

Approval date: 8 March 2017



Statement of Assurance 2015/2016

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1. INTRODUCTION

- 1.1 Although Fire and Rescue Services in England are run by local government bodies, the Fire and Rescue Services Act 2004 requires that local fire and rescue authorities must have regard to direction from central government. This direction is issued in the form of a 'National Framework' which sets out the Government's strategic aims and requirements for Fire and Rescue Services. In the most recent update to the National Framework, in 2012, the Government introduced a requirement that:

'Fire and rescue authorities must provide annual assurance on financial, governance and operational matters and show how they have due regard to the expectations set out in their integrated risk management plan and the requirements included in the Framework. To provide assurance, fire and rescue authorities must publish an annual statement of assurance'.

- 1.2 The first of the new statements of assurance were published during the 2013/14 financial year and are required annually thereafter.
- 1.3 The purpose of this document is to provide the public and Government with assurance that Buckinghamshire and Milton Keynes Fire Authority ('The Authority') met the requirements set out in the National Framework and accompanying Government guidance¹ during the 2015/16 financial year.
- 1.4 Where relevant the document draws on, consolidates and summarises the findings of existing assurance processes relating to financial, governance and operational matters that were set up to meet other statutory and regulatory requirements of fire and rescue authorities.

2. FINANCIAL ASSURANCE

- 2.1 It is a statutory requirement under the Accounts and Audit Regulations 2015 for authorities to publish the financial results of their activities for the year. This 'Statement of Accounts', shows the annual costs of providing the service and is determined by a Code of Practice which aims to give a "true and fair" view of the financial position and transactions of the authority.
- 2.2 The Annual Financial Statements for the Year Ending 31 March 2016 can be found on our website:

¹ 'Guidance on Statements of assurance for fire and rescue authorities in England, Department for Communities and Local Government, May 2013.

http://bucksfire.gov.uk/files/3114/7014/8721/Statement_of_Accounts_2015_16_Post_Audit_Adjustments_FINAL_SIGNED.pdf

2.3 The financial statements are required to be audited under the Local Audit and Accountability Act 2014. The auditors are responsible for:

- forming an opinion on the financial statements;
- reviewing the Annual Governance Statement;
- forming a conclusion on the arrangements that the Authority has in place to secure economy, efficiency and effectiveness in its use of resources.

2.4 The table overleaf summarises the findings from all elements of the appointed auditor's work.

2.5 The appointed auditors concluded that:

- They did not identify any significant weaknesses in the Authority's arrangements in relation to the risk of it not being able to plan its finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions;
- The Authority has proper arrangements to secure value for money in its use of resources.

2.6 The Authority's internal auditors also produce an annual report on the internal control environment. In this report, the Chief Internal Auditor noted:

"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".

http://bucksfire.gov.uk/files/7114/8706/2707/ITEM_8c_BMKFA_Annual_Audit_Report_1516_OA_Committee_270716_OAAppendix.pdf

2.7 In addition to the statutory requirement to publish annual financial results, the government is committed to increasing transparency across local authorities. One of the first steps in this process is for the publication online of information relating to spend items in excess of £500. In accordance with that requirement, the Authority is publishing monthly schedules of payments, which can be found on our website:

<http://bucksfire.gov.uk/fire-authority/financial-information/spend-over-500/>

Audit Results Report - ISA (UK and Ireland) 260 for the year ended 31 March 2016 – Summary of Significant Audit Risks & Assurance Findings:

[http://bucksfire.gov.uk/files/2314/7014/9476/1b_-
__Annual_Audit_Results_Report.pdf](http://bucksfire.gov.uk/files/2314/7014/9476/1b_-__Annual_Audit_Results_Report.pdf)

Significant Risks (including fraud risks)	Audit procedures performed	Assurance gained and issues arising
<p>Milne vs GAD</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"> Reviewed and tested the Authority's arrangements for ensuring the accuracy and completeness of compensation; Re-performed the calculation of compensation for a sample of payments, including assessment of the accuracy of inputs; and Reviewed the associated disclosures in the financial statements to ensure compliance with the Code of Practice on Local Government Accounting, and appropriate accounting standards. 	<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>Joint Control Room</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"> Reviewed the agreements in place between the three bodies; 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 Tested a sample of income and expenditure related to the Joint Control Room and ensure that it has been appropriately recharged to the Authority. 	<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.</p> <p>We have no matters to report from this work.</p>
<p>Risk of management override</p> <p>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.</p>	<p>We:</p> <ul style="list-style-type: none"> 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. 	<p>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.</p> <p>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.</p> <p>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.</p> <p>We did not identify any evidence of management override or fraudulent activity.</p>

3. GOVERNANCE

- 3.1 The Authority is responsible for maintaining a sound system of internal control that supports the achievement of its policies, aims and objectives whilst safeguarding public money and organisational assets. There is also a requirement to ensure that the Authority is administered prudently and economically and that resources are used efficiently and effectively and that sound arrangements are in place for the identification and management of risks.
- 3.2 The Authority's approach to governance is based on the six core principles of good governance set out in the CIPFA / SOLACE governance framework (*"Delivering Good Governance in Local Government"*):
1. Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area;
 2. Members and officers working together to achieve a common purpose with clearly defined functions and roles;
 3. Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
 4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
 5. Developing the capacity and capability of members and officers to be effective;
 6. Engaging with local people and other stakeholders to ensure robust public accountability.
- 3.3 There is already a statutory requirement for the Authority to produce an annual governance statement to demonstrate and evidence that it operates an effective system of internal control. The internal control systems underlying the annual governance statement are assessed by Internal Audit to ensure that they are adequate and effective so that:
- The Authority can establish the extent to which they can rely on the whole system; and,
 - Individual managers can establish the reliability of the systems and controls for which they are responsible.

- 3.4 The Chief Internal Auditor's most recent opinion on the Authority's internal control environment was published in the Annual Governance Statement for the 2015/16 financial year. This stated that:

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.

- 3.5 Further details of the Authority's governance arrangements and the internal auditor's findings in relation to these can be found in the Annual Governance Statement 2015/16:

http://bucksfire.gov.uk/files/2614/7014/9242/Annual_Governance_Statement_2015-16.pdf

- 3.6 The Annual Governance Statement also confirms that the Authority met its statutory obligation to review its Pay Policy Statement annually. This sets 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 was approved and adopted by the Authority at its December 2015 meeting, and can be viewed via the following link to the Authority's website:

http://bucksfire.gov.uk/files/6614/4948/1341/ITEM_8_Pay_Policy_Principles_and_Statement_2016-17Appendix.pdf

4. OPERATIONAL ASSURANCE

- 4.1 The Government requires Fire Authorities to provide assurance that they meet the requirements arising out of the legislative and policy framework for fire and rescue services. In particular:

- Details of specific events that raise issues of operational competence or delivery such as advice received under health and safety or other legislation together with assurance that these matters have been considered and, where appropriate, acted on;
- That integrated risk management plans are consulted on and that during the consultations appropriate information was provided to enable active and informed participation;

- Details of any agreements and / or mutual aid arrangements with other relevant bodies such as neighbouring fire and rescue services.

Statutory Duties and Operational Effectiveness

Fire and rescue authorities operate within in a clearly defined legislative and policy framework comprising of:

- The Fire and Rescue Services Act 2004;
- The Civil Contingencies Act 2004;
- The Regulatory Reform (Fire Safety) Order 2005;
- The Fire and Rescue Services (Emergencies) (England) Order 2007;
- The Localism Act 2011;
- The Fire and Rescue National Framework for England.

4.2 The last formal external assurance of the Authority's operational effectiveness and performance was carried out in June 2014 as part of a comprehensive 'Peer Review' process developed by the Chief Fire Officers Association in conjunction with the Local Government Association.

4.3 The Peer Review focused in depth on the key areas of:

- Leadership and Governance
- Outcomes for Citizens
- Organisational Capacity
- Community Risk Management
- Prevention
- Response

4.4 The Review also considered the following areas on a more 'light touch' basis:

- Training and Development
- Protection
- Health and Safety
- Call Management

4.5 Although the Peer Review identified a number of areas for consideration, it did not identify any issues that would raise concerns about the Authority's operational competency or delivery. All areas for consideration raised in the report were already known to service management and are already been captured in improvement plans.

- 4.6 The Peer Review also found the Authority's internal arrangements for operational assurance to be robust:

"Operational Assurance is delivered by a highly motivated and well-resourced team. This has led to a proactive approach to incident monitoring and feedback, monthly performance reports, debriefs and gap analysis, with actions influencing training, operational intelligence and health and safety".

- 4.7 A full report of the Peer Review Outcomes can be viewed on the Authority's website:

http://bucksfire.gov.uk/files/6514/1803/5987/ITEM_15_Local_Government_Association_LGA_Peer_Challenge_Report_Appendix_A.pdf

- 4.8 As part of preparations for the new fire and rescue inspection regime to be introduced by the Policing and Crime Bill, the Authority began work on developing a new operational assurance model during the year. It plans to commission an independent appraisal and application of this in 2016/17 ahead of the launch of the new Home Office led inspection process anticipated for 2017/18.

5. INTEGRATED RISK MANAGEMENT PLANNING

- 5.1 The National Framework requires that Fire Authorities must produce an Integrated Risk Management Plan (IRMP) that identifies and assesses all foreseeable fire and rescue related risks that could affect its community, including those of a cross-border, multi-authority and / or national nature. The plan must have regard to the community risk registers produced by Local Resilience Forums and any other local risk analyses as appropriate. Each fire and rescue authority integrated IRMP must:
- be easily accessible and publicly available; and,
 - reflect effective consultation throughout its development and at all review stages with the community, its workforce and representative bodies, and partners.
- 5.2 The Government guidance relating to statements of assurance requires that they should include details of IRMP consultations and, in particular, that appropriate information was provided to enable active and informed participation.
- 5.3 Buckinghamshire and Milton Keynes Fire Authority regularly reviews the fire and rescue related risks to the community it serves and updates its

IRMP in response to any material changes to the nature and level of the risks identified and assessed.

- 5.4 The Authority's current IRMP, known as the '2015-20 Public Safety Plan', is published on its website. This sets out the Authority's strategy for achieving its vision of making *'Buckinghamshire and Milton Keynes the safest areas in England in which to live, work and travel'*:

[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)

- 5.5 The draft Public Safety Plan was subject to extensive consultations prior to the Authority reaching any decisions. The consultation process embraced key stakeholder groups including the general public, Authority staff, neighbouring fire and rescue services and a range of other organisations with a potential interest in the development of the plan. It also included the use of qualitative consultation methods such as 'community engagement forums' and focus groups which encourage participants to reflect in depth about their priorities for the Authority while both receiving and questioning background information and discussing service delivery issues in detail. Full details of the consultation process and its outcomes are available on the Authority's website:

[http://bucksfire.gov.uk/files/5514/5527/7938/ITEM_16_2015-
20 PSP Consultation -
17 December 14 CFA Paper Annexes.compressed.pdf](http://bucksfire.gov.uk/files/5514/5527/7938/ITEM_16_2015-20_PSP_Consultation_-_17_December_14_CFA_Paper_Annexes.compressed.pdf)

- 5.6 A follow up public consultation was undertaken in 2015 to assist the Authority with its determinations in relation to a proposal to consolidate two of its existing fire stations in Milton Keynes onto a new tri-service 'blue light hub' facility with police and ambulance services (see Agenda Item 9, Pages 87 – 189):

[http://bucksfire.gov.uk/files/4614/5459/6672/Fire_Authority_Summons
and Agenda_100216_72dpi.pdf](http://bucksfire.gov.uk/files/4614/5459/6672/Fire_Authority_Summons_and_Agenda_100216_72dpi.pdf)

- 5.7 The Authority has also established a framework of key performance indicators and measures to help it assess progress towards the achievement of its vision. Performance in relation to these is reported to the Authority's Executive Committee on a regular basis whose role is to scrutinise any areas of under-performance together with proposals for corrective action. A report on performance outcomes against the framework of indicators and measures can be viewed on the Authority's website (at item 16, pages 219-246):

[http://bucksfire.gov.uk/files/6214/6883/2242/Overview and Audit Committee 27 July 2016 Agenda Pack compressed.pdf](http://bucksfire.gov.uk/files/6214/6883/2242/Overview_and_Audit_Committee_27_July_2016_Agenda_Pack_compressed.pdf)

6. MUTUAL AID, REGIONAL AND NATIONAL RESILIENCE

6.1 The National Framework requires fire authorities to consider risks of a cross-border, multi-authority and/or national nature and to make appropriate provision for dealing with these. The Authority does this via:

- Its active participation in the Thames Valley Local Resilience Forum which comprises other Category 1 and 2 responders. The forum maintains a community risk register which the Authority considers as part of its integrated risk management planning process;
- Review of the National Risk Register, National Risk Assessment and National Resilience Planning Assumptions which are maintained by the UK Government Cabinet Office to inform planning in relation to major civil emergencies of a national or regional nature;
- Mutual aid agreements with neighbouring fire and rescue authorities which enable authorities to provide each other with additional resources to deal with emergencies that cannot be dealt with by an authority acting alone. Buckinghamshire and Milton Keynes Fire Authority maintains formal mutual aid agreements with all six of its neighbours – Bedfordshire, Hertfordshire, London, Royal Berkshire, Oxfordshire and Northamptonshire.
- Working with South Central Ambulance Service (SCAS) to provide co-responding services to medical emergencies and in allowing SCAS crews to use Authority premises.

6.2 Also the Authority maintains specialist resources to enable it to deal with major civil emergencies such as major transport incidents, natural disasters and terrorist incidents. These include capabilities such as Urban Search and Rescue (USAR) and Water Rescue which are deployed in support of other Authorities during major emergencies such as the instances of wide area flooding that have taken place in recent years. During 2016/17 we plan to make improvements to our water rescue capabilities so that they meet the requirements for inclusion on the National Asset Register for flood response. The cost of providing such assistance is recovered from requesting Authority.

6.3 In February 2016 the Authority provided mutual aid to Oxfordshire Fire and Rescue Service by deploying its USAR team to assist at the Didcot 'A' Power Station collapse alongside USAR colleagues from the

West Midlands and Hampshire, South Central Ambulance Service's Hazardous Area Response Team, Thames Valley Police's Serious Investigation Team, Disaster Victim Identification Team, the Health & Safety Executive and other Construction & Engineering specialists. This support continued until close of operations in September 2016.

6.4 The Authority also collaborates with all the other South East Fire and Rescue Services to jointly fund the post of a Station Commander who is seconded to the South East Counter Terrorism Unit. This post has been filled by a BFRS Officer since April 2014 who acts as a focal point for advice to and from the unit.

6.5 As a Category 1 responder as defined in the Civil Contingencies Act 2004, business continuity is a high priority for Buckinghamshire and Milton Keynes Fire Authority. During the periods of strike action in 2014/15 the Service's business continuity arrangements were put into operation. As result fire cover was provided for the whole of the Service's area by the Service's own employees. Every fire call received during these periods of strike action that warranted an attendance received one, in a timely manner and the incidents were successfully dealt with. At all times we also maintain sufficient numbers of trained USAR staff on duty to provide an initial response to incidents in line with the USAR Concept of Operations. Additionally we have staff who maintain cover through a recall to duty contract, who deliver our second set of staff as detailed under the USAR Concept of Operations and enable us to maintain operational cover locally if USAR is deployed for an extended period, this includes national exercising. Under their contractual arrangements these staff are required to maintain this cover during periods of industrial action, meaning Buckinghamshire FRS were one of only two USAR hosting Services that guaranteed this capability during the most recent industrial action.

6.6 Also the Service has engaged in a partnership with the other two Thames Valley Fire & Rescue Services by sharing the Command and Control function to increase operational resilience and make use of Government grant to release year on year cost savings.

Its technology includes a new mobilising system, which enables control operators to identify the exact geographic location of an incident more quickly and, at the same time, pinpoint the precise position of each available fire appliance and officer.

Every fire appliance across the three services has been fitted or upgraded with the latest mobile data terminals which display incidents

on a mapping system, enabling fire crews to see their location and that of the incident in real-time. Mobile data terminals also provide the crews with risk-critical information, such as individual building design and details about any special hazards or unusual processes or manufacturing at a particular location.

To ensure resilience, a non-staffed secondary control room has been created in Kidlington. In the unlikely event that the primary control room fails or needs to be evacuated, North Yorkshire Fire and Rescue Service will take 999 calls and mobilise resources on behalf of Thames Valley Fire Control Service for the short period of time needed to transfer control staff to Kidlington.

7. DECLARATION

Buckinghamshire and Milton Keynes Fire Authority are satisfied that the financial, governance and operational assurance arrangements in place across the organisation meet the requirements set out in the National Framework.

Jason Thelwell
Chief Fire Officer and Chief Executive

Councillor David Watson
Chairman, Overview and Audit Committee