.60	25.70
Women	28.30	28.40	28.00	28.10	28.00	28.10
<u>Financial Assumptions</u>						
Rate of Inflation (RPI)	3.70%	3.30%	3.60%	3.20%	3.60%	3.20%
Rate of Inflation (CPI)	2.90%	2.50%	2.80%	2.40%	2.80%	2.40%
Rate of salary inflation	4.70%	4.30%	4.60%	4.20%	4.60%	4.20%
Rate of pensions inflation	2.90%	2.50%	2.80%	2.40%	2.80%	2.40%
Rate for discounting scheme liabilities	4.50%	3.40%	4.50%	3.30%	4.50%	3.30%
Take up of option to convert annual pension into retirement lump sum	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%

The Local Government Pension Scheme’s assets consist of the following categories by proportion of Buckinghamshire and Milton Keynes Fire Authority’s estimated allocation. The prior year figures have been restated to enable comparison with the more detailed breakdown required under the revised IAS 19 standard:

31 March 2014			31 March 2015		
£000	%	LGPS	£000	%	
857	5%	Gilts	2,408	12%	
11,653	68%	Equities	10,553	55%	
1,714	10%	Other Bonds	2,503	13%	
1,371	8%	Property	1,657	9%	
171	1%	Cash	376	2%	
n/a	n/a	Alternative Assets	285	1%	
685	4%	Hedge Funds	728	4%	
685	4%	Absolute Return Portfolio	814	4%	
17,136	100%	Total	19,324	100%	

The Firefighters Pension Schemes have no assets to cover their liabilities.

e) Sensitivity Analysis

The following tables show a sensitivity analysis on the major assumptions used in the valuations:

LGPS Sensitivity Analysis	£000	£000	£000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	30,235	30,880	31,540
Projected service cost	1,069	1,095	1,122
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	30,985	30,880	30,777
Projected service cost	1,096	1,095	1,094
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	31,440	30,880	30,333
Projected service cost	1,121	1,095	1,069
Adjustment to mortality age rating assumption	+1 year	None	- 1 Year
Present value of total obligation	29,836	30,880	31,934
Projected service cost	1,059	1,095	1,132

Firefighters 1992 Sensitivity Analysis	£000	£000	£000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	243,471	247,893	252,399
Projected service cost			
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	248,464	247,893	247,325
Projected service cost			
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	251,864	247,893	243,997
Projected service cost			
Adjustment to mortality age rating assumption	+1 year	None	- 1 Year
Present value of total obligation	239,450	247,893	256,358
Projected service cost			

Firefighters 2006 Sensitivity Analysis	£000	£000	£000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	6,519	6,761	7,012
Projected service cost			
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	6,795	6,761	6,727
Projected service cost			
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	6,980	6,761	6,551
Projected service cost			
Adjustment to mortality age rating assumption	+1 year	None	- 1 Year
Present value of total obligation	6,544	6,761	6,978
Projected service cost			

29 - Financial Instruments

a) Financial Instruments Balances

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments:

	Long Term		Current	
	31 March 2014 £000	31 March 2015 £000	31 March 2014 £000	31 March 2015 £000
Financial liabilities at amortised cost	(10,138)	(9,576)	(1,633)	(2,198)
Total Borrowings	(10,138)	(9,576)	(1,633)	(2,198)
Loans and receivables	-	-	21,880	21,615
Total Investments	-	-	21,880	21,615

b) Financial Instruments gains and losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement in relation to financial instruments are made up as follows.

2013/14	Financial Instruments Gains and Losses	Financial Liabilities 2014/15	Financial Assets 2014/15			Total
		Liabilities measured at amortised cost	Loans and receivables	Available for sale assets	Fair value through the CIES account	
£000		£000	£000	£000	£000	£000
380	Interest expense	380	-	-	-	380
-	Losses on derecognition	-	-	-	-	-
-	Impairment losses	-	-	-	-	-
380	Interest payable and similar charges	380	-	-	-	380
(142)	Interest income	-	(142)	-	-	(142)
-	Gains on derecognition	-	-	-	-	-
(142)	Interest and investment income	-	(142)	-	-	(142)
-	Gains on revaluation	-	-	-	-	-
-	Losses on revaluation	-	-	-	-	-
-	Amounts recycled to the CIES after impairment	-	-	-	-	-
-	Surplus arising on revaluation of financial assets	-	-	-	-	-
238	Net gain/loss (-) for the year	380	(142)	-	-	238

A reconciliation of the net gain on Loans and Receivables to Investment Income as shown in the Comprehensive Income and Expenditure Statement is given below.

2013/14		2014/15
£000		£000
-	Financial Instruments gain	-
(16)	Rental income from investment properties	(16)
-	Movement in fair value of investment properties	-
(126)	Interest on investments	(126)
(142)	Total Investment income received in the CIES	(142)

c) Fair value of assets and liabilities carried at amortised cost

Financial liabilities and financial assets represented by loans, finance leases and receivables are carried on the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- The fair values for financial liabilities have been determined by reference to the Public Works Loans Board (PWLB) redemption rules and prevailing PWLB redemption rates as at each balance sheet date, and include accrued interest. It should be noted that the redemption rules applying to PWLB debt changed on 1 November 2007, and are less favourable than the previous procedures.
- No early repayment or impairment is recognised;
- Where an instrument will mature in the next 12 months, the carrying amount is assumed to be approximate to fair value;
- The fair value of trade and other receivables is taken to be invoiced or billed amounts.

The fair values calculated are as follows:

	31 March 2014		31 March 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
PWLB Debt at amortised cost	(8,265)	(9,810)	(7,750)	(10,778)
Finance Lease	(1,873)	(1,873)	(1,826)	(1,826)
Creditors	(1,633)	(1,633)	(2,198)	(2,198)
Total Financial Liabilities	(11,771)	(13,316)	(11,774)	(14,802)
Cash and cash equivalents	2,248	2,248	1,179	1,179
Short Term Investments	13,108	13,108	19,066	19,066
Debtors	566	566	1,370	1,370
Total Loans and Receivables	15,922	15,922	21,615	21,615

The differences between the carrying amount and the fair value of PWLB debt are due to the fixed rate of interest on the loans being different from the prevailing rate at 31 March 2015. All creditors and other payables are due to be paid in less than one year.

d) Nature and extent of risk arising from financial instruments

The Authority's activities expose it to a variety of financial risks, the key risks are:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Authority;
- Liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments;
- Re-financing risk – the possibility that the Authority might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms; and
- Market risk - the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates movements.

e) Overall procedures for managing risk

The Authority's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework set out in the Local Government Act 2003 and the associated regulations. These require the Authority to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall these procedures require the Authority to manage risk in the following ways:

- by formally adopting the requirements of the Code of Practice;
- by approving annually in advance prudential indicators for the following three years limiting;
 - i.) the Authority's overall borrowing
 - ii.) the maximum and minimum exposures to fixed and variable rates
- by approving an investment strategy for the forthcoming year setting out its criteria for investing and compliance with the Government Guidance.

These are required to be reported and approved at or before the Authority's annual council tax setting budget. These items are reported with the annual Treasury Management Strategy which outlines the detailed approach to managing risk. Actual performance is also reported annually to Members. The Authority maintains written principles for overall risk management as well as the investment of surplus cash through the Treasury Management Policy approved by the Authority.

f) Credit risk and Liquidity Risk

Investment Policy

In accordance with guidance from the DCLG and CIPFA, and in order to minimise the risk to investments, the Authority has below clearly stipulated the minimum acceptable credit quality of counterparties for inclusion on the lending list. The creditworthiness methodology used to create the counterparty list fully accounts for the ratings, watches and outlooks published by all three ratings agencies with a full understanding of what these reflect in the eyes of each agency. Using the Capita ratings service potential counterparty ratings are monitored on a real time basis with knowledge of any changes notified electronically as the agencies notify modifications.

Furthermore, the Authority's officers recognise that ratings should not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Authority will engage with its advisors to maintain a monitor on market pricing such as credit default swaps (CDS) and overlay that information on top of the credit ratings. This is fully integrated into the credit methodology provided by the advisors, Capita in producing its colour codings which show the varying degrees of suggested creditworthiness.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

The aim of the strategy is to generate a list of highly creditworthy counterparties which will also enable diversification and thus avoidance of concentration risk.

The intention of the strategy is to provide security of investment and minimisation of risk.

Creditworthiness Policy

This Authority applies the creditworthiness service provided by Capita. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies
- CDS spreads to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Authority to determine the suggested duration for investments. The Authority will therefore use counterparties within the following durational bands:

- Yellow 5 years
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 3 months
- No colour not to be used

The Capita creditworthiness service uses a wider array of information than just primary ratings and by using a risk weighted scoring system, does not give undue preponderance to just one agency's ratings.

Typically the minimum credit ratings criteria the Authority use will be a short term rating (Fitch or equivalents) of short term rating F1, long term rating A-, viability rating of A-, and a support rating of 1. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored weekly. The Authority is alerted to changes to ratings of all three agencies through its use of the Capita creditworthiness service.

- if a downgrade results in the counterparty / investment scheme no longer meeting the Authority's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Authority will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a weekly basis.

Extreme market movements may result in downgrade of an institution or removal from the Authority's lending list. Sole reliance will not be placed on the use of this external service. In addition this Authority will also use market data and market information, information on government support for banks and the credit ratings of that supporting government. The Authority will also invest in AAA rated money market funds and UK building societies with group assets of at least £10 billion.

Country Limits

In 2014/15, the Authority determined that it would use approved counterparties based within the United Kingdom and a limited number of counterparties based in Germany and Sweden (although no deposits were actually placed outside of the UK during the year).

Counterparty Limits

The Authority has determined that the maximum balance that can be invested with a single counterparty at any point in time will be no more than 30% of the portfolio, up to a limit of £5

million. The one exception to this is Lloyds, as these are the Authority’s primary banking provider. Up to £7.5 million can be invested with Lloyds, of which at least £2.5 million must be instant access.

Investment Security

Investments are defined as being in one of two categories:

- Specified investments – these are investments with high security and high liquidity. All specified investments are in sterling and have a maturity of no more than one year. They will be with the UK government, a local authority, a parish council or with an investment scheme or body of “high credit quality” (as judged against the Creditworthiness Policy detailed earlier in this paper)
- Non-specified investments – any type of investment that is not a specified investment. The Authority does plan to make any non-specified investments during the year.

Investment Training

Relevant training and updates will be provided to relevant staff by the external treasury management advisors. This will be supplemented by additional training from CIPFA where necessary.

Investment of Money Borrowed in Advance of Need

The Authority does not currently have any money that has been borrowed in advance of need. No further borrowing is planned over the medium term.

Investment Liquidity

In consultation with external treasury advisors, the Authority will review its balance sheet position, level of reserves and cash requirements in order to determine the length of time for which investments can be prudently committed. Investments will be placed at a range of maturities, including having money on-call in order to maintain adequate liquidity.

g) Refinancing and maturity risk

The Authority maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Authority relates to managing the exposure to replacing PWLB Loans as they mature. It is possible that provisions will be made available to meet all PWLB Loans without the direct need to replace loans as they mature, therefore no risk / impairment or other adjustment is required.

A fair value debt calculation of £11.316m has been provided by the PWLB on the Authority’s behalf

The maturity analysis of financial liabilities is as follows:

31 March 2014 £000		31 March 2015 £000
(101)	Maturing in less than 1 year	(616)
(515)	Maturing within 2 years	(368)
(953)	Maturing within 2 to 5 years	(585)
(1,620)	Maturing within 5 to 10 years	(1,620)
(5,177)	Maturing in more than 10 years	(5,177)
(8,366)	Total	(8,366)

h) Market risk

Interest rate risk

The Authority is exposed to interest rate movements on its investments as borrowings are taken at fixed rate and are carried at amortised cost. Movements in interest rates have a complex impact on the Authority, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- borrowings at fixed rates – the fair value of the borrowing liability will fall;
- investments at variable rates – the interest income credited to the Income and Expenditure Account will rise.

Borrowings are not carried at fair value on the balance sheet but are carried at amortised cost, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Account (CIES). However, changes in interest payable on fixed rate borrowings and variable rate investments will be posted to the CIES and affect the General Fund Balance. Movements in the fair value of any variable rate investments will be reflected in Other Comprehensive Income and Expenditure, unless the investments have already been designated as fair value through the CIES.

The Authority has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Authority's prudential indicators and its expected treasury operations. From this Strategy a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure.

If interest rates had been 1% higher with all other variables held constant the financial effect would be:

	2014/15
	£000
Increase in interest payable on variable rate borrowings	-
Increase in interest receivable on variable rate investments	179
Increase in government grant receivable for financing costs	-
Impact on Comprehensive Income and Expenditure Statement	179
Decrease in fair value of fixed rate borrowing liabilities which has no impact on the Comprehensive Income and Expenditure Statement	-
Total Financial Effect	179

If rates had been 1% lower the amounts would be reversed.

Price risk

The Authority, excluding its share of assets in the Local Government Pension Scheme does not invest in equity shares.

Foreign Exchange risk

The Authority has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

30 - Events After the Balance Sheet Date

Post balance sheet events occur between the balance sheet date and the date the accounts are signed by the Acting Director of Finance and Assets & Chief Finance Officer. Events which have a material effect on the accounts must be disclosed in a note to the accounts.

There are currently no events that required an additional disclosure in the statements.

31 - Notes to the Cash Flow Statement

a) Net Cash flows from Operating Activities

2013/14		2014/15
£000		£000
(10,509)	Net Surplus or (Deficit) on the Provision of Services	(8,810)
2,141	Depreciation, amortisation, impairment and downward valuations	2,125
(97)	Net Movement in Creditors	488
(1,400)	Net Movement in Debtors	377
17	Net Movement in Stocks	11
10,289	Adjustment regarding Pension Liability	11,849
675	Contributions to/from Provisions	223
6	Carrying amount of non-current assets sold	(1)
11,631		15,072
(939)	Capital Grants Credited to surplus or deficit on the provision of services	(1,190)
(6)	Proceeds from the sale of assets	(47)
(945)		(1,237)
177	Net Cash Flows from Operating Activities	5,025

b) Net Cash flows from Operating Activities (Interest)

2013/14		2014/15
£000		£000
142	Ordinary interest received	142
-	Interest received on cash backed funds/reserves	-
142		142
(380)	Interest charge for year	(380)
-	Adj differences between Effective Interest Rates and actual payable	-
101	Other Interest	-
(279)		(380)
(137)	Net Cash Flows from Operating Activities (Interest)	(238)

c) Cash Flows from Investment Activities

2013/14		2014/15
£000		£000
(939)	Property Plant and Equipment Purchased	(1,406)
(13,108)	Purchase of short or long term investments	(5,958)
-	Movement on Capital Creditors	-
(14,047)		(7,364)
6	Proceeds from the sale of Assets	47
-	Proceeds from the sale of short or long term investments	-
1,190	Capital Grants Received	1,190
1,196		1,237
(12,851)	Net Cash Flows from Investing Activities	(6,127)

d) Cash Flows from Financing Activities

2013/14 £000		2014/15 £000
-	Cash receipts of short and long term borrowing	-
-	Repayment of short and long term borrowing	-
(233)	Other receipts from financing activities	(20)
(47)	Cash payments for the reduction of outstanding liabilities relating to finance leases	(47)
(280)	Net Cash Flows from Financing Activities	(67)

e) Make up of Cash and Cash Equivalents

2013/14 £000		2014/15 £000
127	Cash and bank balances	27
2,248	Cash investments	1,179
2,375	Total	1,206

Firefighters' Pension Fund Account

Firefighters' Pension Fund

Restated 2013/14 £000	Fund Account	2014/15 £000
	Income to the fund	
	<u>Contributions receivable (funds due to us during the year)</u>	
	From employer	
(2,237)	normal contributions	(2,086)
-	early retirements	-
(8)	other contributions	(8)
(1,465)	From members	(1,555)
(63)	Ill health charges	(83)
	<u>Transfers in</u>	
-	Individual transfers in from other schemes	-
-	Other transfers in	-
(3,773)	Total Income to the Fund	(3,732)
	Spending by the fund	
	<u>Benefits payable</u>	
4,990	Pension payments	5,388
1,989	Commutation of pensions and lump sum retirement benefits	1,654
-	Lump sum death benefits	-
-	Other benefits payable	-
	<u>Payments to and on behalf of leavers</u>	
-	Refunds of contributions to people who leave the scheme	-
-	Individual transfers out of the scheme	44
-	Other payments	-
6,979	Total Spending by the Fund	7,086
3,206	Net amount payable/receivable for the year before top up grant receivable/amount payable to sponsoring department	3,354
(3,206)	Top up grant receivable/amount payable to sponsoring department	(3,354)
-	Net amount payable (-)/receivable for the year	-

Firefighters' Pension Fund Net Assets Statement

Restated 2013/14 £000	Net Assets Statement	2014/15 £000
	Net Current Assets and Liabilities	
-	Contributions due from employer	-
1,373	Pensions top up grant receivable from sponsoring department	407
-	Unpaid pensions benefits	-
-	Amount due to sponsoring department	-
(1,373)	Other current assets and liabilities (other than liabilities and other benefits in the future)	(407)
-	Net Assets at the End of the Year	-

Prior year comparatives have been restated to remove payments relating to injury awards that were shown within the pension fund account instead of the operating account.

Notes to the Firefighters' Pension Fund Account

1 - Pension Fund Arrangements

Before 1st April 2006 the Firefighters' Pension Scheme did not have a percentage of pensionable pay contribution from employers: rather the Authority was responsible for paying the pensions of its own former employees on a pay-as-you-go basis. Under the new funding arrangements the scheme remains unfunded but will no longer be on a pay-as-you-go basis as far as the Authority is concerned. The Authority will no longer meet the pension outgoings directly: instead they will pay an employer's pension contribution based on a percentage of pay into the Pension Fund. The Authority is required by legislation to operate a Pension Fund and the amounts that must be paid into and paid out of the Pension Fund are specified by regulation. Benefits payable are funded by contributions from employers and employees.

Employers' contribution levels are based on percentages of pensionable pay set nationally by the DCLG and subject to triennial revaluation by the Government Actuary's Department.

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

2 - Pension Fund Accounting Policies

The accounting policies followed are the same as for the main accounts of the Authority.

3 - Balancing the Pension Fund Account

If the Pension Fund Account is not balanced to nil by pension top-up grant receivable or by the amount payable to the sponsoring department the Pension Fund should be balanced to nil by a supplementary contribution from the authority to the Pension Fund or by the Pension Fund returning contribution to the Authority.

This is shown under Short Term Debtors in Note 16 in the notes to the core financial statements.

The Net Assets Statement does not include liabilities to pay pensions and other benefits after the Balance Sheet Date.

4 - Pension Fund Investment Assets

As the Scheme is unfunded there are no investment assets.

5 - Liabilities Shown in the Authority's Main Statements

The liabilities relating to the Firefighters' Pension scheme can be seen in Note 28 of the main statements.

Glossary of Terms

Amortisation / Amortise

The equivalent of depreciation when applied to intangible assets.

Accruals

Used to describe allocating expenditure or income to the relevant financial year. Includes Debtors, Creditors and Prepayments

BMKFA

Acronym for Buckinghamshire & Milton Keynes Fire Authority.

Budget

A statement of the Authority's expected level of service delivery plans expressed in monetary terms and spending over a set period, usually one year.

BCC

Buckinghamshire County Council. BCC provide some services to the Authority under a service level agreement.

Capitalisation

Capitalisation is the addition to the balance sheet as an asset of an amount that will benefit the Authority for more than one year.

Capital Adjustment Account

Provides a balancing mechanism between the different rates at which assets are depreciated under the Code and are financed through the capital controls system.

Capital Financing Requirement

Measures the Authority's underlying need to borrow or finance by other long-term liabilities for a capital purpose. It represents the amount of capital expenditure that has not yet been resourced, whether at the point of spend or over the longer term

Capital Receipts

Proceeds from the sale of capital assets that must be used to finance new capital expenditure or reduce the existing Capital Financing Requirement. Receipts available to finance capital expenditure in future years are held in the Usable Capital Receipts Reserve.

Carrying Amount

The carrying amount refers to the amounts that the Authority has on its books for an asset or a liability. For example, the carrying amount of the authority's rescue pump is the cost of the rescue pump minus the accumulated depreciation on the rescue pump.

CIES

Comprehensive Income and Expenditure Statement. This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.

CIPFA

Chartered Institute of Public Finance and Accountancy.

The Code

The Code of Practice on Local Authority Accounting in the United Kingdom. Sets out the proper practices for producing the Statement of Accounts.

CPFA

Chartered Public Finance Accountant.

CPI (see also RPI)

Consumer Price Index, a key measure of inflation in the UK.

Collection Fund Adjustment Account

Provides a balancing mechanism for the timing differences between statutory accounting requirements and full accruals accounting for council tax.

Council Tax Support Scheme

Regulations introduced in April 2013 that allow councils to design their own schemes to provide incentives for people to find and stay in work.

Creditors

Amounts owed by the Authority at the Balance Sheet date for goods received or work done.

Curtailment

The early payment of accrued pensions upon retirement.

DCLG

Department for Communities and Local Government.

Debtors

Amounts due to the Authority but remaining unpaid at the Balance Sheet date.

Depreciation

The loss of value of assets due to wear and tear, age or obsolescence.

Derecognition

The removal of a previously recognised financial asset or liability from the balance sheet following the transfer of asset to a third party or expiry of contractual rights to an asset.

EUV

Existing Use Value. The price at which a property can be sold on the open market assuming that it can only be used for the existing use for the foreseeable future.

Fair Value

Asset – the amount at which that asset could be bought or sold in a current transaction between willing parties, other than in a liquidation.

Liability- the amount at which that liability could be incurred or settled in a current transaction between willing parties, other than in liquidation.

Financial Instrument

A legal agreement involving some sort of monetary value. Financial instruments can be classified generally as equity based, representing ownership of the asset, or debt based, representing a loan made by an investor to the owner of the asset

General Fund

The balance held by the Authority against which the council tax is raised. The balance sheet shows the accumulated surplus from previous years.

HMRC

Her Majesty's Revenue & Customs.

IAS

International Accounting Standards which have come into effect with the introduction of International Financial Reporting Standards(IFRS).

IAS 19 (formerly FRS17)

The accounting standard that sets out (amongst other things) the requirements and accounting treatment for retirement benefits.

IFRS

The International Financial Reporting Standards which became applicable from the 1st April 2010. All future accounts will be presented using these standards.

Impairments

A downward movement in the value of assets; the opposite to revaluation (upwards) of asset values.

IRMP

The Integrated Risk Management Plan covers the 3 years 2010 – 13 and explains what BMKFA is going to do to develop its services for the future.

LIFO

Last in First Out is one of a number of methods for calculating the carrying value of inventories.

Loans Outstanding

Loans raised to finance capital spending which have to be repaid.

Local Government Pension Scheme (LGPS)

Is the Pension Scheme provided by the Authority for employees not eligible to join the Firefighters' Pension Scheme.

Lower of Cost and Net Realisable Value

A method for determining an asset's value such that either the original cost or the current replacement cost, whichever is lowest, is used for financial reporting purposes

Materiality

Information is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements.

Minimum Revenue Provision (MRP)

The minimum amount of the Authority's outstanding debt which must be repaid by the revenue accounts in the year.

National Non-Domestic Rates (NNDR)

Also known as Business Rates, these are collected by local authorities and are the way that those who occupy non-domestic property contribute towards the cost of local services.

NJC

National Joint Council for Local Authority Fire and Rescue Services.

Outturn

The actual level of spending and income in a particular year.

Precept

An amount of money levied by one authority (the precepting authority) which is collected by another authority (the billing authority) as part of the council tax. BMKFA is a precepting authority and the four Buckinghamshire District Councils and Milton Keynes Council are the billing authorities.

Prepayments

Where the authority pays for goods or services before they have been received, any amounts paid but not received by the end of an accounting period are shown in the balance sheet as prepayments.

Provisions

These are sums set aside for a specific purpose, the nature of which is known but the exact amount and due date is not.

Public Works Loan Board (PWLB)

A government body from which a local authority may raise long term loans.

Realised/Unrealised Gains

A realised gain is the capital gain that you make on an asset that you receive in the form of cash. An unrealised gain an increase in the carrying value of an asset that has yet to be sold.

Revaluation

Revaluation of fixed assets is the process of increasing or decreasing their carrying value to reflect changes in fair value.

Revaluation Reserve

Records unrealised revaluation gains arising (since 1st April 2007) from holding fixed assets.

Revenue Expenditure

This is spending on the day to day running expenses of the Authority. It includes expenses such as salary and wages, heating, lighting, rent, rates and stationery.

Reserves

Amounts set aside in one year to fund expenditure in subsequent years

Revenue Support Grant (RSG)

An amount of money given by central government to local authorities each year

RICS

Royal Institute of Chartered Surveyors

RPI

Retail Price Index, a measure of inflation in the UK. CPI excludes most owner occupier housing costs while the RPI includes mortgage interest payments and house depreciation. RPI generally produces a higher inflation figure than CPI.

SAP

The accounting system software used at Buckinghamshire and Milton Keynes Fire Authority.

SeRCOP

Service reporting Code of Practice 2011/12 replaces the Best Value Accounting Code of Practice (BVACOP) produced by CIPFA to establish a reporting protocol to demonstrate transparency and best value in the provision of services to the community.

UITF

Urgent Issue Task Force abstracts are issued by the Accounting Standards Board.

Write Down

A reduction in the book value of an asset due to depreciation or a decline in market value

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Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	23 September 2015
OFFICER	David Sutherland, Acting Director of Finance & Assets
LEAD MEMBER	Councillor Andy Dransfield
SUBJECT OF THE REPORT	Letter of Management Representation 2014/15
EXECUTIVE SUMMARY	The Authority is required to consider and sign the letter of representation to Ernst & Young in order for the audit opinion and conclusion to be issued.
ACTION	Decision.
RECOMMENDATIONS	Members are asked to consider the Letter of Representation for the Authority before it is signed by the Chief Finance Officer and the Chairman of the Committee.
RISK MANAGEMENT	The results of the audit give reassurance regarding entries in the accounts and value for money arrangements.
FINANCIAL IMPLICATIONS	No direct impact.
LEGAL IMPLICATIONS	The audit of the financial statements is a statutory requirement.
CONSISTENCY WITH THE PRINCIPLES OF COLLABORATION	No direct impact.
HEALTH AND SAFETY	No direct impact.
EQUALITY AND DIVERSITY	No direct impact.
USE OF RESOURCES	No direct impact.
PROVENANCE SECTION & BACKGROUND PAPERS	As part of the audit, the Chairman was required to provide a response to Ernst & Young detailing how the Committee gains assurance from management. A copy of this letter is attached in Annex B.

APPENDICES	Annex A: Letter of Management Representation 2014/15. Annex B: Understanding how the Overview and Audit Committee gains assurance from management.
TIME REQUIRED	10 minutes.
REPORT ORIGINATOR AND CONTACT	Mark Hemming mhemming@bucksfire.gov.uk 01296 744687



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

Your ref:
Our ref: **Letter of Representation 2014/15**
Enquiries to: Mark Hemming
Ext no: 140
Direct line: 01296 744687
Fax no:
Date: 2015
E-mail: mhemming@bucksfire.gov.uk

Buckinghamshire & Milton Keynes Fire and Rescue Authority - Audit for the year ended 31 March 2015

This representation letter is provided in connection with your audit of the financial statements of Buckinghamshire & Milton Keynes Fire Authority ("the Authority") for the year ended 31 March 2015. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the financial position of Buckinghamshire & Milton Keynes Fire Authority as of 31 March 2015 and of its expenditure and income for the year then ended in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

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

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

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations (England) 2011 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.
2. We acknowledge our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, and of the expenditure and income of the Authority in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and are free of material misstatements, including omissions. We have approved the financial statements. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.

Acting Director of Finance & Assets: David Sutherland CPFA
Buckinghamshire Fire and Rescue Service
Brigade Headquarters, Stocklake, Aylesbury, Bucks HP20 1BD

3. We believe that the Authority has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 that are free from material misstatement, whether due to fraud or error
4. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

B. Fraud

1. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud
2. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
3. We have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in the Authority's internal controls over financial reporting. In addition, we have no knowledge of any fraud or suspected fraud involving other employees in which the fraud could have a material effect on the financial statements. We have no knowledge of any allegations of financial improprieties, including fraud or suspected fraud, (regardless of the source or form and including without limitation, any allegations by "whistleblowers") which could result in a misstatement of the financial statements or otherwise affect the financial reporting of the Authority.

C. Compliance with Laws and Regulations

1. We are unaware of any violations or possible violations of laws or regulations.
2. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements, and there have been no communications from regulatory agencies or government representatives concerning investigations or allegations of non-compliance.

D. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters as agreed in terms of the audit engagement.
 - Additional information that you have requested from us for the purpose of the audit, and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
3. We have made available to you all minutes of the meetings of the Authority, and the Executive and Overview & Audit committees held through the year to the most recent meetings on the following dates: Fire Authority - 10 June 2015, Executive Committee - 29 July 2015 and Overview and Audit Committee - 15 July 2015.
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Authority's related parties and all

Acting Director of Finance & Assets: David Sutherland CPFA
Buckinghamshire Fire and Rescue Service
Brigade Headquarters, Stocklake, Aylesbury, Bucks HP20 1BD

related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.

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

E. Liabilities and Contingencies

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

F. Subsequent Events

1. There have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto, other than those already disclosed.

G. Accounting Estimates

1. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
2. Accounting estimates recognised or disclosed in the financial statements:
 - We believe the measurement processes, including related assumptions and models, we used in determining accounting estimates are appropriate and the application of these processes is consistent.
 - The disclosures relating to accounting estimates are complete and appropriate in accordance with the applicable financial reporting framework.
 - The assumptions we used in making accounting estimates appropriately reflects our intent and ability to carry out specific courses of action on behalf of the entity, where relevant to the accounting estimates and disclosures.
 - No subsequent event requires an adjustment to the accounting estimates and disclosures included in the financial statements.

H. Retirement benefits

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

I Ownership of Assets

Acting Director of Finance & Assets: David Sutherland CPFA
Buckinghamshire Fire and Rescue Service
Brigade Headquarters, Stocklake, Aylesbury, Bucks HP20 1BD

1. Except for assets capitalised under finance leases, the Authority has satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on the Authority's assets, nor has any asset been pledged as collateral. All assets to which the Authority has satisfactory title appear in the balance sheet.
2. There are no agreements or options to buy back assets previously sold that need to be recorded and disclosed in the financial statements.
3. We have no plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realisable value.
4. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts.

J Reserves

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

K Use of the Work of Experts

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

Yours Faithfully

David Sutherland
Acting Director of Finance and Assets and Chief Finance Officer

I confirm that this letter has been discussed and agreed at the Overview and Audit Committee on 23 September 2015

David Watson
Chairman of the Overview & Audit Committee

Acting Director of Finance & Assets: David Sutherland CPFA
Buckinghamshire Fire and Rescue Service
Brigade Headquarters, Stocklake, Aylesbury, Bucks HP20 1BD



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

Your ref: **BMKFA/MGTCWG/2014-15**
Our ref: As above
Enquiries to: Mark Hemming
Ext no: 140
Direct line: 01296 744687
Fax no:
Date: June 2015
E-mail: mhemming@bucksfire.gov.uk

Dear Maria

Understanding how the Overview and Audit Committee gains assurance from management

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

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

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

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

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

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

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

Response: The Authority wide Counter-Fraud and Corruption Policy was reviewed and updated in 2013/14 and released to all employees via the intranet (see also Whistleblowing policy below). This policy is approved by the Committee.

Acting Director of Finance & Assets: David Sutherland CPFA
Buckinghamshire Fire and Rescue Service
Brigade Headquarters, Stocklake, Aylesbury, Bucks HP20 1BD

- Encouraging employees to report their concerns about fraud

Response: The Authority wide Whistleblowing Policy was reviewed and updated in 2013/14 and released to all employees via the intranet. This policy is approved by the Committee.

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

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

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

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

- 3) Is the Committee aware of any breaches of, or deficiencies in, internal control; and actual, suspected or alleged frauds during 2014-15?

Response: No

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

Response: No

- 5) How does the Committee gain assurance that all relevant laws and regulations have been complied with? Are you aware of any instances of non-compliance during 2014/15?

Response: The Director of Legal and Governance is designated as the Monitoring Officer. He is required to report any non-compliance to management and the Committee. No instances of non-compliance were identified during 2014/15.

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

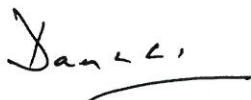
Response: Yes. A review of potential litigation and claims is carried out by officers as part of the year end closedown process. An assessment is made as to whether these require a provision or contingent liability to be disclosed in order for the financial statements to present a true and fair view. The 2014/15 financial statements contain a number of provisions and contingent liabilities covering a range of events that may impact upon the Authority in subsequent years.

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

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

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

Yours sincerely

A handwritten signature in black ink, appearing to read 'David Watson', with a horizontal line underneath.

Councillor David Watson

Chairman – Overview and Audit Committee

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Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	23 September 2015
OFFICER	David Sutherland, Acting Director of Finance & Assets
LEAD MEMBER	Councillor Andy Dransfield
SUBJECT OF THE REPORT	Counter-Fraud and Corruption Policy Review
EXECUTIVE SUMMARY	<p>To seek approval of the updated policy to ensure that the Authority continues to comply with its Counter-Fraud and Corruption obligations.</p> <p>This paper is being presented to the Committee as part of a triennial review.</p>
ACTION	Decision.
RECOMMENDATIONS	That the revised Counter-Fraud and Corruption Policy be approved.
RISK MANAGEMENT	This framework links into the risk register and will be revised as part of the risk monitoring framework.
FINANCIAL IMPLICATIONS	No costs or income are associated with the approval of this policy.
LEGAL IMPLICATIONS	As covered in the report.
CONSISTENCY WITH THE PRINCIPLES OF COLLABORATION	No impact.
HEALTH AND SAFETY	No impact.
EQUALITY AND DIVERSITY	No impact.
USE OF RESOURCES	<p>This framework sets out the Authority's determination to ensure a 'zero-tolerance' policy towards corruption and to provide robust counter-fraud and corruption procedures.</p> <p>It will help maintain our existing resources to ensure they are used for legal purposes, and procedures are in place to ensure any investigations are carried out to maximise the chance of protection of the Authority and prosecution of guilty parties.</p>

<p>PROVENANCE SECTION & BACKGROUND PAPERS</p>	<p>Background Counter-Fraud and Corruption Policy – Overview and Audit Committee, 5 December 2012 [Item 6, pages 60-66): http://bucksfire.gov.uk/files/3714/0633/2143/OA051212.pdf Internal Audit Reports Annual Governance Statement</p>
<p>APPENDICES</p>	<p>Annex A: Counter-Fraud and Corruption policy</p>
<p>TIME REQUIRED</p>	<p>10 minutes.</p>
<p>REPORT ORIGINATOR AND CONTACT</p>	<p>Mark Hemming mhemming@bucksfire.gov.uk 01296 744687</p>

Buckinghamshire Fire & Rescue Service

OC 21

Counter-Fraud and Corruption policy

Policy statement

Buckinghamshire and Milton Keynes Fire Authority is committed to protecting the public funds to which it has been entrusted. As a consequence the Fire Authority aims to minimise the risk of fraud and safeguard public funds by developing a counter-fraud culture, developing robust control systems, encouraging the reporting of suspected fraud, investigating all allegations of fraud and assisting police in their investigations and prosecutions and taking appropriate action to recover from fraudsters any assets wrongfully obtained.

This Counter-Fraud and Corruption policy is to advise and guide members and employees of the Authority, contractors, suppliers, partner organisations and service users, on the Authority's approach to issues of fraud and corruption. This document provides an overview of the strategy and includes guidance on how the Authority will deal with allegations of fraud and corruption.

Document history

Issue 2.0 has been rewritten to better fit with a number of other policies and codes of practice. For this reason no areas of the document has been highlighted to indicate where a change has been made.

Issue 3.0 has been reviewed to fit with the review of other policies and codes of practice. For this reason no areas of the document have been highlighted to indicate where a change has been made.

Issue 4.0 has been reviewed to fit with the review of the latest policies and codes of practice. The only changes made have been to the policy title of Counter-Fraud and Corruption whereas previously this was referred to as Anti-Fraud and Corruption.

Issue 4.1 has been reviewed and minor changes have been made to reflect links to updated policies and job titles.

Department: Finance & Assets
Author: Mark Hemming
Approval date: TBC
Issue number: 4.1
Issue date: TBC
Review date: TBC

Introduction

The Fire Authority expects all members, employees, consultants, contractors, suppliers and partner organisations, to act honestly and with integrity and to safeguard the public resources for which they are responsible, and to provide any help information and support necessary to deal with fraud and corruption.

The Authority will not tolerate any level of fraud or corruption; consequently, any case will be thoroughly investigated and dealt with appropriately. The Authority is committed to ensuring that opportunities for fraud and corruption are reduced to the lowest possible level of risk.

Where relevant, the Authority will include appropriate clauses in its contracts about the consequences of fraud, bribery and corruption; evidence of such acts is likely to lead to a termination of the particular contract and may lead to prosecution. In respect of employees, the Authority's disciplinary rules are such that fraud and corruption are considered to be potential gross misconduct and if proven, will normally result in dismissal.

This Policy is based on a series of comprehensive and inter-related procedures, designed to prevent, detect and deter fraud and to take effective action against any attempted or actual fraudulent act affecting the Authority or its assets.

Scope

The purpose of this Policy is to outline the Authority's approach for dealing with the threat of fraud and corruption. It applies to: -

- elected members of the Fire Authority
- employees at all levels
- organisations, contractors, suppliers and partners associated with the Authority
- users of our services

and covers any matter that may be construed as attempted or actual fraud or corruption affecting the Fire Authority both from internal or external sources examples of which may include:

- *Financial Issues* i.e., where individuals or companies have fraudulently obtained money from the Authority, (e.g. invalid invoices/work not done).
- *Resource Issues* i.e., where there is a misuse of resources, (e.g. theft of cash / assets)
- *Other Issues* i.e., activities undertaken by officers of the Authority that may be unlawful; against the Authority's Standing Orders or policies; falls below established standards or practices; or amounts to improper conduct, (e.g. receiving unapproved hospitality).

Department: Finance & Assets
Author: Mark Hemming
Approval date: TBC
Issue number: 4.1
Issue date: TBC
Review date: TBC

Annex A

This list is not exhaustive - advice and guidance can be obtained from the Authority's Internal Auditors.

Culture

The Authority actively promotes a culture of openness and honesty in all its dealings and has recently updated its [Code of Conduct](#). It also has in place a [Code of Conduct for Councillors and Co-opted Members](#) together with procedures, for members and key employees with procurement powers, to declare financial and other interests and any gifts and hospitality.

To ensure that all employees understand this policy, it will be explained to all new employees and members as part of their induction procedure. Line managers are responsible for conducting an awareness programme for current employees.

The Authority has in place three Committees whose monitoring roles are relevant.

- The Overview and Audit Committee, which sets and monitors standards of conduct for members, reviews the activities of the Internal Audit function including reports of any significant investigations and the management response to recommendations. It also scrutinizes and challenges proposals made by officers and decisions taken by members.
- The Executive Committee, determines the code of conduct for Members and considers other financial matters on recommendation from the Overview and Audit Committee.
- The Fire Authority agrees plans, policies and strategies and considers any other matters on recommendation from the Executive Committee.

Raising Concerns

The Authority's employees play an important part in creating, maintaining and promoting this culture and are encouraged to voice any serious concerns about any suspicion of fraudulent or corrupt activities using the Authority's '**Whistle Blowing**' policy. This policy aims to ensure that any concerns raised will be properly investigated in a professional and confidential manner.

Members Concerns

If any member suspects fraud they should in the first instance approach the Chairman of the Overview and Audit Committee who will refer the matter to the Chief Fire Officer for investigation by the internal audit function.

Other Stakeholders Concerns

Members of the public are also encouraged to report concerns through the Fire Authority's [Local Code of Conduct Complaints Process](#).

Department:	Finance & Assets	3
Author:	Mark Hemming	
Approval date:	TBC	
Issue number:	4.1	
Issue date:	TBC	
Review date:	TBC	

Roles & Responsibilities

Responsible Officer

Under the Local Government Finance Act 1988, the Chief Finance Officer of the Authority is designated as the section 112 responsible officer and is responsible for ensuring that the Authority has adequate systems of internal control and measures in place to enable the prevention and detection of fraud and corruption.

The Chief Finance Officer is also responsible for maintaining an effective system of internal audit of the Authority's accounting records and control systems, and has a statutory right of access to the Authority's documents, records, and information necessary for that purpose.

The Chief Finance Officer will:

- take overall responsibility for the maintenance and operation of this Policy;
- maintain records of financial malpractice, including concerns and allegations received; matters arising from audits; investigations and evidence; and the outcomes;
- report as necessary to the Authority.

Managers

Managers are responsible for establishing and implementing effective controls to help prevent and/or detect incidents of fraud or corruption, for addressing key business risks, ensuring that employees are aware of their responsibilities and comply with the Authority's counter-fraud policy, and for creating an environment where employees feel able to raise any concerns they may have.

In the event that a complaint about a member of staff might result in disciplinary proceedings it is important that the rights of the employee under the [Discipline Procedure](#) are respected and managers should ensure that any investigation is compatible with the requirements of the disciplinary policy.

Recruitment & Training

The Authority strives to employ people who have high standards of propriety and integrity and will obtain written references prior to confirming appointments of any duration and undertake police checks where appropriate.

On appointment, employees undertake induction training part of which is familiarisation with specified policies, including all ethical policies (e.g. Counter-Fraud and Corruption) and Standing Orders. When any of these policies are amended every employee is consulted on the change, prior to approval being sought from the Authority, and are notified when policies have been approved and where they are held.

Department: Finance & Assets
Author: Mark Hemming
Approval date: TBC
Issue number: 4.1
Issue date: TBC
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Rules & Regulations

The key features of the system of internal control are summarised in the **The Authority's Annual Governance Statement**, published with the Fire Authority's Statement of Accounts.

There are a number of procedures, rules and guidelines that are an important part of the internal control process and it is important that members and employees familiarize themselves with them. Whilst this list is not exhaustive (as policies are being continually reviewed and developed) among these are:

- The [Local Code of Conduct Complaints Process](#) details the procedure to be adopted if a complaint is made against the service.
- [Standing Orders Relating to Contracts](#) give guidance on the minimum levels of control required for contracts.
- The [Discipline Procedure](#) is designed to help and encourage employees to achieve and maintain appropriate standards of conduct.
- [Financial Instructions](#) approved by the Fire Authority set out financial procedures.
- [Financial Regulations](#) detailed within the Combined Fire Authority's Regulation Order 1996 constitutes the framework in which the financial management of the Fire Authority should operate.
- The [Whistle Blowing Procedure](#) which provides clear avenues for employees to raise concerns and to receive feedback on how these concerns have been addressed; take matters further if they are dissatisfied with the Authority's response and protect them from possible reprisals or victimisation for whistle blowing in good faith.

If anyone breaches these rules and regulations formal action will be taken which may include ending employment or referring members to the Overview and Audit Committee.

Department: Finance & Assets
Author: Mark Hemming
Approval date: TBC
Issue number: 4.1
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Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	23 September 2015
OFFICER	David Sutherland, Acting Director of Finance & Assets
LEAD MEMBER	Councillor Andy Dransfield
SUBJECT OF THE REPORT	Anti-Money Laundering Policy
EXECUTIVE SUMMARY	<p>To seek approval of the attached draft policy to ensure that the Authority continues to comply with the Money Laundering Regulations 2007.</p> <p>This paper is being presented to the Committee as part of a triennial review.</p>
ACTION	Decision.
RECOMMENDATIONS	That the Anti-Money Laundering Policy be approved.
RISK MANAGEMENT	<p>In terms of risk, the risk of money laundering occurring within the Authority is low. This is because:</p> <ul style="list-style-type: none"> • the Authority does not receive large individual amounts as cash income • the Authority does not accept cash payments for the sale of land and property and deals through prospective purchasers' solicitors, who are obliged to have undertaken their own customer due diligence of their clients • the Authority does not carry out significant trading activity which would generate cash income • the majority of the Authority's income is received from other public service organisations or government bodies • any relevant services provided "by way of business" are primarily for customers who are UK public authorities
FINANCIAL IMPLICATIONS	No costs or income are associated with the approval of this policy.
LEGAL IMPLICATIONS	As covered in the report.
CONSISTENCY WITH THE PRINCIPLES OF COLLABORATION	No impact.

HEALTH AND SAFETY	No impact.
EQUALITY AND DIVERSITY	No impact.
USE OF RESOURCES	<p>The money Laundering Regulations 2007 require the Money Laundering Reporting Officer to take appropriate measures to ensure that all relevant employees are made aware of the law in this area and understand how to recognise and deal with potential instances of money laundering or terrorist financing.</p> <p>The Chief Finance Officer and Director of Finance & Assets will include the Anti-Money Laundering within the Authority's Counter-Fraud and Corruption framework. The Finance team will provide training and are responsible for raising awareness.</p>
PROVENANCE SECTION & BACKGROUND PAPERS	<p>Anti-Money Laundering Policy – Overview and Audit Committee, 5 December 2012 [Item 7, pages 67-90):</p> <p>http://bucksfire.gov.uk/files/3714/0633/2143/OA051212.pdf</p>
APPENDICES	Annex A - Anti-Money Laundering Policy.
TIME REQUIRED	10 minutes.
REPORT ORIGINATOR AND CONTACT	<p>Mark Hemming</p> <p>mhemming@bucksfire.gov.uk</p> <p>01296 744687</p>

**BUCKINGHAMSHIRE & MILTON
KEYNES FIRE AUTHORITY**

ANTI MONEY LAUNDERING POLICY

BUCKINGHAMSHIRE & MILTON KEYNES FIRE AUTHORITY

ANTI MONEY-LAUNDERING POLICY

1. INTRODUCTION

Version 1.0 - The publication of the Money Laundering Regulations 2007¹, which came into effect on the 15 December 2007, introduced changes to the money laundering regime that are relevant to Buckinghamshire & Milton Keynes Authority (the Authority). The Authority's Anti Money-Laundering Policy has been updated to reflect the 2007 Regulations. The Policy replaces the previous draft 2007 Anti Money Laundering Policy.

Version 1.1 – has been reviewed and includes minor updates to job titles, names, and contact details.

2. SCOPE OF THE POLICY

2.1 This Policy applies to all employees of the Authority and aims to maintain the high standards of conduct which currently exist within the Authority by preventing criminal activity through money laundering. The Policy sets out the procedures that must be followed, for example the reporting of suspicious money laundering activity, to enable the Authority to comply with its legal obligations.

2.2 The Policy is accompanied by four additional documents:

- The Customer Due Diligence Pro-Forma ([Appendix 1](#)).
- The template Report to the Money Laundering Reporting Officer ([Appendix 2](#))
- The Due Diligence Flowchart ([Appendix 3](#))
- The Enhanced Due Diligence and Ongoing Monitoring Flowchart ([Appendix 4](#))

2.3 Failure by a member of staff to comply with the procedures set out in the Policy may lead to disciplinary action being taken against him/her. Any disciplinary action will be dealt with in accordance with the Authority's disciplinary Policy and Procedure.

3. WHAT IS MONEY LAUNDERING?

3.1 The definition of money laundering is very wide. It includes all forms of handling or possessing criminal property, including possessing the proceeds of one's own crime and facilitating any handling or possession of criminal property. Property is criminal if it

¹ SI 2007/2157

Department: Finance

Author: David Sutherland, Chief Finance Officer and Director of Finance & Assets

Approval Date: TBC

Issue Number: 1.1

Issue Date: TBC

Review Date: TBC

constitutes or represents a person's benefit from criminal conduct and the alleged offender knows or suspects that it constitutes such a benefit; criminal property may take any form and includes money, securities, tangible and intangible property. Criminal conduct is conduct which constitutes an offence in the UK or would constitute an offence in the UK if it occurred there. Money laundering also includes activities relating to terrorist financing.

- 3.2 Money laundering activity may range from a single act, for example being in possession of the proceeds of one's own crime, to complex and sophisticated schemes involving multiple parties and multiple methods of handling and transferring criminal property as well as concealing it and entering into arrangements to assist others to do so. Authority employees need to be alert to the risks of clients, their counterparties and others laundering money in any of its many forms.
- 3.3 The main money laundering offences are those under sections 327 to 329 of the Proceeds of Crime Act 2002 and section 18 of the Terrorism Act 2000. In summary the offences are committed as follows:
- Under section 327 it is an offence to conceal, disguise, convert, transfer or remove criminal property from England and Wales.
 - Under section 328 it is an offence for a person to enter into or become concerned in an arrangement which s/he knows or suspects facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person.
 - Under section 329 it is an offence for a person to acquire, use or have in his/her possession criminal property.
- 3.4 Under section 18 of the Terrorism Act 2000 it is an offence for a person to enter into or become concerned in an arrangement which facilitates the retention or control by or on behalf of another person of terrorist property by concealment, removal from the jurisdiction, transfer to nominees or in any other way. Terrorist property is defined as money or other property which is likely to be used for the purposes of terrorism (including any resources of a prescribed organisation), proceeds of the commission of acts of terrorism, and proceeds of acts carried out for the purposes of terrorism.
- 3.5 It is important to note that anyone, not necessarily an employee of the Authority can commit any of the above offences. However, in addition to these offences there are a series of obligations imposed on the Authority by the 2007 Regulations that it must fulfil and of which breach can also amount to an offence by the Authority.

4. WHAT ARE THE OBLIGATIONS ON THE AUTHORITY?

- 4.1 The obligations on the Authority are those imposed by the 2007 Regulations which apply to "relevant persons" acting in the course

of business carried on by them in the UK. Not all of the Authority's business is relevant for the purposes of the Regulations; it is mainly the accountancy and audit services carried out by Finance and the financial, company and property transactions undertaken by Legal Services and vehicle disposals in the Workshops.

- 4.2 It should be remembered that under Reg. 3(1), the Regulations only apply to "persons acting in the course of a business".

Therefore Authority employees in the Finance Team, Legal Services and Workshops sections are those to whom the Policy most directly applies.

- 4.3 It is reasonable to conclude that the money laundering regime is not primarily aimed at local authorities and that local authorities' work is to some extent tangential to the regime. However, the safest way to ensure compliance with the regime is nonetheless to apply its requirements to all of the Authority's areas of work and to ensure that all staff comply with the reporting procedure set out in the Policy.

- 4.4 The obligations on the Authority are to establish and maintain appropriate and risk-sensitive policies and procedures relating to the following

- Customer due diligence measures and ongoing monitoring
- Reporting
- Record-keeping
- Internal control
- Risk assessment and management
- The monitoring and management of compliance with, and the internal communication of, such policies and procedures

- 4.5 All employees are required to follow the procedure set out in the policy and in this way the Authority will properly discharge its obligations under the money laundering regime.

5. The importance of disclosing any suspicions to the Money Laundering Reporting Officer (MLRO)

- 5.1 Where you know or suspect that money laundering activity is taking/has taken place, or you are concerned that your involvement in the matter may amount to a prohibited act under the legislation, you must disclose to the MLRO (see Section 11 for named officer) this suspicion or concern as soon as practicable; the disclosure should be made within hours rather than days or weeks of the information coming to your attention. **If you fail to do so you may be liable to prosecution.**

5.2 Your disclosure should be made to the MLRO on the Pro Forma attached at Appendix 1. The report must include as much detail as possible, for example:

- Full details of the people involved (including yourself if relevant) e.g. name, date of birth, address, company names, directorships, phone numbers, etc.
- If you are concerned that your involvement in the transaction would amount to a prohibited act under sections 327-329 of the 2002 Act then your report must include all relevant details as you will need consent from The National Crime Agency formally Serious Organised Crime Agency (SOCA), through the MLRO, to take any further part in the transaction. This is the case even if the client gives instructions for the matter to proceed before such consent is given. You should therefore make it clear in the report if such consent is required and clarify whether there are any deadlines for giving such consent, e.g. a completion date or court deadline.
- The types of money laundering activity involved. If possible cite the section number(s) under which the report is being made.
- The date of such activities, including whether the transactions have happened, are on-going or are imminent.
- Where they took place.
- How they were undertaken
- The (likely) amount of money/assets involved.
- Why, exactly, you are suspicious.
- In addition, any other information to enable the MLRO to make a sound judgement as to whether there are reasonable grounds for knowledge or suspicion of money laundering and to enable him/her to prepare his/her report to The National Crime Agency where appropriate. You should also enclose any copies of relevant supporting documentation.

5.3 As soon as you have reported the matter to the MLRO you must follow any directions he/she gives you. **You must NOT make any further inquiries into the matter yourself.** Any necessary investigation will be undertaken by The National Crime Agency; simply report your suspicions to the MLRO, who will refer the matter to The National Crime Agency if appropriate. All members of staff will be required to co-operate with the MLRO and the Authority's subsequent money laundering investigation.

5.4 Similarly, **at no time and under no circumstances should you voice any suspicions** to the person(s) or organisation you suspect of money laundering; otherwise you may commit the criminal offence of "tipping off".

5.5 Do not, therefore, make any reference on a client file to a report having been made to the MLRO. Should the client exercise his/her right to see the file then such a note would obviously tip them off to

the report having been made and you would be at risk of prosecution for “tipping off”. The MLRO will keep the appropriate records in a confidential manner.

6. Customer Due Diligence

- 6.1 In summary, customer due diligence is a new requirement introduced by the 2007 Regulations, and means that the Authority must know its clients and understand their businesses. This allows the Authority to be in a position to know if there is suspicious activity that should be reported; clearly it is only by the Authority knowing its clients and their businesses that it can recognise abnormal and possibly suspicious activity.
- 6.2 The obligations imposed on the Authority must, of course, be brought into effect by its individual employees. Employees must therefore be familiar with these obligations.
- 6.3 The 2007 Regulations require that the Authority identifies its customers and verifies that identity on the basis of documents, data or information obtained from a reliable source. Where there is a beneficial owner who is not the customer then the Authority must identify that person and verify that identity, and where the beneficial owner is a trust or similar then the Authority must understand the nature of the control structure of that trust. Finally the Authority must obtain information on the purpose and intended nature of the business relationship.
- 6.4 The checks described in the paragraph above must generally be undertaken by the Authority **before** it establishes a business relationship or carries out an occasional transaction, or if it suspects money laundering or terrorist funding or doubts the veracity of any information obtained for the purposes of identification or verification. However, the Authority is not required to undertake these checks if its customer is another public authority, unless it suspects money laundering or terrorist funding.
- 6.5 The Authority is also obliged to maintain ongoing monitoring of its business relationships which means it must scrutinise transactions throughout the course of the relationship to ensure that the transactions are consistent with the Authority’s knowledge of the customer and keep the information about the customer up-to-date.
- 6.6 Where the Authority is not able to apply the customer due diligence measures set out above it:
- must not carry out a transaction with or for a customer through a bank account
 - must not establish a business relationship or carry out an occasional transaction with the customer

- must terminate any business relationship with the customer and consider whether to make a disclosure.
- 6.7 However, the above paragraph does not apply where a lawyer or other professional adviser is in the course of advising the legal position for his client or performing his task of defending or representing that client in, or concerning, legal proceedings including the advice on the institution or avoidance of proceedings.
- 6.8 The due diligence procedures can be found in the Customer Due Diligence Flowchart (Appendix 3)

7. Enhanced Customer Due Diligence and Ongoing Monitoring

7.1 It will in certain circumstances be necessary to undertake what is known in the 2007 Regulations as enhanced customer due diligence. In summary, this will be necessary where:

- the customer has not been physically present for identification purposes; or
- in any other situation which by its nature can present a higher risk of money laundering or terrorist financing.

7.2 Where this applies, the Authority will need to take adequate measures to compensate for the higher risk. For example, this will mean ensuring that the customer's identity is established by additional documents, data or information.

7.3 Similarly, where the Authority is in an ongoing "business relationship" with a customer, the 2007 Regulations impose a special obligation to carry out ongoing monitoring. This means that the Authority must:

- scrutinise transactions undertaken throughout the course of the relationship to make sure that these transactions are consistent with the Authority's knowledge of the customer, his business and risk profile; and
- keep documents, data or information obtained for the purpose of applying Customer Due Diligence measures up-to-date

7.4 The enhanced due diligence and ongoing monitoring procedures can be found in the Enhanced Due Diligence and Ongoing Monitoring Flowchart (Appendix 4)

8. Internal Clients

8.1 Appropriate evidence of identity for Authority departments will be signed, written instructions on Authority headed notepaper or an e-mail on the internal system at the outset of a particular matter. Such correspondence should then be placed on the Authority's client

file along with a prominent note explaining which correspondence constitutes the evidence and where it is located.

9. External Clients

- 9.1 The MLRO (see below) will maintain a central file of general client identification and verification information about the Authority's external clients to whom the Authority provides professional services. You should check with the MLRO that the organisation or individual in respect of which you require identification and verification information is included in the MLRO's central file and then check the details of the information held in respect of the particular client. If the organisation or individual is not included in the central file you should discuss the matter with the MLRO.
- 9.2 In practice the Authority can fulfil its obligations if employees complete the Customer Due Diligence Pro-Forma (Appendix 1).

10. Record Keeping

- 10.1 The information gathered by the Authority in pursuance of its customers due diligence obligations and described above must be kept for a period of five years from either the completion of the transaction or the end of the business relationship. Each department or section of the Authority should nominate an officer who is to be responsible for the secure storage of these records.

11. The Money Laundering Reporting Officer

The officer nominated to receive disclosure about money laundering actively within the Authority is the Chief Finance Officer and Acting Director of Finance & Assets, David Sutherland. David can be contacted as follows:

David Sutherland
Chief Finance Officer and Acting Director of Finance & Assets
Buckinghamshire & Milton Keynes Fire Authority
Brigade HQ
Stocklake
Aylesbury
Bucks HP20 1BD

Telephone: 01296 744662

In the absence of the MLRO the Director of Legal and Governance, Graham Britten, is authorised to deputise for him. Graham can be contacted at the above address or on telephone 01296 744441(direct line).

Department: Finance
Author: David Sutherland, Chief Finance Officer and Director of Finance & Assets
Approval Date: TBC
Issue Number: 1.1
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Customer Due Diligence Pro-Forma

SECTION A: PRELIMINARY	
Name of customer	
Is this customer another public authority (e.g. a local authority)?	<i>If "Yes", the due diligence measures below in Sections B and C do not need to be applied.</i>
Does the Authority suspect the customer of money laundering or terrorist financing?	<i>If "Yes", the suspicion MUST always be reported to the MLRO immediately.</i>
SECTION B: DUE DILIGENCE MEASURES	
<p>These measures are to be applied where the Authority:</p> <ol style="list-style-type: none"> 1) establishes a business relationship with a customer²; 2) carries out an occasional transaction³; 3) doubts the veracity or adequacy of documents, data or information previously obtained from the customer for the purposes of identification or verification. <p style="text-align: center;"><i>To apply the due diligence measures, please answer as fully as possible the questions below.</i></p>	
1.	Can the Authority identify this customer?
2.	How has the identity of this customer been established? [Attach documents, data or information establishing identity]
3.	Are these documents, data or information from an independent and reliable source?
4.	Can the Authority verify the identity of the customer? [Through the documents referred to in Questions 2 and 3]

² "**business relationship**" means a business, professional or commercial relationship which the Authority expects, at the time the contact is established, to have an element of duration.

³ "**occasional transaction**" means a transaction, carried out other than as part of a business relationship, amounting to 15,000 Euro or more (£12,800), whether a single operation or several operations which appear to be linked.

5.	Is there a beneficial owner involved with the customer who is a different person or entity to the customer identified above?	
6.	What is the identity of the beneficial owner?	
7.	Can the Authority verify the identity of the beneficial owner?	
8.	Does the Authority doubt the veracity or adequacy of documents, data or information obtained for the purposes of identification or verification?	
9.	When were the documents, data or information obtained for the purposes of identification or verification of this customer last up-dated?	
10.	When will the documents, data or information obtained for the purposes of identification or verification of this customer next be up-dated?	
11.	What is the ownership and control structure of the beneficial owner?	
12.	Does the Authority wish to establish a business relationship with this customer?	<i>If "No", go straight to Section C.</i>
13.	What is the purpose and intended nature of the business relationship?	
SECTION C: OUTCOME OF DUE DILIGENCE MEASURES		
<p>Is the Authority unable to answer any of the above questions because the customer has been unable or unwilling to provide information?</p> <p>If so, please give full details.</p>		<p><i>If the answer is "Yes", the Authority must not establish a business relationship or carry out an occasional transaction with this customer; it must not carry out any transaction with or for the customer through a bank account; it must terminate any business relationship with the customer AND the suspicion must be reported immediately to the MLRO.</i></p>
<p>Please note: this pro-forma must be kept for five years from the end of the business relationship or occasional transaction with this customer</p>		

Report to Money Laundering Reporting Officer

Re money laundering activity

To: **David Sutherland, Money Laundering Reporting Officer**

From:
(insert name of employee)

Directorate: Ext/Tel No.
(insert post title and Cost Centre)

DETAILS OF SUSPECTED OFFENCE:

Name(s) and address(es) of person(s) involved:
(if a company/public body please include details of nature of business)

Nature value and timing of activity involved:
(please include full details e.g. what, when, where, how. Continue on a separate sheet if necessary)

Nature of suspicions regarding such activity:

(please continue on a separate sheet if necessary)

Has any investigation been undertaken (as far as you know)?

Yes / No

If yes, please include details below:

Department: Finance

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Author: David Sutherland, Chief Finance Officer and Director of Finance & Assets

Approval Date: TBC

Issue Number: 1.1

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Review Date: TBC

Have you discussed your suspicions with anyone else?

Yes/ No

(Please delete as appropriate)

If yes, please specify below, explaining why such discussion was necessary:

Have you consulted any supervisory body guidance re money laundering? (e.g. the Law Society) *(Please delete as appropriate)*

Yes / No

If yes, please specify below:

Do you feel you have a reasonable excuse for not disclosing the matter to The National Crime Agency (e.g. are you a lawyer and wish to claim legal professional privilege?)

(Please delete as appropriate)

Yes / No

If yes, please set out full details below:

Are you involved in a transaction which might be a prohibited act under sections 327-329 of the Proceeds of Crime Act 2002 and which requires appropriate consent from The National Crime Agency? *(Please delete as appropriate)*

Yes / No

If yes, please set out full details below:

Please set out below any other information you feel is relevant:

Signed:..... Dated:

Please do not discuss the content of this report with anyone believe to be involved in the suspected money laundering activity described. To do so may constitute a “tipping off” offence, which carries a maximum penalty of five years’ imprisonment.

THE FOLLOWING PART OF THIS FORM IS FOR COMPLETION BY THE MLRO

Date report received:

Date receipt of report acknowledged:

CONSIDERATION OF DISCLOSURE:

Action plan:

OUTCOME OF CONSIDERATION OF DISCLOSURE:

Are there reasonable grounds for suspecting money laundering activity?:

If there are reasonable grounds for suspicion, will a report be made to The National Crime Agency?

(Please delete as appropriate?)

Yes / No

If yes, please confirm date of report to The National Crime Agency and complete the box below:

Date reported:

Details of liaison with The National Crime Agency regarding the report:

Notice Period:to

Moratorium Period:to

Is consent required from The National Crime Agency to any ongoing or imminent transactions which would otherwise be prohibited acts?

Yes / No

If yes, please confirm full details in the box below:

Date consent received from The National Crime Agency:.....

Date consent given by you to employee:.....

If there are reasonable grounds to suspect money laundering, but you do not intend to report the matter to The National Crime Agency, please set out below the reasons(s) for non-disclosure:

(Please set out any reasonable excuse for non-disclosure)

Date consent given by you to employee for any prohibited act transactions to proceed:

.....

Other relevant information:

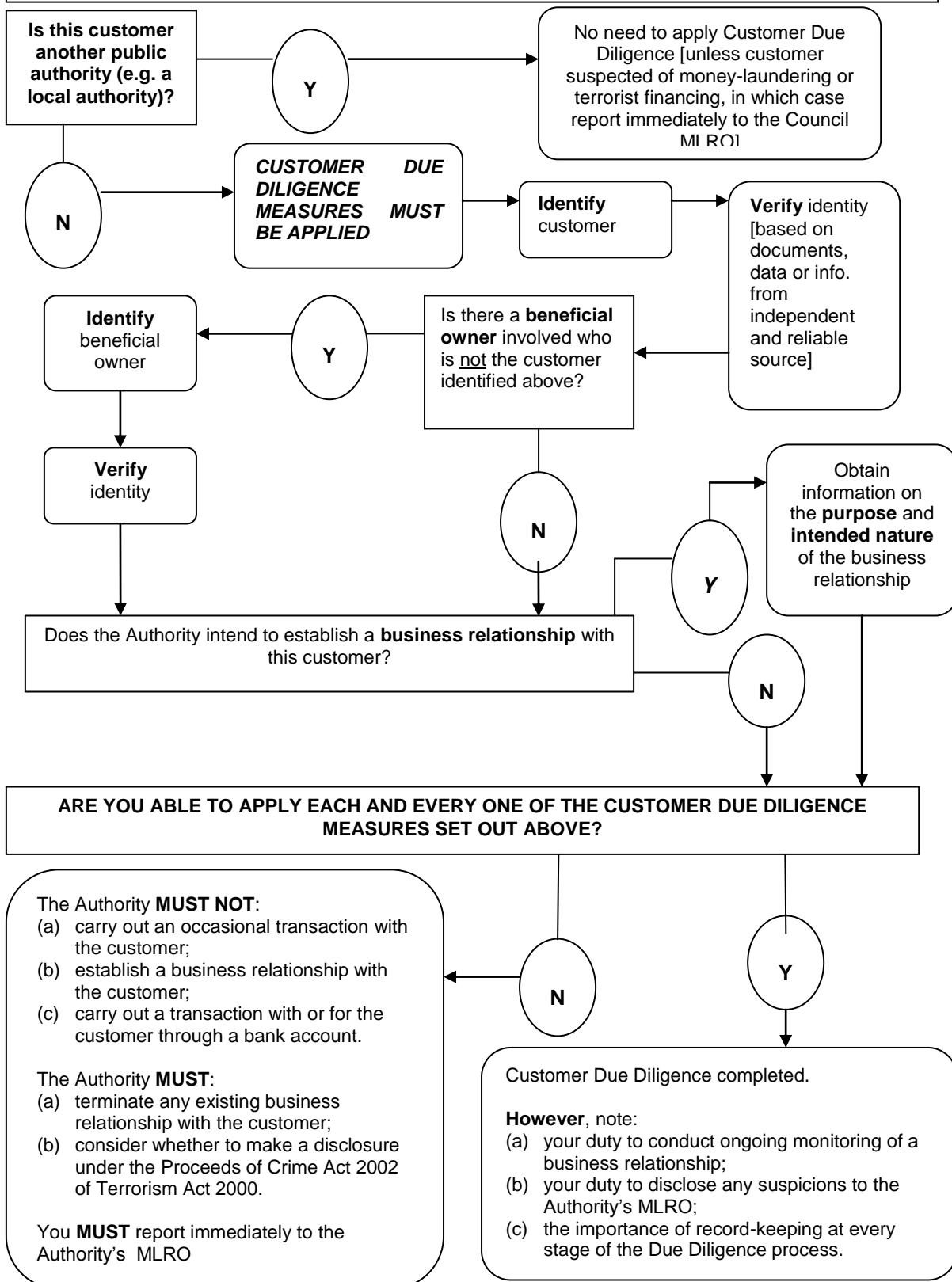
Signed:.....

Date:

THIS REPORT TO BE RETAINED FOR AT LEAST FIVE YEARS

Money Laundering Regulations 2007: Customer Due Diligence

The Authority must generally undertake these Customer Due Diligence measures **before** it establishes a business relationship or carries out an occasional transaction. The measures should also be applied where the Authority doubts the veracity or adequacy of documents, data or information previously obtained for the purposes of identification or verification.

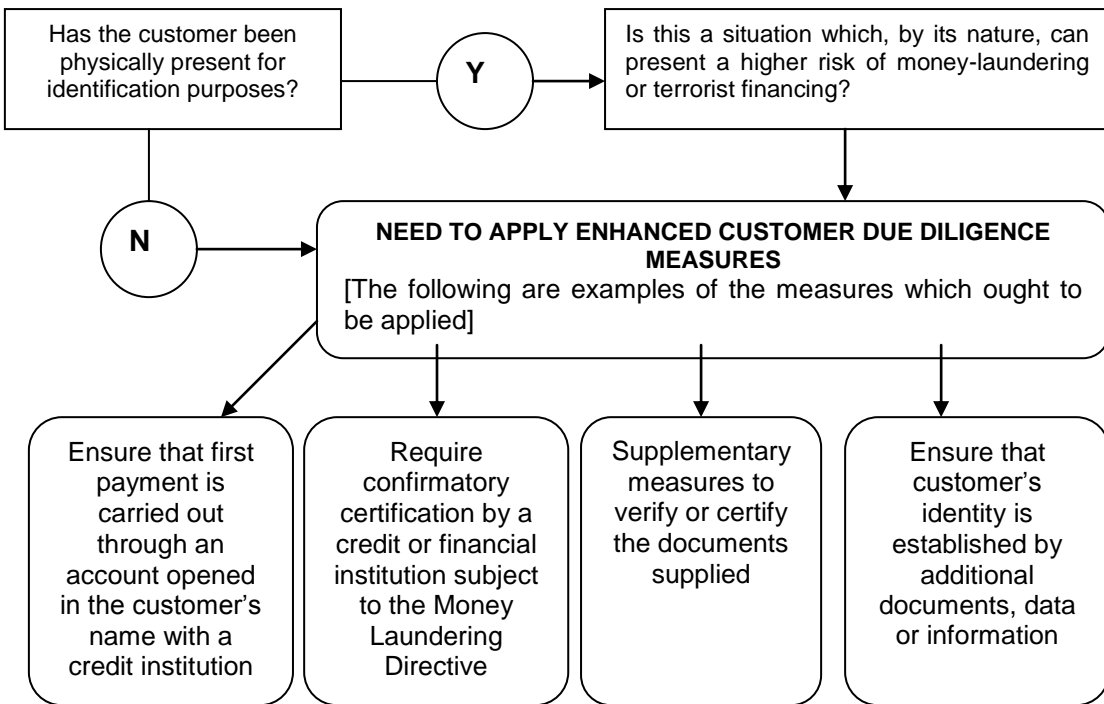


“business relationship” - a business, professional or commercial relationship which the Council expects, at the time the contact is established, to have an element of duration

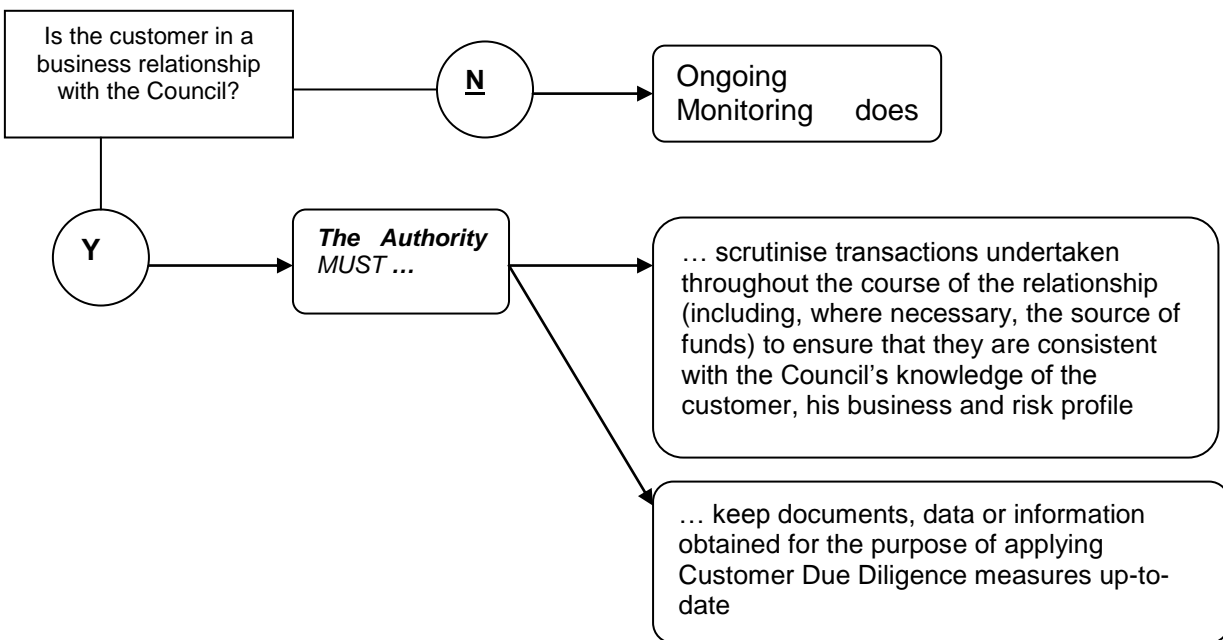
“occasional transaction” - a transaction, carried out other than as part of a business relationship, amounting to 15,000 Euro or more, whether a single operation or several operations which appear to be linked

Money Laundering Regulations 2007: Enhanced Customer Due Diligence and Ongoing Monitoring Flowchart
 [To be read in conjunction with the Authority's *Anti Money-Laundering Policy*]

ENHANCED CUSTOMER DUE DILIGENCE



ONGOING MONITORING



“business relationship” - a business, professional or commercial relationship which the Authority expects, at the time the contact is established, to have an element of duration