

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



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

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To: The Members of the Overview and Audit Committee

7 March 2022

**MEMBERS OF THE PRESS  
AND PUBLIC**

Please note the content of  
Page 2 of this Agenda Pack

Dear Councillor

Your attendance is requested at a meeting of the **OVERVIEW AND AUDIT COMMITTEE** of the **BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY** to be held in **MEETING ROOM 1, BUCKINGHAMSHIRE FIRE AND RESCUE SERVICE HEADQUARTERS, STOCKLAKE, AYLESBURY, BUCKS, HP20 1BD** on **WEDNESDAY 16 MARCH 2022 at 10.00 AM** when the business set out overleaf will be transacted.

Yours faithfully

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

Graham Britten  
Director of Legal and Governance

**Health and Safety**

There will be extremely limited facilities for members of the public to observe the meeting in person, therefore a recording of the meeting will be available after the meeting at the web address provided overleaf.

Councillors Bagge, Carroll (Chairman), Chapple OBE, Darlington, Exon, Hussain, Rankine, Stuchbury and Waite



**MAKING YOU SAFER**



## **To observe the meeting as a member of the Press and Public**

The Authority supports the principles of openness and transparency. To enable members of the press and public to see or hear the meeting this meeting will be livestreamed. Please visit: <https://www.youtube.com/channel/UCWmIXPWAscxpL3vIiv7bh1Q>

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

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

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

A request to speak on a specified agenda item should be submitted by email to [gbritten@bucksfire.gov.uk](mailto:gbritten@bucksfire.gov.uk) by 4pm on the Monday prior to the meeting. Please state if you would like the Director of Legal and Governance to read out the statement on your behalf, or if you would like to be sent a 'teams' meeting invitation to join the meeting at the specified agenda item.

If the meeting is then adjourned, prior to inviting a member of the public to speak, the Chairman should advise that they:

- (a) speak for no more than four minutes,
- (b) should only speak once unless the Chairman agrees otherwise.

The Chairman should resume the Meeting as soon as possible, with the agreement of the other Members present. Adjournments do not form part of the Meeting.

## **Rights to Speak - Members**

A Member of the constituent Councils who is not a Member of the Authority may attend Meetings of the Authority or its Committees to make a statement on behalf of the Member's constituents in the case of any item under discussion which directly affects the Member's division, with the prior consent of the Chairman of the Meeting which will not be unreasonably withheld. The Member's statement will not last longer than four minutes. Such attendance will be facilitated if requests are made to [enquiries@bucksfire.gov.uk](mailto:enquiries@bucksfire.gov.uk) at least two clear working days before the meeting. Statements can be read out on behalf of the Member by the Director of Legal and Governance, or the Member may request a 'teams' meeting invitation to join the meeting at the specified agenda item.

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

## **Questions**

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

# OVERVIEW AND AUDIT COMMITTEE

## TERMS OF REFERENCE

### Overview

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

### Audit

1. To determine the internal and external audit plans and the Internal Audit Strategy
2. To determine the Internal Audit Annual Plan and Annual Report (including a summary of internal audit activity and the level of assurance it can give over the Authority's governance arrangements).
3. To consider and make recommendations on action plans arising from internal and external audit reports, including arrangements to ensure that processes which deliver value for money are maintained and developed.
4. To consider and make recommendations to the Executive Committee on reports dealing with the management and performance of the providers of internal audit services.
5. To consider and make recommendations on the external auditor's Annual Audit Letter and Action Plan, relevant reports and the report to those charged with governance.
6. To consider specific reports as agreed with the Treasurer, Internal Audit, Monitoring Officer, Chief Fire Officer, or external audit and to make decisions as appropriate.
7. To comment on the scope and depth of external audit work and to ensure it gives value for money.
8. To oversee investigations arising out of fraud and corruption allegations.

9. To determine Insurance matters not delegated to officers, or another committee.
10. To consider and determine as appropriate such other matters as are required in legislation or guidance to be within the proper remit of this Committee.

## **Governance**

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

## **Risk**

1. To monitor the effective development and operation of risk management and corporate governance within the Authority.

2. To consider reports dealing with the management of risk across the organisation, identifying the key risks facing the Authority and seeking assurance of appropriate management action.

### **Employees**

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

### **General**

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

## AGENDA

### Item No:

**1. Apologies**

**2. Minutes**

To approve, and sign as a correct record the Minutes of the meeting of the Overview and Audit Committee held on 10 November 2022 (Item 2) **(Pages 9 - 22)**

**3. Matters Arising from the Previous Meeting**

The Chairman to invite officers to provide verbal updates on any actions noted in the Minutes from the previous meeting.

**4. 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.

**5. Questions**

To receive questions in accordance with Standing Order SOA7.

**6. RIPA Policy (Minute OA39 - 090316)** - To note that there has been no covert surveillance conducted by officers since the last meeting of the Committee.

**7. Internal Audit Reports**

**(a) Final Audit Reports**

To consider Item 7a **(Pages 23 - 98)**

(Blue Light Hub - Post Project Evaluation Audit Report to follow)

**(b) Update on Progress of Audit Recommendations**

To consider Item 7b **(Pages 99 - 108)**

**(c) Update on the 2021/22 Annual Audit Plan**

To consider Item 7c **(Pages 109 - 112)**

**(d) Internal Audit Strategy and Annual Internal Audit Plan 2022/23**

To consider Item 7d **(Pages 113 - 124)**

**8. Audit Results Report 2020/21**

To consider Item 8 **(Pages 125 - 176)**

**9. Letter of Management Representation 2020/21**

To consider Item 9 **(Pages 177 - 184)**

**10. Adoption of the Audited Statement of Accounts - Year Ended 31 March 2021**

To consider Item 10 **(Pages 185 - 266)**

**11. Corporate Risk Management**

To consider Item 11 **(Pages 267 - 284)**

**12. 2020/21 Statement of Assurance**

To consider Item 12 **(Pages 285 - 312)**

**13. Treasury Management Performance 2021/22 - Quarter 3**

To consider Item 13 **(Pages 313 - 318)**

**14. Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) - Buckinghamshire Fire and Rescue Service (BFRS) Improvement Plan Update**

To consider Item 14 **(Pages 319 - 332)**

**15. Grenfell Infrastructure Update (February 2022)**

To consider Item 15 **(Pages 333 - 346)**

**16. Forward Plan**

To note Item 16 **(Pages 347 - 348)**

**17. Date of next meeting**

To note that the next meeting of the Overview and Audit Committee will be held on Wednesday 20 July 2022 at 10 am.

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)





# Buckinghamshire & Milton Keynes Fire Authority

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Minutes of the Meeting of the OVERVIEW AND AUDIT COMMITTEE of the BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY held on WEDNESDAY 10 NOVEMBER 2021 at 10.00 AM.

**Present:** Councillors Bagge, Carroll, Chapple OBE, Darlington, Exon, Hussain, Rankine, Stuchbury and Waite

**Officers:** J Thelwell (Chief Fire Officer), G Britten (Director of Legal and Governance), C Jordon (PA to Director of Finance and Assets),

Remotely: M Hemming (Director of Finance and Assets) S Connolly (Station Commander Resilience and Business Continuity), A Hussain (Deputy Director of Finance and Assets), M Hussey (Principal Accountant), C Bell (Head of Protection, Assurance and Development), S Wells (Head of Prevention, Response and Resilience), S Tuffley (Head of Covid-19 Preparedness and Response), S Cunningham (Group Commander Head of Operational Training and Assurance), S Hawkins (Group Commander Technical), C Newman (Data & Intelligence Team Manager), A Burch (Station Commander West Ashland), J Cook (Community Safety and Safeguarding Manager)

S Harlock (Internal Audit Manager, Buckinghamshire Council), N Harris (External Auditor Ernst & Young), A Kennett (Assistant Manager Ernst & Young)

**Apologies:** None.

The Director of Legal and Governance welcomed Members to the November Meeting of the Overview and Audit Committee of the Buckinghamshire and Milton Keynes Fire Authority and confirmed that following the meeting, a recording would be available:

<https://www.youtube.com/channel/UCWmIXPWAscxpL3vliv7bh1Q>

## **OA17 MINUTES**

RESOLVED –

That the Minutes of the meeting of the Overview and Audit Committee held on Wednesday 21 July 2021, be approved, and signed by the Chairman as a correct record.

## **OA18 MATTERS ARISING FROM THE PREVIOUS MEETING**

In respect of Minute OA11 – Corporate Risk Update and environmental risk – the Chairman directed Members to Agenda Item 12 (Climate Action Plan).

**OA19 DISCLOSURE OF INTERESTS**

There were no disclosures of interest.

**OA20 RIPA POLICY (MINUTE OA39 – 090316)**

The Director of Legal and Governance advised Members that the Authority was the enforcing authority under the Regulation Investigatory Powers Act 2000 and confirmed that in the last reporting period no covert surveillance had been undertaken.

RESOLVED –

To note that there had been no covert surveillance conducted by officers since the last meeting of the Committee.

**OA21 CORPORATE RISK MANAGEMENT**

The Station Commander for Resilience and Business Continuity presented the report and confirmed that the Risk Register had been reviewed regularly by the Performance Monitoring Board, and updated by the Strategic Management Board, most recently on the 19 October 2021.

Changes to the Risk Register since the last meeting included transfer of the EU transition risk from the Corporate Risk Register to the Prevention, Response and Resilience Risk Register, which would be monitored by officers as agreed by the Committee in July. A Climate Change Action Plan had been prepared and would be discussed later which sets out how the Authority would respond to climate change.

There had been no changes to the remaining risk scores and associated rag status since the last meeting. Updates on the status of all the risks had been explained and the relevant risk owner had added information when required.

The staff availability risk had been updated to include the upcoming firefighter recruitment initiative to employ between 15 to 18 new firefighters. The potential impact of the government's increase of National Insurance costs and the impending comprehensive spending review, had been added to the funding and savings risk.

Viruses and malware remained a potent risk to information systems due to the increase in the number of attacks on high profile companies. Staff had been reminded of the mandatory e-training packages. The resurgence of Covid-19 still remained a risk and was reviewed regularly. Covid-19 controls were in place in all premises and staff absence due to Covid-19, remained low.

The McCloud/Sargent detriment case still posed a risk. A mutually acceptable agreement regarding the handling of the immediate detriment had been agreed by the LGA and FBU. A report would be going to the Executive Committee Meeting on the 17 November which outlined the situation.

A Member asked if Covid-19 had affected recruitment and the staffing and operations of appliances. The Head of Prevention, Response and Resilience confirmed that Covid-19 had created challenges, but the Service had responded to all incidents effectively. Going forward, the Service was looking to recruit 15 to 18 new firefighters to enhance operational staff numbers.

A question was raised regarding the funding of pensions and the effect on budgets. The Director of Finance and Assets informed Members that Firefighter pensions were funded differently from many other schemes. The Authority would pay the pension and receive a top-up grant of 80% of the net costs, and then receive 20% at the end of the year for the remaining amount. The budget would not be affected but the flow of cash would need to be monitored by the treasury team.

A Member asked if there were plans for 'normal' working and training to be reintroduced. The Head of Covid-19 Preparedness and Response confirmed that this had been discussed recently, but due to the onset of autumn and winter, the high rates locally, and the potential of new variants, caution was still required.

A Member asked why the Service was employing 15 - 18 firefighters and not a set number. The Head of Prevention, Response and Resilience explained that at present the exact number of firefighters who may retire/leave was uncertain, and this range gave the Service some flexibility.

A Member asked if a risk should be added regarding the potential for the Authority to come under the Police and Crime Commissioner and should the Authority not be working through potential risks now. The Chief Fire Officer explained that a White Paper was imminent, but this had been the case for the past 12 months. Following the White Paper, the Authority would respond to the consultation, and if legislation were passed, the Authority would move to prepare for changes. All Group Leaders had been briefed regarding the current position, and Chief Fire Officers from other Services who now come under a Police and Crime Commissioner had spoken to the senior management team about the experience.

Members discussed the risk and agreed it was too early to add to the risk map.

A Member asked about the uptake rate of the Covid-19 vaccination. The Head of Covid-19 Preparedness and Response informed the Committee that data had not been collected regarding the vaccination

uptake, but he was confident that it was quite high. He emphasised that well embedded welfare arrangements were in place to deal with Covid-19.

A Member asked about the recruitment process and if standards were being maintained. The Head of Prevention, Response and Resilience confirmed that standards would not be lowered during the process. More people would be tested and interviewed than required to cover dropouts. It was hoped that moving forward, the Service could create a pool of people that could be invited back, as vacancies arise.

RESOLVED –

1. That the status on identified corporate risks at Annex C be reviewed and approved.
2. That comments be provided to officers for consideration and attention in future updates/reports.

## **OA22      AUDIT RESULTS REPORT 2020/21**

The External Audit Manager gave Members a verbal update regarding the external audit and preparation for the 2020/21 accounts. He thanked officers for the work that had been carried out in preparation for the audit.

The External Audit Manager explained that a draft copy of the external report had been drawn up, but a number of issues were still outstanding. It was intended that the audit would be completed by the 8 December 2021 in time for the Fire Authority meeting.

Based on procedures to date, it was anticipated that an unqualified opinion on both the financial statements, and reporting that no significant weaknesses in value for money would be found. One area for concern was valuing of the sale of Great Holm Fire Station. It was valued at a fair price, but this does not include the costs to sell in the financial statements. The estimated difference was £55,000. Another area of concern was the valuation of the Blue Light Hub and this needs to be reviewed. The final assurance letter from Grant Thornton regarding the Local Government Pension held by Buckinghamshire Council was also still outstanding.

## **OA23      INTERNAL AUDIT REPORT – UPDATE ON PROGRESS OF AUDIT RECOMMENDATIONS**

The Internal Audit Manager presented the report and explained to Members that there were 63 recommendations still outstanding, and 18 past their due date. Nine outstanding actions related to the Asset Management Audit that was undertaken last year. The auditors would be auditing this area again and looking at process mapping to help to ensure adequate implementation of the findings. Six actions related to the Resource Management System, and at the present time, there was

no update. A change of personnel had occurred, and these actions had been reallocated.

A Member expressed concern that pieces of equipment could not always be found and the rate in which recommendations were being implemented. The Auditors were asked for assurance that the speed in which the recommendations were being implemented were adequate. The Internal Audit Manager confirmed that one of the reasons for non-implementation was that the end-to-end processes within the Asset Management system were not in place. Therefore, it was recommended that the Auditors do a process mapping exercise for the whole system to identify any gaps and loopholes which would enable them to give improved assurance.

The Director of Finance and Assets also assured Members that following the process mapping of the Asset Management System, the outstanding recommendations could be implemented with more confidence.

A Member raised concerns over procurement processes and unauthorised accounts being set-up. The Director of Finance and Assets explained that some test accounts had been set-up and not been deactivated. This had been rectified and processes put in place to prevent this happening again.

A Member asked if Red Kite was a reactive system, and if it highlighted when equipment was not scanned. The Director of Finance and Assets explained that Red Kite runs exception reports to show equipment that needs testing and/or missing equipment. Some problems had arisen not due to the software, but the hardware being used. New hand scanners were being tested, which would be more efficient and help to resolve some of the missing equipment issues. The Director of Finance and Assets emphasised that there would always be items that may be in the wrong place after an incident, but these were usually found.

A Member raised concerns about the consequences of not scanning correctly and if a more rigorous management culture was required regarding this issue. The Director of Finance and Assets explained that the Red Kite system was put in place about six years ago, and with the introduction of the new hand scanners, it was a good opportunity to revisit station training and knowledge of Red Kite.

A Member felt that an information sheet on Red Kite would be useful. The Director of Finance and Assets confirmed that it was possible, and it would be prepared for the next Committee meeting

RESOLVED –

That the progress on implementation of recommendations be noted.

**OA24 INTERNAL AUDIT REPORT – UPDATE ON THE 2021/22 ANNUAL AUDIT PLAN**

The Internal Audit Manager updated the Committee on the current Audit Plan for this financial year and confirmed that draft reports were being written for Human Resources People Management, and the Blue Light Hub – Post Evaluation and Programme Management and would be available at the next Committee meeting. Draft terms had been agreed for the Asset Management System – Process Mapping and the Procurement Audit. The Core Financial Controls, HR/Payroll Mapping Audits were due to start in January 2022.

RESOLVED –

That Members note the progress on the Annual Internal Audit Plan

## **OA25**

### **APPOINTMENT OF EXTERNAL AUDITORS**

The Director of Finance and Assets advised Members that the current agreement with Public Sector Audit Appointments (PSAA) would expire in 2023 and a decision was required as to whether the Authority opt into another national agreement or appoint its own auditors locally.

The Director of Finance and Assets highlighted that problems had arisen over the last few years regarding external audits, but these were industry wide, and not just with the current auditors, so would not be solved with appointing external auditors locally. By opting for a national agreement, the Authority would get a collective procurement process which would reduce costs and give added support from the PSAA.

RESOLVED –

That the Authority be recommended to accept Public Sector Audit Appointments' invitation to opt into the sector-led option for the appointment of external auditors to principal local government and police bodies for five financial years from 1 April 2023.

## **OA26**

### **CLIMATE ACTION PLAN**

The Director of Finance and Assets advised Members that following the debate at the last Committee meeting, a Climate Action Plan had been written to help put a framework in place. The plan was not the final answer, but a starting point to embed within the organisation, the question of the environment, and our impact on it. The report looked at the adaptation and mitigation of the plan within the organisation.

The Plan also showed actions that the Authority had already implemented, for example, the introduction of electric cars and the use of advanced heating systems at the Blue Light Hub.

A Member raised concerns that there was nothing in the report regarding affordability and performance tests of equipment. The Director of Finance and Assets agreed that going forward equipment did need to meet the two criteria mentioned, and the plan was to

embed the cost considerations and performance within strategies for different departments.

A Member expressed concern about the amount of printed paper that was generated for meetings and Members could opt to receive papers electronically. The Director of Legal and Governance informed Members that if they wished to receive electronic copies instead, Members could provide their consent to this in writing, otherwise, Committee papers would continue to be printed and sent to Members.

A Member questioned the name of the plan and thought it would be better to call it the Environment Plan due to the amount of diversity of issues within the plan. A debate followed, and it was suggested the plan be renamed the Environment and Climate Action Plan.

It being moved and seconded it was resolved that the draft Climate Action Plan be re-named the Environment and Climate Action Plan.

RESOLVED –

1. That the Environment and Climate Action Plan be recommended to the Authority for approval;
2. That the Authority be recommended to nominate and appoint a Lead Member for climate change.

## **OA27**

### **2020/21 COMPLIMENTS, CONCERNS AND COMPLAINTS**

The Director of Legal and Governance informed Members that the report was brought to the meeting in the interest of transparency, to demonstrate that the Service treats expressions of dissatisfaction seriously, and as a learning organisation, will investigate and where necessary, take corrective action.

The level of complaints remained virtually the same over the last reporting period. It was harder to ensure that compliments were captured centrally as compliments come through different media and an array of channels.

The report is in the standard format as presented over the previous 3 years; and has been approved by the Lead Member for People, Equality and Diversity and Assurance for submission to this Committee.

Members were directed to the overview of feedback from the 'After the Incident Survey', which was a questionnaire posted to members of the public who have experienced an emergency incident either in the home, or in non-domestic settings such as workplaces, retail premises or public buildings.

It was explained that responses could be returned either using a freepost facility or online; but respondents tended to favour the paper-based freepost method

Overall satisfaction with emergency response had remained high in both the domestic and non-domestic survey findings over the three-year period shown in the tables. In addition to asking respondents to rate our services, the questionnaires also provided an opportunity to provide qualitative feedback and a representative flavour of these were included in the report.

It was explained that the survey responses were collected and processed by Opinion Research Services, an independent social research practice, which provided a detailed annual report of the survey findings which was reviewed by the internal Performance Monitoring Board and used by officers to identify service improvement opportunities.

A Members raised concerns about the spike in staff conduct complaints 2020/21 and asked if there was a link with Covid-19, for example, not wearing masks. The Director of Legal and Governance did not have details about the complaints, but perhaps with the current situation, people's levels of tolerance was less. The Director of Legal and Governance undertook to look at the background data and to provide a response to the Member.

RESOLVED –

That the report be noted.

**OA28**

### **2020/21 ANNUAL PERFORMANCE MONITORING REPORT**

The Data and Intelligence Team Manager advised Members that this year's report needed to be scrutinised differently due to the impact of Covid-19 as people's behaviour changed and it was difficult to attribute declining figures directly to things the Service had done. The number of domestic incidents were down but call outs to "special service instances" had increased as work with partner agencies increased.

A Member asked where figures relating to non-fire incidents i.e. flooding could be found, and if the Service had received more non-fire callouts due to winter pressure on South Central Ambulance Service (SCAS). The Data and Intelligence Team Manager confirmed that the non-fire incidents were recorded on page 22 of the report but recording of flooding was difficult as it was monitored centrally. A recorded flooding incident could be anything from a tap being left on, to an environmental flood, so the flooding figures were probably the least accurate. The Service was lobbying government to revise how flooding was recorded, but at the present officers had to look at every flooding incident manually.

The Chief Fire Officer confirmed that during the past 12 months, some firefighters had been seconded to SCAS to help with their additional work. Co-responder cars were also available and were used in conjunction with SCAS.



A Member asked about attendance times in Milton Keynes since the opening of the Blue Light Hub (BLH). The Data and Intelligence Team Manager confirmed that work was being carried out to investigate responses times, but it was difficult to compare figures as the BLH opened during the pandemic. A report would be going to the Chief Fire Officer shortly and the data could then be shared.

RESOLVED –

That the outturn performance against the outcome measures specified in the Corporate Plan 2020-25 be noted.

## **OA29 OPERATIONAL ASSURANCE IMPROVEMENT PLAN**

The Group Commander presented the report and gave a brief outline of the purpose of the Operational Assurance Improvement Plan (OAIP) and how the report was monitored and updated. The Service recently held a number of high-rise exercises and recommendations arising from these exercises were currently being actioned.

A Member asked in the light of the Kerslake Report, how was the Service working with multi-agencies and preparing for incidents. The Group Commander confirmed that the Service was running multi agency exercises at the Fire Service College on a regular basis and through the Joint Emergency Services, had been training with SCAS and Thames Valley Police.

RESOLVED –

That the progress made against each improvement detailed within the updated OAIP is noted.

## **OA30 GRENFELL INFRASTRUCTURE UPDATE (OCTOBER 2021)**

The Group Commander introduced the update and informed Members that the report was in response to the formal recommendations made by the Grenfell Tower Inquiry Phase 1 Report published on 30 October 2019.

The report highlighted the Service's collaborative approach both internally and externally and demonstrated that all departments were contributing to the work in order to meet the recommendations as part of the improvement plan. The central support funding being made available to the fire service was outlined in the report.

The Authority had been working with local authorities and other fire and rescue services to carry out regular exercises so assuring its exercise programme. A large-scale high-rise exercise was planned for January 2022 and would show a joint approach to major high rise incidents.

A Member put on record that they would be taking part in the exercise in January 2022 and expressed thanks for the way all parties had worked together.

A question was raised regarding whether people should evacuate or stay in place in the event of a fire in a high rise flat. The Group Commander confirmed that this question had been reviewed as part of the ongoing review of all high-rise buildings. The Service had reviewed cladding on buildings and evacuation strategies and had considered events within an operational context. At present, the Service was looking at simultaneous evacuation, and depending on the situation, would inform residents that they were expecting to evacuate the building completely. Buildings were being reassessed on a regular basis as the removal of cladding begins and situations change. Simultaneous evacuation was a complex process and the exercise in January 2022 would help the Service gain a better understanding of it. The advice to high rise tenants would be on going and reviewed on a regular bases as more knowledge was gained.

RESOLVED –

That the report be noted.

#### **OA31 PREVENTION EVALUATION – PHASE ONE REPORT 2021**

The Community Safety and Safeguarding Manager introduced the report and explained to Members that following completion of the first inspection round of fire and rescue services, HMICFRS's 2019 report identified 11 areas for improvement, including two for prevention. Firstly the Service should evaluate its prevention work so it understands the benefits better, and secondly the Service should understand the reasons for its reducing number of prevention visits and consider how it could better target those who were most at risk of fire.

In July 2020, an evaluation of prevention activity was commenced which utilised the Viable Systems Methodology. Information was collected from all tiers of Service personnel, through engagement with relevant partners including both Buckinghamshire and Milton Keynes Councils. The pandemic undoubtedly caused an impact on progressing the evaluation throughout 2020/21 with work being paused to enable capacity to be diverted to assist with the Service's Covid-19 commitments in both the response and recovery phase.

During the second round of inspection of the Service in Summer 2021, HMICFRS identified that limited progress had been made against the prevention area for improvement. This formed the basis for the three recommendations being issued by letter in August 2021. As the Service had entered the business-as-usual period following the pandemic response, work on the Prevention Evaluation was reinvigorated, the

Prevention Evaluation finalised, and its findings made ready to progress. The Station Commander, West Ashland, explained to Members the methodology behind the evaluation of the Service's current prevention activity.

The Prevention Improvement Plan developed encompasses the prevention evaluation recommendations, HMICFRS recommendations and the Prevention Standard (July 27) requirements, including National Operational Guidance. These three strategic drivers lead to the 60 recommendations within the Prevention Improvement Plan.

Work was now in progress to develop these recommendations, and the actions identified, to address them into a project plan which would progress through necessary governance. Some of the timescales for which will be determined by external workstreams from the Central Program Office of the NFCC. For example, the imminent release of the National Prevention Strategy, a standard approach to evaluating activity and a workforce competence profile.

Learning had already been undertaken by prevention management addressing areas within the evaluation and improvement plan, including funding agreed by the Authority to establish several new prevention posts; service delivery area profiles developed to provide information on community risk; and incident demands/trends and benchmarking to assist in the comparison between Service areas and national statistics. A targeted programme of knowledge acquisition for operational staff, Service Delivery area profiles to provide information on community risk and incident demands/trends and benchmarking to assist in the comparison between Service areas and national statistics and planning meetings linked to the first phase of the evaluation were now integral to driving the prevention agenda forward and address priority prevention objectives bespoke to Service area requirements.

RESOLVED –

1. That the evaluation report be noted.
2. That the recommendations to secure long-term improvements to the Prevention function in Buckinghamshire Fire & Rescue Service (BFRS) be endorsed.

**OA32**

**HER MAJESTY'S INSPECTORATE OF CONSTABULARY AND FIRE AND RESCUE SERVICES (HMICFRS) – BUCKINGHAMSHIRE FIRE AND RESCUE SERVICE (BFRS) IMPROVEMENT PLAN UPDATE**

The Head of Covid-19 Preparedness and Response advised Members that the HMICFRS Improvement Plan would be presented regularly to this Committee. Many of the actions had now turned green as the Service moved into a business-as-usual phase following lockdown last year. There were still workstreams that remained amber, particularly in the efficiency areas. The financial position had not significantly

improved since the last Inspection. The prevention capacity was being addressed with ongoing recruitment.

Following the round two Inspection in August 2021, a letter was issued raising concerns about prevention activity not being sufficiently high priority for the Service, and not adequately identifying those most at risk of fire. This had resulted in three new recommendations, which covered defining levels of risk, revision of the prevention strategy and a review of systems and process for dealing with referrals from partner agencies. Members could be assured that the recommendations had been acknowledged and a reply was sent to MHI Matt Parr addressing the recommendations before the deadline.

The substance of the recommendations was not a surprise, as Members have just heard from the previous presentation, a lot of work had been carried out evaluating the prevention team, but implementation had been delayed due to the pandemic response.

The next update of the plan would be a complete refresh following the publication of the round two inspection report, which was due to be published in December 2021. Any outstanding actions from the current report would either be removed or carried over to the second report plan.

RESOLVED –

That the Committee note current progress against the HMICFRS BFRS Improvement Plan.

### **OA33**

#### **TREASURY MANAGEMENT PERFORMANCE 2021/22 - QUARTER 2**

The Principal Accountant presented the report and informed Members that the return on investments for 2021/22 was £5k up on budget. The forecast for the rest of the year was projected to be £32k, which would achieve the budget set for the year.

At present the Authority had £19M invested in various counterparties including banks, building societies, money market funds and current accounts. It was anticipated that by the end of the financial year, the Authority would have £14 million invested. The reason for the deduction through quarters three and four was due to maturing deals that happen monthly and would be used to meet short-term expense requirements.

The Authority was due to make a loan repayment in May 2022 of £620k, cash would be available for the repayment. The repayment did not impact on revenue budgets.

The budget for Treasury Management was set at £30k in February 2021 and there were no plans to increase it for 2022/23. This was due to the Bank of England keeping the interest base rate at 0.10%. Officers

would continue to monitor investments and the base rate to ensure best results.

A Member asked for more information on who Close Brothers were. The Principal Accountant advised they were an investment company who work with a large number of local authorities.

RESOLVED –

That the Treasury Management Performance 2021/22 – Quarter 2 report be noted.

**OA34 FORWARD PLAN**

The Chairman brought the Forward Plan for future Overview and Audit Committee meetings to the attention of Members.

RESOLVED –

That the Forward Plan be noted.

**OA35 DATE OF NEXT MEETING**

The Committee noted that the date of the next Overview and Audit Committee meeting would be held on Wednesday 16 March 2022 at 10.00am.

THE CHAIRMAN CLOSED THE MEETING AT 12:25 PM.

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# Buckinghamshire & Milton Keynes Fire Authority

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**Meeting and date:** 16 March 2022

**Report title:** Internal Audit Report – Final Audit Reports

**Lead Member:** Councillor David Carroll

**Report sponsor:** Mark Hemming – Director of Finance and Assets

**Author and contact:** Maggie Gibb – Internal Audit Manager,  
[Maggie.Gibb@buckinghamshire.gov.uk](mailto:Maggie.Gibb@buckinghamshire.gov.uk), 01296 387327

**Action:** Noting

**Recommendations:** That Members note the final audit reports for FY 2021/22

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**Executive summary:** The purpose of this paper is to update Members on the progress of the annual Internal Audit Plan since the last meeting.

Work has progressed according to the 2021/22 plan, and regular discussions have been held with the Director of Finance and Assets to monitor progress.

The following 2021/22 internal audits have been finalised:

- Core Financial Controls (Substantial Opinion)
- HR People Management (Reasonable Opinion)
- Procurement Governance and Compliance (Reasonable Opinion)
- Portfolio Management Office Assurance (Reasonable Opinion)
- Blue Light Hub – Post Project Evaluations (Limited Opinion)

Fieldwork for the Asset Management System Process Mapping is currently in progress and the final report for this review will be presented to Members at the next Overview and Audit Committee meeting.

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**Financial implications:** The audit work is contained within the 2021/22 budget.

**Risk management:** There are no risk implications arising from this report.

**Legal implications:** There are no legal implications arising from this report.

**Privacy and security implications:** There are no privacy and security implications arising from this report.

**Duty to collaborate:** Not applicable.

**Health and safety implications:** There are no health and safety implications arising from this report.

**Environmental implications:** There are no environmental implications arising from this report.

**Equality, diversity, and inclusion implications:** There are no equality and diversity implications arising from this report.

**Consultation and communication:** Not applicable.

**Background papers:**

Appendix	Title	Protective Marking
A	Core Financial Controls Audit Report	Not applicable
B	HR People Management Audit Report	Not applicable
C	Procurement Governance and Compliance Audit Report	Not applicable
D	Portfolio Management Office Assurance Audit Report	Not applicable
E	Blue Light Hub – Post Project Evaluation Audit Report	To Follow





# Business Assurance and Risk Management

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## Core Financial Controls Audit Report - FINAL (Ref-22/26)

### **Auditors**

Maggie Gibb, Head of Business Assurance (and Chief Internal Auditor)

Selina Harlock, Audit Manager

Juan Fosco, Audit Manager

Alex Prestridge, Senior Auditor

## Management Summary

### Introduction

The audit of Core Financial Controls was undertaken as part of the 2021/22 Internal Audit plan, agreed by the Overview and Audit Committee. The audit was undertaken during quarter three of 2021/22.

The Core Financial Controls Audit reviewed the Fire Authority's key financial processes, including Creditors, Debtors, General Ledger, Grant Income, Banking, VAT and Treasury Management processes. It is vital to the achievement of the Fire Authority's strategic objectives to ensure robust controls in place to enable good financial governance.

### Audit Objective

Internal Audit's objectives for this audit were to provide an evaluation of, and an opinion on, the adequacy and effectiveness of the system of internal controls in place to manage and mitigate financial and non-financial risks to the system.

This serves as a contribution towards the overall opinion on the internal control system that the Chief Internal Auditor is required to provide annually. It also provides assurance to the Section 112 Officer that financial affairs are being properly administered.

### Scope of work

The audit activity focussed on the following key risk areas identified in the processes relating to Core Financial Controls:

- Financial Control Framework
- Creditors
- Debtors
- General Ledger
- Grant Income
- Capital
- Banking and Reconciliations
- VAT
- Treasury Management

The audit considered the controls in place at the time of the audit only. It involved conducting walkthroughs of the Core Financial Controls identified, as no medium or high priority findings were identified by Internal Audit in these areas since 2019, negating the need for full substantive testing. However, where walkthroughs identified exceptions, substantive testing was performed to quantify the level of error or inconsistent performance of key controls.

**Table 1: Overall Conclusion**

Overall conclusion on the system of internal control being maintained	<b>Substantial</b>
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RISK AREAS	AREA CONCLUSION	No. of High Priority Management Actions	No. of Medium Priority Management Actions	No. of Low Priority Management Actions
Financial Control Framework	Reasonable	0	0	1
Creditors	Substantial	0	0	0
Debtors	Reasonable	0	0	1
General Ledger	Substantial	0	0	0
Grant Income	Substantial	0	0	0
Capital	Substantial	0	0	0
Banking and Reconciliations	Substantial	0	0	0
VAT	Substantial	0	0	0
Treasury Management	Substantial	0	0	0
		0	0	2

Appendix 1 defines the grading for each of the conclusions given.

## Financial Control Framework

The Financial Regulations were updated in September 2019, reflecting current procurement limits, and were up to date. The Regulations detail requirements for all Fire Authority financial systems. These have been published, and the latest approved copies are available to staff on the Intranet.

The Financial Instructions were updated and approved in January 2018 and are available to staff on the BMKFA Intranet. They contain instructions for the effective operation of all financial systems within the Authority. They have been reviewed and updated to reflect changes to the Finance system.

We also reviewed the contract Standing Orders (CSOs). These were updated in February 2020 and include a hyperlink to procurement limits, ensuring these remain up to date.

Process notes were reviewed for all key financial processes, confirming that they are up to date. A review of system users found that access to Integra (the Finance system), iTrent (the Payroll system) and Lloyds Link (the Banking system) is appropriately controlled. There is adequate separation of duties required for transactions made within the systems.

Finance maintains training records for each employee who receives training on Integra, with users receiving training on the relevant transactions required for their role when added as users. Training is provided to new Integra users before they are granted access. Whilst the process for delivering and recording training was identified as an example of best practice, we observed one training record where the initial user training was not fully documented. Budget manager training was recorded, but transactional training was not recorded as being completed. Further review of training records found no additional cases where training was not registered. **(Finding 1)**

## Creditors

The Financial Instructions contain guidance on ordering, authorising, and receiving goods and services. The Financial Instructions reference the Financial Regulations and include regulations on separation of duties, procurement, and expenditure.

A list of users with access to Integra detailing the amounts they can authorise and tasks they can perform was obtained from Finance. Examination confirmed that all users have appropriate access according to their job role. Requests to amend approvers/Budget Holders are sent to Finance for action, with controls in place to ensure that adequate separation of duties is maintained.

Testing as part of the December 2020 audit found that one former employee was still listed as an Integra user. We confirmed that this user was removed and that periodic system access reviews have been undertaken, including monthly reviews of purchasing cards and Integra users. An assessment of the process for reviewing access confirmed that it was adequate. Also, a review of leavers for 2021/22 confirmed that no staff who left the Fire Service were still listed as Integra users.

A walkthrough was conducted with the Finance Assistant for a Home Office invoice of £36,020.65 dated 15 October 2021 which was selected at random from the Purchase Ledger Transaction report. Examination of the supplier invoice and key screens from Integra showing authorisations, matching to the purchase order, GRN, payment and coding found:

- A purchase order was in place for the invoice, and the invoice was correctly matched to the purchase order. The purchase order was noted on the system as 'Partly Invoiced/Partly received' as its total value was £365,000.
- The purchase order and invoice were authorised in line with delegations by the Budget holder and a senior member of the team, depending on the amount in question.
- The purchase order was raised before the invoice date.
- The invoice was paid after a Goods Receipt Note (GRN) had been input in Integra. The Finance team confirmed that Integra wouldn't allow payment before goods receipting. If there is a purchase order and GRN, the invoice passes for payment.
- The details on the invoice agreed with those on Integra.
- The VAT amount held on Integra matched the invoice and was checked on Integra. Finance confirmed that it is validated on matching invoice to purchase order before payment.
- The cost centre and General Ledger code were correct.
- The invoice was paid within the time agreed.

A review of a report of credit notes raised between April and December 2021 found that a total of 99 credit notes were raised during the period. A credit note to the value of £40,000 raised against a Buckinghamshire Council Business Rates bill was selected. Examination of the credit note established that:

- The credit was allocated to the correct supplier. This was confirmed by reviewing the transaction screen and comparing the account name with the credit note.
- The supplier matched with the original bill.
- The credit note was cleared within 30 days.

A review of a report of vendor creations found that 27 new suppliers were set up on Integra between April and November 2021. A walkthrough of the set-up of Mary Foster Consulting Ltd found:

- The new supplier was set up correctly with adequate separation of duties following receipt of evidence.
- The necessary checks were carried out by Procurement and recorded on Integra.
- The Principal Accountant carried out an input check.

A review of vendor changes found that 451 changes to vendor records were made between April and November 2021. An amendment was selected at random from this report. A walkthrough of the deactivation of Colin Knapp found:

- After reviewing system suppliers, the Finance Assistant updated the Vendor Maintenance spreadsheet, identifying suppliers to be deactivated and details to be removed.
- The Principal Accountant approved this, and a check was carried out once the supplier was deactivated to ensure the supplier and bank details were removed.

A BACS run is completed every week, on a Thursday. A walkthrough was carried out on 9 December 2021 with the Finance Assistant of the BACS submission for that date and the relevant preparation for the BACS run. This covered preparation of the BACS submission by the Finance Assistant and checks carried out by the Principal Accountant before the BACS file was submitted. The walkthrough established:

- The Principal Accountant checked the BACS run, this is shown by having the checker's initials on BACS control sheets to indicate that the checker has reviewed and carried out all checks on BACS payments.
- The total amount and the number of payments on BACS submission matched the payment projection report.
- Checks were carried out for journals and manual payments, and credit notes valued over £10,000.
- The BACS control sheet links to the payment projection report. The checker has reviewed the payment projection report for one-time vendor payments. There were no one-time vendor payments.
- The checker has reviewed the payment projection report for duplicate payments/invoices. There were no duplicate payments shown on the BACS Control sheets. As there were no duplicates, no Duplicate Payment report was emailed for checking and authorisation.
- The payment projection report was reviewed by the checker. Payments over £10k have been checked for accuracy and signed by the Principal Accountant.

Examination of control account reconciliations completed from April to October 2021 confirmed that control accounts are reconciled monthly and subject to an independent officer's review and approval.

The Financial Instructions include guidelines for the appropriate use of purchasing cards. Also, a Purchasing Card User Guide is in place outlining the card holder's responsibilities, reconciling monthly statements and general usage guidelines.

A report of purchasing card transactions posted to the General Ledger between April and October 2021 was run from Integra. A walkthrough was conducted for a purchasing card purchase of £208.48. We confirmed that:

- The transaction agreed to third party documentation.
- The card user's line manager authorised the transaction as per the system Scheme of Delegation.
- The total spend was within spending limits.
- The cardholder was confirmed as being on the company organisation chart in October and when the spending took place.
- The expenditure (subsistence) appeared to align with the organisations' appropriate spending policy.

## Debtors

Financial Instructions include guidance for the Accounts Receivable functions. Documented procedures for Debtors processes and how these are actioned on Integra were obtained. They were found to be up to date and available to staff in the shared area. We confirmed that access to set up customers is restricted to Finance Officers.

A report of invoices raised from April to November 2021 was obtained from the Principal Accountant. There were 233 invoices raised over the period.

A walkthrough was completed for an invoice raised on 14 October 2021 for £1,143.19 for a meter recharge cost incurred by MBNL and found:

- The budget code showed the department requesting the invoice. The Finance Assistant raised the invoice on behalf of Facilities, in line with the documented process.

- No purchase order was referenced due to the nature of the charge. However, an email from the Facilities Officer and a photo showing the meter reading was provided and attached to Integra.
- The invoice displayed the period, the meter reading, and the amount due calculation.
- Information on Integra matched the Invoice details.
- The payment was received on 26 October 2021, within the 14-day payment terms.

A review of a report of credit notes was run from Integra, listing six credit notes raised between April and November 2021. This amount is similar to that of previous years. Walkthrough of a credit note raised for the cost of a report to Woodgate and Clark after realising that the fire was not attended by BFRS found:

- The credit note was raised against the original customer.
- Credits match the customer and GL code when matched to the original invoice.
- The reason for raising the CRNs appeared valid.
- The credit note was timely raised on 11 June 2021, with the original invoice submitted on 7 June 2021.

The Debt Management Control Data file for 2021-22 periods one to eight was reviewed. This includes a summary of outstanding debts invoice amounts and measurements against debtors KPIs. The reconciliation and recording of control data is completed monthly. Total debt owed to the Fire Authority as of 31 October 2021 was £55,880, of which £7,569 was over 60 days old. It was confirmed that all outstanding debts fall under the debt recovery process and there were no write-offs for 2020-21.

A walkthrough of the debt recovery process was carried out with the Finance Assistant for a debt of £2,161.37 owed by Encompass Select Ltd, of which £1,330.25 was outstanding. We confirmed that the debt followed the debt recovery process and a payment plan was subsequently agreed upon. Whilst emails were found chasing payment against a payment plan, there was no record that the payment plan was agreed by the debtor. The Finance Assistant indicated that emails are deleted after a year due to data storage capacity limitations, meaning the original email agreeing the payment plan could not be found. Review of the Aged Debt report and Aged Analysis report found no other debts that were being repaid by way of a payment plan. **(Finding 2)**

## General Ledger

Staff are allocated to a role on Integra to ensure adequate separation of duties within the financial processes. Staff cannot access transactions that are not appropriate for their position, for example, setting up new cost centres or cost codes.

A walkthrough of the process for raising and authorising a journal was carried out with the Principal Accountant (Technical Accounting) and Principal Accountant (Management Accounting) for a journal raised between April to November 2021. We confirmed that:

- The journal was input by a Finance staff member and authorised by a more senior Finance staff, with segregation of duties achieved and evidenced on Integra.
- Appropriate backing documentation was retained.
- The journal agreed to the backing documentation amount.

The suspense accounts were reviewed. There are seven active suspense accounts, but two of these are not used, and we confirmed they were empty. The error suspense account and year-end suspense account were also reviewed. We confirmed that the year-end suspense account opening balance matches the 2020/21 underspend. This will be cleared once the Fire Authority's external auditors have completed the audit on the Statement of Accounts.

### **Grant Income**

We reviewed schedules of expected grant income for 2021-22 provided to the Fire Authority by the authorities and Government departments awarding them. As with 2020-21, a payment schedule was not provided by Buckinghamshire Council, and Business Rates payment amounts were not in line with those calculated by the Fire Authority, and were also found to be incorrect, reducing the accuracy of cash flow forecasts. These issues were raised formally with the Council by the Fire Authority and raised internally within the Council by Internal Audit.

Expected grants for 2021-22 are:

- Fire Revenue New Dimension
- Fire Revenue Firelink
- Business Rates Relief Reimbursement
- Revenue Support Grant
- Fire Pensions Grant
- Building Risk Review Grant
- The agreed 2021-22 Council Tax Precept

A walkthrough was conducted for the Firelink grant. This found:

- The income was received on the expected date.
- The amount received as shown on the bank statement and Integra agrees to the schedule.
- The relevant grant conditions were complied with.
- The grant income was allocated to Integra's correct cost centre/GL account.

A review of bank reconciliations for September and October 2021 confirmed that grant income is reconciled as part of the bank reconciliation process and signed off by the Principal Accountant as part of the monthly Control Accounts reconciliation.

### **Capital**

The Capital Programme for 2021-22 to 2025/26 was approved as part of the MTFP at the Executive Committee meeting on 10 February 2021 and Fire Authority on 17 February 2021.

The Principal Accountant confirmed four capital growth bids submitted for 2021-22 budgets onwards. A walkthrough was carried out of a bid for Wide Area Network (WAN) & Local Area Network (LAN) Replacement, confirming:

- A bid template was completed with all the required information.
- This was reviewed and approved by Business Transformation Board, Executive Committee and Fire Authority. The first officer challenge fell outside of the scheduled meetings, which was done via email.



Assets are valued annually by Bruton Knowles. A copy of the valuation report produced in July 2021 was obtained. Beaconsfield Fire Station land and building assets were selected from the valuation report and searched for in the asset register. We confirmed that the up to date valuation was included in the Asset Register in both cases.

As per the Asset Register, disposals for 2020-21 totalled £2,338,400.81. This included £76,269 of Red Fleet disposals, £29,808 of White Fleet disposals and £114,868 of plant and equipment disposals. There were £1,934,957 worth of land or building disposals. A walkthrough of the disposal of Bletchley Fire Station, listed as a disposal on the Asset Register, was carried out. Its sale to Milton Keynes Development Partnership was appropriately approved. Review of the annual valuation report confirmed that Bletchley Fire Station is not shown as part of the 31 March 2021 valuations.

The asset register for 2020-21 shows that additions totalled £4,206,115.13 over the period. A walkthrough was carried out for the purchase and addition to the Fire Authority's asset register of furniture for the Blue Light Hub. A complete list of transactions and a sample of three purchase orders and invoices included in this addition were obtained and examined as part of the walkthrough. The bid and associated purchase orders and invoices were appropriately approved.

### **Banking and Reconciliations**

Bank reconciliations for October and November 2021 were obtained, confirming that they are carried out monthly. The Principal Accountant signs off these as part of the monthly control account sign-off spreadsheet, which links to all the individual reconciliations. This process was observed by way of a walkthrough of the reconciliation process. The walkthrough noted no exceptions.

Access to the bank account via Lloyds Link is restricted to the Director of Finance and Assets, Principal Accountants, and key finance staff members. Access levels differ depending on staff members' roles, with users requesting a system's role. The Principal Accountant authorises requests. Bank statements are produced from Lloyds Link, and entries are matched to creditor and debtor transactions on Integra.

### **VAT**

A review of the VAT return reports for September and October 2021 confirmed that the reconciliation for these was reviewed and agreed to each month's sales ledger and Purchase Ledger VAT amounts. These were then agreed to the control account.

A walkthrough of the process was viewed during the preparation and authorisation of the returns for September and October 2021. For both months, the Finance Assistant created the report, which was checked and authorised by the Principal Accountant and submitted to HMRC using unique log-in details.

### **Treasury Management**

The Treasury Management Strategy for 2021-22 was approved at the Fire Authority meeting on 17 February 2021. The Strategy refers to CIPFA best practice and guidance on prudential investments and DLUHC guidance. The minimum acceptable credit quality of counterparties for inclusion on the lending list is defined as per CIPFA guidelines for Police and Fire Authorities.

Link Treasury Services provide regular weekly updates of credit ratings for counterparties to BMKFA and a monthly Investment Analysis Review. Treasury. We obtained a copy of the signed contract with Link Treasury Services for Treasury Management Advisory services. In September 2021 the contract with Link Treasury Services, which was due to expire in March 2022, was extended to 31 March 2024, in line with the contract terms and conditions as well as the Contract Standing Orders. Counterparties are agreed as part of the Treasury Management Strategy.

Management reports are produced quarterly by the Principal Accountant and presented to the Overview and Audit Committee. For 2021-22 Quarter 2, the report shows that the accrued interest earned for the first half of 2021-22 was £20k, which is £5k higher than the budget for the same period.

A report was obtained of deals executed between April and November 2021 from Treasury Live. This shows all investment deals made, matured investments, and moving in money market funds (MMF) from 1 April to 20 November 2021. There were 22 Fixed deals, eight MMF deals and nine call deals made over this period. A walkthrough was conducted for a £1,000,000 fixed deal made on 15 October 2021. No exceptions were noted.

**Table 2: Detailed Audit Findings and Management Action Plan**

Finding 1: Financial Control Framework – User training	Risk Rating	Agreed Management Actions
<p>Finance maintain training records for each employee who receives training on Integra. Users receive training on the relevant transactions required for their role when added as users.</p> <p>Whilst the process for providing and recording training was identified as an example of best practice, in the case of one training record, the initial user training for the required Integra transactions was not recorded on the form.</p> <p>If user training records are not completed when training is completed, there is a risk that training records are not accurate or up to date and that users are not aware that they have received the relevant training.</p>	<b>L</b>	<p><b>Action:</b></p> <p>A monthly review will be carried out to ensure all new users to the Finance System have a signed and completed 'Finance System Training' checklist.</p> <p><b>Officer responsible:</b> Principal Accountant</p> <p><b>Date to be implemented by:</b> March 2022</p>
Finding 2: Debtors – Payment plans	Risk Rating	Agreed Management Actions
<p>Where a debtor cannot settle an outstanding debt with a single payment, a payment plan may be agreed upon. A record that the Fire Authority and debtor have decided on the payment plan should be retained.</p> <p>A walkthrough of the process for recovering aged debts was carried out for a £2,161.37 debt owed by Encompass Select Ltd, of which £1,330.25 was outstanding. The walkthrough found that the debt was chased in line with the Fire Authority's debt recovery process. A payment plan was subsequently agreed upon.</p> <p>Whilst emails were found chasing payment against a payment plan, there was no record that the payment plan was agreed by the debtor. The Finance Assistant and Principal Accountant (Technical Accounting) confirmed that emails are deleted after a year due to data storage capacity limitations, meaning the original email agreeing the payment plan could not be found. Review of the Aged Debt report and Aged Analysis report found no other debts that were being repaid by way of a payment plan.</p> <p>If an agreed payment plan is not held on file, there is a risk that the Fire Authority does not have recourse to continue the collection of the debt and that payment is further delayed or not collected, leading to financial loss to the Fire Authority.</p>	<b>L</b>	<p><b>Action:</b></p> <p>Documentation agreeing for Customers settling outstanding debts by way of a payment plan will be saved within the Customer records held within the Finance System and Finance document drive.</p> <p><b>Officers responsible:</b> Principal Accountant</p> <p><b>Date to be implemented by:</b> February 2022</p>

## Appendix 1: Definition of Conclusions

### Key for the Overall Conclusion:

Below are the definitions for the overall conclusion on the system of internal control being maintained.

	Definition	Rating Reason
<b>Substantial</b>	A sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.	<p>The controls tested are being consistently applied and risks are being effectively managed.</p> <p>Actions are of an advisory nature in context of the systems, operating controls and management of risks. Some medium priority matters may also be present.</p>
<b>Reasonable</b>	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.	<p>Generally good systems of internal control are found to be in place but there are some areas where controls are not effectively applied and/or not sufficiently developed.</p> <p>Majority of actions are of medium priority but some high priority actions may be present.</p>
<b>Limited</b>	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.	<p>There is an inadequate level of internal control in place and/or controls are not being operated effectively and consistently.</p> <p>Actions may include high and medium priority matters to be addressed.</p>
<b>No Assurance</b>	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.	<p>The internal control is generally weak/does not exist. Significant non-compliance with basic controls which leaves the system open to error and/or abuse.</p> <p>Actions will include high priority matters to be actioned. Some medium priority matters may also be present.</p>

Management actions have been agreed to address control weakness identified during the exit meeting and agreement of the Internal Audit report. All management actions will be entered onto the Pentana Performance Management System and progress in implementing these actions will be tracked and reported to the Strategic Management Board and the Overview & Audit Committee.

We categorise our management actions according to their level of priority:

Action Priority	Definition
<b>High (H)</b>	Action is considered essential to ensure that the organisation is not exposed to an unacceptable level of risk.
<b>Medium (M)</b>	Action is considered necessary to avoid exposing the organisation to significant risk.
<b>Low (L)</b>	Action is advised to enhance the system of control and avoid any minor risk exposure to the organisation.

## Appendix 2: Officers Interviewed

The following staff contributed to the outcome of the audit:

**Name:**

Asif Hussain  
Marcus Hussey  
Laura Taylor  
Raheel Iqbal

**Title:**

Deputy Director of Finance and Assets  
Principal Accountant (Technical Accounting)  
Principal Accountant (Management Accounting)  
Finance Assistant

The Exit Meeting was attended by:

**Name:**

Mark Hemming  
Asif Hussain  
Laura Taylor  
Marcus Hussey

**Title:**

Director of Finance and Assets  
Deputy Director of Finance and Assets  
Principal Accountant (Management Accounting)  
Principal Accountant (Technical Accounting)

The auditors are grateful for the cooperation and assistance provided from all the management and staff who were involved in the audit. We would like to take this opportunity to thank them for their participation.

## Appendix 3: Distribution List

### Draft Report:

Mark Hemming  
Asif Hussain  
Laura Taylor  
Marcus Hussey

Director of Finance and Assets  
Deputy Director of Finance and Assets  
Principal Accountant (Management Accounting)  
Principal Accountant (Technical Accounting)

### Final Report as above plus:

Jason Thelwell  
Ernst and Young

Chief Fire Officer  
External Audit

### Audit Control:

Closing Meeting  
Draft Report  
Management Responses  
Final Report  
Audit File Ref

17 December 2021  
13 January 2022  
10 February 2022  
16 February 2022  
22-26

## Disclaimer

Any matters arising as a result of the audit are only those, which have been identified during the course of the work undertaken and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that could be made.

It is emphasised that the responsibility for the maintenance of a sound system of management control rests with management and that the work performed by Internal Audit Services on the internal control system should not be relied upon to identify all system weaknesses that may exist. However, audit procedures are designed so that any material weaknesses in management control have a reasonable chance of discovery. Effective implementation of management actions is important for the maintenance of a reliable management control system.

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# Business Assurance and Risk Management

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## HR People Management Audit Report - FINAL (Ref-22/03)

### **Auditors**

Maggie Gibb, Head of Business Assurance (and Chief Internal Auditor)

Selina Harlock, Audit Manager

Alex Prestridge, Senior Auditor

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## Management Summary

### Introduction

The audit of HR People Management was undertaken as part of the 2021/22 Internal Audit plan, agreed by the Overview and Audit Committee. The audit was undertaken during quarter two of 2021/22.

The HR People Management Audit reviewed HR processes and controls, as well as people management processes in place more widely across the Fire Authority. A robust system of internal controls in these areas is vital to the achievement of the objectives set out in the Fire Authority's People Strategy for 2020-25, which aims to optimise all employees' contribution and wellbeing, and maintain a sustainable workforce.

### Audit Objective

Internal Audit's objectives for this audit were to provide an evaluation of, and an opinion on, the adequacy and effectiveness of the system of internal controls in place to manage and mitigate financial and non-financial risks to the system.

This serves as a contribution towards the overall opinion on the system of internal control that the Chief Internal Auditor is required to provide annually. It also provides assurance to the Section 112 Officer that financial affairs are being properly administered.

### Scope of work

The audit activity focussed on the following key risk areas identified in the processes relating to HR People Management:

- Policies and Procedures
- System Access, Data Security and Information Integrity
- Starters, Leavers and Movers
- Recruitment Management
- Compliance
- Performance and Monitoring

The audit considered the controls in place at the time of the audit only. Where appropriate, testing was undertaken using samples of transactions since the beginning of the current financial year.

**Table 1: Overall Conclusion**

<b>Overall conclusion on the system of internal control being maintained</b>	<b>Reasonable</b>
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<b>RISK AREAS</b>	<b>AREA CONCLUSION</b>	<b>No. of High Priority Management Actions</b>	<b>No. of Medium Priority Management Actions</b>	<b>No. of Low Priority Management Actions</b>
<b>Policies and Procedures</b>	<b>Substantial</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>System Access, Data Security and Information Integrity</b>	<b>Reasonable</b>	<b>0</b>	<b>2</b>	<b>0</b>
<b>Starters, Leavers and Movers</b>	<b>Reasonable</b>	<b>0</b>	<b>1</b>	<b>1</b>
<b>Recruitment Management</b>	<b>Substantial</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Compliance</b>	<b>Substantial</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Performance and Monitoring</b>	<b>Reasonable</b>	<b>0</b>	<b>0</b>	<b>1</b>
		<b>0</b>	<b>3</b>	<b>2</b>

Appendix 1 provides a definition of the grading for each of the conclusions given.

## **Policies and Procedures**

HR policies and guidance notes are published on the People Service section of the Authority's Intranet. There are a total of 91 policies, procedures and guidance notes. All documents on the Intranet belonging to Human Resources and Organisational Development were updated within the last two years.

Process notes and user guides for key HR processes were obtained, including for the New Starters, Transfers and Leavers, Sickness Absence and iTrent Recruitment processes. However, discussion with the HR Operations Manager established that the documents obtained were still in draft format and being reviewed as they were new processes still in development. Completeness of the process notes will be reviewed as part of the HR and Payroll process review.

Training is provided on an ad-hoc basis by HR staff on the process for updating iTrent. Flowcharts and guidance notes on sickness absence reporting were reviewed and updated by HR. To coincide with, and to consult on, the updated HR processes, the HR Operations Manager visited Fire Stations to train employees and managers on using the iTrent self service module in training exercises held between November 2019 and March 2020, with HR continuing to support teams remotely from March 2020 onwards. Separate process notes were produced for Covid-19 related absences (and, which were found to be reviewed and consulted upon in line with changes to Government legislation and guidance.)

New and updated HR policies, procedures and guidance documents are subject to a corporate requirement for a 30-day consultation period for all policies prior to them being published, and additional consultation and governance where the specific process requires it. These are presented to the Joint Consultation Forum to launch the consultation and a weekly email is sent out to all BFRS employees by the Communications team notifying staff of any new documents and updates to existing documents.

## **System Access, Data Security and Information Integrity**

The HR personal data and permissions mapping document was reviewed, confirming that access to HR files and i-Trent (the HR system) is appropriate to the role of the employee and is reviewed periodically or when there is a change of personnel or processes. Users are removed in a timely manner when they change roles or leave the Authority's employment. The HR personal data and permissions mapping document includes an issue and action log around personal data and GDPR compliance for HR files, data processing and communications which was last updated in 2018 and lists 16 open actions. It was unclear if this document was superseded and if these actions were now closed or if they were still open as recorded.

The Human Resources risk register was last updated in April 2021 and includes five risks across the following areas: Legislative/Statutory, Data, Third Party Suppliers and HR Department. Actions are set out to address each of the risks. Discussion and review of calendars established that the HR risk register is reviewed and updated quarterly and appears as an agenda item in the monthly HR Manager's meeting. The risk register is presented to the Performance Monitoring Board and escalated to the corporate risk register as necessary. The Risk Management Policy doesn't specify how often Service Area risks should be reviewed, only that corporate risks are reviewed monthly by Senior Management Board.

A Human Resources Business Continuity Plan (BCP) is in place and was last updated in March 2020. The BCP covers critical HR processes, includes risks to recovery and names BCP roles. Whilst the BCP testing log is blank, parts of the BCP have been tested during the Covid-19 pandemic which affected BAU operations and there are specific points in the BCP that address pandemic risk. Further discussion with the Head of Human Resources established that the HR

BCP is held on Resilience Direct, the Authority's emergency planning system, maintained by the Station Commander Resilience and Business Continuity. As of the audit, the HR plan does not have detail of the tests in place, but these are due to be updated next time the plans are reviewed.

### **Starters, Leavers and Movers**

Before a recruitment process begins, a requisition to recruit to the position is raised in iTrent, with authorisation from Finance required when recruiting to a new role. After an employee has provided the required documentation, including references, any required qualifications and a completed DBS check, the HR team process them to ensure they are on the iTrent system ready to be paid. This can only be done during the payroll processing week which is from the 1st to the 8th of each month.

Examination of a sample of 20 employees who joined the Fire Authority's employment between January and July 2021 found:

- One case where the employee appeared to be an existing employee (with CCF) but was processed as a new starter. Discussion with the HR Officer - Recruitment and Operations established that the employee left, and HR was then informed late of them coming back. Discussion established that this should have been processed as a transfer, but they could not reinstate the employee on the system after being made a leaver, and they had to be input as a new starter.
- Two cases where the relevant departments were not informed about a new starter 48 hours before the start date. In both cases the signed contract and personal summary were received late from the employee. HR are not able to send a manual workflow out with enough notice without a signed contract confirming acceptance of employment.
- Two cases where the contract start date did not match the iTrent start date. Discussion established that, in both cases, an apprentice was dismissed, and the wrong start date given when they were reinstated after the disciplinary hearing. HR therefore had to input them as a new starter with a reckonable service date added to the system to show continuation of employment.
- Five cases where no references were provided. In seven further cases, only one reference was provided. Discussion noted that one was an apprentice, with apprentices only having one reference due to a lack of prior experience, and one was an agency employee for which a different process is in place that two were apprentices who will only have one reference. Three were On Call Firefighters for whom two references should be held on file in line with the New Starter Process Guide. Therefore, five of the seven cases were exceptions.
- Two cases where no medical questionnaire was held on file. Discussion established that these are usually collected by the Employee Relations team/Occupational Health as it is them who use this information and upload it to Orchid, the Occupational Health portal. However, the form should be downloaded from the portal and saved to the employee's PRF, in line with the New Starter Process Guide.
- One case where only the request to recruit, approval to recruit and ESS details received, with no contract, offer letter, checklist, references or proof of right to work provided.
- Two cases where the starter checklist was not fully completed. Discussion with the HR Officer established that this was due to references not having been received at the time they were processed on iTrent.

Whenever an employee is transferring from one position to another or taking on a secondary contract, change control forms should be sent to HR to confirm the details of the change and approval.

Examination of a sample of 20 employees whose information changed between January and July 2021 found:

- Six cases where the transfer was processed on iTrent retrospectively. Of these six:
  - In four cases the transfer request was received after the Payroll cut-off date. As HR are unable to process after the cut-off date until the system opens again, these four cases were not noted as exceptions.
  - In one case, processed in February 2021, the instruction was received on the effective date. In this case it was entered on iTrent four days later. Discussion with the Head of HR established that there were 45 changes to process that month, and that change control forms are often received in the first week of the month, with many effective from the 1st of the month.
  - In one case, for a change of job title, the instruction was received one month after the effective date and was processed on iTrent the day after it was received. This was not deemed to be an exception as it was processed by HR as soon as practicably possible.
- One case where the iTrent effective date does not match the Change Control Form. Follow-up discussion with HR established that this was a substantiation not a transfer. The original transfer workflow was attached to show when the employee originally went into the role. When a person is made permanent in role, there is no workflow initiated from the system.
- Two cases where there was no Change Control Form. Discussion established that these roles are both from a recruitment process. A Change Control Form is not a requirement for these as HR are involved in the interview processes and therefore know the details of the transfers. Some managers do provide Change Control Forms, but they are not required as approval is already received. There is another similar example where a Change Control Form was provided. Discussion with the Senior Administrator established that some operational roles have allowances that require the Appointments Board to provide additional approval on a change control form. However, where there are such variations in the process, they should be identified in the process notes.

Discussion established that Payroll receive the workflow email sent out by iTrent automatically once HR make the relevant changes in their screens.

The leaver process begins when a letter or email is received by HR confirming that the employee is leaving the organisation. When confirmation is received that an employee is leaving the organisation, an exit interview form is sent to them to capture their feedback. Once the required information is received, they should be processed to ensure they are made a leaver on the iTrent system to prevent them being overpaid. This can only be done during the payroll processing week which is from the 1st to the 8th of each month.

Examination of a sample of 20 employees who left the Fire Authority's employment between January 2021 and July 2021 found:

- In 19 cases the leaver was processed on iTrent in advance of the employee's last day worked and their iTrent access was removed on their last day worked. In one case the employee was processed as a Leaver on iTrent 13 days after the employee's last day worked, meaning they were not removed from iTrent prior to the last day worked. It was noted that this employee resigned with immediate effect, however this does not account for the 12 days that elapsed between HR being notified and the employee being processed as a leaver. Discussion with the HR Officer established that the delay was due to notification of the retirement being received six days after Payroll closed and that HR were not able to process anything that came after Payroll had closed on 8 February. Review of iTrent confirmed that the employee was paid according to the hours he worked and that there was no financial implication of the delay. Whilst this is not raised as a finding in this report, it is indicative of a process issue that will be examined in greater detail as part of the HR and Payroll process review.

- In all 20 cases, authorised confirmation that the employee was leaving was obtained.
- In 18 cases the annual leave allowance was confirmed by the employee's line manager, however this was not confirmed in two cases. In one case there was evidence that confirmation was sought from the manager but not received.
- In seven cases there was no evidence of an exit Interview. However, discussion with HR established that, whilst encouraged and followed up, these are completed voluntarily and are not compulsory.

Discussion with the Senior Administrator established that all DBS checks provided to BMKFA staff are enhanced checks. The DBS start date is generally in the middle of the new starter process as it is required in order to complete starter set up. Record of the DBS check is held on iTrent and there is an Update Service field to record the DBS expiry date and whether the DBS has been updated.

Examination of a sample of 20 new starters found 15 employees recruited to sensitive roles between January 2021 and July 2021. Of these 15 new starters, in all cases the DBS certificate was received prior to the employee's start date.

### **Recruitment Management**

A report of vacancies across the Fire Authority was obtained. These are reviewed quarterly by the Recruitment Oversight Board and on request by senior management. As of the audit there were 23 vacancies across the Fire Authority.

A report of new roles created between January 2021 and July 2021 was obtained. A total of 37 new roles were added over the six-month period.

Examination of a sample of ten new vacancies found that in all ten cases the new role was approved by the Director of Finance and Assets or an appropriate delegated officer in Finance either via a Business case or a growth bid and panel process. Of these ten, in three cases the new role was created for additional on-call firefighters. These were approved as part of Finance sign-off of a total of 11 new on-call posts in November 2020 and 12 new on-call posts in April 2021. As per the process, this was recorded on the authorisation to recruit screen for each of the new on-call firefighters.

The Terms of Reference for the Recruitment Oversight Board were obtained, confirming that it comprises of appropriate managers from Human Resources, Organisational Development and Finance. Review of agendas and minutes confirmed that updates to recruitment plans, budget and future direction were discussed. Discussion established that meetings were suspended between October 2020 and February 2021 due to the Covid-19 pandemic.

### **Compliance**

A record of known instances of non-compliance with HR policies is maintained and monitored by HR. This lists 11 instances occurring between August 2020 and May 2021, whether they were resolved as part of a formal or informal process and the outcome of this process as well as that of any appeal process that was triggered.

The Fire Authority monitors progress on implementing the Well-being Strategy and People Strategy, including reporting annual updates on the implementation of Equality, Diversity, and Inclusion objectives to Members.

Pay scales for managers and operational staff are set nationally by the National Joint Council for Brigade Managers of Local Authority Fire and Rescue Services (NJC). A circular setting the rates of pay for Chief Fire Officers and other senior managers from July 2021 was obtained. Support Services pay is set locally and agreed from July every year. Pay scales are split into those for Operational staff and Support staff and these were last agreed and updated by the Fire Authority in July 2021.



Discussion with the Learning and Development Officer established that pay changes are no longer made through the appraisal process. The appraisal process consists of both full-year reviews and half-year reviews. A new appraisal form and process was developed in 2020 and fully implemented in 2021, meaning submissions for April 2021 were the first full-year appraisals in the new format. These are signed off electronically by the employee's line manager in the appraisal meeting and then electronically submitted to Organisational Development when the manager clicks 'submit' within the form.

Appraisal objectives and performance outcomes are then uploaded into iTrent by Organisational Development to populate certain fields. At the time of the audit the report to do this was still being built.

Training sessions were delivered to staff and line managers at Fire Stations and across the service on the new process in Spring/Summer 2020 with guidance notes for the Performance and Development Appraisal process updated, approved and published in November 2020.

Monthly reports are run from iTrent, from the date that the End of Year appraisal is due, to detect employees who haven't completed the appraisal on time. Emails are then sent to managers to obtain an updated on the status of the appraisal. A similar report is run for Objective Setting. Data is also obtained via Business Objects on Performance and Development portfolios, summarised in a dashboard and reported on to the Appointments Board. This includes data on performance as per the appraisals, types of objectives and appraisal completion rate. As of June 2021, 245 of the total 474 personnel employed by the Fire Service had not completed an appraisal. A sample of ten staff who had completed an appraisal in a timely manner, found that in all ten cases information had been entered correctly into iTrent using information from the e-form PDF.

We confirmed that a monthly report of absences across the Fire Service is run from iTrent by the Data Officer and reviewed by HR management and officers to ensure compliance against the absence management procedures. A separate report of the number of staff absent with Covid-19 is run from iTrent three times per week, which also includes data on the number of LFT and PCR tests taken. As of 21 July 2021, 10.13% of personnel were absent, with 0.42% confirmed to have Covid-19 and 3.80% self-isolating. Daily Covid-19 absence emails are received from the Resource Management Team listing all absences for operational staff recorded on Fire Service Rota. Evidence was obtained to show that a reconciliation of absences is carried out between iTrent and Fire Service Rota every Monday, Wednesday and Friday.

From discussion and review of personnel files, we confirmed that there is an adequate process in place whereby it is the manager's responsibility to confirm the IR35 status of contractors they take on, but HR carry out a check for any who are input into the iTrent system. At the time of the audit, there were no temporary employees to whom the IR35 rules apply.

## **Performance and Monitoring**

A Service Level Agreement (SLA) is in place for the HR Operations and Organisational Development service desks that includes delivery times for common requests and actions. Some operational targets are also set out in process notes. For example, relevant departments should be notified of a new starter at least 48 hours before the employee's start date, although there is no evidence to show that processing times are monitored periodically. Review of the FLEX system used to log tickets for the service desks found that reports can be run on the teams' performance responding to requests with delivery times measured by the system. However, these reports are not run periodically and discussion with the Head of Human Resources established that the service desk systems do not yet have enough data in them to establish performance trends. Human Resources and Operational Development staff are also subject to the organisation-wide End of Year appraisals and objective setting process which feeds into the Authority's performance framework.

Staffing budget forecasts are requested by Finance in line with the budget setting calendar. These are then approved on Integra. Monthly budget monitoring meetings take place between the Principal Accountant (Management Accounting) and the budget holder for each Service Area. As part of this, a salary calculator is completed for each team to calculate budget actuals.

**Table 2: Detailed Audit Findings and Management Action Plan**

Finding 1: Starters, Leavers and Movers – New starters	Risk Rating	Agreed Management Actions
<p>Required documentation should be received for new starters in a timely manner and is held on personnel files. This should include references, proof of right to work and relevant qualifications, new starter checklist, authorised contract and starter form.</p> <p>Examination of a sample of 20 new starters at the Fire Authority between January 2021 and July 2021 found:</p> <ul style="list-style-type: none"> <li>• One case where no contract, offer letter, checklist, references or ID were provided.</li> <li>• Five cases where no references were provided. In all five cases references were requested but either not received or not available on the personnel file as of the audit. In seven further cases, only one reference was provided. Discussion noted that one was an apprentice, with apprentices only having one reference due to a lack of prior experience, and one was an agency employee for which a different process is in place. Therefore, five of the seven cases were exceptions.</li> <li>• Two cases where no medical questionnaire was held on file.</li> <li>• Two cases where the starter checklist was not fully completed.</li> </ul> <p>If a starter checklist is not completed and held on the employee’s personnel file, and the required documentation is not received and reviewed, there is a risk that the new starter has not been correctly set up on iTrent and that the employee has not been adequately vetted. This will increase the risk of overpayments, underpayments and the risk that new starters are not suitable candidates for the role, leading to financial and reputational damage.</p>	<p><b>M</b></p>	<p><b>Action:</b></p> <p>HR to communicate to the organisation what is expected from them in order to process new starters according to the agreed process.</p> <p>HR to review the process notes and ensure completion of new starter checklist.</p> <p><b>Officers responsible:</b>              Head of Human Resources              Human Resources Operations Manager</p> <p><b>Date to be implemented by:</b>              31 March 2022</p>

Finding 2: System Access, Data Security and Information Integrity – BCP testing log blank	Risk Rating	Agreed Management Actions
<p>A Business Continuity Plan is in place for key HR People Management processes to ensure that in the event of an unexpected occurrence so that the Buckinghamshire Fire &amp; Rescue Service can maintain its obligation as a CAT1 responder.</p> <p>Whilst parts of the Business Continuity Plan (BCP) have been tested during the Covid-19 pandemic, which affected business as usual operations, and there are specific points in the BCP that address pandemic risk, the BCP testing log is blank meaning there is no record of a test having been carried out. There is also no detail of the tests in place for the HR BCP on the Authority’s Resilience Direct system but discussion with the Head of Human Resources established that these are due to be updated next time the plans are reviewed.</p> <p>If there is no record of the BCP having been tested, there is a risk that the business continuity processes for people management have not been adequately tested and that key organisational activities cannot be carried out should a risk event occur, leading to the Authority being unable maintain its obligation as a CAT1 responder.</p>	<b>M</b>	<p><b>Action:</b>                      Business continuity plan to be reviewed, updated and tested in line with organisational requirements.</p> <p><b>Officer responsible:</b>                      Head of Human Resources</p> <p><b>Date to be implemented by:</b>                      31 January 2022</p>
Finding 3: System Access, Data Security and Information Integrity – Open personal data actions	Risk Rating	Agreed Management Actions
<p>Personal data should be held in line with GDPR requirements to help ensure data security. Where actions have been identified, these should be reviewed, updated, addressed, and closed as appropriate with record of the actions kept up to date.</p> <p>The HR Personal data and permissions mapping document includes an issue and action log around personal data and GDPR compliance for HR files, data processing and communications which was last updated in 2018 and lists 16 open actions. Issues listed in the document, for which open actions were identified, include Privacy Notices not being GDPR compliant and issues around unauthorised access to information and inaccurate or duplicated data being held by HR. It was unclear if this document was superseded and if these actions were now closed or if they were still open as recorded.</p> <p>If progress on personal data actions is not updated and recorded appropriately and if the actions are not closed when completed, there is a risk that issues around personal data compliance have not been addressed, resulting in non-compliance with GDPR and putting the Fire Authority at risk of data breaches and penalties.</p>	<b>M</b>	<p><b>Action:</b>                      HR personal data and permissions mapping to be reviewed and actions closed or implemented as appropriate.</p> <p><b>Officer responsible:</b>                      Head of Human Resources</p> <p><b>Date to be implemented by:</b>                      31 March 2022</p>

Finding 4: Starters, Leavers and Movers – Changes	Risk Rating	Agreed Management Actions
<p>Changes should be processed accurately and in a timely manner on the HR system and personnel files, following approval from the appropriate line manager. This includes all changes to employee details, including changes of position.</p> <p>Examination of a sample of 20 employees whose information changed between January and July 2021 found:</p> <ul style="list-style-type: none"> <li>In one case, the instruction to make the change was received on the effective date. In this case it was entered on iTrent four days later. Whilst the other five changes applied retrospectively were deemed to be outside the control of HR, in this case HR was deemed to be partially responsible for the delay.</li> <li>Two cases where there was no Change Control Form. Discussion established that these roles were both from a recruitment process. A Change Control Form is not a requirement for these as HR are involved in the interview processes and therefore know the details of the transfers. Some managers do provide Change Control Forms, but they are not required as approval is already received. However, there is another similar example where a Change Control Form was provided. Discussion with the Senior Administrator established that some operational roles have allowances that require the Appointments Board to provide additional approval on a change control form. However, where there are such variations in the process, they should be identified in the process notes.</li> </ul> <p>If changes are not processed accurately, in a timely manner and with the correct documentation, there is a risk that the pay implications of role changes are not actioned on iTrent before Payroll being run, leading to the creation of an overpayment and financial loss to the Fire Authority.</p>	<p><b>L</b></p>	<p><b>Action:</b></p> <p>HR to communicate to the organisation what is expected from them in order to process changes according to the agreed process.</p> <p>HR to review the process notes and conclude the new change control form consultation and relaunch the form.</p> <p><b>Officers responsible:</b>                      Head of Human Resources                      Human Resources Operations Manager</p> <p><b>Date to be implemented by:</b>                      31 March 2022</p>

Finding 5: Performance and Monitoring – Monitoring of performance indicators	Risk Rating	Agreed Management Actions
<p>Management should consider identifying key performance indicators that measure the team’s service delivery, especially focussed on tasks that require timely responses due to their impact on payroll and the wider organisation. Performance measures should be monitored and reported on periodically with instances of poor performance highlighted with appropriate corrective action identified.</p> <p>Concerns about staff performance are raised in employee appraisals, processing times are recorded in process notes for new starters and there is a Service Level Agreement in place for the HR Operations and Organisational Development service desks that includes delivery times for common requests and actions. However, there is no evidence to show that processing times are measured and monitored periodically.</p> <p>If performance indicators are not in place there is a risk that instances of poor performance are not identified and rectified in a timely manner, leading to increased instances of key HR tasks not being performed accurately and/or in a timely manner.</p>	<p><b>L</b></p>	<p><b>Action:</b></p> <p>HR service level agreements (SLA) to be reviewed and reports run on a quarterly basis to monitor improvements and lead to efficiencies. Any areas where SLA’s not met to be addressed in a timely manner.</p> <p><b>Officers responsible:</b>                      Head of Human Resources                      Human Resources Operations Manager</p> <p><b>Date to be implemented by:</b>                      31 May 2022</p>

## Appendix 1: Definition of Conclusions

### Key for the Overall Conclusion:

Below are the definitions for the overall conclusion on the system of internal control being maintained.

	Definition	Rating Reason
<b>Substantial</b>	A sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.	<p>The controls tested are being consistently applied and risks are being effectively managed.</p> <p>Actions are of an advisory nature in context of the systems, operating controls and management of risks. Some medium priority matters may also be present.</p>
<b>Reasonable</b>	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.	<p>Generally good systems of internal control are found to be in place but there are some areas where controls are not effectively applied and/or not sufficiently developed.</p> <p>Majority of actions are of medium priority but some high priority actions may be present.</p>
<b>Limited</b>	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.	<p>There is an inadequate level of internal control in place and/or controls are not being operated effectively and consistently.</p> <p>Actions may include high and medium priority matters to be addressed.</p>
<b>No Assurance</b>	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.	<p>The internal control is generally weak/does not exist. Significant non-compliance with basic controls which leaves the system open to error and/or abuse.</p> <p>Actions will include high priority matters to be actioned. Some medium priority matters may also be present.</p>

Management actions have been agreed to address control weakness identified during the exit meeting and agreement of the Internal Audit report. All management actions will be entered onto the Pentana Performance Management System and progress in implementing these actions will be tracked and reported to the Strategic Management Board and the Overview & Audit Committee.

We categorise our management actions according to their level of priority:

Action Priority	Definition
High (H)	Action is considered essential to ensure that the organisation is not exposed to an unacceptable level of risk.
Medium (M)	Action is considered necessary to avoid exposing the organisation to significant risk.
Low (L)	Action is advised to enhance the system of control and avoid any minor risk exposure to the organisation.



## Appendix 2: Officers Interviewed

The following staff contributed to the outcome of the audit:

**Name:**

Anne Stunell  
Carly Humphrey  
Victoria Peck  
Noma Magutshwa  
Taria Williams  
Fran Hale

**Title:**

Head of Human Resources  
HR Operations Manager  
Learning & Development Officer  
HR Officer - Recruitment and Operations  
Senior Administrator Human Resources  
Senior Administrator - Recruitment & Operations

The Exit Meeting was attended by:

**Name:**

Anne Stunell  
Carly Humphrey

**Title:**

Head of Human Resources  
HR Operations Manager

The auditors are grateful for the cooperation and assistance provided from all the management and staff who were involved in the audit. We would like to take this opportunity to thank them for their participation.

## Appendix 3: Distribution List

### Draft Report:

Mark Hemming  
Anne Stunell  
Carly Humphrey  
Victoria Peck

Director of Finance and Assets  
Head of Human Resources  
HR Operations Manager  
Learning & Development Officer

### Final Report as above plus:

Jason Thelwell  
Ernst and Young

Chief Fire Officer  
External Audit

### Audit Control:

Closing Meeting  
Draft Report  
Management Responses  
Final Report  
Audit File Ref

5 August 2021  
21 October 2021  
10 December 2021  
17 December 2021  
22-03

## Disclaimer

Any matters arising as a result of the audit are only those, which have been identified during the course of the work undertaken and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that could be made.

It is emphasised that the responsibility for the maintenance of a sound system of management control rests with management and that the work performed by Internal Audit Services on the internal control system should not be relied upon to identify all system weaknesses that may exist. However, audit procedures are designed so that any material weaknesses in management control have a reasonable chance of discovery. Effective implementation of management actions is important for the maintenance of a reliable management control system.

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# Procurement Governance and Compliance

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## BMKFA Procurement Governance and Compliance – FINAL Report (Ref-22/34)

### **Auditors**

Harry Jay, Internal Auditor

Nick Parford, Internal Auditor

Juan Fosco, Internal Audit Manager

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## Management Summary

### Introduction

The Procurement Governance and Compliance audit was undertaken as part of the 2021/22 Internal Audit plan. Buckinghamshire & Milton Keynes Fire Authority (BMKFA or 'The Authority') must comply with government legislation and follow its internal rules, as set out in its Contract Standing Orders (CSOs). The Authority has to demonstrate that it is achieving value for money and that it has undertaken the procurement in an open, transparent, and non-discriminatory way.

The CSOs contain the Authority's minimum requirements for purchasing works, supplies, and services (including the appointment of consultants) and must be complied with at all times. All responsible staff for letting contracts must follow the regulations and procurement framework. Procurement and contract management at BMKFA is overseen by the Procurement Manager and the Business Transformation Board (BTB).

However, departments lead primarily on letting, controlling, monitoring, and managing contracts. The Authority uses procurement software, Integra, to approve, manage, and monitor procurement project budgets and individual agreements. No project or significant contract can go ahead without scrutiny and final approval from the BTB and/or the Authority's members.

### Audit Objective

Internal Audit's objectives are:

- To provide an evaluation of, and an opinion on, the adequacy and effectiveness of the system of internal controls that are in place for the creation, management, and outputs of the Authority's Procurement function.
- To provide assurance that there are adequate arrangements to ensure the achievement of the programme goals, effective management and reporting of the progress and risks for projects being delivered across the Authority. It also provides assurance to the Section 112 officer that financial affairs are being properly administered.

This will contribute to the overall opinion on the internal control system that the Chief Internal Auditor is required to provide annually. It also provides assurance to the Section 112 officer that financial affairs are being properly administered.

### Scope of work

The audit activity focused on the following key risk areas identified in the processes relating to Procurement:

- Strategy, Policies and Procedures
- Strategic Assessment and Business Justification
- Delivery/Procurement Strategy
- Contract Procurement
- Contract Development
- Performance Monitoring and Management Reporting

∞ The audit considered the controls in place at the time of the audit.

**Table 1: Overall Conclusion**

Overall conclusion on the system of internal control being maintained	<b>Reasonable</b>
---	-------------------

RISK AREAS	AREA CONCLUSION	No. of High Priority Management Actions	No. of Medium Priority Management Actions	No. of Low Priority Management Actions
Strategy, Policies and Procedures	Reasonable	0	1	1
Strategic Assessment and Business Justification	Substantial	0	0	1
Delivery/Procurement Strategy	Reasonable	0	1	0
Contract Procurement	Reasonable	0	0	3
Contract Development	Substantial	0	0	0
Performance Monitoring and Management Reporting	Reasonable	0	3	0
<b>Total</b>		<b>0</b>	<b>5</b>	<b>5</b>

Appendix 1 defines the grading for each of the conclusions given.



## Strategy, Policy, and Procedures

BMKFA has a Procurement Strategy (2015 – 2020). It is available to all staff via its website and the staff intranet. A new Strategy covering the 2021 to 2025 period is currently being drafted. This new document has not been finalised, approved, and circulated at the time of this review. The Procurement Manager indicated this is due to the delay from the Government in publishing guidelines on Brexit's impact on EU procurement, which we had confirmed via the May 2021 Board meeting minutes. Another significant factor in the delay was the impact of the Covid-19 pandemic, which has led to a shift in priorities and has stretched BMKFA's resources.

The Strategy's primary function is to provide a clear and corporate vision for the overall direction of procurement across the Authority with a specific focus on facilitating collaboration with other authorities, obtaining value for money, and promoting transparency and compliance with legislation. However, the Strategy does not set out the steps involved in the procurement process, including thresholds, authorisation, or delegated authority, nor are these items covered in any other up-to-date policies held by BMKFA. **(Finding 1)**

The Authority has a set of Contract Standing Orders (CSOs). An updated version is being drafted with a provisional submission date and approval in June 2022. However, the current set of CSOs does not contain a version control, so we could not ascertain if they were up to date or when the last review occurred. **(Finding 2)**

The CSOs are readily available to all relevant staff on the Authority's intranet site. They cover a wide range of topics, such as what is included in a contract and how the contract register should be laid out. Additionally, we confirmed that the CSOs:

- Details priorities and objectives stated within the Procurement Strategy;
- Are aligned and coordinated with the Financial Procedures and Corporate Strategy; and
- Assist in ensuring compliance with legislation.

We reviewed copies of the Authority's Corporate Plan, Public Safety Plan, and People Strategy. We confirmed that procurement is identifiably linked to achieving the Authority's objectives.

## Strategic Assessment and Business Justification

The Authority produces strategic outline cases for all projects that require procurements. Where contracts are necessary to support projects, these require budget approval from the Business Transformation Board (BTB). The Procurement Manager sits on the BTB and has produced a Procurement Work Plan so that the Board can see all procurement projects in operation and those needing further work or amendments.

From our review of five contracts, three had a value exceeding the £10,000 threshold and were a part of a project needing a strategic outline case. These contracts were part of existing project requirements with budgets allocations already in place; they were contracts that replaced expiring ones.

*Thames Valley Contract (Emergency One):*

A strategic outline case and an approved budget were in place for the Red Fleet Replacement Project, which sought to update and replace the Authority's fleet of emergency vehicles. The contract is jointly held by Oxford County Council, Royal Berkshire Fire Authority, and BMKFA. The expenditure for this project is forecasted until 2024/25, including various options to be considered, i.e., the advantages and disadvantages of the capital purchase of vehicles, leasing, and doing nothing. The case also makes justifiable links to the BMKFA's broader aims regarding public safety, value for money and collaboration between different authorities.

*Electrical Power Tools & Related Products Contract (TW Engineering):*

An approved budget and a strategic outline case were produced for the entire Operational Equipment Project. The outline case discusses the advantages and disadvantages of different options, capital investment or to do nothing; the latter could lead to a loss of operational effectiveness, increased maintenance costs, and possible health and safety risks, which led to the recommended capital investment option. The document includes detailed financial implications, and it was put to and approved by the BTB and the Authority's Members.

*Water Hygiene Monitoring & Related Services Contract (H2O Environmental Services Ltd):*

A waiver from CSOs was provided for the H2O Environmental Services Ltd contract. It was signed by the Director of Finance and Assets and the Officer requesting the exemption. The Procurement Manager indicated that this included exemptions for documents such as Strategic Outline Cases and Predictive Equality Assessments (PEIAs). It was detailed as a low-value project with no tender and exiting requirements as it is re-tendered as necessary. The Procurement Manager also indicated that business cases are done for more significant budgets or brand new requirements.

The strategic outline cases for the above projects have version control. However, in both cases, none of the version control information had been input (**Finding 3**)

### **Delivery/Procurement Strategy**

We received copies of the relevant BTB minutes and the corresponding Officer Challenge Minutes, which aim to scrutinise project plans and provide the rationale, discussion, and approval from the BTB. We received the minutes from the Members' meetings and an email from the Director of Finance confirming that both strategic business cases were approved.

However, we could not ascertain any formal procedural guidance setting the approval and authorisation process from project scoping and approval to individual contract tendering. Similarly, whilst we received a copy of the Authority's Scheme of Delegation, it was last reviewed in 2013 and did not contain a list of responsible staff and their corresponding financial approval limits. (**Finding 4**). The Authority, instead of a codified Scheme of Delegation, has financial limits built into the financial system Integra. We received a system admin report to demonstrate this, showing a hierarchy of monetary approval levels that was deemed adequate; for example, the Director of Finance has an approval level of up to £1m.

## Contract Procurement

The Authority has a contract register available on its website that tracks contracts of any value and includes the contract's name and status, start, end and review dates, the value and its type. However, we noted that the register did not include the name of the contract owners for contracts over £5,000, as required by Standing Order 2.2(g). **(Finding 5)**

The Integra financial system incorporates a predetermined process requiring authorisation for each procurement step from requisition to buyer approval. We confirmed that this ensured proper segregation of duties.

We conducted sample testing on five contracts of differing values and types to assess compliance with the CSOs. Our sample included:

1. An Officer Radio Connections open contract worth £7,590;
2. An Electrical Power Tools framework contract worth £180,000 (in partnership with Royal Berkshire Fire Service (Lead) and Oxfordshire County Council);
3. A Water Hygiene Monitoring quotation contract worth £26,540, with a waiver from competitive tendering requirements;
4. A Thames Valley Pumping Appliance framework contract worth £9,015,864 (in partnership with Royal Berkshire Fire Service and Oxfordshire County Council (Lead)); and
5. A Credit Check Service quotation contract worth £1,000.

Our testing found:

- Contracts 2 & 4 followed the lead party's CSOs, not the Authority's. Procurements conducted in partnership with other Authorities/Councils are subject to the CSOs of the party agreed to be the lead. The Procurement Manager indicated that the Authority had no concerns regarding compliance or governance due to this arrangement. BMKFA and Royal Berkshire have collaborated to ensure their CSOs and policies are aligned, given their ongoing collaborative relationship.
- In cases 2 & 4, the procurement was above the £50,000 threshold. This requires a publicly advertised competitive tender process as SO7.2(c). We confirmed that both contracts were announced on a suitable framework, remained listed for weeks, and invitations to tender included a detailed specification as per CSO 7, 13 and 11, respectively. Additionally, appropriate responses were sent to both the winning and losing bids as per CSO 16. However, we noted that CSO 8.1(c) had not been complied with. "Where the total value of the contract is more than £50,000, Officers must ensure that potential candidates are asked to provide sufficient detail to check their health and safety record". **(Finding 6.1)**
- In the case of samples 1, 3, and 5, we noted non-compliance with CSO 6 "Steps prior to letting contract", specifically 6.1(l), which states that the responsible officer must "retain evidence that the above steps (6.1(a)-(k)) have been carried out for examination by internal or external auditors". We noted that no such records had been maintained. All other applicable CSOs had been complied with. **(Finding 6.2)**

## Contract Development

The Procurement Manager indicated that only exercises over the £10,000 value require a contract. However, this is not stipulated in the CSOs. We noted that three required a legal agreement from our sample of five cases. Through our testing, we confirmed:

- All contracts were formally entered into, with signatures by the Supplier/Service Provider, the Authority, and any partnered authorities; and
- The arrangements had been signed before the predetermined period.

We confirmed that digital copies of contracts were held in a central repository on the Authority's shared drive, only accessible to Finance or Procurement staff. Copies of the agreement were also provided to the relevant contract managers. We noted that contracts over the value of £150,000 were required to be signed under seal and held physically for 12 years. We found that this was the case for the two in our sample exceeding that threshold (2 and 4). The Procurement Manager confirmed that physical contracts are held in a secure cabinet at the Authority's headquarters, which requires passcode access.

We were provided with evidence that the Authority obtains legal advice from the Chartered Institute for Public Finance and Accountancy. This related to general regulatory updates and tendering knowledge rather than a procurement case by case basis. Additionally, the Procurement Manager indicated that when the Authority conducted a procurement in partnership with Oxfordshire County Council, they were provided access to their legal team.

### **Performance Monitoring and Management Reporting**

We noted that the Authority does not monitor its Procurement Team's performance, both in terms of the VfM performance of its contracts or compliance with the CSOs. From our sample of five contracts, we noted that in the two cases where procurements were conducted in partnership, the contracts required performance monitoring meetings no less than every six months. However, we found that in one case (TW Pumping Appliances), no such meetings had taken place since the procurement team of the lead authority was no longer extant. Thus no formal meetings had been scheduled. In the remaining case (Water Hygiene Monitoring & Related Services), we were provided with certificates showing the performance of the contract by the supplier, but no formal meetings were taking place. **(Finding 7)**

The Procurement Team does not currently have KPIs to report against concerning procurements. We were presented with a savings tracker maintained by the Procurement Manager, which listed the money saved through the Authority's procurement process. However, the Procurement Manager indicated that this document is not regularly presented to a member of the SMT nor a relevant Board or Committee. **(Finding 8)**

Standing Order 2.2 (f) states that it is the responsibility of the Chief Fire Officer and Chief Executive to "ensure that his or her staff complies with these standing orders relating to Contracts". However, we note that the Authority does not conduct compliance-based monitoring activities. The Integra finance system includes predetermined steps requiring differing authority levels and illustrating clear segregation of duties through the procurement process from requisition to buyer approval. However, this does not ensure more broadly compliance with the CSOs or procurement and contract management requirements. **(Finding 9)**

**Table 2: Detailed Audit Findings and Management Action Plan**

Finding 1: Strategy, Policy, and Procedures	Risk Rating	Agreed Management Actions
<p>BMKFA should ensure that the 2021-2025 Procurement Strategy is finalised and approved by the Senior Management Board and Fire Authority at the earliest convenience.</p> <p>The new Strategy should also be version controlled, so it includes the following information:</p> <ul style="list-style-type: none"> <li>• Date of the last review;</li> <li>• Which officer/board conducted the review; and</li> <li>• The date of the following review.</li> </ul> <p>The current Procurement Strategy (2015 – 2020) has now expired. It does not contain a version control. There is a draft copy of the new procurement strategy set to be approved in 2022, but this has not been formalised. We noted that the Authority operated throughout 2021 without an effective Strategy.</p> <p>The 2015 – 2020 Strategy did not include any procedural guidance related to procurement, including information for contractor resilience which could be disseminated to other departments. It is the department's responsibility to conduct these checks.</p> <p>An up to date set of procedural guidance should be drafted covering the entire procurement process, including key points such as contractor resilience checks and approval; this could be added to the Authority's Finance Policy.</p> <p>If key strategies and procedural guidance relating to procurement are not kept up to date, there is a risk that an ineffective and/or consistent approach could be taken, resulting in significant financial loss for the Authority.</p>	<p><b>M</b></p>	<p><b>Action:</b></p> <ol style="list-style-type: none"> <li>1. Procurement Strategy 2022-2025 to be presented to the Fire Authority for approval</li> <li>2. Procedural guidance related to procurement, including information fo contractor resilience to be produced and disseminated to other departments</li> </ol> <p><b>Officer responsible:</b></p> <ol style="list-style-type: none"> <li>1. Director of Finace and Assets</li> <li>2. Procurement Manager</li> </ol> <p><b>Date to be implemented by:</b></p> <ol style="list-style-type: none"> <li>1. June 2022</li> <li>2. September 2022</li> </ol>

Finding 2: CSOs - Version Control	Risk Rating	Agreed Management Actions
<p>BMKFA should ensure that the CSOs are version controlled, including:</p> <ul style="list-style-type: none"> <li>• Date of the last review;</li> <li>• Which officer/board conducted the review; and</li> <li>• The date of the following review.</li> </ul> <p>The Authority has a set of Contract Standing Orders (CSOs). An updated version is being drafted with a provisional submission date and approval in February 2022. However, the current set of CSOs does not contain a version control, so we could not ascertain if they were up to date or when the last review occurred.</p> <p>If the CSOs are not version controlled, there is a risk that an outdated or wrong approach may be taken during the procurement process leading to substantial financial loss and non-compliance.</p>	<b>L</b>	<p><b>Action:</b></p> <p>Version control to be added to CSOs when the updated version is submitted to the Fire Authority for approval.</p> <p><b>Officer responsible:</b>                      Director of Finance and Assets</p> <p><b>Date to be implemented by:</b>                      June 2022</p>
Finding 3: Strategic Outline Case - Version Control	Risk Rating	Agreed Management Actions
<p>The Authority should ensure that each strategic outline case is version controlled and the information regarding review dates is input.</p> <p>Two of the samples we selected were over the threshold requiring strategic outline cases. We confirmed that both had provisions for version control. However, none of the cases had its version control information input.</p> <p>If strategic outline cases for projects involving significant expenditure are not version controlled, there is a risk that key projects are approved in error which could lead to financial loss and financial mismanagement.</p>	<b>L</b>	<p><b>Action:</b></p> <p>Version control information to be checked and completed on business cases.</p> <p><b>Officer responsible:</b>                      Deputy Director of Finance and Assets/Head of Technology, Transformation and PMO.</p> <p><b>Date to be implemented by:</b>                      April 2022</p>

Finding 4: Financial Approval Limits	Risk Rating	Agreed Management Actions
<p>The Authority should ensure it formalises financial approval limits within its Financial Instructions at the earliest opportunity, including the identification of individual roles and their respective financial limits.</p> <p>A lack of formalised, up to date financial approval limits can increase the risk that financial activity will not be appropriately managed and be subject to fraudulent activity/financial loss.</p>	<b>M</b>	<p><b>Action:</b> Existing financial limits to be formalised within Financial Instructions</p> <p><b>Officer responsible:</b> Director of Finance and Assets</p> <p><b>Date to be implemented by:</b> September 2022</p>
Finding 5: Contract Register	Risk Rating	Agreed Management Actions
<p>Management should consider reviewing their CSO's regarding the contract register to match the requirements as per regulation 31 of the Local Government Transparency Code 2015 and the Authority's current practice.</p> <p>We noted that the register did not include the name of the officer responsible for the contract in the register of contracts over £5,000, as required by Standing Order 2.2(g). As per regulation 31 of the Local Government Transparency Code 2015, it is only legally required for the Authority to state the local authority department instead of the officer responsible. We found that the department was included in the Authority's contract register. The Procurement Manager suggested that listing the officer was unfeasible given that officers in the authority often change departments.</p> <p>If CSOs relating to the ownership of contracts is unclear, the responsibilities associated with the performance of a contract may be unclear, resulting in improper management of the agreement, and queries regarding specific agreements may be ineffectively communicated.</p>	<b>L</b>	<p><b>Action:</b> This will be reviewed as part of the forthcoming update to CSOs</p> <p><b>Officer responsible:</b> Director of Finance and Assets</p> <p><b>Date to be implemented by:</b> June 2022</p>

Finding 6.1: Compliance with CSO 8.1 (c)	Risk Rating	Agreed Management Actions
<p>The Authority should ensure compliance with CSOs relating to health and safety checks regarding contracts of a total value over £50,000.</p> <p>In two cases where the procurement was conducted under a partnership, a comparative assessment was made for the applicants regarding technical competence and financial health. However, no evaluation was made of the health and safety record of the potential service providers as per Standing Order 8.1(c) “Where the total value of the contract is more than £50,000, Officers must ensure that potential candidates are asked to provide sufficient detail to check their health and safety record”.</p> <p>If CSOs related to the assessment of a contractor’s health and safety standards are ignored, The Authority may procure services from suppliers with health and safety standards below that expected or required by the Authority, potentially leading to non-compliance with standards that the Authority is required to adhere to.</p>	L	<p><b>Action:</b></p> <p>Standing Orders to be reviewed and guidance on the updated Orders and compliance to be added to guidance to be issued to Officers</p> <p><b>Officer responsible:</b> Procurement Manager</p> <p><b>Date to be implemented by:</b> September 2002</p>
Finding 6.2: Compliance with Contract Standing Orders	Risk Rating	Agreed Management Actions
<p>The Authority should ensure compliance with the CSOs relating to maintaining evidence for steps conducted by officers before letting a contract.</p> <p>CSO 6.1(l) states that an officer must “retain evidence that the above steps (6.1(a)-(l)) have been carried out for examination by internal or external auditors;”. In all three cases tested that were not conducted in partnership, evidence had not been retained regarding various steps required before letting a contract as per CSO 6.1, including estimation of the value of the contract, ensuring there is sufficient budgetary provision, and taking into account the outcome from any strategic service review.</p> <p>Where a clear audit trail is not maintained, the Authority may be in non-compliance with document/evidence retention regulations, and effective review and lessons learned exercises related to the suitability of the procurement, as well as the performance of the procurement team more generally is not possible.</p>	L	<p><b>Action:</b></p> <p>Standing Orders to be reviewed and guidance on the updated Orders and compliance to be added to guidance to be issued to Officers</p> <p><b>Officer responsible:</b> Procurement Manager</p> <p><b>Date to be implemented by:</b> September 2022</p>

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Finding 7: Contract Performance Monitoring	Risk Rating	Agreed Management Actions
<p>Management may consider implementing a schedule that includes the contractually required performance monitoring meetings. This will assist in ensuring that contracts are complied with and the Authority has appropriate oversight regarding the performance of contracts.</p> <p>We tested a sample of five procurements and noted that in two cases where procurements were conducted in partnership, the contracts required performance monitoring meetings no less than every six months. However, we found that in one case (TW Pumping Appliances), no such meetings had taken place since the procurement team of the lead authority, Oxfordshire County Council was no longer extant. In the remaining case (Water Hygiene Monitoring &amp; Related Services), we were provided with certificates showing the performance of the contract by the supplier, but no formal meetings were taking place.</p> <p>If predetermined meetings are not adhered to, the Authority will have limited oversight regarding the performance of a contract. Subsequently, it may be exposed to non-compliant suppliers/service providers, meaning the Authority does not achieve value for money.</p>	<p><b>M</b></p>	<p><b>Action:</b></p> <p>Performance monitoring meetings should be undertaken by the contract owner rather than the Procurement Team.</p> <p>Guidance on managing the performance of contracts will be included in procurement guidance to be disseminated to other departments (see also Finding 1).</p> <p><b>Officer responsible:</b> Procurement Manager</p> <p><b>Date to be implemented by:</b> September 2022</p>
Finding 8: Procurement Key Performance Indicators	Risk Rating	Agreed Management Actions
<p>The Authority should implement KPIs for the Procurement team to measure its effectiveness. Action should be taken to address poor performance when areas of weakness are identified.</p> <p>The Procurement Manager confirmed that the Authority does not currently have KPIs to report against concerning procurements. A savings tracker is in place, but this is not actively used to monitor performance and was not reported to a governance meeting or the SLT.</p> <p>If there are no KPIs in place, the Authority may fail to identify instances of poor performance and fail to address extant problems, which may lead to repeated mistakes in future projects.</p>	<p><b>M</b></p>	<p><b>Action:</b></p> <p>A small number of KPIs will be developed to monitor and report on the performance of procurement within BFRS.</p> <p><b>Officer responsible:</b> Procurement Manager</p> <p><b>Date to be implemented by:</b> December 2022</p>

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Finding 9: Compliance Monitoring	Risk Rating	Agreed Management Actions
<p>The Authority should ensure that compliance with procurement and contract management requirements is monitored regularly. Management may consider implementing spot checks on procurements to ensure compliance.</p> <p>Standing Order 2.2 (f) states that it is the responsibility of the Chief Fire Officer and Chief Executive to "ensure that his or her staff complies with these standing orders relating to Contracts". However, we note that the Authority does not conduct compliance-based monitoring activities. The Integra finance system includes predetermined steps requiring differing authority levels and illustrating clear segregation of duties through the procurement process from requisition to buyer approval. However, this does not ensure more broadly compliance with the CSOs or procurement and contract management requirements.</p> <p>If compliance against CSOs is not monitored, the Authority may become non-compliant with its responsibilities regarding procurement. This could lead to financial loss and/or reputational damage.</p>	<p><b>M</b></p>	<p><b>Action:</b></p> <p>Compliance with CSOs is checked by the Procurement Team before any purchase order is issued through the Integra finance system. It is not possible to raise a purchase order without Procurement approval in the system.</p> <p>No further action is required in respect of this finding.</p> <p><b>Officer responsible:</b> n/a</p> <p><b>Date to be implemented by:</b> n/a</p>

## Appendix 1: Definition of Conclusions

### Key for the Overall Conclusion:

Below are the definitions for the overall conclusion on the system of internal control being maintained.

Definition		Rating Reason
<b>Substantial</b>	There is a sound system of internal control designed to achieve objectives and minimise risk.	<p>The controls tested are being consistently applied and risks are being effectively managed.</p> <p>Actions are of an advisory nature in context of the systems, operating controls and management of risks. Some medium priority matters may also be present.</p>
<b>Reasonable</b>	There is a good system of internal control in place which should ensure objectives are generally achieved, but some issues have been raised which may result in a degree of risk exposure beyond that which is considered acceptable.	<p>Generally good systems of internal control are found to be in place but there are some areas where controls are not effectively applied and/or not sufficiently developed.</p> <p>Majority of actions are of medium priority, but some high priority actions may be present.</p>
<b>Partial</b>	The system of internal control designed to achieve objectives is inadequate. There are an unacceptable number of weaknesses which have been identified and the level of non-compliance and / or weaknesses in the system of internal control puts the system objectives at risk.	<p>There is an inadequate level of internal control in place and/or controls are not being operated effectively and consistently.</p> <p>Actions may include high and medium priority matters to be addressed.</p>
<b>Limited</b>	Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and this exposes the system objectives to an unacceptable level of risk.	<p>The internal control is generally weak/does not exist. Significant non-compliance with basic controls which leaves the system open to error and/or abuse.</p> <p>Actions will include high priority matters to be actions. Some medium priority matters may also be present.</p>

Management actions have been agreed to address control weakness identified during the exit meeting and agreement of the draft Internal Audit report. All management actions will be entered onto the Pentana Performance Management System and progress in implementing these actions will be tracked and reported to the Strategic Management Board and the Overview & Audit Committee.

We categorise our management actions according to their level of priority:

Action Priority	Definition
<b>High (H)</b>	Action is considered essential to ensure that the organisation is not exposed to an unacceptable level of risk.
<b>Medium (M)</b>	Action is considered necessary to avoid exposing the organisation to significant risk.
<b>Low (L)</b>	Action is advised to enhance the system of control and avoid any minor risk exposure to the organisation.

## Appendix 2: Officers Interviewed

The following staff contributed to the outcome of the audit:

**Name:**

Ronda Smith

**Title:**

Procurement Manager

The Exit Meeting was attended by:

**Name:**

Ronda Smith  
Harry Jay  
Nick Parford

**Title:**

Procurement Manager  
Internal Auditor  
Internal Auditor

The auditors are grateful for the cooperation and assistance provided from all the management and staff who were involved in the audit. We would like to take this opportunity to thank them for their participation.

## Appendix 3: Distribution List

### Draft Report:

Ronda Smith  
Mark Hemming

Procurement Manager  
Director of Finance and Assets

### Final Report as above plus:

Jason Thelwell  
Ernst and Young

Chief Fire Officer  
External Audit

### Audit Control:

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Management Responses  
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03/12/2021  
07/02/2022  
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# Business Assurance and Risk Management

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## BMKFA Portfolio Management Office Assurance – FINAL (Ref-22/28)

### **Auditors**

Eleanor Nickson, Internal Auditor

Cameron Smith, Internal Auditor

Juan Fosco, Internal Audit Manager

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## Management Summary

### Introduction

The Portfolio Management Assurance audit was undertaken as part of the 2021/22 Internal Audit plan.

The undertaking of projects & programmes is an integral part of BMKFA business delivery, and a significant amount of resources are allocated to their successful completion. A project management process has been introduced, with the creation of the PMO in April 2021, to ensure projects are managed consistently and to aid project managers in delivering projects on time, on budget and to the desired standard.

The Authority's Head of Technology, Transformation & Portfolio Management Office (PMO) and the Programme Manager facilitate portfolio, programme, and project management. They are responsible for ensuring that all projects within the Authority are initiated, executed, and closed in a consistent and structured manner. PMO head is also responsible for ensuring that all ideas/projects/programmes are coordinated and prioritised. This includes guiding staff on developing a robust business case for each project; defining and managing the route through which all projects are authorised; advising on the development of project risks and issues; and advising on benefits realisation.

### Audit Objective

Internal Audit's objectives are:

- To provide an evaluation of, and an opinion on, the adequacy and effectiveness of the system of internal controls that are in place for the creation, management, and outputs of the Authority's Portfolio Management office.
- To provide assurance that there are adequate arrangements to ensure the achievement of the programme goals, effective management and reporting of the progress and risks for all projects being delivered across the Authority.

This will contribute to the overall opinion on the system of internal control that the Chief Internal Auditor is required to provide annually. It also provides assurance to the Section 112 officer that financial affairs are being properly administered.

### Scope of work

The audit activity focussed on the following key risk areas identified in the processes relating to PMO assurance:

- PMO's Effectiveness
- Project Initiation and Approval
- Implementation and Delivery
- Costs and Benefits
- Risk Management
- Monitoring and Reporting

The audit considered the controls in place at the time of the audit only.

**Table 1: Overall Conclusion**

Overall conclusion on the system of internal control being maintained	<b>Reasonable</b>
---	-------------------

RISK AREAS	AREA CONCLUSION	No. of High Priority Management Actions	No. of Medium Priority Management Actions	No. of Low Priority Management Actions
PMO Effectiveness	Reasonable	0	1	1
Project Initiation and Approval	Reasonable	0	1	0
Implementation and Delivery	Reasonable	0	0	0
Costs and Benefits	Partial	0	2	0
Risk Management	Partial	0	0	0
Monitoring and Reporting	Reasonable	0	0	1
		0	4	2

Appendix 1 provides a definition of the grading for each of the conclusions given.

## **PMO Effectiveness**

The Portfolio Management Office (PMO) provides oversight of all projects within BMKFA. They provide a key role in enforcing common standards and methods to ensure the consistency of best practices used across all projects the Authority undertakes.

The PMO has sought to embed a standardised approach via presentations delivered to project managers and a range of stakeholders within the Authority. These described how projects should be run, emphasising the ‘project life cycle’ and templates that can be followed. In terms of design, the PMO presentations set out a consistent process for projects to follow. The new PMO process was implemented in April 2021, and we tested a sample of three non-capital projects initiated after the implementation and two capital projects. Our testing identified inconsistencies in the process application, especially in projects commencing before the creation of the PMO that did not adjust to the new format.

Testing confirmed that there were attempts to engage Project Managers in training. In particular, the training team is planning to build a Project Management e-Learning package to help educate staff on the processes in place.

Property capital and non-property projects follow slightly differentiated processes; non-property projects follow the PMO’s project life cycle, whereas property capital projects do not and hence do not have key documents such as project mandates and project initiation documents (PIDs). Therefore, there is an inconsistent management of projects given their nature.

The PMO also has a role in the prioritisation of projects which should follow a standardised process. However, this is currently not a formal process.

As the PMO is at the early stages of its implementation, projects are currently being reviewed with additional supervision, with focus being on amber rated projects within the RAG system and how they can be supported. Portfolio reviews are presented to the Senior Management Team on a month basis. SMT Project reviews have started to occur quarterly to ensure the effective management of projects within the PMO.

## **Project Initiation and Approval**

Budget holders should have an awareness of what projects/ programmes/ portfolios mean. As a result, the PMO delivered a presentation on this topic to the leadership team in April 2021, where key terms were defined and discussed an overview of the process.

As the first step, a Project Mandate is created, including a summary of the project idea and an outline of definitions, objectives, scope, finances, risks, and resources required. This is subsequently formalised in a Business Case and then a Project Initiation Document (PID). Meanwhile, the Stakeholder Identification and Communications Plan documents produce an analysis of stakeholders affected by the project and how best to communicate with them. All documents in conjunction provide a clear relation to BMKFA objectives and priorities.

The above documents are presented to the Business Transformation Board (BTB) for approval, following a sign off from the finance department. The BTB is responsible for maintaining oversight of all projects and reporting to the Strategic Management Board (SMB) as the final review point. Once authorisation is granted by both the BTB and SMB, the project is permitted to commence.

The BTB has terms of reference confirming their duties, the frequency of their meetings and the topics that should be discussed within each meeting. We confirmed that this includes the approval of PIDs as stated above. From a review of meeting minutes and the board's meeting planner, it was clear that the board fulfils its responsibilities by meeting monthly and having agenda items based around projects seeking approval.

We conducted a sample testing of projects that started after implementing the new PMO implementation in April 2021. Our testing identified that projects do not consistently follow the structure and produce all needed documentation. The Head of Transformation, Technology and PMO Informed us that this was because some Project Managers had been slow to adapt to the structure as the process is still in its infancy and despite being encouraged to complete initial documentation and follow the project life cycle from the beginning to end. Therefore, there was no consistency with initial documentation such as PIDs and mandates from the three projects we tested after the PMO's creation (EARSF, Fuel Management System and Intranet Review, Restructure and User Interface Update) and business cases produced as listed above.

Our review identified that many projects which predated the creation of the PMO had continued to progress with the oversight of the PMO. We were informed that regular conversations took place between the PMO and these projects. These were also included within the PMO's project dashboard, where updates are logged, and progress monitored.

### **Implementation and Delivery**

Under the supervision of the PMO, each project has a project manager and a project sponsor in place to ensure sufficient oversight and an effective channel of communication with the BTB. The project managers are responsible for the adherence of the project to the standardised processes outlined by the PMO. The steps and key documents during the implementation and delivery of a project include:

- Resource use;
- Project milestones;
- Schedules;
- Progress monitoring reports;
- Amendment documents, and
- Project evaluation documents.

The documents stated provide an account of how the project is progressing and measure this against original objectives and budgets. It also ensures that each project follows a consistent process whilst updating the relevant boards and people on their progress.

Our testing of the three non-capital projects noted that resources, milestones, and schedules are covered in the initial documentation. However, we failed to see evidence of documentation of the delivery of projects on request to Project Managers, partly due to the projects sampled being in an early phase of implementation or within the planning stage. Although there were cases where the project had commenced with its delivery within our sample, the documentation outlined within the project life-cycle for the delivery of a project was still not evident.

## Costs and Benefits

Project funding is approved from an early stage within the Authority's approval and initiation process. Any project pending approval must have funding deemed satisfactory by the finance department before seeking approval from the BTB. Additionally, a finance department member sits on the BTB to provide the Board with the expertise and scrutiny of the project's financial aspect before the Board's approval.

Within the early stages of project initiation and approval, budgets are agreed upon and then monitored every month. When budgets are exceeded over the lifecycle of a project, the finance department's approval is requested. In addition, projects that do not have their defined timescales are flagged amber or red. However, there is currently a lack of process for escalating and addressing issues relating to missed milestones.

We aimed to assess the monitoring of costs and benefits of the sampled projects. However, out of the three projects, we received a response for one, which stated that *'there was no need for budget monitoring for their specific project since it was a one-off payment'*. Hence, we could not assure the controls for monitoring expenditure and budgets on an individual project level.

The total budget for all projects is monitored monthly by the Principal Accountant. These are reported monthly to Heads of Service and quarterly to the Executive Committee. The spend is captured in the Finance system, then downloaded and reported in a table format. The Principal Accountant regularly meets the Capital budget holders to review and update forecast spending for the year.

## Risk Management

Potential project risks are identified early in the approval process within the initial documentation. This includes:

- The Project Mandate;
- The Business Case, and
- The PID.

These risks are formally organised within a Risk Register, prepared individually for each project. The Register comprises of sections where the project manager can note the likelihood and impact of each risk and additionally includes columns where the current treatment and consequences of the identified risks can be highlighted. The Risk Register allows each risk to be given a red, amber, green (RAG) rating. These are consistently updated throughout the process to highlight the issues over the whole project life cycle.

Project managers are encouraged to outline the 'top 3' risks within the Highlight Report to the BTB. Each risk is RAG rated to highlight the priority and importance of different risks. Identified risks are crucial in creating the Lessons Learned Log, which documents the issues encountered in the project and the lessons to take forward. When the risks are deemed of corporate significance, they are escalated to the Strategic management Board (SMB), where they can be included in the corporate risk register.

We requested evidence of risk monitoring activities completed throughout the project life-cycle for the three projects in our sample to assess the effectiveness of controls in place. However, we received a response from one of three project managers who informed us that project risks were not reviewed and updated but were only outlined within the PID.

## Monitoring and Reporting

The Business Transformation Board (BTB) has been established to provide ongoing monitoring of projects. The BTB meets monthly when they receive updates from live projects, usually through submitting a Highlight Report. The report aims to make the board aware of the progress of all projects and includes:

- A summary of key activities;
- Identification and RAG rating of the 3 greatest issues;
- Priorities for next period;
- Key milestones;
- Change requests;
- A reminder of project objectives, and
- An overall RAG rating of the project.

In addition to summarising the project's activities, the document evaluates the effectiveness of the project to the board every month using RAG ratings. Where required, the BTB reports to the Strategic Management Board (SMB) about the ongoing projects and the issues encountered. The Head of Transformation, Technology and PMO stated that highly important updates are communicated formally in a separate update; however, less vital updates are communicated verbally.

Stakeholders, outlined within the stakeholder identification document, are also updated throughout the life cycle of a project. The amount of stakeholder communication depends upon the nature of each project; there is currently no overall guidance on stakeholder engagement.

There is an expectation that highlight reports are produced and presented to the board, however, due to the infancy of projects tested, none had reached this stage. A conversation with the Portfolio Management Officer confirmed that project updates are provided within the quarterly project updates spreadsheet.



**Table 2: Detailed Audit Findings and Management Action Plan**

Finding 1: PMO Key Performance Indicators	Risk Rating	Agreed Management Actions
<p>The Authority should seek to implement KPIs for the PMO to measure its effectiveness. Action should be taken to address poor performance when areas of weakness are identified.</p> <p>The Head of Transformation, Technology and PMO confirmed that the Authority does not currently have KPIs in place to report against concerning the PMO but confirmed that this was something they would be interested in implementing.</p> <p>If there are no KPIs in place, the authority could miss identifying instances of poor performance and fail to address problems leading to repeated mistakes in future projects.</p>	M	<p><b>Action:</b></p> <p>KPIs for the PMO will be developed and these will be reported to the Senior Management Team periodically.</p> <p><b>Officer responsible:</b></p> <p>Head of Technology, Transformation &amp; PMO</p> <p><b>Date to be implemented by:</b></p> <p>30 June 2022</p>
Finding 2: The PMO’s Standardisation of Project Processes	Risk Rating	Agreed Management Actions
<p>The Authority should enforce their standardised methods outlined in the project life cycle, emphasising reducing inconsistencies regarding project documentation and the process followed. This should be implemented for all projects (Property capital and all others).</p> <p>The Head of Transformation, Technology, and PMO provided the Authority’s guidelines around a project’s process to ensure consistent and effective delivery. This included a detailed PMO presentation, a project life- cycle and various templated documents available for project managers. Furthermore, evidence was provided of an eLearning package and a page on the Fire Authority’s intranet for PMs to review, explaining the process. In its design, the PMO’s outlined a clear framework for consistency and successful delivery of projects. However, testing a sample of projects commencing after the PMO’s creation outlined inconsistencies in the process they should follow and discrepancies regarding which documentation was completed for each project. The findings are as follows:</p> <ul style="list-style-type: none"> <li>• 1/3 projects is without a completed project mandate;</li> <li>• 2/3 projects are without a completed business case;</li> <li>• 1/3 project is without a completed PID;</li> </ul>	M	<p><b>Actions:</b></p> <ol style="list-style-type: none"> <li>1. Launch Project Management e-Learning package.</li> <li>2. Document a Property capital project process.</li> <li>3. Introduce a PMO KPI relating to following the project process as part of finding 1.</li> </ol> <p><b>Officer responsible:</b></p> <p>Head of Technology, Transformation &amp; PMO</p> <p><b>Date to be implemented by:</b></p> <p>30 June 2022</p>

<ul style="list-style-type: none"> <li>• 3/3 projects are without a completed risk register which is key to reviewing the risks and controls in place within a project;</li> <li>• 3/3 projects are without a completed project plan, resulting in a lack of progress monitoring during the life of a project;</li> <li>• 3/3 projects are without a highlight report that updates management on key areas such as managing risks and their impact; and</li> <li>• 3/3 projects are without evidence of stakeholder communication for any of the projects that have commenced after creating the Authorities PMO function, despite stakeholders being outlined within the early project documentation.</li> </ul> <p>Furthermore, we were informed that Property capital projects do not follow the process outlined within the PMO’s lifecycle document. Consequently, they did not have evidence of the key documentation such as mandates, PID, business case and risk registers. These are key documents for successful project delivery and should be evident across all types of projects.</p> <p>If project managers fail to follow the standardised process set out by the PMO and neglect certain documentation which should be completed, best practice will not be consistently followed throughout the Authority. This could result in the failure to deliver projects to the standard expected.</p>		
<p><b>Finding 3: Projects Over Budget/Time Request Approval</b></p>	<p><b>Risk Rating</b></p>	<p><b>Agreed Management Actions</b></p>
<p>The Authority should seek to implement an official process or formal documentation for a project manager to submit if a project is deemed to have exceeded its budget or timescale. This should be reviewed and approved by the BTB.</p> <p>The Head of Transformation, Technology and PMO confirmed that the Authority does not currently have an official process for extensions and instead held informal conversations with project managers. They encourage RAG ratings for updates within a project regarding budgets and timescales. However, going beyond estimated figures does not require approval. We were informed that this was due to the PMO being in its infancy.</p> <p>If there is no formal process to request additional budget requirements and timescale extensions, the budget may be exceeded without the Authority’s notice and approval, putting unnecessary pressure on the Authority’s overall budget.</p>	<p><b>M</b></p>	<p><b>Action:</b>                  Refresh and relaunch the change control process relating to projects.</p> <p><b>Officer responsible:</b>                  Head of Technology, Transformation &amp; PMO</p> <p><b>Date to be implemented by:</b>                  30 June 2022</p>

Finding 4: Expenditure records	Risk Rating	Agreed Management Actions
<p>The PMO should encourage the production of expenditure records by project managers to log all expenditure throughout the life of the project.</p> <p>From reviewing the document templates and project lifecycle we were provided with it was clear that there was no formal documentation where in which project managers should be recording expenditure. We were also informed this was a responsibility of the project managers and a consistent approach from the PMO was not evident.</p> <p>Where project expenditure is not formally recorded in documentation, the risk arises that projects will go over budget more frequently as spending may not be sufficiently tracked. This could have severe financial implications to the Authority.</p>	<b>M</b>	<p><b>Action:</b></p> <p>Work with the Finance Team to ensure that the current budget monitoring process can feed into the project management process.</p> <p><b>Officer responsible:</b></p> <p>Head of Technology, Transformation &amp; PMO</p> <p><b>Date to be implemented by:</b></p> <p>30 June 2022</p>
Finding 5: Centralised System	Risk Rating	Agreed Management Actions
<p>The Authority should seek to implement a centralised system for project documentation within their Intranet. Project access should be restricted to authorised personnel to mitigate GPDR risks. The centralised database would be beneficial for knowledge since project managers from across the authority could learn from the issues encountered by other projects.</p> <p>The Head of Transformation, Technology and PMO confirmed there was no centralised system for the storage of project documentation. There was evidence of a project dashboard, presented on an excel spreadsheet, which summarised the progress of all projects underway and in the review stage. This stated some key dates, the names of PMs and progress updates.</p> <p>However, there is no evidence of a system where documents can be accessed for each project. This would be beneficial from an audit trail perspective and allow PMs to follow previous projects' processes and learn from their mistakes.</p> <p>Without a centralised system to store and access project documentation, there are missed opportunities to share important lessons learned across the organisation and avoid re-occurrences.</p>	<b>L</b>	<p><b>Action:</b></p> <p>Review the options available and launch a centralised system to store/review/access project documentation</p> <p><b>Officer responsible:</b></p> <p>Head of Technology, Transformation &amp; PMO</p> <p><b>Date to be implemented by:</b></p> <p>30 September 2022</p>

Finding 6: Quarterly Review Meetings	Risk Rating	Agreed Management Actions
<p>The Senior Management Team (SMT) should review projects quarterly.</p> <p>SMT meet to prioritise projects and make decisions about projects based on their alignment with Authority objectives. However, this is on an ad-hoc basis, and there was no formal timeline for the task.</p> <p>Where projects are not reviewed regularly, there is a risk that projects will be continued, where there is no business requirement, and they do not align with authority objectives. This could result in financial implications.</p>	<p><b>L</b></p>	<p><b>Action:</b></p> <p>Hold quarterly and annual review meetings with SMT and the Leadership team. All meetings to be documented.</p> <p>A 22/23 planning workshop took place on 31<sup>st</sup> January 2022.</p> <p><b>Officer responsible:</b></p> <p>Head of Technology, Transformation &amp; PMO</p> <p><b>Date to be implemented by:</b></p> <p>31 March 2022</p>

## Appendix 1: Definition of Conclusions

### Key for the Overall Conclusion:

Below are the definitions for the overall conclusion on the system of internal control being maintained.

	Definition	Rating Reason
<b>Substantial</b>	There is a sound system of internal control designed to achieve objectives and minimise risk.	<p>The controls tested are being consistently applied and risks are being effectively managed.</p> <p>Actions are of an advisory nature in context of the systems, operating controls and management of risks. Some medium priority matters may also be present.</p>
<b>Reasonable</b>	There is a good system of internal control in place which should ensure objectives are generally achieved, but some issues have been raised which may result in a degree of risk exposure beyond that which is considered acceptable.	<p>Generally good systems of internal control are found to be in place but there are some areas where controls are not effectively applied and/or not sufficiently developed.</p> <p>Majority of actions are of medium priority, but some high priority actions may be present.</p>
<b>Partial</b>	The system of internal control designed to achieve objectives is inadequate. There are an unacceptable number of weaknesses which have been identified and the level of non-compliance and / or weaknesses in the system of internal control puts the system objectives at risk.	<p>There is an inadequate level of internal control in place and/or controls are not being operated effectively and consistently.</p> <p>Actions may include high and medium priority matters to be addressed.</p>
<b>Limited</b>	Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and this exposes the system objectives to an unacceptable level of risk.	<p>The internal control is generally weak/does not exist. Significant non-compliance with basic controls which leaves the system open to error and/or abuse.</p> <p>Actions will include high priority matters to be actions. Some medium priority matters may also be present.</p>

Management actions have been agreed to address control weakness identified during the exit meeting and agreement of the draft Internal Audit report. All management actions will be entered onto the Pentana Performance Management System and progress in implementing these actions will be tracked and reported to the Strategic Management Board and the Overview & Audit Committee.

We categorise our management actions according to their level of priority:

Action Priority	Definition
<b>High (H)</b>	Action is considered essential to ensure that the organisation is not exposed to an unacceptable level of risk.
<b>Medium (M)</b>	Action is considered necessary to avoid exposing the organisation to significant risk.
<b>Low (L)</b>	Action is advised to enhance the system of control and avoid any minor risk exposure to the organisation.

## Appendix 2: Officers Interviewed

The following staff contributed to the outcome of the audit:

**Name:**

Anne-Marie Carter  
Marie Crothers

**Title:**

Head of Transformation, Technology and PMO  
Programme Manager

The Exit Meeting was attended by:

**Name:**

Anne-Marie Carter  
Eleanor Nickson  
Cameron Smith

**Title:**

Head of Transformation, Technology and PMO  
Internal Auditor  
Internal Auditor

The auditors are grateful for the cooperation and assistance provided from all the management and staff who were involved in the audit. We would like to take this opportunity to thank them for their participation.

### Appendix 3: Distribution List Draft Report:

Anne-Marie Carter  
Marie Crothers  
Mark Hemming

Head of Transformation, Technology and PMO  
Programme Manager  
Director of Finance and Assets

#### Final Report as above plus:

Jason Thelwell  
Ernst and Young

Chief Fire Officer  
External Audit

#### Audit Control:

Closing Meeting  
Draft Report  
Management Responses  
Final Report  
Audit File Ref

15/10/2021  
31/11/2021  
16/02/2022  
16/02/2022  
22/28



## Disclaimer

Any matters arising as a result of the audit are only those, which have been identified during the course of the work undertaken and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that could be made.

It is emphasised that the responsibility for the maintenance of a sound system of management control rests with management and that the work performed by Internal Audit Services on the internal control system should not be relied upon to identify all system weaknesses that may exist. However, audit procedures are designed so that any material weaknesses in management control have a reasonable chance of discovery. Effective implementation of management actions is important for the maintenance of a reliable management control system.

### Contact Persons

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# Buckinghamshire & Milton Keynes Fire Authority

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**Meeting and date:** 16 March 2022

**Report title:** Internal Audit Report – Update on Progress of Audit Recommendations

**Lead Member:** Councillor David Carroll

**Report sponsor:** Mark Hemming – Director of Finance and Assets

**Author and contact:** Maggie Gibb – Internal Audit Manager,  
[Maggie.Gibb@buckinghamshire.gov.uk](mailto:Maggie.Gibb@buckinghamshire.gov.uk), 01296 387327

**Action:** Noting

**Recommendations:** That the progress on implementation of recommendations be noted.

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**Executive summary:** The purpose of this paper is to update Members on the progress of the implementation of audit recommendations made as at 14 February 2022.

Any further progress against outstanding recommendations will be verbally presented to the Overview and Audit Committee on 10 November 2020.

In total there are 63 recommendations to report on the status of which are classified as follows:

Implemented – 49/63 (78%)

In-progress - 2/63 (3%)

Past Due date (In-progress) – 12/63 (19%)

Internal Audit continues to actively monitor implementation of all outstanding recommendations throughout the year.

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**Financial implications:** The audit work is contained within the 2021/22 budget.

**Risk management:** There are no risk implications arising from this report.

**Legal implications:** There are no legal implications arising from this report.

**Privacy and security implications:** There are no privacy and security implications arising from this report.

**Duty to collaborate:** Not applicable.

**Health and safety implications:** There are no health and safety implications arising from this report.

**Environmental implications:** There are no environmental implications arising from this report.

**Equality, diversity, and inclusion implications:** There are no equality and diversity implications arising from this report.

**Consultation and communication:** Not applicable.

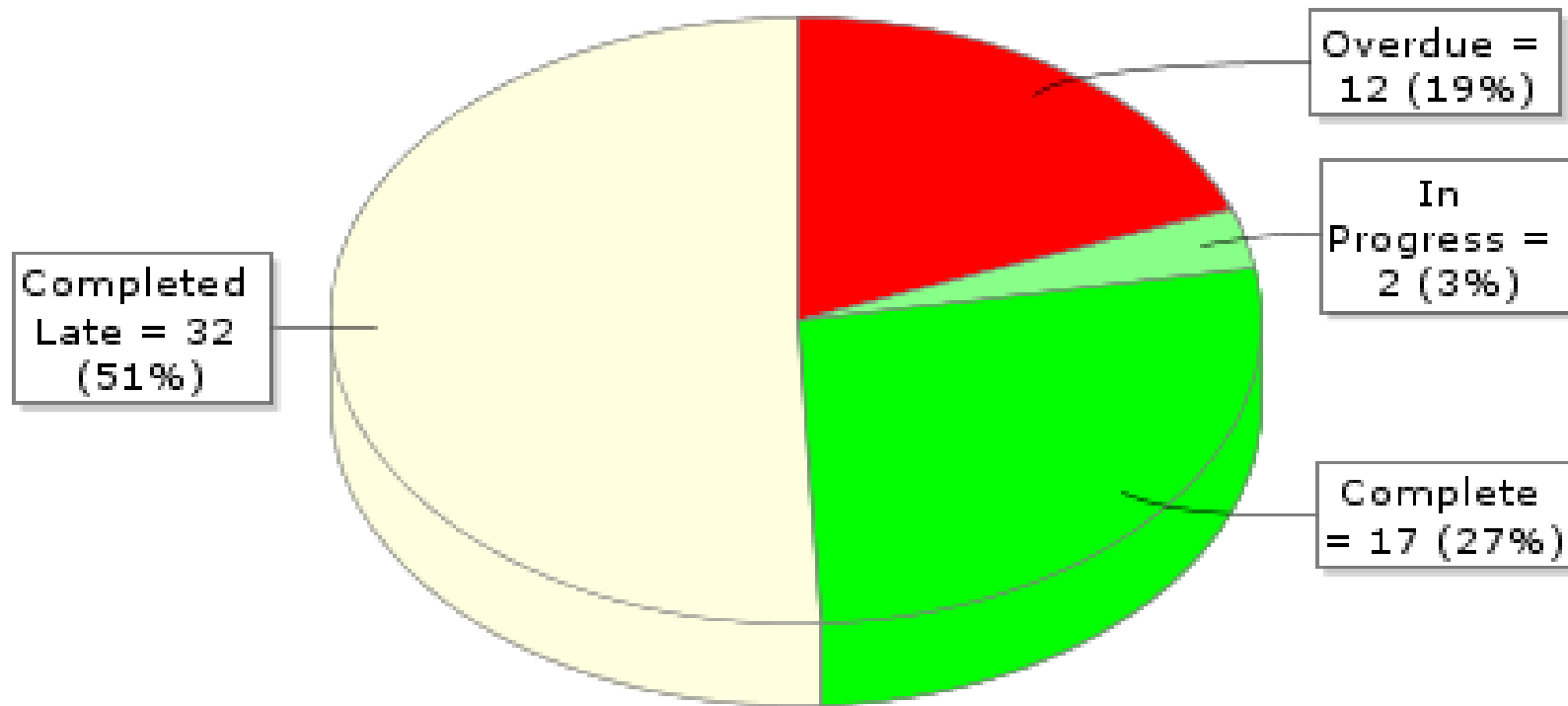
**Background papers:**

Appendix	Title	Protective Marking
A	Status of Audit Recommendations – February 2022	Not applicable

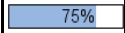
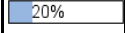
## Appendix A – Status of Audit Recommendations

Generated on: 14 February 2022

### Status



## BMKFA Overdue Audit Management Actions

Audit Title & Management Action	Description	Due Date	Priority	Action Owner	Action Progress	Latest Note
BMKFA 2021 2110 Asset Management System (3) Asset Management Planning, Policies and Procedures – Processes not documented	<p><b>Finding:</b>            Up to date asset management procedures should be in place. The procedures should be compliant with Financial Regulations and Financial Instructions and help deliver the asset management plan.            Many processes were found not to be documented. This included tasks carried out by the Asset Management and Equipment Manager, Asset Management Technician and in the Stores/Mezzanine area that feed into RedKite.            It was apparent that there was little awareness between team members and by the Station Commander Research &amp; Development, of what other team members do. Especially of the tasks carried out in the Mezzanine, which are mostly manual and completed outside of Redkite.            The team would benefit from mapping the process end to end to better understand their processes and where improvements can be made and help build resilience.            Risk: If processes are not sufficiently documented there is a risk that staff are unaware of their roles and responsibilities. This could lead to inefficient and inconsistent use of the Asset Management System and reducing the reliability of the data it holds.</p> <p><b>Action:</b>            We have ensured that all staff have access to the relevant user manuals.            We will review the roles and responsibilities of the Asset Team and ensure that Manager, deputy and SC R&amp;D are aware of work practices and procedures of the whole team. Create a series of flowcharts showing workflow that could be picked up by "new" staff in the event of staff leaving/prolonged sickness or secondment out of current position. This will be supported by the end-to-end process mapping within the Internal Audit Plan for 2021-22.</p>	30-Sep-2021	High Priority	Asset Management and Equipment Manager		This action is being addressed through the Asset Management Process Mapping exercise. Anticipated completion date for the process mapping is the end of March 2022 with completed flow charts and associated guidance notes completed by the end of May 2022.
BMKFA 2021 2110 Asset Management System (5) Recording of Assets – Overdue tests	<p><b>Finding:</b>            Fire crews must undertake regular stock checks and tests of equipment at fire stations and on appliances (vehicles). The frequency of these tests and inventory checks depends on the individual asset's testing schedule, usually dictated by the PIT number assigned to the asset. Results of tests and inventory checks should be recorded on Redkite by crews using either a handheld scanner or computer.            Review of the report of tests due at Beaconsfield Fire Station run from Redkite found that 286 of the 288 tests listed had passed the due date as of 12 November, with one due date listed as being 13 February 2014 and 118 listed as having due dates of 2019 or earlier.            A similarly high number of overdue tests were noted for Aylesbury Fire Station as of 3 November 2020. All 179 tests were overdue when viewed against the listed due date. Through discussion with the Station Commander, we were unable to establish whether these tests had been carried out or whether this was a system issue or data quality issue. A sample of 20 assets listed on Redkite was examined to confirm whether equipment tests and inventory checks were carried out promptly and accurately recorded on Redkite. The period covered was from November 2019 to November 2020. Of the 20 assets tested:</p> <ul style="list-style-type: none"> <li>In 11 cases, assets were not tested in line with the frequency required by tests loaded onto Redkite.</li> <li>In four cases, the most recent test was not carried out within a timely manner of the previous test.</li> <li>In one case, no inventory checks or tests had been carried out since March 2018. In two other cases, an inventory was carried out promptly. However, no tests were carried out on the equipment since 2018 or earlier. In one</li> </ul>	30-Jul-2021	High Priority	Station Commander Research & Development		Update from Asset Management and Equipment Manager 09/02/2022:  The testing frequencies for all current equipment is under review and testing frequencies will be brought in line with our Thames Valley collaboration partners. As new equipment is procured, and equipment manuals created, testing frequencies will be updated.  Review of current equipment manuals and testing frequencies to be completed by end of March 2022. Uniform contract preparation work and the

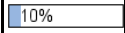

Audit Title & Management Action	Description	Due Date	Priority	Action Owner	Action Progress	Latest Note
	<p>of these cases, the most recent test was listed as being carried out in October 2014.</p> <ul style="list-style-type: none"> <li>One asset was not found during an inventory check.</li> </ul> <p><b>Risk:</b> If tests are not carried out periodically and promptly in line with the testing schedule loaded into Redkite for the asset, there is a risk that defective or missing equipment is not detected, increasing the risk that equipment is obsolete or unsafe or that stock levels are not sufficient.</p> <p><b>Action:</b> Review of testing frequencies and recording of all equipment on Red Kite. Additional training for the operational crew in the recording of tests.</p>					<p>appliance replacement programme have contributed to delays in progressing this action point</p> <p>Face to face training and auditing of crews working practices were temporarily paused during the pandemic. This action and associated activity will be reviewed in March 2022.</p>
<p>BMKFA 2021 2110 Asset Management System (6) Recording of Assets – Inaccurate records of stock</p> <p>103</p>	<p><b>Finding:</b> Stock records should enable identification of assets owned and determine those in use or not in use. The location of the asset should also be recorded accurately on the asset management system. A sample of 25 items was selected from the report of current assets generated from Redkite to check whether the assets could be found in the Stores and Workshops area. Of the 25 assets:</p> <ul style="list-style-type: none"> <li>Sixteen assets could not be found. In one of these 16 cases, the asset had a system-assigned equipment number but no barcode number or serial number, which are the numbers used by the Authority to identify assets uniquely. If the asset was present in Stores, there would be no unique identifier in Redkite to identify the asset. Values were listed for six of the 16 items that were not located. The highest of these was £345. The total value of items not found for which the value was listed was £687.69.</li> </ul> <p>A further sample of 25 items was selected at random from the Stores area to check whether the assets could be identified on the Asset Management System. Of the 25 assets selected:</p> <ul style="list-style-type: none"> <li>Seven did not have a label or tag with the barcode number. Of the seven that were not marked or labelled, three had a serial number. However, the serial number could not be found in Redkite.</li> <li>In the 18 cases where the asset had a barcode label, nine assets could not be identified on Redkite.</li> <li>In the nine cases where the asset was identified on Redkite, one asset was found in Stores. However, it was listed on the system as being in Stokenchurch.</li> </ul> <p>Further testing was carried at Beaconsfield Fire Station. A sample of ten assets was selected from the report of current assets listed on Redkite. Of the ten assets selected:</p> <ul style="list-style-type: none"> <li>Two assets were not found at the fire station. One of these assets was a battery for a handheld radio. Discussion with the Station Commander established that these are always listed as auxiliary equipment linked to the station and are not scanned when moved to an appliance or someone takes it with them. However, during the audit visit, the fire crews searched the station appliances (vehicles) for the asset, and it could not be found.</li> <li>Of the eight assets found, one was not marked with a barcode label, tag or number.</li> </ul> <p>Testing of a different sample of ten items selected at random from the Fire Station found no exceptions. All assets could be identified in the Asset Management System.</p> <p><b>Risk:</b> If a complete and accurate record of assets and their location is not held on the Asset Management System, there is a risk that the value of the assets on the accounts will be misstated and that assets are not readily available to meet</p>	31-Aug-2021	High Priority	Asset Management Technician	<p>10%</p>	<p>Update from Asset Management and Equipment Manager 09/02/2022:</p> <p>Work has been started to ensure that all equipment within the stores / mezzanine area is suitably asset marked, accountable and audited. The is planned to be completed by the end of the first quarter 22/23.</p> <p>Additional records are being recorded against items of equipment in the form of manufactures serial numbers as well as the BFRS issued scanning label.</p> <p>All new equipment received is asset marked with a BFRS label, the manufacturers serial number is also recorded against the items on Red Kite to help alleviate the issues of lost / missing asset labels.</p>

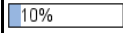
Audit Title & Management Action	Description	Due Date	Priority	Action Owner	Action Progress	Latest Note
	<p>service requirements.</p> <p><b>Action:</b> As part of the stock check of equipment within stores and on mezzanine equipment will be checked to ensure that it has an asset/barcode tag and that this is recorded against the serial number of the equipment item and recorded on Red Kite.</p>					
<p>BMKFA 1819 1947 Project Management BLH (2) The Hub Performance</p>	<p><b>Finding</b> During the Audit it was confirmed that the HUB have had difficulties with technical support; which has had an impact of the timeliness of design work, changes or updates and which in turn has led to delays in providing information that is required by Kingerlee – the construction firm. The Quantity Surveyor maintains a schedule of delays caused by the HUB and the associated costs. It was confirmed that any financial implications that arise as a result of the HUB’s poor performance could potentially be recoverable. However Audit found that whilst these potentially recoverable costs are reflected in the Budget Monitoring Financial Statements, they are not separately identified as attributable to any party as this will be the subject of negotiation between all parties depending on final outcomes at the conclusion of construction. The risk of HUB poor performance has been recorded in the risk register. It was confirmed that the Director for the HUB Professional Services has been made aware of potentially recoverable costs and the issues that were causing poor performance have been addressed.</p> <p><b>Risk</b> Where the impact of poor performance is not completely and accurately reflected in the budget and/or risk register, this may lead to project overspend as the budget will not be forecasting all expected costs.</p> <p><b>Action</b> The necessary actions to deal with potential financial loss arising from delays on the part of HUB have already been addressed during 2018 and a significant improvement has been seen. The current delay in the construction programme (5-6 weeks) has not altered for some months. Both the HUB and Kingerlee have a responsibility to mitigate any delay as much as possible and with some 8 months of construction still to take place at the time of writing (Feb 2019) they must both maintain the opportunity to do so. Only at post construction and during the period when the final account will be negotiated and agreed, will any financial loss due to delays or failures be attributed. The Director of HUB’s parent company (Integral UK Ltd) has been in discussions with both DFA and Property Manager and he is well aware of the potential claim the Authority may have in due course. The financial statements produced by the QS do show all costs (i.e. worst case) but do not at this stage set out which potentially claimable costs are attributable to which parties. The Authority’s officers will continue to maintain dialogue with senior representatives at both the HUB and Kingerlee over any potential situation (either worsening or improving) that may lead to a claim.</p>	<p>31-Oct-2019</p>	<p>Medium Priority</p>	<p>Director of Finance and Assets</p>	<p>80%</p>	<p>Update from Mark Hemming, Director of Finance &amp; Assets: The Service has commissioned Blake Morgan LLP to produce a scope of work in order to engage a claims specialist. The claims specialist will collate and assess the evidence required to support our claim against the professional team.</p>
<p>BMKFA 2021 2110 Asset Management System (2) System Transactions and Records – Resilience in the Asset Management Team</p>	<p><b>Finding:</b> There should be a sufficient provisions and service resilience within the team to ensure business continuity should a risk event occur. The Asset Management Team established that the Asset and Equipment Manager had been absent for three months. As a result, the Asset Management Technician had picked up the majority of her responsibilities regarding the Asset Management System. Also, telephone calls still had to be made to the absent Manager in certain situations. The Technician stated that he was still learning what she used to do. Many of the processes, other than the Redkite user processes, were found not to be documented. The Manager appeared to be the only staff member trained in carrying out many of these tasks. This demonstrates a resilience issue in the team.</p> <p><b>Risk:</b> If adequate measures are not in place to build resilience and mitigate single points of failure within the team, there is a risk that in the event of a prolonged team absence or a team member leaving the Fire Authority, the Asset</p>	<p>30-Jul-2021</p>	<p>Medium Priority</p>	<p>Asset Management and Equipment Manager ; Asset Management Technician</p>	<p>75%</p>	<p>Update from Asset Management and Equipment Manager 09/02/2022:  Documentation has now been reviewed. The user guides on Redkite are updated each time a new Redkite feature is introduced.  Any identified gaps in guidance documents will be identified and addressed as part of Asset Management Process Mapping</p>



Audit Title & Management Action	Description	Due Date	Priority	Action Owner	Action Progress	Latest Note
	<p>Management Team cannot continue business as usual operations.</p> <p><b>Action:</b> There are user guides available on the Red Kite software programme and a Red Kite Asset Management user guide on the intranet. These are accessible to all staff. The Asset Management Technician has been made aware of these documents. Access rights have been checked to ensure the suitable persons have access and can download Red Kite user guides from the login screen. Documentation to be reviewed for any gaps and process notes to be updated where required.</p>					exercise currently underway.
BMKFA 2021 2119 GDPR (4) Retention and Destruction	<p><b>Finding:</b> The Records Retention and Disposal Information Asset Register procedure states that information stewards are responsible for ensuring the timely archiving and/or destruction of records and advising the Information Owners where it is believed a retention timescale should be amended following legislation or business needs. The Information Governance and Compliance Manager is responsible for maintaining and reviewing records management processes. The retention schedules for departments and stations are defined within the ROPA. The Authority relies on stewards to ensure that electronic data is disposed of per the retention schedule. However, there is no mechanism in place to ensure this takes place.</p> <p><b>Risk:</b> If no adequate processes are in place to ensure lawful retention schedules and/or destruction of electronic records, there is a risk of accidental and/or unlawful alteration, destruction, or authorised personal data disclosure.</p> <p><b>Action:</b> Agreed. A mechanism to review data disposals inline with the retention schedules will be formalised and monitored.</p>	31-Dec-2021	Medium Priority	Director of Legal & Governance	0%	Update from Graham Britten, Director of Legal & Governance:  In line with the succession plan approved by the Authority, these recommendations await securing external expertise and input.
BMKFA 2021 2120 Resource Management System (2) Joiners, Movers and Leavers Policy/Procedure	<p><b>Finding:</b> The Authority does not have a formalised user access management process outlining the processes/controls when a user joins, moves or leaves the organisation and the relevant user access requirements. We noted that:</p> <ul style="list-style-type: none"> <li>When a joiner or mover requires new access or a change in access, a ticket is raised in the Vivantio service desk. Within this ticket, a 'child ticket' is sent to the Resource Management Team (RMT) to create/amend the user's access.</li> <li>This ticket does not capture sufficient information for the RMT operator to provide access.</li> <li>Often users will be provided access and then request further access as this has not been initially provided. Therefore, access being granted is an iterative process.</li> <li>The lack of information on the ticket reduces the effectiveness of the audit trail.</li> <li>Previously, when a user left the organisation, residual access could be left on the account, this is due to there being no formal procedure when revoking access.</li> <li>The process has slightly changed whereby an operator will look at the user account to check what access they have before removing it.</li> </ul> <p><b>Risk:</b> Unauthorised access to company resources may lead to loss and compromise of data.</p> <p><b>Action:</b> A review of the processes will be undertaken, supported by the end-to-end process mapping within the Internal Audit Plan for 2021-22.</p>	31-Dec-2021	Medium Priority	Group Commander Resourcing & Projects	98%	Update from Group Commander Resourcing & Projects:  I have been the new Group Commander within resourcing since May 2021. All processes and procedures have been developed over the past year with existing staff and an array of new staff.  <b>To be marked as complete pending evidence of updates processes.</b>
BMKFA 2021 2120 Resource Management System (3)	<p><b>Finding:</b> We inspected the user account list on FSR and noted that seven generic accounts exist on the FSR application as follows:</p> <ul style="list-style-type: none"> <li>Five of these accounts have the username 'bucks_demoffX' where X is a number between 1-5. The use and</li> </ul>	31-Dec-2021	Medium Priority	Group Commander Resourcing	70%	Update from Group Commander Resourcing & Projects:  An internal Bucks Fire project gets

Audit Title & Management Action	Description	Due Date	Priority	Action Owner	Action Progress	Latest Note
Generic Accounts	<p>rationale of these accounts was not provided by management;</p> <ul style="list-style-type: none"> <li>One account with the username 'rmtcrashtestdummy' which similarly, was not rationalised;</li> <li>One account has the username 'usardog'. It was noted that this account is created for the canine unit that the Urban Search and Rescue (USAR) team utilise.</li> <li>It was further noted that the 5 'demoffX' accounts had never logged into FSR, the 'crashtestdummy' account was last accessed in May 2020.</li> </ul> <p><b>Risk:</b> There could be a loss of accountability of user performed actions. Unauthorised access to company resources may lead to loss and compromise of data.</p> <p><b>Action:</b> A review of user accounts to be undertaken and redundant generic accounts to be removed.</p>			& Projects		<p>underway in Jan 2022, this project will work closely with FSR reference permissions within FSR. Current and required permissions will be both reviewed and created. As part of this work redundant generic accounts will be reviewed along with a change management process. Once it's been established what user permissions we require these permissions will be reviewed as appropriate or highlighted through change control.</p> <p>Action on-going Jan/Feb 2022</p> <p>Resource Management Team (RMT) are working closely with FSR regarding additional permissions and new user accounts/role profiles. Work started in Jan 2022 and we are on target to complete by end of March 2022.</p>
BMKFA 2021 2120 Resource Management System (4) Change Management - Testing  106	<p><b>Finding:</b> The vast majority of change controls are operated by the Vendor. Irrespective, an internal change control process exists at the Authority. Changes are to be raised through the Vivantio service desk by a change initiator and must include key information However, we noted that:</p> <ul style="list-style-type: none"> <li>The Authority does not have access to a test environment for FSR;</li> <li>Changes are developed and tested by the Vendor;</li> <li>Functional requirements and subsequent tender review for the application highlighted a question over access to a test environment to perform user acceptance testing (UAT) when a change is being made to the application;</li> <li>Changes pass through over 1000 automated tests that are ran on the application to ensure that the change does not impact anything on the application, the change then has specific testing to ensure it is performing the functionality as per the design.</li> <li>The Authority does not obtain any assurance from the vendor surrounding the change management process and is thus wholly reliant on the vendor for this.</li> </ul> <p><b>Risk:</b> There is a risk that implementation of changes which are not aligned with business requirements and/or impact on the continued operation of the production application. Implementation of developments containing bugs or not matching</p>	31-Dec-2021	Medium Priority	Group Commander Resourcing & Projects	<p>99%</p>	<p>Update from Group Commander Resourcing &amp; Projects:</p> <p>This is constantly evolving due to the flexible approach to all crewing within BFRS. The service has a Managing Business Change procedure which has to be adhered to.</p> <p><b>Action to be closed following receipt of Managing Business Change procedure.</b></p>

Audit Title & Management Action	Description	Due Date	Priority	Action Owner	Action Progress	Latest Note
	<p>the business' requirements.</p> <p><b>Action:</b> Change management process to be reviewed and fully documented (see also Finding 5).</p>					
BMKFA 2021 2120 Resource Management System (5) Change Management – Internal Tracking and Assessment	<p><b>Finding:</b> All changes are required to pass through the change management process with a request for change (RFC) document completed for each change. The Authority was unable to provide any documentation around the selected changes for inspection. Therefore, we were unable to determine if the change management process had been followed for the selected changes. This included cost benefit analysis and CAB minutes of discussion.</p> <p><b>Risk:</b> There is a risk of implementation of changes that contain bugs, misaligned with business requirements or impact on the continued operation of the production application. Development changes are misclassified, create unforeseen cost and/or are not assessed for business need and risk.</p> <p><b>Action:</b> Change management process to be reviewed and fully documented (see also Finding 6).</p>	31-Dec-2021	Medium Priority	Group Commander Resourcing & Projects		Due to a change of personnel the revised date for this action is now December 2021.
BMKFA 2021 2120 Resource Management System (6) Backups – Disaster Recovery Testing	<p><b>Finding:</b> Backups and the associated disaster recovery procedures are controlled and operated by the Vendor. Although it was determined that backups are being conducted on the FSR application and that the Vendor are trained to conduct disaster recovery tests, no evidence was available to inspect to demonstrate a disaster recovery test had been performed. We recognise that this is often an annual exercise and FSR has only been in effect at the Authority since April 2020.</p> <p><b>Risk:</b> There is a risk of partial or complete loss of data. Unavailability of systems and lack of business continuity.</p> <p><b>Action:</b> A disaster recovery will be undertaken to test business continuity in this area.</p>	31-Dec-2021	Medium Priority	Group Commander Resourcing & Projects		<p>Update from Group Commander Resourcing &amp; Projects:</p> <p>At any time there should be a minimum of 2 team members from FSR trained and authorised to perform a catastrophic infrastructure failure recovery. The qualified and trained team members must test emergency contact procedures.</p> <p>FSR monitor several critical application metrics 24/7. These include, but are not limited to:</p> <ol style="list-style-type: none"> <li>1. Requests per seconds</li> <li>2. Available database connections</li> <li>3. Error rate</li> <li>4. Background worker queues</li> <li>5. Integrations with third party systems (e.g. Control room management software)</li> </ol> <p>Whenever one of these metrics goes outside the acceptable range, on-call engineers are automatically alerted. A post mortem is created after every incident, with a root cause analysis, lessons learnt, and improvement actions. Checklists</p>

Audit Title & Management Action	Description	Due Date	Priority	Action Owner	Action Progress	Latest Note
						<p>and runbooks are updated accordingly to improve the mitigation and response to future incidents.</p> <p>Database Backups: FSR perform two types of database backups:</p> <ol style="list-style-type: none"> <li>1. Snapshot backups. This type of backup is performed every 12 hours. During this backup, the entire database is stored as a single file. This file is then encrypted and saved to an Amazon S3 EU data centre. We keep 30 days of these backup files. Backups are protected against deletion using S3 Version Management.</li> <li>2. Streaming backups. This type of backup is performed continuously. Data is stored at an Amazon S3 EU data centre in encrypted format. In case of a catastrophic failure, these backups are at most a few minutes behind.</li> </ol> <p><b>Action to be closed following receipt of evidence of a recent disaster recovery test.</b></p>
BMKFA 2021 2120 Resource Management System (7) User Access Reviews	<p><b>Finding:</b> We noted that periodic user access reviews are not undertaken by the Resource Management Team at the authority when managing users access. Although a review of user access was completed in July 2020, there are no plans for this to continue.</p> <p><b>Risk:</b> There is a risk of inappropriate access to the Authority's resources.</p> <p><b>Action:</b> User access to be reviewed every six months.</p>	31-Dec-2021	Low Priority	Group Commander Resourcing & Projects		<p>User access is to be reviewed once the permissions / role profile project has been completed – March 2022. I don't require all user access to be reviewed every 6 months, only when/if a staff member changes their role within the service which may include additional or less access.</p> <p>Due to be completed in April 2022.</p>



# Buckinghamshire & Milton Keynes Fire Authority

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**Meeting and date:** 16 March 2022

**Report title:** Internal Audit Report – Update on the 2021/22 Annual Audit Plan

**Lead Member:** Councillor David Carroll

**Report sponsor:** Mark Hemming – Director of Finance and Assets

**Author and contact:** Maggie Gibb – Internal Audit Manager,  
[Maggie.Gibb@buckinghamshire.gov.uk](mailto:Maggie.Gibb@buckinghamshire.gov.uk), 01296 387327

**Action:** Noting.

**Recommendations:** That Members note the progress on the Annual Internal Audit Plan

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**Executive summary:** The purpose of this paper is to update Members on the progress of the annual Internal Audit Plan since the last meeting.

Work has progressed according to the 2021/22 plan, and regular discussions have been held with the Director of Finance and Assets to monitor progress.

The following 2021/22 internal audits have been finalised:

- Core Financial Controls (Substantial Opinion)
- HR People Management (Reasonable Opinion)
- Procurement Governance and Compliance (Reasonable Opinion)
- Portfolio Management Office Assurance (Reasonable Opinion)
- Blue Light Hub – Post Project Evaluations (Limited Opinion)

Fieldwork for the Asset Management System Process Mapping is currently in progress.

The HR/Payroll – Process mapping audit has been deferred to quarter one to allow the new officers to settle into their roles.

The final reports will be presented to Members at the next Overview and Audit Committee meeting.

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**Financial implications:** The audit work is contained within the 2021/22 budget.

**Risk management:** There are no risk implications arising from this report.

**Legal implications:** There are no legal implications arising from this report.

**Privacy and security implications:** There are no privacy and security implications arising from this report.

**Duty to collaborate:** Not applicable.

**Health and safety implications:** There are no health and safety implications arising from this report.

**Environmental implications:** There are no environmental implications arising from this report.

**Equality, diversity, and inclusion implications:** There are no equality and diversity implications arising from this report.

**Consultation and communication:** Not applicable.

**Background papers:**

Appendix	Title	Protective Marking
A	Progress against the 2021/22 Internal Audit Plan	Not applicable

## Appendix A – Internal Audit Plan 2021/22

Auditable Area	Key Audit Objectives	No. Days Budget	Comments
<b>Core Financial Controls</b>	<p>To fulfil our statutory responsibilities, we will undertake work to provide assurance over key controls within the financial governance framework, which consists of the following key systems; Financial Control/ Monitoring, Procure to Pay, Payroll, Debtors, Capital, Financial Regulations, General Ledger, Reconciliations and Treasury Management. The assurance opinion for the Core Financials Controls audit has been Substantial for more than five years. Therefore, to ensure that our work continues to add value and focus on key risk areas, we will be taking the following approach in our evaluation of the key systems:</p> <ul style="list-style-type: none"> <li>• An assessment of the controls in place for each key system will be undertaken through walkthroughs. These walkthroughs will give assurance that controls are still operating as expected and, where exceptions are identified from the walkthrough, substantive testing will be undertaken.</li> <li>• Using IDEA (data analytics software) we will perform tests of all data in the high-volume activities (i.e. journals, invoice payments, payroll) to identify duplicates or anomalies that may need further investigation.</li> <li>• All audit findings from the 20/21 review will be followed up to ensure that actions have been fully implemented.</li> </ul>	10 days	<b>COMPLETE</b> Substantial Opinion
<b>HR/Payroll – Process Mapping</b>	Due to the process weaknesses in HR/Payroll identified in the 20/21 Core Financial Controls audit, end-to-end process mapping will be undertaken in this area, followed by substantive testing of the key payroll controls to ensure that control weaknesses have been addressed.	20 days	Deferred to Q1 agreed with the Director of Finance and Assets
<b>HR People Management</b>	<p>The audit evaluated the following areas:</p> <ul style="list-style-type: none"> <li>- Policies and Procedures</li> <li>- System Access, Data Security and Information Integrity</li> <li>- Starters, Leavers and Movers</li> <li>- Recruitment Management</li> <li>- Compliance</li> <li>- Performance and Monitoring</li> </ul>	10 days	<b>COMPLETE</b> Reasonable Opinion
<b>Asset Management System – Process Mapping</b>	An end-to-end process map of the system will be developed that will clarify key controls and the interdependencies of the process with other teams. This exercise is being undertaken to help address some of the key issues that were identified in the 20/21 Asset Management System audit.	10 days	Fieldwork in progress.
<b>Procurement Governance and Compliance</b>	The objective of this audit is to provide assurance that there are adequate and effective controls in place for the procurement of goods of services. This review will include ensuring compliance with standing orders and legislative requirements	10 days	<b>COMPLETE</b> Reasonable Opinion
<b>Programme Management</b>	The objective of this audit is to provide assurance that there are adequate arrangements in place that ensure achievement of the programme goals, effective management and reporting of the progress and risks for all programmes being delivered across the Authority.	10 days	<b>COMPLETE</b> Reasonable Opinion
<b>Blue Light Hub – Post Project Evaluation</b>	<p>The audit evaluated the following areas:</p> <ul style="list-style-type: none"> <li>- Governance Framework</li> <li>- Implementation Strategy and Project Delivery</li> <li>- Monitoring Arrangements</li> <li>- End of contract agreements</li> <li>- Lessons Learned</li> </ul>	10 days	<b>COMPLETE</b> Limited Opinion
<b>Contingency</b>	A contingency has been included within the audit plan to provide flexibility and in recognition of an expected but as yet unspecified need. If the days remain as at the beginning of Q4 then they will be used to review some key Governance areas such as Project Management and Contract Management, with the agreement of the Director of Finance and Assets.	10 days	N/A
<b>Follow-Up General</b>	To ensure all outstanding medium and high recommendations raised in previous audits are implemented.	10 days	On-going
<b>Corporate Work</b>	A proportion of the total audit resource is made available for 'corporate work'. Corporate work is non-audit specific activity which still 'adds value' or fulfils our statutory duties. Examples of this type of work include attendance and reporting to Management and Committee, and audit strategy and planning work. This also includes developing the Audit Plan, writing the Annual Report and undertaking the annual Review of Effectiveness of Internal Audit.	10 days	N/A
<b>Total</b>		<b>110 days</b>	

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# Buckinghamshire & Milton Keynes Fire Authority

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**Meeting and date:** 16 March 2022

**Report title:** Internal Audit Report – Internal Audit Strategy and Annual Internal Audit Plan 2022/23

**Lead Member:** Councillor David Carroll

**Report sponsor:** Mark Hemming – Director of Finance and Assets

**Author and contact:** Maggie Gibb – Internal Audit Manager,  
[Maggie.Gibb@buckinghamshire.gov.uk](mailto:Maggie.Gibb@buckinghamshire.gov.uk), 01296 387327

**Action:** Noting

**Recommendations:** That Members note the Internal Audit Strategy and approve the Annual Internal Audit Plan

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## Executive summary:

This paper sets out the Internal Audit Strategy and the proposed Internal Audit Plan for 2021/22 (attached at Appendix A) for the approval of the Committee.

There are no material changes from the strategy of previous years, however, there remains some flexibility through a small provision of contingency days to enable the Director of Finance and Assets to work with Internal Audit to direct the work to the most appropriate areas. The final reports will be presented to Members at the next Overview and Audit Committee meeting.

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**Financial implications:** The audit work is contained within the 2022/23 budget.

**Risk management:** There are no risk implications arising from this report.

**Legal implications:** There are no legal implications arising from this report.

**Privacy and security implications:** There are no privacy and security implications arising from this report.

**Duty to collaborate:** Not applicable.

**Health and safety implications:** There are no health and safety implications arising from this report.

**Environmental implications:** There are no environmental implications arising from this report.

**Equality, diversity, and inclusion implications:** There are no equality and diversity implications arising from this report.

**Consultation and communication:** Not applicable.

**Background papers:**

Appendix	Title	Protective Marking
A	Internal Audit Strategy and Annual Internal Audit Plan 2022/23	Not applicable

# Buckinghamshire & Milton Keynes Fire Authority



## Internal Audit Strategy and Annual Plan 2022/23

Overview and Audit Committee

16 March 2022

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# 1. Introduction

- 1.1 Buckinghamshire Council's (BC) Business Assurance Team is responsible for implementing Buckinghamshire and Milton Keynes Fire Authority's (BMKFA) Internal Audit Strategy through delivery of work programmes in accordance with the agreed Service Level Agreement. This paper details the Internal Audit Strategy for 2022/23 and the proposed Internal Audit Plan for the year. The Plan will be subject to regular review and presented to the Overview and Audit Committee on a quarterly basis, together with a progress report, for approval.
- 1.2 The responsibility, status and authority of Internal Audit at the Fire Authority is outlined within the Constitution and Financial Regulations.

# 2. Internal Audit Strategy

- 2.1 The Accounts and Audit Regulations 2015 (R5) state that the Fire Authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. Proper internal audit practices are defined in the Public Sector Internal Audit Standards 2017.
- 2.2 The Public Sector Internal Audit Standards defines Internal Audit as an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

- 2.3 The Chief Internal Auditor provides this opinion in an annual report on the System of Internal Control, which is used to inform the Fire Authority's Annual Governance Statement. In providing this opinion we are required to review annually the financial management, risk management and governance processes operating within the Authority. This includes reviewing internal control systems for key processes on a risk basis.
- 2.4 The Internal Audit Service is provided as part of a service level agreement with Buckinghamshire Council. The Council's Internal Audit Service is delivered in partnership with the APEX Audit Framework, hosted by the London Borough of Croydon. This partnership arrangement includes an element of a “call off contract” should it be necessary to outsource specific technical audits such as ICT or complex contracts.
- 2.5 A key part of the strategy is ensuring the right skills mix and resources exist to deliver an effective service. For the 2022/23 Internal Audit Plan, we aim to provide continuity in the resources we allocate for the audit assignments; an Audit Manager will oversee the programme of work, ensuring work is delivered on time and to the correct quality, and will present the quarterly plans and progress reports to the Overview and Audit Committee; suitably qualified and experienced auditors will be allocated to undertake the audit assignments.
- 2.6 The Annual Internal Audit Plan is drafted for the approval of the Overview and Audit Committee, in consultation with the Senior Management Board, with consideration of the Fire Authority's Corporate Plan, Strategic Risks and previous audit activity. There will remain a significant emphasis for internal audit activity in reviewing financial systems and compliance with the governance framework; however, the Plan also reflects other strategic reviews that will be progressed during 2022/23. **Appendix B** is the Fire Authority's Audit Universe, which is a list audits performed in previous years and the awarded assurance opinions.
- 2.7 The plan and allocation of audit days will be regularly reviewed by the Audit Manager and the Director of Finance and Assets to ensure the focus of the audit activity is directed to the key risk areas where independent assurance is required.

## Our Approach to an Internal Audit Assignment



2.8 In order to underpin the Annual Audit Opinion, a risk-based methodology will be applied to all audit assignments, providing assurance that key controls are well designed and operating effectively to mitigate principal risk exposures. Terms of reference will be prepared for each audit assignment, in consultation with the relevant Manager, to ensure that key risks within the audited area are identified.

2.9 The quality of work is assured through the close supervision of staff and the subsequent review of reports, audit files and working papers by an Audit Manager. Exit meetings are held with the relevant officers to ensure factual accuracy of findings and subsequent reporting, and to agree appropriate action where additional risk mitigation is required.

### 3. The Internal Audit Plan

3.1 The Internal Audit Plan for 2022/23 is outlined within Appendix A.

3.2 Each audit assignment will result in a specific audit report although the audit methodology will vary depending on the requirements of the scope of work. The audit techniques to be used will be selected from the following, depending on which is considered to be the most effective for delivering the audit objectives:

- **Risk Based Audit (Risk):** A full audit which focuses on key risks in relation to system objectives. Audit work will be structured to direct audit resource in proportion to risk exposures.
- **Systems Based Audit (Systems):** A full audit in which every aspect and stage of the audited subject is fully considered. It includes review of both the design and operation of controls. Undertaken from a systems perspective with a 'cradle to grave approach'.
- **Key Controls Testing (Key):** Clearly focused on a small number of material or key controls.
- **Systems Development Audit (SDA):** Ongoing review of developing plans and designs for new systems and processes aimed at identifying potential weaknesses in control if the plans and designs go ahead as they are.
- **Verification Audit (Verification):** Where there is pre-existing confidence that controls are well designed, but compliance is a material issue, audits which test only for compliance with controls can be appropriate. Audit undertaken to verify key outcomes. This work normally takes the form of checking data and management actions to confirm accuracy and appropriateness and does not consider controls or risks in the wider sense.



- **Follow-Up:** Work undertaken to assess the extent to which management action plans have been implemented. This may be following up our own recommendations from previous years or through follow up of other assurance provider outcomes (e.g. External Audit).

3.3 In accordance with the Audit Strategy, we will audit the processes in place for governance, financial management and risk management on an annual basis. We will continue to work with the External Auditors to ensure the scope of our work is sufficient that they can seek to place reliance on it for their audit of the Statement of Accounts and value for money opinion.

3.4 Implementation of the Internal Audit Plan will be monitored by use of Key Performance Indicators as outlined in **Appendix C**. These will be discussed at service level agreement meetings with the Director of Finance and Assets.

## 4. Responsible Officers

### Audit Service

Maggie Gibb (Chief Auditor)	01296 387327	<a href="mailto:maggie.gibb@buckinghamshire.gov.uk">maggie.gibb@buckinghamshire.gov.uk</a>
Selina Harlock (Audit Manager)	01296 383717	<a href="mailto:selina.harlock@buckinghamshire.gov.uk">selina.harlock@buckinghamshire.gov.uk</a>
Alex Prestridge (Senior Auditor)	01296 387089	<a href="mailto:alex.prestridge@buckinghamshire.gov.uk">alex.prestridge@buckinghamshire.gov.uk</a>

### Fire Authority

Mark Hemming (Director of Finance & Assets)	01296 744671	<a href="mailto:mhemming@bucksfire.gov.uk">mhemming@bucksfire.gov.uk</a>
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## Appendix A – Internal Audit Plan 2022/23

Auditable Area	Key Audit Objectives	Days Budget (Timing)	Risk Assessed
<b>Core Financial Controls</b>	<p>To fulfil our statutory responsibilities, we will undertake work to provide assurance over key controls within the financial governance framework, which consists of the following key systems:</p> <ul style="list-style-type: none"> <li>• Financial Control/Monitoring</li> <li>• Procure to Pay</li> <li>• Debtors</li> <li>• Capital</li> <li>• Financial Regulations</li> <li>• General Ledger</li> <li>• Reconciliations</li> <li>• Treasury Management</li> </ul> <p>All audit findings from the 21/22 review will be followed-up to ensure that actions have been fully implemented.</p>	30 days	High
<b>HR/Payroll – Process Mapping</b>	Due to the process weaknesses in HR/Payroll identified in the 20/21 Core Financial Controls audit, end-to-end process mapping will be undertaken in this area, followed by substantive testing of the key payroll controls to ensure that control weaknesses have been addressed. This audit was planned for FY21/22 however, was deferred due to new staff being recruited into the Payroll Team during the year. Work is planned for Q1 as the new officers will have settled into their roles.	15 days	High
<b>Business Continuity and Risk Management</b>	The Authority's objective for the system is to ensure that the Fire and Rescue Service have plans in place to manage incidents and emergencies that may have an adverse effect on service delivery. The scope will cover the Business Continuity Policy, guidance and risk management processes and IT Disaster Recovery planning to ensure the Service also has associated continuity plans covering critical areas. The audit will involve discussion with the officers and staff who are responsible for the management of the risk controls as well as compliance testing to identify whether the controls in place to minimise the risks are operating effectively.	15 days	High
<b>Pensions Administration</b>	The main objective of the Pension function is to ensure that the correct employer and employee contributions are received; retirees are paid the right amount at the right time, and the pension fund is managed effectively and in line with legislative requirements.	10 days	High
<b>Inspection and Operational Improvement Plan Assurance</b>	To provide assurance on the improvement plan and ensure that agreed actions are being implemented and agreed timescales are achievable.	10 days	High
<b>Contingency</b>	A contingency has been included within the audit plan to provide flexibility and in recognition of an expected but as yet unspecified need. If the days remain as at the beginning of Q4 then they will be used to review some key Governance areas such as Project Management and Contract Management, with the agreement of the Director of Finance and Assets.	10 days	N/A
<b>Follow-Up General</b>	To ensure all outstanding medium and high recommendations raised in previous audits are implemented.	10 days	Various
<b>Corporate Work</b>	A proportion of the total audit resource is made available for 'corporate work'. Corporate work is non-audit specific activity which still 'adds value' or fulfils our statutory duties. Examples of this type of work include attendance and reporting to Management and Committee, and audit strategy and planning work. This also includes developing the Audit Plan, writing the Annual Report and undertaking the annual Review of Effectiveness of Internal Audit.	10 days	N/A
<b>Total</b>		<b>110 days</b>	

Below is a list of auditable areas identified during the development of the plan and will be noted as contingency audits or will be considered for the next year.

Auditable Area	Days Budget (Timing)
Partnership Working	10
MTFP Savings and Efficiencies	10

## Appendix B – Audit Universe (Previous Audit Activity and Assurance Level)

Audit	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2022/23
Core Financial Controls	✓ (Reasonable)	✓ (Substantial)	✓ (Substantial)	✓ (Substantial)	✓ (Substantial)	✓ (Substantial)	✓ (Substantial)	✓ (Substantial)	✓ (Substantial)	(TBC)
Asset Management System (Project)	✓ (Reasonable)									
HR Workforce Planning, Training and Appraisal / Performance Management	✓ (Reasonable)									
Property Management	✓ (Reasonable)					✓ (Substantial)				
Treasury Management		✓ (Substantial)	✓ (Incl. in Core Financial Controls)	✓ (Incl. in Core Financial Controls)	✓ (Incl. in Core Financial Controls)	✓ (Incl. in Core Financial Controls)				
Fleet Management		✓ (Reasonable)				✓ (Substantial)				
ICT Strategy		✓ (Reasonable)		✓ (Reasonable)						
Asset Management System		✓ (Limited)		✓ (Reasonable)					✓ (Partial)	
Corporate Governance			✓ (Reasonable)			✓ (Substantial)				
Risk Management			✓ (Substantial)							
Housing Accommodation and Allowances			✓ (Reasonable)							
HR People Management			✓ (Substantial)							✓ (Reasonable)
Pensions Administration				✓ (Reasonable)						
Control Centre				✓ (Reasonable)						
Financial Planning					✓ (Substantial)					
Business Continuity					✓ (Reasonable)					
Project Management					✓ (Reasonable)					
Information Security							✓ (Reasonable)			
Project Management BLH							✓ (Reasonable)			
Stores							✓ (Limited)			
Cyber Security								✓ (Reasonable)		
Performance Management								✓ (Reasonable)		
Budget Monitoring and Forecasting								✓ (Substantial)		
GDPR									✓ (Partial)	
Resource Management System (IT Application Audit)									✓ (Partial)	
Procurement Governance and Compliance										(TBC)
Portfolio Management Office Assurance										(TBC)
Asset Management Process Mapping										(TBC)
Blue Light Hub – Post Project Evaluation										(TBC)

\* Please note that the assurance opinions were changed in 2020/21 where we introduced 'Partial' as a new conclusion on the system of internal control. However, effective 2022/23 these were revised to be in line with the CIPFA recommended opinions.

## Appendix C – 2022/23 Internal Audit Key Performance Indicators

	Performance Measure	Target	Method
1	Elapsed time between start of the audit (opening meeting) and Exit Meeting.	Target date agreed for each assignment by the Audit manager, stated on Terms of Reference, but should be no more than 3 X the total audit assignment days (excepting annual leave etc.)	Internal Audit Performance Monitoring System
2	Elapsed Time for completion of audit work (exit meeting) to issue of draft report.	15 Days	Internal Audit Performance Monitoring System
3	Elapsed Time between issue of Draft report and issue of Final Report	15 Days	Internal Audit Performance Monitoring System
4	% of Internal Audit Planned Activity delivered by 30 April 2023	100% of Plan by End of April 2023	Internal Audit Performance Monitoring System
5	% of High and Medium priority recommendations followed up after implementation date	All High and Medium recommendations followed up within three months of the date of expected implementation	Internal Audit Performance Monitoring System
6	Customer satisfaction questionnaire (Audit Assignments)	Overall customer satisfaction 95%	Questionnaire
7	Extent of reliance External Audit can place on Internal Audit	Reliance placed on IA work	External Audit Annual Report

We will also continue to monitor performance standards outlined in the service level agreement. This includes ensuring requests for assistance with suspected cases of fraud (% of responses made within 24 working hours) as appropriate and also monitors relationship management issues in the areas of:

- Timeliness
- Willingness to cooperate/helpfulness
- Responsiveness
- Methodical approach to dealing with requests
- Quality of work/service provided



# Buckinghamshire & Milton Keynes Fire Authority

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**Meeting and date:** Overview and Audit Committee, 16 March 2022

**Report title:** Audit Results Report 2020/21

**Lead Member:** Councillor David Hopkins

**Report sponsor:** Mark Hemming, Director of Finance & Assets

**Author and contact:** Marcus Hussey [mhussey@bucksfire.gov.uk](mailto:mhussey@bucksfire.gov.uk)

**Action:** Noting.

**Recommendations:** That the content of the report be noted.

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## **Executive summary:**

This report summarises the findings from the 2020/21 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.

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## **Financial implications:**

No direct impact.

## **Risk management:**

The results of the audit give reassurance regarding entries in the accounts and value for money arrangements.

## **Legal implications:**

The audit of the financial statements is a statutory requirement.

## **Privacy and security implications:**

No direct impact.

## **Duty to collaborate:**

No direct impact.

## **Health and safety implications:**

No direct impact.

## **Environmental implications:**

No direct impact.

**Equality, diversity, and inclusion implications:**

No direct impact.

**Consultation and communication:**

No direct impact.

**Background papers:**

None

Appendix	Title	Protective Marking
1	BMKFA - Audit Results Report 2020-21	

**Buckinghamshire and  
Milton Keynes Fire and  
Rescue Authority  
Draft audit results  
report**

Year ended 31 March 2021  
14 February 2022



Building a better  
working world



Private and Confidential

14 February 2022

Dear Overview and Audit Committee Members

2021 Audit results report

We are pleased to attach our audit results report, summarising the status of our audit for the forthcoming meeting of the Overview and Audit Committee. We will update the Overview and Audit Committee at its meeting scheduled for 16 March 2022 on further progress to that date and explain the remaining steps to the issue of our final opinion.

The audit is designed to express an opinion on the 2020-2021 financial statements and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on Buckinghamshire & Milton Keynes Fire Authority's accounting policies and judgements and material internal control findings. Each year sees further enhancements to the level of audit challenge and the quality of evidence required to achieve the robust professional scepticism that society expects. We thank the management team for supporting this process. We have also included an update on our work on value for money arrangements.

This report is intended solely for the information and use of the Overview and Audit Committee, other members of the Authority and senior management. It is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss the contents of this report with you at the Overview and Audit Committee meeting on 16 March 2022.

Yours faithfully

Neil Harris

Associate Partner

For and on behalf of Ernst & Young LLP

Encl



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01 Executive Summary

02 Understanding Financial Statements

03 Areas of Audit Focus

04 Audit Report

05 Audit Differences



06 Value for Money

07 Other Reporting Issues

08 Assessment of Control Environment

09 Data Analytics

10 Independence

11 Appendices

Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psa.co.uk/audit-quality/statement-of-responsibilities/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment and further guidance (updated April 2018)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Overview and Audit Committee and management of Buckinghamshire and Milton Keynes Fire Authority in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Overview and Audit Committee, and management of Buckinghamshire and Milton Keynes Fire Authority those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Overview and Audit Committee and management of Buckinghamshire and Milton Keynes Fire Authority for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



# 01 Executive Summary



# Executive Summary

## Scope update

In our audit planning report tabled at the 21 July Overview and Audit Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan, with the following exceptions:

- ▶ Changes in materiality: We updated our planning materiality assessment using the draft consolidated results and have also reconsidered our risk assessment. Based on our materiality measure of gross expenditure on the provision of services, we have updated our overall materiality assessment to £748k (Audit Planning Report – £884k). This results in updated performance materiality, at 75% of overall materiality, of £561k, and an updated threshold for reporting misstatements of £37k.

## Additional audit procedures as a result of Covid-19

Other changes in the entity and regulatory environment as a result of Covid-19 that have not resulted in an additional risk, but result in the following impacts on our audit strategy were as follows:

**Information Produced by the Entity (IPE):** We identified an increased risk around the completeness, accuracy, and appropriateness of information produced by the entity due to the inability of the audit team to verify original documents or re-run reports on-site from the Authority's systems. We undertook the following to address this risk:

- Used the screen sharing function of Microsoft Teams to evidence re-running of reports used to generate the IPE we audited; and
- Agreed IPE to scanned documents or other system screenshots.

## Executive Summary

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### Status of the audit

Our audit work in respect of the Authority opinion is substantially complete. The following items relating to the completion of our audit procedures were outstanding at the date of this report.

- ▶ Whole of Government Accounts: We have yet to receive the NAO instructions on this for 2020/21.
- ▶ Completion of audit tasks following file review procedures.
- ▶ Manager and partner final review of the audit file.
- ▶ Receipt of signed management representation letter.
- ▶ Completion of subsequent event review.

Given that the audit process is still ongoing, we will continue to challenge the remaining evidence provided and the final disclosures in the Narrative Report and Accounts which could influence our final audit opinion.

## Executive Summary

### **Auditor responsibilities under the new Code of Audit Practice 2020**

Under the Code of Audit Practice 2020 we are still required to consider whether the Authority has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. The 2020 Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Authority a commentary against specified reporting criteria (see below) on the arrangements the Authority has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

The specified reporting criteria are:

- Financial sustainability  
How the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance  
How the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness:  
How the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

### **Status of the audit - Value for Money**

We have completed our work on the value for money (VFM) risk assessment and did not identify any risks of significant weaknesses against the three reporting criteria we are required to consider under the NAO's 2020 Code.

# Executive Summary

## Audit differences

There are some adjusted audit differences arising from our audit, these consisted of;

- Inconsistency - Pensions note 28a incorrectly showed actuarial gains/losses as £76,029k, where as the pensions reserves note showed the same item at £68,000k. The correct figure was £68,000k, note 28a note was amended.
- The analysis of the adjustments between accounting basis and funding basis under statutory provisions did not include the costs of disposal funded from capital receipts. This totalled £55k and has now been corrected in the financial statements.
- Officer remuneration note - One person was missing from the table in the banding £110k to £114k. This has been corrected in the final statements.

There were also some small amendments made to the disclosure notes.

The unadjusted differences were made up of;

Known misstatement:

- Asset Held for Sale - the Authority had not included the costs to sell of £55,000 in their valuation.

Judgemental misstatements:

- Our creditor testing identified an overstated by £347 in our representative sample, which when extrapolated across the population was calculated as an error of £51,536.
- Our expenditure testing identified error arising from 2019/2020 expenditure being recorded in 2020/21 which overstated expenditure by £239.50 in our representative sample. When extrapolated across the population this was calculated as an error of £108k.
- There is a £32k discrepancy between the NBV of the Joint Control Room disclosed in the Authority's accounts compared to the Royal Berkshire Fire Authority's unaudited accounts. This has not been corrected, it is not material to the accounts but has been reported to you due to the sensitive nature of related party disclosures.

## Other reporting issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Authority. We have no matters to report as a result of this work.

We have not yet performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission. The NAO (National Audit Office) are currently reviewing the Data Collection Tool and it will not be available until December 2021. We will audit this once your officers have the updated software and have been able to submit their entries.

We have no other matters to report.



# Executive Summary

## Areas of audit focus

In our Audit Plan we identified a number of key areas of focus for our audit of the financial report of Buckinghamshire and Milton Keynes Fire Authority. This report sets out our observations and status in relation to these areas, including our views on areas which might be conservative and areas where there is potential risk and exposure. Our consideration of these matters and others identified during the period is summarised within the "Areas of Audit Focus" section of this report.

*Audit findings and conclusions: Significant risk - Misstatements due to fraud or error - Management override*

We have not identified any material misstatements arising from fraud in revenue and expenditure recognition and management override.

*Audit findings and conclusions: Significant risk - Misstatements due to fraud or error - Inappropriate capitalisation of revenue expenditure*

We have not identified any material misstatements arising from fraud in revenue and expenditure recognition and the inappropriate capitalisation of revenue.

*Audit findings and conclusions : Significant risk - Valuation of Blue Light Hub*

We have not identified any material misstatements arising from the valuation of the Blue Light Hub.

*Audit findings and conclusions : Area of audit focus - Valuation of land and buildings*

We have not identified any material misstatements arising from the valuation of land and buildings.

*Audit findings and conclusions : Area of audit focus - Pension liability valuation & actuarial assumptions*

We have not identified any material misstatements arising from the pension liability valuation and actuarial assumptions.

*Audit findings and conclusions : Area of audit focus - Going concern disclosure*

We have not identified any material misstatements arising from the going concern disclosure.

We request that you review these and other matters set out in this report to ensure:

- ▶ There are no residual further considerations or matters that could impact these issues
- ▶ You concur with the resolution of the issue
- ▶ There are no further significant issues you are aware of to be considered before the financial report is finalised

There are no matters, other than those reported by management or disclosed in this report, which we believe should be brought to the attention of the Overview and Audit Committee or Management.



# Executive Summary

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## Control observations

We have adopted a fully substantive approach, and so have not tested the operation of controls. We have, however, updated our understanding of the key processes and the controls which are in place to detect or prevent error. Through this work, 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 and which is unknown to you.

## Independence

We can confirm that we remain independent of the Authority.

Please refer to Section 10 for our update on Independence.





02

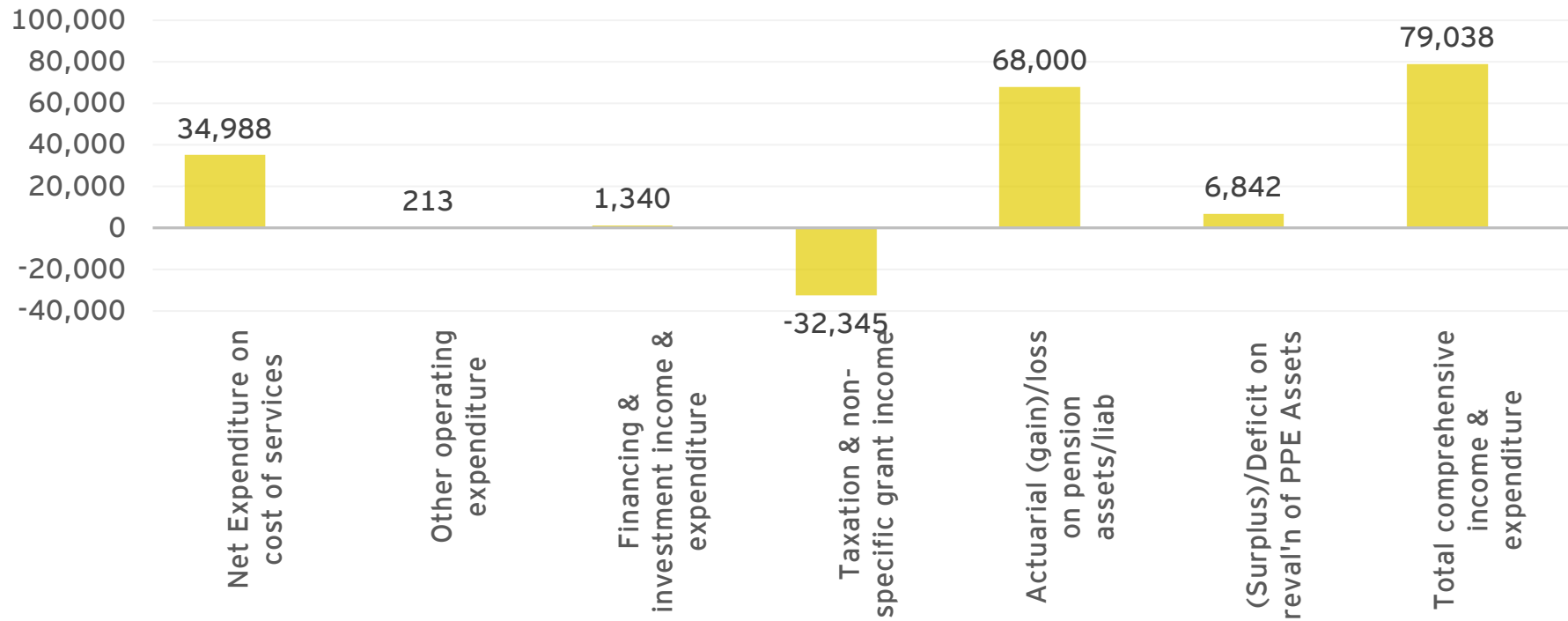
## Understanding Financial Statements



# Understanding Financial Statements

## Key components of net expenditure

The provision of services for the year ended 31 March 2021 was £4,196k deficit, a decrease in deficit of £6,317k from the prior year. During the year there were no significant events that impacted the underlying financial position of the Authority. The following provides an overview of the material items:



Our audit procedures consider the nature of the Authority's results including the impact of non-recurring and recurring items where the size is variable although judgmental. Such an assessment provides a useful insight into the underlying net expenditure and outturn.



# 03 Areas of Audit Focus



## Areas of Audit Focus

# Significant risk

Risk of misstatements due to fraud or error - Management override

### What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error. As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

### What did we do and what judgements did we focus on?

We:

- ▶ Identified fraud risks during the planning stages.
- ▶ Enquired of management about risks of fraud and the controls put in place to address those risks.
- ▶ Understood the oversight given by those charged with governance of management's processes over fraud.
- ▶ Considered the effectiveness of management's controls designed to address the risk of fraud.
- ▶ Tested journals at year-end to ensure that there were no unexpected or unusual postings.
- ▶ Reviewed accounting estimates for evidence of management bias.
- ▶ Looked for and investigated any unusual transactions.

We used our data analytics capabilities to assist with our work, including journal entry testing. We assessed journal entries for evidence of management bias and evaluated for business rationale. We specifically reviewed any elements where judgement could influence the financial position or performance of the Authority in a more positive or more favourable way.

### What are our conclusions ?

We have not identified any material weaknesses in controls or evidence of material management override. We have not identified any instances of inappropriate judgements being applied or management bias. We have not identified any other transactions during our audit which appeared unusual or outside the normal course of business.



# Areas of Audit Focus

## Significant risk

**Misstatements due to fraud or error -  
Inappropriate capitalisation of revenue  
expenditure**

### What is the risk?

Under ISA 240, management is in a unique position to perpetrate fraud through the override of controls. We have considered the main areas where management may have the incentive and opportunity to do this.

From our risk assessment, we have assessed that the risk could manifest itself through the inappropriate capitalisation of revenue expenditure to improve the financial position of the general fund.

Capitalised revenue expenditure can be funded through borrowing with only minimal MRP charges recorded in the general fund, deferring the expenditure for 30+ years when the borrowing is repaid.

### What judgements are we focused on?

We focus on whether expenditure is properly capitalised in its initial recognition, or whether subsequent expenditure on an asset enhances the asset or extends its useful life.

For 2020/21, property, plant and equipment additions totalled £4,206k. We will consider whether this figure is complete, the asset is in existence and whether the asset has been valued correctly in the statement of accounts.

### What did we do?

We have:

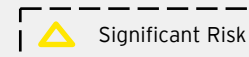
- ▶ Tested additions to property, plant and equipment to ensure that the expenditure incurred and capitalised is clearly capital in nature; and
- ▶ Sought to identify and understand the basis for any significant journals transferring expenditure from revenue to capital codes on the general ledger at the end of the year.

As there was no expenditure classified as revenue financed from capital under statue (REFCUS in the 2020/21 financial statements, we did not undertake any testing in this area.

We have utilised our data analytics capabilities to assist with our work, including journal entry testing. We assessed journal entries more generally for evidence of management bias and evaluated them for business rationale.

### What are our conclusions?

Our testing has not identified any material misstatements from inappropriate capitalisation of revenue expenditure.





## Areas of Audit Focus

# Significant risk

### Valuation of Blue Light Hub

#### What is the risk?

The Blue Light Hub has now been completed and is being valued for the first time for the 2020/21 financial statements.

Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances for it to be recorded in the balance sheet.

Therefore there is a risk that the Blue Light Hub could be materially mis-stated in the financial statements.

#### What judgements are we focused on?

The value of the Blue Light Hub is £12.4m in 2020/21.

Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.

ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

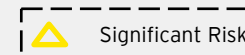
#### What did we do?

We have:

- ▶ Considered the work performed by the Authority's valuers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- ▶ Reviewed key asset information used by the valuers in performing their valuation (e.g. floor plans to support valuations based on price per square metre);
- ▶ Considered the potential impact of Covid-19 on valuation uncertainties;
- ▶ Tested accounting entries to ensure they have been correctly processed in the financial statements; and
- ▶ We have engaged EY Real Estates, valuation specialists to assist the audit team to gain assurance that the valuation of the Blue Light Hub is materially correct.

#### What are our conclusions?

Our audit did not identify any material misstatements in the valuation of the Blue Light Hub.





## Areas of Audit Focus

### Other areas of audit focus

#### Valuation of land and buildings (inherent risk)

#### What is the risk?

We identified the valuation of land and buildings as an area of audit focus in our Audit Planning Report discussed at the Overview and Audit Committee on 21 July 2021. The fair value of Property, Plant and Equipment (PPE) and Investment Properties (IP) represent significant balances in the Authority's accounts and are subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.

#### What judgements are we focused on?

The value of property, plant and equipment was £33m in 2019/20 and is now being reported at £39m for 2020/21.

As this is one of the largest accounting estimates on the balance sheet and one subject to a high degree of subjectivity we deem the valuation of property, plant and equipment to represent an inherent risk of material misstatement.

ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

#### What did we do?

We have:

- ▶ Considered the work performed by the Authority's valuers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- ▶ Sample tested key asset information used by the valuers in performing their valuation (e.g. floor plans to support valuations based on price per square metre);
- ▶ Considered if there were any specific changes to assets that have occurred and that these have been communicated to the valuer;
- ▶ Considered changes to useful economic lives as a result of the most recent valuation; and
- ▶ Tested that accounting entries had been correctly processed in the financial statements.

#### What are our conclusions?

Subject to final quality review procedures, we have not identified any issues with the data sent to, and the report produced by, the Authority's valuer.

Our sample testing of valuations back to key asset information used by the valuer showed that the valuations carried out were reasonable.

No issues were identified with the economic lives of assets.

Our testing of the journals for the valuation adjustments confirmed they have been accurately processed in the financial statements.

Our work did not identify any material issues we need to report to you.



## Areas of Audit Focus

### Other areas of audit focus

#### Pension liability valuation (inherent risk)

#### What is the risk?

The Local Authority Accounting Code of Practice and IAS19 require the Authority to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by Buckinghamshire Council.

The Authority's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Authority's balance sheet. At 31 March 2021 this totalled £357 million.

The information disclosed is based on the IAS 19 report issued to the Authority by the actuary to Buckinghamshire Council and also the Firefighters Pension Fund.

Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

#### What did we do?

We have:

- ▶ Liaised with the auditors of Buckinghamshire Council, to obtain assurances over the information supplied to the actuary in relation to Buckinghamshire and Milton Keynes Fire Authority;
- ▶ Assessed the work of the LGPS pension fund actuary and the Firefighters pension fund actuary (Barnet Waddingham) including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team; and
- ▶ Reviewed and tested the accounting entries and disclosures made within the Authority's financial statements in relation to IAS19.

In addition:

- ▶ In response to the revised requirements of ISA540, the auditing standard on accounting estimates, we amended our audit approach based on procedures to evaluate management's process. The revised standard requires auditors to test the method of measurement of accounting estimates to determine whether the model is appropriately designed, consistently applied and mathematically accurate, and that the integrity of the assumptions and the data has been maintained in applying the model. Neither we, nor PWC as consulting actuaries commissioned by the NAO for all local government sector audits, are able to access the detailed models of the actuaries in order to evidence these requirements. Therefore, we modified our planned approach and undertook alternate procedures to create an auditor's estimate, to provide a different method of gaining assurance. We employed the services of an EY Pensions specialist to review the Council's IAS19 reports and run a parallel actuarial model which was compared to that produced by Barnett Waddingham (BW).

#### What are our conclusions?

The accounting entries and disclosures made within the Authority's financial statements had been carried out correctly based on the information the Authority received from the actuary.

We have found no issues regarding the pension liability valuation.





# Areas of Audit Focus

## Going concern

### Going concern disclosures (inherent risk)

#### What is the risk?

There is a presumption that the Authority will continue as a going concern for the foreseeable future. However, the Authority is required to carry out a going concern assessment that is proportionate to the risks it faces. In light of the continued impact of Covid-19 on its income sources, there is a need for the Authority to ensure its going concern assessment, including its cashflow forecast, is thorough and appropriately comprehensive. The Authority is then required to ensure that its going concern disclosure within the statement of accounts adequately reflects its going concern assessment and in particular highlights any uncertainties it has identified. We consider the unpredictability of the current environment to give rise to a risk that the Authority will not appropriately disclose the key factors relating to going concern, underpinned by managements assessment with particular reference to Covid-19.

#### What did we do?

We have:

- ▶ Continued to assess the adequacy of disclosures required in 2020/21, and the impact on our opinion, should these be inadequate;
- ▶ Obtained management's going concern assessment and review for any evidence of bias and consistency with the accounts;
- ▶ Reviewed the financial modelling and forecasts prepared by the Authority. This considered key assumptions, stress testing applied to those assumptions and considered the risk to cashflow up to at least 12 months after the signing date of the accounts and opinion;
- ▶ Ensured that an appropriate going concern disclosure has been made within the financial statements; and
- ▶ Considered the impact on our audit report and compliance with EY consultation requirements, if such are determined appropriate.

#### What are our conclusions?

We have reviewed the appropriateness of management's going concern assessment, including:

- Disclosure note and basis of preparation.
- Financial modelling and forecasting.
- Cashflow forecasts.

We are satisfied that management's going concern disclosure appropriately reflects the Authority's forecast viability and liquidity up to at least 12 months from the date the 2020-2021 accounts are authorised for issue (to end of March 2023). We have not identified any material uncertainties with the continuity of service provision, and based on our assessment have not needed to consult on the Authority's disclosure and the work we have performed with our professional practice team.



# 04 Audit Report



# Audit Report

## Draft audit report

### Our opinion on the financial statements (draft)

#### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY

##### Opinion

We have audited the financial statements and the firefighters' pension fund financial statements of Buckinghamshire and Milton Keynes Fire Authority for the year ended 31 March 2021 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- ▶ Movement in Reserves Statement,
- ▶ Comprehensive Income and Expenditure Statement,
- ▶ Balance Sheet,
- ▶ Cash Flow Statement
- ▶ the related notes 1 to 31.
- ▶ and include the firefighters' pension fund financial statements comprising the Fund Account, the Net Assets Statement and the related notes 1 to 6.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

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 2021 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 2020/21.

##### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Chief Financial Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the authority's ability to continue as a going concern for a period of twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Chief Financial Officer with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the authority's ability to continue as a going concern.



# Audit Report

## Draft audit report continued)

### Our opinion on the financial statements (draft)

#### Other information

The other information comprises the information included in the Statement of Accounts 2020/21, other than the financial statements and our auditor's report thereon. The Chief Financial Officer is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

#### Matters on which we report by exception

We report to you if:

- ▶ in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Authority;
- ▶ we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;

- ▶ we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- ▶ we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- ▶ we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014;
- ▶ we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014;
- ▶ we are not satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

We have nothing to report in these respects.

#### Responsibility of the Chief Financial Officer

As explained more fully in the Statement of the Responsibilities set out on page 18, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the Authority financial statements and the firefighters pension fund 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 2020/21, and for being satisfied that they give a true and fair view and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or have no realistic alternative but to do so.



# Audit Report

## Draft audit report continued)

### Our opinion on the financial statements (draft)

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.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- ▶ We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant are:
  - Local Government Act 1972,
  - Local Government Act 2003,

- The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended in 2018 and 2020,
- The Local Audit and Accountability Act 2014, and
- The Accounts and Audit Regulations 2015.

In addition, the Authority has to comply with laws and regulations in the areas of anti-bribery and corruption, data protection, employment Legislation, tax Legislation, general power of competence, procurement and health & safety.

- ▶ We understood how Buckinghamshire and Milton Keynes Fire Authority is complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of management, head of internal audit, those charged with governance and obtaining and reading documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance. We corroborated this through our reading of the Authority's committee minutes, through enquiry of employees to confirm Authority's policies, and through the inspection of employee handbooks and other information. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.
- ▶ We assessed the susceptibility of the Authority's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise. Based on our risk assessment procedures, we identified manipulation of reported financial performance through inappropriate capitalisation of revenue expenditure and management override of controls to be our fraud risks.



# Audit Report

## Draft audit report continued)

### Our opinion on the financial statements (draft)

- ▶ To address our fraud risk of inappropriate capitalisation of revenue expenditure we tested the Authority's capitalised expenditure to ensure the capitalisation criteria were properly met and the expenditure was genuine.
- ▶ To address our fraud risk of management override of controls, we tested specific journal entries identified by applying risk criteria to the entire population of journals. For each journal selected, we tested specific transactions back to source documentation to confirm that the journals were authorised and accounted for appropriately.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General (C&AG) in April 2021, as to whether the Buckinghamshire and Milton Keynes Fire Authority had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Buckinghamshire and Milton Keynes Fire Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021. 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 Buckinghamshire and Milton Keynes Fire Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made 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.

#### Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Authority's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.

In addition, we cannot formally conclude the audit and issue an audit certificate until we have completed our procedures on the Authority's value for money arrangements for the year ended 31 March 2021. We are satisfied that this work does not have a material effect on the financial statements. We will report the outcome of our work on the Authority's arrangements in our commentary on those arrangements within the Auditor's Annual Report. Our audit completion certificate will set out any matters which we are required to report by exception.

Until we have completed these procedures we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.



# Audit Report

## Draft audit report continued)

### Our opinion on the financial statements (draft)

#### Use of our report

This report is made solely to the members of Buckinghamshire and Milton Keynes Fire Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. 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.

Neil Harris (Key Audit Partner)  
Ernst & Young LLP (Local Auditor)  
Luton  
16 March 2022



# 05 Audit Differences





# Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as “known” or “judgemental”. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

## Summary of adjusted differences

We highlight misstatements greater than £37,384 which have been corrected by management that were identified during the course of our audit, or lower if they merit TCWGs attention.

1. Inconsistency - Pensions Note 28a incorrectly showed Actuarial Gains/Losses as £76,029k, where as the Pensions Reserves Note showed Actuarial Gains/Losses as £68,000k. The correct figure was £68,000k, so Note 28a note was amended.
2. The analysis of the adjustments between accounting basis and funding basis under statutory provisions did not include the costs of disposal funded from capital receipts. This totalled £55k and has now been corrected in the financial statements.
3. Officer remuneration note - One person was missing from the table in the banding £110k to £114k. This has been corrected in the final statements.

## Summary of unadjusted differences

We have included all judgemental amounts greater than £37,384 relating to Buckinghamshire and Milton Keynes Fire Authority in our summary of misstatements below.

### Unadjusted Differences:

Known misstatement:

Asset Held for Sale should be measured at the lower of carrying amount and fair value less cost to sell. Fair Value is £495,000, and costs to sell are estimated at £55,000. BMKFA have not included the costs to sell of £55,000 in their valuation. In addition, the cost of sale funded by capital receipts should also be recorded in the analysis of the adjustments between accounting basis and funding basis under statutory provisions.

Judgemental misstatements:

Our creditor testing identified an error of creditors being overstated by £347 in our representative sample, which when extrapolated across the population was calculated as an error of £51,536.

Our expenditure testing identified error arising from expenditure from 2019/20 being recorded in 2020/21 which overstated expenditure by £239.50 in our representative sample. When extrapolated across the population this was calculated as an error of £108k.

There is a £32k discrepancy between the NBV of the Joint Control Room disclosed in the Authority's accounts compared to the Royal Berkshire Fire Authority's unaudited accounts. This has not been corrected, it is not material to the accounts but has been reported to TCWG due to the sensitive nature of related party disclosures.



**06 Value for Money**



# Value for money

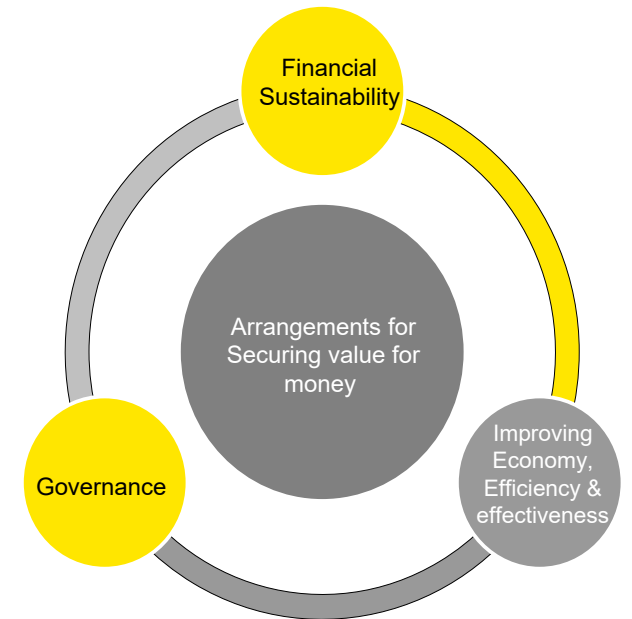
## The Authority's responsibilities for value for money (VFM)

The Authority is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

As part of the material published with its financial statements, the Authority is required to bring together commentary on its governance framework and how this has operated during the period in a governance statement. In preparing its governance statement, the Authority tailors the content to reflect its own individual circumstances, consistent with the requirements set out in the CIPFA code of practice on local authority accounting. This includes a requirement to provide commentary on its arrangements for securing value for money from their use of resources.

## Status of our VFM work

We have completed our work on your value for money arrangements but have not identified any significant weaknesses. We will report our final outcome, any significant weaknesses identified and associated recommendations in our Annual Audit Report.





## 07 Other reporting issues

## Other reporting issues

### Consistency of other information published with the financial statements, including the Annual Governance Statement

We must give an opinion on the consistency of the financial and non-financial information in the Statement of Accounts 2020/21 with the audited financial statements.

We must also review the Annual Governance Statement for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance.

Financial information in the Statement of Accounts 2020/21 and published with the financial statements was consistent with the audited financial statements.

We have reviewed the Annual Governance Statement and can confirm it is consistent with other information from our audit of the financial statements and we have no other matters to report.

### 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, is specified by the National Audit Office.

We have not yet been provided with the scope of work by the NAO, however, we expect it to be consistent with prior years. As the authority is below the expected threshold of £500m, we expect to have no issues to raise.

## Other reporting issues

# Other reporting issues

### Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. “a report in the public interest”). We did not identify any issues which required us to issue a report in the public interest.

### Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Authority’s financial reporting process. They include the following:

- Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- Any significant difficulties encountered during the audit;
- Any significant matters arising from the audit that were discussed with management;
- Written representations we have requested;
- Expected modifications to the audit report;
- Any other matters significant to overseeing the financial reporting process;
- Findings and issues around the opening balance on initial audits (if applicable);
- Related parties;
- External confirmations;
- Going concern;
- Consideration of laws and regulations; and
- Group audits

We have nothing to comment in respect of these.



08

# Assessment of Control Environment



# Assessment of Control Environment

## Financial controls

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed.

Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control.

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.

## Reliance on internal audit

We have reviewed Internal Audit reports issued to management during the period to 31 March 2021 to ensure that any financial statement risks identified are considered in determining the extent of our audit procedures.





09

# Data Analytics



## Data Analytics - Journal Entry Testing

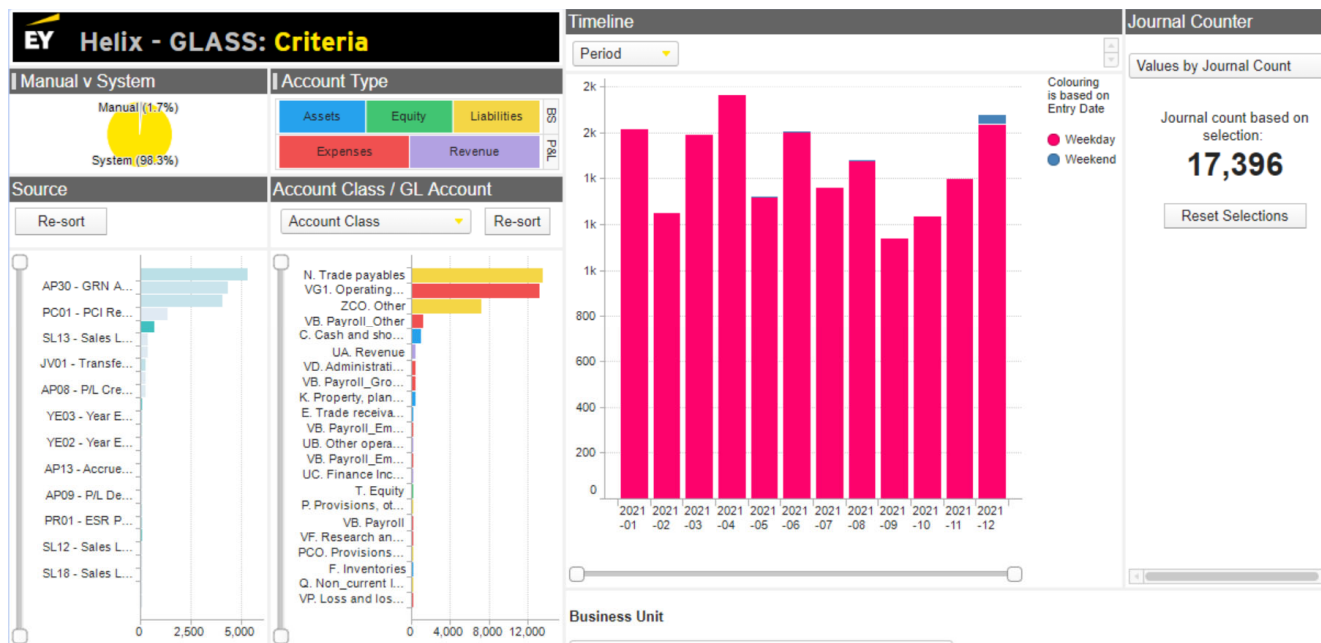
### What is the risk?

In line with ISA 240 we are required to test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.

### What judgements are we focused on?

Using our analysers we are able to take a risk based approach to identify journals with a higher risk of management override, as outlined in our audit planning report.

### Journal entry data criteria – 31 March 2021



### What did we do?

We obtained general ledger journal data for the period and have used our analysers to identify characteristics typically associated with inappropriate journal entries or adjustments, and journals entries that are subject to a higher risk of management override.

We then performed tests on the journals identified to determine if they were appropriate and reasonable.

### What are our conclusions?

We isolated a sub set of journals for further investigation and obtained supporting evidence to verify the posting of these transactions and concluded that they were appropriately stated.



# 10 Independence

## Relationships, services and related threats and safeguards

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Authority, and its members and senior management, including all services provided by us and our network to the Authority, its members and senior management, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2020 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

### Services provided by Ernst & Young

The next page includes a summary of the fees that you have paid to us in the year ended 31 March 2021 in line with the disclosures set out in FRC Ethical Standard and in statute.

As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted.

We confirm that we have not undertaken non-audit work.

### EY Transparency Report 2021

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2021:

[EY UK 2021 Transparency Report | EY UK](#)

## Fees

As part of our reporting on our independence, we set out below a summary of the fees paid for the year ended 31 March 2021. We confirm that we have not undertaken non-audit work outside the NAO Code requirements. We have complied with Auditor Guidance Note 1 issued by the NAO.

Description	Final Fee 2020/21 £	Planned Fee 2020/21 £	Final Fee 2019/20 £
Total Audit Fee - Code work	24,162	24,162	24,162
Proposed increase to the scale fee due to changes in work required to address professional and regulatory requirements and scope associated with risk (Note 1)	27,745	27,745	22,196
<b>Additional Fees (Note 2):</b>			
- Additional work on land & buildings	2,819	TBC	1,473
- Additional work on pensions	2,120	TBC	790
- VFM additional procedures	4,987	TBC	-
- Covid-19 inefficiencies	3,854	TBC	1,501
- Going concern assessment & disclosure	0	TBC	1,560
- Revised auditing standard for estimates	1,906	TBC	-
Non-audit work	0	0	0
<b>Total</b>	<b>67,593</b>	<b>TBC</b>	<b>51,682</b>

**Note 1** - The proposed increase to the scale fee to £46,358 reflects the increased risk and complexity facing all public sector bodies, adjusted for our knowledge and risk assessment for this Authority (£12,000) as well as the changes and incremental increase in regulatory standards (£9,000). We have also adjusted the baseline fee to reflect our current assessment of the Authority's readiness for audit, including data analytics, quality of working papers (£1,196). The proposed increase in the baseline fee is relatively consistent with other Fire and Rescue Authorities of a similar size, risk profile and complexity that EY audits. For 2020/21, the figure has been increased to reflect the 25% increased rates set by the PSAA.

**Note 2** - The impact of Covid-19 on the audit, going concern, estimates and VfM additional procedures will also impact the work that is required to be done. As we near the conclusion of the audit, we will be in a position to quantify the impact of these additional procedures and where we propose a variation to the Authority's scale fee.

On both points, we will continue to discuss and share with the Chief Financial Officer our assessment of the audit fees required to safeguard audit quality and our professional standards. We will also report our proposed final position in the Audit Results Report to the Overview and Audit Committee.

We intend to report to PSAA at this stage our assessment of the changes required to the baseline fee from £24,162 to £51,907. In doing so, we will notify PSAA whether the Authority agree, partially agree or do not agree with our assessment. PSAA are ultimately responsible for determining the scale fee and any variations to it.







# 11 Appendices

## Appendix A

# Required communications with the Overview and Audit Committee

There are certain communications that we must provide to the those charged with governance of UK entities. We have detailed these here together with a reference of when and where they were covered:

 Our Reporting to you		
Required communications	 What is reported?	  When and where
Terms of engagement	Confirmation by the overview and audit committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	Audit planning report, presented at the Overview and Audit Committee on 21 July 2021.
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.	Audit planning report, presented at the Overview and Audit Committee on 21 July 2021.
Significant findings from the audit	<ul style="list-style-type: none"> <li>▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures</li> <li>▶ Significant difficulties, if any, encountered during the audit</li> <li>▶ Significant matters, if any, arising from the audit that were discussed with management</li> <li>▶ Written representations that we are seeking</li> <li>▶ Expected modifications to the audit report</li> <li>▶ Other matters if any, significant to the oversight of the financial reporting process</li> </ul>	Audit results report, presented at the Overview and Audit Committee on 16 March 2022.

# Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> <li>▶ Whether the events or conditions constitute a material uncertainty related to going concern</li> <li>▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements</li> <li>▶ The appropriateness of related disclosures in the financial statements</li> </ul>	Audit results report, presented at the Overview and Audit Committee on 16 March 2022.
Misstatements	<ul style="list-style-type: none"> <li>▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation</li> <li>▶ The effect of uncorrected misstatements related to prior periods</li> <li>▶ A request that any uncorrected misstatement be corrected</li> <li>▶ Material misstatements corrected by management</li> </ul>	Audit results report, presented at the Overview and Audit Committee on 16 March 2022.
Subsequent events	<ul style="list-style-type: none"> <li>▶ Enquiry of the audit committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements.</li> </ul>	Audit results report, presented at the Overview and Audit Committee on 16 March 2022.
Fraud	<ul style="list-style-type: none"> <li>▶ Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity</li> <li>▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist</li> <li>▶ Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving:               <ol style="list-style-type: none"> <li>a. Management;</li> <li>b. Employees who have significant roles in internal control; or</li> <li>c. Others where the fraud results in a material misstatement in the financial statements.</li> </ol> </li> <li>▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected</li> <li>▶ Any other matters related to fraud, relevant to the Overview and Audit Committee responsibility.</li> </ul>	Audit results report, presented at the Overview and Audit Committee on 16 March 2022.



# Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Related parties	<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> <li>▶ Non-disclosure by management</li> <li>▶ Inappropriate authorisation and approval of transactions</li> <li>▶ Disagreement over disclosures</li> <li>▶ Non-compliance with laws and regulations</li> <li>▶ Difficulty in identifying the party that ultimately controls the entity</li> </ul>	Audit results report, presented at the Overview and Audit Committee on 16 March 2022.
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> <li>▶ The principal threats</li> <li>▶ Safeguards adopted and their effectiveness</li> <li>▶ An overall assessment of threats and safeguards</li> <li>▶ Information about the general policies and process within the firm to maintain objectivity and independence</li> </ul> <p>Communications whenever significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p>	<p>Audit planning report, presented at the Overview and Audit Committee on 21 July 2021.</p> <p>Audit results report, presented at the Overview and Audit Committee on 16 March 2022.</p>
External confirmations	<ul style="list-style-type: none"> <li>▶ Management's refusal for us to request confirmations</li> <li>▶ Inability to obtain relevant and reliable audit evidence from other procedures.</li> </ul>	Audit results report, presented at the Overview and Audit Committee on 16 March 2022.
Consideration of laws and regulations	<ul style="list-style-type: none"> <li>▶ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur</li> <li>▶ Enquiry of the audit committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the audit committee may be aware of</li> </ul>	Audit results report, presented at the Overview and Audit Committee on 16 March 2022.

# Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> <li>▶ Significant deficiencies in internal controls identified during the audit.</li> </ul>	Audit results report, presented at the Overview and Audit Committee on 16 March 2022.
Group Audits	<ul style="list-style-type: none"> <li>▶ An overview of the type of work to be performed on the financial information of the components</li> <li>▶ An overview of the nature of the group audit team's planned involvement in the work to be performed by the component auditors on the financial information of significant components</li> <li>▶ Instances where the group audit team's evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work</li> <li>▶ Any limitations on the group audit, for example, where the group engagement team's access to information may have been restricted</li> <li>▶ Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements.</li> </ul>	<p>Audit planning report, presented at the Overview and Audit Committee on 21 July 2021.</p> <p>Audit results report, presented at the Overview and Audit Committee on 16 March 2022.</p>
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> <li>▶ Written representations we are requesting from management and/or those charged with governance</li> </ul>	Audit results report, presented at the Overview and Audit Committee on 16 March 2022.
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> <li>▶ Material inconsistencies or misstatements of fact identified in other information which management has refused to revise</li> </ul>	Audit results report, presented at the Overview and Audit Committee on 16 March 2022.
Auditors report	<ul style="list-style-type: none"> <li>▶ Key audit matters that we will include in our auditor's report</li> <li>▶ Any circumstances identified that affect the form and content of our auditor's report</li> </ul>	Audit results report, presented at the Overview and Audit Committee on 16 March 2022.

# Management representation letter

## Management Rep Letter

[To be prepared on the entity's letterhead]

[Date]

Ernst & Young  
400 Capability Green  
Luton  
Bedfordshire  
LU1 3LU

Dear Neil,

Buckinghamshire & Milton Keynes Fire and Rescue Authority - Audit for the year ended 31 March 2021

This letter of representations is provided in connection with your audit of the consolidated and [Authority] financial statements of Buckinghamshire and Milton Keynes Fire Authority ("the Authority") for the year ended 31 March 2021. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the Authority's financial position of Buckinghamshire and Milton Keynes Fire Authority as of 31 March 2021 and of its financial performance (or operations) and its cash flows for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

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, which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

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

### A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with, the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.
2. We acknowledge, as members of management of the Authority, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Authority, the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, and are free of material misstatements, including omissions. We have approved the financial statements.
3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
4. As members of management of the Authority, we believe that the have 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 2020/21 that are free from material misstatement, whether due to fraud or error. We have disclosed to you any significant changes in our processes, controls, policies and procedures that we have made to address the effects of the COVID-19 pandemic on our system of internal controls.
5. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the Authority financial statements taken as a whole. We have not corrected these differences identified and brought to our attention by the auditor because [specify reasons for not correcting misstatement].

# Management representation letter

## Management Rep Letter (continued)

### B. Non-compliance with law and regulations, including fraud

1. We acknowledge that we are responsible for determining that the Authority's activities are conducted in accordance with laws and regulations and that we are responsible for identifying and addressing any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
3. 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.
4. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Authority (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:
  - ▶ involving financial statements;
  - ▶ related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the consolidated or Authority's financial statements;
  - ▶ related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Authority's activities, its ability to continue to operate, or to avoid material penalties;
  - ▶ involving management, or employees who have significant roles in internal controls, or others; or
  - ▶ in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

### C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
  - ▶ Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
  - ▶ Additional information that you have requested from us for the purpose of the audit; and
  - ▶ Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and all material transactions, events and conditions are reflected in the financial statements, including those related to the COVID-19 pandemic.
3. We have made available to you all minutes of the meetings of the Authority, the Executive Committee and the Overview and Audit Committee held through the year to the most recent meeting on the following date: [list date].
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 year 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 believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.
6. We have disclosed to you, and the Authority has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

# Management representation letter

## Management Rep Letter (continued)

7. From 11 November 2020, the date of our last management representation letter, through the date of this letter we have disclosed to you any unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate.

### D. 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.
3. We have recorded and/or disclosed, as appropriate, all liabilities related to litigation and claims, both actual and contingent.

### E. Going Concern

1. The Statement of Accounting Policies in the financial statements discloses all the matters of which we are aware that are relevant to the Authority's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

### F. Subsequent Events

1. There have been no events, including events related to the COVID-19 pandemic, subsequent to year end which require adjustment of or disclosure in the financial statements or notes thereto.

### G. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the narrative statement.
2. We confirm that the content contained within the other information is consistent with the financial statements.

### H. Ownership of Assets

1. Except for assets recognised as right-of-use assets in accordance with IFRS 16 Leases, the Authority has satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on the Authority's assets, nor has any asset been pledged as collateral. All assets to which the Authority has satisfactory title appear in the balance sheet.
2. All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the financial statements.
3. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts.

### I. Reserves

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

### J. Contingent Liabilities

1. We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the financial statements or as the basis of recording a contingent loss (other than those disclosed or accrued in the financial statements).



## Appendix E

# Management representation letter

### Management Rep Letter (continued)

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, except for matters of routine, normal, recurring nature none of which involves any allegations of noncompliance with laws or regulations that should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

#### K. Use of the Work of a Specialist

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

#### L. Pension Liability and PPE Estimates

1. We confirm that the significant judgments made in making the pension liability and property, plant and equipment have taken into account all relevant information and the effects of the COVID-19 pandemic of which we are aware.

2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the pension liability and property, plant and equipment estimates.

3. We confirm that the significant assumptions used in making the pension liability and property, plant and equipment estimates appropriately reflect our intent and ability to carry out the specific courses of action on behalf of the entity.

4. We confirm that the disclosures made in the financial statements with respect to the accounting estimates, including those describing estimation uncertainty and the effects of the COVID-19 pandemic, are complete and are reasonable in the context of CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

5. We confirm that appropriate specialized skills or expertise has been applied in making the pension liability and property, plant and equipment estimates.

6. We confirm that no adjustments are required to the accounting estimates and disclosures in the consolidated and parent entity financial statements, including due to the COVID-19 pandemic.

#### M. Retirement benefits

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

Yours faithfully,

\_\_\_\_\_  
Director of Finance and Chief Financial Officer

\_\_\_\_\_  
Chairman of the Overview and Audit Committee

## EY | Assurance | Tax | Transactions | Advisory

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ED None

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# Buckinghamshire & Milton Keynes Fire Authority

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**Meeting and date:** Overview and Audit Committee, 16 March 2022

**Report title:** Letter of Management Representation 2020/21

**Lead Member:** Councillor David Hopkins

**Report sponsor:** Mark Hemming, Director of Finance & Assets

**Author and contact:** Marcus Hussey [mhussey@bucksfire.gov.uk](mailto:mhussey@bucksfire.gov.uk)

**Action:** Decision.

**Recommendations:** That the Letter of Representation be approved for signature by the Chief Finance Officer and the Chairman of the Overview and Audit Committee.

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## **Executive summary:**

The Authority is required to consider and sign the letter of representation to Ernst & Young in order for the audit opinion and conclusion to be issued.

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## **Financial implications:**

No direct impact.

## **Risk management:**

No direct impact.

## **Legal implications:**

The audit of the financial statements is a statutory requirement.

## **Privacy and security implications:**

No direct impact.

## **Duty to collaborate:**

No direct impact.

## **Health and safety implications:**

No direct impact.

## **Environmental implications:**

No direct impact.

## **Equality, diversity, and inclusion implications:**

No direct impact.

**Consultation and communication:**

No direct impact.

**Background papers:**

None

<b>Appendix</b>	<b>Title</b>	<b>Protective Marking</b>
1	Letter of Management Representation 2020/21	



Neil Harris  
Ernst & Young  
400 Capability Green  
Luton  
Bedfordshire  
LU1 3LU

Our ref: Letter of Representation 2020/21  
Enquiries to: Mark Hemming  
Direct line: 01296 744687  
Date: 16 March 2022  
Email: mhemming@bucksfire.gov.uk

Dear Neil,

**Buckinghamshire & Milton Keynes Fire and Rescue Authority - Audit for the year ended 31 March 2021**

This letter of representations is provided in connection with your audit of the consolidated and [Authority] financial statements of Buckinghamshire and Milton Keynes Fire Authority ("the Authority") for the year ended 31 March 2021. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the Authority's financial position of Buckinghamshire and Milton Keynes Fire Authority as of 31 March 2021 and of its financial performance (or operations) and its cash flows for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

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, which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

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

**A. Financial Statements and Financial Records**

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with, the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.
2. We acknowledge, as members of management of the Authority, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Authority, the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, and are free of material misstatements, including omissions. We have approved the financial statements

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**Director of Finance & Assets: Mark Hemming FCPFA**  
Buckinghamshire Fire & Rescue Service  
Brigade Headquarters, Stocklake, Aylesbury, Bucks HP20 1BD  
Tel: 01296 744400 Fax: 01296 744419



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3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
  4. As members of management of the Authority, we believe that the have 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 2020/21 that are free from material misstatement, whether due to fraud or error. We have disclosed to you any significant changes in our processes, controls, policies and procedures that we have made to address the effects of the COVID-19 pandemic on our system of internal controls.
  5. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the Authority financial statements taken as a whole. We have not corrected these differences identified and brought to our attention by the auditor because [specify reasons for not correcting misstatement].

#### **B. Non-compliance with law and regulations, including fraud**

1. We acknowledge that we are responsible for determining that the Authority's activities are conducted in accordance with laws and regulations and that we are responsible for identifying and addressing any noncompliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
3. 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.
4. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Authority (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:
  - involving financial statements;
  - related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the consolidated or Authority's financial statements;
  - related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Authority's activities, its ability to continue to operate, or to avoid material penalties;
  - involving management, or employees who have significant roles in internal controls, or others; or



- 
- in relation to any allegations of fraud, suspected fraud or other noncompliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

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

1. We have provided you with:
  - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and all material transactions, events and conditions are reflected in the financial statements, including those related to the COVID-19 pandemic.
3. We have made available to you all minutes of the meetings of the Authority, the Executive Committee and the Overview and Audit Committee held through the year to the most recent meeting on the following date: [list date].
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 year 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 believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.
6. We have disclosed to you, and the Authority has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
7. From 11 November 2020, the date of our last management representation letter, through the date of this letter we have disclosed to you any unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement



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agencies and security consultants) , to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate.

#### **D. 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.
3. We have recorded and/or disclosed, as appropriate, all liabilities related to litigation and claims, both actual and contingent.

#### **E. Going Concern**

1. The Statement of Accounting Policies in the financial statements discloses all the matters of which we are aware that are relevant to the Authority's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

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

1. There have been no events, including events related to the COVID-19 pandemic, subsequent to year end which require adjustment of or disclosure in the financial statements or notes thereto.

#### **G. Other information**

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the narrative statement.
2. We confirm that the content contained within the other information is consistent with the financial statements.

#### **H. Ownership of Assets**

1. Except for assets recognised as right-of-use assets in accordance with IFRS 16 Leases, the Authority has satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on the Authority's assets, nor has any asset been pledged as collateral. All assets to which the Authority has satisfactory title appear in the balance sheet.
2. All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the financial statements.
3. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts.

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#### **Director of Finance & Assets: Mark Hemming FCPFA**

Buckinghamshire Fire & Rescue Service  
Brigade Headquarters, Stocklake, Aylesbury, Bucks HP20 1BD  
Tel: 01296 744400 Fax: 01296 744419



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## **I. Reserves**

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

## **J. Contingent Liabilities**

1. We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the financial statements or as the basis of recording a contingent loss (other than those disclosed or accrued in the financial statements).
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, except for matters of routine, normal, recurring nature none of which involves any allegations of noncompliance with laws or regulations that should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

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

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

## **L. Pension Liability and PPE Estimates**

1. We confirm that the significant judgments made in making the pension liability and property, plant and equipment have taken into account all relevant information and the effects of the COVID-19 pandemic of which we are aware.
2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the pension liability and property, plant and equipment estimates.
3. We confirm that the significant assumptions used in making the pension liability and property, plant and equipment estimates appropriately reflect our intent and ability to carry out the specific courses of action on behalf of the entity.
4. We confirm that the disclosures made in the financial statements with respect to the accounting estimates, including those describing estimation uncertainty and the effects of the COVID-19 pandemic, are complete and are reasonable in the context of CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom

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### **Director of Finance & Assets: Mark Hemming FCPFA**

Buckinghamshire Fire & Rescue Service  
Brigade Headquarters, Stocklake, Aylesbury, Bucks HP20 1BD  
Tel: 01296 744400 Fax: 01296 744419



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2020/21.

5. We confirm that appropriate specialized skills or expertise has been applied in making the pension liability and property, plant and equipment estimates.
6. We confirm that no adjustments are required to the accounting estimates and disclosures in the consolidated and parent entity financial statements, including due to the COVID-19 pandemic.

**M. Retirement benefits**

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

Yours faithfully,

\_\_\_\_\_ Mark Hemming  
Director of Finance and Chief Financial Officer

\_\_\_\_\_ Cllr David Carroll  
Chairman of the Overview and Audit Committee





# Buckinghamshire & Milton Keynes Fire Authority

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**Meeting and date:** Overview and Audit Committee, 16 March 2022

**Report title:** Adoption of the Audited Statement of Accounts – Year Ended 31 March 2021

**Lead Member:** Councillor David Hopkins

**Report sponsor:** Mark Hemming, Director of Finance & Assets

**Author and contact:** Marcus Hussey [mhussey@bucksfire.gov.uk](mailto:mhussey@bucksfire.gov.uk)

**Action:** Decision

**Recommendations:**

1. That the matters raised by the external auditors be considered.
2. That the Statement of Accounts for the financial year ended 31 March 2021 be approved for signing by the Chairman of the Overview and Audit Committee.

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**Executive summary:**

The Authority must prepare, in accordance with proper practices in relation to accounts, a statement of accounts for each year.

The audit has now been completed and the Fire Authority are asked to consider any issues raised during the audit before approving the accounts for signing.

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**Financial implications:**

No direct impact.

**Risk management:**

No direct impact.

**Legal implications:**

The Statement of Accounts must, following consideration, be approved by the Authority or Committee of the Authority.

**Privacy and security implications:**

No direct impact.

**Duty to collaborate:**

No direct impact.

**Health and safety implications:**

No direct impact.

**Environmental implications:**

No direct impact.

**Equality, diversity, and inclusion implications:**

No direct impact.

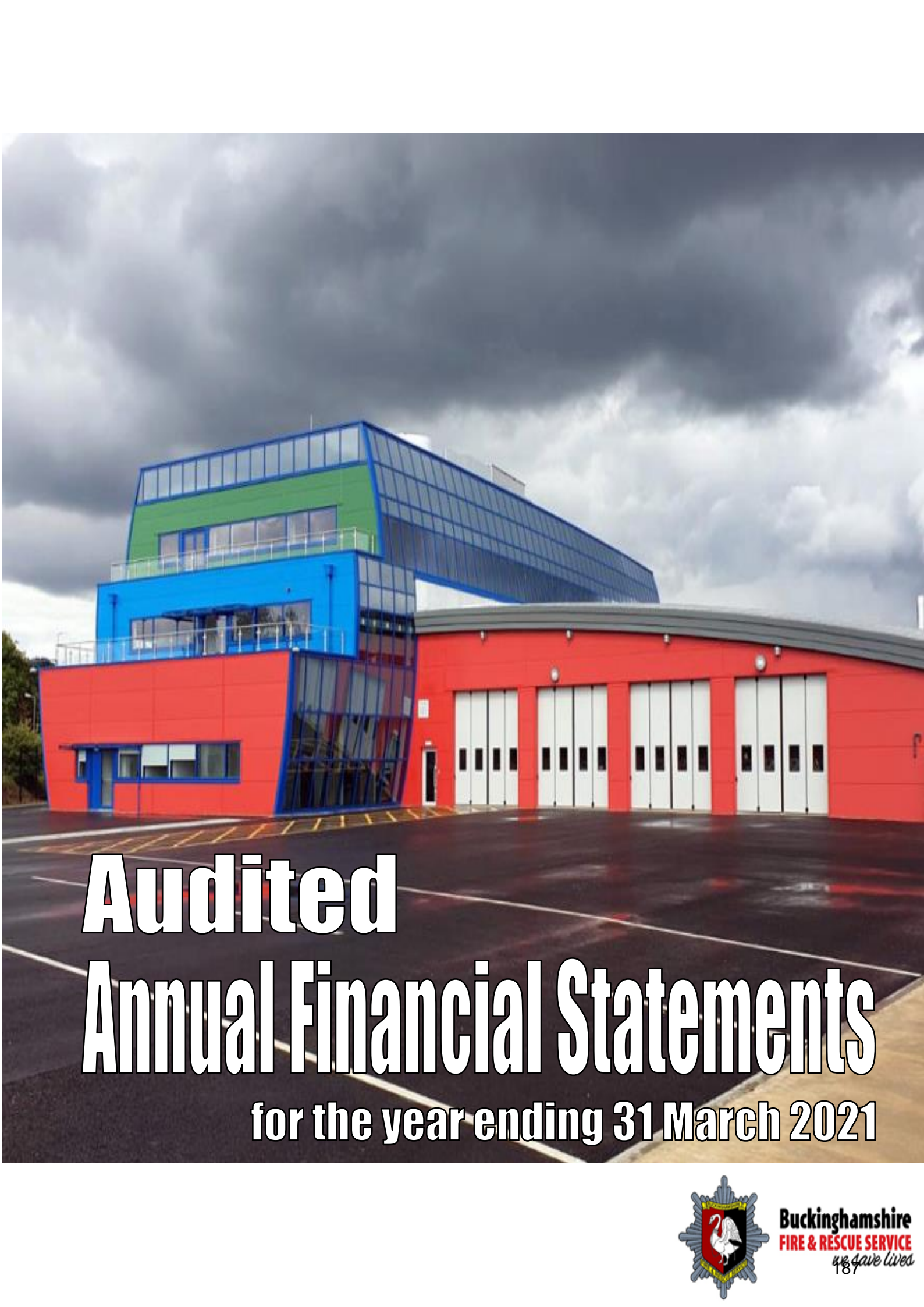
**Consultation and communication:**

No direct impact.

**Background papers:**

None

<b>Appendix</b>	<b>Title</b>	<b>Protective Marking</b>
1	Statement of Accounts 2020/21	



# Audited Annual Financial Statements

for the year ending 31 March 2021



**Buckinghamshire**  
**FIRE & RESCUE SERVICE**  
*we save lives*  
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## 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 Narrative Statement are outside the scope of the Statement of Accounts and therefore 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 2021. It shows the financial detail of the services the Authority have provided together with explanatory notes, the resources consumed and the financial position at the end of the year compared with the previous year.

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

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

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

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

<https://bucksfire.gov.uk/about-us/>

[https://bucksfire.gov.uk/documents/2020/03/vision\\_and\\_values\\_policy.pdf/](https://bucksfire.gov.uk/documents/2020/03/vision_and_values_policy.pdf/)

Cllr David Carroll  
Chairman of the Overview and Audit Committee

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

## **Narrative Statement**

In compiling these accounts the Authority have followed the Chartered Institute of Public Finance and Accountancy's Code of Practice on Local Authority Accounting in the United Kingdom 2020/21: 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 2021 was £6.533m (as at 31 March 2020 was £5.139m);
- 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 2020/21 was £4.196m (2019/20 was a deficit of £10.513m);
- Balance Sheet - this statement shows how the resources available are held in the form of assets and liabilities. The net assets figure is balanced by the Total Reserves figure (see also Movement in Reserves Statement); and
- Cash Flow Statement - this statement shows how the movement in resources has been reflected in cash flows. The starting point for this statement is the net surplus/deficit on the provision of services (see also Comprehensive Income and Expenditure Statement). The net increase in cash and cash equivalents during the year was £0.318m (net Increase of £0.836m in 2019/20). Please refer to Note 17 for details of the movement.

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

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

This Narrative Statement provides information about the Authority, including the key issues affecting the Authority and its accounts. It also provides a summary of the financial position at 31 March 2021 and is structured as below:

- An Introduction to Buckinghamshire and Milton Keynes Fire Authority
- Key Facts about the Authority
- Financial Performance in 2020/21
- Corporate Risks
- Coronavirus (COVID-19) Pandemic
- Going Concern Review

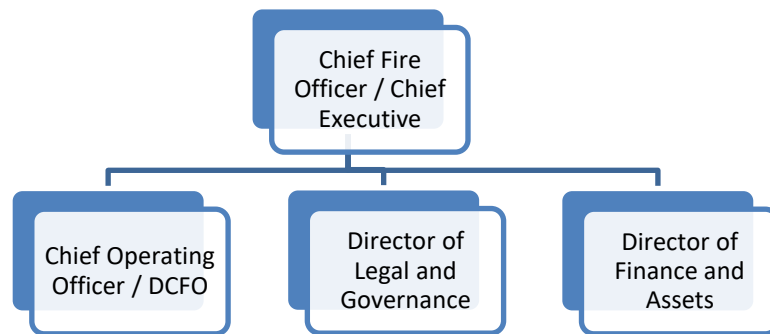
## **An Introduction to Buckinghamshire and Milton Keynes Fire Authority**

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

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

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

## **Senior Management Structure**



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

- Developing strategies;
- Identifying and planning resources;
- Delivering plans; and
- Reviewing the Authority's effectiveness with the overall objective of providing excellent services to the public.

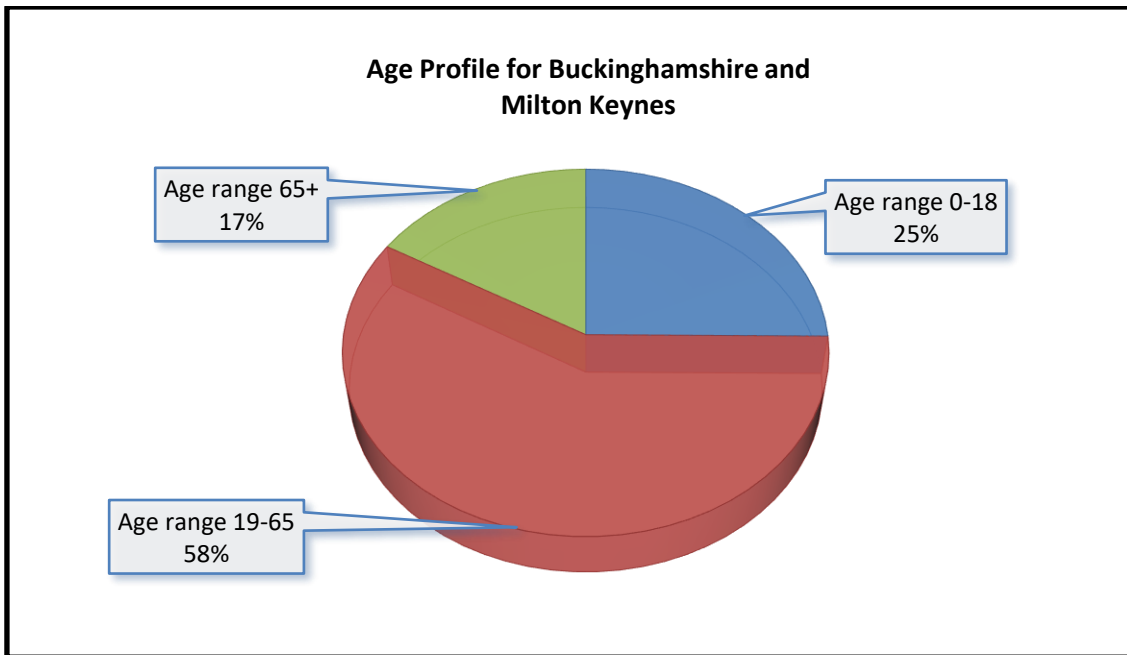
## **2020-2025 Public Safety Plan**

This Public Safety Plan (PSP) sets out Buckinghamshire and Milton Keynes Fire Authority's strategy for the provision of fire and rescue services for the five year period April 2020 to March 2025. The Plan has been developed using integrated risk management planning methods and is designed to conform to the Government's guidance in relation to the preparation of integrated risk management plans. The Public Safety Plan 2020-2025 can be viewed here:

[https://bucksfire.gov.uk/documents/2020/03/public\\_safety\\_plan\\_2020\\_to\\_2025.pdf/](https://bucksfire.gov.uk/documents/2020/03/public_safety_plan_2020_to_2025.pdf/)

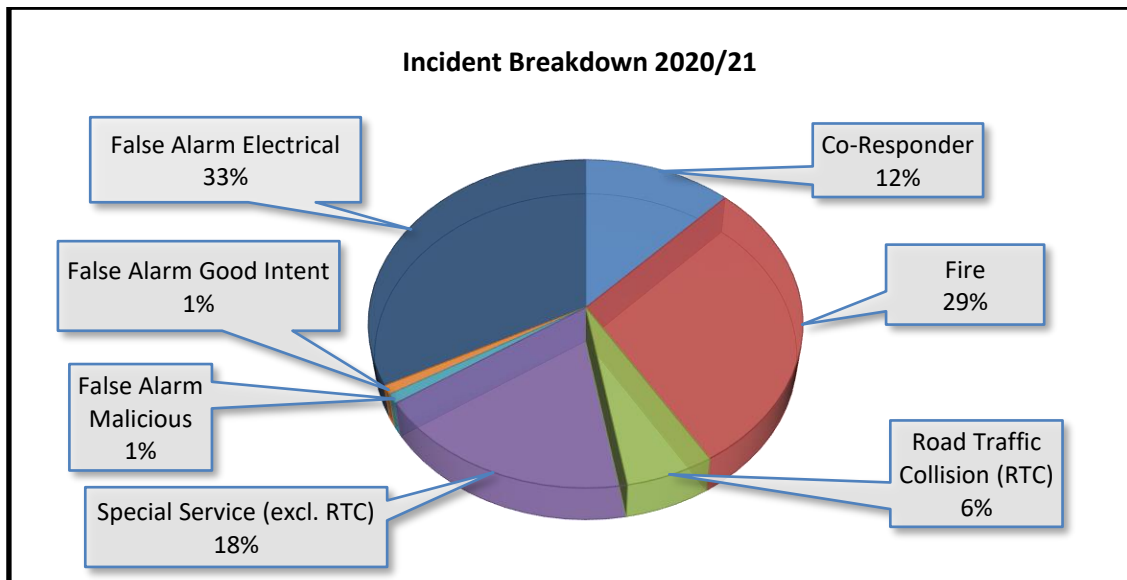
**Key Facts about the Authority**

The population for Buckinghamshire and Milton Keynes estimated by the Office for National Statistics (Mid-2019) was 817,263. The age profile is presented below:



**Incidents by type**

False alarm electrical (33% of total incidents) and fire (29%) accounts for a large proportion of incidents recorded followed special service (18%), co-responder (12%), road traffic collisions (6%), false alarm good intent (1%) and false alarms malicious (1%).



In addition to attending incidents, fire-fighters carried out 1,078 Home Fire Risk Checks in our quest to target those who are most vulnerable and at risk from fire based upon our research and work with partners.



**Operational Resourcing**

The Authority has 19 stations located across the Buckinghamshire and Milton Keynes area. Each station will contain strategically placed operational assets. These operational assets include fire engines, water rescue (boats), aerial appliances, urban search and rescue (USAR) and a number of specialist assets. There are several duty systems operated within the Authority, with the main three being Whole-time, Day-Crewed and On-call.

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

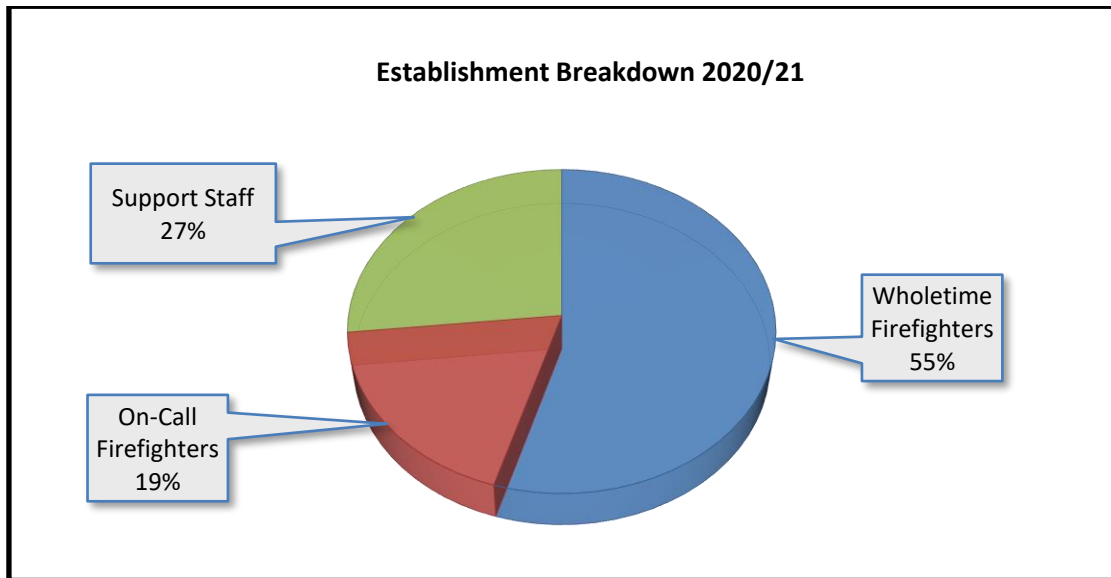
Our **Day-Crewed** stations provide full-time cover during the day (08:00-18:00 hours) and On-Call cover at night (18:00-08:00 hours).

Our **On-Call** stations use firefighters who live/work in the area and come in as and when required.

Since 2011, the Authority have been operating a **Co-Responding** service in partnership with South Central Ambulance Service. This partnerships is delivered from several stations across the Buckinghamshire & Milton Keynes area.

**Establishment**

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



(Figures in the table above are based on full-time equivalents)

## **Financial Performance in 2020/21**

### **Budget Setting 2020/21**

The budget for 2020/21 was set at a full Authority meeting in February 2020, figures were based on the final financial settlement announced by Central Government earlier that month. It was agreed that there would be a 1.98 percent increase in council tax. Therefore, the levy for a council tax band D property to cover the services provided increased to £65.85 per annum.

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

The budget proposed adopted a zero-based budget approach when developing the budget proposal for 2020/21. As opposed to the incremental approach, which looks at last year's budgets and adjusts them up or down, the zero-based approach looked at all budgets to ensure the correct amount of money is being spent in the correct areas. This approach has been developed alongside the new Public Safety Plan and feedback from our recent inspection report from HMICFRS.

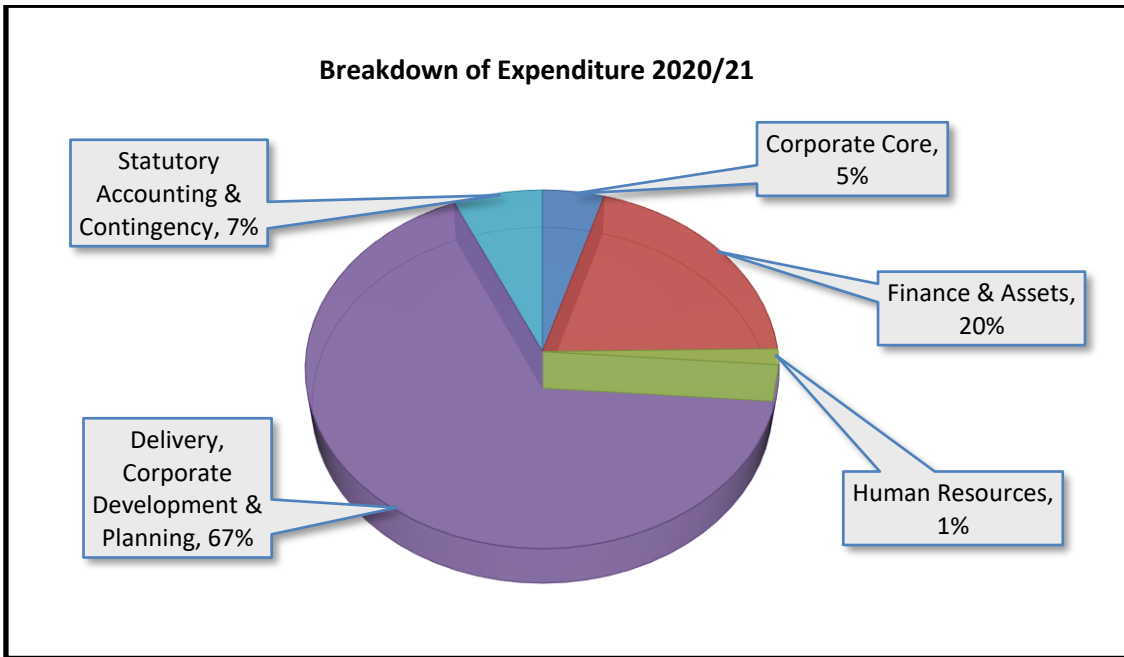
Although our HMICFRS report (December 2019) noted that the inspectorate "would like to see improvements in the year ahead, but without increased funding, it is difficult to see where progress can be made". The zero-based budget approach has identified some key opportunities within the current budgetary constraints which are as follow:

- Increasing the wholetime establishment by up to 20 firefighters in 2020/21, with the potential to increase by a further 10 in the following year (depending on the outcome of the comprehensive spending review)
- Increasing the Protection Team by 4 FTEs and introducing a Team Leader role and two further FTEs into the Prevention Team.
- Introducing a Head of Technology, Transformation and Programme Management Office (PMO) to manage the actions required following our inspection report.

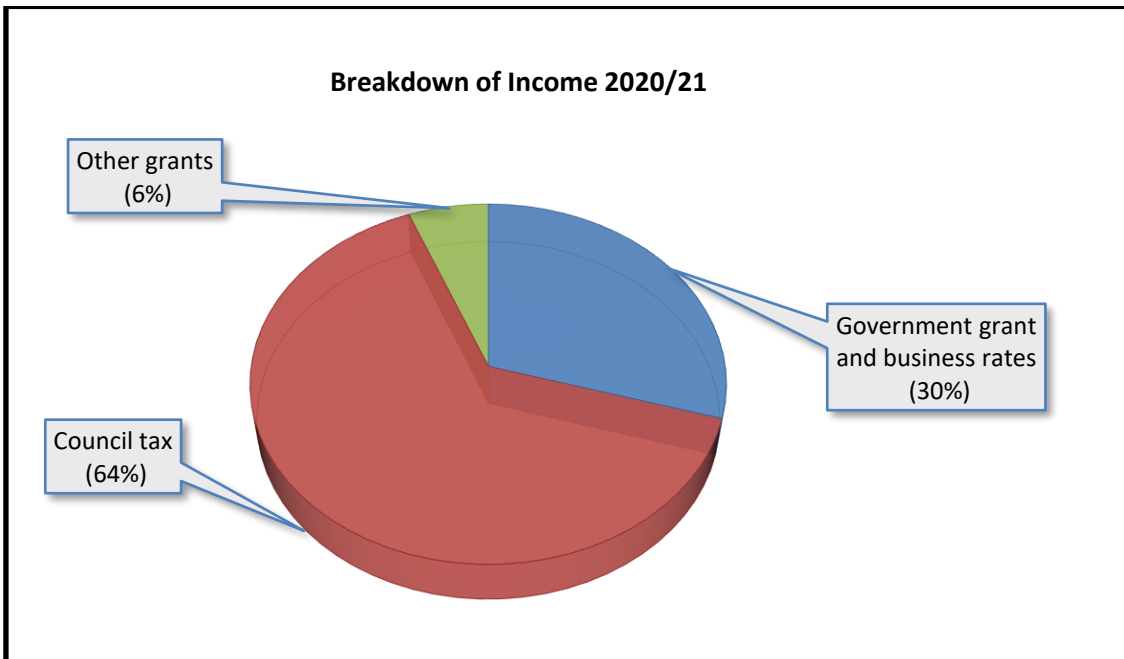
Specific items taken into account in setting the budget for 2020/21 included inflation and the increasing revenue cost for the capital programme. Amounts were also set aside as contingency to cover protected pay and other unknowns such as a national fire-fighters pay award. During the budget setting process, savings and growth bid packages were submitted to challenge and authorisation by Members.

The Authority funds the capital programme predominantly through revenue funding, as the level of funding available via capital grants is limited to transformation initiatives. The capital programme was targeted to fund the essential refurbishment of our fire stations, the replacement of fire specialist equipment and appliances.

**Breakdown of Expenditure 2020/21**



**Breakdown of Income 2020/21**



**Revenue Outturn**

The revenue budget for 2020/21 was £31.339m set at the full Authority meeting held in February 2020. The table below shows the revenue outturn position for the year. The Authority reported an underspend of £0.966m.

<b>Directorate</b>	<b>Total Budget £</b>	<b>Actual Year to Date £</b>	<b>Provisional Year End Variance £</b>
Corporate Core	1,513,830	1,444,195	-69,635
Finance & Assets	6,283,192	6,276,749	-6,443
Human Resources	542,610	446,012	-96,598
Delivery, Corp. Dev. Planning	21,407,930	20,947,783	-460,147
Statutory Acc. & Contingency	1,591,850	2,086,903	495,053
<b>Total Expenditure</b>	<b>31,339,412</b>	<b>31,201,643</b>	<b>-137,769</b>
<b>Total Funding</b>	<b>-31,339,412</b>	<b>-32,168,053</b>	<b>-828,641</b>
<b>Net Position</b>	<b>0</b>	<b>-966,411</b>	<b>-966,411</b>

**Capital Outturn 2020/21**

Capital expenditure is not shown in the Comprehensive Income and Expenditure Statement but is budgeted for and reported separately. The capital programme for 2020/21 was £3.025m, including £1.809m worth of carry forward capital projects from 2019/20. The table below shows the final capital position at year-end for each capital programme.

<b>Capital Programme</b>	<b>Budget 2020/21 £000</b>	<b>Actuals £000</b>	<b>Slippage £000</b>	<b>Year End Variance £000</b>
Property	1,637	3,360	121	1,844
Fire Appliances & Equipment	1,313	777	346	-191
ICT	75	69	5	-1
<b>Total Capital Spend</b>	<b>3,025</b>	<b>4,206</b>	<b>472</b>	<b>1,653</b>

The majority of the expenditure within Property relates to the refurbishment of several stations, as well as the build of the Blue Light Hub. The Blue Light Hub build was completed during 2020/21 and is in operation, with partners South Central Ambulance Service and Thames Valley Police. The level of spend seen within Fire Appliances & Equipment predominantly relates to the purchase of two red fleet appliances, one white fleet vehicle and operational equipment. The outturn is reporting a slippage of £0.472m, which relates to the delays in the purchase of a further two red fleet appliances.

The Authority's loans are borrowed from the Public Works Loan Board (PWLB) and during 2020/21 no new loans were taken out. The Authority's total borrowing for capital purposes stands at £6.797m with loan repayments spread over the years 2021-2056.

**Capital Programme 2021/22 to 2025/26**

The table below summarises the capital programme for 2021/22 to 2025/26. The Authority does not receive Central government funding for capital projects. Therefore, the capital programme for the Authority will be funded from in year revenue contributions to capital and capital receipts.

<b>Capital Programme</b>	<b>2021/22 £000</b>	<b>2022/23 £000</b>	<b>2023/24 £000</b>	<b>2024/25 £000</b>	<b>2025/26 £000</b>
Property	500	500	500	500	500
Fire Appliances & Equipment	1405	1,805	655	905	905
ICT	75	75	75	75	75
Slippage	472	-	-	0	0
<b>Total Budget</b>	<b>2,452</b>	<b>2,380</b>	<b>1,230</b>	<b>1,480</b>	<b>1,480</b>

**Reserves Balances**

The level of reserves held by the Authority as at 31 March 2021 are shown in the table below:

<b>31 March 2020</b>		<b>31 March 2021</b>
<b>£000</b>	<b>Reserve Balances</b>	<b>£000</b>
(1,500)	General Fund Balance	(1,500)
<b>(1,500)</b>	<b>Sub Total Non-Earmarked General Fund Balance</b>	<b>(1,500)</b>
(500)	Apprentice Reserve	(500)
(534)	Control Room Reserve	(587)
(148)	Continuing Projects Reserve	(80)
(364)	COVID-19 Reserve	(594)
(651)	Future Funding Reserve	(61)
-	Referendum Reserve	(600)
<b>(2,197)</b>	<b>Sub Total Earmarked Reserves - Revenue</b>	<b>(2,422)</b>
-	Usable Capital Receipts Reserve	-
(1,442)	Revenue Contribution to Capital	(2,611)
<b>(1,442)</b>	<b>Sub Total Earmarked Reserves - Capital</b>	<b>(2,611)</b>
<b>(5,139)</b>	<b>Total Usable Reserves</b>	<b>(6,533)</b>

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

**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 2020/21, the Authority's share of the five Pension Fund's net liabilities increased by £71.355m to £357.795m (for 2019/20 the net liability was £286.440m).

Effectively, the Pension Funds are in deficit by £357.795m compared with what is needed to pay the pensions of current scheme members, and the effect is to reduce the overall net worth of the Authority by that amount. However, statutory arrangements for the funding of the deficit, whereby the deficit will be made good by employer contributions over the remaining working life of employees as assessed by the scheme's actuaries, mean that the financial position of the Authority remains healthy.

**Corporate Risks**

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

<b>Risk Description</b>	<b>Consequence if untreated</b>	<b>Treatment of risk</b>
<p>Staff availability, emerging risks of;</p> <p>1/ Staff inability to get to work due to external factors e.g. Pandemic Flu, disruption to fuel supplies etc.</p> <p>2/ Impact of transformation at pace on attraction of new staff, retention and overall workforce stability.</p>	<p>Potential detrimental effects on service delivery to the community and our reputation.</p> <p>Failure to discharge statutory duties.</p> <p>Loss of critical knowledge / skills / capacity /competency levels.</p>	<ul style="list-style-type: none"> <li>- Full business continuity plans in place &amp; uploaded to Resilience Direct.</li> <li>- Peer review of the business continuity arrangements</li> <li>- Bank System</li> <li>- Flexi-Duty System Pilot</li> <li>- Staff Transfer Procedure</li> <li>- Employee assistance and welfare support</li> <li>- Training Needs Assessment process</li> <li>- Monitoring of staff ‘stability ratio’ relative to best practice and sector norms</li> <li>- Review of Resourcing and Retention strategies</li> <li>- Wider range of contracts offering more flexible ways of working</li> <li>- A variety of approaches are being adopted to replenish the workforce.</li> </ul> <p>These include more operational apprentices, transferees, and reengagement options</p> <ul style="list-style-type: none"> <li>- Workforce planning data is regularly reviewed with Prevention, Response &amp; Resilience, HR and Finance</li> <li>- Growth bids to be considered to support future resourcing demands.</li> <li>- HR are reviewing the future promotion and career development options</li> <li>- Resourcing levels are constantly monitored to ensure coverage.</li> </ul>
<p>Funding and Savings Requirement</p>	<p>The funding settlement now assumes that a council tax increase is required each year in line with the prevailing capping limit, currently 2% for the Fire Authority, and that local growth meets expectations.</p> <p>If either, or both, did not come to fruition then there is a risk the Authority will not meet its commitment to the PSP 2020 - 25 and that a fundamental re-think of service provision would be required.</p>	<ul style="list-style-type: none"> <li>- Proactive management of the MTFP is in force and is very closely aligned to workforce planning.</li> <li>- For the present, USAR (S31) grant funding is assumed to continue, though notification now seems to be year on year and often after budget setting. If removed, the Authority will need to cope with a circa £800k cut in funding.</li> <li>- The Authority has responded to consultations and lobbied MPs to increase the referendum threshold for fire authorities to £5.</li> </ul>

		<p>- As part of the budget setting process, we will seek to identify savings opportunities to address the deficit in the overall revenue budget for potential implementation in 2022-23.</p>
<p>Information management* / security failure to –</p> <p>a) Comply with statutory or regulatory requirements</p> <p>b) Manage technology</p> <p>c) Manage organisational resources</p> <p>Deliberate: unauthorised access and theft or encryption of data. Accidental: loss, damage or destruction of data</p>	<p>Inability to access/use our e-information systems.</p> <p>Severe financial penalties from the Information Commissioner</p> <p>Lawsuits from the public whose sensitive personal information is accessed causing damage and distress.</p> <p><i>*Information management is concerned with the acquisition, custodianship and the distribution of information to those who need it, and its ultimate disposition through archiving or deletion. Information security is the practice of protecting information by mitigating risks such as unauthorised access and its unlawful use, disclosure, disruption, deletion and corruption. As more and more information is held electronically risks have become systems, as well as process and people based and are therefore vulnerable to cyber-attacks. Cyber-crime is unrelenting and issues arise at a greater frequency than existing intrusion attempts can be resolved. is such, this is a constant on the CRR.</i></p>	<p><b>1. Appropriate roles:</b></p> <ul style="list-style-type: none"> <li>- SIRO has overall responsibility for the management of risk</li> <li>- Information and information systems assigned to relevant Information Asset Owners (IAO’s)</li> <li>- Department Security Officer (DSO) the Information Governance &amp; Compliance Manager has day-to-day responsibility for the identification of information risks and their treatments</li> <li>- ‘Stewards’ assigned by IAO’s with day-to-day responsibility for relevant information.</li> </ul> <p><b>2. Virus detection/avoidance:</b></p> <p>Anti-Malware report – no significant adverse trends identified which indicates that improved security measures such as new email and web filters are being successful in intercepting infected emails and links;</p> <p><b>3. Policies / procedure:</b></p> <p>Comprehensive review and amendment of the retention and disposal schedules / Information Asset Registers,</p> <ul style="list-style-type: none"> <li>- Current and tested business continuity plans / disaster recovery plans</li> <li>- Employee training/education</li> <li>- Tested data/systems protection clauses in contracts and data-sharing agreements</li> <li>- Integrated Impact Assessments (IIA)</li> <li>- Disincentives to unauthorised access e.g. disciplinary action</li> </ul> <p><b>4. Premises security:</b></p> <ul style="list-style-type: none"> <li>- Preventative maintenance schedule</li> <li>- Frequent audits at Stations and inventory aligned to asset management system.</li> <li>- Reduction in the number of CCTV requests following improved education and guidance in relation to the use of the same;</li> </ul> <p><b>5. Training:</b></p> <p>The biennial “Responsible for Information” training will be supplemented by the National Cyber Security Centre’s new e-learning package ‘Top Tips for Staff’ which has been built into the Heat training platform as a mandatory biennial package. Cyber-security training, delivered by Thames Valley Police’s cyber security advisor, rolled out to members of the Leadership Group during September 2020. Further training planned for early 21/22.</p>

<p>Risk of physical disruption to Service operations due to no, or insufficiently comprehensive, agreement covering future UK relations with the EU.</p>	<p>Disruption to procurement processes leading to potential shortages of equipment or consumables.</p> <p>Disruption to transportation delaying personnel and or vehicle movements.</p>	<p>The likely impact of short-term disruption to supplies of equipment to the Service is considered to be low given that: most Authority procurement contracts are with UK based suppliers; and, the relatively long timescales for procurement within the sector. Advice and guidance from the NFCC and Fire Industries Association in relation to this risk is monitored and acted on as required.</p> <p>The risk of transport disruption is considered relatively low due to absence of ports and international airports within the area served by the Authority. Authority officers are actively involved in in TVLRF risk evaluation and mitigation planning for the wider Thames Valley area.</p>
<p>Risk of resurgence of Covid-19 and / or seasonal influenza in Autumn / Winter 2020 and into 2021.</p>	<p>Increased levels of sickness absence amongst staff.</p> <p>Potential degradation of capacity or capability to deliver Key services to the public and / or sustain supporting functions.</p>	<p>In addition to controls identified for existing staff availability risk (see above):</p> <ul style="list-style-type: none"> <li>- Maintenance of current social distancing and sanitisation regimes in all Authority workplaces.</li> <li>- Remote working for functions that do not require physical presences in Authority workspaces.</li> <li>- Risk assess and prioritise non-emergency services requiring physical contact with the public, suppliers, partner agencies etc.</li> <li>- Provision of appropriate PPE for staff required to work in close proximity with the public.</li> <li>- Appliance / service availability degradation planning.</li> <li>- Free seasonal flu jabs available to all staff.</li> <li>- Covid-19 app being rolled out to all sites, and pushed to all Authority phones</li> </ul>
<p>Court of Appeal ruling on the McCloud / Sargeant cases: potential impact on staff retirement profile, resourcing to implement required changes and financial impacts thereof.</p>	<p>Potential detrimental effects on service delivery to the community and our reputation.</p> <p>Failure to discharge statutory duties.</p> <p>Loss of critical knowledge / skills / capacity /competency levels,</p> <p>Failure to comply with legal requirements.</p> <p>Unknown / unquantified budgetary impacts.</p>	<ul style="list-style-type: none"> <li>- Review of Resourcing and Retention strategies</li> <li>- Workforce planning data is regularly reviewed with Prevention, Response &amp; Resilience, HR and Finance.</li> <li>- Resourcing levels are constantly monitored to ensure coverage.</li> <li>- Potential impacts on costs to be factored into future Medium-Term Financial Planning process.</li> <li>- Recruitment of dedicated specialist resource to evaluate requirements arising from the Court of Appeal ruling and implement necessary administrative changes.</li> </ul>



## **Coronavirus (COVID-19) Pandemic**

The outbreak of the global coronavirus (COVID-19) pandemic has resulted in Buckinghamshire and Milton Keynes Fire Authority taking all necessary measures to minimise disruption to the emergency response and to continue to maintain the Authority's vision, to make Buckinghamshire and Milton Keynes the safest areas in England in which to live, work and travel. The Authority is working as part of the Thames Valley Local Resilience Forum (TVLRF) in response to COVID-19. Each organisation is making decisions every day, balancing the need to maintain essential services and support those most affected. The Authority's aim is to follow, implement and share public health guidance to protect the public and members of staff against infection from COVID-19.

The Authority activated the Pandemic Management Group (PMG), which includes representatives from service critical departments. The role of PMG is to consider, review, evaluate and monitor how the National and Local picture is impacting on the Authority. In responding to COVID-19 it was deemed necessary for the temporary suspension of some activities. The Authority will continue to provide safety advice to the public and members of staff via social media platforms. The safety advice will be adapted to the changes in situations and essential information and guidance will be issued where necessary. The Authority has robust contingency plans in place should the Authority encounter a high number of absences among firefighters and support staff to ensure the Authority continues to respond to every emergency to protect the communities. For the Authority to be able to minimise disruption on the potential impact of COVID-19, early contact was made to all suppliers to request their business continuity plans and impact of supplying goods and/or services during the COVID-19 pandemic. The responses from suppliers gave the Authority the reassurance that the provision of goods and/or services will be continue throughout COVID-19.

The Authority is monitoring the financial impact of COVID-19 on a daily basis and where possible is seeking to mitigate the financial impact on the Authority. On 19 March 2020 the Government announced £1.6bn additional funding for Local Government to help them respond to COVID-19 pressures across all the services they deliver (the Authority was allocated £0.091m). The Government on 18 April 2020 announced an extra £1.6bn additional funding for Local Government bringing the total additional funding to £3.2bn (the Authority was allocated £0.606m). Furthermore, the Authority received £0.104m which is a combination of additional COVID-19 funding (£0.070m) and a successful bid in the second tranche (£0.034m) of the COVID-19 contingency fund. In addition to the Authority receiving Government funding, a COVID-19 reserve has been set up by utilising the revenue underspends seen during 2019/20 (this can be seen in the reserve statement).

On 19 March 2020, the Bank of England announced a cut to the base rate to 0.1% in light of the expected economic downturn due to COVID-19. The impact of this emergency base rate cut on the economy will not be known for some time. However, during 2020/21 the immediate direct impact on the Authority was the reduction in return on investments and interest received on current accounts and money market funds. The Authority monitored the situation closely and will continue to communicate with the Authority's treasury advisors. To mitigate the impact, the Authority on a case by case basis will actively seek to hold cash and not reinvest maturing deals to ensure the Authority is able continue to pay members of staff and suppliers on time throughout the COVID-19 pandemic. As of 31 March 2021, there is no requirement to borrow additional funds in order to pay short term liabilities.

The Authority is taking all necessary measures to minimise disruption on the emergency response. The Authority has supported the opening and management of a number of vaccination centres across Buckinghamshire and Milton Keynes. In addition, provided employees to assist the Authority's partner, South Central Ambulance Service. The plans for recovery will be influenced by Government's COVID-19 recovery strategy. Using the Government's COVID-19 recovery strategy, the Authority will then determine an appropriate safe strategy which will consider the public and members of staff.

## **Going Concern Review**

The concept of a going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future. The provisions in the Code in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

Local authorities carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government). If an authority were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for local authority financial statements to be provided on anything other than a going concern basis. Accounts drawn up under the Code therefore assume that a local authority's services will continue to operate for the foreseeable future.

COVID-19 has increased uncertainty over future funding available to all Local Governments, with the likely impact on the economy in the medium to long term unknown. The Authority is monitoring the financial impact of COVID-19 and where possible is seeking to mitigate the financial impact on the Authority. On 19 March 2020 the Government announced £1.6bn additional funding for Local Government to help them respond to COVID-19 pressures across all the services they deliver (the Authority was allocated £0.091m). In 2020/21, the government announced an additional £1.6bn funding of which the Authority was allocated £0.606m. Furthermore, the Authority received £0.104m which is a combination of additional COVID-19 funding (£0.070m) and a successful bid in the second tranche (£0.034m) of the COVID-19 contingency fund. As at the end of March 2021, the total spend in relation to direct costs associated with the impact of COVID-19 on the Authority were £0.658m, leaving a residual balance of £0.142m which will be transferred to the existing COVID-19 Reserve which was set-up in 2019/20 (this can be seen in the reserve statement).

Since 2010, as part of its efforts to reduce the size of the national budget deficit, the Government has made significant reductions to its funding for Fire and Rescue Services. However, the Authority's ability to offset reductions to Government funding has also been constrained by the imposition of council tax referendum limits. Without relaxation of the constraints imposed on the council tax referendum limits, the Authority will remain limited on influencing increases in funding streams.

As expected, there has been an economic downturn as a direct consequence of COVID-19, which has resulted in a reduction in Council tax base and a reduction in business rates collection. Most of the impact of this will be seen in 2021/22 as the budget for 2020/21 was set prior to COVID-19 and the Fire Authority received all the precepts and business rates funding as per the budget. As a direct consequence of this reduction in funding, the government have updated legislation to allow billing authorities and preceptors to phase the deficit over three years. In addition to this, the government will also fund 75% of irrecoverable collection fund losses due to COVID-19. Furthermore, an additional £670m un-ringfenced grant will be distributed to authorities in recognition of the increased costs of providing local council tax support following the COVID-19 Pandemic. This equates to £0.337m for the Authority and will be received in May 2021.

In terms of setting a balanced budget in future financial years, this will depend significantly on the uncertainty in Government funding and increasing cost pressures. It is therefore more important for the Authority to create various scenarios through the Medium-Term Financial Plan (MTFP) process, which will include both the revenue and capital programme (capital is funded by contributions from revenue). In December 2020, the Fire Authority approved the Capital and Financial Strategy which consider medium and longer-term scenarios, with a consideration of areas that could be enhanced or scaled back depending on the outcome of future funding settlements.

The MTFP will continue to be scrutinised in detail at two Officer and two Member challenge meetings throughout the financial year, before overall approval by the Fire Authority. If required, the Authority will make use of the usable reserves to ensure the Authority is able to set a balanced budget and smooth out the impact of funding reductions. However, utilising reserves will only be sustainable in the short to medium term. See below table showing a breakdown of the Authority's usable reserves, as reported in the financial statements.

<b>31 March 2020</b>		<b>31 March 2021</b>
<b>£000</b>	<b>Reserve Balances</b>	<b>£000</b>
(1,500)	General Fund Balance	(1,500)
(2,197)	Total Earmarked Reserves - Revenue	(2,422)
(1,442)	Total Earmarked Reserves - Capital	(2,611)
<b>(5,139)</b>	<b>Total Usable Reserves</b>	<b>(6,533)</b>

Cashflow and access to cash could potentially become an issue for the Authority during COVID-19. To mitigate the impact, the Authority has undertaken a review of the cashflow forecast up to 31 March 2023, with a number of assumptions surrounding income and expenditure. In addition, the Authority on a case-by-case basis will actively seek to hold cash and not reinvest maturing deals to ensure the Authority is able continue to pay members of staff and suppliers on time throughout the COVID-19 pandemic. As of 31 January 2022, the Authority had a cash and short-term investment balances of £17.012m and no requirement to borrow additional funds in order to pay short term liabilities.

The Authority thereby concludes that it is appropriate to prepare the financial statements on a going concern basis and that the Authority's functions and services will continue in operational existence for the next 12 months, from the date of the audit report. This is based on the Authority's ability to set a balanced budget and the cashflow forecasting position.

## 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 2021 and its income and expenditure for the financial year 2020/21.



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

Date: 28 July 2021

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



## **Statement of Accounting Policies**

### **i. General Principles**

The Statement of Accounts summarises the Authority's transactions for the 2020/21 financial year and its position at the year-end of 31 March 2021. 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 2020/21 and the Service Reporting Code of Practice 2020/21, 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.
- The de-minimis level is set at £500 and anything below this will be accounted for in the year the transaction takes place regardless of which year the income or expense relates to.

### **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 2020/21.

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

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

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

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

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

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

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

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

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

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

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

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

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



## **viii. Employee Benefits**

### Benefits Payable During Employment

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

### Termination Benefits

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

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

### Post Employment Benefits

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

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

### Uniformed Firefighters

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

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

Transactions in the Firefighters Pension Fund include:

Credits to the Pension Fund

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

Debits to the Pension Fund

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

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

Injury Awards

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

The Local Government Pension Scheme

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

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

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

- Quoted securities – current bid price;
- Unquoted securities – professional estimate;
- Unitised securities – current bid price;
- Property – market value.

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

Service cost comprising:

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

- Net interest on the net defined benefit liability (asset), i.e. net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Remeasurements comprising:

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

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

#### Discretionary Benefits

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

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

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

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

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

## **x. Financial Instruments**

### Financial Liabilities

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

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

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate. There were no repurchase or early settlements during 2020/21.

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 2020/21.

### Financial Assets - Loans and Receivables

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

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

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

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

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

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

The Authority does not hold any heritage assets.

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

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

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

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

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

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

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

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

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

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

recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

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

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

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

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

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

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

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

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

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

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

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

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the Authority in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the Authority as a joint operator recognises:

- its assets, including its share of any assets held jointly

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

The Joint Control (revenue expenditure) split is based on the population, tax base and number of incidents attended for each Authority. Therefore, the contribution agreed by each authority was as follow:

- Buckinghamshire and Milton Keynes Authority – 32.7%
- Royal Berkshire Fire Authority – 37.8%
- Oxfordshire Fire Authority – 29.5%

The capital assets for the Joint Control are recognised as an equal third on the balance sheet. The current NBV held on Buckinghamshire and Milton Keynes Authority is £0.083m, which relates to plant and equipment.

### **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 Comprehensive Income and Expenditure Statement 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 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 segmental reporting structure in the Comprehensive Income and Expenditure Statement is now structured in the way the Authority report to management internally.



## **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 £0.006m.

### Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value. Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value. Assets included in the Balance Sheet at fair value are revalued annually to ensure that their carrying amount is not materially different from their fair value at the year-end. Where amounts are materially different, the gross book value and accumulated depreciation are restated proportionately at the year-end.

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

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

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)

- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

### Impairment

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

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

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

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

### Depreciation

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

Depreciation is calculated on the following bases:

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

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. In applying the principals of componentisation the de-minimis value of a property has been set at £0.550m and individual components at £0.055m, 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 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. 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.

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

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

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

In this challenging financial environment, work continues to achieve a balanced budget, progressing in line with our Public Safety Plan for 2020-25 so that the Authority can carry on as usual without detriment to public safety or emergency responses.

The Fire Authority has taken a number of measures already and plans to do more to ensure that it continues to meet the priorities set out in the Public Safety Plan. For 2021/22 the Authority will continue to make further savings through a number of initiatives, which involve better ways of working and consolidating workforce plans to meet our vision for the longer term. The Authority are investing in more up-to-date technology, new ways of working and are pursuing avenues, which aim to share costs with our community partners and other fire authorities.

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 2020/21 and the Balance Sheet at 31 March 2021 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 2021 was £44,495m. Total depreciation and amortisation for the year was £2.945m;
- 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 (RICS) 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 -£5.205m upwards and £1.636m downwards;
- Pensions IAS 19 – Two employment tribunal cases were brought against the Government in relation to possible discrimination in the implementation of transitional protection following the introduction of the reformed 2015 public service pension schemes from 1 April 2015. Transitional protection enabled some members to remain in their pre-2015 schemes after 1 April 2015 until retirement or the end of a pre-determined tapered protection period. The claimants challenged the transitional protection arrangements on the grounds of direct age discrimination, equal pay and indirect gender and race discrimination.

The first case (McCloud) relating to the Judicial Pension Scheme was ruled in favour of the claimants, while the second case (Sargeant) in relation to the Fire scheme was ruled against the claimants. Both rulings were appealed and as the two cases were closely linked, the Court of Appeal decided to combine the two cases. In December 2018, the Court of Appeal ruled that the transitional protection offered to some members as part of the reforms amounts to unlawful discrimination.

The Government sought permission to appeal this decision but on 27 June 2019 the Supreme Court denied the Government's request for an appeal in the McCloud/Sargeant case. The Authority still have to wait for a remedy either be imposed by the Employment Tribunal or negotiated and applied to all public service schemes, so the outcome for the Police Pension Schemes is still unknown.

The liability has been valued using "worst-case" calculations at the most recent valuation, 31 March 2017, with the assumption that all those who were previously members of a final salary scheme will remain in that scheme and only new staff joining after 1 April 2015 join the 2015 CARE scheme.

The results of this amended 31 March 2017 valuation were then rolled forward using the same approach as detailed in the 2018 and 2019 disclosures to 31 March 2019 and the increase in the liability is recorded as a past service cost. Changes in the liability arising from changes in assumptions in the 2019/20 accounts have been treated as an actuarial gain/loss within remeasurement of the defined benefit liability. A similar approach was also applied to the valuation of the Local Government Pension Scheme liability;

- 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 and is based upon actual contributions for the first 10 months and estimates calculated for the remaining two months for the Fire Fighter Pension Fund. The LGPS figure is also provided by an external actuary and based on actuals for the full 12 months. 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 2021 was £357.795m;
- Financial Assets and Liabilities – further details about the assumptions made and the potential impact can be found in Note 29; and
- The Joint Control (revenue expenditure) split is based on the population, tax base and number of incidents attended for each Authority. Therefore the contribution agreed by each authority was as follow:
  - Buckinghamshire and Milton Keynes Authority – 32.7%
  - Royal Berkshire Fire Authority – 37.8%
  - Oxfordshire Fire Authority – 29.5%The capital assets for the Joint Control are recognised as an equal third on the balance sheet.
- Buckinghamshire and Milton Keynes Fire Authority (BMKFA) is the Treasurer for the funding allocated to the Emergency Services Mobile Communications Programme (ESMCP) which includes BMKFA and the following brigades; Berkshire, Oxfordshire, Hampshire, Isle of Wight. The funding allocated by central government is based on control rooms and brigade sizes. Budgets and costs have been allocated based on the lead areas each brigade will be providing.

### **Changes in Accounting Estimates**

There has been one change in existing accounting estimates during 2020/21, which relates to the accumulated absences. For 2020/21, the Authority is able to extract more accurate data than previous financial years.

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

The standards introduced in the 2019/20 Code are:

- Definition of a Business: Amendments to IFRS 3 Business Combinations
- Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7
- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

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.

	<b>General Fund Balance £000</b>	<b>Earmarked Reserves £000</b>	<b>Capital Receipts Reserve £000</b>	<b>Capital Grants Unapplied £000</b>	<b>Total Usable Reserves £000</b>	<b>Unusable Reserves £000</b>	<b>Total Authority Reserves £000</b>
<b>Balance at 31 March 2019 carried forward</b>	<b>(1,500)</b>	<b>(5,897)</b>	-	-	<b>(7,397)</b>	<b>264,284</b>	<b>256,887</b>
<b>Movement in reserves during 2019/20</b>							
(Surplus) or deficit on the provision of services	10,513	-	-	-	10,513	-	10,513
Other Comprehensive Income and Expenditure	-	-	-	-	-	(37,499)	(37,499)
<b>Total Comprehensive Income and Expenditure</b>	<b>10,513</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,513</b>	<b>(37,499)</b>	<b>(26,986)</b>
Adjustments between accounting basis & funding basis under regulations (Note 23)	(8,254)	-	-	-	(8,254)	8,254	-
<b>Net (Increase) / Decrease before Transfers to Earmarked Reserves</b>	<b>2,259</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,259</b>	<b>(29,245)</b>	<b>(26,986)</b>
Transfers to/from Earmarked Reserves (Note 23)	(2,259)	2,259	-	-	-	-	-
<b>(Increase) / Decrease in 2019/20</b>	<b>-</b>	<b>2,259</b>	<b>-</b>	<b>-</b>	<b>2,259</b>	<b>(29,245)</b>	<b>(26,986)</b>
<b>Balance at 31 March 2020 carried forward</b>	<b>(1,500)</b>	<b>(3,639)</b>	-	-	<b>(5,139)</b>	<b>235,041</b>	<b>229,902</b>
Amounts held for revenue purposes	(1,500)	(2,197)	-	-	(3,697)	286,447	282,750
Amounts held for capital purposes	-	(1,442)	-	-	(1,442)	(51,406)	(52,848)

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### Movement in Reserves Statement Continued:

	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
<b>Balance at 31 March 2021 carried forward</b>	<b>(1,500)</b>	<b>(3,639)</b>	-	-	<b>(5,139)</b>	<b>235,041</b>	<b>229,902</b>
<u>Movement in reserves during 2020/21</u>							
(Surplus) or deficit on the provision of services	4,196	-	-	-	4,196	-	4,196
Other Comprehensive Income and Expenditure	-	-	-	-	-	74,841	74,841
<b>Total Comprehensive Income and Expenditure</b>	<b>4,196</b>	-	-	-	<b>4,196</b>	<b>74,841</b>	<b>79,037</b>
Adjustments between accounting basis & funding basis under regulations (Note 23)	(5,590)	-	-	-	(5,590)	5,590	-
<b>Net (Increase) / Decrease before Transfers to Earmarked Reserves</b>	<b>(1,394)</b>	-	-	-	<b>(1,394)</b>	<b>80,431</b>	<b>79,037</b>
Transfers to/from Earmarked Reserves (Note 23)	1,394	(1,394)			-	-	-
<b>(Increase) / Decrease in 2019/20</b>	<b>-</b>	<b>(1,394)</b>	-	-	<b>(1,394)</b>	<b>80,431</b>	<b>79,037</b>
<b>Balance at 31 March 2021 carried forward</b>	<b>(1,500)</b>	<b>(5,033)</b>	-	-	<b>(6,533)</b>	<b>315,473</b>	<b>308,940</b>
Amounts held for revenue purposes	(1,500)	(2,422)	-	-	(3,922)	358,422	354,500
Amounts held for capital purposes	-	(2,611)	-	-	(2,611)	(42,949)	(45,560)



## 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	2019/20				2020/21		
	£000	Income £000	Net £000		Expenditure £000	Income £000	Net £000
1,435	(13)	1,422	Corporate Core	1,362	(12)	1,350	
5,456	(317)	5,139	Finance & Assets	8,134	(466)	7,668	
3,024	(103)	2,921	People & Organisation	550	(74)	476	
23,817	(165)	23,652	Development	25,447	(178)	25,269	
1,156	-	1,156	Delivery, Corporate Development & Planning	225	-	225	
<b>34,888</b>	<b>(598)</b>	<b>34,290</b>	Statutory Accounting and Contingency	<b>35,718</b>	<b>(730)</b>	<b>34,988</b>	
			<b>(Surplus) or Deficit on Continuing Operations (Note 1)</b>				
-	(88)	(88)	<u>Other Operating Expenditure</u>	213	-	213	
			(Gain)/losses on disposals of non-current assets				
-	<b>(88)</b>	<b>(88)</b>	<b>Total Other Operating Expenditure</b>	<b>213</b>	<b>-</b>	<b>213</b>	
			<u>Financing and Investment Income and Expenditure</u>				
312	-	312	Interest payable and similar charges (Note 29)	311	-	311	
-	(202)	(202)	Interest and Investment income (Note 29)	-	(113)	(113)	
9,005	-	9,005	Pension interest cost (Note 28)	1,142	-	1,142	
<b>9,317</b>	<b>(202)</b>	<b>9,115</b>	<b>Total Financing and Investment Income and Expenditure</b>	<b>1,453</b>	<b>(113)</b>	<b>1,340</b>	
			<u>Taxation and Non-Specific Grant Income</u>				
-	(20,027)	(20,027)	Precepts	-	(20,406)	(20,406)	
-	(4,716)	(4,716)	General Government Grants	-	(5,488)	(5,488)	
-	(5,791)	(5,791)	Non Domestic Rates redistribution	-	(5,411)	(5,411)	
-	(2,270)	(2,270)	Non Government contributions	-	(1,040)	(1,040)	
-	<b>(32,804)</b>	<b>(32,804)</b>	<b>Total Taxation and Non-Specific Grant Income (Note 10)</b>	<b>-</b>	<b>(32,345)</b>	<b>(32,345)</b>	
<b>44,205</b>	<b>(33,692)</b>	<b>10,513</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>37,384</b>	<b>(33,188)</b>	<b>4,196</b>	
		(446)	(Surplus) or Deficit on revaluation of fixed assets (Note 24e)			6,842	
		(37,053)	Remeasurement of net defined liability (Note 24d)			68,000	
		<b>(37,499)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>74,842</b>	
		<b>(26,986)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>79,038</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.

<b>31 March 2020</b>	<b>Balance Sheet</b>	<b>£000</b>	<b>31 March 2021</b>	<b>£000</b>
	<u>Property, Plant and Equipment</u>			
33,216	Land & Buildings		39,462	
4,952	Vehicles, Plant & Equipment (including Donated Assets)		4,775	
14,542	Assets under construction		258	
<b>52,710</b>	<b>Total Property, Plant &amp; Equipment (Note 11a)</b>		<b>44,495</b>	
183	Investment Property (Note 12)		-	
106	Intangible Assets (Note 13)		-	
<b>52,999</b>	<b>Non-Current Assets</b>		<b>44,495</b>	
12,078	Short Term Investments (Note 14)		12,024	
214	Inventories (Note 15)		246	
4,424	Short Term Debtors (Note 16)		3,658	
1,764	Cash and Cash Equivalents (Note 17)		2,082	
<b>18,480</b>	<b>Current Assets</b>		<b>18,010</b>	
(81)	Short Term Borrowing (Note 18)		(80)	
(3,922)	Short Term Creditors (Note 18)		(3,617)	
(399)	Provision for Accumulated Absences (Note 19)		(129)	
-	Provision - Part Time Workers (Note 19)		-	
(537)	Provision - VR/Special Payments (Note 19)		(707)	
(871)	NNDR Appeals Provision (Note 19)		(287)	
(396)	Injury Pensions Provision (Note 19)		-	
<b>(6,206)</b>	<b>Current Liabilities</b>		<b>(4,820)</b>	
(6,797)	Long Term Borrowing (Note 20)		(6,797)	
	<u>Other Long Term liabilities</u>			
-	Capital Grants Received in Advance (Note 21)		-	
(347)	Revenue Grants Received in Advance (Note 21)		(489)	
(1,591)	Finance Lease (Note 22)		(1,544)	
-	Donated Asset Account (Note 25)		-	
(286,440)	Liability related to the Defined Benefit Pension Scheme (Note 28)		(357,795)	
<b>(288,378)</b>	<b>Total Other Long Term Liabilities</b>		<b>(359,828)</b>	
<b>(295,175)</b>	<b>Total Long Term Liabilities</b>		<b>(366,625)</b>	
<b>(229,902)</b>	<b>Net Assets</b>		<b>(308,940)</b>	
	<u>Reserves</u>			
(5,139)	Usable Reserves (Note 23)		(6,533)	
235,041	Unusable Reserves (Note 24)		315,473	
<b>229,902</b>	<b>Total Reserves</b>		<b>308,940</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>£000</b>	<b>Cash Flow Statement</b>	<b>£000</b>
(10,513)	Net surplus or deficit on the provision of services	(4,196)
17,019	Adjust for non-cash movements	8,571
(130)	Adjust for items that are investing or financing activities	(1,405)
<b>6,376</b>	<b>Net Cash Flow from Operating Activities</b>	<b>2,970</b>
(5,493)	Investing Activities	(2,605)
(47)	Financing Activities	(47)
<b>836</b>	<b>Net Increase or decrease in cash and cash equivalents</b>	<b>318</b>
928	Cash and Cash equivalents at the beginning of the reporting period	1,764
<b>1,764</b>	<b>Cash and Cash equivalents at the end of the reporting period</b>	<b>2,082</b>

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

## Notes to the Core Financial Statements

### 1 - Service Information – Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's directorates/services/departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2019/20			Expenditure and Funding Analysis		2020/21		
Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	Services	Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	
£000	£000	£000		£000	£000	£000	
1,166	256	1,422	Corporate Core	1,219	131	1,350	
4,782	357	5,139	Finance and Assets	7,356	312	7,668	
2,492	429	2,921	People and Organisational Development	431	45	476	
20,146	3,506	23,652	Delivery, Corporate Development & Planning	23,544	1,725	25,269	
1,156	-	1,156	Statutory Accounting and Contingency	225	0	225	
<b>29,742</b>	<b>4,548</b>	<b>34,290</b>	<b>Net Cost of Services</b>	<b>32,775</b>	<b>2,213</b>	<b>34,988</b>	
(27,483)	3,706	(23,777)	Other Income and Expenditure	(34,169)	3,377	(30,792)	
<b>2,259</b>	<b>8,254</b>	<b>10,513</b>	<b>Surplus or Deficit</b>	<b>(1,394)</b>	<b>5,590</b>	<b>4,196</b>	
<b>(7,397)</b>			Opening General Fund Balance	<b>(5,139)</b>			
2,259			Less/Plus Surplus or (Deficit) on General Fund	(1,394)			
<b>(5,139)</b>			<b>Closing General Fund Balance at 31 March</b>	<b>(6,533)</b>			

#### 1a – Adjustments between Funding and Accounting Basis

2019/20				2020/21		
Adjustments For Capital Purposes	Net Change for Pension Adjustments	Total Adjustments	Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments For Capital Purposes	Net Change for Pension Adjustments	Total Adjustments
£000	£000	£000		£000	£000	£000
-	256	256	Corporate Core	-	131	131
-	357	357	Finance and Assets	-	312	312
-	429	429	People and Organisational Development	-	45	45
-	3,506	3,506	Delivery, Corporate Development & Planning	-	1,725	1,725
-	-	-	Statutory Accounting and Contingency	-	-	-
-	<b>4,548</b>	<b>4,548</b>	<b>Net Cost of Services</b>	-	<b>2,213</b>	<b>2,213</b>
(5,299)	9,005	3,706	Other Income and Expenditure from the EFA Analysis	2,235	1,142	3,377
<b>(5,299)</b>	<b>13,553</b>	<b>8,254</b>	Differences between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	<b>2,235</b>	<b>3,355</b>	<b>5,590</b>

### **Adjustments for Capital Purposes**

1. Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:
  - **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
  - **Financing and investment income and expenditure** – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
  - **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

### **Net Change for the Pensions Adjustments**

2. Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:
  - For **services** this represents the removal of the employer pension contributions made by the Authority as allowed by statute and the replacement with current service costs and past service costs.
  - For **Financing and investment income and expenditure** the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
  - The charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognized under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.
  - The **Accumulated Absences Account** absorbs the differences that would otherwise arise on the General Fund Balance from accruing for Compensated Absences earned but not taken in the year.

**Other Differences**

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- **For Financing and investment income and expenditure** - the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.

**Segmental Income**

<b>2019/20</b>		<b>2020/21</b>
<b>£000</b>	<b>Income from Services</b>	<b>£000</b>
(13)	Corporate Core	(12)
(317)	Finance and Assets	(466)
(103)	People and Organisational Development	(74)
(165)	Delivery, Corporate Development & Planning	(178)
-	Statutory Accounting and Contingency	-
<b>(598)</b>	<b>Net Cost of Services</b>	<b>(730)</b>

**Expenditure and Income Analysed by Nature**

The Authority's expenditure and income is analysed as follows:

<b>2019/20</b>		<b>2020/21</b>
<b>£000</b>	<b>Expenditure/Income</b>	<b>£000</b>
(598)	Fees, charges & other service income	(730)
(202)	Interest and investment income	(113)
(20,027)	Income from Council Tax	(20,406)
(12,777)	Government grants and contributions	(11,939)
(88)	Gain or loss on disposal of non current assets	-
<b>(33,692)</b>	<b>Total Income</b>	<b>(33,188)</b>
21,420	Employee Expenses	23,030
6,308	Other Operating Expenses	6,367
-	Support Service Recharges	-
2,612	Depreciation, amortisation and impairment	4,108
312	Interest payments	311
13,553	Pensions interest cost and return on Pension Fund assets	3,355
-	Gain or loss on disposal of non- current assets	213
<b>44,205</b>	<b>Total Operating Expenses</b>	<b>37,384</b>
<b>10,513</b>	<b>Surplus (-) or deficit on the provision of services</b>	<b>4,196</b>

**2 - Officers Remuneration**

The number of employees whose salary (including fees and allowances) and excluding employer's pension contributions was £50,000 or more in bands of £5,000 is shown below.

<b>2019/20</b>	<b>Remuneration Band</b>	<b>2020/21</b>
<b>£000</b>		<b>£000</b>
27	£50,000 - £54,999	30
17	£55,000 - £59,999	15
12	£60,000 - £64,999	14
1	£65,000 - £69,999	-
4	£70,000 - £74,999	2
1	£75,000 - £79,999	5
1	£80,000 - £84,999	-
1	£90,000 - £94,999	1
1	£95,000 - £99,999	1
1	£105,000 - £109,999	2
-	£110,000 - £114,999	1
1	£125,000 - £129,999	-
1	£150,000 - £154,999	1
<b>68</b>	<b>Total</b>	<b>72</b>

The following table sets out the remuneration disclosures for senior officers during 2020/21. All posts holders are included within the remuneration bands shown on the previous page.

<b>Post Holder</b>	<b>Salary including Fees and Allowances</b>	<b>Benefits in Kind e.g. Car Allowance</b>	<b>Other Payments</b>	<b>Compensation for Loss of Office</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	152,188	-	-	-	<b>152,188</b>	43,830	<b>196,019</b>	1
Chief Operating Officer	114,673	-	-	-	<b>114,673</b>	18,475	<b>133,148</b>	2
Director of Finance and Assets & Chief Finance Officer	94,794	5,000	-	-	<b>99,794</b>	16,494	<b>116,289</b>	
Director of Legal and Governance	97,363	11,423	-	-	<b>108,786</b>	16,941	<b>125,727</b>	
<b>Total</b>	<b>459,019</b>	<b>16,423</b>	-	-	<b>475,442</b>	<b>95,741</b>	<b>571,183</b>	

Notes

1 – The Post Holder is Jason Thelwell, Chief Fire Officer and Chief Executive.

2 – Post holder retired and re-appointed due to exceptional circumstances.

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For comparison, the following table sets out the remuneration disclosures for senior officers during 2019/20:

Post Holder	Salary including Fees and Allowances	Benefits in Kind e.g. Car Allowance	Other Payments	Compensation for Loss of Office	Total Remuneration Excluding Pension Contributions	Pension Contributions	Total Remuneration Including Pension Contributions	Notes
Chief Fire Officer and Chief Executive	150,850	-	-	-	<b>150,850</b>	42,971	<b>193,821</b>	1
Chief Operating Officer	125,555	-	-	-	<b>125,555</b>	36,160	<b>161,715</b>	
Director of People and Organisational Development	32,128	3,182	-	-	<b>35,310</b>	4,980	<b>40,290</b>	2
Director of Finance and Assets & Chief Finance Officer	87,745	5,000	-	-	<b>92,745</b>	13,600	<b>106,346</b>	
Director of Legal and Governance	95,454	12,646	-	-	<b>108,101</b>	14,795	<b>122,896</b>	
<b>Total</b>	<b>491,733</b>	<b>20,828</b>	-	-	<b>512,561</b>	<b>112,507</b>	<b>625,067</b>	

### Notes

- 1 – The Post Holder is Jason Thelwell, Chief Fire Officer and Chief Executive.
- 2 – Post holder retired and not replaced.

### Exit Packages

There were no exit packages in 2020/21.

### 3 - Provision for Doubtful Debt

The provision for doubtful debts is £0.000m as at 31 March 2021 (£0.000m as at 31 March 2020).

### 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 £0.225m (£0.232m in 2019/20). The estimated un-discharged obligations under the operational lease agreements are shown in the table below:

2019/20			2020/21		
Vehicles Plant and Equipment £000	Land and Buildings £000	Years Operational Lease Remaining	Vehicles Plant and Equipment £000	Land and Buildings £000	
123	83	0 - 1 years	104	83	
181	330	2 - 5 years	141	330	
-	227	6 years and onwards	-	144	
<b>304</b>	<b>640</b>	<b>Total</b>	<b>245</b>	<b>557</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.

<b>2019/20</b>		<b>2020/21</b>
<b>£000</b>		<b>£000</b>
<b>1,637</b>	<b>Opening Capital Financing Requirement</b>	<b>1,590</b>
	<u>Capital Investment</u>	
7,579	Property Plant and Equipment	4,206
	<u>Sources of Finances</u>	
(88)	Capital Receipts	(1,547)
(7,491)	Government Grants and Contributions	(2,659)
(47)	Revenue Funding including MRP	(47)
<b>1,590</b>	<b>Closing Capital Financing Requirement</b>	<b>1,543</b>
	<u>Explanation of movements in year</u>	
(47)	Increase in the underlying need to borrow (supported by Government financial assistance)	(47)
<b>(47)</b>	<b>Increase/(Decrease) in Capital Financing Requirement</b>	<b>(47)</b>

## 6 - Members Allowances

Total allowances paid in 2020/21 to 23 Members amounted to £0.063m (2019/20 amounted to £0.061m and 21 Members).

## 7 - Audit Fees

Fees paid during the year to Ernst & Young LLP, the Authority's external auditor, for work on external audit and on inspection are set out in the table below.

<b>2019/20</b>		<b>2020/21</b>
<b>£000</b>	<b>Audit Fees</b>	<b>£000</b>
26	Scale fee for audit work	24
<b>26</b>	<b>Total</b>	<b>24</b>

## 8 - Revenue Grants

Section 31 grants received from the Ministry of Housing, Communities & Local Government (MHCLG) 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>2019/20</b>		<b>2020/21</b>
<b>£000</b>	<b>Revenue Grant Applied</b>	<b>£000</b>
(817)	New Dimension (Urban Search and Rescue)	(817)
(290)	Firelink	(301)
(1,209)	Pension Fire Grant	(1,241)
(91)	COVID-19	(710)
(12)	ESMCP	(21)
(7)	Transparency Grant	(7)
(4)	S106. Funding	(7)
-	Protection Grant	(61)
<b>(2,430)</b>	<b>Total</b>	<b>(3,165)</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. The ESMCP and Protection grant are ring-fenced for specific purposes and recognised in the Income and Expenditure Statement when these conditions are met. The residual balances are shown within the Balance sheet as Grants Received in Advance.

## **9 - Related Parties**

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

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

The capital assets for the Joint Control are recognised as an equal third on the balance sheet. The net book value as at 31 March 2021 is £0.150m of which BMKFA share is £0.050m.

The revenue expenditure split is based on the Joint control policy stated in the accounting estimates section. The total expenditure for 2020/21 was £2.341m from which BMKFA contributed £0.766m.

As of April 2016, Buckinghamshire and Milton Keynes Fire Authority was appointed as the treasurer for the ESMCP project and the funding was held on behalf of Royal Berkshire, Oxfordshire, Hampshire and Isle of Wight Fire Services.

### 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 2020/21 to the Authority.

### Other Public Bodies

Buckinghamshire Council provides Internal Audit Services, LGPS Pensions administration Services and SAP legacy access. The Authority provides accommodation to the South Central Ambulance Service and Thames Valley Police.

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

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

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

### Members of the Authority

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

Senior Officers of the Authority

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

Assisted Organisations

The Authority provides funding to the Safety Centre Milton Keynes of £0.025m per annum. The Authority is one of a number of funders. An officer of the Authority is one of seven trustees of the centre, which is a registered charity. However, during 2019/20 this officer retired. The Authority does not have a significant influence over the running of the centre.

Training Partnership – Fire Service College

The partnership underpins the Service's Training Strategy and Framework for Training, Learning and Development. It will provide the Authority with external assurance that training and exercising in BMKFRS is being delivered and assessed to a CFOA endorsed nationally recognised standard.

Companies and Joint Ventures

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

Blue Light Hub

BMKFA are leading on this partnership with South Central Ambulance Service and Thames Valley Police and this will see all three services working together in one purpose-built site.

**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>2019/20</b>		<b>2020/21</b>
<b>£000</b>	<b>Funding</b>	<b>£000</b>
(4,839)	Aylesbury Vale District Council	-
(2,900)	Chiltern District Council	-
(5,617)	Milton Keynes Council	(5,776)
(2,206)	South Buckinghamshire District Council	-
(4,465)	Wycombe District Council	-
-	Buckinghamshire Council	(14,630)
<b>(20,027)</b>	<b>Total Precepts</b>	<b>(20,406)</b>
(2,286)	Revenue Support Grant	(2,323)
(2,430)	General Revenue Grants (Note 8)	(3,165)
-	Capital Grants	-
<b>(4,716)</b>	<b>Total General Government Grants</b>	<b>(5,488)</b>
(5,791)	Non Domestic Rates Redistribution	(5,411)
-	NNDR Pooling	-
<b>(5,791)</b>	<b>Total Non Domestic Rates redistribution</b>	<b>(5,411)</b>
(2,270)	Non Government Contributions	(1,040)
<b>(2,270)</b>	<b>Total Non Government Contributions</b>	<b>(1,040)</b>
<b>(32,804)</b>	<b>Total</b>	<b>(32,345)</b>

In 2020/21, there were 310,680 Band D properties and in 2019/20 there were 305,330 Band D properties. From 1<sup>st</sup> April 2020 the new unitary Buckinghamshire Council was formed to replace the four district councils and one county council.

**11 - Non Current Assets**

## a) Movement of Property, Plant and Equipment

2020/21	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 2020</b>	<b>32,984</b>	<b>2,357</b>	<b>35,341</b>	<b>14,220</b>	<b>14,542</b>	<b>64,103</b>
Additions	3,142	-	3,142	806	258	4,206
Disposals and write offs	(1,935)	-	(1,935)	(221)	-	(2,156)
Reclassifications	14,542	-	14,542	-	(14,542)	-
Revaluation increase/decrease (-) recognised in Revaluation Reserve	(7,949)	-	(7,949)	-	-	(7,949)
Revaluation increase/decrease (-) recognised in surplus/deficit on provision of service	(1,240)	-	(1,240)	-	-	(1,240)
Other movements in cost or valuation	-	-	-	-	-	-
<b>Gross Book Value as at 31 March 2021</b>	<b>39,544</b>	<b>2,357</b>	<b>41,901</b>	<b>14,805</b>	<b>258</b>	<b>56,964</b>
<b>Accumulated depreciation and impairment as at 1 April 2020</b>	<b>(1,365)</b>	<b>(759)</b>	<b>(2,124)</b>	<b>(9,268)</b>	-	<b>(11,392)</b>
Depreciation for the year	(1,810)	(47)	(1,857)	(982)	-	(2,839)
Depreciation on disposal	357	-	357	221	-	578
Depreciation written out to Revaluation Reserve	1,108	-	1,108	-	-	1,108
Depreciation written out to surplus/deficit (-) on provision of service	-	-	-	-	-	-
Impairment losses/reversals(-) recognised in the Revaluation Reserve	77	-	77	-	-	77
Impairment losses/reversals(-) recognised in the surplus/deficit on provision	-	-	-	-	-	-
Impairment on disposal	-	-	-	-	-	-
Reclassification of depreciation or impairment	-	-	-	-	-	-
Other movements in depreciation or impairment	-	-	-	-	-	-
<b>Depreciation c/f</b>	<b>(1,633)</b>	<b>(806)</b>	<b>(2,439)</b>	<b>(10,029)</b>	-	<b>(12,468)</b>
<b>Net Book Value as at 31 March 2021</b>	<b>37,911</b>	<b>1,551</b>	<b>39,462</b>	<b>4,775</b>	<b>258</b>	<b>44,495</b>

Land and Buildings – The Net Book Value includes an Asset Held for Sale. As there is only one Asset Held for Sale this will not be separately disclosed in the Financial Statements.

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

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Comparative figures for 2019/20:

2019/20	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 2019</b>	<b>34,017</b>	<b>2,357</b>	<b>36,374</b>	<b>13,954</b>	<b>7,901</b>	<b>58,229</b>
Additions	144	-	144	542	6,893	7,579
Disposals and write offs	-	-	-	(528)	-	(528)
Reclassifications	-	-	-	252	(252)	-
Revaluation increase/decrease (-) recognised in Revaluation Reserve	(1,149)	-	(1,149)	-	-	(1,149)
Revaluation increase/decrease (-) recognised in surplus/deficit on provision of service	(28)	-	(28)	-	-	(28)
Other movements in cost or valuation	-	-	-	-	-	-
<b>Gross Book Value as at 31 March 2020</b>	<b>32,984</b>	<b>2,357</b>	<b>35,341</b>	<b>14,220</b>	<b>14,542</b>	<b>64,103</b>
<b>Accumulated depreciation and impairment as at 1 April 2019</b>	<b>(1,603)</b>	<b>(712)</b>	<b>(2,315)</b>	<b>(8,724)</b>	-	<b>(11,039)</b>
Depreciation for the year	(1,364)	(47)	(1,411)	(1,072)	-	(2,483)
Depreciation on disposal	-	-	-	528	-	528
Depreciation written out to Revaluation Reserve	1,595	-	1,595	-	-	1,595
Depreciation written out to surplus/deficit (-) on provision of service	-	-	-	-	-	-
Impairment losses/reversals(-) recognised in the Revaluation Reserve	4	-	4	-	-	4
Impairment losses/reversals(-) recognised in the surplus/deficit on provision	-	-	-	-	-	-
Impairment on disposal	-	-	-	-	-	-
Reclassification of depreciation or impairment	-	-	-	-	-	-
Other movements in depreciation or impairment	-	-	-	-	-	-
<b>Depreciation c/f</b>	<b>(1,368)</b>	<b>(759)</b>	<b>(2,127)</b>	<b>(9,268)</b>	-	<b>(11,395)</b>
<b>Net Book Value as at 31 March 2020</b>	<b>31,618</b>	<b>1,598</b>	<b>33,216</b>	<b>4,952</b>	<b>14,542</b>	<b>52,710</b>

**b) Basis of Valuation**

All land and buildings were initially revalued during the year with an effective revaluation date of 1 April 2020. The valuations were updated as at 31 March 2021 to ensure the balance sheet accurately reflected the end of year values. Valuations were provided by an external valuer, Martin Wilson 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 following significant assumptions were applied in arriving at the fair values:

- 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>
2020/21	37,911	-	-	<b>37,911</b>
Valued at Historic Cost	-	4,775	258	<b>5,033</b>
<b>Total</b>	<b>37,911</b>	<b>4,775</b>	<b>258</b>	<b>42,944</b>

**d) Depreciation Lives**

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

- Red Fleet Vehicles - 1 to 15 years
- White Fleet Vehicles – 1 to 6 years
- Plant and Equipment - 1 to 24 years
- Buildings - 6 to 55 years
- Intangibles - 2 to 7 years

**e) Commitments under Capital Contracts**

At 31 March 2021, the Authority has entered into a number of contracts for the acquisition or enhancement of Property, Plant and Equipment or Intangible Assets. The major commitments are:

<b>Amount Outstanding as at 31 March 2020</b>	<b>Capital Contract</b>	<b>Contractor</b>	<b>Amount Outstanding as at 31 March 2021</b>
<b>£000</b>			<b>£000</b>
-	Red Fleet Appliances	Emergency One	179
-	Property - Blue Light Hub	Montagu Evans Llp	98
1,188	Property - Blue Light Hub	Kingerlee	-
204	Property - Blue Light Hub	Combined Office Interiors Ltd	-
<b>1,392</b>	<b>Total</b>		<b>277</b>

All commitments will be honoured during 2021/22.

## 12 - Investment Property

An office building at Bletchley Fire Station is classified as an investment property, as it is currently held solely for generating rental income. Bletchley Fire Station, along with this investment property was disposed of during 2020/21.

<b>2019/20</b>		<b>2020/21</b>
<b>£000</b>	<b>Investment Property</b>	<b>£000</b>
<b>175</b>	<b>Opening Balance</b>	<b>183</b>
-	Transfer from Land and Buildings	-
8	Revaluation	-
-	Impairment	-
-	Disposal	(183)
<b>183</b>	<b>Closing Balance</b>	<b>-</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 based on the cost and estimated useful life.

<b>2019/20</b>		<b>2020/21</b>
<b>£000</b>	<b>Movement of Intangible Assets</b>	<b>£000</b>
865	Gross Book Value	865
(653)	Accumulated Amortisation	(759)
<b>212</b>	<b>Opening Net Book Value</b>	<b>106</b>
-	Additions in year	-
-	Reclassifications	-
(106)	Amortisation for the year	(106)
<b>106</b>	<b>Closing Net Book Value</b>	<b>-</b>

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

## 14 - Short Term Investments

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

<b>2019/20</b>		<b>2020/21</b>
<b>£000</b>	<b>Short Term Investments</b>	<b>£000</b>
12,078	Short Term Investments	12,024
<b>12,078</b>	<b>Total</b>	<b>12,024</b>

## 15 – Inventories

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

<b>2019/20</b>		<b>2020/21</b>
<b>£000</b>	<b>Inventories</b>	<b>£000</b>
57	Workshops	42
103	Stores	150
54	Fuel	54
<b>214</b>	<b>Total</b>	<b>246</b>



**16 - Short Term Debtors**

The note below shows the value of debtors as at 31 March 2021.

<b>2019/20</b>		<b>2020/21</b>
<b>£000</b>	<b>Short Term Debtors</b>	<b>£000</b>
697	Central Government Bodies	1,041
1,264	Other Local Authorities	615
-	NHS Bodies	-
585	Other Entities and Individuals	306
1,878	Payments in Advance	1,696
-	Provision for Doubtful Debts	-
<b>4,424</b>	<b>Total</b>	<b>3,658</b>

**17 - Cash and Cash Equivalents**

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

<b>2019/20</b>		<b>2020/21</b>
<b>£000</b>	<b>Cash and cash equivalents</b>	<b>£000</b>
1,764	Cash at bank	2,082
-	Cash on deposit	-
<b>1,764</b>	<b>Total</b>	<b>2,082</b>

**18 - Short Term Borrowing and Creditors**

The interest owing and shown as short term borrowing represents the Public Works Loan Board (PWLB) interest accrued to the 31 March 2021 in accordance with the Code.

<b>2019/20</b>		<b>2020/21</b>
<b>£000</b>	<b>Short Term Borrowing and Creditors</b>	<b>£000</b>
<b>(81)</b>	<b>Short Term Borrowing</b>	<b>(80)</b>
	<u>Short Term Creditors</u>	
(436)	Central Government Bodies	(447)
(958)	Other Local Authorities	(1,000)
(1,867)	Other Entities and Individuals	(1,922)
(661)	Receipts in Advance	(248)
<b>(3,922)</b>	<b>Total</b>	<b>(3,617)</b>

**19 - Provisions**

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

	<b>Accumulated Absences</b>	<b>Voluntary Redundancy and Special Payments</b>	<b>NNDR Appeals Provisions</b>	<b>Injury Pension Payments</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Balance as at 1st April 2020</b>	(399)	(537)	(871)	(396)	<b>(2,203)</b>
Additional provisions made in 2020/21	(129)	(470)	(287)	-	<b>(886)</b>
Amounts used in 2020/21	399	300	871	396	<b>1,966</b>
<b>Balance as at 31 March 2021</b>	<b>(129)</b>	<b>(707)</b>	<b>(287)</b>	-	<b>(1,123)</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.

Voluntary Redundancy and Special Payments

This provision relates to potential ill health retirements, along with a range of events that may impact upon the Authority in subsequent years.

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 requirement to reimburse the Home Office for pension top-up grant claimed in prior years relating to injury awards.

## 20 - Long Term Borrowing

The Authority undertakes long-term borrowing, principally as a means of financing expenditure on fixed assets. No additional principal was borrowed during 2020/21. 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 2021 and loans due to be repaid within one year in accordance with the Code.

<b>2019/20</b>		<b>2020/21</b>
<b>£000</b>	<b>Source of Loan</b>	<b>£000</b>
(6,797)	PWLB	(6,797)
<b>(6,797)</b>	<b>Total</b>	<b>(6,797)</b>

The interest rates applicable as at 31 March 2021 were between 3.90% and 5.32%.

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

<b>2019/20</b>		<b>2020/21</b>
<b>£000</b>	<b>Repayments Dates</b>	<b>£000</b>
(1,620)	Maturing in less than 5 years	(1,620)
(1,000)	Maturing in 5 to 10 years	(1,626)
(1,376)	Maturing in 10 to 15 years	(750)
-	Maturing in 15 to 20 years	-
-	Maturing in 20 to 25 years	-
(2,801)	Maturing in over 25 years	(2,801)
<b>(6,797)</b>	<b>Total</b>	<b>(6,797)</b>

## 21 - Grants Received in Advance

The Authority has received funding in relation to the ESMCP project. In addition, following the Grenfell enquiry, Central Government have allocated funds specifically for the Fire Sector Protection teams to carry out a review of all high-rise buildings and support initial improvements in local protection capability.

<b>2019/20</b>		<b>2020/21</b>
<b>£000</b>	<b>Grants Received in Advance</b>	<b>£000</b>
(347)	ESMCP Funding	(304)
-	Protection Funding	(185)
<b>(347)</b>	<b>Total</b>	<b>(489)</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 50 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 2020/21 were £0.140m charged as £0.093m to the Income and Expenditure account finance costs and £0.047m write down of obligation to the lessor.

<b>2019/20</b>		<b>2020/21</b>
<b>£000</b>	<b>Outstanding Obligations under Finance Lease</b>	<b>£000</b>
47	Payable in less than 1 year	47
141	Payable in 1 to 3 years	141
1,403	Payable in over 3 years	1,356
<b>1,591</b>	<b>Total</b>	<b>1,544</b>

**23 - Usable Reserves**
Adjustments under Regulations

General Fund Balance	2019/20			2020/21	
	Usable Capital Receipts Reserve	Unusable Reserves		General Fund Balance	Usable Capital Receipts Reserve
£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>		
(2,589)	-	2,589	Depreciation Charges	(2,946)	2,946
(23)	-	23	Impairment	(1,162)	1,162
7,491	-	(7,491)	Capital grants and contributions applied	2,659	(2,659)
8	-	(8)	Investment Assets Revaluation	-	-
-	-	-	Amounts of non-current assets written off on disposal as part of the (gain)/loss on disposal to the Comprehensive Income and Expenditure Statement	(1,761)	1,761
			<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>		
47	-	(47)	Minimum Revenue Provision	47	(47)
			<b>Adjustments primarily involving the Capital Receipts Reserve</b>		
88	(88)	-	Transfer of cash sale proceeds credited as part of the (gain)/loss on disposal to the Comprehensive Income and Expenditure Statement	1,548	(1,548)
-	88	(88)	Use of the Capital Receipts Reserve to finance new capital expenditure	-	1,548
			<b>Adjustments primarily involving the Financial Instruments Adjustment Account</b>		
			<b>Adjustments primarily involving the Pension Reserve</b>		
(15,302)	-	15,302	Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(7,303)	7,303
1,749	-	(1,749)	Employer's pensions contributions and direct payments to pensioners payable in the year	3,948	(3,948)
			<b>Adjustments primarily involving the Collection Fund Adjustment Account</b>		
275	-	(275)	Precept and NNDR Income	(890)	890
			<b>Adjustments primarily involving the Accumulated Absences Account</b>		
2	-	(2)	Employee Absence Account	270	(270)
<b>(8,254)</b>	<b>-</b>	<b>8,254</b>	<b>Total Adjustments</b>	<b>(5,590)</b>	<b>5,590</b>

Transfers To/From Reserves

	Note	Balance at 31 March 2019 £000	Transfers (In)/Out 2019/20 £000	Balance at 31 March 2020 £000	Transfers (In)/Out 2020/21 £000	Balance at 31 March 2021 £000
General Fund Balance	A	(1,500)	-	(1,500)	-	(1,500)
<b>Sub Total Non Earmarked General Fund Balance</b>		<b>(1,500)</b>	<b>-</b>	<b>(1,500)</b>	<b>-</b>	<b>(1,500)</b>
Apprentice Reserve	B	(500)	-	(500)	-	(500)
Control Room Reserve	C	(480)	(54)	(534)	(53)	(587)
Continuing Projects Reserve	D	(268)	120	(148)	68	(80)
COVID-19 Reserve	E	-	(364)	(364)	(230)	(594)
Future Funding Reserve	F	(570)	(81)	(651)	590	(61)
Referendum Reserve	G	-	-	-	(600)	(600)
<b>Sub Total Earmarked Reserves - Revenue</b>		<b>(1,818)</b>	<b>(379)</b>	<b>(2,197)</b>	<b>(225)</b>	<b>(2,422)</b>
Usable Capital Receipts Reserve	H	-	-	-	-	-
Revenue Contribution to Capital	I	(4,080)	2,638	(1,442)	(1,169)	(2,611)
<b>Sub Total Earmarked Reserves - Capital</b>		<b>(4,080)</b>	<b>2,638</b>	<b>(1,442)</b>	<b>(1,169)</b>	<b>(2,611)</b>
<b>Total Usable Reserves</b>		<b>(7,397)</b>	<b>2,259</b>	<b>(5,139)</b>	<b>(1,394)</b>	<b>(6,533)</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 – Apprentice Reserve**

This reserve is held to fund the apprenticeship initiative over the coming years.

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

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

**D – Continuing Projects Reserve**

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

**E – COVID-19 Reserve**

This reserve is held to fund unknown expenditure requirements during the coronavirus (COVID-19) pandemic.

**F – Future Funding Reserve**

This reserve is held to meet known funding requirements within the medium-term financial plan and to fund projects from underspends in the previous year.

**G – Referendum Reserve**

The purpose of the reserve is to hold funding for a potential referendum in a future year.

**H – Usable Capital Receipts Reserve**

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

**I – 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 Reserve**

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>2019/20</b>		<b>2020/21</b>
<b>£000</b>	<b>Accumulated Absences Account</b>	<b>£000</b>
<b>401</b>	<b>Opening Balance</b>	<b>399</b>
(401)	Reversal of provision for accumulated absences for previous year	(399)
399	Accumulated absences for the year	129
<b>399</b>	<b>Closing Balance</b>	<b>129</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>2019/20</b>		<b>2020/21</b>
<b>£000</b>	<b>Capital Adjustment Account</b>	<b>£000</b>
<b>(28,750)</b>	<b>Opening Balance</b>	<b>(32,987)</b>
2,589	Depreciation	2,945
785	Depreciation variance Historic to Current	864
(47)	Minimum Revenue Provision	(47)
23	Impairments	1,162
(8)	Other adjustments	-
-	- Asset Disposal/Write-Off	1,761
-	- Accumulated gains on assets sold or scrapped	(731)
(7,491)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(2,659)
(88)	Capital receipts credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(1,547)
<b>(32,987)</b>	<b>Closing Balance</b>	<b>(31,239)</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>2019/20</b>		<b>2020/21</b>
<b>£000</b>	<b>Collection Fund Adjustment Account</b>	<b>£000</b>
<b>(118)</b>	<b>Opening Balance</b>	<b>(392)</b>
(34)	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	326
(240)	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.	564
<b>(392)</b>	<b>Closing Balance</b>	<b>498</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 IAS 19.

<b>2019/20</b>		<b>2020/21</b>
<b>£000</b>	<b>Pensions Reserve</b>	<b>£000</b>
<b>309,940</b>	<b>Opening Balance</b>	<b>286,440</b>
13,553	Appropriations to and from (-) revenue	3,355
(37,053)	Actuarial gains (-) / losses relating to pensions	68,000
<b>286,440</b>	<b>Closing Balance</b>	<b>357,795</b>

e) Revaluation Reserve

It is a statutory requirement to have a Revaluation Reserve. This reserve records unrealised revaluation gains arising since the 1 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>2019/20</b>		<b>2020/21</b>
<b>£000</b>	<b>Revaluation Reserve</b>	<b>£000</b>
<b>(17,188)</b>	<b>Opening Balance</b>	<b>(18,419)</b>
(1,147)	Upward Asset revaluations	5,205
701	Downward Asset revaluations	1,636
-	Asset Disposal	732
(785)	Depreciation difference - historic cost to current value	(864)
-	Other adjustments	-
<b>(18,419)</b>	<b>Closing Balance</b>	<b>(11,710)</b>

**25 - Donated Assets Account**

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

**26 - Contingent Assets**

As at 31 March 2021, the Authority does not have any contingent assets.

**27 - Contingent Liabilities**

As at 31 March 2021, the Authority does not have any contingent liabilities.

## **28 - Pension Schemes**

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

- The Local Government Pension Scheme for non-firefighter staff administered locally by Buckinghamshire 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 West Yorkshire Pension Fund 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 1 April 2006) is an unfunded defined benefit statutory scheme, administered by West Yorkshire Pension Fund in accordance with the Fire Pension Scheme Orders (2006) as amended. It is contracted out of the State Second Pension. There are no investment assets held to back the liabilities of the scheme and cash has to be generated to meet actual pension payments as they eventually fall due.
- The Fire Fighter Pension Scheme for uniformed fire-fighters (retained and new entrants from 1 April 2015) is an unfunded defined benefit statutory scheme, administered by West Yorkshire Pension Fund in accordance with the Firefighters' Pension Scheme regulations (2014). It is contracted out of the State Second Pension. There are no investment assets held to back the liabilities of the scheme and cash has to be generated to meet actual pension payments as they eventually fall due.
- The report provided by the actuaries has aggregated all the fire-fighter pension data. This approach was taken to condense the number of reports produced as previously there was an individual report for each pension scheme but with now having five schemes (including modified 2006 scheme), it has been condensed into two reports, LGPS and fire-fighter pensions.

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



## Buckinghamshire & Milton Keynes Fire Authority – Statement of Accounts 2020/21

### 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.

2019/20			2020/21			
LGPS £000	Firefighters £000	Total £000	Comprehensive Income and Expenditure Statement	LGPS £000	Firefighters £000	Total £000
			<u>Cost of Service</u>			
1,289	5,008	6,297	Current Service Cost	1,301	4,860	6,161
-	-	-	Past Service Cost	-	-	-
-	-	-	Administration Expenses	-	-	-
<b>1,289</b>	<b>5,008</b>	<b>6,297</b>	<b>Cost of Service Total</b>	<b>1,301</b>	<b>4,860</b>	<b>6,161</b>
			<u>Financing and Investment Income and Expenditure</u>			
1,970	7,035	9,005	Net Interest on the defined liability (asset)	(5,253)	6,395	1,142
<b>1,970</b>	<b>7,035</b>	<b>9,005</b>	<b>Financing and Investment Total</b>	<b>(5,253)</b>	<b>6,395</b>	<b>1,142</b>
<b>3,259</b>	<b>12,043</b>	<b>15,302</b>	<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>(3,952)</b>	<b>11,255</b>	<b>7,303</b>
(5,921)	(31,132)	(37,053)	Actuarial Gains and Losses	10,018	57,982	68,000
<b>(2,662)</b>	<b>(19,089)</b>	<b>(21,751)</b>	<b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>6,066</b>	<b>69,237</b>	<b>75,303</b>
			<u>Movement in Reserves Statement</u>			
(3,259)	(12,043)	(15,302)	Reversal of net charges made to the surplus or deficit for post employment benefits in accordance with the code: Amount actually charged against the General Fund Balance for pensions in the year for:	3,952	(11,255)	(7,303)
-	1,520	1,520	Employers contribution	551	3,171	3,722
12	217	229	Retirement benefit payable to pensioners	12	214	226

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

#### Reconciliation of present value of the scheme liabilities 2020/21

2019/20			2020/21			
LGPS £000	Firefighters £000	Total £000	Reconciliation of present value of the scheme liabilities	LGPS £000	Firefighters £000	Total £000
(40,486)	(296,527)	(337,013)	Present Value of scheme liabilities as at 1 April	(36,418)	(275,701)	(312,119)
(1,289)	(5,008)	(6,297)	Current Service Cost	(1,301)	(4,860)	(6,161)
(963)	(7,035)	(7,998)	Interest Cost	(848)	(6,395)	(7,243)
3,874	26,560	30,434	Change in financial assumptions	(10,883)	(65,281)	(76,164)
625	(399)	226	Change in demographic assumptions	396	2,976	3,372
1,048	-	1,048	Experience loss/(gain) on defined benefit obligation	493	617	1,110
993	7,720	8,713	Estimated benefits paid net of transfers in	955	8,304	9,259
-	-	-	Past service costs, including curtailments	-	-	-
(232)	(1,229)	(1,461)	Contribution by Scheme participants	(255)	(1,427)	(1,682)
12	217	229	Unfunded pension payments	12	214	226
<b>(36,418)</b>	<b>(275,701)</b>	<b>(312,119)</b>	<b>Present Value of scheme liabilities as at 31 March</b>	<b>(47,849)</b>	<b>(341,553)</b>	<b>(389,403)</b>

Reconciliation of fair value of the scheme assets 2020/21

2019/20			Reconciliation of fair value of the scheme assets	2020/21		
LGPS £000	Firefighters £000	Total £000		LGPS £000	Firefighters £000	Total £000
27,074	-	27,074	Fair Value of scheme assets as at 1 April	25,680	-	25,680
641	-	641	Interest on Assets	607	-	607
(1,648)	-	(1,648)	Return on assets less interest	5,494	-	5,494
399	4,971	5,370	Other actuarial gains/(losses)	-	3,706	3,706
(25)	-	(25)	Administration expenses	(24)	-	(24)
12	1,737	1,749	Contributions by employer including unfunded	563	3,385	3,948
232	1,229	1,461	Contributions by Scheme participants	255	1,427	1,682
(1,005)	(7,937)	(8,942)	Estimated benefits paid plus unfunded net of transfers in	(967)	(8,518)	(9,485)
<b>25,680</b>	<b>-</b>	<b>25,680</b>	<b>Fair Value of scheme assets as at 31 March</b>	<b>31,608</b>	<b>-</b>	<b>31,608</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

Reconciliation of present value of the scheme liabilities	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
<u>Present Value of Liabilities</u>					
LGPS	(37,807)	(38,651)	(40,486)	(36,418)	(47,849)
Firefighters Scheme	(291,382)	(272,651)	(296,527)	(275,701)	(341,554)
<b>Present Value of scheme liabilities as at 31 March</b>	<b>(329,189)</b>	<b>(311,302)</b>	<b>(337,013)</b>	<b>(312,119)</b>	<b>(389,403)</b>
<u>Fair Value of Assets</u>					
LGPS	23,679	26,167	27,074	25,680	31,608
<b>Total Assets - BMKFA estimated allocation of LGPS assets</b>	<b>23,679</b>	<b>26,167</b>	<b>27,074</b>	<b>25,680</b>	<b>31,608</b>
LGPS Experience adjustments on scheme assets	-	-	-	-	-
<u>Surplus/Deficit (-) in the scheme</u>					
LGPS	(14,128)	(12,484)	(13,413)	(10,739)	(16,241)
Firefighters Scheme	(291,382)	(272,651)	(296,527)	(275,701)	(341,554)
<b>Total</b>	<b>(305,510)</b>	<b>(285,135)</b>	<b>(309,940)</b>	<b>(286,440)</b>	<b>(357,795)</b>

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £357.795m has a substantial impact on the net worth of the Authority as recorded in the balance sheet, resulting in a negative overall balance of £308.940m. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

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

d) Basis for estimating assets and liabilities

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

Both the Firefighters’ and Local Government schemes have been assessed by Barnett Waddingham, an independent firm of actuaries, based on the latest valuations (31 March 2017 for the Local Government scheme and the 31 March 2005 for the Firefighters’ scheme).

The main assumptions used in their calculations have been:

	LGPS		Firefighters	
	2019/20	2020/21	2019/20	2020/21
	£000	£000	£000	£000
<u>Mortality Assumptions</u>				
Longevity at 65 for current pensioners				
Males	21.80	21.60	21.00	20.50
Females	25.10	25.00	23.10	22.70
Longevity at 65 for future pensioners				
Males	23.20	22.90	22.70	21.70
Females	26.50	26.40	24.90	24.20
<u>Financial Assumptions</u>				
Rate of Inflation (RPI)	2.70%	2.85%	2.70%	2.80%
Rate of Inflation (CPI)	1.90%	2.50%	1.90%	2.40%
Rate of salary inflation	2.90%	3.85%	3.40%	3.80%
Rate of pensions inflation	1.90%	2.85%	1.90%	2.80%
Rate for discounting scheme liabilities	2.35%	2.00%	2.40%	2.00%
Take up of option to convert annual pension into retirement lump sum	50.00%	50.00%	50.00%	50.00%

The Local Government Pension Scheme’s assets consist of the following categories by proportion of Buckinghamshire and Milton Keynes Fire Authority’s estimated allocation.

<b>31 March 2020</b>			<b>31 March 2021</b>		
<b>£000</b>	<b>%</b>	<b>LGPS</b>	<b>£000</b>	<b>%</b>	
2,211	9%	Gilts	2,859	9%	
13,529	53%	Equities	18,557	59%	
4,728	18%	Other Bonds	4,610	15%	
1,889	7%	Property	1,856	6%	
624	2%	Cash	450	1%	
202	1%	Alternative Assets	391	1%	
1,299	5%	Hedge Funds	1,490	5%	
1,198	5%	Absolute Return Portfolio	1,395	4%	
<b>25,680</b>	<b>100%</b>	<b>Total</b>	<b>31,608</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:

2019/20				2020/21		
£000	£000	£000	LGPS	£000	£000	£000
<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>	Adjustment to discount rate	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
35,669	36,418	37,184	Present value of total obligation	46,861	47,849	48,859
1,452	1,488	1,525	Projected service cost	2,144	2,214	2,286
<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>	Adjustment to long term salary increase	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
36,474	36,418	36,363	Present value of total obligation	47,923	47,849	47,777
1,489	1,488	1,487	Projected service cost	2,215	2,214	2,213
<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>	Adjustment to pension increases and deferred revaluation	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
37,131	36,418	35,720	Present value of total obligation	48,777	47,849	46,941
1,525	1,488	1,452	Projected service cost	2,285	2,214	2,145
<b>+1 year</b>	<b>None</b>	<b>- 1 Year</b>	Adjustment to mortality age rating assumption	<b>+1 year</b>	<b>None</b>	<b>- 1 Year</b>
37,840	36,418	35,052	Present value of total obligation	50,015	47,849	45,781
1,537	1,488	1,440	Projected service cost	2,315	2,214	2,117
<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>Firefighters</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>	Adjustment to discount rate	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
270,166	275,701	281,362	Present value of total obligation	335,098	341,553	348,147
4,870	5,039	5,214	Projected service cost	7,619	7,914	8,219
<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>	Adjustment to long term salary increase	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
276,464	275,701	274,945	Present value of total obligation	342,312	341,553	340,799
5,047	5,039	5,032	Projected service cost	7,950	7,914	7,879
<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>	Adjustment to pension increases and deferred revaluation	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
280,618	275,701	270,893	Present value of total obligation	347,329	341,553	335,896
5,207	5,039	4,877	Projected service cost	8,184	7,914	7,653
<b>+1 year</b>	<b>None</b>	<b>- 1 Year</b>	Adjustment to mortality age rating assumption	<b>+1 year</b>	<b>None</b>	<b>- 1 Year</b>
286,637	275,701	265,193	Present value of total obligation	358,391	341,553	325,527
5,204	5,039	4,879	Projected service cost	8,294	7,914	7,548

**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:

31 March 2020			31 March 2021		
Long Term	Current		Long Term	Current	
£000	£000	Financial Instruments Balances	£000	£000	
(8,388)	(3,628)	Financial liabilities at amortised cost	(8,341)	(3,359)	
<b>(8,388)</b>	<b>(3,628)</b>	<b>Total Borrowings</b>	<b>(8,341)</b>	<b>(3,359)</b>	
-	15,264	Loans and receivables	-	14,590	
-	<b>15,264</b>	<b>Total Investments</b>	-	<b>14,590</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.

2019/20		2020/21				
Financial Liabilities and Assets		Financial Liabilities	Financial Assets			
Total	Financial Instruments Gains and Losses	Liabilities measured at amortised cost	Loans and receivables	Available for sale assets	Fair value through the CIES account	Total
£000	£000	£000	£000	£000	£000	£000
312	Interest expense	312	-	-	-	312
-	Losses on derecognition	-	-	-	-	-
-	Impairment losses	-	-	-	-	-
<b>312</b>	<b>Interest payable and similar charges</b>	<b>312</b>	-	-	-	<b>312</b>
(202)	Interest income	-	(113)	-	-	(113)
-	Gains on derecognition	-	-	-	-	-
<b>(202)</b>	<b>Interest and investment income</b>	-	<b>(113)</b>	-	-	<b>(113)</b>
-	Gains on revaluation	-	-	-	-	-
-	Losses on revaluation	-	-	-	-	-
-	Amounts recycled to the CIES after impairment	-	-	-	-	-
-	Surplus arising on revaluation of financial assets	-	-	-	-	-
<b>110</b>	<b>Net gain/loss (-) for the year</b>	<b>312</b>	<b>(113)</b>	-	-	<b>199</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.

2019/20		2020/21
£000		£000
-	Financial Instruments gain	-
-	Rental income from investment properties	-
(8)	Movement in fair value of investment properties	-
(194)	Interest on investments	(113)
<b>(202)</b>	<b>Total Investment income received in the CIES</b>	<b>(113)</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 2020</b>			<b>31 March 2021</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>	
(6,797)	(8,634)	PWLB Debt at amortised cost	(6,797)	(8,990)	
(1,591)	(1,591)	Finance lease	(1,544)	(1,544)	
(3,628)	(3,628)	Creditors	(3,359)	(3,359)	
<b>(12,016)</b>	<b>(13,853)</b>	<b>Total Financial Liabilities</b>	<b>(11,700)</b>	<b>(13,893)</b>	
-	-	Cash and cash equivalents	-	-	
12,078	12,078	Short term investments	12,024	12,024	
3,186	3,186	Debtors	2,566	2,566	
<b>15,264</b>	<b>15,264</b>	<b>Total Loans and Receivables</b>	<b>14,590</b>	<b>14,590</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 2020. 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 Link ratings service potential counterparty ratings are monitored on a real time basis with knowledge of any changes notified electronically as the agencies notify modifications.

Continuing regulatory changes in the banking sector are designed to see greater stability, lower risk and the removal of expectations of Government financial support should an institution fail. This withdrawal of implied sovereign support has had an effect on ratings applied to institutions. This will result in the key ratings used to monitor counterparties being the Short Term and Long Term ratings only. Viability, Financial Strength and Support Ratings previously applied have effectively become redundant. This change does not reflect deterioration in the credit environment but rather a change of method in response to regulatory changes.

As with previous practice, ratings will 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, Link in producing its colour coding 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 Link. 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 have been used by the Authority to determine the suggested duration for investments. It is recommended that the Authority continues to use Link's colour codes plus an additional six months for UK counterparties only. It would be beneficial if the Authority could lend to existing counterparties for a longer duration. This will increase the risk slightly but will offer increased returns. 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 Link 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-. 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 Link 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.

### *Country Limits*

In 2017/18, the Authority determined that it would not only use approved counterparties based within the United Kingdom but allowed any counterparty (UK or non UK based) rated at least 'Green' by Link. Although no counterparty outside UK was used during 2019/20, these will remain on the lending list for 2020/21.



*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 £5.000m. The one exception to this is Lloyds, as these are the Authority’s primary banking provider. Up to £7.500m can be invested with Lloyds, of which at least £2.500m must be instant access.

*Investment Security*

Investments are defined as being in one of two categories:

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

*Investment Training*

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

*Investment of Money Borrowed in Advance of Need*

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

*Investment Liquidity*

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

g) Refinancing and maturity risk

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

A fair value debt calculation of £8.990m has been provided by the PWLB on the Authority’s behalf

The maturity analysis of financial liabilities is as follows:

<b>31 March 2020</b>		<b>31 March 2021</b>
<b>£000</b>		<b>£000</b>
-	Maturing in less than 1 year	-
-	Maturing within 2 years	(620)
(1,620)	Maturing within 2 to 5 years	(1,000)
(1,000)	Maturing within 5 to 10 years	(1,626)
(4,177)	Maturing in more than 10 years	(3,551)
<b>(6,797)</b>	<b>Total</b>	<b>(6,797)</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>2020/21</b>
	<b>£000</b>
Increase in interest payable on variable rate borrowings	-
Increase in interest receivable on variable rate investments	153
Increase in government grant receivable for financing costs	-
<b>Impact on Comprehensive Income and Expenditure Statement</b>	<b>153</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>153</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**

There are no events after the balance sheet date which will materially impact the figures disclosed in the Statement of Accounts.

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

a) Net Cash flows from Operating Activities

<b>2019/20</b>		<b>2020/21</b>
<b>£000</b>		<b>£000</b>
<b>(10,513)</b>	<b>Net Surplus or (Deficit) on the Provision of Services</b>	<b>(4,196)</b>
2,612	Depreciation, amortisation, impairment and downward valuations	4,107
162	Net Movement in Creditors	(305)
1,463	Net Movement in Debtors	766
(23)	Net Movement in Stocks	(32)
13,553	Adjustment regarding Pension Liability	3,355
(740)	Contributions to/from Provisions	(1,081)
-	Carrying amount of non-current assets sold	1,761
(8)	Movement in Investment Property Values	-
<b>17,019</b>		<b>8,571</b>
(42)	Capital Grants Credited to surplus or deficit on the provision of services	142
(88)	Proceeds from the sale of assets	(1,547)
<b>(130)</b>		<b>(1,405)</b>
<b>6,376</b>	<b>Net Cash Flows from Operating Activities</b>	<b>2,970</b>

b) Net Cash flows from Operating Activities (Interest)

<b>2019/20</b>		<b>2020/21</b>
<b>£000</b>		<b>£000</b>
202	Ordinary interest received	113
-	Interest received on cash backed funds/reserves	-
<b>202</b>		<b>113</b>
(312)	Interest charge for year	(311)
-	Adj differences between Effective Interest Rates and actual payable	-
-	Other Interest	-
<b>(312)</b>		<b>(311)</b>
<b>(110)</b>	<b>Net Cash Flows from Operating Activities (Interest)</b>	<b>(198)</b>

c) Cash Flows from Investment Activities

<b>2019/20</b>		<b>2020/21</b>
<b>£000</b>		<b>£000</b>
(7,579)	Property Plant and Equipment Purchased	(4,206)
1,998	Purchase of short or long term investments	54
-	Movement on Capital Creditors	-
<b>(5,581)</b>		<b>(4,152)</b>
88	Proceeds from the sale of Assets	1,547
-	Proceeds from the sale of short or long term investments	-
-	Capital Grants Repaid	-
-	Capital Grants Received	-
<b>88</b>		<b>1,547</b>
<b>(5,493)</b>	<b>Net Cash Flows from Investing Activities</b>	<b>(2,605)</b>

d) Cash Flows from Financing Activities

<b>2019/20</b>		<b>2020/21</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	-
(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>(47)</b>

e) Make up of Cash and Cash Equivalents

<b>2019/20</b>		<b>2020/21</b>
<b>£000</b>		<b>£000</b>
1,764	Cash and bank balances	2,082
-	Cash investments	-
<b>1,764</b>	<b>Total</b>	<b>2,082</b>

## Firefighters' Pension Fund Account

### Firefighters' Pension Fund

2019/20		2020/21
£000	Fund Account	£000
	<b>Income to the fund</b>	
	<u>Contributions receivable (funds due to us during the year)</u>	
	From employer	
(2,751)	normal contributions	(3,181)
-	early retirements	-
(1,238)	From members	(1,424)
(143)	Ill health charges	(211)
(18)	Other miscellaneous eligible income	(2)
	<u>Transfers in</u>	
(16)	Individual transfers in from other schemes	-
-	Other transfers in	-
<b>(4,166)</b>	<b>Total Income to the Fund</b>	<b>(4,818)</b>
	<b>Spending by the fund</b>	
	<u>Benefits payable</u>	
7,348	Pension payments	7,554
662	Commutation of pensions and lump sum retirement benefits	1,009
	<u>Payments to and on behalf of leavers</u>	
-	Individual transfers out of the scheme	149
-	Other miscellaneous eligible expenditure	-
<b>8,010</b>	<b>Total Spending by the Fund</b>	<b>8,712</b>
<b>3,844</b>	<b>Net amount payable/receivable for the year before top up grant receivable/amount payable to sponsoring department</b>	<b>3,894</b>
(3,844)	Top up grant receivable/amount payable to sponsoring department	(3,894)
<b>-</b>	<b>Net amount payable (-)/receivable for the year</b>	<b>-</b>

### Firefighters' Pension Fund Net Assets Statement

2019/20		2020/21
£000	Net Assets Statement	£000
	<b>Net Current Assets and Liabilities</b>	
465	Pensions top up grant receivable from sponsoring department	810
(465)	Other current assets and liabilities (other than liabilities and other benefits in the future)	(810)
<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.

### 6 - Holiday Contributions 18-20

Firefighters who joined the 1992 FPS aged 18-20 have previously had to contribute for up to 32 years to receive a 30-year pension at the earliest age of 50. Following a legal challenge from the FBU, they received correspondence from the Department for Communities and Local Government conceding the case.

DCLG accepted that rules of the 1992 FPS would be amended to allow all affected members who joined before the age of 20 or affects members who have already retired and who found themselves in this position after 1 December 2006 when the age discrimination legislation for pensions came into force. Upon reaching 50, the affected member will be able to choose to:

- Retire with a pension.
- Continue employment and recommence payment of contributions (the accrual cap remains in place with a maximum thirty years pension).
- Or continue employment without paying contributions, thereby electing to defer their pension.

Payment of any additional amounts identified as due were made with simple interest calculations as well. These amounts have been disclosed separately within the Fire-Fighters Pension Fund.

## Glossary of Term

### **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.

### **BC**

Buckinghamshire Council. BC 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.

### **FCPFA**

Fellowship 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.

**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 Sector Audit Appointments Limited (PSAA)**

Incorporated by the Local Government Association (LGA) in August 2014. PSAA is responsible for appointing an auditor and setting scales of fees for relevant principal authorities that have chosen to opt into its national scheme.

**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 is 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.

**Integra**

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.

**Write Down**

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



# Buckinghamshire & Milton Keynes Fire Authority

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**Meeting and date:** Overview and Audit Committee, 16 March 2022

**Report title:** Corporate Risk Management

**Lead Member:** Health, Safety and Corporate Risk

**Report sponsor:** Graham Britten, Director of Legal & Governance

**Author and contact:** Stuart Gowanlock, Corporate Planning Manager

[sgowanlock@bucksfire.gov.uk](mailto:sgowanlock@bucksfire.gov.uk)

**Action:** Decision

**Recommendations:**

1. That the status on identified corporate risks at Annex C be reviewed and approved.
2. That comments be provided to officers for consideration and attention in future updates / reports.

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**Executive summary:**

This report provides an update on the current status of identified corporate risks. Risk registers are maintained at project, departmental and directorate levels. Corporate risks are those that have been escalated from these levels for scrutiny by the Strategic Management Board (SMB) because of their magnitude, proximity or because the treatments and controls require significant development.

Officers draw on a range of sources to assist with the identification and evaluation of corporate risks. For example, membership of the Thames Valley Local Resilience Forum (TVLRF)'s Strategic Coordinating Group (SCG) facilitates active monitoring of a range of risks with the potential for impacts on local communities and services including, at the present time, Coronavirus (COVID-19).

Involvement with the Local Resilience Forum directly links officers into national Government agencies and departments such as the UK Health Security Agency and the Department for Levelling Up, Housing and Communities. This allows the sharing of intelligence and information with those who are making decisions at the very highest levels.

The TVLRF SCG enables its partners to jointly develop combined responses to civil emergencies, and strategic consequence management. This multi-agency partnership approach helps target activity directly to the needs of the public.

The Corporate Risk Register was last reviewed by the Overview and Audit Committee at its 10 November 2021 meeting. Since then, it has been subject to review by the Performance Monitoring Board (PMB), at which all the directorate and departmental risk registers are reviewed, and by SMB at its monthly meetings. Also, Lead Members have been consulted during the evaluation process for risks falling within their portfolios of responsibility.

Since the last Overview and Audit Committee review, the Corporate Risk Register has been updated. This review includes updates to reflect:

- Progress with additional firefighter recruitment and also potential risks to existing staffing levels arising from London Fire Brigade's firefighter recruitment campaign – a Recruitment Board is to be established to provide strategic oversight in relation to staff recruitment, retention and workforce planning;
- the outcome of the Provisional Local Government Finance Settlement published on 16 December 2021. The draft principles for council tax increases allow fire and rescue services with Band D charges in the lower quartile (which includes this Service) to increase council tax by up to £5 in 2022-23 without the need for a referendum. Following the Fire Authority's decision to implement the £5 increase for 2022-23, enabling it to address concerns raised by HMICFRS regarding the sustainability of funding and reserves, the risk score has been reduced to 12 (probability 4, Impact 3) and RAG status from Red to Amber;
- that the Authority is now a subscriber to the South-East Employers (SEE) sub-group South East Government Warning, Advisory and Reporting Point (SEGWARP), which shares knowledge, resources and benchmarking among participating IT Security Specialists & IT Managers <https://www.seemp.co.uk/segwarp/>;
- the current and potential impact of the Omicron variant of Covid on staff availability – current trends in relation to this have enabled a reduction in the risk impact score from 3 to 2 resulting in a reduced overall score of 8;
- in relation to the pensions risk, a reduced potential for significant losses of staff compared with when the remedy was introduced enabling a reduction in the risk score from 15 to 12 and RAG status from Red to Amber.

The current distribution of corporate risks relative to probability and potential impact is shown at Appendix 1.

Changes to the corporate risk ratings over the last year are shown at Appendix 2.

Detailed assessments of identified corporate risks are shown in the Corporate Risk Register at Appendix 3.

The next Overview and Audit Committee review is scheduled for 20 July 2022 (provisional date to be confirmed at the 15 June Fire Authority Annual Meeting), preceded by review at the 21 June 2022 SMB meeting.

**Financial implications:**

No direct financial implications arising from the presentation of this report. It is envisaged that the further development of the Authority's corporate risk management framework will be undertaken from within agreed budgets.

**Risk management:**

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

**Legal implications:**

None directly arising from this report. Any legal consequences associated with the crystallisation of individual risks are detailed in the Risk Register report at Appendix 3.

Within the role description of a Lead Member is a requirement 'to attend the Overview and Audit Committee, at its request, in connection with any issues associated with the portfolio which is the subject of scrutiny'

**Privacy and security implications:**

None directly arising from the presentation of this report. However, potential risks to privacy and security together with mitigating actions are captured within applicable risk evaluations.

**Duty to collaborate:**

The potential to share corporate risk intelligence with neighbouring fire and rescue services and other relevant agencies will be considered. Buckinghamshire and Milton Keynes Fire Authority already participates in the multi-agency Thames Valley Local Resilience Forum which produces a Community Risk Register which is among the sources used to identify potential risks to the Authority.

**Health and safety implications:**

Development of the framework does not impact directly on the legal compliance to health and safety, however if risks are not appropriately identified or evaluated then this may present Health and Safety risks.

**Environmental implications:**

None directly arising from the presentation of this report. However, potential environmental implications together with mitigating actions are captured within applicable risk evaluations.

**Equality, diversity, and inclusion implications:**

No direct implications from the presentation of this report. However, risks to achieving the Authority's equality, diversity and inclusion objectives or compliance

with relevant statutes or regulations are identified assessed and managed via this process and are currently monitored within the HR Risk Register.

**Consultation and communication:**

Senior managers and principal officers are key stakeholders in the development of the corporate risk management framework and have an active role in this at every stage as well as in ongoing identification, evaluation and monitoring of corporate risks. The Lead Member is also be involved in the development of the framework with particular responsibility for determining the reporting arrangements for the Authority.

**Background papers:**

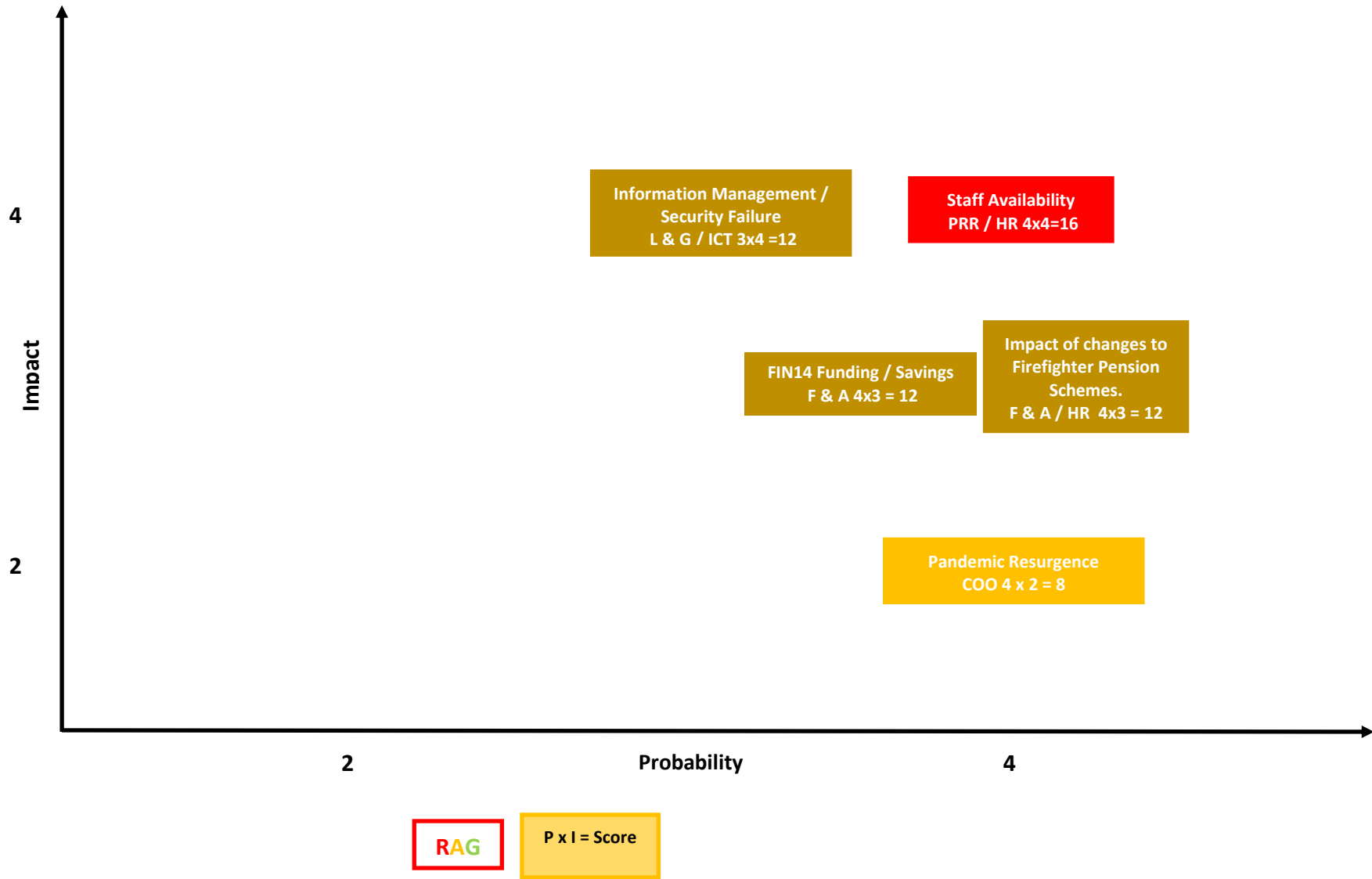
The current Corporate Risk Management Policy was approved at the 24th March 2021 Executive Committee:

<https://bucksfire.gov.uk/documents/2021/03/ec-240321-item-5.pdf/>

CFA Members were last updated on the status of the Authority’s Corporate Risks at the [10 November 2021](#) Overview & Audit Committee.

Appendix	Title	Protective Marking
1	Distribution of Corporate Risks as at 22 February 2022.	None
2	12 Month View of Changes to Corporate Risks	None
3	Corporate Risk Register Report	None

# Appendix 1: Corporate Risk Map – As at 22 February 2022 SMB

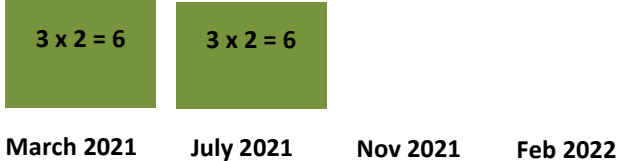


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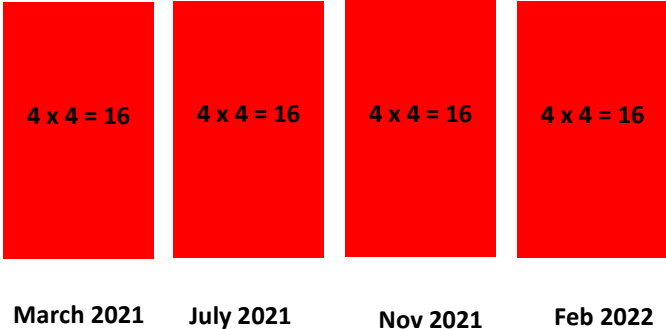


Appendix 2 – Risk Register Changes (12 Month View)

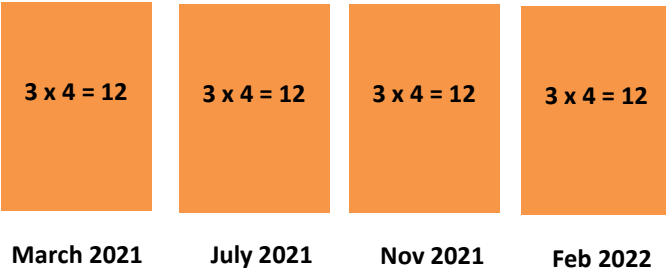
No UK – EU Trade Agreement



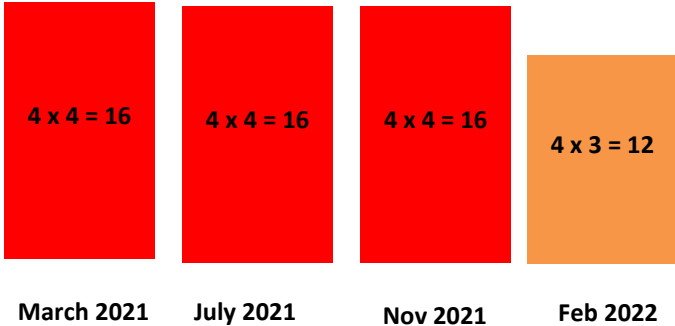
Staff Availability



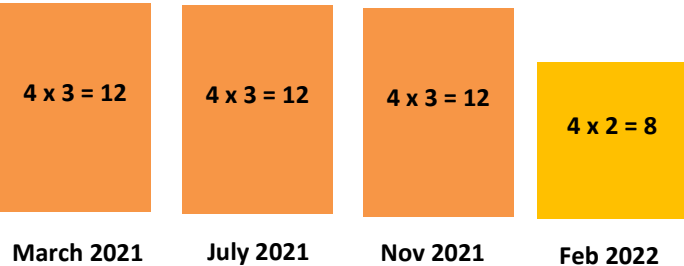
Information Management / Security Failure



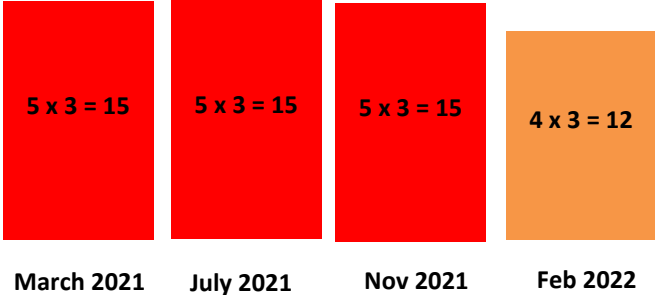
Risk to Funding



Risk of Covid-19 Resurgence / Pandemic Flu



Impact of Changes to Firefighter Pension Schemes



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**Appendix 3 - Corporate Risk Register – as at 22 February 2022**

**Corporate Risks**

Risk Description	Resp.	Consequences if Untreated Risk Occurs	Risk Score (Former) / New			Risk Level	Current Treatment	RAG	Comments / Further Treatment Proposed
			P	I	Σ	HML			
<p><b>CRR 014.4 Staff Availability: 1/ Staff inability to get to work due to external factors e.g. Pandemic Flu, disruption to fuel supplies etc.</b></p> <p><b>2/Impact of transformation at pace and / or employment market conditions on attraction of new staff, retention and overall workforce stability.</b></p> <p><b>This is a composite risk more detailed evaluations of individual risk components</b></p>	Lead Member for Service Delivery, Protection & Collaboration	Potential detrimental effects on service delivery to the community and the Service's reputation.	(2)	(5)	(10)	(M)	<ul style="list-style-type: none"> <li>• Full business continuity plans in place &amp; uploaded to Resilience Direct.</li> <li>• Peer review of the business continuity arrangements</li> <li>• Bank System</li> <li>• Flexi-Duty System Pilot</li> <li>• Staff Transfer Procedure</li> <li>• Employee assistance and welfare support</li> <li>• Training Needs Assessment process</li> <li>• Monitoring of staff 'stability ratio' relative to best practice and sector norms</li> <li>• Review of Resourcing and Retention strategies</li> <li>• Wider range of contracts offering more flexible ways of working</li> <li>• A variety of approaches are being adopted to replenish the workforce. These include more operational apprentices, transferees, and re-engagement options</li> <li>• Workforce planning data is regularly reviewed with Prevention, Response &amp; Resilience, HR and Finance.</li> <li>• Growth bids to be considered to support future resourcing demands.</li> <li>• HR are reviewing the future promotion and career development options</li> </ul>	<b>R</b>	<p><b><u>21 September 2021 SMB</u></b> In light of the continuing staffing challenges, latest workforce planning assumptions and recent numbers of staff who have either given notice to retire or transfer to another Service. Agreement has been given toward commencing a recruitment campaign to employ between 15 – 18 new operational Firefighters.</p> <p><b><u>19 October 2021 SMB</u></b> The Wholetime Firefighter recruitment campaign has closed. The applications have been shortlisted and invited to take part in the next stages of the process.</p> <p>Support Services and Operational recruitment continues. A range of different attraction methods are being used and evaluated to ensure the most diverse pool of candidates are reached. The findings of the evaluation will inform the recruitment toolkit.</p> <p><b><u>18 January 2022 SMB</u></b> Following a successful Flexi-Firefighter recruitment campaign the Service were able to appoint 10 candidates, split equally between external and internal applicants, into this specific operational role. Having successfully completed the required upskilling training, these staff were, as of the 17 December 2021, able to be utilised from a resourcing perspective. This unquestionably enhanced our operational frontline capability, whilst also enabling the internal transfer requests of existing Flexi-Firefighters, wishing to move into alternative operational roles, to be accommodated.</p>
			(5)	(5)	(25)	(H)			
			(3)	(5)	(15)	(H)			
			(4)	(5)	(20)	(H)			
			(3)	(5)	(15)	(H)			
			(5)	(4)	(20)	(H)			
	(4)	(3)	(12)	(M)					
	(5)	(3)	(15)	(H)					
	(4)	(3)	(12)	(M)					
	(5)	(3)	(15)	(H)					
	(3)	(3)	(9)	(M)					
	(4)	(3)	(12)	(M)					
	<b>4</b>	<b>4</b>	<b>16</b>	<b>H</b>					

**Appendix 3 - Corporate Risk Register – as at 22 February 2022**

<p><b>are contained in the HR Directorate Risk Register.</b></p>							<ul style="list-style-type: none"> <li>• Resourcing levels are constantly monitored to ensure coverage.</li> <li>• The Recruitment Oversight Board meets regularly to review resourcing and ensure a joined-up approach.</li> <li>• Pensions remedy consultation received, response to be drafted. Workforce planning to be reviewed for implications and plans put in place</li> <li>• GC/AC development centre held.</li> <li>• CC/WC/SC development centre held in September 2020.</li> <li>• On-call virtual awareness evenings held and recruitment continues ensuring compliance with government guidance.</li> </ul>	<p>The Wholetime Firefighter recruitment is in the final stages, contracts are due to be issued for March 2022 start.</p> <p>The EDI group and HR Operations team are working to increase the diversity of the organisation. Learns have been collected to help inform the recruitment toolkit.</p> <p>The HR team continue to support employees to return to work following long term absence. Covid19 absence has increased, the HR team work closely with managers to ensure appropriate support is in place.</p> <p><b><u>22 February 2022 SMB</u></b></p> <p>In light of the recent London Fire Brigade advert for operational transferees, we are aware a number of applications have been received from BFRS staff.</p> <p>Whilst it remains unclear how many of these applicants will be successful, any reduction in the current number of operational staff will present challenges from a resourcing perspective. It is therefore likely that further Wholetime Firefighter recruitment / transferee campaigns will need to be commenced. However, due to the limited timeframe between the last recruitment campaign, the work being undertaken to increase the diversity of the workforce, may not necessarily be reflected within this next intake.</p> <p>18 new operational Firefighters will start on the 1 March 2022 and commence their acquisition training at the Fire Service College on 7 March 2022.</p> <p>Following consultations with the Lead Member for People, Equality and Diversity and Assurance a Recruitment Board is to be established to provide strategic oversight of staff recruitment, retention, and wider workforce planning.</p>
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**Appendix 3 - Corporate Risk Register – as at 22 February 2022**

Risk Description	Resp.	Consequences if Untreated Risk Occurs	Risk Score (Former) / New			Risk Level	Current Treatment	RAG	Comments / Further Treatment Proposed
			P	I	Σ				
<b>Fin 14 – Funding and Savings Requirement</b>	Lead Member for Finance and Assets, Information Security & IT	The Medium-Term Financial Plan (MTFP) factors in several assumptions when forecasting the financial position.	(4)	(4)	(16)	H	Proactive management of the MTFP is in force and is very closely aligned to workforce planning.	<b>A</b>	<b>13 April 2021 SMB</b> The Director of Finance & Assets advised that some sundry revenue receipts have been identified or received but these are not material to the strategic financial outlook for the Authority. No change to risk score or RAG status recommended at this time.
			(3)	(4)	(12)	M			
			(3)	(4)	(12)	M			
			(4)	(4)	(16)	(H)			
	Director Finance & Assets	Future costs are significantly affected by the level of pay awards (which for most staff are determined nationally), general price inflation and changes to employer pension contributions. Future funding levels are affected by council tax referendum limits, growth in council tax and business rate bases, the level of general government funding and specific grants. If a number of these areas are significantly worse than forecast	<b>4</b>	<b>3</b>	<b>12</b>	<b>M</b>	As part of the budget setting process, Officers will seek to identify savings opportunities to address potential future cost pressures.  A risk-assessed General Fund reserve of £1.5m (circa 5% of the net budget requirement) is held to cover a range of potential financial risks. In addition, earmarked reserves are held to fund specific anticipated future costs.	<b>22 June 2021 SMB</b> The Government has declared it is looking to rule out material change of circumstances appeals in relation to Covid-19, which should lead to an improvement to the business rates collectable for 2022-23. Support staff pay has increased by 2% in line with the final year of the three-year pay deal. The NJC has agreed a pay increase of 1.5% for grey book staff and brigade managers. The Authority had budgeted for 0%, in line with the Government’s declared pay pause. This will therefore be an in-year pressure for 2021-22 as well as increasing costs in future years.  <b>21 September 2021 SMB</b> An initial evaluation of the potential impact of the Government’s recent announcement of increases to employer National Insurance contributions would indicate an increase in revenue costs of c. £150k-£200k. However, Officers current understanding is that local government organisations will be reimbursed for increased employer costs by way of a central government grant.  <b>19 October 2021 SMB</b> It has been confirmed that the Comprehensive Spending Review 2021 will be a multi-year review covering the financial years 2022-23 to 2024-25. The review will conclude on 27 October 2021, alongside Autumn Budget 2021.	

**Appendix 3 - Corporate Risk Register – as at 22 February 2022**

		<p>there is a risk the Authority will not meet its commitment to the PSP 2020 - 25 and that a fundamental re-think of service provision would be required.</p>						<p><b><u>16 November 2021 SMB</u></b>                  Inflationary pressures, particularly relating to energy and fuel prices, have the potential to have adverse impacts on revenue budget costs in the new financial year following expiry of existing contract prices.</p> <p><b><u>18 January 2022 SMB</u></b>                  The Provisional Local Government Finance Settlement was published on 16 December 2021. The draft principles for council tax increases allow fire and rescue services with Band D charges in the lower quartile (which includes this Service) to increase council tax by up to £5 in 2022-23 without the need for a referendum.</p> <p><b><u>22 February 2022 SMB</u></b>                  At its meeting on 16 February 2022 the Fire Authority resolved to increase the Band D council tax precept by £5. This will enable the Authority to address concerns raised by HMICFRS regarding the sustainability of funding and reserves.                  Inflation as of January 2022 was 5.5% (CPI) which increases the risk that pay awards and other costs may be higher than budgeted for. There is also further uncertainty caused by the potential for the formula used to allocate Government funding to be reviewed during 2022-23.                  Increasing the Band D precept by £5 generated c£1.15m more than if the precept referendum limit had remained at 2%. Therefore, despite the uncertainties noted above, it is proposed to reduce the impact score to three, giving a total risk score of twelve (medium risk).</p>
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**Appendix 3 - Corporate Risk Register – as at 22 February 2022**

Risk Description	Resp.	Consequences if Untreated Risk Occurs	Risk Score (Former) / New			Risk Level	Current Treatment	RAG	Comments / Further Treatment Proposed
			P	I	Σ				
			(4)	(4)	(16)	(H)			
			3	4	12	M			
<b>Information Management* / Security failure to -</b>  <b>a) comply with statutory or regulatory requirements</b>  <b>b) manage technology</b>  <b>c) manage organisational resources</b>  Deliberate: unauthorised access and theft or encryption of data. Accidental: loss, damage or destruction of data	Lead Member for Finance and Assets, Information Security & IT  Senior Information Risk Owner (SIRO) Director Legal & Governance	<ul style="list-style-type: none"> <li>Inability to access/use the e-information systems.</li> <li>Severe financial penalties from the Information Commissioner</li> <li>Lawsuits from the public whose sensitive personal information is accessed causing damage and distress.</li> </ul> <p>*Information management is concerned with the acquisition, custodianship and the distribution of information to those who need it, and its ultimate disposition through archiving or deletion. Information security is the practice of protecting information by mitigating risks such as unauthorised access and its unlawful use, disclosure, disruption,</p>				HML		<b>A</b>  <b>22 June 2021 SMB</b> A number of high-profile websites across the globe, including UK government, experienced disruption on 8 June 2021 due to a software bug at 'Fastly' the cloud-computing company. Although BFRS does not use Fastly's services directly the BFRS website nonetheless experienced a very brief outage as a consequence of this highlighting the vulnerability of complex interdependent systems (Fastly operate servers at strategic points around the world to facilitate movement and storage of content close to their end users). However, the main threat remains that of malicious attacks as demonstrated by the recent ransomware attack on the Colonial Pipeline operator which carries 45% of the US east coast's diesel, petrol and jet fuel supplies. The attack disrupted supplies for several days causing fuel shortages. <b>24 August 2021 SMB</b> Employees in the Leadership Group were written to reminding them of the need for them and their teams to complete two mandatory e-learning packages in a 2-year cycle: 'Responsible for information – General Users' and 'Stay Safe Online: Top Tips for Staff' to assist in protecting the cybersecurity of the organisation as well as protecting employees in their on-line activities outside of work. <b>19 October 2021 SMB</b> On 11 October the head of the National Cyber Security Centre (NCSC) stated at the	

**Appendix 3 - Corporate Risk Register – as at 22 February 2022**

		<p>deletion and corruption. As more and more information is held electronically risks have become systems, as well as process and people based and are therefore vulnerable to cyber-attacks. Cyber-crime is unrelenting and issues arise at a greater frequency than existing intrusion attempts can be resolved. As such, this is a constant on the CRR.</p>					<p>- Premises Security Group re-established to meet on a 3 monthly basis aligned to the PMB meeting schedule has been suspended during the internal governance review. The associated risks are being monitored.</p> <p><b>5. Training:</b> The biennial “Responsible for Information” training will be supplemented by the National Cyber Security Centre’s new e-learning package ‘Top Tips for Staff’ which has been built into the Heat training platform as a mandatory biennial package. Cyber-security training, delivered by Thames Valley Police’s cyber security advisor, rolled out to members of the Leadership Group during September 2020. Further training planned for 21/22.</p>		<p>Chatham House Cyber Conference that “ransomware presents the most immediate danger to the UK, UK businesses and most other organisations – from FTSE 100 companies to schools; from critical national infrastructure to local councils.”; and that “... UK’s response to these threats is resilience. We need the UK’s public sector to be the best defended [from cyber-attack] in the world”.</p> <p><b><u>18 January 2022 SMB</u></b> The Service’s ICT team were made aware of the national issues with the ‘Log4j 2’ vulnerability early due to their close ties with the UK National Cyber Security Centre, they took immediate action to scan internal resources and found that they were not affected. They then worked with suppliers to ensure any systems hosted externally which the Service utilises were checked, and where appropriate patched, to prevent any exposure.</p> <p><b><u>22 February 2022 SMB</u></b> The mandatory staff cybersecurity training packages have been rolled out to Members. A Cabinet Office report published on 25 January 2022 advised that of the 777 incidents managed by the National Cyber Security Centre between September 2020 and August 2021, around 40% were aimed at the public sector. The Authority is now a subscriber to the South-East Employers (SEE) sub-group South-East Government Warning, Advisory and Reporting Point (SEGWARP) -which shares knowledge, resources and benchmarking among participating IT Security Specialists &amp; IT Managers <a href="https://www.seemp.co.uk/segwarp/">https://www.seemp.co.uk/segwarp/</a></p>
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**Appendix 3 - Corporate Risk Register – as at 22 February 2022**

Risk Description	Resp.	Consequences if Untreated	Risk Score (Former) / New			Risk Level	Current Treatment	RAG	Comments / Further Treatment Proposed
			P	I	Σ	HML			
Risk of resurgence of Covid-19 and / or seasonal influenza in Autumn / Winter 2021 and into 2022	Lead Member for Health and Safety and Corporate Risk	Increased levels of sickness absence amongst staff.	(4)	(3)	(12)	M	<ul style="list-style-type: none"> <li>Maintenance of current social distancing and sanitisation regimes in all Authority workplaces, including covid-secure monthly assessments.</li> <li>Hybrid working and gradual reintroduction to office environment Provision of appropriate PPE for staff required to work in close proximity with the public.</li> <li>Appliance / service availability degradation planning.</li> <li>Free seasonal flu jabs available to all staff.</li> <li>Covid-19 app rolled out to all sites, and pushed to all Authority phones</li> <li>Lateral flow testing available to all staff via workplace collect scheme.</li> </ul>	A	<p><b><u>13 April 2021 SMB</u></b> The Head of Covid 19 Preparedness &amp; Response updated on plans to introduce arrangements for staff to undertake lateral flow tests at home, through the Workplace Collect programme, in association with the Dept of Health and Social Care (DHSC). Although current direction of travel in relation to Covid recovery aligned to Government road-map is positive it was agreed that the current risk score would remain but be kept under review in light of external developments.</p> <p><b><u>22 June 2021 SMB</u></b> Officers continue to monitor developments in relation to the Government’s recovery road-map and potential delays to the relaxation of ‘lockdown’ measures in light of the rise in Delta variant infections. No change to risk score or evaluation at this time.</p> <p><b><u>6 July 2021 Update</u></b> The Parliamentary decision on whether to move to step four on 19 July will be taken on 12 July. The pandemic management group continue to monitor the risks to staff and will ensure the appropriate controls remain in place as wider social restrictions are lifted.</p> <p><b><u>24 August 2021 SMB</u></b> On 2 August the Service’s strategy for ongoing mitigation of Covid risks was released following the Government’s move to ‘Step 4’ from 19 July.</p> <p><b><u>19 October 2021 SMB</u></b> Throughout the different phases of the Covid pandemic the Service has taken a measured approach to reintroducing activities previously paused or restricted. Following the</p>
	Chief Operating Officer	Potential degradation of capacity or capability to deliver key services to the public and / or sustain supporting functions.	4	2	8	M			

**Appendix 3 - Corporate Risk Register – as at 22 February 2022**

									<p>Government’s announcement in relation to its Autumn / Winter plan, we are now at the stage whereby all our business-as-usual activities can resume, so long as we continue to consider our own safety and that of the communities we serve, by accepting a well-embedded range of Covid-19 controls. Furthermore, despite the increase in the number of Covid cases across both Buckinghamshire and Milton Keynes, this has not seen in a rise in Covid related absence amongst staff.</p> <p><b><u>18 January 2022 SMB</u></b>                  The progression of the highly transmissible Omicron variant is resulting in increased staff absence levels across departments. It is reassuring that the new variant appears less severe, thus reducing the health risks to staff, however, the bigger risk now is our ability to maintain effective service delivery should case numbers continue to rise. The Service has degradation plans in place to manage high staff absence levels and continues to mitigate risks through infection prevention control measures.</p> <p><b><u>22 February 2022 SMB</u></b>                  Current control measures are keeping Covid absence to a tolerable level, resulting in reduced impact on staff resourcing. Decreasing case numbers, shorter isolation periods and less severe symptoms, owing to Omicron dominance and good vaccine availability and uptake, is leading to an improved picture across the Service. Short term absence spikes and the ongoing risk of emerging variants of concern, continue to be monitored. Impact score reduced from 3-2, probability to remain at 4 owing to turnover of covid absence (3%-6%) within the workforce and ongoing risk to service delivery.</p>
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**Appendix 3 - Corporate Risk Register – as at 22 February 2022**

Risk Description	Resp.	Consequences if Untreated Risk Occurs	Risk Score (Former) / New			Risk Level	Current Treatment	R A G	Comments / Further Treatment Proposed
			P	I	Σ				
<b>Court of Appeal ruling on the McCloud / Sargeant cases: potential impact on staff retirement profile, resourcing to implement required changes and financial impacts thereof.</b>	Lead Member for Finance and Assets, Information Security & IT  Director Finance & Assets	Failure to discharge statutory duties.  Failure to comply with legal requirements.  Unknown / unquantified budgetary impacts.	(5)	(3)	(15)	H	<ul style="list-style-type: none"> <li>Potential impacts on costs to be factored into future Medium-Term Financial Planning process.</li> <li>Recruitment of dedicated specialist resource to evaluate requirements arising from the Court of Appeal ruling and implement necessary administrative changes.</li> </ul>	M	<p><b><u>16 February 2021 SMB</u></b> In light of the recommendation from the 4 February PMB, SMB approved the extraction of the pensions related aspects of this risk and their inclusion as a separate risk in the corporate risk register. On 12 February 2021 the judgment of the Employment Appeal Tribunal was handed down. This found that authorities had acted unlawfully in implementing the legislated changes to the Firefighters Pension Scheme. Officers await further advice on the implications of this judgment, especially in relation to payments due to those who have recently retired or are due to do so imminently.</p> <p><b><u>13 April 2021 SMB</u></b> A recent Home Office 'one-off' allocation of funding to mitigate some of the cost of additional administrative burdens arising from Court / Tribunal decisions in relation to the Firefighters Pension Scheme (£32,301 being the pro rata share of the £3m allocated nationally) was noted. The potential risks to the schemes administration nationally as a result of provider consolidation were discussed and noted alongside potential cost sharing across fire authorities nationally to offset potential financial risks arising from further litigation in relation to schemes at individual authority level.</p> <p><b><u>22 June 2021 SMB</u></b> The Home Office and LGA issued version 2 of their immediate detriment guidance in June 2021. This will assist with the handling of immediate detriment payments.</p>
			4	3	12	M			

**Appendix 3 - Corporate Risk Register – as at 22 February 2022**

								<p><b><u>19 October 2021 SMB</u></b>                  The LGA and the FBU have identified a mutually acceptable framework for handling immediate detriment cases, to assist all parties prior to completion and implementation of the McCloud / Sargeant remedying legislation.</p> <p>A paper will be presented to the meeting of the Executive Committee on 17 November 2021 recommending that the Service adopts this framework.</p> <p>The framework will have internal resource implications for the Service, as well as resourcing implications for its pension administrator.</p> <p><b><u>18 January 2022 SMB</u></b>                  On 17 November 2021 the Executive Committee adopted the Framework with the proviso that the timescale for payments may be extended where it is beneficial to the recipient and the Service to do so.</p> <p>On 29 November 2021 the Home Office withdrew its informal and non-statutory guidance on processing certain kinds of immediate detriment case ahead of legislation, with immediate effect. However, the MoU and the accompanying Framework is separate from, and is not subject to or dependent on, any guidance issued in relation to immediate detriment before the legislation comes into force.</p> <p><b><u>22 February 2022 SMB</u></b>                  No changes to the risks identified since the meeting on 18 January 2022.</p>
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# Buckinghamshire & Milton Keynes Fire Authority

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**Meeting and date:** Overview and Audit Committee, 16 March 2022

**Report title:** 2020/21 Statement of Assurance

**Lead Member:** Councillor David Carroll (Chairman, Overview and Audit Committee)

**Report sponsor:** Graham Britten, Director of Legal and Governance

**Author and contact:** Stuart Gowanlock, Corporate Planning Manager

**Action:** Decision

**Recommendations:** That the 2020/21 Statement of Assurance be approved for signature by the Chairman of the Overview and Audit Committee and the Chief Fire Officer.

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## **Executive summary:**

The Fire and Rescue National Framework, published by the Department of Communities and Local Government in July 2012, introduced the requirement for fire and rescue authorities in England to produce a 'Statement of Assurance' on an annual basis. An updated National Framework was published in May 2018. This maintained the requirement that every authority must publish an annual statement of assurance of compliance with the Framework. The statements are intended to provide assurance to the public on financial, governance and operational matters and demonstrate that National Framework requirements, including those relating to integrated risk management planning, are being met.

The precise form, content and methodology used to prepare the statements are left to local discretion. Where authorities "have already set out relevant information that is clear, accessible, and user-friendly within existing documents" they may draw on these in preparing their statements of assurance.

Buckinghamshire and Milton Keynes Fire Authority already produces and publishes a variety of separate statements relating to financial, governance and operational performance such as the Annual Governance Statement and Annual Financial Statements. The draft 2020/21 Statement of Assurance, shown at Appendix 1, draws on, summarises, and includes relevant extracts from these more detailed assessments. Changes from the 2019/20 Statement of Assurance are shown as shaded text. Officers are of the view that collectively the assurance processes underpinning the range of existing statements covers the scope and nature of what is required for the statement of assurance.

The statement of assurance should be signed off by an elected member of the Authority who is able to take responsibility for its contents. It is for authorities to decide who the most appropriate person is.

In respect of Buckinghamshire and Milton Keynes Fire Authority, officers are of the view that the most appropriate person is the Chairman of the Overview and Audit Committee.

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**Financial implications:**

There are no direct financial implications arising from the production of the annual Statement of Assurance.

**Risk management:**

Financial, governance and operational assurance processes form part of the Authority's risk management framework. The effectiveness of these contributes to the identification, reduction, and mitigation of corporate and operational risks.

**Legal implications:**

Section 21 of the Fire and Rescue Services Act 2004 (FRSA 2004) provides the statutory authority for the National Framework and requires Fire and Rescue Authorities to 'have regard' to it in carrying out their functions. However, Section 22 of the Act gives the Secretary of State the power to intervene if he considers that "...a fire and rescue authority is failing, or is likely to fail, to act in accordance with the Framework prepared under section 21".

Also "The Secretary of State must report to Parliament on—

(a) the extent to which fire and rescue authorities are acting in accordance with the Framework prepared under section 21;

(b) any steps taken by him for the purpose of securing that fire and rescue authorities act in accordance with the Framework".

The Statement of Assurance will be used as a source of information by the Secretary of State when preparing biennial reports required by section 25 of the Fire & Rescue Services Act 2004.

**Privacy and security implications:**

Following consultation with the Data Protection Officer, no privacy or security issues have been identified or associated with the Statement of Assurance.

**Duty to collaborate:**

The statement is designed to provide assurance in relation to the operations of the Authority and details any relevant collaborative work with the other Thames Valley Fire Authorities and other agencies.

**Health and safety implications:**

There are no direct health and safety implications arising from this report.

**Environmental implications:**

None identified.

**Equality, diversity, and inclusion implications:**

There are no direct equality, diversity or inclusion implications arising from this report.

**Consultation and communication:**

The requirement for Statements of Assurance arose from the revisions to the National Framework published by the Department for Communities and Local Government in July 2012. An evaluation of the implications of the new Framework was reported to the Fire Authority at its 27 September 2012 meeting.

The 2019/20 Statement of Assurance was approved on 17 March 2021:

<https://bucksfire.gov.uk/documents/2021/03/oa-item-10.pdf/>

**Background papers:**

Appendix	Title	Protective Marking
1	Draft 2020/21 Statement of Assurance	None
2	CLG Guidance on Statements of Assurance	None

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Approval date: 16 March 2022



**Statement of Assurance  
2020/2021**

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## 1. INTRODUCTION

1.1 Although fire and rescue services in England are run by local government bodies, the Fire and Rescue Services Act 2004 requires that local fire and rescue authorities must have regard to direction from central government. This direction, issued in the form of a 'National Framework', sets out the Government's strategic aims and requirements for Fire and Rescue Services in England. An updated National Framework was published in May 2018. This maintained the requirement, introduced by Government in 2012, that every authority must publish an annual statement of assurance of compliance with the Framework that:

*“should outline the way in which the authority and its fire and rescue service has had regard – in the period covered by the document – to this National Framework, the Integrated Risk Management Plan and to any strategic plan... prepared by the authority for that period. The authority must also provide assurance to their community and to government on financial, governance and operational matters”.*

1.2 The purpose of this document is to provide the public and Government with assurance that Buckinghamshire and Milton Keynes Fire Authority ('The Authority') met the requirements set out in the National Framework and accompanying Government guidance<sup>1</sup> during the 2020/21 financial year.

1.3 Where relevant, the document draws on, consolidates and summarises the findings of existing assurance processes relating to financial, governance and operational matters that were set up to meet other statutory and regulatory requirements of fire and rescue authorities.

1.4 During the year, Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS):

1.4.1 Carried out an assessment of the effectiveness of the Service's response to the Covid-19 pandemic. The findings from this are summarised in section 6 of this Statement;

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

1.4..2 Advised that the second formal inspection of fire and rescue services provided by the Authority would be brought forward to May / June 2021, following transfer of the Service from tranche three to tranche one of the inspection cycle. The first inspection was carried out in summer 2019. An overview of the findings from the first inspection by HMICFRS are set out at section 6 of this document.

## 2. FINANCIAL ASSURANCE

2.1 It is a statutory requirement under the Accounts and Audit Regulations 2015 for authorities to publish the financial results of their activities for the year. This 'Statement of Accounts', shows the annual costs of providing the Service and is determined by a Code of Practice which aims to give a "true and fair" view of the financial position and transactions of the authority.

2.2 The audited annual financial statements for the Year Ending 31 March 2021 can be accessed via this hyperlink:  
[\[Link to holding statement pending completion of audit: Audit of Final Accounts 2020/21 - Buckinghamshire Fire & Rescue Service\]](#)

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

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

2.4 In the auditor's opinion the financial statements:

- Gave a true and fair view of the financial position of Buckinghamshire and Milton Keynes Fire Authority as at 31 March 2021 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 2019/20. [\[Link to holding statement pending completion of audit: Audit of Accounts 2020/21 - Buckinghamshire Fire & Rescue Service \(see page xx\)\]](#).

2.5 Regarding the requirement to consider whether the Authority has put in place ‘proper arrangements’ to secure economy, efficiency and effectiveness in its use of resources – known as the ‘value for money conclusion’ - the auditors, in their Audit Planning Report, did not identify any risks of significant weaknesses against the three reporting criteria of financial sustainability, governance and improving economy, efficiency and effectiveness.

The detailed results and conclusions from the appointed external auditors audit process can be found in the Audit Results Report for the year ended 31 March 2021:

[[Link to holding statement pending completion of audit: Audit of Accounts 2020/21 - Buckinghamshire Fire & Rescue Service](#) (see page xx)].

2.6 The Authority is required to report annually on progress against the financial strategy 2020/21-2024/25 which was approved by the Fire Authority in December 2020. The financial strategy is the link between the organisation’s long-term service objectives and its financial capacity. It also helps organisations to consider the feasibility of different options in terms of affordability and financial sustainability. A year one update will be provided to the Fire Authority in December 2021.

2.7 The Authority’s internal auditors also produce an annual report on the internal control environment. In this report, the Chief Internal Auditor stated that:

*“Based on the audit work undertaken, our experience and knowledge of previous years’ performance and the current climate in which the Authority is operating, in my opinion the system of internal control provides **reasonable assurance** regarding the effective, efficient and economic exercise of the Authority’s functions. However, our work has identified further enhancements that are required to ensure that the internal control framework remains adequate and effective. Findings raised from the 2020/21 internal audit reviews have not identified any material weaknesses. Overall, the Fire Authority has continued to demonstrate a robust and effective internal control and risk management environment.”*

The full internal audit report containing the Internal Auditors opinion can be viewed via the following hyperlink:

<https://bucksfire.gov.uk/documents/2021/07/oa-item-9-210721.pdf/>

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

[Authority Expenditure Over £500 - Buckinghamshire Fire & Rescue Service](#)

### **3. GOVERNANCE**

- 3.1 The Authority is responsible for maintaining a sound system of internal control that supports the achievement of its policies, aims and objectives whilst safeguarding public money and organisational assets. There is also a requirement to ensure that the Authority is administered prudently and economically and that resources are used efficiently and effectively and that sound arrangements are in place for the identification and management of risks.
- 3.2 The Authority's approach to governance is based on the seven core principles of good governance set out in the CIPFA / SOLACE Framework for Delivering Good Governance in Local Government (2016):

**Principle A** Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

**Principle B** Ensuring openness and comprehensive stakeholder engagement.

**Principle C** Defining outcomes in terms of sustainable economic, social, and environmental benefits.

**Principle D** Determining the interventions necessary to optimise the achievement of the intended outcomes.

**Principle E** Developing the entity's capacity, including the capability of its leadership and the individuals within it.

**Principle F** Managing risks and performance through robust internal control and strong public financial management.

**Principle G** Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

- 3.3 There is already a statutory requirement for the Authority to produce an annual governance statement to demonstrate and evidence that it operates an effective system of internal control. The internal control systems underlying the annual governance statement are assessed by Internal Audit to ensure that they are adequate and effective so that:
- The Authority can establish the extent to which they can rely on the whole system; and,
  - Individual managers can establish the reliability of the systems and controls for which they are responsible.
- 3.4 Details of the Authority's governance arrangements and the internal auditor's findings in relation to these (summarised at paragraph 2.7 above) can be found in the Annual Governance Statement 2020/2021: <https://bucksfire.gov.uk/documents/2021/08/annual-governance-statement-2020-21.pdf/>
- 3.5 The Annual Governance Statement also confirms that the Authority met its statutory obligation to review its Pay Policy Statement annually. This sets out its policies on the remuneration of its chief officers, the remuneration of its lowest paid employees and the relationship between the remuneration of its chief officers and the remuneration of its employees who are not chief officers. This was approved and adopted by the Authority at its February 2021 meeting, and can be viewed via the following link to the Authority's website: <https://bucksfire.gov.uk/documents/2021/02/item-9-pay-policy.pdf/>

#### **4. OPERATIONAL ASSURANCE**

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

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

### Statutory Duties and Operational Effectiveness

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

- The Fire and Rescue Services Act 2004;
- The Civil Contingencies Act 2004;
- The Regulatory Reform (Fire Safety) Order 2005;
- The Fire and Rescue Services (Emergencies) (England) Order 2007;
- The Localism Act 2011;
- The Fire and Rescue National Framework for England;
- Policing and Crime Act 2017.

4.2 In 2016 the Authority reviewed its approach to assuring operational effectiveness and developed a new operational assurance model to help identify and meet known 'best practice' requirements. A fundamental part of the assurance process was the Authority's three-year contractual agreement with Operational Assurance Limited (OAL), a specialist, external provider. This agreement ensures the Service's risk critical operations are subject to regular independent scrutiny, thereby strengthening the Authority's ability to deliver the best possible public service and improve the safety of Firefighters by: improving our performance at incidents; coping with future changes in the operational environment; and, driving development and innovation. The first of two planned OAL reviews took place during November 2018, focusing on the following key topic areas:



- management of site-specific risk information;
- operational discretion; and,
- the refined Operational Assurance model

4.3 In their report on the findings of the review, OAL identified 26 improvement recommendations.

A report on progress against the initial recommendations was presented to the November 2019 Overview and Audit Committee meeting (see pages 81 – 84 of the linked document):

[https://bucksfire.gov.uk/documents/2020/03/overview\\_and\\_audit\\_committee\\_agenda\\_and\\_reports\\_201119-min.pdf/](https://bucksfire.gov.uk/documents/2020/03/overview_and_audit_committee_agenda_and_reports_201119-min.pdf/)

4.4 The second OAL operational review, took place in November 2019, focusing on High Rise Procedures and Command Support. As a consequence of the visit, specific areas of improvement were identified that culminated in 14 recommendations being made. The recommendations were either marked as being ‘Advisory’, where OAL felt that positive management action in this area may be required, or ‘Suggested’, where OAL recommend that management undertake a review of the issue identified. The 14 recommendations were made up as follows: (x9) Advisory, (x5) Suggested:

<https://bucksfire.gov.uk/documents/2020/07/item-19-operational-assurance-improvement-plan.pdf/>

4.5 Progress against the remaining OAL recommendations, together with other requirements identified during the year was reported to the 17 March 2021 Overview and Audit Committee meeting:

<https://bucksfire.gov.uk/documents/2021/03/oa-item-14.pdf/>

4.6 Independent, external assurance of the Service’s operational performance is now provided by HMICFRS via the [effectiveness pillar](#) of their inspection framework.

4.7 The Service’s dedicated Operational Assurance Team continue to monitor and review performance at operational incidents as well as coordinate any information that is shared through National Operational Learning (NOL), Joint Organisational Learning (JOL) through the Joint Emergency Services

Interoperability Principles (JESIP) as well as relevant findings from HMICFRS inspections.

## 5. INTEGRATED RISK MANAGEMENT PLANNING

- 5.1 The National Framework requires that Fire Authorities must produce an Integrated Risk Management Plan (IRMP) that identifies and assesses all foreseeable fire and rescue related risks that could affect its community, including those of a cross-border, multi-authority and / or national nature. The plan must have regard to the community risk registers produced by Local Resilience Forums and any other local risk analyses as appropriate. Each fire and rescue authority integrated IRMP must:
- be easily accessible and publicly available; and,
  - reflect effective consultation throughout its development and at all review stages with the community, its workforce and representative bodies, and partners.
- 5.2 The Government guidance relating to statements of assurance requires that they should include details of IRMP consultations and, in particular, that appropriate information was provided to enable active and informed participation.
- 5.3 Buckinghamshire and Milton Keynes Fire Authority regularly reviews the fire and rescue related risks to the community it serves and updates its IRMP in response to any material changes to the nature and level of the risks identified and assessed.
- 5.4 The Authority's current IRMP, known as the '2020-25 Public Safety Plan', is published on its website. This sets out the Authority's strategy for achieving its vision of making *'Buckinghamshire and Milton Keynes the safest areas in England in which to live, work and travel'*:  
[https://bucksfire.gov.uk/documents/2020/03/public\\_safety\\_plan\\_2020\\_to\\_2025.pdf/](https://bucksfire.gov.uk/documents/2020/03/public_safety_plan_2020_to_2025.pdf/)
- 5.5 The plan was approved by Buckinghamshire & Milton Keynes Fire Authority on 12 February 2020 following the outcomes of a public consultation which took place between 23 September and 18 November

2019. The consultation process embraced key stakeholder groups including the general public, Authority staff, neighbouring fire and rescue services and a range of other organisations with a potential interest in the development of the plan. It also included the use of qualitative consultation methods via focus groups which encourage participants to reflect in depth about their priorities for the Authority while both receiving and questioning background information and discussing service delivery issues in detail. Full details of the consultation process and its outcomes are available on the Authority's website:

[https://bucksfire.gov.uk/documents/2020/03/item\\_7d\\_2020-25\\_psp\\_5\\_feb\\_20\\_executive\\_cmte\\_cover\\_paper\\_annexes-min-2.pdf/](https://bucksfire.gov.uk/documents/2020/03/item_7d_2020-25_psp_5_feb_20_executive_cmte_cover_paper_annexes-min-2.pdf/)

The Authority has also established a framework of key performance indicators and measures to help it assess progress towards the achievement of its vision. Performance in relation to these is reported to the Authority's Overview and Audit Committee on a regular basis whose role is to scrutinise any areas of under-performance together with proposals for corrective action. A report on performance outcomes for 2020/21 against the framework of indicators and measures can be viewed on the Authority's website by following this link:

<https://bucksfire.gov.uk/documents/2021/10/oa-item-14-17-10-21.pdf/>

## 6. HMICFRS INSPECTION

The 'HMICFRS' published the findings from its inspection of the Service on 17 December 2019:

[https://bucksfire.gov.uk/documents/2020/03/230120\\_item\\_7\\_hmicfrs\\_cover\\_report\\_23012020\\_appendix-min.pdf/](https://bucksfire.gov.uk/documents/2020/03/230120_item_7_hmicfrs_cover_report_23012020_appendix-min.pdf/)

The report identified 11 areas for improvement and one cause of concern accompanied by two recommendations. The Fire and Rescue Service National Framework requires fire and rescue services to give due regard to HMICFRS reports and recommendations. Where recommendations are made, the receiving Service is required to prepare, update and regularly publish an action plan detailing how such recommendations are actioned (Fire and Rescue National Framework, section 7.5).

The Service's Action Plan was published and approved by the Authority at its 12 February 2020 meeting where it was also agreed that progress against the Action Plan be reported regularly to the Overview and Audit Committee. The most

recent progress update for the 2020/21 financial year was reported to the 17 March 2021 Overview and Audit Committee meeting:

<https://bucksfire.gov.uk/documents/2021/03/oa-item-13.pdf/>

In November 2020, the HMICFRS carried out an inspection of the effectiveness of the Service's response to the Covid-19 pandemic. HMICFRS published COVID-19 inspection reports into all fire and rescue services on 22 January 2021. The report consisted of a letter sent to the Chair of the Fire Authority and the Chief Fire Officer. HMICFRS judged that the Buckinghamshire Fire & Rescue Service *"...responded well during the pandemic and provided additional support to its community. It used wholetime and on-call firefighters to respond to emergencies. Staff supported the service's partners, especially the local ambulance trust. This meant the people of Buckinghamshire were well supported through the pandemic"*.

The full report on the findings from the inspection can be viewed here:

<https://bucksfire.gov.uk/documents/2021/03/oa-item-13.pdf/>

## **7. MUTUAL AID, REGIONAL AND NATIONAL RESILIENCE**

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

- Its active participation in the Thames Valley Local Resilience Forum which comprises other Category 1 and 2 responders. The forum maintains a community risk register which the Authority considers as part of its integrated risk management planning process;
- Review of the National Risk Register, National Risk Assessment and National Resilience Planning Assumptions which are maintained by the UK Government Cabinet Office to inform planning in relation to major civil emergencies of a national or regional nature;
- Mutual aid agreements with neighbouring fire and rescue authorities which enable authorities to provide each other with additional resources to deal with emergencies that cannot be dealt with by an authority acting alone. Buckinghamshire and Milton Keynes Fire Authority maintains formal mutual aid agreements with

all six of its neighbours – Bedfordshire, Hertfordshire, London, Royal Berkshire, Oxfordshire and Northamptonshire.

- Working with South Central Ambulance Service (SCAS) to enhance the level of both medical and trauma care training delivered to operational frontline Firefighters, provide co-responding services to medical emergencies and allowing SCAS crews to use Authority premises.

- 7.2 The Authority maintains specialist assets to enable it to deal with major civil emergencies such as major transport incidents, natural disasters and terrorist incidents. The capabilities, which include Urban Search and Rescue (USAR), Detection, Identification & Monitoring Officers (DIM) and water rescue are available on a local, regional and national scale, and have been deployed in support of other Authorities during major emergencies. The Authority's USAR and water rescue assets are included on the National Asset Register. The National Asset DIM capability is overseen by Oxfordshire FRS, with support from specially trained officers from across the three Thames Valley FRS's.
- 7.3 The Authority also has an established cadre of National Inter-Agency Liaison Officers (NILO) who are trained and qualified officers who can advise and support FRS Incident Commanders, police, medical, military and other government agencies on the FRS's operational capacity and capability to reduce risk and safety resolve incidents at which a FRS attendance may be required.
- 7.4 The Authority collaborates with all the other South East Fire and Rescue Services to jointly fund the post of a NILO who is seconded to the Counter Terrorism Policing South East (CTPSE). This post acts as a focal point for advice to and from the unit.
- 7.5 As a Category 1 responder as defined in the Civil Contingencies Act 2004, business continuity is a high priority for Buckinghamshire and Milton Keynes Fire Authority. The Authority has secured a number of employees who work on flexible resilience contracts. These contracts ensure the Authority maintains availability of local, regional and national assets during the full range of foreseeable business continuity events.

- 7.6 At all times we also maintain sufficient numbers of trained USAR staff on duty to provide an initial response to incidents in line with the USAR Concept of Operations. Additionally, we have staff who maintain cover through a recall to duty contract, who deliver our second set of staff as detailed under the USAR Concept of Operations and enable us to maintain operational cover locally if USAR is deployed for an extended period, this includes national exercising. Under their contractual arrangements these staff are required to maintain this cover during periods of industrial action.
- 7.7 The Service remains committed to continued improvement in relation to joint-working between the emergency services and other responders through the adoption of the 'Joint Emergency Services Interoperability Principles (JESIP). This is supported and delivered by a local structure that includes nominated Strategic, Training and Joint Organisational Learning (JOL) leads.
- 7.8 Operational multi-agency exercises are routinely undertaken, utilising the fire-ground facilities at the Fire Service College with identified learning captured during a facilitated debrief. Any captured learning, along with notable practices originating from exercises or incidents have been entered onto JOL Online, so to ensure that the lessons identified are available to other responder agencies. Furthermore, all operational commanders, along with colleagues from the other Thames Valley fire & rescue services, Thames Valley Police and South Central Ambulance, undergo routine training. This training has been designed to allow delegates the opportunity to demonstrate and apply knowledge of JESIP to any given situation, utilising the Joint Decision Model (JDM) in collaboration with our blue light partners, to help bring together available information, reconcile objectives and make effective decisions.
- 7.9 All activities relating to JESIP are included within the embedding self-assessment questionnaire, submitted every quarter to the JESIP team, which is intended to provide assurance that JESIP is being embedded with the Service.
- 7.10 Since 3 April 2017 section 2 of the Policing and Crime Act 2017 has placed a duty on the Authority to keep opportunities for collaboration with the police and ambulance services under review. Where two or more of the emergency services consider it would be in the interests of their efficiency or

effectiveness to collaborate, there then arises a duty to enter into a collaboration agreement.

7.11 A Thames Valley Emergency Services Collaboration Executive Board was established in 2017, comprised of the Chief Fire Officers from the Thames Valley Fire and Rescue Authorities, the Thames Valley Police Deputy Chief Constable and the Chief Executive from South Central Ambulance service, as the forum to determine collaboration opportunities and enter collaboration agreements.

7.12 Following the move to a jointly funded Thames Valley Fire Control Service (TVFCS) in April 2015, the Authority has continued its commitment to collaboration through a Thames Valley Operational Alignment Programme. Amongst other things, the programme sets out to align:

7.12.1 Operational Alignment - Equipment, procedures, training and practice across the region. The key benefits are improved interoperability, enhanced resilience, a reduction in cross border mobilisations and maximised Best Value through collaborative contract negotiation and joint procurement. An example is the jointly procured red fleet replacement, which has standardised the frontline fire appliances and equipment across the Thames Valley. More recently all three services have formally committed to procuring the same Breathing Apparatus set as part of a 10-year contract, these joint initiatives have and will continue to generate significant savings for the public purse;

7.12.2 Fire Investigation – work has commenced between the three Thames fire services, in partnership with Thames Valley Police, to develop and deliver a singular Tier 2 Fire Investigation team. This will ensure that all four agencies will comply with the new International Organisation for Standardisation (ISO)/ International Electrotechnical Commission (IEC) 17020 - Accreditation for Fire Investigation standard, in a cost effective and efficient manner.

7.13 In February 2020, the Service invoked its Pandemic Response Plan following the entry of Covid-19 into the UK. A pandemic management group was established with a priority to maintain core service activity and safeguard the health, safety and wellbeing of all staff. Activity included provision of

appropriate operational and service level guidance, amending day to day activities and routines, and provision of appropriate additional PPE.

In addition to maintaining our core functions, the Service provided support to the coordinated response as a partner within the Thames Valley Local Resilience Forum. This included assistance with logistics for supply of PPE to frontline workers, delivery of essential items and food packages to vulnerable people, training healthcare staff in the use of additional PPE and seconding staff to South Central Ambulance Service to drive ambulances. As the test and trace programme gathered momentum, the Service also provided support on the ground with surge testing and to follow up on cases where the telephone service had not made contact.

Support continued into 2021, most notably by the Service providing logistical and managerial support to mass vaccination centres. This support commenced from the outset of the mass vaccination programme, where we helped establish four mass vaccination centres across Buckinghamshire and Milton Keynes. The operation has resulted in thousands of people within the communities we serve being able to receive their coronavirus vaccinations, and we are very proud to be part of that.

## **DECLARATION**

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

**Jason Thelwell**  
**Chief Fire Officer and Chief Executive**

**Councillor David Carroll**  
**Chairman, Overview and Audit Committee**





Department for  
Communities and  
Local Government

# Guidance on statements of assurance for fire and rescue authorities in England

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## Introduction

1. The Government is committed to unburdening local government; eliminating top-down bureaucracy and increasing local flexibility. For fire and rescue authorities, this ethos is demonstrated by the revised Fire and Rescue National Framework for England (the Framework), and in the provisions of the Localism Act 2011, which helps to let them run their services as they see fit.
2. This freedom and flexibility is accompanied by the need for accountability and transparency. Providing an excellent service is only the starting point - communities expect to know how their services are being provided.
3. It is against this background that the Framework sets out a requirement for fire and rescue authorities to publish Statements of Assurance. It says:

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

4. This document provides guidance on the content of statements of assurance, and indicates how existing assessment processes might feed into the statements in order to avoid duplication.
5. Guidance should not be taken to constitute legal advice. We have indicated what should be included in the statements of assurance, while allowing the flexibility to tailor the format and presentation. It is for fire and rescue authorities to decide how to best present the information with their communities in mind.

## Context

6. Fire and rescue authorities are accountable for their performance and should be open to evaluation by the communities they serve. Information on their performance should be accessible, robust, fit-for-purpose and accurately report on effectiveness and value for money.
7. One of the principal aims of the statement of assurance is to provide an accessible way in which communities, Government, local authorities and other partners may make a valid assessment of their local fire and rescue authority’s performance.
8. Where fire and rescue authorities have already set out relevant information that is clear, accessible, and user-friendly within existing documents, they may wish to include extracts, or links to these documents within their statement of assurance.

9. The statement of assurance will be used as a source of information on which to base the Secretary of State's biennial report under section 25 of the *Fire and Rescue Act 2004*.<sup>1</sup>

## Assessment and ownership

10. Authorities should assess their performance across a number of key areas. The areas to be included for assessment, and the methodology used, are a matter for local determination, although authorities will need to satisfy themselves that the measures and methods used are appropriate and fit for purpose.
11. The statement of assurance should be signed off by an elected member of the relevant authority who is able to take responsibility for its contents. It is up to the individual authority to ensure that this is done by an appropriate person (or persons) who can approve it on behalf of the authority.
12. Statements of assurance should be published annually by fire and rescue authorities. It is for fire and rescue authorities to decide when they should publish depending on individual reporting arrangements. The first statements are due for publication in the financial year 2013-14, and annually thereafter.

## Content of the annual statement of assurance

### Financial

13. Fire and rescue authorities are responsible for ensuring that their business is conducted in accordance with the law and proper standards, and that public money is properly accounted for and used economically, efficiently and effectively.<sup>2</sup>
14. It is a statutory requirement under the *Accounts and Audit (England) Regulations 2011*<sup>3</sup> for authorities to publish the financial results of their activities for the year. This 'Statement of Accounts', shows the annual costs of providing the service and is determined by a Code of Practice<sup>4</sup> which aims to give a "true and fair" view of the financial position and transactions of the authority. The authority is responsible for approval of the statement of accounts prior to publication.
15. The statement of assurance may briefly set out what assessment procedures are in place with regard to the authorities' statements of account.

### Governance

16. The *Accounts and Audit (England) Regulations 2011* also requires authorities to prepare an annual governance statement in support of this statement of accounts. This governance statement is an expression of the measures taken by the authority to ensure appropriate business practice, high standards of conduct and sound governance. The statement of assurance may set out what work authorities

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<sup>1</sup> <http://www.legislation.gov.uk/ukpga/2004/21/section/25>

<sup>2</sup> Section 3 of the Local Government Act 1999

<sup>3</sup> <http://www.legislation.gov.uk/uksi/2011/817/contents/made>

<sup>4</sup> *Code of Practice on Local Authority Accounting* - Chartered Institute of Public Finance and Accountancy

have undertaken to review the effectiveness of their governance framework, including the system of internal control.

17. Greater transparency is a key element of the Framework and is at the heart of the Government's commitment to enable the public to hold their authorities to account for the way they spend public money. In preparing the statement of assurance, fire and rescue authorities may consider the principles of transparency set out in the *Code of Recommended Practice for Local Authorities on Data Transparency*.<sup>5</sup>

## Operational

18. Fire and rescue authorities function within a clearly defined statutory and policy framework. The key documents setting this out are:
- the [Fire and Rescue Services Act 2004](#)<sup>6</sup>
  - the [Civil Contingencies Act 2004](#)<sup>7</sup>
  - the [Regulatory Reform \(Fire Safety\) Order 2005](#)<sup>8</sup>
  - the [Fire and Rescue Services \(Emergencies\) \(England\) Order 2007](#)<sup>9</sup>
  - the [Localism Act 2011](#)<sup>10</sup>
  - the [Fire and Rescue National Framework for England](#)<sup>11</sup>
19. Fire and rescue authorities already consult on, and publish, their integrated risk management plans, which set out local strategies including cross-border, multi-authority and national arrangements where appropriate. The statement of assurance should include details of consultation on these plans, and confirm that appropriate information was provided to enable active and informed participation.
20. The statement of assurance may also indicate where fire and rescue authorities have entered into agreements and/or mutual aid arrangements with other relevant bodies. The level of detail included will be a matter for each individual fire and rescue authority and may be linked to their integrated risk management plan.
21. It is not the aim of statements of assurance to set out the operational procedures for fire and rescue authorities. However, statements of assurance are the appropriate vehicle with regard to specific events which raise issues of operational competence or delivery. For example, when advice is received under health and safety or other legislation, it is appropriate for the fire and rescue authority to use the statement of assurance as a means to inform their communities that these matters have been considered and, where appropriate, acted on.

## Framework requirements

<sup>5</sup> <https://www.gov.uk/government/publications/local-authority-data-transparency-code>

<sup>6</sup> <http://www.legislation.gov.uk/ukpga/2004/21/contents>

<sup>7</sup> <http://www.legislation.gov.uk/ukpga/2004/36/contents>

<sup>8</sup> <http://www.legislation.gov.uk/uksi/2005/1541/contents/made>

<sup>9</sup> <http://www.legislation.gov.uk/uksi/2007/735/contents/made>

<sup>10</sup> <http://www.legislation.gov.uk/ukpga/2011/20/contents/enacted>

<sup>11</sup> <https://www.gov.uk/government/publications/fire-and-rescue-national-framework-for-england>

22. Where fire and rescue authorities are satisfied that the systems they have in place, and any specific measures they have undertaken, fulfil their Framework requirements, this should be clearly stated in the statement of assurance. Accordingly, where appropriate, authorities may consider making a simple declaration that the Framework requirements have been met.

### **Future improvements**

23. Fire and rescue authorities may wish to include a section in their statements of assurance on any potential improvements they have identified across their accounting, governance or operational responsibilities to communities, particularly where plans are underway.

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# Buckinghamshire & Milton Keynes Fire Authority

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**Meeting and date:** Overview and Audit Committee, 16 March 2022

**Report title:** Treasury Management Performance 2021/22 – Quarter 3

**Lead Member:** Councillor David Hopkins

**Report sponsor:** Mark Hemming, Director of Finance & Assets

**Author and contact:** Marcus Hussey [mhussey@bucksfire.gov.uk](mailto:mhussey@bucksfire.gov.uk)

**Action:** Noting.

**Recommendations:** That the Treasury Management Performance 2021/22 – Quarter 3 report be noted.

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## **Executive summary:**

This report is being presented to provide the treasury investment position as at the end of 2021/22 quarter 3. It is best practice to review on a regular basis how Treasury Management activity is performing.

The accrued interest earned for 2021/22 quarter 3 is £30k, which is £7.5k higher than the budget for the same period.

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## **Financial implications:**

The budget for 2021/22 relating to interest earned on balances invested is £30k. Performance against the budget is included within Appendix A.

## **Risk management:**

Making investments in the Authority's own name means that the Authority bears the risk of any counterparty failure. This risk is managed in accordance with the strategy and with advice from external treasury management advisors.

The Director of Finance and Assets, will act in accordance with the Authority's policy statement; Treasury Management Practices and CIPFA's Standard of Professional Practice on Treasury Management.

The risk of counterparty failure is monitored on the directorate level risk register within Finance and Assets.

There are no direct staffing implications.

## **Legal implications:**

The Authority is required by section 15(1) of the Local Government Act 2003 to have regard to the Department for Communities and Local Government Guidance on Local Government Investments; and by regulation 24 of the Local Authorities (Finance and Accounting) (England) Regulations 2003 [SI 3146] to have regard to any prevailing CIPFA Treasury Management Code of Practice.

**Privacy and security implications:**

No direct impact.

**Duty to collaborate:**

No direct impact.

**Health and safety implications:**

No direct impact.

**Environmental implications:**

No direct impact.

**Equality, diversity, and inclusion implications:**

No direct impact.

**Consultation and communication:**

No direct impact.

**Background papers:**

Treasury Management Policy Statement, Treasury Management Strategy Statement and the Annual Investment Strategy

<https://bucksfire.gov.uk/documents/2021/02/item-8-treasury-management.pdf/>

Appendix	Title	Protective Marking
1	Treasury Management Performance 2021/22 – Quarter 3	

**Appendix 1 – Treasury Management Performance 2021/22 – Quarter 3****Background**

Up until 31 March 2013, the Authority's cash balances were managed by Buckinghamshire Council (BC) under a Service Level Agreement (SLA). From 2013/14 the Authority began investing in its own name. Since the treasury management function has been managed in-house, the Authority has achieved investment returns of £1.269m between 2013/14 and 2020/21. This is in comparison to the returns of £0.539m the Authority would have earned through BC and the SLA for the same period.

This report highlights the performance to date of the in-house treasury management function for as at the end of financial year 2021/22 quarter 3.

**Security of Investments**

The primary investment priority as set out in the Treasury Management Policy Statement is the security of capital. The Authority applies the creditworthiness service provided by Link. This determines whether or not a counterparty is suitable to invest with and if so, the maximum duration an investment could be placed with them. In the Annual Investment Strategy (AIS), the Authority resolved that the balances invested with any single counterparty at any point in time would be 30% of the total investment portfolio to a maximum of £5m (with the exception of Lloyds Bank, who as our banking provider that have a limit of £7.5m, of which at least £2.5m must be instant access). The amount invested with each counterparty on the approved lending list as at 31 December 2021 is detailed below:

<b>Counterparty</b>	<b>Amount (£000)</b>
Close Brothers Group PLC	4,000
Newcastle Building Society	2,000
Leeds Building Society	2,000
Goldman Sachs International	1,000
Principality Building Society	1,000
Lloyds Bank plc	1,000
Santander UK plc	1,000
West Bromwich Building Society	1,000
CCLA Money Market Fund	2,002
Aberdeen Money Market Fund	1,001
Lloyds Bank (Current Accounts)	558
<b>Total</b>	<b>16,561</b>

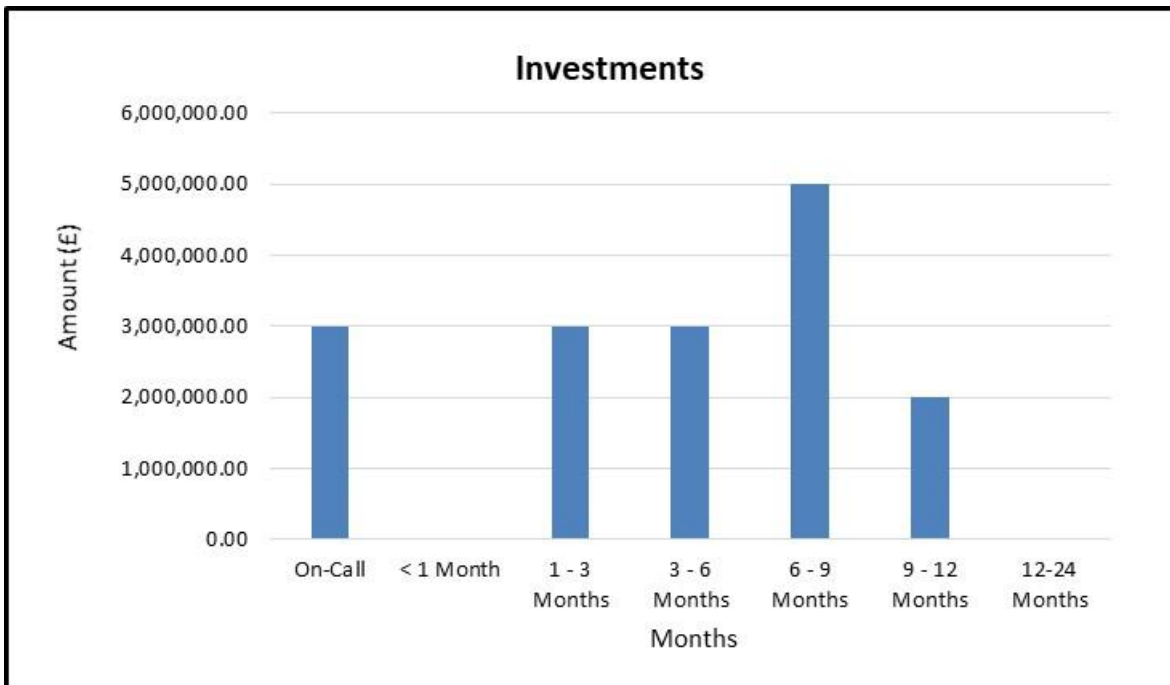
During this period, no counterparty limits were breached.

In its AIS the Authority also resolved that all credit ratings will be monitored weekly, by means of the Link creditworthiness service. During quarter 3 Link made no relevant changes to the counterparty listing.

**Liquidity**

Investments

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

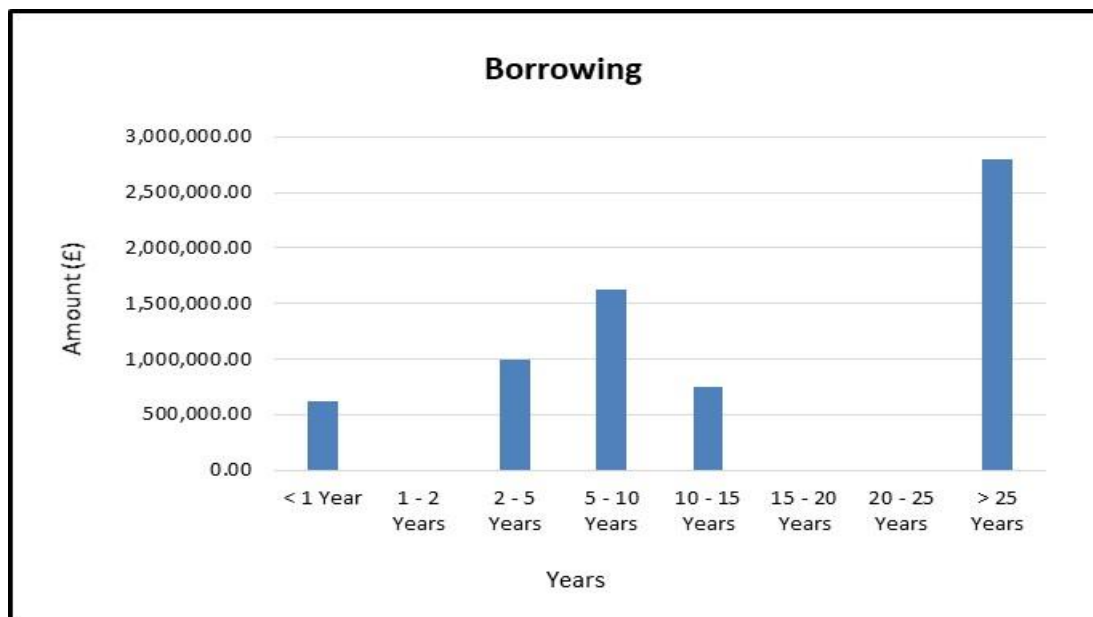


In order to cover expenditure such as salaries, pensions, creditor payments, and potential liabilities for which the Authority have made provisions within the Statement of Accounts, the balances are invested as short fixed-term deposits.

There are seven investments currently falling in the 1-3 and 3-6 month periods. At least one deal matures each month for the next six months and were all originally invested for different terms and will be re-invested for varying terms upon maturity in order to maintain liquidity and meet future commitments. The Authority continues to hold Money Market Funds to help improve the liquidity of the Authority’s balances. By investing collectively, the Authority benefits from liquidity contributed by others and from the knowledge they are all unlikely to need to call on that money at the same time.

**Borrowing**

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



The total borrowing outstanding as at 30 September 2021 is £6.797m. No further debt repayment is due until May 2022. These repayments do not directly affect the revenue budget, as they simply reflect the use of cash accumulated by setting aside the appropriate minimum revenue provision (MRP) to settle the outstanding liability.

**Investment Yield**

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

**Performance Against Budget**

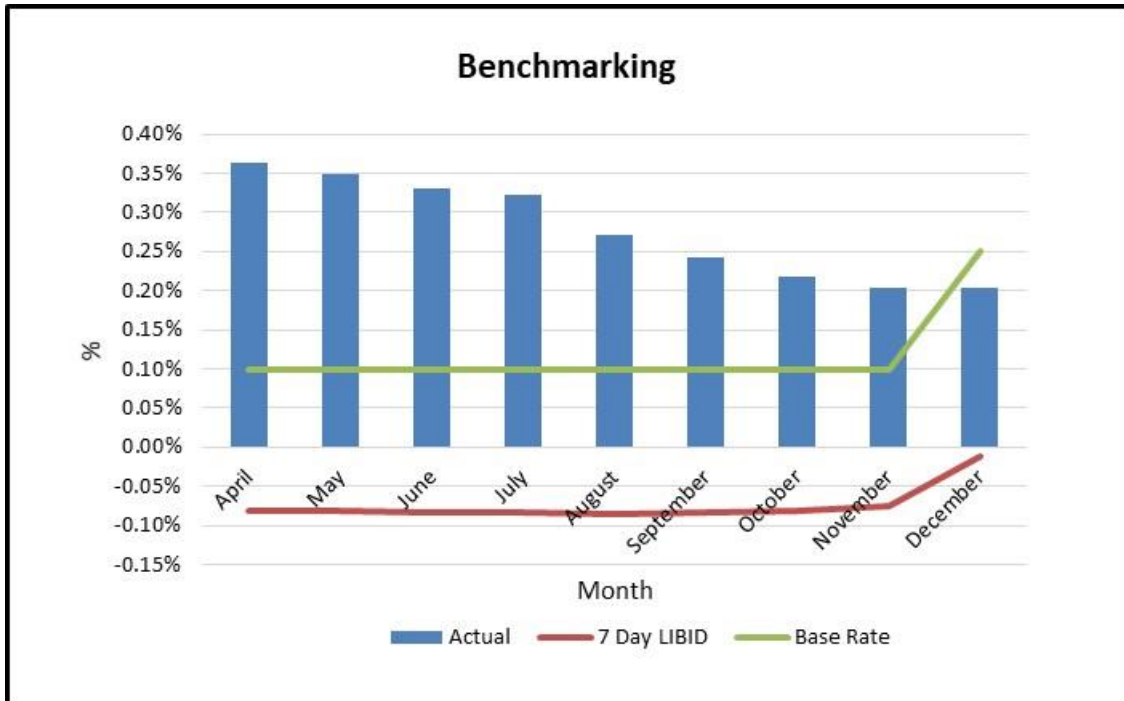
The Interest receivables budget was reviewed as part of the Medium-Term Financial Plan 2021/22 process and the budget was set at £30k. This is a reduction of £120k from 2020/21. The reason for the reduction is due to the coronavirus pandemic and the significant impact this has had on the global economic landscape and the world economy in general. In March 2020, the Bank of England have made 2 unprecedented emergency interest rate cuts bringing the base rate to a record low of 0.10. The direct impact on the Authority was a reduction in interest rates on current accounts, money market funds and investments. At the Monetary Policy Committee (MPC) meeting held in February 2022, the MPC voted by a majority of 5-4 to increase Bank Rate by 0.25 percentage points, to 0.50%. As the Authority’s investment deals year to date have been made prior to the base rate increase, the Authority is yet to see a great benefit from the base rate increase, except for marginal increases in the Money Market Funds interest.

The accrued interest earned as at 31 December 2021 is £30k, against the planned budget of £22.5k for the same period. This is an over achievement of £7.5k and has resulted in the Authority being able to hit the budget target for financial year 2021/22. The accrued interest earned for financial year 2021/22 is now projected to be circa £38k.

Performance Against the Benchmark

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

- 7 day LIBID – this is the rate the Authority would have earned on all balances had the SLA with BCC continued into future years
- Link benchmark – this is the indicative rate that Link advised the Authority should be looking to achieve for 2021/22 at the start of the year
- The weighted average rate (%) is compared to the two benchmark figures in the following chart for each month:



The Authority up to December 2021 outperformed both benchmark figures. However, during December 2021, the base rate was raised by MPC for the first time since it had reduced to 0.10 in March 2020, which resulted in the Authority not achieving this benchmark for December 2021. As the Authority locked in several investment deals prior to the base rate increases, it will take the Authority a number of months before seeing the financial benefit of the base rate increase. The Authority is still outperforming the LIBID benchmark.

It must also be noted that the level of funds available for investment have reduced as a result of the reduction in reserves. The Authority will continue to re-invest any surplus funds with varying maturity dates to ensure the Authority makes a return on investments and has sufficient liquidity to cover the day to day expenditure. It is anticipated by 31 March 2022 funds invested will be in the region of £11m - £13m.



# Buckinghamshire & Milton Keynes Fire Authority

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**Meeting and date:** Overview and Audit Committee, 16 March 2022

**Report title:** Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) –Buckinghamshire Fire and Rescue Service (BFRS) Improvement Plan Update

**Lead Member:** Councillor Lesley Clarke OBE

**Report sponsor:** Deputy Chief Fire Officer, Mick Osborne

**Author and contact:** Area Commander Simon Tuffley, [stuffley@bucksfire.gov.uk](mailto:stuffley@bucksfire.gov.uk)

**Action:** Noting

**Recommendations:** That the Committee note the revised HMICFRS - BFRS improvement plan.

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## **Executive summary:**

The second round of inspections of all 44 fire and rescue services is currently in progress with BFRS having been inspected as part of the tranche one schedule between 24 May 2021 and 9 July 2021.

The latest report for this Service, which identifies 22 areas for improvement, and two causes of concern, accompanied by eight recommendations was published on 15 December 2021. The report was noted at the Fire Authority meeting on 16 February 2022.

An improvement plan (Appendix 1) is in place to specifically progress the report recommendations and identified areas for improvement. At the meeting of the Authority on the 12 February 2020, it was agreed that progress against HMICFRS improvement plans will be reported to the Overview and Audit committee.

The latest improvement plan has been revised and is being integrated into the Portfolio Management Office which was introduced after the first inspection to coordinate and manage any actions required.

The Service is making good progress against the recommendations, aligning them to ongoing project work and improvement plans. Specifically, The Prevention recommendations are being progressed through a project initiated after the Prevention evaluation, which was presented to this committee on 10 November 2021, and the People recommendations are being progressed through the Authority's equality, diversity, and inclusion objectives 2020-2025, which are presented annually to the Fire Authority; the last update being 16 June 2021.

The latest inspection report has helped the Service to consider a broad range of areas, to improve both our business-as-usual activities and through current and future projects. The report has also identified many areas of good practice, which although there is no specific requirement to include these within the latest action plan, are also summarised to ensure the Service does not lose sight of previous and ongoing activities which have provided strong evidence of good practice during the latest inspection.

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### **Financial implications:**

The prioritisation of improvements to address the specific recommendations raised within the causes of concern may introduce additional financial implications, either through reprioritisation of other projects, or through new workstreams.

Consideration will be given to ensure associated costs, both direct and indirect, are fully understood and managed effectively.

FRSs are not funded for the preparation for, HMICFRS inspections, nor is the Service charged. The inspections are funded directly by the Home Office. The Police are top sliced from their government grants to fund the HMICFRS inspections of Police Forces. There has been no indication yet that this might be a future funding model for the inspection of FRSs.

### **Risk management:**

There remain reputational corporate risks to the organisation should we be judged as inadequate. The Service had already taken steps to mitigate this through having extensive internal and external audits of a number of areas of the Service, in addition to the HMICFRS inspections.

### **Legal implications:**

The current Fire and Rescue Service National Framework issued under section 21 of the Fire and Rescue Services Act 2004, to which the Authority must have regard when carrying out its functions, states as follows at paragraph 7.5:

‘Fire and rescue authorities must give due regard to reports and recommendations made by HMICFRS and – if recommendations are made – prepare, update and regularly publish an action plan detailing how the recommendations are being actioned. If the fire and rescue authority does not propose to undertake any action as a result of a recommendation, reasons for this should be given.’

It continues: ‘When forming an action plan, the fire and rescue authority could seek advice and support from other organisations, for example, the National Fire Chiefs Council and the Local Government Association’.

### **Privacy and security implications:**



No privacy or security implications have been identified that are directly associated with this report or its appendices. The respective strands of the improvement plan have undergone Data Protection Impact Screening and full impact assessments have been completed and reviewed where appropriate.

The report and its appendices are not protectively marked.

**Duty to collaborate:**

Each fire and rescue service is inspected individually. However, the latest report includes findings relating to the Service's ability to collaborate effectively with partners.

**Health and safety implications:**

There are no Health, Safety or Wellbeing implications arising from this report.

**Environmental implications:**

There are no environmental implications arising from this report.

**Equality, diversity, and inclusion implications:**

Progress against our Equality, Diversity and Inclusion objectives are included within the updated improvement plan.

The Service has been judged as 'requires improvement' in the people pillar, along with a cause of concern and five recommendations relating to equality, diversity and inclusion. All the findings from the HMICFRS round two inspection report will be fully considered and prioritised to ensure continual improvement is established and maintained.

**Consultation and communication:**

Specific areas identified for Service improvement are being captured in relevant plans and will be reported on in the usual way, ultimately to the Overview and Audit Committee.

**Background papers:**

14 February 2018 Fire Authority meeting (see pages 131 – 162): Our preparation plans together with our response to HMICFRS' consultation on the inspection methodology

[https://bucksfire.gov.uk/documents/2020/03/140218\\_fire\\_authority\\_agenda.pdf/](https://bucksfire.gov.uk/documents/2020/03/140218_fire_authority_agenda.pdf/)

14 November 2018 O & A preparation update (see pages 185-192):

[https://bucksfire.gov.uk/documents/2020/03/overview\\_and\\_audit\\_committee\\_agenda\\_and\\_reports\\_141118-min.pdf/](https://bucksfire.gov.uk/documents/2020/03/overview_and_audit_committee_agenda_and_reports_141118-min.pdf/)

13 February 2019 – Fire Authority preparation update (see pages 155-244):

[https://bucksfire.gov.uk/documents/2020/03/130219\\_fire\\_authority\\_agenda.pdf/](https://bucksfire.gov.uk/documents/2020/03/130219_fire_authority_agenda.pdf/)

23 January 2020 - Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) – Buckinghamshire Fire and Rescue Service (BFRS) Inspection Findings Report:

[https://bucksfire.gov.uk/documents/2020/03/230120\\_item\\_7\\_hmicfrs\\_cover\\_report\\_23012020\\_appendix-min.pdf/](https://bucksfire.gov.uk/documents/2020/03/230120_item_7_hmicfrs_cover_report_23012020_appendix-min.pdf/)

12 February 2020 - HMICFRS Inspection Findings Report – Action Plan:

[https://bucksfire.gov.uk/documents/2020/03/120220\\_item12\\_hmicfrs\\_inspection\\_findings.pdf/](https://bucksfire.gov.uk/documents/2020/03/120220_item12_hmicfrs_inspection_findings.pdf/)

22 July 2020- Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) – Buckinghamshire Fire and Rescue Service (BFRS) Improvement Plan Update <https://bucksfire.gov.uk/documents/2020/07/item-18-hmicfrs-bfrs-inspection-improvement-plan.pdf/>

11 November 2020 - Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) –Buckinghamshire Fire and Rescue Service (BFRS) Improvement Plan Update <https://bucksfire.gov.uk/documents/2020/11/item-11-hmicfrs-improvement-plan.pdf/>

17 March 2021 - Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) –Buckinghamshire Fire and Rescue Service (BFRS) Improvement Plan Update <https://bucksfire.gov.uk/documents/2021/03/oa-item-13.pdf>

21 July 2021 - Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) –Buckinghamshire Fire and Rescue Service (BFRS) Improvement Plan Update <https://bucksfire.gov.uk/documents/2021/07/oa-item-16-210721.pdf/>

10 November 2021 - Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) –Buckinghamshire Fire and Rescue Service (BFRS) Improvement Plan Update <https://bucksfire.gov.uk/documents/2021/10/oa-item-18-10-11-21.pdf/>

10 November 2021 - Prevention Evaluation - Phase one report 2021

<https://bucksfire.gov.uk/documents/2021/10/oa-item-17-17-10-21.pdf/>

Appendix	Title	Protective Marking
1	HMICFRS INSPECTION REPORT – IMPROVEMENT PLAN Updated February 2022	Not protectively marked



## HMICFRS 2021 Inspection Report Action Plan - Dashboard

Recommendations	Total	Complete	On track	On hold/delayed	Not started	Overall RAG status
Effectiveness	3	0	3	0	0	
People	5	0	5	0	0	

Areas For Improvement	Total	Complete	On track	On hold/delayed	Not started	RAG status
Effectiveness	11	1	3	1	6	
Efficiency	5	2	2	0	1	
People	6	0	6	0	0	

Grand Totals					
<b>30</b>	<b>3</b>	<b>19</b>	<b>1</b>	<b>7</b>	

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Last Update: 07 February 2022

Pillar	Sub-category	HMICFRS inspection report finding	Finding type	Accepted Y/N	Overall RAG Status	Rationale, if not accepted	PMO Project link	Delivery Lead	SMT Sponsor	Delivery Date	Latest PMO update	Project Status	Evidence to support completion
Effectiveness	Understanding the risk of fire and other emergencies	The service, through regular engagement with its local community, needs to build a more comprehensive profile of risk in its service area.	Area for improvement	Yes	Not started		Corporate Plan SO3.10 Prepare 2025 – 2030 Public Safety Plan (PSP)	Corporate planning	COO	24/25	Corporate Plan objective for 2023-2025	Not started	
Effectiveness	Understanding the risk of fire and other emergencies	The service should make sure its integrated risk management plan is informed by a comprehensive understanding of current and future risk. It should use a wide range of data to build the risk profile and use operational data to test that the risk profile is up-to-date.	Area for improvement	Yes	Not started		Corporate Plan SO3.10 Prepare 2025 – 2030 Public Safety Plan (PSP)	Corporate planning	COO	24/25	Corporate Plan objective for 2023-2025	Not started	
Effectiveness	Understanding the risk of fire and other emergencies	The service should make sure that the aims and objectives of prevention, protection and response activity are clearly outlined in its integrated risk management plan.	Area for improvement	Yes	Not started		Corporate Plan SO3.10 Prepare 2025 – 2030 Public Safety Plan (PSP)	Corporate planning	COO	24/25	Corporate Plan objective for 2023-2025	Not started	
Effectiveness	Preventing fires and other risks	The service should have plans in place for an effective system to define the levels of risk in the community.	Recommendation	Yes	On-Track		Prevention Improvement Plan	GC Territorial North and Community Safety & Safeguarding Manager	Prevention, Response and Resilience	01/11/2024	In addition to this HMICFRS recommendation and the recently published national Prevention Standards, the Prevention evaluation conducted in 2020-21 highlighted a number of opportunities to improve our systems to help define risk in the community. The action plan to accompany the evaluation contains 15 actions to improve the way we gather, use and share intelligence, and is now progressing through our internal governance processes to ensure those actions with the most benefit are prioritised and implemented.	On-Track	
							Corporate plan SO1.3 - Develop partner agencies understanding of the risks from fire and other emergencies. Implement a collaborative community risk methodology and targeting approach, to achieve a reduction on risk and impact of fire.	GC Territorial North and Community Safety & Safeguarding Manager	Prevention, Response and Resilience	01/04/2023	Links being reinvigorated with MK partners to increase strategic engagement. Fire Sense package developed and 6 year review of performance pending completion for noting at BTB. Work on targeting commenced with DIT.	On-Track	
							Safety Centre evaluation	GC Territorial North and Community Safety & Safeguarding Manager	Prevention, Response and Resilience	01/08/2022	Paper prepared for Feb BTB on noting a deferred decision on future funding. Deferring until Aug 22 allows the Centre & new CEO to have 1 full year's operating/trading out of lockdown, providing evidence against final item on Schedule 1 of the Funding Agreement.	On-Track	
Effectiveness	Preventing fires and other risks	A revision of its prevention strategy that clearly prioritises the people most at risk of fire and other emergencies, giving focus and direction to specialist teams.	Recommendation	Yes	On-Track		Prevention Improvement Plan	GC Territorial North and Community Safety & Safeguarding Manager	Prevention, Response and Resilience	01/11/2024	The Prevention strategy refresh is prioritised as critical within the Prevention action plan. The strategy will utilise much of the learning from our recent internal review, as well as the Prevention Standards, national operational guidance, and other strategic drivers from our partnerships to introduce a revised strategy which clearly defines our direction, aligned to the current public safety plan.  Revised prevention strategy is being drafted drawing upon the three year commitment of the NFCC Prevention Workstream and aligned to the current public safety plan. Liaison in drafting this has occurred with exemplar services and the CPO.	On-Track	
Effectiveness	Preventing fires and other risks	The review of systems and processes for dealing with referrals from individuals and partner agencies. This is to make sure they are managed effectively and those referrals with highest identified risk are prioritised.	Recommendation	Yes	On-Track		Prevention Improvement Plan	GC Territorial North and Community Safety & Safeguarding Manager	Prevention, Response and Resilience	01/11/2024	The Prevention improvement plan contains 14 actions, including this HMICFRS recommendation, which relate to the management of processes and systems. The evaluation has revealed a need to review the current screening process and introduce a way of prioritising delivery through a risk scoring mechanism which prioritises referrals more effectively. This is likely to involve a further review of the premises risk management system architecture to ensure those referrals which are categorised as the highest risk are prioritised by an automated process.	On-Track	
Effectiveness	Preventing fires and other risks	The service should understand the reasons for its decreasing number of prevention visits and consider how it can better target those who are most at risk of fire.	Area for improvement	Yes	On-Track		Prevention Improvement Plan	GC Territorial North and Community Safety & Safeguarding Manager	Prevention, Response and Resilience	01/11/2024	Funding agreed by the Authority to establish a number of new Prevention posts focused on increasing the delivery of Fire & Wellness visits in specific buildings, addressing the volume of Prevention visits in identified areas of increased risk, including the delivery of a program of high-rise interventions and engagement with the occupants of specialised housing. These new posts have been filled with a CS Team Leader and two CS Technician roles with an onboarding program of relevant training completed.  Due to sickness and a vacancy arising in the CS Coordinator cadre which took five months to recruit into, the two CS Technicians had to be reassigned to cover the three CS Coordinator roles, with proactive high-rise intervention being placed on hold.  Although one CS Technician will be moving to a wholetime firefighter role in March, plans are in place to complete proactive engagement at the highest priority domestic high-rise buildings in Q4.	On-Track	

Effectiveness	Preventing fires and other risks	The service should evaluate its prevention work, so it understands the benefits better.	Area for improvement	Yes	Complete		Prevention Improvement Plan	GC Territorial North and Community Safety & Safeguarding Manager	Prevention, Response and Resilience	01/11/2024	Action completed - Phase 1 evaluation report presented to Overview and Audit Committee 10/11/21	Complete	<a href="https://bucksfire.gov.uk/documents/2021/10/oa-item-17-17-10-21.pdf/">10 November 2021 - Prevention Evaluation - Phase one report 2021</a>
Effectiveness	Protecting the public through fire regulation	The service should make sure it aligns its increased resources to a prioritised and risk-based inspection programme.	Area for improvement	Yes	On-Track		Protection Uplift Programme	Head of Protection	Protection, Assurance and Development	01/03/2022	The pilot of the RBIP programme had to be delayed further due to the continuing restrictions in place due to Covid but is now underway. Following a procurement process, a training delivery provider has been procured to deliver fire safety training to operational staff. Business engagement continues to grow, through social media and website activities. A care home seminar has been delivered over MS Teams and Eventbrite. Work is progressing with the communication team to develop the Protection area of the website and a fire safety self-assessment form is close to being launched, to support engagement with targeted premises.	On-Track	
Effectiveness	Protecting the public through fire regulation	The service should make sure it has an effective quality assurance process, so staff carry out audits to an appropriate standard.	Area for improvement	Yes	Not started		BAU	Head of Protection	Protection, Assurance and Development		The Protection Dept is working through the Fire standards for Protection Officers to identify the existing gaps and identify and develop a suitable audit process in line with the risk based inspection process. Where we can identify and use relevant guidance and legislation this will also be incorporated into the audit process.	Not started	
Effectiveness	Protecting the public through fire regulation	The service should review its response to false alarms (called 'unwanted fire signals') to ensure operational resources are used effectively.	Area for improvement	Yes	Delayed		UwFS Review/AFA review	Head of Protection	Protection, Assurance and Development		Rescoping the project with regard to AFAs and UwFS and planning to reinvigorate this workstream in 2022/23	Delayed	
Effectiveness	Protecting the public through fire regulation	The service should make sure it plans its work with local businesses and large organisations to share information and expectations on how they can comply with fire safety regulations.	Area for improvement	yes	On-Track		Protection Uplift Programme	Head of Protection	Protection, Assurance and Development	01/03/2022	Work has been undertaken using the Protection Uplift money to set up a self-assessment process for those businesses the Protection team will be unable to visit (based upon a risk basis) with a landing page for advice on our website. Two additional posts have also been identified as Business engagement officers to further improve our engagement with relevant businesses. This will also be enhanced through the improve kn0owledge and engagement of operational crews once they have been given the relevant training.	On-Track	
Effectiveness	Responding to fires and other emergencies	The service should assure itself that it understands what resources it reasonably requires to meet its foreseeable risk; it should make sure that all of its fire engines can be sufficiently resourced, if required.	Area for improvement	Yes	Not started		Not a current project	TBC	TBC			Not started	
Effectiveness	Responding to fires and other emergencies	The service should make sure it consistently gives relevant information to the public to help keep them safe during and after all incidents.	Area for improvement	Yes	Not started		Not a current project	Communication, Marketing and Engagement Manager	Technology, transformation and PMO			Not started	

Last Update: 07 February 2022

Pillar	Sub-category	HMICFRS inspection report finding	Finding type	Accepted Y/N	Overall RAG Status	Rationale, if not accepted	PMO Project link	Delivery Lead	SMT Sponsor	Delivery Date	Latest PMO update (From PMO Register)	Project Status	Evidence to support completion
Efficiency	Making best use of resources	The service should have effective measures in place to assure itself that its workforce is productive, that their time is used as efficiently and effectively as possible and in a more joined up way to meet the priorities in the IRMP.	Area for Improvement	yes	on-track		Portfolio Management Office Project	Head of Technology, Transformation, and PMO	Head of Finance and Assets	Q4 22/23	A PMO was introduced in 20/21. Work is underway to embed this across the Service. A recent external audit of the PMO gave an assurance of reasonable, with the following level of priority actions: zero high, 4 medium and 2 low. A 22/23 planning workshop took place in January with the Leadership team to understand work planned across both BAU and Projects. A further review is planned with SMT in early March.	on-track	
							Performance Management framework	Data Intelligence Team Manager	Technology, transformation and PMO	Q1 22/23	A workshop has been held with SMT to understand how we could measure performance and start to get their thoughts on the measure we should include. Further work is now underway to draft a proposal for sharing later in Q4.	on-track	
Efficiency	Making best use of resources	The service should actively seek further collaboration opportunities with other Thames Valley fire services, to achieve value for money and better outcomes for the public.	Area for Improvement	Partially accept	complete	There are already a broad range of collaborative projects either complete or in progress, which can demonstrate efficiencies and better outcomes for the public. Collaboration as a statutory duty is embedded within the Service and is considered whenever corporate decisions are made. This AFI is also only partially accepted as the Service will continue to collaborate more widely with other partners, beyond other FRSs	Thames Valley Breathing Apparatus procurement	GC Technical	Protection, Assurance and Development	01/04/2023	All three Thames Valley Services completed the trials and the procurement process for BA sets and ancillary equipment. Interspiro were the successful supplier and each TV FRS has signed the contract to award. The TV Interoperability Group and Executive Group have agreed the suggested options for the contract including options for maintenance package. Once full contract has been signed work will be undertaken to carry out face fit testing for all operational personnel with collaborative training input to be undertaken from May 2022 beginning in RBFRS, then OFRS and finally BFRS with all three Services being under the contract by March 2023.  The status of the project remains ON-TRACK with a clear project plan despite a short delay in the signing off of initial contract.  From then the expectation is that RBFRS will go live with the BA sets in November 2022, OFRS in early 2023 and BFRS going live in March 2023.  November update – Contract awarded to Interspiro and signed off by all three services. Agreed options with ancillary equipment and maintenance across all three	on-track	
							Emergency Service Mobile Communications Programme	Programme Manager	Technology, transformation and PMO	2025/26	Plan in place to deliver Assure 1.1 activities by May 2022 - this will be a time consuming piece of work.	delayed	
							Thames Valley National Operational Guidance	GC Technical	Protection, Assurance and Development	Mar'22:Phase 1 Sept '22: gap analysis - implemented NOG	This project remains green but it must be appreciated that this remains an on-going piece of work as more NOG comes out and we aim to implement as soon as possible. This remains ongoing though we are planning to complete phase 1 by the end of the financial year. As part of the project we have now undertaken a gap analysis of how we have implemented NOG which we hope to complete by September 2022 though it must be appreciated that this also has the possibility of being ongoing.  Ongoing creation of OINs (Operational Information Notes) across Thames Valley and the development of gap analysis and the acceptance of the NOG risk assessment.  The risk revolves around the capacity to write OINs following NOG dissemination and identifying additional workloads due to the gap analysis.	on-track	
							Thames Valley Fire Investigation	GC Protection	Protection, Assurance and Development		The personnel required of the team have been identified along with some financial monies. The work has begun with the accreditation process beginning as soon as possible and anticipating October 2023 as a date at which to achieve this. The infrastructure required is being worked on to identify what is needed and where this will be located within the TV. The expectation is that OFRS will be the identified single entity for the accreditation process.	on-track	
						2022/23 reset of the collaboration framework for Thames Valley	pan-directorate	Protection, Assurance and Development		Following a collaboration planning day in January, a revised business plan is being drafted and when finalised will be presented to the Authority	on-track		
Efficiency	Making the fire and rescue service affordable now and in the future	The service needs to assure itself that it is maximising opportunities to improve workforce productivity and develop future capacity through use of innovation, including the use of appropriate and up-to-date technology.	Area for Improvement	yes	Not-started	Not currently a project	TBC	TBC	Technology, Transformation and PMO	TBC	TBC	Not-started	

Efficiency	Making the fire and rescue service affordable now and in the future	The service should have a clear and sustainable strategic plan for the use of its reserves which promotes new ways of working.	Area for Improvement	yes	Complete		BAU	Director of Finance and Assets	Finance and Assets	18/11/2020	The current financial strategy is approved by the Authority and runs for the duration of the current Public Safety Plan. The strategy is compliant with CIPFA guidance. Recently enhanced council tax precept flexibility provides the ability to contribute additional revenue to capital and has helped alleviated the problems described within the report (subject to approval)	Complete	<a href="https://bucksfire.gov.uk/documents/2020/11/item-7-executive-committee-financial-strategy.pdf/">https://bucksfire.gov.uk/documents/2020/11/item-7-executive-committee-financial-strategy.pdf/</a> <a href="https://bucksfire.gov.uk/documents/2020/03/reserves_strategy_2018-19_web.pdf/">https://bucksfire.gov.uk/documents/2020/03/reserves_strategy_2018-19_web.pdf/</a>
Efficiency	Making the fire and rescue service affordable now and in the future	The service needs to make sure that its fleet and estate strategies are regularly reviewed and evaluated to maximise potential efficiencies.	Area for Improvement	yes	on-track		BAU	Property Manager/Fleet Manager	Finance and Assets	23/24	The Property strategy is current and in date. A review is scheduled to ensure it remains in date after 2023	Complete	<a href="https://bucksfire.gov.uk/documents/2020/03/property_strategy_2018-2023.pdf/">https://bucksfire.gov.uk/documents/2020/03/property_strategy_2018 - 2023.pdf/</a>
						BAU	Fleet Manager	Finance and Assets	01/04/2022	The Fleet strategy is current and in date with a review date for 2022. A review is currently underway, and is scheduled for completion by April 2022	on-track		



# HMICFRS 2021 Inspection Report Action Plan - People



Last Update: 07 February 2022

Pillar	Sub-category	HMICFRS inspection report finding	Finding type	Accepted Y/N	Overall RAG status	Rationale, if finding not accepted	PMO Project link	Delivery lead	SMT Sponsor	Delivery Date	Latest PMO update	Project Status	Evidence to support completion
People	Promoting the right values and culture	The service should assure itself that senior managers are visible and demonstrate service values through their behaviours.	Area for Improvement	yes	On Track		BAU improvement	SMT	CFO	01/06/2022	SMT show visibility via ensuring they visit stations and support service staff regularly, CFO monthly forum, vlogs, Town Hall taking place on Friday 28 January, attendance and chairing at meetings, for example HSWC, JCF, EDI, Wellbeing	On Track	
People	Promoting the right values and culture	The service should make sure that it effectively communicates its absence/attendance procedures for consistent application.	Area for Improvement	Yes	on Track		BAU improvement	Head of Human Resources	COO	Monitoring	Absence trends information collated. STS and LTS reports run on a monthly basis and managers contacted. Attendance Management Procedures consulted upon and published. How to guides and flowcharts for absence and Covid19 absence regularly updated and communicated. Head of HR attendance at Pandemic group meetings. Wellbeing support in place includes - EAP, Welfare Officer, Occupational Health, Mental Wellbeing Support Officers, Trauma Support. Refreshed Mental Wellbeing training for 2022. Workflows for absence refreshed. Wellbeing group meets monthly. Wellbeing section of the intranet refreshed and communications added there and communicated via stations and other means to ensure coverage	On Track	
People	Getting the right people with the right skills	The service should review its succession planning to make sure that it has effective arrangements in place to manage staff turnover while continuing to provide its core service to the public.	Area for Improvement	Yes	on Track		Internal Governance review	Corporate planning	Legal and Governance	Phase 1 January 2021 Phase 2 TBC	Regular systematic and rigorous strategic workforce and succession planning processes are in place, which incorporate current Public Safety Plan requirements and horizon scanning of likely future external and internal challenges. Outcomes from these processes are subsequently translated into timely interventions to ensure the Authority continues to meet workforce capacity requirements and build capability. In addition, it provides opportunity to refresh the workforce through the identification of people; internally and where required externally to fill identified key positions. Following the most recent inspection report, the Service is planning to review the wider succession planning needs and processes to improve understanding of talent management and workforce planning across the organisation. The phase 2 internal governance review will capture this requirement	On Track	
People	Getting the right people with the right skills	The service should assure itself that all staff are appropriately trained for their role.	Area for Improvement	Yes	On Track		Active Monitoring System project	GC Training and Assurance	Protection, Assurance and Development	01/03/2022	AMS launched 01/10/2021, currently evaluating performance.	complete	Operational Assurance Improvement plan - update scheduled for March 2022 Overview and Audit Committee
							Operational Training Provider	GC Training and Assurance	Protection, Assurance and Development	01/05/2022	On reviewing the requirement of a partner to provide appropriate venues and resources to accommodate the BFRS operational training model, it is evident the current service provider is unique in the service provision they are able to provide, which are essential to the effective performance and delivery of BMKFA operational services. This is an operational critical service that must be delivered to a consistent standard in a flexible nature to meet the fire services challenging requirements. The facilities and resources provided by FSC/Capita are robust, sustainable and cost effective. To maintain the consistency of quality, and reliability of facilities to support the essential delivery of operational training to BFRS operational staff, a negotiated contract will be awarded to FSC/Capita without competition. In accordance with Public Contract Regulations 2015, a Voluntary ex ante Notice (VEAT) notice will be published to the UK government Find Tender Service (FTS) at contract award, and a report will be submitted to the relevant Authority committee as per the requirements of the Authority's contract standing orders. Contract pricing received from FSC, being reviewed by finance.	On Track	
							Business as Usual	Internal Governance review / BTB	Organisational Development Manager / GC Training and Assurance	Protection, Assurance and Development	22/04/2022	Performance and Development review completed and now embedded. Training Needs Analysis process undertaken annually by dept managers and reviewed regularly by Training Strategy Group. Terms of reference for training strategy group to be reviewed as part of the internal governance review, to ensure aligned with Training, Learning & Development Strategy.	On Track
People	Ensuring fairness and promoting diversity	Give greater priority to how it increases awareness of equality, diversity and inclusion across the organisation	Recommendation	Yes	On Track		EDI objectives	Head of Human Resources and EDI group	COO	01/04/2025	EDI group meet monthly. Governance - Fire Authority, Executive Committee, Joint Consultation Forum, Performance Monitoring Board, Health, Safety and Wellbeing Committee. EDI objectives in place 2020 - 2025, report presented annual for Fire Authority. Member and SMB presence on EDI group. Addressing Inequalities collaboration - various workstreams. Valuing our Diversity intranet page. Workstreams - Growth bid for Change 100 scheme, equality impact assessment refresh. New members joined the EDI group form across the service to work on various EDI tasks. ENEI Bronze accreditation retained. EDI action plans reviewed for BAU and priorities.	On Track	

People	Ensuring fairness and promoting diversity	The service should make sure it has appropriate ways to engage with and seek feedback from all staff, including those from underrepresented groups	Recommendation	Yes	On Track		EDI objectives	Head of Human Resources and EDI group	COO	01/04/2025	Employee Engagement group re-established. Culture Survey 10 - 31 January 2022. People Strategy employee engagement roadshows November 2021 - April 2022. Exit Interviews, Induction, Collaboration other FRS. Set up interest groups - protected characteristics, wellbeing - to do	On Track	
People	Ensuring fairness and promoting diversity	The service should make improvements to the way it collects equality data to better understand its workforce demographics and needs	Recommendation	Yes	On Track		EDI objectives	Head of Human Resources and EDI group	COO	01/04/2025	Work ongoing, NFCC EDI data consultation completed, HR and Data team meetings.	On Track	
People	Ensuring fairness and promoting diversity	The service should ensure it has robust processes in place to undertake equality impact assessments, implement and review any actions required	Recommendation	Yes	On Track		EDI objectives	Head of Human Resources and EDI group	COO	01/04/2025	Sub group set up to review equality impact assessments. NFCC EIA training undertaken. NFCC and RBFRS guidance reviewed. Template of EIA and eLearning planned. Communications sent out on importance of EIA and actions. Head of HR raises awareness at governance meetings.	On Track	
People	Ensuring fairness and promoting diversity	The service should be more ambitious in its efforts to attract a more diverse workforce which better reflects the community it serves	Recommendation	Yes	on Track		Engagement, Attraction, Recruitment and Selection Framework (EARSF) -Delayed	HR Operations manager	COO	01/04/2025	Recruitment for 18 Wholetime Firefighters is underway - shortlisting, SHL and bleep tests have taken place. Role related testing, eyesight and reference checks and interviews/presentations are due to take place in November and early December. Medicals will take place in December. For those successful, contracts and kit fitting will take place in January, with the new recruits due to start in March 2022. The learns from this recruitment campaign, alongside On-Call, Support and Operational recruitment will form part of the EARSF.	Delayed	
							EDI objectives	Head of Human Resources and EDI group	COO	01/04/2025	THE EDI are currently reviewing the EDI objectives to ensure they are current and prioritised. Once they have been agreed the group and employees across the service will work on them. Progress will be updated at the monthly EDI group and reported to the Fire Authority annually.	On Track	
People	Managing performance and developing leaders	The service should put in place an open and fair process to identify, develop and support high-potential staff and aspiring leaders	Area for Improvement	Yes	On Track		BAU improvement - Talent management	Organisational Development Manager	Protection, Assurance and Development	01/04/2023	Operational promotional procedure produced, consulted on and published April 2021. Talent Management strategy and high potential acceleration programmes to be review/scoped 2022/23	on Track	
							Leadership and Management framework	Organisational Development Manager	Protection, Assurance and Development	01/03/2023	Successful launch event held 15th October and first 2 cohort of phase started their programme w/c 18th October. Work is being undertaken with Finance to utilise an underspend within 2021/22 TNA budget to accelerate the roll out of phase 2 as this is anticipated to be logistically more difficult to arrange to ensure impacts on resourcing are minimised. Paper to be presented to BTB in February proposing adding the underspend to a reserve for funding phase 2 next financial year. Following the successful pilot of a scheme used to identify and develop future leaders in the Service, we have embedded this into our recently refreshed appointment and promotion procedures and are progressing a new Leadership and Management Development Framework to support and assist with the development of newly recruited or promoted managers. Supervisory Managers Programme being develop with Service Delivery to provide new managers an induction in practical management skills and knowledge required.	On Track	
							Apprenticeship programme	Organisational Development Manager	Protection, Assurance and Development	Complete	The apprenticeship programme is in place to develop people at different levels and across staff groups	Complete	<a href="https://bucksfire.gov.uk/documents/2021/07/oa-item-15-210721.pdf/">https://bucksfire.gov.uk/documents/2021/07/oa-item-15-210721.pdf/</a>
People	Managing performance and developing leaders	The service should put in place a system to actively manage staff careers, with the aim of diversifying the pool of future and current leaders	Area for Improvement	Yes	on track		Appraisal Process	Organisational Development Manager	Protection, Assurance and Development	Complete	Staff are using the new version of the form to set objectives for 21/22 and 22/23. All employees have an annual appraisal, where their commitment to their behaviours linked to the Authority's values is an essential element. Quality assurance of appraisal returns is undertaken to identify themes, and to assist with training requirements.	Complete	Internal file - Performance Monitoring Board meeting 30/09/21, item 11(ii) update on appraisal returns (official sensitive personal)
						Not currently a project	Positive action	Head of technology, Transformation and PMO		TBC	Positive action project to be considered to include- direct entry, Women's network, and other measures to diversify leadership	Not started	

# HMICFRS 2021 Inspection Report - Identified Good Practice (narrative)



Last Update: 07 February 2022

Pillar	Sub-category	HMICFRS inspection report finding	Finding type	Accepted Y/N	Rationale, if finding not accepted	PMO Project link	Delivery lead	Lead Department	Delivery Date	Progress & Issues Report	Status	Evidence to support completion
Effectiveness	Understanding the risk of fire and other emergencies	The service gathers information about the risks its firefighters face in response to incidents	Narrative - Good Practice	yes		SSRI Project	Technical	Protection, Assurance and Development	Mar-23		on track	
Effectiveness	Understanding the risk of fire and other emergencies	The service is good at using information from operational incidents attended to improve its understanding of current and past risk	Narrative - Good Practice	yes		BAU	Training and Assurance	Protection, Assurance and Development	N/A		BAU	
Effectiveness	Understanding the risk of fire and other emergencies	The service is ahead of schedule to improve its information about high-rise risk following the Grenfell Tower fire inquiry	Narrative - Good Practice	yes		Grenfell project (GTI 1)	Technical/Protection	protection, Assurance and Development	Mar-23	GTI part 2 recommendations will lead to rescope of this workstream	on track	
Effectiveness	Preventing fires and other risks	The service is proactive in identifying and reporting safeguarding concerns	Narrative - Good Practice	yes		BAU	Community Safety and Safeguarding Manager	COO	N/A		BAU	
Effectiveness	Protecting the public through fire regulation	The service has done a good job of increasing its number of qualified staff	Narrative - Good Practice	yes		Protection Uplift Programme	Protection	Protection, Assurance and Development	Mar-22		on track	
Effectiveness	Protecting the public through fire regulation	The service is ahead of schedule to audit all ACM-clad high-rise premises	Narrative - Good Practice	yes		Building Risk Review (BRR) Programme	Protection	Protection, Assurance and Development	Dec-21		Complete	
Effectiveness	Protecting the public through fire regulation	The service provides proportionate enforcement activity and works with others to support its capacity	Narrative - Good Practice	yes		Protection Uplift Programme	Protection	Protection, Assurance and Development	Mar-22		on track	
Effectiveness	Protecting the public through fire regulation	The service is improving its response to building consultations	Narrative - Good Practice	yes		Protection Uplift Programme	Protection	Protection, Assurance and Development	Mar-22		on track	
Effectiveness	Protecting the public through fire regulation	The service has increased the ways in which it engages with businesses to help them understand and comply with fire safety legislation	Narrative - Good Practice	yes		Protection Uplift Programme	Protection	Protection, Assurance and Development	Mar-22		on track	
Effectiveness	Responding to fires and other emergencies	The service's response strategy is a unique and innovative approach	Narrative - Good Practice	yes		BAU	Resourcing and Projects	Prevention, Response and Resilience	N/A		BAU	
Effectiveness	Responding to fires and other emergencies	The service meets its immediate availability standard	Narrative - Good Practice	Partially accept	The round 2 inspection covered the pandemic timeframe when resourcing improved considerably due various lockdowns and furloughed on-call employees. Further work is required to ensure the availability standard is resilient	Links to AFI in resourcing. Not currently a project	Resourcing and Projects	Resourcing and Projects	TBC	Work required to build sustainable resilience into the model	Not started	
Effectiveness	Responding to fires and other emergencies	The service meets national response standards of performance	Narrative - Good Practice	yes		BAU	Resourcing and Projects	Prevention, Response and Resilience	N/A		BAU	
Effectiveness	Responding to fires and other emergencies	The service has good command of incidents	Narrative - Good Practice	yes		BAU	Training and Assurance	Protection, Assurance and Development	N/A		BAU	
Effectiveness	Responding to fires and other emergencies	The service has a positive relationship with Thames Valley Fire Control	Narrative - Good Practice	yes		BAU	Pan organisation	Prevention, Response and Resilience	N/A		BAU	
Effectiveness	Responding to fires and other emergencies	Thames Valley Fire Control is developing its ability to handle fire survival guidance calls	Narrative - Good Practice	yes		Grenfell project	TVFCS	Prevention, Response and Resilience	22/23	GTI part 2 recommendations may lead to rescope of this workstream	on track	

Effectiveness	Responding to fires and other emergencies	The service maintains and regularly updates information about risk to firefighters	Narrative - Good Practice	yes		BAU	Prevention, Response and Resilience	Prevention, Response and Resilience	N/A		BAU	
Effectiveness	Responding to fires and other emergencies	The service is good at evaluating its operational performance and is aligning to national operational guidance	Narrative - Good Practice	yes		NOG project	Technical	Protection, Assurance and Development	22/23		on track	
Effectiveness	Responding to major and multi-agency incidents	The service is well prepared for major and multi-agency incidents	Narrative - Good Practice	yes		NOG project	Technical	Protection, Assurance and Development	22/23		on track	
Effectiveness	Responding to major and multi-agency incidents	The service has a good ability to respond to major and multi-agency incidents	Narrative - Good Practice	yes		NOG project	Technical	Protection, Assurance and Development	22/23		on track	
Effectiveness	Responding to major and multi-agency incidents	The service works well with other fire services	Narrative - Good Practice	yes		Collaboration	Technical	Protection, Assurance and Development	N/A		on track	
Effectiveness	Responding to major and multi-agency incidents	The service works well with other partners	Narrative - Good Practice	yes		Collaboration	Technical	Protection, Assurance and Development	N/A		on track	
Effectiveness	Responding to major and multi-agency incidents	The service has a well-established cross-border exercise plan	Narrative - Good Practice	yes		BAU	Training and Assurance	Protection, Assurance and Development	N/A		BAU	
Effectiveness	Responding to major and multi-agency incidents	The service has adopted JESIP	Narrative - Good Practice	yes		BAU	Training and Assurance	Protection, Assurance and Development	N/A		BAU	
Effectiveness	Responding to major and multi-agency incidents	The service listens to and applies learning from national incidents and practices	Narrative - Good Practice	yes		BAU	Training and Assurance	Protection, Assurance and Development	N/A		BAU	
Efficiency	Making best use of resources	The service plans to deal flexibly with its immediate financial difficulty	Narrative - Good Practice	yes		BAU	Finance and Assets	Finance and Assets	N/A		BAU	
Efficiency	Making best use of resources	The service collaborates when possible	Narrative - Good Practice	yes		BAU	Pan organisation	Pan organisation	N/A		BAU	
Efficiency	Making best use of resources	The service has good continuity arrangements	Narrative - Good Practice	yes		BAU	Business Continuity	Legal and Governance	N/A		BAU	
Efficiency	Making best use of resources	The service shows sound financial management, but it could make improvement in its resource allocation	Narrative - Good Practice	yes		BAU	Finance and Assets	Finance and Assets	N/A		BAU	
Efficiency	Making the fire and rescue service affordable now and in the future	The service works hard to continually improve value for money and do more with less	Narrative - Good Practice	yes		BAU	Finance and Assets	Finance and Assets	N/A		BAU	
Efficiency	Making the fire and rescue service affordable now and in the future	Reserves are reducing significantly	Narrative - Good Practice	yes		BAU	Finance and Assets	Finance and Assets	N/A		BAU	
People	Promoting the right values and culture	There is a positive health and safety culture within the service	Narrative - Good Practice	yes		BAU	Health and Safety	Protection, Assurance and Development	N/A		BAU	
People	Ensuring fairness and promoting diversity	The service has made some progress to promote fairness in its internal promotion and progression processes	Narrative - Good Practice	Yes		Leadership and Management Framework	Organisational Development	Protection, Assurance and Development	01/03/2023		On track	
People	Managing performance and developing leaders	The service has introduced a good process for managing individuals' performance	Narrative - Good Practice	Yes		Appraisal Process	Organisational Development	Protection, Assurance and Development	Complete		Complete	



# Buckinghamshire & Milton Keynes Fire Authority

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**Meeting and date:** Overview and Audit Committee, 16 March 2022

**Report title:** Grenfell Infrastructure Update (February 2022)

**Lead Member:** Councillor Lesley Clarke OBE

**Report sponsor:** Area Commander Calum Bell – Head of Protection, Assurance and Development

**Author and contact:** Group Commander Adam Burch - [aburch@bucksfire.gov.uk](mailto:aburch@bucksfire.gov.uk)

**Action:** Noting

**Recommendations:** That the report is noted.

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## **Executive summary:**

This report outlines the progress that has and is currently being made by Buckinghamshire Fire and Rescue Service (BFRS) in response to the Grenfell Tower tragedy which took place on 14 June 2017. It highlights the extensive work being undertaken across the Service in response to the formal recommendations made by the Grenfell Tower Inquiry Phase 1 Report published on 30 October 2019.

The report reflects the transparent approach undertaken by each part of the Service to see the improvements that need to be made following the Phase 1 Report recommendations. This in turn meets the requirement, in a letter from Lord Greenhalgh on 30 September 2021, about informing the local communities of the Service's progress in this area. This report also summarises the central support funding being made available to BFRS and how this is being used to assist in the development and implementation of new technologies to address the formal recommendations made in the Grenfell Tower Phase 1 Report published on 30 October 2019.

Following BFRS HMICFRS inspection in 2021, the inspectorate team found that the Service has responded positively and proactively to the lessons learned from this tragedy. Highlighting that the Service is ahead of schedule to audit all high-rise premises clad with aluminium composite material (ACM) and improve its information about high-rise risk.

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## **Financial implications:**

BFRS has received specific allocations of grant funding to address the Phase 1 recommendations and separate cost centres have been created to ensure robust monitoring of expenditure and accurate reporting back to the Home Office through the National Fire Chiefs Council (NFCC).

Monitoring and reporting is undertaken by the Protection and Technical Group Commanders and is authorised by the Director of Finance and Assets.

**Risk management:**

Risks to the delivery of the Grenfell project are recorded, managed and monitored at a departmental level as indicated in the Corporate Risk Management Procedure. Risks can be escalated from the project register to the Protection and Assurance Risk Register or Corporate Risk Register as required.

A dedicated station Commander has been given the responsibility of monitoring BFRS progress against the recommendations made in the Phase 1 report and this is regularly reviewed and updated and reported through the Protection and Assurance Risk Register.

**Legal implications:**

Any legal implications are considered as the respective strands of this project are implemented.

**Privacy and security implications:**

There are no identified privacy issues or security implications and the implementation of the recommendations and the information in the Phase 1 Report are in the public domain.

**Duty to collaborate:**

Throughout the progression of this project there have been opportunities to collaborate with the other Thames Valley Fire and Rescue Services as well as with local authorities. This continues to take place and specific examples have been highlighted in *Annex A Grenfell Infrastructure Update – February 2022*. This involves collaborative procedures and collaborative exercises.

**Health and safety implications:**

The imbedded practical application of the health and safety management policies and procedures ensure the Service's compliance is demonstrated and evidenced as it continues to implement the respective strands of the project.

**Environmental implications:**

The actions undertaken by the Service under the project heading of Grenfell are aiming to meet the recommendations as set out by the Home Office. Whilst considering this the project team is aware of the duty of the Service to consider the environmental impact of its activity. Environmental considerations form part of the

procurement process and are considered throughout the way in which the Service undertakes training and transport when managing exercises.

**Equality, diversity, and inclusion implications:**

Equality, Diversity and Inclusion matters are considered routinely as each respective action is undertaken to meet the recommendations. Equality impact assessments are considered and undertaken where there is any perceived impact.

**Consultation and communication:**

Regular stakeholder engagement is achieved across BFRS through the dedicated project coordinator and within the Grenfell project Group, involving a range of departments across the Service. This is highlighted through the Annex A report and the ongoing reports and progress are monitored and reported through the management processes and reporting line.

The paper is for noting and further updates will continue to come to O&A through the Head of Protection and Assurance via the Operational Assurance Group and the Performance Monitoring Board.

**Background papers:**

[Phase 1 report | Grenfell Tower Inquiry](#)

Appendix		Protective Marking
1	Annex A – Grenfell Infrastructure Update (February 2022)	None

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# Grenfell Infrastructure Update (February 2022)

Buckinghamshire Fire and Rescue Service  
Updated February 2022



**Contents:**

- 1. Executive Summary**
- 2. Introduction**
- 3. Response Activity**
- 4. Prevention Activity**
- 5. Protection Activity**
- 6. Operational Assurance and Training Department Activities**
- 7. Improvement Plan Following the Grenfell Tower Inquiry Phase 1 Report and a Look Forward to Phase 2**
- 8. Central Funding**
- 9. Collaboration and Alignment**
- 10. Conclusion**

## **1. Executive Summary**

- 1.1 This report outlines the progress that has and is currently being made by Buckinghamshire Fire and Rescue Service (BFRS) in response to the Grenfell Tower tragedy which took place on 14 June 2017. It highlights the extensive work being undertaken across the Service in response to the formal recommendations made by the Grenfell Tower Inquiry Phase 1 Report published on 30 October 2019.
- 1.2 The report reflects the transparent approach undertaken by each part of the Service to see the improvements that need to be made following the Phase 1 Report recommendations. This in turn meets the requirement detailed in a letter from Lord Greenhalgh on 30 September 2021, about informing the local communities of the Service’s progress in this area. This report also summarises the central support funding being made available to BFRS and how this is being used to assist in the development and implementation of new technologies to address the formal recommendations made in the Grenfell Tower Phase 1 Report published on 30 October 2019.

## **2. Introduction**

- 2.1 Grenfell was the most significant high-rise fire the Country has experienced in living memory. The resulting Public Inquiry is still on-going. Phase 1 established a factual narrative of events, highlighting the organisational learning for London Fire Brigade (LFB); Phase 2 is currently underway (having been delayed by the COVID pandemic) and is divided into eight modules which include how the construction of the Tower affected the fire on 14 June 2017.
- 2.2 As a result of the Grenfell Tower Fire, BFRS has undertaken a number of actions to enhance how it manages the risks associated with large, complex buildings. Since the publication of the Phase 1 report, it continues to work through the 46 recommendations to inform the evolving improvement plan.
- 2.3 BFRS have also taken the opportunity to collaboratively work with other services and agencies to review policy and procedures involving fires in high-rise buildings to review and assure how effectively it responds to these incidents. There are a number of projects and activities that were already taking place as part of the Service’s improvement journey that reflect some of the lessons of Grenfell that also form part of the ongoing work.

## **3. Response Activity**

- 3.1 The Technical Team has oversight of the Site-Specific Risk Information database, ensuring the Service’s obligations under Section 7 (2) (d) of the fire and Rescue Services Act 2004, and has previously conducted a review

of all high-rise risks. This involved the Data and intelligence and Risk Information teams working together to identify all structures in Buckinghamshire and Milton Keynes over 18 metres and then cross referencing this with those buildings that are residential or commercial of six floors and over. This gives it the confidence to understand the high-rise in its area. These buildings are automatically given a high-risk status which ensures an annual review and visit from the local fire station which in turn results in the production of a tactical plan to assist crews to resolve any operational incidents on these sites. When completed, the risk information and plans are made available to all frontline appliances through Mobile Data Terminals and are also shared with the neighbouring services up to 10 km from the risk site. This information is also made available within Thames Valley Fire Control Service (TVFCS) and relevant information is made available to the operational crews whenever they are sent to an incident involving high-rise buildings.

- 3.2 Whilst waiting for further changes to national high-rise firefighting policy, BFRS has issued interim guidance for operational considerations related to building managers' stay put procedures and the evacuation requirements of large residential buildings. This guidance required the Response and Protection Teams to work together to establish the evacuation strategy for each building during intelligence gathering for inclusion in the Site-Specific Risk Information. The guidance also raised awareness of how the move from a Stay Put to a Simultaneous Evacuation during a fire and highlighted the foreseeable scenarios where incidents occur in high-rise residential buildings that challenge both the structural integrity and compartmentation in the event of fire. The guidance also reiterated the incident Commander's authority to review the evacuation strategy for the building from an operational perspective.
- 3.3 The policies and training packages for operational staff were reviewed, drawing attention to the need for external safety observers to monitor external fire spread from the compartment of origin and to clarify the risks of how combustible exterior materials and poor building management can lead to accelerated fire growth. Additionally, working with Thames Valley Fire Control Service (TVFCS) and the other two Thames Valley Services the pre-determined attendance was reviewed to ensure that it reflected the requirements identified for fires in high-rise.
- 3.4 Having undertaken remedial action, BFRS has turned its attention to ensuring our preparedness for the introduction of any changes in National Operational Guidance by engaging in the consultation process and ensuring that this guidance is fully implemented across the Thames Valley. This work is being undertaken in joint partnership with both Oxfordshire and Royal Berkshire Fire and Rescue Services introducing both collaborative equipment and procedures. Work in this area continues as new guidance and information is released.
- 3.5 A project is underway to incorporate the Site-Specific Risk Information (SSRI) that is collected by the operational staff will into the Premises Risk

Management System (PRMS). This will mean that data collected from Response, Prevention and Protection will be in the same software system offering a single source for all information and information collated and recorded on the buildings and their occupants. This will give added insight into the activities of other departments with reference to specific buildings and will continue to improve the way in which departments collaboratively work with each other. The introduction of a new SSRI module in PRMS will improve the quality and accessibility of risk intelligence captured on high-risk premises.

#### **4. Prevention Activity**

- 4.1 The Service area's high-rise buildings house a differing range of vulnerabilities which can reduce the likelihood of engagement with preventative advice. These include high-density occupancy, disability, drug and alcohol dependency, hoarding, transient living, and communication difficulties linked to literacy levels and first language.

Following low levels of engagement with community information sessions, the prevention team has worked to build relationships with the respective councils, responsible persons, and residents associations to improve proactive engagement.

- 4.2 BFRS has stratified all high-rise domestic dwellings based upon known protection issues, external wall surfaces and tenancy turnover, enabling prevention information to be offered more frequently to those at greater risk of fire.

The Community Safety Technicians have been trained to recognise fire safety issues within the common parts of high-rise buildings which they pass to protection for investigation.

- 4.3 Where there is specific information or concern with particular high risk residential buildings including high-rise from operational incidents or the public, the Prevention team proactively engage with the residents and the responsible person to mitigate the identified issue or risk, highlighting the collaboration work that goes on between the prevention team and operational crews.

#### **5. Protection Activities**

- 5.1 The Protection Team continues to maintain its knowledge and understanding of the construction of modern buildings and how they are being refurbished whilst keeping abreast of evolution of building methods particularly following Grenfell. The Protection Team has carried out a review of all high-rise buildings and is aware of all those currently utilising both non-flammable and flammable cladding. It continues to work

proactively alongside Duty Holders to advise and support them with any necessary changes to the buildings.

- 5.2 The Protection Team continues to concentrate their focus on the highest risk premises and, as the Enforcing Authority for common areas in high-rise buildings, proactively engages with the Duty Holders to maintain compliance and take enforcement action where necessary. The enactment of the Fire Safety Act 2021 will place responsibilities on the Duty Holders to manage and reduce the risk of fires in buildings containing multiple domestic premises; as this becomes legislation the Protection Team will continue to work with the Duty Holder to improve safety in high-rise buildings.
- 5.3 The Protection Team continues to focus on improving their collaboration with the Response crews by undertaking enhanced protection training as part of the Home Office Protection uplift grant funding programme and High-Risk Residential Building work.

Dedicated fire safety input sessions are aimed at all operational managers from the rank of Crew Commander to Group Commander. There are 22 sessions scheduled (44 days). The sessions are conducted over a consecutive two-day period and are being delivered by an external consultant.

Non-operational specialist roles such as Operational Training and Assurance have also been invited to attend the planned sessions.

The training programme is scheduled to be completed by December 2022.

A brief overview of the course content is as follows:

- Applicable legislation – Regulatory Reform Fire Safety Order 2005 (RRO), Fire and Rescue Services Act 2004
- Types of evacuation strategies - types of fire alarm systems to support the given evacuation strategy
- Common types of high-risk premises
- The Fire Brigades duties and what actions to take at a fire safety incident

Following the conclusion of the programme a confirmation of understanding process will be devised. This will improve the Response crews understanding of basic fire safety issues which will increasingly become more apparent whenever they visit higher risk premises.

## **6. Operational Assurance and Training Department Activities**

- 6.1 In the wake of the recommendations coming out of the Phase 1 report it was necessary to assure the Service's preparedness of high-rise building fires through thematic reviews and external audits. The Operational

Assurance Team has collated information following on from a number of incidents the Service has attended. The Team has also arranged several high-rise exercises throughout Buckinghamshire and Milton Keynes as well as the Fire Service College. The aim is to ensure that as many varied operational staff receive the opportunity to undertake a practical high-rise exercise and feedback into the Operational Assurance Team.

- 6.2 From the high-rise incidents and exercises several recommendations have been made that have now been placed onto the Operational Assurance Improvement Plan with the resulting actions being given to the appropriate personnel and departments. The objective of all this activity is to improve the way in which BFRS responds to and manages high-rise incidents which in turn will feed into the overall recommendations following the Phase 1 report.
- 6.3 The Training department continues to work with the Operational Assurance Team, feeding into the Operational Assurance Improvement Plan to ensure that learning points are captured. It has created training packages that reflect policy and procedural changes to high-rise buildings and other closely associated procedures. This has involved specific breathing apparatus training and positive pressure ventilation training to reflect national best practice. There is work taking place to ensure that the Thames Valley Services aim to have replicated these across the whole of the Thames Valley area. This will form part of the training required for the new collaboratively purchased breathing apparatus set.
- 6.4 Work is taking place to include multi-agency training and exercises that will reflect the multi-agency approach required for fires in high-rise buildings. This will and has included the other blue light services as well as the local Councils. This reflects the concern BFRS has for how to evacuate these large buildings.

Suitable exercise venues have been identified and exercise planning and scheduling continues to progress. The delivery of a multi-agency high-rise exercise in January 2022 was delayed due to the concerns regarding high levels of staff absences and risks associated with the rise in COVID-19 in cases.

## **7. Improvement Plan Following the Grenfell Tower Inquiry Phase 1 Report and a Look Forward to Phase 2**

- 7.1 Following the Phase 1 report, there were 46 recommendations made that BFRS have incorporated into an improvement plan. This plan is coordinated through the Technical Team and sponsored by the Head of Protection and Assurance. Oversight is managed through a Grenfell Working Group which reports progress to the Overview and Audit Committee via the Performance Monitoring Board and Operational Assurance Group.

7.2 Of the 46 recommendations BFRS identified 45 actions that were identified in the Phase 1 report. To date, BFRS have been able to complete 17 of them. It has made some significant progress in 27 and is prepared for change in the last one.

Table of previous and current progress of actions based upon Phase 1 recommendations

	Actions from March 2021 Report	Actions from October 2022 Report	Actions currently in progress
BFRS has made preparations for this change and is ready to implement	13	3	1
Currently in Progress	18	28	27
Complete	15	15	17

Table 1

There is now only one recommendation waiting to be implemented; *Owner/Responsible persons of high-rise residential building be required by law to include up-to-date information about persons with reduced mobility and their associated PEEPs in the premises information box.* The Service have been waiting for results to be shared following the formal consultation from the Home Office on legislative requirements for PEEPs before progress is made against the recommendation. This was recently shared with the Service in January 2022 and progress against this specific action will be reviewed by the working group in March 2022.

7.3 Of the 46 recommendations BFRS are directly responsible for 28 and of these have completed 17. Of those that have yet to be completed they are all in progress and in a majority of cases are at the assurance phase in order to identify whether actions have been met. This will form part of the feedback that has come from the recent high-rise exercises and incidents.

7.4 BFRS does not have direct responsibility for 18 of the Phase 1 recommendations as these, in a majority of cases, rests with the responsible person or Duty Holder. As mentioned above Protection have been working with Duty Holders to resolve these but in most cases have been awaiting legislative change. With the Fire Safety Act 2021 coming into legislation and the Building Safety Bill going through Parliament these actions should be able to be progressed further.

7.4 Phase 1 of the Grenfell Tower Inquiry focused on the cause of the fire, its subsequent development and the course of events during the night, the principle focus of Phase 2 of the inquiry is on how and why the decisions were made that led to a highly combustible cladding system was fitted on to Grenfell Tower. Phase 2 will also explore other area that emerged from



the information gathered during Phase 1. The Phase 2 part of the Inquiry is currently ongoing. Many of the of the agreed modules have now concluded with module five and module six (firefighting) closing statements taking place on 24 January 2022. Module 6 (testing & government) is currently underway. It is anticipated that there will be additional recommendations for fire and rescue services to review and action once the phase 2 report is published.

## **8. Central Funding**

- 8.1 In April 2020 an announcement was made by Lord Greenhalgh, the Minister of State for Building Safety, Fire and Communities, offering a grant to assist with the implementation of the Phase 1 findings. BFRS received an initial payment of £123,549.85 and a second payment instalment of £97,962.84 in February 2022 to drive improvement in Protection. A further £60,000 has been allocated to facilitate a review of all high-rise residential buildings over 18 metres and additional funding of £46,253.86 was provided which BFRS has set aside for research and development and procurement of new equipment.
- 8.2 The initial payment and follow up allocation of £60,000 has been set aside for Protection. This has been used for fixed term employment contracts, training, IT equipment and continues to be used for website development and collaborative working both internally and externally.
- 8.3 The funding BFRS has set aside for research and development and equipment has been used for purchasing equipment such as loud hailer and escape hoods. Additionally, work is presently underway to investigate the equipment and software required to improve the effectiveness of communication between the operational incidents and TVFCS. This will allow the Service to maintain effective control and communication in more complex and dynamic incidents such as the potential evacuation of high-rise buildings.
- 8.4 On 30 September 2021 Lord Greenhalgh sent a further letter to all the chief fire officers regarding the expectation of the Home Office, following the announcement for funding, of the responsibilities each service has to their communities about the lessons learnt and the improvements made following the Grenfell tragedy. This letter highlighted that each fire and rescue service must show the transparent progress they have made meeting the Phase 1 Inquiry's recommendations and that these recommendations affect all services.

## **9. Collaboration and Alignment**

- 9.1 A significant amount of work continues to take place in respect of collaboration between BFRS, Oxfordshire Fire and Rescue Service and Royal Berkshire Fire and Rescue Service. This work includes research and

development concentrating on purchase of new equipment. A recent example of this is a collaborative contract for a new breathing apparatus (BA) set between the three services that will improve the effectiveness with which large complex incidents can be dealt. This will remove the need for different BA equipment and will allow any service to use any BA equipment from across the Thames Valley.

- 9.2 BFRS is also continuing to work with its Thames Valley partners and TVFCS to align its procedures and guidance in order to improve the effectiveness with which the services can all work together at larger incidents that involve more than one fire and rescue service. Specifically, work is being undertaken to align the BA procedures to make effective use of the recent joint BA contract. Work has also been undertaken to ensure that the three services and TVFCS have a joint understanding of high-rise procedures and any changes to National Operational Guidance with respect to high-rise incidents are implemented as efficiently and collectively as possible.

## **10. Conclusion**

- 10.1 BFRS continues to be proactive in implementing the learning from the Grenfell Tower Inquiry. The tragedy has focused the collective mind of the Service to prioritise improvements in the way it manages an incident of this nature. This has been recognised in the HMICFRS report published in December 2021. The inspectorate team found that the Service has responded positively and proactively to the lessons learned from this tragedy. Highlighting that the Service is ahead of schedule to audit all high-rise premises clad with aluminium composite material (ACM) and improve its information about high-rise risk.

Progressing outstanding actions to address the recommendations from the Grenfell Tower Inquiry will continue to be a priority. BFRS has made some significant steps to improve the collaborative work it undertakes both internally and externally and this is reflected in the extensive work being undertaken to meet the demands of the inquiry as well as the learning points that have come out of identified areas for improvement.

**Overview and Audit Committee Forward Plan 2022/23**

**ITEM 16**

Item	Reporting Date	Recommended Action	Lead Officer
Internal Audit Reports (a) Final Audit Reports (b) Update on Progress of the Annual Audit Plan (c) Update on Progress of Audit Recommendations	July 2022	Noting	Internal Audit Manager and Director of Finance and Assets
HMICFRS Action Plan	July 2022	Noting	Head of Prevention, Response and Resilience
Annual Governance Statement	July 2022	Noting	Director of Legal and Governance
Corporate Risk Management	July 2022	Decision	Director of Legal and Governance
Operational Assurance Improvement Plan	July 2022	Noting	Head of Protection, Assurance and Development
Prevention Improvement Plan	July 2022	Noting	Head of Prevention, Response and Resilience
Treasury Management Performance	July 2022	Noting	Director of Finance and Assets

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