

**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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Tel: 01296 744441 Fax: 01296 744600



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**Chief Fire Officer and Chief Executive**

Jason Thelwell

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To: The Members of the Overview and Audit Committee

18 July 2016

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

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

Dear Councillor

Your attendance is requested at a meeting of the **OVERVIEW AND AUDIT COMMITTEE of the BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY** to be held in Meeting Room 1, Fire and Rescue Headquarters, Stocklake, Aylesbury on **WEDNESDAY 27 July 2016 at 10.00 am** when the business set out overleaf will be transacted.

Yours faithfully

Graham Britten  
Director of Legal and Governance

Councillors: Brunning, Clarke OBE, Exon, Glover, Huxley, Mallen, Teesdale, Watson and Wilson



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## **Recording of the Meeting**

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

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

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

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

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

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

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

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

## **Rights to Speak - Members**

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

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

## **Questions**

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

# **OVERVIEW AND AUDIT COMMITTEE**

## **TERMS OF REFERENCE**

### **Overview**

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

### **Audit**

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

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

## **Governance**

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

## **Risk**

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

## **Employees**

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

## **General**

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

## AGENDA

### Item No:

#### 1. Election of Chairman

To elect a Chairman for 2016/17

#### 2. Appointment of Vice Chairman

To appoint a Vice Chairman for 2016/17

#### 3. Apologies

#### 4. Minutes

To approve, and sign as a correct record, the Minutes of the meeting of the Committee held on 9 March 2016 (Item 4) **(Pages 9 - 18)**

#### 5. Disclosure of Interests

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

#### 6. Questions

To receive questions in accordance with Standing Order S0A7.

#### 7. RIPA Policy - Nil Return

#### 8. Internal Audit Reports:

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

To consider Item 8(a) **(Pages 19 - 24)**

##### (b) Internal Audit Report: Update on progress of audit recommendations

To consider Item 8(b) **(Pages 25 - 28)**

##### (c) Internal Audit Report: Annual Audit Report

To consider Item 8(c) **(Pages 29 - 36)**

#### 9. Annual Governance Statement 2015/16

To consider Item 9 **(Pages 37 - 54)**

#### 10. Audit Results Report

To consider Item 10 **(Pages 55 - 74)**

**11. Letter of Management Representation 2015/16**

To consider Item 11 (**Pages 75 - 82**)

**12. Adoption of the Audited Statement of Accounts**

To consider Item 12 (**Pages 83 - 176**)

**13. Treasury Management Performance 2015/16 - Quarter 4**

To consider Item 13 (**Pages 177 - 184**)

**14. Corporate Risk Management**

To consider Item 14 (**Pages 185 - 212**)

**15. Business and Systems Integration Project: Progress Report**

To consider Item 15 (**Pages 213 - 218**)

**16. Balanced Scorecard Report 2015-16**

To consider Item 16 (**Pages 219 - 246**)

**17. Date of Next Meeting**

To note that the next meeting of the Committee will be held on Wednesday 14 September 2016 at 10.00am

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

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Minutes of the meeting of the OVERVIEW AND AUDIT COMMITTEE of the BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY held on WEDNESDAY 9 March 2016 at 10.00 am

**Present:** Councillors Bendyshe-Brown, Exon, Glover, Mallen (part) and Watson (Chairman), Wilson (part)

**Officers:** G Britten (Director of Legal and Governance), D Sutherland (Director of Finance and Assets), L Swift (Director of People and Organisational Development), J Parsons (Head of Service Development), M Hemming (Head of Finance [Deputy Director]), M Gibb (Internal Audit Manager), B Davidson (Internal Audit), S Gowanlock (Corporate Planning Manager), G Barry (Information Governance and Compliance Manager), A Carter (BASI Project Manager), Paul King (Ernst & Young), D Guest (Ernst & Young) and Katie Nellist (Democratic Services Officer)

**Apologies:** Councillors Clarke OBE, Huxley, Vigor-Hedderly

### **0A32 MINUTES**

RESOLVED –

That the Minutes of the meeting of the Overview and Audit Committee held on 2 December 2015, be approved and signed by the Chairman as a correct record.

### **0A33 CORPORATE RISK MANAGEMENT**

The Corporate Planning Manager advised Members that since the Corporate Risk Register was last reviewed by the Overview and Audit Committee on 2 December 2015, it had been reviewed by the Performance Management Board (PMB) on 4 February 2016 and the Strategic Management Board (SMB) on 16 February 2016. As a result of those reviews, no new risks had been identified but there had been an increase in the risk scoring of the funding and savings risk in light of the 2016/17 Government financial settlement and potential risk to future grant funding.

Members noted that the staff availability risk had reduced due to the FBU's statement that they intended to defer any future industrial action, in relation to the pensions' dispute, until the outcome of the legal challenge was known, which meant there would be no pension related strike action until June 2017 at the earliest.

The ageing workforce impact risk had stayed the same, there had been quite a few recent retirements, but the new apprenticeship scheme would be a way of replenishing the workforce.

(Councillor Wilson joined the meeting)

A Member asked if the Milton Keynes Station Merger project should be on the Corporate Risk Register. Members were advised that the project had not yet been determined and the options were still to be presented to Members. Once Members had chosen their preferred option, the project would be added to the Corporate Risk Register. Members also discussed the issue of wider blue light collaboration, including the power that the Government was intending to give to Police and Crime Commissioners in this regard, as a corporate risk.

A Member asked if the risk of any counterparty failure with regard to Treasury Management should be added to the Corporate Risk Register. Members were advised that the Authority does bear the risk of making investments, but that the risk was mitigated by taking advice and guidance from experts and it was very prudent with whom it invests.

Members requested that the Corporate Planning Manager bring a report on the criteria for escalation of risks to the Corporate Risk Register at the next meeting.

RESOLVED –

That the status report on identified corporate risks at Annex C be noted.

**0A34**

## **INTERNAL AUDIT REPORTS**

### **a) Internal Audit Report: Update of Progress of the Annual Audit Plan**

The Internal Audit Manager advised that the purpose of this report was to update Members on the progress of the annual Internal Audit Plan since the last meeting.

The audit of Pensions Administration had been completed and issued as a final report. The draft report of the Core Financial Controls audit was ready to be issued and the final report would be presented to Members at the next meeting.

Members were advised that a review of the governance arrangements in place to oversee the transfer of pension administration responsibilities from Buckinghamshire County Council to West Yorkshire Pension Fund was taking place.

Members were also advised that the audit of Core Financial Controls took up the majority of audit work (40 days). The work had now been completed and the report was at a draft stage and would be presented to Members at the next meeting.

A Member asked why Control Room Discontinuity had been shown green on the Corporate Risk Register when the Control

Centre audit had not yet taken place. Members were advised that the audit in conjunction with Oxfordshire County Council would focus on governance arrangements rather than an audit of the Control Centre's mobilising capabilities.

A Member asked to be provided with the reasons why the HR People Management audit had been cancelled. Members were advised that the need for an audit had been reduced due to work undertaken internally.

RESOLVED –

That the progress on the Annual Internal Audit Plan be noted.

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

The Internal Audit Manager advised that the purpose of this report was to update Members on findings of the finalised Internal Audit reports issued since the last meeting.

One report had been issued and agreed with management since the last meeting - Pensions Administration. Areas looked at were roles and responsibilities, legislation, administration and accounting. The audit opinion was that reasonable assurance could be provided and that relevant risks were effectively identified, managed and controlled.

There were two areas of good practice: the Local Pensions Board had been set up and there was a good system in place for reporting starters and leavers. There was one area for improvement identified which was that confirmation in writing had not been received from Buckinghamshire County Council (BCC) that it would continue the service until the new provider was set up in spite of repeated requests from officers. Members requested that a letter be drafted to be sent from the Chairman asking BCC for a response.

(Councillor Mallen joined the meeting)

The recommendations had all been agreed and suitable deadline dates for implementation had been identified. The implementation of recommendations would be monitored as they fall due.

**Resolved –**

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

### **c) Internal Audit Report: Update on progress of audit recommendations**

The Internal Audit Manager advised that the purpose of this report was to update members on the progress on the implementation of audit recommendations made as at 8 February 2016.

In total there were 42 recommendations to report on. 31 were implemented, 6 were on track but not yet due and 5 were not implemented and the due date revised. The 5 recommendations that had not been fully implemented had been progressed but were not yet complete. There were no outstanding recommendations to bring to the attention of the Members at this time.

Resolved –

That the progress on implementation of recommendations be noted.

#### **d) Draft Internal Audit Strategy and Annual Internal Audit Plan 2016/17**

The Internal Audit Manager advised that this report sets out the Internal Audit Strategy and the proposed Internal Audit Plan for 2016/17. It was proposed that the Financial Planning and Project Management audits would be undertaken in Quarter 1 and Business Continuity Planning would be looked at in Quarter 2, as this was a high risk area for the Authority. Each audit assignment would result in a specific audit report although the audit methodology would vary depending on the requirements of the scope of work. Contingency days were built in to provide flexibility and in recognition of an expected but as yet unspecified need.

Members found the analysis of previous audits activity and assurance levels at Appendix B very helpful.

A Member asked if Internal Audit could play a part in looking at how the Authority works with other agencies especially in the areas of protection and protection. Members were advised that although this would be outside the normal remit of Internal Audit it was likely that the Home Office would require some kind of independent assessment of the Authority's operational assurance to replace 'peer review' service audits. The Internal Audit Manager also advised that Internal Audit would be able to look at the partnership governance framework as part of this. The Head of Service Development advised Members that the Chief Fire Officer was in the process of commissioning an external source to undertake an operational assurance audit of service delivery.

RESOLVED –

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

**OA35**

**INJURY AWARDS: FINAL UPDATE REPORT**

The Director of People and Organisational Development advised Members that this report was an update on the report that went to the Fire Authority on 18 February 2015, to reassure Members that the actions were being progressed.

Members were advised that the Authority had accepted recommendations to review its arrangements for the administration of the firefighters pension fund, specifically whether to bring the function in-house or to appoint a new administrator. In collaboration with Royal Berkshire Fire Authority, following a joint tender process, a new pension administrator, with experience of running firefighter pension schemes, was awarded in December 2015; West Yorkshire Pension Fund. Work was underway to transfer the pension administration from Buckinghamshire County Council to West Yorkshire Pension Fund ready for a go live date of 1 April 2016.

In respect of the recommendations to review the handover procedure between leavers and joiners, the Director of People and Organisational Development confirmed that amendments had been made to the recruitment procedure to incorporate handovers between staff joining and leaving the Authority.

The Director of People and Organisational Development confirmed that, following recommendations in the February 2015 report, a document had been produced which set out the process of ill health retirements, including injury awards as defined by the Firefighters' Compensation Scheme (England) Order 2006. A specialist advisor was being sourced to scrutinise the Authority's injury award procedure and the procedure would be launched in June 2016 and followed up by the pensions audit which would be undertaken after the transfer.

A Member asked why the arrangement with Buckinghamshire County Council (BCC) was being terminated. Members were advised that the February 2015 report had questioned the current pension administration. BCC's expertise was based on the Local Government Pension Scheme, less on the Fire-fighters' Pension Scheme and BCC supported the termination.

RESOLVED –

That the resolution of all of the recommendations accepted by the Authority on 18 February 2015 (as detailed in Annex 1) be noted.

**OA36                      TREASURY    MANAGEMENT    STRATEGY    PERFORMANCE  
2015/16 – QUARTER 3**

The Head of Finance advised Members that this was the Quarter 3 Treasury Management Performance report for 2015/16. It was now nearly three years since Treasury Management had been

brought in house from Buckinghamshire County Council and it continued to perform well. The accrued interest for the first three quarters of 2015/16 was £132k, which was £57k higher than the budget for the period.

Members requested that the fact that the risk of any counterparty failure was included on the Financial Directorate Risk Register be noted within the Risk Management section of future reports.

RESOLVED –

That the Treasury Management Performance 2015/16 - Quarter 3 report be noted.

**OA37**

**BUSINESS AND SYSTEMS INTEGRATION PROJECT:  
PROGRESS REPORT**

The BASI Project Manager advised Members that the project was currently in the procurement phase. Tender responses had closed on the 8 January 2016 and five responses had been received for both tenders (ERP and Finance Solutions). Four responses had been through a two stage scoring process, including a half day presentation of their system, one supplier had been rejected due to non-compliance.

Contracts had been awarded for HR, Payroll and Financial Planning. Community Fire Safety would be going out to tender again in May 2016 as a suitable supplier had not been found. Asset Management and Resource Management were currently on hold, and would be dealt with in Year Two of the project.

A Member asked if there were any major risks on the project risk register. Members were advised that there were no major risks at this time.

A Member asked what the budget for the whole project was. Members were advised that the whole budget for the BASI project was £1M with £200k contingency over two years.

Members thanked the BASI Project Manager for her work so far.

RESOLVED –

That the report be noted.

**OA38**

**2014/15 STATEMENT OF ASSURANCE**

The Director of Legal and Governance advised Members that this was a perennial item for the March meeting of the Overview and Audit Committee since the requirement to adopt and approve a Statement of Assurance was introduced by the statutory guidance the Fire and Rescue National Framework.

The Corporate Planning Manager advised Members that this document was designed to summarise and consolidate the inspection activity that had taken place across the Authority, and given the move from the Department of Communities and Local Government (DCLG) to the Home Office, collaboration with other emergency services had been added.

A Member asked if the Authority's co-responders when attending emergencies, had to wait on site for an ambulance or if they could take the patient in a fire appliance to hospital. Members were advised that the protocol was that co-responders stayed with the patient until a competent ambulance crew/technician arrived.

RESOLVED -

That the 2014/15 Statement of Assurance be approved for signature by the Chairman and Chief Fire Officer.

It being moved by Councillor Mallen and seconded by Councillor Wilson it was

RESOLVED -

That opportunities for closer working with blue light and other potential partners be brought by officers as a discussion topic to a future Members' Workshop.

**OA39**

**ANNUAL REPORT ON REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA)**

The Director of Legal and Governance advised Members that the purpose of the report was to update the Committee on RIPA activity over the past year; appraise the Committee of the Inspection by the Assistant Surveillance Commissioner; obtain approval for the revised CHIS and Surveillance policy and to apprise Members of how the Investigatory Powers Bill would affect the Authority. The Director of Legal and Governance advised that the Inspection Report of the Assistant Surveillance Commissioner had since been received and copies had been circulated to Members.

The Information Governance and Compliance Manager advised Members that changes to the CHIS and Surveillance Policy report had been identified and high-lighted in yellow. Additional amendments were recommended to those in the draft in light of the Report from the Assistant Surveillance Commissioner received since the amended Policy was prepared. [In the Recommendations below].

The Director of Legal and Governance advised that the Assistant Surveillance Commissioner had requested during his inspection that, in order to comply with the statutory guidance on the use of

direct surveillance and covert surveillance, officers report quarterly to the Overview and Audit committee irrespective of its use. It was agreed that a standard agenda item on RIPA authorisation with a nil return would be included as a standing item to the Overview and Audit Committee agenda for future meetings.

RESOLVED –

- 1) That the updated report be noted.
- 2) That the CHIS and Surveillance Policy be approved subject to the following amendments:
  - a. At paragraph 7.3 the text “or that it would be a less serious offence that does not meet the threshold” be deleted; and
  - b. At paragraph 15 the text “report any unlawful act to the Authority” be inserted.

**OA40**

#### **ERNST & YOUNG AUDIT PLAN FOR FINANCIAL YEAR 2015-16**

The External Auditor advised Members that the Audit Plan set out how Ernst & Young would meet their responsibilities for the financial year 2015-16, to provide an audit opinion of whether the financial statements of the Authority gave a true and fair view of the financial position as at 31 March 2016.

The External Auditor advised Members that three financial statement risks had been identified; Joint Control Room, Milne vs GAD and a Risk of Management Override. These would be discussed with those charged with governance and officers.

The External Auditor had determined that overall materiality for the main financial statements of the Authority was £628k based on 2% of gross revenue expenditure and for the pension fund £70k based on 1% of benefits payable.

There was a reduction in fees for 2015-16 which was a reflection of the Audit Commission retendering framework contracts before its demise and reducing scale fees for Principal Authorities by 25%. The indicative fee scale for the audit of the Authority was £31,379.

A Member asked if Ernst and Young audited Buckinghamshire County Council. Members were advised that they do not at this time, as there had been a conflict of interest, but they do audit Milton Keynes Council.

A Member asked if the Authority had been invoiced for the overpayment from DCLG. Members were advised that the



Authority had still not had any communication from DCLG but provision had been made and set aside and it was not known what the move to the Home Office would mean.

RESOLVED –

That the plan set out in Annex A be noted.

THE CHAIRMAN CLOSED THE MEETING AT 11.55AM

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# Buckinghamshire & Milton Keynes Fire Authority

<b>MEETING</b>	Overview and Audit Committee
<b>DATE OF MEETING</b>	27 July 2016
<b>OFFICER</b>	David Sutherland, Director of Finance and Assets Maggie Gibb, Internal Audit Manager
<b>LEAD MEMBER</b>	Councillor David Watson
<b>SUBJECT OF THE REPORT</b>	<b>Internal Audit Report: Final Audit Reports</b>
<b>EXECUTIVE SUMMARY</b>	<p>The purpose of this paper is to update Members on the findings of the finalised Internal Audit reports issued since the last Overview and Audit Committee meeting.</p> <p>The management letter following the review of the Pensions Administration Transfer, has been issued since the last meeting and has been agreed with management.</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>
<b>ACTION</b>	Information.
<b>RECOMMENDATIONS</b>	That members note the recommendations raised in the finalised Internal Audit reports.
<b>RISK MANAGEMENT</b>	There are no risk implications arising from this report.
<b>FINANCIAL IMPLICATIONS</b>	The audit work is contained within the 2016-17 budget.
<b>LEGAL IMPLICATIONS</b>	There are no legal implications arising from this report.
<b>CONSISTENCY WITH THE PRINCIPLES OF COLLABORATION</b>	Not applicable.
<b>HEALTH AND SAFETY</b>	There are no health and safety implications arising from this report.

<b>EQUALITY AND DIVERSITY</b>	There are no equality and diversity implications arising from this report.
<b>USE OF RESOURCES</b>	Communication and progress monitoring All audits, follow up reports and further updates will be submitted to SMB and Overview and Audit Committee.
<b>PROVENANCE SECTION &amp; BACKGROUND PAPERS</b>	Internal Audit Plan 2015/16 Internal Audit Plan 2016/17 Internal Audit reports taken to Overview and Audit Committee
<b>APPENDICES</b>	Annex A: Pensions Administration Transfer Management Letter
<b>TIME REQUIRED</b>	10 minutes
<b>REPORT ORIGINATOR AND CONTACT</b>	Maggie Gibb – Internal Audit Manager <a href="mailto:mgibb@buckscc.gov.uk">mgibb@buckscc.gov.uk</a> 01296 387327

**Buckinghamshire County  
Council**

**Finance & Commercial Services**

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Aylesbury, Buckinghamshire HP20 1UD

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Richard Ambrose

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Kerry McCafferty, Head of Human  
Resources  
Faye Mansfield, Human Resources  
Development Manager  
Lynne Swift, Director of People and  
Organisational Development

Date: 24 June 2016

Ref: 16-32

Contact Officer: Betty Davidson

Direct Line: 01296 382557

[badavidson@buckscc.gov.uk](mailto:badavidson@buckscc.gov.uk)

Dear All,

**Draft Management Letter on Audit Review of Pensions Administration Transfer**

Following a tender process the administration of the Firefighters' Pension Scheme was transferred from the Buckinghamshire County Council (BCC) Pensions Team to West Yorkshire Pension Fund (WYPF), effective from 1 April 2016.

The objectives for this Internal Audit review were to provide a high level evaluation of the adequacy and effectiveness of the transfer arrangements and governance surrounding the transfer of the administration of the Firefighters' Pension Schemes.

As part of the audit work the adequacy of controls for mitigating the following risks were reviewed:

**1: Governance**

*If the governance arrangements surrounding the transfer of the fund are inadequate there is a risk that responsibilities are not defined or monitored leading to all necessary actions not being undertaken.*

**2: Transfer of pension data**

*If incomplete or inaccurate data is transferred there may be financial implications for the Fire Authority and Pension Scheme members.*

The Audit Review found that governance arrangements for the transfer of the pension administration were robust. The transfer is being run as a project with all expected documentation such as risk registers and highlight reports being in place, regularly reviewed and updated. A contract has been signed between BMKFA and WYPF which details roles and responsibilities and key performance indicators. There is a separate data sharing agreement in place which has been signed by BMKFA, WYPF and BCC. Regular meetings have been held between BMKFA staff, BCC Pensions Team and WYPF staff to discuss and agree actions.



INVESTOR IN PEOPLE



A sample of the transferred data was tested. It was found that at the time of the testing all members in the sample were recorded on the WYPF system. However, not all supporting documents had been scanned onto the system.

WYPF has requested that further information is provided by BCC with regard to reporting exception items to HMRC and data to enable Annual Benefit Statements to be produced.

These issues have been raised in the action plan at Appendix A below.

I would be grateful if you could respond to this draft management letter with any comments by 24 June in order to facilitate finalising it. The contents of the final management letter will feed into Internal Audit reporting to Overview and Audit Committee.

Yours sincerely,

Maggie Gibb  
Internal Audit Manager

Cc: David Sutherland, Director of Finance and Assets  
Jason Thelwell, Chief Fire Officer

## Appendix A. Issues Raised and Action Plan

Management actions have been agreed to address control weakness identified during the exit meeting and agreement of the draft Internal Audit report. All high and medium management actions will be entered on the Council's Performance Management Software and progress in implementing these actions will be tracked and reported to the Regulatory & Audit Committee. We categorise our management actions according to their level of priority:

Priority High (H)	Major issue or exposure to a significant risk that requires immediate action or the attention of Senior Management.
Priority Medium (M)	Significant issue that requires prompt action and improvement by the local manager.
Priority Low (L)	Minor issues requiring action to improve performance or overall system of control.

1.	Audit Finding, risk exposure and potential impact	Priority	Management Action
1	<p><b><u>Transfer of data</u></b></p> <p>A sample of 10 BMFKA pensioners/active members was tested to confirm that the data transferred from the BCC system is correct on the WYPF system. It was found that:</p> <p>For one member although supporting documentation had been scanned into the WYPF system for the 2006 Scheme in which he has a deferred benefit, documentation had not yet been scanned in for the 2015 Scheme which he is an active member of. The contribution rate for the 2015 Scheme was also not recorded on the system for this member. It was confirmed by the Human Resources Development Manager that due to the volume of data WYPF had not yet scanned in all documents.</p> <p>There is a risk that pension payments and calculations are incorrect and key decisions may be made based on out of date or inaccurate information.</p>	L	<p>A further spot check of members' details will be carried out once WYPF have confirmed that all the data has been scanned into the WYPF system to give assurance that the data is correct and complete.</p> <p><b>Officer responsible:</b> HR Development Manager</p> <p><b>Date to be implemented by:</b> 1 September 2016</p>

2	<p><b><u>Written agreement with BCC</u></b></p> <p>An issue was raised in the 2015/16 Pensions Audit regarding the lack of a signed agreement with BCC that they would continue to administer the Fire Pension Schemes if there were issues with the transfer and it could not be completed in the required timescale. Although written confirmation has now been received WYPF have since stated that they may need the following further information from BCC:</p> <ul style="list-style-type: none"> <li>• Reporting on exception items to HMRC around tax free cash, annual allowances, lifetime allowances etc. against which HMRC have already raised a query.</li> <li>• Data from last year for the Annual Benefit Statements which need to be produced by the end of August.</li> </ul> <p>BCC stated in their agreement that there may be a charge for any substantial extra work.</p> <p>There is a risk that the information may not be received in a timely manner and there may be a cost to BMKFA.</p>	M	<p>Confirmation will be sought from BCC that this additional information will be provided as necessary to meet statutory deadlines. This will be captured in a meeting with relevant BCC staff.</p> <p><b>Officer responsible:</b>              HR Development Manager</p> <p><b>Date to be implemented by:</b>              30 July 2016</p>
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# Buckinghamshire & Milton Keynes Fire Authority

<b>MEETING</b>	Overview and Audit Committee
<b>DATE OF MEETING</b>	27 July 2016
<b>OFFICER</b>	David Sutherland, Director of Finance and Assets Maggie Gibb, Internal Audit Manager
<b>LEAD MEMBER</b>	Councillor David Watson
<b>SUBJECT OF THE REPORT</b>	<b>Internal Audit Report: Update on progress of audit recommendations</b>
<b>EXECUTIVE SUMMARY</b>	<p>The purpose of this paper is to update Members on the progress of the implementation of audit recommendations made as at 6 June 2016.</p> <p>Any further progress against outstanding recommendations will be verbally presented to the Overview and Audit Committee on 27 July 2016.</p> <p>In total there are 52 recommendations to report on the status of which are classified as follows:</p> <p>Green (Implemented) 45/52 (87%) Amber (on track not yet due) 5/52 (9%) Red (not implemented, due date revised) 2/52 (4%)</p> <p>There are three recommendations which have not yet been fully implemented, but have been progressed.</p> <p>There are no outstanding recommendations to bring to the attention of the Members at this time.</p> <p>Internal Audit continues to actively monitor implementation of all outstanding recommendations throughout the year.</p>
<b>ACTION</b>	Information.
<b>RECOMMENDATIONS</b>	That Members note the progress on implementation of recommendations.
<b>RISK MANAGEMENT</b>	There are no risk implications arising from this report.
<b>FINANCIAL IMPLICATIONS</b>	The audit work is contained within the 2016-17 budget.
<b>LEGAL IMPLICATIONS</b>	There are no legal implications arising from this report.
<b>CONSISTENCY WITH THE PRINCIPLES OF</b>	Not applicable.

Internal Audit Report: Update on progress of Audit Recommendations

<b>COLLABORATION</b>	
<b>HEALTH AND SAFETY</b>	There are no health and safety implications arising from this report.
<b>EQUALITY AND DIVERSITY</b>	There are no equality and diversity implications arising from this report.
<b>USE OF RESOURCES</b>	Communication and progress monitoring All audits, follow up reports and further updates will be submitted to SMB and Overview and Audit Committee.
<b>PROVENANCE SECTION &amp; BACKGROUND PAPERS</b>	Internal Audit Plans 2015/16 and 2016/17 Internal Audit reports taken to Overview and Audit Committee
<b>APPENDICES</b>	Annex A: Status of Internal Audit Recommendations – 6 June 2016
<b>TIME REQUIRED</b>	10 minutes.
<b>REPORT ORIGINATOR AND CONTACT</b>	Maggie Gibb – Internal Audit Manager <a href="mailto:mgibb@buckscc.gov.uk">mgibb@buckscc.gov.uk</a> 01296 387327

**Status of Internal Audit recommendations – June 2016**

Audit Assignments	Date of final audit report	Overall Assurance	No of recommendations made	No of recommendations Implemented	Implemented since last meeting	Direction of Travel (see notes)	Status of recommendations at 6 June 2016									
							Red	Amber	Green							
							<table border="1"> <tr> <td style="background-color: red; color: black;">Red</td> <td>Recommendation has not yet been implemented and will not meet the original deadline</td> </tr> <tr> <td style="background-color: orange; color: black;">Amber</td> <td>Recommendation is progressing, not due to be actioned yet.</td> </tr> <tr> <td style="background-color: green; color: black;">Green</td> <td>Recommendation has been actioned</td> </tr> </table>	Red	Recommendation has not yet been implemented and will not meet the original deadline	Amber	Recommendation is progressing, not due to be actioned yet.	Green	Recommendation has been actioned			
Red	Recommendation has not yet been implemented and will not meet the original deadline															
Amber	Recommendation is progressing, not due to be actioned yet.															
Green	Recommendation has been actioned															
<b>2014/15</b>																
HR People Management	April 2015	Substantial	2	1	0	↓	1*	0	1							
Corporate Governance	February 2015	Reasonable	13	13	1	↑	0	0	13							
Housing Accommodation and Allowances	March 2015	Reasonable	5	5	1	↑	0	0	5							
Core Financial Controls	March 2015	Substantial	8	6	0	↔	0	2**	6							
<b>2015/16</b>																
Asset Management	November 2015	Reasonable	8	7	3	↑	1***	0	7							
Pensions Administration	December 2015	Reasonable	6	5	1	↑	0	1	5							
Core Financial Controls	May 2016	Substantial	10	8	8	↑	0	2	8							
<b>Totals</b>			<b>52</b>	<b>45</b>	<b>14</b>		<b>2</b>	<b>5</b>	<b>45</b>							

**Notes for Overview and Audit Committee:**

\* **HR People Management** – Recommendation 1 - Communications & Consultation: The CFOA document is still draft and this will feed into any appropriate Authority document once information is available. The estimated completion date for this is the end of June 2016.

BA Health Monitoring: As all hot BA training is undertaken at the Fire Service college, the decision has been taken to align the Authority's BA Health Monitoring procedure with that of the College's, and this is being worked on. The estimated completion date for this is the end of June 2016.

\*\* **Core Financial Controls** – Recommendations 3 and 5 – These are both related to updating policies and procedures used by the Finance Team which will be reviewed and updated when the new finance system is implemented, it has been agreed with Internal Audit to change the action date to March 2017.

\*\*\* **Asset Management** – Recommendation 4 – BMKFA Procurement are creating a replacement contract for the original Redkite contract award showing dates and values and stating that it has a perpetual annual renewal for maintenance and support. The estimated completion date for this is July 2016

**Direction of travel indicates how well recommendations have been progressed since previous Overview and Audit Committee meeting.**



**Further recommendations have been implemented in period**



**No recommendations due for implementation in period**



**Recommendations due for implementation have not been actioned**

# Buckinghamshire & Milton Keynes Fire Authority



<b>MEETING</b>	Overview and Audit Committee
<b>DATE OF MEETING</b>	27 July 2016
<b>OFFICER</b>	David Sutherland, Director of Finance and Assets Maggie Gibb, Internal Audit Manager
<b>LEAD MEMBER</b>	Councillor David Watson
<b>SUBJECT OF THE REPORT</b>	<b>Annual Audit Report 2015/16</b>
<b>EXECUTIVE SUMMARY</b>	<p>To present the draft Annual Audit Report to the Overview and Audit Committee.</p> <p>In line with best practice, an annual report on the internal control environment is presented to those charged with governance.</p> <p>The Chief Internal Auditor's opinion is that the Fire Authority's system of internal control and risk management facilitates the effective exercise of the Authority's functions. This provides reasonable assurance regarding the effective efficient and economic exercise of the Authority's functions.</p> <p>This opinion is reflected in the Annual Governance Statement.</p>
<b>ACTION</b>	Information
<b>RECOMMENDATIONS</b>	It is recommended that the Committee review and note the contents of the Annual Report.
<b>RISK MANAGEMENT</b>	There are no risk implications arising from this report.
<b>FINANCIAL IMPLICATIONS</b>	The audit work was contained within the 2015-16 budget.
<b>LEGAL IMPLICATIONS</b>	There are no legal implications arising from this report.
<b>CONSISTENCY WITH THE PRINCIPLES OF COLLABORATION</b>	Not applicable.
<b>HEALTH AND SAFETY</b>	There are no health and safety implications arising from this report.
<b>EQUALITY AND DIVERSITY</b>	There are no equality and diversity implications arising from this report.

<b>USE OF RESOURCES</b>	Communication and progress monitoring. All audits, follow up reports and further updates will be submitted to SMB and Overview and Audit Committee.
<b>PROVENANCE SECTION &amp; BACKGROUND PAPERS</b>	Internal Audit Plan 2015/16 Internal Audit reports taken to Overview and Audit Committee
<b>APPENDICES</b>	Appendix A – Annual Audit Report 2015/16
<b>TIME REQUIRED</b>	10 minutes.
<b>REPORT ORIGINATOR AND CONTACT</b>	Maggie Gibb – Internal Audit Manager <a href="mailto:mgibb@buckscc.gov.uk">mgibb@buckscc.gov.uk</a> 01296 387327

**Buckinghamshire & Milton Keynes Fire  
Authority**



**Internal Audit Service  
Annual Report of the Chief Internal Auditor  
2015/16**

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## 1 Background

- 1.1 The Account and Audit Regulations require the Fire Authority to maintain an adequate and effective Internal Audit Service in accordance with proper internal audit practices. The CIPFA Public Sector Internal Audit Standards (PSIAs), which sets out proper practice for Internal Audit, requires the Chief Internal Auditor to provide an annual report to those charged with governance, which should include an opinion on the overall adequacies of the internal control environment.

## 2 Responsibilities

- 2.1 It is a management responsibility to develop and maintain the internal control framework and to ensure compliance. It is the responsibility of Internal Audit to form an independent opinion on the adequacy of the system of internal control. This opinion should be used as a key strand of the assurance framework which management use to develop their Annual Governance Statement.
- 2.2 The role of the internal audit service is to provide management with an objective assessment of whether systems and controls are working properly. It is a key part of the Authority's internal control system because it measures and evaluates the adequacy and effectiveness of other controls so that:
- The Fire Authority can establish the extent to which they can rely on the whole system; and
  - Individual managers can establish how reliable the systems and controls for which they are responsible are.

## 3. Opinion on the Fire Authority's Internal Control Environment Summary

In my opinion the system of internal control provides **reasonable** assurance regarding the effective, efficient and economic exercise of the Authority's functions. During 2015/16 there has been continued improvement to Bucks & Milton Keynes Fire Authority's system of internal control through the on-going development of policies and procedures covering the key control processes. This demonstrates a positive direction of travel towards robust and effective internal control and risk management that will facilitate the effective exercise of the Authority's functions.

- 3.1 The audit activity in 2015/16 has demonstrated that the Authority continues to improve and develop its key governance processes, and remains focussed on creating a strong system of internal control. The opinion is consistent with the outcomes of the individual audits, in which of the five audits/high level reviews completed all had opinions of “reasonable” or “substantial” assurance.
- 3.3 A summary of our assignment outcomes and work completed during the year is shown in Appendix I.

#### **4 Anti-Fraud**

- 4.1 We continue to work closely with the Director of Finance and Assets on fraud awareness, and our work on the core financial systems includes a review of the key anti-fraud controls. There have been no suspected frauds or financial irregularity brought to the attention of the Chief Internal Auditor during 2015/16.

#### **5 Basis of Audit Opinion**

- 5.1 The Internal Audit Service operates in accordance with the Public Sector Internal Audit Standards (PSIAs). The Audit Strategy complies with the PSIAs and is summarised within the Service Level Agreement. This requires Internal Audit to objectively examine, evaluate and report on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.
- 5.2 The Internal Audit Plan was developed in consultation with the Director of Finance and Assets to focus specifically on financial management, corporate processes and key risk areas. There were no constraints placed on the scope of audit work in the year and there were sufficient resources to provide an adequate and effective audit coverage. The Internal Audit Plan was approved by the Overview and Audit Committee.
- 5.3 The strategy for delivery of the Internal Audit Service is reviewed annually and subject to the approval of the Overview and Audit Committee. Internal Audit is required to objectively examine, evaluate and report on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.
- 5.4 A summary of the work undertaken during the year forming the basis of the audit opinion on the internal control environment is shown in the table on page 6. Agreed management actions arising from audit recommendations are monitored and status of implementation reported regularly to the Overview and Audit Committee.

5.5 In addition, in arriving at our opinion, we have taken into account:

- The results of all audits undertaken as part of the 2015/16 Audit Plan.
- The results of follow-up action taken in respect of audits from previous years.
- Whether or not any 'high' recommendations have not been accepted by management and the consequent risks.
- The effects of any material changes in the Authority's objectives or activities.
- Whether or not any limitations have been placed on the scope of internal audit.
- Findings of work performed by other assurance providers (e.g. the External Auditors who we have liaised with throughout the year in order to share information and reduce any duplication of audit activity).
- The scope of the internal control environment - which comprises the whole framework of systems and controls established to manage BMKFRS to ensure that its objectives are met.

5.5 In giving our audit opinion, it should be noted that assurance can never be absolute. The most that the Internal Audit Service can provide to the Accountable Officers is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes. The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

## **6. The Audit Team**

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

**Maggie Gibb  
Chief Internal Auditor  
June 2016**

## SUMMARY OF AUDIT OPINIONS FOR 2015/16 AND AUDIT METHODOLOGY

Audit assignments	Level of assurance that risks material to the achievement of the system's objectives are adequately managed and controlled.				
	Days	Adequacy of risk management	Adequacy of control framework	Adequacy of compliance	Overall opinion
Core Financial Controls	40	Substantial	Reasonable	Substantial	<b>Substantial</b>
Pensions Administration	10	Reasonable	Reasonable	Reasonable	<b>Reasonable</b>
Asset Management	7	Reasonable	Reasonable	Limited	<b>Reasonable</b>
Pensions Administration Transfer	7	High level review (management letter)			<b>Reasonable</b>
Control Centre	6	High level review (management letter)			<b>Reasonable</b>
Follow Ups	10	Ongoing throughout year			
Audit Management	10	Ongoing throughout year			
<b>Total</b>	<b>90</b>				

Audit Management covers supervision and quality assurance on audit assignments, reporting and adhoc advice. The time spent by management has included attendance at meetings, responding to queries and requests for advice and the drafting of annual plans and reports for the Senior Management Board and Overview and Audit Committee.

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

- *Substantial* - All controls are in place to give assurance that the system's objectives will be met.
- *Reasonable* - Most controls are in place to give assurance that the system's objectives will be met but there are some minor weaknesses.
- *Limited* - There are not the necessary controls in place to give assurance that the system's objectives will be met.

An audit plan for 2015/16 was approved by the Audit Committee in March 2015. During the year the following change was made to the plan:

- HR People Management audit replaced with Pensions Administration Transfer review. This was requested by the Director of Finance and Assets and Director of People and Organisational Development to give assurance over the transfer of the pensions administration arrangements to a new provider.

# Buckinghamshire & Milton Keynes Fire Authority



<b>MEETING</b>	Overview and Audit Committee
<b>DATE OF MEETING</b>	27 July 2016
<b>OFFICER</b>	Graham Britten, Director of Legal and Governance Mark Hemming, Deputy Director of Finance and Assets
<b>LEAD MEMBER</b>	Chairman of the Overview and Audit Committee
<b>SUBJECT OF THE REPORT</b>	<b>Annual Governance Statement 2015/16</b>
<b>EXECUTIVE SUMMARY</b>	<p>The purpose of this report is to present the 2015/16 draft Annual Governance Statement (appended as an Annex to the report) for approval. This contains the progress on the implementation of the recommendations of the 2014/15 Annual Governance Statement and to highlight recommendations for 2016/17.</p> <p>Since the draft Annual Governance Statement was approved by directors for publication one objective set out in its Appendix B - adoption of a Communications Strategy - has been achieved and implementation commenced. The version submitted for approval has therefore been amended to reflect this. (shown as <del>strikethrough</del>)</p>
<b>ACTION</b>	Decision.
<b>RECOMMENDATIONS</b>	<ol style="list-style-type: none"> <li>1. That the draft Annual Governance Statement (Annex) be approved as amended.</li> <li>2. That the progress on the implementation of recommendations of the previous Annual Governance Statement (Appendix A to the Annual Governance Statement) be acknowledged.</li> <li>3. That the priorities for 2016/17 (Appendix B to the Annual Governance Statement) be agreed as amended.</li> </ol>
<b>RISK MANAGEMENT</b>	Any risk implications of completion or non-completion of the recommendations are included in the relevant report.
<b>FINANCIAL IMPLICATIONS</b>	There are no direct financial implications arising from the report.
<b>LEGAL IMPLICATIONS</b>	The Accounts and Audit Regulations 2015 came into

	<p>effect on 1 April 2015 changing the timetable for auditing and adopting statements of accounts and annual governance statements. The Director of Finance &amp; Assets is now required to publish a draft annual governance statement with the unaudited accounts.</p> <p>Regulation 6(1) of the Accounts and Audit Regulations 2015 requires the Committee to approve the annual governance statement in advance of it approving the statement of accounts.</p>
<b>CONSISTENCY WITH THE PRINCIPLES OF COLLABORATION</b>	No direct impact.
<b>HEALTH AND SAFETY</b>	There are no direct health and safety implications arising from the report.
<b>EQUALITY AND DIVERSITY</b>	There are no direct equality and diversity implications arising from this report.
<b>USE OF RESOURCES</b>	<p><b>Communication and consultation</b> The officers with responsibility for the areas audited have been responsible for supplying the information and responses necessary for this report.</p> <p><b>Progress monitoring</b> Further updates will be provided at future committee meetings.</p>
<b>PROVENANCE SECTION &amp; BACKGROUND PAPERS</b>	<p>The Annual Governance Statement has been based upon the six core principles of good governance set out in the CIPFA/SOLACE guidance (2007, revised and updated 2012):</p> <ol style="list-style-type: none"> <li>1. Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area.</li> <li>2. Members and officers working together to achieve a common purpose with clearly defined functions and roles.</li> <li>3. Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.</li> <li>4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.</li> <li>5. Developing the capacity and capability of Members and officers to be effective.</li> <li>6. Engaging with local people and other stakeholders to ensure robust public accountability.</li> </ol> <p>Report to Overview and Audit Committee of the Buckinghamshire and Milton Keynes Fire Authority</p>

	<p>held on 15 July 2015, Item 11:</p> <p><a href="http://bucksfire.gov.uk/files/7114/5572/3063/ITEM_1_1_Annual_Governance_Statement_2014-15_OA.compressed.pdf">http://bucksfire.gov.uk/files/7114/5572/3063/ITEM_1_1_Annual_Governance_Statement_2014-15_OA.compressed.pdf</a></p> <p>CIPFA / SOLACE 'Delivering Good Governance in Local Government - Guidance Note for English Authorities'</p> <p><a href="http://www.solace.org.uk/knowledge/reports_guides/goodgovernance-England-2007-02.pdf">http://www.solace.org.uk/knowledge/reports_guides/goodgovernance-England-2007-02.pdf</a></p>
<b>APPENDICES</b>	<p>Annex – Draft Annual Governance Statement 2015/16.</p> <p>Appendix A to Annex – Progress of Annual Governance Statement 2014/15.</p> <p>Appendix B to Annex – Recommendations for Priorities for 2016/17.</p>
<b>TIME REQUIRED</b>	15 minutes.
<b>REPORT ORIGINATOR AND CONTACT</b>	<p>Graham Britten, Director of Legal and Governance <a href="mailto:gbritten@bucksfire.gov.uk">gbritten@bucksfire.gov.uk</a></p> <p>Mark Hemming, Deputy Director of Finance and Assets <a href="mailto:mhemming@bucksfire.gov.uk">mhemming@bucksfire.gov.uk</a></p>

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## Annual Governance Statement 2015/16

### Scope of Responsibility

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

Buckinghamshire & Milton Keynes Fire Authority has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. This statement explains how Buckinghamshire & Milton Keynes Fire Authority has complied with the code and also meets the requirements of regulation 6(1) of the Accounts and Audit Regulations 2015 in relation to the review of its systems of internal control and the publication of an annual statement on its governance.

### The Purpose of the Governance Framework

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievements of the strategic objectives of Buckinghamshire & Milton Keynes Fire Authority, to evaluate the likelihood of those risks being realised and the impact should they occur, and to manage them efficiently, effectively and economically. The system of internal control has been in place for the year ended 31 March 2016 and up to the date of approval of the Statement of Accounts.

### The Governance Framework

The governance framework derives from six core principles of good governance set out in the CIPFA/SOLACE guidance which was updated in 2007. The six core principles which underpin good governance are:

- 1. Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area*

The Public Safety Plan 2015-20 sets out the detailed future improvements of the services provided by the Authority to the community within the constraints that it faces whilst managing risk. The community was consulted and actively encouraged to engage in debating the issues and priorities set out in the plan, allowing the public to hold the Authority accountable for its decisions and actions in an open and transparent manner. The Public Safety Plan is available on our website at:

[http://bucksfire.gov.uk/files/8114/2116/4524/2015 -  
\\_20 PSP Updated after 17 Dec CFA.pdf](http://bucksfire.gov.uk/files/8114/2116/4524/2015_-_20_PSP_Updated_after_17_Dec_CFA.pdf)

A fundamental element of the Public Safety Plan is ensuring service delivery is linked closely to local requirements. A service delivery directorate plan covers the Milton Keynes and Buckinghamshire Area, supported by individual Station Plans. Operational staff work within the same teams as their protection and prevention colleagues leading to a more joined up approach. This has led to notable achievements in helping the most vulnerable people in our communities through the "safeguarding"

## Annual Governance Statement 2015/16

procedures; working collaboratively internally as well as with local authorities to improve the lives of those most in need of support, and those who most often fall through society's "safety nets".

The 2015–20 Public Safety Plan was presented to the Fire Authority for approval in December 2014 following a public consultation. This plan supersedes the previous 2012-17 plan and took effect from April 2015.

### *2. Members and officers working together to achieve a common purpose with clearly defined functions and roles*

The respective roles and responsibilities for members and officers are set out in the Combination Order (the statutory instrument that formed the Fire Authority in 1997). There are two ordinary committees of the Fire Authority: The Executive Committee, and the Overview & Audit Committee. There are terms of reference for each committee and the role of the lead members has been developed over recent years.

Members of the Fire Authority are also members of either Buckinghamshire County Council or Milton Keynes Council. Some members may also be members of district councils with which we may be working, or voluntary agencies. Members are reminded of their responsibility to declare interests at each meeting. There is a scheme of delegation from the Authority to the Chief Fire Officer and statutory officers. The Chief Fire Officer is also the Chief Executive of the Authority.

The Authority's Member:Officer Protocol sets out the respective obligations and expectations and contains a reminder of the Authority's core values. These were revised and approved by the Overview and Audit Committee at its meeting on 11 March 2015 for recommendation to the Fire Authority on 10 June 2015. These can be found at the following link:

[http://bucksfire.gov.uk/files/8414/1053/3511/Protocol\\_on\\_Member\\_and\\_Officer\\_Relations\\_v2\\_Sept\\_14.pdf](http://bucksfire.gov.uk/files/8414/1053/3511/Protocol_on_Member_and_Officer_Relations_v2_Sept_14.pdf)

The Authority approved and adopted its current Pay Policy Statement in December 2015 setting out its policies on the remuneration of its chief officers, the remuneration of its lowest paid employees and the relationship between the remuneration of its chief officers and the remuneration of its employees who are not chief officers. This is reviewed at least annually.

The Authority has identified and recorded all partnership arrangements. All partnerships are the subject of formal agreements ensuring that these articulate legal status; respective liabilities and obligations; governance and audit; dispute resolutions and exit provisions. A review of partnership arrangements has been undertaken.

In Buckinghamshire & Milton Keynes Fire Authority the Chief Finance Officer and Monitoring Officer are both members of the Strategic Management Board, helping to develop and implement strategy and to resource and deliver the organisation's strategic objectives. All material business decisions are taken by the Strategic Management Board (SMB) or by Members. Papers submitted for decision-making purposes must be referred to the Chief Finance Officer and the Monitoring Officer for financial and legal scrutiny prior to any decision being taken. The Chief Finance Officer, supported by the Chief Fire Officer leads the promotion and delivery of good

## Annual Governance Statement 2015/16

financial management so that public money is safeguarded and used appropriately, economically, efficiently and effectively. This is achieved by a finance team that is suitably resourced, professionally qualified and suitably experienced.

There are nominated lead Members for various work streams and departments. This collaborative approach ensures levels of trust, confidence and awareness constantly improve for the benefit of the public and the service.

### *3. Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.*

Managers and supervisors at all levels have received formal leadership development over the last few years. This is continual rolling process and most recently this has covered supervisors with a three day supervisory management leadership programme delivered by an external provider. The Authority Training Needs Analysis (TNA) process assesses the needs for this type of training at least annually. For 2016/17 two programmes have been approved for new crew commanders and support staff.

Performance appraisal year end reviews assess management and leadership behaviours.

The Authority Values have also been displayed across all sites on new policy posters rolled out in early 2016. The maintenance and promotion of high standards of its Members is within the purview of the Overview and Audit Committee.

To ensure legal compliance and to avoid a conflict of interest arising, the Authority retains a panel of ten "Independent Persons" shared amongst five other authorities for the purposes of assisting both an individual member and the Authority itself in the event of an allegation being made that a member has breached the Authority's Code of Conduct.

<http://bucksfire.gov.uk/files/3314/0732/6551/10CODEOFCONDUCT.pdf>

### *4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk*

To support the service there are structured meetings at all levels within the service, with appropriate delegated authority. Timelines are in place so that SMB and Member meetings will be followed by Directorate and then team meetings to ensure the flow of information throughout the whole organisation. Although this is an evolving process, the culture is steadily changing so that minutes from meetings are available both internally and externally through the website.

Further developments to improve the effectiveness and transparency of decision making within the Service were made following the launch of new internal, officer 'boards' aligned to the Authority committee structure. These comprise:

- A Strategic Management Board, which replaced the previous senior officer meetings and focuses on strategic direction, strategic risk and acts as a gateway to the Fire Authority;
- A Performance Management Board which focuses on in year performance against agreed targets and budgets;

## Annual Governance Statement 2015/16

- A Business Transformation Board which focuses on strategic change and project portfolio management.

All Directorates have their own risk registers which are regularly reviewed at Directorate meetings. Corporate risks are reviewed quarterly by the Performance Management Board, monthly by the Strategic Management Board and by Members at each Overview and Audit Committee meeting. An audit of the Authority's corporate risk management processes took place in 2014/15, the findings of which were reflected in the Corporate Risk Management Policy. This was approved by the Overview and Audit Committee on 11 March 2015 for recommendation to the Executive Committee on 18 March 2015, and the policy was formally adopted at that meeting.

In addition to the development of performance software to improve service delivery, the integrated HR and Finance (SAP) system has improved controls identified as weaknesses in previous audits; for example staff absence recording and the inputting of turnouts and attendance at incidents.

This improved control has supported managers to significantly improve attendance levels. It also ensures that the management and administration of employee benefits and payments are linked to establishment control through an integrated system with the approved budgets and the financial ledger. The data extraction process from the HR (SAP) system has also improved the provision of management information to support decision making on issues related to workforce planning.

During 2014/15 the service also undertook a significant amount of work to link the on-call availability system to SAP. This system went live in early 2015/16 and eliminated the need for the manual recording and input of absences, turnouts and attendances for all on-call staff. The planned roll out to all firefighters and support staff during 2015/16 was postponed so that it could be aligned with the implementation of the new ERP system.

We have continued the shared service arrangement with Royal Berkshire Fire Authority for procurement. The team are continuing to work on the implementation of Contract Management (CMF) and Supplier Relationship (SRF) Frameworks. New software under a national initiative is being piloted and this, alongside the existing electronic ordering technology will ensure a continued and more effective proactive, open and transparent approach to procuring supplies and services. Contract Standing Orders for both Fire Authorities were aligned to ensure the most cost effective outcome is achieved; all contracts with an estimated value in excess of £50k have to go through a full tender process. Those procedures are kept under regular review to ensure that best value to the taxpayer can be demonstrated.

### *5. Developing the capacity and capability of members and officers to be effective*

A number of policies are in place to support and underpin the "fit for purpose" structure. These policies have empowered managers to take responsibility and be accountable for their staff issues with HR advice as required.

A key part of the performance monitoring continues to be an individual performance management (appraisal) system which ensures that strategic aims are translated into individual objectives creating a "Golden Thread" throughout the service. This is an

## Annual Governance Statement 2015/16

evolving process with particular challenges in applying this process to the retained duty system staff who have very limited time available.

The performance management system also identifies training and development needs and these are aggregated into a service wide Training Needs Analysis. The service increasingly benefits from more efficient and effective menu driven training delivery more aligned to budget planning timetables and delivered in a variety of formats (including face to face and e-learning).

During 2015/16 BMKFRS introduced an innovative approach toward the delivery of operational training, working in partnership with the Fire Service College. The partnership has not only proven to be financially intelligent, but has also enabled the operational competencies of over 230 front-line commanders and firefighters, through validation exercises to be realistically challenged, whilst at the same time being the subject of independent assessment and scrutiny.

The Performance and Evaluation team analyse, audit and review capabilities across the service. This team is currently reviewing and introducing more robust methodology to evaluate operational performance through validation exercises, station reviews, operational debriefs, incident monitoring, the management of an exercise programme as well as establishing lines of communication with other FRSs to learn from their experiences.

The team continue to work alongside the Organisational Development department to ensure that any areas which are identified from incidents, training and exercises are included in technical and practical assessments within the Development Centre (ADC) process.

SMB has engendered a collegiate approach with Members through holding "Member Workshops" where future options are aired and discussed with Members before a narrower range of formal proposals are taken forward.

### *6. Engaging with local people and other stakeholders to ensure robust public accountability*

In terms of the organisational structure, committee meetings are accessible to the public and the dates are published on the website as are the agendas and committee papers, minutes and decisions.

The service complies with the Data Transparency Code (latest version published February 2015) and ensures all the relevant information is published on our external website.

At a more local, direct level there are many examples of how we engage with the public and ensure public accountability:

- The service regularly reviews its partnerships to ensure they are appropriate and effective for both the organisation and the public.
- Memoranda of Understanding with other fire and rescue authorities and the police when carrying out fire investigation to improve collaborative working and ensure a more consistent approach to the way we investigate fires / arson.
- BMKFRS is a key stakeholder at a strategic level on both the Safer Stronger Bucks Partnership Board and the Safer MK Partnership. Officers are also

## **Annual Governance Statement 2015/16**

engaged and involved in practitioner groups and fora where appropriate, ensuring public engagement and safety initiatives are focussed, effective and measured, whilst working with partner organisations with similar goals and objectives.

### **Review of effectiveness**

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

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

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## Annual Governance Statement 2015/16

Audits undertaken and assurance opinion:

<b>Audit assignments</b>	<b>Level of assurance that risks material to the achievement of the system's objectives are adequately managed and controlled.</b>	
	<b>Days</b>	<b>Overall Assurance</b> (all audits undertaken during 2015/16 unless stated)
Core Financial Controls	40	Substantial
Pensions Administration	10	Reasonable
Control Centre	8	Delayed until 2016/17
Asset Management	7	Reasonable
Pensions Administration Transfer	5	Delayed until 2016/17
Follow Ups	10	
Corporate work/Audit Management	10	
<b>Total</b>	<b>90</b>	

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

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

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

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

## Annual Governance Statement 2015/16

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

### Opinion on the Fire Authority's Internal Control Environment Summary

In my opinion the system of internal control provides **reasonable** assurance regarding the effective, efficient and economic exercise of the Authority's functions. During 2015/16 there has been continued improvement to Bucks & Milton Keynes Fire Authority's system of internal control through the on-going development of policies and procedures covering the key control processes. This demonstrates a positive direction of travel towards robust and effective internal control and risk management that will facilitate the effective exercise of the Authority's functions.

The audit activity in 2015/16 has demonstrated that the Authority continues to improve and develop corporate governance, and remains focused on creating a strong system of internal control. This can be evidenced by the continued strengthening of key control processes through the on-going development of policies and procedures and has resulted in core financial controls continuing to be rated as substantial.

A summary of our assignment outcomes and work completed during the year is shown in the table above. It can be seen that all areas have as a minimum 'reasonable' assurance.



## Annual Governance Statement 2015/16

### Conclusion

As a result of the extensive work undertaken by the management team in reviewing internal structures and reviewing roles and responsibilities as well as the introduction of new systems and processes, working together with the Chief Internal Auditor, the External Auditors and our own Audit Committee, a plan (see Appendix B) is in place to address the weaknesses identified and ensure continuous improvement of the governance system is in place. Appendix A sets out progress against the delivery of the 15/16 Annual Governance Statement action plan.

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

Signed ..... **NOT YET APPROVED** ..... Date .....

Councillor Adrian Busby – Chairman of the Buckinghamshire & Milton Keynes Fire Authority

Signed ..... **NOT YET APPROVED** ..... Date .....

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

## Annual Governance Statement 2015/16

### Appendix A

#### Significant Governance Issues addressed in 2015/16

	<b>Issue</b>	<b>Action Plan (as per 2014/15 Statement – Appendix B)</b>	<b>Lead Officer</b>	<b>RAG Status</b>	<b>Progress</b>	<b>Target/ Completion Date</b>
1.	Continued review of firefighters pensions administration and oversight.	<p>Discussion is on-going with other authorities regarding entering into a shared pension administration arrangement.</p> <p>A specification of requirements has been drawn up, based on the current arrangement and those shared with us by other authorities.</p> <p>Once the final specification has been agreed between participating authorities a</p>	Director of People and Organisational Development and Director of Finance and Assets		With Royal Berkshire FRS, we have entered a jointly procured outsourced Pensions Administration arrangement for firefighter pensions with West Yorkshire Pension Fund (WYPF). WYPF have considerable experience of managing fire fighter pensions and have expert representation on national technical groups. The project to transfer administration has been successfully implemented with pensioners being paid for the first time in May 2016 by WYPF.	May 2016

## Annual Governance Statement 2015/16

		procurement exercise will be undertaken and a contract awarded to the successful bidder.				
2.	Review the processes for handovers between leavers and joiners.	This process will be reviewed and submitted to the relevant board(s) for approval.	Director of People and Organisational Development		The recruitment and selection procedure was amended to cover specific responsibilities for handovers when there is staff turnover. This has been fully implemented.	April 2015
3.	Constitute a pensions board to oversee the administration of the firefighters pension schemes.	This is a new requirement for the Authority. The Authority has sought expressions of interest for board members and the first meeting of the board is planned for Q2 2015.	Director of Legal and Governance	Green	Three employer and three employee representatives were appointed as members of the Board and the first Board meeting took place on 17 July 2015. The Board has formally adopted Terms of Reference, has published the names of the Board members and contact details on the intranet and publishes the minutes of each meeting, which have been held in September, December and March, with the next taking place in June 2016. The Board will continue to meet on a quarterly basis and attends regional training events as appropriate.	April 2015
4.	Ensure that appropriate governance arrangements are	For each project a governance arrangement will be agreed and	Head of Service Transformation	Green	Project managers have been appointed and project governance structures have been established with progress monitored through highlight reports	November 2015

### Annual Governance Statement 2015/16

	in place for major upcoming interdepartmental projects (e.g. Milton Keynes area review and business and systems integration)	implemented. These will set out clear terms of reference and monitoring arrangements.			provided into the Service's Business Transformation Board.	
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## Annual Governance Statement 2015/16

### Appendix B

#### Significant Governance Issues to be addressed in 2016/17

	Issue	Action Plan	Lead Officer	Target Date
1.	Operational Assurance	<p>The main area of focus will be to examine the assurance model in the context of operational assurance and resilience, specifically to ensure that all potential input areas have been taken into consideration and that information flows through the organisation reaching all appropriate stakeholders and that the information is understood and where appropriate, informs policy decisions within internal governance arrangements.</p> <p>Commission and deliver an external audit of our operational services and develop an action plan to address any subsequent findings.</p> <p>Develop a monitoring mechanism that compliments the existing governance models of BTB and PMB and test this through examining ICS, training and NOG implementation.</p>	Head of Service Development	April 2017
2.	Communications Strategy	<p><del>This Communication Strategy has been published on the Service's intranet. The actions identified within the strategy will be monitored via regular progress reports into the Services Business Transformation Board.</del></p>	Head of Projects & Transformation	May 2016
3 2.	ICT Security and Resilience Review	<p>Undertake a review of ICT security and business resilience and act on the findings while taking</p>	Head of Service Development	April 2017

**Annual Governance Statement 2015/16**

		into consideration the needs of ESMCP.		
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# Buckinghamshire & Milton Keynes Fire Authority



<b>MEETING</b>	Overview and Audit Committee
<b>DATE OF MEETING</b>	27 July 2016
<b>OFFICER</b>	David Sutherland, Director of Finance and Assets
<b>LEAD MEMBER</b>	Councillor Andy Dransfield
<b>SUBJECT OF THE REPORT</b>	<b>Audit Results Report</b>
<b>EXECUTIVE SUMMARY</b>	This report summarises the findings from the 2015/16 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.
<b>ACTION</b>	Information.
<b>RECOMMENDATIONS</b>	Members are asked to note the content of the report.
<b>RISK MANAGEMENT</b>	The results of the audit give reassurance regarding entries in the accounts and value for money arrangements.
<b>FINANCIAL IMPLICATIONS</b>	No direct impact.
<b>LEGAL IMPLICATIONS</b>	The audit of the financial statements is a statutory requirement.
<b>CONSISTENCY WITH THE PRINCIPLES OF COLLABORATION</b>	No direct impact.
<b>HEALTH AND SAFETY</b>	No direct impact.
<b>EQUALITY AND DIVERSITY</b>	No direct impact.
<b>USE OF RESOURCES</b>	The Audit Results Report concludes that the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.
<b>PROVENANCE SECTION &amp; BACKGROUND PAPERS</b>	None.
<b>APPENDICES</b>	Annex A: Audit Results Report

<b>TIME REQUIRED</b>	10 minutes.
<b>REPORT ORIGINATOR AND CONTACT</b>	Mark Hemming <a href="mailto:mhemming@bucksfire.gov.uk">mhemming@bucksfire.gov.uk</a> 01296 744687



# Buckinghamshire and Milton Keynes Fire Authority

Audit Results Report - ISA (UK and Ireland) 260  
for the year ended 31 March 2016

July 2016

Ernst & Young LLP



Building a better  
working world

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In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued “Statement of responsibilities of auditors and audited bodies 2015-16”. It is available from the Chief Executive of each audited body and via the PSAA website ([www.psa.co.uk](http://www.psa.co.uk))

The Statement of Responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The ‘Terms of Appointment from 1 April 2015’ issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Results Report is prepared in the context of the Statement of Responsibilities. This report is intended solely for the use of the members of the audited body. We, as appointed auditor, take no responsibility to any third party.

**Our Complaints Procedure** – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

## 1. Executive summary

The National Audit Office's Code of Audit Practice (the Code) requires us to report to those charged with governance – the Overview and Audit Committee – on the work carried out to discharge our statutory audit responsibilities, together with any governance issues identified. This report summarises findings from the 2015/16 audit, which is substantially complete. It includes messages arising from our audit of the financial statements and the results of our work to assess arrangements to secure economy, efficiency and effectiveness in the Authority's use of resources.

We show below the results and our conclusions on the significant areas of the audit.

Status of the audit	<p>We have substantially completed our audit of the financial statements for the year ended 2015/16. Subject to satisfactory completion of the outstanding items included in Appendix B we will issue an audit opinion in the form by the end of July 2016.</p> <p>We have performed the procedures outlined in our Audit Plan and anticipate issuing an unqualified opinion on the financial statements.</p> <p>We expect to conclude that the Authority has put in place proper arrangements to secure value for money in its use of resources.</p> <p>HM Treasury have produced a revised timetable for the completion and submission of the Whole of Government Accounts submission for local government. This means that unaudited submissions for local government bodies are not required until 12 August 2016.</p> <p>We have not therefore performed the procedures required by the National Audit Office (NAO) for the Whole of Government Accounts submission. We will update you on this matter at the Committee meeting.</p> <p>We expect to issue the audit certificate at the same time as the audit opinion.</p>
Audit differences	<p>There are no unadjusted audit differences.</p> <p>Our audit also identified several audit differences which our team have highlighted to management for amendment. These have been corrected during the audit and further details are provided at Appendix A.</p> <p>These adjustments have not had an impact on useable reserves or the financial standing of the Authority.</p>
Scope and materiality	<p>In our audit plan presented at the 25 February 2016 Overview and Audit Committee meeting, we set materiality of £628k when deciding on our audit procedures. We have reassessed this based on the Authority's actual results and have increased this amount to £632k. The reason for the increase in planning materiality was higher operating expenditure in 2015/16 comparing to the Authority's 2014/15 outturn.</p> <p>The basis of our assessment is 2% of gross operating expenditure, which is consistent with prior years.</p> <p>The threshold for reporting audit differences which have an impact on the financial statements has remained the same at £31k.</p>

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	For the Firefighters' Pension Fund we establish a separate materiality. The level of materiality was £96k based on 1% of benefits payable in 2015/16.
Significant audit risks	<p>We identified the following audit risks during our planning, and reported them in our audit plan:</p> <ul style="list-style-type: none"><li>• The accounting for Milne vs GAD</li><li>• The accounting for the Joint Control Room</li><li>• The risk of management override.</li> <li>• Value for Money – The risk that the Authority will not be able to plan its finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions.</li></ul> <p>The 'addressing audit risks' section of this report sets out how we have gained audit assurance over those issues during the audit.</p>
Other reporting issues	We have no other matters to report.
Control observations	We have adopted a fully substantive approach and have therefore not tested the operation of controls.

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We would like to take this opportunity to thank the Authority's staff for their assistance during the audit.

Maria Grindley

Executive Director  
For and on behalf of Ernst & Young LLP

## 2. Responsibilities 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 how far it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements, and any planned changes in future.

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 2015/16 financial statements and the consistency of other information published with them;
- report by exception on the AGS;
- 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 our statutory duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.

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

We also review and report to the National Audit Office on the Whole of Government Accounts return. The extent of our review is specified by the National Audit Office.

### 3. Financial statements audit

#### Addressing audit risks

We identified the following audit risks when we planned our audit, and reported them in our Audit Plan. We set out below how we have gained the necessary audit assurance.

A significant audit risk is an inherent risk which is both more likely to happen and has a greater effect if it does happen; so it requires special audit consideration. For significant risks, we obtain a relevant understanding of the entity's controls and assess their design and implementation.

Significant Risks (including fraud risks)	Audit procedures performed	Assurance gained and issues arising
<p><b>Milne vs GAD</b></p> <p>In May 2015 the Pension Ombudsman, an independent organisation that investigates complaints about pension administration, published Mr Milne's determination for Firefighters' Pension Scheme regarding commutation factors. The Pension Ombudsman ruled that Government Actuary's Department (GAD) failed to review commutation factors within the firefighters' pension scheme.</p> <p>The Ombudsman ordered that a new commutation factor be prepared as if a factor review had been carried out in December 2004.</p> <p>The Authority has determined the additional payments required. The sum of these payments is estimated to be £484k which is material to the Pension Fund.</p>	<p>We:</p> <ul style="list-style-type: none"> <li>• Reviewed and tested the Authority's arrangements for ensuring the accuracy and completeness of compensation;</li> <li>• Re-performed the calculation of compensation for a sample of payments, including assessment of the accuracy of inputs; and</li> <li>• Reviewed the associated disclosures in the financial statements to ensure compliance with the Code of Practice on Local Government Accounting, and appropriate accounting standards.</li> </ul>	<p>Additional payments of £726k resulting from the Milne v GAD ruling was made by the Authority in advance of year-end. The associated grant was also received by the Authority in advance of year-end. This significantly reduced the risk of disclosure error.</p> <p>We tested a sample of payment calculations, and tested the completeness of payments made. We have no matters to report from this work.</p> <p>The manner of the disclosure was not subject to additional guidance, however, the lump sum and interest payments have been appropriately disclosed within the pension fund account. Since these are material transactions, they have been appropriately shown as separate line items within the account.</p>
<p><b>Joint Control Room</b></p> <p>The Joint Control Room (with Oxfordshire Fire and Rescue Service and Royal Berkshire Fire Authority) became operational in April 2015. This will be the first year that this will need to be disclosed within the financial statements and there is a risk that this will not be accounted for correctly. In particular the disclosures made and ensuring that the correct split of costs is used.</p>	<p>We:</p> <ul style="list-style-type: none"> <li>• Reviewed the agreements in place between the three bodies;</li> <li>• Reviewed associated disclosures made within the financial statements to ensure compliance with the Code of Practice on Local Government Accounting, and appropriate accounting standards; and</li> <li>• Tested a sample of income and expenditure related to the Joint Control Room and ensure that it has been appropriately recharged to the Authority.</li> </ul>	<p>We have received the signed agreement between the three Authorities which details the agreed upon apportionment model in place.</p> <p>An additional disclosure was required within the Related Parties note to reflect the agreement in place.</p> <p>We also tested the expenditure incurred from the joint control room. We have no matters to report from this work.</p>

### Risk of management override

As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly, and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

We:

- Tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
- Reviewed accounting estimates for evidence of management bias; and
- Evaluated the business rationale for any significant unusual transactions.

Our testing of journal entries did not identify adjustments which were outside of the normal course of business. All journals tested had an appropriate business rationale.

The most significant accounting estimates in the financial statements relate to the net pension liability and property valuations. We found no indication of management bias in these estimates.

We identified one significant unusual transaction, which was the movement in reserves to reduce the capital financing requirement. We have confirmed the appropriateness of the business rationale for this movement.

We did not identify any evidence of management override or fraudulent activity.

## Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell the Authority significant findings from the audit and any other matters significant to oversight of the Authority's financial reporting process, including the following:

- qualitative aspects of accounting practices, estimates and disclosures;
- matters specifically required by other auditing standards to be reported to those charged with governance, e.g. issues about fraud, compliance with laws and regulations, external confirmations and related party transactions;
- any significant difficulties encountered during the audit; and
- other audit matters of governance interest.

We have no matters to report.

## Control themes and observations

It is the responsibility of the Authority to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the Authority has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

We have adopted a fully substantive approach and have therefore not tested the operation of controls.

We have reviewed the Annual Governance Statement and can confirm that it is not misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Authority.

## Request for written representations

We have asked for a representation letter to gain management's confirmation on a number of matters, as outlined in the papers for the 27<sup>th</sup> July 2016 Overview and Audit Committee.

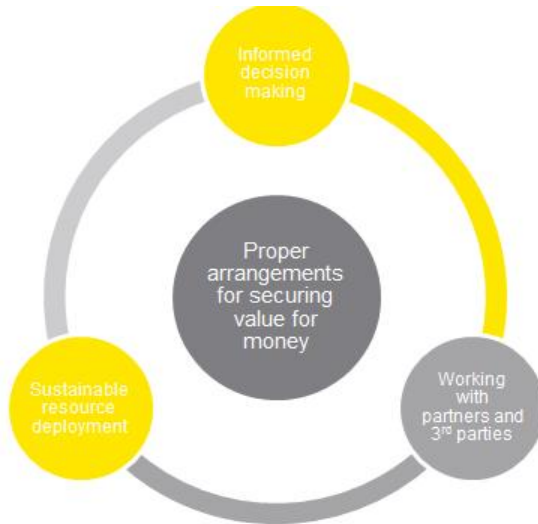


## **Whole of Government Accounts**

We also review and report to the National Audit Office on the Authority's Whole of Government Accounts return. The extent of our review is specified by the National Audit Office.

We have not yet completed our work in this area and will provide an update to the Overview and Audit Committee.

## 4. Value for money



We must consider whether the Authority has ‘proper arrangements’ to secure economy, efficiency and effectiveness in its use of resources. This is known as our value for money conclusion.

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They consist of the Authority’s arrangements to:

- ▶ take informed decisions;
- ▶ deploy resources in a sustainable manner; and
- ▶ work with partners and other third parties.

### Overall conclusion

We identified one significant risk for these criteria:

- The Authority will not be able to plan its finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions.

We have performed the procedures as outlined in our audit plan. As a result of this work we did not identify any significant weaknesses in the Authority’s arrangements.

We therefore expect to conclude that the Authority has proper arrangements to secure value for money in its use of resources.

## Significant risks

The table below presents the findings of our planned work

VFM risk identified in our audit plan	Has an impact on arrangements for:	Key findings
<p><b>The Authority will not be able to plan its finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions.</b></p> <p>The Authority continues to face financial challenges with a cumulative budget gap, on the current medium term financial plan, of £2.6 million in 2018/19.</p> <p>The medium term financial plan sets out the Authority's strategic approach for closing the budget gap and key deliverables that are critical to the future financial sustainability of the Authority.</p> <p>Continued reductions in government grants is one of the key drivers of the need for significant savings.</p> <p>The Authority continues to seek alternative solutions to ensure that local services can be maintained and supported in the future, in line with local need.</p>	<ul style="list-style-type: none"> <li>• taking informed decisions;</li> <li>• deploying resources in a sustainable manner; and</li> <li>• working with partners and other third parties.</li> </ul>	<p>We have used PSAA's value for money profile tool to assess Authority's spending against similar Fire Authorities.</p> <p>We have reviewed and assessed the assumptions within the Authority's 2016/17 budget and medium term financial plan.</p> <p>We have no matters to report from this work.</p>

## Appendix A – Corrected audit differences

We identified the following disclosure corrections required, some of which contain corrected differences greater than £0.032 million, which we believe we should report to the Committee. None of these have an impact on the Authority's financial position.

These items have been corrected by management in the revised financial statements.

### Disclosures

Disclosure	Description of difference
MIRS	The disclosure was expanded to include Capital Receipts Unapplied and Capital Grants Unapplied per the requirements of the Code. This amendment to the disclosure did not affect the total of reserves in the Statement of Accounts.
Note 1 – Service Information	This disclosure was updated to be consistent with the figures from the Narrative Statement which are based on the figures that went to the February 2016 Full Authority meeting.
Note 2 – Officers Remuneration	Additional disclosures required per the requirements of the Code to include exit packages in bandings of £20k rather than a total figure.
Note 9 – Related Parties	Additional disclosure added to the Related Parties note to clearly set out the arrangements in place for the joint control room and the financial impact to the authority.
Note 18 – Short Term Borrowing and Creditors	As a result of substantive testing we identified that there had been misclassifications between subheadings which required amendment. There was no impact on the total balance of Short term borrowing and creditors.
Note 29 – Financial Instruments	Various amendments required to this disclosure to meet the requirements of the Code. This included amendments to what is classed as a financial asset. The result of these amendments did not have an impact on the CIES or Balance Sheet.

## Appendix B – Outstanding matters

The following items are outstanding at the date of this report:

Item	Actions to resolve	Responsibility
Management representation letter	Receive signed letter of representation.	Management and Overview and Audit Committee.
Pension Liability Valuation	Receipt and evaluation of assurance from the Pension fund administrator's auditor.	EY and Buckinghamshire County Pension Fund auditor.
Subsequent events review	Complete the subsequent events procedures up to the date the audit report is signed.	EY and management
Whole of Government Accounts	Preparation of submission by management, and review of the submission by EY.	EY and management
Final completion of audit procedures and Engagement Partner review	Management and EY to work together to complete any outstanding work. In particular this will include final reviews of audit documentation and work papers from Audit Manager and Engagement Partner.	EY and management

## Appendix C – Independence

We confirm that there are no changes in our assessment of independence since our confirmation in the Audit Plan dated 26 February 2016.

We complied with the Auditing Practices Board's Ethical Standards for Auditors and the requirements of the Public Sector Audit Appointments Ltd (PSAA)'s Terms of Appointment. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.

We confirm that we do not know of any relationships that may affect the independence and objectivity of the firm and which auditing and ethical standards require us to report to you.

We consider that our independence in this context is a matter that should be reviewed both by the Authority and by us. It is therefore important that you consider any facts you know about and come to a view. If you wish to discuss any matters concerning our independence, we will be happy to do so at the Overview and Audit Committee on 27 July 2016.

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 communication plan for doing this was set out in the Audit Plan of 26 February 2016.

## Appendix D – Audit fees

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

Description	Proposed final Fee 2015/16 £	Scale Fee 2015/16 £	Variation comments
Total Audit Fee – Code work	31,379	31,379	-

Our actual fee is in line with the scale fee set by the PSAA, subject to satisfactory clearance of the outstanding work.

We confirm we have not undertaken any non-audit work outside the PSAA's requirements

## Appendix E – Required communication with the Overview and Audit Committee

We must provide certain communications to the Audit Committees of UK clients, as detailed below:

Required communication	Reference
<p><b>Planning and audit approach</b></p> <p>Communication of the planned scope and timing of the audit, including any limitations.</p>	Audit Plan
<p><b>Significant findings from the audit</b></p> <ul style="list-style-type: none"> <li>▶ Our view on the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures</li> <li>▶ Any significant difficulties encountered during the audit</li> <li>▶ Any significant matters arising from the audit and discussed with management</li> <li>▶ Written representations requested from management</li> <li>▶ Expected modifications to the audit report</li> <li>▶ Any other matters significant to the oversight of the financial reporting process</li> </ul>	Audit Results Report
<p><b>Going concern</b></p> <p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> <li>▶ Whether the events or conditions constitute a material uncertainty</li> <li>▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements</li> <li>▶ The adequacy of related disclosures in the financial statements</li> </ul>	No conditions or events were identified, either individually or in aggregate, that indicated there could be doubt about Buckinghamshire and Milton Keynes Fire Authority's ability to continue as a going concern for the 12 months from the date of our report.
<p><b>Misstatements</b></p> <ul style="list-style-type: none"> <li>▶ Uncorrected misstatements and their effect on our audit opinion</li> <li>▶ The effect of uncorrected misstatements relating to prior periods</li> <li>▶ A request for any uncorrected misstatement to be corrected</li> <li>▶ In writing, any significant corrected misstatements</li> </ul>	Audit Results Report
<p><b>Fraud</b></p> <ul style="list-style-type: none"> <li>▶ Enquiries of the Overview and Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity</li> <li>▶ Any fraud we have identified or information obtained indicating that a fraud may exist</li> <li>▶ A discussion of any other matters related to fraud</li> </ul>	We have made enquiries of management. We have not become aware of any fraud or illegal acts during our audit.
<p><b>Related parties</b></p> <p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> <li>▶ non-disclosure by management</li> <li>▶ inappropriate authorisation and approval of transactions</li> <li>▶ disagreement over disclosures</li> <li>▶ non-compliance with laws and regulations</li> <li>▶ difficulty in identifying the party that ultimately controls the entity</li> </ul>	We have not matters we wish to report.



Required communication	Reference
<p><b>External confirmations</b></p> <ul style="list-style-type: none"> <li>▶ Management's refusal for us to request confirmations</li> <li>▶ Inability to obtain relevant and reliable audit evidence from other procedures</li> </ul>	Audit Results Report
<p><b>Consideration of laws and regulations</b></p> <ul style="list-style-type: none"> <li>▶ Audit findings of non-compliance where it is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off</li> <li>▶ Ask the Overview and Audit Committee about possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and which the Overview and Audit Committee may know about</li> </ul>	We have not identified any material instances of non-compliance with laws and regulations.
<p><b>Independence</b></p> <p>Communication of all significant facts and matters bearing on EY's objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> <li>▶ the principal threats</li> <li>▶ safeguards adopted and their effectiveness</li> <li>▶ an overall assessment of threats and safeguards</li> <li>▶ information about the general policies and processes to maintain objectivity and independence</li> </ul>	Audit Plan and Audit Results Report
<p><b>Significant deficiencies in internal controls identified during the audit</b></p>	Audit Results Report
<p><b>Fee Information</b></p> <ul style="list-style-type: none"> <li>▶ Breakdown of fee information at the agreement of the initial audit plan</li> <li>▶ Breakdown of fee information at the completion of the audit</li> </ul>	<p>Audit Plan</p> <p>Audit Results Report</p> <p>Annual Audit Letter if considered necessary</p>

EY | Assurance | Tax | Transactions | Advisory

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# Buckinghamshire & Milton Keynes Fire Authority

<b>MEETING</b>	Overview and Audit Committee
<b>DATE OF MEETING</b>	27 July 2016
<b>OFFICER</b>	David Sutherland, Director of Finance and Assets
<b>LEAD MEMBER</b>	Councillor Andy Dransfield
<b>SUBJECT OF THE REPORT</b>	<b>Letter of Management Representation 2015/16</b>
<b>EXECUTIVE SUMMARY</b>	The Authority is required to consider and sign the letter of representation to Ernst & Young in order for the audit opinion and conclusion to be issued.
<b>ACTION</b>	Decision.
<b>RECOMMENDATIONS</b>	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.
<b>RISK MANAGEMENT</b>	The results of the audit give reassurance regarding entries in the accounts and value for money arrangements.
<b>FINANCIAL IMPLICATIONS</b>	No direct impact.
<b>LEGAL IMPLICATIONS</b>	The audit of the financial statements is a statutory requirement.
<b>CONSISTENCY WITH THE PRINCIPLES OF COLLABORATION</b>	No direct impact.
<b>HEALTH AND SAFETY</b>	No direct impact.
<b>EQUALITY AND DIVERSITY</b>	No direct impact.
<b>USE OF RESOURCES</b>	No direct impact.
<b>PROVENANCE SECTION &amp; BACKGROUND PAPERS</b>	As part of the audit, the Chairman was required to provide a response to Ernst & Young detailing how the Committee gains assurance from management. A copy of this letter is attached in Annex B.

<b>APPENDICES</b>	Annex A: Letter of Management Representation 2015/16. Annex B: Understanding how the Overview and Audit Committee gains assurance from management.
<b>TIME REQUIRED</b>	10 minutes.
<b>REPORT ORIGINATOR AND CONTACT</b>	Mark Hemming <a href="mailto:mhemming@bucksfire.gov.uk">mhemming@bucksfire.gov.uk</a> 01296 744687



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Your ref:  
Our ref: **Letter of Representation 2015/16**  
Enquiries to: Mark Hemming  
Ext no: 140  
Direct line: 01296 744687  
Fax no:  
Date: 2016  
E-mail: mhemming@bucksfire.gov.uk

## **Buckinghamshire & Milton Keynes Fire and Rescue Authority - Audit for the year ended 31 March 2016**

This letter of representations is provided in connection with your audit of the financial statements of Buckinghamshire and Milton Keynes Fire Authority ("the Authority") for the year ended 31/03/2016. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the Authority financial position of Buckinghamshire and Milton Keynes Fire Authority as of 31/03/2016 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

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

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

### **A. Financial Statements and Financial Records**

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.
2. We acknowledge, as members of management of the Authority, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance and cash flows of the Authority in accordance with the CIPFA LASAAC Code of Practice on Local Authority

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

Accounting in the United Kingdom 2015/16. We have approved the financial statements.

3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
4. As members of management of the Authority, we believe that the Authority has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 that are free from material misstatement, whether due to fraud or error.

#### **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 have disclosed to you all identified or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

#### **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;
  - 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 main Authority, the Executive Committee and the Overview and Audit Committee held through the financial year to the most recent meeting on the following date: 08/06/2016.
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Authority's related parties and all related party relationships and transactions of which we

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

are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the period end. These transactions have been appropriately accounted for and disclosed in the financial statements.

5. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. We have disclosed to you, and the Authority has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

#### **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.

#### **G. Ownership of Assets**

1. Except for assets capitalised under finance leases, the Authority has satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on the Authority's assets, nor has any asset been pledged as collateral. All assets to which the Authority has satisfactory title appear in the balance sheet.
2. All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the financial statements.
3. 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.

#### **H. Reserves**

1. We have properly recorded or disclosed in the financial statements the useable and unusable reserves.

#### **I. Use of the Work of a Specialist**

1. We agree with the findings of the specialists engaged to evaluate the fair value of property plant and equipment and the IAS19 actuarial valuations of pension liabilities and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

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

## **J. Pensions Liability and PPE Valuations Estimates**

1. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.
2. We confirm that the significant assumptions used in making the estimates appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity.
3. We confirm that the disclosures made in the financial statements with respect to the accounting estimate(s) are complete and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.
4. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the financial statements due to subsequent events.

## **K. Retirement benefits**

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

Yours Faithfully

David Sutherland  
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 27 July 2016

David Watson  
Chairman of the Overview & Audit Committee

**Director of Finance & Assets: David Sutherland CPFA**  
Buckinghamshire Fire and Rescue Service  
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**ANNEX B**

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 2015/16 and released to all employees via the internet (see also Whistleblowing policy below). This policy is approved by the Committee. The Authority has also created an e-Learning module which all employees have access to.

**Director of Finance & Assets: David Sutherland CPFA**  
Buckinghamshire Fire and Rescue Service  
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- Encouraging employees to report their concerns about fraud

**Response:** The Authority wide Whistleblowing Policy was reviewed and updated in 2015/16 and released to all employees via the internet. This policy is approved by the Committee.

- Communicating to you the processes for identifying and responding to fraud or error

**Response:** The Counter-Fraud and Corruption Policy is approved by the Committee. As Chairman of the Committee I am the counter-fraud champion for the Authority.

- 2) How does the Overview and Audit Committee oversee management processes for identifying and responding to the risk of fraud and possible breaches of internal control?

**Response:** The Committee receives quarterly updates from Internal Audit and challenges officers on the achievement of recommendations against the agreed timescales.

- 3) Is the Committee aware of any breaches of, or deficiencies in, internal control; and actual, suspected or alleged frauds during 2015-16?

**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 2015/16?

**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 2015/16.

- 6) Is the Committee aware of any actual or potential litigation claims that would affect the financial statements?

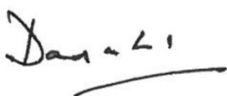
**Response:** Yes. A review of potential litigation and claims is carried out by officers as part of the year end closedown process. An assessment is made as to whether these require a provision or contingent liability to be disclosed in order for the financial statements to present a true and fair view. The 2015/16 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



Councillor David Watson

Chairman – Overview and Audit Committee

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



# Buckinghamshire & Milton Keynes Fire Authority

<b>MEETING</b>	Overview and Audit Committee
<b>DATE OF MEETING</b>	27 July 2016
<b>OFFICER</b>	David Sutherland, Director of Finance and Assets
<b>LEAD MEMBER</b>	Councillor Andy Dransfield
<b>SUBJECT OF THE REPORT</b>	<b>Adoption of the Audited Statement of Accounts</b>
<b>EXECUTIVE SUMMARY</b>	The Authority must prepare, in accordance with proper practices in relation to accounts, a statement of accounts for each year. 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.
<b>ACTION</b>	Decision.
<b>RECOMMENDATIONS</b>	That Members consider the matters raised by the Audit Commission and agree that the Statement of Accounts for the financial year ended 31 March 2016 can be signed by the Chairman of this Committee.
<b>RISK MANAGEMENT</b>	No direct impact.
<b>FINANCIAL IMPLICATIONS</b>	No direct impact.
<b>LEGAL IMPLICATIONS</b>	The Statement of Accounts must, following consideration, be approved by the Committee.
<b>CONSISTENCY WITH THE PRINCIPLES OF COLLABORATION</b>	No direct impact.
<b>HEALTH AND SAFETY</b>	No direct impact.
<b>EQUALITY AND DIVERSITY</b>	No direct impact.
<b>USE OF RESOURCES</b>	No direct impact.
<b>PROVENANCE SECTION &amp; BACKGROUND PAPERS</b>	None.

<b>APPENDICES</b>	Annex A: Annual Financial Statements 2015/16
<b>TIME REQUIRED</b>	15 minutes.
<b>REPORT ORIGINATOR AND CONTACT</b>	Mark Hemming <a href="mailto:mhemming@bucksfire.gov.uk">mhemming@bucksfire.gov.uk</a> 01296 744687

# Annual Financial Statements

for the year ending 31 March 2016



Buckinghamshire & Milton Keynes Fire Authority

**MAKING YOU SAFER**

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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 Narrative Statement 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 2016. 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 Narrative Statement. The Authority fully recognises that there is every likelihood that financial constraints will become tighter in the future and we are already planning for that eventuality. We are proactively working with our partners and the community to reduce the risks facing our communities.

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

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

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

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

## **Narrative Statement**

In compiling these accounts we have followed the Chartered Institute of Public Finance and Accountancy's Code of Practice on Local Authority Accounting in the United Kingdom 2015/16: Based on International Financial Reporting Standards (the Code).

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

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

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

- Movement in Reserves Statement - this statement shows the changes in the financial resources over the year. The total usable reserves held as at 31 March 2016 was £11.159m (as at 31 March 2015 was £15.886m);
- 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 2015/16 was £12.036m (2014/15 was a deficit of £8.810m);
- Balance Sheet - this statement shows how the resources available are held in the form of assets and liabilities. The net assets figure is balanced by the Total Reserves figure (see also Movement in Reserves Statement); and
- Cash Flow Statement - this statement shows how the movement in resources has been reflected in cash flows. The starting point for this statement is the net surplus/deficit on the provision of services (see also Comprehensive Income and Expenditure Statement). The net increase in cash and cash equivalents during the year was £1.162m (net decrease of £1.169m in 2014/15). Please refer to Note 17 for details of the movement.

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

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

This Narrative Statement (a change in requirements for 2015/16 replacing the Explanatory Foreword) provides information about the Authority, including the key issues affecting the Authority and its accounts. It also provides a summary of the financial position at 31 March 2016 and is structured as below:

- An Introduction to Buckinghamshire and Milton Keynes Fire Authority
- Key Facts about the Authority
- Financial Performance in 2015/16
- Corporate Risks



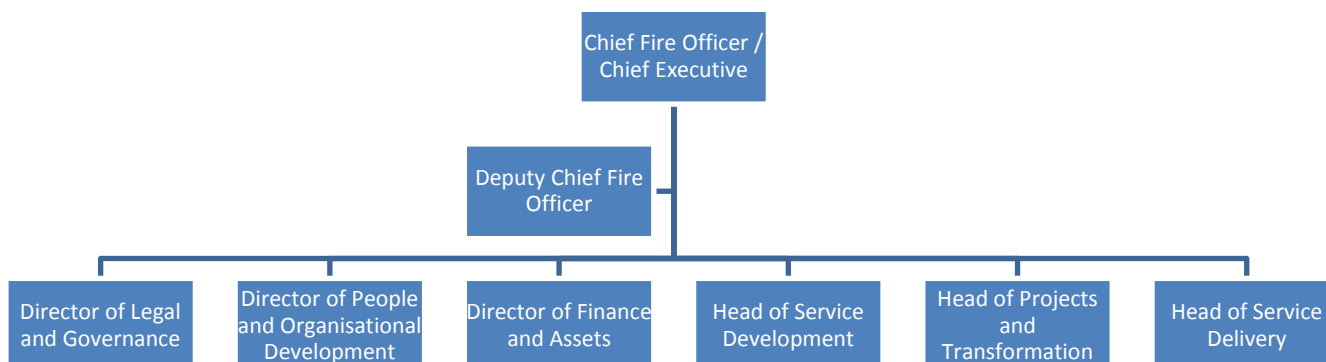
## **An Introduction to Buckinghamshire and Milton Keynes Fire Authority**

Buckinghamshire and Milton Keynes Fire Authority is a local government body with responsibility for providing fire and rescue services for the County of Buckinghamshire and Borough of Milton Keynes. It oversees, on behalf of the public, the work of Buckinghamshire Fire and Rescue Service which undertakes the physical delivery of fire and rescue related safety and emergency response services. The Fire Authority is made up of 17 elected Councillors – 12 nominated by Buckinghamshire County Council and five nominated by Milton Keynes Council in proportion to the size of their respective populations. The members of the Fire Authority make important decisions affecting the provision of fire and rescue services including:-

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

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

## **Senior Management Structure**



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

- developing strategies;
- identifying and planning resources;
- delivering plans; and
- reviewing the Authority's effectiveness with the overall objective of providing excellent services to the public.

## **2015-2020 Public Safety Plan**

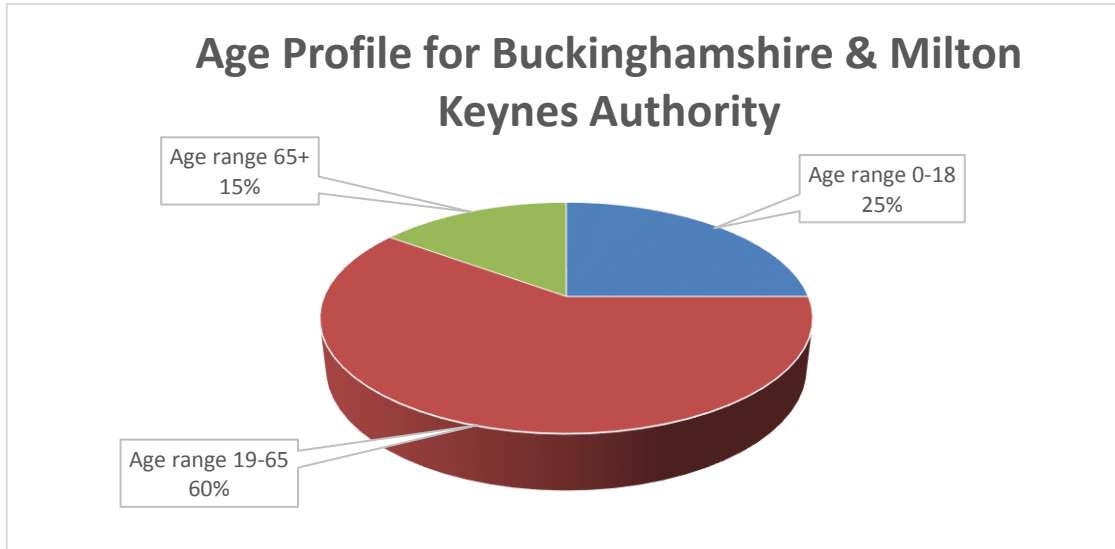
This Public Safety Plan (PSP) sets out Buckinghamshire and Milton Keynes Fire Authority's strategy for the provision of fire and rescue services for the five year period April 2015 to March 2020. The Plan has been developed using integrated risk management planning methods and is designed to conform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

**Key Facts about the Authority**

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

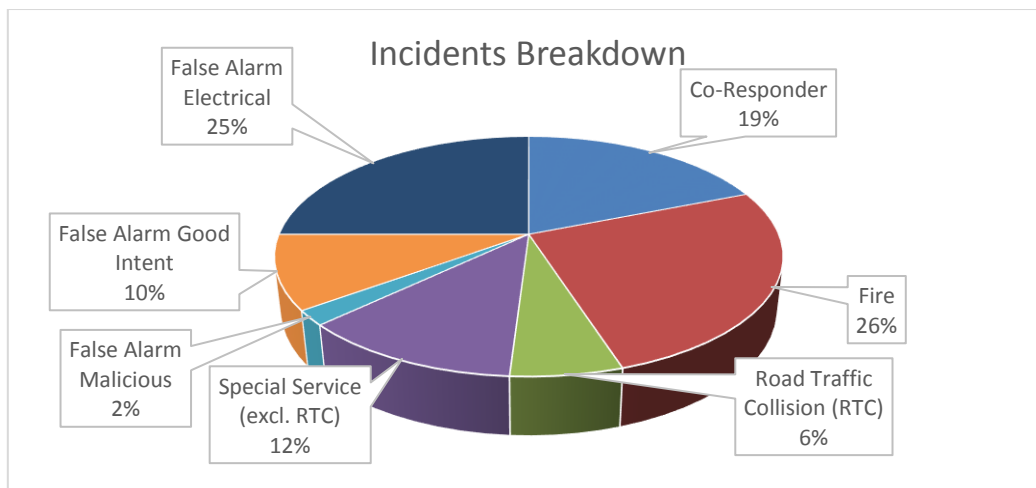
The population for Buckinghamshire and Milton Keynes estimated by the Office for National Statistics (mid 2014) was 781,167.

The age profile is presented below;



**Incidents by type**

Fire (26% of total incidents) accounts for a large proportion of incidents recorded followed by false alarm electrical (25%), co-responder (19%), special service (12%), false alarm good intent (10%), road traffic collisions (6%) and false alarms malicious (2%)



In addition to attending incidents, fire-fighters carried out 4,076 Home Fire Risk Checks in our quest to target those who are most vulnerable and at risk from fire based upon our research and work with partners.

**Current Operational Resourcing**



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

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

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

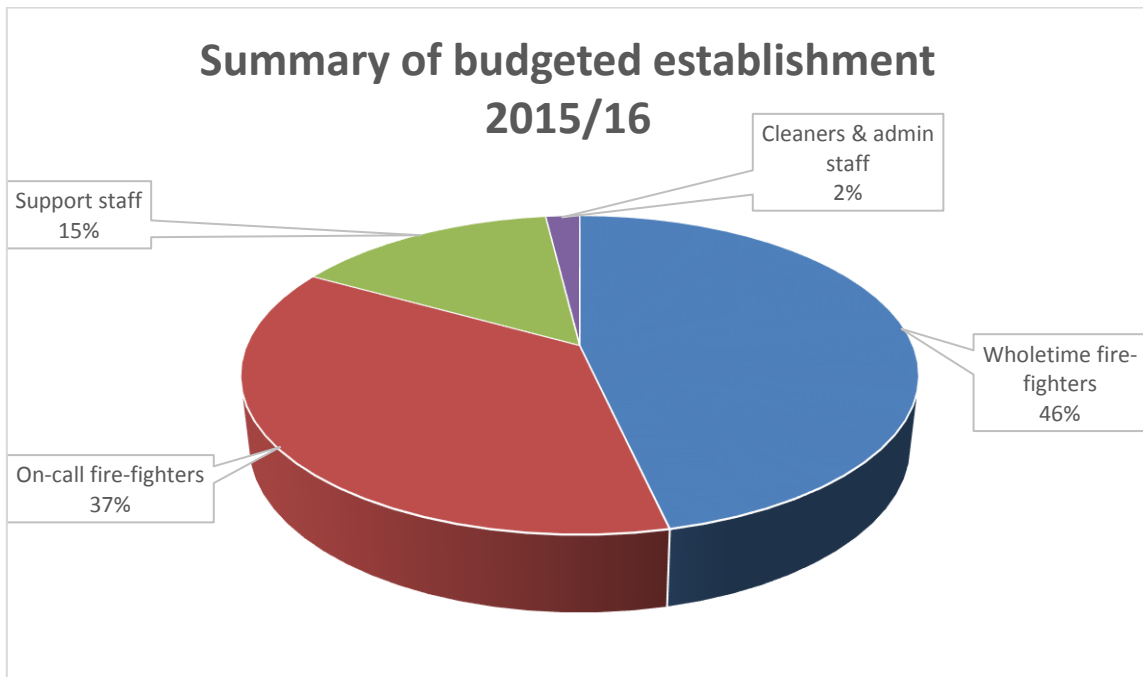
Our **On-Call** stations use firefighters who live/work in the area and come in as and when required. Usually they must be within 5 minutes of the station.

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

<p><b>South Central Ambulance Service (SCAS) cover</b> Buckinghamshire and Milton Keynes.</p> <ul style="list-style-type: none"> <li>• They are required to meet Category A (immediately life-threatening) calls within 8 minutes on 80% of occasions.</li> <li>• There are some areas where the incident demand places great pressure on their capacity to respond within their target timescales</li> <li>• A proportion of the SCAS workforce is voluntary, which also makes it challenging to manage the capacity of their workforce.</li> </ul>	<p>Co-responders are specially-trained firefighters who are dispatched by the SCAS Emergency Operations Centre to a range of medical emergencies to provide life-saving treatment and care to patients before an ambulance arrives on scene.</p> 	<p><b>Buckinghamshire Fire and Rescue Service (BFRS)</b></p> <ul style="list-style-type: none"> <li>• BFRS have 600 crew members who are professionally trained to deal with emergency situations and are reliably available when needed.</li> <li>• Our crew possess 80% of the core-skills necessary to respond to a Category A calls as part of their regular training. It is possible to integrate the additional 20% of skills into the annual training program.</li> <li>• BFRS have stations and crew in the locations where SCAS face significant challenges in meeting the demand for emergency response.</li> </ul>
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**Establishment**

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



## **Financial Performance in 2015/16**

### **Economic Climate**

Since 2010 Buckinghamshire and Milton Keynes Authority has faced significant financial challenges due to reductions in funding from central government. On the government's latest plans and medium-term assumptions, we are now in the fifth year of what is projected to be a ten-year fiscal consolidation. Despite having our Government grant support reduced by 26 per cent between 2010/11 and 2014/15, the authority has not raised council tax since 2010/11 and decided to reduce council tax by 1 per cent for 2015/16. The Authority's council tax for a band D property is the lowest of all combined fire authorities in the country.

We continue to strive to make Buckinghamshire and Milton Keynes the safest areas in England in which to live, work and travel, but also to achieve this at best value to those we serve.

### **Budget Setting 2015/16**

The budget for 2015/16 was set at a full Authority meeting in February 2015, figures were based on the final financial settlement announced by Central Government earlier that month. It was agreed that there would be a 1 percent reduction in council tax. Therefore the levy for a council tax band D property to cover the services provided reduced to £58.54.

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

The budget proposed for 2015/16 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.

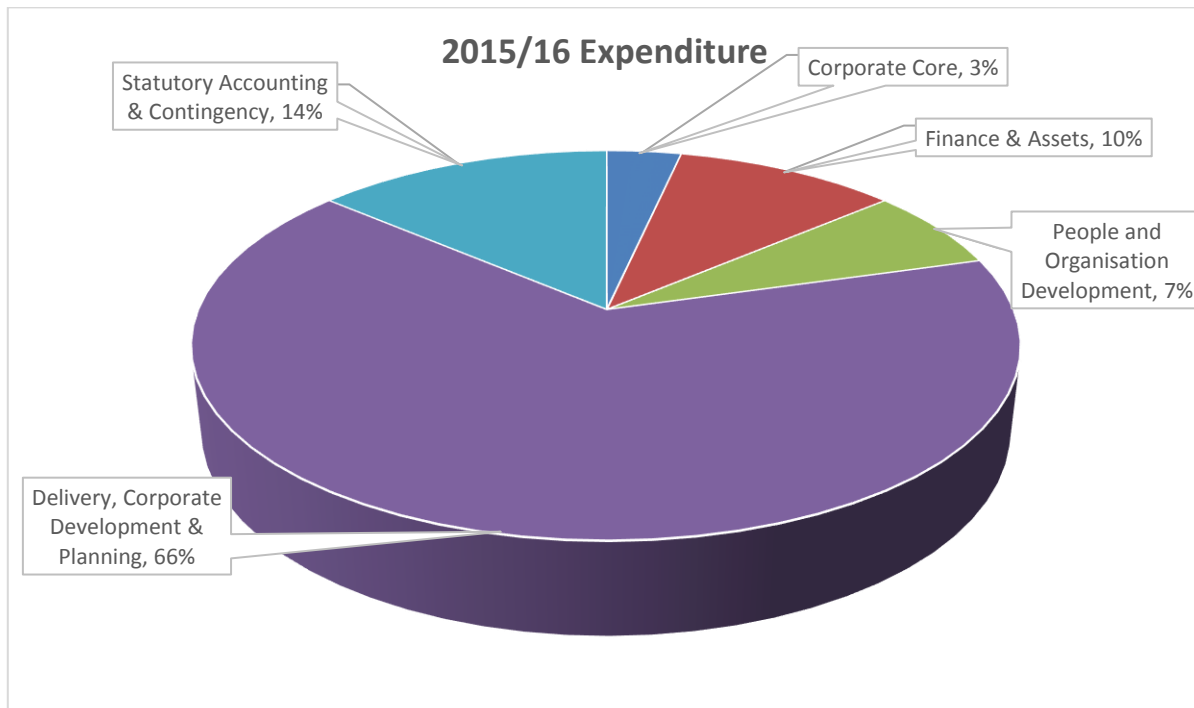
Specific items taken into account in setting the budget for 2015/16 included inflation and the increasing revenue cost for the capital programme. Amounts were also set aside as contingency to cover protected pay and other unknowns such as a national fire-fighters pay award. During the budget setting 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.

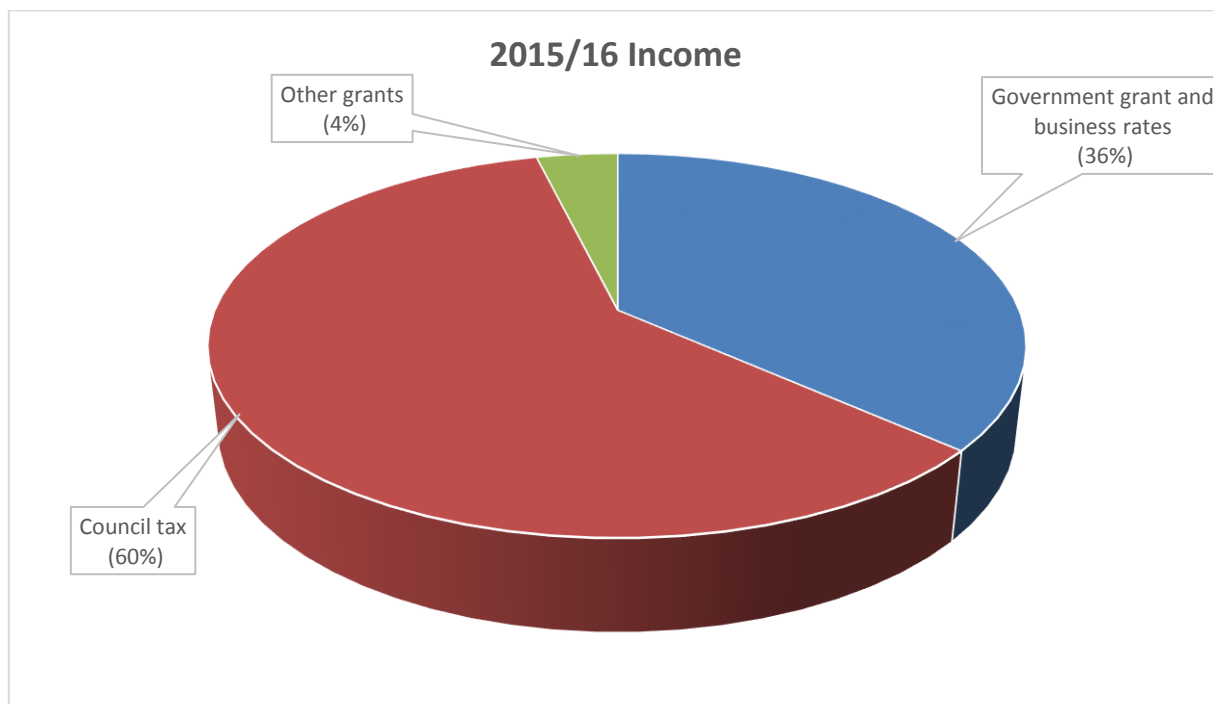
### **EU Referendum 2016**

A referendum on the United Kingdom's membership of the European Union took place on Thursday 23 June 2016 with the leave vote gaining more votes than remain. The Authority is aware of the uncertainty that this result may have and any impacts will be built into future budgets. At this stage it is too soon to determine the impact this will have on the Authority.

**Breakdown of Expenditure 2015/16**



**Breakdown of Income 2015/16**



**Revenue Outturn**

The revenue budget for 2015/16 was £28.7m set at a full Authority meeting held in February 2015. The table below shows the revenue outturn position for the year. The Authority reported an underspend of £1.821m

<b>Directorate</b>	<b>Area Manager</b>	<b>Total Budget</b>	<b>Provisional Outturn</b>	<b>Variance</b>
Corporate Core	Corporate Core	871,280	865,606	-5,674
	Legal & Governance	107,320	69,124	-38,196
<b>Corporate Core Total</b>		<b>978,600</b>	<b>934,730</b>	<b>-43,870</b>
Finance & Assets	Finance & Procurement	965,910	984,701	18,791
	Resource Management	2,278,820	1,770,986	-507,834
<b>Finance &amp; Assets Total</b>		<b>3,244,730</b>	<b>2,755,687</b>	<b>-489,043</b>
People & Organisation Development	Training & Development	1,371,870	1,120,260	-251,610
	Operations & Services	654,030	720,944	66,914
<b>People &amp; Organisation Development Total</b>		<b>2,025,900</b>	<b>1,841,204</b>	<b>-184,696</b>
Delivery, Corporate Development & Planning	Service Delivery	14,274,170	12,921,900	-1,352,270
	Service Development	2,090,940	2,926,257	835,317
	Service Transformation	217,730	328,662	110,932
	IT and Communication	1,343,890	1,572,219	228,329
<b>Delivery, Corporate Development &amp; Planning Total</b>		<b>17,926,730</b>	<b>17,749,038</b>	<b>-177,692</b>
Statutory Accounting & Contingency	Capital Charges	678,000	593,194	-84,806
	Direct Revenue Financing	2,153,000	2,153,000	0
	Contingency	1,520,920	19,495	-1,501,425
	Non Distributed Costs	212,410	959,411	747,001
<b>Statutory Accounting &amp; Contingency Total</b>		<b>4,564,330</b>	<b>3,725,100</b>	<b>-839,230</b>
<b>Total Expenditure</b>		<b>28,740,290</b>	<b>27,005,759</b>	<b>-1,734,531</b>
<b>Total Funding</b>		<b>-28,740,290</b>	<b>-28,826,869</b>	<b>-86,579</b>
<b>Net Position</b>		<b>0</b>	<b>-1,821,110</b>	<b>-1,821,110</b>

The net surplus for the year 2015/16 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

**Capital Outturn**

Capital expenditure is not shown in the Comprehensive Income and Expenditure Statement but is budgeted for and reported separately. The capital programme for 2015/16 was £6.128m which together with a number of carry-forward schemes totalling £9.109m. The table below shows the final capital position at year-end for each service area.

Portfolio	Budget 15/16	Actuals	Slippage	Year End Variance
Finance and Assets	6,192,496	663,405	5,355,740	(173,351)
Delivery, Corporate Development & Planning	1,497,100	617,695	892,263	12,858
Knowledge and Information Systems	619,340	281,819	203,500	(134,021)
Control Room	800,000	800,000	0	0
<b>Total</b>	<b>9,108,936</b>	<b>2,362,919</b>	<b>6,451,503</b>	<b>(294,514)</b>

The largest proportion of capital expenditure during the year relates to the contribution towards the shared Thames Valley Control. Other areas of spend include the purchase of four operational vehicles (two support and two appliances) and a large number of items of operational equipment. The £0.663m spent on land and buildings relates to enhancements and major refurbishments at a number of fire stations.

In addition to this, the Authority received donated assets in relation to the Thames Valley Control, valued at £0.307m. The Authority's loans are borrowed from the Public Works Loan Board (PWLB) and during 2015/16 no new loans were taken out and one loan of £0.515m was repaid in March 2016. The Authority's total borrowing for capital purposes stands at £7.750m with loan repayments spread over the years 2016-2056.

**Capital Programme 2016-2021**

The table below summarises the provisional capital programme from 2016/17 to 2020/21. Central government funding for capital has reduced over the last few years and is expected to be ring-fenced in the future for transformation projects. Therefore the capital programme for the Authority will be funded mainly from in year revenue contributions to capital.

Capital Programme	2016-17	2017-18	2018-19	2019-20	2020-21
Finance and Assets	500,000	-	-	-	-
Delivery, Corporate Development & Planning	2,626,000	641,000	641,000	646,000	641,000
Knowledge and Information Systems	110,000	87,000	87,000	87,000	87,000
Total Expenditure	3,236,000	728,000	728,000	733,000	728,000
Slippage from previous year	6,454,000				
<b>Total Expenditure</b>	<b>9,690,000</b>	<b>728,000</b>	<b>728,000</b>	<b>733,000</b>	<b>728,000</b>
Funding brought forward	- 9,802,000	- 3,295,000	- 4,504,000	- 5,713,000	- 6,917,000
In year funding	- 3,183,000	- 1,937,000	- 1,937,000	- 1,937,000	- 1,937,000
<b>Funding (Available) / Deficit</b>	<b>- 3,295,000</b>	<b>- 4,504,000</b>	<b>- 5,713,000</b>	<b>- 6,917,000</b>	<b>- 8,126,000</b>



**Reserves Balances**

The level of reserves held by the Authority as at 31 March 2016 are shown in the table below:

<b>31 March 2015 £000</b>		<b>31 March 2016 £000</b>
(3,700)	General Fund Balance	(2,165)
<b>(3,700)</b>	<b>Sub Total Non Earmarked General Fund Balance</b>	<b>(2,165)</b>
(150)	Fire Control Reserve	-
(500)	Invest to Save Reserve	(250)
-	- Moving Forward Reserve	-
(1,000)	New Dimensions Reserve	-
-	- Asset Management Reserve	-
(477)	Redundancy and Early Retirement Reserve	(250)
-	- New Burdens Reserve	-
(191)	Vehicle Reserve	-
(1,277)	Funding Pressures Reserve	-
(1,360)	Control Room Reserve (Revenue)	(319)
(650)	RDS Pension Contributions Reserve	-
(1,500)	Continuing Projects Reserve	(1,164)
(50)	Insurance Reserve	(50)
<b>(7,155)</b>	<b>Sub Total Earmarked Reserves - Revenue</b>	<b>(2,033)</b>
(93)	Usable Capital Receipts Reserve	-
(800)	Control Room Capital Grant Unapplied	-
(86)	Other Capital Grants Unapplied	-
(4,052)	Revenue Contribution to Capital	(6,961)
<b>(5,031)</b>	<b>Sub Total Earmarked Reserves - Capital</b>	<b>(6,961)</b>
<b>(15,886)</b>	<b>Total Usable Reserves</b>	<b>(11,159)</b>

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

**Significant in year transactions**

A review of the usable reserves was carried out in 2015/16 to evaluate the on-going requirement of each reserve held with particular regard to other assets and liabilities, in particular the capital financing requirement (CFR). Upon the approval of the Executive Committee the usable reserves were re-aligned to make a voluntary provision to reduce the CFR (excluding finance lease) down to zero.

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

**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 2015/16, the Authority's share of the five Pension Fund's net liabilities reduced by £14.415m to £251.795m (for 2014/15 the net liability was £266.210m).

Effectively, the Pension Funds are in deficit by £251.795m 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.

Since April 2013 all treasury services have been managed 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 2016 of £7.750m.

**Corporate Risks**

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

Risk Description	Consequence if untreated	Treatment of risk
<p>Staff emerging risks of;</p> <p>1/ industrial action due to pension change or pay dispute;</p> <p>2/ Staff inability to get to work due to external factors e.g. Pandemic Flu, disruption to fuel supplies etc.</p> <p>3/ Retirements proceeding more quickly than anticipated.</p>	<p>Potential detrimental effects on service delivery to the community and our reputation.</p> <p>Failure to discharge statutory duties.</p> <p>Loss of critical knowledge / skills / capacity.</p>	<p>Full business continuity plan in place</p> <p>Peer review of the business continuity arrangements</p> <p>Bank System</p> <p>Flexi-Duty System Pilot</p> <p>Staff Transfer Procedure</p>
<p>Funding and Savings Requirement</p>	<p>The funding settlement for 2016/17 and beyond now assumes that a council tax increase is required each year in line with CPI inflation and that local growth meets expectations. If either or both do not come to fruition there is a risk the Authority will not meet its commitment to the PSP 2015-20 and that a fundamental re-think of service provision will be required.</p>	<p>Proactive management of the MTFP is in force which includes a re-alignment of existing balances to free up MRP and a risk assessed level of general fund reserve.</p> <p>Together with continued contingency funding and active workforce planning, linked to the MTFP, the saving requirement can be managed in the period up to 2019/20, provided the Authority raises council tax in line with govt. expectations.</p> <p>USAR grant is also now assumed to be cut which will leave a</p>

		challenge with a cumulative savings requirement in the order of £1.5m up to 19/20, even if Council Tax is increased. However, early treatment should ensure this is manageable pending confirmation of the loss of grant.
Thames Valley Control Service discontinuity (Control Room continuity of service following delay to Thames Valley Control implementation)	Potential for delay in receiving and handling of calls locally, therefore affecting response times of appliances	Legal agreement now in place for North Yorkshire FRS to call handle and mobilise for TVFCS in the event of service discontinuity. Secondary Control at Kidlington now tested and mirrors primary. Exercises planned for 2015
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>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.</p> <p>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.</p> <p>A potential increase in ill health retirements would negatively impact on the Service budget</p> <p>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.</p>	<p>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 e.g. apprentices.</p> <p>Improved take up of Bank and Ops resourcing pool will assist operational resilience.</p> <p>Review wellbeing support options for different workforce profiles</p> <p>Functional hearing assessments being conducted in house</p>

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

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

The Authority is required to:

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

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

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

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

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

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

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

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

I hereby certify that this Statement of Accounts presents a true and fair view of the financial position of the Authority as at 31 March 2016 and its income and expenditure for the financial year 2015/16.

David Sutherland CPFA

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 27 July 2016.

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 2015/16 financial year and its position at the year-end of 31 March 2016. 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 2015/16 and the Service Reporting Code of Practice 2015/16, 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 2015/16.

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

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

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

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

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

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

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

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

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

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

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

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

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

### **viii. Employee Benefits**

#### Benefits Payable During Employment

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

#### Termination Benefits

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

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

#### Post Employment Benefits

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

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

#### Uniformed Firefighters

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

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

Transactions in the Firefighters Pension Fund include:

Credits to the Pension Fund

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

Debits to the Pension Fund

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

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

Injury Awards

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

The Local Government Pension Scheme

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

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

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

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

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

Service cost comprising:

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

- net interest on the net defined benefit liability (asset), 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.

## **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 2015/16.

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 2015/16.

### Financial Assets - Loans and Receivables

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

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

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

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

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

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

The Authority does not hold any heritage assets.

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

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

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

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

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

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

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

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

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

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **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 2015/16 (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.

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

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the

Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

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

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 2015/16 and the Balance Sheet at 31 March 2016 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 2016 was £34.607m. Total depreciation and amortisation for the year was £2.335m;
- 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 £1.719m upwards and £0.127m 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 2016 was £251.795m;
- 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.

- The Joint Control (revenue expenditure) split was based on the population, tax base and number of incidents attended for each Authority. Therefore the contribution agreed by each authority was as follow:
  - Buckinghamshire and Milton Keynes Authority – 34%
  - Royal Berkshire Fire Authority – 38%
  - Oxfordshire Fire Authority – 28%

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

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 existing accounting estimates during 2015/16. There is a new accounting estimate relating to Thames Valley Joint Control (see previous section)

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

The standards introduced in the 2015/16 Code are:

- Amendments to IAS 19 Employee Benefits
- Annual Improvements to IFRSs (2010 – 2012 Cycle)
- Annual Improvements to IFRSs (2012 – 2014 Cycle) – see paragraph for further details;
- Amendments to IFRS 11 Joint Arrangements
- Amendment to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets (Clarification of Acceptable Methods of Depreciation and Amortisation)
- Amendment to IAS 1 Presentation of Financial Statements (Disclosure Initiative)

The issues included in the Annual Improvements to IFRSs 2012 – 2014 cycle are:

- IFRS 5: Changes in methods of disposal;
- IFRS 7: Servicing contracts, Applicability of the amendments to IFRS 7 to condensed interim financial statements; and
- IAS 34: Disclosure of information 'elsewhere in the interim financial report'; and

The issues included in the Annual Improvements to IFRSs 2010 – 2012 cycle are:

- IFRS 3: Accounting for contingent consideration in a business combination;
- IFRS 8: Aggregation of operating segments;
- IFRS 13: Short-term receivables and payables;
- IAS 16 & 38: Revaluation method; and
- IAS 24: Key Management personnel.

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



## Movement in Reserves Statement

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

	General Fund Balance	Earmarked Reserves	Capital Receipts Unapplied	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2014 carried forward</b>	<b>(3,700)</b>	<b>(7,923)</b>	<b>(46)</b>	<b>(1,102)</b>	<b>(12,771)</b>	<b>194,135</b>	<b>181,364</b>
<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
<b>Total Comprehensive Income and Expenditure</b>	<b>8,810</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,810</b>	<b>34,857</b>	<b>43,667</b>
Adjustments between accounting basis & funding basis under Regulation (Note 23)	(12,094)	-	(47)	216	(11,925)	11,925	-
<b>Net (Increase) / Decrease before Transfers to Earmarked Reserves</b>	<b>(3,284)</b>	<b>-</b>	<b>(47)</b>	<b>216</b>	<b>(3,115)</b>	<b>46,782</b>	<b>43,667</b>
Transfers to/from Earmarked Reserves (Note 23)	3,284	(3,284)	-	-	-	-	-
<b>(Increase) / Decrease in 2014/15</b>	<b>-</b>	<b>(3,284)</b>	<b>(47)</b>	<b>216</b>	<b>(3,115)</b>	<b>46,782</b>	<b>43,667</b>
<b>Balance at 31 March 2015 carried forward</b>	<b>(3,700)</b>	<b>(11,207)</b>	<b>(93)</b>	<b>(886)</b>	<b>(15,886)</b>	<b>240,917</b>	<b>225,031</b>
Amounts held for revenue purposes	(3,700)	(7,155)	-	-	(10,855)	266,404	255,549
Amounts held for capital purposes	-	(4,052)	(93)	(886)	(5,031)	(25,487)	(30,518)

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Movement in Reserves Statement continued:

	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Unapplied £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
<b>Balance at 31 March 2015 carried forward</b>	<b>(3,700)</b>	<b>(11,207)</b>	<b>(93)</b>	<b>(886)</b>	<b>(15,886)</b>	<b>240,917</b>	<b>225,031</b>
<u>Movement in reserves during 2015/16</u>							
(Surplus) or deficit on the provision of services	12,036	-	-	-	12,036	-	12,036
Other Comprehensive Income and Expenditure	-	-	-	-	-	(29,078)	(29,078)
<b>Total Comprehensive Income and Expenditure</b>	<b>12,036</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,036</b>	<b>(29,078)</b>	<b>(17,042)</b>
Adjustments between accounting basis & funding basis under regulations (Note 23)	(8,288)	-	93	886	(7,309)	7,309	-
<b>Net (Increase) / Decrease before Transfers to Earmarked Reserves</b>	<b>3,748</b>	<b>-</b>	<b>93</b>	<b>886</b>	<b>4,727</b>	<b>(21,769)</b>	<b>(17,042)</b>
Transfers to/from Earmarked Reserves (Note 23)	(2,213)	2,213	-	-	-	-	-
<b>(Increase) / Decrease in 2015/16</b>	<b>1,535</b>	<b>2,213</b>	<b>93</b>	<b>886</b>	<b>4,727</b>	<b>(21,769)</b>	<b>(17,042)</b>
<b>Balance at 31 March 2016 carried forward</b>	<b>(2,165)</b>	<b>(8,994)</b>	<b>-</b>	<b>-</b>	<b>(11,159)</b>	<b>219,148</b>	<b>207,989</b>
Amounts held for revenue purposes	(2,165)	(2,033)			(4,198)	252,243	248,045
Amounts held for capital purposes	-	(6,961)			(6,961)	(33,097)	(40,058)



## 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 2015	31 March 2016
£000	£000
<u>Property, Plant and Equipment</u>	
28,784 Land & Buildings	29,761
4,669 Vehicles, Plant & Equipment (including Donated Assets)	4,619
61 Assets under construction	227
<b>33,514 Total Property, Plant &amp; Equipment (Note 11a)</b>	<b>34,607</b>
105 Investment Property (Note 12)	105
214 Intangible Assets (Note 13)	164
<b>33,833 Non-Current Assets</b>	<b>34,876</b>
19,066 Short Term Investments (Note 14)	19,082
224 Inventories (Note 15)	309
2,672 Short Term Debtors (Note 16)	4,849
1,206 Cash and Cash Equivalents (Note 17)	2,368
<b>23,168 Current Assets</b>	<b>26,608</b>
(616) Short Term Borrowing (Note 18)	(469)
(2,480) Short Term Creditors (Note 18)	(2,285)
(562) Provision for Accumulated Absences (Note 19)	(503)
(145) Provision - Part Time Workers (Note 19)	(140)
(571) Provision - VR/Special Payments (Note 19)	(550)
- Other Provisions (Note 19)	-
(468) NNDR Appeals Provision (Note 19)	(540)
(1,380) Injury Pensions Provision (Note 19)	(1,188)
<b>(6,222) Current Liabilities</b>	<b>(5,675)</b>
(7,750) Long Term Borrowing (Note 20)	(7,382)
<u>Other Long Term liabilities</u>	
(24) Capital Grants Received in Advance (Note 21)	(2,841)
(1,826) Finance Lease (Note 22)	(1,780)
- Donated Asset Account (Note 25)	-
(266,210) Liability related to the Defined Benefit Pension Scheme (Note 28)	(251,795)
<b>(268,060) Total Other Long Term Liabilities</b>	<b>(256,416)</b>
<b>(275,810) Long Term Liabilities</b>	<b>(263,798)</b>
<b>(225,031) Net Assets</b>	<b>(207,989)</b>
<u>Reserves</u>	
(15,886) Usable Reserves (Note 23)	(11,159)
240,917 Unusable Reserves (Note 24)	219,148
<b>225,031 Total Reserves</b>	<b>207,989</b>

## Cash Flow Statement

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

<b>2014/15</b>		<b>2015/16</b>
<b>£000</b>	<b>Cash Flow Statement</b>	<b>£000</b>
(8,810)	Net surplus or deficit on the provision of services	(12,036)
15,072	Adjust for non-cash movements	12,820
(1,237)	Adjust for items that are investing or financing activities	(34)
<b>5,025</b>	<b>Net Cash Flow from Operating Activities</b>	<b>750</b>
(6,127)	Investing Activities	1,287
(67)	Financing Activities	(875)
<b>(1,169)</b>	<b>Net Increase or decrease in cash and cash equivalents</b>	<b>1,162</b>
2,375	Cash and Cash equivalents at the beginning of the reporting period	1,206
<b>1,206</b>	<b>Cash and Cash equivalents at the end of the reporting period</b>	<b>2,368</b>

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	(40)	(465)	(165)	(245)	-	(915)
Interest and investment income	(174)	-	-	-	-	(174)
<b>Total Income</b>	<b>(214)</b>	<b>(465)</b>	<b>(165)</b>	<b>(245)</b>	<b>-</b>	<b>(1,089)</b>
Employee Expenses	956	1,209	1,942	15,801	305	20,213
Other Operating Expenses	193	2,012	64	2,193	3,420	7,882
<b>Total Operating Expenses</b>	<b>1,149</b>	<b>3,221</b>	<b>2,006</b>	<b>17,994</b>	<b>3,725</b>	<b>28,095</b>
<b>Cost of Services</b>	<b>935</b>	<b>2,756</b>	<b>1,841</b>	<b>17,749</b>	<b>3,725</b>	<b>27,006</b>

##### 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	(50)	(444)	(308)	(275)	-	(1,077)
Government Grants	(137)	-	-	-	-	(137)
<b>Total Income</b>	<b>(187)</b>	<b>(444)</b>	<b>(308)</b>	<b>(275)</b>	<b>-</b>	<b>(1,214)</b>
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
<b>Total Operating Expenses</b>	<b>1,254</b>	<b>3,823</b>	<b>2,091</b>	<b>19,910</b>	<b>2,958</b>	<b>30,036</b>
<b>Cost of Services</b>	<b>1,067</b>	<b>3,379</b>	<b>1,783</b>	<b>19,635</b>	<b>2,958</b>	<b>28,822</b>

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

2014/15		2015/16	
£000	Reconciliation	£000	
28,822	Cost of Services in Service Analysis	27,006	
(3)	Add services not included in main analysis	30	
6,217	Adjust for amounts not reported to management	4,154	
(4,504)	Remove amounts reported to management not included in CIES	500	
<b>30,532</b>	<b>Cost of Services</b>	<b>31,690</b>	

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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
<b>Service Analysis</b>							
Fees, charges & other service income	(899)	(8)			(907)		(907)
Interest and investment income	(190)			190	-	(190)	(190)
Income from Council Tax	-				-	(17,080)	(17,080)
Government grants and contributions	-				-	(11,756)	(11,756)
<b>Total Income</b>	<b>(1,089)</b>	<b>(8)</b>	<b>-</b>	<b>190</b>	<b>(907)</b>	<b>(29,026)</b>	<b>(29,933)</b>
Employee Expenses	20,154				20,154		20,154
Employee Absence Accrual	59			(59)	-		-
Other Operating Expenses	5,205			749	5,954		5,954
Support Service Recharges	-				-		-
Depreciation, amortisation and impairment	2,335				2,335		2,335
Interest payments	380			(380)	-	380	380
Pensions interest cost and return on Pension Fund assets	-	-	4,154		4,154	8,918	13,072
Gain or loss on disposal of non current assets	-				-	74	74
<b>Total Operating Expenses</b>	<b>28,133</b>	<b>-</b>	<b>4,154</b>	<b>310</b>	<b>32,597</b>	<b>9,372</b>	<b>41,969</b>
<b>(Surplus) or deficit on the provision of services</b>	<b>27,044</b>	<b>(8)</b>	<b>4,154</b>	<b>500</b>	<b>31,690</b>	<b>(19,654)</b>	<b>12,036</b>

Prior Year Comparative Information

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



**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.

<b>2014/15 Totals</b>		<b>2015/16 Totals</b>
<b>£000</b>	<b>Remuneration Band</b>	<b>£000</b>
20	£50,000 - £54,999	19
2	£55,000 - £59,999	5
8	£60,000 - £64,999	5
2	£65,000 - £69,999	3
	£70,000 - £74,999	2
1	£75,000 - £79,999	-
-	£80,000 - £84,999	1
-	£85,000 - £89,999	1
1	£90,000 - £94,999	
1	£95,000 - £99,999	1
1	£100,000 - £104,999	
1	£105,000 - £109,999	
-	£110,000 - £114,999	2
1	£120,000 - £124,999	-
-	£125,000 - £129,999	1
1	£155,000 - £159,999	
	£160,000 - £164,999	1
1	£175,000 - £179,999	-
<b>40</b>	<b>Total</b>	<b>41</b>

## Buckinghamshire & Milton Keynes Fire Authority – Statement of Accounts 2015/16

The following table sets out the remuneration disclosures for senior officers during 2015/16. All posts holders are included within the remuneration bands shown on the previous page.

Post Holder	Salary including Fees and Allowances	Benefits in Kind e.g. Car Allowance	Other Payments	Compensation for Loss of Office	Total Remuneration Excluding Pension Contributions	Pension Contributions	Total Remuneration Including Pension Contributions	Notes
Chief Fire Officer and Chief Executive	140,530	936	20,000	-	<b>161,466</b>	20,137	<b>181,603</b>	
Chief Operating Officer	116,678	936	12,000	-	<b>129,614</b>	25,407	<b>155,021</b>	
Head of Service Delivery	89,199	-	4,000	-	<b>93,199</b>	19,238	<b>112,437</b>	1
Head of Service Development	92,894	936	5,000	-	<b>98,830</b>	20,259	<b>119,089</b>	3
Director of People and Organisational Development	90,103	8,351	12,000	-	<b>110,454</b>	12,056	<b>122,510</b>	
Director of Finance and Assets & Chief Finance Officer	82,744	924	7,000	35,250	<b>125,918</b>	10,710	<b>136,628</b>	2
Director of Legal and Governance	89,953	10,257	10,000	-	<b>110,210</b>	12,056	<b>122,266</b>	
<b>Totals</b>	<b>702,101</b>	<b>22,340</b>	<b>70,000</b>	<b>35,250</b>	<b>829,691</b>	<b>119,863</b>	<b>949,554</b>	

### Notes

1 & 2  
3

Two different post holders during the year

This post was not included in 2014/15 as it was covered by a number of staff on an informal basis during the year.

## Buckinghamshire & Milton Keynes Fire Authority – Statement of Accounts 2015/16

For comparison, the following table sets out the remuneration disclosures for senior officers during 2014/15:

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

### 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

### Exit Packages

2014/15		2015/16	
Number of Redundancies	Exit Package Cost Banding	Number of Redundancies	
6	£0 - £20,000	11	
1	£20,001 - £40,000	9	
-	£40,001 - £60,000	-	
<b>7</b>	<b>Total</b>	<b>20</b>	

In 2015/16 there were twenty exit packages provided at a total cost of £0.329m. This includes the amount shown within the senior officers remuneration note on page 46.

### 3 - Provision for Doubtful Debt

The provision for doubtful debts is £35,851 as at 31 March 2016 (£35,851 as at 31 March 2015). 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 £248k (£332k in 2014/15). The estimated un-discharged obligations under the operational lease agreements are shown in the table below:

31 March 2015			31 March 2016	
Vehicles Plant and Equipment	Land and Buildings	Years Operational Lease Remaining	Vehicles Plant and Equipment	Land and Buildings
£000	£000		£000	£000
123	98	0 - 1 years	137	78
169	313	2 - 5 years	166	313
-	605	6 years and onwards	-	527
<b>292</b>	<b>1,016</b>	<b>Total</b>	<b>303</b>	<b>918</b>

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

### 5 - Capital Financing Requirement

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

2014/15 £000		2015/16 £000
<b>8,669</b>	<b>Opening Capital Financing Requirement</b>	<b>8,345</b>
	<u>Capital Investment</u>	
1,406	Property Plant and Equipment	1,870
-	Intangible Assets	-
	<u>Sources of Finances</u>	
-	Capital Receipts	(103)
-	Donated Assets	(307)
(1,406)	Government Grants and Revenue Contributions	(1,460)
(324)	Minimum Revenue Provision (MRP)	(311)
-	Voluntary Minimum Revenue Provision	(6,256)
-	Other Adjustments	-
<b>8,345</b>	<b>Closing Capital Financing Requirement</b>	<b>1,778</b>
	<u>Explanation of movements in year</u>	
(324)	Increase in the underlying need to borrow (supported by Government financial assistance)	(6,567)
<b>(324)</b>	<b>Increase/(Decrease) in Capital Financing Requirement</b>	<b>(6,567)</b>

**6 - Members Allowances**

Total allowances paid in 2015/16 to 20 Members amounted to £63k (2014/15 amounted to £72k and 17 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.

<b>2014/15</b>		<b>2015/16</b>
<b>£000</b>	<b>Audit Fees</b>	<b>£000</b>
42	Scale fee for audit work	31
(4)	Rebate received	-
<b>38</b>	<b>Total</b>	<b>31</b>

**8 - Revenue Grants**

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

<b>2014/15</b>		<b>2015/16</b>
<b>£000</b>	<b>Revenue Grants Applied</b>	<b>£000</b>
(942)	New Dimension (Urban Search and Rescue)	(938)
(218)	Firelink	(236)
<b>(1,160)</b>	<b>Total</b>	<b>(1,174)</b>

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

**9 - Related Parties**

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

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

The capital assets for the Joint control are recognised as an equal third on the balance sheet. As at 1<sup>st</sup> of April 2015, the Joint control room combined assets gross book value was £922k of which BMKFA share equates to £307k. The depreciation charge for the combined assets was £157k of which BMKFA share is £52k. Therefore the net book value as at 31<sup>st</sup> March 2016 was £765k from which BMKFA share is £255k.

The revenue expenditure split is based on the Joint control policy stated in the accounting estimates section. The total expenditure for 2015/16 was £1,789k from which BMKFA contributed £608k.

### 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 2015/16 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.

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

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

### Members of the Authority

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

### Senior Officers of the Authority

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

### Assisted Organisations

The Authority provides funding to the Safety Centre Milton Keynes of £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.

### Training Partnership – Fire Service College

The training partnership with the Fire Service College (FSC) was approved by the Members of the Executive Committee at its meeting of 15 March 2015. The partnership underpins the Service's Training Strategy and Framework for Training, Learning and Development. It will provide the

Authority with external assurance that training and exercising in BMKFRS is being delivered and assessed to a CFOA endorsed nationally recognised standard.

Companies and Joint Ventures

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

**10 - Funding**

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

<b>2014/15</b>		<b>2015/16</b>
<b>£000</b>	<b>Funding</b>	<b>£000</b>
(3,956)	Aylesbury Vale District Council	(4,030)
(2,551)	Chiltern District Council	(2,561)
(4,642)	Milton Keynes Council	(4,722)
(1,926)	South Buckinghamshire District Council	(1,866)
(3,875)	Wycombe District Council	(3,901)
<b>(16,950)</b>	<b>Total Precepts</b>	<b>(17,080)</b>
(6,014)	Revenue Support Grant	(5,170)
(195)	Council Tax Freeze Grant	(183)
(1,160)	General Revenue Grants (Note 8)	(1,174)
-	Donated Asset	(307)
(1,190)	Capital Grants	(24)
<b>(8,559)</b>	<b>Total General Government Grants</b>	<b>(6,858)</b>
(4,714)	Non Domestic Rates redistribution	(4,898)
<b>(4,714)</b>	<b>Total Non Domestic Rates redistribution</b>	<b>(4,898)</b>
<b>(30,223)</b>	<b>Total</b>	<b>(28,836)</b>

In 2015/16 there were 287,017 Band D properties and in 2014/15 there were 281,281 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
<b>Gross Book Value as at 1 April 2015</b>	<b>27,799</b>	<b>2,357</b>	<b>30,156</b>	<b>10,175</b>	<b>61</b>	<b>40,392</b>
Additions	417	-	417	1,226	227	1,870
Disposals and write offs	(24)	-	(24)	(120)	(61)	(205)
Reclassifications	-	-	-	-	-	-
Revaluation increase/decrease (-) recognised in Revaluation Reserve	755	-	755	-	-	755
Revaluation increase/decrease (-) recognised in surplus/deficit on provision of service	(47)	-	(47)	-	-	(47)
Other movements in cost or valuation	-	-	-	-	-	-
<b>Gross Book Value as at 31 March 2016</b>	<b>28,900</b>	<b>2,357</b>	<b>31,257</b>	<b>11,281</b>	<b>227</b>	<b>42,765</b>
<b>Accumulated depreciation and impairment as at 1 April 2015</b>	<b>(848)</b>	<b>(524)</b>	<b>(1,372)</b>	<b>(5,506)</b>	<b>-</b>	<b>(6,878)</b>
Depreciation for the year	(927)	(47)	(974)	(1,273)	-	(2,247)
Depreciation on disposal	4	-	4	117	-	121
Depreciation written out to Revaluation Reserve	837	-	837	-	-	837
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	9	-	9	-	-	9
Impairment on disposal	-	-	-	-	-	-
Reclassification of depreciation or impairment	-	-	-	-	-	-
Other movements in depreciation or impairment	-	-	-	-	-	-
<b>Depreciation c/f</b>	<b>(925)</b>	<b>(571)</b>	<b>(1,496)</b>	<b>(6,662)</b>	<b>-</b>	<b>(8,158)</b>
<b>Net Book Value as at 31 March 2016</b>	<b>27,975</b>	<b>1,786</b>	<b>29,761</b>	<b>4,619</b>	<b>227</b>	<b>34,607</b>

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

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Comparative figures for 2014/15:

	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
<b>Gross Book Value as at 1 April 2014</b>	<b>26,412</b>	<b>2,357</b>	<b>28,769</b>	<b>9,424</b>	<b>112</b>	<b>38,305</b>
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	-	-	-	-	-	-
<b>Gross Book Value as at 31 March 2015</b>	<b>27,799</b>	<b>2,357</b>	<b>30,156</b>	<b>10,175</b>	<b>61</b>	<b>40,392</b>
<b>Accumulated depreciation and impairment as at 1 April 2014</b>	<b>(826)</b>	<b>(477)</b>	<b>(1,303)</b>	<b>(4,700)</b>	-	<b>(6,003)</b>
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	-	-	-	-	-	-
<b>Depreciation c/f</b>	<b>(848)</b>	<b>(524)</b>	<b>(1,372)</b>	<b>(5,506)</b>	-	<b>(6,878)</b>
<b>Net Book Value as at 31 March 2015</b>	<b>26,951</b>	<b>1,833</b>	<b>28,784</b>	<b>4,669</b>	<b>61</b>	<b>33,514</b>

**b) Basis of Valuation**

All land and buildings were initially revalued during the year with an effective revaluation date of 1 April 2015. The valuations were updated as at 31 March 2016 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
2015/16	27,975	-	-	<b>27,975</b>
Valued at Historic Cost	-	4,619	227	<b>4,846</b>
<b>Total</b>	<b>27,975</b>	<b>4,619</b>	<b>227</b>	<b>32,821</b>

**d) Depreciation Lives**

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

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

e) Commitments under Capital Contracts

At 31 March 2016, the Authority has entered into a number of contracts for the acquisition or enhancement of Property, Plant and Equipment or Intangible Assets.

<b>Capital Contract</b>	<b>Contractor</b>	<b>Amount Outstanding as at 31 March 2016</b>
Red Fleet Appliances	Rosenbauer UK plc	616
Red Fleet Appliances	Emergency One	148
Modular Building	Elite Systems Ltd	84
Telephony	Updata	129
Water Bowser	Crossland Tankers	80
<b>Total</b>		<b>1,057</b>

All commitments will be honoured during 2016/17.

Prior year comparators can be seen in the table below:

<b>Capital Contract</b>	<b>Contractor</b>	<b>Amount Outstanding as at 31 March 2015</b>
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
<b>Total</b>		<b>1,280</b>

## **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.

<b>2014/15</b>		<b>2015/16</b>
<b>£000</b>	<b>Investment Property</b>	<b>£000</b>
<b>100</b>	<b>Opening Balance</b>	<b>105</b>
-	- Transfer from Land and Buildings	-
5	Revaluation	-
-	- Impairment	-
<b>105</b>	<b>Closing Balance</b>	<b>105</b>

## **13 - Movement of Intangible Fixed Assets**

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

<b>Movement of Intangible Assets</b>	<b>£000</b>
<b>Gross Book Value as at 31 March 2015</b>	<b>438</b>
Accumulated Amortisation	(224)
<b>Net Book Value as at 1 April 2015</b>	<b>214</b>
Additions in year	-
Reclassifications	-
Amortisation for the year	(50)
<b>Net Book Value as at 31 March 2016</b>	<b>164</b>

No assets were internally generated. All assets have finite useful lives and are amortised on a straight-line basis between 2 to 7 years. 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.

<b>2014/15</b>		<b>2015/16</b>
<b>£000</b>	<b>Short Term Investments</b>	<b>£000</b>
19,066	Short Term Investments	19,082
<b>19,066</b>	<b>Total</b>	<b>19,082</b>

## 15 – Inventories

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

<b>2014/15</b>		<b>2015/16</b>
<b>£000</b>	<b>Inventories</b>	<b>£000</b>
35	Workshops	36
153	Stores	243
35	Fuel	30
1	Catering	-
<b>224</b>	<b>Total</b>	<b>309</b>

## 16 - Short Term Debtors

The note below shows the value of debtors as at 31 March 2016.

<b>2014/15</b>		<b>2015/16</b>
<b>£000</b>	<b>Short Term Debtors</b>	<b>£000</b>
556	Central Government Bodies	3,137
110	Other Local Authorities	127
-	NHS Bodies	-
1,319	Other Entities and Individuals	1,042
723	Payments in Advance	579
(36)	Provision for Doubtful Debts	(36)
<b>2,672</b>	<b>Total</b>	<b>4,849</b>

## 17 - Cash and Cash Equivalents

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

<b>2014/15</b>		<b>2015/16</b>
<b>£000</b>	<b>Cash and cash equivalents</b>	<b>£000</b>
27	Cash at bank	118
1,179	Cash on deposit	2,250
<b>1,206</b>	<b>Total</b>	<b>2,368</b>

## 18 - Short Term Borrowing and Creditors

The interest owing and shown as short term borrowing represents the Public Works Loan Board (PWL) interest accrued to the 31 March 2016 in accordance with the Code.

<b>2014/15</b>		<b>2015/16</b>
<b>£000</b>	<b>Short Term Borrowing and Creditors</b>	<b>£000</b>
<b>(616)</b>	<b>Short Term Borrowing</b>	<b>(469)</b>
(377)	Central Government Bodies	(424)
(628)	Other Local Authorities	(475)
(1,295)	Other Entities and Individuals	(1,201)
(180)	Receipts in Advance	(185)
<b>(2,480)</b>	<b>Total</b>	<b>(2,285)</b>

**19 - Provisions**

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

	<b>Accumulated Absences</b>	<b>Part Time Workers</b>	<b>Voluntary Redundancy and Special Payments</b>	<b>NNDR Appeals Provisions</b>	<b>Injury Pension Payments</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Balance as at 1st April 2015</b>	(562)	(145)	(571)	(468)	(1,380)	<b>(3,126)</b>
Additional provisions made in 2015/16	(503)	-	(400)	(72)	-	<b>(975)</b>
Amounts used in 2015/16	562	5	421	-	192	<b>1,180</b>
<b>Balance as at 31 March 2016</b>	<b>(503)</b>	<b>(140)</b>	<b>(550)</b>	<b>(540)</b>	<b>(1,188)</b>	<b>(2,921)</b>

Accumulated Absences Account

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

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 31<sup>st</sup> March 2016, £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.

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 but repayment of £0.515m was repaid in March 16. 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 2016 and loans due to be repaid within one year in accordance with the Code.

<b>2014/15</b>		<b>2015/16</b>
<b>£000</b>	<b>Source of Loan</b>	<b>£000</b>
(7,750)	PWLB	(7,382)
<b>(7,750)</b>	<b>Total</b>	<b>(7,382)</b>

The interest rates applicable as at 31 March 2016 were between 3.90% and 5.32%.

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

<b>2014/15</b>		<b>2015/16</b>
<b>£000</b>	<b>Repayments Dates</b>	<b>£000</b>
(953)	Maturing in less than 5 years	(585)
(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)
<b>(7,750)</b>	<b>Total</b>	<b>(7,382)</b>

**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 fulfilled during 2015/16. In 2015/16 the Authority received a grant from the DCLG, as at 31<sup>st</sup> March 2016 the conditions on this grant were not fulfilled and therefore the grant will be treated as a capital grant received in advance.

<b>2014/15</b>		<b>2015/16</b>
<b>£000</b>	<b>Capital Grants Received in Advance</b>	<b>£000</b>
(24)	Environment Agency	-
-	Transformation Fund	(2,841)
<b>(24)</b>	<b>Total</b>	<b>(2,841)</b>



**22 - Finance Lease**

In 2003/04 the Authority entered into a sale and leaseback agreement with Opus Housing Association (now London Quadrant) in respect of the Gerrards Cross Houses for a period of 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 2015/16 were £114,816 charged as £67,816 to the Income and Expenditure account finance costs and £47,000 write down of obligation to the lessor.

	<b>Land and Buildings</b>
	<b>£000</b>
<b>Outstanding obligations under Finance Lease</b>	
Payable in 2016/17	47
Payable between 2017/18 and 2020/21	188
Payable after 2020/21	1,545
<b>Total liabilities as at 31st March 2016</b>	<b>1,780</b>

Comparative information for 2014/15

Rentals payable under this arrangement 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.

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



## Buckinghamshire & Milton Keynes Fire Authority – Statement of Accounts 2015/16

				<b>Adjustments primarily involving the Pension Reserve</b>				
				Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement				
(16,229)	-	-	16,229		(15,806)	-	-	15,806
				Employer's pensions contributions and direct payments to pensioners payable in the year				
4,394	-	-	(4,394)		2,734	-	-	(2,734)
				<b>Adjustments primarily involving the Collection Fund Adjustment Account</b>				
				Precept and NNDR Income				
215	-	-	(215)		(314)	-	-	314
				<b>Adjustments primarily involving the Accumulated Absences Account</b>				
				Employee Absence Account				
91	-	-	(91)		59	-	-	(59)
<b>(12,094)</b>	<b>(47)</b>	<b>216</b>	<b>11,925</b>	<b>Total Adjustments</b>	<b>(8,288)</b>	<b>93</b>	<b>886</b>	<b>7,309</b>

### Transfers To/From Reserves

		Balance at 1 April 2014	Transfers (In)/Out 2014/15	Balance at 31 March 2015	Transfers (In)/Out 2015/16	Balance at 31 March 2016
General Fund Balance	A	(3,700)	-	(3,700)	1,535	(2,165)
<b>Sub Total Non Earmarked General Fund Balance</b>		<b>(3,700)</b>	<b>-</b>	<b>(3,700)</b>	<b>1,535</b>	<b>(2,165)</b>
Fire Control Reserve	B	(150)	-	(150)	150	-
Invest to Save Reserve	C	(513)	13	(500)	250	(250)
New Dimensions Reserve	D	(1,000)	-	(1,000)	1,000	-
Redundancy and Early Retirement Reserve	E	(349)	(128)	(477)	227	(250)
Vehicle Reserve	F	(69)	(122)	(191)	191	-
Funding Pressures Reserve	G	(1,183)	(94)	(1,277)	1,277	-
Control Room Reserve	H	(1,360)	-	(1,360)	1,041	(319)
RDS Pension Contributions Reserve	I	(650)	-	(650)	650	-
Continuing Projects Reserve	J	(300)	(1,200)	(1,500)	336	(1,164)
Insurance Reserve	K	-	(50)	(50)	-	(50)
<b>Sub Total Earmarked Reserves - Revenue</b>		<b>(5,574)</b>	<b>(1,581)</b>	<b>(7,155)</b>	<b>5,122</b>	<b>(2,033)</b>
Usable Capital Receipts Reserve	L	(46)	(47)	(93)	93	-
Control Room Capital Grant Unapplied	M	(800)	-	(800)	800	-
Other Capital Grants Unapplied	N	(302)	216	(86)	86	-
Revenue Contribution to Capital	O	(2,349)	(1,703)	(4,052)	(2,909)	(6,961)
<b>Sub Total Earmarked Reserves - Capital</b>		<b>(3,497)</b>	<b>(1,534)</b>	<b>(5,031)</b>	<b>(1,930)</b>	<b>(6,961)</b>
<b>Total Usable Reserves</b>		<b>(12,771)</b>	<b>(3,115)</b>	<b>(15,886)</b>	<b>4,727</b>	<b>(11,159)</b>

**A – General Fund Balance**

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

**B – Fire Control Reserve**

This was originally established in 2004/05 to assist with issues relating to regional control rooms. This reserve was realigned in 2015/16 and fully utilised as part of the reserves review carried out in 2015/16.

**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 – 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. This reserve was realigned in 2015/16 and fully utilised as part of the reserves review carried out in 2015/16.

**E – 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.

**F – Vehicle Reserve**

This reserve is used to contribute towards the cost of replacing pool cars as they reach the end of their useful lives. This reserve was realigned in 2015/16 and fully utilised as part of the reserves review carried out in 2015/16.

**G – Funding Pressures Reserve**

This reserve was created to assist with future pressures resulting from changes in Government grant funding. This reserve was realigned in 2015/16 and fully utilised as part of the reserves review carried out in 2015/16.

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

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

**I – 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. This reserve was realigned in 2015/16 and fully utilised as part of the reserves review carried out in 2015/16.

**J – 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.

**K – 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.

**L – Usable Capital Receipts Reserve**

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

**M – 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. This reserve was fully utilised in 2015/16.

**N – Other Capital Grants Unapplied**

This reserve was fully utilised in 2015/16.

**O – Revenue Contribution to Capital**

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

**24 - Unusable Reserves**

a) Accumulated Absences Account

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

<b>2014/15</b>	<b>Accumulated Absences Account</b>	<b>2015/16</b>
<b>£000</b>		<b>£000</b>
<b>653</b>	<b>Opening Balance</b>	<b>562</b>
(653)	Reversal of provision for accumulated absences for previous year	(562)
564	Accumulated absences for the year	503
<b>564</b>	<b>Closing Balance</b>	<b>503</b>

b) Capital Adjustment Account

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

<b>2014/15</b>	<b>Capital Adjustment Account</b>	<b>2015/16</b>
<b>£000</b>		<b>£000</b>
<b>(18,957)</b>	<b>Opening Balance</b>	<b>(18,316)</b>
2,125	Depreciation	2,297
247	Depreciation variance Historic to Current	320
(324)	Minimum Revenue Provision	(311)
-	- Impairments	38
(1)	Other adjustments	84
	Additional Voluntary Contributions	(6,256)
-	- Revenue contributions	-
-	- Usable capital receipts received in year	(10)
(1,406)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(1,460)
-	Capital receipts credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(103)
-	Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement	(307)
<b>(18,316)</b>	<b>Closing Balance</b>	<b>(24,024)</b>

c) Collection Fund Adjustment Account

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

<b>2014/15</b>	<b>Collection Fund Adjustment Account</b>	<b>2015/16</b>
<b>£000</b>		<b>£000</b>
<b>(155)</b>	<b>Opening Balance</b>	<b>(370)</b>
(20)	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	51
(195)	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.	263
<b>(370)</b>	<b>Closing Balance</b>	<b>(56)</b>

d) Pensions Reserve

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

<b>2014/15</b>	<b>Pensions Reserve</b>	<b>2015/16</b>
<b>£000</b>		<b>£000</b>
<b>217,632</b>	<b>Opening Balance</b>	<b>266,210</b>
11,835	Appropriations to and from (-) revenue	13,072
36,743	Actuarial gains (-) / losses relating to pensions	(27,486)
<b>266,210</b>	<b>Closing Balance</b>	<b>251,796</b>

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.

<b>2014/15</b>	<b>Revaluation Reserve</b>	<b>2015/16</b>
<b>£000</b>		<b>£000</b>
<b>(5,038)</b>	<b>Opening Balance</b>	<b>(7,171)</b>
(1,908)	Upward Asset revaluations	(1,719)
22	Downward Asset revaluations	127
-	Asset Disposal	10
(247)	Depreciation difference - historic cost to current value	(320)
-	Other adjustments	-
<b>(7,171)</b>	<b>Closing Balance</b>	<b>(9,073)</b>

**25 - Donated Assets Account**

In 2015/16 the Authority recognised on the Balance Sheet the value of the Thames Valley Control Room made available to it by Royal Berkshire Fire Authority. The fair value of the assets was recognised within Vehicles, Plant and Equipment and a credit was recognised in the Comprehensive Income Expenditure Statement (see Note 10).

**26 - Contingent Assets**

As at 31 March 2016, the Authority does not have any contingent assets.

**27 - Contingent Liabilities**

At 31 March 2016, the Authority had one contingent liability:

- 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 four pension schemes:

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

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

a) Transactions relating to retirement benefits

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

Current Year 2015/16

<b>Comprehensive Income and Expenditure Statement</b>	<b>LGPS</b>	<b>Firefighters</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<u>Cost of Services</u>			
Service Cost	1,143	5,745	<b>6,888</b>
Administration Expenses		-	-
<b>Cost of Services Total</b>	<b>1,143</b>	<b>5,745</b>	<b>6,888</b>
<u>Financing and Investment Income and Expenditure</u>			
Net Interest on the defined liability (asset)	670	8,248	<b>8,918</b>
<b>Financing and Investment Total</b>	<b>670</b>	<b>8,248</b>	<b>8,918</b>
<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>1,813</b>	<b>13,993</b>	<b>15,806</b>
Actuarial Gains and Losses	(2,311)	(25,175)	<b>(27,486)</b>
<b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>(498)</b>	<b>(11,182)</b>	<b>(11,680)</b>
<b>Movement in Reserves Statement</b>			
Reversal of net charges made to the surplus or deficit for post employment benefits in accordance with the code:	(1,813)	(13,993)	<b>(15,806)</b>
Amount actually charged against the General Fund Balance for pensions in the year for:			
Employers contribution	489	2,011	<b>2,500</b>
Retirement benefit payable to pensioners	15	219	<b>234</b>

## Buckinghamshire & Milton Keynes Fire Authority – Statement of Accounts 2015/16

### Comparative data for 2014/15

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

### b) Assets and liabilities in relation to retirement benefits

#### Reconciliation of present value of the scheme liabilities 2015/16

<b>Reconciliation of present value of the scheme liabilities</b>	<b>LGPS</b>	<b>Firefighters</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Present Value of scheme liabilities as at 1 April	(30,880)	(254,654)	(285,534)
Current Service Cost	(989)	(5,520)	(6,509)
Interest Cost	(1,043)	(8,248)	(9,291)
Change in financial assumptions	2,326	17,636	19,962
Change in demographic assumptions	-	-	-
Experience loss/(gain) on defined benefit obligation		(726)	(726)
Estimated benefits paid net of transfers in	831	12,076	12,907
Past service costs, including curtailments	(154)	(225)	(379)
Contribution by Scheme participants	(211)	(1,581)	(1,792)
Unfunded pension payments	15	-	15
<b>Present Value of scheme liabilities as at 31 March</b>	<b>(30,105)</b>	<b>(241,242)</b>	<b>(271,347)</b>

## Buckinghamshire & Milton Keynes Fire Authority – Statement of Accounts 2015/16

### Prior year 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
<b>Present Value of scheme liabilities as at 31 March</b>	<b>(30,880)</b>	<b>(247,893)</b>	<b>(6,761)</b>	<b>(285,534)</b>

### Reconciliation of fair value of the scheme assets 2015/16

Reconciliation of fair value of the scheme assets	LGPS	Firefighters	Total
	£000	£000	£000
Fair Value of scheme assets as at 1 April	19,325	-	19,325
Interest on Assets	655	-	655
Return on assets less interest	(282)	-	(282)
Other actuarial gains/(losses)	-	8,265	8,265
Administration expenses	(15)	-	(15)
Contributions by employer including unfunded	504	2,230	2,734
Contributions by Scheme participants	211	1,581	1,792
Estimated benefits paid plus unfunded net of transfers in	(846)	(12,076)	(12,922)
<b>Fair Value of scheme assets as at 31 March</b>	<b>19,552</b>	<b>-</b>	<b>19,552</b>

### Prior year 2014/15

Reconciliation of fair value of the scheme assets	LGPS	1992 Firefighters	2006 Firefighters	Total
	£000	£000	£000	£000
Fair Value 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)
<b>Fair Value of scheme assets as at 31 March</b>	<b>17,136</b>	<b>-</b>	<b>-</b>	<b>17,136</b>

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

c) Scheme history

<b>Reconciliation of present value of the scheme liabilities</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<u>Present Value of Liabilities</u>					
LGPS	(20,037)	(22,910)	(25,002)	(30,880)	(30,105)
1992 Firefighters Scheme	(171,253)	(183,585)	(205,349)	(247,893)	(241,242)
2006 Firefighters Scheme	(3,774)	(5,057)	(4,417)	(6,761)	-
<b>Present Value of scheme liabilities as at 31 March</b>	<b>(195,064)</b>	<b>(211,552)</b>	<b>(234,768)</b>	<b>(285,534)</b>	<b>(271,347)</b>
<u>Fair Value of Assets</u>					
LGPS	10,742	14,126	17,136	19,324	19,552
<b>Total Assets - BMKFA estimated allocation of LGPS assets</b>	<b>10,742</b>	<b>14,126</b>	<b>17,136</b>	<b>19,324</b>	<b>19,552</b>
LGPS Experience adjustments on scheme assets	(1,131)	1,578	-	-	-
<u>Surplus/Deficit (-) in the scheme</u>					
LGPS	(9,295)	(8,784)	(7,866)	(11,556)	(10,553)
1992 Firefighters Scheme	(171,253)	(183,585)	(205,349)	(247,893)	(241,242)
2006 Firefighters Scheme	(3,774)	(5,057)	(4,417)	(6,761)	-
<b>Total</b>	<b>(184,322)</b>	<b>(197,426)</b>	<b>(217,632)</b>	<b>(266,210)</b>	<b>(251,795)</b>

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £251.795m has a substantial impact on the net worth of the Authority as recorded in the balance sheet, resulting in a negative overall balance of £207.989m. 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:

	<b>LGPS</b>		<b>Firefighters</b>	
	<b>2014/15</b>	<b>2015/16</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<u>Mortality Assumptions</u>				
Longevity at 65 for current pensioners				
Men	23.70	23.80	23.50	23.60
Women	26.10	26.20	25.90	25.90
Longevity at 65 for future pensioners				
Men	26.00	26.10	25.70	25.90
Women	28.40	28.50	28.10	28.20
<u>Financial Assumptions</u>				
Rate of Inflation (RPI)	3.30%	3.40%	3.20%	3.30%
Rate of Inflation (CPI)	2.50%	2.50%	2.40%	2.40%
Rate of salary inflation	4.30%	4.30%	4.20%	4.20%
Rate of pensions inflation	2.50%	2.50%	2.40%	2.40%
Rate for discounting scheme liabilities	3.40%	3.80%	3.30%	3.70%
Take up of option to convert annual pension into retirement lump sum	50.00%	50.00%	50.00%	50.00%

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

<b>31 March 2015</b>			<b>31 March 2016</b>		
<b>£000</b>	<b>%</b>	<b>LGPS</b>	<b>£000</b>	<b>%</b>	
2,408	12%	Gilts	2,394	12%	
10,554	55%	Equities	10,465	55%	
2,503	13%	Other Bonds	2,383	12%	
1,657	9%	Property	1,855	9%	
376	2%	Cash	501	3%	
285	1%	Alternative Assets	266	1%	
728	4%	Hedge Funds	818	4%	
814	4%	Absolute Return Portfolio	870	4%	
<b>19,325</b>	<b>100%</b>	<b>Total</b>	<b>19,552</b>	<b>100%</b>	

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

e) Sensitivity Analysis

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

<b>LGPS Sensitivity Analysis</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Adjustment to discount rate	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	29,479	30,105	30,745
Projected service cost	860	881	902
Adjustment to long term salary increase	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	30,189	30,105	30,022
Projected service cost	881	881	881
Adjustment to pension increases and deferred revaluation	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	30,669	30,105	29,553
Projected service cost	902	881	860
Adjustment to mortality age rating assumption	<b>+1 year</b>	<b>None</b>	<b>- 1 Year</b>
Present value of total obligation	31,001	30,105	29,236
Projected service cost	903	881	859

<b>Firefighters</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Adjustment to discount rate	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	236,799	241,242	245,776
Projected service cost	4,797	4,912	5,030
Adjustment to long term salary increase	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	241,669	241,242	240,818
Projected service cost	4,933	4,912	4,891
Adjustment to pension increases and deferred revaluation	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	245,403	241,242	237,163
Projected service cost	5,010	4,912	4,816
Adjustment to mortality age rating assumption	<b>+1 year</b>	<b>None</b>	<b>- 1 Year</b>
Present value of total obligation	249,110	241,242	233,629
Projected service cost	5,037	4,912	4,790

## 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 2015 £000	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000
Financial liabilities at amortised cost	(9,576)	(9,060)	(2,198)	(2,458)
<b>Total Borrowings</b>	<b>(9,576)</b>	<b>(9,060)</b>	<b>(2,198)</b>	<b>(2,458)</b>
Loans and receivables	-	-	21,615	23,873
<b>Total Investments</b>	<b>-</b>	<b>-</b>	<b>21,615</b>	<b>23,873</b>

### b) Financial Instruments gains and losses

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

2014/15	Financial Instruments Gains and Losses	Financial Liabilities 2015/16	Financial Assets 2015/16			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	-	-	-	-	-
<b>380</b>	<b>Interest payable and similar charges</b>	<b>380</b>	-	-	-	<b>380</b>
(142)	Interest income	-	(190)	-	-	(190)
-	Gains on derecognition	-	-	-	-	-
<b>(142)</b>	<b>Interest and investment income</b>	<b>-</b>	<b>(190)</b>	<b>-</b>	<b>-</b>	<b>(190)</b>
-	Gains on revaluation	-	-	-	-	-
-	Losses on revaluation	-	-	-	-	-
-	Amounts recycled to the CIES after impairment	-	-	-	-	-
-	Surplus arising on revaluation of financial assets	-	-	-	-	-
<b>238</b>	<b>Net gain/loss (-) for the year</b>	<b>380</b>	<b>(190)</b>	<b>-</b>	<b>-</b>	<b>190</b>



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

<b>2014/15</b>		<b>2015/16</b>
<b>£000</b>		<b>£000</b>
-	Financial Instruments gain	-
(16)	Rental income from investment properties	(16)
-	Movement in fair value of investment properties	-
(126)	Interest on investments	(174)
<b>(142)</b>	<b>Total Investment income received in the CIES</b>	<b>(190)</b>

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

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

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

The fair values calculated are as follows:

	<b>31 March 2015</b>		<b>31 March 2016</b>	
	<b>Carrying Amount</b>	<b>Fair Value</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
PWLB Debt at amortised cost	(7,750)	(10,778)	(7,750)	(10,812)
Finance Lease	(1,826)	(1,826)	(1,780)	(1,780)
Creditors	(2,198)	(2,198)	(1,988)	(1,988)
<b>Total Financial Liabilities</b>	<b>(11,774)</b>	<b>(14,802)</b>	<b>(11,518)</b>	<b>(14,580)</b>
Cash and cash equivalents	1,179	1,179	2,250	2,250
Short Term Investments	19,066	19,066	19,082	19,082
Debtors	1,370	1,370	1,121	1,121
<b>Total Loans and Receivables</b>	<b>21,615</b>	<b>21,615</b>	<b>22,453</b>	<b>22,453</b>

The differences between the carrying amount and the fair value of PWLB debt are due to the fixed rate of interest on the loans being different from the prevailing rate at 31 March 2016. 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 £10.812m has been provided by the PWLB on the Authority’s behalf

The maturity analysis of financial liabilities is as follows:

<b>31 March 2015 £000</b>		<b>31 March 2016 £000</b>
(616)	Maturing in less than 1 year	(469)
(368)	Maturing within 2 years	-
(585)	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)
<b>(8,366)</b>	<b>Total</b>	<b>(7,851)</b>

h) Market risk

*Interest rate risk*

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

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

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

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

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

	<b>2015/16</b>
	<b>£000</b>
Increase in interest payable on variable rate borrowings	-
Increase in interest receivable on variable rate investments	209
Increase in government grant receivable for financing costs	-
<b>Impact on Comprehensive Income and Expenditure Statement</b>	<b>209</b>
Decrease in fair value of fixed rate borrowing liabilities which has no impact on the Comprehensive Income and Expenditure Statement	-
<b>Total Financial Effect</b>	<b>209</b>

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

#### Price risk

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

#### Foreign Exchange risk

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

### **30 - Events After the Balance Sheet Date**

Post balance sheet events occur between the balance sheet date and the date the accounts are signed by the 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 no events to declare which relate to 2015/16.

**31 - Notes to the Cash Flow Statement**

a) Net Cash flows from Operating Activities

<b>2014/15</b>		<b>2015/16</b>
<b>£000</b>		<b>£000</b>
<b>(8,810)</b>	<b>Net Surplus or (Deficit) on the Provision of Services</b>	<b>(12,036)</b>
2,125	Depreciation, amortisation, impairment and downward valuations	2,335
488	Net Movement in Creditors	(188)
377	Net Movement in Debtors	(2,193)
11	Net Movement in Stocks	(85)
11,849	Adjustment regarding Pension Liability	13,072
223	Contributions to/from Provisions	(205)
(1)	Carrying amount of non-current assets sold	84
<b>15,072</b>		<b>12,820</b>
(1,190)	Capital Grants Credited to surplus or deficit on the provision of services	(24)
(47)	Proceeds from the sale of assets	(10)
<b>(1,237)</b>		<b>(34)</b>
<b>5,025</b>	<b>Net Cash Flows from Operating Activities</b>	<b>750</b>

b) Net Cash flows from Operating Activities (Interest)

<b>2014/15</b>		<b>2015/16</b>
<b>£000</b>		<b>£000</b>
142	Ordinary interest received	174
-	Interest received on cash backed funds/reserves	-
<b>142</b>		<b>174</b>
(380)	Interest charge for year	(380)
-	Adj differences between Effective Interest Rates and actual payable	-
-	Other Interest	-
<b>(380)</b>		<b>(380)</b>
<b>(238)</b>	<b>Net Cash Flows from Operating Activities (Interest)</b>	<b>(206)</b>

c) Cash Flows from Investment Activities

<b>2014/15</b>		<b>2015/16</b>
<b>£000</b>		<b>£000</b>
(1,406)	Property Plant and Equipment Purchased	(1,564)
(5,958)	Purchase of short or long term investments	-
-	Movement on Capital Creditors	-
<b>(7,364)</b>		<b>(1,564)</b>
47	Proceeds from the sale of Assets	10
-	Proceeds from the sale of short or long term investments	-
1,190	Capital Grants Received	2,841
<b>1,237</b>		<b>2,851</b>
<b>(6,127)</b>	<b>Net Cash Flows from Investing Activities</b>	<b>1,287</b>

## d) Cash Flows from Financing Activities

<b>2014/15</b>		<b>2015/16</b>
<b>£000</b>		<b>£000</b>
-	Cash receipts of short and long term borrowing	-
-	Repayment of short and long term borrowing	(515)
(20)	Other receipts from financing activities	(314)
(47)	Cash payments for the reduction of outstanding liabilities relating to finance leases	(46)
<b>(67)</b>	<b>Net Cash Flows from Financing Activities</b>	<b>(875)</b>

## e) Make up of Cash and Cash Equivalents

<b>2014/15</b>		<b>2015/16</b>
<b>£000</b>		<b>£000</b>
27	Cash and bank balances	118
1,179	Cash investments	2,250
<b>1,206</b>	<b>Total</b>	<b>2,368</b>



## Firefighters' Pension Fund Account

### Firefighters' Pension Fund

2014/15 £000	Fund Account	2015/16 £000
	<b>Income to the fund</b>	
	<u>Contributions receivable (funds due to us during the year)</u>	
	From employer	
(2,086)	normal contributions	(1,755)
-	early retirements	(246)
(8)	other contributions	-
(1,555)	From members	(1,496)
(83)	Ill health charges	(102)
	Milne vs GAD - additional grant received from DCLG	(726)
	<u>Transfers in</u>	
-	Individual transfers in from other schemes	-
-	Other transfers in	-
<b>(3,732)</b>	<b>Total Income to the Fund</b>	<b>(4,325)</b>
	<b>Spending by the fund</b>	
	<u>Benefits payable</u>	
5,388	Pension payments	5,861
1,654	Commutation of pensions and lump sum retirement benefits	3,422
-	Lump sum death benefits	-
-	Other benefits payable	111
	<u>Payments to and on behalf of leavers</u>	
-	Refunds of contributions to people who leave the scheme	-
44	Individual transfers out of the scheme	211
-	Milne vs GAD - payments out	726
<b>7,086</b>	<b>Total Spending by the Fund</b>	<b>10,331</b>
<b>3,354</b>	<b>Net amount payable/receivable for the year before top up grant receivable/amount payable to sponsoring department</b>	<b>6,006</b>
(3,354)	Top up grant receivable/amount payable to sponsoring department	(6,006)
-	<b>Net amount payable (-)/receivable for the year</b>	<b>-</b>

### Firefighters' Pension Fund Net Assets Statement

2014/15 £000	Net Assets Statement	2015/16 £000
	<b>Net Current Assets and Liabilities</b>	
-	Contributions due from employer	-
407	Pensions top up grant receivable from sponsoring department	2,826
-	Unpaid pensions benefits	-
-	Amount due to sponsoring department	-
(407)	Other current assets and liabilities (other than liabilities and other benefits in the future)	(2,826)
-	<b>Net Assets at the End of the Year</b>	<b>-</b>

## **Notes to the Firefighters' Pension Fund Account**

### **1 - Pension Fund Arrangements**

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

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

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

### **2 - Pension Fund Accounting Policies**

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

### **3 - Balancing the Pension Fund Account**

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

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

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

### **4 - Pension Fund Investment Assets**

As the Scheme is unfunded there are no investment assets.

### **5 - Liabilities Shown in the Authority's Main Statements**

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

### **6 - Milne vs GAD**

In May 2015, the Pensions Ombudsman (Ombudsman) published their Final Determination in the case of Milne v Government Actuaries Department (GAD). This case centred on whether GAD had a proactive responsibility to review the commutation factors used in the calculation of the lump sum

payments made to pensioners when they opt to take an increased amount of their pension benefit in that form.

The Ombudsman found in favour of the plaintiff, which meant that for all Firefighters Pension Scheme 1992 cases where pension entitlements were drawn between 1 December 2001 and 22 August 2006 recalculation of lump sum payments should take place based upon revised commutation factors to be issued by GAD. Payment of any additional amounts identified as due should be made with simple interest calculations as well. These amounts have been disclosed separately within the Fire-Fighters Pension Fund.

## Glossary of Terms

### **Amortisation / Amortise**

The equivalent of depreciation when applied to intangible assets.

### **Accruals**

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

### **BMKFA**

Acronym for Buckinghamshire & Milton Keynes Fire Authority.

### **Budget**

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

### **BCC**

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

### **Capitalisation**

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

### **Capital Adjustment Account**

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

### **Capital Financing Requirement**

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

### **Capital Receipts**

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

### **Carrying Amount**

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

### **CIES**

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

### **CIPFA**

Chartered Institute of Public Finance and Accountancy.

### **The Code**

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

### **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 1<sup>st</sup> April 2010. All future accounts will be presented using these standards.

**Impairments**

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

**IRMP**

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

**LIFO**

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

**Loans Outstanding**

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

**Local Government Pension Scheme (LGPS)**

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

**Lower of Cost and Net Realisable Value**

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

**Materiality**

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

**Minimum Revenue Provision (MRP)**

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

**National Non-Domestic Rates (NNDR)**

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

**NJC**

National Joint Council for Local Authority Fire and Rescue Services.

**Outturn**

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

**Precept**

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

**Prepayments**

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

**Provisions**

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

**Public Works Loan Board (PWLB)**

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

**Realised/Unrealised Gains**

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

**Revaluation**

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

**Revaluation Reserve**

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

**Revenue Expenditure**

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

**Reserves**

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

**Revenue Support Grant (RSG)**

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

**RICS**

Royal Institute of Chartered Surveyors

**RPI**

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

**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



<b>MEETING</b>	Overview and Audit Committee
<b>DATE OF MEETING</b>	27 July 2016
<b>OFFICER</b>	David Sutherland, Director of Finance & Assets
<b>LEAD MEMBER</b>	Councillor Andy Dransfield
<b>SUBJECT OF THE REPORT</b>	<b>Treasury Management Performance 2015/16 - Quarter 4</b>
<b>EXECUTIVE SUMMARY</b>	<p>This report is being presented as Members resolved at the meeting of Buckinghamshire and Milton Keynes Fire Authority on 14 October 2015 that future Treasury Management reports would be submitted to the Overview and Audit Committee. It is best practice to review on a regular basis how Treasury Management activity is performing.</p> <p>The accrued interest earned for the year of 2015/16 is £173k, which is £73k higher than the budget for the year and £36k higher than the total interest earned in the previous year.</p>
<b>ACTION</b>	Information.
<b>RECOMMENDATIONS</b>	That the Treasury Management Performance 2015/16 – Quarter 4 report be noted.
<b>RISK MANAGEMENT</b>	<p>Making investments in the Authority's own name means that the Authority bears the risk of any counterparty failure. This risk is managed in accordance with the strategy and with advice from external treasury management advisors.</p> <p>The Director of Finance and Assets, will act in accordance with the Authority's policy statement; Treasury Management Practices and CIPFA's Standard of Professional Practice on Treasury Management.</p> <p>The risk of counterparty failure is monitored on the directorate level risk register within Finance and Assets.</p> <p>There are no direct staffing implications.</p>
<b>FINANCIAL IMPLICATIONS</b>	The budget for 2015/16 relating to interest earned on balances invested is £100k (increased from £70k in 2014/15). Performance against the budget is included within Appendix A.

<b>LEGAL IMPLICATIONS</b>	The Authority is required by section 15(1) of the Local Government Act 2003 to have regard to the Department for Communities and Local Government Guidance on Local Government Investments; and by regulation 24 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [SI 3146] to have regard to any prevailing CIPFA Treasury Management Code of Practice
<b>CONSISTENCY WITH THE PRINCIPLES OF COLLABORATION</b>	No direct impact.
<b>HEALTH AND SAFETY</b>	No direct impact.
<b>EQUALITY AND DIVERSITY</b>	No direct impact.
<b>USE OF RESOURCES</b>	See Financial Implications.
<b>PROVENANCE SECTION &amp; BACKGROUND PAPERS</b>	Treasury Management Policy Statement, Treasury Management Strategy Statement and the Annual Investment Strategy <a href="http://bucksfire.gov.uk/files/2514/2719/3915/Treasury_Management_Strategy_2015-16.pdf">http://bucksfire.gov.uk/files/2514/2719/3915/Treasury_Management_Strategy_2015-16.pdf</a>  Treasury Management Practices <a href="http://bucksfire.gov.uk/files/4314/5527/8969/OA250913.compressed.pdf">http://bucksfire.gov.uk/files/4314/5527/8969/OA250913.compressed.pdf</a>
<b>APPENDICES</b>	Appendix A – Treasury Management Performance 2015/16 – Quarter 4
<b>TIME REQUIRED</b>	5 minutes.
<b>REPORT ORIGINATOR AND CONTACT</b>	Linda Blunt <a href="mailto:lblunt@bucksfire.gov.uk">lblunt@bucksfire.gov.uk</a> 01296 744404

## Appendix A – Treasury Management Performance 2015/16 – Quarter 4

### Background

Up until 31 March 2013, the Authority's cash balances were managed by Buckinghamshire County Council (BCC) under a Service Level Agreement (SLA). From 2013/14 the Authority began investing in its own name. This report highlights the performance of the in-house treasury management function for its third year 2015/16.

### Security of Investments

The primary investment priority as set out in the Treasury Management Policy Statement is the security of capital. The Authority applies the creditworthiness service provided by Capita (formerly known as Sector). This determines whether or not a counterparty is suitable to invest with and if so, the maximum duration an investment could be placed with them. In the Annual Investment Strategy (AIS), the Authority resolved that the balances invested with any single counterparty at any point in time would be 30% of the total investment portfolio to a maximum of £5m (with the exception of Lloyds Bank, who as our banking provider that have a limit of £7.5m, of which at least £2.5m must be instant access). The amount invested with each counterparty on the approved lending list as at 31st March 2016 is detailed below:

Counterparty	Amount (£000)
Lloyds Bank plc	5,000
Santander	3,000
Nationwide Building Society	2,000
Leeds Building Society	5,000
Standard Chartered Bank	1,000
Royal Bank Of Scotland	3,000
Lloyds Bank plc (current accounts)	117
Ignis Sterling MMF*	2,250
<b>Total</b>	<b>21,367</b>

\*MMF denotes a Money Market Fund

No counterparty limits were breached during Quarter 4.

The above investments include an amount of £2,250k invested in a money market fund (MMF). A MMF employs credit analysts who first assess who is a suitable counterparty and then continue to monitor those counterparties over time. By investing with a range of counterparties, risk is able to be diversified to a greater extent than investing directly in single counterparties.

In its AIS the Authority also resolved that all credit ratings will be monitored weekly, by means of the Capita creditworthiness service. During Quarter 4 Capita made several changes to the counterparty listing. Therefore in line with the AIS, the Authority's lending list has been updated to reflect these changes as detailed in the table below:

<b>Country</b>	<b>Counterparty</b>	<b>Maximum Duration as at 31/12/2015</b>	<b>Maximum Duration as at 31/03/2016</b>
UK	Bank of Scotland	Red - 6 mths	Green - 100 days
UK	Barclays Bank plc	Red - 6 mths	Green - 100 days
UK	Goldman Sachs International	Red - 6 mths	Green - 100 days
UK	HSBC Bank plc	Orange - 12 mths	Red - 6 mths
UK	Lloyds Banking Group	Red - 6 mths	Green - 100 days
UK	Standard Chartered Bank	Red - 6 mths	No colour - 0 mths
UK	Sumitomo Mitsui Banking Corporation Europe Ltd	Red - 6 mths	Green - 100 days

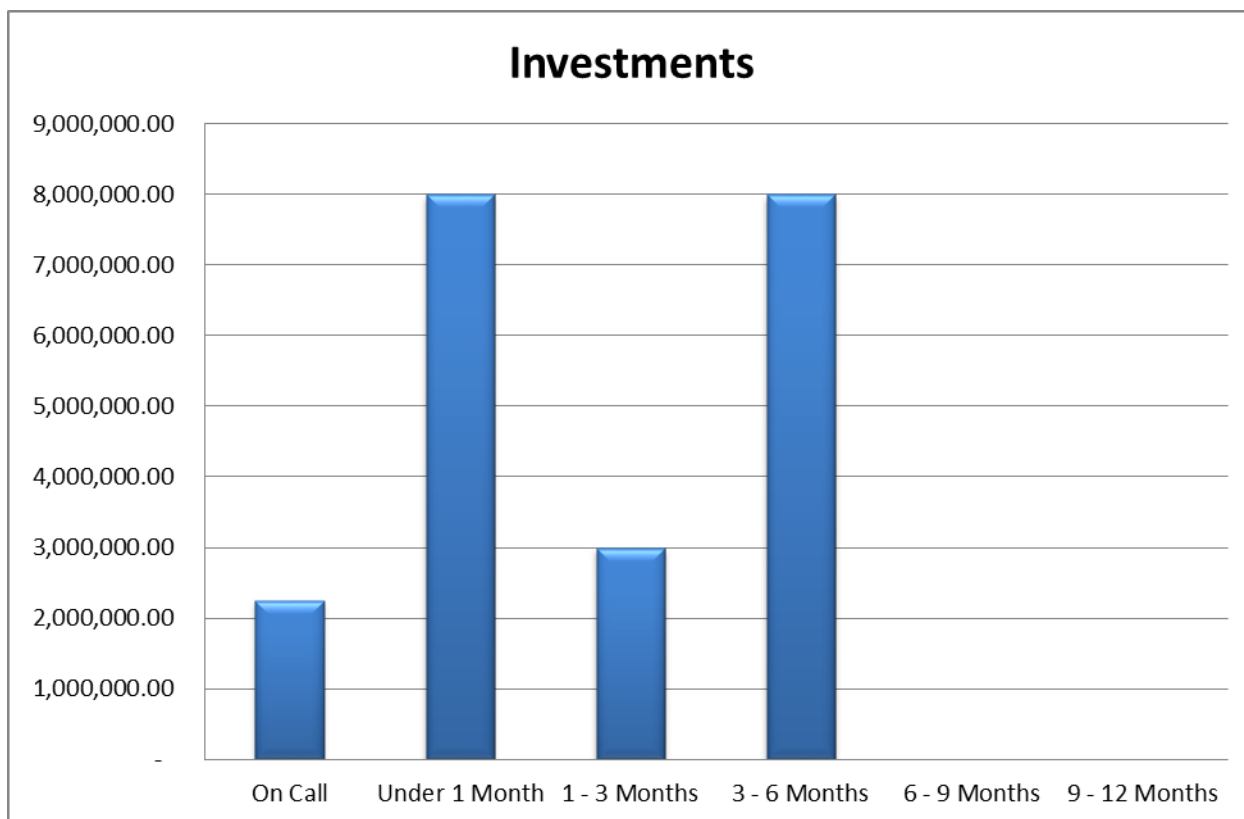
Key:

Orange - 12 mths	Approved for investments up to 12 months in duration
Red - 6 mths	Approved for investments up to 6 months in duration
Green - 100 days	Approved for investments up to 100 days in duration
No Colour	Counterparty not approved for investments of any duration

## Liquidity

### Investments

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



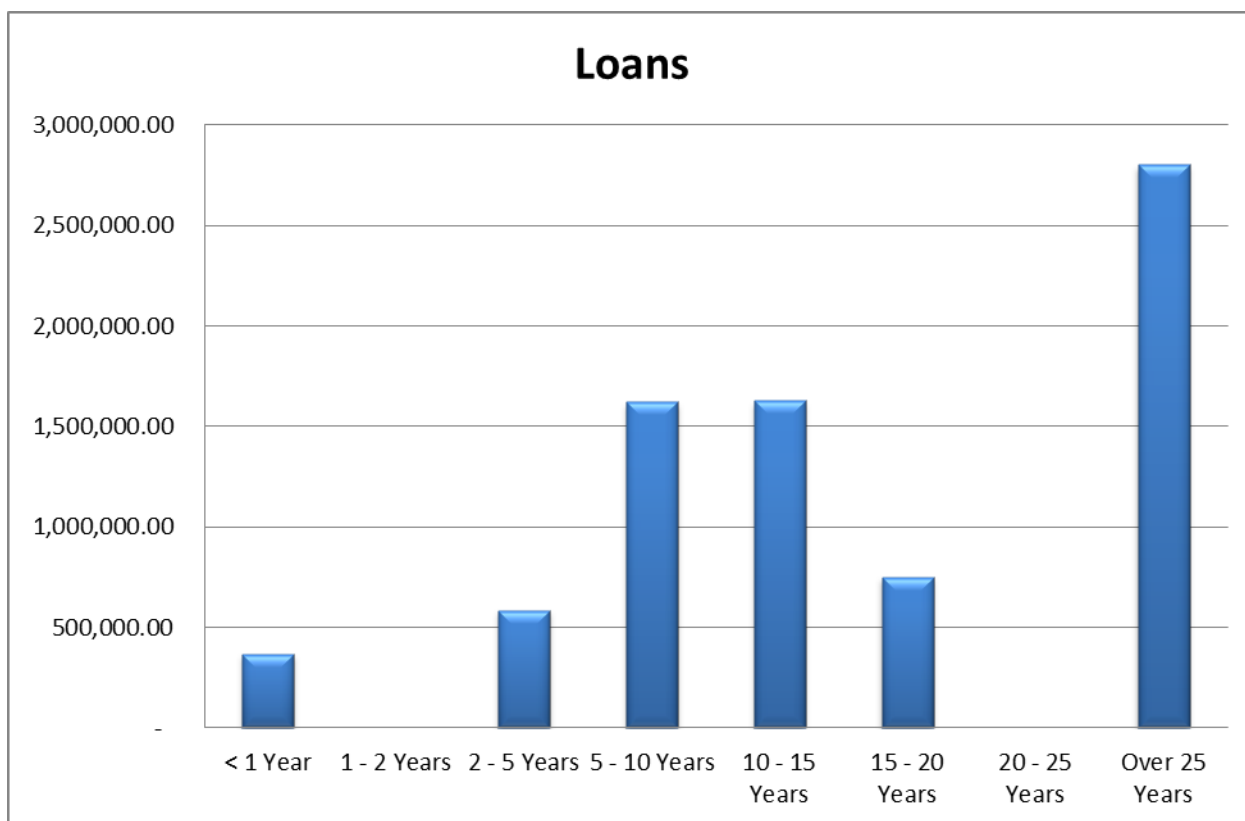
By reviewing the Balance Sheet position, level of reserves and cash requirements, the Authority determined that it was able to re-invest £5m for one year (which matures on 4 April 2016, at which point it will be reinvested for a further year). In order to cover expenditure such as salaries, pensions, creditor payments, and potential liabilities for which we have made provisions within the Statement of Accounts, a greater proportion of the balances are invested as short fixed-term deposits. Any unforeseen circumstances and potential major incidents that could occur are covered by holding a smaller proportion of the investment balances on call (i.e. it is available for use on the day it is required).

The investments under one month duration, totalling £8m consist of three investments; £5m to Lloyds Bank, £2m to Leeds Building Society and £1m to Santander. The Lloyds Bank deposit was originally made for twelve months and the other two were both made for three months. When they are reinvested they will again be spread over varied lending periods in order to maintain liquidity. The investments for 1-3 months totalling £3m is spread over three counterparties and they were originally made for a period of 3, 4 and 5 months respectively. The investments in the 3-6 month period totalling £8m consists of investments to six counterparties that were originally invested over six and twelve month periods, upon

reinvestment they will also be spread over varied lending periods to maintain liquidity. Balances on call include the investments in the MMF. A MMF helps improve the liquidity of the Authority’s balances. By investing collectively, the Authority benefits from liquidity contributed by others and from the knowledge they are all unlikely to need to call on that money at the same time.

**Borrowing**

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



The total borrowing outstanding as at 31 March 2016 is £7.750m. During March 2016, one Loan for £0.515m was repaid. A further £0.368m is also due to be repaid in May 2016. These repayments do not directly affect the revenue budget, as they simply reflect the use of cash (accumulated by setting aside the appropriate minimum revenue provision (MRP) to settle the outstanding liability).

### Investment Yield

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

#### Performance Against Budget – Quarter 4

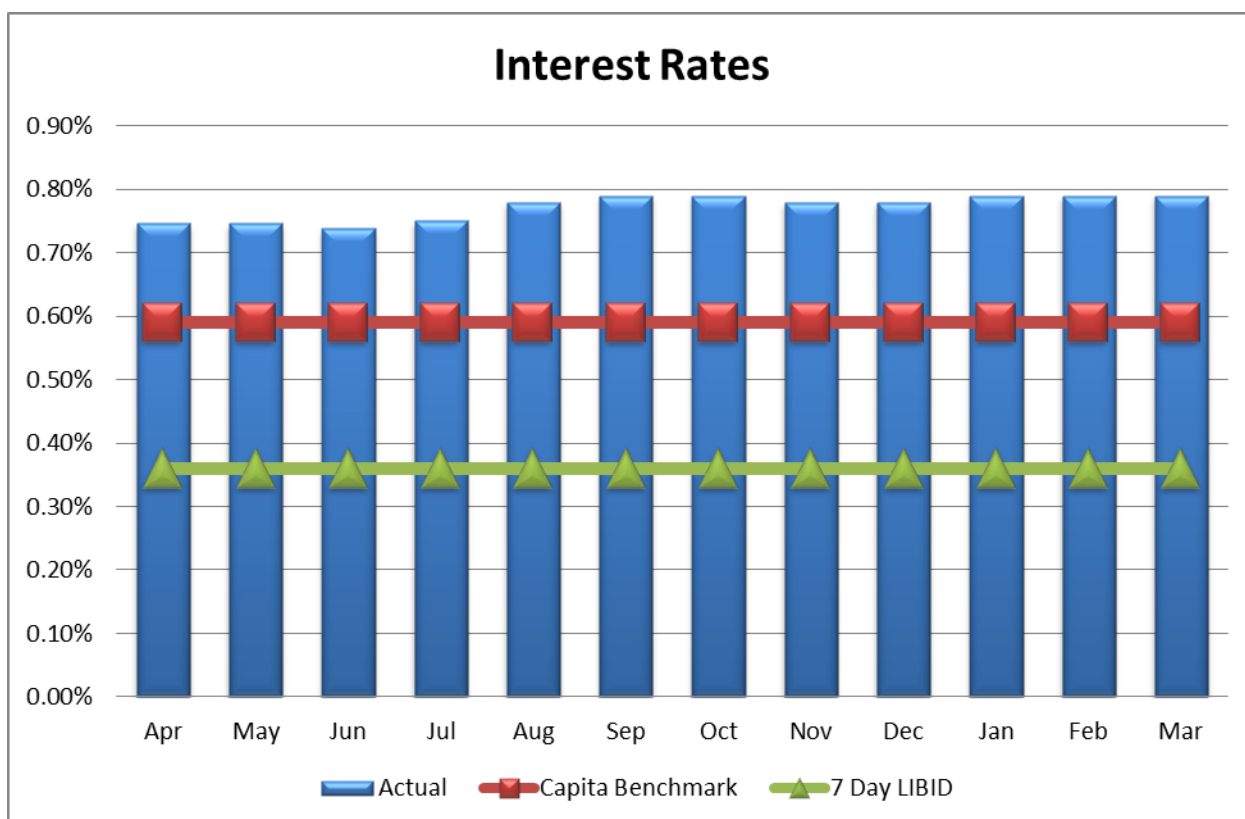
The budget for future years was reviewed as part of the Medium Term Financial Plan process and the income target was increased to £100k. This increase is due to the continuing over-achievement against the previous year’s budget.

The accrued interest earned as at 31<sup>st</sup> March 2016 is £173k, which is an over achievement of £73k against the 2015-16 budget.

#### Performance Against the Benchmark – Quarter 4

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

- 7 day LIBID – this is the rate the Authority would have earned on all balances had the SLA with BCC continued into future years
- Capita benchmark – this is the indicative rate that Capita advised we should be looking to achieve for 2015/16 at the start of the year
- The weighted average rate (%) is compared to the two benchmark figures in the following chart for each month:



The Authority has out-performed both benchmark figures throughout the year. This is due to attaining slightly better interest rates than the previous year and continued effective Treasury Management processes.

Furthermore the use of certificates of deposit agreed in the 2015/16 strategy has provided increased liquidity as well as access to preferable rates not previously available to the Authority. This has proved especially beneficial in December 2015, as the Authority was able to take an early maturity date on a certificate of deposit in order to promptly settle outstanding liabilities in relation to the GAD vs. Milne pension case. The date for this payment was unknown and instead of having to hold money at a lower interest rate we were able to invest in a certificate of deposit, securing a higher interest rate, and redeem that CD when it was needed without losing any benefit on the interest rate.



# Buckinghamshire & Milton Keynes Fire Authority



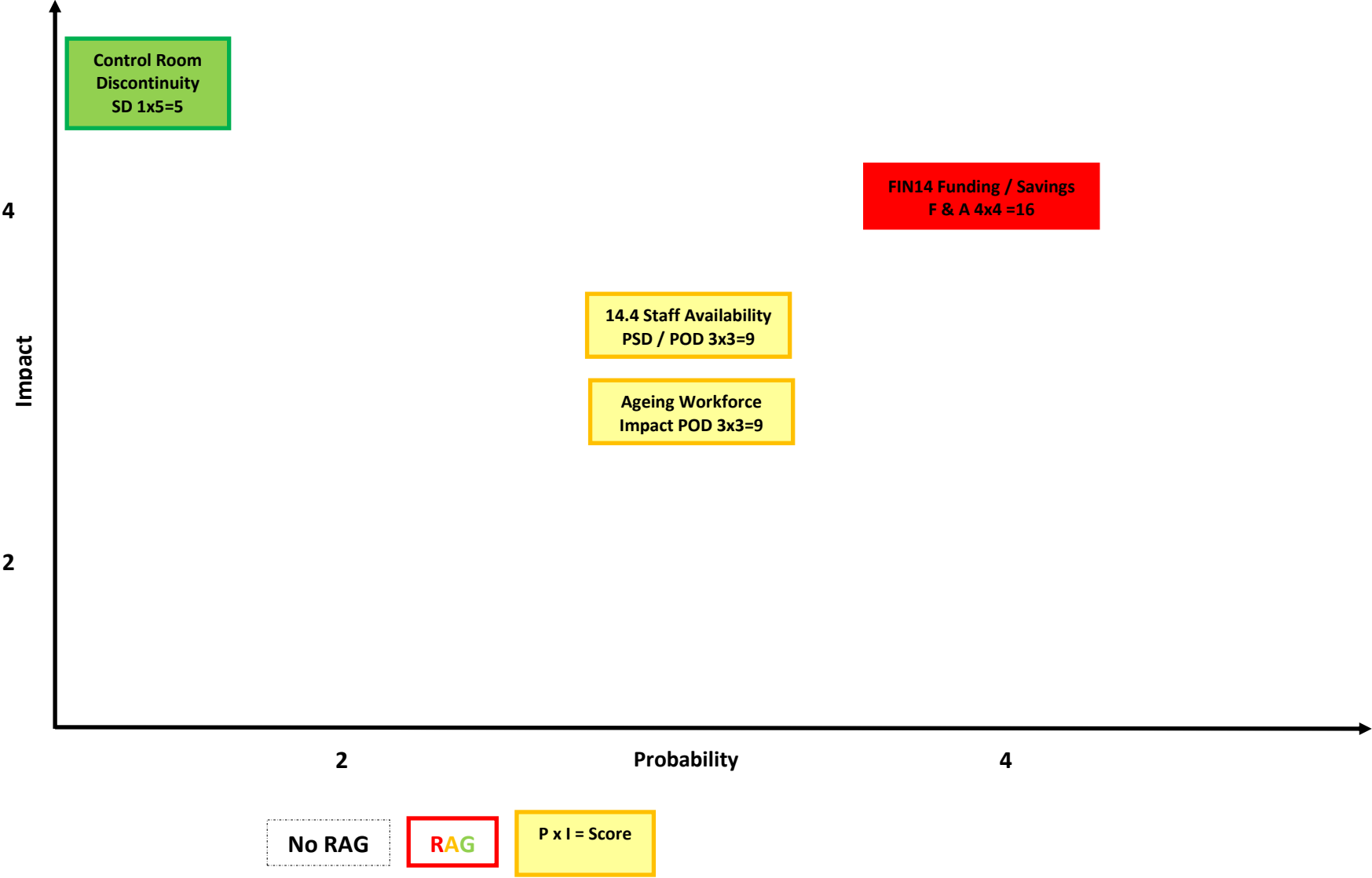
<b>MEETING</b>	Overview and Audit Committee
<b>DATE OF MEETING</b>	27 July 2016
<b>OFFICER</b>	Julian Parsons, Head of Service Development
<b>LEAD MEMBER</b>	Councillor David Schofield, Health and Safety and Corporate Risk
<b>SUBJECT OF THE REPORT</b>	<b>Corporate Risk Management</b>
<b>EXECUTIVE SUMMARY</b>	<p>This report provides an update on the current status of identified corporate risks. Risk registers are maintained at project, departmental and directorate levels. Corporate risks are those that have been escalated from these levels for scrutiny by the Strategic Management Board (SMB), because of their magnitude, proximity or because the treatments and controls require significant development.</p> <p>The Corporate Risk Register was last reviewed by the Strategic Management Board (SMB) on 5 July 2016 but no changes to the risk assessments were recommended at that point or risks identified for escalation from directorate risk registers. However, SMB recommended that the funding and savings requirement risk be kept under close scrutiny in light of the outcome of the European Union Referendum conducted on 23 June 2016 and any potential implications for public finances arising from this.</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> <p>At the last O &amp; A meeting on 9<sup>th</sup> March 2016, Members requested that the Corporate Planning Manager bring a report on the criteria for escalation of risks to the Corporate Risk Register at the next meeting. The criteria for escalation are set out in the Corporate Risk Management Policy which was approved by the Executive Committee on 18 March 2015. A copy of this is attached at Annex D for information. The escalation criteria are shown at Section 6.5 of the policy (page 9).</p>

<b>ACTION</b>	Decision
<b>RECOMMENDATIONS</b>	It is recommended that Members: <ul style="list-style-type: none"> <li>i. Review the status report on identified corporate risks at Annex C; and,</li> <li>ii. Feedback comments to officers for consideration and attention in future updates/reports.</li> </ul>
<b>RISK MANAGEMENT</b>	The development, implementation and operation of effective corporate risk management structures, processes and procedures are considered critical to assure continuity of service to the public, compliance with relevant statutory and regulatory requirements and the successful delivery of the Authority's strategic aims, priorities and plans.
<b>FINANCIAL IMPLICATIONS</b>	No direct financial implications arising from the presentation of this report. It is envisaged that the further development of the Authority's corporate risk management framework will be undertaken from within agreed budgets.
<b>LEGAL IMPLICATIONS</b>	None directly arising from this report. Any legal consequences associated with the crystallisation of individual risks are detailed in the Risk Register report at Annex C.
<b>CONSISTENCY WITH THE PRINCIPLES OF COLLABORATION</b>	The potential to share corporate risk intelligence with neighbouring FRS and other relevant agencies will be considered. BMKFA already participates in the multi-agency Thames Valley Local Resilience Forum which produces a Community Risk Register which is among the sources used to identify potential risks to the Authority.
<b>HEALTH AND SAFETY</b>	Development of the framework does not impact directly on the legal compliance to health and safety, however if risks are not appropriately identified then this may present Health and Safety risks.
<b>EQUALITY AND DIVERSITY</b>	No direct implications from the presentation of this report. However risks to achieving the Authority's equality, diversity and inclusion objectives or compliance with relevant statutes or regulations are identified assessed and managed via this process and are currently monitored within the People and Organisational Development Risk Register.
<b>USE OF RESOURCES</b>	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>Senior managers and principal officers are key stakeholders in the development of the framework and have an active role in its development at every stage. The lead Member will also be involved in the development of the framework with particular responsibility for determining the reporting arrangements for the Authority.</p> <p>As with all policy frameworks, all employees will be informed of the changes in the process and will receive any training necessary to support their role in the process.</p>
<p><b>PROVENANCE SECTION &amp; BACKGROUND PAPERS</b></p>	<p>A formal policy for the management of Corporate Risk was approved by the Authority in August 2006 and implemented with effect from 31 January 2007 (OC57: Corporate Risk Management Policy).</p> <p>Further development of this policy and framework was reported to members at the 15 September 2010 CFA meeting (see Annex A and item 8 of 15 September CFA Papers:</p> <p><a href="http://bucksfire.gov.uk/files/8114/0681/3588/150910.PDF">http://bucksfire.gov.uk/files/8114/0681/3588/150910.PDF</a></p> <p>An updated Corporate Risk Management Policy was approved at the 18 March 2015 Executive Committee:</p> <p><a href="http://bucksfire.gov.uk/files/3314/2564/2098/Executive Committee 180315.pdf">http://bucksfire.gov.uk/files/3314/2564/2098/Executive Committee 180315.pdf</a></p> <p>CFA Members were last updated on the status of the Authority's Corporate Risks at the 9 March 2016 Overview &amp; Audit Committee:</p> <p><a href="http://bucksfire.gov.uk/files/1714/5676/1632/OVERVIEW AND AUDIT COMMITTEE 090316 SUMMONS AND AGENDA.pdf">http://bucksfire.gov.uk/files/1714/5676/1632/OVERVIEW AND AUDIT COMMITTEE 090316 SUMMONS AND AGENDA.pdf</a></p>
<p><b>APPENDICES</b></p>	<ol style="list-style-type: none"> <li>1. Annex A: Distribution of Corporate Risks at 5 July 2016 SMB meeting.</li> <li>2. Annex B: 12 Month View of Changes to Corporate Risks</li> <li>3. Annex C: Corporate Risk Register Report</li> <li>4. Annex D: Corporate Risk Management Policy</li> </ol>
<p><b>TIME REQUIRED</b></p>	<p>15 Minutes.</p>
<p><b>REPORT ORIGINATOR AND CONTACT</b></p>	<p>Stuart Gowanlock, Corporate Planning Manager  <a href="mailto:sgowanlock@bucksfire.gov.uk">sgowanlock@bucksfire.gov.uk</a>  01296 744435</p>

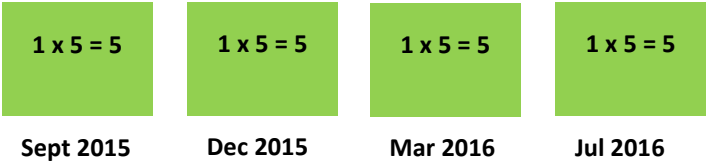
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Annex A: Corporate Risk Map – As at 5 July 16 SMB

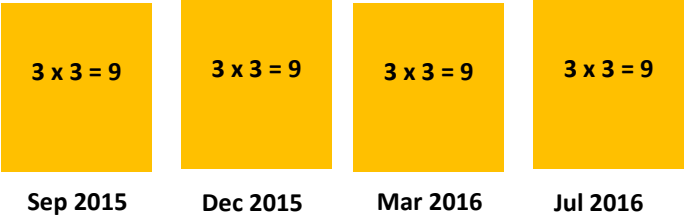


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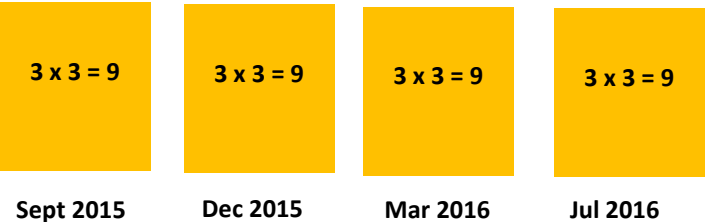
Thames Valley Control



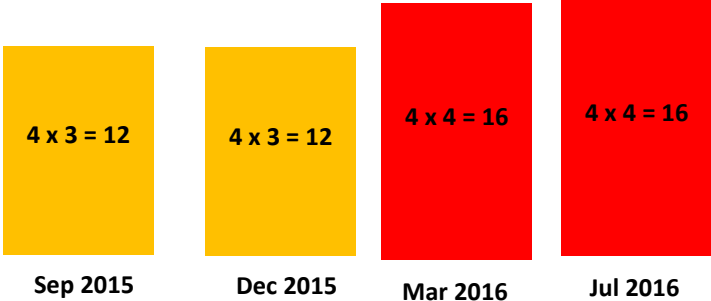
Staff Availability



Ageing Workforce Impact



Risk to Funding



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## 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			
<b>CRR 014.4 Staff Availability</b> <b>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.</b>	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"> <li>• Full business continuity plan in place</li> <li>• Peer review of the business continuity arrangements</li> <li>• Bank System</li> <li>• Flexi-Duty System Pilot</li> <li>• Staff Transfer Procedure</li> </ul>	<b>A</b>	<p><b><u>17 February 15 SMB</u></b> 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><b><u>14 April 15 SMB</u></b> Probability reduced to 4.</p> <p><b><u>21 May 15 PMB</u></b> 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><b><u>16 June 15 SMB</u></b> PMB recommendation to reduce risk score approved.</p> <p><b><u>11 August 15 SMB &amp; 20 August PMB</u></b> 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><b><u>1 September 2015 SMB</u></b> PMB risk review confirmed.</p> <p><b><u>2 June 16 PMB:</u></b> No items for escalation from directorate risk registers identified. Recommend review of the risk scoring in light of any response to the outcomes of the Thomas Review following publication.</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)				
<b>3</b>	<b>3</b>	<b>9</b>	<b>M</b>						

**Corporate Risk Register – as at 5 July SMB 2016**

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			
<b>Fin 14 – Funding and Savings Requirement</b>	Director Finance & Assets	The funding settlement for 2016/17 and beyond now assumes that a council tax increase is required each year in line with CPI inflation and that local growth meets expectations. If either or both do not come to fruition there is a risk the Authority will not meet its commitment to the PSP 2015-20 and that a fundamental re-think of service provision will be required.	(4)	(4)	(16)	H	Proactive management of the MTFP is in force which includes a re-alignment of existing balances to free up MRP and a risk assessed level of general fund reserve.  USAR grant is also now assumed to be cut which will leave a challenge with a cumulative savings requirement in the order of £3.2m up to 19/20, <u>even if CT tax is increased</u> . However, early treatment should ensure this is manageable pending confirmation of the loss of grant.	<b>R</b>	<p><b>12 January 2016 SMB</b> Risk consequences, treatments &amp; score updated to reflect current MTFP projections including 16/17 financial settlement &amp; potential risk to USAR grant.</p> <p><b>12 April 2016</b> Risk consequences and treatment updated to reflect MTFP, including provisional four-year settlement and latest council tax assumptions.</p> <p><b>24 June 2016</b> Risk level to remain as high due to additional uncertainty arising from the outcome of the Referendum on the UK’s Membership of the EU.</p>
			(3)	(4)	(12)	M			
			(3)	(4)	(12)	M			
			<b>4</b>	<b>4</b>	<b>16</b>	<b>H</b>			

Corporate Risk Register – as at 5 July SMB 2016

Risk Description	Resp.	Consequences if Untreated Risk Occurs	Risk Score (Former) / New			Risk Level	Current Treatment	RAG	Comments / Further Treatment Proposed
			P	I	Σ				
<b>Thames Valley Control Service discontinuity</b> (Control Room continuity of service following delay to Thames Valley Control implementation)	COO / Head Service Dev.	<ul style="list-style-type: none"> <li>Potential for delay in receiving and handling of calls locally, therefore affecting response times of appliances</li> </ul>	2 1	5 5	10 5	M L	<ul style="list-style-type: none"> <li>Legal agreement now in place for North Yorkshire FRS to call handle and mobilise for TVFCS in the event of service discontinuity.</li> <li>Secondary Control at Kidlington now tested and mirrors primary. Exercises planned for 2015</li> </ul>	<b>G</b>	<p><b><u>21 May 15 PMB</u></b></p> <p>Risk re-defined to relate to new Thames Valley Control Service</p> <p><b><u>16 June 15 SMB</u></b></p> <p>Re-definition of risk approved</p> <p><b><u>11 August 2015 SMB</u></b></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><b><u>1 September 2015 SMB</u></b></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 5 July SMB 2016**

Risk Description	Resp.	Consequences if Untreated Risk Occurs	Risk Score (Former) / New			Risk Level	Current Treatment	RAG	Comments / Further Treatment Proposed
			P	I	Σ				
<p><b>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.</b></p>	<p><b>Director of POD</b></p>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>A potential increase in ill health retirements would negatively impact on the Service budget</li> </ul>	3	3	9	M	<ul style="list-style-type: none"> <li>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.</li> <li>Improved take up of Bank and Ops resourcing pool will assist operational resilience.</li> <li>Review wellbeing support options for different workforce profiles</li> <li>Functional hearing assessments being conducted in house.</li> <li>Following design of the ATA specification, the procurement exercise has been completed and the ATA selected. The project plan is in place for operational and support Apprentices. For operational apprentices we have commenced engagement work with the public and educational establishments and familiarisation days are being held in April 16 prior to formal advertising and selection. Successful recruits will undertake initial training at FSC in August 2016 and be</li> </ul>	A	<ul style="list-style-type: none"> <li>Next SMB planning meeting 8 June 2015</li> <li>Potential to offer different and more flexible contractual arrangements which may be more attractive to an aging workforce with different needs and priorities</li> <li>Encourage a balance of demographics across the organisation</li> <li>Succession and workforce planning to be developed further.</li> <li>Review opportunities for reasonable adjustments for aging workforce.</li> </ul> <p><b><u>21 May 15 PMB</u></b> An initial score of 3 x 3 = 9 recommended for this newly defined risk.</p> <p><b><u>16 June 15 SMB</u></b> Risk approved for inclusion in Corporate Risk Register.</p> <p><b><u>1 September 2015 SMB</u></b> 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 5 July SMB 2016**

		<ul style="list-style-type: none"> <li>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.</li> </ul>					available as an operational resource in October 2016.		
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<b>To:</b>	<b>Document Type:</b>	✓	<b>Document Summary:</b>
<ul style="list-style-type: none"> <li>• Fire Authority Members</li> <li>• Brigade Managers</li> <li>• Area Commanders</li> <li>• Group Commanders</li> <li>• Station Commanders</li> <li>• Support Service Directors</li> <li>• Support Service Managers</li> </ul>	Policy	✓	The purpose of this document is to set out the Authority's policy, structures, processes and methodology for the management of corporate risks.
	Assessment		
	Procedure		
	Guidance Note		
	Technical Note		
	Information		
	<b>Safety Critical</b>		
<b>Keyword: Risk</b>			
Please note that as Documents are frequently updated, if you print a document, its accuracy cannot be guaranteed, always check for latest version.			

## Document History

- 1.0 First issue August 2006.
- 2.0 The policy and accompanying guidance was reviewed and updated following the outcomes of an Internal Audit review of Corporate Risk Management, the findings of which were presented to the Overview & Audit Committee in December 2014.

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## 1.0 Policy Statement

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

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## 2.0 Risk Management Definitions

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

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

## 3.0 Risk Appetite

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

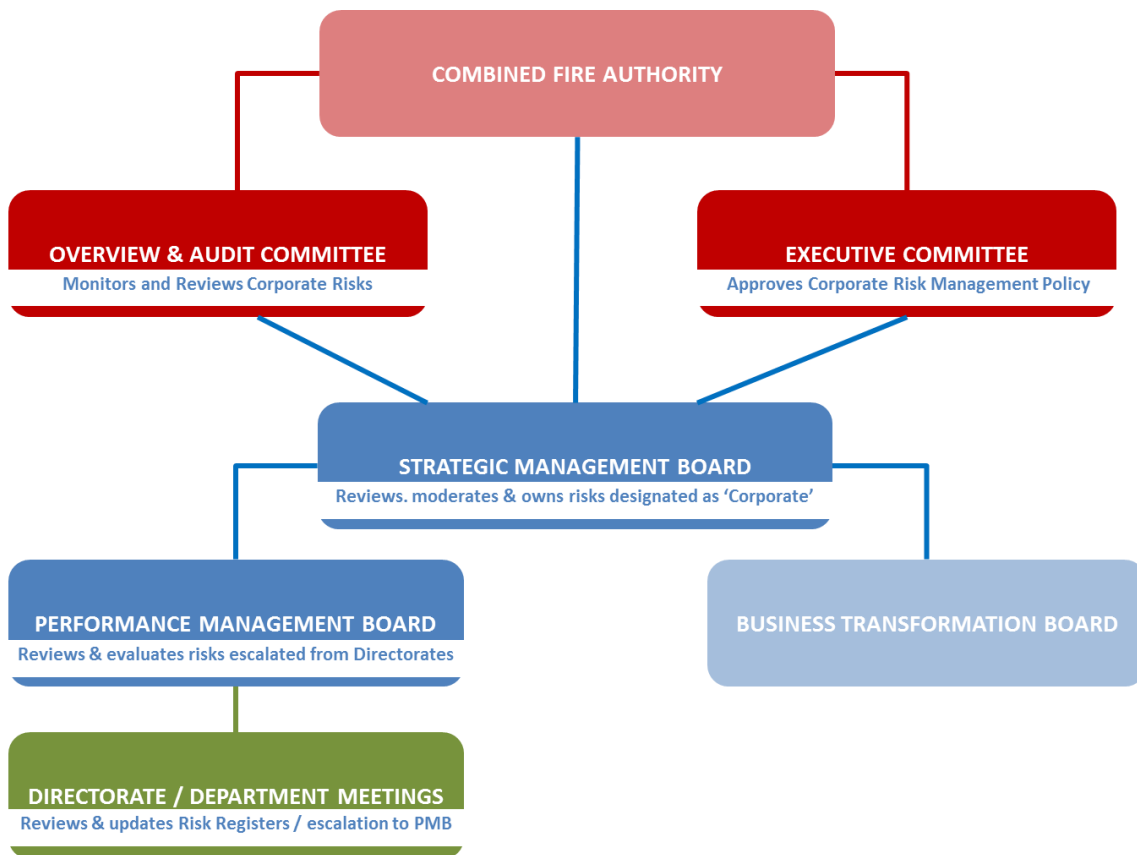
As a general principle risks attracting a combined score of 15 or more on the Probability and Impact Grid (shown at Appendix B) will be considered intolerable by the Authority and prioritised for treatment in order to eliminate or reduce the risk to acceptable levels. However, the Authority, at its discretion,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

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## 4.0 Governance Structures

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



4.2 Monitoring and management of corporate risks is carried out at a level commensurate with the nature and magnitude of the risk.

4.3 Risk management is embedded in the Service's core operational, support and change management processes. Risks with the potential to become Corporate Risks are captured and evaluated in Risk Registers maintained by all significant business units within the Service (typically at Directorate level). These risks are regularly reviewed in Directorate Management Meetings and may be escalated to the Performance Management Board (PMB) at the discretion of the relevant Director / Head of Service if they meet the escalation criteria set out at pages 9-10 of this document.

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

## 5.0 Roles & Responsibilities

### 5.1 Authority Members

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

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

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

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

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

## 5.2 Chief Fire Officer / Chief Executive

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

## 5.3 Directors and Heads of Service

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

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

## 5.4 Corporate Planning Manager

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

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

# 6.0 Risk Management Processes and Methods

## 6.1 Identification of risks

Corporate risks can emerge from a variety of sources including:

- Authority / Service processes & systems
- People (staff, CFA members, partner organisations, contractors, the public)
- Buildings & equipment
- Contracts

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- Partnerships arrangements & activities
- The policies, actions and activities of Central Government
- Other external Political, Economic, Social, Technological, Environmental or Legal (PESTEL) factors

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

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

## 6.2 Evaluation of Risks

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

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

## 6.3 Recording & Reporting of Risks

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

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

## 6.4 Managing Risks

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

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

## 6.5 Risk Escalation Criteria

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

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

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

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

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**Appendix A: Risk Evaluation Framework - Probability**

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

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

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

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**Appendix B**

**BFRS Probability Impact Grid (PIG)**

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

↑ Risk Tolerance Line

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### Appendix C: Risk Register Template

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

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# Buckinghamshire & Milton Keynes Fire Authority

<b>MEETING</b>	Overview and Audit Committee
<b>DATE OF MEETING</b>	27 July 2016
<b>OFFICER</b>	Julian Parsons, Head of Service Development
<b>LEAD MEMBER</b>	Councillor Andy Dransfield
<b>SUBJECT OF THE REPORT</b>	<b>Business and Systems Integration Project: Progress Report</b>
<b>EXECUTIVE SUMMARY</b>	<p>The procurement process is now complete.</p> <p>Since the last Overview and Audit Committee meeting there has been the following activity:</p> <p>We have awarded the following :</p> <ol style="list-style-type: none"> <li>1. The Finance System will be supplied by Capita.</li> <li>2. The HR and Payroll system will be supplied by Capita on behalf of Midland HR.</li> </ol> <p>This will allow us to move away from SAP and offer staff a user friendly, modern system.</p> <p>The contract has been executed. Payment is split over 20 milestones based on delivery and sign off by the project board.</p> <p>We chose to not award the following elements at this time, but our plan is:</p> <ul style="list-style-type: none"> <li>• Community Fire Safety: <ul style="list-style-type: none"> <li>- A supplier day has been held and the requirements redefined before going back out to tender. This area has been renamed Premises Risk Management.</li> <li>- The tender was issued on 21 April 2016</li> </ul> </li> <li>• Resource Management &amp; Asset Management: <ul style="list-style-type: none"> <li>- These two elements were not due to go live until the second half of the project, we will revisit these in late summer.</li> </ul> </li> </ul> <p>At the time of completing this report the current activities are underway:</p> <ul style="list-style-type: none"> <li>• Premises Risk Management Tender closes on 23 May 2016 with supplier selection planned for 3 June 2016</li> <li>• Finance/HR &amp; Payroll implementation plan is being created through workshops with the suppliers and end users</li> </ul>

<b>ACTION</b>	For information.
<b>RECOMMENDATIONS</b>	That the report is noted.
<b>RISK MANAGEMENT</b>	<p>The project risks will be contained within a project risk register.</p> <p>Current project risks can be seen in Appendix A – Highlight report – April 2016.</p> <p>The governance of this register, including escalations will be in line with existing service policy.</p>
<b>FINANCIAL IMPLICATIONS</b>	There are no further financial implications related to the project identified in this paper.
<b>LEGAL IMPLICATIONS</b>	There are no further legal implications related to the project identified in this paper.
<b>CONSISTENCY WITH THE PRINCIPLES OF COLLABORATION</b>	<p>Opportunities for collaboration have been actively sought and considered during this procurement phase of the project.</p> <p>Collaboration has been explored with RBFRS and OXFRS. Further collaboration was explored with Oxford City Council and Reading Council. None of these potential collaborations have led to formal agreements due to various issues around differing needs and timings. RBFRS have been named on our tenders as a future partner.</p> <p>Oxford City Council have been named on the Premises Risk Management Tender.</p> <p>Agreements of information sharing have been made with the other potential partners.</p>
<b>HEALTH AND SAFETY</b>	No Health and Safety implications perceived at this time.
<b>EQUALITY AND DIVERSITY</b>	No Equality and Diversity implications identified at this time.
<b>USE OF RESOURCES</b>	<p>The project is managed by the Project Manager. The Project Manager is proactively using existing skills and experience within the workforce to move the project forward.</p> <p>A decision has been made to not recruit the Business Analyst and utilise the skills of the supplier instead.</p> <p>Agreement reached to release HR resource to support the implementation of HR &amp; Payroll over year 1, backfill funded from budget.</p> <p>A resource plan is being created alongside the implementation plan.</p> <p>As per our agreed governance arrangements a team of staff from across the organisation who are end users</p>


	<p>of the new software will be carrying out the evaluation of tenders through a two stage process (technical scoring followed by presentations with a question and answer session).</p> <p>Staff are being kept abreast of progress through the i:drive and blogs. A full communication strategy will be implemented as part of the roll out of the new systems and in line with the project plan which has to be agreed with the suppliers.</p>
<p><b>PROVENANCE SECTION &amp; BACKGROUND PAPERS</b></p>	<p><b>Background</b></p> <p>As part of the ICT Strategy 2014-2019 an independent review of systems integration was commissioned. An external consultant undertook this task and delivered a business case which was formally agreed to be progressed by the Executive Committee Meeting 29 July 2015.</p> <p>The project is scheduled to be delivered in phases over a two year period.</p> <p><b>Background Papers</b></p> <ul style="list-style-type: none"> <li>• ICT Strategy 2014-2019</li> <li>• Business and Systems Terms of Reference</li> <li>• Business and Systems Integration Business case</li> <li>• Business and Systems Integration Project: Governance Reporting Arrangements (18 November 2015)</li> </ul>
<p><b>APPENDICES</b></p>	<p>Appendix A: Highlight Report – April 2016</p> <p>Appendix B: Highlight Report – February/March 2016</p>
<p><b>TIME REQUIRED</b></p>	<p>5 Minutes.</p>
<p><b>REPORT ORIGINATOR AND CONTACT</b></p>	<p>Anne-Marie Carter  <a href="mailto:acarter@bucksfire.gov.uk">acarter@bucksfire.gov.uk</a>                      07966 886689</p>

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**Appendix A – Sponsor Highlight Report – April’16**

# Business & Systems Integration project – April 2016

<b>Business Owner:</b> <b>Project Manager:</b> <b>Business Sponsors:</b>	<b>Julian Parsons</b> <b>Anne-Marie Carter</b> <b>Lynne Swift</b> <b>David Sutherland</b>	<b>Project Objectives:</b> To streamline, automate and integrate systems and business processes across: - Community Fire Safety, Resource Management, Asset Management, HR, Payroll, Finance & Planning Data duplication will be reduced and the efficiency and effectiveness of both our processes and MI will increase	<b>Overall RAG</b> 
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<b>Finance</b>		<b>Plan</b>		<b>Risks &amp; Issues</b>		<b>Scope</b>		<b>Resources</b>	
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**Exec Summary – Past Period’s Activities**

- Finance, HR & Payroll*
- Capita Contract signed
    - Slight delay due to availability of Capita team
    - Milestone payment plan agreed – payment based on project deliverables rather than dates
- Premises Risk Management Re-Tender*
- Supplier day held – 6 suppliers attended and we shared our requirements with an opportunity for Q&A.
  - Tender issued
    - Following conversations with AC Heycock we are planning to name Oxford on this tender.
- Finance*
- Final 15/16 costs - £40k
- Other*
- AMC completed 6 month probation and been confirmed in position as BASI project manager

**Key Decisions Required:**

- None

**Priorities for Next Period - May**

- Finance, HR & Payroll*
- Kick off Project ☺
  - Create implementation plan based on resource capacity
  - Agreement on resources needed and backfill plan/costs
  - Visit other FRS with iTrent to gain insight into how the system operates and implementation learnings
- Premises Risk Management*
- Start evaluating tenders

Next Business Sponsors Meeting – TBC

**Risks & Issues**


Risk/ Issue	RAG	Description	Mitigating Action	Next Action
R	Yellow	Resource availability	- Work with Stakeholders to build implementation plan - Agreement on resources needed and backfill plan/costs	May
R	Green	Budget Management	Review monthly	Ongoing






**Key Milestones**

Milestone	Forecast/ Actual	RAG
Project Kick off Meeting with Capita/MHR and senior end users	Early May	Green
Premises Risk Management Supplier agreed	End of June	Green
Next BTB	19 <sup>th</sup> May	Green
Next O&A	27 <sup>th</sup> Jul	Green

**Appendix B – Sponsor Highlight Report – February/March’16**

# Business & Systems Integration project – Feb/Mar 2016

<b>Business Owner:</b> <b>Project Manager:</b> <b>Business Sponsors:</b>	<b>Julian Parsons</b> <b>Anne-Marie Carter</b> <b>Lynne Swift</b> <b>David Sutherland</b>	<b>Project Objectives:</b> To streamline, automate and integrate systems and business processes across: - Community Fire Safety, Resource Management, Asset Management, HR, Payroll, Finance & Planning Data duplication will be reduced and the efficiency and effectiveness of both our processes and MI will increase	<b>Overall RAG</b> 
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<b>Finance</b>		<b>Plan</b>		<b>Risks &amp; Issues</b>		<b>Scope</b>		<b>Resources</b>	
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**Exec Summary – Past Period’s Activities**

*Tender*

- Tender Complete
  - Finance system will be supplied by Capita.
  - HR and Payroll system will be supplied by Capita on behalf of Midland HR
  - The remaining elements (Community Fire Safety/Asset Management & Resource Management) were not awarded
- Extra feedback provided to Infographics
- Price negotiation completed
- Contract work started

*Premises Risk Management Re-Tender*

- Community Fire safety renamed Premises Risk Management
- Requirements workshop complete







*Finance*

- YTD - £40k spent to end of Mar '16

*Other*

- Officers update completed
- Good update at O&A – No challenges
- Continuous Improvement training trial completed – 22<sup>nd</sup> March

**Key Milestones**

Milestone	Forecast/ Actual	RAG
Contract Completed and signed	Early Apr	
Start work with senior end users	Mid Apr	
Premises Risk Management Tender Issued	Mid Apr	
Premises Risk Management Supplier agreed	Late May	
Next BTB	31 <sup>st</sup> Mar	
Next O&A	27 <sup>th</sup> Jul	

**Key Decisions Required:**

- None

**Priorities for Next Period - April**

*Tender*

- Contract to be agreed and signed
- Premises Risk Management
  - Supplier day to be held -10 suppliers invited
  - Tender document to be completed and issued
- Create implementation plan for inclusion in contract
- Kick off Project ☺

Next Business Sponsors Meeting – 18<sup>th</sup> April – TBC

**Risks & Issues**

Risk/ Issue	RAG	Description	Mitigating Action	Next Action
R		Resource availability	Work with Stakeholders to build implementation plan that will be added to contract	Apr
R		People continue to want best in class	Tender process ensured we got the right product for us and allowed us to not award to suppliers not fit for purpose	Closed
R		Tender Costs are over budget	3 elements awarded are within budget. New risk to be opened to manage ongoing costs alongside retender(s)	Closed
R		Budget Management	Review monthly	Ongoing



# Buckinghamshire & Milton Keynes Fire Authority

<b>MEETING</b>	Overview and Audit Committee
<b>DATE OF MEETING</b>	27 July 2016
<b>OFFICER</b>	Julian Parsons, Head of Service Development
<b>LEAD MEMBER</b>	Chairman of Overview and Audit Committee
<b>SUBJECT OF THE REPORT</b>	<b>Balanced Scorecard Report 2015-16</b>
<b>EXECUTIVE SUMMARY</b>	<p>This report provides an annual review of performance against the outcome measures specified in the Authority's 2015 - 20 Corporate Plan. It covers performance over the period 1 April 2015 - 31 March 2016.</p> <p>The balanced scorecard shows progress towards achievement of our key strategic aims and focuses on Prevention, Protection and Response along with overall financial performance. The 2015-16 report also includes performance benchmarked against comparable fire and rescue services that make up our family group (i.e. of similar size, demographics and geography).</p> <p>This year's balanced scorecard continues to show a picture of a cost effective Service delivering beneficial outcomes for the public of Buckinghamshire and Milton Keynes while being one of the lowest cost Services both in overall terms and on a per head of population basis.</p>
<b>ACTION</b>	Information.
<b>RECOMMENDATIONS</b>	That the Committee acknowledge the out-turn performance against the outcome measures specified in the Corporate Plan 2015-20.
<b>RISK MANAGEMENT</b>	Performance measurement provides a means of assessing the effectiveness of the Service's overall risk management strategy. It also supports the resource allocation process. Benchmarking allows the Service to understand its position in relation to national trends and performance and understand the reasons for any local variances to these.
<b>FINANCIAL IMPLICATIONS</b>	A detailed understanding of the Service's performance allows informed decision making in relation to future resource allocation.

	The Balanced Scorecard approach also allows an understanding of the Service's financial performance and enables a view to be formed of its overall value for money compared with others.
<b>LEGAL IMPLICATIONS</b>	No legal issues identified.
<b>CONSISTENCY WITH THE PRINCIPLES OF COLLABORATION</b>	This report will reference work-streams based upon the Authority's collaborative principles where this is deemed appropriate. While performance reporting is a matter for each authority based on their own IRMPs, there is collaboration and information sharing amongst fire and rescue services for benchmarking purposes.
<b>HEALTH AND SAFETY</b>	There are no specific Health, Safety and Well-being issues arising from this paper. Performance reporting on Health, Safety & Well-being is subject to separate performance reporting.
<b>EQUALITY AND DIVERSITY</b>	Where applicable the limited resources we have are being targeted at the most vulnerable based upon analysis of demographic data and available intelligence. This demonstrates an equitable process based upon risk to all members of the community. Non-domestic and domestic properties are targeted according to their risk in terms of fire and health, thus identifying the most vulnerable in the community.
<b>USE OF RESOURCES</b>	<p><b>Performance monitoring</b> The purpose of the reporting process is to provide timely performance monitoring information to Members.</p> <p>Future planning will be based upon the intelligence and performance information which is now input to "Viper" (the Authority's business intelligence system) and improves the availability of information to all stakeholders. This will continue to develop and incorporate further aspects of performance management (projects, corporate risks, elected members area and a citizens portal) to further enhance the information that is available for decision making and the 'open data' agenda.</p> <p><b>Communication with stakeholders</b> Informative and structured performance information incorporating stakeholder contributions.</p> <p>Since the move to the Home Office there has been announcements regarding the requirement for greater transparency of fire and rescue service performance for public consumption. At the time of authoring this report there is an expectation that there will be a consultation exercise with both fire and rescue services and the general public in relation to what such transparency should look like. Officers have</p>

	already been in discussion with Home Office officials on this subject and provided them with ideas based around our performance measures and philosophy.
<b>PROVENANCE SECTION &amp; BACKGROUND PAPERS</b>	<b>Background papers:</b> <ul style="list-style-type: none"> <li>• <a href="#">Corporate Plan 2015-20</a></li> <li>• <a href="#">Public Safety Plan 2015-20</a></li> </ul>
<b>APPENDICES</b>	Appendix A: Balanced Scorecard Performance Report Appendix B: Balanced Scorecard 2015-2016
<b>TIME REQUIRED</b>	10 minutes
<b>REPORT ORIGINATOR AND CONTACT</b>	Toni D'Souza, Manager – Information Team <a href="mailto:tdsouza@bucksfire.gov.uk">tdsouza@bucksfire.gov.uk</a> 01296 744444

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**Appendix A**



**End of Year 2015/16 Balanced Scorecard Performance Report**

## **Appendix A**

### **Executive Summary**

This report provides the Overview and Audit Committee with a review of the Service's out-turn performance for the 2015/16 year.

This is the second iteration of the balanced scorecard which was first used to report a balanced view of the Service's performance for the 2014/15 financial year.

Accidental dwelling fires and primary fires in non-domestic buildings have continued to fall due to the prevention activities of the Service. Although accidental dwelling fires have reduced there has been a small increase in the number of injuries.

The number of fire related deaths and non-domestic property fire injuries continue to be very low.

Average attendance times have improved for a second year reversing the previous trend and in contrast to a trend of increasing attendance times nationally.

Customer satisfaction remains very high.

Net expenditure per 1000 population remains well below the national average for all FRS and BFRS is still the lowest Band D council tax CFA.

### **Introduction**

This is the end of year report for 2015/16, covering BFRS's activities relating to Prevention, Protection, Response and Finance and provides performance monitoring information for Members.

Future reports will be based upon the information captured in "Viper" (BFRS's business intelligence system) and will provide key information for stakeholders. This will continue to develop, incorporating further aspects of performance management and business intelligence with the inclusion of: projects; corporate risk register; elected members' area; and, a citizen's portal. This will further enhance the information that is available for decision making and support the 'open data' agenda.

The report is in two parts:

Part one is the detailed commentary on the performance measures contained within the balanced scorecard;

Part two contains other performance measures which will be of interest to Members and also some key measures which have been benchmarked against other fire and rescue services of similar size, demography and geography to BFRS.

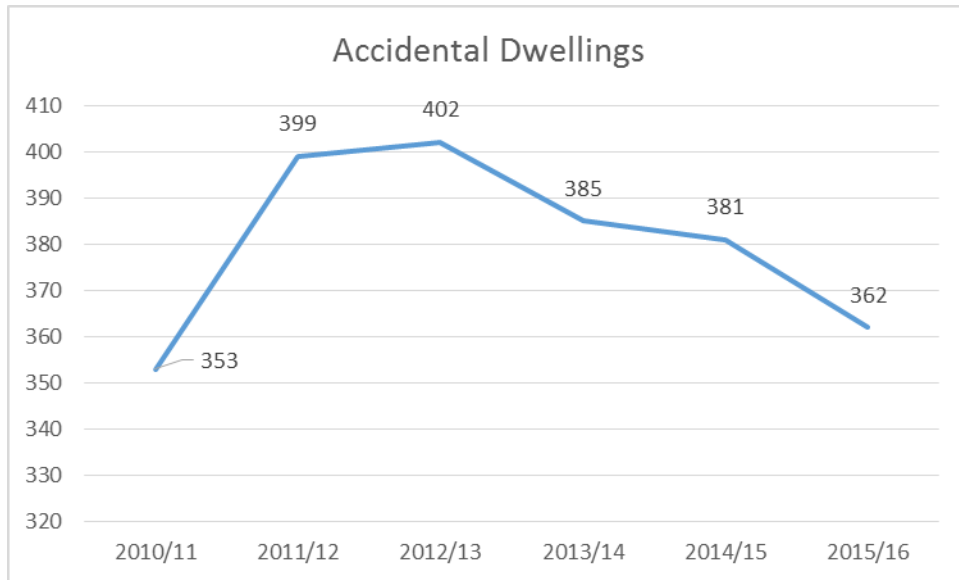


## Appendix A

### Part 1: Balanced Scorecard.

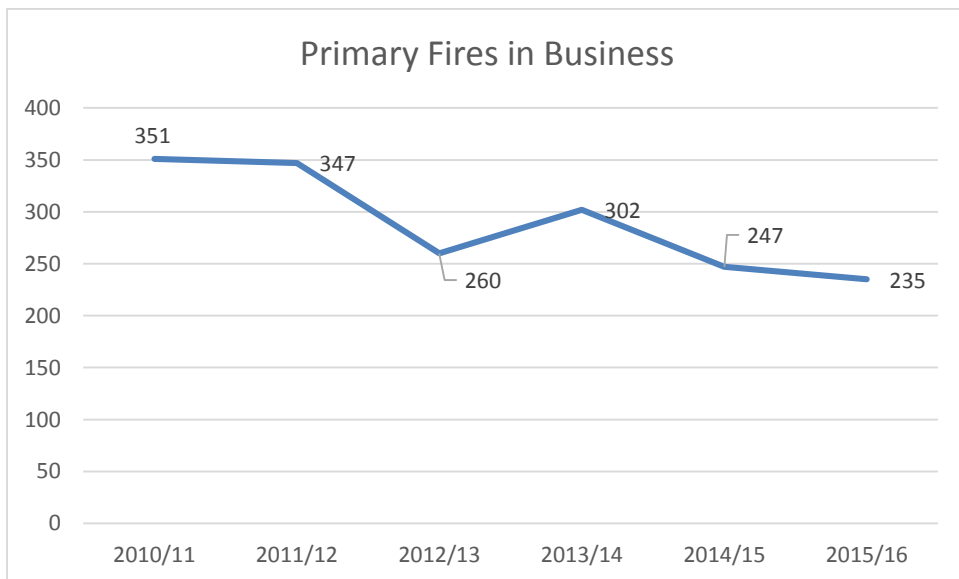
#### Prevention

##### Accidental dwelling fires



Source: IRS 05/2016 (excludes chimney fires)

##### Primary Fires in non-domestic buildings



Source: IRS 05/2016

## **Appendix A**

### **Primary Fires**

#### **Indicator Description**

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

The largest single type of primary fire occurs in the home and the prevention of these is a key focus for the Service.

For reporting purposes the Service only measures the following categories:

- Accidental Dwelling Fires
- Non Domestic Building Fires

In 2015/16 there were 314,940<sup>1</sup> domestic properties within Buckinghamshire & Milton Keynes and 21,642 non-domestic buildings.

Injuries and fatalities caused by fire are commented on later in this report.

#### **Performance Management**

The incident trends for the above categories show a continual reduction over the last 5 years with the total number of incidents for 2015/16 being 597 (of which 362 were dwelling fires) compared to 746 (of which 399 were dwelling fires) in 2011/12 a reduction of 20.2%.

The Service continues to use a range of tools to promote community safety and extend the fire safety message through local and national fire safety campaigns.

The forthcoming year will see the introduction of targeting based upon trend analysis and using historical data to predict future incidents. This will be supported by the use of data from partner organisations which will help identify the most vulnerable members of our communities. This will mark a move away from identifying areas of deprivation and will ensure resources are targeted at specific individuals where the data indicates they are at a higher risk from fire.

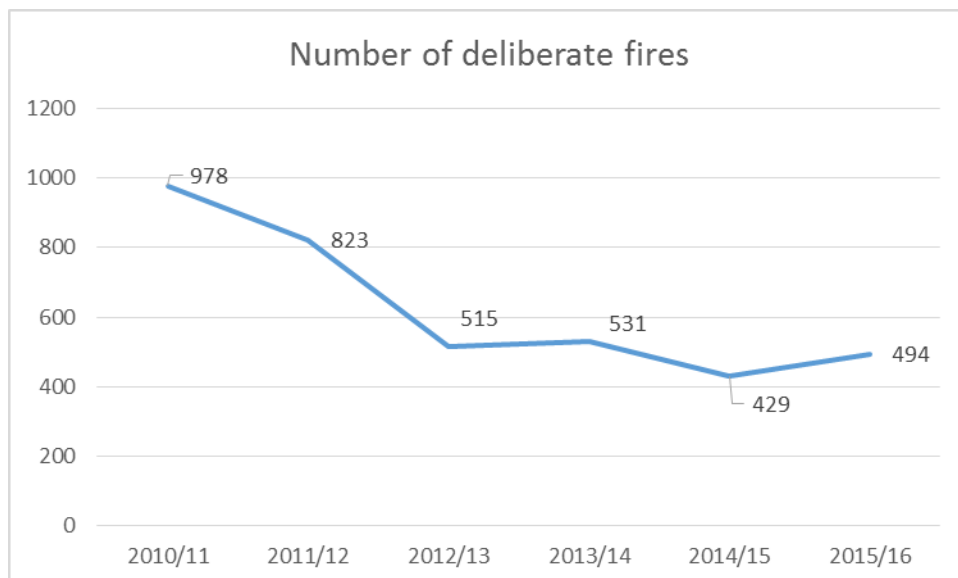
Primary fires in non-domestic premises continue to fall with 235 in 2015/16 compared with 347 in 2011/12. In part this is due to the Protection team conducting audits of premises where the data indicates a higher level of risk. This is supported by the information that in 2015/16, 66% of audits resulted in various levels of further action and enforcement, which indicates that the audits are being carried out in premises which do indeed present a risk.

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<sup>1</sup> Source: CiPFA FIRE 2016 Provisional

## Appendix A

### Deliberate Fires



Source: IRS 05/2016

### Indicator Description

The number of deliberate fires for Buckinghamshire and Milton Keynes was 494 in 2015/16 compared to 823 in 2011/12 a reduction of 40% over the five year period.

### Performance Management

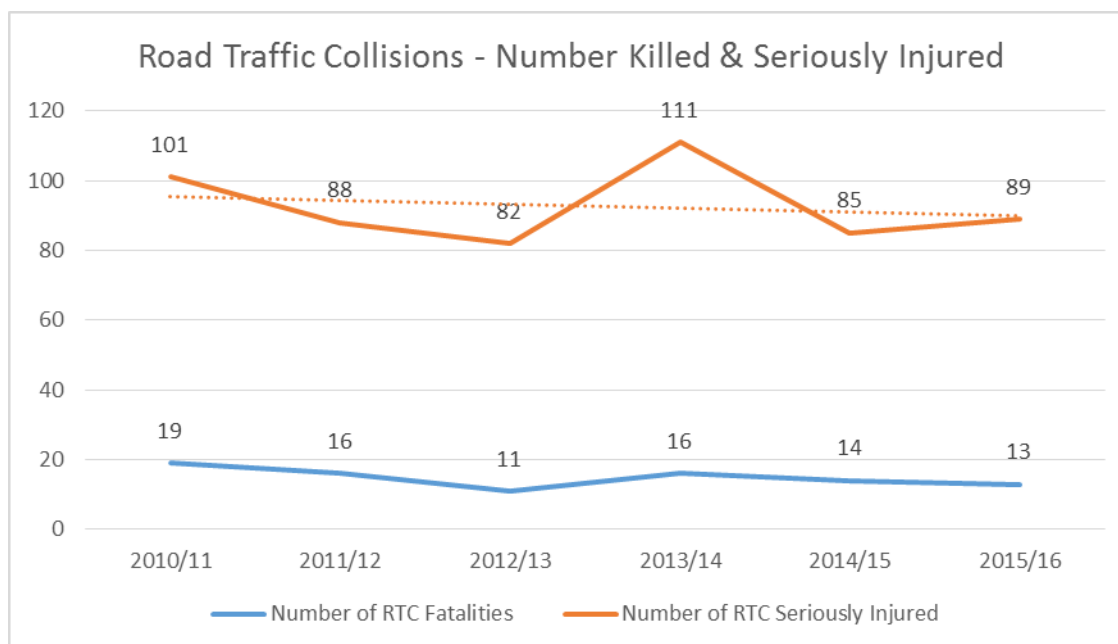
Although there was an increase in deliberate fires to 494 in 2015/16 compared to 429 in the previous year, the long-term trend is still reducing. This is due to a combination of pro-active measures employed by the Service. The education work targeting children at all keys stages, combined with the 'Firesetters' intervention programme, means that deliberate fires are continuing to decline.

The Service subscribes to a 'Contract for Service' with Thames Valley Police for an Arson Reduction Officer, a resource also shared with Royal Berkshire Fire and Rescue Service. This has resulted in more effective and simplified lines of communication with Thames Valley Police and allowed for trends to be identified in a co-ordinated manner. The Arson Reduction Officer has also initiated a Memorandum of Understanding with the local prisons to create a consistent approach to investigating incidents involving suspected arson and supporting the prison officers to prosecute offenders.

The close working relationship between Thames Valley Police and the Arson Reduction Officer has led directly to a number of arrests in 2015/16 for those involved in committing acts of arson.

## Appendix A

### RTC's Killed / seriously injured



Source: IRS 05/2016

### Indicator Description

The trend in the number of RTCs where fatalities and serious injuries occur. This has seen a reduction over the last five years.

### Performance Management

There has been a decline in those killed and seriously injured following road traffic collisions on a national level and this has also been observed locally. Whilst this is positive news there remain a number of pro-active prevention intervention schemes to support road safety.

There are specific educational talks for school students at Key Stage 3 who are about to start driving - this is based upon the number of young drivers killed or seriously injured over recent years. The Service works closely with driving examiners and uses this relationship to deliver road safety messages to newly-qualified drivers who are at a high risk of being involved in a road traffic collision.

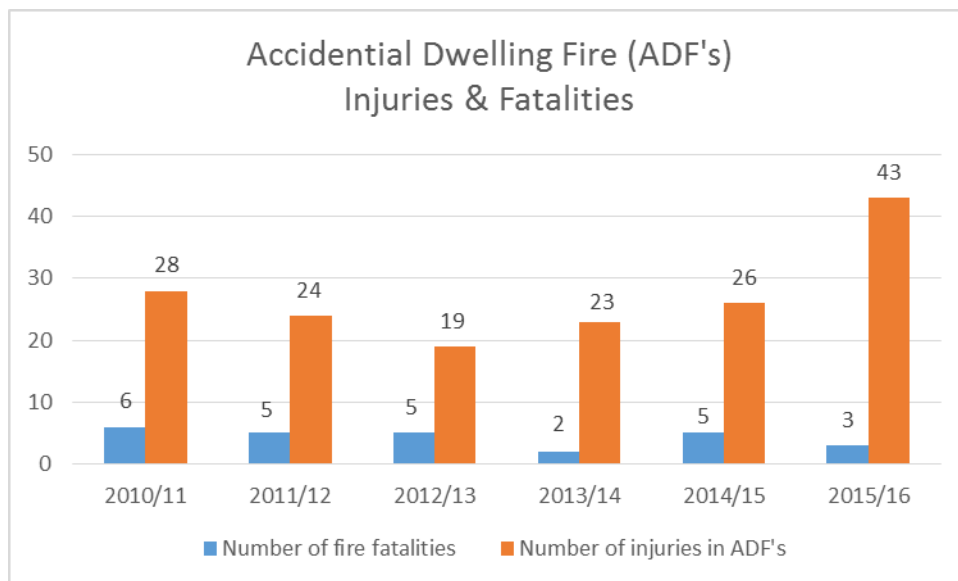
'Biker Down' is a popular prevention initiative aimed at motorcycle riders who pose a significant risk to themselves and other road users.

The Service I hosted a national road safety event at the Milton Keynes Safety Centre in June 2016 to show our commitment to improving road safety.

## Appendix A

### Protection

#### Fire Injuries & Fatalities



Source: IRS 05/2016

#### Indicator Description

This indicator counts those people whose cause of death has been identified as fire related even if they die sometime after the incident occurred.

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

The current population in Buckinghamshire & Milton Keynes is 781,100<sup>1</sup> an increase of 5.5% from 2011/12. Three fire related deaths occurred in 2015/16 which equates to 0.4 deaths per 100,000 head of population.

#### Performance Management

Although the number of fire fatalities remains relatively low, analysis of recent cases has enabled the Service to identify the main underlying causes. From this information the Service has evaluated how best it can further decrease the number of fire fatalities.

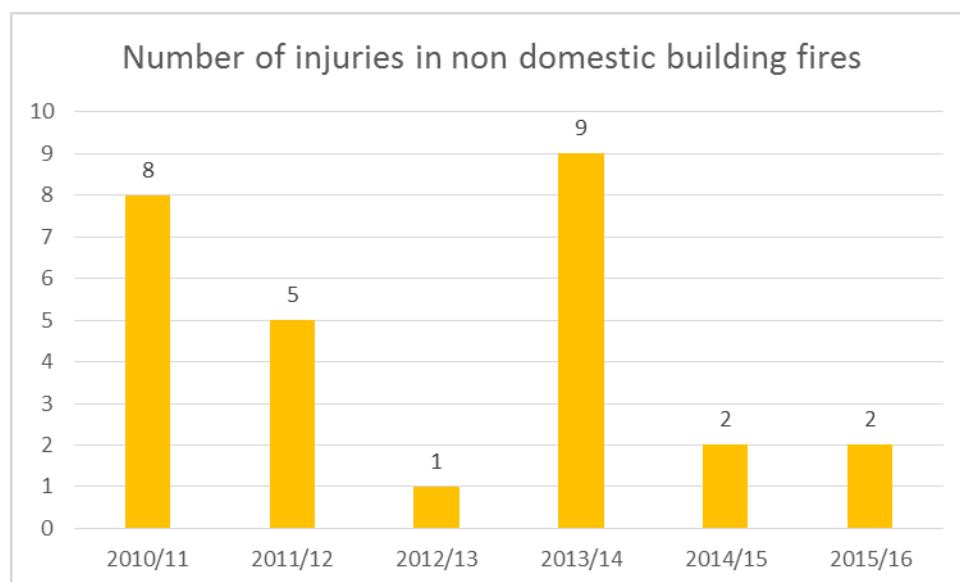
By working with partners such the NHS, who supply details of over-65s via the 'Exeter Database', the Service is able to ensure prevention resources and activities are geared towards the most appropriate people.

There has been a notable increase in the number of injuries up from 24 in 2011/12 to 43 in 2015/16. Of these 43, five were recorded as serious and 38 were slight. More detailed analysis indicates that 26 of the total 43, were people over 65, which indicates that our planned targeting of older people is appropriate.

## Appendix A

To decrease fire injuries and fatalities further, the Service is engaged with ongoing research into human behaviour to better understand how people react when confronted with a fire in their home. By gaining this insight, it will be possible to ensure prevention messages and training are aimed specifically at those most in need. This LIFEVID research is already enabling operational crews to deliver advice to members of the public aligned to specific needs.

### Number of Injuries in Non-Domestic buildings



Source: IRS 05/2016

### Indicator Description

There are four different severity levels for the recording of fire related injuries: serious; slight; first aid at scene; and, precautionary check.

For reporting purposes only serious and slight injuries are represented.

The total number of fire related injuries in non-domestic premises in 2015/16 was two, compared with five in 2011/12.

Non-domestic buildings cover a wide range of buildings and structures including offices, care homes, hospitals and buildings that are not subject to the Regulatory (Fire Safety) Reform Order e.g. garages.

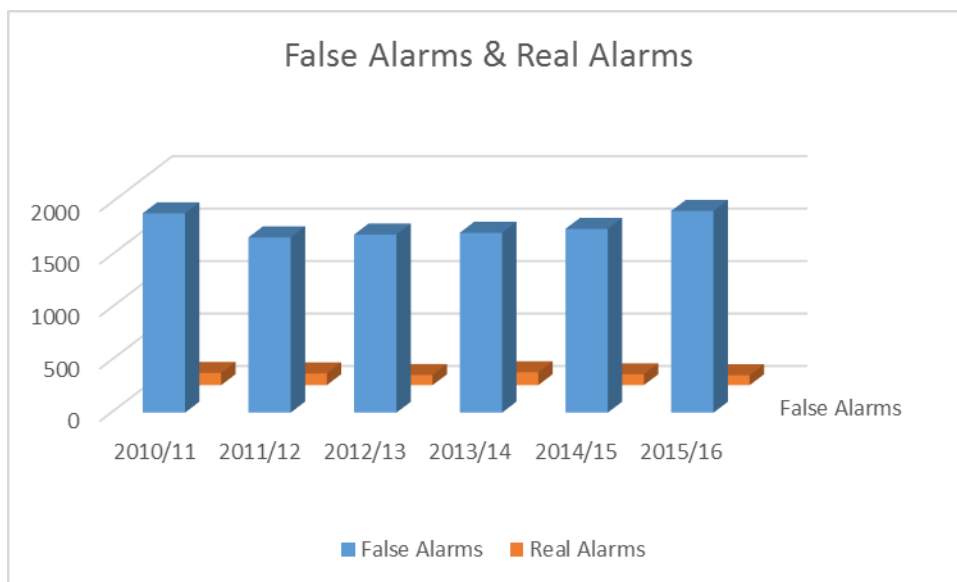
### Performance Management

Whilst the number of injuries from fires in dwellings and non-domestic premises remains relatively low, the Service treats them as an opportunity to learn. This may be in the form of issues around operational training or targeting those people most at risk from fire. The fact that there were only two fire-related injuries at non-domestic premises is an indication that the Service's protection

## Appendix A

strategy is having a positive effect and supports the risk-based audit programme.

### False Alarms and Real Alarms



Source: IRS 05/2016

### Indicator Description

Fire Alarms and fire detection systems are fundamental in providing early warning of fire, giving people the chance to evacuate in a safe manner. To ensure they are effective they must be installed and maintained properly to avoid activation when there is no fire.

The overall number is less than 2011/12, although there was an increase in 2015/16 compared to the previous years. This must be set against a backdrop of hundreds of new and altered fire alarm systems that will be installed in premises in Buckinghamshire and Milton Keynes annually.

Real alarms have shown an upward trend over the last five years. This is where the Service has attended the activation of a fire alarm and has discovered a fire, indicating the fire alarm system has performed the task it was designed to do. In doing so the Service was able to effectively reduce the effects of the fire. Many other fire and rescue services do not routinely attend the activations of fire alarm systems in the way we do meaning that fires such as these tend to become more developed before they come to the fire services attention through other means (e.g. staff or passer by making 999 call).

## Appendix A

### Performance Management

Overall there is a continued downward trend of false alarm attendance. The number of real alarms is increasing, proving the worth of alarms being fitted in premises that require them from a risk perspective.

This Service is unique in attending all automatic fire alarms activations reported to the Service. It provides the opportunity to positively engage with businesses to create safer systems of work whilst over time reducing the demands on the Fire and Rescue Service. This approach aligns with the government's desire for regulators to support commerce appropriately.

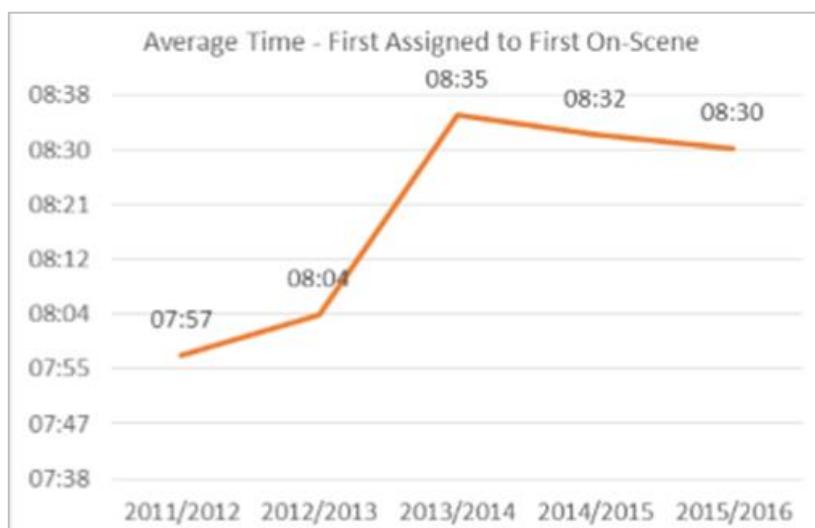
Whilst there was a slight increase in the number of attendances at automatic fire alarm incidents in 2015/16 these are used as positive opportunities to engage with business which is evidenced with the continued decrease in primary fires and fire injuries in commercial premises.

### Response

#### Emergency response trends

##### Indicator Description

This indicator measures the average time it takes for the first assigned appliance to arrive at an incident.



Source: IRS 05/2016

### Performance Management

The Service is always aiming to improve attendance times and the move to the Thames Valley Fire Control Service supports this, with the introduction of



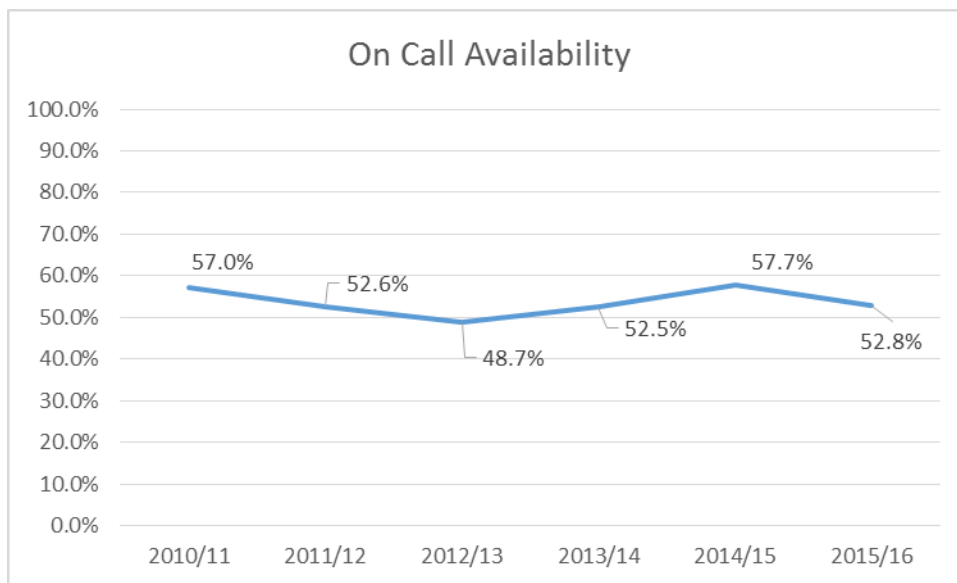
## Appendix A

Automated Vehicle Locating System (AVLS) which ensures that the nearest appliance will attend the incident irrespective of traditional Service boundaries.

Significant analytical work is being undertaken to look in more detail at risk and demand to further refine our resourcing model.

Nationally, fire and rescue service attendance times have been increasing attracting interest from the press and representative bodies. We have been successful in reversing this trend locally over the last two years.

### Appliance Availability



Source: IRS 05/2016

### Indicator Description

This indicator identifies the percentage of times when on-call appliances have sufficient personnel to allow them to be available to respond to emergency calls.

### Performance Management

The availability of on-call appliances continues to be challenging reflecting the national picture. The improvement which started in 2012-13 is being maintained. This is due to a number of factors:

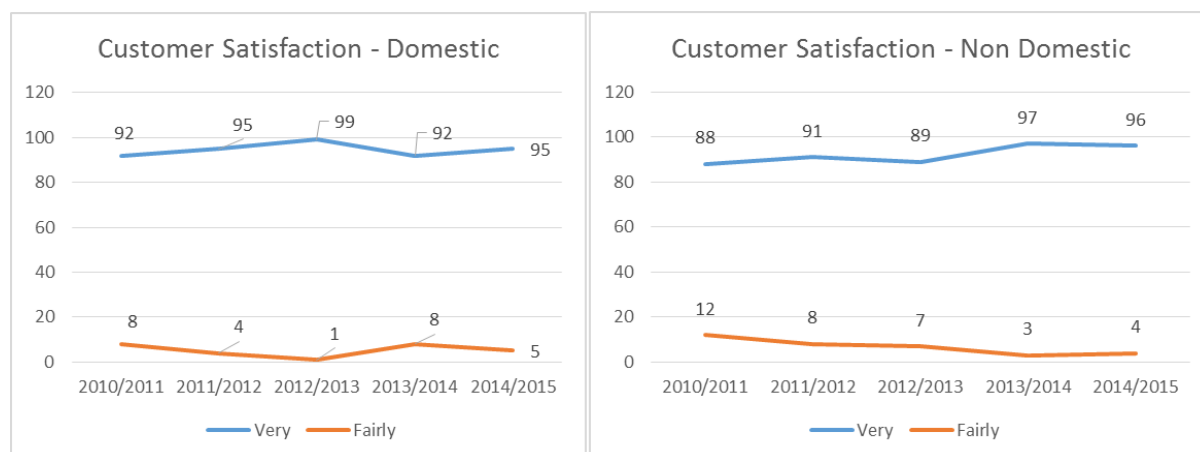
- The increased use of an Operational Resourcing Pool has targeted the use of 'surplus' whole-time staff to crew on-call appliances which would otherwise be deficient - this is mainly due to the pro-active investment made in the Resource Management Team;
- Improved software-based management systems to highlight on-going crewing issues linked to more timely recruitment;

## Appendix A

- A more robust management system for gaining information from staff during exit interviews to ascertain what the Service needs to do to make the on-call system more sustainable and attractive for potential and current employees and the external employers of those staff.

These figures must also be set against a backdrop of our operating model where operational staff (both wholetime and on-call) are used in a much more flexible way to provide fire cover when it is needed. Although there have been improvements in overall availability there are communities which struggle to provide sufficient crew members. Whilst the above measures are used to attempt to overcome the issues, the Service is also looking at using different delivery models to ensure maintenance of a response e.g. the Small Fires Unit has been stationed at Stokenchurch as it requires a crew of two, rather than a minimum of 4 personnel for a 'traditional' fire appliance.

### Customer Satisfaction



### Indicator Description

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

### Performance Management

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

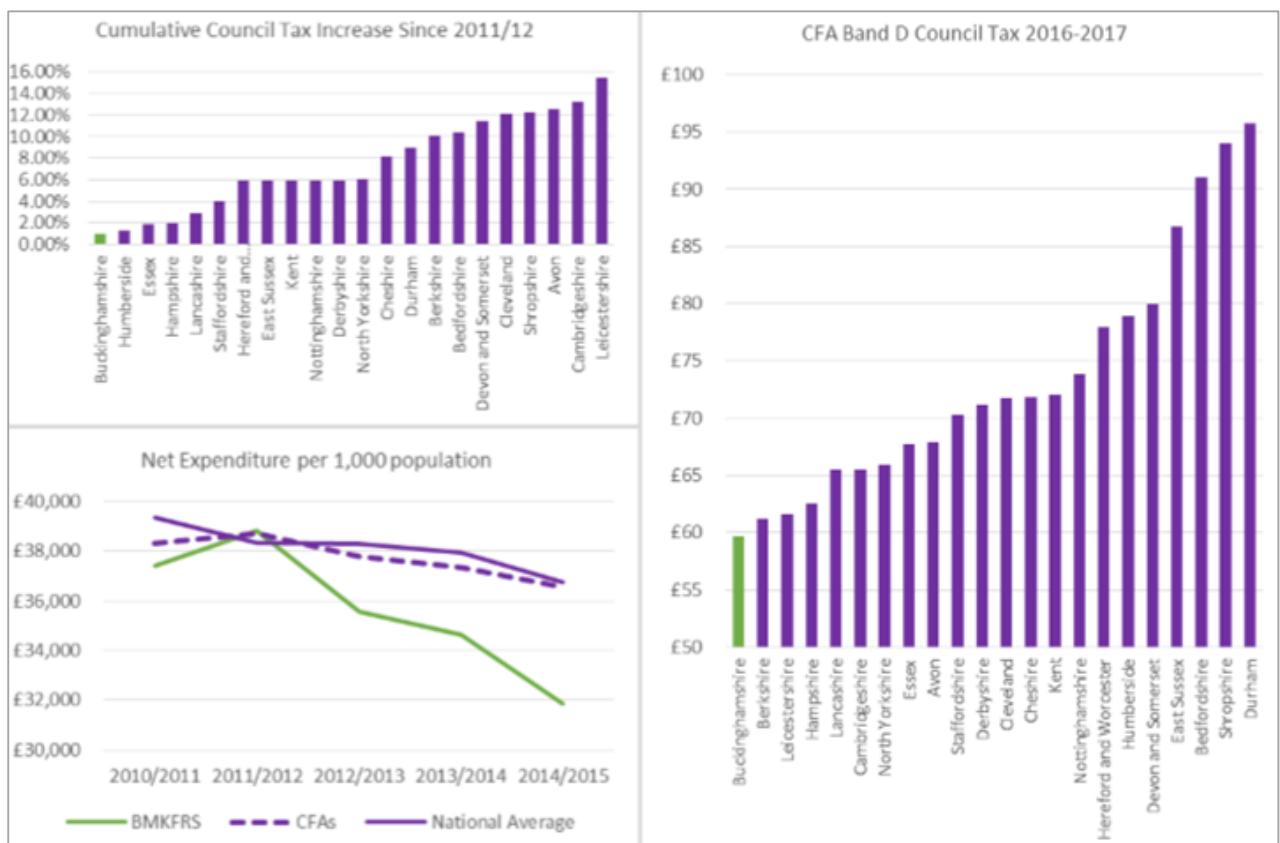
## Appendix A

This data remains very useful to the Service and will be used and challenged in the future when it becomes used in national research, under the LIFE BID project, which aims to better understand human behaviour in the event of fire.

### Financial Performance

More details relating to the Service's financial performance are regularly reported to the Fire Authority and its sub-committees.

In respect of the balanced scorecard this report shows that BMKFA precept the lowest Band D council tax of any Combined Fire Authority and have imposed the lowest cumulative tax increase of any other fire authority since 2011/12. It is also significantly below the average in terms of net expenditure per 1000 population.

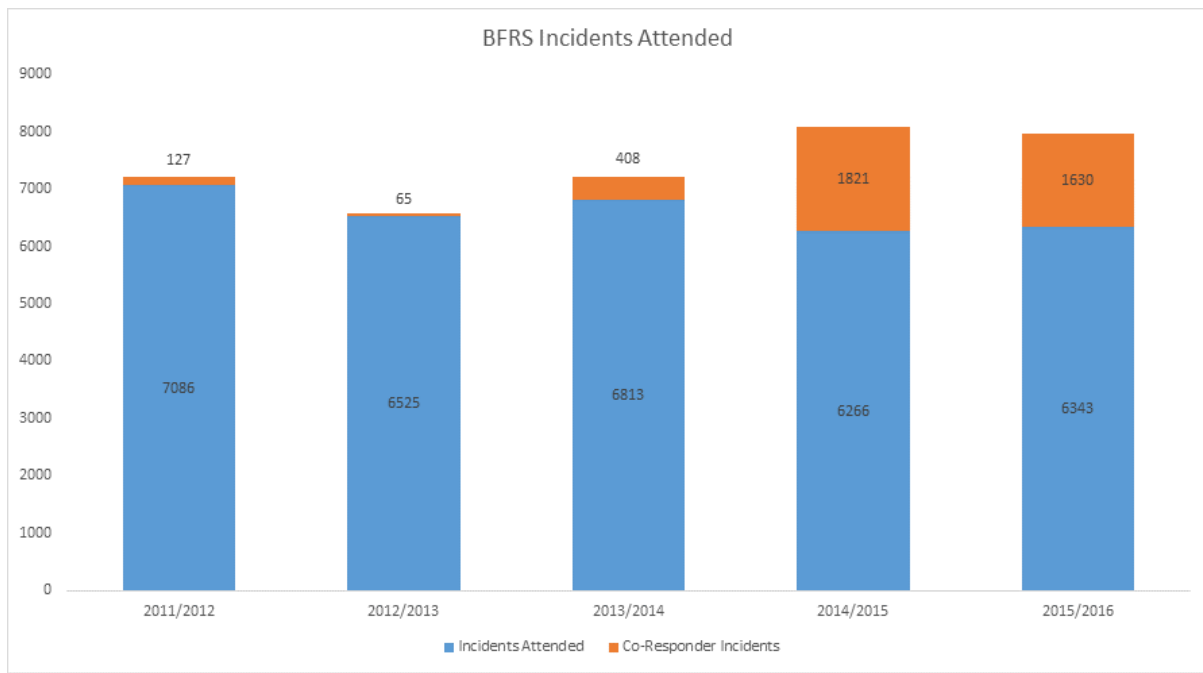


Source: CiPFA FIRE 2016 Provisional

## Appendix A

### Part 2: Supplementary performance information and Benchmarking.

#### Overall Incident Profile



#### **Indicator Description**

The above table shows the overall number of incidents attended by BFRS during the reporting period. The table also includes our attendance at co-responding incidents.

#### **Performance Management**

In spite of increasing population and expanding business in the Service's area the number of incidents remain static. The more serious incidents have continually been driven down in numbers while the slight increase is entirely down to small rises in unwanted fire signals and deliberate fires.

The changing nature of the Service's operations can be seen in the significant number of corresponding calls the service attends. It is extremely close to being the single largest type of incident we attend (behind unwanted fire signals).

#### **Co-responding**

Location of Co-responder Incidents

## Appendix A

	Mobile	Attended
Great Holm	3	3
Aylesbury	32	29
Buckingham	101	96
Winslow	7	6
Waddesdon	2	2
Haddenham	2	2
Amersham	62	53
Chesham	213	193
Gt Missenden	33	27
High Wycombe	1133	944
Princes Risborough	12	8
Stokenchurch	49	39
Marlow	146	123
Beaconsfield	119	90
Gerrards Cross	6	3
OTB	18	12
Grand Total	1938	1630

Source: IRS 05/2016

### Indicator Description

The BFRS co-responding scheme started in March 2014 and has proved very successful with a total of 1938 callouts being made up to March 2016.

The majority of calls have been within High Wycombe with the most common cause of call out being for breathing difficulties.

As the scheme is still in its infancy it is difficult to measure performance. However, there is no doubt that lives have been saved as a result of the scheme.

### Performance Management

The initial trial for Co-responding started in 2011 at Great Missenden Fire Station using a Vauxhall Corsa ambulance car, which was fitted with blue lights, sirens and finished with a yellow and green Battenberg marking pattern. standard medical kit, including Entonox and an AED (defibrillator), was carried (this specification is currently used at our all our co-responder locations).

Following the trial, a decision to expand the scheme was made. The Chesham and Marlow areas were identified where SCAS consistently failed to achieve their Red 1 calls (Medical intervention within 8 minutes of receiving a 999 call). Schemes similar to the one at Great Missenden were then initiated.

## Appendix A

The opportunity to trial a new pilot scheme at High Wycombe also presented itself. A “positive hours” car crewed scheme was initiated.

High Wycombe, Chesham & Marlow, all went live on the 1st March 2014. In May 2014, it was decided to no longer continue with the Great Missenden scheme, this was due to a number of reasons, including not making the ‘Red 1’s’, staff shortages and SCAS repositioning its resources.

We continue to trial a new scheme at Buckingham Fire Station, this scheme went live on the 6th May and involves co-responding being delivered from the Day Crewed appliance, 22P1. A car scheme is also now available from Buckingham and Aylesbury, running along the same lines as Chesham & Marlow. 2016 saw the first support staff member successfully complete their training and they now form part of the team at Aylesbury providing on-call co-responder cover.

### Current locations

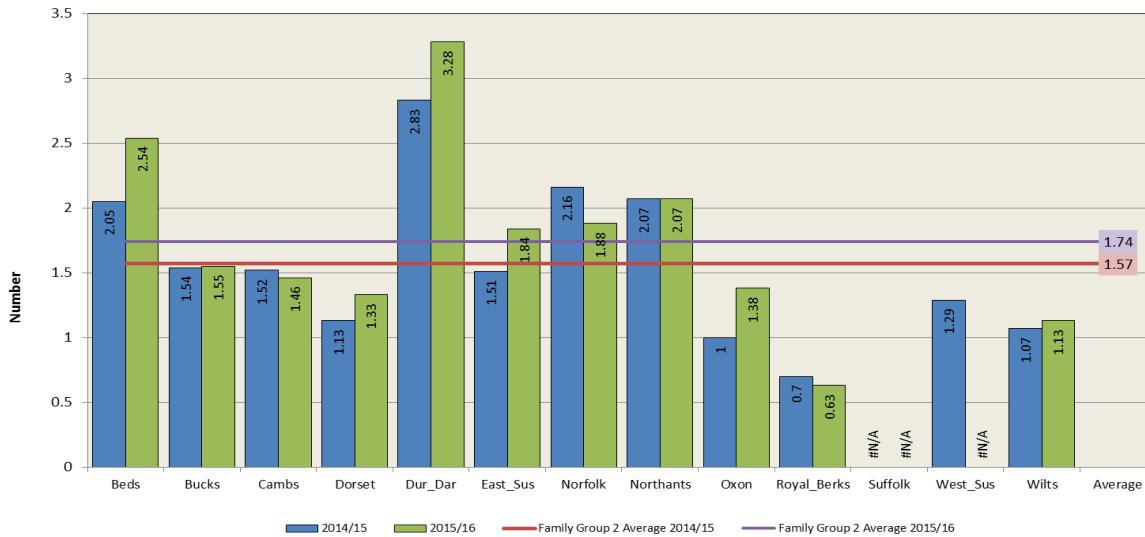
Chesham	On-Call car scheme
Marlow	On-Call car scheme
High Wycombe	Positive hours crewed car scheme
Buckingham	Whole-time appliance and On-Call car scheme
Aylesbury	On-Call car scheme

# Appendix A

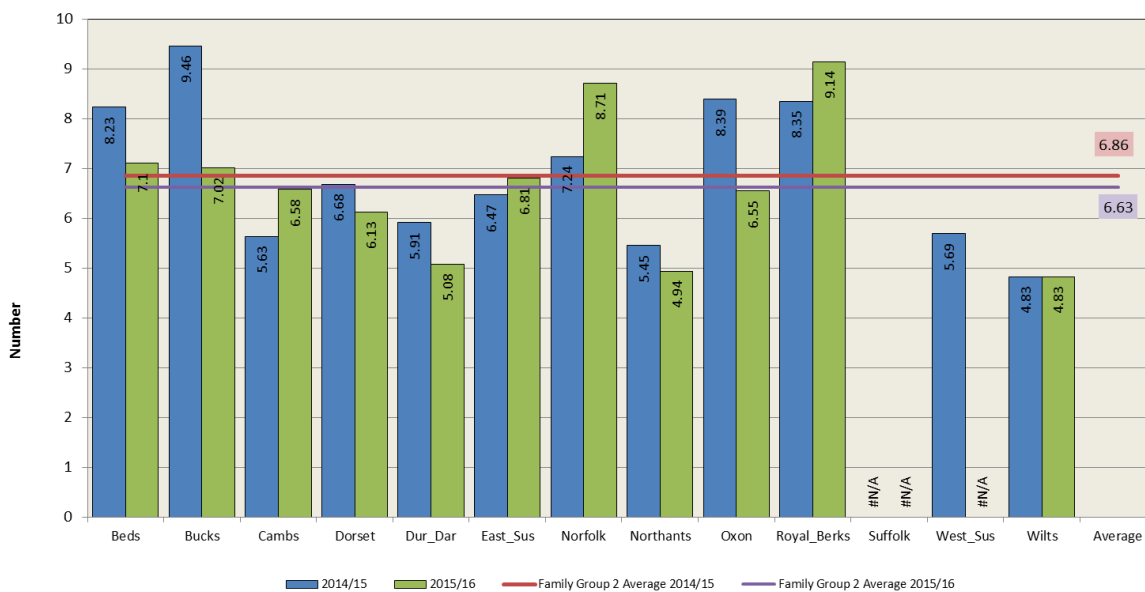
## Family Group Two – Benchmarking

This data is collected and collated within our family group on a quarterly basis and enables us to benchmark indicators with Fire and Rescue Services that are similar in terms of size, demographics and geography.

Number Of Deliberate Primary Fires (Excluding Deliberate Primary Fires In Vehicles) Per 10,000 Population  
Cumulative Quarters at Quarter 4 (2014/15 vs 2015/16)

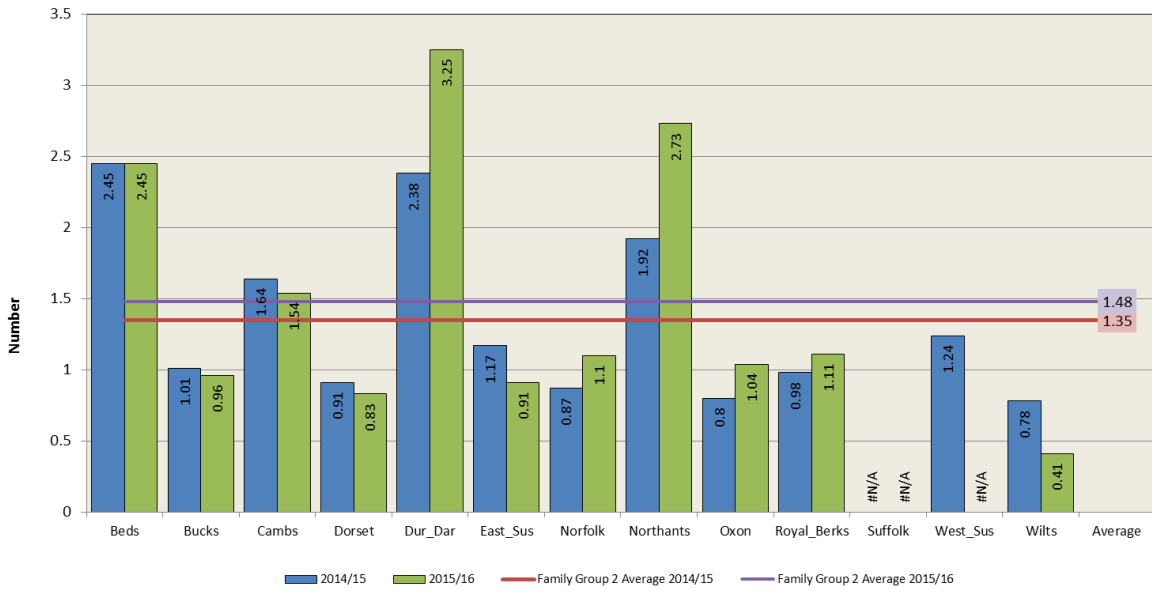


The Number Of Fires In Non-Domestic Premises Per 1,000 Non Domestic Premises  
Cumulative Quarters at Quarter 4 (2014/15 vs 2015/16)

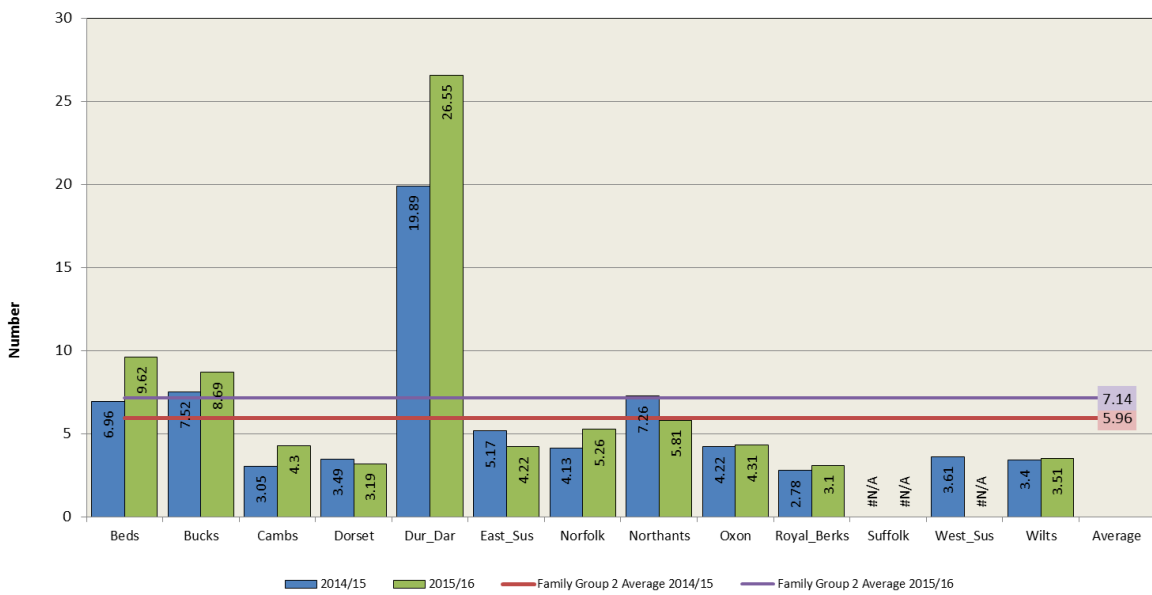


# Appendix A

Number Of Deliberate Primary Fires In Vehicles Per 10,000 Population  
Cumulative Quarters at Quarter 4 (2014/15 vs 2015/16)



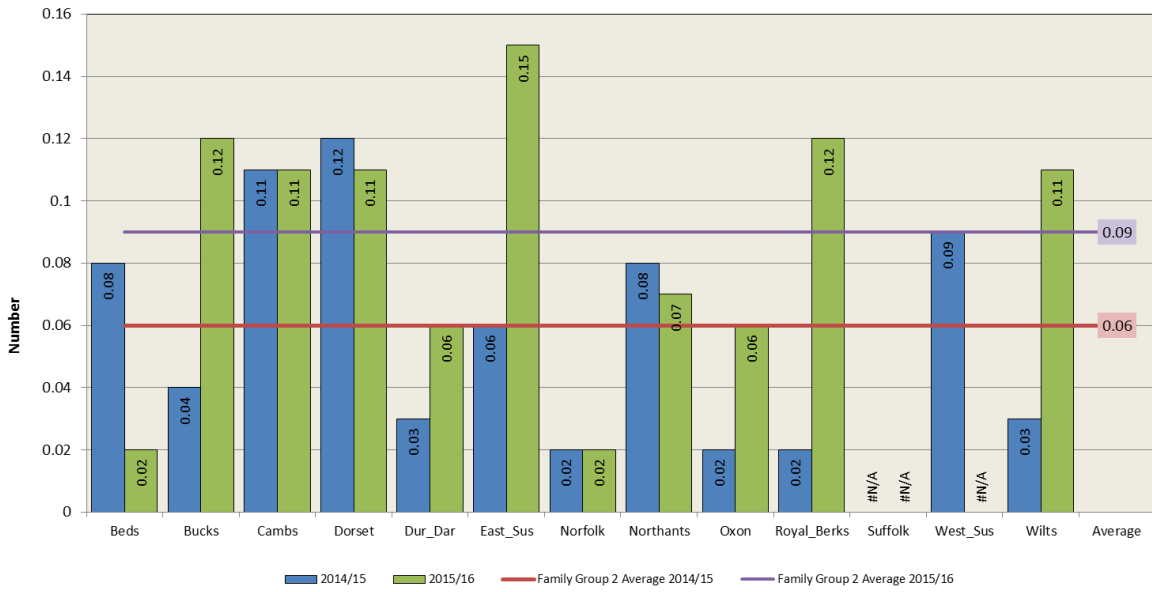
Number Of Deliberate Secondary Fires (Excluding Deliberate Secondary Fires In Vehicles) Per 10,000 Population  
Cumulative Quarters at Quarter 4 (2014/15 vs 2015/16)



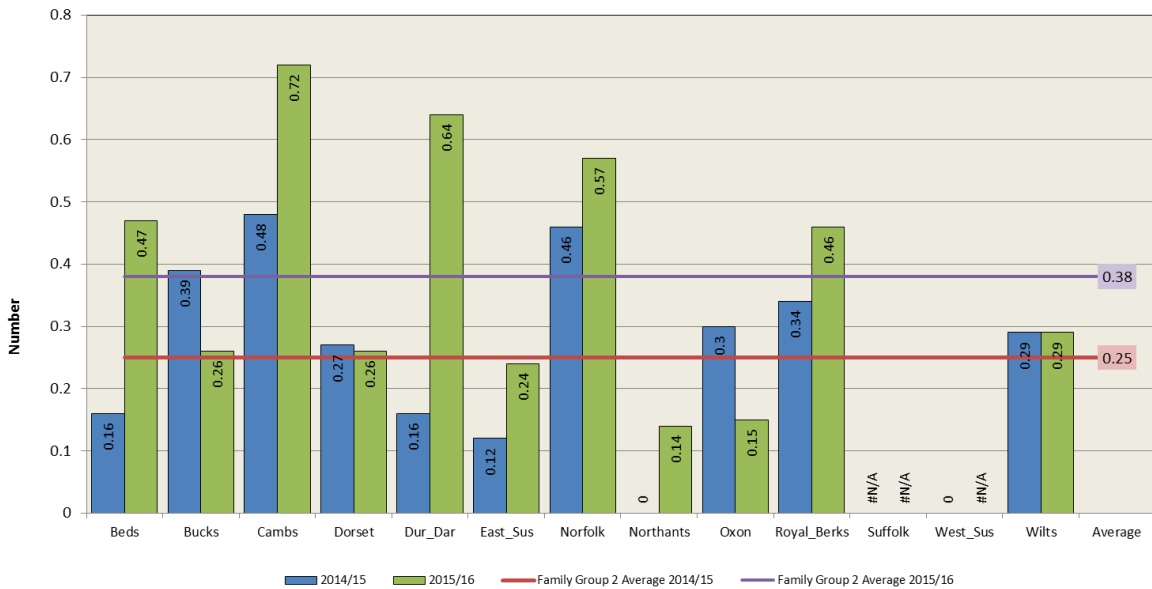


# Appendix A

Number Of Deliberate Secondary Fires In Vehicles Per 10,000 Population  
Cumulative Quarters at Quarter 4 (2014/15 vs 2015/16)

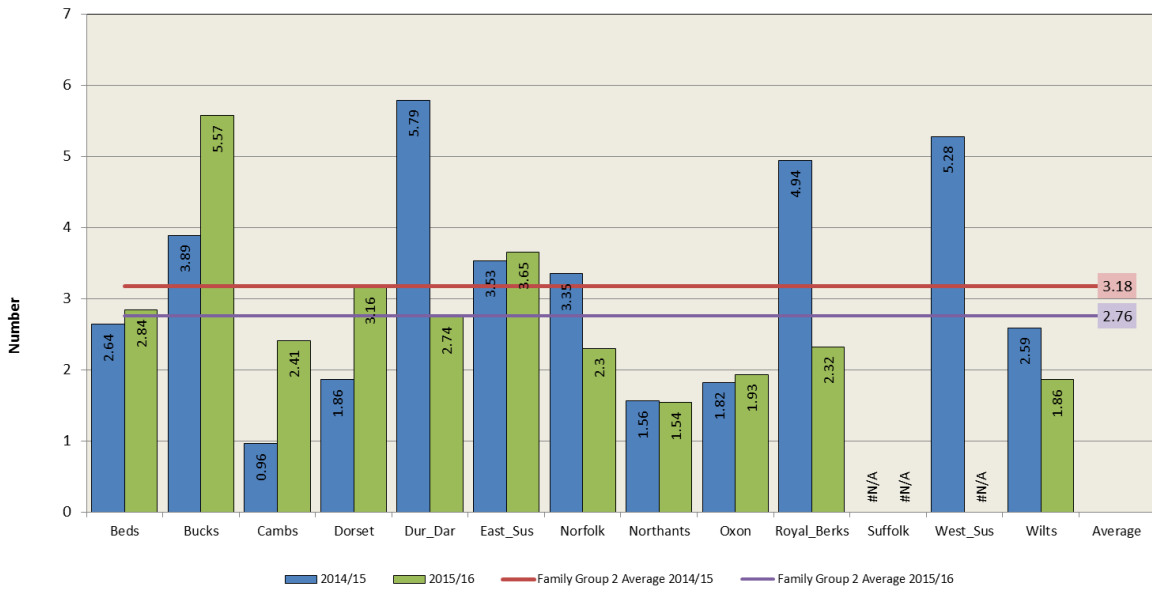


Deaths Arising From Accidental Dwelling Fires Per 100,000 Population  
Cumulative Quarters at Quarter 4 (2014/15 vs 2015/16)

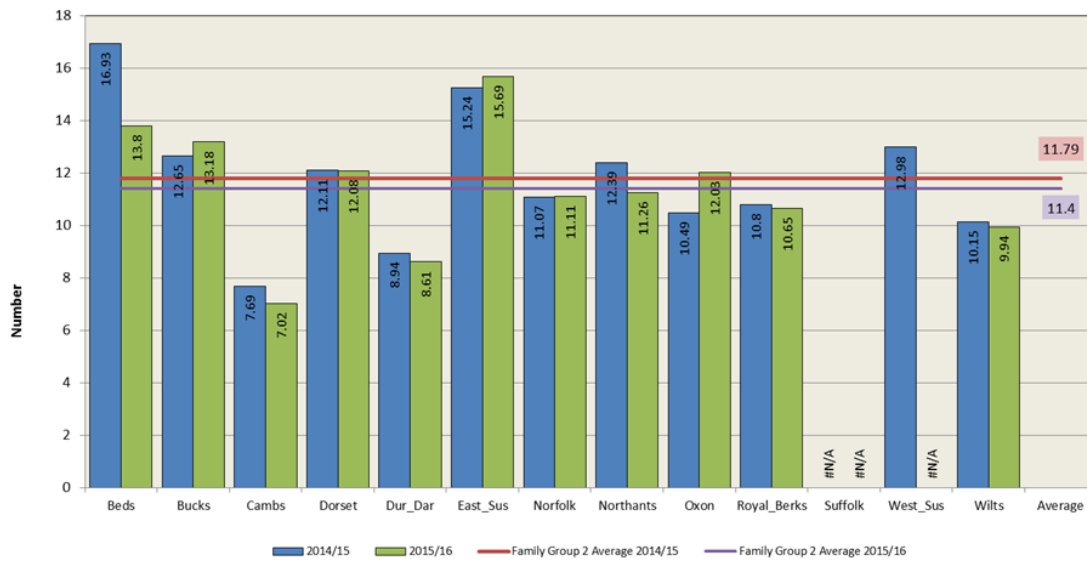


# Appendix A

Injuries (Excluding Precautionary Checks And First Aid), Arising From Accidental Fires In Dwellings Per 100,000 Population  
Cumulative Quarters at Quarter 4 (2014/15 vs 2015/16)

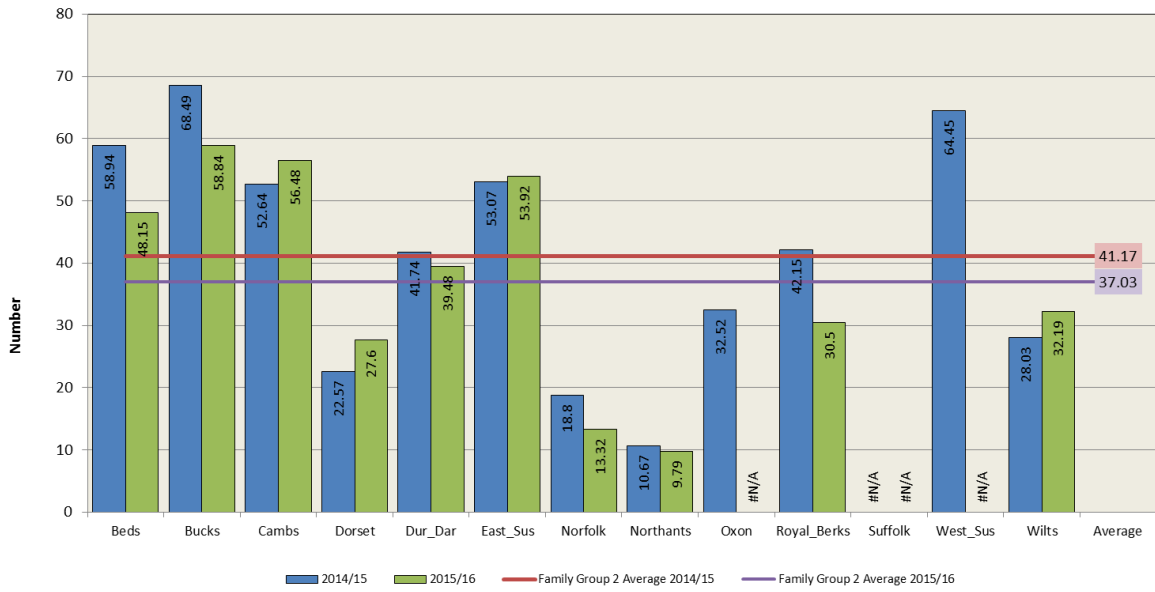


Accidental Fires In Dwellings Per 10,000 Dwellings  
Cumulative Quarters at Quarter 4 (2014/15 vs 2015/16)

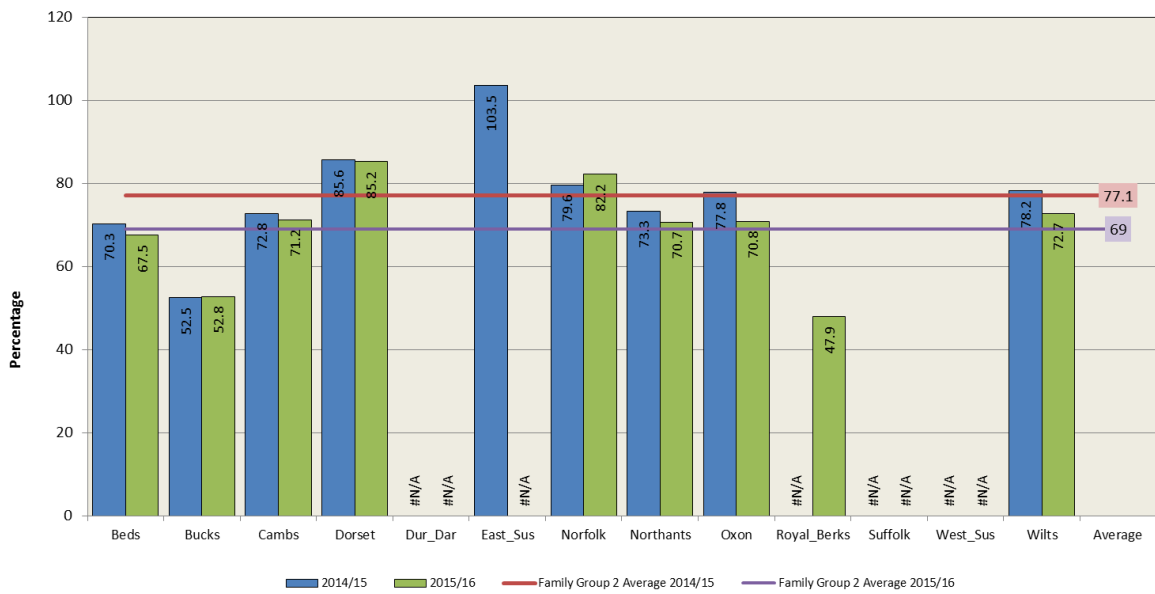


# Appendix A

False Alarms Caused By Automatic Fire Detection Per 1,000 Non Domestic Properties  
Cumulative Quarters at Quarter 4 (2014/15 vs 2015/16)



Percentage Of Time That Retained Pumping Appliances Are Available With A Minimum Of 4 Crew  
Cumulative Quarters at Quarter 4 (2014/15 vs 2015/16)



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# Appendix B - Balanced Scorecard 2015-16

## 2015/2016 BFRS Score-Card



Figures as at 09/06/2016—does not include outstanding IRS reports (480) - most of which are with RBFRS

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