

Public Document Pack



BEDFORDSHIRE FIRE AND RESCUE AUTHORITY

Members of Audit and Standards Committee.

Bedford Borough Councillors: M Headley

Central Bedfordshire Councillors: F Chapman, J Chatterley, P Downing and P Duckett

Luton Borough Councillors: Y Waheed

A meeting of **Audit and Standards Committee** will be held at **Conference Room, Fire and Rescue Service Headquarters, Kempston, Bedford MK42 7NR** on **Friday, 6 July 2018** starting at **10.00 am**.

John Atkinson
Secretary/Monitoring Officer

A G E N D A

Item	Subject	Lead	Purpose of Discussion
1.	Apologies		
2.	Election of Vice Chair	Chair	
3.	Declarations of Disclosable Pecuniary and Other Interests		Members are requested to disclose the existence and nature of any disclosable pecuniary interest and any other interests as required by the Fire Authority's Code of Conduct (see note below).
4.	Communications		(Pages 3 - 18)
5.	Minutes		To confirm minutes of the meeting held on 28 March 2018 (Pages 19 - 26)
6.	Review of Terms of Reference	Secretary/Monitoring Officer	To consider a report (Pages 27 - 32)
7.	Annual Audit Fees 2018/19	Ernst & Young	To consider a report (Pages 33 - 38)
8.	Internal Audit Annual Report	RSM	To consider a report (Pages 39 - 52)

Item	Subject	Lead	Purpose of Discussion
9.	Internal Audit Progress Report	RSM	To consider a report (Pages 53 - 60)
10.	Audit Results Report - Results of 2017/18 audit including any matters outstanding	Ernst & Young	To consider a report (Pages 61 - 106)
11.	Draft 2017/18 Annual Governance Statement, Statement of Accounts and Letter of Representation	HFT	To consider a report (Pages 107 - 218)
12.	Audit and Governance Action Plan Monitoring - Exception Report and Summary Analysis	ACO	To consider a report (Pages 219 - 224)
13.	Review of Code of Conduct and Annual Report on Standards	Secretary/Monitoring Officer	To consider a report (Pages 225 - 226)
14.	Corporate Risk Register	HSDA	To consider a report (Pages 227 - 232)
15.	Review of Work Programme 2018/19	ACO	To consider a report (Pages 233 - 238)
	Next Meeting		10.00 am on 25 September 2018 at Conference Room, Fire and Rescue Service Headquarters, Kempston, Bedford MK42 7NR

DECLARATIONS OF INTEREST

From 1 July 2012 new regulations were introduced on Disclosable Pecuniary Interests (DPIs). The interests are set out in the Schedule to the Code of Conduct adopted by the Fire Authority on 28 June 2012. Members are statutorily required to notify the Monitoring Officer (MO) of any such interest which they, or a spouse or civil partner or a person they live with as such, have where they know of the interest.

A Member must make a verbal declaration of the existence and nature of any Disclosable Pecuniary Interest and any other interest as defined in paragraph 7 of the Fire Authority's Code of Conduct at any meeting of the Fire Authority, a Committee (or Sub-Committee) at which the Member is present and, in the case of a DPI, withdraw from participating in the meeting where an item of business which affects or relates to the subject matter of that interest is under consideration, at or before the consideration of the item of business or as soon as the interest becomes apparent.

Emergency services sector update



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Introduction

Welcome to our latest emergency services sector briefing, providing insight on recent developments and publications affecting the sector.

A central theme overarching both police and fire and rescue services is inspections. Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) has consulted key stakeholders on the content of the proposed inspection programmes. Whilst the police inspection framework will have a greater focus on risk, HMICFRS for the first time will carry out inspections across fire and rescue services in England. This replaces the peer review system that had been in place whereby fire and rescue services inspected each other.

In terms of police inspections, there remains a clear focus on effectiveness, efficiency and legitimacy programmes (PEEL), whilst it is proposed that inspections do not occur at various points in the year moving forwards and instead, take place annually. We follow with interest the outcomes of both consultations and what the 2018/19 inspection landscape holds for police and fire and rescue services. We will of course provide further updates in our future editions.

The sector continues to publish some insightful and informative literature. We cover police funding and HMICFRS' national overview reports on police leadership and legitimacy. Given the changes proposed to the inspection framework it will be interesting to see what impact this may have on the outcome PEEL reports next year, and whether effective comparisons will indeed be able to be made.

In looking specifically at fire, we cover the Revised Fire and Rescue National Framework, incident response times and attacks on firefighters.

We hope you find this update a useful source of insight. As ever, if you have any queries, or have any suggestions for topics for future editions, please contact either myself, or your usual RSM contact and we will be delighted to help.

Daniel Harris

National Head of Emergency Services and Local Government

Police and fire

Inspection programmes

Reflecting HMICFRS' enhanced remit, the inspectorate has consulted on a proposed 2018/19 inspection programme for the police and the fire and rescue service (FRS). HMICFRS will now focus its attention on the 'efficiency and effectiveness' of both police forces and FRSs. Under the methodology, both services will be judged as 'outstanding, good, requires improvement or inadequate.'

Policing inspection programme and framework

PEEL assessments will continue to underpin HMICFRS' inspection approach and remain focused on effectiveness, efficiency and legitimacy. However, HMICFRS proposes to introduce an 'integrated approach' to focus on elements of policing that are seen as representing the greatest risk to public safety. Under this reformed approach, the inspectorate will undertake fieldwork only once during the year, and will rely on existing information held on each force but will also utilise information contained within force management statements (FMSs). It is HMICFRS' intention that police forces provide their first FMS in May 2018.

Questions for committee's consideration

Will your Force Management Statement support the HMICFRS on PEEL?

As in previous years, a programme of national thematic inspections will take place, providing 'in-depth examinations' of particular policing matters. Some components of the proposed thematic inspections may be combined with the PEEL inspection programme and the Criminal Justice Joint Inspection Plan. Planned thematic inspections include 'hate crime, counter-terrorism, fraud... older people in the criminal justice system, cyber-crime and HMICFRS rolling programmes concerning child protection and crime data integrity.'

A super-compliant is: 'a complaint made to HM Chief Inspector of Constabulary, that a feature, or combination of features, of policing... by one or more than one police force is, or appears to be, significantly harming the interests of the public.'

Super-complaints were established under the Policing and Crime Act 2017. Whilst secondary legislation is still required, only 'a body designated by the Home Secretary may make a super complaint.' HMICFRS anticipate working collaboratively with the College of Policing and the Independent Office for Police Conduct to agree on the action taken once a super-compliant has been made. HMICFRS may also choose to undertake a further inspection.

Fire and rescue service inspection programme and framework

HMICFRS has also consulted on a proposed inspection programme and framework for 2018/19, following the decision to create an 'independent inspection regime for fire and rescue authorities.' HMICFRS will inspect all 45 FRSs in England, assessing:

- operational services;
- service efficiency; and
- organisational effectiveness.

Each service inspected will be graded on three principle questions (relating to efficiency, effectiveness and people) that underpin the overall inspection programme. For each service, HMICFRS may choose to provide an overall judgement, yet this approach is to be piloted.

As part of the inspections, HMICFRS will take into account the content of each FRSS integrated risk management plan and if evidence is identified that 'decisions and activities of those within the fire and rescue authority, police, fire and crime commissioner, locally elected mayors and, in London, the Mayor's Office inhibit the efficiency and effectiveness of the chief fire officer' the inspectorate may undertake a standalone corporate governance inspection.

Inspections will commence in the summer. Following completion of inspections of all 45 services HMICFRS will publish a report identifying the outcomes.

Questions for committee's consideration

Have you considered the resource requirements of the new inspection arrangements?

What plans do you have in place to collate the information that will be requested?

Have you talked to police colleagues about how they deal with the inspections?

Do you have effective or automated mechanisms to track the actions that arise from the inspection?



Police

Police funding

On 19 December 2017, Amber Rudd, Home Secretary, announced a £450m increase in police funding across England and Wales. Amber Rudd states that 'taxpayers will invest more money in forces because the work our officers do to protect us is absolutely vital, and we recognise demand is changing.'

- As part of the settlement, police and crime commissioners (PCCs) will be allowed to 'raise precept contributions by up to £1 a month for a typical household. Together, this will mean force budgets will increase by up to £270 million nationally.'
- Counter terrorism police funding will increase to £757m, a rise of 7 per cent (approximately £50m), to make sure the service has the resources needed to respond and safeguard the public.
- £130m will be allocated for special grants, which will support forces to meet unexpected costs.
- There will be access to a £175m police transformation fund for police forces.

Questions for committee's considerations

Have you considered what bids you could put forward to the transformation fund?

If any bids are unsuccessful, does your bid writing methodology need review?

The Home Office also intends to increase clarity around police reserves, which are understood to range from between 7 per cent and 42 per cent of forces' annual funding. Police forces had held over £1.6bn usable reserves in March 2017; moving forward the Home Office plans to publish data on all PCCs' reserves and introduce new guidance that requires PCC's to publish clearer information.

For planning purposes, the Home Office anticipates allocating the same settlement for 2018/19 to 2019/20, but only if significant productivity and efficiency progress is made by police.

On 7 February 2018 'The Police Grant Report (England and Wales) 2018/19' was put forward to Parliament for approval by Nick Hurd, Minister for Policing and Fire Services. Ultimately, the debate resulted in a majority vote that was in favour of the grant provisions.

A national overview of police leadership

Forming part of the PEEL inspection programme, HMICFRS has published its national report on police leadership. The 2017 leadership inspection centred upon four core themes: 'fair and ethical leadership'; 'overseeing cultural change'; 'workforce development'; and 'taking effective action.' Overall, there are many examples demonstrating positive outcomes, albeit there remain some areas where further improvement is required. Key findings include:

- a commitment by police leaders to improvement, creating a culture that supports ethical behaviour and wellbeing and where vulnerable people are protected;
- a number of good examples were noted where wellbeing was a key factor in organisational decisions yet HMICFRS states that forces should ensure their efforts in this area are having the intended impact;
- increased resources and a greater commitment to supporting vulnerable people has been demonstrated yet more work is required. Particularly around improving workforce skill and capability;
- feedback mechanisms are increasingly important in generating innovative approaches and most forces incorporate some kind of annual staff survey;
- succession planning is a key area where focus is required. Forces are encouraged to improve their processes around identifying their future leaders;
- forces need to gain a greater understanding of their workforce's skills and leadership styles, to enable them to plan more effectively; and
- improvement is required in the use of 'performance and development review processes.'

Questions for committee's considerations

Covering this section and police legitimacy, have you considered the outcomes of the reviews for your force and what assurance(s) do you receive for these areas?

A national overview of police legitimacy

HMICFRS has published a report on the legitimacy of police forces in 2017 as part of its annual PEEL inspections. The legitimacy inspection looked at and graded forces on: the extent to which forces treat people with fairness and respect; how they ensure their workforces act ethically and lawfully; and to what extent 'forces treat their workforces with fairness and respect.'

Overall, one force was graded as outstanding, 35 as good, six as requires improvements, while no forces were graded as inadequate. This is largely consistent with 2016's overall legitimacy judgements.

HMICFRS were pleased to see that police leaders are continuing to possess a clear understanding of the importance of fairness and respect in their dealings with the public. The inspectorate was also pleased to see that workforces considering ethics during decision making was a factor becoming more prevalent, while it was pleasing to see that forces continue to show improvements on the degree to which the workforce reflects community diversity and in understanding the importance of wellbeing.

However, there are some areas that require further enhancement, including complying with national vetting policy, performance management of both officers and staff and access for officers and staff to wellbeing provision and support. HMICFRS also states that despite some improvements, there needs to be more work done on addressing the effectiveness of stop and search recording.

Questions for committee's considerations

What assurances do the Audit Committee receive around the completeness of stop and search information?

Workforce data

The Home Office has released statistics on police workforce numbers in the 43 police forces in England and Wales as at 30 September 2017. Key figures include:

- there were a total of 121,929 police officers across forces, representing a decline from 122,859 in September 2016;
- between 30 September 2017 and 30 September 2016, the number of community support officers reduced from 10,551 to 10,056 and special constables reduced from 14,864 to 12,601;
- the number of police staff has increased by 2 per cent, from 60,795 in 2016 to 62,031 in 2017;
- a total of 42,604 cases were assessed following complaints from the public. Of this figure, 3,243 cases were then 'investigated as misconduct or gross misconduct'; and
- as of 31 March 2017, 195 criminal investigations were held against police officers and staff of which 108 police officers and 22 police staff were found guilty.

PCCs call for action to improve police misconduct system

The Association of Police and Crime Commissioners (APCC) has published a review of Legally Qualified Chairs (LQCs) and misconduct hearings. A survey based on 'perception and experience of the misconduct system' was sent out to LQCs, Professional Standards Departments (PSDs) and Offices for Police and Crime Commissioners (OPCCs) with each survey being specifically tailored to each of the three groups. The survey sought to understand which components of the new system are working well and which were poorly understood.

Overall, although the misconduct system is functioning efficiently, the survey results highlighted several issues of concern whereby improvement is required, including: 'a desire for more guidance about how the current system should operate,' 'the need for more detailed parameters setting out the LQC role and their interface with PSDs in the complaints and conduct system' and 'indemnity and data protection responsibilities for LQCs.' Following each of the issues put forward, the APCC has made multiple recommendations.

Questions for committee's considerations

Have you reviewed the results of the survey?

Does the AC need to see regular assurance on progress against the recommendations or are they assured a process is in place?

Public perceptions of policing

HMICFRS appointed Ipsos MORI to carry out research to assess public perceptions of policing in their local areas. The survey was conducted between 21 July and 15 August 2017. 12,662 people aged 16 and over across England and Wales participated in the research. Key findings were:

- 30 per cent of respondents believed that crime and anti-social behaviour were 'a big problem' within their local area, an increase from 23 per cent in 2016;
- 73 per cent consider online crime to be a problem, a decline from 82 per cent in 2016;
- 71 per cent of respondents believed the police to be 'very' or 'fairly' effective when responding to emergencies;
- 55 per cent of people were either 'very' or 'fairly' confident in the police to safeguard when dealing with terrorist related incidents, an increase from 46 per cent in 2016;
- 53 per cent of people were content with their police service, broadly consistent with last year, while 60 per cent consider the service provided by the police to be 'unchanged' and 25 per cent believe that the service has deteriorated;
- participants felt that police should prioritise 'responding to emergencies' (67 per cent), 'tackling crime of all types' (63 per cent) and 'countering terrorism and extremism' (56 per cent); and

- there are more people interested in what the police are doing – 80 per cent of respondents reported to be interested in police work, compared to 75 per cent in 2016. However, the number of people who felt well-informed was considerably lower than the number of people who expressed interest.

Questions for committee's considerations

Do these results reflect your organisation/area?

Do you understand local perceptions?

What assurance are you getting on improving police perception in your area?

Are the results of the survey in line with the aims in your Police and Crime Plan?

Police chief officer pay and remuneration

The Home Office and the police have collectively set out a group of measures to address 'areas of inconsistency and concern around chief officer employment.' The measures include a 'standardised 35 days annual leave policy' which will be put in force by the Home Office 'following agreement between police leaders.' A police-led system is also to be introduced to examine employment as soon as chief officers leave their force. Nick Hurd, Minister for Policing and the Fire Service, stated 'I am pleased that police leaders have worked with the Home Office to come forward with proposals to bring greater clarity and accountability to chief officer annual leave and post service employment.'





Fire

Revised Fire and Rescue National Framework

The Home Office has consulted upon a revised Fire and Rescue National Framework, designed to replace the existing 2012 version. The Framework reflects the Policing and Crime Act 2017 regarding collaboration across the emergency services and changes to governance structures. It also reflects the new inspectorate, HMICFRS, and the establishment of the National Fire Chiefs Council.

The Framework sets out core priorities and objectives for fire and rescue authorities. Under the Fire and Rescue Services Act 2004, the Framework may include guidance to fire and rescue authorities, or any other matter the Secretary of State deems appropriate.

The priorities for fire and rescue authorities include:

- identifying and assessing foreseeable fire and rescue related risks;
- developing suitable provisions for fire prevention and response to fire and rescue related risks;
- working with emergency services to increase effectiveness and efficiency of service provision;
- be accountable to the local community, for whom services are provided; and
- growing a workforce that is 'resilient, skilled, flexible and diverse.'

Questions for committee's consideration

Have you revised your integrated risk management plan in line with the framework and are you covering all the priorities above?

Will you have the revised plan approved and in place from April 2018?

Each fire and rescue authority must produce an integrated risk management plan and is expected to have governance and accountability arrangements to cover issues such as financial management. The new framework is expected to come into effect from April 2018.

Response times

The Home Office has released statistics on England's FRSs average response times to fires between April 2016 to March 2017. Response times refer to the duration it takes the first vehicle to arrive on the scene of the incident from the initial time of call. Key statistics include:

- the 'average response time to primary fires' was eight minutes and 44 seconds, three seconds slower than the previous year;
- 'average response time to secondary fires' was nine minutes and eight seconds, a decrease of five seconds compared to 2015/16;
- with relation to dwelling fires, average response times to flats was six minutes 55 seconds, which 'probably reflects that most flats are in urban locations and generally within closer proximity to a fire station than rural dwellings.' Average response time to houses/bungalows was eight minutes six seconds and to 'other dwellings' seven minutes 42 seconds;
- there was a decrease in the average response time to primary fires in 19 of the 45 fire and rescue authorities (FRAs), while 20 FRAs 'showed an increase' and six FRAs showed little or no change;
- FRAs in predominantly urban areas tend to have a lower average response time (seven minutes 43 seconds) than those in predominantly rural areas (10 minutes and 37 seconds); and
- there has been an increase of six seconds (from the previous year), to seven minutes 40 seconds in average response times to dwelling fires involving casualties.

Questions for committee's consideration

How do you compare?

Are there any outliers for your FRS that need further investigation and action?

Non-fire incident statistics

The Home Office has published statistics on non-fire incidents attended by FRS in England between April 2016 to March 2017. The publication states that between 1999/00 and 2014/15 there had been a decreasing trend in the number of non-fire incidents. Since that time, data reveals 'two large year-on-year increases' with incidents rising to 173,759 in 2016/17. This may be a result of an increase in the number of FRS whom attend medical related incidents and 'in particular medical co-responding.'

Of the 559,000 total incidents recorded in 2016/17, 31 per cent were made up of FRS attending non-fire incidents, 29 per cent was made up of FRS attending fires and 40 per cent accounted for fire false alarms.

There has been a 193 per cent increase in the number of fatalities from non-fire incidents between 2014/15 to 2016/17, while non-fatal casualties have also increased during the same period. Both increases are due to the rise in incidents that are medical related. In 2016/17 37,291 medical co-responding incidents were attended, representing an increase of 163 per cent on 2014/15.

Between 2014/15 and 2016/17, across all types of non-fire related incidents, there has been an increase in the number of fatalities except for those falling within the 'Road Traffic Collisions and other transport' category.

Up until 2014/15, non-fire false alarms had been steadily decreasing but since that time have remained stable. Malicious false alarms have decreased from 5 per cent in 2011/12 to 3 per cent in 2016/17 whereas the proportion of false alarms made in good intent have been slowly increasing.

Attacks on firefighters

For the period April 2016 to March 2017, the Home Office has released statistics on the 'number of incidents involving an attack on firefighters' and the number of firefighters whom sustained injuries as a result. Attacks recorded included 'harassment', 'verbal and physical abuse' and 'other acts of aggression.'

During 2016/17, there was a total of 738 incidents that had involved firefighters being attacked (of which resulted in 56 injuries, four of which were serious requiring hospital stay. This is an increase from last year's 622 incidents. Of the total number of incidents attended by FRS, 0.1 per cent had involved an attack on firefighters.

The most common types of attack in 2016/17 was that of verbal abuse, where 403 incidents were recorded (55 per cent). There were 206 incidents (28 per cent) 'involving objects being thrown at firefighters and/or appliances', 44 incidents of physical abuse (6 per cent), 18 incidents of harassment (2 per cent) and 64 incidents of other types of aggression (9 per cent). Roy Wilsher, Chair of the National Fire Chiefs Council stated, 'it is shocking that firefighters who are attending incidents are being attacked while doing their jobs. I am also deeply concerned by the number of attacks on our emergency service paramedic and police colleagues.'

Questions for committee's consideration

Do you have clear policies and procedures for firefighters to be aware of for dealing with attacks on firefighters?



Sources of further information

HMICFRS

HMICFRS policing inspection programme and framework

<https://www.justiceinspectorates.gov.uk/hmicfrs/publications/hmicfrs-2018-19-inspection-programme-and-framework-for-consultation/>

HMICFRS

HMICFRS fire and rescue services inspection consultation

<https://www.justiceinspectorates.gov.uk/hmicfrs/news/news-feed/hmicfrs-launches-consultation/>

Home Office

Police funding increases by £450 million in 2018

<https://www.gov.uk/government/news/police-funding-increases-by-450-million-in-2018>

Home Office

Police grants in England and Wales: 2018 to 2019

<https://www.gov.uk/government/publications/police-grants-in-england-and-wales-2018-to-2019>

Parliament

MPs debate police grant and local government finance reports

<https://www.parliament.uk/business/news/2018/february/mps-debate-police-grant-and-local-government-finance-reports/>

HMICFRS

PEEL: Police leadership 2017

<https://www.justiceinspectorates.gov.uk/hmicfrs/publications/peel-police-leadership-2017/>

HMICFRS

A national overview of police legitimacy

<https://www.justiceinspectorates.gov.uk/hmicfrs/publications/peel-police-legitimacy-2017/>

Home Office

Police workforce, England and Wales, 30 September 2017

<https://www.gov.uk/government/statistics/police-workforce-england-and-wales-30-september-2017>

Association of Police and Crime Commissioners

PCCs call for action to improve police misconduct system

http://www.apccs.police.uk/latest_news/pccs-call-action-improve-police-misconduct-system/

HMICFRS

Public views of policing in England and Wales 2017/18

<https://www.justiceinspectorates.gov.uk/hmicfrs/news/news-feed/terrorist-incidents-see-rise-in-confidence-in-the-police/>

Police.UK

Home Office publishes police chief officer pay and remuneration information on police.uk

<https://www.police.uk/news/home-office-publishes-police-chief-officer-pay-and-remuneration-information-policeuk/>

Home Office

Revised Fire and Rescue National Framework

<https://www.gov.uk/government/consultations/a-revised-fire-and-rescue-national-framework-for-england>

Home Office

Response times to fires attended by fire and rescue services: England, April 2016 to March 2017

<https://www.gov.uk/government/statistics/response-times-to-fires-attended-by-fire-and-rescue-services-england-april-2016-to-march-2017>

Home Office

Detailed analysis of non-fire incidents attended by fire and rescue services, England April 2016 to March 2017

<https://www.gov.uk/government/statistics/detailed-analysis-of-non-fire-incidents-england-april-2016-to-march-2017>

National Fire Chiefs Council

Home Office statistics show shocking number of attacks on firefighters

<https://www.nationalfirechiefs.org.uk/News/home-office-statistics-show-shocking-number-of-attacks-on-firefighters/188570>



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For Publication

Bedfordshire Fire and Rescue Authority
Audit and Standards Committee
6 July 2018
Item No. 5

MINUTES OF AUDIT AND STANDARDS COMMITTEE MEETING HELD ON 28 MARCH 2018

Present: Councillors F Chapman (Chair), J Chatterley, P Duckett, D Franks,
M Headley (Vice-Chair), R Saleem and Y Waheed

Mr J Atkinson, ACO Z Evans, AC D Cook and Mr G Chambers

Ms K Storey, Ernst & Young

Ms L Davis, RSM

17-18/ASC/43 Apologies

43.1 Apologies were received from Councillor Chapman for arriving late to the meeting. Councillor Headley chaired the meeting for Items 1 to 5 only.

17-18/ASC/44 Declarations of Disclosable Pecuniary and Other Interests

44.1 There were no disclosures of pecuniary or other interests.

17-18/ASC/45 Communications

45.1 The Assistant Chief Officer provided a communications update report, and outlined various sections of the report that were useful for Members to note. In particular the Assistant Chief Officer guided Members of the Committee to page 10 of the report which provided a progress update in regards to the revised Fire and Rescue National Framework for England, as well as the HMICFRS consultation on fire and rescue services inspection. She advised that the Service were to be inspected in July 2018, and that a lot of work had been done in preparation for this. Furthermore, page 11 had offered information in regards to the re-engagement of senior fire officers after their retirement. With regards to GDPR, RSM had been appointed to assess the current position and to provide a plan prioritising actions going forward. This will be reported back to Corporate Services when it had been completed.

45.2 In response to questions from Members of the Committee, the following information was provided:

- No political balance clarity had yet been provided in regards to enabling Police and Crime Commissioners to sit and vote on Combined Fire and Rescue Authorities. The Secretary and Monitoring Officer had written to the Home Office regarding this matter; however, a response was still outstanding;

- A report on the implementation of the new General Data Protection Regulation (GDPR), which was due to come into effect from 25 May 2018, was to go to a future Corporate Services meeting; and
- The faster closure for the accounts was on track and was proving to be successful. The accounts were to be passed to the Auditors in April 2018 and the timetable was being adhered to.

RESOLVED:

That the communications be received.

17-18/ASC/46 Minutes

RESOLVED:

That the Minutes of the meeting held on 6 December 2017 be confirmed and signed as a true record.

17-18/ASC/47 External Progress Report 2017/18

- 47.1 Ms K Storey of Ernst & Young reported on the work Ernst & Young had undertaken since their appointment as external auditor to the year ending 31 March 2018. She reported that good progress had been made and that there were no matters arising. Furthermore, there was considered to be no significant risk in regards to the value for money conclusion.
- 47.2 In response to a question from a Member of the Committee in regards to payroll starters and leavers, Ms K Storey of Ernst & Young advised that interim work was being conducted and that they were working hard to obtain the relevant information. This included uploading documentation onto the audit file system.

RESOLVED:

That the External Audit Progress Report for 2017/18 be noted.

17-18/ASC/48 External Audit Plan 2017/18

- 48.1 Ms K Storey of Ernst & Young provided the 2017/2018 External Audit Plan produced by Ernst & Young, and advised that this was a report that came to the Committee every year. She reported that the areas of risk/focus ascertained had included risk of management override (considered to be a significant risk/fraud), property, plant and equipment valuations (considered to be an 'other risk' due to the size and numbers upon valuation of land/buildings), and pension valuation and disclosures (considered to be a high inherent risk due to large numbers). The Plan further highlighted 'Materiality' which had been set at £0.583 million, with 'Performance Materiality' having been set at £0.437 million (representing 75% of the Authorities planning materiality). The Performance Materiality was being shared with audit clients as it had shown lower, risks which may have needed to be considered. In addition, she confirmed that the Materiality Firefighters' Pension and Fund account was at lower levels than Materiality.
- 48.2 Ms K Storey further advised that the Plan had outlined value for money and that this was not considered to be a significant risk due to reserves that were in place, as well as the audit timeline. The audit timeline had the possibility of increasing staff pressures; however, members of staff were working hard to keep to the outlined timeframes, but

she advised that if the accounts were not produced in time the timeline may need to be adjusted.

48.3 In response to questions from Members of the Committee, the following information was provided:

- The high Materiality figures were usual and anything over £20,000 had to be reported;
- It was anticipated that the timeline was achievable; and
- There had been an increase in the scale fee as additional work had been undertaken by Ernst & Young. A breakdown of this had been obtained and it was considered to be reasonable due to the increased workload.

RESOLVED:

That the report be received.

17-18/ASC/49 Internal Audit Progress Report

49.1 Ms L Davis of RSM reported on the progress made against the Internal Audit Plan for 2017/18. She reported that two further reports had been finalised and that two reports had been drafted. Ms L Davis of RSM believed that a positive opinion was to be obtained and that she did not expect any additional matters to arise.

RESOLVED:

That the report be received.

17-18/ASC/50 Internal Audit Strategy 2018/19 to 2020/21

50.1 Ms L Davis of RSM provided a report by RSM on the approach to developing the Fire and Rescue Authority's Internal Audit Strategy for 2018/19 to 2020/21. A plan for 2018/19 was appended to the report and approval was being sought for this financial year. She reported that the Plan had been developed in conjunction with the Management Team and that page 93 of the appended report had outlined the strategy specifically for 2018/19.

50.2 In response to questions from Members of the Committee, the Assistant Chief Officer and Ms L Davis of RSM jointly provided the following information:

- The Internal Audit Strategy was to be continuously reviewed so that priorities could be ascertained as and when they arose. Furthermore, discussions were to take place next year to identify what was to be included in the Plan for 2019/20, as well as ensure any knock on affects from the previous year were incorporated. It was recognised that the Plan was quite heavy; however it was felt that it was important not to lose sight of any of the focus areas;
- At the time of this Committee meeting Members were to consider the set plan for year 2018/19. The three year plan was to offer more flexibility so that risks could be adjusted where necessary; and
- The GDPR had already been addressed in the Strategy in 2017/18 (page 97 of the appended reported referred).

50.3 Although the majority of the Committee voted to approve the Internal Audit Strategy for 2018/19, one Member expressed their unease voting for the three year plan and voted against the decision to approve this.

RESOLVED:

That the Internal Audit Strategy for 2018/19 be approved.

17-18/ASC/51 Audit and Governance Action Plan Monitoring - Exception Report and Summary Analysis

51.1 The Assistant Chief Officer provided a summary statistical analysis of actions that had arisen from internal audit reports over the last three financial years, as well as from the Fire and Rescue Authority's current Annual Governance Statement; together with an exception report on those actions that were in progress. She referred Members of the Committee to the appended reports and advised that four actions were being progressed, all of which were of a low status. She stated that there was nothing to flag at the time of this meeting.

RESOLVED:

That the report be received.

17-18/ASC/52 Review of the Code of Conduct

52.1 The Secretary and Monitoring Officer presented a report proposing some changes to the Fire and Rescue Authority's Code of Conduct. At its last meeting, the Committee had asked him to undertake a review of the Code of Conduct, with particular attention to be paid to the section on interests, and to ascertain if there were any areas of the Code that could be amalgamated so that a more streamlined document could be produced, as well as to include paragraphs in the illustrative text that had been produced by the Government. The Secretary and Monitoring Officer directed Members of the Committee to paragraphs 4.2, 4.3, 4.9, 4.15 and 7.2 (including 7.2.1 and 7.2.2) of the revised Code, as these outlined the specific amendments that were recommended.

52.2 Members agreed that the proposed amendments were an improvement to the previous version of the Code of Conduct; however, the word 'improperly' was to be added to paragraph 4.2 and was to read "... *or act improperly to gain financial or other material benefits for themselves, their family, a friend or close associate.*" As well as to paragraph 4.3, which was to read "...*that might seek to influence them improperly in the performance of their official duties.*"

RESOLVED:

That the revised Code of Conduct be recommended to the Authority for approval, subject to the minor amendments outlined above.

17-18/ASC/53 Annual Review of the Fire Authority's Effectiveness

53.1 The Assistant Chief Officer provided a report in regards to the outcome of the 2017/18 Review of the Fire and Rescue Authority's Effectiveness, which had included any identified areas for improvement and agreed actions for the coming year, together with a record of Members' attendance at meetings. She reported that the Fire and Rescue Authority's three Policy and Challenge Groups, and this Committee had each conducted

a review of their own effectiveness against their Terms of Reference (TOR) and that three overarching questions were considered and included:

- i. Did the Group consider that they had been effective and discharged their responsibility in regard to the Group's TOR.
- ii. Having taken into consideration the Group's TOR were there any areas that had not been considered and should have been addressed.
- iii. Did the Group consider any training and development which would have assisted them with the areas of work of the Group.

53.2 She referred Members of the Committee to points 2.2.1 to 2.2.4 of the report which outlined discussions that had taken place by the Groups, and reported that where recommendations were put forward these had been incorporated into the action plan.

53.3 In regards to Members' attendance to meetings, the Assistant Chief Officer stated that the station visit due to take place in Woburn had been scheduled for 10 April 2018. A Member of the Committee raised concerns with regards to the late notification of the Woburn Station visit and inquired as to why this had occurred. The Assistant Chief Officer advised that she was not aware of why this visit had not been set and was to find out why late notice had been given to Members as plenty of time was usually given. She further stated that a lot of work was conducted by Democratic Services to ascertain dates for visits and to provide notification of these visits working alongside diary commitments for neighbouring Authorities. However, she recognised that there could be occurrences when dates would need to be rescheduled.

53.4 In addition, at the bottom of page 140 of the Record of Member Attendance for Station Visits 2017/18 report it stated that *"Confirmation of attendance at Harrold and Biggleswade Station visits was not received by Democratic Services, therefore it has been assumed Members attended unless apologies were received prior to the visit"*. Members of the Committee felt that this note should be removed as it potentially provided misleading information. It was believed that if attendance was not known the relevant section was to be left blank. The Assistant Chief Officer was to look into this matter further to ascertain why attendance could not be identified.

RESOLVED:

1. That the 2017/18 Review of Effectiveness and associated action plan be received and be approved, including its incorporation into the Annual Governance Statement.
2. That the Assistant Chief Officer be requested to look into why Members were notified about the Woburn Station visit at a late stage, as well as put in place procedures to ensure Members of this Committee were notified of forthcoming visits within a timely manner.
3. That the Assistant Chief Officer be requested to establish why Member attendance to the Harrold and Biggleswade Station visits could not be wholly identified.

17-18/ASC/54 Review of Work Programme 2018/19

RESOLVED:

That the Committee's Work Programme for 2017/18 be received.

17-18/ASC/55 Review of BFRS Corporate Risk Register

RESOLVED:

That, pursuant to Sections 100A (2) and 100A (4) of the Local Government Act 1972, the public be excluded from the remainder of the meeting on the grounds that consideration of the

following items of business is likely to involve the disclosure of exempt information as defined in Paragraphs 3 of Part 1 of Schedule 12A to the Act (as amended):

Item

Review of BFRS Corporate Risk Register

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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For Publication

**Bedfordshire Fire and Rescue Authority
Audit and Standards Committee
6 July 2018
Item No. 6**

REPORT AUTHOR: SECRETARY/MONITORING OFFICER

SUBJECT: TERMS OF REFERENCE

For further information on this Report contact: Nicky Upton
Democratic and Regulatory Services Supervisor
Tel No: 01234 845149

Background Papers: None

Implications (tick ✓):

LEGAL		FINANCIAL	
HUMAN RESOURCES		EQUALITY IMPACT	
ENVIRONMENTAL		POLICY	
CORPORATE RISK	Known	OTHER (please specify)	
	New		
		CORE BRIEF	

Any implications affecting this report are noted at the end of the report.

PURPOSE:

To review the Terms of Reference for the Audit and Standards Committee.

RECOMMENDATIONS:

That:

1. Members consider the Terms of Reference for the Audit and Standards Committee and recommend any changes for 2018/19 to the Fire Authority.

1. Introduction

1.1 The Audit and Standards Committee has been established to ensure that the following areas of the Fire and Rescue Service are functioning efficiently and effectively, challenging areas of under performance as required and approving any associated policy as necessary:

- Audit Activity
- Regulatory Framework

- Accounts
- Standards

2. Terms of Reference

- 2.1 The Terms of Reference for the Audit and Standards Committee were last revised in February 2017 and are appended to this report.
- 2.2 Members are asked to consider the current Terms of Reference and recommend any changes required for 2018/19 to the Fire and Rescue Authority
- 2.3 The Risk Audit completed in April 2018 recommended that the Terms of References of the Policy and Challenge Groups and the Audit and Standards Committee should be updated to include a next review date/review.
- 2.4 The Terms of Reference may need to be reviewed further following any recommendations from the Governance Audit.

J ATKINSON
SECRETARY/MONITORING OFFICER

BEDFORDSHIRE FIRE AND RESCUE AUTHORITY

AUDIT AND STANDARDS COMMITTEE

TERMS OF REFERENCE

The Committee has been established to ensure that the following areas of the Fire and Rescue Service are functioning efficiently and effectively, challenging areas of under performance as required and approving any associated policy or activity as necessary:

- Audit Activity
- Regulatory Framework
- Accounts
- Standards

Membership

The Group is to consist of those Members appointed by the Fire and Rescue Authority for the ensuing year or as determined by the Fire and Rescue Authority.

One Member, but not a member of the Executive, will be nominated as Chair of the Committee by the Fire and Rescue Authority (the Authority) at its annual meeting and another elected Member will be nominated as Vice Chair at the first Committee meeting held after the annual meeting.

Quorum

Business shall not be transacted at any meeting of the Committee unless at least one third of voting members are present and at least one member from two constituent authorities.

Support

The Group will be supported by the individual Principal Officer with responsibility for Corporate Services, the Authority's Treasurer, the Monitoring Officer, Head of Finance and Assistant Treasurer, and members of the Strategic Support Team.

Regularity of Meetings

The Committee is to meet a minimum of four times a year. Other meetings can be called when deemed necessary by any member of the Committee and following agreement with the Committee Chair.

Reporting

The Committee has delegated power to take certain decisions on behalf of the Fire and Rescue Authority as identified in the Terms of Reference. The Committee's minutes are submitted to the Fire and Rescue Authority under a covering report from the Committee's Chair with any decisions and recommendations.

Terms of Reference

Audit Activity

1. To consider reports and opinion from the Authority's Internal Auditors, and a summary of internal audit activity (actual and proposed) and the level of assurance they can give over the Authority's corporate governance arrangements.
2. To consider summaries of specific internal audit reports as requested.
3. To consider reports dealing with the management and performance of the providers of internal audit services.
4. To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale.
5. To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
6. To consider specific reports as agreed with the external auditor.
7. To comment on the scope and depth of external audit work and to ensure it gives value for money.
8. To commission work from internal and external audit.

Regulatory Framework

1. To maintain an overview of the Authority's constitution in respect of contract procedure rules, financial regulations and, subject to the terms of reference on standards below, codes of conduct and behaviour.
2. To review any issue referred to it by the Chief Fire Officer.
3. To monitor the Authority's policies on Whistleblowing, the Anti-fraud and Corruption Strategy and the Authority's Complaints Process.
4. To oversee the production of, and approve, the Authority's Annual Governance Statement on Internal Control and to approve the Fire Authority's Statement of Accounts.
5. To oversee the production of, and approve the Authority's Annual Statement of Assurance fulfilling the requirements as set out in the Fire and Rescue National Framework for England.
6. To consider the Authority's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.
7. To monitor the effective development and operation of corporate risk management including the annual review of the Authority's Strategic Risk Register.
8. ~~To consider the Authority's compliance with its own and other published standards and controls.~~

Accounts

1. To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Standards

1. To discharge the Authority's duty under the Localism Act 2011 of ensuring that its Members (and any co-opted Members) maintain high standards of conduct.
2. To advise the Authority on the operation of its Code of Conduct and on any changes to the Code (including its register of interests) that may be necessary or desirable.
3. To monitor the operation of the Authority's arrangements for dealing with standards allegations against Members under the Localism Act 2011 and to make any changes that may be necessary or desirable.
4. To receive regular reports on any standards allegations against Members.
5. The Monitoring Officer be authorised to take action on the advice of the Committee Chairman where it is necessary to appoint a Panel of Members to advise whether to investigate a complaint, or an Adjudication Committee to adjudicate upon a complaint following a finding of breach of the Code by a Member, or any other action in relation to the preparation for, or the hearing of, a matter by the Adjudication Committee.

Revised Terms of Reference and quorum arrangements agreed by the then CFA on 7 September 2011

Committee named changed from Audit Committee to Audit and Standards Committee with revised Terms of Reference agreed by the then CFA on 28 June 2012

Updated for change of Authority name – December 2012

Revised to separate membership from that of Corporate Services Policy and Challenge Group by FRA on 4 June 2013

Amendment to the Terms of Reference to include Item 5 under the Regulatory Framework agreed by the FRA on 11 December 2013

Reporting Statement included – FRA Meeting 21 July 2016

Eighth point under Regulatory Framework (to consider the Authority's compliance with its own and other published standards and controls) be removed as its intention is covered elsewhere in the terms of reference – Recommended by Audit and Standards Committee 8 December 2016 and agreed by FRA 9 February 2017.

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For Publication

**Bedfordshire Fire and Rescue Authority
Audit and Standards Committee
6 July 2018
Item No. 7**

REPORT AUTHOR: ASSISTANT CHIEF OFFICER (HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT)

SUBJECT: ANNUAL AUDIT FEES 2018/19

For further information on this report contact: Nicky Upton
Democratic and Regulatory Services Supervisor
Tel No: 01234 845149

Background Papers: None

Implications (tick ✓):

LEGAL			FINANCIAL	✓
HUMAN RESOURCES			EQUALITY IMPACT	
ENVIRONMENTAL			POLICY	
CORPORATE RISK	Known	✓	OTHER (please specify)	
	New		CORE BRIEF	

Any implications affecting this report are noted at the end of the report.

PURPOSE:

To receive and consider the external Annual Audit Fees 2018/19 Letter received from Ernst & Young.

RECOMMENDATION:

That Members consider the submitted external Annual Audit Fees for 2018/19 letter dated 17 April 2018.

1. Introduction

- 1.1 The submitted Annual Audit Fees letter provides the scale of fees for the audit that Ernst & Young propose to undertake for the 2018/19 financial year.

**ZOE EVANS
ASSISTANT CHIEF OFFICER (HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT)**

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Mr P Fuller
Chief Fire Officer
Bedfordshire Fire and Rescue Authority
Fire and Rescue Headquarters
Southfields Road
Kempston
Bedford MK42 7NR

17 April 2018

Ref: 201819/dh/ks

Email: DHanson@uk.ey.com

Dear Paul

Annual Audit 2018/19

We are writing to confirm the audit that we propose to undertake for the 2018/19 financial year at Bedfordshire Fire and Rescue Authority.

From 2018/19, new arrangements for local auditor appointment set out in the Local Audit and Accountability Act 2014 apply for principal local government and police bodies. These audited bodies are responsible for making their own arrangements for the audit of the accounts. Public Sector Audit Appointments Ltd (PSAA) has appointed auditors for bodies that have opted into the national scheme. Appointments were made for the duration of the five-year appointing period, covering the audits of the accounts for 2018/19 to 2022/23. Appointments for all bodies that had opted into the appointing person scheme before 31 December 2017 were confirmed, following consultation, in December 2017.

Indicative audit fee

For the 2018/19 financial year, PSAA has set the scale fee for each audited body that has opted into its national auditor appointment scheme. Following consultation on its Work Programme and Scale of Fees, PSAA has reduced the 2018/19 scale audit fee for all opted-in bodies by 23 per cent from the fees applicable for 2017/18.

The fee reflects the risk-based approach to audit planning set out in the National Audit Office's Code of Audit Practice for the audit of local public bodies.

The audit fee covers the:

- Audit of the financial statements
- Value for money conclusion
- Whole of Government accounts.

For Bedfordshire Fire and Rescue Authority our indicative fee is set at the scale fee level. This indicative fee is based on certain assumptions, including:

- The overall level of risk in relation to the audit of the financial statements is not significantly different from that of the prior year
- Officers meeting the agreed timetable of deliverables;
- Our accounts opinion and value for money conclusion being unqualified;
- Appropriate quality of documentation is provided by Bedfordshire Fire and Rescue Authority;
- There is an effective control environment; and
- Prompt responses are provided to our draft reports.

Meeting these assumptions will help ensure the delivery of our audit at the indicative audit fee which is set out in the table below.

As we have not yet completed our audit for 2017/18, our audit planning process for 2018/19 will continue as the year progresses. Fees will be reviewed and updated as necessary, within the parameters of our contract.

Summary of fees

	Indicative fee 2018/19 £	Planned fee 2017/18 £
Total Code audit fee	23,271	30,222

Any additional work that we may agree to undertake (outside of the Code of Audit Practice) will be separately negotiated and agreed with you in advance.

Billing

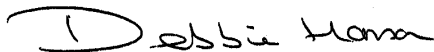
The indicative audit fee will be billed in 4 quarterly instalments of £5,818.

Audit plan

Our plan is expected to be issued in March 2019. This will communicate any significant financial statement risks identified, planned audit procedures to respond to those risks and any changes in fee. It will also set out the significant risks identified in relation to the value for money conclusion. Should we need to make any significant amendments to the audit fee during the course of the audit, we will discuss this in the first instance with the Treasurer and, if necessary, prepare a report outlining the reasons for the fee change for discussion with the Audit and Standards Committee.

We are committed to providing you with a high quality service. If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, please contact me as your Engagement Lead. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London, SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute.

Yours sincerely



Debbie Hanson
Associate Partner
For and on behalf of Ernst & Young LLP

cc. Gavin Chambers, Director of Finance
Councillor Fiona Chapman, Audit and Standards Committee Chair

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For Publication

**Bedfordshire Fire and Rescue Authority
Audit and Standards Committee
6 July 2018
Item No. 8**

REPORT AUTHOR: ASSISTANT CHIEF OFFICER (HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT)

SUBJECT: INTERNAL AUDIT ANNUAL REPORT 2017/18

For further information on this report contact: Karen Daniels
Service Assurance Manager
Tel No: 01234 845013

Background Papers:

RSM Strategy for Internal Audit
Bedfordshire Fire Authority 2017/18 to 2019/20

Implications (tick ✓):

LEGAL			FINANCIAL	
HUMAN RESOURCES			EQUALITY IMPACT	
ENVIRONMENTAL			POLICY	
CORPORATE RISK	Known	✓	OTHER (please specify)	
	New		CORE BRIEF	

Any implications affecting this report are noted at the end of the report.

PURPOSE:

To receive and consider an Annual report on progress made against the internal audit plan for 2017/18.

RECOMMENDATION:

That the submitted report be received.

1. Introduction

1.1 An internal audit plan for 2017/18 was agreed by this Committee at its meeting on 16 March 2017.

- 1.2 A report by RSM (previously Baker Tilly & RSM Tenon) on progress made against the internal audit plan for 2017/18 is appended for Members' consideration.

ZOE EVANS
ASSISTANT CHIEF OFFICER (HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT)



BEDFORDSHIRE FIRE AND RESCUE AUTHORITY

Annual Internal Audit Report 2017/2018

9 May 2018

This report is solely for the use of the persons to whom it is addressed.
To the fullest extent permitted by law, RSM Risk Assurance Services LLP
will accept no responsibility or liability in respect of this report to any other party.





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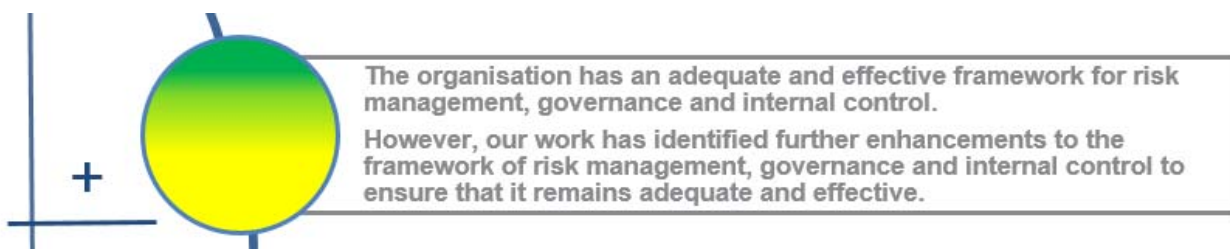
1 THE HEAD OF INTERNAL AUDIT OPINION

In accordance with Public Sector Internal Audit Standards, the head of internal audit is required to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes. The opinion should contribute to the organisation's annual governance statement.

1.1 The opinion

For the 12 months ended 31 March 2018, the head of internal audit opinion for Bedfordshire Fire and Rescue Authority is as follows:

Head of internal audit opinion 2017/18



Please see appendix A for the full range of annual opinions available to us in preparing this report and opinion.

1.2 Scope and limitations of our work

The formation of our opinion is achieved through a risk-based plan of work, agreed with management and approved by the audit and standards committee, our opinion is subject to inherent limitations, as detailed below:

- the opinion does not imply that internal audit has reviewed all risks and assurances relating to the organisation;
- the opinion is substantially derived from the conduct of risk-based plans generated from a robust and organisation-led assurance framework. As such, the assurance framework is one component that the authority takes into account in making its annual governance statement (AGS);
- the opinion is based on the findings and conclusions from the work undertaken, the scope of which has been agreed with management / lead individual;
- the opinion is based on the testing we have undertaken, which was limited to the area being audited, as detailed in the agreed audit scope;
- where strong levels of control have been identified, there are still instances where these may not always be effective. This may be due to human error, incorrect management judgement, management override, controls being by-passed or a reduction in compliance;

- due to the limited scope of our audits, there may be weaknesses in the control system which we are not aware of, or which were not brought to attention; and
- it remains management's responsibility to develop and maintain a sound system of risk management, internal control and governance, and for the prevention and detection of material errors, loss or fraud. The work of internal audit should not be seen as a substitute for management responsibility around the design and effective operation of these systems.

1.3 Factors and findings which have informed our opinion

Factors and findings which have informed our opinion:

We have not issued any negative; 'no assurance' (red) opinions or partial (amber red) assurance opinions during the year.

It should also be noted that the following audits were undertaken where either a substantial or reasonable assurance opinion was provided and as such we are able to provide positive assurance over the effectiveness of controls in place for these areas;

- Procurement
- Key Financial Controls
- Pensions Board
- Risk Management
- Payroll – key controls and susyem implementation
- Follow Up

We have however agreed eight medium priority and 22 low priority management actions that required attention to address issues identified during our reviews. These actions will be followed up in 2018/19 as part of the agreed programme of internal audit work.

The following review was undertaken as an advisory review and did not identify any significant issues:

- Collaboration

A summary of internal audit work undertaken, and the resulting conclusions, is provided at appendix B.

1.4 Topics judged relevant for consideration as part of the annual governance statement

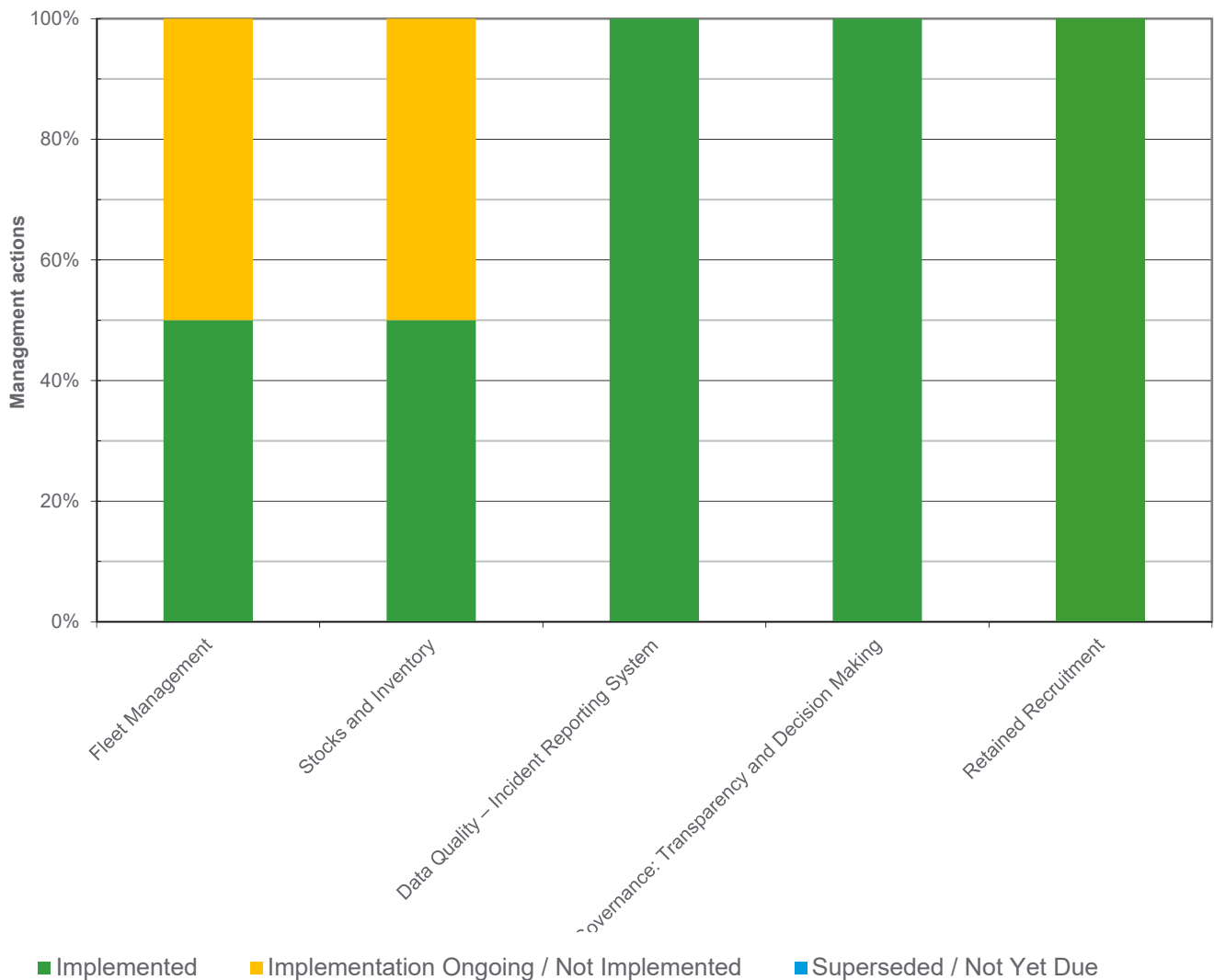
There have been no negative (partial or no assurance opinions) issued in 2017/18. We are not therefore suggesting any issues need to be considered from our internal audit work as part of the annual governance statement.

2 THE BASIS OF OUR INTERNAL AUDIT OPINION

As well as those headlines discussed at paragraph 1.3, the following areas have helped to inform our opinion. A summary of internal audit work undertaken, and the resulting conclusions, is provided at appendix B.

2.1 Acceptance of internal audit management actions

Management have agreed actions to address all of the findings reported by the internal audit service during 2017/2018. Our follow up of the actions agreed to address previous years' internal audit findings shows that the organisation had made **reasonable progress** in implementing the agreed actions.



2.2 Working with other assurance providers

In forming our opinion we have not placed any direct reliance on other assurance providers.

3 OUR PERFORMANCE

3.1 Wider value adding delivery

As part of our client service commitment, during 2017/18 we:

Issued four briefings relating to the sector our progress reports presented to the Audit and Standards Committee. We will continue to share our briefings with you during 2018/19.

We have provided benchmarking within our reports where possible on the number and category of management actions and assurance opinions across organisations similar to yourself.

We have made suggestions throughout our audit reports based on our knowledge and experience in the public sector to provide areas for consideration.

We have met regularly with management to discuss best practice and potential joint reviews across our wider Fire Authority / Service client base.

Throughout the year we have attended joint contract meeting with Bedfordshire, Cambridgeshire and Essex Fire on a quarterly basis to update on progress of the internal audit contract, raise any issues if required and discuss the Internal Audit Strategies. No significant issues have been raised through these meetings or outside of these meetings. In addition, we have had the opportunity to discuss current and upcoming issues such as the ongoing implications of the Policing and Crime Act 2017 for each Authority.

3.2 Conflicts of interest

RSM has not undertaken any work or activity during 2017/2018 that would lead us to declare any conflict of interest.

3.3 Conformance with internal auditing standards

RSM affirms that our internal audit services are designed to conform to the Public Sector Internal Audit Standards (PSIAS).

Under PSIAS, internal audit services are required to have an external quality assessment every five years. Our risk assurance service line commissioned an external independent review of our internal audit services in 2016 to provide assurance whether our approach meets the requirements of the International Professional Practices Framework (IPPF) published by the Global Institute of Internal Auditors (IIA) on which PSIAS is based.

The external review concluded that “there is a robust approach to the annual and assignment planning processes and the documentation reviewed was thorough in both terms of reports provided to audit committee and the supporting working papers.” RSM was found to have an excellent level of conformance with the IIA’s professional standards.

The risk assurance service line has in place a quality assurance and improvement programme to ensure continuous improvement of our internal audit services. Resulting from the programme, there are no areas which we believe warrant flagging to your attention as impacting on the quality of the service we provide to you.

3.4 Quality assurance and continual improvement

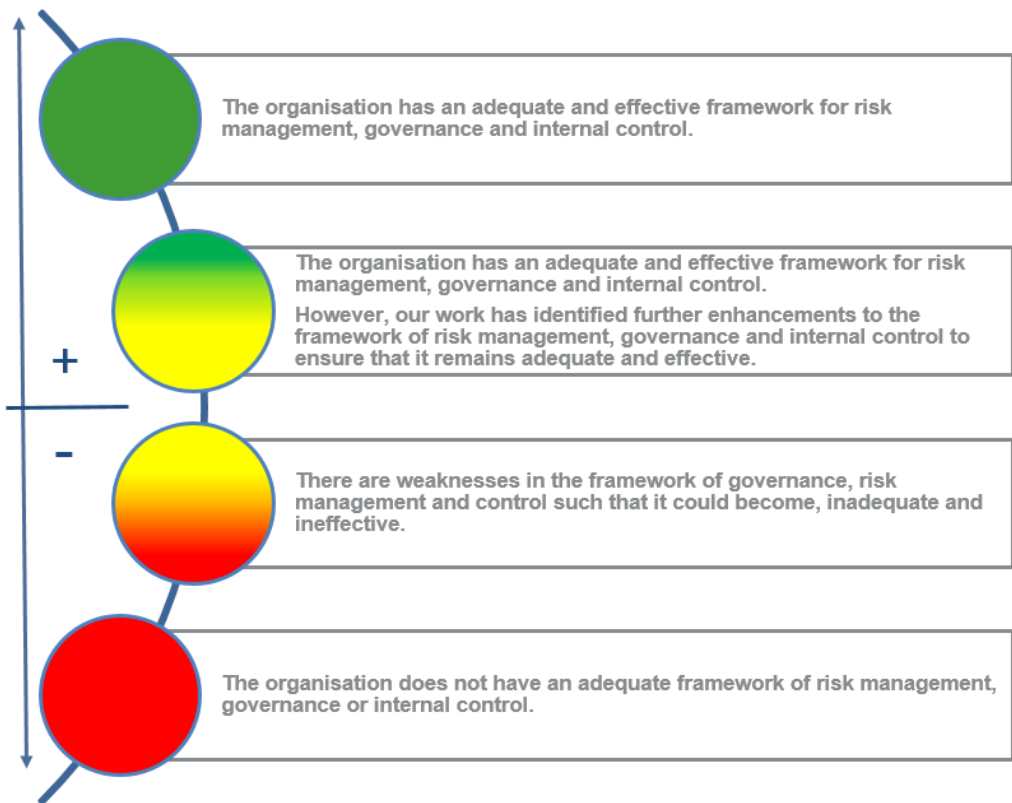
To ensure that RSM remains compliant with the PSIAS framework we have a dedicated internal Quality Assurance Team who undertake a programme of reviews to ensure the quality of our audit assignments. This is applicable to all Heads of Internal Audit, where a sample of their clients will be reviewed. Any findings from these reviews are used to inform the training needs of our audit teams.

This is in addition to any feedback we receive from our post assignment surveys, client feedback, appraisal processes and training needs assessments.

APPENDIX A: ANNUAL OPINIONS

The following shows the full range of opinions available to us within our internal audit methodology to provide you with context regarding your annual internal audit opinion.

Annual opinions	Factors influencing our opinion
-----------------	---------------------------------



The factors which are considered when influencing our opinion are:

- inherent risk in the area being audited;
- limitations in the individual audit assignments;
- the adequacy and effectiveness of the risk management and / or governance control framework;
- the impact of weakness identified;
- the level of risk exposure; and
- the response to management actions raised and timeliness of actions taken.

APPENDIX B: SUMMARY OF INTERNAL AUDIT WORK COMPLETED 2017/2018

Assignment	Executive lead	Assurance level	Actions agreed		
			H	M	L
Risk Management	Group Commander	Reasonable	0	3	7
Payroll – Key Controls and System Implementation	Head of HR	Reasonable	0	2	2
Key Financial Controls	Head of Finance and Treasurer	Substantial	0	0	3
Pension Board	Head of HR Head of Finance and Treasurer	Substantial	0	0	4
Procurement - Tendering	Head of Finance and Treasurer	Substantial	0	0	2
Collaboration – Policing and Crime Act 2017	Head of Operational Support	Advisory	0	2	3
Follow Up	Head of Organisational Assurance	Reasonable Progress	0	1	1

All of the assurance levels and outcomes provided above should be considered in the context of the scope, and the limitation of scope, set out in the individual assignment report.

We use the following levels of opinion classification within our internal audit reports. Reflecting the level of assurance the board can take:

<p>The diagram shows four circles representing assurance levels: 'No assurance' (red), 'Partial assurance' (grey), 'Reasonable assurance' (grey), and 'Substantial assurance' (grey). A horizontal blue double-headed arrow is below the circles, with a '-' sign on the left and a '+' sign on the right, indicating a scale from negative to positive assurance.</p>	<p>Taking account of the issues identified, the board cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective. Urgent action is needed to strengthen the control framework to manage the identified risk(s).</p>
<p>The diagram shows four circles representing assurance levels: 'No assurance' (grey), 'Partial assurance' (orange), 'Reasonable assurance' (grey), and 'Substantial assurance' (grey). A horizontal blue double-headed arrow is below the circles, with a '-' sign on the left and a '+' sign on the right.</p>	<p>Taking account of the issues identified, the board can take partial assurance that the controls to manage this risk are suitably designed and consistently applied. Action is needed to strengthen the control framework to manage the identified risk(s).</p>
<p>The diagram shows four circles representing assurance levels: 'No assurance' (grey), 'Partial assurance' (grey), 'Reasonable assurance' (yellow), and 'Substantial assurance' (grey). A horizontal blue double-headed arrow is below the circles, with a '-' sign on the left and a '+' sign on the right.</p>	<p>Taking account of the issues identified, the board can take reasonable assurance that the controls in place to manage this risk are suitably designed and consistently applied. However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified risk(s).</p>
<p>The diagram shows four circles representing assurance levels: 'No assurance' (grey), 'Partial assurance' (grey), 'Reasonable assurance' (grey), and 'Substantial assurance' (green). A horizontal blue double-headed arrow is below the circles, with a '-' sign on the left and a '+' sign on the right.</p>	<p>Taking account of the issues identified, the board can take substantial assurance that the controls upon which the organisation relies to manage the identified risk(s) are suitably designed, consistently applied and operating effectively.</p>

FOR FURTHER INFORMATION CONTACT

Daniel Harris, Head of Internal Audit

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The Pinnacle
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Central Milton Keynes
MK9 1BP

07792 948767

daniel.harris@rsmuk.com

rsmuk.com

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance>.

The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Actions for improvements should be assessed by you for their full impact. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

Our report is prepared solely for the confidential use of Bedfordshire Fire and Rescue Authority, and solely for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

This report is released to you on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

RSM Risk Assurance Services LLP is a limited liability partnership registered in England and Wales no. OC389499 at 6th floor, 25 Farringdon Street, London EC4A 4AB.

For Publication

**Bedfordshire Fire and Rescue Authority
Audit and Standards Committee
6 July 2018
Item No. 9**

REPORT AUTHOR: ASSISTANT CHIEF OFFICER (HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT)

SUBJECT: INTERNAL AUDIT PROGRESS REPORT 2018/19

For further information on this report contact: Karen Daniels
Service Assurance Manager
Tel No: 01234 845013

Background Papers: RSM Strategy for Internal Audit
Bedfordshire Fire Authority 2018/19 to 2020/21

Implications (tick ✓):

LEGAL			FINANCIAL	
HUMAN RESOURCES			EQUALITY IMPACT	
ENVIRONMENTAL			POLICY	
CORPORATE RISK	Known	✓	OTHER (please specify)	
	New		CORE BRIEF	

Any implications affecting this report are noted at the end of the report.

PURPOSE:

To receive and consider a report on progress made against the internal audit plan for 2018/19.

RECOMMENDATION:

That the submitted report be received.

1. Introduction

- 1.1 An internal audit plan for 2018/19 was agreed by this Committee at its meeting on 28 March 2018.
- 1.2 A report by RSM (previously Baker Tilly & RSM Tenon) on progress made against the internal audit plan for 2018/19 is appended for Members' consideration.

**ZOE EVANS
ASSISTANT CHIEF OFFICER (HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT)**

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BEDFORDSHIRE FIRE & RESCUE AUTHORITY

Internal Audit Progress Report

Audit and Standards Committee

6 July 2018

This report is solely for the use of the persons to whom it is addressed.
To the fullest extent permitted by law, RSM Risk Assurance Services LLP
will accept no responsibility or liability in respect of this report to any other party.





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The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Management actions for improvements should be assessed by you for their full impact before they are implemented. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

This report is solely for the use of the persons to whom it is addressed and for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

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We have no responsibility to update this report for events and circumstances occurring after the date of this report.

RSM Risk Assurance Services LLP is a limited liability partnership registered in England and Wales no. OC389499 at 6th floor, 25 Farringdon Street, London EC4A 4AB

1 PROGRESS UPDATE

The internal audit plan for 2018/19 was approved by the Audit & Standards Committee in March 2018. Below provides a summary update on progress against that plan and summarises the results of our work to date.

Audit Assignments completed since the last Audit & Standards Committee

In relation to our audit plan for 2017/18 we have finalised three further reports since the previous meeting.

Assignments	Date Planned	Opinion issued	Actions agreed		
			H	M	L
2017/18					
Risk Management (5.17/18)	Final	Reasonable Assurance	0	3	7
Payroll - key controls and system implementation (6.17/18)	Final	Reasonable Assurance	0	2	1
Follow Up (7.17/18)	Final	Reasonable Progress	0	1	1
2018/19					
Governance	Fieldwork In progress				
Use of Risk Information	3 September 2018				
Key Financial Controls	19 November 2018				
Risk Management	14 January 2019				
Asset Management	11 February 2019				
Follow Up	4 March 2019				
Cyber Security	TBC				

2 OTHER MATTERS

2.1 Head of Internal Audit Opinion

The Audit and Standards Committee should note that the assurances given in our audit assignments are included within our Annual Assurance report. The Committee should note that any negative assurance opinions will need to be noted in the annual report and may result in a qualified or negative annual opinion.

We have not issued any negative opinions to date in relation to 2018/19 and therefore anticipate issuing a positive opinion at the year end (subject to the remaining audits).

2.2 Changes to audit plan

There have been no changes to the audit plan since the last Committee meeting.

2.3 Information and briefings

We have not issued any further client briefings since the last Committee, the next Emergency Services briefing will be issued in August 2018.

During 2017/18 we have undertaken a number of GDPR audits, where we have considered client preparation for the May 2018 changes. As part of our internal audit service we have undertaken a benchmarking exercise considering the findings from our GDPR audits between the period of August 2017 and January 2018.

The benchmarking provided to management was based on all of the internal audit reports we have issued to our clients during the audit year 2017/18.

FOR FURTHER INFORMATION CONTACT

Name: Louise Davies, Client Manager

Email address: louise.davies@rsmuk.com

Telephone number: 07720 508146

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For Publication

**Bedfordshire Fire and Rescue Authority
Audit and Standards Committee
6 July 2018
Item No. 10**

REPORT AUTHOR: ASSISTANT CHIEF OFFICER (HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT)

SUBJECT: EXTERNAL AUDIT RESULTS REPORT 2017/18

For further information on this report contact: Karen Daniels
Service Assurance Manager
Tel No: 01234 845013

Background Papers: None

Implications (tick ✓):

LEGAL			FINANCIAL	✓
HUMAN RESOURCES			EQUALITY IMPACT	
ENVIRONMENTAL			POLICY	
CORPORATE RISK	Known	✓	OTHER (please specify)	
	New		CORE BRIEF	

Any implications affecting this report are noted at the end of the report.

PURPOSE:

To receive and consider the external Audit Results Report from Ernst & Young, including any matters outstanding.

RECOMMENDATION:

That Members consider the submitted external Audit Results Progress Report for 2017/18.

1. Introduction

1.1 The submitted Audit Results Report summarises work Ernst and Young have undertaken since their appointment as external auditor to the year ending 31 March 2018.

**ZOE EVANS
ASSISTANT CHIEF OFFICER (HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT)**

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**Bedfordshire Fire and
Rescue Authority
Audit results report**
Year ended 31 March 2018

29 June 2018



Private and Confidential

29 June 2018

Dear Audit and Standards Committee Members

We are pleased to attach our Audit Results Report for the forthcoming meeting of the Audit and Standards Committee. This report summarises our preliminary audit conclusion in relation to the audit of Bedfordshire Fire and Rescue Authority for 2017/18.

We have substantially completed our audit of Bedfordshire Fire and Rescue Authority (the Authority) for the year ended 31 March 2018.

Subject to concluding the outstanding matters listed in our report, we confirm that we expect to issue an unqualified audit opinion on the financial statements in the form at section 3, before the statutory deadline of 31 July 2018. We also have no matters to report on your arrangements to secure economy, efficiency and effectiveness in your use of resources.

This report is intended solely for the use of the Audit and Standards Committee, other members of the Authority, and senior management. It should not be used for any other purpose or given to any other party without obtaining our written consent.

We would like to thank your staff for their help during the engagement.

We welcome the opportunity to discuss the contents of this report with you at the Audit Committee meeting on 6th July 2018.

Yours faithfully

Debbie Hanson

Associate Partner

For and on behalf of Ernst & Young LLP

Encl

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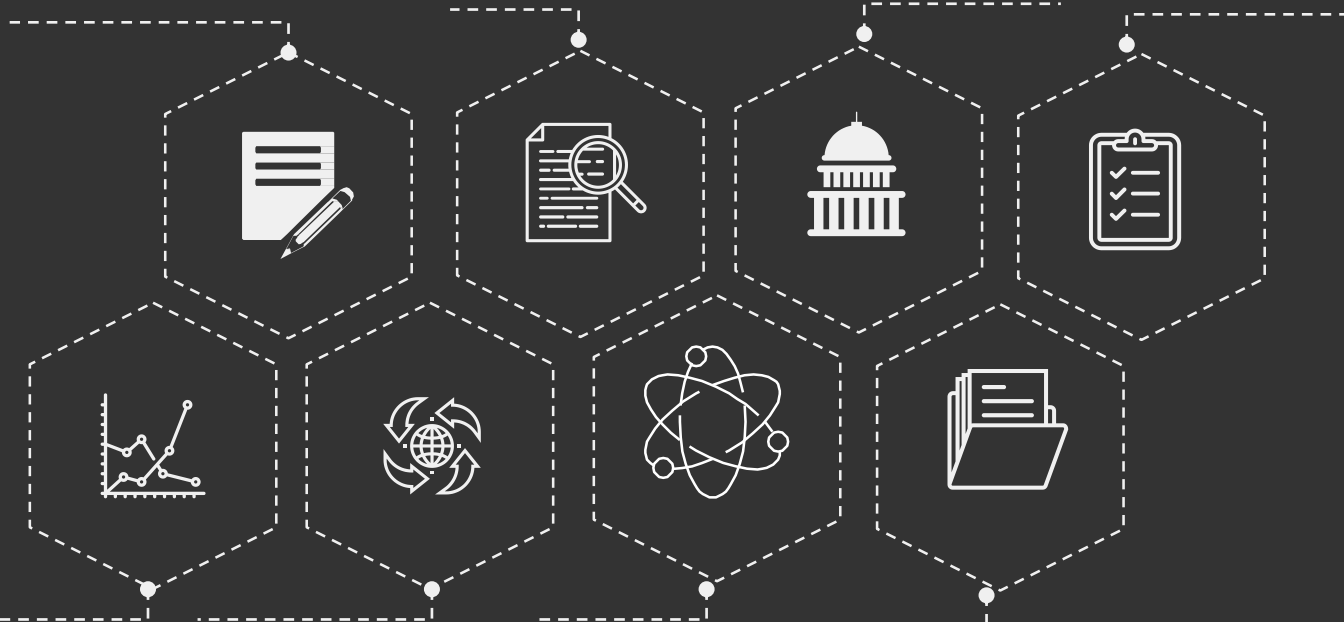
01 Executive Summary

02 Areas of Audit Focus

03 Audit Report

04 Audit Differences

05 Value for Money



06 Other reporting issues

07 Assessment of Control Environment

08 Independence

09 Appendices

In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued "Statement of responsibilities of auditors and audited bodies". It is available from the via the PSAA website (www.PSAA.co.uk). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas. The "Terms of Appointment (updated February 2017)" 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 Audit and Standards Committee and management of Bedfordshire Fire and Rescue Authority in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit and Standards Committee, and management of Bedfordshire Fire and Rescue 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 Audit and Standards Committee and management of Bedfordshire Fire and Rescue 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 28th March 2018 Audit and Standards 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 statement of accounts and have also reconsidered our risk assessment. Based on our materiality measure of gross expenditure on provision of services, we have updated our overall materiality assessment to £0.557 million (reported in Audit Planning Report – as £0.583 million). This results in updated performance materiality, at 75% of overall materiality, of £0.418 million, and an updated threshold for reporting misstatements of £28k. In addition, for the audit of the Firefighters' Pension Fund we have updated our overall materiality assessment to £0.169 million (Audit Planning Report - £0.158 million). This results in updated performance materiality, at 75% of overall materiality, of £0.127 million, and an updated threshold for reporting misstatements of £8k

Status of the audit

We have substantially completed our audit of Bedfordshire Fire and Rescue Authority's financial statements for the year ended 31 March 2018 and have performed the procedures outlined in our Audit Planning Report. Subject to satisfactory completion of the following outstanding items noted below, we expect to issue an unqualified opinion on the Authority's financial statements in the form which appears at Section 3. However until work is complete, further amendments may arise:

- ▶ Receipt of IAS 19 assurance from the auditor of Bedfordshire Pension Fund;
- ▶ Review of the revised statement of accounts
- ▶ Completion of subsequent events review
- ▶ Completion of the Associate Partner review of the audit file.
- ▶ Receipt of the signed management representation letter
- ▶ Completion of work on payroll analytical review, firefighter pension fund contribution and benefits analytical review, overall analytical review
- ▶ Completion of work on non material notes/disclosures
- ▶ Finalisation of our work on property, plant and equipment
- ▶ Finalisation of our work on journals

We expect to issue the audit certificate at the same time as the audit opinion.



Executive Summary

Audit differences

There are no unadjusted or adjusted audit differences arising from our audit.

Areas of audit focus

Our Audit Planning Report identified key areas of focus for our audit of Bedfordshire Fire and Rescue Authority's financial statements. This report sets out our observations and conclusions. We summarise our consideration of these matters, and any others identified, in the "Key Audit Issues" section of this report.

We ask you to review these and any other matters in this report to ensure:

- ▶ There are no other considerations or matters that could have an impact on these issues
- ▶ You agree with the resolution of the issue
- ▶ There are no other significant issues to be considered.

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



Executive Summary

Control observations

We have adopted a fully substantive approach, so have not tested the operation of controls.

Value for money

We have considered your arrangements to take informed decisions; deploy resources in a sustainable manner; and work with partners and other third parties.

We have no matters to report about your arrangements to secure economy efficiency and effectiveness in your use of resources.

Other reporting issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Authority. We suggested a number of revisions to the Annual Governance Statement as the wording had reverted in places to the draft version in 2016/17, which was then amended following our review last year.

We have performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission. We had no issues to report.

We have no other matters to report.

Independence

Please refer to Section 8 for our update on Independence.



02 Areas of Audit Focus



Areas of Audit Focus

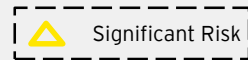
Significant risk

Risk of 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?

In response to the risk, we:

- Enquired of management about risks of fraud and the controls in place to address those risks;
- Considered the oversight given by those charged with governance of management's processes over fraud by direct enquiry;
- Considered the effectiveness of management's controls designed to address the risk of fraud;
- Tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in preparing the financial statements;
- Reviewed accounting estimates for evidence of management bias;
- Evaluated the business rationale for any significant unusual transactions;
- Reviewed and tested expenditure cut-off at the period end date.



Areas of Audit Focus

Significant risk

Risk of Management Override

What judgements are we focused on?

We focused on aspects of the financial statements where management could inappropriately understate expenditure, primarily:

- Material accounting estimates.
- Expenditure and payables cut-off.
- Journal entries.
- Unusual transactions.

What are our conclusions?

- We obtained the responses we requested from management and those charged with governance to our enquiries and used these to inform our understanding of fraud risks. We noted that key elements of the entity level control framework that we would expect to see, especially arrangements for internal audit, and risk management, were in place.
- Our walkthrough testing included considering what controls are in place to address significant risks. We concluded that these are in large part year end processes including management review of the draft financial statements. We confirmed that these controls were in place, although our approach was not to rely on controls.
- Our work on the testing of accounting estimates has been completed and no significant issues identified.
- We did not identify any material cut-off issues at the period end date.
- We have not identified any instances of inappropriate judgements being applied.
- Our testing of journal entries to date has not identified any issues. Our work is not yet complete and we will update the Committee on the results of our testing.
- We did not identify any other transactions during our audit which appeared unusual or outside the Authority's normal course of business.

Overall, our audit work has not identified any material issues, inappropriate judgements or unusual transactions which indicate that there has been any misreporting of the Authority's financial position or that management has overridden control.



Areas of Audit Focus

Other Areas of Audit Focus

Property, plant and equipment valuation

What is the risk?

Property, plant and equipment (PPE) represent significant balances in the Authority's accounts and are subject to valuation changes, impairment reviews and/or depreciation charges. Material judgemental inputs and estimation techniques are required to calculate the year-end PPE balances held in the balance sheet.

As the Authority's asset base is significant, and the outputs from the valuer are subject to estimation, there is a higher inherent risk PPE may be under/overstated or the associated accounting entries incorrectly posted. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of experts and assumptions underlying estimates.

What judgements are we focused on?

We focused on aspects of the land and buildings valuation which could have a material impact on the financial statements, primarily:

- significant changes in the asset base;
- the assumptions and estimates used to calculate the valuation; and
- changes to the basis for valuing the assets.

What did we do?

Last year the Authority commissioned a full revaluation of its land and buildings by Norfolk Property Services (NPS). This year the valuation was updated.

Our approach focused on:

- Considering the work performed by the Authority's valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work.
- Using our EY Valuers to review the response to audit enquiries made to NPS regarding their approach and methodology where employed by our local government clients;
- Reviewing what updated information on the asset base, such as capital additions, and change in use, was provided to the valuer by the Authority to inform the updated valuation;
- Considering the approach used by the valuer to reviewing the valuation from the previous year and whether any index applied is in line with our expectations; and
- Testing accounting entries have been correctly processed in the financial statements.

What are our conclusions?

We have not identified any material misstatements in the valuation of property assets.

We have not identified significant changes in the asset base. The vast majority of the asset base has retained the same value (before depreciation) as the prior year, since procedures performed have demonstrated that asset values have not moved materially since the last full revaluation in 2016/17.



Areas of Audit Focus

Other Areas of Audit Focus

Pension liability valuation

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 the Local Government Pension Scheme (LGPS) and the Firefighters' pension schemes.

The Authority's current pension fund deficits in both schemes is a highly material and sensitive item and the Code requires that this liability be disclosed on the Authority's balance sheet.

The information disclosed is based on the IAS 19 report issued to the Authority by the actuary accounting for pension obligations involves significant estimation and judgement and due to the nature, volume and size of the transactions we consider this to be a higher inherent risk.

What judgements are we focused on?

We focused on aspects of the pension liability which could have a material impact on the financial statements, primarily:

- significant changes in assumptions made by the actuary; and
- the assessments of the actuary undertaken by PWC and the EY actuarial team.

What did we do?

- ▶ Liaised with the auditors of the Bedfordshire Pension Fund, to obtain assurances over the information supplied to the actuary in relation to Bedfordshire Fire and Rescue Authority;
- ▶ Assessed the work of the Local Government Pension Fund actuary Hymans Robertson, and the actuary to the Firefighters' Pension Scheme, the Government Actuaries Department. This included the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by NAO 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.

What are our conclusions?

The accounting entries and disclosures are in line with our expectations and the Code.

We have brought to the attention of the Authority a matter concerning the valuation of pension scheme assets by actuaries at an interim period. Where assets have been valued as at 31st December 2017, some schemes are seeing a material increase in asset valuations as at 31st March 2018.

The Authority may need to request a revised IAS 19 report to ensure that the IAS 19 entries in the accounts are materially accurate.

We are currently concluding our work in this area and will update the committee when this is complete.



Areas of Audit Focus



Other matters

IFRS 15

The applicable accounting framework is CIPFA's annual Code of Practice on Local Authority Accounting in the United Kingdom (which is IFRS based as adapted for Local Authorities). The 2018/19 Code will apply to accounting periods starting on or after 1 April 2018 but has not yet been published. The 2018/19 Code will determine how IFRS 15 Revenue from Customers with Contracts will be adopted by local government bodies.

The CIPFA/LASAAC Local Authority Accounting Code Board met on 6th June 2017. This board is responsible for preparing, maintaining, developing and issuing the Code of Practice on Local Authority Accounting for the United Kingdom.

The minutes of this meeting corroborate our view that income streams from contracts with customers are immaterial for the Authority. The vast majority of the Authority's income streams are taxation or grant based. Income from taxation and grants does not fall within the scope of IFRS 15 as it is not contractually based revenue from customers.

It is our view, that IFRS 15 will not have a material impact on this Authority's financial statements.



03 Audit Report



Audit Report

Draft audit report

Our opinion on the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BEDFORDSHIRE FIRE AND RESCUE AUTHORITY

Opinion

We have audited the financial statements and the firefighters' pension fund financial statements of Bedfordshire Fire and Rescue Authority for the year ended 31 March 2018 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 8.

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 2017/18.

In our opinion the financial statements:

- give a true and fair view of the financial position of Bedfordshire Fire and Rescue Authority as at 31 March 2018 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 2017/18.

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.



Audit Report

Our opinion on the financial statements

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Treasurer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Treasurer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Treasurer 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.

In connection with our audit of the financial statements, 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 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 or a material misstatement of the other information. 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.



Audit Report

Our opinion on the financial statements

Opinion on other matters prescribed by the Local Audit and Accountability Act 2014

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the C&AG in November 2017, we are satisfied that, in all significant respects, Bedfordshire Fire and Rescue Authority put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

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 Council;
- 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; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Responsibility of the Treasurer

As explained more fully in the Statement of the Treasurer's Responsibilities set out on page 12, the Treasurer 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 2017/18, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Treasurer 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.

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.



Audit Report

Our opinion on the financial statements

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.

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 criterion issued by the Comptroller and Auditor General (C&AG) in November 2017, as to whether the Bedfordshire Fire and Rescue Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Bedfordshire Fire and Rescue Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

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 Bedfordshire Fire and Rescue 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. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

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



Audit Report

Our opinion on the financial statements

Certificate

We certify that we have completed the audit of the accounts of Bedfordshire Fire and Rescue Authority 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.

Use of our report

This report is made solely to the members of Bedfordshire Fire and Rescue 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.

Debbie Hanson (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Luton
X July 2018

The maintenance and integrity of the London Fire Commissioner web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



04 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

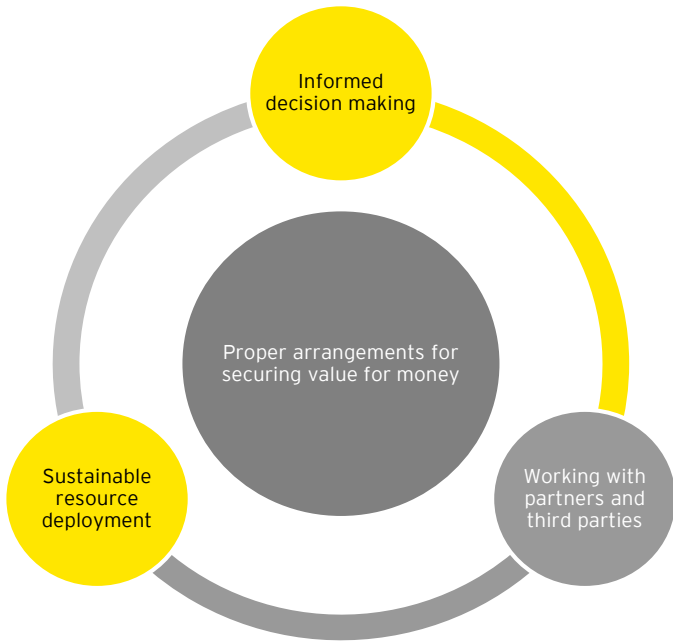
There were no uncorrected misstatements.



05

Value for Money Risks





Background

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

For 2017/18 this is based on the overall evaluation criterion:

“In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people”

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.

In considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

Overall conclusion

We did not identify any significant risks around these criteria.

We therefore expect having no matters to report about your arrangements to secure economy, efficiency and effectiveness in your use of resources.



06 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 2017/18 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 2017/18 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 other than the need to ensure that the Annual Governance Statement is taken forward correctly into subsequent years.

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 no issues to raise.

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.

We also have a duty to make written recommendations to the Authority, copied to the Secretary of State, and take action in accordance with our responsibilities under the Local Audit and Accountability Act 2014. We did not identify any issues.

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. There are no other matters that we need to report



07

Assessment of Control Environment



Assessment of Control Environment

Financial controls

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

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. As we have adopted a fully substantive approach, we have therefore not tested the operation of controls.

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.



08

Independence

Confirmation



We confirm that there are no changes in our assessment of independence since our confirmation in [our Audit Planning Board Report dated 19 February 2018.

We complied with the FRC Ethical Standards and the requirements of the PSAA's Terms of Appointment. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.

We consider that our independence in this context is a matter which you should review, as well as us. It is important that you consider the facts known to you and come to a view. If you would like to discuss any matters concerning our independence, we will be pleased to do this at the meeting of the Audit and Standards Committee on 6 July 2018.

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and your Authority, and its directors and senior management and its affiliates, including all services provided by us and our network to your Authority, its directors and senior management and its affiliates, 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 2017 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Independence

Fee analysis

As part of our reporting on our independence, we set out below a summary of the fees paid for the year ended 31 March 2018.

We confirm that we have not undertaken non-audit work outside the PSAA Code.

	Final Fee 2017/18	Planned Fee 2017/18	Scale Fee 2016/17	Final Fee 2016/17
	£	£	£	£
Total Audit Fee - Code work	30,222	30,222	30,222	36,772
Non-audit work	0	0	0	0
Total audit services	£30,222	£30,222	£30,222	£36,772






09

Appendices

Appendix A

Required communications with the Audit and Standards Committee

There are certain communications that we must provide to the Audit Committees of UK clients. 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 Audit and Standards 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 submitted to 28 March 2018 Audit and Standards Committee
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Audit Planning Report
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	Audit Results Report due to be submitted to 6 July 2018 Audit and Standard Committee

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"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	No conditions or events were identified, either individually or together to raise any doubt about Bedfordshire Fire and Rescue Authority's ability to continue for the 12 months from the date of our report
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Material misstatements corrected by management 	Audit Results Report July 2018
Subsequent events	<ul style="list-style-type: none"> ▶ Enquiry of the Audit and Standards Committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements. 	Letter of representation - July 2018
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the Audit and Standards Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the Authority ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ Unless all of those charged with governance are involved in managing the Authority, any identified or suspected fraud involving: <ol style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. ▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▶ Any other matters related to fraud, relevant to Audit and Standards Committee's responsibility. 	Audit Results Report July 2018

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 Authority's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the Authority 	Audit Results Report July 2018
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"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence <p>Communications whenever significant judgments are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p>	Audit Planning Report March 2018 and Audit Results Report July 2018

Appendix A

Our Reporting to you

Required communications	What is reported?	When and where
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures. 	We have received all requested confirmations
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ 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 ▶ 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 	We have asked management and those charged with governance. We have not identified any material instances or non-compliance with laws and regulations
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit. 	Audit Results Report/Annual Audit Letter

Appendix A




Our Reporting to you

Required communications	What is reported?	When and where
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> ▶ Written representations we are requesting from management and/or those charged with governance 	Audit Results Report July 2018
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> ▶ Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	Audit Results Report July 2018
Auditors report	<ul style="list-style-type: none"> ▶ Any circumstances identified that affect the form and content of our auditor's report 	Audit Results Report July 2018
Fee Reporting	<ul style="list-style-type: none"> ▶ Breakdown of fee information when the audit planning report is agreed ▶ Breakdown of fee information at the completion of the audit ▶ Any non-audit work 	Audit Planning Report March 2018 Audit Results Report July 2018

Appendix B

Outstanding matters

The following items relating to the completion of our audit procedures are outstanding at the date of the release of this report:

Item 	Actions to resolve 	Responsibility 
Receipt of IAS 19 assurance from the auditor of Bedfordshire Pension Fund	Review of the report from the auditor of Bedfordshire Pension Fund	EY
Review of the revised statement of accounts	Management will need to provide an updated Statement of Accounts which EY will review	Management and EY
Completion of subsequent events review	Procedure to be completed to date of Audit and Standards Committee meeting	EY
Receipt of the signed management representation letter	Letter to be signed by Treasurer and Chair of Audit and Standards	Management and EY
Completion of work on payroll analytical review, firefighter pension fund contribution and benefits analytical review, overall analytical review Completion of work on non material notes/disclosures Finalisation of our work on property, plant and equipment Finalisation of our work on journals.	Work is due to be completed on 29 th June and in early part of week beginning 2 July	EY with support from management on any queries resulting



Management representation letter

Management Rep Letter

[To be prepared on the entity's letterhead]

[Date]

Ernst & Young
400 Capability Green
Luton
LU1 3LU

Dear Sirs

This letter of representations is provided in connection with your audit of the financial statements of Bedfordshire Fire and Rescue Authority (“the Authority”) for the year ended 31 March 2018. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the Authority financial position of Bedfordshire Fire and Rescue Authority as of 31 March 2018 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK and Ireland), which involves an examination of the accounting system, internal control

and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

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

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.
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 in accordance with [the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18. 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.

Management representation letter

Management Rep Letter

Page 101

1. As members of management of the Authority, we believe that the Authority has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18, that are free from material misstatement, whether due to fraud or error.
2. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

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

1. We acknowledge that we are responsible to determine that the Authority's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address 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 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.

Management representation letter

Management Rep Letter

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 are reflected in the financial statements.
3. We have made available to you all minutes of the meetings of the Authority and committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: 31 May 2018.
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Authority's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees,

non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.

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

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 litigation and claims, both actual and contingent, and have disclosed in **Note 26** to the financial statements all guarantees that we have given to third parties.

Management representation letter

Management Rep Letter

E. Subsequent events

1. Other than as described in Note 31 to the financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

F. Other information

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

G. Use of the work of a specialist

1. We agree with the findings of the specialists that we engaged to evaluate the valuation of land and buildings and retirement benefits 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.

H. Property valuation, retirement benefits and business rates appeals estimates

1. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.
2. We confirm that the significant assumptions used in making the valuation of land and buildings appropriately reflect our intent and ability to utilize the assets on behalf of the entity.
3. We confirm that the disclosures made in the financial statements with respect to the accounting estimate(s) are complete and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.
4. We confirm that no adjustments are required to the accounting estimates and disclosures in the financial statements due to subsequent events.

I. 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.



Appendix C

Management representation letter

Management Rep Letter

J. Ownership of Assets

1. Except for assets capitalised under finance leases, the Authority has satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on the Authority's assets, nor has any asset been pledged as collateral, other than those that are disclosed in to the financial statements. All assets to which the Authority has satisfactory title appear in the balance sheet.

K. Reserves

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

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ED None

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For Publication

**Bedfordshire Fire and Rescue Authority
Audit and Standards Committee
6 July 2018
Item No. 11**

REPORT AUTHOR: CHIEF FIRE OFFICER AND TREASURER

SUBJECT: 2017/18 STATEMENT OF ACCOUNTS

For further information on this Report contact: Gavin Chambers
Head of Finance/Treasurer
Tel: 01234 845163

Background Papers: 2017/18 Statement of Accounts.

Implications (tick ✓):

LEGAL	✓	FINANCIAL	✓
HUMAN RESOURCES		EQUALITY IMPACT	
ENVIRONMENTAL		POLICY	
ORGANISATIONAL RISK		OTHER (please specify)	

Any implications affecting this report are noted at the end of the report.

PURPOSE:

To consider the 2017/18 Statement of Accounts, including the Annual Governance Statement, post audit.

RECOMMENDATION:

That:

1. Members consider and approve the current version of the 2017/18 Statement of Accounts and Annual Governance Statement that have now been externally audited.
2. Members delegate any final amendments to the Treasurer.
3. Members consider and approve the letter of representation.

1. Introduction

- 1.1 The Accounts and Audit Regulations 2015, require the Treasurer to formally approve the Annual Governance Statement (AGS) and Statement of Accounts by the end of May, following the previous financial year. Following external audit, the relevant body of the Authority is required to approve them by the end of July. The relevant body for this Authority is the Audit and Standards Committee (A&SC).

1.2 The attached AGS and accounts are presented post external audit by Ernst & Young. Their report on the external audit review of the accounts is elsewhere on this meeting's agenda.

1.3 Early Closure

This is the first year of the early closure. The annual statement of accounts completion requirements, in accordance with the 2015 Accounts and Audit Regulations, have moved from the end of June (pre audit) and September (post audit), to the end of May and July for the 2017/18 accounts onwards.

These deadlines, although significantly changed, have successfully been met. This has been achieved through effective planning and resource management.

2. The 2017/18 Statement of Accounts and Annual Governance Statement

2.1 The format of the statement of accounts follows detailed guidance, as prescribed in the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18. The content and order of the statement can change from year to year to reflect new requirements or changes in best practice. The accounts are in the format required by International Financial Reporting Standards (IFRS).

2.2 In accordance with the public advertisement and the statutory deposit period, the initial draft version of the accounts was put on the website on 23rd May 2018. The 30 day statutory public inspection period ended on 3rd July 2018. At the time of writing this report, there were not any requests for information on the accounts from a member of the public.

2.3 There have been no material items that have changed the bottom line of the Balance Sheet or Comprehensive Income and Expenditure Account in the 2017/18 statement of accounts as a result of the external audit. There have been only presentational updates made to the draft set of accounts.

2.4 There were no significant amendments made to the AGS.

2.5 The Statement of Accounts, including the Annual Governance Statement, is attached at Appendix 1.

2.6 The letter of representation is attached at Appendix 2, for Members to consider and approve. This annual letter summarises the Authority's responsibilities regarding the Financial Statements and Financial Records, Fraud, Compliance with Laws and Regulations, the Completeness of Information and Transactions, Liabilities and Contingencies, Subsequent Events, Accounting Estimates and Retirement Benefits.

2.7 Revenue Year End outturn

The final outturn position for the 2017/18 was a £486k underspend. The reported forecast year end outturn to Members in February 2018, based on the figures as at 31st December 2017, was an outturn of £472k. The £486k underspend has been allocated to the Transformation reserve in accordance with Members approval as part of the 2018/19 budget setting meeting on 9th February 2018.

3 General and Earmarked Reserves

3.1 The General Reserves balance as at 31 March 2018 was £2.6m. This is following work undertaken since 2010/11 to establish specific earmarked reserves, which as at 31 March 2018 totalled £12.448m. This figure includes the Transformational Earmarked Reserve of £4.876m to support future years' budget setting, the Collaboration Reserve of £1.906m and also a capital reserve £2.535m to finance on-going and future capital works. This is in line with the Medium Term Financial Strategy, which takes into account the actual and forecast Government funding reductions to Fire and Rescue Services. The earmarked reserves are reviewed annually by Members as part of the budget setting process. Further details on reserves can be found at note 24 in the Statement of Accounts.

3.2 The capital receipts reserve as at 31 March 2018 was £0.697m.

4. Summary

4.1 Members are invited to:

- Review and approve the current version of the 2017/18 Statement of Accounts, which includes the Annual Governance Statement.
- Delegate any final amendments to the Treasurer.
- Note the General and Earmarked Reserves balances.

**PAUL FULLER CBE QFSM DL
CHIEF FIRE OFFICER**

**GAVIN CHAMBERS
TREASURER**

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BEDFORDSHIRE FIRE AND RESCUE AUTHORITY



**DRAFT STATEMENT OF ACCOUNTS
2017/18**

DRAFT

STATEMENT OF ACCOUNTS

2017/18

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AUTHORITY MEMBERSHIP 2017/18

Chair

Councillor C Atkins (Bedford Borough Council)

Vice-Chair

Councillor P Downing (Central Bedfordshire Council)

Councillors

Bedford Borough Council	Central Bedfordshire Council	Luton Borough Council
C Atkins	P Downing	Y Waheed
M Headley	J Chatterley	T Khan
J Mingay	F Chapman	R Saleem
	D McVicar	D Franks
	P Duckett	

The Authority is made up of twelve members who are appointed in proportion to the number of local government electors in each constituent authority area.

During 2017/18:

Chair of Corporate Service Policy and Challenge Group — Cllr M Headley

Chair of Service Delivery Policy and Challenge Group — Cllr J Mingay

Chair of Human Resources Policy and Challenge Group — Cllr Y Waheed

Chair of Audit and Standards Committee — Cllr F Chapman

At the Annual General Meeting of the FRA on the 31st May 2018, the following are updates to the above:

FRA Chair – Cllr P Downing

Vice Chair – Cllr J Chatterley

Chair of Audit and Standards Committee – Cllr M Headley

Chair of Corporate Service Policy and Challenge Group – Cllr F Chapman

NARRATIVE STATEMENT

Background Information

Population

Bedfordshire Fire & Rescue Service (BFRS) covers an area of approximately 123,500 hectares and has a population of approximately 643,000 including large towns such as Luton, Bedford, Leighton Buzzard, Dunstable and Kempston.

Travel and transport

The region is under flight paths to a number of commercial and private airports/airfields and includes Luton Airport which has its own fire and rescue service but is supported by the FRS; no permanent presence, but familiarisation and full emergency planning visits are undertaken. Other significant airfields include Cranfield and Shuttleworth.

BFRS area has a number of rivers in the area, and has the use of one rescue boat located at Bedford.

A number of major motorways (A1, M1, etc.), motorway intersections and arterial roads pass through the region. This includes a number of remote roads through countryside.

In addition to the residential risks presented, the geographical area covered includes farming, woodland and forests, major motorway networks, rail network, airport, heritage sites and rivers.

Service Vision, Objectives and Priorities

Vision

The Service's Vision is to provide an excellent fire and rescue service for the communities of Bedfordshire.

Service Objectives

- To respond effectively, manage risks, and reduce the number of emergency incidents that we attend.
- To ensure high standards of corporate governance and continued Service improvement.
- To develop our employees and create a safe, fair and caring workplace for our staff.

Service Priorities

Making every contact count - Ensuring that we make every possible use of the contact that we have with vulnerable people in society by way of education and advice and, where appropriate, making referrals to partner agencies.

Firefighter Safety - Keeping our operational Firefighters as safe as possible through the application of robust risk assessment processes, appropriate training, Personal Protective Equipment (PPE), and other equipment.

Delivering effectiveness and improvement - Providing excellent prevention, protection and response functions to our communities, making improvements aligned to our changing risks to keep people safe in their home, in public places, at leisure time and when travelling.

Narrative Statement (continued)

Organisational statistics and structure

BFRS employs around 280 fire fighters, 22 control staff, 148 retained fire fighters and 147 non-operational staff.

There are 14 strategically positioned Fire Stations and an Emergency Communication Centre. These include five wholetime stations, crewed 24 hours a day, one day crewed and night retained stations and 8 retained stations.

Other local FRS

BFRS is bordered to the north & east by Cambridgeshire, to the north & west by Northamptonshire FRS, to the south by Hertfordshire and to the south and west by Buckinghamshire FRS.

Management and the Authority

Structure of the Service comprises a Chief Fire Officer and the following direct line reports (including responsibilities):

- Deputy Chief Fire Officer
 - Response
 - Protection and Prevention
 - Service Support
- Assistant Chief Officer
 - ICT
 - Human Resources
 - Development and Assurance
- Head of Finance/Treasurer to the FRA
 - Statutory Section 151 responsibilities
 - Finance, Procurement, Office Services, Audit and Property

Headquarters is located at Kempston, Bedford, which houses the corporate team, directors, central operations, transport & engineering team, training facility, command & control room and a hot fire training facility.

There is a wide range of fire stations within the authority with some having cooking facilities, gyms and sleeping accommodation for fire fighters.

BFRS activities

General: BFRS undertakes day to day emergency response and community safety work and operates from a 14 fire stations of varying ages (mainly purpose built and located in city/town/village centres close to residential, commercial and industrial areas with some dating back to the 1960's).

Narrative Statement (continued)

The following table summarises the volume of incidents attended over recent years.

Fin Yr	Total Incidents	False Alarm	Fire	Special Service
2009-10	6471	2388	2827	1256
2010-11	6242	2456	2538	1248
2011-12	6071	2488	2485	1098
2012-13	5315	2264	1858	1193
2013-14	5546	2289	2123	1134
2014-15	5948	2629	2041	1278
2015-16	5754	2538	2009	1207
2016-17	6496	2723	2088	1685
2017-18	6045	2360	2098	1587

As well as firefighting and rescue, the service responds to road traffic collisions, water rescue, flooding, working at height, animal rescues, chemical and decontamination incidents to name a few.

Performance

The Authority annually sets performance measures at each of its three policy and challenge groups and receives monitoring reports on these indicators during the year.

There is also an annual overarching performance report presented to the Fire and Rescue Authority, with the most recent report presented at the meeting on 19th July 2017 covering 2016/17. This report is aligned to the Service's strategic objectives and strategies and can be viewed via the link below. The 2017/18 report will be presented to the FRA in July 2018.

<http://www.bedsfire.com/CombinedFireAuthority/CFAMeetings/Documents/FRA20170719/FRA20170719Item11.pdf>

The report covers that in 2016/17 the Service achieved or performed better than target in 71% of its strategic objective measures.

Strategic Objective 1 To respond effectively, manage risks and reduce the number of emergency incidents that we attend - Achieved or performed better than target in 8 out of 14 indicators reported.

Strategic Objective 2 To ensure high standards of corporate governance and continued service improvement - Achieved or performed better than target in 9 out of 14 indicators reported.

Strategic Objective 3 To develop our employees and create a safe, fair and caring workplace for our staff - Achieved or performed better than target in 20 out of 24 indicators reported.

Narrative Statement (continued)

Value for Money

All procurements over £10k must involve the Procurement Manager and the Authority now advertises these on an online contracts website called Bluelight. This is to ensure that the Authority appropriately makes contracts available to a wide range of suppliers and seeks to obtain value for money in its purchases of goods and services.

In accordance with the Authority's Procurement Policy and Contract Procedures, purchases up to £50k will require quotations. Where over £50k, the Procurement Manager will be involved in tenders and where over the prescribed limit the European procurement (OJEU) process will be adhered to.

The Authority seeks to collaborate with others across the public and private sectors in the procurement of its requirements, in order to widen the scope of its experience, explore the opportunity for new initiatives, maximise purchasing power and harness economies of scale.

DRAFT

TREASURER'S REPORT

1. Introduction

The Bedfordshire Fire and Rescue Authority (FRA) is a precepting authority - this means that its net cost, after receipt of Government Grant, is met by a proportion of local business rates and council tax payers in Bedford, Central Bedfordshire and Luton in proportion to the valuation band of their property.

The FRA is acutely aware, particularly in the current economic climate, of the need to keep any increase in council tax to the minimum, always bearing in mind the need to adequately fund the Fire and Rescue Service. Resources must, therefore, be sufficient to enable this emergency service to be fully operational throughout the year. However, as a result of a major exercise by Officers during the financial years 2011/12 to 2016/17 to identify efficiency savings for the 2017/18 budget, the FRA was able to keep its Council Tax increase to 2% for 2017/18. As a consequence of not having an increase in Council Tax for 2011/12, the Authority will continue to receive the Council Tax Freeze Grant from the Government. This is now part of the main grant funding and not visible.

The Authority has considered the impacts of Britain exiting the European Union and considers at this point in time there are not any significant implications that need recording in the statement of accounts.

2. 2017/18- A Financial Commentary

Revenue Budget:

For 2017/18 the FRA approved a revenue budget requirement of £28.830m. This was felt to be the minimum required to maintain the level of service referred to above. Revenue Account details are summarised in paragraph 4 below.

Capital Budget:

What the FRA spends on capital expenditure and how that expenditure is financed is governed by a Prudential Code, which has been adopted by the Authority. The FRA each year considers and determines what can be afforded taking into account service needs and the effect of the cost of financing the expenditure at local council tax payer level. The FRA approves prudential indicators to control this activity and receives regular monitoring reports throughout the year. For 2017/18 the FRA determined that capital expenditure be approved at £1.278m, of which £0.864m was to replace fire appliances and other operational vehicles. The capital programme was funded from capital grant received from Central Government and revenue contributions. Capital expenditure details appear on Note 11 to the accounts.

Pensions Liability:

The pensions liability has increased from £322.7m at the end of 2016/17 to £332.6m at the end of 2017/18. Changes in actuarial deficits or surpluses can arise as a result of events that have not coincided with the actuarial assumptions made for the last valuation or because the actuarial assumptions have changed. Further details of this increase in deficit are analysed in Note 29.

Treasurer's Report (continued)

Reserves:

The General Reserve balance as at 31 March 2018 was £2.6m. This is following work undertaken over the last few years to establish specific earmarked reserves, which as at 31 March 2018 totalled £7.269m. The year-end revenue budget underspend of £486k has been allocated to the Transformation Earmarked Reserve. The specific budget setting reserve (Transformational) now totals £4.894m that will be used over the medium term to balance the revenue budget. This is in line with the Medium Term Financial Strategy, which takes into account the back loaded, and on-going Government funding reductions to Fire and Rescue Services.

The Capital Receipts Reserve as at 31 March 2018 was £0.697m.

3. Statement of Accounts

The FRA's Statement of Accounts for the year ending 31 March 2018 is set out on the following pages. The Statement includes:

- a. The Statement of Responsibilities for the Statement of Accounts which sets out the responsibilities of the FRA and the Treasurer to the FRA.
- b. The Annual Governance Statement.
- c. The Movement in Reserves Statement which summarises the FRA's spending against the council tax it raised, taking into account the use of reserves during the year.
- d. The Comprehensive Income and Expenditure Statement which summarises the income and expenditure of the FRA.
- e. The Balance Sheet which displays the financial position of the FRA as at 31 March 2018.
- f. The Cash Flow Statement which summarises the changes in the FRA's funds.
- g. The Pension Fund Account for the year together with the Net Assets Statement at the year end.

The Accounts are supported by a Statement of Accounting Policies and various Notes to the Core Financial Statements. In addition, a Glossary of Terms is included to provide further explanation.

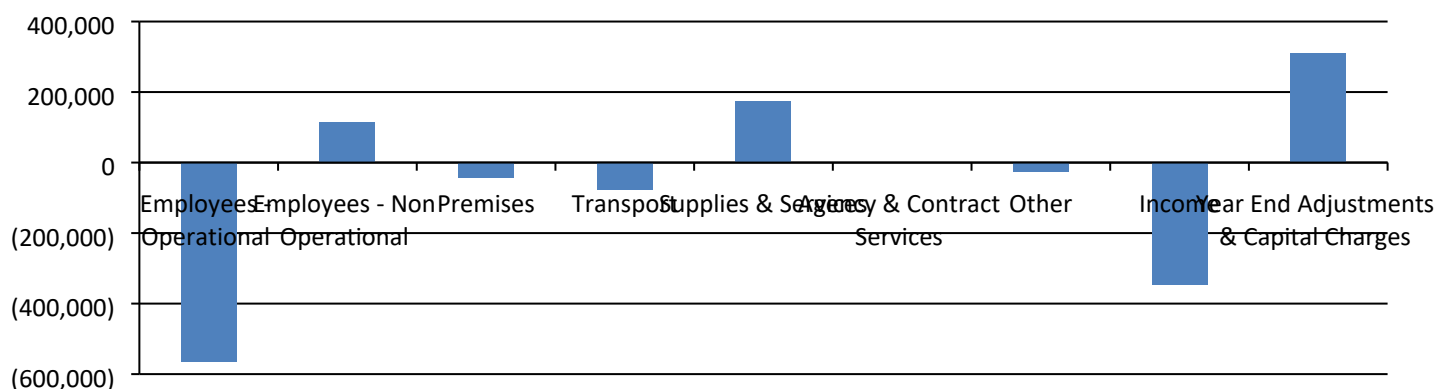
Treasurer's Report (continued)

4. 2017/18 Year End Contribution to Reserves

On the 8th February 2018, the authority received a budget monitoring report forecasting the year end outturn, based on actuals as at 31st December 2017, as an underspend of £472k. The actual year end outturn was comparatively £486k.

Summary of Expenditure by Category 2017/18	Budget £	Actual £	Variance to Budget £
Employees - Operational	16,833,500	16,268,887	(564,613)
Employees - Non Operational	5,332,400	5,447,845	115,445
Premises	1,149,000	1,105,615	(43,385)
Transport	568,000	491,793	(76,207)
Supplies & Services	3,250,000	3,425,591	175,591
Agency & Contract Services	19,000	20,699	1,699
Other	624,900	598,899	(26,001)
Income	(559,700)	(851,246)	(291,546)
Year End Adjustments & Capital Charges	1,499,200	1,754,540	255,340
Year-end Contribution to reserves	28,716,300	28,262,623	(453,677)
Government Grants and Precepts (Incl. Collection Fund)	(28,716,300)	(28,748,299)	(31,999)
Year End Contributions to Reserves	0	(485,676)	(485,676)

2017/18 (Under) / Overspends



Treasurer's Report (continued)

Variances over £50k

Employees

There was an underspend on Wholetime firefighters salaries of £281k and Retained fire fighters salaries of £283k. This was mainly due to an increased number of Wholetime firefighter retirements than budgeted for and a continuation of vacancies with the retained firefighters. The non-operational salaries were overspent by £115k as a result of agency staff filling vacant non-operational roles, the over spend was predominantly within ICT.

Transport

The underspend of £76k on transport related expenditure is mainly as a result of an underspend on Diesel plus other minor variances.

Supplies and Services

The overspend on Supplies and Services relates mainly to an overspend on Clothing and Personal Protective Equipment contract of £70k, Consultant fees in HR £25k which is offset by income received, a £25k overspend relating to parts and equipment purchases in workshops which is offset by income in the sales of vehicles, an overspend on internal audit fees £11k and other minor variances.

Income

The over achievement of income budgets mainly relates to £100k received in relation to recharges to Cambridgeshire FRS for ICT shared service and also for equipment and services bought by the authority on behalf of both Cambridgeshire FRS and Bedfordshire FRS where 50% of the costs are then recharged to Cambridgeshire FRS. The sale of vehicles and equipment that were not capital receipts raised £35k, £25k received from Bedford Borough Council in relation to work on Firefighters Pensions, the reimbursement of £20k due to a successful court case claim, £6k relating to an unbudgeted National Flood Assessment grant from Defra, plus other minor variances.

Year End Adjustments and Capital Charges

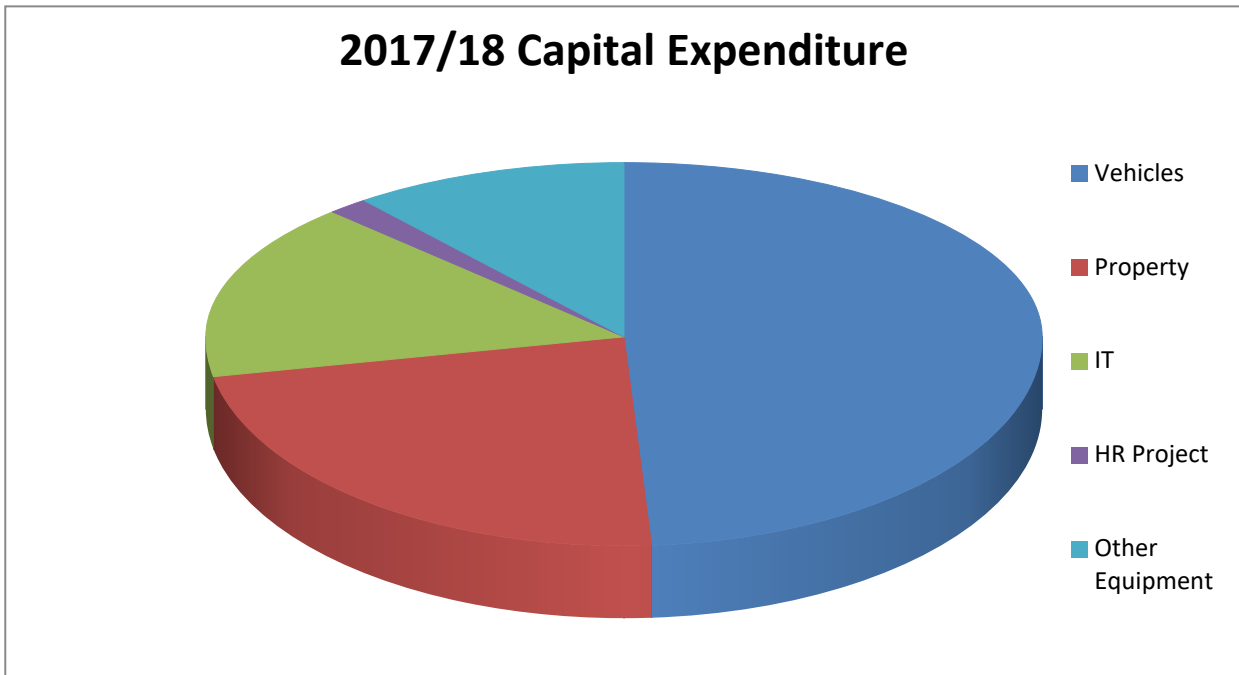
The variance on the Year End adjustments is mainly as a result between the difference between utilised budget manager reserves from 16/17 and the carry forward of budget managers reserves in 2018/19 for use on projects which span the financial years.

The variance (£486k) stated above is the outturn compared to the FRA original budget provision, this has been transferred to the Transformational reserve as agreed by the FRA in February 2018.

Treasurer’s Report (continued)

2017/18 Capital Programme

In 2017/18 the FRA spent £1,189,595 on capital Projects, of which £582,264 was spent on vehicles, £273,635 property spend, £170,509 on IT systems, HR System replacement £19,018, Technical Equipment £124,516 and other expenditure £19,653. The FRA funded its capital programme from capital grants £3,340 and revenue contribution to capital of £1,186,255.



The table below shows capital resources used and available to fund future capital expenditure.

	Brought Forward £'000	Received/ Transferred to in Year £'000	Used/ Transferred from in Year £'000	Available to fund future year expenditure £'000
Usable Capital Receipts	639	58	0	697
Grants & Other Contributions	202	0	(3)	199
Vehicle Appliance Reserve	48	0	0	48
Capital Reserve	2,170	1,550	(1,186)	2,535
	3,059			3,479

As reported to the Fire and Rescue Authority on the 8th February 2018, the outturn on the vehicles capital scheme needs to be treated with fluidity, as the work on the vehicle build specifications and the time taken to build the vehicles moves across financial years. The non-vehicle scheme slippage includes ICT communication projects and the HR System project which are due to complete in 2018/19.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Fire 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, the officer is the Treasurer;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the Statement of Accounts.

The Treasurer's Responsibilities

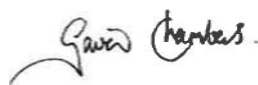
The Treasurer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

In preparing this Statement of Accounts, the Treasurer has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgments and estimates that were reasonable and prudent;
- Complied with the local authority Code;
- Kept proper accounting records which were up-to-date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of the Treasurer

I certify that the Statement of Accounts gives a true and fair financial position of the Bedfordshire Fire and Rescue Authority at the accounting date and its income and expenditure for the year ended 31 March 2018.



GAVIN CHAMBERS CPFA
Treasurer to Bedfordshire Fire and Rescue Authority

Signed on behalf of the Fire Authority

I confirm that these accounts will be approved by Bedfordshire Fire and Rescue Authority Audit & Standards Committee on 6 July 2018.

Cllr M Headley
Chair of the Audit & Standards Committee

ANNUAL GOVERNANCE STATEMENT FOR THE YEAR 2017/18

1. Scope of Responsibility

Bedfordshire Fire and Rescue Authority is responsible for ensuring its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure the continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Authority is responsible for putting in place proper arrangements for the governance of its affairs and for ensuring that there is a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk.

The Authority has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*.

This Statement explains how the Authority has complied with the Code and also meets the requirements of the Accounts and Audit Regulations 2015 in relation to the publication of an Annual Governance Statement.

The Authority's financial arrangements conform to the governance requirements of the CIPFA — Statement on the Role of the Chief Financial Officer in Local Government. The Treasurer reports in his role directly to the Chief Fire Officer and from 1st April 2014 has sat on both the Strategic Command Team (quarterly) as well as the Corporate Management Team. The Treasurer is in a position to bring influence on all material business decisions and is involved in the daily business of the Authority as well as the strategic planning.

2. The Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values by which the Authority is directed and controlled and its activities through which it accounts to and engages with the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

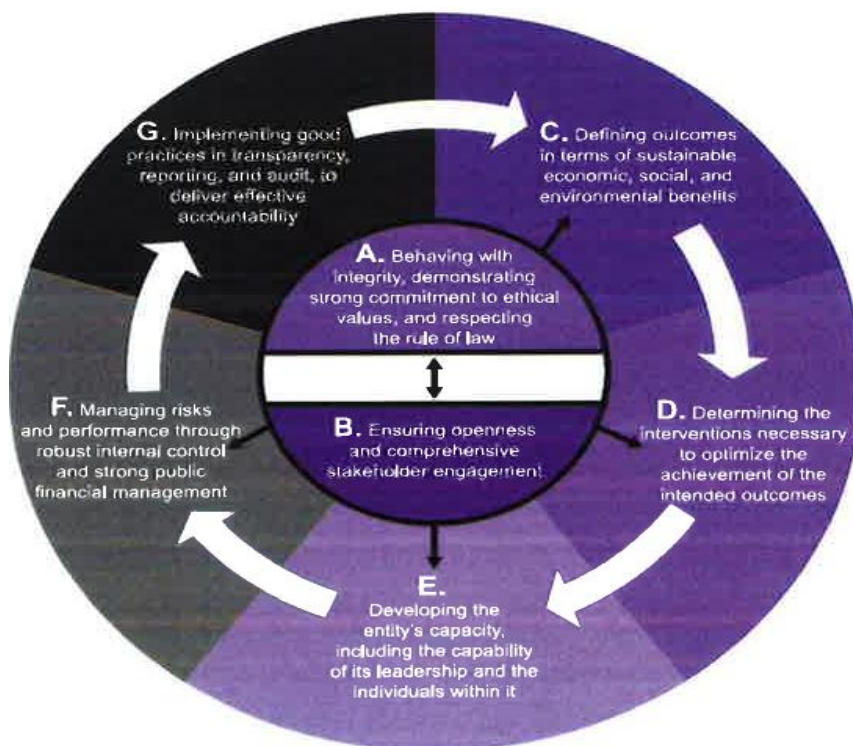
The governance framework for the Authority has been in place for the whole of the financial year 2017/18 and up to the date of approval of the Statement of Accounts.

3. The Governance Framework

Bedfordshire Fire and Rescue Authority's governance framework derives from seven principles identified in The International Framework: Good Governance in the Public Sector (CIPFA/IFAC 2014). The updated framework that was reviewed by CIPFA in 2015 and published in April 2016 includes these. The seven principles are:

- a. behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law
- b. ensuring openness and comprehensive stakeholder engagement
- c. defining outcomes in terms of sustainable economic, social and environmental benefits
- d. determining the interventions necessary to optimise the achievement of the intended outcomes
- e. developing the entity's capacity, including the capability of its leadership and the individuals within it
- f. managing risks and performance through robust internal control and strong public financial management
- g. implementing good practices in transparency, reporting and audit to deliver effective accountability.

The diagram below is taken from the International Framework: Good Governance in the Public Sector (CIPFA/IFAC 2014) and is reproduced in the 2016 Framework. It illustrates the various principles of good governance in the public sector and how they relate to each other.



There is a substantial element of common ground between the seven principles introduced in the 2016 framework and the six core principles used in the original 2007 framework.

The key elements of each of these core principles at Bedfordshire Fire and Rescue Authority are as follows:

- a. behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law

The behaviour of Members and Officers is regulated through separate Codes of Conduct which have been formally approved and adopted. These Codes are supported by numerous protocols that apply the principles of the codes to specific areas of Authority activity.

In addition the Authority has a Committee that covers standards, the Audit and Standards Committee, whose roles and functions relating to Standards include:

- Discharging the Authority's duty under the Localism Act 2011 to ensure that its Members (and any co-opted Members) maintain high standards of conduct.
- Advising the Authority on the operation of its Code of Conduct and any changes to the Code (including its register of interests) that may be necessary or desirable.
- Monitoring the operation of the Authority's arrangements for dealing with standards allegations against Members under the Localism Act 2011 and making any changes that may be necessary or desirable.
- Receiving regular reports on any standards allegations against Members.
- Authorising the Monitoring Officer to take action on the advice of the Committee Chair where it is necessary to appoint a Panel of Members to advise whether to investigate a complaint; or an Adjudication Committee to adjudicate upon a complaint following a finding of breach of the Code by a Member; or any other action in relation to the preparation for, or the hearing of, a matter by the Adjudication Committee.

The FRA has collaborated with local public sector organisations, Milton Keynes Council and Milton Keynes and Buckinghamshire Fire Authority for the recruitment of a joint Panel of Independent Persons.

The Authority recognises the importance of the principles of Corporate Governance and the need to apply them across all areas of the Authority's corporate activities. The Governance Framework is reviewed against the guidelines issued by CIPFA/SOLACE and the findings are reported to Committee annually.

As well as a Code of Conduct outlining behaviour for Officers, the Chief Fire Officer, Treasurer (as Section 112/151 Officer) and Monitoring Officer have specified roles within the Constitution to ensure reports prepared for Member decision comply with the budget and policy framework and are lawful.

Each Member receives copies of meeting agendas in advance. As one of the agenda items for each meeting, the Members are required to declare any interests at the outset of the meeting. In addition, Members are encouraged to undertake any training relevant to their area of decision making.

In 2010, the Authority agreed a recommendation of the Audit Committee that it publishes an Annual Review of the Fire Authority's Effectiveness and Record of Member Attendance. A Form of Review Questionnaire was prepared and sent out to all Members for consideration and completion. In prior years, this was discussed in each Policy and Challenge Group and the Audit and Standards Committee during. It was agreed for this year the questionnaire previously used was no longer required. The ACO on the 18th January 2018, held a session with FRA Members to review the overall feedback from each meeting. This feedback and discussion was then collated and reported to the Audit and Standards Committee on 28 March 2018. The outcomes of this facilitated meeting were reported back to the FRA on 26th April 2018 and the action plan proposed was approved. Implementation and formal review of the agreed actions arising from the Annual Review of Effectiveness is incorporated as a standing item in each year's Annual Governance Statement Action Plan in Section 5.

The Internal Auditors give an annual opinion on the internal control framework. The Internal Auditors operate to standards set out in the 'Code of Practice for Internal Audit in Local Government in the UK'.

External audit complies with the statutory requirements governing their audit, in particular:

- The Local Government Act 1999
- The National Audit Office's Code of Audit Practice (the Code).

The Code defines the auditors' responsibilities in relation to the financial statements and the arrangements for securing economy, efficiency and effectiveness of the audited body's use of resources.

The Authority has policies to safeguard both itself and its staff when making decisions. Both an Anti-Fraud, Bribery and Corruption Strategy and a Whistle Blowing Policy have been developed and are communicated to staff as part of the employee induction process and on an annual basis. The Whistle Blowing Policy and the Anti-Fraud, Bribery and Corruption Strategy (including the National Fraud Initiative) were reviewed and approved by the Audit and Standards Committee on 8th December 2017.

The financial management of the Authority is conducted in accordance with the financial rules set out within the Constitution and in the Financial Regulations.

The Authority's overall financial arrangements are governed by its Medium-Term Financial Strategy, which sets out the financial framework for the delivery of the Authority's strategies and plans. In determining the revenue and capital financial framework, a number of factors are taken into account including the national context, the distribution of local government funding from central government along with other local and external funding sources.

This is supported by robust budget setting and monitoring arrangements and detailed financial regulations, which form part of the Constitution. All designated budget managers are required to monitor their budgets on a monthly basis, in consultation with the Head of Finance/Treasurer. Budget managers are responsible for their expenditure (and income) and are therefore ultimately accountable to Members for their budgets. The forecast outturn position is reported in year to the CMT and FRA.

The Authority manages its investments within the guidelines of its Treasury Management Strategy, which is approved by Members on an annual basis. This is in accordance with the Treasury Management Strategy and Practices adopted by the Authority, that are in line with the CIPFA guidance.

There is a now a requirement for each Pension Scheme Manager (Bedfordshire Fire & Rescue Authority in our case) to establish Local Pension Boards that will assist the Scheme Manager in

ensuring that the scheme complies with legislation relating to its governance and administration, its own rules and any requirements of The Pensions Regulator. The Authority established a Pensions Board at its meeting on 31st March 2015. The Pension Board meets at least three times a year.

A professional standards training course was delivered by an external organisation to all employees during 2013 and necessity for another one is being reviewed.

b. ensuring openness and comprehensive stakeholder engagement

Bedfordshire Fire and Rescue Authority recognises that communication and engagement with all stakeholders plays a fundamental role in the successful delivery of high quality, cost effective services.

The Authority is constantly striving to improve its communications performance, to build on its track record of continuous improvement and to ensure that the Authority as a whole is open and accessible to the community, service users and staff In 2017/18 the Authority has:

- Adhered to the Transparency Code requirements, with information as required in the code published on the Authority's website;
- Operated an integrated Communications and Engagement Strategy and Action Plan; which has been routinely reviewed and revised;
- Continued to promote the Service's brand to ensure the public recognise the services we provide;
- Operated a cross functional positive action plan;
- Hosted Open Days at all 14 of its Community Fire Stations to engage with local communities;
- Taken part in a wide range of National Safe Weeks and other events to promote fire, road, water and other safety messages to local communities;
- Developed a new website to improve public access to information about the Service, safety and incident information and their ability to contact the Service. This is being launched in April 2018.
- Continued to work towards compliance with Disability Discrimination Act (DDA) and World Wide Web Consortium (W3C) guidelines for accessibility;
- Continued the development of a Modern.gov website to improve access to Fire and Rescue Authority documents and decisions;
- Operated a Single Equality Scheme cross functional plan;
- Provided 24/7 PR Officer cover, with resilience to maintain cover in the case of sickness or holiday absence;
- Developed the use of the consultation element of the BedsFireAlert community messaging system to improve engagement with local people which increased responses to consultation on the budget for 2018/19 over previous years to over 2500;
- Worked on a Community Risk Management Plan 2018 document to be published in spring 2018;
- Completed quarterly user satisfaction surveys to allow Senior Management to gauge customer satisfaction with regard to the effectiveness of service delivery;
- Further developed the use of Twitter: @bedsfire to engage directly with public and promote the Service and provide information to local people to keep them informed of live incidents;
- Established Facebook pages for each Community Fire Station to increase engagement with local communities, increase recruitment (particularly from women and from BAME communities) And improve community safety;
- Continued the joint electronic Precept Leaflet (setting out the annual budget and expenditure);
- Expanded the Community Messaging system, as a mechanism for integrated community engagement following the Police joining the service.
- Relunched the Service's Vision to ensure all staff are aware of our Vision, objectives, priorities and values;

- Successfully supported a major recruitment campaign to encourage more women and members of BAME communities to apply to be firefighters
- Begun work on improving internal communities including increasing the number of station visits by senior staff to community Fire Stations to directly engage with crew and staff
- Following the Grenfell Tower tragedy the service provided information about staying safe in high rise buildings to the public via the media, social media and its website and directly to residents
- Contributed a weekly column to Bedfordshire midweek paper
- Set up a YouTube channel to provide information to the public via videos
- Taken part in the Luton Carnival to engage directly with local people
- Supported via public campaigns and public materials around the introduction of Safe and Well Visits.

The Authority continues to listen to feedback from the local community and to learn from best practice across the country.

The Authority's CRMP represents the key document that outlines its vision, objectives and priorities for the future, sets performance targets and outlines the Authority's accountability to its stakeholders. When identifying priorities for the Plan, the views of stakeholders are taken into account and when completed is made available to all stakeholders, ensuring that they are aware of the aims, objectives, priorities and performance of the Authority.

The Authority's programme for securing continuous improvement in its services is set out in the CRMP. Actions for improvement are drawn from a variety of sources including external performance assessment, the Authority's internal reviews and audits, external inspections, issues arising from performance management, consultation exercises, and Service improvements identified by the Authority's complaints and comments procedure.

The Fire and Rescue Authority and Audit and Standards Committees are open to the public except where personal or confidential matters are discussed. All agendas and minutes are placed on-line, along with the Authority's plans, policies and strategies. These items are also available by directly contacting the Authority, should anyone be unable to access these electronically.

- c. defining outcomes in terms of sustainable economic, social and environmental benefits and
- d. determining the interventions necessary to optimise the achievement of the intended outcomes

A clear statement of the Authority's purpose, vision and direction is set out in the Authority's strategic objectives which form an overarching guide to the development of Service strategies which are considered and reviewed as part of the annual strategic assessment. Based upon the long term strategic direction and strategic assessment the Authority consults upon, develops and publishes an annual Community Risk Management Plan which contains the Authority's priorities and key service delivery actions for a rolling four year period to coincide with the four year Medium Term Financial Strategy, and gives a detailed description of the key improvement projects for the current year. A Service Programme Board comprising of the Service Principal Officers', FRA Chair and the Head of Finance/Treasurer, reviews the progress of the major change projects as a whole on a quarterly basis and individual projects are managed by way of project boards. Performance outcomes and overall performance and achievements of the Authority are contained within a section of the Community Risk Management Plan.

A Medium-Term Financial Strategy, covering a rolling four year period and aligned with the Community Risk Management Plan, is developed to resource the Authority's plans. As part of the

budget cycle, Service Managers produce financial proposals for key Service priorities and associated projects which are presented to Members for approval, in conjunction with the Authority's on-going financial commitments.

The Authority has a formal performance management framework in place which links the Authority's vision to its strategic objectives and priorities, the Medium-Term Financial Strategy, projects contained in the Community Risk Management Plan and Functional/Area Work Plans.

Performance indicators are set and targets are agreed in line with the Authority's planning cycle and target setting methodology. Once the Community Risk Management Plan and annual budget have been finalised and approved by the Authority, employee personal appraisals and development reviews, agreeing individual targets and actions, take place.

Performance against targets is monitored on a quarterly basis by Areas/Functions, the Corporate Management Team, the Strategic Command Team and the Elected Members Policy and Challenge Groups, in order that Service standards are maintained and corrective action can be taken. The Performance Management arrangements of the Service have again been enhanced over 2017/18 through improved data quality and performance information systems. An overarching performance summary is now produced publishing results for different functional groups in one report to the full Authority.

- e. Developing the entity's capacity, including the capability of its leadership and the individuals within it.

Bedfordshire Fire and Rescue Authority has adopted a Constitution which sets out how the Authority operates, how decisions are made and the procedures which are followed to ensure these are efficient, transparent and accountable to local people.

The main decision making body is the Fire and Rescue Authority (FRA) whose meetings are open to the public. In 2010/11, the Authority established an Audit Committee and replaced its Scrutiny Groups with Policy and Challenge Groups to facilitate Members having more involvement and impact on the Authority's policy decisions and monitoring, and take more of a 'Challenge' role. These groups also align with the structure of the Service to ensure a more interactive relationship between Members and make the scrutiny role of Members more visibly effective. The Audit Committee became the Audit and Standards Committee in 2012.

Each meeting has clearly defined Terms of Reference which are reviewed annually, with the Policy and Challenge Groups encompassing the following Service areas:

- Corporate Services;
- Service Delivery, and
- Human Resources.

The Chairs of the Audit and Standards Committee and Policy and Challenge Groups report any recommendations arising from meetings to each meeting of the Authority.

Ongoing policy and decision making are facilitated by a clear framework of delegation set out in the Authority's Constitution, with clear details of delegated authorities to officers.

All reports are reviewed for legal, HR, financial, equality and risk considerations prior to being presented to Members of the Authority for formal decision-making.

The Authority meets five times a year. This, together with an appropriate level of delegation to both the Authority Executive and senior managers, enables speedy decision making.

The Corporate Management Team (CMT), which is chaired by the Chief Fire Officer, meets on a monthly basis with Functional Heads attending and provides the ongoing management of the implementation of the Service strategy. It also considers other internal control issues, including risk management, performance management, compliances, efficiency, value for money and financial management. There is a CMT strategy meeting every six months where all Principal Officers and Functional Heads attend. In addition, ongoing strategic direction is provided by the Strategic Command Team, which now meets formally on a quarterly basis, comprising of the Service's Principal Officers and the Head of Finance/Treasurer. The Service has reviewed the terms of reference for each of these management teams and has also aligned performance and project management reporting between these teams and the Fire and Rescue Authority meetings.

A full suite of job descriptions and person specifications defining the roles of officers and the statutory positions of Treasurer and Monitoring Officer are in place.

During 2016/17 the Authority had a Treasurer and Monitoring Officer. Between them, they ensure that the Authority complies with relevant laws and regulations, internal policies and procedures and that expenditure is lawful. They act as independent advisors to the Authority.

The Treasurer will ensure that appropriate financial advice is given on all financial matters, that proper financial records and accounts are maintained and that there is an effective system of internal financial control. The Monitoring Officer ensures that agreed procedures are followed and that all applicable statutes and regulations are complied with.

Both the Monitoring Officer and the Treasurer see all draft Authority reports before they are published. They also attend the Authority briefing meetings that are prior to the formal meetings and attend the formal public meetings too.

There is a robust budget and policy framework and detailed financial regulations, which are monitored by the Treasurer and the Monitoring Officer. The financial regulations were updated and recommended for approval by the Audit and Standards Committee on 16th March 2017 and approved by the FRA on 27th April 2017. The Procurement Policy and Contract Procedures that replaces the Standing Order for Contracts, was presented to the Audit and Standards Committee on 17th March 2016 and subsequently approved by the FRA. These documents are reviewed at least every 3 years. The Constitution is updated continually to reflect any changes in structure.

ICT Shared Service

A formal shared ICT service agreement was signed under seal by the Secretary and Monitoring Officers for both Bedfordshire and Cambridgeshire Fire and Rescue Services in October 2013. Schedule 4 of that document defines the terms of reference for the Shared Services Governance Board. The board's role is to:

- Ensure that the ICT Shared Service is effective, efficient and resilient
- Agree Budget for the following Financial Year
- Identify opportunities for improvement
- Ensure an annual review of the agreement

The Governance Board currently meets every 6 weeks and is quorate with the attendance of Principal Officers of each party.

The Authority has devoted resources to ensuring the high standards of its Members and staff to ensure that the Authority's employees have the right knowledge, skills and motivation to work effectively.

For all operational staff, the Authority continues to embed the requirements of the national Integrated Personal Development System (IPDS) which supports a competency based personnel management approach using role maps underpinned by National Occupational Standards. The system is designed to improve efficiency and develop staff effectively, and ensures that all staff are recruited, developed and progressed fairly and transparently, with overall performance and competencies regularly reviewed.

Job Descriptions and Person Specifications have been drawn up for all posts to ensure that the best candidates are appointed into each position. All officers (operational and non-operational) employed by the Authority receive an annual Personal Development Review (appraisal) at which performance is measured against set objectives. Training needs are also identified as part of this process and addressed via the Service Training Manager or the individual's Line Manager as appropriate.

A significant commitment has also been made towards retaining staff, by offering various 'flexible working schemes' and where possible encouraging succession planning and promotion from within. This ensures that valuable skills and experience are retained and passed on, rather than being lost.

The Authority's Chair and Chief Fire Officer have a good working relationship and hold regular meetings to discuss any emerging issues. There are regular formal meetings between Members and Senior Officers through the Policy and Challenge Groups. These Groups allow Officers to brief Members on key service areas and for Members to discuss Agenda items and ask pertinent questions to inform the decision making process. The Policy and Challenge Groups also agree, and review at each meeting, a work programme for the year ahead. The alignment of the Policy and Challenge Groups to the Service's senior management structures further enhances Member / Officer interaction. In addition, a formal member and employee protocol has been developed and adopted by the Authority.

There is a significant amount of training available to Members throughout their term of office. As well as an initial induction programme, training is also provided through bespoke training days and information reports on various subjects such as the Statement of Accounts, budget setting process, treasury management and risk management.

As noted at Section a) *Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law*, the Authority carried out an Annual Review of the Fire Authority's Effectiveness and Record of Member Attendance in 2017/18.

- f. managing risks and performance through robust internal control and strong public financial management

The Authority has one committee: the Audit and Standards Committee, and has established three Policy and Challenge Groups to provide its Members with an in-depth understanding of key issues to ensure they can challenge management activity and outcomes, scrutinise and provide input into the Authority's strategic plans.

The Audit and Standards Committee is outlined at Section a) *Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law*. The Audit and Standards Committee has been established to evaluate Audit Activity, Regulatory Framework, Accounts and Standards. In February 2011, the Authority increased the powers of the Audit and Standards Committee to oversee the production of, and approve, the Authority's Annual Governance Statement and the Statement of Accounts.

The Policy and Challenge Groups have referred powers only, and report their proceedings and make recommendations on matters within their terms of reference to the FRA. However, their remit does

include, for instance, agreement of specific sections of the Community Risk Management Plan prior to the full Plan being approved by the Authority.

The Policy and Challenge Groups have been established to ensure that the areas of the Fire and Rescue Service noted below are functioning efficiently and effectively, by challenging areas of underperformance and approving associated policy and activity.

The Groups are as follows:

Corporate Services Policy and Challenge Group:

- Strategic Support
- Finance and Procurement
- Asset Management
- Information, Communications and Technology

Service Delivery Policy and Challenge Group:

- Emergency Response
- Prevention
- Protection

Human Resources Policy and Challenge Group

- Health, Safety and Welfare
- Equality and Diversity
- Training and Staff Development
- Human Resource Planning
- Organisational Development
- Payroll

The management of risk and business continuity continues to develop across the Authority and is driven by way of a strategic project and supported by a range of policies and procedures covering both elements.

The strategic project is regularly reported to Members detailing progress and provides a route map for implementation of the management of risk processes set against the relevant standards and guidance where appropriate and covering in detail the 3 key areas of Risk Management of:

- Business Continuity;
- Protective Security; and,
- Information Security.

The Service's business continuity arrangements are tested as part of the assurance framework to ensure delivery of service during times of business disruption, in particular during a trade dispute or reduced staffing due to pandemic. Following the trade dispute between the Fire Brigades Union (FBU) and the Government in May 2013 over pension arrangements the Service's business continuity arrangements have been formally tested on a number of occasions where national strike action has taken place. During all periods of strike action the Service has successfully implemented business continuity plans ensuring that fire cover has been provided in line with current arrangements.

In addition to the development of risk management and business continuity processes the Service's Corporate Risk Register has recently undergone further refinements. These refinements allow for the

assessment and prioritisation of risks providing for full and detailed evaluation of control measures thereby minimising any potential impacts of identified risks within the monitoring framework.

The identification and management of corporate risk remains a priority for the Service with it being a standard agenda item for strategic meetings, cascaded across the Service through managerial chains and reported to the Fire and Rescue Authority through the Policy and Challenge groups and Audit and Standards committee. All identified risks within the Service have an owner assigned from the Corporate Management Team who is responsible for the development of an appropriate action plan. The action plan is used as the basis to mitigate risk and is regularly reported to members of the Corporate Management Team and the Service Assurance Group for progress and amendments including changes to levels of risk and associated actions.

The Services Risk Management — An audit of Risk Management was undertaken in May 2017 and focused on the key controls in place. It was also to provide assurance over the effectiveness of the risk management framework and the supporting governance processes, to ensure risks to the achievement of the Authority's objectives are identified and managed effectively.

In summary, following the on-site audit the outcome confirmed that the Authority 'can take reasonable assurance that the controls in place to manage this area are suitably designed and consistently applied'

- g. implementing good practices in transparency, reporting and audit to deliver effective accountability.

The Service fully meets the requirements of the Transparency Code. This published information can be found via the following website link:

<http://www.bedsfire.com/CombinedFireAuthority/Transparency/Pages/default.aspx>

Transparent decision making is evident through many sources, including the Fire and Rescue Authority. All decisions of the Fire and Rescue Authority are captured in the publicly available reports and minutes. The policy and challenge groups do not make formal decisions but refer any decisions as recommendations to the FRA. The reports are written in an understandable style, ensuring that they are easy to access and interrogate, without too much detail.

The Authority is now using the Modern.gov system to enable easy access to committee papers and decisions.

Key reports, demonstrating the above include this Annual Governance Statement, the summary and full statement of accounts, the annual external and internal audit reports and numerous annual committee reports which can be viewed via the link below.

<http://www.bedsfire.com/CombinedFireAuthority/Pages/default.aspx>

Internal audit recommendations are reported on to ensure these are completed in a timely manner. Where medium or high recommendations, these are followed up by internal audit to ensure that they have been implemented appropriately as reported.

Both internal and external audit have access to the Treasurer, Chair of the Audit and Standards Committee, FRA Chair, Monitoring Officer and the Chief Fire Officer.

The Authority welcomes peer challenge, review and inspections. A Peer Review was carried out in 2015. The new HMICFRS inspectorate will be reviewing the Service in the summer of 2018. The Authority is also likely to have Equality and Diversity peer assessment carried out in the medium term.

Where formal working partnerships have developed, such as the Shared ICT Services with Cambridgeshire FRS, there are clear governance arrangements in place. These include Board meetings and minutes that are presented to Members in the Corporate Services Policy and Challenge Group.

4. Review of Effectiveness of System of Internal Control

Bedfordshire Fire and Rescue Authority has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the Corporate Management Team, who have responsibility for the development and maintenance of the internal control environment, and also by the reports and recommendations of the external auditors and other review agencies and inspectorates.

The key features of the Authority's internal control framework which directly contribute to the review of effectiveness are:

- a. The Authority
- b. The Audit and Standards Committee
- c. Internal Audit
- d. External Audit
- e. Assurance Statements
- f. Internal Performance Management Framework

a. The Authority

The key formal documents governing the internal control framework for the Authority are within its Handbook. All delegation of decision-making is made in accordance with the requirements of the policies within the Handbook and the Scheme of Delegation.

The formal rules governing the way in which the Authority and Officers conduct their business are also set out in the Handbook and include:

- Standing Orders
- Procurement Policy and Procedures
- The Financial Regulations;
- Code of Conduct
- Information Security

Authority reports are reviewed by the Monitoring Officer to ensure that they are lawful and by the Treasurer (Section 112/151 Officer) for financial and risk implications prior to being presented to Members.

The Monitoring Officer has a duty to monitor and review the Constitution to ensure that its aims and principles are current. The Constitution is reviewed regularly and updates are issued as necessary. Recent changes to the Constitution have included updates to the Financial Regulations and the updates to the Procurement Policy and Contract Procedures to the revised Procurement Policy and Procedures.

As mentioned at Section a) *Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law*, the Authority, in 2011/12, agreed to review its effectiveness on an annual basis. A Review of the Authority's Effectiveness and Action Plan for 2017/18 and Record of Attendance are available on request.

b. Standards

There have been no complaints against Members during 2017/18.

The Fire and Rescue Authority (FRA) discharges its duty under the Localism Act 2011 (the Act) through its Audit and Standards Committee. The standards provisions of the Act came into force on 1 July 2012 and place a duty on authorities to ensure that its Members (and any co-opted Members) maintain high standards of conduct. The Act also requires authorities to adopt a Code of Conduct (in place of the former National Code) and have in place arrangements to investigate any written complaints of breach of the Code of Conduct by a Member.

The FRA has adopted a Code of Conduct and updated its registration of interests arrangements to reflect the change to disclosable pecuniary and other interests required by the Act.

The Act also required the FRA to put in place arrangements for the appointment of at least one independent person whose views must be sought and taken into account before the FRA can take any decision on an allegation it has decided to investigate. The views of the independent person may also be sought in relation to an allegation at other stages in the process and s/he may also be consulted by a Member who is the subject of an allegation

The FRA has collaborated with other public sector organisations, Milton Keynes Council and Milton Keynes and Buckinghamshire Fire Authority for the recruitment of a joint Panel of Independent Persons.

c. Audit Committee

The Audit Committee was established in 2010/11 and now meets quarterly as the Audit and Standards Committee. Its Committee ensures that the following areas of the Fire and Rescue Authority are functioning efficiently and effectiveness, challenging areas of underperformance as required and approving any associated policy or activity as necessary:

- Audit activity
- Regulatory Framework
- Accounts
- Standards

d. Internal Audit

The role of internal audit is to review the internal control framework that governs the operations of the Authority and, in so doing, provide an independent opinion to both Management and Members of the Authority on the robustness of the Authority's internal control environment.

RSM continue as the Authority's internal auditors following a successful procurement tender process in 2016. The work of the team complies fully with the requirements of CIPFA's Code of Practice for Internal Audit in Local Government in the UK.

An Annual Audit Plan is developed by the auditors, in conjunction with the Head of Finance/Treasurer and is based on a risk assessment of all the services/systems of the Authority. Members and Service Managers are directly involved in the development of the plan. The plan is subject to review by CMT, prior to being approved by the Audit and Standards Committee. The plan identifies the audits to be completed each year, including core fundamental systems and other operational systems.

The reporting process for internal audit requires a report of each audit to be submitted to the relevant Corporate Management Team member and other relevant Service Managers. The Treasurer also receives a report of all audits completed.

Each audit report includes agreed recommendations for improvement. All recommendations are followed up where above low, to ensure they have been implemented. An opinion of the overall internal control environment is also provided. Where assurance is deemed to be unsatisfactory, immediate action is required.

The work contained within the 2017/18 Audit Plan is shown in the Table below. Where applicable, management action plans have been agreed to address issues raised.

The table below shows the evaluation received for each area of work. There are four levels of assessment — No Assurance, Partial, Reasonable and Substantial. The level of recommendations made is also identified below, there was one high recommendations made during the 2017/18 audits.

Assignment	Executive Lead	Assurance Level	Actions Agreed		
			H	M	L
Risk Management	Group Commander	Reasonable	0	3	7
Payroll – Key Controls and System Implementation	Head of HR	Reasonable	0	2	2
Key Financial Controls	Head of Finance and Treasurer	Substantial	0	0	3
Pensions Board	Head of HR Head of Finance and Treasurer	Substantial	0	0	4
Procurement - Tendering	Head of Finance and Treasurer	Substantial	0	0	2
Collaboration – Policing and Crime Act 2017	Head of Operational Support	Advisory	0	2	3
Follow Up	Head of Organisational Assurance	Reasonable Progress	0	2	1

All of the assurance levels and outcomes provided above should be considered in the context of the scope, and the limitation of scope, set out in the individual assignment report.

The Annual Internal Audit report for 2017/18 by RSM, advises that "The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective".

RSM also stated in their Annual Report for 2017/18 that "We have not issued any partial or no assurance opinions issued in 2017/18. We are not therefore suggesting any issues need to be considering as part of the AGS".

e. External Audit

This Authority remains committed to continuing to improve its performance towards achieving excellence in all areas. Value for Money (VFM) is still part of an annual review carried out by the external auditors. The Authority's external auditors, Ernst and Young, will report on the adequacy of the Authority's arrangements.

Public Sector Audit Appointments (PSAA) regulate the local public audit market, where signed up to its framework, and monitor the performance of the firms providing audit services

Value for Money

In accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria published by the Comptroller and Auditor General in November 2016, our external auditor annually assess whether:

“in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local tax payers”.

For the 2016/17 financial year, the following statement was presented to the Audit and Standards Committee on 28th September 2017:

“We have concluded following our work that you have put in place proper arrangements to secure value for money in your use of resources”

f. Assurance Statements

An integral element of the production of this Annual Governance Statement is completion, by all of CMT, of an annual Assurance Statement. The statement is based on the seven core governance principles that this AGS follows. The individual assurance statement gives each CMT member the opportunity to independently comment on their own area and that of the Service as a whole. All returns were received from CMT.

g. Internal Performance Management Framework

The Authority has a Performance Management Framework through which quality of service can be measured by local performance indicators. Performance targets are set and agreed for the coming year and are monitored on a bi-monthly basis by the Corporate Management Team in order that corrective action can be taken where areas of service are deemed to be underperforming. Performance is also reported to the Strategic Command Team and the Policy and Challenge Groups. Individual performance is monitored through the appraisal system as previously mentioned.

5. Governance Issues

The review of effectiveness, including the processes of Internal and External Audit, have advised that the Authority's overall financial management and corporate governance arrangements continue to be sound and that there are no major areas of concern. As part of the Authority's continuous improvement processes, however, the review of effectiveness draws together all key Governance issues where it has been identified that improvements are possible and details the improvement actions that are to be taken to address them. These have already been highlighted within the relevant

Sections of this Governance Statement but are summarised in Table form in this Section, together with a review of those improvement actions contained within last year's Governance Statement. The implementation, monitoring and reporting of improvement actions identified in this Section are achieved through the Authority's formal planning and performance systems.

Prior to summarising the issues and improvement actions identified during 2017/18, the issues and actions contained within the 2016/17 Annual Governance Statement are reviewed.

Review of Issues and Actions identified within 2016/17 Annual Governance Statement

The following Table briefly summarises the issues identified through the 2016/17 review of effectiveness process and the improvement actions that have been taken to address them during 2017/18:

Issue/Area for improvement	Improvement Action Planned	Actions Completed
Medium Term Budget/CRMP	To continue to address the medium term funding gap.	The Budget and Medium Term Financial Plan as approved by the FRA on 8 th February 2018
Review of Authority Effectiveness	All actions from the 2017/18 Review of Authority Effectiveness Action Plan to be completed during 2017/18 and formally reviewed by Members as part of the following year's process.	Completed as reported above in the AGS.

Issues and Improvement Actions identified by 2017/18 Annual Governance Statement

The following Table summarises the issues and improvement actions identified through the 2017/18 review of effectiveness process. As in previous years, a summary review of their implementation will be included within the next Annual Governance Statement.

Issue/Area for improvement	Source	Improvement Action Planned
Medium Term Budget/CRMP	Assurance Statements	To continue to address the medium term funding gap.
Review of Authority Effectiveness	All actions from the 2017/18 Review of Authority Effectiveness Action Plan to be completed during 2018/19 and formally reviewed by Members as part of the following year's process	All actions from the 2017/18 Review of Authority Effectiveness Action Plan to be completed during 2018/19 and formally reviewed by Members as part of the following year's process.
Difficulty in attracting and recruiting to non-operational vacancies	Assurance Statements (e- developing the entity's capacity including leadership and individuals within it).	To conduct a salary benchmarking exercise.

COUNCILLOR COLLEEN ATKINS MBE
Chair
Bedfordshire FRA

PAUL FULLER
Chief Fire Officer
Bedfordshire FRS

STATEMENT OF ACCOUNTING POLICIES

1. General Principles

The Statement of Accounts summarises the Authority's transactions for the 2017/18 financial year and its position at the year end of 31 March 2018. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those Regulations require 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 2017/18, supported by International Financial Reporting Standards (IFRS).

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.

2. 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: All 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. Amounts in excess of £10,000 are categorised as capital expenditure.

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 while 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 — historical cost
- all other assets — current value, determined as the amount that would be paid for the asset in its existing use (existing use value — EUV).
- Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value

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

Assets included in the Balance Sheet at current value are reviewed every three years or sooner if there has been a significant movement in values, to ensure that their carrying amount is not materially different from their current value at the year end. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. (Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services 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: The values of each category of assets are reviewed at the end of each financial year for evidence of reductions in value. Where impairment is identified as part of this review or as a result of a valuation exercise, this is 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 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.

Disposals: When an asset is disposed of, the value of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are 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 the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts in excess of £10,000 are categorised as capital receipts and are credited to the Capital Receipts Reserve. 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 noncurrent 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.

Depreciation: Depreciation is provided for on all Property, Plant and Equipment assets with a finite useful life. 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

Buildings

Straight line allocation over the useful life of the property as estimated by the valuer

Vehicles, Plant, Furniture and Equipment

Depreciation is calculated using the straight line method over the anticipated life of the asset which has been assessed as between three and twenty years, or in the case of assets acquired under a finance lease, the length of the lease. Assets are not depreciated in their year of acquisition nor in their year of disposal.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charges 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.

3. **Heritage Assets**

Heritage Assets, defined as those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations, are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Authority's accounting policies on property, plant and equipment. The Authority's heritage asset is accounted for as follows.

Steam Boiler on Shand Mason Fire Engine.

The Authority has obtained a valuation from a suitably qualified external valuer. The valuation will be reviewed on an annual basis. This is a current valuation based upon expert opinion and knowledge of similar assets types within the UK.

4. **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.

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 from its date of acquisition. 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 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.

5. **Charges to Revenue for Non-current Assets**

Service revenue accounts and support services are debited with the following amounts to record the cost of holding non-current 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 assets attributable to the service.

The Authority is not required to raise council tax to cover depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution of Minimum Revenue Provision (MRP) to 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. The calculation of MRP is based on the Equal Instalment Method.

6. Financial Instruments - Borrowing

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. This means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

There is full compliance with the Treasury Management Code of Practice issued by CIPFA (updated in 2011). A Treasury Policy Statement issued under this Code sets out the Treasury Management Strategy and the Treasury Management Policies to be pursued. From 1 May 1995 CIPFA also introduced a Standard of Professional Practice on Treasury Management which sets out the obligations for Treasury Management.

7. Financial Instruments - Investments

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. 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 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 de-recognition of the asset are credited/debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

8. Debtors and Creditors

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 income 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 it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

9. Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. Inventories held for distribution at no charge are measured at the lower of cost and current replacement cost. The cost of inventories is assigned using the first-in, first-out (FIFO) or average cost as appropriate. Where stocks have been identified as being of no further use to the Authority, and the appropriate procedures have been complied with, the obsolete stock has been written off.

10. Employee Benefits

Post Employment Benefits - Pensions

The FRA participates in two Pension Schemes:

- a. Firefighters -
The Firefighters' Pension Scheme is an unfunded, defined benefit scheme which is available to firefighters.
- b. Control and Non-Uniformed Personnel -
The Local Government Superannuation Scheme is a funded, defined benefit scheme which is available to control and non-uniformed staff. The Scheme's assets are valued on a bid basis as at 31 March 2018.

The costs of retirement benefits are charged when they are earned by the employees rather than when they are actually paid as benefits. This charge is estimated by an actuarial valuation. Past service costs, where officers are awarded injury benefits, are charged to Head of Finance and Treasurer subdivision of the Net Cost of Service in the CIES Expenditure Analysis on Page 47.

Interest cost of liabilities and any actuarial gains or losses on assets are also charged to the Comprehensive Income and Expenditure Statement. International Accounting Standard 19 (IAS 19) accounting entries are then reversed out from the General Fund Balance in the Movement in Reserves Statement in order that they do not represent a charge to the council tax payer. The pension information provided by the actuary is included within Note 29.

Termination Benefits

Where a firefighter is retired on ill health grounds the Authority makes a contribution to the pension fund towards the cost of the additional pension awarded. Where a firefighter is retired on injury grounds any injury award and injury pension costs will be charged to the Net Cost of Service. Termination benefits relating to compulsory and voluntary redundancies are charged, on an accruals basis, to the appropriate service area.

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 at current year rates, which is not in line with International Accounting Standard (IAS 19) but the difference is not deemed to be material. 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.

11. Leases

Finance Leases:

The Authority accounts for leases 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.

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 the 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.

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 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, 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 - Authority as Lessee

Leases that do not meet the definition of finance leases are accounted for as operating leases. Rentals payable are charged to the relevant service revenue account on a straight line basis over the term of the lease, generally meaning that rentals are charged when they become payable.

Operating Leases — Authority as Lessor

Where the Authority grants an operating lease over a property, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

12. 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.

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.

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.

13. Reserves

Reserves are specific amounts set aside for either future policy purposes, called Earmarked Reserves, or to cover contingencies, called General Reserve. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. Expenditure is then debited to the Comprehensive Income and Expenditure Statement when it is incurred. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so 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 notes.

14. Support Services Allocation

The segmental reporting structure in the CIES is now structured in the way we report to our management internally.

15. 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 conditions attached to the grant or contributions have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been 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.

The Government pay a 'Top Up' grant to cover the net costs of the Pension Fund Account. This grant is not shown as income in the Comprehensive Income and Expenditure Statement but is paid direct to the Pension Fund Account.

16. VAT

Income and expenditure excludes any amounts related to VAT, as VAT collected is payable to HM Revenues and Customs and all VAT paid is recoverable from it.

17. Revenue Expenditure Funded from Capital under Statute

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.

18. 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 mature in less than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change of value.

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.

19. 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.

20. Foreign Currency Transactions

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. Where amounts in foreign currency are outstanding at the year end, they are re-converted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

21. Prior period adjustments, changes in accounting policies and estimates and errors

2017/18 presentational changes to the statement of accounts

There are no prior year adjustments, changes in accounting policies or estimates and errors within the 2017/18 financial year

Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out above, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close stations and reduce levels of service provision.

Accounting Standards that have been issued but not yet adopted

Paragraph 3.3.2.13 of the 2017/18 Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. Paragraph 3.3.4.3 requires an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year..

The standards that may be relevant for additional disclosures that will be required in the 2017/18 and 2018/19 financial statements in respect of accounting changes that are introduced in the 2018/19 Code (i.e. that are relevant to the requirements of paragraph 3.3.4.3) are:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers including amendments to IFRS 15 Clarifications to IFRS 15 Revenue from Contracts with Customers
- amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses
- amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

Assumptions made about future and other major sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for the revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The key judgements and estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are on the pension liabilities for both the Firefighters Pension Scheme and the Local Government Pension Scheme.

The estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected return on pension fund assets (LGPS Scheme only). The actuaries have been appointed to provide the Authority with expert advice about both assumptions made in the pension calculations and about sensitivities to these assumptions.

Depreciation — 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 2018 was £32.811m. Total depreciation and amortisation for the year was £1.010m.

Revaluations and Impairments — the value of non-current assets are reviewed annually by a qualified valuer based on the latest guidance from the Royal Institute of Chartered Surveyors and the recently observed market information. If the estimates were to differ from the actual results this would result in a higher or lower carrying amount for non-current assets in the Balance Sheet

Assumptions made about the future and other major sources of estimation uncertainty

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.

The sensitivities regarding principal assumptions used to measure the scheme liabilities are set out below;

Fire Fighters Pension Sensitivity Analysis **£'000**

Decrease to the discount rate of 0.5%	
Increase on Present Value of total scheme liabilities	31,000
Increase in salary increase rate of 0.5%	
Increase on Present Value of total scheme liabilities	5,000
Increase in the Pensions Increase Rate (CPI) of 0.5%	
Increase on Present Value of total scheme liabilities	24,000
Increase in life expectancy of one (1) year	
Increase on Present Value of total scheme liabilities	8,000

LGPS Pension Scheme Sensitivity Analysis **£'000**

Decrease to the discount rate of 0.5%	
Increase on Present Value of total scheme liabilities	3,819
Increase in salary increase rate of 0.5%	
Increase on Present Value of total scheme liabilities	719
Increase in the Pensions Increase Rate (CPI) of 0.5%	
Increase on Present Value of total scheme liabilities	3,041

MOVEMENT IN RESERVES STATEMENT

This statement shows 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. This is different from the statutory amount 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 or from earmarked reserves undertaken by the Authority.

Usable Reserves

	General Fund Balance	Earmarked Reserves	Capital Grants & Other Contributions Unapplied	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves (see below)	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2016	2,600	11,266	217	625	14,708	(261,200)	(246,492)
Movement in Reserves 2016/17							
Surplus or (deficit) on provision of service (accounting basis)	(9,279)	0	0	0	(9,279)	0	(9,279)
Other Comprehensive Income and Expenditure	0	0	14	0	14	(28,676)	(28,662)
Total Comprehensive Income and Expenditure	(9,279)	0	14	0	(9,265)	(28,676)	(37,941)
Adjustment between accounting basis and funding basis under regulations	10,260	0	(29)	16	10,247	(10,262)	(15)
Net Increase/Decrease before Transfers to Earmarked Reserves	982	0	(15)	16	982	(38,937)	(37,954)
Transfers to/from Earmarked Reserves	(982)	982	0	0	(1,761)	1,761	0
Increase/Decrease in Year	(0)	982	(15)	16	983	(38,937)	(37,954)
Balance at 31 March 2017	2,600	12,248	202	641	15,692	(300,138)	(284,446)
Movement in Reserves 2017/18							
Surplus or (deficit) on provision of service (accounting basis)	(6,104)	0	0	0	(6,104)	0	(6,104)
Other Comprehensive Income and Expenditure	0	0	0	0	0	(1,992)	(1,992)
Total Comprehensive Income and Expenditure	(6,104)	0	0	0	(6,104)	(1,992)	(8,096)
Adjustment between accounting basis and funding basis under regulations	6,303	0	(3)	56	6,356	(6,356)	0
Net Increase/Decrease before Transfers to Earmarked Reserves	199	0	(3)	56	252	(8,348)	(8,096)
Transfers to/from Earmarked Reserves	(199)	199	0	0	0	0	0
Increase/Decrease in Year	(0)	199	(3)	56	252	(8,348)	(8,096)
Balance at 31 March 2018	2,600	12,448	199	697	15,944	(308,485)	(292,542)

Unusable Reserves

	Revaluation Reserve	Capital Adjustment Account	LGPS Pension Reserve	Firefighters Pension Reserve	Collection Fund Adjustment Account	Accumulated Absences Account	Total Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2016	2,801	16,361	(9,097)	(271,608)	526	(183)	(261,200)
Surplus or (deficit) on provision of service (accounting basis)	0	0	0	0	0	0	0
Other Comprehensive Expenditure and Income	3,000	0	(3,001)	(28,675)	0	0	(28,676)
Total Comprehensive Expenditure and Income	3,000	0	(3,001)	(28,675)	0	0	(28,676)
Adjustment between accounting basis and funding basis under regulations	(88)	280	(651)	(9,651)	(159)	7	(10,262)
Net Increase/Decrease before Transfers to Earmarked Reserves	2,912	280	(3,652)	(38,325)	(159)	7	(38,937)
Transfers to/from Earmarked Reserves	0	0	0	0	0	0	0
Increase/Decrease in Year	2,912	280	(3,652)	(38,325)	(159)	7	(38,938)
Balance at 31 March 2017	5,713	16,641	(12,749)	(309,933)	367	(177)	(300,138)
Surplus or (deficit) on provision of service (accounting basis)	0	0	0	0	0	0	0
Other Comprehensive Expenditure and Income	952	0	336	(3,280)	0	0	(1,992)
Total Comprehensive Expenditure and Income	952	0	336	(3,280)	0	0	(1,992)
Adjustment between accounting basis and funding basis under regulations	(215)	865	(1,200)	(5,737)	(72)	4	(6,355)
Net Increase/Decrease before Transfers to Earmarked Reserves	737	865	(864)	(9,017)	(72)	4	(8,347)
Transfers to/from Earmarked Reserves	0	0	0	0	0	0	0
Increase/Decrease in Year	737	865	(864)	(9,017)	(72)	4	(8,347)
Balance at 31 March 2018	6,450	17,506	(13,613)	(318,950)	295	(173)	(308,485)

BEDFORDSHIRE FIRE AND RESCUE AUTHORITY

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDING 31 MARCH 2018

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. 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.

2016/17				2017/18			
Gross Expenditure £'000	Income £'000	Net Expenditure £'000	By Service	Gross Expenditure £'000	Income £'000	Net Expenditure £'000	See Note
540	(5)	536	Strategic Management	605	(6)	599	
16,710	(112)	16,598	Head of Service Delivery	16,685	(62)	16,623	
4,494	(51)	4,443	Head of Service Delivery Support	3,411	(76)	3,335	
1,193	0	1,193	Head of Operational Assurance	1,189	0	1,189	
890	0	890	Head of Human Resources	1,001	(25)	976	
2,225	(427)	1,798	Head of Information Communication	2,475	(312)	2,163	
95	0	95	Head of Special Projects	243	0	243	
3,213	(850)	2,362	Head of Finance and Treasurer	1,114	(269)	845	
29,360	(1,445)	27,915	Net Cost of Services	26,723	(750)	25,973	1
23	(28)	(7)	Other Operating Expenditure: (Gains) and Losses on the Disposal of Fixed Assets	26	(56)	(30)	
			Financing and Investment Income and Expenditure:				
430	0	430	Interest Payable and Similar Charges	422	0	422	
0	(129)	(129)	Interest and Investment Income	0	(108)	(108)	
9,866	0	9,866	Net interest on the net defined benefit liability (asset)	8,523	0	8,523	
			Non-Specific Grant Income:				
0	(4,770)	(4,770)	General Government Grants (incl. council tax freeze grant)	0	(3,516)	(3,516)	
0	(2,196)	(2,196)	Retained Business Rate	0	(2,049)	(2,049)	
0	(3,521)	(3,521)	Business Rates Top Up and grants	0	(3,743)	(3,743)	
0	(14)	(14)	Capital Grants and Contributions	0	0	0	
			Taxation Precepts:				
0	(5,150)	(5,150)	Bedford Borough Council	0	(5,400)	(5,400)	
0	(8,824)	(8,824)	Central Bedfordshire Council	0	(9,183)	(9,183)	
0	(4,321)	(4,321)	Luton Borough Council	0	(4,785)	(4,785)	
39,679	(30,400)	9,279	(Surplus) or Deficit on Provision of Service	35,694	(29,590)	6,104	
		(3,000)	(Surplus) or Deficit on Revaluation of Non-Current Assets			(952)	
		31,675	Re-measurement of the net defined benefit/liability			2,944	
		37,954	Total Comprehensive Income and Expenditure			8,096	

NB- 2016/17 figure for Head of Finance and Treasurer includes £1.6m Past Service Pension Costs.

BEDFORDSHIRE FIRE AND RESCUE AUTHORITY
BALANCE SHEET AS AT 31 MARCH 2018

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 reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31-Mar-17 £'000		31-Mar-18 £'000	See Note
	Non-Current Assets		
23,931	Land and Buildings	25,139	
6,197	Vehicles, Plant and Equipment	6,592	
	Non-Operational Assets		
1,577	Assets Under Construction	1,080	
31,705	Total Property, Plant and Equipment	32,811	11
35	Heritage Assets	35	11
0	Intangible Assets	0	12
236	Long Term Debtors	188	14
31,976	Total Long Term Assets	33,034	
	Current Assets		
406	Inventories	394	13
2,649	Short Term Debtors	3,723	14
966	Prepayments	1,042	15
13,526	Short Term Investments	13,524	20
1,545	Cash and Cash Equivalents	1,878	21
19,092	Total Current Assets	20,561	
51,068	Total Assets	53,595	
	Current Liabilities		
0	Short Term Borrowing	0	
(2,285)	Short Term Creditors	(2,755)	16
(216)	Other Creditors	(532)	17
(62)	Lease Creditors	(64)	10
(2,563)	Total Current Liabilities	(3,351)	
	Non-Current Liabilities		
(9,987)	Long Term Borrowing	(9,987)	19
(70)	Lease Creditors	(6)	10
(212)	Provisions	(229)	23
(322,682)	Defined Benefit Pension Scheme	(332,563)	25/29
(332,951)	Total Non-Current Liabilities	(342,785)	
(335,514)	Total Liabilities	(346,136)	
(284,446)	Net Assets/Liabilities	(292,541)	

31-Mar-17 £'000		31-Mar-18 £'000	See Note
	Reserves		
	Unusable Reserves		
5,713	Revaluation Reserve	6,450	25
16,641	Capital Adjustment Account	17,506	25
367	Collection Fund Adjustment Account	295	18
(177)	Accumulated Absences Account	(173)	25
(322,682)	Pensions Reserve	(332,563)	25/29
(300,138)	Total Unusable Reserves	(308,485)	
	Usable Reserves		
641	Capital Receipts Reserve	697	24
202	Grants and Other Contributions Unapplied	199	24
12,249	Earmarked Reserves	12,448	24
2,600	General Reserve	2,600	24
15,692	Total Usable Reserves	15,944	
(284,446)	Total Tax Payers Equity	(292,541)	

These draft financial statements were authorised and issued by the Treasurer on 23rd May 2018.

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CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reported period. The 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 recipients of 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 (i.e. borrowing) to the authority.

2016/17 £'000		2017/18 £'000	2017/18 £'000	See Note
	Operating Activities			
	Cash Outflows:			
22,648	Cash paid to and on behalf of Employees	23,756		
4,540	Cash Paid to Suppliers of Goods and Services	4,618		
430	Interest Paid	211		
27,618	Cash Outflows Generated from Operating Activities		28,585	
	Cash Inflows:			
(18,452)	Council Tax Receipts	(19,440)		
(5,719)	National Non-Domestic Rates	(5,792)		
(4,770)	Revenue Support Grant	(3,509)		
(393)	Other Grants	(426)		
(687)	Sales of Goods and Rendering of Services	(699)		
(508)	Other Operating Cash Receipts	0		
(131)	Interest Received	(111)		
(30,660)	Cash Inflows Generated from Operating Activities		(29,977)	
(3,042)	Net Cash Outflow/(Inflow) on Operating Activities:		(1,392)	
	Investing Activities			
	Cash Outflows:			
1,790	Purchase of Property, Plant and Equipment	1,053		
	Cash Inflows:			
(17)	Sale of Property, Plant and Equipment	(56)		
1,796	Purchase of Long Term and Short Term Investments	0		
(34)	Capital Grants and other receipts	0		
3,535	Net Cash Outflow/(Inflow) from Investing Activities:		997	
	Financing Activities:			
	Cash Outflows:			
100	Repayment of Borrowing	0		
77	Cash Payments for the Reduction of the Outstanding Liabilities relating to Finance Leases	62		
	Cash Inflows:			
177	Net Cash Outflow/(Inflow) from Financing:		62	
670	Net (Increase)/Decrease in Cash and Cash Equivalents		(333)	
(2,215)	Cash and Cash Equivalents at the beginning of the reporting year		(1,545)	
(1,545)	Cash and Cash Equivalents at the end of the reporting year		(1,878)	
670	Net Change in Cash and Cash Equivalents in the Year		(333)	

NOTES TO THE CORE FINANCIAL STATEMENTS

1. 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 authority'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:

2016/17				2017/18		
Net Expenditure chargeable to the General Fund £'000	Adjustments between Funding and Accounting Basis £'000	Net Expenditure in the CIES £'000		Net Expenditure chargeable to the General Fund £'000	Adjustments between Funding and Accounting Basis £'000	Net Expenditure in the CIES £'000
490	45	536	Strategic Management	539	60	599
15,490	1,107	16,598	Service Delivery	15,228	1,395	16,623
3,707	736	4,443	Service Delivery Support	3,601	(266)	3,335
1,111	82	1,193	Operational Assurance	1,086	103	1,189
816	75	890	Human Resources Manager	814	162	976
1,600	198	1,798	Information & Communications	1,949	214	2,163
88	7	95	Special Projects	219	24	243
2,530	(168)	2,362	Finance and Treasurer	731	114	845
25,832	2,083	27,915	Net Cost of Services	24,167	1,806	25,973
(26,814)	8,178	(18,636)	Other Income & Expenditure (Surplus)/Deficit on Provision of Services	(24,366)	4,497	(19,869)
(982)	10,261	9,279		(199)	6,303	6,104
(2,600)			Opening General Fund Balance	(2,600)		
(982)			Less/Plus (Surplus)/Deficit on General Fund	(199)		
982			Transfer to Earmarked Reserves	199		
(2,600)			Closing General Fund Balance @ 31 March	(2,600)		

1a. Segmental Income

For information regarding income please see CIES.

1b. Adjustments between Funding and Accounting Basis
2017/18

Adjustments from General Fund to Arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes £'000	Net Change for Pension Adjustments £'000	Other Differences £'000	Total Adjustments £'000
Strategic Management	27	33	0	60
Service Delivery	1,048	347	0	1,395
Service Delivery Support	(392)	126	0	(266)
Operational Assurance	9	94	0	103
Human Resources Manager	54	108	0	162
Information Communications	129	85	0	214
Special Projects	0	24	0	24
Finance and Treasurer	73	41	0	114
Net Cost of Services	948	858	0	1,806
Other Income & Expenditure from the EFA Analysis	(1,650)	6,079	68	4,497
Differences between the General Fund Surplus or Deficit and CIES Surplus or Deficit on the Provision of Services	(702)	6,937	68	6,303

For comparison, the following table sets out the disclosures for adjustments between funding and accounting basis during 2016/17.

2016/17

Adjustments from General Fund to Arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes £'000	Net Change for Pension Adjustments £'000	Other Differences £'000	Total Adjustments £'000
Strategic Management	27	18	0	45
Service Delivery	1,105	87	0	1,192
Service Delivery Support	743	(84)	0	659
Operational Assurance	19	100	0	119
Human Resources Manager	12	63	0	75
Information & Communication	161	0	0	161
Special Projects	0	0	0	0
Finance and Treasurer	23	(191)	0	(168)
Net Cost of Services	2,090	(7)	0	2,083
Other Income & Expenditure from the EFA Analysis	(2,138)	10,309	7	8,178
Differences between the General Fund Surplus or Deficit and CIES Surplus or Deficit on the Provision of Services	(48)	10,302	7	10,261

Adjustments for Capital Purposes

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 for 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 those where conditions were satisfied in the year.

ii. Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS19 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

iii. 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.
- 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 income recognised under generally accepted accounting practises in the code. This is a timing difference as any difference will be brought forward in the future Surplus or deficit 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 year.

1.c Expenditure and Income Analysed By Nature

The Authority's expenditure and income is analysed as follows:

Expenditure/Income Service Analysis	2016/17 £'000	2017/18 £'000
Fees, charges & other service income	(1,213)	(598)
Interest and investment income	(129)	(108)
Income from Council Tax	(18,295)	(19,368)
Government grants and contributions	(10,763)	(9,516)
Total income	(30,400)	(29,590)
Employee Expenses	23,114	21,005
Employee Absence Accrual	(7)	(4)
Other Operating expenses	4,163	4,712
Depreciation, amortization and impairment	2,090	1,010
Interest payments	430	422
Pensions interest cost and return on pension Fund Assets	9,866	8,523
Disposal on non-current assets	22	26
Total Operating Expenses	39,678	35,694
Surplus (-) or deficit on the provision of Services	9,279	6,104

2017-2018**Usable Reserves**

	General Fund Balance £'000	Earmarked Reserves £'000	Capital Receipts Reserve £'000	Capital Grants and other Contributions £'000	Total Useable Reserves £'000
Adjustments Primarily Involving the Capital Adjustment Account:					
Charges for depreciation and impairment of non-current assets	(1,010)				(1,010)
Difference between historic cost and current cost depreciation	0				0
Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements	62				62
Statutory provision for the financing of Capital investment	434				434
Write out on disposal of fixed assets	(26)				(26)
Capital expenditure charged to the General Fund Balance	1,186				1,186
Adjustments Primarily Involving the Pensions Reserve:					
Amount by which pension costs calculated in accordance with the Code (i.e.; in accordance with the IAS 19) are different from the contributions due under Local Government pension Scheme regulations	(1,200)				(1,200)
Amount by which pension costs calculated in accordance with the Code (i.e.; in accordance with IAS 19) are different the contributions due under Uniformed pension scheme regulations	(5,737)				(5,737)
Adjustments Primarily Involving the Capital Receipts Reserve:					
Transfer of cash sale proceeds credited as part of the gain/loss on disposals to the CIES	56		(56)		0
Adjustments Primarily Involving the Capital Grants Unapplied Account:					
Capital Grants Received in prior years applied				3	3
Adjustments Primarily Involving the Accumulated Absences Account:					
Amounts by which officer remuneration included in the CIES is different form the amount taken to the General Fund in accordance with regulation	4				4
Adjustments Primarily Involving the Collection Fund Adjustment Account:					
Amount by which council tax and non-domestic rating account income included in the Comp. I & E Account is different from the amount taken to the General Fund in accordance with regulation	(72)				(72)
	(6,303)	0	(56)	3	(6,356)

2. Adjustments between accounting basis and funding basis under regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

2017-2018
Unusable Reserves

	Total Usable Reserves £'000	Revaluation Reserve £'000	Capital Adjustment Account £'000	LGPS Pension Reserve £'000	Firefighter's Pension Reserve £'000	Collection Fund Adjustment Accounts £'000	Accumulated Absences Account £'000	Unusable Reserve Total £'000	Total £'000
Adjustments Primarily Involving the Capital Adjustment Account:									
Charges for depreciation and impairment of non-current assets	(1,010)		1,010					1,010	0
Difference between historic cost and current cost depreciation	0	215	(215)					0	0
Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements	62		(62)					(62)	0
Statutory provision for the financing of Capital investment	434		(434)					(434)	0
Write out on disposal of fixed assets	(26)		26					26	0
Capital expenditure charged to the General Fund Balance	1,186		(1,186)					(1,186)	0
Adjustments Primarily Involving the Pensions Reserve:									
Amount by which pension costs calculated in accordance with the Code (i.e.; in accordance with the IAS 19) are different from the contributions due under Local Government pension Scheme regulations	(1,200)			1,200				1,200	0
Amount by which pension costs calculated in accordance with the Code (i.e.; in accordance with IAS 19) are different the contributions due under Uniformed pension scheme regulations	(5,737)				5,737			5,737	0
Adjustments Primarily Involving the Capital Receipts Reserve:									
Transfer of cash sale proceeds credited as part of the gain/loss on disposals to the CIES	0							0	0
Adjustments Primarily Involving the Capital Grants Unapplied Account:									
Capital Grants Received in prior years applied	3		(3)					(3)	0
Adjustments Primarily Involving the Accumulated Absences Account:									
Amounts by which officer remuneration included in the CIES is different from the amount taken to the General Fund in accordance with regulation	4						(4)	(4)	0
Adjustments Primarily Involving the Collection Fund Adjustment Account:									
Amount by which council tax and non-domestic rating account income included in the Comp. I & E Account is different from the amount taken to the General Fund in accordance with regulation	(72)					72		72	0

(6,356)	215	(864)	1,200	5,737	72	(4)	6,356	0
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2016-17

Usable Reserves

	General Fund Balance £'000	Earmarked Reserves £'000	Capital Receipts Reserve £'000	Capital Grants and other Contributions £'000	Total Usable Reserves £'000
Adjustments Primarily Involving the Capital Adjustment Account:					
Charges for depreciation and impairment of non-current assets	(2,090)				(2,090)
Difference between historic cost and current cost depreciation					0
Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements	77				77
Statutory provision for the financing of Capital investment	437				437
Write out on disposal of fixed assets	(22)				(22)
Capital expenditure charged to the General Fund Balance	1,761				1,761
Adjustments Primarily Involving the Pensions Reserve:					
Amount by which pension costs calculated in accordance with the Code (i.e.; in accordance with the IAS 19) are different from the contributions due under Local Government pension Scheme regulations	(651)				(651)
Amount by which pension costs calculated in accordance with the Code (i.e.; in accordance with IAS 19) are different the contributions due under Uniformed pension scheme regulations	(9,651)				(9,651)
Adjustments Primarily Involving the Capital Receipts Reserve:					
Transfer of cash sale proceeds credited as part of the gain/loss on disposals to the CIES	16		(16)		0
Adjustments Primarily Involving the Capital Grants Unapplied Account:					
Capital Grants and Contributions unapplied	14			(14)	0
Capital Grants Received in prior years applied	0			29	29
Adjustments Primarily Involving the Accumulated Absences Account:					
Amounts by which officer remuneration included in the CIES is different from the amount taken to the General Fund in accordance with regulation	7				7
Adjustments Primarily Involving the Collection Fund Adjustment Account:					
Amount by which council tax and non-domestic rating account income included in the Comp. I & E Account is different from the amount taken to the General Fund in accordance with regulation	(159)				(159)

(10,261)	0	(16)	15	(10,262)
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2016-2017
Unusable Reserves

	Total Usable Reserves £'000	Revaluation Reserve £'000	Capital Adjustment Account £'000	LGPS Pension Reserve £'000	Firefighters Pension Reserve £'000	Collection Fund Adjustment Accounts £'000	Accumulated Absences Account £'000	Unusable Reserve Total £'000	Total £'000
Adjustments Primarily Involving the Capital Adjustment Account:									
Charges for depreciation and impairment of non-current assets	(2,090)		2,090					2,090	0
Difference between historic cost and current cost depreciation	0	88	(88)					0	0
Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements	77		(77)					(77)	0
Statutory provision for the financing of Capital investment	437		(437)					(437)	0
Write out on disposal of fixed assets	(22)		22					22	0
Capital expenditure charged to the General Fund Balance	1,761		(1,761)					(1,761)	0
Adjustments Primarily Involving the Pensions Reserve:									
Amount by which pension costs calculated in accordance with the Code (i.e.; in accordance with the IAS 19) are different from the contributions due under Local Government pension Scheme regulations	(651)			651				651	0
Amount by which pension costs calculated in accordance with the Code (i.e.; in accordance with IAS 19) are different the contributions due under Uniformed pension scheme regulations	(9,651)				9,651			9,651	0
Adjustments Primarily Involving the Capital Receipts Reserve:									
Transfer of cash sale proceeds credited as part of the gain/loss on disposals to the CIES	0							0	0

2016-2017
Unusable Reserves (continued)

	Total Usable Reserves £'000	Revaluation Reserve £'000	Capital Adjustment Account £'000	LGPS Pension Reserve £'000	Firefighters Pension Reserve £'000	Collection Fund Adjustment Accounts £'000	Accumulated Absences Account £'000	Unusable Reserve Total £'000	Total £'000
Adjustments Primarily Involving the Capital Grants Unapplied Account:									
Capital Grants Received in prior years applied	0							0	0
Adjustments Primarily Involving the Accumulated Absences Account:	29		(29)					(29)	0
Amounts by which officer remuneration included in the CIES is different from the amount taken to the General Fund in accordance with regulation									
Adjustments Primarily Involving the Collection Fund Adjustment Account:	7						(7)	(7)	0
Amount by which council tax and non-domestic rating account income included in the Comp. I & E Account is different from the amount taken to the General Fund in accordance with regulation	(159)					159		159	0
	(10,262)	88	(280)	651	9,651	159	(7)	10,262	0

3. Members' Allowances

A Members' Allowance Scheme for the CFA was implemented on 31 December 2003 in accordance with the Local Government (Members Allowances) (England) Regulations 2003. The Authority paid the following amounts to Members of the CFA during the year:

	2016/17 £'000	2017/18 £'000
Allowances	67	68
Expenses	2	2
Total	69	70

4. Officers' Remuneration

The number of employees whose remuneration, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 were:

2016/17 No. of Employees	Remuneration Band	2017/18 No. of Employees
10	50,000 to 54,999	5
6*	55,000 to 59,999	7
7*	60,000 to 64,999	4
3*	65,000 to 69,999	4
1	70,000 to 74,999	1
2	75,000 to 79,999	0
2	80,000 to 84,999	5
	85,000 to 89,999	0
1	90,000 to 94,999	2
	95,000 to 99,999	0
2	100,000 to 104,999	2
	105,000 to 109,999	0
0	110,000 to 114,999	0
1	115,000 to 119,999	0
36	Total	30

For this purpose 'remuneration' means all amounts paid to or receivable by an employee and includes sums due by way of taxable expenses, allowances and the estimated money value of any benefit received by an employee other than in cash.

*Includes officers that have retired and returned in different roles.

The following table sets out the remuneration disclosures for Senior Officers whose salary in 2017/18 is less than £150,000 but equal to or more than 50,000 per annum:

Status	Notes	Salary (including fees and allowances) £	Expenses Allowances £	Benefits in Kind £	Total Remuneration Excluding Pension Contributions £	Employer's Pension Contributions £	Total Remuneration (including pension contributions) £
Chief Fire Officer		90,662	0	1,859	92,521	0	92,521
Deputy Chief Fire Officer	2	81,673	0	362	82,035	17,512	99,548
Assistant Chief Fire Officer	3	68,532	30,426	3,378	102,336	17,240	119,576
Head of Finance & Treasurer to CFA		83,273	1,239		84,512	14,389	98,901
Secretary/ Monitoring Officer	5	11,645			11,645		11,645
ACO Director of HR & OD	4	92,966	1,239		94,205	16,083	110,288
TOTAL		428,751	32,904	5,599	467,254	65,225	532,479

Notes

- 1- Salary is abated as Pension is being paid. Salary equates to 26.22 hours. FTE based on 42 hours.
2 – Left post 07/12/17.
3 – Started in post 14/08/17.
4 – Works 34 hours a week, FTE based on 37 hours.
5 – Works 30 days a year (Annualised calculations £99,920)

The following table sets out the remuneration disclosures for Senior Officers whose salary in 2016/17 is less than £150,000 but equal to or more than £50,000 per annum:

Status	Notes	Salary (including fees and allowances) £	Expenses Allowances £	Benefits in Kind £	Total Remuneration Excluding Pension Contributions £	Employer's Pension Contributions £	Total Remuneration (including pension contributions) £
Chief Fire Officer	1	89,776	362	1,499	91,637	0	91,637
Deputy Chief Fire Officer		117,017	348	423	117,788	25,393	143,181
Head of Finance & Treasurer to CFA		79,431	1,387	0	80,818	11,188	92,006
Secretary/ Monitoring Officer	3	11,530	0	0	11,530	0	11,530
ACO Director of HR & OD	2	92,045	1,267	0	93,313	12,886	106,199
TOTAL		389,799	3,364	1,922	395,085	49,466	444,553

Notes

- 1 Salary is abated as pension is being paid. Salary equates to 26.22 hours. FTE based on 42 hours.
2 Works 34 hours a week, FTE based on 37 hours.
3 Works 30 days a year (annualised calculations £99,920)

Exit Packages

There were no compulsory /redundancies or exit packages in 2016/17. In 2017/18 there were no compulsory /redundancies and one exit package of £9,807.

5. **Related Party Transactions**

Introduction

The UK Government exerts significant influence through legislation and funding. This funding can be identified in the Non-Specific Grants Income section of the Comprehensive Income and Expenditure Statement Account (the Top Up Grant and General Government Grants). The Fire Authority is also funded by taxation precepts from Local Authorities which are identified in the Taxation Precepts section of the Comprehensive Income and Expenditure Statement.

Declarations

All Members, Senior Officers and Budget Managers, the Monitoring Officer and Treasurer of the Authority have been consulted with regard to related party transactions. From the declarations received, there were no material transactions to report.

During 2017/18, works and services to the value of £29k were commissioned from the Chief Fire Officers Association (CFOA), CFOA National Resilience Limited, CFOA Services Limited, the Firefighters Charity and the Fire Sector Federation. During the year £7,200 was received in rental income from St. John's Ambulance Trust. These are all entities of which an Officer had an interest. This officer has declared their interest in accordance with IAS24.

The Fire and Rescue Indemnity Company

Until 31 October 2015 insurances for the Authority were arranged as part of a consortium of nine Fire and Rescue Authorities. These Fire and Rescue Authorities, including Bedfordshire, are now members of the Fire and Rescue Indemnity Company Limited. The company commenced trading in November 2015. The Authority's risk protection arrangements are provided through the pooled funds of the company. The Authority made a contribution of £244,000 to the company for the year to 31 October 2018 with £101,600 of this treated as an expense in 2017/18.

6. **Disclosure of Audit Costs**

In 2017/18 the Authority incurred the following fees relating to external audit and inspection:

2016/17 £'000		2017/18 £'000
31	Fees payable to Ernst & Young with regard to external Audit services carried out by the appointed auditor.	37
0	Fees payable in respect of other services provided by the Audit Commission and Ernst & Young.	0
31	Total	37

The 2017/18 costs include an amount for extra work undertaken as part of the 2016/17 Audit of the Accounts.

7. Capital Expenditure and Financing

	2016/17 £'000	2017/18 £'000
Opening Capital Financing Requirement	9,900	9,386
Capital Investment:		
Property, Plant and Equipment	1,790	1,189
Revenue Expenditure Funded from Capital Under Statute	0	0
Sources of Finance:		
Capital Receipts	0	0
Government Grants and Other Contributions	(29)	(3)
Sums Set Aside from Revenue:		
Direct Revenue Contributions	(1,761)	(1,186)
MRP and Finance Lease repayment	(514)	(496)
Closing Capital Financing Requirement	9,386	8,890
Explanation of Movements in Year:		
Assets acquired under finance leases	0	0
Increase/(Decrease) in underlying need to borrowing (unsupported by Government financial assistance)	(514)	(496)
Increase/(Decrease) in Capital Financing Requirement	(514)	(496)

8. Information on Assets Held

Non-Current Assets owned by the FRA include the following:

Non-Current Assets	31 March 2017	31 March 2018
Operational Buildings:		
Headquarters (including Training Centre, Control and Workshops)	1	1
Fire Safety Area Offices	2	2
Fire Stations: Wholetime	5	5
Day Crewing	1	1
Retained	8	8
Houses	7	7
Garages	6	6

Non-Current Assets	31 March 2017			31 March 2018		
	Leased	Owned	Total	Leased	Owned	Total
Operational Appliances:						
Pumping Appliances	0	24	24	0	22	22
Aerial Appliances	0	2	2	0	2	2
Fire Boats	0	1	1	0	1	1
Other Special Appliances	0	21	21	0	21	21
Modules	0	4	4	0	5	5
Appliances under construction	0	10	10	0	10	10
Special appliances under construction	0	0	0	0	0	0
Appliances awaiting disposal	0	5	5	0	4	4
Non-Operational Appliances:						
Reserve/Training Appliances	0	6	6	0	5	5
Ancillary Vehicles	0	45	45	0	47	47
Trailers etc.	0	8	8	0	8	8
Specials/Vans awaiting disposal	0	0	0	0	0	0
Total	0	126	126	0	125	125

9. Lease Rentals

Operating Leases:

Vehicles and Equipment — the Authority had one operating lease in 2016/17 which ceased in July 2016 relating to a car. In October 2017 the Authority acquired the lease of a different car, this lease is due to end in April 2018. The amount paid under these arrangements in 2017/18 was £3k (£3k in 2016/17).

Finance Leases:

The Authority had no finance leases in 2017/18.

Authority as a Lessee:

Operating Leases:

Under the IFRS rules governing leases, specifically IFRIC 4 (International Financial Reporting Interpretations Committee), 'Determining Whether an Arrangement Contains a Lease', this Authority has sought to identify contractual and other arrangements which involve the provision of services using specific underlying assets and which therefore can be considered as containing a lease for those assets.

There have been no additional embedded leases under IFRIC 4 or IFRIC 12 that relate to this Service in 2017-18.

Disclosure for Note to the Accounts:

The future minimum lease payments due under non-cancellable leases in future years are:

	2016/17 £'000	2017/18 £'000
Not later than one year	3	0
Later than one year but less than five years	0	0
Later than five years	0	0
Total	3	0

The expenditure charged into the Comprehensive Income and Expenditure Statement during the year in relation to this lease was:

	2016/17 £'000	2017/18 £'000
Minimum Lease Payments	3	3

Finance Leases:

Under the IFRS rules governing leases, specifically IFRIC 4 (International Financial Reporting Interpretations Committee), 'Determining Whether an Arrangement Contains a Lease', this Authority has sought to identify contractual and other arrangements which involve the provision of services using specific underlying assets and which therefore can be considered as containing a lease for those assets.

The Authority entered into two contracts in 2011-12 for the Managed Services for Personal Protective Equipment and for the Firelink Radios under the Airwaves Contract. The Managed Services for Personal Protective Equipment was still in existence in 2017-18, however, the lease for Firelink Radios ceased as at 31 March 2017. Under IFRIC 4 this lease contract is determined as being an embedded lease.

	2016/17 £'000	2017/18 £'000
Vehicles, plant and Equipment	179	119

The outstanding obligations to make payments under the finance leases (excluding finance costs) at 31 March 2018, accounted for as part of long term liabilities, are included within the totals on Note 10. However, for the embedded finance leases only, these are as follows:

	2016/17 £'000	2017/18 £'000
Not later than one year	62	64
Later than one year and not later than five years	70	6
Later than five years	0	0
Total	132	70

Authority as Lessor:

Under the IFRS rules governing leases, specifically IFRIC 4 (International Financial Reporting Interpretations Committee), 'Determining Whether an Arrangement Contains a Lease', this Authority has sought to identify contractual and other arrangements which involve the provision of services using specific underlying assets and which therefore can be considered as containing a lease for those assets. In 2017/18, it was determined that there were five embedded leases for renting out part various Fire Stations to the East of England Ambulance Service, Bedfordshire Police and The Road Victims Trust, which should be classified as leases under IFRIC 4.

The Authority leases out property and equipment under operating leases for the following purpose:

- For the provision of community services, such as the support for emergency services and its associated entities.

The future minimum lease payments receivable under non-cancellable leases in future years are:

	31 March 2017 £'000	31 March 2018 £'000
Not later than one year	32	42
Later than one year and not later than five years	0	0
Total	32	42

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2017/18, £NIL contingent rents were receivable by the Authority (2016/17 £NIL).

10. Operating and Finance Leases

i. Operating Leases:

At 31 March 2018 the Authority made a total of £2,637 payments under operating leases in 2017/18.

ii. Finance Leases:

The following values of assets were held under finance leases by the Authority, accounted for as part of non-current assets:

	Vehicles, Plant and Equipment		
	Gross Value £'000	Accumulated Depreciation £'000	Net Value £'000
As at 1 April 2017	540	(361)	179
Write-Outs in the Year (adjustments)	0	0	0
Additions	0	0	0
Disposals	0	0	0
Depreciation	0	(59)	(59)
As at 31 March 2018	540	(420)	119

11. Property, Plant and Equipment and Heritage Assets - Movement on Balances 2017/18

	Land and Buildings	Vehicles, Plant and Equipment	Assets Under Construction	Total Property, Plant and Equipment	Heritage Assets
	£'000	£'000	£'000	£'000	£'000
Cost or Valuation:					
At 1 April 2017	23,931	10,902	1,577	36,410	35
Additions	250	606	333	1,189	
Donations	0	0	0	0	
Revaluation increases /(decreases) recognised in the Revaluation Reserve	952	0	0	952	
Revaluation increases /(decreases) recognised in the CIES	687	0	0	687	
Disposals/Write Outs	0	(315)	0	(315)	
Reclassifications	0	830	(830)	0	
At 31 March 2018	25,820	12,023	1,080	38,923	35
Depreciation and Impairments:					
At 1 April 2017	0	(4,705)	0	(4,705)	
Depreciation Charge for 2017/18	(681)	(1,016)	0	(1,697)	
Depreciation written out to the Revaluation Reserve	0	0	0	0	
Disposals/Write Outs	0	290	0	290	
Reclassifications	0	0	0	0	
At 31 March 2018	(681)	(5,431)	0	(6,112)	0
Balance Sheet Amount as at 31 March 2018	25,139	6,592	1,080	32,811	35
Balance Sheet Amount as at 31 March 2017	23,931	6,197	1,577	31,705	35
Nature of Asset Holding					
Owned	25,139	6,592	1,080	32,811	35
Finance Lease	0	0	0	0	0
	25,139	6,592	1,080	32,811	35

Comparative Movements 2016/17

	Land and Buildings	Vehicles, Plant and Equipment	Assets Under Construction	Total Property, Plant and Equipment	Heritage Assets
	£'000	£'000	£'000	£'000	£'000
Cost or Valuation:					
At 1 April 2016	23,067	8,987	1,979	34,033	35
Additions	37	660	1,093	1,790	
Donations	0	0	0	0	
Revaluation increases /(decreases) recognised in the Revaluation Reserve	1,453	0	0	1,453	
Revaluation increases /(decreases) recognised in the CIES	(651)	0	0	(651)	
Disposals/Write Outs	0	(215)	0	(215)	
Reclassifications	25	1,470	(1,495)	0	
At 31 March 2017	23,931	10,902	1,577	36,410	35
Depreciation and Impairments:					
At 1 April 2016	(999)	(4,008)	0	(5,007)	0
Depreciation Charge for 2016/17	(548)	(890)	0	(1,438)	0
Depreciation written out to the Revaluation Reserve	1,547	0	0	1,547	0
Disposals/Write Outs	0	193	0	193	0
Reclassifications	0	0	0	0	0
At 31 March 2017	0	(4,705)	0	(4,705)	0
Balance Sheet Amount as at 31 March 2017	23,931	6,197	1,577	31,705	35

Valuation information — Non-Current Assets

The valuations, as at 31 March 2018, on land and buildings have been carried out by NPS Group and have been signed by Deborah O'Shea MRICS, an external valuer. These values have been updated for 2017/18 by the relevant indexation factors supplied by the same company.

The basis for valuation is set out in the Statement of Accounting Policies.

The Heritage Asset is a 1908 Shand Mason Steam Fire Pump (Steamer) which was valued as at 31 March 2016 by Jeremy Curzon MNAVA.

Capital Commitments

The Authority, in collaboration with Essex FRS, has completed a tender process for the purchase of ten rescue pumps. The Total cost of these vehicles is about £1.5m and the roll out commenced in 2017: they will all be in service by the end of 2018/19.

12. Intangible Assets — Movement on Balances 2017/18

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets only include purchased licences.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority. The useful life assigned to the major software suites used by the Authority is five years.

The carrying amount of intangible assets is amortised on a straight line basis. All Intangible assets were fully amortised in the 2015/16 financial year.

The table below shows that there were no movements on Intangible Assets during the year.

	2016/17 Intangible Assets £'000	2017/18 Intangible Assets £'000
Balance at start of the year		
Gross carrying amounts	205	205
Accumulated amortisation	(205)	(205)
Net carrying amount at start of year	0	0
Additions	0	0
Amortisation for the period	0	0
Net carrying amount at the end of the year	0	0
Comprising		
Gross carrying amounts	205	205
Accumulated amortisation	(205)	(205)

There are two items of capitalised software that are individually material to the financial statements:

	Carrying Amount		Remaining Amortisation Period
	31 March 2017 £'000	31 March 2018 £'000	
Step Software	167	167	Nil
Virtualisation Software	38	38	Nil

13. Inventories

The Authority holds a number of inventories. These are assets, in the form of materials or supplies that are to be consumed as a normal part of providing the service. Stocks are regularly reviewed to ensure that only necessary items are held.

2016/17 £'000	Inventories	2017/18 £'000
197	Technical	179
64	Smoke Alarms	97
51	Uniforms & Protective Clothing	36
49	Workshops	44
30	Fuel	25
15	Other	13
406	Total	394

The overall decrease in stock movement of £12k.

Smoke Alarms has increased by £33k which includes £28k purchased at the end of the year which is showed within the closing stock figure

Technical stock (£18k) and clothing (£15k) have both decreased.

14. Debtors

2016/17 £'000	Debtors	2017/18 £'000
186	H M Revenues and Customs (re-VAT)	173
1,373	Pension Fund Account	2,353
61	Employees	59
1,100	Collection Fund	1,199
159	Accounts Rendered	122
4	Investment Income	3
2	Other Debtors	2
2.885	Total	3,911

Bad Debts — The general bad debt provision brought forward from 2016/17 was £0k. No provision for bad debts have been included in 2017/18.

15. Payments in Advance

2016/17 £'000	Main Items	2017/18 £'000
149	IT	218
45	Car Leasing Scheme	34
151	Insurance	160
0	Leasing Companies	0
586	Firefighters Pension Payments	593
35	General	37
966	Total	1,042

16. Short Term Creditors

2016/17 £'000	Main Items	2017/18 £'000
51	Capital	188
516	Employees	323
0	PWLB Loan Interest	211
61	Public Utilities	21
149	Other Local Authorities	120
21	IT/Communications	241
545	Third Party Payments	579
412	General	387
530	Collection Fund — Taxpayers	685
2,285	Total	2,755

17. Other Creditors

2016/17 £'000	Main Items	2017/18 £'000
208	Government Grants	531
1	Rent Received in Advance	1
7	Other Grants	0
216	Total	532

18. Collection Fund

The Collection Funds, wholly shown within the Billing Authorities (Bedford, Central Bedfordshire and Luton) accounts are treated as agency accounts. This means that this Authority, as a precepting authority, is to be allocated a proportion of the council tax arrears, prepayments etc., to raise as creditors and debtors in its accounts. The proportion is based on this Authority's precept demand to the total of all precept demands as calculated by each Billing Authority for the Collection Fund under their control.

2016/17 Total £'000		Bedford Borough £'000	Central Beds £'000	Luton Borough £'000	2017/18 Total £'000
2,075	Council Tax Arrears	515	640	1,289	2,444
(1,102)	Impairment Allowance for doubtful debts	(321)	(169)	(826)	(1,316)
(336)	Council Tax overpayments and prepayments	(99)	(105)	(145)	(349)
(445)	Collection Fund (surplus)/deficit	(143)	(27)	(200)	(370)
(192)	Cash (Balancing Item)	48	(339)	(118)	(409)
0		0	0	0	0

A similar agency arrangement has now been introduced for National Non Domestic Rates (NNDR) with the authority's proportion calculated at the statutory rate of 1%.

2016/17 Total £'000		Bedford Borough £'000	Central Beds £'000	Luton Borough £'000	2017/18 Total £'000
191	NNDR Arrears	24	33	113	170
(103)	Impairment Allowance for doubtful debts	(22)	(5)	(62)	(89)
(64)	NNDR overpayments and prepayments	(17)	(12)	(39)	(68)
(202)	Appeals Provision	(85)	(43)	(91)	(219)
78	Collection Fund (surplus)/deficit	71	14	(10)	75
(100)	Cash (Balancing Item)	29	13	89	131
0		0	0	0	0

In addition this Authority is to account for its share of the surplus/deficit of the Collection Funds as at 31st March 2018 by transferring amounts to the Collection Fund Adjustment Account, previously the amount provided under regulation in January 2017 was used and included under precepts in the Comprehensive Income and Expenditure Statement. This method for calculating the surplus/deficit is reversed through the Movement on Reserves Statement so the impact against the council tax requirement, for the year, will still be based on the actual cash paid by the Billing Authorities.

2016/17 Total £'000		2017/18 Total £'000
(445)	Collection Fund Adjustment Account - Council Tax	(370)
78	Collection Fund Adjustment Account - NNDR	75
(367)	Collection Fund Adjustment Account	(295)

19. Long Term Borrowing

Long-term Borrowing by the Authority comprises £9.987M of PWLB loans. An analysis by date of maturity is as follows:

31 March 2017 £'000	Date of Maturity	31 March 2018 £'000
6,300	36 – 40 years	9,987
3,687	41 – 45 years	0
9,987	Total	9,987

19. Long Term Borrowing (continued)

Loan	Lender	Start Date	Maturity Date	Original Principal	Interest Rate %	Current Principal	Discount Rate %	Discount/ (Premium)	Market Value	Accrued Interest	Fair Value	Duration Remaining Years
492471	PWLB	08/11/2006	30/09/2056	6,300,000	4.1000	6,300,000	2.3800	(2,721,904)	9,021,904	708	9,022,612	38.50
494762	PWLB	18/08/2008	31/03/2058	3,687,000	4.4300	3,687,000	2.3600	(1,968,741)	5,655,741	447	5,656,188	40.00
Total PWLB Maturity				9,987,000		9,987,000		(4,690,645)	14,677,645	1,155	14,678,800	

Under the rules laid down by the 2017/18 Code, the Fair Value of any loans taken out must be disclosed in addition to the above carrying value to enable a comparison to be made. The Fair Value has been calculated by Link Asset Management using the rate available for new borrowing. At 31 March 2018 the Fair Values of the above loans were £14,679m calculated as above:

20. Short Term Investments

31 March 2017 £'000	Date of Maturity	31 March 2018 £'000
13,526	Short Term Investments	13,524
13,526	Total	13,524

20. **Short Term Investments (continued)**

Short-term investments are temporary surplus funds, invested short term with those financial institutions included within the Authority's approved lending list. Under the rules laid down by the 2017-2018 Code the Fair Value of any investments must be disclosed in addition to the above carrying value, such that a comparison can be made. At 31 March 2018 the Fair Values of the above short term investments was £13,527,818 calculated as below:

Loan To:	Issue Date	Maturity Date	Nominal Amount	Issue Rate	Market Rate	Net Market Value	Accrued Interest	Fair Value	Duration Remaining Years
				%	%				
Qatar	13/04/17	12/04/18	2,500,000	0.84	0.43	2,500,337	20,310	2,520,647	0.03
Bank of Scotland	19/01/18	19/07/18	1,000,000	0.60	0.70	999,699	1,184	1,000,883	0.30
Goldman Sachs	19/01/18	19/07/18	3,000,000	0.73	0.70	3,000,271	4,320	3,004,591	0.30
Goldman Sachs	19/02/18	17/08/18	2,000,000	0.79	0.74	2,000,380	1,775	2,002,155	0.38
Santander	31/03/18		2,500,000	0.70		2,500,000	1,486	2,501,486	
Santander	31/03/18		2,496,360	0.80		2,496,360	1,696	2,498,056	
Total			13,496,360			13,497,047	30,771	13,527,818	

21. **Cash and Cash Equivalents**

2016/17 £'000	Cash and Cash Equivalents	2017/18 £'000
3	Cash	5
1,542	Bank Current Accounts	1,873
1,545	Total	1,878

22. Nature and Extent of Risks Arising from Financial Instruments

- ***Credit Risk***

Credit risk is the possibility that other parties might fail to pay amounts due to the Authority.

The risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, as laid down by Fitch and Moody's Ratings Services. The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each category. The credit criteria in respect of financial assets held by the Authority are as detailed below:

Minimum Credit Ratings Required: AA-

Maximum amount of £7M per Organisation

Lending lists are reviewed and updated as necessary if the rating of any institution on the list has altered. The financial press and other media sources are also utilised for information on the credit strength of banks and other institutions and the list amended if appropriate.

- ***Liquidity Risk***

Liquidity risk is the possibility that the Authority might not have funds available to meet the commitments to make payments.

The Authority seeks to minimise liquidity risk by securing adequate available sources of short term financing and by effective cash flow forecasting and monitoring.

Any long term borrowing is through PWLB thereby minimising the potential liquidity risks. The maturity analysis of the Authority's borrowings is shown in the table under Note 19.

- ***Market Risk***

The Market Risk is the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements.

The Authority seeks to minimise market risk by maintaining reliable sources of information regarding market conditions to allow for informed assessment of treasury transactions. The Authority employs the services of Sector to advise it on Treasury Management issues.

The Authority does not make investments that are subject to market fluctuations (e.g. gilts, certificates of deposit etc.).

Cash flow forecasts are regularly monitored to ensure the Authority's financing targets are met.

Loans and short-term investment balances shown in the Balance Sheet are at fixed rates and therefore not effected by market fluctuations as at 31 March 2018.

Price and Foreign Currency Risk

The authority has no financial assets or liabilities in equity shares, joint ventures or denominated in foreign currency and therefore has no exposure to these risks.

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23. Provisions

The creation of provisions is permitted by Section 41 of the Local Government and Housing Act 1989.

A Non Domestic Rates appeals provision of £219,000 has been provided in 2017/18 (£202,000 in 2016/17). There is also an insurance provision of £10k (£10k in 2016/17).

24. Details of Movements on Usable Reserves

	2017/18				
	Earmarked Reserves	Capital Receipts Reserve	Government Grants and Other Contributions Unapplied	General Reserve	Total
	£'000	£'000	£'000	£'000	£'000
Surplus (Deficit) for the year	0	0	0	0	0
Appropriations to/from Revenue	199	0	0	0	199
New Receipts/Grant received in Year	0	56	0	0	56
Financing of Capital Expenditure	0	0	(3)	0	(3)
Total	199	56	(3)	0	252
Balance brought forward at 1 April 2017	12,249	641	202	2,600	15,692
Balance carried forward at 31 March 2018	12,448	697	199	2,600	15,944

Earmarked Reserves

Earmarked Reserves are those revenue reserves which have been created and earmarked for specific purposes. The analysis of earmarked reserves is shown below:

Earmarked Reserves	Balance at 31 March 2017 £'000	Movement in year £'000	Balance at 31 March 2018 £'000
Corporate Earmarked Reserves *	7,351	(82)	7,269
Capital Reserves	2,171	364	2,535
Budget Managers' Earmarked Reserves	503	(83)	420
Collaboration Reserve **	1,906	0	1,906
Collection Fund	270	0	270
Vehicle Appliance Reserve	48	0	48
Total	12,249	199	12,448

* Of which £4.876m is the Transformational Earmark Reserve to be used for budget setting over the medium term. The 2017/18 underspend has been allocated to this reserve.

** A new reserve was set up in 2015/16 to fund Collaboration work.

General Reserves

General Reserves are those revenue reserves which have been created and are not specifically earmarked for expenditure.

The table below details the transfers to the General Reserve during 2017/18:

General Reserve	£'000
Balance brought forward from 1 April 2017	2,600
In Year surplus	199
Funding to/(from) reserve agreed by Members during 2017/18	(199)
Total at 31 March 2018	2,600

As noted above, the year-end surplus was not allocated to the Capital Reserve but the Transformation Reserve.

Capital Grants and Other Contributions Unapplied

Capital grants or capital contributions where the income has been received but the expenditure to be financed from that grant or contribution has not been incurred at the balance sheet date.

Capital Receipts Reserve

Capital receipts from the sale of assets owned by the Service that have yet to be used to finance future capital expenditure.

25. Details of Movements on Unusable Reserves

Unusable Reserves	Revaluation Reserve	Capital Adjustment Account	LGPS Pension Reserve	Firefighters' Pension Reserve	Collection Fund Adjustment Account	Accumulated Absences	Total Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2017	5,713	16,641	(12,749)	(309,933)	367	(177)	(300,138)
Balance at 31 March 2018	6,450	17,506	(13,613)	(318,950)	295	(173)	(308,485)

For details of all calculations see Movement in Reserves Statement

Revaluation Reserve:

The Revaluation Reserve records the accumulated gains on the fixed assets held by the Authority arising from increases in value, as a result of inflation or other factors.

	2016/17 £'000	2017/18 £'000	2017/18 £'000
Balance 1 April	2,801		5,713
Upward revaluation of assets	3,556	1,066	
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(556)	(114)	
Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services	3,000		952
Difference between fair value depreciation and historical cost depreciation	(88)	(215)	
Amounts written off to the Capital Adjustment Account			(215)
Balance at 31 March	5,713		6,450

Capital Adjustment Account:

The Capital Adjustment Account accumulates the write down of the historic cost of fixed assets as they are consumed by depreciation or impairment or written off on disposal. It accumulates the resources set aside to finance capital expenditure. The balance on the account thus represents timing differences between the amount of the historical cost of fixed assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

	2016/17 £'000	2017/18 £'000	2017/18 £'000
Balance 1 April	16,361		16,641
Reversal of items relating to capital expenditure debited or credited to the CIES:			
Charges for depreciation and impairment of non-current assets	(2,089)	(1,010)	
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(24)	(25)	
	(2,113)		(1,035)

Adjusting amounts written out of the Revaluation Reserve	88		215
Net written out amount of the cost of non-current assets consumed in the year	14,336		15,821
Capital financing applied in the year:			
Capital grants and contributions credited to the CIES that have been applied to capital expenditure	0	0	
Application of grants to capital financing from the Capital Grants Unapplied Account	29	3	
Statutory provision for the financing of capital investment charged against the General Fund	514	496	
Capital expenditure charged against the General Fund or Reserves	1,762	1,186	
	2,305		1,685
Balance at 31 March	16,641		17,506

Pension Reserves:

The Pensions Reserves are maintained in order that the IAS 19 accounting adjustments are reversed out of the Comprehensive Income and Expenditure Statement and do not impact on the amount to be met from local taxation, see Note 29 for further details

	LGPS Pension Reserve		Firefighters' Pension Reserve	
	2016/17 £'000	2017/18 £'000	2016/17 £'000	2017/18 £'000
Balance at 1 April	(9,097)	(12,749)	(271,608)	(309,933)
Remeasurement of the net defined benefit liability/(assets)	(3,001)	336	(28,674)	(3,280)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(1,451)	(1,974)	(16,359)	(13,625)
Employer's pension contributions and direct payments to pensioners payable in the year	800	774	6,708	7,888
Balance at 31 March	(12,749)	(13,613)	(309,933)	(318,950)

Collection Fund Adjustment Account:

See under Note 18 for explanation of Collection Fund Adjustment Account.

Accumulated Absences Account:

The Accumulated Absences Account has been set up to cover the cost of any annual and flexi leave untaken as at 30 March 2018. Leave not taken in the year is normally carried forward and allowed to be taken in the following year: therefore unless an officer leaves it is unlikely that any payments will be made for untaken leave.

	2016/17	2017/18	2017/18
	£'000	£'000	£'000
Balance 1 April	(183)	(177)	(177)
Settlement or cancellation of accrual made at the end of the preceding year	183	177	
Amounts accrued at the end of the current year	(177)	(173)	
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.	6		4
Balance 31 March	(177)		(173)

26. Contingent Liabilities

In accordance with the Code of Practice, the following Contingent Liabilities have been identified:

1. There is a potential for employees to request additional holiday pay in respect of any "guaranteed" overtime worked (British Gas v Lock case and advice from LGA/ACAS refers). Costs have not been quantified as this requires detailed analysis of whether overtime is truly "guaranteed" rather than "voluntary". Work is now underway to identify the scope of any claims. However any claim is time limited.
2. The Fire Brigades Union (FBU) lodged an Employment Tribunal claim in relation to the transitional protections associated with the new 2015 Fire pension scheme. The Tribunal found in favour of the Government but at appeal the EAT decided that there was fault in how the original tribunal applied the legal principle and the matter has been referred back to a different tribunal. This will give rise to legal costs (a cost sharing agreement is in place across all FRS affected) and depending on the final outcome; potentially further unknown costs to the Service.
3. The Guaranteed Minimum Pension (GMP) reconciliation exercise with HMRC will give rise to additional costs in respect of LPP (the Authority's Pensions Administrator) charges and/or overpayments and errors that may be discovered. This is ongoing and costs are unknown.
4. Following a recent European Court of Justice Case (Ville de Nivelles v Matzak) time "on call" has been determined as working time. This may have implications for the Retained Duty Service. The matter is currently being considered at national level. This could ultimately incur costs and further guidance is awaited.
5. The Service is one of a number of FRAs with ET claims lodged as part of a group action by RDS employees regarding the Part Time Workers Regulations and their respective terms and conditions of employment and pension eligibility/ entitlement. The Terms and Conditions element of the claims has been settled however the pension elements remain unresolved. At present the FRA has no timescale for resolution or potential liabilities as the matter is being dealt with at national level. An update has been requested from the Home Office and we are awaiting a response.

27. Contingent Assets

In accordance with the Code of Practice, the following Contingent Assets have been identified:

1. Following a review of injury awards, it is apparent that some pensioners have not had their pension adjusted to properly account for relevant state benefits. This has led to various underpayments but in most cases overpayments, some of which are significant. Some cases are resolved with repayment schedules agreed, one is ongoing through the Internal Dispute Resolution Procedure (IDRP) and a further sixty are currently under review. The outcome of the amounts involved for these cases are currently unknown and thus an estimate cannot be given at this time.
2. There is a potential claim against the previous pensions administrator as a consequence of errors made (injury and due diligence above) and thus additional cost incurred by BFRS in correcting these errors. At this stage it is not possible to quantify the amounts. A standstill agreement is in place pending further communications and legal advice.
3. In July 2016 the European Commission fined European truck manufacturers 2,926 billion euros for price fixing and other cartel activities between 1991 and 2001. DAF, Daimler, Iveco, MAN, and Volvo/ Renault acknowledged their guilt (Scania is still being investigated) and confirmed they did the following:
 - At Senior HQ management level, fixed gross and sometimes net list prices.
 - Aligned gross list prices Europe including the UK at the start of the cartel.
 - Reduced rebates when the Euro was introduced.
 - Delayed introduction of more fuel efficient Euro 3, 4, 5 and 6 technologies.
 - Agreed the cost that operators should pay for Euro technologies.

This involves any trucks of 6 tonnes and over, purchased outright, financed or leased between 1997 and 2011. A legal action is now ongoing to recoup some of the money lost due to this cartel price fixing. No specific value or percentage has been discussed as yet and the legal action may take several years to complete. An approximate value upon a successful financial settlement can be estimated at 0.5% of the value of the vehicle purchased or £38k to £48k.

28. Authorisation of Accounts

The Draft Statement of Accounts was authorised for issue on 23rd May 2018 by G. Chambers, Treasurer to the FRA.

29. Pension Arrangements

As part of the terms and conditions of its employees, the Authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Authority participates in two Pension Schemes:

- a. The Firefighters' Pension Scheme for firefighters is an unfunded defined benefit final salary scheme. This means that there are no investment assets built up to

meet the pensions liabilities and cash has to be generated to meet actual pensions payments as they eventually fall due.

- b. The Local Government Pension Scheme for control and non-uniformed staff, administered from 1 April 2009 by Bedford Borough Council, is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The cost of retirement benefits are recognised in the Net Cost of Service when they are earned by employees, rather than when the benefits are actually paid out 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 of the Movement on Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and General Fund Balance via the Movement in Reserves Statement during the year.

	Firefighters' Pension Scheme — All Schemes £'000		Local Government Pension Scheme £'000		Total £'000	
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
Net Cost of Service:						
Current Service Cost	(5,217)	(5,227)	(1,127)	(1,630)	(6,344)	(6,857)
Past Service (Cost)/Gain	(1,600)	(217)	0	(2)	(1,600)	(219)
Impact of Settlements/Curtailments	0	0	0	0	0	0
Net Operating Expenditure:						
Net interest expense	(9,542)	(8,181)	(324)	(342)	(9,866)	(8,523)
Surplus or Deficit on the Provision of Service	(16,359)	(13,625)	(1,451)	(1,974)	(17,810)	(15,599)
Remeasurement of the net defined benefit liability:						
Return on Plan assets excluding amounts included in interest	0	0	1,761	(378)	1,761	(378)
Actuarial gains and losses arising on changes in demographic assumptions	(1,580)	7,930	150	0	(1,430)	7,930
Actuarial gains and losses arising on changes in financial assumptions	(56,310)	(9,080)	(5,835)	716	(62,145)	(8,364)
Other	29,216	(2,130)	923	(2)	30,139	(2,132)
Total Charge to the Comprehensive Income & Expenditure Statement	(45,033)	(16,905)	(4,452)	(1,638)	(49,485)	(18,543)

Movement in Reserves Statement						
Reversal of Net Charges made to Surplus or Deficit on the Provision of Services for post employment benefits in accordance with the code	16,359	13,625	1,451	1,974	17,810	15,599
Amount charged against Council Tax for pensions in the year:						
Employer's contributions payable to the Scheme	5,738	7,078	790	765	6,528	7,843
Retirement benefits payable to Pensioners	970	810	10	10	980	820

The underlying assets and liabilities for retirement benefits attributable to the Authority at 31 March 2018 are as follows:

	Firefighters' Pension Scheme - All Schemes	Firefighters' Pension Scheme - All Schemes	Local Govt Pension Scheme	Local Govt Pension Scheme	Total	Total
	Total £'000	Total £'000	£'000	£'000	£'000	£'000
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
Estimated Liabilities in Scheme	(309,933)	(318,950)	(32,983)	(34,490)	(342,916)	(353,440)
Estimated Assets in Scheme	0	0	20,234	20,877	20,234	20,877
Net Liability	(309,933)	(318,950)	(12,749)	(13,613)	(322,682)	(332,563)

The liabilities show the underlying commitments that the Authority has in the long-run to pay retirement benefits. The total net liability of £332.563m has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, resulting in a negative overall balance on the Authority's Balance Sheet of £292.541m. Statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

- Any deficit on the Firefighters' Pension Account will be met by Government Grant.
- The deficit on the Local Government Pension Scheme will be made good by increased contributions over the remaining working life of employees as assessed by the Scheme's Actuary.

The total contributions expected to be made to the Local Government Pension Scheme by the Authority in the year to 31 March 2019 will be approximately £851,000. Expected contributions to the Firefighters' Pension Scheme in the year to 31 March 2019 are £1,748,400.

Liabilities have been assessed on an actuarial basis using the projected unit credit method: an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Firefighters' Pension Scheme liabilities have been assessed by Government Actuarial Department and the Local Government Pension Scheme liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries; estimates for the

Firefighters' Pension Scheme and the Local Government Pension Scheme being based on the Actuarial Valuation (IAS19) of the scheme as at 31 March 2018.

The actual rate of return on scheme assets was not quantified by the Actuary in the year to 31 March 2018 and this does not appear in the tables below.

The main assumptions used by the Actuary in their calculations have been:

	Fire-fighters Pension Scheme FPS1992	Firefighters Pension Scheme All	Local Government Pension Scheme	
	2016/17	2017/18	2016/17	2017/18
Mortality Assumptions:				
Longevity at 60 for current pensioners-				
Men	30.20 years			
Women	31.70 years			
Longevity at 60 for future pensioners-				
Men	31.60 years			
Women	33.20 years			
Longevity at 65 for current pensioners-				
Men		21.9 years (both)	22.40 years	22.40 years
Women			24.50 years	24.50 years
Longevity at 65 for future pensioners-				
Men		23.9 years (both)	24.00 years	24.00 years
Women			26.80 years	26.20 years
Rate of Inflation	3.40%	2.30%	3.30%	n/a
Rate of Increase in Salaries	3.40%	4.30%	3.20%	2.70%
Rate of Increase in Pensions	2.40%	2.30%	2.20%	2.40%
Rate for discounting scheme liabilities	2.60%	2.55%	3.50%	2.70%
Take up option to convert annual pension into retirement lump sum	90%		50% to 75%	50% to 75%

Changes to the Local government Pension Scheme permit employees retiring on or after 6 April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future pension. For 2017/18 the Actuary has assumed that 50% of retirees will take up this option for pre April 2008 service and 75% for post April 2008 service.

The Firefighters' Pension Scheme has no assets to cover its liabilities. Assets in the LGPS are valued at fair value, principally market value for investments, and consist of the following categories, by proportion of total assets held by the fund.

Local Government Pension Scheme Assets comprised:

Fair Value of Scheme Assets

Asset Category	Period Ended 31 March 2017				Period Ended 31 March 2018			
	Quoted prices in active market £'000	Quoted prices not in active market £'000	Total £'000	Percentage of Total Assets	Quoted Prices in Active Market £'000	Quoted Prices not in active Market £'000	Total £'000	Percentage of Total Assets
Cash and cash equivalents	745.1	0.0	745.1	4%	899.0	0.0	899.0	5%
Equity Instruments:								
By Industry Type	0.0	0.0	0.0	0%	0.0	0.0	0.0	0%
Consumer	0	0	0	0%	0.0	0.0	0.0	0%
Manufacturing	0	0	0	0%	0.0	0.0	0.0	0%
Financial Institutions	0	0	0	0%	0.0	0.0	0.0	0%
Health and Care	0	0	0	0%	0.0	0.0	0.0	0%
Information Technology	0	0	0	0%	0.0	0.0	0.0	0%
Other	0	0	0	0%	0.0	0.0	0.0	0%
Sub Total Equity	0	0	0	0%	0.0	0.0	0.0	0%
Bonds:								
<i>by Sector</i>								
Corporate Bonds (Non-Investment Grade)	0	0	0	0%	0	1,666.8	1,666.8	8%
Other	0	0	0	0%	0.0	0.0	0.0	0%
Sub Total Bonds	0.0	1,754.9	1,754.9	9%	0.0	1,666.8	1,666.8	8%

Property:								
<i>by type</i>								
UK Property	0.0	1,859.3	1,859.3	9%	0.0	1,880.4	1,880.4	9%
Overseas	0.0	0.0	0.0	0%	0.0	0.0	0.0	0%
Sub Total Property	0.0	1,859.3	1,859.3	9%	0.0	1,880.4	1,880.4	9%
Private Equity:								
All	0	0	0	0	0.0	57.7	57.7	0%
	0	0	0	0	0.0	57.7	57.7	0%
Other Investment Funds								
Equities	610.4	10,187.3	10,797.7	53%	662.1	10,056.0	10,718.1	51%
Bonds	1,711.9	0.0	1,711.9	8%	1,654.1	0.0	1,654.1	8%
Hedge Funds	0.0	0.0	0.0	0%	0.0	0.0	0.0	0%
Commodities	0.0	0.0	0.0	0%	0.0	0.0	0.0	0%
Infrastructure	0.0	0.0	0.0	0%	0.0	0.0	0.0	0%
Other	3,365.1	0.0	3,365.1	17%	4,000.9	0.0	4,000.9	19%
	5,687.4	10,187.3	15,874.7	78%	6,317.1	10,056.0	16,373.1	78%
Derivatives:								
Inflation	0.0	0.0	0.0	0%	0.0	0.0	0.0	0%
Interest Rate	0.0	0.0	0.0	0%	0.0	0.0	0.0	0%
Foreign Exchange	0.0	0.0	0.0	0%	0.0	0.0	0.0	0%
Other	0.0	0.0	0.0	0%	0.0	0.0	0.0	0%
					0.0	0.0	0.0	0%
Totals	6,433	13,802	20,234	100%	7,216	13,661	20,877	100%

Bedford Borough Council has overall responsibility for the investment of the Local Government Pension Scheme Assets (the Fund). The major objective of the Fund is to maintain a portfolio of secure and sufficiently liquid assets, which together with new contributions from active members of the Fund will generate sufficient income and capital growth to meet the cost of current and future benefits that the Fund provides. The Council's Pensions Fund Panel has set an overall asset allocation for the Fund and for each asset class the Fund has a benchmark against which performance can be measured.

As is required by the pensions and (where relevant) investment regulation, the suitability of various types of investments have been considered, as the need to diversify investments to reduce risk of investment in too narrow range. The risk associated with the investments is controlled through the diversification of asset classes and investment managers. A small cash balance is also maintained to meet the liquid requirements of the Fund. A large proportion of the assets relate to equities (50% of scheme assets) and UK Government bonds (9%) and these percentages are materially the same as last year. The Bedfordshire Pension Funding Strategy is monitored annually or more frequently if necessary.

The table below shows the reconciliation of the present value of the Scheme's liabilities:

	Unfunded Liabilities Firefighters' (all schemes combined)		Local Government Pension Scheme		Total	Total
	2016/17 £'000	2017/18 £'000	2016/17 £'000	2017/18 £'000	2016/17 £'000	2017/18 £'000
Opening Defined Benefit Obligation	271,608	309,933	26,431	32,983	298,039	342,916
Current Service Costs	5,217	5,227	1,127	1,630	6,344	6,857
Interest Costs	9,542	8,181	939	874	10,481	9,055
Contributions from Scheme Participants	1,313	1,333	290	279	1,603	1,612
Transfers in/(out)	8	38	0	0	8	38
Actuarial losses/(Gains) due to changes in demographic assumptions	1,580	(7,930)	(150)	0	1,430	(7,930)
Actuarial losses/(Gains) due to changes in financial assumptions	56,310	9,080	5,835	(716)	62,145	8,364
Other	(29,216)	2,130	(923)	2	(30,139)	2,132
Past service cost	1,600	217	0	2	1,600	219
Benefits paid	(6,843)	(8,449)	(556)	(554)	(7,399)	(9,003)
Injury Award Expenditure	(970)	(810)	0	0	(970)	(810)
Backdated Commutation Payments	(216)	0	0	0	(216)	0
Estimated unfunded benefits paid	0	0	(10)	(10)	(10)	(10)
Closing Defined Benefit Obligation	309,933	318,950	32,983	34,490	342,916	353,440

The objectives of the scheme are to keep employers contributions at as constant a rate as possible. The Borough Council has agreed a Strategy with the scheme's actuary to achieve a funding level of 100% over 20 years. Funding levels are monitored on an annual basis. The last triennial valuation for both the Local Government Pension Scheme and Firefighters Pension scheme is as at 31/03/2016 (quadrennial valuations).

The weighted average duration of the defined benefit obligation for scheme members is shown below:

Local Government Pension Scheme				
	2016/17		2017/18	
	Liability Split (%)	Weighted Average Duration	Liability Split (%)	Weighted Average Duration
Active Members	61.0%	22.8	63.5%	22.8
Deferred members	16.9%	22.1	16.1%	22.1
Pensioner Members	22.1%	12.4	20.4%	12.4
	100.0%	19.7	100.0%	19.7

	1992 Scheme 2016/17		2006 Scheme 2016/17		2005 Scheme 2016-17	
2016/17	Liability Split (%)	Weighted Average Duration	Liability Split (%)	Weighted Average Duration	Liability Split (%)	Weighted Average Duration
Active Members	38.3%	23.1	76.0%	33.4	84.5%	36.9
Deferred Members	4.3%	26.9	15.2%	31.9	15.5%	37.6
Pensioner Members	57.4%	12.2	8.8%	17.0	0.0%	0.0
	100.0%	17.0	100.0%	32.3	100.0%	37.0
Contingent Injuries	33.0%	23.1	72.8%	33.4	0.0%	0
Injury pension liabilities	67.0%	11.5	27.2%	15.7	0.0%	0
	100.0%	15.3	100%	28.6	0.0%	36.9

2017/18	Number	%	Total Salaries for current members £'000	Total Deferred Pension £'000	Total Pensions payable £'000
Active Members	352	39.2%	9,620		
Deferred Members	154	17.1%		540	
Pensioner Members	393	43.7%			6,750
	899	100.0%	9,620	540	6,750

Notes

1 - the Total Salaries is the average pensionable pay with allowance for part time workers

2 - The above amounts (£) for Deferred Members and Pension payments include the PI awarded in April 2016

The table below shows the reconciliation of the Fair Value of the Scheme's Assets:

	Firefighters' 1992 and 2006 Pension Schemes		Local Government Pension Scheme	
	2016/17	2017/18	2016/17	2017/18
	£'000	£'000	£'000	£'000
Opening Fair Value of Employer Assets	0	0	17,334	20,234
Interest - Income	0	0	615	532
Return on Plan Assets	0	0	1,761	(378)
Employer Contributions	5,738	7,078	790	764
Contributions by Scheme Participants	1,313	1,333	290	279
Benefits Paid	(6,843)	(8,449)	(556)	(554)
Unfunded Benefits Paid	970	810	(10)	(10)
Backdated Commutation Payments	(216)	0	0	0
Contributions in respect of Unfunded Benefits	(970)	(810)	10	10
Transfers in/(out)	8	38	0	0
Closing Fair Value of Employer Assets	0	0	20,234	20,877

30. Grants and Contributions

The Authority credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2017/18

	2016/17 £'000	2017/18 £'000
Credited to Taxation and Non Specific Grant Income:		
CLG – Capital Grant	14	0
CLG – New Risk Grant	0	0
CLG – Transformation Grant	0	0
Total	14	0
	2016/17 £'000	2017/18 £'000
Credited to Services:		
CLG – New Dimensions Resilience Training	23	0
CLG – Firelink	165	192
CLG – Transparency	8	0
CLG – New Risk	9	9
CLG – Transformation	55	0
DEFRA – Flood Rescue	0	6
Total	260	207

31. Post Balance Sheet Events

There are no post balance sheet events to report.

DRAFT

BEDFORDSHIRE FIRE AND RESCUE AUTHORITY
PENSION FUND ACCOUNT FOR THE YEAR ENDING 31 MARCH 2018

2016/17 Net Expenditure £'000		2017/18 Net Expenditure £'000	See Pension Fund Note (Page 94)
	Contributions Receivable		
	From Employer		
(1,647)	• Normal	(1,609)	
(39)	• Other	(88)	
(1,405)	From Members	(1,313)	
0	Milne v Gad Commutation Redress Grant	0	
(216)	Pensions Holiday Contributions Redress Grant	0	8
(19)	Transfers In	(73)	
(3,326)	Total Receivable	(3,083)	
	Benefits payable		
6,582	• Pensions	6,197	9
1,305	• Commutations and lump sum retirement benefits	2,252	
211	• Pension Holiday benefit	(1)	
	Payment to and on account of leavers		
11	• Individual transfers out to other schemes	48	
4,783	Net amount payable for the year	5,413	
(4,783)	Top-up grant payable by the Government	(5,413)	3
0	Net amount	0	
	NET ASSETS STATEMENT		
1,171	Net current Assets due from/(Net Current Liabilities owed to) Government	2,177	3
(1,171)	Other current assets and liabilities	(2,177)	
0		0	

NOTES TO THE PENSION FUND ACCOUNT

1. Due to the changes in the way that Firefighters' pensions are to be managed a separate Pension Fund Account is required to show the transactions related to those pensions. The fund was legally established under the Firefighters' Pension Scheme (Amendment) (England) Order 2006 and administered by London Pension Fund authority but is managed by Bedfordshire Fire and Rescue Authority.
2. The Pension Fund Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting and follow the Statement of Accounting Policies as detailed on pages 31 to 44. Similarly, the general management and administrative arrangements of the Pension Fund are the same as for the core accounts.
3. The Firefighters' Pension Fund is an unfunded scheme which means that there are no investment assets built up to meet the liabilities to pay pensions or other benefits in the future. Cash has to be generated to meet actual payments on a 'pay-as-you-go' basis from contributions from the FRA and employees. The Pension Fund has to be balanced to nil each year and so where the income generated is not sufficient to cover the costs, central government pay a top-up grant to cover any deficit. If, however, surplus income is generated then the surplus grant is repaid to the government.
4. Employee's and Employer's contribution levels are based on percentages of pensionable pay set nationally by the Home Office and subject to four year revaluation by the Government's Actuary Department.
5. The Net Assets Statement does not include liabilities to pay pensions and other benefits after the Balance Sheet date.
6. The April 2018 pension payments are paid out to the pensioners in March. As income from employer and employees' contributions is not received until April, the payments have been funded from the FRA which is treated as a creditor of the Pension Fund Account.
7. Following a review of pensioner payments by our new administrators underpayments and overpayments have been identified and treated in the Pension Fund as Debtors (Underpayments) and Creditors (Overpayments).
8. In the 2016/17 accounts, the national case relating to holiday contributions on Fire Fighter pensions was resolved. The above figures in the 2016/17 & 2017/18 pension account include these redress payments and also the reimbursement of these from the Government to the Authority. The net impact on the Authority is nil.
9. Included within the Benefits Payable Pension figure above for 2016/17, is £498k relating to prior years. This corrects Pension Fund payments that should have been reclaimed in prior years, which had incorrectly been included within the Authority's own revenue expenditure. This inflated figure above addresses these payments made by the Authority that resulted in underclaims in prior year from the Pension Account. By increasing the Pensions Benefits Payable figure above, the balance due back from the Home Office is increased to rectify this.

GLOSSARY OF TERMS

ACCRUAL

A sum included in the final accounts to cover income or expenditure attributable to an accounting period for goods received or work done, but for which payment has not been received/made by the end date of the period for which the accounts are prepared.

AUDIT

An independent examination of the Authority's activities, either by internal audit or the Authority's external auditor, which is Ernst & Young LLP.

BALANCE SHEET

A statement of the recorded assets, liabilities and other balances at a specific date at the end of an accounting period.

CAPITAL EXPENDITURE

Expenditure on the acquisition of a non-current asset or expenditure which adds to and not merely maintains the value of an existing non-current asset, i.e. by extending the economic life of the asset or increasing its value.

CAPITAL RECEIPT

Proceeds from the sale of a non-current asset, i.e. land or a building.

CONSISTENCY

The concept that the accounting treatment of like items within an accounting period and from one period to the next are the same.

CREDITOR

An amount owed by an organisation for work done, goods received, or services rendered to the organisation within the accounting period but for which payment has not been made.

CURRENT ASSET

An asset where the value may change because the volume held can vary through day to day activity, e.g. physical stockholdings.

CURRENT LIABILITY

The amount which will become payable or could be called in within the next accounting period e.g. creditor, cash overdrawn.

CURRENT VALUE

The measurements that reflect the economic environment prevailing to the service or function the asset is supporting at the reporting date. Current value measurement basis include; Existing Use Value, Existing Use Value Social Housing, Depreciated Replacement Cost and Fair Value.

DEBTOR

An amount due to the Authority within the accounting period but not received at the balance sheet date.

DEBT OUTSTANDING

Amounts borrowed which are still to be repaid.

DEPRECIATION

The measure of the wearing out, consumption, or other reduction in the useful economic life of a non-current asset, whether arising from use, effluxion of time or obsolescence through technological or other changes.

FAIR VALUE

The fair value of a non-current asset is the price that will be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement dates.

IFRS (International Financial Reporting Standards)

A set of rules, governed by the IASB (International Accounting Standard Board) for application in the compilation of Local Authority accounts.

INVENTORIES

Comprise consumable goods.

LOANS OUTSTANDING

The total amounts borrowed from external lenders for capital and temporary revenue purposes but not repaid at the balance sheet date.

LONG TERM CONTRACTS

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or combination of asset or services which together constitute a single project), where the time taken substantially to complete the contract is such that the contract activity falls into different accounting periods. Some contracts with a shorter duration than one year should be accounted for as long term contracts if they are sufficiently material to the activity of the period.

MINIMUM REVENUE PROVISION (MRP)

The minimum amount which must be charged each year to an authority's revenue account to repay the principal sum of borrowing for capital purposes.

NET BOOK VALUE

The amount at which non-current assets are included in the balance sheet, i.e. their historical cost or current value less cumulative amounts provided for depreciation.

NET CURRENT REPLACEMENT COST

The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

NON-CURRENT ASSETS

An asset which has value beyond one financial year.

OPERATING LEASES

A means of renting an asset for part of its life.

OPERATIONAL ASSETS

Non-current assets held and occupied, used or consumed by the authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

PUBLIC WORKS LOAN BOARD (PWLB)

A government agency which provides long-term loans to local authorities at interest rates only slightly higher than those at which the government itself can borrow.

REVENUE EXPENDITURE

The day-to-day running expenses incurred by an authority in providing services.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Represents expenditure which is capitalised but does not result in the creation of or enhancement to a non-current asset.

TRANSFER VALUE

A payment one pension fund makes to another when a member changes employment.

USEFUL LIFE

The period over which the authority will derive benefits from the use of a non-current asset

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Luton
LU1 3LU

Please respond to:

Your Ref:
Our Ref: E&Y Letter of Representation
Name: Gavin Chambers
Telephone: 01234 845000
Email: gavin.chambers@bedsfire.com
Date: 2nd July 2018

Dear Ms Hanson,

This letter of representations is provided in connection with your audit of the financial statements of Bedfordshire Fire and Rescue Authority (“the Authority”) for the year ended 31 March 2018. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the financial position of Bedfordshire Fire and Rescue Authority as of 31 March 2018 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

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

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

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.
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 in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18. We have approved the financial statements.



3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
4. As members of management of the Authority, we believe that the Authority has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18, that are free from material misstatement, whether due to fraud or error.
5. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

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

1. We acknowledge that we are responsible to determine that the Authority's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address 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 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 are reflected in the financial statements.
3. We have made available to you all minutes of the meetings of the Authority and committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: 31 May 2018.
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Authority's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.
5. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. We have disclosed to you, and the Authority has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

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 litigation and claims, both actual and contingent, and have disclosed in Note 26 to the financial statements all guarantees that we have given to third parties.

E. Subsequent Events

1. There have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

F. Other information

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

G. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the valuation of land and buildings and retirement benefits 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.

H. Property Valuation, Retirement benefits and Business Rates Appeals Estimates

1. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.
2. We confirm that the significant assumptions used in making the valuation of land and buildings appropriately reflect our intent and ability to utilise the assets on behalf of the entity.
3. We confirm that the disclosures made in the financial statements with respect to the accounting estimate(s) are complete and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.
4. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the financial statements due to subsequent events.

I. 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.

J. Ownership of Assets

1. Except for assets capitalised under finance leases, the Authority has satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on the Authority's assets, nor has any asset been pledged as collateral, other than those that are disclosed in to the financial statements. All assets to which the Authority has satisfactory title appear in the balance sheet.

K. Reserves

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

Yours sincerely,

Treasurer

Chair of the Audit and Standards Committee

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For Publication

**Bedfordshire Fire and Rescue Authority
Audit and Standards Committee
6 July 2018
Item No. 12**

REPORT AUTHOR: ASSISTANT CHIEF OFFICER (HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT)

**SUBJECT: AUDIT AND GOVERNANCE ACTION PLAN
MONITORING: EXCEPTION REPORT AND SUMMARY ANALYSIS**

For further information on this report contact: Karen Daniels
Service Assurance Manager
Tel No: 01234 845013

Background Papers:

- Action Plans contained in Internal Audit Reports
- Action Plan contained in the current Annual Governance Statement
- Audit Outcome Monitoring reports and Minutes from the Policy and Challenge Group meetings

Implications (tick ✓):

LEGAL			FINANCIAL	
HUMAN RESOURCES			EQUALITY IMPACT	
ENVIRONMENTAL			POLICY	
CORPORATE RISK	Known	✓	OTHER (please specify)	
	New		CORE BRIEF	

Any implications affecting this report are noted at the end of the report.

PURPOSE:

To present Members with a summary statistical analysis of actions arising from internal audit reports over the last three financial years to date and from the Fire and Rescue Authority’s current Annual Governance Statement; together with an exception report on those actions currently in progress for which the relevant Policy and Challenge Group has received a proposal to extend the original timing for completion.

RECOMMENDATION:

That Members receive the report and consider any issues arising.

1. Introduction

- 1.1 The Audit and Standards Committee has previously agreed that a full monitoring report of current progress on applicable Audit and Governance Statement action plans should be made to each meeting of the appropriate Policy and Challenge Group; and that the Audit and Standards Committee should receive a summary analysis of action plans together with a full exception report of all actions in progress for which a Policy and Challenge Group has received a proposal for an extension to the original completion date.
- 1.2 This is the first summary analysis and exception report to the Audit and Standards Committee for the year 2018/19 and it incorporates information from all monitoring reports made to Policy and Challenge Groups in the reporting period to date.

2. Audit and Governance Action Plans Summary Analysis

- 2.1 The Audit Action Plans Summary Analysis (attached as Appendix A) provides a summary statistical analysis of the status of all actions arising from audit reports received over the last three financial years (ie 2016/17 to date).
- 2.2 The report provides the following details for each audit:
- Audit report title and date;
 - Responsible Policy and Challenge Group;
 - Total number of actions arising and their prioritisation;
 - Number of actions completed (by priority) subject to follow-up audit;
 - Number of actions completed (by priority) for which a subsequent or no further follow-up is required;
 - Number of actions (by priority) still in progress; and
 - Number of extensions to original completion dates that have been required in respect of all actions.
- 2.3 It should be noted that actions which are shown as completed for which a subsequent or no further follow up required include:
- High and medium priority actions for which a subsequent or follow-up audit has been successfully completed.
 - All completed low priority actions - for which a subsequent or follow-up audits are not undertaken; and
 - Actions which the Auditors have designated as 'superseded', ie actions which have been replaced, on follow-up audit, by a new action. In such cases, the new actions are included against the relevant follow up audit.
- 2.4 The report shows that a total of 1 High Priority, 25 Medium Priority and 48 Low Priority actions have been agreed over the reporting period, of which, 0 High, 5 Medium and 10 Low are still in progress.

- 2.5 There are no extensions to original completion dates.
- 2.6 The Annual Governance Statement Action Plan for 2016/17 had two actions in 2017/18 both of which have been completed.
3. Audit Action Plans Exception Report
- 3.1 The Audit Action Plans Exception Report provides details of all actions arising from internal audits which are still in progress and for which the relevant Policy and Challenge Group has been requested to consider an extension to the original timing for completion.
- 3.2 For the current period there are no exception report(s).
4. Governance Action Plan Exception Report
- 4.1 The Governance Action Plan Exception Report provides details of actions arising from the Authority's 2016/17 Annual Governance Statement (which was formally adopted by Audit and Standards Committee, on behalf of the Authority, at their meeting on 14 June 2017) which are still in progress and for which the relevant Policy and Challenge Group has been requested to extend the original timing for completion.
- 4.2 For the current period there are no exception report(s).
5. Organisational Risk Implications
- 5.1 The actions identified within internal audit reports and the Annual Governance Statement represent important improvements to the Authority's current systems and arrangements. As such, they constitute important measures whereby the Authority's overall management of organisational risk can be enhanced.
- 5.2 In addition, ensuring effective internal audit arrangements and the publication of an Annual Governance Statement are legal requirements for the Authority and the processes of implementation, monitoring and reporting of improvement actions arising therefore constitute an important element of the Authority's governance arrangements.

**ZOE EVANS
ASSISTANT CHIEF OFFICER (HUMAN RESOURCES AND ORGANISATIONAL
DEVELOPMENT)**

Audit and Annual Governance Statement Action Plans Summary Analysis

Audit Report & Date	Policy & Challenge Group	Total Actions			Actions Completed (subject to Follow up audit)			Actions Completed/ Superseded (no further Follow-up required or confirmed by follow up audit)			Actions Currently in Progress			No of Completion Extensions Required to Date (All Actions)		
		H	M	L	H	M	L	H	M	L	H	M	L	H	M	L
Key Financial Controls (Apr 2016)	Corporate Services	-	-	3	-	-	-	-	-	3	-	-	-	-	-	-
IT Shared Service (May 2016)	Corporate Services	-	-	2	-	-	-	-	-	2	-	-	-	-	-	-
Follow-up – Fuel Cards (May 2016)	Corporate Services	-	1	-	-	-	-	-	1	-	-	-	-	-	-	-
Follow-up – Training and Development of Operational Staff (May 2016)	Human Resources	-	1	-	-	-	-	-	1	-	-	-	-	-	-	-
Fleet Management (Nov 2016)	Corporate Services	1	1	4	-	-	-	1	1	4	-	-	-	-	-	-
Stock and Inventory (Dec 2016)	Corporate Services	-	2	1	-	-	-	-	2	1	-	-	-	-	-	-
Risk Protection Pool (Jan 2017)	Corporate Services	-	1	-	-	-	-	-	1	-	-	-	-	-	-	-
Key Financial Controls (Feb 2017)	Corporate Services	-	1	3	-	-	-	-	1	3	-	-	-	-	-	-
Data Quality – Incident Reporting System (Feb 2017)	Service Delivery	-	3	2	-	-	-	-	3	2	-	-	-	-	-	-
Governance – Transparency and Decision Making (May 2017)	Corporate Services	-	3	2	-	-	-	-	3	2	-	-	-	-	-	-
Governance – Transparency and Decision Making (May 2017)	Human Resources	-	-	2	-	-	-	-	-	2	-	-	-	-	-	2
Retained Recruitment (Apr 2017)	Human Resources	-	1	5	-	-	-	-	1	5	-	-	-	-	-	-

Audit and Annual Governance Statement Action Plans Summary Analysis

Audit Report & Date	Policy & Challenge Group	Total Actions			Actions Completed (subject to Follow up audit)			Actions Completed/ Superseded (no further Follow-up required or confirmed by follow up audit)			Actions Currently in Progress			No of Completion Extensions Required to Date (All Actions)		
		H	M	L	H	M	L	H	M	L	H	M	L	H	M	L
Follow up - Fuel Cards (May 2017)	Corporate Services	-	-	1	-	-	-	-	-	1	-	-	-	-	-	-
Risk Management (May 2017)	Corporate Services	-	4	-	-	-	-	-	4	-	-	-	-	-	-	
Procurement – Tendering (Aug 2017)	Corporate Services	-	-	2	-	-	-	-	-	2	-	-	-	-	-	
Collaboration – Policing and Crime Act 2017 (Nov 2018)	Service Delivery	-	1	4	-	1	-	-	-	4	-	-	-	-	-	
Pensions Board (Jan 2018)	Human Resources	-	-	4	-	-	-	-	-	4	-	-	-	-	-	
Key Financial Controls (Jan 2018)	Corporate Services	-	-	3	-	-	-	-	-	3	-	-	-	-	-	
Payroll – Key Controls and New System Benefits	Human Resources	-	2	2	-	-	-	-	-	-	-	2	2	-	-	
Risk Management	Corporate Services	-	3	7	-	-	-	-	-	-	-	3	7	-	-	
Follow up – Fleet Management & Stock and Inventory (Jun 2018)	Corporate Services	-	1	1	-	1	-	-	-	-	-	-	1	-	-	
Totals		1	25	48	-	2	-	1	18	38	-	5	10	-	-	2

Governance Action Plan Exception Report

Annual Governance Statement Action Plan from 2016/17 to be completed in 2017/18				
Year	Total Actions	Actions Completed	Actions in Progress	No of Completion Extensions Required to Date (All Actions)
2016/17	2	2	0	0

For Publication

**Bedfordshire Fire and Rescue Authority
Audit and Standards Committee
6 July 2018
Item No.13**

REPORT AUTHOR: SECRETARY/MONITORING OFFICER

SUBJECT: REVIEW OF CODE OF CONDUCT AND ANNUAL REPORT ON STANDARDS.

For further information on this Report contact: Nicky Upton
Democratic and Regulatory Services Supervisor
Tel No: 01234 845149

Background Papers: None

Implications (tick ✓):

LEGAL	✓	FINANCIAL	
HUMAN RESOURCES		EQUALITY IMPACT	
ENVIRONMENTAL		POLICY	
CORPORATE RISK	Known	OTHER (please specify)	
	New	CORE BRIEF	

Any implications affecting this report are noted at the end of the report.

PURPOSE:

To consider any relevant issues regarding ethical standards that have arisen in the last twelve months and to review the Authority's Code of Conduct.

RECOMMENDATION:

That:

1. a verbal update is received from the Secretary/Monitoring Officer
2. no changes are required to the Authority's Code of Conduct at this time as it was reviewed and approved by the Fire Authority on 26 April 2018.

**J ATKINSON
SECRETARY/MONITORING OFFICER**

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For Publication

**Bedfordshire Fire and Rescue Authority
Audit and Standards Committee
6 July 2018
Item No. 14**

REPORT AUTHOR: ASSISTANT CHIEF OFFICER (HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT)

SUBJECT: CORPORATE RISK REGISTER AND REVIEW OF CORPORATE RISK MANAGEMENT

For further information on this Report contact: Strategic Operational Commander Andy Peckham
Head of Service Development and Assurance
Tel No: 01234 845129

Background Papers: None

Implications (tick ✓):

LEGAL			FINANCIAL	✓
HUMAN RESOURCES			EQUALITY IMPACT	
ENVIRONMENTAL			POLICY	
CORPORATE RISK	Known	✓	CORE BRIEF	
	New		OTHER (please specify)	

Any implications affecting this report are noted at the end of the report.

PURPOSE:

To review the development of the Service’s Corporate Risk Register.

RECOMMENDATIONS:

That Members acknowledge:

1. The continuing development of the Service’s Corporate Risk Register; and,
2. That the appropriate Policy and Challenge Groups have considered and reviewed controls proposed to reduce the identified risks.

1. Introduction

- 1.1 Each of the Fire and Rescue Authority’s (FRA) policy and challenge groups has a standing item on their agenda for the consideration of risks relating to the remit of each Group. In addition, this Committee receives regular reports on the full Corporate Risk Register.

1.2 The Corporate Risk Register will be available at the meeting with explanatory notes regarding the risk ratings applied is appended to this report.

1.3 Changes to individual risk ratings arising from the **Corporate Services** Risk Register:

- **CRR00008: If we do not monitor our key external suppliers of goods and services, particularly in regard to business continuity, then we may suffer a significant and detrimental impact on our ability to deliver our full range of services including emergency response:** Therefore following a review of the risk, the Risk Controls and Action Plan the Inherent Likelihood has reduced from 3 to 2 and the Inherent Impact has remained the same resulting in the overall Inherent rating from 6 to 4.
- **CRR00027: If we receive a poor budget settlement from government and reduce funding from our Local Unitary Authorities, and/or we have an adverse response from our Council Tax Precept increase consultation processes, then our ability to deliver a full range of services could be significantly affected. Potential key pressures for 2018/19 onwards may be the Firefighters pay award, the employer pension contributions and the funding of these:** Therefore following a review of the risk, the Risk Controls and Action Plan the Inherent Likelihood has reduced from 5 to 4 and the Inherent Impact has remained the same resulting in the overall Inherent rating from 15 to 12.
- **CRR00016: If there is an unforeseen change of direction for the FRS (e.g. government request to do something which does not currently fall under the remit of the UK FRS), or there are changes in Government or EU policy on fire and rescue matters or other policy directly affecting the FRS then this may have an impact on our ability to deliver a full range of services due to the need to resource such changes:** Therefore following a review of the risk, the Risk Controls and Action Plan the Inherent Likelihood has increased from 1 to 2 and the Inherent Impact has remained the same resulting in the overall Inherent rating from 2 to 4.

1.4 Updates to individual risks arising from the **Corporate Services** Risk Register:

- **CRR00029: If we do not communicate well, both internal and external to the Service, then we will suffer from poor staff morale, miss the opportunity to promote ourselves and the excellent work that we do and potentially impact upon our ability to deliver a full range of services.** The new website was launched on the 21st May 2018, this is continually being monitored to ensure all links and platforms function correctly. Analytics are being measured to monitor hits on the website and to ensure customer engagement is maintained.

- **CRR00004: If there are a large number of staff absent from the workplace then our ability to deliver services to our communities is severely compromised and our reputation will be adversely affected:** The adverse weather plan has been removed from the action log as the plan has been reviewed and is now BAU. The risk score remains at 16 with the residual score of 12.

1.5 Changes to individual risk ratings arising from the **Service Delivery** Risk Register:

- **CRR00046: Due to the range of factors which deplete the number of staff available to crew fire appliances there is a risk of incurring excessive cost if pre-arranged overtime is relied upon to maintain crewing and crewing arrangements will lack resilience.** Therefore following a review of the risk, the Risk Controls and Action Plan the Inherent Likelihood has reduced from 3 to 2 and the Inherent Impact has reduced from 4 to 2 resulting in the overall Inherent rating from 12 to 4.

1.6 Updates to individual risks arising from the **Service Delivery** Risk Register:

- **CRR00046: Due to the range of factors which deplete the number of staff available to crew fire appliances there is a risk of incurring excessive cost if pre-arranged overtime is relied upon to maintain crewing and crewing arrangements will lack resilience:** The service is satisfied that the policy and procedure changes have enable greater control and monitoring of crewing levels to reduce the burden of over time expenditure. The risk matrix score has been altered to reflect the changes. The inherent score is now lowered from 12 to 4 with the residual remaining at 4. HSD continues to monitor this risk as BAU and the risk is now classed as tolerated, previously treated.

1.7 Changes to individual risk ratings from the **Human Resources** Risk Register:

- **CRR00025: If operational personnel either individually or collectively at any or all levels do not meet the minimum level of competence to safely deal with the full range of incidents which may be encountered, particularly areas of competencies relating to: - Incident Command - Use of Breathing Apparatus - Compartment Fire Behaviour - Water related incidents - High-Rise incidents - Work at Height then there is the potential to cause significant injury or even deaths to our staff.** Therefore following a review of the risk, the Risk Controls and Action Plan the Inherent Likelihood has reduced from 5 to 4 and the Inherent Impact has remained the same resulting in the overall Inherent rating from 10 to 8.

1.8 Updates to individual risks arising from the **Human Resources** Risk Register:

- **CRR00025: If operational personnel either individually or collectively at any or all levels do not meet the minimum level of competence to safely deal with the full range of incidents which may be**

encountered, particularly areas of competencies relating to: - Incident Command - Use of Breathing Apparatus - Compartment Fire Behaviour - Water related incidents - High-Rise incidents - Work at Height then there is the potential to cause significant injury or even deaths to our staff. Quarterly performance indicators are being used to identify individuals or groups that require safety critical training and additional course provision made to accommodate these deficiencies. No changes to the Inherent and residual risk score.

**ZOE EVANS
ASSISTANT CHIEF OFFICER
(HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT)**

Explanatory tables in regard to the risk impact scores, the risk rating and the risk strategy.

Risk Rating

Risk Rating/Colour	Risk Rating Considerations/Action
Very High	<p>High risks which require urgent management attention and action. Where appropriate, practical and proportionate to do so, new risk controls must be implemented as soon as possible, to reduce the risk rating. New controls aim to:</p> <ul style="list-style-type: none"> • reduce the likelihood of a disruption • shorten the period of a disruption if it occurs • limit the impact of a disruption if it occurs <p>These risks are monitored by CMT risk owner on a regular basis and reviewed quarterly and annually by CMT.</p>
High	<p>These are high risks which require management attention and action. Where practical and proportionate to do so, new risk controls <i>should</i> be implemented to reduce the risk rating as the aim above. These risks are monitored by CMT risk owner on a regular basis and reviewed quarterly and annually by CMT.</p>
Moderate	<p>These are moderate risks. New risk controls should be considered and scoped. Where practical and proportionate, selected controls should be prioritised for implementation. These risks are monitored and reviewed by CMT.</p>
Low	<p>These risks are unlikely to occur and are not significant in their impact. They are managed within CMT management framework and reviewed by CMT.</p>

Risk Strategy

Risk Strategy	Description
Treat	<p>Implement and monitor the effectiveness of new controls to reduce the risk rating. This may involve significant resource to achieve (IT infrastructure for data replication/storage, cross-training of specialist staff, providing standby-premises etc) or may comprise a number of low cost, or cost neutral, mitigating measures which cumulatively reduce the risk rating (a validated Business Continuity plan, documented and regularly rehearsed building evacuation procedures etc).</p>
Tolerate	<p>A risk may be acceptable without any further action being taken depending on the risk appetite of the organisation. Also, while there may clearly be additional new controls which could be implemented to 'treat' a risk, if the cost of treating the risk is greater than the anticipated impact and loss should the risk occur, then it may be decided to tolerate the risk maintaining existing risk controls only.</p>
Transfer	<p>It may be possible to transfer the risk to a third party (conventional insurance or service provision (outsourcing)), however it is not possible to transfer the responsibility for the risk which remains with BLFRS.</p>
Terminate	<p>In some circumstances it may be appropriate or possible to terminate or remove the risk altogether by changing policy, process, procedure or function.</p>

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For Publication

**Bedfordshire Fire and Rescue Authority
Audit and Standards Committee
6 July 2018
Item No 15**

REPORT AUTHOR: ASSISTANT CHIEF OFFICER (HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT)

SUBJECT: REVIEW OF WORK PROGRAMME 2018/19

For further information on this report contact: Nicky Upton
Democratic and Regulatory Services Supervisor
Tel No: 01234 845149

Background Papers: None

Implications (tick ✓):

LEGAL			FINANCIAL	
HUMAN RESOURCES			EQUALITY IMPACT	
ENVIRONMENTAL			POLICY	
CORPORATE RISK	Known	✓	OTHER (please specify)	
	New		CORE BRIEF	

Any implications affecting this report are noted at the end of the report.

PURPOSE:

To review and report on the work programme for 2018/19 and to provide Members with an opportunity to request additional reports for the Audit and Standards Committee meetings.

RECOMMENDATION:

That Members consider the work programme for 2018/19 and note the 'cyclical' Agenda Items.

**ZOE EVANS
ASSISTANT CHIEF OFFICER (HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT)**

AUDIT AND STANDARDS COMMITTEE - PROGRAMME OF WORK 2018/19

Meeting Date	‘Cyclical’ Agenda Items		Additional/Commissioned Agenda Items	
	Item	Notes	Item	Notes
6 July 2018	<ul style="list-style-type: none"> • Election of Vice Chair • Review of Terms of Reference • Annual Audit Fees 2018/19 • Internal Audit Annual Report 2017/18 (RSM) • Internal Audit Progress Report 2017/18 (RSM) • Audit Results Report (E&Y) (Results of 2017/18 audit including any matters outstanding) • Draft 2017/18 Annual Governance Statement, Statement of Accounts and Letter of Representation • Audit and Governance Action Plan Monitoring • Review of Code of Conduct and Annual Report on Standards • Corporate Risk Register • Work Programme 2018/19 			

Meeting Date	'Cyclical' Agenda Items		Additional/Commissioned Agenda Items	
	Item	Notes	Item	Notes
25 Sept 2018	<ul style="list-style-type: none"> • Audit Results Report (results of 2017-18 audit including any matters outstanding) (Ernst & Young) • Audit Annual Report 2017/18 (& Opinion) • 2017/18 Statement of Accounts and Letter of Representation • Draft Annual Governance Statement and Action Plan (2016/17) • Internal Audit Progress Report • Audit and Governance Action Plan Monitoring • Review of the Fire Authority's Effectiveness • Corporate Risk Register • Work Programme 2018/19 			

Meeting Date	'Cyclical' Agenda Items		Additional/Commissioned Agenda Items	
	Item	Notes	Item	Notes
6 December 2018	<ul style="list-style-type: none"> • Internal Audit Progress Report • External Audit Progress Report External Audit Progress Report (Annual Audit Letter – Ernst & Young) • Audit and Governance Action Plan Monitoring • Review of 'Monitored Policies' • Report on Registration of Interests and Gifts/Hospitality • Review of the Audit and Standards Committee Effectiveness • Corporate Risk Register • Statement of Assurance • Work Programme 2018/19 			

Meeting Date	'Cyclical' Agenda Items		Additional/Commissioned Agenda Items	
	Item	Notes	Item	Notes
14 March 2019	<ul style="list-style-type: none"> • External Audit Plan 2017/18 (Ernst & Young) • Internal Audit Progress Report (RSM) • Internal Audit Strategy 2018/19 to 2020/21 (RSM) • Audit and Governance Action Plan Monitoring • Update to the Authority's Financial Regs (Biennial review) • Annual Review of the Fire Authority's Effectiveness • Corporate Risk Register and Review of Corporate Risk Management • Review of Work Programme 2018/19 		<p>Review of the entire Risk Register</p> <p>Review of the Code of Conduct</p> <p>Members of the ASC to bring their mobile device/s to this meeting to register and sync them to Modern.gov software. (After the meeting)</p>	<p>Added ASC 01.12.17</p> <p>Added ASC 06.12.17</p> <p>Requested by Mod.gov project team</p>

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