

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

Director of Legal & Governance, Graham Britten  
Buckinghamshire Fire & Rescue Service  
Brigade HQ, Stocklake, Aylesbury, Bucks HP20 1BD  
Tel: 01296 744441 Fax: 01296 744600



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**Chief Fire Officer and Chief Executive**

Mark Jones

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To: The Chairman and Members of Buckinghamshire  
And Milton Keynes Fire Authority

13 October 2014

Dear Councillor

Your attendance is requested at a meeting of the **BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY** to be held in Meeting Room 1, Fire and Rescue Headquarters, Stocklake, Aylesbury on **WEDNESDAY 22 OCTOBER 2014 at 11.00 am** when the business set out overleaf will be transacted.

Yours faithfully

Graham Britten  
Director of Legal and Governance

Chairman: Councillor Busby

Councillors: Bendyshe-Brown, Chilver, Dransfield, Exon, Glover, Gomm, Huxley, Lambert, Mallen, Morris, Reed, Schofield, Vigor-Hedderly, Watson, Webb and Wilson



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## **COMBINED FIRE AUTHORITY - TERMS OF REFERENCE**

Matters reserved to the Authority include:

1. To appoint the Authority's Standing Committees and Lead Members.
2. To determine the following issues after considering recommendations from the Executive Committee, or in the case of 2(a) below, only, after considering recommendations from the Overview and Audit Committee:
  - (a) variations to Standing Orders and Financial Regulations;
  - (b) the medium-term financial plans including:
    - (i) the Revenue Budget;
    - (ii) the Capital Programme;
    - (iii) the level of borrowing under the Local Government Act 2003 in accordance with the Prudential Code produced by the Chartered Institute of Public Finance and Accountancy; and
    - (iv) Setting the Council Tax.
  - (c) a Precept and all decisions legally required to set a balanced budget each financial year;
  - (d) the Prudential Indicators in accordance with the Prudential Code;
  - (e) the Treasury Strategy;
  - (f) the Scheme of Members' Allowances;
  - (g) the Integrated Risk Management Plan and Action Plan;
  - (h) the Best Value Performance Plan.
3. To determine the Code of Conduct for Members on recommendation from the Standards Committee.
4. To determine all other matters reserved by law or otherwise, whether delegated to a committee or not.

## **AGENDA**

### **Item No:**

#### **1. Apologies**

#### **2. Minutes**

To approve, and sign as a correct record the Minutes of the meeting of the Fire Authority held on 24 June 2014 (Item 2) **(Pages 5 - 14)**

#### **3. Disclosure of Interests**

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

#### **4. Chairman's Announcements**

To receive the Chairman's announcements (if any).

#### **5. Petitions**

To receive petitions under Standing Order SOA6.

#### **6. Questions**

To receive question in accordance with Standing Order SOA7.

#### **7. Recommendations from Committee**

##### **EXECUTIVE COMMITTEE – 17 SEPTEMBER 2014**

The Authority's attention is drawn to Minute EX11 (Industrial Action – verbal update) specifically the following recommendation:

"That the Authority be recommended to agree that the Chief Fire Officer and the Senior Management Team continue to enjoy the support of the Authority for the manner in which the periods of industrial action have been handled".

To assist the Authority in considering this recommendation a copy of the unapproved draft Minutes are attached (Item 7) **(Pages 15 - 20)**

#### **8. Thames Valley Fire Control Service (TVFCS) Programme**

To consider Item 8 **(Pages 21 - 40)**

#### **9. In year Amendments to BMKFA Pay Policy Principles and Statement 2014/15**

To consider Item 9 **(Pages 41 - 60)**

**10. Financial Arrangements for Injury Awards to Firefighters**

To consider Item 10 **(Pages 61 - 64)**

**11. Audit Results Report**

To consider Item 11 **(Pages 65 - 80)**

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

To consider Item 12 **(Pages 81 - 193)**

**13. Date of the Next Meeting**

To note that the next meeting of the Fire Authority will be held on Wednesday 17 December 2014 at 11.00am.

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

Minutes of the meeting of the BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY held on TUESDAY 24 JUNE 2014 at 11.00 am

**Present** Councillors Bendyshe-Brown, Busby, Chilver, Dransfield, Exon, Glover, Gomm, Lambert, Mallen, Morris, Watson, Webb and Wilson

**Officers:** M Jones (Chief Fire Officer), J Thelwell (Chief Operating Officer), G Britten (Director of Law and Governance), D Skinner (Director of Finance and Assets), L Swift (Director of People and Organisational Development) D O'Driscoll (Head of Service Development), M Osborne (Head of Service Transformation), S Gowanlock (Corporate Planning Manager), N Boustred (Group Manager Prevention and Protection Policy), K Nellist (Democratic Services Officer), F Pearson (Group Manager Communications), and E Andrews (Executive Assistant).

**Apologies:** Councillors Huxley, Reed, Schofield and Vigor-Hedderly

**FA01 ELECTION OF CHAIRMAN**

(Councillor Dransfield presiding)

It was proposed and seconded that Councillor Busby be re-elected Chairman of the Fire Authority for 2014/15.

RESOLVED –

That Councillor Busby be re-elected Chairman of the Authority for 2014/15

(Councillor Busby in the Chair)

**FA02 APPOINTMENT OF VICE-CHAIRMAN**

It was moved and seconded that Councillor Dransfield be appointed Vice-Chairman of the Fire Authority for 2014/15.

RESOLVED –

That Councillor Dransfield be appointed Vice-Chairman of the Authority for 2014/15.

**FA04 MINUTES**

RESOLVED –

That the Minutes of the meeting of the Fire Authority held on 19 February 2014, be approved and signed by the Chairman as a correct record.

**FA06 CHAIRMAN'S ANNOUNCEMENTS**

The Chairman welcomed the new Member Councillor Wilson to the Authority.

The Chairman announced that:

- (a) Chief Fire Officer Mark Jones was awarded the Queen's Fire Service Medal in the Queen's Birthday Honours; this individual award and its citation reinforces how this service had developed over the last 4 years, leadership from the Chief Fire Officer combined with a commitment by the Fire Authority to challenge and adhere to its principles of great service and low cost had ensured that this Authority is one of the best in the country; and that a copy of the citation had been placed in the Members' Library;
- (b) Denis O'Driscoll had announced his retirement after a Fire Service career spanning more than 30 years. Having started his career in London Fire Brigade in 1983 before transferring to Buckinghamshire and Milton Keynes in 2006. Denis would leave the Service on the 17 August. The Chairman thanked Denis for all his hard work and dedication to this Authority and wished him and his family well for the future;
- (c) he and the Vice-Chairman, along with officers, attended the LGA Annual Fire Conference in Cardiff on the 11 and 12 March. The conference provided a range of stimulating workshops and plenaries on subjects including blue light integration, the future of fire service finance, national resilience, budgets and privatisation;
- (d) the Peer review team visited the Service on the 10-12 June 2014. During the visit the team interviewed staff from across the Service. The initial feedback received on the final day was very positive; however, the Service could always learn and get better. The peer team would now submit a report and this would be published alongside an action plan for all to see. The Chairman thanked Group Manager Neil Boustred for his excellent work in pulling this together;
- (e) members need to inform the Director of Legal and Governance of any disclosable pecuniary interests that are not already recorded in the Authority's register of interests within 28 days of their re-appointment.
- (f) that Buckinghamshire Fire & Rescue Service won a prestigious award the previous night at the annual awards ceremony organised by the public risk management association Alarm. The award was in recognition of the ambulance co-responder scheme being run in partnership with South Central Ambulance Service.
- (g) before moving on to the substantive agenda items:

- he would be calling upon the Chief Fire Officer (CFO) to provide an update on the meeting which he attended, convened by the Fire Minister last Friday 20 June and an update on the response which he had submitted to the "*Government review into the law governing industrial disputes*" and to share with the Authority the content of his recent correspondence with the Prime Minister.
- he would also call upon the Chief Operating Officer to update the Authority on the last two periods of industrial action on 12 and 13 June and last Saturday 21 June.
- he had two items of correspondence to bring to the Authority's attention, a letter to him from the Fire Minister Brandon Lewis which will be placed in the Members' library and a letter from the FBU Brigade Chairman Buckinghamshire (Keith Williams); and that
- in light of the representations made in Mr Williams' letter, he would be proposing a short adjournment to permit Mr Williams to make a statement and then inviting the CFO to respond.

That concluded the Chairman's announcements.

The Chief Fire Officer informed Members that all Chief Fire Officers (CFO's) had been invited to meet with the Fire Minister and Department for Communities and Local Government (DCLG) officials to discuss the on-going pension dispute. The CFO's were given the chance to express their views and ask questions.

The Chief Fire Officer also spoke of the abuse and threatening tones particularly on social media that had been made against him and other officers of this Service and the submission to the first stage of the Carr Review (the Government review into the law governing industrial disputes) on the behaviours of Trade Unions.

The 'Knight Review' had been discussed and the Chief Fire Officer had expressed his views to officials that a response from the Government was needed on the National Joint Council arrangements.

The Chief Fire Officer felt that the Government would proceed to legislative implementation with the changes to the pension scheme as the Minister was clear that the FBU leadership hadn't shown the Government any will to resolve the dispute by agreement, but walked away to take each set of strikes during meaningful discussions which had seemed close to agreement.

The Chief Fire Officer having noted the Prime Minister's announcement last February that if he led the next government he would seek to review the abilities of certain key workers to take industrial action felt compelled to write to him because of the current on going dispute. The Chief Fire Officer believed the right to take legitimate strike action should remain for all workers. However, alongside these rights there should also be regulations which ensure that the vital roles undertaken by certain workers, cannot be overlooked.

For key emergency workers there should be a minimum notice period for strike action in the region of four weeks from announcement to taking action to allow employers enough time to make adequate, and potentially less costly provisions.

A short response on behalf of the Prime Minister had welcomed the proposals and would be placed in the Members Library.

The Chief Fire Officer had also placed the submission to the Carr Review in the Members Library. The evidence was being taken in two stages, the first deadline on the use of extreme tactics was 13 June the second one was a more general reform for the conduct of trade unions and takes its evidence over a longer period.

The Chief Operating Officer updated Members on the recent industrial action. There was a 24 hour strike over the 12 and 13 June. There had been 11 calls, all dealt with professionally by our crews. The calls ranged from car fires, false alarms to an 18 month old child locked in a car. There was also a period of strike action on the 21 June. There had been 6 calls during that period and again all dealt with professionally by our crews.

The Chairman proposed to adjourn the meeting to allow Mr Keith Williams, FBU Brigade Chairman Buckinghamshire to make a statement, it was seconded and put to the vote with all in favour.

Mr Williams was then invited to speak.

The Chairman then invited the Chief Fire Officer to respond.

The Chairman, Chief Fire Officer and FBU Brigade Chairman Buckinghamshire responded to Members' questions.

The Meeting resumed.

## **FA09**

### **MEMBERSHIP OF THE AUTHORITY**

The Authority noted that the following Members had been appointed by the Constituent Authorities to serve on the Fire Authority for 2014/15:



Buckinghamshire County Council (12)

Councillors Bendyshe-Brown, Busby, Chilver, Glover, Gomm, Huxley, Lambert, Mallen, Reed, Schofield, Vigor-Hedderly and Watson

Milton Keynes Council (5)

Councillors Dransfield, Exon, Morris, Webb and Wilson

**FA10**

**COMMITTEE MATTERS**

- (a) Local Government and Housing Act 1989 and Local Government (Committees and Political Groups) Regulations 1990

The Authority noted that the allocation of seats on the Authority was:

- (i) Conservative Group: 11 seats (64.7059%)
  - (ii) United Kingdom Independence Group 2 seats (11.7647%)
  - (iii) Liberal Democrat Group: 2 seats (11.7647%)
  - (iv) Labour Group: 2 seats (11.7647%)
- (b) Committee Matters – Committee Appointments

**RESOLVED -**

1. That the following Committees be appointed and seats allocated, as follows:

- (a) Executive Committee (8 members):

- (i) Conservatives – 5 seats
- (ii) Liberal Democrats – 1 seat
- (iii) Labour – 1 seat
- (iv) United Kingdom Independence – 1 seat

- (b) Overview and Audit Committee (9 members):

- (i) Conservatives – 6 seats
- (ii) Liberal Democrats – 1 seat
- (iii) Labour – 1 seat
- (iii) United Kingdom Independence – 1 seat

2. That the following Members be appointed to the Executive Committee:

Councillors Busby, Dransfield, Gomm, Lambert, Morris, Reed, Schofield and Webb

3. That the following Members be appointed to the Overview and Audit Committee:

Councillors Bendyshe-Brown, Chilver, Exon, Glover, Huxley, Mallen, Vigor-Hedderly, Watson and Wilson

**FA11 CALENDAR OF MEETINGS**

The Authority considered possible dates for its meetings and meetings of its committees during 2014/15.

RESOLVED -

1. That meetings of the Authority be held on Wednesday 22 October 2014, 17 December 2014, Wednesday 25 February 2015 (with a proviso to change to Wednesday 18 February 2015 to be decided at the meeting on Wednesday 17 December 2014) and Wednesday 10 June 2015, all at 11 a.m.
2. That meetings of the Executive Committee be held on Wednesday 30 July 2014, Wednesday 17 September 2014, Wednesday 19 November 2014, Wednesday 4 February 2015, Wednesday 18 March 2015 and Wednesday 13 May 2015, all at 10 a.m.
3. That meetings of the Overview and Audit Committee be held on Wednesday 16 July 2014, Wednesday 24 September 2014, Wednesday 3 December 2014 and Wednesday 11 March 2015, all at 10 a.m.

**FA12 APPOINTMENT OF REPRESENTATIVES TO OUTSIDE BODIES**

The Authority considered the appointment of representatives to outside bodies:

RESOLVED -

1. That Councillor Busby be appointed as the Authority's representative to the Local Government Association Annual Conference.
2. That Councillors Busby and Dransfield be appointed as the Authority's representatives to the Local Government Association Fire Commission.
3. That Councillor Busby be appointed as the Authority's representative to the Regional Management Board (South East Fire Improvement Partnership), with Councillor Dransfield as deputy.
4. That Councillors Dransfield and Reed be appointed as the Authority's representatives on the Thames Valley Fire Control Service – Programme Sponsoring Group.

It being moved and seconded it was:

RESOLVED

5. That discretion be delegated to the Chief Fire Officer to approve, in consultation with the Chairman, an appointee

as a second Authority representative to the Local Government Association Annual Conference

### **FA13 LEAD MEMBER RESPONSIBILITIES**

The Authority considered the allocation of Lead Member responsibilities.

RESOLVED –

That Members be appointed as Lead Members for 2014/15 as follows:

<b>Responsibility</b>	<b>Lead Member</b>
Community Protection	Councillor Morris
Human Resources, Equality and Diversity	Councillor Reed
Finance, IT, Property, Procurement and Control	Councillor Dransfield
Health and Safety, Corporate Risk	Councillor Schofield
Resource Management	Councillor Busby

### **FA14 RECOMMENDATIONS FROM COMMITTEES**

#### **Overview and Audit Committee – 12 March 2014**

The Authority considered the recommendations of the Overview & Audit Committee held on 12 March 2014 relating to:

#### **Review of Financial Regulations**

The Authority noted that the Review of Financial Regulations had been scrutinised by the Overview and Audit Committee and the main changes were set out in the Executive Summary of the report.

RESOLVED –

That the Financial Regulations as amended be approved.

### **FA15 PREVENTION STRATEGY**

The Head of Service Transformation introduced the report and explained to Members that the Prevention Strategy was a foundation not just for the Corporate Plan and local plans but for the new Public Safety Plan. The new strategy was based upon the excellent work of the previous one, but it had been felt that a new strategy, rather than refreshing the old one, was more appropriate.

The Authority was advised that the new strategy gives more flexibility for people at local level to make decisions and develop

their own plans to meet their community needs. Enhanced data and analysis of local areas allows campaigns to be targeted better.

The Head of Service Transformation explained the three core values of Prevention, Protection and Response. The new strategy is cognisant of the recent Chief Fire Officers Association (CFOA) publications in respect of community safety. The four key areas are Homes, Communities and Community Facilities, Roads and Businesses and Commercial. The main focus of the strategy was around the first three key areas. Businesses and Commercial will form part of the new Protection Strategy.

The Lead Member for Community Protection thanked the Head of Service Transformation and Group Manager Prevention and Protection Policy for their hard work in coming up with a new Strategy rather than updating the previous one.

The Head of Service Transformation also advised Members that the dates on this Strategy would be changed to align with the new Public Safety Plan so that it could be reviewed at the same time.

RESOLVED –

1. That the Prevention Strategy 2014/15 - 2016/17 be adopted.
2. That the commissioning of the central prevention policy department review, with the emphasis on shaping the team to facilitate and support delivery of the new Strategy be approved.

**FA16**

### **LOCAL GOVERNMENT PENSION SCHEME 2014 – EMPLOYER DISCRETIONS**

The Director of People and Organisational Development advised Members that all the Authority's support and control room staff were eligible to join the Local Government Pension Scheme (LGPS) which was administered on behalf of the Authority by Buckinghamshire County Council (BCC).

On the 1 April 2014 the scheme changed from a final salary pension scheme to a career average re-valued earnings (CARE) scheme which was governed by a variety of regulations which defines the rights and obligations of the employing authority (BMKFA), the administering authority (BCC) and the employees (scheme Members). As an employer, the Authority was required to adopt, publish and keep under review its policy on some of the available discretions. Some existing discretions are no longer available, but have been replaced with new ones.

The Authority was required to publish a policy by 1 July 2014.

A discussion was held regarding Regulation 30(6) Flexible Retirement. Members were advised that each case would be treated on its own merit and a business case required.

It was agreed and seconded to amend the recommendation as follows:

RESOLVED:

That the Pensions Discretions Policy Statement be approved with the proviso that any discretion implemented under Regulation 30(6) LGPS Regulations 2013 be subject to the prior approval of the Executive Committee.

**FA17**

**2015-20 PUBLIC SAFETY PLAN: FOR PUBLIC CONSULTATION**

The Chief Fire Officer introduced the report by advising Members that unlike other Authorities the risk management consultation was not driven by cost reduction; but followed a reducing trend of risk in the communities of Buckinghamshire and Milton Keynes. He also advised that this consultation document was populated with pre-consultation work which allowed the Authority to already know the public's view on what was in it. Previously, the public were only asked about risk, but this time they would be given costs so they were better informed.

The Risk map showed flooding as a significant consideration for this Authority; therefore proposals would be put forward to extend our readiness and response capabilities in the important area of citizen evacuation.

The plan looked at response and showed that in some areas the Authority needed to try and better match operational capacity to incident demand.

Installation of sprinklers could help reduce the extent of fire damage and therefore protect economic investment in commercial premises and residential premises in more remote locations. Subsequently, this could help reduce demand on the Authority's future response function.

The strategies summarised in the consultation document were good and well thought out and the Chief Fire Officer thanked his officers for their diligence and expertise. The Authority had also added a commitment to re-consult on anything which represented major change.

Member workshops and briefings would be conducted to ensure that an informed decision was taken at the Fire Authority meeting in December.

The Lead Member for Community Protection thanked the officers for their hard work and was pleased that the focus groups had brought out concerns that may have been different to what Members might have thought. The Lead Member for Community

Protection was also pleased that a full consultation plan was to take place over a 12 week period; and asked Members to take the report back to their Councils and Districts to get a response from residents. The Authority was informed that an electronic copy of the consultation plan would be circulated to Members after the meeting.

RESOLVED -

1. That the 2015-20 Public Safety Plan at Annex A for public consultation be approved.
2. That the consultation plan at Annex B be approved.
3. That the Chief Fire Officer be granted discretion to finalise the presentation of the 2015-20 Public Safety Plan in readiness for the consultation and to determine the consultation questions.

**FA18**

**DATE OF NEXT MEETING**

The Authority noted that the next meeting of the Fire Authority is to be held on Wednesday 22 October 2014 at 11.00am.

THE CHAIRMAN CLOSED THE MEETING AT 12.50PM

Minutes of the meeting of the EXECUTIVE COMMITTEE of the BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY held on WEDNESDAY 17 SEPTEMBER 2014 at 10.00 am

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

**Officers:** J Thelwell (Chief Operating Officer), G Britten (Director of Legal and Governance), D Skinner (Director of Finance and Assets), L Swift (Director of People and Organisational Development), M Osborne (Head of Service Transformation), D Tate (Knowledge and Information Services Manager), C Bell (Service Delivery Manager, Milton Keynes), E Andrews (Executive Assistant to Chief Fire Officer), F Pearson (Communication and Consultation Manager) and K Nellist (Democratic Services Officer)

**Apologies:** None.

**EX10 MINUTES**

RESOLVED –

That the Minutes of the meeting of the Executive Committee held on 30 July 2014, be approved and signed by the Chairman as a correct record.

**EX11 INDUSTRIAL ACTION – verbal update**

The Chief Operating Officer advised the Committee of the week-long period of discontinuous strike action called by the Fire Brigades Union (FBU) on the 9–16 August 2014. The FBU had also called industrial action which was different to every other Authority in the Country by calling the retained duty system (RDS) staff out on strike for the whole period.

Partial Performance had not been accepted between the 9 and 15 August, but discretion had been exercised under delegated powers to accept partial performance for the shifts commencing Saturday 16 August. The Authority throughout the week had maintained a good service to the community. All calls had been dealt with in the usual manner and contingency arrangements had worked extremely well.

The Vice Chairman wanted to express his utmost respect for the work that firefighters do, but felt the FBU was not helping them. The Vice Chairman asked if the following question could be researched and fed into the Integrated Risk Management Plan when it is discussed at the relevant Fire Authority meeting. What is the true risk to Buckinghamshire and could the learning from the strikes be fed into the future IRMP process?

A Member of the Committee wanted to express his disgust at the contents of the correspondence received from supporters of the industrial action and the personal abuse directed at the Chief Fire Officer and Senior Management Team. The Member wanted the

Chief Fire Officer and Senior Management Team to know they had his unequivocal support.

A Member of the Committee also agreed that the Chief Fire Officer had come under a personal attack which was totally unacceptable, but felt engaging in long correspondence gave the FBU more ammunition and urged caution. The Member also asked whether partial performance had been accepted on Saturday 16 August because the Authority did not have enough resources.

The Chief Operating Officer explained there were a number of reasons why partial performance was accepted on Saturday 16 August; such as to give the working crews a break.

The acceptance of partial performance had been communicated the previous evening but a lot of crews didn't turn up for work when they were rostered to do so. However, the contingency arrangements had remained in place on the day, which ensured that there were resources available in the event of an emergency. An investigation was taking place as to why those members of staff did not turn up for work.

The Chairman reminded Members of the duty of care that the Authority owed towards the Chief Fire Officer, Senior Management Team and all of its staff.

It being moved by Councillor Reed and seconded by Councillor Dransfield, it was unanimously:

RESOLVED –

That the Chief Fire Officer and the Senior Management Team continue to enjoy the support of the Authority for the manner in which the periods of industrial action have been handled.

It being moved by Councillor Reed and seconded by Councillor Dransfield, it was unanimously

RESOLVED –

That the Authority be recommended to agree that the Chief Fire Officer and the Senior Management Team continue to enjoy the support of the Authority for the manner in which the periods of industrial action have been handled.

**EX12 BUDGET MONITORING PERFORMANCE AND DEBT MANAGEMENT APRIL-JUNE 2014 (QUARTER 1)**

The Director of Finance and Assets introduced the report as a good news story for Quarter 1 forecasting an underspend of £1.8m. Just over £1m came from the statutory accounting contingency area; with other areas of under spend adding up to £700k. The contingency would be utilised for significant events, including the impacts of strike action. With regard to the capital forecast there was some slippage carried forward from 2013/14, the majority of this would be caught up as orders were placed for operational equipment and vehicles.



The Vice Chairman also reiterated that the Authority had contingency that had not been spent, but felt the good news was the £700k underspend. The Vice Chairman felt the figures showed that setting and managing the budget was correct, and savings were being made. This was good news for the Fire Authority and for the tax payers of Buckinghamshire and a credit to the Senior Management Team for achieving this.

A Member asked a question regarding the under spend on employee costs. It was explained this was due to a number of reasons such as normal retirement profile and employees leaving.

RESOLVED –

1. That the latest projected outturn forecast for the Fire Authority as at 30 June 2014 be noted.
2. That the budget virements (A) and (B) as detailed at the end of section 8 of the report be authorised.

#### **EX13**

#### **TREASURY MANAGEMENT PERFORMANCE 2014/15 – QUARTER 1**

The Director of Finance and Assets introduced the report which was another good news story with the amount of interest the Authority had received whilst still maintaining high levels of security. The yield was good and ahead of profile. This reflected the good decision the Authority made to move Treasury Management function in house and away from Buckinghamshire County Council.

RESOLVED –

That the Treasury Management Performance 2014/15 – Quarter 1 be noted.

#### **EX14**

#### **FOUR YEAR KNOWLEDGE AND INFORMATION SERVICES (KIS) STRATEGY**

The Head of Service Transformation introduced the report and advised it was an update on progress against the strategy approved by the Authority last year. Members noted that the name had been changed and the Authority now had a Knowledge and Information Services Department and not just an ICT Department. The report articulated the progress that had been made in line with the Authority's continued support and investment in this area.

The Knowledge and Information Services Manager asked Members to note that there was no change to the substance of the strategy the Authority previously agreed. The strategy contained a number of projects that related to information as opposed to IT, but that was already captured within the

document along with a summary of actual and planned progress for the year.

There were approximately 30-35 projects which addressed key issues and met strategic business requirements. The Knowledge and Information Services Manager reported there were a significant number of projects last year where no progress had been made. This was due to restructuring and a large recruitment programme. This year all projects were being actioned. Four Projects should be delivered and further progress was being made with ten projects and initial progress was being made with eighteen projects.

The Chairman felt it had been a remarkable 18 months from the first strategy, and proved that the organisation was receptive to change.

RESOLVED –

1. That the progress against strategy be noted.
2. That the proposed renaming of the Interim Information & Communications Technology (ICT) Strategy Report v4.0 be approved.
3. That the Strategy covers the period from 2014/15 – 2017/18 be noted.
4. That the Strategy be reviewed annually by the Business Transformation Board with any proposed substantial changes being presented to the Committee for approval.

**EX15                    EXCLUSION OF PUBLIC AND PRESS**

RESOLVED –

That the press and public be excluded from the meeting by virtue of Paragraph 3 of Part 1 of Schedule 12a of the Local Government Act 1972 as the report contained information relating to the financial or business affairs of an individual; and Paragraph 4 of Part 1 of Schedule 12a of the Local Government Act 1972 as the report also contained information relating to actual, or contemplated, consultations or negotiations in connection with labour relations and on all these grounds it was considered the need to keep information exempt outweighed the public interest in disclosing the information, so that the committee could consider the following matter:

Review of the Finance and Assets Directorate – Assets Team

The Knowledge and Information Services Manager, Service Delivery Manager, Milton Keynes, Executive Assistant to Chief Fire Officer and the Communication and Consultation Manager left the meeting.

### **Review of the Finance and Assets Directorate – Assets Team**

The Director of Finance and Assets explained to Members the reasoning behind the review.

RESOLVED –

1. That the potential need for redundancies in the Finance and Assets Directorate be noted.
2. That approval be given for the Chief Fire Officer/Chief Executive to initiate consultation with the affected staff.

The Chairman stated that rather than appoint an HR Sub Committee for the remainder of the municipal year, the Executive Committee would consider matters arising within its terms of reference.

### **EX16**

#### **DATE OF NEXT MEETING**

The Committee noted that the date of the next Executive Committee would be held on Wednesday 19 November 2014 at 10.00am.

THE CHAIRMAN CLOSED THE MEETING AT 11.05 AM.

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# Buckinghamshire & Milton Keynes Fire Authority

<b>MEETING</b>	Fire Authority
<b>DATE OF MEETING</b>	22 October 2014
<b>OFFICER</b>	Greg Smith, Head of Service Development
<b>LEAD MEMBER</b>	Councillor Andy Dransfield
<b>SUBJECT OF THE REPORT</b>	<b>Thames Valley Fire Control Service (TVFCS) Programme</b>
<b>EXECUTIVE SUMMARY</b>	<p>At its meeting on 31 October 2012 the Authority, when agreeing to participate in the Thames Valley Fire Control Service (TVFCS) Programme, delegated authority to the Chief Fire Officer to agree the contractual arrangements with Oxfordshire County Council and Royal Berkshire Fire Authority in consultation with the Chairman and Vice-Chairman; and that proposals for the Terms of Reference of the Members' Governance Arrangements be brought to a future meeting of the Authority.</p> <p>The purpose of this report is to update the Authority on key aspects of the Thames Valley Fire Control Service Programme; and for the Authority to agree the Terms of Reference and Constitution of the Joint Committee and to appoint Authority members to it.</p>
<b>ACTION</b>	Information and Decision.
<b>RECOMMENDATIONS</b>	<p>It is recommended that:</p> <ol style="list-style-type: none"> <li>1. The progress report (Appendix A) be noted.</li> <li>2. The Authority constitutes and participates in the Thames Valley Fire Control Joint Committee comprised of representatives of Oxfordshire County Council and Royal Berkshire Fire Authority.</li> <li>3. The Authority delegates such of its functions to the Thames Valley Fire Control Joint Committee as are necessary to enable it to fulfil its terms of reference (Appendix Bi) and its Standing Orders (Appendix Bii).</li> <li>4. The Authority appoints two of its members as its representatives on the Thames Valley Fire Control Joint Committee.</li> <li>5. The Authority nominates one of its members as a substitute member in the event that neither of its appointed members are able to attend a</li> </ol>

	<p>meeting of the Thames Valley Fire Control Joint Committee.</p>
<p><b>RISK MANAGEMENT</b></p>	<p>It was noted in the last update to the Authority that there had been a considerable reduction in the number of Control Room staff. This number remains unchanged and an agreement has been reached with Control Room staff to ensure that cover is maintained at an adequate level. Control Room staff remain extremely proactive in providing additional cover where necessary.</p> <p>Further periods of national industrial action have taken place and whilst no significant delay to the delivery of programme activities has been seen, it should be noted it does impact on officer resources who provide industrial action support within the service.</p>
<p><b>FINANCIAL IMPLICATIONS</b></p>	<p>The Buckinghamshire Fire and Rescue Service (BFRS) delivery into the TVFCS Programme remains aligned with forecast spend. The projected steady state costs and apportionment model is being reviewed as part of the work to agree the steady state legal agreement.</p>
<p><b>LEGAL IMPLICATIONS</b></p>	<p>The basis of the collaboration in establishing the Thames Valley Fire Control Service (TVFCS) was set out in a Programme Partnering Agreement (PPA) between Oxfordshire County Council (OCC) and Royal Berkshire Fire Authority (RBFA) dated 14 September 2012 and a further agreement between OCC and RBFA on the one part and BMKFA on the other part dated 22 March 2013. The TVFCS has been established by the fire and rescue authorities in order to fulfil the statutory responsibilities placed on them by sections 7(2)(c); 8(2)(c); and 9(3)(c) of the Fire and Rescue Services Act 2004 .</p> <p>It was a requirement by OCC and RBFA of the Authority joining the collaboration that it agree: a) to the governance arrangements proposed in the PPA; b) to discharge their statutory functions jointly pursuant to section 101(5) of the Local Government Act 1972; and c) for the TVFCS to be overseen and managed by officers of the three authorities acting together through the Coordination Group, primarily using staff and premises of RBFA, who will operate the TVFCS in the Primary Control Room. The details of this arrangement will be set out in a "Steady State Agreement" to be agreed by the Chief Fire Officer before the TVFCS becomes operational.</p> <p>Combined Fire Authorities may appoint and participate in a joint committee under sections 101 and 102 of the Local Government Act 1972; and OCC may do so under the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012.</p>

	<p>A joint committee appointed by two or more authorities under section 102 of the Local Government Act 1972 but to which the Authority appoints less than three members is exempt from the political balance rules under section 15 of the Local Government and Housing Act 1989.</p> <p>Allowances for those members attending the Joint Committee will be due in accordance with the Authority's prevailing Scheme of Allowances. The secretariat role will rotate with the Chairmanship of the Joint Committee (Appendix Bii, Clause 11) and the costs of the secretariat function will be borne by the relevant authority for the relevant year.</p>
<b>HEALTH AND SAFETY</b>	<p>It was identified in the last update paper regarding this Programme that additional shifts provided by remaining Control Room Staff may have a negative impact. It is pleasing to report that, to date, shifts continue to be covered and that sickness levels continue to remain low.</p>
<b>EQUALITY AND DIVERSITY</b>	<p>An initial Person Impact Assessment has been undertaken as part of the initial Fire Control Project plan.</p>
<b>USE OF RESOURCES</b>	<p>The core delivery team still consists of two officers; however this has been temporarily enhanced by a further resource who has been tasked with the development and delivery of Programme awareness and training to all affected BFRS personnel.</p> <p>The delivery of BFRS data into the TVFCS development mobilising system has caused concern. This has been mitigated by assigning a member of staff to this task on a fulltime basis until the task is complete.</p>
<b>PROVENANCE SECTION &amp; BACKGROUND PAPERS</b>	<p>Minutes of the Extraordinary meeting of the Buckinghamshire &amp; Milton Keynes Fire Authority held on Wednesday 31 October 2012</p> <p><a href="http://10.0.99.2/NR/ronlyres/0A2255BE-5D72-40AB-A89D-9D1383B1454E/0/FireAuthority19December2012.pdf">http://10.0.99.2/NR/ronlyres/0A2255BE-5D72-40AB-A89D-9D1383B1454E/0/FireAuthority19December2012.pdf</a></p> <p>Fire Authority Meeting – Thames Valley Fire Control Service (TVFCS) Programme – 18 December 2013</p> <p><a href="http://bucksfire.gov.uk/files/2014/0622/0926/BMKFA18122013.pdf">http://bucksfire.gov.uk/files/2014/0622/0926/BMKFA18122013.pdf</a></p>
<b>APPENDICES</b>	<p>Appendix A – TVFCS Programme Update</p> <p>Appendix B - Terms of Reference and Constitution of the Joint Committee</p>
<b>TIME REQUIRED</b>	<p>15 minutes.</p>

<b>REPORT ORIGINATOR AND CONTACT</b>	GM Marie Crothers <a href="mailto:mcrothers@bucksfire.gov.uk">mcrothers@bucksfire.gov.uk</a> 01296 744430
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## **Thames Valley Fire Control (TVFCS) Programme – Progress update**

The date of cutover of the Buckinghamshire Fire and Rescue Service (BFRS) Control Room Service to that of the TVFCS remains 10 December 2014.

### **1) Governance:**

#### **1.1) Steady State Partnership Agreement:**

Work has now been completed on the steady state partnership agreement; this was discussed and approved at a meeting of the Programme Sponsoring Group on 14 August 2014.

#### **1.2) Peer Review:**

A peer review of the TVFCS programme by Principal Officers from Cambridgeshire and Suffolk took place on 20 and 21 May 2014. The draft report was discussed, along with the action plan identified by TVFCS, with the TVFCS Chief Fire Officers (CFOs) at a meeting held on 4 July 2014.

#### **1.3) SAN H Agreement:**

The inter-authority agreement between the three TVFCS partners, and Northamptonshire and Warwickshire Fire and Rescue Services for the procurement and provision of the SAN-H has now been sealed as a deed by all parties and each FRS has received a copy.

Warwickshire Fire and Rescue Service are leading on the creation of a similar agreement for the Control Link solution; this is currently with the legal representatives for review/comment.

### **2) HR consultation/selection processes:**

Consultation with staff and representative bodies closed on 1 June 2014.

The deadline for existing Control Room staff from all three Fire and Rescue Services (FRSs) to submit their preference forms regarding their future employment options was 30 June. This preference exercise has now been completed and all staff have been notified of the outcome. Three personnel from BFRS will be taking up a transfer to the TVFCS. One of the three has since secured promotion to Crew Manager within the TVFCS.

An interview has taken place for the TVFCS Control Room Manager position, and was appointed with effect from 31 July 2014, with the current Royal Berkshire Fire and Rescue Service (RBFRS) Control Room Manager taking up this role.

A selection process for the role of Control Training Manager has taken place and has been filled on a temporary basis until a Station Manager ADC has been completed. This is also with effect from 31 July 2014.

Selection processes for the TVFCS Watch and Crew Manager roles have also now been completed.

TVFCS Firefighter (Control) posts have been appointed following the selection process at this level and an external recruitment process for the remaining vacant Firefighter (Control) posts has now commence. High levels of interest have been expressed in these roles and early appointment will enable the induction training to take place prior to the 'go-live' date.

Protected conversation meetings have taken place with BFRS staff not transferring to the TVFCS to discuss future options.

### **3) Rep Body Engagement:**

There has been little Fire Brigades Union engagement with the HR and Ops Alignment workstreams but the Fire Officers Association representation from BFRS continues.

### **4) Premises:**

The TVFCS Programme was allowed access to the Calcot HQ site from 27 May 2014, which has allowed essential equipment installations to take place into the equipment room.

The procurement process for the TVFCS desking and seating has taken place and orders have been placed with delivery dates imminent.

### **5) Mobilising system:**

An initial 'sandpit' system, installed by Capita at Oxfordshire Fire and Rescue Service (OFRS) HQ in Kidlington, is being used for data entry and validation of the data of each FRS. This data will be taken by Capita to populate the final live system of the TVFCS with the most recent cut being taken on 8 September 2014. Some of the BFRS data can be extracted from our existing mobilising system but a good deal has had to be manually uploaded and this work continues with a resource being provided on a full time basis.

Mapping training was delivered by Capita on 15 July to attendees from each FRS.

Factory Acceptance Testing of the mobilising system took place 28 July – 1 August 2014 and was witnessed by representatives from each FRS. This testing was largely successful, with a small number of issues identified which are to be resolved by Capita prior to Site Acceptance Testing which is planned to start on 17 October 2014.

## **6) Remote buddy:**

The North Yorkshire Fire and Rescue Service (NYFRS) have agreed to provide remote buddy and alternate support for the TVFCS. This service is planned to be in place for the TVFCS from 10 December 2014. This was approved at the TVFCS Programme Board on 3 July 2014 – discussions have taken place to identify practical and technical solutions to achieve this and work is now underway. The order for the network connections to NYFRS has been placed via the Unicorn agreement.

## **7) Operational Alignment and Training:**

- The Standard Messaging policy is at final draft for Ops alignment review.
- A draft TVFCS policy for domestic risk procedure has been produced; to be finalised.
- Work has continued to agree the Training Needs Analysis with Capita.
- It has been agreed that Capita will be commissioned to deliver all operator level training for the implementation - for Vision and the DS3000. Programme funding has been identified for this.
- Representatives from the TVFCS programme visited Gloucestershire FRS to discuss their experiences with the implementation of the Vision4 mobilising system a year ago, and identify learning that TVFCS can take, specifically regarding the training approach
- Operational Alignment will continue to work closely with the newly appointed TVFCS Control Room Manager and TVFCS Training Manager.
- Work is to continue regarding the development of the Operational Support Room and call handling procedures, including for spate conditions.
- Work continues to define the out-of-hours support for the technical solutions.
- Further development is to take place on the fallback process for Firewatch/Gartan availability.
- Conversations are taking place with the Media and Communications representatives from each FRS, to identify the requirements their teams will have from the TVFCS Control. This will be used by Operational Alignment to ensure the processes are in place to support those requirements

## **8) SAN H Implementation:**

- The SANH inter-authority agreement has now been agreed between the SANH partners, and has been sealed as a deed by all parties; all have now received their sealed copies.
- SANH installation is complete, and the SANH is now working as standalone system. Witnessed testing was successful and completed on 26 June 2014, and formal handover from the Airwave project manager took place on 8 July 2014. A change control for the RBFRS Annex A for the move to Calcot has been approved by the accreditor - this will allow partner FRSs to connect to the SANH.
- Access for the installation of the Ground Based Network (GBN) has been completed for the first route of the network and the fibre connection from Theale is now in the Control equipment room and live, connecting the SANH to Airwave.
- Work continues to press for the delivery of the GBN second route by BT Openreach. TVFCS continues to address issues related to the trench and its

provision, with a date of 2 August set for work to start. This is requiring constant liaison with BT Openreach and their contractors.

- Codes of Connection work required to use the systems continues:
  - RBFRS - Annex A approved by the Accreditor, Annex C=95%
  - BFRS - AnnexA 100% (signed and agreed); AnnexC = 80%.
  - OFRS - AnnexA approved by the Accreditor; AnnexC - approved by the Accreditor.

## **9) Station Ends:**

A trial Station End has been installed and connected to the Sandpit training system, and work undertaken with Multitone (Station End provider) to work towards finalising the initial profile for station ends and unified printouts.

Multitone training has been provided to representatives from all three FRSs, to enable them to progress update work on the station ends.

**Joint Committee Terms of Reference**

**1. Remit and Objectives of the Joint Committee**

- 1.1. The Joint Committee is constituted to provide overall strategic direction and oversight for the TVFCS.
- 1.2. The Joint Committee shall have the following functions:
  - 1.2.1. champion the TVFCS;
  - 1.2.2. act as the link between the TVFCS and the Fire Authorities ;
  - 1.2.3. guide recommendations from the TVFCS, that may affect the operational functions of the Fire Authorities, through the governance processes of the Fire Authorities;
  - 1.2.4. assist with the management of the relationships between the Fire Authorities ;
  - 1.2.5. monitor the steady state operational benefits and performance of the TVFCS, against the agreed measures and targets;
  - 1.2.6. monitor steady state risks relevant to the TVFCS;
  - 1.2.7. monitor the financial performance of the TVFCS against required and available budget, benefits and efficiencies, and to contribute to the financial processes of the Fire Authorities;
  - 1.2.8. discuss, and contribute to, proposals on future developments for the TVFCS;
  - 1.2.9. provide strategic direction on the future of the TVFCS;
  - 1.2.10. consider and recommend to the Fire Authorities proposals in relation to Fire Authority Decisions including but not limited to;
    - (a) discuss, and recommend proposals for additional full partners into the TVFCS;
    - (b) discuss, and recommend proposals for the supply of TVFCS services to other fire and rescues services or other clients;
  - 1.2.11. decide upon and determine all matters which are Joint Committee Decisions, any matters referred to the Joint Committee for decision pursuant to the TVFCS decision making process in clause 8 (Decision Making by TVFCS) and any matters reserved by law or otherwise to the Joint Committee.

**Joint Committee Standing Orders**

**Part 1 Joint Committee Meetings**

**1. Interpretation of the Standing Orders**

- 1.1. If there is any conflict between these Standing Orders and the Local Government (Access to Information) Act 1985 the Act shall prevail.
- 1.2. The ruling of the Chairman as to the meaning or application of any of the Standing Orders in Part 1 or as to any aspect of the Joint Committee's procedure (including the order of business) shall be conclusive and shall not be challenged at any meeting of the Joint Committee nor open to discussion.
- 1.3. References to the Secretary shall include such other named officers authorised by them to act on their behalf.

**2. Membership of the Joint Committee**

- 2.1. Each Fire Authority shall appoint two of its members to be a member of the Joint Committee and may nominate substitute members provided that OCC's appointed members and substitute members are members of its Executive.
- 2.2. A Fire Authority shall notify the Secretary of the names and contact address of its representatives and of any replacement representative. Once notified to the Secretary, a member shall continue to hold membership unless he/she ceases to be a member of a Constituent Authority or until a replacement member is so notified to the Secretary.

**3. Place and Time of Meetings**

- 3.1. Meetings of the Joint Committee shall be held:
  - 3.1.1. at such mutually convenient times as are agreed by the Joint Committee; and
  - 3.1.2. at the premises of the Chairman.
- 3.2. In addition to any extraordinary meetings called by the Chairman at his discretion or on the request in writing of any member of the Joint Committee, meetings will generally be held in March, July (annual meeting), September and December each year at times and on dates fixed at the annual meeting unless the Joint Committee decides otherwise.
- 3.3. At the appointed time the proceedings at a meeting of the Joint Committee shall commence by the Chairman calling the Joint Committee to order.

#### **4. Notice, Agenda and Reports**

- 4.1. The Secretary shall send to members a notice to attend a meeting of the Joint Committee together with the minutes of the preceding meeting and an agenda not less than five (5) Business Days before the meeting.
- 4.2. Want of service of the notice on any member of the Joint Committee shall not affect the validity of the meeting.
- 4.3. The agenda shall include a printed copy of any plans, strategies or reports in all matters where a recommendation is to be made to the Joint Committee pursuant to clause **Error! Reference source not found.** (Decision Making Within TVFCS).
- 4.4. All such recommendations which are submitted to the Joint Committee, so far as practicable, shall be set out clearly in the form of resolutions to be considered by the Joint Committee.

#### **5. Attendance of Officers**

- 5.1. A Chief Fire Officer and/or Principal Officer from each of the Fire Authorities, and any member of the Coordination Group, shall be entitled and may be required to attend meetings of the Joint Committee in a non-voting capacity.

#### **6. Substitutes**

- 6.1. Substitute members are permitted to attend a meeting of the Joint Committee.
- 6.2. If a member is not able to attend a meeting, his Fire Authority may give to the Secretary notice in writing including the name of the member to attend in his place. If possible notice should be given by 4.00 pm on the day before the meeting and not later than the start of the meeting.
- 6.3. A member appointed as substitute shall have the same responsibilities and duties as the members of the Joint Committee whom they are substituting.

#### **7. Record of Attendances**

- 7.1. Every member of the Joint Committee attending a meeting of the Joint Committee shall sign the attendance book or sheet but any omission may be rectified by the Secretary to the Joint Committee.

#### **8. Interests of Members**

- 8.1. If any member, under the Code of Conduct applicable to the Fire Authority which he/she represents, has a personal interest in any matter then he shall declare the interest and the reasons why it arises, at the earliest opportunity in the meeting (which will usually be under the agenda item on members' interests). If that interest is also a disclosable pecuniary interest, while such matter is considered, the member must withdraw from the meeting.

## **9. Admission of Public and Press**

- 9.1. The public and press shall be admitted to all the meetings of the Joint Committee unless excluded by resolution in accordance with the provisions of the Local Government Act 1972 as amended by the Local Government (Access to Information) Act 1985.
- 9.2. The Chairman may give the Secretary directions as to arrangements for the admission of the public.
- 9.3. No member of the public shall interrupt or take part in the proceedings at any meeting. If any member of the public interrupts or behaves in a disorderly manner at any meeting, the Chairman may, after warning, order his removal from the room, or may order that the part of the room open to the public shall be cleared.
- 9.4. The Chairman may at any time, if he thinks it desirable in the interest of order, move that the meeting be adjourned or suspended, and if the motion is carried, the meeting shall be adjourned or suspended to a time to be determined by the members.

## **10. Motions Affecting Employees**

- 10.1. If any question arises at a meeting of the Joint Committee as to the appointment, promotion, dismissal, salary, superannuation or conditions of service, or as to the conduct or ability of any person employed by a Fire Authority to carry out work in connection with TVFCS, a motion to exclude the public and press shall be moved forthwith by the Chairman and put without debate.

## **11. Appointment of Chairman and Vice Chairman and Secretary<sup>1</sup>**

- 11.1. At the first meeting of the Joint Committee, and then at the first meeting in any Financial Year from July 2016 which shall be the Annual General Meeting (AGM), the Joint Committee shall appoint a Chairman and a Vice Chairman in accordance with this paragraph 11.
- 11.2. Chairmen shall be appointed in the following order of rotation:
  - 11.2.1. until the 2016 AGM the Chairman shall be a member of RBFA;
  - 11.2.2. until the 2017 AGM the Chairman shall be a member of BMKFA; and
  - 11.2.3. until the 2018 AGM the Chairman shall be a member of OCC,  
and the above order of rotation shall apply for subsequent years.
- 11.3. Vice Chairmen shall be appointed in the following order of rotation:

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<sup>1</sup> NOTE – Query arising from August PSG for lawyers as to whether a Vice Chairman is necessary.



- 11.3.1. until the 2016 AGM the Vice Chairman shall be a member of BMKFA;
  - 11.3.2. until the 2017 AGM the Vice Chairman shall be a member of OCC; and
  - 11.3.3. until the 2018 AGM the Vice Chairman shall be a member of RBFA,  
and the above order of rotation shall apply for subsequent years.
- 11.4. The Chairman and Vice Chairman of the Joint Committee shall each hold office until:
- 11.4.1. the next AGM of the Joint Committee when a new Chairman and Vice Chairman of the Joint Committee shall be appointed provided that the first Chairman and Vice Chairman shall be appointed until the AGM in July 2016.
  - 11.4.2. he/she ceases to be a member of the Joint Committee, or
  - 11.4.3. he/she resigns from the office of Chairman or Vice Chairman by notification in writing to the Secretary to the Joint Committee.
- 11.5. At the first meeting of the Joint Committee, the members shall agree which member of RBFA will be appointed as Chairman and which member of BMKFA will be appointed as Vice Chairman.
- 11.6. The Secretary shall be an officer of the Fire Authority whose member is the Chairman and shall be appointed for the same duration as the Chairman.

## **12. Minutes**

- 12.1. At each meeting the Chairman shall ask the Joint Committee to approve the signing of the minutes of the last meeting of the Joint Committee as a correct record.
- 12.2. No discussion shall take place upon the minutes, except upon their accuracy, and any question of their accuracy shall be raised by motion. If no such question is raised, or if it is raised then as soon as it has been disposed of, the Chairman shall sign the minutes.

## **13. Adjournment of Meeting**

- 13.1. The Chairman may, in addition to any other power, adjourn a meeting of the Joint Committee for such period as he shall consider expedient. The Chairman shall fix the date and time at which the Joint Committee will resume either at the time of the adjournment or at any time thereafter.
- 13.2. Subject to Standing Order 13.1, if any meeting of the Joint Committee is adjourned before its business has been finished, the meeting shall then stand adjourned until a date and time fixed by the Joint Committee, or fixed by the Chairman, or if no such date and time is fixed, to the next meeting of the Joint Committee.

#### **14. Lack of Quorum**

- 14.1. Three members of the Joint Committee constitutes a quorum including at least one properly appointed member from each of the Fire Authorities.

#### **15. Order of Business**

- 15.1. The order of business at a meeting of the Joint Committee shall be:
- 15.1.1. Election of a member of the Joint Committee to preside at the meeting, in the absence of the Chairman and Vice Chairman;
  - 15.1.2. appointment of Chairman of the Joint Committee, at its AGM or when a vacancy exists for the post;
  - 15.1.3. appointment of Vice Chairman of the Joint Committee, at its AGM or when a vacancy exists for the post to appoint a Vice Chairman;
  - 15.1.4. where necessary, to note changes in membership of the Joint Committee;
  - 15.1.5. members' interests;
  - 15.1.6. to consider whether the minutes of the last meeting of the Joint Committee are a correct record;
  - 15.1.7. to deal with business specially brought forward by the Chairman as urgent;
  - 15.1.8. to deal with any business required by statute to be done at the meeting;
  - 15.1.9. to deal with business remaining from the last meeting, if any;
  - 15.1.10. to deal with written questions;
  - 15.1.11. to deal with other business specified in the agenda.

### **Part 2 Rules of Debate**

#### **16. Relevance**

- 16.1. A member shall direct his speech to the question under discussion or to a personal explanation or to a point of order.

#### **17. Points of Order or Personal Explanation**

- 17.1. A member may at any time raise a point of order and shall be heard immediately. A point of order shall relate only to an alleged breach of a Standing Order or statutory provision and the member shall first specify the Standing Order or statutory provision and the way in which the member considers it has been broken.
- 17.2. A member may at any time raise a point of personal explanation. A personal explanation must be confined to some material part of

a former speech by the member at the same meeting of the Joint Committee which has been misunderstood. A member so raising such a point shall be entitled to be heard immediately.

## **18. Motions and Amendments**

- 18.1. If a motion, referred to in the agenda, is not moved either by the member who has given the notice or by some other member on his behalf, it shall be treated as abandoned and shall not be moved without fresh notice, unless postponed by consent of the Joint Committee.
- 18.2. A motion or an amendment may be spoken to by the proposer, but shall not be discussed unless it has been proposed and seconded. If the Chairman so requires, the motion shall be put in writing and handed to the Secretary.
- 18.3. A member, when seconding a motion or amendment, may declare his intention of reserving his speech until a later period of the debate.
- 18.4. Notwithstanding Standing Order 18.2, a motion to adopt a report, or paragraphs of a report, need not be seconded.

## **19. Definition of Amendment**

- 19.1. An amendment shall be relevant to the motion and shall be either:
  - 19.1.1. to leave out words; or
  - 19.1.2. to leave out words and insert or add other words; or
  - 19.1.3. to insert or add words but it shall not have the effect of introducing a new proposal into, or negating, the motion before the Joint Committee.

## **20. Disposal of Amendments**

- 20.1. Whenever an amendment has been moved and seconded no other amendment shall be moved until the first amendment has been disposed of; however, notice of any number of amendments may be given. The Chairman may rule that amendments moved on related subjects shall be debated (but not voted on) together.
- 20.2. If an amendment is rejected, other amendments may be moved on the original motion. If an amendment is carried, the motion as amended shall take the place of the original motion, and become the substantive motion upon which any further amendment may be moved.

## **21. Variation of Motions**

- 21.1. A member who has given notice of a motion may, with the consent of the seconder and of the Chairman signified without discussion, vary its terms or language, provided that in so doing he does not alter its substance.

## **22. Withdrawal of Motion or Amendment**

- 22.1. A motion or amendment once moved and seconded shall not be altered or withdrawn by the proposer without the consent of the

seconded and of the Joint Committee, which shall be signified without discussion.

### **23. Closure of Debate on a Motion or Amendment**

23.1. A member may at the conclusion of a speech by another member, move without comment, "that the question is now put" or "that the debate is now adjourned" or "that the meeting of the Joint Committee now adjourns" on the seconding of which the Chairman shall proceed as follows:

23.1.1. on a motion that the question is now put, unless in his opinion the matter before the meeting has been insufficiently discussed (in which case the Chairman may refuse to accept the motion), he shall first put to the vote the motion that the question is now put. If it is passed, the Chairman shall then call upon the proposer of the original motion only to exercise his right of reply under Standing Order 26.

23.1.2. On a motion to adjourn the debate or the meeting, if in his opinion the matter before the meeting has not been sufficiently discussed and cannot reasonably be sufficiently discussed at that meeting, the Chairman shall put the adjournment motion to the vote without giving any right of reply on that occasion.

### **24. Right of Reply**

24.1. A proposer of a motion shall have the right of reply immediately before such motion is put to the vote. In exercising his right of reply a proposer shall confine himself to answering previous speakers and shall not introduce any new matter into the debate.

### **25. Voting**

25.1. The Joint Committee shall vote upon all matters (except where statute otherwise provides) by show of hands, but on demand of three members of the Joint Committee, the names of the members present and their votes shall be taken by the Secretary and recorded in the minutes.

25.2. The matter shall be decided by a majority of the members of the Joint Committee (or their substitutes) present and voting on the matter at the meeting and in the event of an equal number of votes the Chairman shall have a casting vote.

25.3. Where immediately after a vote is taken at a meeting of the Joint Committee any member requires, the minutes of that meeting shall indicate whether that member voted for the issue, against the issue or abstained from voting.

### **26. Questions of Which Members Must Give Notice (Written Questions)**

26.1. A member of the Joint Committee who has given due notice as provided by Standing Order 26.3 (five (5) Business Days) when the item on the agenda relating to written questions is reached,

may ask a question of the Chairman or another member.

- 26.2. Questions may be on any matter in relation to which the Joint Committee have powers or duties and which is not ruled by the Chairman to be irrelevant or inappropriate in form or of such a nature that the preparation of the answer will require the expenditure of a disproportionate amount of time, money or effort.
- 26.3. Notice of a question shall be in writing and shall be given to the Secretary to the Joint Committee at least five (5) Business Days before the meeting of the Joint Committee at which the question is to be asked, but the Chairman (after consultation with the relevant Fire Authorities to whom the question is addressed) may allow this provision to be relaxed if, in his opinion, it would facilitate the proper conduct of the Joint Committee's business. This right is reserved to allow a written answer to be given in complex cases after the relevant meeting of the Joint Committee.

## **27. Replies to Questions**

- 27.1. A copy of every question together with, so far as it is practical/practicable, a copy of the answer to be given, shall be circulated in the room before the meeting at which the question is to be asked to all members of the Joint Committee and the press unless motion under Standing Order 9.1 (to exclude the public and press) is to be moved. The member asking the question shall have the right to ask that the question shall be answered orally.
- 27.2. In answering any question it shall be deemed a sufficient reply if, where the desired information is contained in a publication of the Joint Committee or the relevant Fire Authority, a reference is made to that publication and a copy of it is made available to members of the Joint Committee.

## **28. Supplementary Questions**

- 28.1. Every question shall be put and answered without discussion, but the Chairman may, at his discretion, allow the questioner a supplementary question elucidating the answer.

## **29. Absence of Member Who Has Given Notice**

- 29.1. If a member who has given notice of a question is absent from the meeting at which the question is to be asked, another member may ask the question.

## **30. Disclosure of Joint Committee Business**

- 30.1. All documents marked "confidential", all documents marked "exempt/confidential", all documents and matters which have been, or are intended to be, raised or discussed in the absence of the press and public, and all discussions on those occasions, shall be treated as confidential.

### **Part 3 General**

#### **31. Execution of Documents**

- 31.1. Any document required to be signed by the Joint Committee shall be signed by the Chairman.

#### **32. Inspection of Documents**

- 32.1. A member of the Joint Committee may, for the purposes of his duty as such member but not otherwise, on application to the Secretary to the Joint Committee, inspect any document which has been considered by the Joint Committee, and if copies are available shall on request be supplied with a copy of such a document.
- 32.2. A member shall not knowingly inspect and shall not call for any document relating to a matter in which he has a personal interest which is also a disclosable pecuniary interest under his Fire Authority's Code of Conduct.
- 32.3. This Standing Order shall not preclude the Secretary from declining to allow inspection of any document which is, or in the event of legal proceedings would be, protected by privilege arising from the relationship of solicitor and client.
- 32.4. All reports to the Joint Committee shall be open for inspection by any member and the Secretary shall send to any member of the Joint Committee who so requests all reports and papers (save those marked "exempt/confidential").

#### **33. Standing Orders to be given to Members**

- 33.1. A copy of these Standing Orders shall be given to each member upon appointment to the Joint Committee.

#### **34. Contracting Powers**

- 34.1. The Joint Committee has no delegated powers to contract and all contracts will, with the agreement of such of the Fire Authorities as is appropriate, be in the name of a Fire Authority or Fire Authorities authorised for the purpose. Each contracting Fire Authority shall comply with its own Standing Orders relating to contracts.

#### **35. Costs and Expenses**

- 35.1. Each Fire Authority will meet their own costs of member and officer involvement in the Joint Committee including travelling and subsistence costs and allowances.
- 35.2. The administrative costs and expenses of the Joint Committee including the costs of the Secretary and the services provided by the Secretary to the Joint Committee and members of the public and of hosting the meetings of the Joint Committee will be met by the Fire Authority whose member is the Chairman of the Joint Committee from time to time.

35.3 Without prejudice to the arrangements as to costs and expenses set out in this paragraph 35, in the event that the Fire Authorities agree or are required by law to put in place a separate budget for the Joint Committee then the budget will be approved and managed following the same arrangements which apply to the Annual TVFCS Revenue Budget.

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# Buckinghamshire & Milton Keynes Fire Authority

<b>MEETING</b>	Fire Authority
<b>DATE OF MEETING</b>	22 October 2014
<b>OFFICER</b>	Lynne Swift, Director of People & Organisational Development
<b>LEAD MEMBER</b>	Councillor Roger Reed
<b>SUBJECT OF THE REPORT</b>	<b>In Year Amendments to BMKFA Pay Policy Principles and Statement 2014/15</b>
<b>EXECUTIVE SUMMARY</b>	<p>The purpose of this report is to recommend approval to the Authority for in year updates to the attached Pay Policy Principles and Statement for 2014/15.</p> <p>It is proposed that the attached draft (Appendix 1) be the Authority's revised Pay Policy Principles and Statement for the remainder of 2014/15. It is based on the approved Pay Policy Statement for 2014/15 save as amended by additional text underlined (<u>underlined</u>) and deleted text shown struck through (<del>struck through</del>).</p> <p>The Pay Policy has been revised with minor amendments made to terminology, the revised pay scales for Support Services Staff pay effective from 1 September 2014 and 1 July 2014 amendments to pay levels for the NJC for Local Authority Fire and Rescue Services Scheme of Conditions of Service 2004 added.</p>
<b>ACTION</b>	Decision.
<b>RECOMMENDATIONS</b>	<p>It is recommended that :-</p> <p>The amendments made to the Pay Policy Principles and Statement at Appendix 1 be agreed by the Fire Authority as its statutory Pay Policy Statement for the remainder of 2014/15.</p>
<b>RISK MANAGEMENT</b>	The Fire Authority is required to adopt and publish a Pay Policy Statement annually.
<b>FINANCIAL IMPLICATIONS</b>	There are no direct financial implications arising from the amendments to the Pay Policy Principles and Statement.
<b>LEGAL IMPLICATIONS</b>	There are no legal implications arising from the amendments to the Pay Policy Principles and Statement.
<b>HEALTH AND SAFETY</b>	No implications.

<p><b>EQUALITY AND DIVERSITY</b></p>	<p>There are no equality and diversity implications arising from the amendments to the Pay Policy Principles and Statement.</p>
<p><b>USE OF RESOURCES</b></p>	<p>The amendments made to the Pay Policy Principles and Statement 2014/15 reflect in-year changes as described in the Executive Summary of this report permitting the Authority to revisit certain elements to reflect the needs of the Service.</p> <p>Following approval of the amendments, communication will be via the normal policy publication and amendment process.</p> <p>Adherence to the Pay Policy is controlled via strict establishment and pay change approval process controls.</p>
<p><b>PROVENANCE SECTION &amp; BACKGROUND PAPERS</b></p>	<p>Reference is made in the cover report to the current 2014/15 Pay Policy Statement approved at the full Fire Authority on 19 February 2014 that the Policy may be amended by the full Authority during the financial year to which it applied.</p> <p>Report to the Meeting of the Buckinghamshire &amp; Milton Keynes Fire Authority held 19 February 2014</p> <p><a href="#">BMKFA Pay Policy Principles and Statement 2014/15</a></p>
<p><b>APPENDICES</b></p>	<p><b>Appendix 1:</b> Pay Policy Principles and Statement 2014/2015 (Part 1: All staff, Part 2: SMB only)</p> <p><b>Annexe A:</b> "Grey Book" pay rates from 1 July 2014</p> <p><b>Annexe B:</b> Support Services staff pay scales from 1 September 2014</p> <p><b>Annexe C:</b> Employee Bonus Payment Setting Scheme and Process</p>
<p><b>TIME REQUIRED</b></p>	<p>10 minutes.</p>
<p><b>REPORT ORIGINATOR AND CONTACT</b></p>	<p>Faye Mansfield - Human Resources Development Manager</p> <p><a href="mailto:fmansfield@bucksfire.gov.uk">fmansfield@bucksfire.gov.uk</a></p> <p>01296 744623</p>

**Information Asset Owner:**

Director: People &amp; Organisational Development

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Policy Note:

**Pay Policy Principles and Statement 2014/15**

To:	Document Type:	✓	Document Summary:
All employees of the Authority, including temporary staff	Policy	✓	This policy sets out the principles of accountability, transparency and fairness relating to pay. The policy lays down how pay is managed and set for all employees of the Authority including the Strategic Management Board.
	Assessment		
	Procedure		
	Guidance Note		
	Technical Note		
	Information		
	<b>Safety Critical</b>		
<b>Keyword:</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****First issue:** 15 February 2012


**Second issue:** 13 February 2013. This is the Buckinghamshire and Milton Keynes Fire Authority Pay Policy Statement 2013/2014 for the purposes of the Localism Act 2011 and has been approved by resolution of the full Authority at the meeting of the Buckinghamshire & Milton Keynes Fire Authority on 13th February 2013.

**Third issue:** 19 February 2014. A meeting of the full Authority is required to approve its Pay Policy Statement before the end of the 31 March immediately preceding the financial year to which it relates.

Adoption of the Pay Policy Statement ensures statutory compliance. Legislation permits in-year changes to revisit certain elements to reflect the needs of the service.

**Version 3.1:** Document revised and minor amendments made to terminology, 1 September 2014 Support Services Staff revised pay scales and 1 July 2014 NJC Circular 03/14 pay rates added.

<b>Version:</b>	Version 3.1	<b>Status of document:</b>	Draft for CFA
<b>Author:</b>	Lynne Swift	<b>PIA:</b>	Reviewed annually
<b>Issue Date:</b>	October 2014	<b>Review Date:</b>	March 2015
<b>File Name</b>	Pay Policy Principles and Statement		

	<b>Information Asset Owner:</b>	Appendix 1 Director: People & Organisational Development
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## BMKFA Pay Policy Principles and Statement

This document applies to all employees of Buckinghamshire & Milton Keynes Fire Authority (The Authority).

### Principles

#### 1. Accountability

Decisions on pay policies will be taken by elected members - those who are directly accountable to local communities. We will ensure that all democratically accountable members have a significant input into how decisions on pay are made, and that we are open about the policies that determine those decisions.

Our annual Pay Policy Statements, and any amendments to them, will be considered by a meeting of the Fire Authority and will not be delegated to any sub-committee. In scheduling such meetings, we will act in accordance with our responsibilities under part 5A of the Local Government Act 1972. However, we note that the Secretary of State does not consider that any of the grounds for exclusion of the public would be met for discussions of Pay Policy Statements. Such meetings should therefore be open to the public and should not exclude observers. All decisions on pay and reward for chief officers must comply with the current pay policy statement.


The Fire Authority will be offered the opportunity to vote before salary packages (£100,000 plus) are offered in respect of a new appointment. For this purpose, salary packages should include salary, any bonuses, fees or allowances routinely payable to the appointee and any benefits in kind to which the officer is entitled as a result of their employment.

#### 2. Transparency

Our Pay Policy Statement, along with our approach to the publication of and access to information relating to remuneration, will be published on our website.

Although we are not required to use our Pay Policy Statement to publish specific numerical data on pay and reward, we will consider how the information within the Pay Policy Statement fits with that data on pay and reward that we publish separately.

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This includes that data required to be published under the Code of Recommended Practice for Local Authorities on Data Transparency and by the Accounts and Audit (England) Regulations 2011.

### 3. Fairness

We will ensure that decisions about senior pay are taken in the context of similar decisions on lower paid staff salaries, and that the relationship between those decisions is considered. We will consider our proposals for the pay relationship between the remuneration of chief officers and employees who are not chief officers.

We will publish our pay multiple – the ratio between the highest paid employee and the mean average earnings and the lowest paid across the Fire and Rescue Service.

We will set out our approach to the award of other elements of remuneration, including bonuses, performance related pay as well as severance payments.

#### Statement 1 April 2012


##### Part 1 Pay Policy (all staff excluding SMB)

1. All pay decisions will be fair, based on policy and reflecting the requirements of legislation.
2. Our systems will be transparent and well known amongst staff groups and we will discuss planned changes to our systems with the appropriate representative bodies.
3. We will where possible, avoid complex pay systems and in determining pay we will make reference to market rates in order to secure best value for the taxpayer.

#### Level and elements of remuneration

4. Staff are employed under contracts with either the terms and conditions of the NJC for Local Authority Fire and Rescue Services Scheme of Conditions of Service, 2004 "the Grey Book" incorporated; or with the provisions of the Buckinghamshire and Milton Keynes Fire Authority scheme of conditions of Service for Support Services staff. ~~April 1997 incorporated.~~

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- For Grey Book staff, rates of pay are set out in circulars issued by the NJC and entitlements are governed by Part B of the Grey Book.
- For other staff the pay structure takes the form of pay scales with spinal column incremental points. Incremental Progression is based on evidenced performance and would normally occur on 1st April if the required criteria are met; at least six months in post, subject to performance and the maximum grade for the post not being exceeded.

Incremental progression may be withheld if performance is not to the required standard.

- Pay scales are inserted in the annexes:

Annexe A "Grey Book" Pay rates from 1 July ~~2013~~2014

Annexe B "Support Services staff" ~~Green Book~~" Pay scales from 1 September 2014~~July 2013~~

- Some members of staff participate in lease car and private healthcare insurance arrangements.
- The Authority reimburses mileage, travel expenses, subsistence and other expenses (e.g. overnight stays, meals and professional fees) when appropriate and in accordance with the Authority's policy and procedures relating to expenses.


## Remuneration on Recruitment

- Remuneration will be based on the evaluated rate for the job, either nationally or locally.

## Increases and additions to remuneration

- Additional Responsibility Allowance (ARA) payments for "Grey Book" staff and occasional Honoraria for "Support Services" staff on local ~~Green Book~~' terms and conditions, are used to reward increased responsibilities, and duties beyond the normal remit of the role for specific periods, for existing staff to cover managed vacancies for short to medium term periods, enabling successful change management with minimal risk.
- Any such payments require the signature of two Directors in accordance with the current procedures.

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### Use of Performance related pay

13. Performance related pay is not in operation although certain posts attract performance increments based on skill development.

### Use of bonuses

14. One off bonus payments may be considered linked to evidenced and scrutinised delivery of performance management objectives and is outlined in Annex C.

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

15. The Authority's current policies in respect of discretionary payments are in line with the recommendations to be found in the minutes of the Fire Authority on 24 June 2014~~Human Resources Sub Committee held on 12 December 2012~~ titled Local Government Pension Scheme 2014 – Employer Discretions and entitled Statement of Policy on the Adoption of Certain Employer Discretions and the minutes of the Executive Committee held on 17 July 2013.

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

16. We will publish information in accordance with the "Local Government Transparency Code 2014 – The Code of Recommended Practice for Local Authorities on the Data Transparency".

### Pay Multiple

17. Our definition of lowest paid staff are those staff we employ who are paid at rates that are maintained in line with the National Minimum Wage at age 21 or over. We opt not to use lower pay rates permitted under the National Minimum Wage for 16 to 20 year olds or apprentices.

### The current BMKFA pay multiples are;

Highest pay: lowest pay is 11.5  
Highest pay: median pay is 4.87

18. It is our intention that salary multiples do not reach the 1:20 ratio referred to in the Hutton Report.

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## **Pay Policy Principles and Statement 2014/15**

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

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

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

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

#### **Remuneration on Recruitment**

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

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

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

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

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


#### **Use of Bonuses**

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

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

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

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26. This Authority does not make payments to senior staff members who leave other than to those who are leaving for the purposes of improved efficiency
27. Re-employment/re-engagement will not normally occur following retirement, however there may be exceptional circumstances where specialist knowledge and expertise are required for a defined period of time in the event of which re-employment/re-engagement may be considered.
28. The Fire Authority will be given the opportunity to vote as to the terms of appointment or dismissal of the Chief Fire Officer and Chief Executive, and deputy to the Chief Fire Officer and Chief Executive, or equivalent.

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

29. We will publish information in accordance with the "Local Government Transparency Code 2014". ~~"The Code of Recommended Practice for Local Authorities on the Data Transparency"~~.

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**Pay Policy Principles and Statement 2014/15****ANNEXE A****FIREFIGHTING ROLES - PAY RATES FROM 1st JULY 2014**

	<b>Basic annual £</b>	<b>Basic hourly rate £</b>	<b>Overtime rate £</b>
<b>Firefighter</b>			
Trainee	21,799	9.95	14.93
Development	22,706	10.37	15.56
Competent	29,054	13.27	19.91
<b>Crew Manager</b>			
Development	30,880	14.10	21.15
Competent	32,211	14.71	22.07
<b>Watch Manager</b>			
Development	32,908	15.03	22.55
Competent A	33,822	15.44	23.16
Competent B	36,021	16.45	24.68
<b>Station Manager</b>			
Development	37,467	17.11	25.67
Competent A	38,591	17.62	26.43
Competent B	41,324	18.87	28.31
<b>Group Manager</b>			
Development	43,150	19.70	Not Applicable
Competent A	44,445	20.29	"
Competent B	47,835	21.84	"
<b>Area Manager</b>			
Development	50,658	23.13	Not applicable
Competent A	52,177	23.83	"
Competent B	55,568	25.37	"

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**Pay Policy Principles and Statement  
2014/15**
**FIREFIGHTING ROLES – PAY RATES FROM 1st JULY 2014  
(RETAINED DUTY SYSTEM)**

	(1) £ per annum	(2) £ per annum	(3) £ per Hour	(4) £ per occasion
<b>Firefighter</b>				
Trainee	2,180	1,090	9.95	3.82
Development	2,271	1,135	10.37	3.82
Competent	2,905	1,453	13.27	3.82
<b>Crew Manager</b>				
Development	3,088	1,544	14.10	3.82
Competent	3,221	1,611	14.71	3.82
<b>Watch Manager</b>				
Development	3,291	1,645	15.03	3.82
Competent A	3,382	1,691	15.44	3.82
Competent B	3,602	1,801	16.45	3.82
<b>Station Manager</b>				3.82
Development	3,747	1,873	17.11	3.82
Competent A	3,859	1,930	17.62	3.82
Competent B	4,132	2,066	18.87	3.82
<b>Group Manager</b>				3.82
Development	4,315	2,158	19.70	3.82
Competent A	4,445	2,222	20.29	3.82
Competent B	4,784	2,392	21.84	3.82
<b>Area Manager</b>				
Development	5,066	2,533	23.13	3.82
Competent A	5,218	2,609	23.83	3.82
Competent B	5,557	2,778	25.37	3.82

Column 1 shows the full annual retainer  
 Column 2 shows the retainer for employees on the day crewing duty system  
 Column 3 shows the hourly rate for work undertaken

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 <p>Buckinghamshire &amp; Milton Keynes Fire Authority  <b>MAKING YOU SAFER</b>      PREVENTING PROTECTING RESPONDING      WWW.BUCKSFIRE.GOV.UK</p>		Appendix 1
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Column 4 shows the disturbance payment per call-out

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## Pay Policy Principles and Statement 2014/15

### CONTROL SPECIFIC ROLES - PAY RATES FROM 1st JULY 2014

	<b>Basic annual £</b>	<b>Basic hourly rate £</b>	<b>Overtime rate £</b>
<b>Firefighter (Control)</b>			
Trainee	20,709	9.46	14.19
Development	21,571	9.85	14.78
Competent	27,601	12.60	18.90
<b>Crew Manager (Control)</b>			
Development	29,336	13.40	20.10
Competent	30,600	13.97	20.96
<b>Watch Manager (Control)</b>			
Development	31,263	14.28	21.42
Competent A	32,131	14.67	22.01
Competent B	34,220	15.63	23.45
<b>Station Manager (Control)</b>			
Development	35,594	16.25	24.38
Competent A	36,661	16.74	25.11
Competent B	39,258	17.93	26.90
<b>Group Manager (Control)</b>			
Development	40,993	18.72	<b>Not applicable</b>
Competent A	42,223	19.28	"
Competent B	45,443	20.75	"

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**Pay Policy Principles and Statement 2014/15****NON-OPERATIONAL STAFF - PAY RATES FROM 1st JULY 2014**

	<b>£ per annum</b>
<b>Fire Control Operator equivalent</b>	
During first six months	18,565
After six months and during 2 <sup>nd</sup> year	19,387
During 3 <sup>rd</sup> year	20,309
During 4 <sup>th</sup> year	21,308
During 5 <sup>th</sup> year	23,207
<b>Leading Fire Control Operator equivalent</b>	24,852
<b>Senior Fire Control Operator equivalent</b>	
During 1 <sup>st</sup> year in rank	25,490
During 2 <sup>nd</sup> year in rank	26,456

**JUNIOR FIREFIGHTERS - PAY RATES FROM 1st JULY 2014**

	<b>£ per annum</b>
Aged 16	10,084
Aged 17	10,836
Aged 18	21,799

<b>Version:</b>	Version 3.1	<b>Status of document:</b>	Draft for CFA
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<b>Issue Date:</b>	October 2014	<b>Review Date:</b>	March 2015
<b>File Name</b>	Pay Policy Principles and Statement		


**Information Asset Owner:**

Director: People &amp; Organisational Development

**Protective Marking:**
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**Pay Policy Principles and Statement 2014/15**
**ANNEXE B**

Support Services Staff Pay Scales effective 1 September 2014					
REVISED PAY SCALES	MONEY VALUE	EXISTING SCALES	Spinal Column Point	Pay point descriptor	RESPONSIBILITY LEVELS
A (NMW)	£12,173	NMW	1	National Minimum Wage	6
B	£15,898	New	2	Developing	7
	£16,295	New	3	Competent	
C	£17,110	Scale 1	4	Developing	8
	£17,851	Scale 1	5	Competent	
	£18,625	Scale 1	6		
D	£18,922	New	7	Developing	9
	£19,395	New	8	Competent	
E	£20,210	Scale 2	9	Developing	10
	£20,581	Scale 2	10	Competent	
	£20,954	Scale 2	11		
F	£22,075	Scale 3	12	Developing	11
	£22,571	Scale 3	13	Competent	
	£23,067	Scale 3	14		
G	£24,210	Scale 4	15	Developing	12
	£24,559	Scale 4	16	Competent	
	£25,047	Scale 4	17		
H	£26,448	Scale 5	18	Developing	13
	£26,924	Scale 5	19	Competent	
	£27,560	Scale 5	20		
I	£30,131	Scale 6	21	Developing	14
	£30,953	Scale 6	22	Competent	
	£31,786	Scale 6	23		
J	£32,810	New	24	Developing	15
	£33,630	New	25	Competent	
K	£37,278	Scale 7	26	Developing	16
	£38,222	Scale 7	27	Competent	
	£39,314	Scale 7	28		
L	£40,515	New	29	Developing	17
	£41,528	New	30	Competent	

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M	£43,946	Scale 8	31	Developing	18
	£45,155	Scale 8	32	Competent	
	£46,357	Scale 8	33		
N	£53,895	Scale 9	34	Developing	19
	£55,238	Scale 9	35	Competent	
	£56,730	Scale 9	36		
O	£58,552	New	37	Developing	20
	£60,016	New	38	Competent	

**NB:** With effect from 1 September 2014 Support Services Staff pay scales have been reclassified to letters and five additional scales have been added. From 1 September 2014 existing staff will retain the existing three point scales, however new employees (as defined) will transfer to the two pay points system.

**Key:** Developing (blue) Competent (green) 3rd pay point for existing staff only (red)

**Fleet Management**

	£27,931.00	£28,211.00	FM Point 10
	£28,570.00	£28,856.00	FM Point 11
	£29,204.00	£29,497.00	FM Point 12
	£29,833.00	£30,132.00	FM Point 13
	£30,646.00	£30,953.00	FM Point 14
	£31,471.00	£31,786.00	FM Point 15


**Fleet Management - Supervisors**

	£26,185.00	£26,447.00	SU Point 7
	£26,661.00	£26,928.00	SU Point 8
	£27,292.00	£27,565.00	SU Point 9

**Fleet Management - Vehicle Technicians**

	£23,329.00	£23,563.00	VT Point 1
	£23,828.00	£24,067.00	VT Point 2
	£24,320.00	£24,564.00	VT Point 3
	£24,800.00	£25,048.00	VT Point 4
	£25,260.00	£25,513.00	VT Point 5
	£25,718.00	£25,976.00	VT Point 6
	£12,000.00	£12,120.00	VT Point 7

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## ANNEXE C

# EMPLOYEE BONUS PAYMENT SETTING SCHEME AND PROCESS

## Introduction

The purpose of this document is to set out in outline the principles and process for determining whether or not employees will receive bonus payments, and if so sets out the process to determine the allocation of such payments. Bonus payments will be one-off and paid only to reflect excellent performance; that is performance, which exceeds the standards and targets agreed with the employee during their annual appraisal process, and prior to the start of the financial year, for which any performance scheme is introduced.

## Eligibility


Eligibility would be specified as part of any scheme rules, on an annual basis.

## Key Principles

The following key principles underpin any bonus and/or performance related reward schemes:

- The Scheme is entirely discretionary and forms no part of the contract of employment
- The Scheme sits in the context of the authority's overall strategic and performance management processes, therefore targets and objectives included in any scheme will align with the Corporate and Public Safety Plan objectives, via the "golden thread" process
- Payments will only be made where the employee's contribution not only reflects excellence but also clearly assists with achieving the Authority's strategic objectives
- It is intended to reward those who can demonstrate sustained, outstanding achievement or excellence in their role

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- It is intended to recognise and reward, not only the exceeding of targets and standards, but also the acquisition of the necessary competencies and deployment of behaviours that reinforce the authority's values and norms
- The amount of money available to be paid in bonus payments to employees under the scheme, will be determined as part of the annual budgeting process, and any scheme will be self-funding
- All eligible candidates invited to participate in any scheme must have an agreed appraisal, including core and stretching objectives in advance of the bonus scheme year
- Recommendations for payments under the scheme will be made by the employees line manager, following the annual appraisal round, to the appropriate Director
- Recommendations will be reviewed by a Moderating Panel consisting of:
  - The Chief Operating Officer
  - The Director of People and Organisation Development
  - The Director of Finance and Assets
  - The Director of Legal and Governance

The Moderating Panel may choose to appoint an independent advisor, to assist with the process of ensuring that proposed awards are based on the exercise of consistent judgement, in both the setting of targets and standards and the assessment of achievement against these

- Payments under the Scheme will be authorised by the Chief Fire Officer/Chief Executive on recommendation of the Moderation Panel
- Employees will only be informed of approved awards and not as to whether or not a recommendation was made
- There will be no appeal against recommendations or final decisions
- The Human Resources Sub Committee will receive an annual report summarising the awards, if any, that have been made
- Eligibility criteria will be approved by SMB on an annual basis. This may include decisions not to run a bonus scheme or to extend to other workgroups
- Decisions will comply with the requirements of the authority's pay policy, which is reviewed and approved annually
- If and when an annual bonus scheme is agreed, specific detailed rules will be developed in advance of the scheme year; for example, new staff who become eligible in year, long term absence etc.
- Any payments will be subject to statutory deductions.

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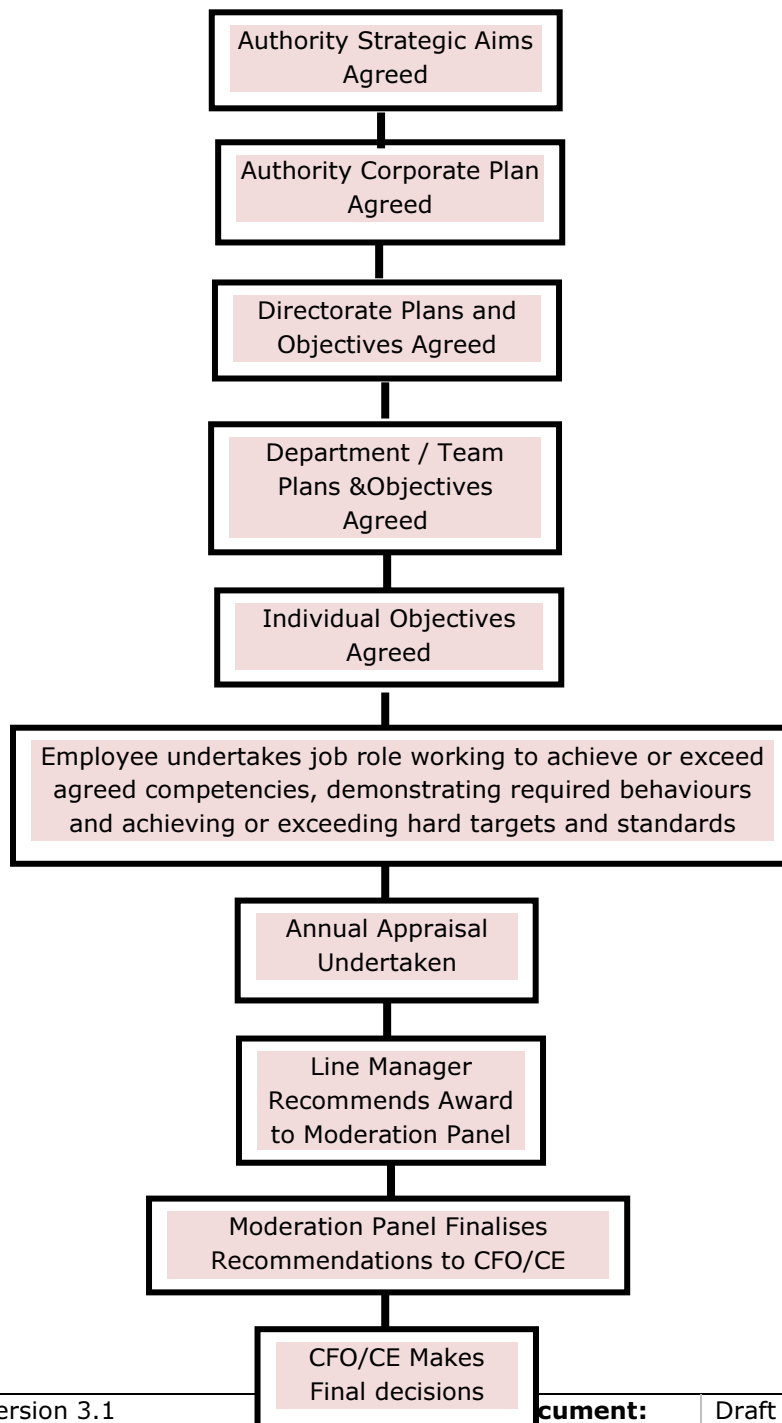
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## Pay Policy Principles and Statement 2014/15

### BUCKINGHAMSHIRE & MILTON KEYNES FIRE AUTHORITY

#### Bonus Setting Scheme Process Flow Chart



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# Buckinghamshire & Milton Keynes Fire Authority



<b>MEETING</b>	Fire Authority
<b>DATE OF MEETING</b>	22 October 2014
<b>OFFICER</b>	David Skinner, Director of Finance & Assets
<b>LEAD MEMBER</b>	Councillor Andy Dransfield
<b>SUBJECT OF THE REPORT</b>	<b>Financing Arrangements for Injury Awards to Firefighters</b>
<b>EXECUTIVE SUMMARY</b>	<p>Fire and Rescue Authorities have recently been contacted by the Department of Communities and Local Government (DCLG) to clarify the correct financing arrangements for compensatory payments in respect of injury awards or injury gratuities to retired firefighters (this also includes protected rights on ill-health pension, injury award and injury gratuity elements that have been paid to retained firefighters who were employed from before 6 April 2006 and who have been ill-health retired due to a qualifying injury).</p> <p>It has been brought to the attention of the DCLG that a number of authorities have been making these payments from their pension account, whilst DCLG considers that they are not part of the Firefighters Pension Scheme and should therefore have been made from authorities' operating accounts. This system should have been in operation since 2006 when the new scheme legislation came into effect.</p> <p>The Firefighter Pensions Team at Buckinghamshire County Council, who are the administrator for the Firefighters Pension Fund, was contacted by BMKFA and has now confirmed to us that the payments have been made from the Pension Account rather than the Operating Account and that to date these payments total £1.38m.</p> <p>It was agreed with the external auditors that a provision of £1.38m should be created in the Statement of Accounts for the year ending 31 March 2014. The CFO/CE has commissioned an independent review to determine if it has a legal obligation to make a £1.38m repayment from the operating account to the DCLG. The financing arrangements for the Firefighters Pension Fund</p>

	<p>mean that the Authority submits a grant claim each year for pensions paid in excess of contributions received, which effectively balances the income and expenditure to zero each year so that there is no impact on the operating account. Injury pension payments were included in these claims, which means the amount of allowable expenditure included, and therefore grant income claimed each year may be overstated, and hence a potential repayment liability exists.</p> <p>Authorisation from Members is sought to transfer the amount from reserves to cover this provision. Should the provision not be required then this amount will be returned to reserves.</p> <p>The DCLG has not yet considered whether to charge interest on the potential liability nor indeed what the penalty rate is likely to be. A contingent liability has been created in the Statement of Accounts to reflect this additional potential liability.</p> <p>Authorisation is also sought to give the Chief Fire Officer delegated authority to approve a permanent virement to cover the on-going future payments of approximately £193k that will potentially need to be made from the operating account subject to the outcome of the independent investigation.</p>
<b>ACTION</b>	Decision.
<b>RECOMMENDATIONS</b>	<p>It is recommended that the Authority:</p> <ol style="list-style-type: none"> <li>1. Authorise a transfer from the revenue contribution to capital reserve to create a £1.38m provision, which will cover the potential liability for the period 1 April 2006 to 31 March 2014;</li> <li>2. Delegate authority to the Chief Fire Officer to approve a permanent virement of £193k from contingency in the event the Authority is required to meet on-going future payments from the operating account subject to the outcome of the independent investigation.</li> </ol>
<b>RISK MANAGEMENT</b>	Management of our financial resources is a key risk to the Authority.
<b>FINANCIAL IMPLICATIONS</b>	As set out in the executive summary section above.
<b>LEGAL IMPLICATIONS</b>	All requests for transfers to/from reserves require formal approval by the Executive Committee as per

	<p>Financial Regulations (B.6).</p> <p>The one-off payment involves resources not being used for the purposes approved by the Authority, which requires formal approval by the Executive Committee as per Financial Regulations (B.5).</p> <p>The Executive Committee are responsible for agreeing in-year virements within delegated limits in consultation with the Chief Finance Officer as per Financial Regulations (B.5).</p>
<b>HEALTH AND SAFETY</b>	None.
<b>EQUALITY AND DIVERSITY</b>	None.
<b>USE OF RESOURCES</b>	The projected additional expenditure will be factored into the Medium Term Financial Plan for 2015/16.
<b>PROVENANCE SECTION &amp; BACKGROUND PAPERS</b>	<p><a href="#">BMKFA Financial Regulations</a>;</p> <p>Statement of Accounts for the year ending 31 March 2014</p> <p><a href="http://bucksfire.gov.uk/files/9214/1209/8838/Annual-Financial-Statements-2013-14.pdf">http://bucksfire.gov.uk/files/9214/1209/8838/Annual-Financial-Statements-2013-14.pdf</a></p>
<b>APPENDICES</b>	None.
<b>TIME REQUIRED</b>	10 minutes.
<b>REPORT ORIGINATOR AND CONTACT</b>	<p>Graham Young – Management Accountant</p> <p><a href="mailto:gyoung@bucksfire.gov.uk">gyoung@bucksfire.gov.uk</a></p> <p>01296 744429</p>

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# Buckinghamshire & Milton Keynes Fire Authority

<b>MEETING</b>	Fire Authority
<b>DATE OF MEETING</b>	22 October 2014
<b>OFFICER</b>	David Skinner, 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 updated report summarises the findings from the 2013/14 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>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
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# Buckinghamshire and Milton Keynes Fire Authority

## Fire Authority Summary

For the year ended 31 March 2014

Audit Results Report – ISA (UK & Ireland) 260

22 October 2014



Mick West, Director  
[MWest@uk.ey.com](mailto:MWest@uk.ey.com)

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# Contents

- ▶ Executive summary
- ▶ Extent and progress of our work
- ▶ Addressing audit risk
- ▶ Financial statements audit – issues and findings
- ▶ Arrangements to secure economy, efficiency and effectiveness
- ▶ Independence and audit fees
- ▶ Appendices

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# Executive summary

## *Key findings*

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### **Audit results and other key matters**

The Audit Commission's Code of Audit Practice (the Code) requires us to report to those charged with governance – the Fire Authority - on the work we have carried out to discharge our statutory audit responsibilities together with any governance issues identified.

This report summarises the findings from the 2013-14 audit which is substantially complete. It includes the messages arising from our audit of your financial statements and the results of the work we have undertaken to assess your arrangements to secure value for money in your use of resources.

#### **Financial statements**

- ▶ As of 22 October 2014, we expect to issue an unqualified opinion on the financial statements. Our audit results demonstrate, through the matters we have to communicate, that the Fire Authority has prepared its financial statements adequately.

#### **Value for money**

- ▶ We expect to conclude that you have made appropriate arrangements to secure economy, efficiency and effectiveness in your use of resources.

#### **Whole of Government Accounts**

- ▶ There are no issues we need to raise in the confirmation to the National Audit Office (NAO) regarding the Whole of Government Accounts submission.

#### **Audit completion certificate**

- ▶ The audit completion certificate is issued to demonstrate that the full requirements of the Audit Commission's Code of Audit Practice have been discharged for the relevant audit year. We are not issuing the audit completion certificate at this stage. We will await the results of the Authority's investigation regarding injury pensions.

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# Extent and purpose of our work

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## The Fire Authority's responsibilities

The Fire Authority is responsible for preparing and publishing its Statement of Accounts, accompanied by the Annual Governance Statement. In the Annual Governance Statement, the Fire Authority reports publicly on the extent to which it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period.

The Fire Authority is also responsible for putting in place 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 2013-14 financial statements
- Report on any exception on the governance statement or other information included in the foreword
- Consider and report any matters that prevent us being satisfied that the Fire Authority had put in place proper arrangements for securing economy, efficiency and effectiveness in the use of resources (the value for money conclusion)

In addition, this report contains our findings related to the areas of audit emphasis, our views on the Fire Authority's accounting policies and judgments and significant deficiencies in internal control.

As a component auditor, we also follow the group instructions and send to the National Audit Office our group assurance certificate, audit results report and auditor's report on the consolidation schedule.

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

# Addressing audit risks

## *Significant audit risks*

We identified the following audit risks during the planning phase of our audit, and reported these to you in our Audit Plan. Here, we set out how we have gained audit assurance over those issues.

Audit risk identified within our Audit Plan	Audit procedures performed	Assurance gained and issues arising
Significant audit risks (including fraud risks)		
<p>As identified in ISA (UK &amp; Ireland) 240, management is in a unique position to perpetrate fraud because of their ability to directly or indirectly manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p>	<p>Our approach focussed on:</p> <ul style="list-style-type: none"> <li>▶ Identifying fraud risks during the planning stages.</li> <li>▶ Inquiry of management about risks of fraud and the controls put in place to address those risks.</li> <li>▶ Understanding the oversight given by those charged with governance of management's processes over fraud.</li> <li>▶ Consideration of the effectiveness of management's controls designed to address the risk of fraud.</li> <li>▶ Determining an appropriate strategy to address those identified risks of fraud.</li> <li>▶ Performing mandatory procedures where we have specifically identified fraud risks.</li> <li>▶ Reviewing provisions and other significant accounting estimates made by management to ensure they are reasonable.</li> <li>▶ Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.</li> </ul>	<p>Our audit work identified no matters that we need to bring to the Authority's attention.</p>

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# Financial statements audit

## *Issues and misstatements arising from the audit*

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### Progress of our audit

- ▶ We have completed our work programme. We propose to issue an unqualified opinion on the financial statements subject to the 22 October 2014 Fire Authority's approval of the accounts and receipt of the signed letter of representation.
- ▶ We will not be issuing our audit completion certificate at this stage. We will await the results of the Fire Authority's investigation into injury pensions.

### Misstatements

- There are no uncorrected errors we are required to report.
- Our audit identified errors which management has corrected.
- We consider some of these misstatements to be significant and we set out the context and nature of them in Appendix 1 to this report.

### Other Matters

- As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we are required to communicate to you significant findings from the audit and other matters that are significant to your oversight of the Fire Authority's financial reporting process including the following:
  - Qualitative aspects of your accounting practices; estimates and disclosures

- Matters specifically required by other auditing standards to be communicated to those charged with governance. For example, issues about fraud, compliance with laws and regulations, external confirmations and related party transactions

- Any significant difficulties encountered during the audit

- Other audit matters of governance interest

The Fire Authority should produce its Annual Governance Statement alongside the Statement of Accounts (by 30 June). The Statement was not prepared until September.

Injury pensions – ongoing payments for injury pensions awarded before April 2006 have been charged to the firefighter pension fund. The Department for Communities and Local Government (CLG) guidance indicates such expenditure should be charged to the Authority's operating account. The Authority estimates that £1.4m has been charged to the fund over the period and reimbursed by CLG. It has initiated an investigation to assess how this has happened. It is seeking legal advice to understand more fully the regulations governing the expenditure on pre-2006 awards and to ensure any reimbursement expenditure would not be unlawful. Pending the results of the investigation and receipt of the legal advice the Authority has raised a provision in its financial statements to recognise the possibility that a reimbursement will need to be made. The expenditure remains charged to the pension fund pending the review that is taking place.

We have no other matters we wish to report



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# Financial statements audit (continued)

## *Internal Control, Written Representations & Whole of Government Accounts*

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### **Internal Control**

It is the responsibility of the Fire 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 Fire 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 tested the controls of the Fire Authority only to the extent necessary for us to complete our audit. We are not expressing an opinion on the overall effectiveness of internal control.

We will review the Annual Governance Statement to confirm that:

- ▶ It complies with the requirements of CIPFA/SOLACE Delivering Good Governance in Local Government Framework
- ▶ It is consistent with other information that we are aware of from our audit of the financial statements.

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware.

### **Request for written representations**

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

### **Whole of Government Accounts**

Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review and the nature of our report are specified by the National Audit Office.

We have no matters we wish to report.

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# Arrangements to secure economy, efficiency and effectiveness

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

## Criteria 1 - Arrangements for securing financial resilience

- ▶ *“Whether the Fire Authority has robust systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future”*
- ▶ We did not identify any significant risks in relation to this criteria.

We have no issues to report in relation to this criteria.

We have no other issues to report.

## Criteria 2 - Arrangements for securing economy, efficiency and effectiveness

- ▶ *“Whether the Fire Authority is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.”*
- ▶ We did not identify any significant risks in relation to this criteria.

We have no issues to report in relation to this criteria

# Independence and audit fees

## Independence

- ▶ We confirm there are no changes in our assessment of independence since our confirmation in our 2013-14 Audit Plan.
- ▶ We complied with the Auditing Practices Board's Ethical Standards for Auditors and the requirements of the Audit Commission's Code of Audit Practice and Standing Guidance. 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 are not aware of any relationships that may affect the independence and objectivity of the firm that we are required by auditing and ethical standards to report to you.
- ▶ We consider that our independence in this context is a matter that should be reviewed by both you and ourselves. It is therefore important that you consider the facts of which you are aware and come to a view.

If you wish to discuss any matters concerning our independence, we will be pleased to do so at the forthcoming meeting of the Fire Authority on 22 October 2014.

- ▶ We confirm that we have met the reporting requirements to the Fire Authority and Overview and Audit Committee, as 'those charged with governance' under International Standards on Auditing (UK&I) 260. Our communication plan to meet these requirements was set out in our 2013-14 Audit Plan.

## Audit fees

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

	Proposed final fee 2013-14	Scale fee 2013-14	Variation comments
Total audit fee – Code work	Work in progress	£40,296	
Non-audit work	None undertaken		

- ▶ We expect to request an additional fee for the work on injury pensions and the additional audit work post 30 September 2014.

# Appendix 1 - Corrected misstatements

- The following corrected misstatements have been identified during the course of our audit and warrant communicating to you.
- These items have been corrected by management within the revised financial statements.

Item of Account	Type	Balance Sheet	Statement of Comprehensive Income & Expenditure
	F, P, J	Debit/(Credit)	Debit/(Credit)
<p>The Fire Authority had its land and buildings valued at 31 March 2014 and used these valuations as at 1 April 2013. It depreciated these higher opening valuations. This overstated the depreciation and impairment in the year and understated the 31 March 2014 net book value of land and buildings.</p>			
Land and buildings	J	£0.8m	-
Unusable reserves		(£0.8m)	
Cumulative effect of uncorrected misstatement		Nil	Nil

■ **Key**

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

# Appendix 1-1 - Corrected misstatements

## Expenditure on pre-2006 firefighters' injury pensions

Item of Account	Type	Balance Sheet	Statement of Comprehensive Income & Expenditure
	F, P, J	Debit/(Credit)	Debit/(Credit)
<p>Injury awards payable to a firefighter attributable to a qualifying injury are not part of the Firefighters' Pension Scheme. Injury awards are outside the Firefighters' Pension Scheme and must be paid from the Fire Authority's operating account, not from the firefighters' pensions fund. The Fire Authority has complied with these requirements for injury awards since the rules were introduced in 2006 but has been charging the continuing payments for injury awards that started before 2006 to the pension fund. The Authority is investigating how this happened. It is seeking legal advice to understand more fully the regulations governing the expenditure on pre-2006 awards and to ensure any reimbursement expenditure would not be unlawful. The Fire Authority identified this issue after it prepared its financial statements in June 2014 and has amended the financial statements to disclose the impact. At this stage the financial statements recognise in a provision the possibility of having to reimburse CLG £1.4m for the cumulative relevant expenditure charged to the pension fund since April 2006. No adjustment has been made to the pension fund pending the results of the investigation and receipt of legal advice on the regulations governing expenditure on pre-2006 awards. The adjustments for provisions include prior year adjustments.</p>			
Overall impact including prior years.			
1. Provisions	F	(£1.4m)	
2. Operating costs			£1.4m
Cumulative effect of corrected misstatement		(£1.4m)	£1.4m

# Appendix 1-2 - Corrected misstatements

## Business rates

Item of Account	Type	Balance Sheet	Statement of Comprehensive Income & Expenditure
	F, P, J	Debit/(Credit)	Debit/(Credit)
<p>Localisation of business rates has introduced new accounting requirements to reflect the Fire Authorities share of business rates income from its five billing authorities. Code requirements were not followed. The Fire Authority reported the cash received from the billing authorities as business rates income. The Fire Authority is required to account for its share of actual business rates income and should include in its accounts its share of ratepayers' debts and prepayments; and the provision for unsettled valuation appeals. An adjustment is then required to match the impact on council taxpayers to statutory precepts received.</p>			
1. Short term creditors		(£13k)	
2. Short term debtors		£80k	
3. Long/short term provisions		(£355k)	
4. Business rates income			£288k
5. Collection fund adjustment account	F	£288k	
6. MIRs			(£288k)
Cumulative effect of corrected misstatement		Nil	Nil

# Appendix 1-3 - Corrected misstatements

## Council tax

Item of Account	Type	Balance Sheet	Statement of Comprehensive Income & Expenditure
	F, P, J	Debit/(Credit)	Debit/(Credit)
Billing authorities act as agents for precepting bodies. This means that precepting bodies should show in their accounts their share of the council tax transaction including taxpayers' arrears and prepayments. These are regarded as balances with the taxpayers not with the billing authority. The Authority misclassified the balances.			
Note 16 Short term debtors			
1. Other local authorities		(£288k)	
2. Other entities		£288k	
Note 18 Short term creditors	F		
1. Other local authorities		£257k	
2. Other entities		(£257k)	
Cumulative effect of corrected misstatement		Nil	Nil

## Ernst & Young LLP

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In March 2010 the Audit Commission issued a revised version of the 'Statement of responsibilities of auditors and audited bodies' (Statement of responsibilities). It is available from the Chief Executive of each audited body and via the [Audit Commission's website](#).

The Statement of responsibilities serves as the formal terms of engagement between the Audit Commission's 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 Standing Guidance serves as our terms of appointment as auditors appointed by the Audit Commission. The Standing Guidance sets out additional requirements that auditors must comply with, over and above those set out in the Code of Audit Practice 2010 (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. It is addressed to the Members of the audited body, and is prepared for their sole use. 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.

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# Buckinghamshire & Milton Keynes Fire Authority



<b>MEETING</b>	Fire Authority
<b>DATE OF MEETING</b>	22 October 2014
<b>OFFICER</b>	David Skinner, 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>	<p>A report on the adoption of the Audited Statement of Accounts for 2013/2014 was considered by the Overview and Audit (O&amp;A) Committee at its meeting of 24 September 2014.</p> <p>However, due to a unique set of circumstances, the Fire Authority has found itself in the position this year of having to consider the adoption of the Audited Statement of Accounts for 2013/2014 after the normal deadline of 30 September.</p> <p>The Authority was in any event going to be in an unusual position in that a provision of £1.38m for a possible claim by DCLG for amounts charged to the pension fund for injury pensions since April 2006, may have to be repaid to them.</p> <p>The Audit Director has taken a view that he cannot sign off the accounts until he has an assurance that there is statutory authority enabling the Authority to make such a payment to DCLG.</p> <p>The CFO/CE is currently seeking legal advice on that matter and members of the Overview and Audit Committee requested that they be given the opportunity to consider the matter further at their meeting of 3 December 2014, by which time the position ought to have been clarified adequately to enable the Audit Director to sign off on the accounts.</p> <p>That issue alone was dealt with such that the accounts would have satisfied the 30 September deadline for Audit reporting purposes.</p> <p>Subsequent to the Overview and Audit Committee meeting, and after the statutory deadline the Audit Director informed the Finance team of a set of accounting adjustments in respect of accounting for non-domestic rates appeals had not in fact been carried out in a manner that was considered satisfactory for Audit purposes.</p>

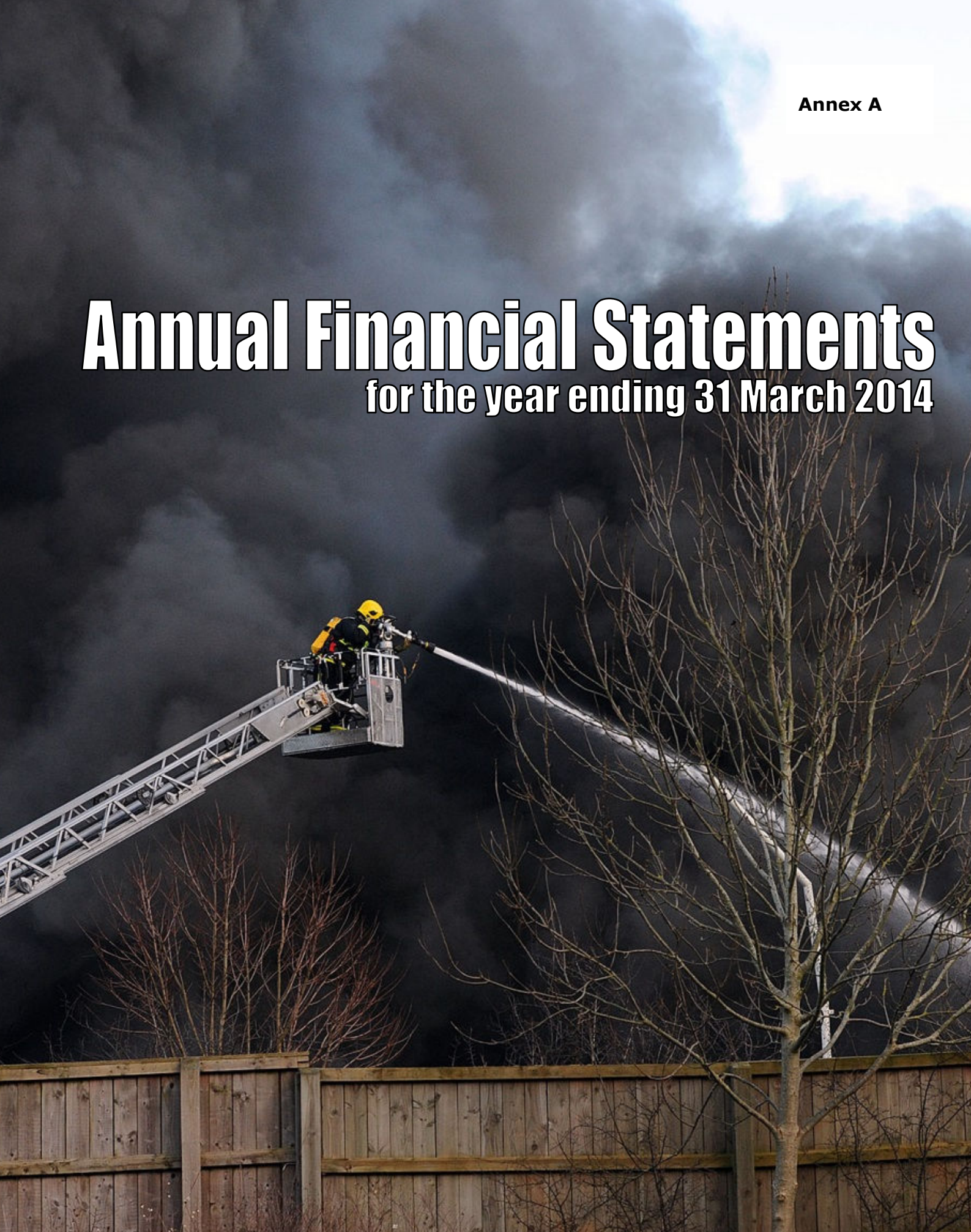
	<p>Whilst all parties are agreed this particular matter received scant attention at the O&amp;A meeting because of the injury pension provision issue, there has clearly been a misunderstanding along the way as to the required actions within the Accounts. The minutes of the O&amp;A meeting (Appendix 4) do not indicate that further action was required on this particular issue.</p> <p>Nevertheless, the Audit Director is of the view that further amendments are required in order for him to be satisfied. There is no impact on the 'bottom-line' of the Authority's accounts.</p> <p>The practical consequences of bringing the Statement of Accounts to this meeting of the Fire Authority i.e. a late Auditors report, is that the Audit Commission reports publically on late opinions. It reserves the right to name late audited bodies but does consult with them prior to publishing.</p> <p>Given that there were other normal, but minor, errors the opportunity has been taken to tidy up those issues in presenting the Statement of Accounts to this meeting of the Fire Authority (included as Annex A).</p> <p>A minor amendment to the Letter of Representation was agreed at the O&amp;A meeting and the adjusted version is appended to this report for approval to consider events since 24 September 2014 (See Appendix 1).</p> <p>A summary of amendments to the Statement of Accounts 2013/2014 arising since the O&amp;A meeting on 24 September 2014 is included as Appendix 2.</p> <p>Members also need to be cognisant of the contents of the Annual Governance Statement which was approved at 24 September 2014 O&amp;A meeting (Appendix 3).</p>
<b>ACTION</b>	Decision.
<b>RECOMMENDATIONS</b>	<p>It is recommended that:</p> <ol style="list-style-type: none"> <li>1. The Letter of Representation be approved.</li> <li>2. The adoption of the Statement of Accounts 2013/14 be approved.</li> </ol>
<b>RISK MANAGEMENT</b>	<p>The Authority is already in a position where it is likely to be cited as having presented its completed Statement of Accounts after the statutory deadline for doing so. The risk is reputational as opposed to fiscal; however, by enabling the Statement of Accounts to be signed following this meeting such reputational risk as may exist will be greatly mitigated by the prompt actions being undertaken. The Authority should in any event make representations to the Audit Commission</p>

	(AC) as part of AC consultation with late audited bodies.
<b>FINANCIAL IMPLICATIONS</b>	No direct impact.
<b>LEGAL IMPLICATIONS</b>	The Accounts and Audit (England) Regulations 2011 provide that by 30 September in the year immediately following the end of the year to which the statement relates the Authority must consider either by way of a committee or by the members meeting as a whole the statement of accounts; following that consideration, approve the statement of accounts by a resolution of that committee or meeting; following approval, ensure that the statement of accounts is signed and dated by the person presiding at the committee or meeting at which that approval was given; and publish (which must include publication on the Authority's website), the statement of accounts together with any certificate, opinion, or report issued, given or made by the auditor. Failure to comply with any aspect of the Regulations is, since 2011, no longer a criminal offence.
<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>	Report to Overview and Audit Committee - 24 September 2014 – Adoption of the Audited Statement of Accounts
<b>APPENDICES</b>	Annex A: Statement of Accounts 2013/14 Appendix 1: Letter of Representation Appendix 2: Summary of amendments to the Statement of Accounts 2013/2014 Appendix 3: Annual Governance Statement Appendix 4: Draft unapproved Minutes of the Overview & Audit Committee 24 September 2014
<b>TIME REQUIRED</b>	30 minutes.
<b>REPORT ORIGINATOR AND CONTACT</b>	David Skinner – Director of Finance and Assets & Treasurer <a href="mailto:dskinner@bucksfire.gov.uk">dskinner@bucksfire.gov.uk</a> 01296 744671

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# Annual Financial Statements

for the year ending 31 March 2014





# Table of Contents

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

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

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

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## **Introduction**

### **Welcome to our Annual Financial Statements**

This document sets out the financial activities of Buckinghamshire & Milton Keynes Fire Authority (the Authority) for the year ended 31 March 2014. 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 Fire and Rescue Service is a relatively small fire authority with limited resources both financially and in terms of numbers of personnel, but is constantly seeking to improve its services to the public, its performance and the value for money it delivers to its tax payers.

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

Ernst and Young LLP reported in 2013 in its value for money conclusion that the Authority had "proper arrangements to secure economy, efficiency and effectiveness in its use of resources". They also recognised that the Authority "continues to be able to demonstrate that it is low cost and performing well against its own corporate priorities as well as comparatively against other fire authorities".

Further details about the Authority and of the progress made in achieving our aims and targets are set out in the Annual Report which is available on our website.

<http://www.bucksfire.gov.uk/BucksFire/Where+to+find+information/Our+priorities+and+how+we+are+doing/>

### **Adrian Busby**

Chairman of Buckinghamshire & Milton Keynes Fire Authority

### **David Skinner BA CPFA**

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



## **Explanatory Foreword**

In compiling these accounts we have followed the Chartered Institute of Public Finance and Accountancy's Code of Practice on Local Authority Accounting in the United Kingdom 2013/14: 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 2014 was £12.771m (as at 31 March 2013 was £12.062m);
- 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 2013/14 was £10.509m (2012/13 was a deficit of £11.680m);
- Balance Sheet - this statement shows how the resources available are held in the form of assets and liabilities. The net assets figure is balanced by the Total Reserves figure (see also Movement in Reserves Statement); and
- Cash Flow Statement - this statement shows how the movement in resources has been reflected in cash flows. The starting point for this statement is the net surplus/deficit on the provision of services (see also Comprehensive Income and Expenditure Statement). The net decrease in cash and cash equivalents during the year was £12.954m (net increase of £2.447m in 2012/13). Please refer to Notes 14 and 17 for details of the movement.

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

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

### **Service Expenditure**

The budget for 2013/14 was set at a full Authority meeting in February 2013, figures were based on the final financial settlement announced by Central Government earlier that month. It was agreed that there would be no increase in the level of Council Tax and a grant of £177k was received in lieu. The levy for a council tax band D property to cover the services provided remained at £59.13.

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

The budget proposed for 2013/14 was a financial estimation based upon the priorities set as part of our Integrated Risk Management Planning process. The employee costs took account of the continued work plan to make efficiencies year on year under our "Moving Forward Agenda" 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 2013/14 included inflation and the increasing revenue cost for the capital programme. Amounts were also set aside as contingency to cover protected pay and other costs associated with the moving forward agenda, also 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. For 2013/14, we limited the programme to the value of the grant received so as to avoid the cost of new borrowing impacting on the revenue budget. The programme was targeted therefore, to fund only the essential refurbishment of our fire stations, the replacement of fire specialist equipment and our investment in new technology. We also continued our programme of installing smoke alarms in the homes of the most vulnerable people within our community.

**Income and Expenditure 2013/14**

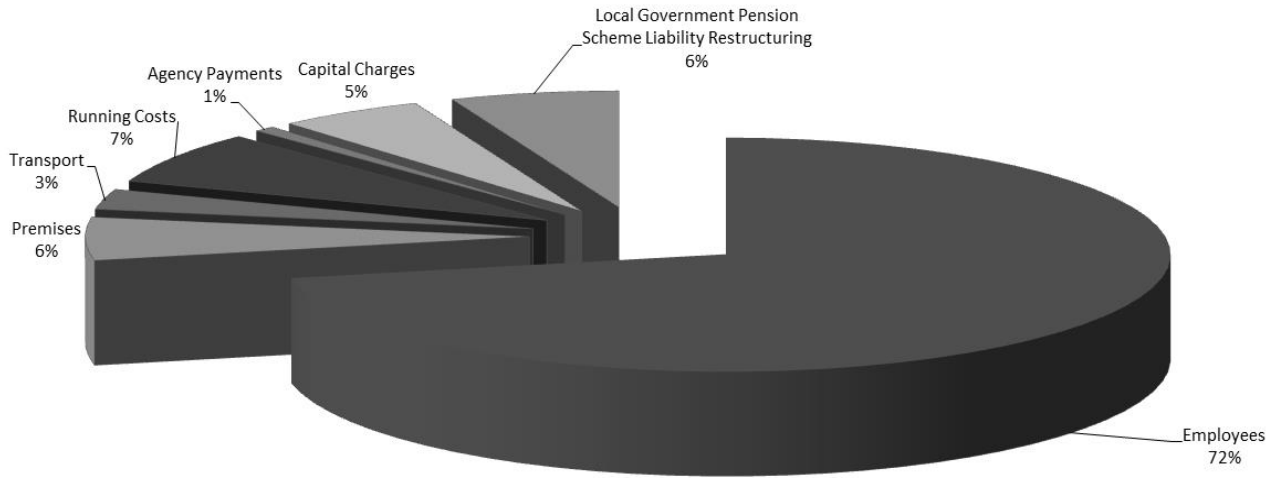
The following table shows revenue expenditure and income against the budget for 2013/14 as a whole:

<b>2012/13 Restated</b>			<b>2013/14</b>	
<b>Actual</b>	<b>Budget</b>		<b>Actual</b>	<b>Budget</b>
<b>£000</b>	<b>£000</b>		<b>£000</b>	<b>£000</b>
23,549	23,560	Employees	22,402	23,243
1,732	1,732	Premises	1,844	1,783
983	1,285	Transport	866	1,107
1,735	2,303	Running Costs	2,258	2,959
254	288	Agency Payments	237	316
1,848	1,916	Capital Charges	1,651	1,730
-	-	Local Government Pension Scheme Liability		
		Restructuring	1,900	-
<b>30,101</b>	<b>31,084</b>	<b>Expenditure</b>	<b>31,158</b>	<b>31,138</b>
(1,172)	(1,172)	Capital Grants Received	(1,191)	(1,191)
(962)	(1,449)	Other Income	(1,302)	(1,397)
<b>27,967</b>	<b>28,463</b>	<b>Net Expenditure</b>	<b>28,665</b>	<b>28,550</b>
(17,832)	(17,842)	Council Tax	(16,639)	(16,393)
(1,177)	(1,177)	Revenue Support Grant	(6,978)	(6,934)
(1,161)	(1,179)	General Grants	(1,220)	(1,166)
(10,252)	(10,252)	Non-domestic rates redistribution	(4,531)	(4,495)
2,455	1,987	Contribution to/(from) Reserves	703	438
<b>(27,967)</b>	<b>(28,463)</b>	<b>Income</b>	<b>(28,665)</b>	<b>(28,550)</b>
-	-	<b>Total (Under)/Overspend</b>	-	-

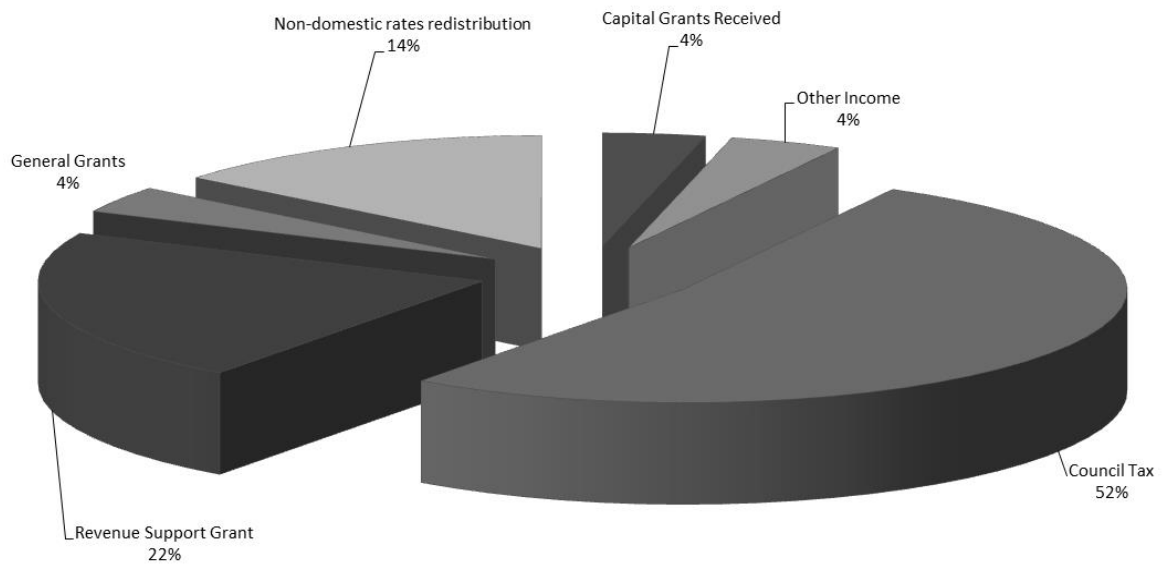
The funding shown is higher than the budget due to the statutory year-end Council Tax adjustment and a number of small additional grants received in year.

Additional information regarding the year's performance and future direction can be found in our Annual Report and Public Safety Plan:  
<http://www.bucksfire.gov.uk/BucksFire/Where+to+find+information/Our+priorities+and+how+we+are+doing/>

Breakdown of Expenditure 2013/14



Breakdown of Income 2013/14



During 2013/14 gross expenditure was £31,158m and gross income was £31.861m. After contributions to/from reserves there was a net income of £0.703m.

The net surplus for the year 2013/14 was due to a number of factors:

- More efficient and effective ways of working at the driving school, training unit and operational training
- Staffing levels were below the budgeted establishment in a number of areas
- The over-achievement of interest earned on cash balances

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

### **Movement in Reserves**

The breakeven position is inclusive of transfers to/from reserves. Excluding these movements would show an underspend of £0.703m. The treatment of this underspend is shown in the table below:

	<b>£000</b>
<b>Revenue outturn before contributions to reserves</b>	<b>(703)</b>
<u>Required Transfers to/(from) Reserves</u>	
Other Capital Grants Unapplied (c/fwd)	251
<b>Sub Total - Budgeted Contributions to Reserves</b>	<b>251</b>
<u>Transfers to/(from) Reserves</u>	
Invest to Save Reserve	13
Moving Forward Reserve	(1,083)
Asset Management Reserve	(124)
Redundancy and Early Retirement Reserve	169
Vehicle Reserve	18
Funding Pressures Reserve	(817)
Control Room Reserve (Revenue)	676
Revenue Contribution to Capital	1,600
<b>Sub Total - Additional Contributions to Reserves</b>	<b>452</b>
<b>Net Charge to the General Fund Balance (General Reserve)</b>	<b>-</b>

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

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

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

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

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

	<b>£000</b>
<b>Council Tax Net Expenditure (Surplus)/Deficit</b>	<b>-</b>
<u>Employees</u>	
IAS 19 Pension Charges	10,318
Employee Absence Account	(23)
<u>Capital Charges</u>	
Depreciation	2,022
Impairment	113
Minimum Revenue Provision	(335)
Capital Receipts	
<u>Income</u>	
Capital Grant	(939)
Statutory Precept Adjustment	56
<u>Other Adjustments</u>	
Transfers to/from Reserves	(703)
<b>(Surplus)/Deficit for the year on the Comprehensive Income and Expenditure Statement</b>	<b>10,509</b>

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

## The Capital Account Summary

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

The approved capital expenditure budget for 2013/14 was £4.002m (including £1.085m relating to schemes brought forward from 2012/13). A total of £0.938m was spent on capital schemes and equipment as follows:

Land and Buildings	Plant, Vehicles and Equipment	Assets Under Construction	Intangible Assets	Total
£000	£000	£000	£000	£000
278	567	51	43	939

Further detail of the expenditure is shown in Note 11.

The largest proportion of capital expenditure during the year was on equipment. This covered a large number of items of operational equipment. The £0.278m spent on land and buildings relates to enhancements and major refurbishments at a number of fire stations.

During 2013/14, £0.051m was spent on capital schemes that were not completed as at 31 March 2014. This relates to an ICT project still in progress at the end of the year.

The Authority received £1.190m of capital grant from central government to help fund the capital programme. The Authority's loans are borrowed from the Public Works Loan Board (PWLB) and during 2013/14 no new loans were taken out. The Authority's total borrowing for capital purposes stands at £8.265m with loan repayments spread over the years 2016-2056.

## Significant Transactions

### Restructuring of the Local Government Pension Scheme Liability

The Authority currently makes employers contributions to the Local Government Pension Scheme. These contributions are paid each month as a fixed percentage of pensionable remuneration. The total contribution rate required from 2014/15 is 19.9%. Part of this contribution relates to the current individual employee (13.3%) and the balance (6.6%) is paid to cover the cost of the deficit based on the initial results of the latest Actuarial Valuation (March 2013).

During 2013/14 the Authority paid £1.900m in order to reduce the deficit down to zero (meaning that the employer contribution rate from 2014/15 would reduce to 13.3%). This resulted in on-going revenue savings of £0.228m for 2014/15, and this figure will rise in future years. The average repayment over the nine year deficit recovery period would have been £0.274m per annum. This means that the interest cost over the nine year period saved by paying the deficit up-front is approximately £0.550m.

The £1.900m payment is disclosed separately with the Net Cost of Services in the Comprehensive Income and Expenditure Statement. The payment was funded by a transfer of £1.083m from the Moving Forward Reserve and £0.817m from the Funding Pressures Reserve (see Note 23).

**Reserves Balances**

The level of reserves held by the Authority as at 31 March 2014 are shown in the table below:

<b>31 March 2013 £000</b>		<b>31 March 2014 £000</b>
(3,700)	General Fund Balance	(3,700)
<b>(3,700)</b>	<b>Sub Total Non Earmarked General Fund Balance</b>	<b>(3,700)</b>
(150)	Fire Control Reserve	(150)
(500)	Invest to Save Reserve	(513)
(1,083)	Moving Forward Reserve	-
(1,000)	New Dimensions Reserve	(1,000)
(124)	Asset Management Reserve	-
(180)	Redundancy and Early Retirement Reserve	(349)
-	New Burdens Reserve	-
(51)	Vehicle Reserve	(69)
(2,000)	Funding Pressures Reserve	(1,183)
(684)	Control Room Reserve (Revenue)	(1,360)
(650)	RDS Pension Contributions Reserve	(650)
(300)	Continuing Projects Reserve	(300)
<b>(6,722)</b>	<b>Sub Total Earmarked Reserves - Revenue</b>	<b>(5,574)</b>
(40)	Usable Capital Receipts Reserve	(46)
(800)	Control Room Capital Grant Unapplied	(800)
(51)	Other Capital Grants Unapplied	(302)
(749)	Revenue Contribution to Capital	(2,349)
<b>(1,640)</b>	<b>Sub Total Earmarked Reserves - Capital</b>	<b>(3,497)</b>
<b>(12,062)</b>	<b>Total Usable Reserves</b>	<b>(12,771)</b>

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

**Contingent Liabilities**

At 31 March 2014, the Authority had two contingent liabilities:

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

### **Pension Fund Liability**

The accounting treatment for pensions follows International Accounting Standard 19 (IAS19), the purpose of which is to ensure that organisations' accounts reflect the net position of their pension funds and account for the liability to pay accumulated employee benefits in the future. In 2013/14, the Authority's share of the three Pension Fund's net liabilities increased by £20.206m to £217.632m (for 2012/13 the net liability was £197.426m).

Effectively, the Pension Funds are in deficit by £217.632m compared with what is needed to pay the pensions of current scheme members, and the effect is to reduce the overall net worth of the Authority by that amount. However, statutory arrangements for the funding of the deficit, whereby the deficit will be made good by employer contributions over the remaining working life of employees as assessed by the scheme's actuaries, mean that the financial position of the Authority remains healthy. The actuary for the Local Government Pension Scheme is Barnett Waddingham and the actuary for both firefighters schemes are the Government Actuary's Department (GAD).

### **Treasury Management**

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

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

The Authority has outstanding PWLB Loans at 31 March 2014 of £8.265m.



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

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

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the 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 2014 and its income and expenditure for the financial year 2013/14.

David Skinner BA 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 Combined Fire Authority at its meeting held on 22 October 2014

Adrian Busby

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

Date:

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

### **Opinion on the Authority financial statements**

We have audited the financial statements of Buckinghamshire and Milton Keynes Fire Authority for the year ended 31 March 2014 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 32, the Statement of Accounting Policies and include the firefighters' pension fund financial statements comprising the Fund Account, the Net Assets Statement and the related notes 1 to 5. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFAS/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

This report is made solely to the members of Buckinghamshire and Milton Keynes Fire Authority, as a body, in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the authority and the authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the Director of Finance and Assets & Chief Finance Officer and auditor**

As explained more fully in the Statement of the Responsibilities for the Statement of Accounts set out on page 13, the Director of Finance and Assets & Chief Finance Officer is responsible for the preparation of the Authority's financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Director of Finance and Assets & Chief Finance Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the "Annual Financial Statements for the year ending 31 March 2014" to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the financial position of Buckinghamshire and Milton Keynes Fire Authority as at 31 March 2014 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

### **Opinion on other matters**

In our opinion, the information given in the "Annual Financial Statements for the year ending 31 March 2014" for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we report by exception**

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007 (updated as at December 2012);
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

### **Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources**

#### **Respective responsibilities of the Authority and the auditor**

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2013, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

### **Conclusion**

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2013, we are satisfied that, in all significant respects, Buckinghamshire and Milton Keynes Fire Authority put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

### **Delay in certification of completion of audit**

We are unable to formally conclude the audit and issue an audit certificate until we have completed our consideration of the matters arising from the funding of ongoing pension payments in respect of injury pensions awarded before April 2006.

We are satisfied that the matter arising does not have a material effect on the financial statements or on our value for money conclusion.

Mick West  
for and on behalf of Ernst & Young LLP, Appointed Auditor  
Luton



## **Statement of Accounting Policies**

### **i. General Principles**

The Statement of Accounts summarises the Authority's transactions for the 2013/14 financial year and its position at the year-end of 31 March 2014. 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 2013/14 and the Service Reporting Code of Practice 2013/14, 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 2013/14.

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

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

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

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

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

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

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

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

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

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

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

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

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

## **viii. Employee Benefits**

### Benefits Payable During Employment

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

### Termination Benefits

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

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

### Post Employment Benefits

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

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

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

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

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



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

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

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

#### Injury Awards

In the Old Scheme, injury payments are included within the closing defined benefit obligation.

In the New Scheme, injury awards and awards payable on the death of a firefighter attributable to a qualifying injury are not part of the Firefighters' Pension Scheme. Injury awards are paid from the authority's operating account, not from the pension fund.

#### 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.

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 appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

#### Discretionary Benefits

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

## **ix. Events After the Balance Sheet Date**

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

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

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

## **x. Financial Instruments**

### Financial Liabilities

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

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

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate. There were no repurchase or early settlements during 2013/14.

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 2013/14.

### 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**

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

#### **xix. Leases**

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

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

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

#### The Authority as Lessee

##### Finance Leases

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

Lease payments are apportioned between:

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

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

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

Operating Leases

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

The Authority as Lessor

Finance Leases

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

Lease rentals receivable are apportioned between:

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

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

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

Operating Leases

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

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

**xx. Overheads and Support Services**

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2013/14 (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.

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

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

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

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

### Impairment

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

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

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

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

### Depreciation

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

Depreciation is calculated on the following bases:

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

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



to the authority are weatherproofing (to include windows, roofs, bay doors and doors), mechanical and electrical and finally yards and drill towers (i.e. external elements). Where the life expectancy of any component would exceed the life expectancy of the main structure then the life expectancy of the component will be limited to that of the main structure.

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

#### Disposals

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

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

#### **xxii. Private Finance Initiative (PFI) and Similar Contracts**

The Authority has not entered into any PFI or similar contracts

#### **xxiii. Provisions, Contingent Liabilities and Contingent Assets**

##### Provisions

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

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

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

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

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

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

Contingent Assets

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

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

**xxiv. Reserves**

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

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

**xxv. Revenue Expenditure Funded from Capital under Statute**

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

**xxvi. VAT**

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

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

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

### **Use of Estimates and Judgements**

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Authority's Comprehensive Income and Expenditure Statement for 2013/14 and the Balance Sheet at 31 March 2014 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 2014 was £32,302m. Total depreciation and amortisation for the year was £2.022m;
- 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 £3,644m upwards. Impairment charged to the Comprehensive Income and Expenditure Statement was £0.113m;
- 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 2014 was £217.632m;
- Financial Assets and Liabilities – further details about the assumptions made and the potential impact can be found in Note 29; and
- Estimates are made as to the amount of time spent by firefighters in carrying out Community Safety activities based on technical officer advice as to work volumes and activities. This estimate is used to determine how much of the direct costs of firefighters is apportioned to Community Fire Safety in the Comprehensive Income and Expenditure Statement. If the actual results were to differ from the estimate the effect would be limited to the apportionment between Community Fire Safety and Fire Fighting and Rescue Operations. There would be no net impact on the total surplus or deficit reported.

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

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

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

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

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

### **Changes in Accounting Estimates**

There have been no changes in accounting estimates during 2013/14.

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

The following standards issued but not yet adopted by the Code are:

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosures of Interests in Other Entities
- IAS 27 Separate Financial Statements
- IAS 28 Investments in Associates and Joint Ventures (as amended in May 2011)
- IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities (as amended in December 2011)
- IAS 1 Presentation of Financial Statements (as amended in May 2011)

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.

Restated	General Fund Balance	Earmarked Reserves	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£000	£000	£000	£000	£000
<b>Balance at 31 March 2012 carried forward</b>	<b>(3,700)</b>	<b>(6,326)</b>	<b>(10,026)</b>	<b>162,373</b>	<b>152,347</b>
<u>Movement in reserves during 2012/13</u>					
(Surplus) or deficit on the provision of services	11,680	-	11,680	-	11,680
Other Comprehensive Income and Expenditure	-	-	-	584	584
<b>Total Comprehensive Income and Expenditure</b>	<b>11,680</b>	<b>-</b>	<b>11,680</b>	<b>584</b>	<b>12,264</b>
Adjustments between accounting basis & funding basis under regulations (Note 23)	(14,135)	(20)	(14,155)	14,155	-
<b>Net (Increase) / Decrease before Transfers to Earmarked Reserves</b>	<b>(2,455)</b>	<b>(20)</b>	<b>(2,475)</b>	<b>14,739</b>	<b>12,264</b>
Transfers to/from Earmarked Reserves (Note 23)	2,455	(2,016)	439	(439)	-
<b>(Increase) / Decrease in 2012/13</b>	<b>-</b>	<b>(2,036)</b>	<b>(2,036)</b>	<b>14,300</b>	<b>12,264</b>
<b>Balance at 31 March 2013 carried forward</b>	<b>(3,700)</b>	<b>(8,362)</b>	<b>(12,062)</b>	<b>176,673</b>	<b>164,611</b>
Amounts held for revenue purposes	(3,700)	(6,722)	(10,422)	197,891	187,469
Amounts held for capital purposes	-	(1,640)	(1,640)	(21,218)	(22,858)

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Movement in Reserves Statement continued:

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

## Comprehensive Income and Expenditure Statement

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

Expenditure £000	2012/13 Restated		Net £000		2013/14		
	Income £000	Net £000			Expenditure £000	Income £000	Net £000
				<u>Continuing Operations</u>			
3,169	(141)	3,028		Community Fire Safety	2,952	(159)	2,793
31,419	(765)	30,654		Fire Fighting and Rescue Operations	27,480	(1,027)	26,453
962	20	982		Corporate and Democratic Core	813	26	839
108	-	108		Non Distributed Costs	-	-	-
-	-	-		Non Distributed Costs - LGPS	1,900	-	1,900
				Liability Restructuring			
<b>35,658</b>	<b>(886)</b>	<b>34,772</b>		<b>(Surplus) or Deficit on Continuing Operations (Note 1)</b>	<b>33,145</b>	<b>(1,160)</b>	<b>31,985</b>
				<u>Other Operating Expenditure</u>			
(6)	-	(6)		(Gain)/losses on disposals of non current assets	(2)	-	(2)
<b>(6)</b>	<b>-</b>	<b>(6)</b>		<b>Total Other Operating Expenditure</b>	<b>(2)</b>	<b>-</b>	<b>(2)</b>
				<u>Financing and Investment Income and Expenditure</u>			
380	-	380		Interest payable and similar charges (Note 29)	380	-	380
-	(76)	(76)		Interest and Investment income (Note 29)	-	(142)	(142)
8,204	-	8,204		Pension interest cost (Note 28)	8,559	-	8,559
<b>8,584</b>	<b>(76)</b>	<b>8,508</b>		<b>Total Financing and Investment Income and Expenditure</b>	<b>8,939</b>	<b>(142)</b>	<b>8,797</b>
				<u>Taxation and Non-Specific Grant Income</u>			
-	(17,832)	(17,832)		Precepts	-	(16,639)	(16,639)
-	(3,510)	(3,510)		General Government Grants	-	(9,390)	(9,390)
-	(10,252)	(10,252)		Non Domestic Rates redistribution	-	(4,242)	(4,242)
<b>-</b>	<b>(31,594)</b>	<b>(31,594)</b>		<b>Total Taxation and Non-Specific Grant Income (Note 10)</b>	<b>-</b>	<b>(30,271)</b>	<b>(30,271)</b>
<b>44,236</b>	<b>(32,556)</b>	<b>11,680</b>		<b>(Surplus) or Deficit on Provision of Services</b>	<b>42,082</b>	<b>(31,573)</b>	<b>10,509</b>
		(811)		(Surplus) or Deficit on revaluation of fixed assets (Note 24e)			(3,644)
		1,395		Remeasurement of net defined benefit/liability (Note 24d)			9,888
		<b>584</b>		<b>Other Comprehensive Income and Expenditure</b>			<b>6,244</b>
		<b>12,264</b>		<b>Total Comprehensive Income and Expenditure</b>			<b>16,753</b>

## 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 2012 Restated £000	31 March 2013 Restated £000		31 March 2014 £000
		<u>Property, Plant and Equipment</u>	
25,492	24,459	Land & Buildings	27,466
5,558	4,918	Vehicles, Plant & Equipment (including Donated Assets)	4,724
316	503	Assets under construction	112
<b>31,366</b>	<b>29,880</b>	<b>Total Property, Plant &amp; Equipment (Note 11a)</b>	<b>32,302</b>
100	100	Investment Property (Note 12)	100
287	242	Intangible Assets (Note 13)	264
<b>31,753</b>	<b>30,222</b>	<b>Non-Current Assets</b>	<b>32,666</b>
-	-	Short Term Investments (Note 14)	13,108
302	252	Inventories (Note 15)	235
1,504	1,649	Short Term Debtors (Note 16)	3,049
12,882	15,329	Cash and Cash Equivalents (Note 17)	2,375
<b>14,688</b>	<b>17,230</b>	<b>Current Assets</b>	<b>18,767</b>
(101)	(101)	Short Term Borrowing (Note 18)	(101)
(1,952)	(2,064)	Short Term Creditors (Note 18)	(1,967)
(672)	(676)	Provision for Accumulated Absences (Note 19)	(653)
(250)	(171)	Provision - Part Time Workers (Note 19)	(145)
(263)	(151)	Provision - VR/Special Payments (Note 19)	(360)
-	(75)	Other Provisions (Note 19)	(42)
-	-	NNDR Appeals Provision (Note 19)	(355)
(996)	(1,187)	Injury Pensions Provision (Note 19)	(1,380)
<b>(4,234)</b>	<b>(4,425)</b>	<b>Current Liabilities</b>	<b>(5,003)</b>
(8,265)	(8,265)	Long Term Borrowing (Note 20)	(8,265)
		<u>Other Long Term liabilities</u>	
-	(27)	Capital Grants Received in Advance (Note 21)	(24)
(1,967)	(1,920)	Finance Lease (Note 22)	(1,873)
-	-	Donated Asset Account (Note 25)	-
(184,322)	(197,426)	Liability related to the Defined Benefit Pension Scheme (Note 28)	(217,632)
<b>(186,289)</b>	<b>(199,373)</b>	<b>Total Other Long Term Liabilities</b>	<b>(219,529)</b>
<b>(194,554)</b>	<b>(207,638)</b>	<b>Long Term Liabilities</b>	<b>(227,794)</b>
<b>(152,347)</b>	<b>(164,611)</b>	<b>Net Assets</b>	<b>(181,364)</b>
		<u>Reserves</u>	
(10,026)	(12,062)	Usable Reserves (Note 23)	(12,771)
162,373	176,673	Unusable Reserves (Note 24)	194,135
<b>152,347</b>	<b>164,611</b>	<b>Total Reserves</b>	<b>181,364</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>2012/13</b> <b>Restated</b>		<b>2013/14</b>
<b>£000</b>	<b>Cash Flow Statement</b>	<b>£000</b>
(11,680)	Net surplus or deficit on the provision of services	(10,509)
15,706	Adjust for non-cash movements	11,631
(1,192)	Adjust for items that are investing or financing activities	(945)
<b>2,834</b>	<b>Net Cash Flow from Operating Activities</b>	<b>177</b>
(340)	Investing Activities	(12,851)
(47)	Financing Activities	(280)
<b>2,447</b>	<b>Net Increase or decrease in cash and cash equivalents</b>	<b>(12,954)</b>
12,882	Cash and Cash equivalents at the beginning of the reporting period	15,329
<b>15,329</b>	<b>Cash and Cash equivalents at the end of the reporting period</b>	<b>2,375</b>

Notes to the Cash Flow Statement can be found in Note 32.

## 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	(35)	(443)	(435)	(213)	(36)	(1,162)
Interest and Investment Income	(142)	-	-	-	-	(142)
<b>Total Income</b>	<b>(177)</b>	<b>(443)</b>	<b>(435)</b>	<b>(213)</b>	<b>(36)</b>	<b>(1,304)</b>
Employee Expenses	1,055	1,562	2,421	17,306	75	22,419
Other Operating Expenses	155	2,349	213	2,453	2,881	8,051
<b>Total Operating Expenses</b>	<b>1,210</b>	<b>3,911</b>	<b>2,634</b>	<b>19,759</b>	<b>2,956</b>	<b>30,470</b>
<b>Cost of Services</b>	<b>1,033</b>	<b>3,468</b>	<b>2,199</b>	<b>19,546</b>	<b>2,920</b>	<b>29,166</b>

##### Prior Year Comparative Information (Restated)

	Corporate Core	Evaluation and Delivery	Finance and Assets	People and Organisational Development	Public Safety	Total
Service Analysis	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	(59)	-	(364)	(396)	(143)	(962)
Government Grants	-	-	-	-	-	-
<b>Total Income</b>	<b>(59)</b>	<b>-</b>	<b>(364)</b>	<b>(396)</b>	<b>(143)</b>	<b>(962)</b>
Employee Expenses	847	1,768	2,097	2,513	16,283	23,508
Other Operating Expenses	356	(61)	3,264	134	1,196	4,889
<b>Total Operating Expenses</b>	<b>1,203</b>	<b>1,707</b>	<b>5,361</b>	<b>2,647</b>	<b>17,479</b>	<b>28,397</b>
<b>Cost of Services</b>	<b>1,144</b>	<b>1,707</b>	<b>4,997</b>	<b>2,251</b>	<b>17,336</b>	<b>27,435</b>

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

2012/13 Total Restated	Reconciliation	2013/14 Total
£000		£000
27,435	Cost of Services in Service Analysis	29,166
747	Add services not included in main analysis	1,894
6,798	Adjust for amounts not reported to management	4,547
(208)	Remove amounts reported to management not included in CIES	(3,622)
<b>34,772</b>	<b>Cost of Services</b>	<b>31,985</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	(1,154)	(6)	-	-	(1,160)	-	(1,160)
Interest and investment income	(142)	-	-	142	-	(142)	(142)
Income from Council Tax	-	-	-	-	-	(16,639)	(16,639)
Government grants and contributions	-	-	-	-	-	(13,632)	(13,632)
<b>Total Income</b>	<b>(1,296)</b>	<b>(6)</b>	<b>-</b>	<b>142</b>	<b>(1,160)</b>	<b>(30,413)</b>	<b>(31,573)</b>
Employee Expenses	21,742	-	-	-	21,742	-	21,742
Employee Absence Accrual	676	-	653	(676)	653	-	653
Other Operating Expenses	7,664	-	-	(2,708)	4,956	-	4,956
Support Service Recharges	-	-	-	-	-	-	-
Depreciation, amortisation and impairment	-	-	2,135	-	2,135	-	2,135
Interest payments	380	-	-	(380)	-	380	380
Pensions interest cost and return on Pension Fund assets	-	1,900	1,759	-	3,659	8,559	12,218
Gain or loss on disposal of non current assets	-	-	-	-	-	(2)	(2)
<b>Total Operating Expenses</b>	<b>30,462</b>	<b>1,900</b>	<b>4,547</b>	<b>(3,764)</b>	<b>33,145</b>	<b>8,937</b>	<b>42,082</b>
<b>(Surplus) or deficit on the provision of services</b>	<b>29,166</b>	<b>1,894</b>	<b>4,547</b>	<b>(3,622)</b>	<b>31,985</b>	<b>(21,476)</b>	<b>10,509</b>

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### Prior Year Comparative Information (Restated)

	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	0	£000	£000
<b>Service Analysis</b>							
Fees, charges & other service income	(902)	-	-	16	(886)	-	(886)
Interest and investment income	(60)	-	-	60	-	(76)	(76)
Income from Council Tax	-	-	-	-	-	(17,832)	(17,832)
Government grants and contributions	-	-	(1,172)	1,172	-	(13,762)	(13,762)
<b>Total Income</b>	<b>(962)</b>	<b>-</b>	<b>(1,172)</b>	<b>1,248</b>	<b>(886)</b>	<b>(31,670)</b>	<b>(32,556)</b>
Employee Expenses	22,836	32	4	-	22,872	-	22,872
Employee Absence Accrual	672	-	676	(672)	676	-	676
Other Operating Expenses	4,866	358	(102)	(404)	4,718	-	4,718
Support Service Recharges	-	-	-	-	-	-	-
Depreciation, amortisation and impairment	-	-	3,887	-	3,887	-	3,887
Interest payments	23	357	-	(380)	-	380	380
Pensions interest cost and return on Pension Fund assets	-	-	3,505	-	3,505	8,204	11,709
Gain or loss on disposal of non current assets	-	-	-	-	-	(6)	(6)
<b>Total Operating Expenses</b>	<b>28,397</b>	<b>747</b>	<b>7,970</b>	<b>(1,456)</b>	<b>35,658</b>	<b>8,578</b>	<b>44,236</b>
<b>(Surplus) or deficit on the provision of services</b>	<b>27,435</b>	<b>747</b>	<b>6,798</b>	<b>(208)</b>	<b>34,772</b>	<b>(23,092)</b>	<b>11,680</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>2012/13 Totals</b>	<b>£000</b>	<b>Remuneration Band</b>	<b>2013/14 Totals</b>	<b>£000</b>
20		£50,000 - £54,999	22	
4		£55,000 - £59,999	7	
6		£60,000 - £64,999	7	
2		£75,000 - £79,999	-	
-		£80,000 - £84,999	1	
2		£85,000 - £89,999	1	
-		£90,000 - £94,999	3	
1		£105,000 - £109,999	-	
1		£110,000 - £114,999	-	
-		£120,000 - £124,999	1	
1		£145,000 - £149,999	1	
<b>37</b>		<b>Total</b>	<b>43</b>	

The following table sets out the remuneration disclosures for senior officers during 2013/14. All posts are included within the remuneration bands above.

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

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

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

Notes

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

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For comparison, the following table sets out the remuneration disclosures for senior officers during 2012/13:

Post Holder	Salary including Fees and Allowances	Benefits in Kind e.g. Car Allowance	Compensation for Loss of Office	Bonuses	Total Remuneration Excluding Pension Contributions	Pension Contributions	Total Remuneration Including Pension Contributions	Notes
Chief Fire Officer and Chief Executive	146,132	629	-	-	<b>146,761</b>	29,954	<b>176,715</b>	1
Deputy Chief Fire Officer	110,458	629	-	-	<b>111,087</b>	23,031	<b>134,118</b>	2
ACO Risk / Chief Operating Officer	107,652	-	-	-	<b>107,652</b>	22,099	<b>129,751</b>	3
ACO Response	3,000	45	188,464	-	<b>191,509</b>	321	<b>191,830</b>	4
HR Director	86,000	1,913	-	-	<b>87,913</b>	16,633	<b>104,546</b>	
Director of Finance and Assets & Chief Finance Officer	82,500	4,320	-	-	<b>86,820</b>	15,961	<b>102,781</b>	
Director of Legal and Governance	40,969	3,731	-	-	44,700	7,866	<b>52,566</b>	5
<b>Totals</b>	<b>576,711</b>	<b>11,267</b>	<b>188,464</b>	-	<b>776,442</b>	<b>115,865</b>	<b>892,307</b>	

### Notes

- 1 The salary shown above includes a back-dated pay award relating to a number of months in 2011/12. The salary excluding the pay award was £140,000.
- 2 The salary shown above includes a back-dated pay award relating to a number of months in 2011/12. The salary excluding the pay award was £107,500.
- 3 The salary shown above includes a back-dated pay award relating to a number of months in 2011/12. The post-holder was ACO Risk until 31/12/2012 and became the Chief Operating Officer from 01/01/2013 onwards.
- 4 This post was deleted after 06/04/2012.
- 5 This shows the salary information from 01/09/2012. Prior to this date the service of the Director of Legal and Governance were purchased from Buckinghamshire County Council under a Service Level Agreement. The full year salary is £78,000.

### Exit Packages

In 2013/14 there were ten exit packages provided at a total cost of £0.192m.

### 3 - Provision for Doubtful Debt

The provision for doubtful debts is £35,851 as at 31 March 2014 (£35,851 as at 31 March 2013). 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. Debts totalling £593 were written off during the year.

### 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 £341k (£483k in 2012/13). The estimated un-discharged obligations under the operational lease agreements are shown in the table below:

31 March 2013			31 March 2014		
Vehicles Plant and Equipment	Land and Buildings	Years Operational Lease Remaining	Vehicles Plant and Equipment	Land and Buildings	
£000	£000		£000	£000	
183	118	0 - 1 years	118	116	
100	320	2 - 5 years	166	361	
-	762	6 years and onwards	-	684	
<b>283</b>	<b>1,200</b>	<b>Total</b>	<b>284</b>	<b>1,161</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.

2012/13 £000		2013/14 £000
<b>9,353</b>	<b>Opening Capital Financing Requirement</b>	<b>9,004</b>
	<u>Capital Investment</u>	
1,558	Property Plant and Equipment	896
-	Intangible Assets	43
	<u>Sources of Finances</u>	
-	Capital Receipts	-
(1,558)	Government Grants and Contributions	(939)
(349)	Revenue Funding including MRP	(335)
-	Voluntary Minimum Revenue Provision	-
-	Other Adjustments	-
<b>9,004</b>	<b>Closing Capital Financing Requirement</b>	<b>8,669</b>
	<u>Explanation of movements in year</u>	
(349)	Increase in the underlying need to borrow (supported by Government financial assistance)	(335)
<b>(349)</b>	<b>Increase/(Decrease) in Capital Financing Requirement</b>	<b>(335)</b>

## 6 - Members Allowances

Total allowances paid in 2013/14 to 23 Members amounted to £61k (2012/13 amounted to £61k and 21 Members). Of the 23 Members, 17 were still Members as at 31 March 2014 and the remaining 6 ceased to be Members of the Authority during the year.

Detailed information on individual allowances is available on the Authority website <http://www.bucksfire.gov.uk/NR/rdonlyres/AAC53F50-6365-407D-8C36-44395A396E01/0/Allowances201314.pdf> and on request.

## 7 - Audit Fees

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

<b>2012/13</b>		<b>2013/14</b>
<b>£000</b>	<b>Audit Fees</b>	<b>£000</b>
42	External Audit Services	32
<b>42</b>	<b>Total</b>	<b>32</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>2012/13</b>		<b>2013/14</b>
<b>£000</b>	<b>Revenue Grants Applied</b>	<b>£000</b>
(935)	New Dimension (Urban Search and Rescue)	(940)
(199)	Firelink	(239)
(27)	Other Fire Revenue Grant	(41)
-	Control Room	-
<b>(1,161)</b>	<b>Total</b>	<b>(1,220)</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.

### 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 2013/14 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. 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.

The Authority is currently reviewing the provision of a shared control room function with other fire authorities. Any agreement will be undertaken on a commercial basis and will therefore not have a controlling influence on either body.

### 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. The Authority is one of a number of funders. An officer of the Authority is one of seven trustees of the centre, which is a registered charity. The Authority does not have a significant influence over the running of the centre.

### Companies and Joint Ventures

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

**10 - Funding**

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

<b>2012/13</b>		<b>2013/14</b>
<b>£000</b>	<b>Funding</b>	<b>£000</b>
(4,093)	Aylesbury Vale District Council	(3,900)
(2,651)	Chiltern District Council	(2,531)
(5,024)	Milton Keynes Council	(4,536)
(1,944)	South Buckinghamshire District Council	(1,823)
(4,120)	Wycombe District Council	(3,849)
<b>(17,832)</b>	<b>Total Precepts</b>	<b>(16,639)</b>
(207)	Revenue Support Grant	(6,800)
(970)	Council Tax Freeze Grant	(178)
(1,161)	General Revenue Grants (Note 8)	(1,221)
(1,172)	Capital Grants	(1,191)
<b>(3,510)</b>	<b>Total General Government Grants</b>	<b>(9,390)</b>
(10,252)	Non Domestic Rates redistribution	(4,242)
<b>(10,252)</b>	<b>Total Non Domestic Rates redistribution</b>	<b>(4,242)</b>
<b>(31,594)</b>	<b>Total Funding</b>	<b>(30,271)</b>

In 2013/14 there were 274,056 Band D properties and in 2012/13 there were 299,737 Band D properties. The decrease is due to the impact of the Council Tax Support Scheme on the way the figures are calculated.

Revenue Support Grant and Non Domestic Rates are distributed from central government based on a formula allocation. The split between the two elements was adjusted in 2013/14.

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

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

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Comparative figures for 2012/13:

	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 2012</b>	<b>24,248</b>	<b>2,357</b>	<b>26,605</b>	<b>8,556</b>	<b>316</b>	<b>35,477</b>
Additions	722	-	722	394	442	1,558
Disposals and write offs	-	-	-	(68)	-	(68)
Reclassifications	247	-	247	8	(255)	-
Revaluation increase/decrease (-) recognised in Revaluation Reserve	679	-	679	8	-	687
Revaluation increase/decrease (-) recognised in surplus/deficit on provision of service	(1,788)	-	(1,788)	(32)	-	(1,820)
Other movements in cost or valuation	-	-	-	-	-	-
<b>Gross Book Value as at 31 March 2013</b>	<b>24,108</b>	<b>2,357</b>	<b>26,465</b>	<b>8,866</b>	<b>503</b>	<b>35,834</b>
<b>Accumulated depreciation and impairment as at 1 April 2012</b>	<b>(730)</b>	<b>(383)</b>	<b>(1,113)</b>	<b>(2,998)</b>	-	<b>(4,111)</b>
Depreciation for the year	(681)	(47)	(728)	(1,034)	-	(1,762)
Depreciation on disposal	-	-	-	55	-	55
Depreciation written out to Revaluation Reserve	124	-	124	-	-	124
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	(289)	-	(289)	29	-	(260)
Impairment on disposal	-	-	-	-	-	-
Reclassification of depreciation or impairment	-	-	-	-	-	-
Other movements in depreciation or impairment	-	-	-	-	-	-
<b>Depreciation c/f</b>	<b>(1,576)</b>	<b>(430)</b>	<b>(2,006)</b>	<b>(3,948)</b>	-	<b>(5,954)</b>
<b>Net Book Value as at 31 March 2013</b>	<b>22,532</b>	<b>1,927</b>	<b>24,459</b>	<b>4,918</b>	<b>503</b>	<b>29,880</b>

**b) Basis of Valuation**

All land and buildings were initially revalued during the year with an effective revaluation date of 1 April 2013. The valuations were updated as at 31 March 2014 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.

<b>Year of Valuation</b>	<b>Land and Buildings</b>	<b>Vehicles, Plant and Equipment</b>	<b>Assets Under Construction</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
2013/14	25,586	-	-	<b>25,586</b>
Valued at Historic Cost	-	4,724	112	<b>4,836</b>
<b>Total</b>	<b>25,586</b>	<b>4,724</b>	<b>112</b>	<b>30,422</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 7 years
- Plant and Equipment - 1 to 25 years
- Buildings - 3 to 52 years
- Intangibles - 1 to 8 years

e) Commitments under Capital Contracts

At 31 March 2014, 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 2014 £000</b>
Aerial Replacement Vehicle	Northfire	565
<b>Total</b>		<b>565</b>

All commitments will be honoured during 2014/15.

Prior year comparators can be seen in the table below:

<b>Capital Contract</b>	<b>Contractor</b>	<b>Amount Outstanding as at 31 March 2013 £000</b>
Great Holm - Boiler	Tencer ltd	47
High Wycombe Drill Tower	Bolt & Heeks	69
Asset Management System	Redkite	13
I.C.T - BFRS WAN Edge Circuits	Udata Infrastructure UK Ltd	40
<b>Total</b>		<b>169</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>2012/13</b>		<b>2013/14</b>
<b>£000</b>	<b>Investment Property</b>	<b>£000</b>
<b>100</b>	<b>Opening Balance</b>	<b>100</b>
	- Transfer from Land and Buildings	-
	- Revaluation	-
	- Impairment	-
<b>100</b>	<b>Closing Balance</b>	<b>100</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 2013</b>	<b>365</b>
Accumulated Amortisation	(123)
<b>Net Book Value as at 1 April 2013</b>	<b>242</b>
Additions in year	43
Reclassifications	30
Amortisation for the year	(51)
<b>Net Book Value as at 31 March 2014</b>	<b>264</b>

No assets were internally generated. All assets have finite useful lives and are amortised on a straight-line basis between 1 to 8 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. In 2012/13, all investments were held by Buckinghamshire County Council. These were available on an instant-access basis and so were disclosed within cash equivalents. All amounts disclosed for 2013/14 had maturities of more than 90 days (but less than one year) at the time they were placed.

<b>2012/13</b>		<b>2013/14</b>
<b>£000</b>	<b>Short Term Investments</b>	<b>£000</b>
-	Short Term Investments	13,108
-	<b>Total</b>	<b>13,108</b>

**15 – Inventories**

<b>2012/13</b>		<b>2013/14</b>
<b>£000</b>	<b>Inventories</b>	<b>£000</b>
42	Workshops	40
143	Stores	140
66	Fuel	54
1	Catering	1
<b>252</b>	<b>Total</b>	<b>235</b>

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.

**16 - Short Term Debtors**

<b>2012/13</b>		<b>2013/14</b>
<b>£000</b>	<b>Short Term Debtors</b>	<b>£000</b>
908	Central Government Bodies	1,731
457	Other Local Authorities	536
-	NHS Bodies	16
186	Other Entities and Individuals	586
134	Payments in Advance	216
(36)	Provision for Doubtful Debts	(36)
<b>1,649</b>	<b>Total</b>	<b>3,049</b>

**17 - Cash and Cash Equivalents**

Cash and cash equivalents are short term highly liquid investments with a maturity of less than 90 days. A large proportion of the cash on deposit disclosed in 2012/13 will now be shown under short term investments in 2013/14 (see Note 14).

<b>2012/13</b>		<b>2013/14</b>
<b>£000</b>	<b>Cash and cash equivalents</b>	<b>£000</b>
(3)	Cash at bank	127
8	Cash in hand	-
15,324	Cash on deposit	2,248
<b>15,329</b>	<b>Total</b>	<b>2,375</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 2014 in accordance with the Code.

<b>2012/13</b>		<b>2013/14</b>
<b>Restated</b>	<b>Short Term Borrowing and Creditors</b>	<b>£000</b>
(101)	Short Term Borrowing	(101)
(561)	Central Government Bodies	(741)
(374)	Other Local Authorities	(194)
-	Public Corporations and Trading Funds	-
(997)	Other Entities and Individuals	(820)
(132)	Receipts in Advance	(212)



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(2,064) Total

(1,967)

**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>Other Provision</b>	<b>NNDR Appeals Provision</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>£000</b>
<b>Balance as at 1st April 2013 (Restated)</b>	(676)	(171)	(151)	(75)	0	(1,187)	<b>(2,260)</b>
Additional provisions made in 2013/14	(653)	-	(352)	-	(355)	(193)	(1,553)
Amounts used in 2013/14	676	26	143	33	-	-	878
<b>Balance as at 31 March 2014</b>	<b>(653)</b>	<b>(145)</b>	<b>(360)</b>	<b>(42)</b>	<b>(355)</b>	<b>(1,380)</b>	<b>(2,935)</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 2014, £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 special payments relating to back-dated employer pension contributions and a number of other one-off special payments.

Other Provisions

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

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 prior period adjustment identified in Note 31. An additional provision was made during the year to reflect injury pension payments made from the pension account that may need to be settled from the operating account.

## 20 - Long Term Borrowing

The Authority undertakes long term borrowing, principally as a means of financing expenditure on fixed assets. No additional principal was borrowed nor repaid during the year. The interest owing and shown as short term borrowing in Note 18 represents the Public Works Loan Board (PWLB) interest accrued to the 31 March 2014 in accordance with the Code.

<b>2012/13</b>		<b>2013/14</b>
<b>£000</b>	<b>Source of Loan</b>	<b>£000</b>
(8,265)	PWLB	(8,265)
<b>(8,265)</b>	<b>Total</b>	<b>(8,265)</b>

The interest rates applicable as at 31 March 2014 were between 3.90% and 5.32%. Long term external borrowing by repayment dates is shown in the table below:

<b>2012/13</b>		<b>2013/14</b>
<b>£000</b>	<b>Repayments Dates</b>	<b>£000</b>
(883)	Maturing in less than 5 years	(1,468)
(1,205)	Maturing in 5 to 10 years	(1,620)
(2,000)	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>(8,265)</b>	<b>Total</b>	<b>(8,265)</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 not fulfilled during 2013/14 so the grant continues to be treated as a capital grant received in advance.

<b>2012/13</b>		<b>2013/14</b>
<b>£000</b>	<b>Capital Grants Received in Advance</b>	<b>£000</b>
(24)	Environment Agency	(24)
(3)	Other Grants	-
<b>(27)</b>	<b>Total</b>	<b>(24)</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 2013/14 were £108,612, charged as £61,612 to the Income and Expenditure account finance costs and £47,000 write down of obligation to the lessor.

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

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### Comparative information for 2012/13

Rentals payable under this arrangement were £104,335, charged as £57,335 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 2013/14	47
Payable between 2014/15 and 2017/18	188
Payable after 2017/18	1,685
<b>Total liabilities as at 31st March 2013</b>	<b>1,920</b>

### 23 - Usable Reserves

#### Adjustments Under Regulations

2012/13			2013/14		
General Fund Balance	Usable Capital Receipts Reserve	Unusable Reserves	General Fund Balance	Usable Capital Receipts Reserve	Unusable Reserves
£000	£000	£000	£000	£000	£000
<b>Adjustments primarily involving the Capital Adjustment Account</b>					
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>					
(1,806)	-	1,806	(2,022)	-	2,022
(2,081)	-	2,081	(113)	-	113
1,120	-	(1,120)	939	-	(939)
-	-	-	-	-	-
-	-	-	-	-	-
(14)	-	14	(6)	-	6
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>					
349	-	(349)	335	-	(335)
<b>Adjustments primarily involving the Capital Receipts Reserve</b>					
20	(20)	-	6	(6)	-
-	-	-	-	-	-
<b>Adjustments primarily involving the Financial Instruments Adjustment Account</b>					

**Buckinghamshire & Milton Keynes Fire Authority – Statement of Accounts 2013/14**

-	-	-	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	-	-	-
<b>Adjustments primarily involving the Pension Reserve</b>						
(14,725)	-	14,725	Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(15,165)	-	15,165
3,016	-	(3,016)	Employer's pensions contributions and direct payments to pensioners payable in the year	4,847	-	(4,847)
-	-	-	Pension Grant Received	-	-	-
<b>Adjustments primarily involving the Collection Fund Adjustment Account</b>						
(10)	-	10	Precept Income	(56)	-	56
<b>Adjustments primarily involving the Accumulated Absences Account</b>						
(4)	-	4	Employee Absence Account	23	-	(23)
<b>Other Adjustments</b>						
-	-	-	Appropriation from Reserve to Repay debt	-	-	-
<b>(14,135)</b>	<b>(20)</b>	<b>14,155</b>	<b>Total Adjustments</b>	<b>(11,212)</b>	<b>(6)</b>	<b>11,218</b>

Transfers To/From Reserves

	Note	Balance at 1 April 2012 Restated	Transfers (In)/Out 2012/13 Restated	Balance at 31 March 2013 Restated	Transfers (In)/Out 2013/14	Balance at 31 March 2014
General Fund Balance	A	(3,700)	-	(3,700)	-	(3,700)
<b>Sub Total Non Earmarked General Fund Balance</b>		<b>(3,700)</b>	<b>-</b>	<b>(3,700)</b>	<b>-</b>	<b>(3,700)</b>
Fire Control Reserve	B	(150)	-	(150)	-	(150)
Invest to Save Reserve	C	(490)	(10)	(500)	(13)	(513)
Moving Forward Reserve	D	(570)	(513)	(1,083)	1,083	-
New Dimensions Reserve	E	(1,000)	-	(1,000)	-	(1,000)
Asset Management Reserve	F	(180)	56	(124)	124	-
Redundancy and Early Retirement Reserve	G	(180)	-	(180)	(169)	(349)
New Burdens Reserve	H	(84)	84	-	-	-
Vehicle Reserve	I	(35)	(16)	(51)	(18)	(69)
Funding Pressures Reserve	J	(1,000)	(1,000)	(2,000)	817	(1,183)
Control Room Reserve (Revenue)	K	(1,000)	316	(684)	(676)	(1,360)
RDS Pension Contributions Reserve	L	(650)	-	(650)	-	(650)
Continuing Projects Reserve	M	-	(300)	(300)	-	(300)
<b>Sub Total Earmarked Reserves - Revenue</b>		<b>(5,339)</b>	<b>(1,383)</b>	<b>(6,722)</b>	<b>1,148</b>	<b>(5,574)</b>
Usable Capital Receipts Reserve	N	(20)	(20)	(40)	(6)	(46)
Control Room Capital Grant Unapplied	O	(800)	-	(800)	-	(800)
Other Capital Grants Unapplied	P	(438)	387	(51)	(251)	(302)
Revenue Contribution to Capital	Q	271	(1,020)	(749)	(1,600)	(2,349)
<b>Sub Total Earmarked Reserves - Capital</b>		<b>(987)</b>	<b>(653)</b>	<b>(1,640)</b>	<b>(1,857)</b>	<b>(3,497)</b>
<b>Total Usable Reserves</b>		<b>(10,026)</b>	<b>(2,036)</b>	<b>(12,062)</b>	<b>(709)</b>	<b>(12,771)</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. No proposal to remove this money has been made at this stage due to the uncertainty surrounding the provision of control room services.

**C – Invest to Save Reserve**

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

**D – Moving Forward Reserve**

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

**E – New Dimensions Reserve**

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

**F – Asset Management Reserve**

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

**G – Redundancy and Early Retirement Reserve**

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

**H – New Burdens Reserve**

This reserve represents unused New Burdens grant set aside from previous years. This reserve was fully utilised during 2012/13.

**I – Vehicle Reserve**

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

**J – Funding Pressures Reserve**

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

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

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

**L – RDS Pension Contribution Reserve**

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

**M – Continuing Projects Reserve**

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

**N – Usable Capital Receipts Reserve**

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

**O – Control Room Capital Grant Unapplied**

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

**P – Other Capital Grants Unapplied**

This reserve contains capital grant funding received and committed in 2013/14, but where delivery of the goods/service will take place in 2014/15.

**Q – Revenue Contribution to Capital**

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

**24 - Unusable Reserves**

a) Accumulated Absences Account

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

<b>2012/13</b>	<b>Accumulated Absences Account</b>	<b>2013/14</b>
<b>£000</b>		<b>£000</b>
<b>672</b>	<b>Opening Balance</b>	<b>676</b>
(672)	Reversal of provision for accumulated absences for previous year	(676)
676	Accumulated absences for the year	653
<b>676</b>	<b>Closing Balance</b>	<b>653</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>2012/13</b>	<b>Capital Adjustment Account</b>	<b>2013/14</b>
<b>£000</b>		<b>£000</b>
<b>(21,963)</b>	<b>Opening Balance</b>	<b>(19,944)</b>
1,806	Depreciation	2,022
26	Depreciation variance Historic to Current	120
(349)	Minimum Revenue Provision	(335)
2,081	Impairments	113
13	Assets written off on disposal	6
	Revenue contributions	
	Usable capital receipts	
(1,120)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(939)
(438)	Application of grants to capital financing from the Capital Grants Unapplied Account	
	Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement	
<b>(19,944)</b>	<b>Closing Balance</b>	<b>(18,957)</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>2012/13</b>	<b>Collection Fund Adjustment Account</b>	<b>2013/14</b>
<b>£000</b>		<b>£000</b>
<b>(221)</b>	<b>Opening Balance</b>	<b>(211)</b>
10	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	(233)
-	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	289
<b>(211)</b>	<b>Closing Balance</b>	<b>(155)</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>2012/13</b>	<b>Pensions Reserve</b>	<b>2013/14</b>
<b>£000</b>		<b>£000</b>
<b>184,322</b>	<b>Opening Balance</b>	<b>197,426</b>
11,709	Appropriations to and from (-) revenue	10,318
1,395	Actuarial gains (-) / losses relating to pensions	9,888
<b>197,426</b>	<b>Closing Balance</b>	<b>217,632</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>2012/13</b>	<b>Revaluation Reserve</b>	<b>2013/14</b>
<b>£000</b>		<b>£000</b>
<b>(437)</b>	<b>Opening Balance</b>	<b>(1,274)</b>
(1,035)	Upward Asset revaluations	(3,644)
224	Downward Asset revaluations	
-	Impairment losses recognised in the Revaluation Reserve	
(26)	Depreciation difference - historic cost to current value	(120)
-	Other adjustments	
<hr/> <b>(1,274)</b>	<b>Closing Balance</b>	<hr/> <b>(5,038)</b>

**25 - Donated Assets Account**

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

The donated assets are now included within Vehicles, Plant and Equipment and will be depreciated over their remaining useful life on a straight-line basis. As at 31 March 2014 the balance on this account was zero. The account will remain at a zero balance unless any new donations of assets are made to the Authority.

**26 - Contingent Assets**

As at 31 March 2014, the Authority does not have any contingent assets.

**27 - Contingent Liabilities**

At 31 March 2014, the Authority had two contingent liabilities:

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

## **28 - Pension Schemes**

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

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

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

a) Transactions relating to retirement benefits

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

Current Year 2013/14

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

## Buckinghamshire & Milton Keynes Fire Authority – Statement of Accounts 2013/14

### Comparative data for 2012/13

<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>				
Current Service Cost	912	4,833	700	<b>6,445</b>
Past Service Costs	-	-	-	-
Curtailments and Settlements	76	-	-	<b>76</b>
<b>Cost of Services Total</b>	<b>988</b>	<b>4,833</b>	<b>700</b>	<b>6,521</b>
<u>Financing and Investment Income and Expenditure</u>				
Interest Cost	932	7,775	179	<b>8,886</b>
Expected return on scheme assets	(682)	-	-	<b>(682)</b>
<b>Financing and Investment Total</b>	<b>250</b>	<b>7,775</b>	<b>179</b>	<b>8,204</b>
<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>1,238</b>	<b>12,608</b>	<b>879</b>	<b>14,725</b>
Actuarial Gains and Losses	(1,032)	1,748	679	<b>1,395</b>
<b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>206</b>	<b>14,356</b>	<b>1,558</b>	<b>16,120</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:	(1,238)	(12,608)	(879)	<b>(14,725)</b>
Amount actually charged against the General Fund Balance for pensions in the year for:				
Employers contribution	702	1,835	275	<b>2,812</b>
Retirement benefit payable to pensioners	15	189	-	<b>204</b>

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

#### Reconciliation of present value of the scheme liabilities 2013/14

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

## Buckinghamshire & Milton Keynes Fire Authority – Statement of Accounts 2013/14

### Prior year 2012/13

Reconciliation of present value of the scheme liabilities	LGPS	1992	2006	Total
		Firefighters	Firefighters	
	£000	£000	£000	£000
Present Value of scheme liabilities as at 1 April	(20,037)	(171,253)	(3,774)	(195,064)
Current Service Cost	(912)	(4,833)	(700)	(6,445)
Interest Cost	(932)	(7,775)	(179)	(8,886)
Actuarial gain / loss (-)	(546)	(4,245)	(183)	(4,974)
Curtailment	(76)	-	-	(76)
Estimated benefits paid (net of transfers in)	(162)	5,451	3	5,292
Past Service Costs	-	-	-	-
Contribution by Scheme participants	(245)	(1,119)	(224)	(1,588)
Injury Pension payments	-	189	-	189
<b>Present Value of scheme liabilities as at 31 March</b>	<b>(22,910)</b>	<b>(183,585)</b>	<b>(5,057)</b>	<b>(211,552)</b>

### Reconciliation of fair value of the scheme assets 2013/14

Reconciliation of fair value of the scheme assets	LGPS	1992	2006	Total
		Firefighters	Firefighters	
	£000	£000	£000	£000
Fair Value of scheme assets as at 1 April	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>

### Prior year 2012/13

Reconciliation of fair value of the scheme assets	LGPS	1992	2006	Total
		Firefighters	Firefighters	
	£000	£000	£000	£000
Fair Value of scheme assets as at 1 April	10,742	-	-	10,742
Expected return on scheme assets	682	-	-	682
Actuarial gain / loss (-)	3,579	-	-	3,579
Employer Contributions	3,016	-	-	3,016
Contribution by Scheme participants	1,588	-	-	1,588
Estimated benefits paid (net of transfers in)	(5,481)	-	-	(5,481)
<b>Fair Value of scheme assets as at 31 March</b>	<b>14,126</b>	<b>-</b>	<b>-</b>	<b>14,126</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>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<u>Present Value of Liabilities</u>					
LGPS	(20,106)	(15,831)	(20,037)	(22,910)	(25,002)
1992 Firefighters Scheme	(186,736)	(140,866)	(171,253)	(183,585)	(205,349)
2006 Firefighters Scheme	(1,969)	(2,156)	(3,774)	(5,057)	(4,417)
<b>Present Value of scheme liabilities as at 31 March</b>	<b>(208,811)</b>	<b>(158,853)</b>	<b>(195,064)</b>	<b>(211,552)</b>	<b>(234,768)</b>
<u>Fair Value of Assets</u>					
LGPS	8,923	10,696	10,742	14,126	17,136
<b>Total Assets - BMKFA estimated allocation of LGPS assets</b>	<b>8,923</b>	<b>10,696</b>	<b>10,742</b>	<b>14,126</b>	<b>17,136</b>
LGPS Experience adjustments on scheme assets	1,716	530	(1,131)	1,578	-
<u>Surplus/Deficit (-) in the scheme</u>					
LGPS	(11,183)	(5,135)	(9,295)	(8,784)	(7,866)
1992 Firefighters Scheme	(186,736)	(140,866)	(171,253)	(183,585)	(205,349)
2006 Firefighters Scheme	(1,969)	(2,156)	(3,774)	(5,057)	(4,417)
<b>Total</b>	<b>(199,888)</b>	<b>(148,157)</b>	<b>(184,322)</b>	<b>(197,426)</b>	<b>(217,632)</b>

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £217.632m has a substantial impact on the net worth of the Authority as recorded in the balance sheet, resulting in a negative overall balance of £180.482m. 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.

The total contributions expected to be made to the Local Government Pension Scheme by the Authority in the year to 31<sup>st</sup> March 2015 is £0.463m. Expected contributions for the 1992 Firefighters’ Pension Scheme in the year to 31<sup>st</sup> March 2015 is £1.958m, with expected contributions of £0.280m for the 2006 scheme.

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 1992</b>		<b>Firefighters 2006</b>	
	<b>2012/13</b>	<b>2013/14</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2012/13</b>	<b>2013/14</b>
<u>Mortality Assumptions</u>						
Longevity at 65 for current pensioners						
Men	20.10	23.60	21.60	23.40	21.60	23.40
Women	24.10	26.00	24.20	25.70	24.20	25.70
Longevity at 65 for future pensioners						
Men	22.10	25.80	23.50	25.60	23.50	25.60
Women	26.00	28.30	26.00	28.00	26.00	28.00
<u>Financial Assumptions</u>						
Rate of Inflation (RPI)	3.40%	3.70%	3.40%	3.60%	3.40%	3.60%
Rate of Inflation (CPI)	2.60%	2.90%	2.60%	2.80%	2.60%	2.80%
Rate of salary inflation	4.80%	4.70%	4.90%	4.60%	4.90%	4.60%
Rate of pensions inflation	2.60%	2.90%	2.60%	2.80%	2.60%	2.80%
Rate for discounting scheme liabilities	4.60%	4.50%	4.60%	4.50%	4.60%	4.50%
Take up of option to convert annual pension into retirement lump sum	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%

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

<b>Restated 31 March 2013</b>			<b>31 March 2014</b>	
<b>£000</b>	<b>%</b>	<b>LGPS</b>	<b>£000</b>	<b>%</b>
565	4%	Gilts	857	5%
9,889	70%	UK Equities	3,256	19%
n/a	n/a	Overseas Equities	7,026	41%
n/a	n/a	Private Equity	1,371	8%
1,271	9%	Other Bonds	1,714	10%
1,130	8%	Property	1,371	8%
141	1%	Cash	171	1%
1,130	8%	Alternative Assets	n/a	n/a
n/a	n/a	Hedge Funds	685	4%
n/a	n/a	Absolute Return Portfolio	685	4%
<b>14,126</b>	<b>100%</b>	<b>Total</b>	<b>17,136</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	24,485	25,002	25,530
Projected service cost	861	882	903
Adjustment to long term salary increase	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	25,100	25,002	24,905
Projected service cost	882	882	882
Adjustment to pension increases and deferred revaluation	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	25,440	25,002	24,574
Projected service cost	903	882	861
Adjustment to mortality age rating assumption	<b>+1 year</b>	<b>None</b>	<b>- 1 Year</b>
Present value of total obligation	24,155	25,002	25,856
Projected service cost	852	882	911

<b>Firefighters 1992 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	201,672	205,349	209,096
Projected service cost	4,553	4,661	4,772
Adjustment to long term salary increase	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	205,841	205,349	204,860
Projected service cost	4,661	4,661	4,661
Adjustment to pension increases and deferred revaluation	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	208,663	205,349	202,098
Projected service cost	4,774	4,661	4,551
Adjustment to mortality age rating assumption	<b>+1 year</b>	<b>None</b>	<b>- 1 Year</b>
Present value of total obligation	198,178	205,349	212,577
Projected service cost	4,504	4,661	4,820

<b>Firefighters 2006 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	4,338	4,417	4,498
Projected service cost	809	829	848
Adjustment to long term salary increase	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	4,440	4,417	4,394
Projected service cost	829	829	829
Adjustment to pension increases and deferred revaluation	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	4,476	4,417	4,359
Projected service cost	849	829	809
Adjustment to mortality age rating assumption	<b>+1 year</b>	<b>None</b>	<b>- 1 Year</b>
Present value of total obligation	4,268	4,417	4,568
Projected service cost	801	829	857



## 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 2013 £000	31 March 2014 £000	31 March 2013 £000	31 March 2014 £000
Financial liabilities at amortised cost	(10,185)	(10,138)	(1,407)	(1,633)
<b>Total Borrowings</b>	<b>(10,185)</b>	<b>(10,138)</b>	<b>(1,407)</b>	<b>(1,633)</b>
Loans and receivables	-	-	15,638	15,922
<b>Total Investments</b>	<b>-</b>	<b>-</b>	<b>15,638</b>	<b>15,922</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.

2012/13	Financial Instruments Gains and Losses	Financial Liabilities 2013/14	Financial Assets 2013/14			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>
(76)	Interest income	-	(142)	-	-	(142)
-	Gains on derecognition	-	-	-	-	-
<b>(76)</b>	<b>Interest and investment income</b>	<b>-</b>	<b>(142)</b>	<b>-</b>	<b>-</b>	<b>(142)</b>
-	Gains on revaluation	-	-	-	-	-
-	Losses on revaluation	-	-	-	-	-
-	Amounts recycled to the CIES after impairment	-	-	-	-	-
-	Surplus arising on revaluation of financial assets	-	-	-	-	-
<b>304</b>	<b>Net gain/loss (-) for the year</b>	<b>380</b>	<b>(142)</b>	<b>-</b>	<b>-</b>	<b>238</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>2012/13</b>	<b>2013/14</b>
<b>£000</b>	<b>£000</b>
- Financial Instruments gain	-
(16) Rental income from investment properties	(16)
- Movement in fair value of investment properties	-
(60) Interest on investments	(126)
<b>(76) Total Investment income received in the CIES</b>	<b>(142)</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 2013</b>		<b>31 March 2014</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	(8,265)	(10,518)	(8,265)	(9,810)
Finance Lease	(1,920)	(1,920)	(1,873)	(1,873)
Creditors	(1,407)	(1,407)	(1,633)	(1,633)
<b>Total Financial Liabilities</b>	<b>(11,592)</b>	<b>(13,845)</b>	<b>(11,771)</b>	<b>(13,316)</b>
Cash and cash equivalents	15,324	15,324	2,248	2,248
Short Term Investments	-	-	13,108	13,108
Debtors	314	314	566	566
<b>Total Loans and Receivables</b>	<b>15,638</b>	<b>15,638</b>	<b>15,922</b>	<b>15,922</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 2014. 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 during the year.

### *Country Limits*

In 2013/14, the Authority determined that it would only use approved counterparties based within the United Kingdom 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.

*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 £9.810m has been provided by the PWLB on the Authority’s behalf

The maturity analysis of financial liabilities is as follows:

<b>31 March 2013 £000</b>		<b>31 March 2014 £000</b>
(101)	Maturing in less than 1 year	(101)
-	Maturing within 2 years	(515)
(883)	Maturing within 2 to 5 years	(953)
(1,205)	Maturing within 5 to 10 years	(1,620)
(6,177)	Maturing in more than 10 years	(5,177)
<b>(8,366)</b>	<b>Total</b>	<b>(8,366)</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>2013/14</b>
	<b>£000</b>
Increase in interest payable on variable rate borrowings	-
Increase in interest receivable on variable rate investments	154
Increase in government grant receivable for financing costs	-
<b>Impact on Comprehensive Income and Expenditure Statement</b>	<b>154</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>154</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.

Following a review by DCLG during August, it was found that injury pension payments that should have been charged to the operating account from 1 April 2006 had instead been charged to the pension account. This has necessitated a prior period adjustment to correct this error (see Note 31)

**31 - Prior Period Adjustments**

The revised IAS19 standard for accounting periods beginning on or after 1 January 2013 did not have a material effect on prior year balances, so no adjustment has been made in these accounts.

Following the discovery of a historic error relating to injury pension payments, the following prior period adjustments have been made in the accounts:

	<b>As per 2012/13 Accounts</b>	<b>Adjustment</b>	<b>Restated Balance</b>
<b>Balance Sheet as at 31 March 2012</b>			
Short term provisions	(1,185)	(996)	(2,181)
<b>Current Liabilities</b>	<b>(3,238)</b>	<b>(996)</b>	<b>(4,234)</b>
<b>Net Assets</b>	<b>(151,351)</b>	<b>(996)</b>	<b>(152,347)</b>
Usable Reserves	(11,022)	996	(10,026)
<b>Total Reserves</b>	<b>151,351</b>	<b>996</b>	<b>152,347</b>

## Buckinghamshire & Milton Keynes Fire Authority – Statement of Accounts 2013/14

	As per 2012/13 Accounts	Adjustment	Restated Balance
<b>Balance Sheet as at 31 March 2013</b>			
Short term provisions	(1,073)	(1,187)	(2,260)
<b>Current Liabilities</b>	<b>(3,238)</b>	<b>(1,187)</b>	<b>(4,425)</b>
<b>Net Assets</b>	<b>(163,424)</b>	<b>(1,187)</b>	<b>(164,611)</b>
Usable Reserves	(13,249)	1,187	(12,062)
<b>Total Reserves</b>	<b>163,424</b>	<b>1,187</b>	<b>164,611</b>

	As per 2012/13 Accounts	Adjustment	Restated Balance
<b>Comprehensive Income and Expenditure Statement 2012/13</b>			
Firefighting and Rescue Operations (Net)	30,463	191	30,654
<b>(Surplus) or Deficit on Continuing Operations (Net)</b>	<b>34,581</b>	<b>191</b>	<b>34,772</b>
<b>(Surplus) or Deficit on Provision of Services (Net)</b>	<b>11,489</b>	<b>191</b>	<b>11,680</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>12,073</b>	<b>191</b>	<b>12,264</b>

The Movement in Reserves statement reflects the adjustments above, as well as the additional adjustments shown below:

	As per 2012/13 Accounts	Adjustment	Restated Balance
<b>Movement in Reserves Statement 2012/13</b>			
<u>General Fund</u>			
Net (Increase) / Decrease before Transfers to Earmarked Reserves	(2,646)	191	(2,455)
Transfers to/from Earmarked Reserves	2,646	(191)	2,455
<b>(Increase) / Decrease in 2012/13</b>	<b>-</b>	<b>-</b>	<b>-</b>
<u>Earmarked Reserves</u>			
Net (Increase) / Decrease before Transfers to Earmarked Reserves	(20)	-	(20)
Transfers to/from Earmarked Reserves	(2,207)	191	(2,016)
<b>(Increase) / Decrease in 2012/13</b>	<b>(2,227)</b>	<b>191</b>	<b>(2,036)</b>

There is no net change in the cash position, only an adjustment between the deficit on the provision of services and non-cash movements:

	As per 2012/13 Accounts	Adjustment	Restated Balance
<b>Cash Flow Statement 2012/13</b>			
Net surplus or deficit on the provision of services	(11,489)	(191)	(11,680)
Adjust for non-cash movements	15,515	191	15,706
<b>Net Cash Flow from Operating Activities</b>	<b>2,834</b>	<b>-</b>	<b>2,834</b>



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

a) Net Cash flows from Operating Activities

<b>2012/13</b>		<b>2013/14</b>
<b>£000</b>		<b>£000</b>
<b>(11,680)</b>	<b>Net Surplus or (Deficit) on the Provision of Services</b>	<b>(10,509)</b>
3,887	Depreciation, amortisation, impairment and downward valuations	2,141
112	Net Movement in Creditors	(97)
(144)	Net Movement in Debtors	(1,400)
50	Net Movement in Stocks	17
11,709	Adjustment regarding Pension Liability	10,289
79	Contributions to/from Provisions	675
13	Carrying amount of non-current assets sold	6
<b>15,706</b>		<b>11,631</b>
(1,172)	Capital Grants Credited to surplus or deficit on the provision of services	(939)
(20)	Proceeds from the sale of assets	(6)
<b>(1,192)</b>		<b>(945)</b>
<b>2,834</b>	<b>Net Cash Flows from Operating Activities</b>	<b>177</b>

b) Net Cash flows from Operating Activities (Interest)

<b>2012/13</b>		<b>2013/14</b>
<b>£000</b>		<b>£000</b>
76	Ordinary interest received	142
-	Interest received on cash backed funds/reserves	-
<b>76</b>		<b>142</b>
(380)	Interest charge for year	(380)
-	Adj differences between Effective Interest Rates and actual payable	-
-	Other Interest	101
<b>(380)</b>		<b>(279)</b>
<b>(304)</b>	<b>Net Cash Flows from Operating Activities (Interest)</b>	<b>(137)</b>

c) Cash Flows from Investment Activities

<b>2012/13</b>		<b>2013/14</b>
<b>£000</b>		<b>£000</b>
(1,558)	Property Plant and Equipment Purchased	(939)
-	Purchase of short or long term investments	(13,108)
-	Movement on Capital Creditors	-
<b>(1,558)</b>		<b>(14,047)</b>
20	Proceeds from the sale of Assets	6
-	Proceeds from the sale of short or long term investments	-
1,198	Capital Grants Received	1,190
<b>1,218</b>		<b>1,196</b>
<b>(340)</b>	<b>Net Cash Flows from Investing Activities</b>	<b>(12,851)</b>

## d) Cash Flows from Financing Activities

<b>2012/13</b>		<b>2013/14</b>
<b>£000</b>		<b>£000</b>
-	Cash receipts of short and long term borrowing	-
-	Repayment of short and long term borrowing	-
-	Other receipts from financing activities	(233)
(47)	Cash payments for the reduction of outstanding liabilities relating to finance leases	(47)
<b>(47)</b>	<b>Net Cash Flows from Financing Activities</b>	<b>(280)</b>

## e) Make up of Cash and Cash Equivalents

<b>2012/13</b>		<b>2013/14</b>
<b>£000</b>		<b>£000</b>
5	Cash and bank balances	127
15,324	Cash investments	2,248
-	Bank overdraft	-
<b>15,329</b>	<b>Total</b>	<b>2,375</b>

## Firefighters' Pension Fund Account

### Firefighters' Pension Fund

2012/13	Fund Account	2013/14
£000		£000
	<b>Income to the fund</b>	
	<u>Contributions receivable (funds due to us during the year)</u>	
	From employer	
(2,300)	normal contributions	(2,237)
-	early retirements	-
(8)	other contributions	(8)
(1,335)	From members	(1,465)
	<u>Transfers in</u>	
-	Individual transfers in from other schemes	-
-	Ill health charges	(63)
<b>(3,643)</b>	<b>Total Income to the Fund</b>	<b>(3,773)</b>
	<b>Spending by the fund</b>	
	<u>Benefits payable</u>	
4,810	Pension payments	5,183
832	Commutation of pensions and lump sum retirement benefits	1,989
-	Lump sum death benefits	-
-	Other benefits payable	-
	<u>Payments to and on behalf of leavers</u>	
-	Refunds of contributions to people who leave the scheme	-
-	Individual transfers out of the scheme	-
-	Other payments	-
<b>5,642</b>	<b>Total Spending by the Fund</b>	<b>7,172</b>
<b>1,999</b>	<b>Net amount payable/receivable for the year before top up grant receivable/amount payable to sponsoring department</b>	<b>3,399</b>
(1,999)	Top up grant receivable/amount payable to sponsoring department	(3,399)
<b>-</b>	<b>Net amount payable (-)/receivable for the year</b>	<b>-</b>

### Firefighters' Pension Fund Net Assets Statement

2012/13	Net Assets Statement	2013/14
£000		£000
	<b>Net Current Assets and Liabilities</b>	
-	Contributions due from employer	-
748	Pensions top up grant receivable from sponsoring department	1,566
-	Unpaid pensions benefits	-
-	Amount due to sponsoring department	-
(748)	Other current assets and liabilities (other than liabilities and other benefits in the future)	(1,566)
<b>-</b>	<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.

## 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.







Ernst & Young  
400 Capability Green  
Luton  
LU1 3LU

Your ref:  
Our ref: **Letter of Representation 2013/14**  
Enquiries to: David Skinner  
Ext no: 174  
Direct line: 01296 744671  
Fax no:  
Date: 22 October 2014  
E-mail: [dskinner@bucksfire.gov.uk](mailto:dskinner@bucksfire.gov.uk)

## **Buckinghamshire & Milton Keynes Fire and Rescue Authority - Audit for the year ended 31 March 2014**

This representation letter is provided in connection with your audit of the financial statements of Buckinghamshire & Milton Keynes Fire Authority ("the Authority") for the year ended 31 March 2014. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the financial position of Buckinghamshire & Milton Keynes Fire Authority as of 31 March 2014 and of its expenditure and income for the year then ended in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

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

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

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

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations (England) 2011 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.
2. We acknowledge our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, and of the expenditure and income of the Authority in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and are free of material misstatements, including omissions. We have approved the financial statements. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.

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

3. We believe that the Authority has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 that are free from material misstatement, whether due to fraud or error
4. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

## **B. Fraud**

1. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud
2. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
3. We have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in the Authority's internal controls over financial reporting. In addition, we have no knowledge of any fraud or suspected fraud involving other employees in which the fraud could have a material effect on the financial statements. We have no knowledge of any allegations of financial improprieties, including fraud or suspected fraud, (regardless of the source or form and including without limitation, any allegations by "whistleblowers") which could result in a misstatement of the financial statements or otherwise affect the financial reporting of the Authority.

## **C. Compliance with Laws and Regulations**

1. We are unaware of any violations or possible violations of laws or regulations, with the exception of the issue relating to injury compensation payments, the effects of which should be considered for disclosure in the financial statements or as the basis of recording a contingent loss.
2. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements, and there have been no communications from regulatory agencies or government representatives concerning investigations or allegations of non-compliance.

## **D. Information Provided and Completeness of Information and Transactions**

1. We have provided you with:
  - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters as agreed in terms of the audit engagement.
  - Additional information that you have requested from us for the purpose of the audit, and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
3. We have made available to you all minutes of the meetings of the Authority, and the Executive and Overview & Audit committees held through the year to the most recent meeting on the following date: 30 July 2014.

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

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 are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.
5. We have disclosed to you, and the Authority has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

#### **E. Liabilities and Contingencies**

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.

#### **F. Subsequent Events**

1. There have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto, other than those already disclosed.

#### **G. Accounting Estimates**

1. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
2. Accounting estimates recognised or disclosed in the financial statements:
  - We believe the measurement processes, including related assumptions and models, we used in determining accounting estimates are appropriate and the application of these processes is consistent.
  - The disclosures relating to accounting estimates are complete and appropriate in accordance with the applicable financial reporting framework.
  - The assumptions we used in making accounting estimates appropriately reflects our intent and ability to carry out specific courses of action on behalf of the entity, where relevant to the accounting estimates and disclosures.
  - No subsequent event requires an adjustment to the accounting estimates and disclosures included in the financial statements.

#### **H Retirement benefits**

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

**Director of Finance & Assets: David Skinner BA CPFA**  
Buckinghamshire Fire and Rescue Service  
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## **I 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. There are no agreements or options to buy back assets previously sold that need to be recorded and disclosed in the financial statements.
3. We have no plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realizable value.
4. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts.

## **J Reserves**

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

## **K Use of the Work of Experts**

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

Yours Faithfully

David Skinner  
Director of Finance and Assets and Chief Finance Officer

I confirm that this letter has been discussed and agreed at the meeting of the Combined Fire Authority on 22 October 2014

Councillor Adrian Busby  
Chairman of the Authority

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

## Summary of Amendments to the Statement of Accounts 2013/14

These tables set out changes made to the Statement of Accounts since the version presented to the Overview and Audit Committee on 24 September 2014 (the list of changes assumes adjustments authorised by email consent after the meeting have already been incorporated)

### Summary

The following entries were required to recognise the Authority's share of non-domestic rates income (NDR) debtors, creditors and provisions shown within the district councils' and Milton Keynes Council's Statement of Accounts

Due to statutory adjustments, there is **no** impact on the level of General Fund or other earmarked reserves

#### New Entries Required

Debtors	+ 80
Creditors	(14)
Provisions	(355)
Collection Fund Adjustment Account	+ 289
Comprehensive Income and Expenditure Statement (CIES)	+ 289
Movement in Reserves (General Fund)	(289)

#### Reversal of Previous Entries

Creditors	+ 169
Collection Fund Adjustment Account	(169)
Comprehensive Income and Expenditure Statement	(169)
Movement in Reserves (General Fund)	+ 169

### Affect on Primary Statements

#### Movement in Reserves Statement (page 32)

	Before	After	Change	Reason
(Surplus) or deficit on the provision of services (General Fund)	10,389	10,509	120	Difference between estimated impact on CIES (169k) and new entry (289k)
Adjustments between accounting basis & funding basis under regulations (General Fund)	(11,092)	(11,212)	(120)	Neutralises the entry above so that there is no impact on the General Fund
Adjustments between accounting basis & funding basis under regulations (Unusable Reserves)	11,098	11,218	120	This is the opposite side of the entry above

Comprehensive Income and Expenditure Statement (CIES) (page 34)

	Before	After	Change	Reason
Non Domestic Rates redistribution	(4,362)	(4,242)	120	Difference between estimated impact on CIES (169k) and new entry (289k)
Total Taxation and Non-Specific Grant Income	(30,391)	(30,271)	120	This line is a sub-total, movement relates to entry on 'Non Domestic Rates redistribution' line
(Surplus) or Deficit on Provision of Services	10,389	10,509	120	This line is a sub-total, movement relates to entry on 'Non Domestic Rates redistribution' line
Total Comprehensive Income and Expenditure	16,633	16,753	120	This line is the total line, movement relates to entry on 'Non Domestic Rates redistribution' line

Balance Sheet (page 35)

	Before	After	Change	Reason
Short Term Debtors	2,969	3,049	80	New entry required
Short Term Creditors	(2,122)	(1,967)	155	Difference between estimated impact on creditors (+169k) and new entry (-14k)
Provisions for Backdated Appeals	-	(355)	(355)	New line to show the Authority's share of NDR provisions for back-dated appeals
Unusable Reserves	194,015	194,135	120	Neutralises the entry on the CIES so that there is no impact on the General Fund

\* Changes have also been made to relevant totals and sub-total with the Balance Sheet

Cash Flow Statement (page 36)

	Before	After	Change	Reason
Net surplus or deficit on the provision of services	(10,389)	(10,509)	(120)	Reflects the change in '(Surplus) or Deficit on Provision of Services' line in the CIES
Adjust for non-cash movements	11,765	11,631	(134)	Net affect of NDR entries and minor inconsistency identified during the audit not previously amended (see below)
Adjust for items that are investing or financing activities	(1,199)	(945)	254	Correction of minor inconsistency identified during the audit not previously amended
Net Cash Flow from Operating Activities	177	177	-	Total of above lines - no overall change

## Affect on Notes to the Accounts

The following notes have also been updated to reflect the above amendments to the primary statements

Note	Page	Reason
1 - Service Information (part c)	38	For consistency with revised figures on the CIES
10 - Funding	45	For consistency with revised figures on the CIES
16 - Short Term Debtors	51	For consistency with revised figures on the Balance Sheet Also to correct classification of Council Tax Debtors as per the Audit Results Report
18 - Short Term Borrowing and Creditors	51	For consistency with revised figures on the Balance Sheet Also to correct classification of Council Tax Creditors as per the Audit Results Report
19 - Provisions	52	For consistency with revised figures on the Balance Sheet - text also added to explain the reason for the new provision
23 - Usable Reserves (Adjustment Under Regulations)	54-55	For consistency with revised figures on the Balance Sheet and Movement in Reserves Statement
24(c) - Collection Fund Adjustment Account	58	For consistency with revised figures on the Balance Sheet and Movement in Reserves Statement
32(a) - Net Cash Flows from Operating Activities	75	For consistency with revised figures on the Cash Flow Statement

## Annual Governance Statement 2013/14

### 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 4(2) of the Accounts and Audit Regulations 2011 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 2013 and up to the date of approval of the Statement of Accounts.

### Annual Governance Statement

The Corporate Governance Framework is available as a publication on our website, in our Policies and Procedures section: [Policies](#)

### 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 2012-17 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



## Annual Governance Statement 2013/14

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: [Public safety plan](#)

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. Since the recent re-structure 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" 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".

A new 2015–20 Public Safety Plan is under development and will be presented to the Fire Authority for approval in December 2014 following a public consultation. The new plan will supersede the existing 2012-17 plan and take 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 can be found at the following link: [Member:Officer Protocol](#)

The Authority approved and adopted its current Pay Policy Statement in February 2014 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.

## Annual Governance Statement 2013/14

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 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.

In June 2013 the Authority phased out its externalised committee administration service to enable a more effective, responsive, and corporately beneficial control of committee processes and member support through a dedicated Democratic Services Officer.

A member induction and support programme was put in place which enabled the Authority to assimilate seven new members appointed from its constituent councils in June 2013.

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.*

All senior, middle and supervisory managers have attended a 'Leadership and Management Development Programme' (LMDP) to ensure they understood the values of the organisation and the corporate objectives, as well as equipping managers with the tools necessary to lead the service through change.

Although all staff have job descriptions, this programme has helped explain to all managers the expectations the organisation has in terms of behaviours and not just team and individual outputs.

The programme identified management and leadership behaviours which have been incorporated into the Authority's performance management system (appraisal process). Outcomes from the 2013/14 appraisals were analysed. These included delivery against objectives, career development needs and any identified behavioural gaps. A range of specific behaviours were identified across middle and supervisory management as requiring training: for example

## Annual Governance Statement 2013/14

influence and impact and organisational awareness. These are incorporated into the 2014/15 Authority-wide training needs analysis (TNA).

The outcomes of the LMDP were evaluated in October 2013 to determine the impacts of a significant investment and to inform future leadership and management development requirements.

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;
- 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 is scheduled to take place in 2014/15, the findings from which will be used to inform their further development.

## Annual Governance Statement 2013/14

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

This improved control has supported managers 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.

Whilst the technology helps to manage the data it is imperative that quality assurance is in place to ensure open and transparent decisions are made at all levels. For example, the service has undertaken an Equal Pay Audit, the outcomes of which were reported to members. A separate review of the terms and conditions for support services staff was also undertaken and outcomes approved in May 2014.

We have entered into a new shared service arrangement with Royal Berkshire Fire Authority for procurement. The new team are working 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 have been 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*

When the organisation underwent a re-structure with the arrival of the current senior management team, a great deal of attention was paid to ensuring the reporting lines were relevant and appropriate. 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 evolving process with particular challenges in applying this process to the retained duty system staff who have very limited time available.

## Annual Governance Statement 2013/14

The performance management system also identified 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.

With the organisational re-structure there was the opportunity to address gaps in the overall monitoring of performance. 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 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 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.

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 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.

## Annual Governance Statement 2013/14

### 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. The service has used an internal checklist process this year to quantify the degree of understanding and compliance with the governance arrangements in each section of the service. The results of the checklist have fed into the action plan for 2014/15 set out in Appendix A.

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

Audits undertaken and assurance opinion:

Audit assignments	Level of assurance that risks material to the achievement of the system's objectives are adequately managed and controlled.			
	Days	Adequacy of controls	Adequacy of compliance	Overall Assurance
Core Financial Controls	30	Substantial	Substantial	Substantial
Treasury Management	10	Substantial	Substantial	Substantial
Fleet Management	5	Reasonable	Reasonable	Reasonable
Control Centre	5	Reasonable	Reasonable	Reasonable
ICT Strategy	10	Reasonable	Reasonable	Reasonable
Asset Management System	10	Reasonable	Reasonable	Reasonable
Follow Ups	10			
Corporate work/Audit Management	10			
<b>Total</b>	<b>90</b>			

## Annual Governance Statement 2013/14

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.

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 2013/14 there has been further 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 very strong and effective internal control and risk management that will facilitate the effective exercise of the Authority's functions.

The audit activity in 2013/14 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 improved opinion on a couple of the higher-risk audits carried out during the year.

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 now have as a minimum 'reasonable' assurance with core financial controls and treasury management achieving 'substantial' assurance opinion.

## Annual Governance Statement 2013/14

### 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 13/14 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.



11/09/2014

Signed: ..... Date.....

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



11/09/2014

Signed: ..... Date.....

Mark Jones - Chief Executive and Chief Fire Officer of the Buckinghamshire & Milton Keynes Fire Authority



## Annual Governance Statement

### Appendix A

#### Significant Governance Issues addressed in 2013/14

	Issue	Action Plan	Lead Officer	RAG Status	Progress	Target Completion Date
1.	<b>Control and management of corporate assets</b>	Further progress ongoing for implementation of asset management system.	Director of Finance and Assets	Green	Completed.	April 2014
2.	<b>Thames Valley Fire Control project</b>	Project board and Member board established. Managerial responsibilities in place, project being monitored up to cut over.	Chief Operating Officer	Green	Completed.	April 2014
3.	<b>Human Resources Review</b>	To be carried out to ensure that organisational structure and service provision is fit for purpose going forward.	Director POD	Green	<p>Detailed HR review progressed September 2014 through to implementation of a revised structure and service delivery model from February 2014, involving employees in helping to shape the requirements, improve efficiency and effectiveness, customer service and value for money.</p> <p>A joint external review of HR and Finance was also undertaken in May and June 2014; a key focus was on the robustness of the improvement plans to deliver high quality services at reduced costs, externally benchmarked.</p>	February 2014

### Annual Governance Statement

4.	<b>Performance Management</b>	<p>To ensure that Appraisals are carried out within prescribed timescales.</p> <p>Recent evidence of personnel not complying with reasonable managerial instruction. To be addressed following outcomes of discipline hearings.</p> <p>Ensure that the framework, policy and procedures are fit for purpose.</p>	Director POD	Green	<p>Guidance note to managers in place and training given. Reports on completed appraisals given to Performance Management Board (PMB).</p> <p>Procedures in place and training given to all managers in respect of case management (discipline and grievances)</p> <p>Guidance relating to driving compliance now in place.</p> <p>Overarching policies agreed in principle and specific procedures in place.</p> <p>A review of the 2013/2014 performance management system (appraisal) is completed and the report presented to the end-September 2014 Strategic Management Board (SMB).</p>	June 2014
5.	<b>Review of Internal Officer Governance.</b>	New meeting structure to be introduced September 2013.	Director of Legal and Governance	Green	New meeting structure launched as planned in September and now embedded. Complete.	September 2013
6.	<b>Review of Partnership Arrangements</b>	A review of the Partnership Framework was completed and Members have approved a new strategic partnership policy	Director of Finance and Assets	Green	Completed March 2013 (formally received and approved at Executive Committee on 14 May 2014)	March 2013

## Annual Governance Statement

### Appendix B

#### Significant Governance Issues to be addressed in 2014/15

	Issue	Action Plan	Lead Officer	Target Date
1	Performance Management System (Appraisal) needs to be fully embedded.	Regular Performance reporting at Performance Board Agree generic On Call objectives and enhance as part of the On Call review.	Head of Human Resources	October 2014 Fully embedded June 2015
2	Review of firefighters pensions administration and oversight.	Review the current administration of the firefighters pension fund and look at securing increased professional expertise and knowledge of the complicated rules governing the scheme. Potentially to move provision of administration from current provider.	Director of Finance and Assets	April 2015
3	Capacity of the organisation to manage change and business as usual.	Corporate Planning process to be reviewed to ensure all day to day activity and business change plans can be accommodated within organisational capacity.	Head of Service Transformation	February 2015
4	Thames Valley Fire Control Service.	A Joint Committee of Members and a tripartite officers' coordination group to oversee the Thames Valley Fire Control Service.	Director of Legal and Governance	December 2014
5	Corporate Risk Management Policy. This has not been formally reviewed since 2010.	Our corporate risk management functions and process were recently reviewed by Internal Audit. The Corporate Risk Management Policy will be reviewed and updated in light of any recommendations made by the auditors with a view to it being approved by the CFA's Overview and Audit Committee.	Corporate Planning Manager	March 2015

Minutes of the meeting of the OVERVIEW AND AUDIT COMMITTEE of the BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY held on WEDNESDAY 24 SEPTEMBER 2014 at 10.00 am

**Present:** Councillors Bendyshe-Brown, Chilver, Glover, Huxley, Mallen and Watson

**Officers:** J Thelwell (Chief Operating Officer), D Skinner (Director of Finance and Assets), G Britten (Director of Legal and Governance), M Hemming (Technical Accountant), M West (External Auditor), I Dyson (Internal Auditor), M Gibb (Internal Audit Manager), J Parsons (Head of Service Delivery), K McCafferty (Head of Human Resources), S Gowanlock (Corporate Planning Manager), G Barry (Information Governance and Compliance Manager), D Tate (Knowledge and Information Services Manager), and K Nellist (Democratic Services Officer)

**Apologies:** Councillors Exon, Vigor-Hedderly and Wilson

**0A07 MINUTES**

RESOLVED –

That the Minutes of the meeting of the Overview and Audit Committee held on 16 July 2014, be approved and signed by the Chairman as a correct record.

**0A08 CORPORATE RISK MANAGEMENT**

The Committee noted that the risk register was last reviewed by the Overview & Audit Committee on 16 July 2014. There were no elevated new risks and the register was reviewed regularly and action taken if necessary. The staff availability risk score had been changed due to the current risk of industrial action from 4 to 5, extremely likely.

The Chief Operating Officer advised that the Fire Brigades Union (FBU) had put back any announcements of strike action as the Government had put back the laying of any pension regulations until October. Industrial action looked less likely at the moment, but that could change.

The only other risk of note was cyber terrorism. Although only a small Service, it was part of regional and national resilience and had a liaison officer based at the counter terrorist office of Thames Valley Police.

A Member thanked the Corporate Planning Manager for the written update on information regarding the cctv system and the virus attack following the last meeting.

RESOLVED –

That the status report on identified corporate risk at Annex C, having been reviewed, be noted.

**OA09 REVIEW OF COMPLIMENTS AND COMPLAINTS 2011/14**

The Director of Legal and Governance advised Members that this was an annual report to make them aware of the processes in place to address areas of feedback, particularly areas of negative feedback.

The Information Governance and Compliance Manager advised Members that written compliments continued to fall but that the Authority continued to use the 'after the incident' survey where people had truly experienced an incident in the home to monitor performance.

The Authority had not had any complaints escalated to the Local Government Ombudsman and no complaints had been received by the Information Commissioner.

RESOLVED –

That the report be noted.

**OA10 ANNUAL GOVERNANCE STATEMENT 2013/14**

The report presented the 2013/14 Annual Governance Statement and also contained the progress on the implementation of the recommendations of the 2012/13 Annual Governance Statement and highlighted the recommendations for 2014/15.

The Director of Legal and Governance highlighted to Members one area of the report which was the panel of 'Independent Persons'. This was a reminder of the role of the independent persons that are retained by the Authority which were a creation of the dissolution of the old Standards regime and the role of the former Standards Committee which was now a function of the Overview and Audit Committee. The ten Independent Persons are shared amongst five other Authorities for the purpose of assisting both an individual member and an Authority itself in the event of an allegation being made that a Member had breached the Authority's Code of Conduct. The ten Independent Person's contact details were listed in the Members' library. To date the Authority has not had to call upon their services.

A Member asked why the current Public Safety Plan which runs to 2017 was already being replaced with a new one 2015/20. The Chief Operating Officer advised Members that the Authority had completed all the changes ahead of schedule in the current one, and a new Public Safety Plan would allow the Authority to be more flexible over the next five years.

RESOLVED –

1. That the Annual Governance Statement be approved.

2. That the progress on the implementation of recommendations of the previous Annual Governance Statement be acknowledged.
3. That the priorities of the 2014/15 Statement be agreed.

**OA11                    AUDIT PLAN 2013/14**

The External Auditor apologised as this report should have been presented to the Committee earlier in the year. The Audit Plan sets out the work that had already been completed and summarises the assessment of the key risks and outlined the planned audit strategy in response to those risks.

RESOLVED –

That the content of the report be noted.

**OA12                    INTERNAL AUDIT REPORT: FINAL AUDIT REPORT**

The Internal Audit Manager advised Members that one internal audit report had been finalised since the last meeting of the Committee in July, the ICT Strategy 2013/14. Two reports had been issued in draft, Corporate Governance and Risk Management (2014/15) and would be finalised before the next meeting.

The ICT Strategy 2013/14 was given a 'reasonable' level of assurance that relevant risks had been effectively identified, managed and controlled. The last three audits had been given a 'limited' level of assurance, so good progress had been made.

8 recommendations had been raised in this report, 4 high priority, 3 medium priority and 1 low priority.

The Knowledge and Information Services Manager gave Members a brief update on the recommendations that had already been actioned. The Chairman asked that in future reports an up to date summary was provided showing the latest position of actions taken against recommendations.

Members would like future reports to show the recommendations listed by priority with high priority first.

RESOLVED –

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

**OA13                    AUDIT RESULTS REPORT**

**In accordance with Section 100B(4)(b) of the Local Government Act 1972 the Chairman ruled that the**

**Committee should consider the Audit Results Report as an urgent item in order to allow the Committee to approve the accounts prior to 30 September 2014.**

The External Auditor advised Members that the report set out the conclusion of the 2013/14 audit, which is substantially complete. It concluded that the Authority had made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

The External Auditor apologised to the Committee for their resourcing problems which caused avoidable delays and pressure on finance staff, which was regrettable.

The audit plan touched on opinion risk with only the risk of management override identified. This was common in all audit plans, but there were no issues arising from that risk and there were no other risks identified.

With regard to errors and amendments there were no errors that the Authority was mindful to correct. There were however some noteworthy amendments.

One was on the valuation of fixed assets. The Authority had its land and buildings valued at 31 March 2014 and used these valuations as at 1 April 2013. It depreciated these higher opening valuations. This overstated the depreciation and impairment in the year and understated the 31 March 2014 net book value of land and buildings. Amendments had been made to bring the two into line. This did not affect the bottom line in the accounts or useable funds.

The localisation of business rates had introduced new accounting requirements to reflect the Fire Authority's share of business rates income from its five billing authorities. The Fire Authority reported the cash received from the billing authorities as business rates income. The Fire Authority was required to account for its share of actual business rates income and should include in its accounts its share of ratepayers' debts and prepayments and the provision for unsettled valuation appeals. An adjustment was required to match the impact on council taxpayers to statutory precepts received.

Injury awards payable to Firefighters attributable to a qualifying injury are not part of the Firefighters Pension Scheme and must be paid from the Fire Authority's operating account, not from the pensions fund. The Fire Authority had complied with these requirements for injury awards since the rules were introduced in 2006 but had been charging the continuing payments for injury awards that started before 2006 to the pension fund. This had resulted in over claimed reimbursements from DCLG of £1.4m. The Fire Authority found the error after it prepared its financial

statements in June 2014 and had amended the accounts to disclose the impact on prior years and to reflect the liability.

The issue for the External Auditor is that the Authority may have to put a large item of expenditure in the operating account to catch up with this £1.4m.

The Chief Fire Officer had commissioned an independent investigation into how this has happened and a report would come forward to the Authority for Members to scrutinise.

Members requested a briefing of the investigation at the next meeting on 3 December 2014. The Director of Legal and Governance explained that depending on the findings of the investigation, it would be available for all Members at the Fire Authority meeting on 17 December.

RESOLVED -

That the content of the report be noted.

**OA14**

#### **LETTER OF MANAGEMENT REPRESENTATION**

**In accordance with Section 100B(4)(b) of the Local Government Act 1972 the Chairman ruled that the Committee should consider the Letter of Management Representation as an urgent item in order to allow the Committee to approve the accounts prior to 30 September 2014.**

The Committee considered the letter of Management Representation to Ernst & Young LLP, prior to its signing by the Chief Finance Officer and Chairman. The Committee noted that submission of the letter would allow the audit opinion and certificate to be issued to the Authority.

The Committee noted that before signing, the following wording would be added to Item C 'with the exception of the issue relating to injury compensation payments'.

RESOLVED -

That subject to the following wording being inserted into paragraph C1 'with the exception of the issue relating to injury compensation payments', the Letter of Representation for the Authority be approved for signature by the Chief Finance Officer and the Chairman of the Committee.

**OA15**

#### **ADOPTION OF THE AUDITED STATEMENT OF ACCOUNTS**

**In accordance with Section 100B(4)(b) of the Local Government Act 1972 the Chairman ruled that the**



**Committee should consider the Adoption of the Audited Statement of Accounts as an urgent item in order to allow the Committee to approve the accounts prior to 30 September 2014.**

The Director of Finance and Assets explained to Members that the accounts would need to be adjusted so that provision could be made for the amendments and it was probable, but not certain, that the Authority would have to repay the Firefighters pension scheme.

Members requested sight of the adjustment before the accounts were signed off. It was agreed that a report showing the changes would be sent to Members after the meeting and they would feedback any comments to the Chairman by 5.30pm the following day. The Statements of Accounts needed to be signed off by 30 September 2014.

The External Auditor explained that if the adjustments were put through the accounts and reflected as provision and the entries are taken out of the pension fund, he would be able to issue an unqualified opinion on the accounts. The External Auditor would not issue the conclusion certificate of the audit until the pension issue was resolved.

It being moved by Councillor Chilver and seconded by Councillor Glover it was unanimously:

RESOLVED -

That the Statement of Accounts for the financial year ending 31 March 2014, as amended in line with the verbal update provided by the Chief Finance Officer, be signed by the Chairman of this Committee.

**OA16**

**DATE OF NEXT MEETING**

The Committee noted that the next meeting of the Committee would take place on Wednesday 3 December 2014 at 10.00am.

THE CHAIRMAN CLOSED THE MEETING AT 11.35 AM