



BEDFORDSHIRE FIRE AND RESCUE AUTHORITY

Members of Audit and Standards Committee.

Bedford Borough Councillors: C Atkins and J Gambold

Central Bedfordshire Councillors: R Berry, P Duckett and I Shingler

Luton Borough Councillors: J Burnett and D Franks

A meeting of **Audit and Standards Committee** will be held at **TBC** on **Wednesday, 14 July 2021** starting at **10.00 am**.

John Atkinson
Secretary/Monitoring Officer

A G E N D A

Item	Subject	Lead	Purpose of Discussion
1.	Apologies	Chair	
2.	Election of Vice Chair	Chair	
3.	Declarations of Disclosable Pecuniary and Other Interests	Chair	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	Chair	(Pages 5 - 18)

Item	Subject	Lead	Purpose of Discussion
5.	Minutes	Chair	To confirm minutes of the meeting held on 4 March 2021 (Pages 19 - 26)
6.	Public Participation		To receive any questions put to the Authority under the Public Participation Scheme
7.	Review of Terms of Reference	Secretary/ Monitoring Officer	To consider a report (Pages 27 - 32)
8.	Provisional Audit Planning Report Year Ended 31 March 2021	E&Y	To consider a report (Pages 33 - 82)
9.	Draft 2020/21 Statement of Accounts and Annual Governance Statement	ACO	To consider a report (Pages 83 - 178)
10.	Internal Audit Annual Report 2020/21	RSM	To consider a report (Pages 179 - 194)
11.	Internal Audit Progress Report 2020/21	RSM	To consider a report (Pages 195 - 228)
12.	Internal Audit Strategy 2021/22 to 2022/23	RSM	To consider a report (Pages 229 - 246)
13.	Audit and Governance Action Plan Monitoring - Exception Report and Summary Analysis	HGAM	To consider a report (Pages 247 - 260)
14.	Review of Code of Conduct and Annual Report on Standards	Secretary/ Monitoring Officer	To consider a report (Pages 261 - 272)
15.	Review of Work Programme 2021/22	ACO	To consider a report (Pages 273 - 278)

Local Government Act 1972: Schedule 12A (as amended) - Exclusions on the Public

Chair

To consider whether to pass a resolution under Section 100(A) of the Local Government Act 1972 to exclude the public 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 the Schedule 12A to the Act as amended.

Item	Subject	Lead	Purpose of Discussion
-------------	----------------	-------------	------------------------------

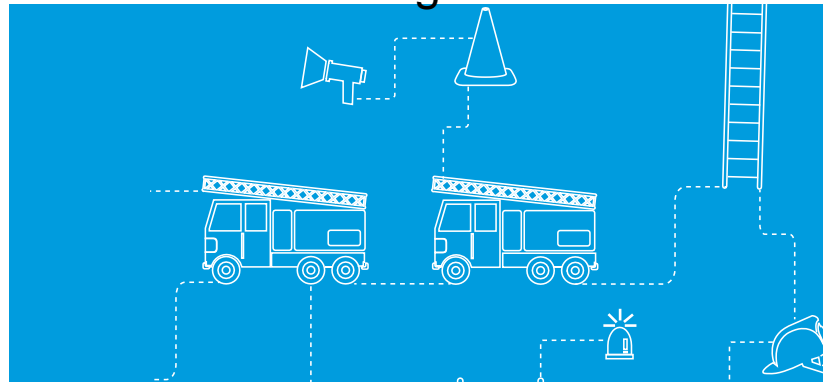
Item	Subject	Lead	Purpose of Discussion
16.	Corporate Risk Register - Exception Report	HGAM	To consider a report (Pages 279 - 286)
	Next Meeting	10.00 am on 23 September 2021 at Conference Room, Fire and Rescue Service Headquarters, Kempston, Bedford MK42 7NR	

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.

This page is intentionally left blank



EMERGENCY SERVICES NEWS BRIEFING

March 2021

In this edition of our news briefing, we draw attention to some of the key developments and publications affecting the sector, with particular focus on the progress made on the police recruitment campaign and how fire and rescue services have responded to the Covid-19 pandemic.

Police

Police supported with 6,620 extra officers and funding

The Home Office has announced it is strengthening police forces with 6,620 additional officers as well as resources to cut crime and keep communities safe. The latest figures indicate the progress that has been made between the launch of the police recruitment campaign up to the end of December 2020, which means that the government's campaign to recruit 20,000 extra officers over the next three years 'remains ahead of schedule, having exceeded the target to recruit 6,000 officers by March.'

The recruitment drive is at the centre of the government's commitment to support the police with additional resources in the effort to reduce crime. The Home Secretary, Priti Patel, has also announced a further £20m to help crack down on 'neighbourhood crimes' like burglary, robbery, theft and vehicle crime. This funding forms the second round of the 'Safer Streets fund', which launched in January 2020 and will be open to police and crime commissioners (PCCs) and local authorities and go towards 'local-crime cutting interventions in residential areas.'

[Read more](#)

An inspection of the effectiveness of the Regional Organised Crime Units

Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) has published a report following its inspection into how effectively and efficiently the Regional Organised Crime Units (ROCU) deal with threats from serious and organised crime. HMICFRS found that there had been 'substantial progress' in some areas particularly that of cyber-crime and undercover policing, which have received specific funding.

HMICFRS also notes that whilst there was evidence of some good work, there were inconsistencies across England and Wales in the 'resourcing, leadership and operation of ROCUs.'

HMICFRS has set out several recommendations to further improve the effectiveness of the ROCU network including that the Home Office should consider what regulatory changes should be made to enable the National Crime Agency 'to formally task ROCUs.' It is also proposed that the National Police Chiefs' Council (NPCC), lead for serious and organised crime, 'design a national function' that can ensure ROCUs operate in a 'co-ordinated and consistent way.'

[Read more](#)

Police grants in England and Wales: 2021 to 2022

The Home Office has published the final allocations of grants to PCCs in England and Wales for 2021/22. Policing will receive up to £15.8bn to build back safer communities and cut crime, an increase of £636m from the previous year. The funding package includes additional funding to PCCs to drive the recruitment of 20,000 extra officers and also for national priorities, including police technology.

[Read more](#)

Police to receive £60m to support Covid-19 response

The Home Secretary has announced that £58m will be made available to help pay for costs incurred by police due to the pandemic, including overtime and making police stations 'Covid-secure.'

Forces will also receive a share of a further £2m to support them to assist with 'further increased presence and enforcement of regulations' at airports and ports, to ensure travellers are complying with the latest border health measures.

[Read more](#)

Home Office evidence to the Police Remuneration Review Body

The Home Office has submitted evidence to the Police Remuneration Review Body (PRRB) for the 2021/22 pay round. The Police Remuneration Review Body must consider evidence from a variety of sources when giving advice on pay, including the Home Office.

Following its proposal to continue 'pay uplifts at a value of £250 or the National Living Wage (NLW) increase', the Home Office has asked the PRRB to provide recommendations on the implementation of this uplift and the number of officers this will be applicable to.

[Read more](#)



APCC business plan 2020/22

The Association of Police and Crime Commissioners (APCC) has published its business plan setting out its priorities and what it expects to deliver over the next two years. The APCC sets out its plans for delivering excellence in policing, delivering safer communities, providing a national voice for PCCs, victims and the public and developing their organisation.

[Read more](#)

Fire

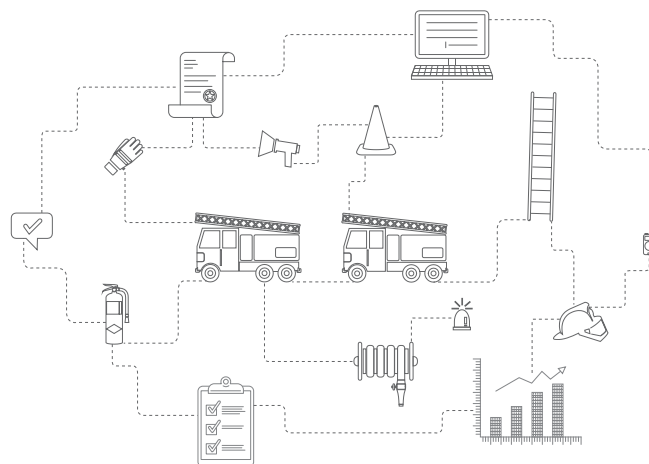
The fire and rescue service's response to the Covid-19 pandemic in 2020

HMICFRS has published a report following its inspection on how each of the 45 fire and rescue services in England responded to challenges faced during the pandemic. Overall, HMICFRS found that the fire and rescue service responded 'very well.' Services maintained their ability to respond to fires, and many provided pandemic-specific support outside their statutory duties. This included driving ambulances and delivering essential items to the most vulnerable as well as personal protective equipment to those in healthcare. However, some fire services were unable to maximise this support due to outdated and restrictive working practices within the sector. This caused delays to how some fire and rescue services provided support.

The report found that an agreement put in place between the National Fire Chiefs Council (NFCC), the fire and rescue service National Employers and the Fire Brigades Union 'became more of a hindrance than a help for some services.'

HMICFRS has also published 44 individual national service letters giving detailed findings and focus areas for improvement for each fire and rescue service.

[Read more](#)



Analysis of non-fire incidents attended by fire and rescue services

The Home Office has published statistics on incidents and fires attended by fire and rescue services and fire-related fatalities and casualties from those fires between April 2019 and March 2020. Key statistics include:

- there were 171,959 non-fire incidents, an increase of 6 per cent from the previous year;
- non-fire incidents accounted for 31 per cent of the total incidents attended by fire and rescue services; and
- there were 7,459 non-fire false alarms, an increase of 3 per cent from the previous year.

[Read more](#)

Managing risks in a changing environment

We have analysed the risk registers of 16 FRSs, examining 264 individual risks in total. We have categorised each risk by key theme to understand those areas of greatest concern. In doing so, services should be mindful of not just the risks highlighted but also those opportunities for development and service enhancement.

Our latest review identifies some persistent challenges, together with some new and emerging risk areas, particularly in relation to IT and the external environment.

Please do get in touch with your RSM contact to receive a copy of our paper.



Further information

Daniel Harris

National Head of Emergency Services and Local Government

T +44 (0)7792 948 767

E daniel.harris@rsmuk.com

rsmuk.com

The UK group of companies and LLPs trading as RSM is a member of the RSM network. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm each of which practises in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction. The RSM network is administered by RSM International Limited, a company registered in England and Wales (company number 4040598) whose registered office is at 50 Cannon Street, London EC4N 6JJ. The brand and trademark RSM and other intellectual property rights used by members of the network are owned by RSM International Association, an association governed by article 60 et seq of the Civil Code of Switzerland whose seat is in Zug.

RSM Corporate Finance LLP, RSM Restructuring Advisory LLP, RSM Risk Assurance Services LLP, RSM Tax and Advisory Services LLP, RSM UK Audit LLP, RSM UK Consulting LLP, RSM Employer Services Limited, RSM Northern Ireland (UK) Limited and RSM UK Tax and Accounting Limited are not authorised under the Financial Services and Markets Act 2000 but we are able in certain circumstances to offer a limited range of investment services because we are members of the Institute of Chartered Accountants in England and Wales. We can provide these investment services if they are an incidental part of the professional services we have been engaged to provide. RSM Legal LLP is authorised and regulated by the Solicitors Regulation Authority, reference number 626317, to undertake reserved and non-reserved legal activities. It is not authorised under the Financial Services and Markets Act 2000 but is able in certain circumstances to offer a limited range of investment services because it is authorised and regulated by the Solicitors Regulation Authority and may provide investment services if they are an incidental part of the professional services that it has been engaged to provide. Baker Tilly Creditor Services LLP is authorised and regulated by the Financial Conduct Authority for credit-related regulated activities. RSM & Co (UK) Limited is authorised and regulated by the Financial Conduct Authority to conduct a range of investment business activities. Before accepting an engagement, contact with the existing accountant will be made to request information on any matters of which, in the existing accountant's opinion, the firm needs to be aware before deciding whether to accept the engagement.

Emergency Services News Briefing

June 2021



In this edition of our news briefing, we draw attention to some of the key developments and publications affecting the sector. Inspections have been a key area with Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) publishing two reports: one on policing in the pandemic; and another on the Annual Assessment of fire and rescue services. We also draw your attention to our review of police strategic risk registers, which identifies some persistent challenges, together with some new and emerging risk areas.

Police

[Police officer uplift, quarterly update to March 2021](#)

The Home Office's latest statistics show government is 44 per cent of the way towards meeting its ambition of hiring 20,000 additional police officers by 2023. As of 31 March 2021, every one of the 43 police forces in England and Wales has hit or surpassed its first-year recruitment target since the launch of the Police Uplift Programme in September 2019.

More women (45,996) are now employed as police officers in forces across England and Wales than ever before. Since April 2020, 42 per cent (5,037) of the new recruits have identified as female. The number of Black, Asian and other ethnic minority officers is also now at its highest point on record, with 10,218 officers from these communities employed in forces across England and Wales.

[Read more](#)

[Queen's speech](#)

In the Queen's Speech it was noted that a new Police, Crime, Sentencing and Courts Bill will increase sentences for the most serious and violent offenders and ensure the timely administration of justice.

[Read more](#)

[Policing in the pandemic](#)

HMICFRS has published a report following its inspection of the police response to the pandemic between March and November 2020. HMICFRS found that during the first lockdown the demand on policing changed. There were fewer reports of some crimes such as theft and robbery, and an increased need to support the work of other frontline services as well as enforcing lockdown restrictions. This change meant forces utilised their resources differently. For example, some forces were able to clear backlogs of outstanding arrest warrants.

The inspection found that police forces introduced new ways of working during the pandemic that could provide future benefits to policing, such as incorporating video conferencing technology in order to continue working with local safeguarding services.

HMICFRS has made several recommendations to police forces, including that forces must immediately ensure they are following self-isolation guidance when staff come into contact with someone with coronavirus symptoms and within six months, forces must assess the sustainability of any temporary measures made during the pandemic that change the way they work.

The inspectorate has also published a [separate report](#) about how police custody services in England and Wales have operated during the pandemic.

[Read more](#)

Policing inspection programme and framework 2020/21

HMICFRS has published its policing inspection programme and framework for the year 2020/21. HMICFRS's plans were kept under regular review throughout 2020/21 and were revised when necessary to ensure that they:

- reflected the unprecedented circumstances caused by coronavirus; and
- promoted improvements in 'keeping people safe and reducing crime and disorder, without imposing unnecessary demands on forces.'

Following the original consultation for policing inspection in 2020/21 published in March 2020, HMICFRS had suspended considerable inspection activity following the lockdown restrictions in March 2020. A revised consultation was launched in July 2020 followed by the finalised policing inspection programme and framework being published in March 2021.

Types of inspections detailed by HMICFRS as part of its framework includes PEEL assessments, national thematic inspections, inspections of national agencies and non-Home Office forces and joint inspections.

[Read more](#)

Managing risks in a changing environment

RSM's latest review of strategic risk registers identifies some persistent challenges, together with some new and emerging risk areas, particularly in relation to demand management, workforce planning and responding to the pandemic.

We have analysed 31 strategic risk registers, examining 461 individual risks in total. Our analysis is made up of risk registers from police forces, offices of the police and crime commissioner (OPCC) and police, fire and crime commissioners (PFCC).

Please get in touch with your RSM contact to receive a copy of our outcomes paper.

Value for money profiles

The latest value for money (VfM) profiles are available, to view comparative data on a number of policing activities. Available on the HMICFRS website, the latest VfM profiles enable individuals to explore the performance and spending of police forces.

[Read more](#)

Disproportionate use of police powers

HMICFRS has warned that police risk losing the trust of the communities they serve after the latest inspection on the disproportionate use of powers. In its report, HMICFRS said that despite having more data on the use of force and stop and search, police forces are still unable to explain why these powers are used disproportionately based on ethnicity. HMICFRS also notes that 'over 35 years on from the introduction of stop and search legislation, no force fully understands the impact of the use of these powers.'

HMICFRS also called for police forces to analyse their data and either explain, with evidence, the reasons for disproportionality in stop and search and use of force or take clear action to address it.

[Read more](#)

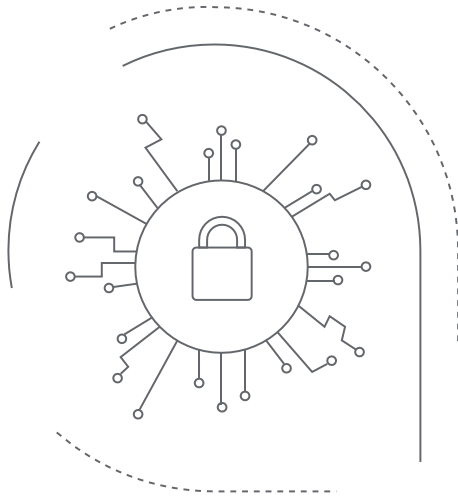
Independent investigations outcomes

The Independent Office for Police Conduct (IOPC) has published outcome reports for 2018/19 and 2019/20 and cover the IOPC's first two full years in operation. Over those two years:

- the IOPC carried out 1,435 investigations, 48 per cent of which examined the conduct of at least one individual and 16 per cent included at least one person under criminal caution;
- the IOPC investigated 1,504 people in relation to their conduct and 58 per cent were either found to have 'a case to answer or faced other action, such as unsatisfactory performance proceedings'; and
- 181 of the 311 cases were proven as misconduct.

[Read more](#)

Police and Fire



Cyber crime is on the rise - how can you protect your business?

As part of the 'Real Economy' initiative, we have recently launched [our latest report on cyber security](#). The past 12 months has seen the cyber crime threat amplified by the impact of the coronavirus pandemic; cyber criminals have utilised the impact of the pandemic on businesses to target workforces that are distracted by the operational chaos and fear around the uncertainty of the health and economic crisis.

Cyber crime is on the rise, and the coronavirus pandemic has offered a ripe opportunity for cyber criminals to capitalise on the chaos. As more police and fire services embrace digital transformation, they need to act to protect themselves from a growing number of increasingly sophisticated cyber attacks. The report provides information on how to break the cybercrime kill chain with insights from RSM's risk assurance experts.

Home Secretary to strengthen Police and Crime Commissioner role

Following a review led by the Home Secretary, Priti Patel, Police and Crime Commissioners (PCCs) will be 'more accountable to the communities they serve.' The review will ensure the public have 'transparent, democratically elected, local leaders' who are equipped to bring down crime and deliver the safer communities the public deserve. The two-part review, announced in July 2020, delivers on a manifesto commitment to strengthen the accountability of PCCs and expand their role.

The review concluded there was strong support for the government's 'ambition to increase the accountability of fire and rescue services by having a directly elected official take on governance of the services.' As a result, the Home Office will consult publicly on whether to mandate the transfer of fire and rescue authority functions to PCCs in England. This will form part of a Fire Reform White Paper, to launch later this year.

The review's recommendations were outlined to Parliament via a [written ministerial statement](#).

[Read more](#)

Timeliness of local auditor reporting on local government

The NAO has published a report on the timeliness of local auditor reporting on local government in England, setting out how the majority of local authorities, police and fire bodies failed to achieve reporting and audit deadlines despite a four-month extension in recognition of the pandemic.

[Read more](#)

Fire

The annual assessment of fire and rescue services

HMICFRS has published its report following inspections on the 45 fire and rescue services in England, to provide an overall view of the state of the fire and rescue sector. Her Majesty's Chief Inspector of Fire and Rescue Services, Sir Thomas Winsor, found that:

- fire services rose to the challenge of the pandemic, with many fire and rescue staff taking on additional activities;
- changes to improve fire and building safety in the wake of the Grenfell Tower fire are necessary and welcome; and
- progress has been made on introducing a code of ethics to address toxic working cultures found in a small number of fire services.

There are no new recommendations, new dates have been set for the six recommendations already in place from the previous year and these dates take account of the impact on progress due to the pandemic.

[Read more](#)

The Fire Safety Act 2021

The Fire Safety Act 2021 (FSA 2021) received Royal Assent on 29 April. The FSA 2021 is part of a series of changes to fire and building safety the government is making following the Grenfell Tower fire in 2017. This now means that building owners or managers in multi-occupied residential buildings must include an assessment of risk related to fire and take precautions to reduce the risk of fire spreading in respect of these parts of the relevant premises. As a result, fire and rescue authorities have the relevant enforcement powers to hold owners or managers to account.

[Read more](#)

Core Code of Ethics for fire and rescue services

A new Core Code of Ethics for fire and rescue services (FRSs) has been launched by the Local Government Association (LGA), the National Fire Chiefs Council (NFCC) and the Association of Police and Crime Commissioners (APCC), which pledges to be at the heart of everything employees do and ensures communities get the best possible support. The Core Code has been developed in response to Sir Tom Winsor's recommendation in the State of Fire report 2019 and in consultation with the sector. The Core Code is designed to help employees of the FRS act in the best way towards each other and while serving the public. It will sit alongside the Code of Ethics Fire Standard developed by the Fire Standards Board.

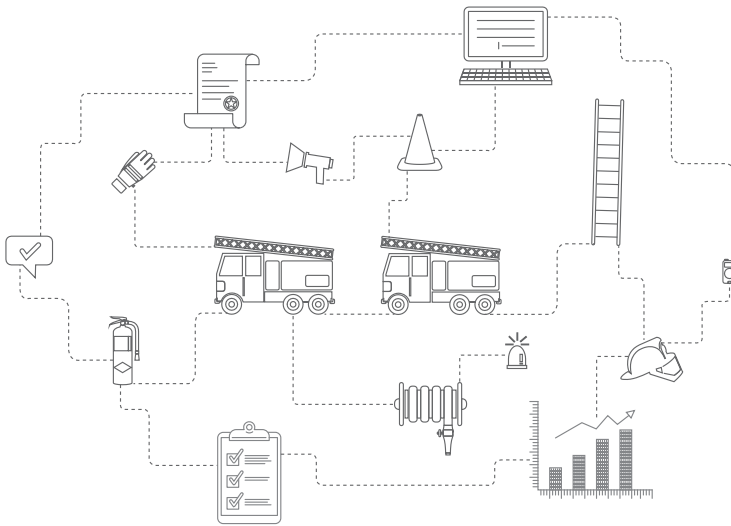
The Core Code sets out five ethical principles, based on the Seven Principles of Public Life, which provide a basis for promoting good behaviour and challenging in appropriate behaviour. These include:

- putting communities first;
- integrity;
- dignity and respect;
- leadership; and
- equality, diversity and inclusion.

These ethical principles will help to improve organisational culture and workforce diversity of FRSs, ensuring that communities are supported in the best way.

As a 'Core' Code, it recognises there will be differing governance arrangements and is flexible enough to be adapted by every service, where any local values, behaviours and governance models can be added. The Core Code is supported with the [accompanying guidance document](#) which demonstrates the actions that an FRS should ensure at an individual, management, and strategic level to aid interpretation, support and implementation to embed the Core Code of Ethics effectively.

[Read more](#)



Fire and rescue incident statistics

The Home Office has published statistics on fire and rescue incidents in England in the year to December 2020. Key statistics include:

- FRSs attended:
 - 528,601 incidents, a decrease from 557,073 in the previous year;
 - 14,344 medical incidents, a 25 per cent decrease compared with the previous year (19,122);
 - 24,575 road traffic collisions and 14,913 flooding incidents; and
 - 755 fires in 'purpose-built high-rise (10+ storeys) flats.
- of all incidents attended by FRSs (528,601), fires accounted for 29 per cent (153,278), fire false alarms accounted for 42 per cent (220,432) and non-fire incidents accounted for 29 per cent (154,891).

[Read more](#)

Authors

Daniel Harris

National Head of Emergency Services and Local Government

T +44 (0)7792 948 767

daniel.harris@rsmuk.com

Zara Raza

Risk Assurance Technical

zara.raza@rsmuk.com

The UK group of companies and LLPs trading as RSM is a member of the RSM network. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm each of which practises in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction.

The RSM network is administered by RSM International Limited, a company registered in England and Wales (company number 4040598) whose registered office is at 50 Cannon Street, London EC4N 6JJ. The brand and trademark RSM and other intellectual property rights used by members of the network are owned by RSM International Association, an association governed by article 60 et seq of the Civil Code of Switzerland whose seat is in Zug.

RSM Corporate Finance LLP, RSM Restructuring Advisory LLP, RSM Risk Assurance Services LLP, RSM Tax and Advisory Services LLP, RSM UK Audit LLP, RSM UK Consulting LLP, RSM Northern Ireland (UK) Limited and RSM UK Tax and Accounting Limited are not authorised under the Financial Services and Markets Act 2000 but we are able in certain circumstances to offer a limited range of investment services because we are licensed by the Institute of Chartered Accountants in England and Wales. We can provide these investment services if they are an incidental part of the professional services we have been engaged to provide. RSM Legal LLP is authorised and regulated by the Solicitors Regulation Authority, reference number 626317, to undertake reserved and non-reserved legal activities. It is not authorised under the Financial Services and Markets Act 2000 but is able in certain circumstances to offer a limited range of investment services because it is authorised and regulated by the Solicitors Regulation Authority and may provide investment services if they are an incidental part of the professional services that it has been engaged to provide. RSM & Co (UK) Limited is authorised and regulated by the Financial Conduct Authority to conduct a range of investment business activities. Before accepting an engagement, contact with the existing accountant will be made to request information on any matters of which, in the existing accountant's opinion, the firm needs to be aware before deciding whether to accept the engagement.

© 2021 RSM UK Group LLP, all rights reserved

This page is intentionally left blank

From: Appointing Person 2023

Sent: 10 June 2021 11:31

To: Gavin Chambers

Cc: Cllr Michael Headley

Subject: Help us shape the national scheme for local auditor appointments from April 2023 (Bedfordshire Fire and Rescue Authority)

Consultation on the draft prospectus - your chance to help us shape the national scheme for local auditor appointments from April 2023

Dear Mr Chambers,

During Autumn 2021 all local government and police bodies will need to make important decisions about their external audit arrangements for the period commencing from the financial year 2023/24, against the backcloth of a very challenging audit market. Local bodies have options to arrange their own procurement and make the appointment themselves or in conjunction with other bodies, or they can join and take advantage of the national collective scheme administered by PSAA.

PSAA has produced a [draft prospectus](#) (*available in PDF and accessible long read format on our website*) which provides an introduction to the national scheme and discusses and invites views and comments from local bodies and other interested parties, in relation to the aims of the scheme and how it needs to develop going forward. We want to give you the opportunity to help us shape some of the important features of the scheme ahead of issuing formal invitations to opt in to all eligible bodies in the Autumn.

We are keen to receive your feedback concerning our plans for the future scheme as outlined in the draft prospectus. Please submit your responses via our [online survey](#). The consultation will close on **Thursday 8 July 2021**.

We will also be holding two interactive webinars to provide an overview of the draft prospectus and to answer any questions that you may have on [16 June 10am to 11:15am](#) and [22 June 3pm to 4:15pm](#). You can book a place by clicking on the date and time links. If you would like to submit a question in advance, please send it to the email address below.

Where we have the contact email of your audit committee chair we have copied this email to them. If we do not have this information, please would you forward this onto them, and provide their email to us for future communication.

If you have colleagues who might appreciate the opportunity to provide feedback or participate in one of our webinars, please share this email with them.

If you have any questions about this consultation, please contact us at ap2@psaa.co.uk.

Your sincerely

Tony Crawley, Chief Executive, PSAA

This email and any files transmitted with it are private and intended solely for the use of the individual or entity to which they are addressed. If you are not the intended recipient the e-mail and any files have been transmitted to you in error and any copying, distribution or other use of the information contained in them is strictly prohibited.

With the exception of matters relating to auditor appointments, on which PSAA communicates by e-mail, nothing in this e-mail message amounts to a contractual or other legal commitment on the part of PSAA unless confirmed by a communication signed on behalf of PSAA. All e-mails to anyone @psaa.co.uk are communications to the company and not private and confidential to any named individual.

PSAA uses contact information for its stakeholders in relation to its statutory responsibilities as an appointing person. Further details are available from the [privacy page](#) of our website.

PSAA's computer systems and communication may be monitored to secure the effective operation of the system and for other lawful purposes. Security and reliability of e-mails are not guaranteed. PSAA operates anti-virus programs but you must take full responsibility for virus checking this e-mail (including all attachments). PSAA does not accept any liability in respect of any damage caused by any virus which is not detected.

**MINUTES OF AUDIT AND STANDARDS COMMITTEE VIRTUAL
MEETING HELD ON 4 MARCH 2021**

Present: Councillors M Headley (Chair), P Duckett, R Berry, K Choudhry, J Gambold, S Khurshid and I Shingler
Mr J Atkinson, ACO G Chambers and T/AC D Cook
Mr N Harris, Ernst & Young
Mr D Harris, RSM

20-21/ASC/42 Apologies

42.1 There were no apologies.

20-21/ASC/43 Declarations of Disclosable Pecuniary and Other Interests

43.1 There were no declarations of interest.

20-21/ASC/44 Communications

- 44.1 The Committee received the Emergency Services News briefing and a briefing on Managing Risks in a Changing Environment from RSM.
- 44.2 Mr D Harris of RSM reported that, in the briefing on managing risks, RSM had analysed 16 different risk registers from Fire and Rescue Services across the country and the 264 risks contained therein. It was recognised that this provided useful comparative information.
- 44.3 The Chair requested that Officers assess these risks to determine whether there were any areas that had not been included in the Service's own Corporate Risk Register and that the Committee be informed of the outcome of this exercise.

RESOLVED:

That the briefings from RSM be received.

20-21/ASC/45 Minutes

RESOLVED:

That the Minutes of the meeting held on 1 December 2020 be confirmed as a true record.

20-21/ASC/46 Public Participation

46.1 There were no members of the public present.

20-21/ASC/47 2019/20 Annual Audit Letter

- 47.1 The Assistant Chief Officer and Treasurer presented a report on the Annual Audit Letter for Year Ended 31 March 2020 received from Ernst & Young, the Fire and Rescue Authority's external auditor. This included the fee information.
- 47.2 Mr N Harris of Ernst & Young advised that on 23 December 2020, an unqualified audit opinion on the Service's accounts had been issued, as well as an unqualified value for money conclusion. The timescales for the conclusion of the audit and presentation of this letter to the Committee had been impacted by the COVID-19 pandemic and the additional work that had been undertaken, particularly in relation to the valuation of property assets, which the auditors believed were subject to under valuation. He suggested that this be addressed prior to the commencement of the audit of the 2020/2021 accounts.
- 47.3 In respect of the audit fees, Mr N Harris confirmed that the audit fee for 2018/19 had recently been agreed by PSAA. The fee for the 2019/2020 audit had not yet been determined. The increase in fee had been reduced from £17,500 to £16,000 following discussions with the Service, and information to justify the increase, including the additional work involved on valuations and going concern assessments, had been provided to Officers. It was for the PSAA to determine if the fee was appropriate following submission of the views from both parties.
- 47.4 In response to a question from the Chair on whether Ernst & Young had the resources available to conduct the audit of the accounts for 2020/2021, Mr N Harris advised that it was hoped that the audit would be concluded by the end of September 2021. A number of measures had been implemented to expedite this process, including allocating the same team of auditors for continuity and the forgoing of the pre and interim audits in preparation for the main audit.
- 47.5 Comments were made about the sustainability of public sector audit and the level of fees that would be required to provide a high quality service. At present, Ernst & Young had been appointed as the external auditors as part of a five year contract with PSAA from 2018/19.

RESOLVED:

That the submitted Annual Audit Letter dated January 2021 be received.

20-21/ASC/48 Ernst & Young Quality Assurance Processes

- 48.1 The Committee received a report on the effectiveness of the quality assurance processes in place for the Fire and Rescue Authority's External Audit arrangements. In 2020 Ernst and Young published a Transparency Report, which provided a comprehensive overview of the quality assurance processes across the firm, including the Government and Public Sector engagements. A link to this was included within the report.
- 48.2 Mr N Harris reported on Ernst & Young's internal and external quality assurance processes. Ernst & Young's Audit Quality Strategy had been reviewed within the last six month period and the results of this would inform the 2020/2021 audit round.
- 48.3 Audits were also subject to internal quality reviews, with a sample of the previous year's audits being selected for scrutiny. One of Mr Harris's audits had been selected and he would report back to the Committee on any lessons learnt from the process. External reviews of selected individual audits were also conducted by the Financial Reporting Council (FRC) and (Institute of Chartered Accountants in England and Wales (ICAEW).
- 48.4 Mr N Harris recognised that it was good practice to hold the Service's external auditors to account by requesting this report on an annual basis, as done by the Committee.

RESOLVED:

That the effectiveness of the quality assurance processes of the Fire and Rescue Authority's external auditors Ernst and Young be confirmed.

20-21/ASC/49 Internal Audit Progress Report

- 49.1 Mr D Harris of RSM submitted a report on progress made against the internal audit plan for 2020/21. Two audits had been completed since the previous meeting of the Committee, relating to HR Support Staff Recruitment and Key Financial Controls. Three additional audits were scheduled for completion. Of the audits already completed during 2020/2021, only one partial assurance opinion had been awarded and this would not impact on the year-end audit opinion.
- 49.2 In relation to HR Support Staff Recruitment, an audit opinion of reasonable assurance had been awarded. Four management actions had been identified, 1 medium priority and 3 low priority. The audit had found that there were a number of well-designed controls in place; however, particular issues around evidencing had been identified, as only half of the samples had evidence of approval of new posts.

- 49.3 An audit opinion of substantial assurance had been awarded in relation to the audit of Key Financial Controls. One medium priority action was identified as the internal auditors had noted three instances of the inconsistent application of the quotation and best value rules detailed within the Procurement Policy from a sample of five transactions. These were likely to be as a result of human error.
- 49.4 The Assistant Chief Officer and Treasurer reported that in some of these instances, it may be a single supplier and may also relate to the urgency and risk involved in not being able to procure the item(s). Following the audit, procurement training was being provided to all budget managers throughout the Service.

RESOLVED:

That the report be received.

20-21/ASC/50 Internal Audit Strategy 2021/22 to 2023/24

- 50.1 The Assistant Chief Officer and Treasurer introduced a report which set out the details of the Internal Audit tender process and timescales. The joint procurement process with Essex and Cambridgeshire Fire and Rescue Services was being led by Cambridge and the results of the process would be announced within the next few days. The newly appointed internal auditors would then be asked to consider a Strategy for submission to the next meeting of the Committee.

RESOLVED:

That the report be received.

20-21/ASC/51 Audit and Governance Action Plan Monitoring - Exception Report and Summary Analysis

- 51.1 T/AC Cook introduced the report which provided 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 any exception reports on those actions currently in progress, progress to date on current action plans and proposals to extend the original timing for completion.
- 51.2 Of the 8 high, 60 medium and 5 low priority actions arising from previous audits, only one medium priority action arising from the stock control audit was still in progress and this was subject to an extension request to May 2021, to allow for the new system to be implemented and training to be provided.
- 51.3 While the action itself related to formal training being provided to relevant staff, this had been impacted by delay in the implementation of a new system.

- 51.4 In response to concerns expressed about the length of time taken to complete this action, given that the original audit had been completed in April 2019, the Assistant Chief Officer and Treasurer reported that, in addition to the other 3 actions from the audit being completed, during this time, a member of the Procurement Team continued to provide guidance and help to the Stores Team in order to ensure that stock transactions were processed correctly and accurately. Ad hoc stock spot checks had also been introduced.
- 51.5 The Assistant Chief Officer and Treasurer advised that, following the implementation of the new system in April 2021, all training should be completed by the requested completion date of the end of May 2021.
- 51.6 The Chair commented on an outstanding action arising from the Review of the Authority's Effectiveness relating to the introduction of Member Portfolio Leads. As this had only recently been introduced, an extension request was being made to allow for a period of time for the new system to bed in before it was reviewed. It was suggested that this be discussed at the Member Development Day that would take place in the spring or summer.

RESOLVED:

1. That progress made to date against action plans be acknowledged.
2. That the extension of the completion date for the outstanding medium priority action arising from the stock control audit to the end of May 2021 be agreed.
3. That an extension of the outstanding action arising from the Governance Review be extended to follow the Member Development Day to take place in Spring/Summer 2021.

20-21/ASC/52 Financial Regulations Review

- 52.1 The Assistant Chief Officer introduced his report detailing the review and proposals to update the Authority's Financial Regulations as found in the Members' Handbook. The review took place once every two years and no material changes were being proposed.
- 52.2 The changes made included the removal of a reference to the Corporate Services Policy and Challenge Group, the updating of the title of the Chief Fire Officer and Chief Executive post and an increase to the Treasurer's write off limit from £2000 to £2500.

RESOLVED:

That the Authority's amended Financial Regulations be approved.

20-21/ASC/53 Review of Model Code of Conduct

- 53.1 The Secretary and Monitoring Officer submitted his report on the Model Councillor Code of Conduct recently published by the Local Government Association (LGA). The LGA had developed the Model Code in response to a report on ethical standards in local government published by the Committee on Standards in Public Life in January 2019. The Government had yet to respond to that report.
- 53.2 A meeting of local Monitoring Officers was being held that afternoon which the Secretary and Monitoring Officer would be attending and at which the Model Code would be discussed. It was hoped that a consistent approach could be adopted by the Authority and its constituent local authorities.
- 53.3 Recognising that it was in the Authority's discretion whether or not to adopt the Model Code, the Chair suggested, and it was supported by other Members of the Committee, that the Authority would wish to wait for the Government's response prior to deciding whether to adopt a new Code of Conduct.

RESOLVED:

That the Monitoring Officer consults with Bedford Borough Council, Central Bedfordshire Council and Luton Borough Council about the LGA's Model Code of Conduct and presents a further report to the Committee once the Government's response to the report on ethical standards in local government is published.

20-21/ASC/54 Review of Work Programme 2020/21 and forward plan for 2021/22

- 54.1 The Committee received its updated work programme and noted the items to be considered at its next meeting.

RESOLVED:

That the Committee's Work Programme for 2020/21 be received.

20-21/ASC/55 Annual Review of Corporate Risk Management

RESOLVED:

That, pursuant to Sections 100A(2) and 100A(4) of the Local Government Act 1972, the public be excluded from the discussion of the following item on the grounds that the matters to be discussed involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Act (as amended):

Item: Annual Review of Corporate Risk Management

The meeting closed at 11.18 am

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

Document is Restricted

This page is intentionally left blank

For Publication

Bedfordshire Fire and Rescue Authority
Audit and Standards Committee
14 July 2021

REPORT AUTHOR: SECRETARY/MONITORING OFFICER

SUBJECT: TERMS OF REFERENCE

For further information on this Report contact: Nicky Upton
Democratic & Regulatory Services Supervisor

Background Papers: None

Implications (tick ✓):

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

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 2021/22 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 underperformance 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 July 2020 and are appended to this report.
- 2.2 Members are asked to consider the current Terms of Reference and recommend any changes required for 2021/22 to the Fire and Rescue Authority

JOHN 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 bold, 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.

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.

Review of Terms of Reference

The Terms of Reference are reviewed by the Committee on an annual basis at the first Committee meeting held after the annual meeting.

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

Last review: 22.09.20

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.

Audit recommendations on review period of Terms of Reference added and delegated responsibilities highlighted in bold – Audit and Standards Committee on 6 July 2018

For Publication

Bedfordshire Fire and Rescue Authority
Audit and Standards Committee
14 July 2021

REPORT AUTHOR: ASSISTANT CHIEF OFFICER/FRA TREASURER

SUBJECT: PROVISIONAL AUDIT PLANNING REPORT YEAR ENDED 31 MARCH 2021

For further information on this report contact: Nicky Upton
Democratic and Regulatory Services Supervisor

Background Papers: None

Implications (tick ✓):

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

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

PURPOSE:

To receive and consider the Provisional Audit Planning Report for the year ended 31 March 2021 received from Ernst & Young, the Fire and Rescue Authority's external auditor.

RECOMMENDATION:

That Members consider the submitted Provisional Audit Planning Report for the year ended 31 March 2021.

1. Introduction

- 1.1 The submitted Provisional Audit Planning Report for the year ended 31 March 2021 sets out Ernst & Young's proposed audit approach and scope for the 2020/21 audit.

GAVIN CHAMBERS
ASSISTANT CHIEF OFFICER / FRA TREASURER

A photograph of a meeting table with several papers and hands pointing at documents. The background is a bright, white table with several sheets of paper. A person's hand with a watch is pointing at a document on the left. Another person's hand is pointing at a document on the right. A smartphone is visible on the table. The overall scene is a professional meeting or audit planning session.

Bedfordshire Fire and Rescue Authority Provisional Audit planning report

Year ended 31 March 2021
May 2021



Audit and Standards Committee
Southfield Road
Kempston
Bedfordshire
MK42 7NR

7 May 2021

Dear Audit and Standards Committee Members

Audit planning report

We are pleased to attach our Provisional Audit Plan which sets out how we intend to carry out our responsibilities as auditor. Its purpose is to provide the Audit and Standards Committee with a basis to review our proposed audit approach and scope for the 2020/21 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This plan summarises our initial assessment of the key risks driving the development of an effective audit for the Authority, and outlines our planned audit strategy in response to those risks. We will update the Audit and Standards Committee if our assessment changes during the course of the audit.

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

We welcome the opportunity to discuss this report with you on 22 July 2021 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Neil Harris

For and on behalf of Ernst & Young LLP

Contents



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

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

This report is made solely to the 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.



Page 38

01

Overview of our 2020/21 audit strategy



Overview of our 2020/21 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit and Standards Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Misstatements due to fraud or error	Fraud risk	No change in risk or focus	As identified in ISA 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 would otherwise appear to be operating effectively.
Valuation of other land and buildings	Significant risk	No change in risk or focus	<p>Property, Plant and Equipment (PPE) represents significant balances in the Authority's accounts and is subject to valuation changes, impairment reviews and depreciation charges.</p> <p>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, small changes in assumptions when valuing these assets can have material impact on the financial statements and therefore the balances are susceptible to misstatement.</p>
Pension liability valuation	Inherent risk	No change in risk or focus	<p>The Local Authority Accounting Code of Practice and IAS19 require the Authority to make extensive disclosures within its financial statements regarding the Fire Fighters Pension Scheme and the Local Government Pension Scheme (LGPS).</p> <p>The Authority's deficits under both schemes are disclosed on a combined basis on the Authority's balance sheet. The total value was £356 million as at 31 March 2020 and represents a material and sensitive balance.</p> <p>The information disclosed is based on the IAS 19 reports issued to the Authority by the Actuaries for both schemes. Accounting for these schemes involves significant estimation and judgement and due to the nature, volume and size of the transactions we consider this to be a inherent risk</p>

Overview of our 2020/21 audit strategy

Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Going concern disclosures	Inherent risk	No change in risk or focus for 2020/21	<p>Covid-19 has created a number of financial pressures throughout Local Government. It is creating financial stress through a combination of increasing service demand leading to increased expenditure and reductions in income sources. There have been a number of media stories in both the national press and trade publications raising the possibilities of an increase in Chief Financial Officers using their s114 powers. This could be under s114(3), insufficient resources to fund likely expenditure. Auditors must undertake sufficient and appropriate audit procedures to consider whether there is a material uncertainty on going concern that requires reporting by management within the financial statements and within the auditor's report.</p> <p>In addition, the revised auditing standard for going concern increases the work we are required to perform when assessing whether the Authority is a going concern. It means UK auditors will follow significantly stronger requirements than those required by current international standards; and we have therefore judged it appropriate to bring this to the attention of the Authority.</p>

Overview of our 2020/21 audit strategy

Materiality - Bedfordshire Fire and Rescue Authority

Planning
materiality

£727k

Our planning materiality has been set at £727,160, which represents 2% of the prior years gross expenditure on provision of services.

Performance
materiality

£545k

Performance materiality has been set at £545,370, which represents 75% of planning materiality.

Audit
differences

£36k

We will report all uncorrected misstatements relating to the primary statements (comprehensive income and expenditure statement, balance sheet, movement in reserves statement and cash flow statement) greater than £36,358k. Other misstatements identified will be communicated to the extent that they merit the attention of the Audit and Standards Committee.

Overview of our 2020/21 audit strategy

Audit scope

This Audit Plan covers the work that we plan to perform to provide you with:

- Our audit opinion on whether the financial statements of Bedfordshire Fire and Rescue Authority give a true and fair view of the financial position as at 31 March 2021 and of the income and expenditure for the year then ended; and
- Our commentary on the Authority's arrangements to secure value for money.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Authority's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- Strategic, operational and financial risks relevant to the financial statements;
- Developments in financial reporting and auditing standards;
- The quality of systems and processes;
- Changes in the business and regulatory environment; and,
- Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Authority.

There is also a wider public sector audit context, with increasing pressure on all auditors in the current climate. There have been a number of reviews of the wider audit market, and local government audit in particular. The Government has yet to confirm which recommendations from these reviews they will seek to put in place.

However, the consistent themes across the reviews are:

- The level of fees and sustainability of the market
- Competence and capability - skills, capability and capacity of auditors, finance teams and audit committees
- Timetable for audits

This, alongside new accounting and auditing regulations, places increasing pressure on auditors. The specific areas we would draw to your attention are:

- The introduction of ISA 540 (Revised), Auditing Accounting Estimates and Related Disclosures;
- ISA 570 (Revised), Going Concern which will increase the work required in these areas of the audit; and,
- A new value for money approach, including changes to the reporting (see section 3)

Taking the above into account, and as articulated in this Audit Plan, our professional responsibilities require us to independently assess the risks associated with providing an audit opinion and undertake appropriate procedures in response to that. Our Terms of Appointment with PSAA allow them to vary the fee dependent on "the auditors assessment of risk and the work needed to meet their professional responsibilities". PSAA are aware that the setting of scale fees has not kept pace with the changing requirements of external audit including the expansion of factors impacting the value for money conclusion, and changes in the NAO Code of Audit Practice. Therefore to the extent any of these or any other risks are relevant in the context of Bedfordshire Fire and Rescue Authority's audit, we will discuss these with management as to the impact on the audit fee.

Overview of our 2021 audit strategy

Value for money conclusion

One of the main changes in the NAO's 2020 Code, is in relation to the value for money conclusion. We include details in Section 03 but in summary:

- ▶ We are still required to consider whether the Authority has put in place 'proper arrangements' to secure economy, efficiency and effectiveness in its use of resources.
- ▶ Planning on value for money and the associated risk assessment is now focused on gathering sufficient evidence to enable us to document our evaluation of the Authority's arrangements, to enable us to draft a commentary under three reporting criteria (see below). This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations.
- ▶ We will be required to provide a commentary on the Authority's arrangements against three reporting criteria:
 - Financial sustainability - How the Authority plans and manages its resources to ensure it can continue to deliver its services;
 - Governance - How the Authority ensures that it makes informed decisions and properly manages its risks; and
 - Improving economy, efficiency and effectiveness - How the Authority uses information about its costs and performance to improve the way it manages and delivers its services.
- ▶ The commentary on arrangements will be included in a new Auditor's Annual Report which we will be required to issue at the same time as we issue the audit opinion on the financial statements, although this timetable may be varied for 2020/21.

Page 43

Timeline

For 2020/21, the timetable as published in the draft Accounts and Audit (Amendment) regulations 2021 extends the publication date for audited local authority accounts from 31 July to 30 September. Although this timetable has not yet been confirmed, in Section 07 we therefore include a provisional timeline for the audit.

Due to the ongoing impact of later deadlines and completion of audits from 2019/20, we have not yet started our detailed planning for the 2020/21 audit. We set out in this plan our initial considerations of the risks for the audit - these are broadly similar to those identified in 2019/20. We will update these risks as our planning progresses and take into account the risks suggested by the NAO in the Auditor Guidance Note 06 - Local Government Audit Planning, which has not yet been released for 2020/21.

Fees

We include further details on our proposed fees for 2020/21 in Section 09.



Page 44

02 Audit risks



Our response to significant risks

We have set out the significant risks (including fraud risks denoted by*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Misstatements due to fraud or error *

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) 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 will we do?

- ▶ Identifying fraud risks during the planning stages.
- ▶ Inquiry of management about risks of fraud and the controls put in place to address those risks.
- ▶ Understanding the oversight given by those charged with governance of management's processes over fraud.
- ▶ Consideration of the effectiveness of management's controls designed to address the risk of fraud.
- ▶ Determining an appropriate strategy to address those identified risks of fraud.
- ▶ Performing mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements.

Our response to significant risks (continued)

Valuation of land and buildings

What is the risk?

Land and Buildings represent significant balances in the Authority's accounts (2020: £26 million) and are subject to valuation changes and impairment reviews.

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

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

The ongoing impact of Covid-19 means there is potential for significant impact on the estimations and assumptions applied to asset valuations. This impacts, in particular, on Land and Buildings valued at fair value or existing use value (EUV) due to the uncertainty over market values in the current economic climate. There is therefore a risk that Land and Buildings may be misstated in the accounts.

What will we do?

Our approach will focus on:

- ▶ Consider the work performed by the Authority's valuers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- ▶ Sample testing key asset information used by the valuers in performing their valuation (e.g. floor plans to support valuations based on price per square metre);
- ▶ We will also consider if there are any specific changes to assets that have occurred and that these have been communicated to the valuer;
- ▶ Review assets not subject to valuation in 2020/21 to confirm that the remaining asset base is not materially misstated;
- ▶ Consider the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code;
- ▶ Consider changes to useful economic lives as a result of the most recent valuation; and
- ▶ Test accounting entries have been correctly processed in the financial statements.

We engaged EYRE to review a sample of land and buildings in 2019/20 and identified some non-material differences. We will consider whether we need to engaging EY Real Estates again to review a sample of investment properties if we need to gain additional assurance over these balances.

Audit risks

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the risk/area of focus?

Pension Liability Valuation

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

The Authority's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Authority's balance sheet.

The information disclosed is based on the IAS 19 report issued to the Authority by the actuary.

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

What will we do?

We will:

- ▶ Liaise with the auditors of Bedfordshire Pension Fund, to obtain assurances over the information supplied to the actuary in relation to Bedfordshire Fire and Rescue Authority;
- ▶ Assess the work of the LGPS pension fund actuary and the Firefighters pension fund actuary (Government Actuary's Department) including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team; and
- ▶ Review and test the accounting entries and disclosures made within the Authority's financial statements in relation to IAS19.

Other areas of audit focus

What is the risk/area of focus?

Going concern disclosures

Covid-19 has created a number of financial pressures throughout Local Government. It is creating financial stress through a combination of increasing service demand leading to increased expenditure in specific services, and reductions in income sources. There is currently not a clear statement of financial support from MHCLG that covers all financial consequences of Covid-19.

In addition, the auditing standard, International Auditing Standard 570 Going Concern, has been revised in response to enforcement cases and well-publicised corporate failures where the auditor's report failed to highlight concerns about the prospects of entities which collapsed shortly after.

The revised standard is effective for audits of financial statements for periods commencing on or after 15 December 2019, which for the Authority will be the audit of the 2020/21 financial statements.

CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 states that an **Authority's** financial statements shall be prepared on a going concern basis; the accounts should be prepared on the assumption that the functions of the **Authority** will continue in operational existence for the foreseeable future and can only be discontinued under statutory prescription.

However, ISA 570, as applied by Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom, still requires auditors to undertake sufficient and appropriate audit procedures to consider whether there is a material uncertainty on going concern that requires reporting by management within the financial statements, and within the auditor's report.

To do this, the auditor must review management's assessment of the going concern basis applying IAS1 Presentation of Financial Statements.

What will we do?

The revised standard requires:

- ▶ auditor's challenge of management's identification of events or conditions impacting going concern, more specific requirements to test management's resulting assessment of going concern, an evaluation of the supporting evidence obtained which includes consideration of the risk of management bias;
- ▶ greater work for us to challenge management's assessment of going concern, thoroughly test the adequacy of the supporting evidence we obtained and evaluate the risk of management bias. Our challenge will be made based on our knowledge of the Authority obtained through our audit, which will include additional specific risk assessment considerations which go beyond the current requirements;
- ▶ ensuring compliance with any updated reporting requirements;
- ▶ a stand back requirement to consider all of the evidence obtained, whether corroborative or contradictory, when we draw our conclusions on going concern; and
- ▶ necessary consideration regarding the appropriateness of financial statement disclosures around going concern.

We will be seeking a documented and detailed consideration to support management's assertion regarding the going concern basis and particularly with a view whether there are any material uncertainties for disclosure and the impact of the ongoing impact of Covid-19 on future financial planning.

We will review the going concern disclosures within the financial statements under IAS1, and associated financial viability disclosures within the Narrative Statement. We will consider whether you have included necessary disclosures regarding any material uncertainties that do exist.

We expect that, as in 2019/20, we will need to consult internally on this element of our audit work and the potential impact on our audit report.



03

Value for Money Risks



Value for money

Authority responsibilities for value for money

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

As part of the material published with its financial statements, the Authority is required to bring together commentary on its governance framework and how this has operated during the period in a governance statement. In preparing its governance statement, the Authority tailor's the content to reflect its own individual circumstances, consistent with the requirements of the relevant accounting and reporting framework and having regard to any guidance issued in support of that framework. This includes a requirement to provide commentary on its arrangements for securing value for money from their use of resources.

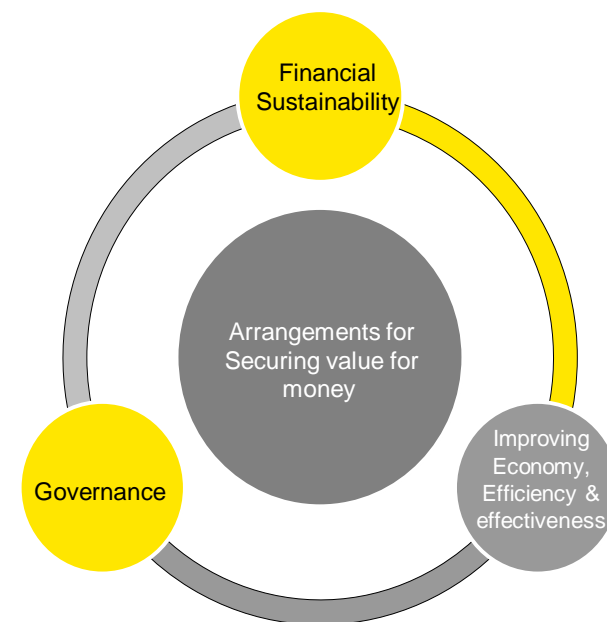
Auditor responsibilities under the new Code

On 1 April 2020, the NAO's new Code of Audit Practice (the 2020 Code) came into force. This sets out how local auditors are expected to approach and report their work on value for money (VFM) arrangements under the new Code and applies to audits of 2020/21 financial statements onwards.

Under the 2020 Code, we are still required to consider whether the Authority has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. However, there is no longer a single overall evaluation criterion which we need to conclude. Instead the 2020 Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Authority a commentary against specified reporting criteria (see below) on the arrangements the Authority has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

The specified reporting criteria are:

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





Value for money risks

Planning and identifying VFM risks

The NAO's guidance notes require us to carry out a risk assessment which gathers sufficient evidence to enable us to document our evaluation of the Authority's arrangements, in order to enable us to draft a commentary under the three reporting criteria. This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations. This is a change to 2015 Code guidance notes where the NAO required auditors, as part of planning, to consider the risk of reaching an incorrect conclusion in relation to the overall criterion.

In considering the Authority's arrangements, we are required to consider:

- The Authority's governance statement
- Evidence that the Authority's arrangements were in place during the reporting period;
- Evidence obtained from our work on the accounts;
- The work of inspectorates (such as Ofsted) and other bodies and
- Any other evidence source that we regard as necessary to facilitate the performance of our statutory duties.

We then consider whether there is evidence to suggest that there are significant weaknesses in arrangements. The NAO's guidance is clear that the assessment of what constitutes a significant weakness and the amount of additional audit work required to adequately respond to the risk of a significant weakness in arrangements is a matter of professional judgement. However, the NAO states that a weakness may be said to be significant if it:

- Exposes - or could reasonably be expected to expose - the Authority to significant financial loss or risk;
- Leads to - or could reasonably be expected to lead to - significant impact on the quality or effectiveness of service or on the Authority's reputation;
- Leads to - or could reasonably be expected to lead to - unlawful actions; or
- Identifies a failure to take action to address a previously identified significant weakness, such as failure to implement or achieve planned progress on action/improvement plans.

We should also be informed by a consideration of:

- The magnitude of the issue in relation to the size of the Authority;
- Financial consequences in comparison to, for example, levels of income or expenditure, levels of reserves (where applicable), or impact on budgets or cashflow forecasts;
- The impact of the weakness on the Authority's reported performance;
- Whether the issue has been identified by the Authority's own internal arrangements and what corrective action has been taken or planned;
- Whether any legal judgements have been made including judicial review;
- Whether there has been any intervention by a regulator or MHCLG;
- Whether the weakness could be considered significant when assessed against the nature, visibility or sensitivity of the issue;
- The impact on delivery of services to local taxpayers; and
- The length of time the Authority has had to respond to the issue.



Value for money risks (cont.)

Responding to identified risks

Where our planning work has identified a risk of significant weakness, the NAO's guidance requires us to consider what additional evidence is needed to determine whether there is a significant weakness in arrangements and undertake additional procedures as necessary, including where appropriate, challenge of management's assumptions. We are required to report our planned procedures to the Audit and Standards Committee.

Reporting on VFM

In addition to the commentary on arrangements, where we are not satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources the 2020 Code has the same requirement as the 2015 Code in that we should refer to this by exception in the audit report on the financial statements.

However, a new requirement under the 2020 Code is for us to include the commentary on arrangements in a new Auditor's Annual Report. The 2020 Code states that the commentary should be clear, readily understandable and highlight any issues we wish to draw to the Authority's attention or the wider public. This should include details of any recommendations arising from the audit and follow-up of recommendations issued previously, along with our view as to whether they have been implemented satisfactorily.

Page 52

Status of our 2020/21 VFM planning

We have yet to commence our detailed value for money planning. We will provide an update at the next Committee meeting on the outcome of our planning and our planned response to any identified risks of significant weaknesses in arrangements.

Summary of changes in VFM requirements between the 2015 and 2020 Codes of Audit Practice

We set out a summary of key changes in VFM requirements between the 2015 and 2020 Codes in tabular form on the following pages.



Value for money - Code requirements

2015 Code requirement	2020 Code requirement
<p>Overall requirement For auditors to satisfy themselves that the audited body has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.</p>	<p>Overall requirement No change in requirement.</p>
<p>Design of work The auditor's work should be designed to provide the auditor with sufficient assurance to enable them to report by exception if the auditor concludes that they are not satisfied that the audited body has put in place proper arrangements to secure value for money in the use of its resources for the relevant period.</p> <p>Where required, the auditor should report their conclusion on the audited body's arrangements having regard to specific reporting criteria.</p>	<p>Design of work The auditor's work should be designed to provide the auditor with sufficient assurance to enable them to report to the audited body a commentary against the specified reporting criteria on the arrangements the body has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.</p> <p>Where the auditor is not satisfied in respect of arrangements to secure value for money, they should refer to this by exception in their audit report on the financial statements.</p>
<p>Assurance given In carrying out this work, the auditor is not required to satisfy themselves that the audited body has achieved value for money during the reporting period.</p>	<p>Assurance given No change in requirement. Our work remains arrangements based.</p>
<p>Other sources of relevant information Auditors need to consider:</p> <ul style="list-style-type: none"> • The audited body's governance statement • Evidence that the audited body's arrangements were in place during the reporting period; • Evidence obtained from the auditor's other work • The work of inspectorates and other bodies and • Any other evidence source that the auditor regards as necessary to facilitate the performance of their statutory duties 	<p>Other sources of relevant information No change in requirement.</p>



Value for money - Code requirements (cont.)

2015 Code requirement	2020 Code requirement
<p>Quantum of work Determining how much work to do on arrangements to secure value for money is a matter of auditor judgement.</p>	<p>Quantum of work Determining how much work to do on arrangements to secure value for money remains a matter of auditor judgement, but we expect the enhanced risk assessment process and reporting requirements to require more time to be input.</p>
<p>Reporting criteria The NAO's supporting Auditor Guidance Note 3 defines proper arrangements as:</p> <ol style="list-style-type: none"> 1. <i>Informed decision making</i> <ul style="list-style-type: none"> • Acting in the public interest, through demonstrating and applying the principles and values of sound governance • Understanding and using appropriate and reliable financial and performance information (including, where relevant, information from regulatory/monitoring bodies) to support informed decision making and performance management • Reliable and timely financial reporting that supports the delivery of strategic priorities • Managing risks effectively and maintaining a sound system of internal control 2. <i>Sustainable resource deployment</i> <ul style="list-style-type: none"> • Planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions • Managing and utilising assets effectively to support the delivery of strategic priorities • Planning, organising and developing the workforce effectively to deliver strategic priorities 3. <i>Working with partners and other third parties</i> <ul style="list-style-type: none"> • Working with third parties effectively to deliver strategic priorities • Commissioning services effectively to support the delivery of strategic priorities • Procuring supplies and services effectively to support the delivery of strategic priorities 	<p>Reporting criteria The Code specifies that auditors need to focus on these reporting criteria:</p> <ol style="list-style-type: none"> 1. <i>Financial sustainability</i>: how the body plans and manages its resources to ensure it can continue to deliver its services. Specifically: <ul style="list-style-type: none"> • How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them; • How the body plans to bridge its funding gaps and identifies achievable savings; • How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities; • How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system; and • how the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans. 2. <i>Governance</i>: how the body ensures that it makes informed decisions and properly manages its risks. Specifically: <ul style="list-style-type: none"> • How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud; • How the body approaches and carries out its annual budget setting process;



Value for money - Code requirements (cont.)

2015 Code requirement	2020 Code requirement
<p>Reporting criteria (continued) See previous page</p>	<p>Reporting criteria (continued)</p> <ul style="list-style-type: none"> • How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from the Audit, Standards & Statutory Accounts Committee; and • How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff or member behaviour (such as gifts and hospitality or declarations/conflicts of interests). <p>3. <i>Improving economy, efficiency and effectiveness</i>: how the body uses information about its costs and performance to improve the way it manages and delivers its services. Specifically:</p> <ul style="list-style-type: none"> • How financial and performance information has been used to assess performance to identify areas for improvement; • How the body evaluates the services it provides to assess performance and identify areas for improvement; • How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve; and • Where the body commissions or procures services, how the body ensures that this is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits.
<p>Risk assessment As part of planning, auditors should consider the risk of reaching an incorrect conclusion in relation to the overall criterion.</p>	<p>Risk assessment The auditor will need to gather sufficient evidence and document their evaluation of it in order to enable them to draft their commentary under the three reporting criteria. This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations.</p>



Value for money - Code requirements (cont.)

2015 Code requirement	2020 Code requirement
<p>Reporting The auditor should report to the Audit, Standards & Statutory Accounts Committee the results of their work.</p> <p>The Annual Audit Letter should provide a clear, readily understandable commentary on the results of the auditor's work and highlight any issues that the auditor wishes to draw to the attention of the public.</p>	<p>Reporting Auditors are required to report in a commentary each year under the specified reporting criteria and the Code expects that where auditors identify significant weaknesses in arrangements as part of their work, they will raise them promptly with the Audit, Standards & Statutory Accounts Committee.</p> <p>The Auditor's Annual Report should bring together all of the auditor's work over the year. A core element of the report will be the commentary in accordance with the specified reporting criteria.</p> <p>The commentary should be clear, readily understandable and highlight any issues that the auditor wishes to draw to the attention of the body or the wider public. This should include details of any recommendations arising from the audit and follow-up of recommendations issued previously, along with the auditor's view as to whether they have been implemented satisfactorily.</p>



04

Audit materiality



Materiality

Materiality

For planning purposes, materiality for 2020/21 has been set at £727k. This represents 2% of the Authority's prior year gross expenditure on provision of services. It will be reassessed throughout the audit process. It should be noted that we are no longer required to have a separate materiality for the firefighter pension fund. This is not required for periods ending on or after 15 Dec 2020 We have provided supplemental information about audit materiality in Appendix C.

Main statements:

Page 58



We request that the Audit and Standards Committee confirm its understanding of, and agreement to, these materiality and reporting levels.

Key definitions

Planning materiality - the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

Performance materiality - the amount we use to determine the extent of our audit procedures. We have set performance materiality at £543k which represents 75% of materiality. We apply 75% when it is not an initial audit and we have a sound understanding of the entity and past experience with the engagement indicates that a higher risk of misstatement is unlikely.

Audit difference threshold - we propose that misstatements identified below this threshold are deemed clearly trivial. We will report to you all uncorrected misstatements over this amount relating to the income statement and balance sheet that have an effect on income or that relate to other comprehensive income.

Other uncorrected misstatements, such as reclassifications and misstatements in the cashflow statement and movement in reserves statement or disclosures, and corrected misstatements will be communicated to the extent that they merit the attention of the Audit and Standards Committee, or are important from a qualitative perspective.

Specific materiality - We have set a materiality of £10k for remuneration disclosures, related party transactions, members' allowances and exit packages which reflects our understanding that an amount less than our materiality would influence the economic decisions of users of the financial statements in relation to this.



05

Scope of our audit



Our Audit Process and Strategy

Objective and Scope of our Audit scoping

Under the Code of Audit Practice our principal objectives are to review and report on the Authority's financial statements and arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

1. Financial statement audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK).

We also perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

Procedures required by standards

- Addressing the risk of fraud and error;
- Significant disclosures included in the financial statements;
- Entity-wide controls;
- Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements; and
- Auditor independence.

Procedures required by the Code

- Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement; and
- Reviewing and reporting on the Whole of Government Accounts return, in line with the instructions issued by the NAO.

2. Arrangements for securing economy, efficiency and effectiveness (value for money)

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.

Our Audit Process and Strategy (continued)

Audit Process Overview

Our audit involves:

- ▶ Identifying and understanding the key processes and internal controls; and
- ▶ Substantive tests of detail of transactions and amounts.

For 2020/21 we plan to follow a substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.

Analytics:

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

- ▶ Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- ▶ Give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Audit and Standards Committee.

Internal audit:

As in prior years, we will review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit plan, where they raise issues that could have an impact on the financial statements.



06

Audit team



Audit team

Audit team and Use of specialists

Audit team

The core audit team is led by Neil Harris as Associate Partner with support from Julie Kriek, Manager, and Amor Reina Gomez, Lead Senior.

Use of specialist

When auditing key judgements, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where either EY or third party specialists provide input for the current year audit are:

Area	Specialists
Valuation of Land and Buildings	NPS (Bedfordshire Fire and Rescue Authority's property valuer), EY Estates (EY specialist) where we believe it is appropriate to do so.
Pensions disclosure	Barnett Waddingham (LGPS) and Government Actuary's Department (GAD) for FFPS (Pension Funds Actuary), EY Pensions Advisory and PwC (Consulting Actuary to the National Audit Office)

Page 63

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Authority's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- ▶ Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable;
- ▶ Assess the reasonableness of the assumptions and methods used;
- ▶ Consider the appropriateness of the timing of when the specialist carried out the work; and
- ▶ Assess whether the substance of the specialist's findings are properly reflected in the financial statements.



07

Audit timeline





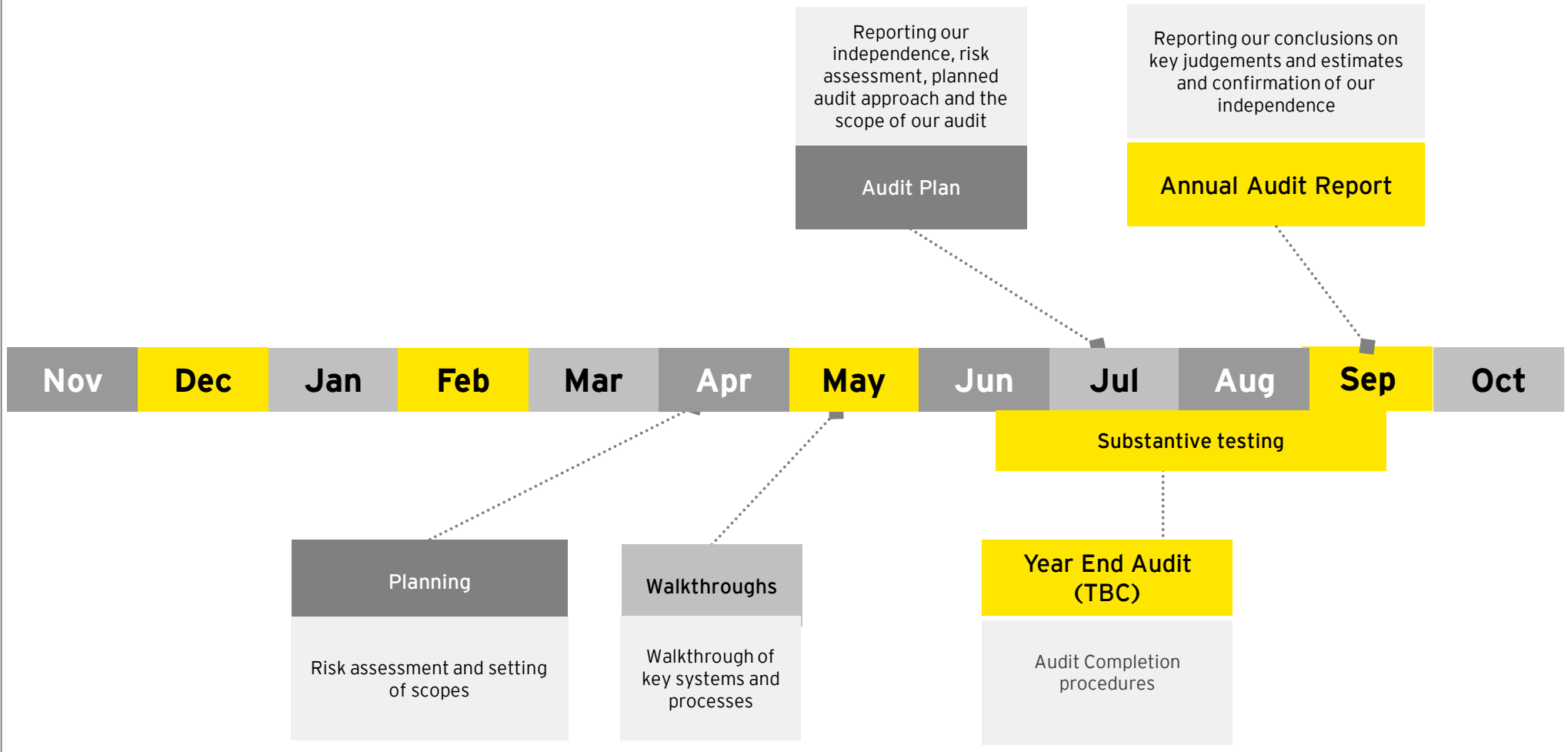
Audit timeline

Timetable of communication and deliverables

Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2020/21.

From time to time matters may arise that require immediate communication with the Audit and Standards Committee and we will discuss them with the Audit and Standards Committee Chair as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.





08

Independence



Introduction

The FRC Ethical Standard and ISA (UK) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in June 2016, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications

Planning stage

- ▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between the you, your affiliates and directors and us;
- ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;
- ▶ The overall assessment of threats and safeguards;
- ▶ Information about the general policies and process within EY to maintain objectivity and independence.
- ▶ Where EY has determined it is appropriate to apply more restrictive independence rules than permitted under the Ethical Standard [note: additional wording should be included in the communication reflecting the client specific situation]

Final stage

- ▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;
- ▶ Details of non-audit services provided and the fees charged in relation thereto;
- ▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us;
- ▶ Written confirmation that all covered persons are independent;
- ▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy;
- ▶ Details of any contingent fee arrangements for non-audit services provided by us or our network firms; and
- ▶ An opportunity to discuss auditor independence issues.

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We also provide information on any contingent fee arrangements, the amounts of any future services that have been contracted, and details of any written proposal to provide non-audit services that has been submitted;

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Neil Harris, your audit engagement partner and the audit engagement team have not been compromised.

Self interest threats

A self interest threat arises when EY has financial or other interests in the Authority. Examples include where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake permissible non-audit services and we will comply with the policies that you have approved.

None of the services are prohibited under the FRC's ES or the National Audit Office's Auditor Guidance Note 01 and the services have been approved in accordance with your policy on pre-approval. The ratio of non-audit fees to audit fees is not permitted to exceed 70%.

At the time of writing, the current ratio of non-audit fees to audit fees is nil. No additional safeguards are required.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4.

There are no other self interest threats at the date of this report.

Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self review threats at the date of this report.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of the Authority. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

Relationships, services and related threats and safeguards

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

New UK Independence Standards

The Financial Reporting Authority (FRC) published the Revised Ethical Standard 2019 in December and it will apply to accounting periods starting on or after 15 March 2020. A key change in the new Ethical Standard will be a general prohibition on the provision of non-audit services by the auditor (and its network) which will apply to UK Public Interest Entities (PIEs). A narrow list of permitted services will continue to be allowed.

Summary of key changes

- Extraterritorial application of the FRC Ethical Standard to UK PIE and its worldwide affiliates
- A general prohibition on the provision of non-audit services by the auditor (or its network) to a UK PIE, its UK parent and worldwide subsidiaries
- A narrow list of permitted services where closely related to the audit and/or required by law or regulation
- Absolute prohibition on the following relationships applicable to UK PIE and its affiliates including material significant in vestees/investors:
 - Tax advocacy services
 - Remuneration advisory services
 - Internal audit services
 - Secondment/loan staff arrangements
- An absolute prohibition on contingent fees.
- Requirement to meet the higher standard for business relationships i.e. business relationships between the audit firm and the audit client will only be permitted if it is inconsequential.
- Permitted services required by law or regulation will not be subject to the 70% fee cap.
- Grandfathering will apply for otherwise prohibited non-audit services that are open at 15 March 2020 such that the engagement may continue until completed in accordance with the original engagement terms.
- A requirement for the auditor to notify the Audit and Standards Committee where the audit fee might compromise perceived independence and the appropriate safeguards.
- A requirement to report to the audit committee details of any breaches of the Ethical Standard and any actions taken by the firm to address any threats to independence. A requirement for non-network component firm whose work is used in the group audit engagement to comply with the same independence standard as the group auditor. Our current understanding is that the requirement to follow UK independence rules is limited to the component firm issuing the audit report and not to its network. This is subject to clarification with the FRC.

Next Steps

We will continue to monitor and assess all ongoing and proposed non-audit services and relationships to ensure they are permitted under FRC Revised Ethical Standard 2016 which will continue to apply until 31 March 2020 as well as the recently released FRC Revised Ethical Standard 2019 which will be effective from 1 April 2020. We will work with you to ensure orderly completion of the services or where required, transition to another service provider within mutually agreed timescales.

We do not provide any non-audit services which would be prohibited under the new standard.

Other communications

EY Transparency Report 2020

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

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report for the reporting period from 29 June 2019 to 3 July 2020 can be found here:

https://www.ey.com/en_uk/who-we-are/transparency-report-2020



Page 72

09

Appendices



Appendix A

Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

	Scale fee 2020/21	Final Fee 2019/20	Final Fee 2018/19
	£	£	
Scale Fee - Code work	23,271	23,271	54,210
Additional work (Note 1)		16,016	
Increase in scale fee (Note 2)	17,468 (Note 3)	17,468	
Total fees	TBC	57,455	54,210

Page 73

Note 1: The 2019/20 Code work includes an additional fee of £16,016, which relates to additional specialist work reviewing a sample of fire stations, HQ and training facilities of £8,594 and the impact of Covid-19 on Going Concern and Value for Money conclusion of £7,422. We agreed the variation with officers and is subject to PSAA approval.

Note 2: We reported in the March 2021 Audit & Standards Committee meeting that we would report an adjusted baseline audit fee to PSAA of up to £50,071. The increase related largely to increased risk and complexity facing all public sector bodies, adjusted for our knowledge and risk assessment for the Authority, changes and the incremental increase in regulatory standards, and our current assessment of the Authority's readiness for audit, including data analytics, quality of working papers. The total fee is therefore reflective of these factors and will be considered by the PSAA. This is our assessment of the baseline fee and should not be seen as the same as the proposed fee for scope changes and additional work we have undertaken during the 2019-2020 audit.

Note 3: For 2020/21, the scale fee will be impacted by a range of factors (see following page) which will result in additional work. The issues we have identified at the planning stage which will impact on the fee. We will continue to discuss the impact of these factors with management and the impact on the final fee.

In addition, we are driving greater innovation in the audit through the use of technology. The significant investment costs in this global technology continue to rise as we seek to provide enhanced assurance and insight in the audit.

The agreed fee presented is based on the following assumptions:

- Officers meeting the agreed timetable of deliverables;
- Our accounts opinion and value for money conclusion being unqualified;
- Appropriate quality of documentation is provided by the Authority; and
- The Authority has an effective control environment.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Authority in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

Fees

We do not believe the existing scale fees provide a clear link with both a public sector organisation's risk and complexity.

Summary of key factors

1. **Status of sector.** Financial reporting and decision making in local government has become increasingly complex, for example from the growth in commercialisation, speculative ventures and investments. This has also brought increasing risk about the financial sustainability / going concern of bodies given the current status of the sector.
 - To address this risk our procedures now entail higher samples sizes of transactions, the need to increase our use of analytics data to test more transactions at a greater level of depth. This requires a continual investment in our data analytics tools and audit technology to enhance audit quality. This also has an impact on local government with the need to also keep pace with technological advancement in data management and processing for audit.
2. **Audit of estimates.** There has been a significant increase in the focus on areas of the financial statements where judgemental estimates are made. This is to address regulatory expectations from FRC reviews on the extent of audit procedures performed in areas such as the valuation of land and buildings and pension assets and liabilities.
 - To address these findings, our required procedures now entail higher samples sizes, increased requirements for corroborative evidence to support the assumptions and use of our internal specialists.
3. **Regulatory environment.** Other pressures come from the changing regulatory landscape and audit market dynamics:
 - Parliamentary select committee reports, the Brydon and Kingman reviews, plus within the public sector the Redmond review and the new NAO Code of Audit practice are all shaping the future of Local Audit. These regulatory pressures all have a focus on audit quality and what is required of external auditors.
 - This means continual investment in our audit quality infrastructure in response to these regulatory reviews, the increasing fines for not meeting the requirements plus changes in auditing and accounting standards. As a firm our compliance costs have now doubled as a proportion of revenue in the last five years. The regulatory lens on Local Audit specifically, is greater. We are three times more likely to be reviewed by a quality regulator than other audits, again increasing our compliance costs of being within this market.

Fees

Summary of key factors (cont'd)




4. As a result Public sector auditing has become less attractive as a profession, especially due to the compressed timetable, regulatory pressure and greater compliance requirements. This has contributed to higher attrition rates in our profession over the past year and the shortage of specialist public sector audit staff and multidisciplinary teams (for example valuation, pensions, tax and accounting) during the compressed timetables.
 - We need to invest over a five to ten-year cycle to recruit, train and develop a sustainable specialist team of public sector audit staff. We and other firms in the sector face intense competition for the best people, with appropriate public sector skills, as a result of a shrinking resource pool. We need to remunerate our people appropriately to maintain the attractiveness of the profession, provide the highest performing audit teams and protect audit quality.
 - We acknowledge that local authorities are also facing challenges to recruit and retain staff with the necessary financial reporting skills and capabilities. This though also exacerbates the challenge for external audits, as where there are shortages it impacts on the ability to deliver on a timely basis.

Appendix B

Required communications with the Audit and Standards Committee

We have detailed the communications that we must provide to the Audit and Standards Committee.



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	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Audit planning report - 22 July 2021
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 	Annual audit report - 23 September 2021

Appendix B

Required communications with the Audit and Standards Committee (continued)




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 	Annual audit report - 23 September 2021
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Corrected misstatements that are significant ▶ Material misstatements corrected by management 	Annual audit report - 23 September 2021
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 entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ A discussion of any other matters related to fraud 	Annual audit report - 23 September 2021
Related parties	<ul style="list-style-type: none"> ▶ Significant matters arising during the audit in connection with the entity's related parties including, when applicable: ▶ 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 entity 	Annual audit report - 23 September 2021

Appendix B




Required communications with the Audit and Standards Committee (continued)

Our Reporting to you

Required communications	 What is reported?	  When and where
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>Audit planning report - 22 July 2021</p> <p>Annual audit report - 23 September 2021</p>
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 	<p>Annual audit report - 23 September 2021</p>
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off ▶ Enquiry of the Audit and Standards 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 and Standards Committee may be aware of 	<p>Annual audit report - 23 September 2021</p>
Internal controls	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit 	<p>Annual audit report - 23 September 2021</p>

Appendix B

Required communications with the Audit and Standards Committee (continued)

		 Our Reporting to you
Required communications	 What is reported?	 When and where
Representations	Written representations we are requesting from management and/or those charged with governance	Annual audit report - 23 September 2021
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Annual audit report - 23 September 2021
Auditors report	<ul style="list-style-type: none"> ▶ Any circumstances identified that affect the form and content of our auditor's report 	Annual audit report - 23 September 2021
Fee Reporting	<ul style="list-style-type: none"> ▶ Breakdown of fee information when the audit plan is agreed ▶ Breakdown of fee information at the completion of the audit ▶ Any non-audit work 	Audit planning report - 22 July 2021 Annual audit report - 23 September 2021

Additional audit information

Other required procedures during the course of the audit

In addition to the key areas of audit focus outlined in section 2, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

Our responsibilities required by auditing standards

- ▶ Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- ▶ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Concluding on the appropriateness of management's use of the going concern basis of accounting.
- ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Authority to express an opinion on the consolidated financial statements. Reading other information contained in the financial statements, the Audit and Standards Committee reporting appropriately addresses matters communicated by us to the Audit and Standards Committee and reporting whether it is materially inconsistent with our understanding and the financial statements; and
- ▶ Maintaining auditor independence.

Additional audit information (continued)

Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines:

- ▶ The locations at which we conduct audit procedures to support the opinion given on the Authority's financial statements; and
- ▶ The level of work performed on individual account balances and financial statement disclosures.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

This page is intentionally left blank

REPORT AUTHOR: CHIEF FIRE OFFICER AND TREASURER

SUBJECT: 2020/21 STATEMENT OF ACCOUNTS

For further information
on this Report contact: Gavin Chambers, ACO/Treasurer

Background Papers: 2020/21 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 receive at the pre audit stage the 2020/21 Statement of Accounts, including the Annual Governance Statement and to explain the position regarding external audit.

RECOMMENDATION:

That:

1. Members consider the pre external audit version of the 2020/21 Statement of Accounts and Annual Governance Statement.
2. Members note and comment as appropriate on the delay to the external audit of accounts.

1. Introduction

- 1.1 The Accounts and Audit Regulations 2015, ordinarily require the Treasurer to formally approve the Statement of Accounts by the end of May, following the previous financial year, then after 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 However, following the extensions to the accounts close dates for 2019/20 due to the pandemic, there has been a continuation of the extension for the 2020/21 accounts. These are 1st August 2021 for pre audit with the Treasurer approving them for publication and then 30th September 2021 for post external audit.
- 1.3 As noted below, the accounts will not have been audited on this occasion to enable this.

2. Early Closure

- 2.1 This is the fourth year of the early closure. The annual statement of accounts completion requirements, in accordance with the 2015 Accounts and Audit Regulations, 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. As above for the second year these dates have been extended for the 2020/21 process.
- 2.2 These deadlines from a Service perspective, although significantly changed, have successfully been met again for the 2020/21 accounts. Taking advantage of the extension, the accounts were published on the 4th June 2021. This has again been achieved through effective planning and resource management. However as noted in para 3 below the audit will be delayed this year.

3. The 2020/21 Statement of Accounts and Annual Governance Statement

- 3.1 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 2020/21. 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).
- 3.2 In accordance with the public advertisement and the statutory deposit period, the initial pre audit version of the accounts was put on the website on 4th June 2021. The 30 day statutory public inspection period ended on 16th July 2021. At the time of writing this report, there had not been any requests for information on the accounts from a member of the public.
- 3.3 The Statement of Accounts, including the Annual Governance Statement, is attached at Appendix 1.

4. External Audit

- 4.1 The Authority's governance arrangements require this Committee to receive and approve the Statement of Accounts, ordinarily following the completion of the external audit by 31st July each year. The extension this year moves this to the end of September. Ernst and Young are currently advising the Authority that this date may not be achievable.
- 4.2 The priority for E&Y is to ensure a high quality audit is undertaken and this is key in ensuring their responsibilities are met in issuing the correct audit opinion. Whilst alternative options have been considered, unfortunately no practical alternative options are available other than delaying the audit to September / October 2021. This issue is not unique to this Authority.

The Value for Money Conclusion and opinion on the accounts will not be complete until early October and therefore the post audit approval of the accounts will be presented to the Audit and Standards Committee in late 2021.

- 4.3 Annually the Public Sector Audit Appointments (PSAA) publish details of authorities who have not met the date for publishing their audited accounts. The PSAA have said they will ensure that in any report they issue, the reasons for the delays will be clearly explained.

Neil Harris, Associate Partner at E&Y, will be attending the Audit & Standards Committee meeting to address any questions that Members may have with regard to the delayed 2020/21 final accounts audit.

5. Letter of Representation

- 5.1 The Authority's letter of representation will be presented with the audited accounts at a later meeting. 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.

6. Revenue Year End outturn

- 6.1 On 11th February 2021, the Authority received a budget monitoring report forecasting the year end outturn, based on actuals as at 31st December, as an underspend with a year-end contribution to reserves of £790.5k. The comparable year end contribution to reserves was £878k, with the variance between these figures being predominantly additional income from central government. This is explained in the Income and Government Grant section of the accounts (Appendix 1 page 12).

7. General and Earmarked Reserves

- 7.1 The General Reserves balance as at 31st March 2021 was £2.4m. This is following work undertaken to establish specific earmarked reserves, which as at 31st March 2021 totalled £5.105m. This figure includes the Transformational Earmarked Reserve of £3.180m to

support future years' budget setting and Innovation investments. In addition there is the Collaboration Reserve £2.378m and a capital reserve £3.850m 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.

7.2 The capital receipts reserve as at 31st March 2021 was £0.507m.

8. Summary

8.1 Members are invited to:

- Review the current pre audit version of the 2020/21 Statement of Accounts, which includes the Annual Governance Statement.
- Review the position of the delay to the external audit of the accounts.
- Note the General and Earmarked Reserves balances that will be considered further as part of the forthcoming 2022/23 budget setting process.

ANDREW HOPKINSON
CHIEF FIRE OFFICER

GAVIN CHAMBERS
FRA TREASURER

BEDFORDSHIRE FIRE AND RESCUE AUTHORITY



PRE-AUDITED STATEMENT OF ACCOUNTS 2020/21

STATEMENT OF ACCOUNTS

2020/21

CONTENTS

	PAGE NO
Authority Membership	3
Narrative Statement	4
Treasurer's Report	11
Statement of Responsibilities for the Statement of Accounts	16
Annual Governance Statement (AGS) for the Year 2020/21	17
Statement of Accounting Policies	34
Going Concern Statement	46
Movement in Reserves Statement	48
Comprehensive Income and Expenditure Statement for the Year Ending 31 March 2021	50
Balance Sheet as at 31 March 2021	51
Cash Flow Statement	53
Notes to the Core Financial Statements	54
Pension Fund Account for the Year Ending 31 March 2021	88
Notes to the Pension Fund Account	89
Glossary of Terms	90
Independent Auditor's Report	93

AUTHORITY MEMBERSHIP 2020/21

Chair

Councillor J Chatterley (Central Bedfordshire Council)

Vice-Chair

Councillor Y Waheed (Luton Borough Council)

Councillors

Bedford Borough Council	Central Bedfordshire Council	Luton Borough Council
C Atkins	R Berry	Y Waheed
M Headley	J Chatterley	K Choudhry
J Gambold	D McVicar	S Khurshid
	P Duckett	D Franks
	I Shingler	

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.

Following a Governance review, at its meeting on 18 July 2019 the Authority decided to suspend the Policy and Challenge Groups for a trial period. Information previously reported to these Groups was reported directly to the Fire Authority, Executive Committee or Audit and Standards Committee as appropriate.

The Fire Authority reviewed these arrangements on 3 September 2020 at the Annual Meeting which was postponed from June due to the Coronavirus. The revised structure will continue, and in addition, each member of the Executive Committee will have a special responsibility for one of the following portfolios:

Prevention and Protection:	Cllr Atkins
Operational Performance and Preparedness:	Cllr Franks
Corporate Risk, Health and Safety:	Cllr Chatterley (Chair)
People Board, Staffing and Diversity:	Cllr Waheed
Collaboration:	Cllr McVicar

Members of the Audit and Standards Committee are: Cllrs Berry, Choudhry, Duckett, Gambold, Headley (Chair), Khurshid and Shingler.

The Annual Meeting will take place at the end of June 2021 and the above Members will continue to be on the FRA until then.

NARRATIVE STATEMENT

Background Information

Population

Bedfordshire Fire and Rescue Service (BFRS) covers an area of approximately 1,234.45 square kilometres (476.94 square miles) and has a population of approximately 664,000 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 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 Mission and Aims

Mission

The Service's Mission is to provide outstanding fire and rescue services that make Bedfordshire safer and we are committed to doing everything we can to achieve this within the resources we have available to us.

For us, delivering our mission means focusing on the following six aims:

1. **Preventing** fires and other emergencies from happening.
2. **Protecting** people and property when fires happen.
3. **Responding** to fires and other emergencies promptly and effectively.
4. **Empowering** our people as we work together to make Bedfordshire safer.
5. **Utilising** our assets and resources efficiently and effectively.
6. **Maximising** use of data and digital solutions to drive improvements.

We focus on achieving these aims, and use them to develop the key priorities we set out to achieve through our annual action plan.

The Service's Values

Following a period of internal working groups, staff decided on the following Values for the Service to adhere to:

Narrative Statement (continued)

- *We are accountable* – We are transparent, trustworthy, and responsible for our actions
- *We've got your back* – Striving to keep us all safe, while being supportive and inclusive
- *Every contact counts* – Making a positive difference each and every time, with respect and professionalism
- *We dare to be different* – We are bold, we welcome challenge, and we are open to innovative ideas.

Organisational Statistics and Structure

BFRS employs over 560 staff consisting of:

- Wholetime (full time) firefighters.
- On-Call (retained) firefighters.
- Central staff.
- Corporate (support) 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 station and 8 retained stations.

Other Local FRS

BFRS is bordered to the north and east by Cambridgeshire, to the north and 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 Principal Officers (including responsibilities over 2020/21):

- Deputy Chief Fire Officer
 - Strategic Planning and Performance
 - Training and Assurance
 - Media and Communications
- Temporary Assistant Chief Fire Officer
 - Response and Preparedness
 - Prevention and Protection
 - Partnerships and Engagement
- Assistant Chief Officer
 - Treasurer to the FRA
 - Finance and Property
 - ICT, Programme and projects
 - Procurement, Facilities and Fleet
 - Governance

Human Resources reports direct to the Chief Fire Officer, along with the above Principal Officers.

Narrative Statement (continued)

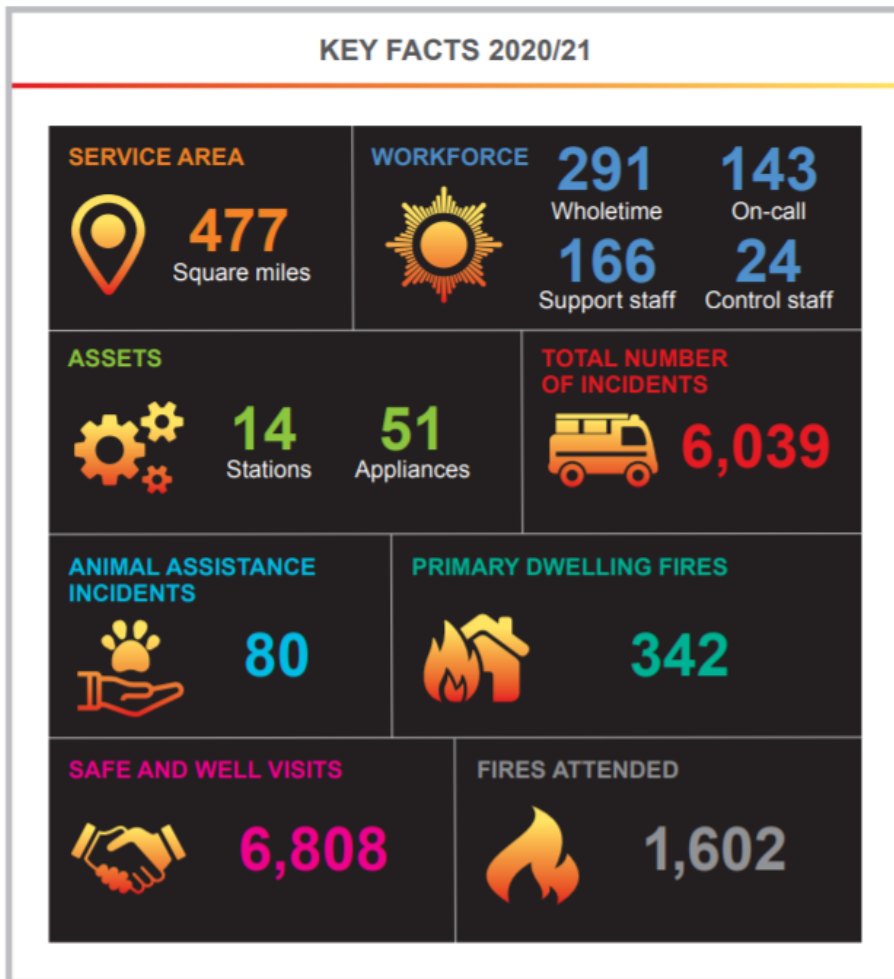
Headquarters is located at Kempston, Bedford, which houses the corporate team, directors, central operations, transport & engineering team, training facility, command & control room and a hot fire training facility.

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 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).

The following table summarises the incidents and activities attended over 2020/21.



Narrative Statement (continued)

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 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. This report is aligned to the Service's strategic objectives and strategies and can be viewed via the link below. The 2020/21 report is yet to be presented to the FRA. The 2019/20 report was presented to the FRA in July 2020 can be viewed via the link below:

<https://bedsfireresauth.moderngov.co.uk/documents/s3766/FRA20200716%20Item%2009%20Fire%20Authority%20Performance%20Report%20Q4%202019-20%20v2%20FINAL.pdf>

Value for Money

All procurements over £25k must involve the Procurement Team and be advertised by the Authority electronically via the Delta eSourcing portal. 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, the route to procurement shall be determined by the application of a set of bandings which are based on the estimated total aggregated value of the contract over the entire contract period (initial term and all possible extension periods), Band 1, up to £4,999 (evidence of Best Value), Band 2 £5,000 – £24,999 (request a minimum of three (3) written quotes in response to an 'Invitation to Quote' ('ITQ') document), Band 3 £25,000 – £59,999 (release of a Contracts Finder Notice as a call for a national competition or delivery of a closed tender process under an established Framework Agreement or a Dynamic Purchasing System in response to an 'Invitation to Tender (ITT) Lite' document), Band 4 £60,000 – up to 'Find a Tender' ('FTS') financial thresholds (release of a Contracts Finder Notice as a call for national competition or delivery of a closed tender process under an established Framework Agreement or a Dynamic Purchasing System in response to an 'Invitation to Tender (ITT)' document), Band 5 'Find a Tender' ('FTS') financial thresholds and above (release of a FTS Notice as a call for competition at both a national and cross-border level (where relevant)). Bands 1 and 2 will be delivered by the Service Area and Band 3, 4 and 5 Procurements shall be delivered by the Procurement Team as directed by the Authority's Procurement Manager or, in their absence, the Head of Governance, Assets, Procurement and Collaboration.

When procuring public contracts (except for utilities and concession contracts), the Authority must act in accordance with relevant national procurement legislation, ensuring that the principles of fairness, transparency, non-discrimination and proportionality are observed and that all procurement activity is conducted in compliance with the Public Contracts Regulations 2015 (as amended from time to time).

Narrative Statement (continued)

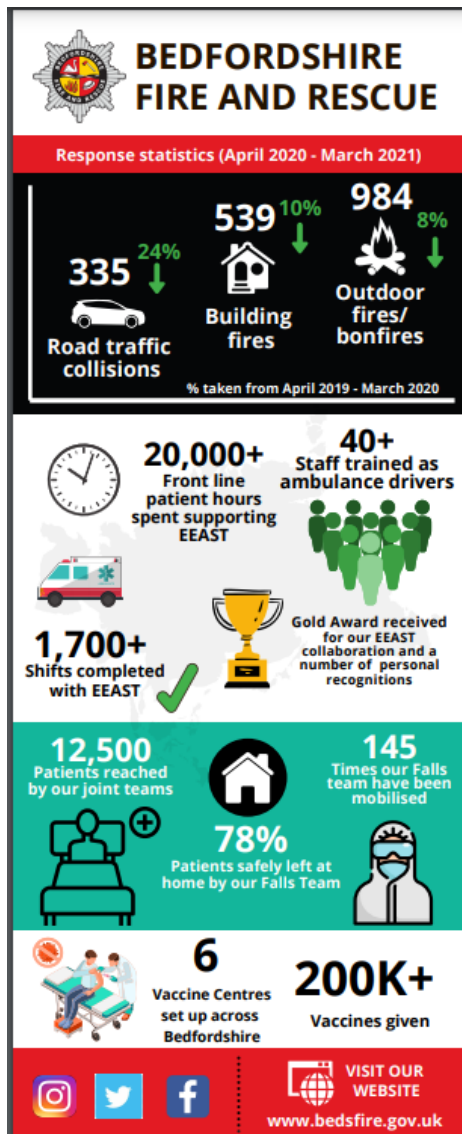
The Authority's mission statement for procurement is:

"Achievement of the lowest whole life cost and clearly defined benefits in the commissioning of goods, works and services procured at the right time, within budget and scope and of the required quality in an ethical and socially responsible manner"

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 economics of scale.

The Service's Response to Covid-19

The Service's response during 2020/21 and towards supporting the community against Covid-19 is summarised in the infographic below, noting how the service has directly responded to this global pandemic on a local scale.



Narrative Statement (continued)

Following the announcement of the pandemic by the Prime Minister on the evening of 23rd March 2020, the Chief Fire Officer advised that all staff, unless on operational duty, should stay and work from home and not come into their offices. The following actions and responses then took place:

- The Service put into action its Business Continuity Plan for a pandemic by commencing the Service Pandemic Planning Group (SPPG) on 24th March 2020. This was then followed by twice-weekly meetings, which were reduced to weekly meetings from w/c 4th May 2020. These reduced to fortnightly at the beginning of 2021.
- A Gold Strategy was produced, giving the high level actions and strategy that the Service was taking.
- The Service actively participated/participates in the Local Resilience Forum (LRF) and also the Strategic Co-ordination Group (SCG)
- 19 Firefighters were trained to drive ambulances and respond to medical incidents. A further 8 were trained as resilience.
- The Service provided the administrative support to the LRF.
- The Falls Team from 20th April 2020 were also fulfilling a role as Community First Responders.
- Co-responding commenced from two stations, Leighton Buzzard and Harrold during this period.
- The secondment of an Area Commander for 3 weeks to support the setting up of a mortuary in Essex.
- The Service has supported the distribution of PPE to Chemists.
- The Service has supported the transfer of cloth between cloth manufacturers and machinists to make hospital scrubs.
- The Service has provided some of its PPE to Care Homes and other organisations
- The temporary promotion of Group Commander to Area Commander level to co-ordinate the Service's response and feed updates into the SPPG meetings.
- Laptops and other ICT related equipment was purchased and distributed to enable officers to work from home effectively and efficiently. The use of online conferencing facilities over this period has been key.
- Daily returns were sent back to the Home Office on the Service's Covid-19 position, with a set questionnaire being responded to.
- Financial returns of actual and forecast expenditure were regularly returned to the National Fire Chiefs Council (NFCC) and the Home Office.
- The Principal Officer Team participated in the weekly Chief Fire Officers telephone conferences.
- The Chief Fire Officer provided video clips internally and externally to advise staff and the community what the Fire & Rescue Service was doing in response to the pandemic and to reiterate the Government's stay at home advice.
- Our driving instructors were delivering driver training to no-service personnel and student paramedics to drive ambulances (non blue light) for patient transport purposes.
- The Service also participated in various locations for the weekly Thursday 8pm clap for the NHS and key workers. This was at Hospitals and Care Homes.
- The Communications Teams also kept employees well informed with regularly updates via email and the Service's Blue Bulletin.
- A Risk Register was also prepared to capture the risks directly related to Covid-19 and recovery planning was instigated.

Narrative Statement (continued)

There has been a limited Covid/sickness impact on the workforce, with these figures captured in the daily Home Office returns. On an operational basis, due to the numbers of retained personnel working from home or being furloughed, the availability of our retained crews increased at various points over 2020/21, so from an operational perspective there have not been any adverse impacts on availability of appliances.

The purchase, provision and distribution of Personal Protective Equipment (PPE) was on the national news almost daily during late March and April 2020. The NFCC co-ordinated the supply of PPE and the Service has not been short and again in the daily HO returns has reported our position as Green throughout the period, meaning our stock of PPE including its forecast use was sufficient.

As noted in the Annual Governance Statement (AGS), there were changes to the Governance of the Authority/Service during this unprecedented period.

The inspection due by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) in July 2020 was postponed and is yet to be rescheduled.

In order to financially support the above, the Service received funding from the Home Office via tranches 1 and 2 of the national funding to local authorities. The Service received £607k in total, which was from £105K in tranche 1 and £502k in tranche 2.

Summary

Taking into consideration the significantly increased operational response and community support activities noted above, there is no material impact on the 2020/21 Statement of Accounts from Covid-19.

- As included in the AGS the governance arrangements of the Fire & Rescue Authority were adapted during this period.
- The Authority has included the impacts on taxbase reductions, income reduction from council tax and business rates and the Collection Fund deficits into the 2021/22 budget
- The Service's investments over 2020/21 generated lower than anticipated returns due to the continued low Bank of England base rate.
- As well as specific grants received in 2020/21 for Covid £607k, there has also been a further grant received in 2021/22 of £77k.

Other than the above, the Service/Authority does not forecast any other material financial impacts.

TREASURERS 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 2019/20 to identify efficiency savings for the 2020/21 budget, the FRA was able to keep its Council Tax increase to 1.99% for 2020/21. As a consequence of not having an increase in Council Tax for 2011/12, the Authority received a Council Tax Freeze Grant from this financial year. The Authority should still be in receipt of this grant; however it is now part of the main grant funding and is 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. 2020/21 – A Financial Commentary

Revenue Budget:

For 2020/21 the FRA approved a revenue budget requirement of £31.063m. 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 2020/21 the FRA determined that capital expenditure be approved at £1.505m, of which £0.505m 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 pension's liability has increased from £356.0m at the end of 2019/20 to £387.5m at the end of 2020/21. 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 2021 was £2.4m. This is following work undertaken over the last few years to establish specific earmarked reserves, which as at 31 March 2021 totalled £5.105m. The year-end revenue budget underspend of £878k has been allocated to the Transformation Earmarked Reserve. 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 2021 was £507k.

3. Statement of Accounts

The FRA's Statement of Accounts for the year ending 31 March 2021 is set out in 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 2021.
- 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.

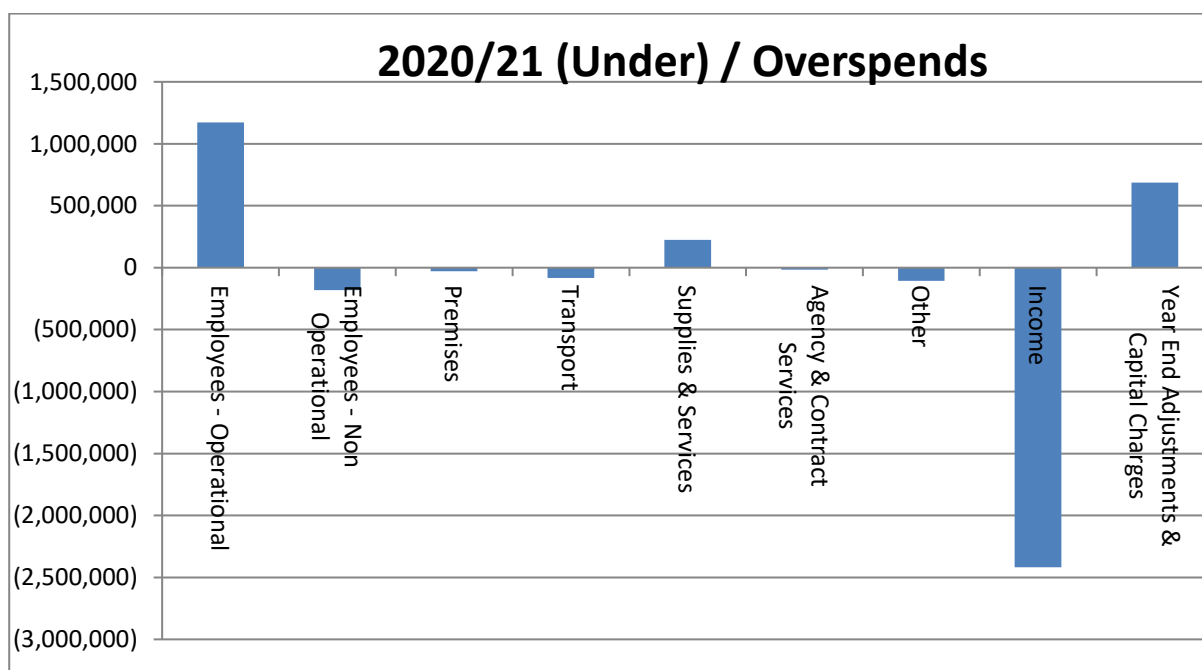
The Accounts are supported by a Statement of Accounting Policies and various Notes to the Core Financial Statements. In addition, a glossary of terms is included to provide further explanation.

4. 2020/21 Year End Contribution to Reserves

On the 11th Feb 2021, the Authority received a budget monitoring report forecasting the year end outturn, based on the actuals as at 31st December 2020, as an underspend with a year-end contribution to reserves of £790.5k. The comparable year end contribution to reserves was £878k, with the variance between these figures explained in the Expenditure, Income and Government Grant sections below.

Treasurer's Report (continued)

Summary of Expenditure by Category 2020/21	Budget £	Actual £	Variance to Budget £
Employees - Operational	18,197,700	19,370,118	1,172,417
Employees - Non Operational	6,848,500	6,666,449	(182,051)
Premises	1,207,700	1,179,970	(27,730)
Transport	504,200	420,371	(83,829)
Supplies & Services	3,553,500	3,778,307	224,807
Agency & Contract Services	22,000	5,476	(16,524)
Other	718,500	611,739	(106,761)
Income	(707,800)	(3,125,716)	(2,417,916)
Year End Adjustments & Capital Charges	718,700	1,406,306	687,606
Year-end Contribution to reserves	31,063,000	30,313,019	(749,981)
Government Grants and Precepts (inc Collection Fund)	(31,063,000)	(31,191,268)	(128,268)
Year End Contributions to Reserves	0	(878,249)	(878,249)



Treasurer's Report (continued)

Variances over £50k

Employees

There was an underspend on uniformed salaries of (£869k) when taking into account the government pension grant of (£1.725m) and the offsetting of spend against the Covid 19 grant received of (£316k). This includes an underspend of (£510k) as a result of the difference between budgeted and actual firefighter pay award from 1st July 2020. There is a further underspend relating to non-operational salaries of (£182k) due to vacancies including in Equality and Diversity, Workshops and support services administration. These are offset by a charge of £41k relating to the shared service staffing costs from Cambridgeshire Fire and Rescue Service.

Transport

The underspend on Transport relates to an underspend across the service of (£50k) on Contract car charges for officers cars and a further underspend on Derv and fuel across the service of (£30k).

Supplies and Services

The overspend on Supplies and Services relates mainly to an unachievable savings and efficiency within ICT £82k, a further £41k overspend on ICT Shared Services, unplanned repairs and maintenance £40k across the service buildings and spending on operational equipment of £51k which is funded the Covid19 grant received and from sales of equipment.

Income

The income variance above of (£2.42m) includes a revenue grant received from the Home Office to offset the increased employer contributions for the firefighter pension schemes (£1.725m) which was not budgeted for. The figure above also includes unbudgeted grant (£607k) received for Covid19 response which was spent on both salaries and non-salaries. Further unbudgeted grants of (£49k) were received in year. These items have been partially offset by an underachievement of £31k on Interest received on investment activity and other minor variances.

Government Grants and Precepts (inc. Collection Fund)

The increase in government grants & collection fund relate to extra income received in relation to Business rates (£121k) and other minor differences.

Year End Adjustments and Capital Charges

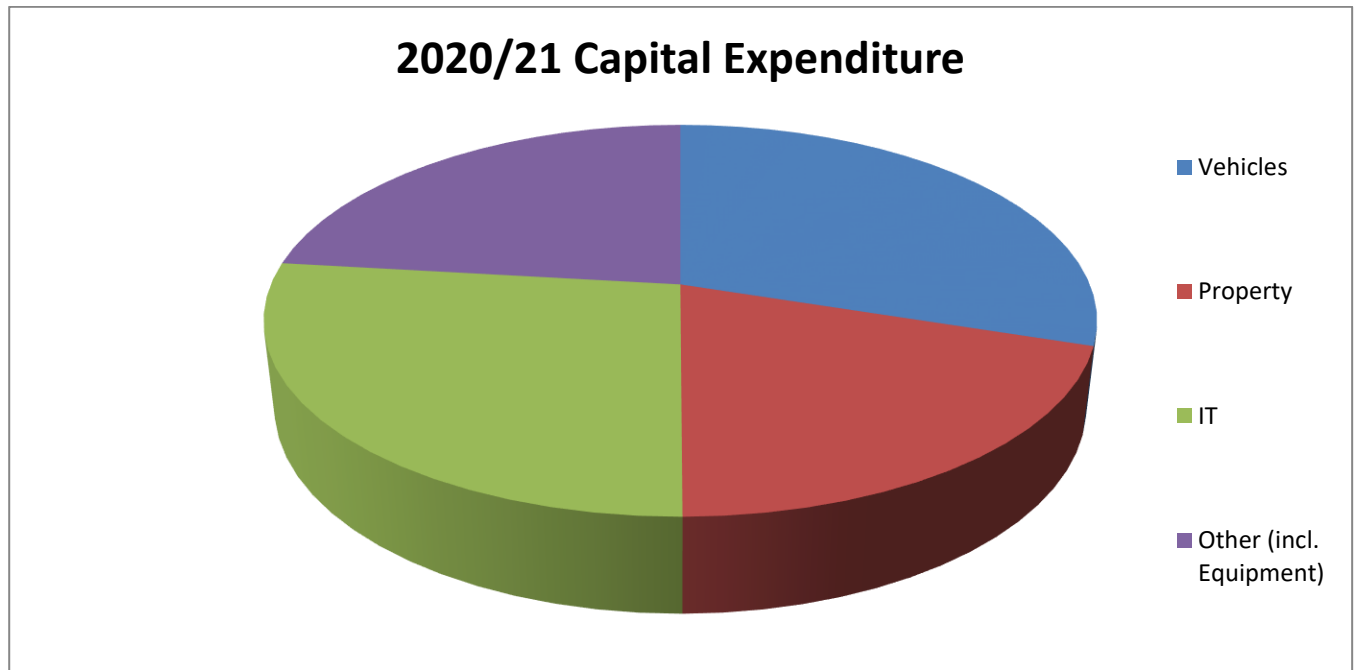
The variance on the Year End adjustments of £687k is mainly as a result of the difference between utilised budget manager reserves from 2019/20 and the carry forward of budget manager's reserves from 2020/21 into 2021/22 for use on projects which span the financial years.

The variance (£878k) stated above is the outturn compared to the FRA original budget provision, this will be transferred to the Transformational and collaboration reserves until further consideration/allocation is made by the FRA.

Treasurer's Report (continued)

2020/21 Capital Programme

In 2020/21 the FRA spent £1.078m on capital projects, of which £323k was spent on vehicles, £215k property spend, £290k on IT systems and a further £250k on items including Equipment. The FRA funded its capital programme from capital reserves.



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

	Brought Forward	Received/Transferred to in Year	Used/Transferred from in Year	Available to fund future year expenditure
	£'000	£'000	£'000	£'000
Usable Capital Receipts	564	(80)	23	507
Grants and Other Contributions	159	0	0	159
Vehicle Appliance Reserve	48	0	0	48
Capital Reserve	3,506	(998)	1,342	3,850
	4,277	(1,078)	1,365	4,564

As reported to the Fire and Rescue Authority on the 11th Feb 2021, 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 new control Mobilisation System project which are due to complete in future years.

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 2021.



GAVIN CHAMBERS CPFA
Treasurer to Bedfordshire Fire and Rescue Authority

Signed on behalf of the Fire Authority

I confirm that these accounts were approved at the audit stage, by the Bedfordshire Fire and Rescue Authority Audit & Standards Committee Chair on xxxxxxxx.

Councillor Colleen Atkins
Chair of the Audit & Standards Committee

ANNUAL GOVERNANCE STATEMENT FOR THE YEAR 2020/21

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/Assistant Chief Officer reports in his role directly to the Chief Fire Officer and sits on both the Strategic Command Team 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.

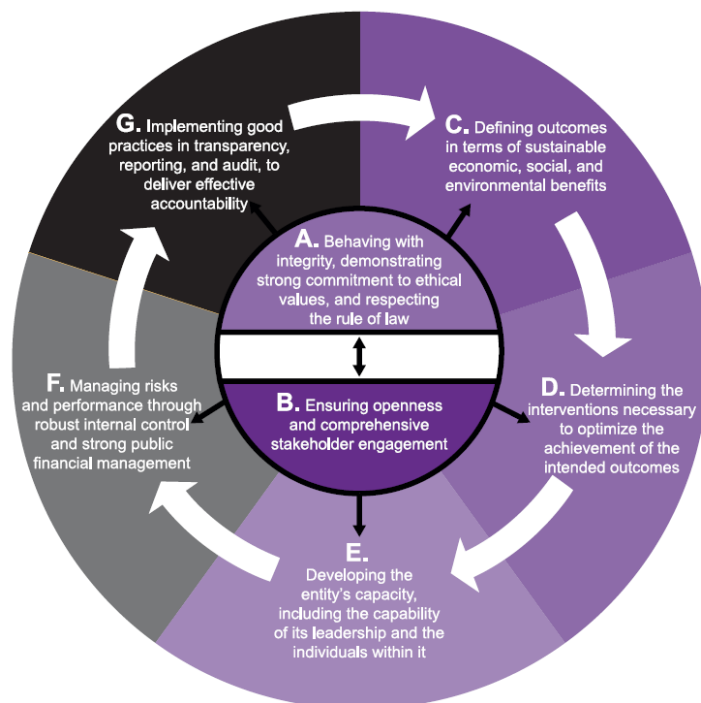
The governance framework for the Authority has been in place for the whole of the financial year 2020/21.

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 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 for the recruitment of a Panel of Independent Persons. This is noted in para 4b below.

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.

The Authority previously 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 thereafter prepared and annually 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 2018/19, in light of a new authority commencing in June 2019 and that the process had been repeated over a number of years, that the review would not take place during 2019/20. As part of a governance review during 2020/21, member portfolio leads were introduced. Following a period of embedding this governance arrangement, a review will take place during 2021/22.

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 in December 2020.

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 Chief Accountant and his Finance Team. 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 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 and its meeting on 31st March 2015. The Pension Board meets at least three times a year.

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 2020/21 the Authority has:

- Adhered to the Transparency Code requirements, with information as required in the code published on the Authority's website;
- Updated and revised its integrated annual Communications and Engagement Strategy and Action Plan in line with the values of the Service;
- Continued to promote the Service's brand to ensure the public recognise the services we provide;
- Continued to receive compliments from the public in response to our Service delivery and community support;
- Increased our involvement with the BLRF communications hub to ensure a joint and consistent approach to communicating and working with our communities;
- Operated a cross functional positive action plan;
- Hosted Virtual Events targeting schools and the wider community at the majority 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;
- Continuously updated the website in order to improve public access to information about the Service, safety and incident information and their ability to contact the Service;
- Ensured the new website is compliant with the 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 on the Service's budget for 2021/22, the Community Risk Management Plan 2019-2023 refresh;
- Attended virtual community events across the county to raise awareness of the CRMP consultation process in order to reach our hard to reach communities;
- Updated and finalised the publication of a 2021/22 refreshed Community Risk Management Plan 2019-2023;
- 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 of the 14 Community Fire Station to increase engagement with local communities, targeting the recruitment (particularly from women and from BAME communities) and improve community safety;
- Launched an Instagram feed and YouTube channel to further develop its social media presence;
- Continued the joint electronic Precept Leaflet (setting out the annual budget and expenditure);
- Expanded the Community Alert Messaging system, as a mechanism for integrated community engagement messaging and consultation;
- Successfully supported major recruitment campaigns for on-call and whole-time to encourage more women and members of BAME communities to apply to be firefighters;
- Continued to improve internal communications including increasing the number of station visits by senior staff to Community Fire Stations to directly engage with crews and staff. We have also increased the number of Blue Bulletins going out weekly to all staff;
- Continued to provide reassurance and advice to residents of high rise buildings following the Grenfell Tower tragedy about staying safe and what to do in an emergency;
- Supported our BLRF partners in communicating key COVID messages to the community to ensure consistency of message.

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 mission, aims 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 mission, aims, 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 mission and direction is set out in the Authority's strategic aims 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.

The Corporate Management Team over 2020/21 reviewed the progress of the major change projects and individual projects are managed by way of project boards. This process was strengthened during 2019/20 by the introduction of a dedicated Programme and Project Officer and in 2020/21 a Corporate Projects and Programme Board was established. 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.

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 Teams and Elected Members at the FRA Meetings. The Performance Management arrangements of the Service have again been enhanced over 2020/21 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 were put on hold over 2019/20 to trial having more FRA meetings where all Members are present and can make decisions where required. This trial has been successful and continues into 2021/22. The Audit Committee became the Audit and Standards Committee in 2012.

The Chair of the Audit and Standards Committee reports 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 over this trial period increased its FRA meetings to seven over 2019/20 and this continues. A formal FRA Executive group has been meeting over 2020/21 and beyond too. 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 fortnightly 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 comprising during 2020/21 of the Service's Principal Officers. 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 2020/21 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 approved by the Audit and Standards Committee on 4th March 2021. 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 regularly 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 over 2020/21 had a good working relationship and held regular meetings to discuss any emerging issues. There were regular formal meetings between Members and Senior Officers through the Audit and Standards Committee and the FRA. At each meeting there is also a review of the work programme for the year ahead. 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.

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

The Authority had one committee during 2020/21, the Audit and Standards Committee.

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.

It should be noted that following a Governance audit and review undertaken during 2019/20, the Authority is having a trial period of increased FRA meetings and one committee, the Audit & Standards Committee. The Policy and Challenge Group that met during 2018/19 ceased to meet at the end of that year, as noted below. The Governance review was reported to and discussed at the FRA Meeting on 28th March 2019.

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 improvements have continued during early 2020 with the Corporate Risk Register having a full re write. This was following a review of risks and a training session with RSM. 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 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 for progress and amendments including changes to levels of risk and associated actions

The Service's Risk Management – An audit of Risk Management was undertaken in 2019 that 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. Improvements have continued during 2020 and an internal audit will be undertaken during 2021/22.

Information Security - The Service has an identified Senior Information Risk Officer (The Treasurer) and a newly formed group commenced meeting in early 2020, the Information Management and Assurance Board. The ICT Team have also secured Cyber Essentials plus accreditation and hold their own Security meetings too.

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:

<https://www.bedsfire.gov.uk/About/Governance/Transparency.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 reports are written in an understandable style, ensuring that they are easy to access and interrogate, without too much detail.

The Authority uses the Modern.gov system to enable easy access to committee papers and decisions.

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

<https://bedsfireauth.moderngov.co.uk/ieDocHome.aspx?bcr=1>

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 inspectorate, Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS), was welcomed to the Service in the summer of 2018, as part of tranche one of inspections. The tranche 1 inspection reports can be found via the following link:

<https://www.justiceinspectorates.gov.uk/hmicfrs/>

The Service and Authority were delighted to be judged as "Good" at "effectively keeping people safe and secure" within our communities. The Service's second inspection was due in July 2020, however due to the pandemic this was been postponed. A Covid inspection was undertaken during 2020 (see link below) and in early 2021 the Service welcomed its second main inspection. The report on the findings of this second inspection is expected in autumn 2021.

<https://www.justiceinspectorates.gov.uk/hmicfrs/publications/covid-19-inspection-bedfordshire-fire-and-rescue-service/>

The post inspection letter from Zoe Billingham, viewable via the link above includes the sentence below:

“I am also very grateful to your service for the positive contribution you have made to your community during the pandemic”.

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. Another example is the Blue Light Collaboration Board, where there are formal meetings held between the Fire & Rescue Service, the Police and Ambulance Services.

The Corporate Programme Board (CPB) was established in November 2020 and is another layer of Governance to deliver Corporate Objectives (CRMP) with support from the central Programme Management Office. The CPB reports to CMT.

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 was put on hold for 2019/20 and this recommenced in 2020 with portfolios being put in place for FRA Members to be leads on and champion. A review will again commence in 2021/22. A Record of Members Attendance is available on request.

b. Standards

There have been no complaints against Members during 2020/21.

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.

Since the relevant provisions of the Localism Act 2011 came into force on 1 July 2012 the Authority has worked jointly with neighbouring local authorities to appoint independent persons. In 2016 joint appointments were made with Bedford Borough Council. The terms of office of the independent persons expired at the end of July 2020 but were extended until July 2021 because of the pandemic. Discussions are currently taking place with Bedford Borough Council and other local authorities with a view to creating a joint panel of independent members with effect from 1 August 2021.

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 (and more recently in 2021). 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 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 by Internal Audit 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 2020/21 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. There were no high recommendations made. The level of recommendations made is also identified below:

Assignments	Assurance level	Actions agreed		
		L	M	H
Use of Risk Information (1.20/21)	Reasonable	3	1	0
Risk Management (2.20/21)	Reasonable	2	4	0
Procurement – Proactive Processes and Remedial Action (3.20/21)	Partial	1	5	0
Cyber Essentials (4.20/21)	Advisory	5	6	0
Human Resources – Support staff Recruitment (5.20/21)	Reasonable	3	1	0
Key Financial Controls (6.20/21)	Substantial	1	1	0
Human Resources – Wellbeing (7.20/21)	Advisory	1	4	0
Service Governance (8.20/21)	Reasonable	6	2	0
Follow Up	In progress			

The Annual Internal Audit report for 2020/21 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”.

The procurement audit, as identified above, was awarded a partial assurance rating. The actions have now all been completed and will be subject to a follow up audit.

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

Our external auditors will consider whether the Authority has put in place ‘proper arrangements’ to secure economy, efficiency and effectiveness for the use of our resources. This is known as the value for money conclusion.

For 2020/21 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 of arrangements to:

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

In considering proper arrangements, E&Y will draw on the requirements of the CIPFA/SOLACE framework for local government, to ensure that our assessment is made against a framework that the Authority is already required to have in place and to report on through documents such as this Annual Governance Statement.

For the 2020/21 financial year, the review has yet to take place and is scheduled for autumn 2021.

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 FRA. Individual performance is monitored through the appraisal system as previously mentioned.

5. Governance Issues

A Governance review of the FRA was conducted during 2018/19, by our Internal Auditors. There was also a discussion with Members on Governance at the 2nd Members Budget workshop in January 2019. The outcome of these discussions was captured in the FRA report from March 2019 can be found via the following link:

<https://bedsfireresauth.moderngov.co.uk/ieListDocuments.aspx?CId=134&MId=338&Ver=4>

It is after this FRA meeting that the Policy and Challenge Groups ceased and the number of FRA meetings increased to ensure that there was adequate time to consider Authority/Service matters.

As noted above, Members portfolio areas were introduced during 2020/21.

Prior to summarising the issues and improvement actions identified during 2020/21, the issues and actions contained within the 2019/20 Annual Governance Statement are reviewed.

FRA Meetings during 2020/21

During 2020/21 and the Covid pandemic, the Authority met virtually. The dates of the meetings are available on the Authority's website via the link below:

<https://bedsfireresauth.moderngov.co.uk/ieDocHome.aspx?bcr=1>

The meetings consisted of the Fire & Rescue Authority, the Audit & Standards Committee and the FRA Executive. The pandemic did not hinder the FRA Governance of the Authority and the use of virtual meetings proved successful.

Review of Issues and Actions identified within 2019/20 Annual Governance Statement

The following Table briefly summarises the issues identified through the 2019/20 review of effectiveness process and the improvement actions that have been taken to address them during 2020/21:

Issue/Area for improvement	Improvement Action Planned	Actions Completed
Medium Term Budget/CRMP	To continue to address the medium term funding gap and manage for forthcoming funding pressures. A delayed CSR to 2020 has rolled	A balanced four year budget was set at the FRA in February 2021. Budget work will again commence in the summer of 2021, leading up to an expected 3 year CSR announced in late 2021.

	forward this medium term planning matter.	
Review of Authority Effectiveness and Member subject matter/network leads.	Members decided in 2019/20 that the annual process was not required in this year and that the exercise would be completed again in 2020/21 as part of a wider review including member area leads.	A review took place, with the outcome being the introduction of portfolio leads. These have been established during 2020/21 and will be reviewed again in 2021/22 (see below).

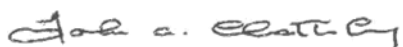
Issues and Improvement Actions identified by 2020/21 Annual Governance Statement

The following Table summarises the issues and improvement actions identified through the 2020/21 review of effectiveness process, to address over 2021/22. 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 effectively managed the medium term financial position. A delayed 3 year CSR, now due in 2021, will give focus to medium term budget setting.
Review of Authority Effectiveness and Member portfolio leads.	FRA effectiveness reviews	For the portfolio leads that commenced in 2020/21, to be reviewed during 2021/22 as part of the FRA review of effectiveness.

Approval of the Annual Governance Statement

We are satisfied that these planned actions will improve our governance arrangements and we will monitor their implementation and operation throughout the year and report their progress as part of our next annual review.



COUNCILLOR JOHN CHATTERLEY
Chair - Bedfordshire
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 2020/21 financial year and its position at the year end of 31 March 2021. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit 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 2020/21, 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

Depreciation is calculated using the straight line method over the useful life of the property as estimated by the valuer.

Whenever a full revaluation takes place the accumulated depreciation charged up to that year is reset to zero (the asset values are debited and the Revaluation Reserve is credited with this amount).

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.

Buildings are not depreciated in any year when a full revaluation occurs, nor in their year of acquisition nor in their year of disposal.

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.

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 a regular 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 annually as at 31 March.

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 51.

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 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-ring-fenced 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

2020/21 presentational changes to the statement of accounts

There are no prior year adjustments, changes in accounting policies or estimates and errors within the 2019/20 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.

Standards that have been issued but not yet adopted, which may require disclosure in 2021/22 accounts, are anticipated to be listed in Appendix C of the 2021/22 Code when it is published. In the interim potentially relevant standards include:

- Definition of a Business: Amendments to IFRS 3 Business combinations
- Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS39 and IFRS7
- Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16

Negative Compensation

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

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 2021 was £38.542m. Total depreciation for the year was £1.875m and the reversal of impairment for the year was (£0k).

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
Increase to the discount rate of 0.5%	
Decrease on Present Value of total scheme liabilities	(34,000)
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	29,000
Increase in life expectancy of one (1) year	
Increase on Present Value of total scheme liabilities	13,000
LGPS Pension Scheme Sensitivity Analysis	£'000
Decrease to the discount rate of 0.1%	
Increase on Present Value of total scheme liabilities	1,017
Increase in salary increase rate of 0.1%	
Increase on Present Value of total scheme liabilities	110
Increase in pension increases & deferred revaluation 0.1%	
Increase on Present Value of total scheme liabilities	997
Increase in the Life Expectancy Assumptions of 1Yr	
Increase on Present Value of total scheme liabilities	2,226

Going Concern Statement

These accounts have been prepared on a going concern basis. There are no significant matters to draw to your attention in respect of future going concern.

The concept of a going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future. The provisions in the Code (CODE OF PRACTICE ON LOCAL AUTHORITY ACCOUNTING IN THE UNITED KINGDOM 2020/21) in respect of going concern reporting requirements, reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

Local authorities carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government). If an authority were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for local authority financial statements to be provided on anything other than a going concern basis. Accounts drawn up under the Code therefore assume that a local authority's services will continue to operate for the foreseeable future.

The past and current restrictions in place within the United Kingdom in response to Covid-19 have created significant issues for many businesses and residents. As a result of this, from April 2020, the Authority's income share from council tax and business rates was adversely affected, from business closures and increasing unemployment. The Government provided support for lost income and additional costs borne by authorities because of the crisis. The Authority received £607k covid grants in 2020/21 in this regard and therefore the pandemic had limited if any impact on our reserves. A further £77k covid grant was received in April 2021. These monies were all spend on covid related activities, as summarised in the infographic in the introductory narrative to these accounts. As an example of additional costs, this Authority has provided support to the vulnerable, the Ambulance Trust and local planning groups. See refer to the infographic in the narrative. The Authority however did set a robust budget in February 2021 and this included the funding pressures from Covid and also the Government funding support put in place to mitigate these pressures. The budget and associated documents, Financial Strategy, Reserves Strategy etc. can be viewed via the following link:

<https://bedsfireresauth.moderngov.co.uk/ieListDocuments.aspx?CId=134&MId=403&Ver=4>

The expected three year CSR was postponed by a year and is expected to cover the years 2022/23 to 2024/25.

As noted in the introductory narrative to the accounts, the Service has not been adversely financially impacted by Covid-19 to a material extent. The Authority is not currently forecasting a year-end overspend at 31st March 2022 due to the ongoing impacts of Covid-19. The year end 2020/21 underspend position is explained elsewhere in these accounts.

The Authority has a good cash flow position with readily available cash through its cash funds, spread of investments and periods of these. These investments are detailed in note 20 of these accounts.

The Authority, as detailed in note 24 to the accounts, is in a strong reserves position and this is forecast to be the case over the medium term. The below summarises an updated position as at May 2021, following the setting of the 2021/22 budget.

Existing as at 31/03/21 with 2021/22 budget updates:

- General Fund £2.4m
- Transformational £2.921m (after 2021/22 budget setting)
- Earmarked £1.825m (ESMCP, H&S, BC, Ill health retirements, HR, contaminants)
- Capital £3.85m
- Capital receipts reserve £0.507m
- Collaboration £2.378m
- Pensions/Pay Reserve £1.1m
- Collection Fund £370k (after 2021/22 budgeted use)

The Reserves Strategy is considered and approved by the Fire and Rescue Authority annually when setting the budget and council tax (see link above). This will next be fully reviewed prior to budget and council tax setting for 2022/23 in February 2022.

As is the case with other local authorities, we are yet to see the medium term impact of Covid-19 on the collection of council tax and business rates. The Government provided funding support towards the 2020/21 Collection Fund deficits and council tax taxbase reductions. These are fully explained in the FRA 2021/22 budget papers. As noted above, a new reserve was set up to offset the impact of these deficits. There are also indications that the lower council tax and business rate yields will be taken into account in the forthcoming Comprehensive Spending Review. The Authority will not see the outcome of the next and hopefully three year CSR, until the publication of the provisional settlement that is anticipated in December 2021.

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 2019	2,600	12,669	188	645	16,102	(348,165)	(332,063)
Movement in Reserves 2019/20							
Surplus or (deficit) on provision of service (accounting basis)	(10,008)	0	0	0	(10,008)	0	(10,008)
Other Comprehensive Income and Expenditure	0	0	0	0	0	33,343	33,343
Total Comprehensive Income and Expenditure	(10,008)	0	0	0	(10,008)	33,343	23,335
Adjustment between accounting basis and funding basis under regulations	10,197	0	(29)	(81)	10,087	(10,087)	0
Net Increase/Decrease before Transfers to Earmarked Reserves	189	0	(29)	(81)	79	23,256	23,335
Transfers to/from Earmarked Reserves	(189)	189	0	0	0	0	0
Increase/Decrease in Year	0	189	(29)	(81)	79	23,256	23,335
Balance at 31 March 2020	2,600	12,858	159	564	16,181	(324,909)	(308,728)
Movement in Reserves 2020/21							
Surplus or (deficit) on provision of service (accounting basis)	(9,722)	0	0	0	(9,722)	0	(9,722)
Other Comprehensive Income and Expenditure	0	0	0	0	0	(22,835)	(22,835)
Total Comprehensive Income and Expenditure	(9,722)	0	0	0	(9,722)	(22,835)	(32,557)
Adjustment between accounting basis and funding basis under regulations	10,169	0	0	(57)	10,112	(10,112)	0
Net Increase/Decrease before Transfers to Earmarked Reserves	447	0	0	(57)	390	(32,947)	(32,557)
Transfers to/from Earmarked Reserves	(647)	647	0	0	0	0	0
Increase/Decrease in Year	(200)	647	0	(57)	390	(32,947)	(32,557)
Balance at 31 March 2021	2,400	13,505	159	507	16,571	(357,856)	(341,285)

Movement in Reserve Statement (continued)

Unusable Reserves

	Revaluation Reserve £'000	Capital Adjustment Account £'000	LGPS Pension Reserve £'000	Firefighters Pension Reserve £'000	Collection Fund Adjustment Account £'000	Accumulated Absences Account £'000	Total Unusable Reserves £'000
Balance at 31 March 2019	7,342	17,835	(14,570)	(358,860)	284	(196)	(348,165)
Movement in Reserves 2019/20							
Surplus or (deficit) on provision of service (accounting basis)	0	0	0	0	0	0	0
Other Comprehensive Expenditure and Income	5,991	0	1,829	25,523	0	0	33,343
Total Comprehensive Expenditure and Income	5,991	0	1,829	25,523	0	0	33,343
Adjustment between accounting basis and funding basis under regulations	328	(439)	(1,158)	(8,813)	29	(34)	(10,087)
Net Increase/Decrease before Transfers to Earmarked Reserves	6,319	(439)	671	16,710	29	(34)	23,256
Transfers to/from Earmarked Reserves	0	0	0	0	0	0	0
Increase/Decrease in Year	6,319	(439)	671	16,710	29	(34)	23,256
Balance at 31 March 2020	13,661	17,396	(13,899)	(342,150)	313	(230)	(324,909)
Movement in Reserves 2020/21							
Surplus or (deficit) on provision of service (accounting basis)	0	0	0	0	0	0	0
Other Comprehensive Expenditure and Income	316	0	(9,511)	(13,640)	0	0	(22,835)
Total Comprehensive Expenditure and Income	316	0	(9,511)	(13,640)	0	0	(22,835)
Adjustment between accounting basis and funding basis under regulations	(367)	(13)	(1,055)	(7,210)	(1,537)	70	(10,112)
Net Increase/Decrease before Transfers to Earmarked Reserves	(51)	(13)	(10,566)	(20,850)	(1,537)	70	(32,947)
Transfers to/from Earmarked Reserves	0	0	0	0	0	0	0
Increase/Decrease in Year	(51)	(13)	(10,566)	(20,850)	(1,537)	70	(32,947)
Balance at 31 March 2021	13,610	17,383	(24,465)	(363,000)	(1,224)	(160)	(357,856)

**COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDING
31 MARCH 2021**

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.

2019/20				2020/21			
Gross Expenditure £'000	Income £'000	Net Expenditure £'000	By Service	Gross Expenditure £'000	Income £'000	Net Expenditure £'000	
683	(2)	681	Strategic Management	803	(2)	801	
799	(173)	626	Assistant Chief Officer	2,188	(784)	1,404	
17,125	(48)	17,077	Head of Response	17,243	(36)	17,207	
3,415	(157)	3,258	Head of Governance and Assets	3,046	(124)	2,922	
2,485	(23)	2,462	Head of Training and Assurance	2,321	(36)	2,285	
2,896	(222)	2,674	Head of Information Communications	2,237	(216)	3,021	
2,584	(75)	2,509	Head of Protection and Prevention	2,118	(118)	2,000	
1,342	0	1,342	Head of Human Resources	1,405	0	1,405	
31,329	(700)	30,629	Net Cost of Services	32,361	(1,316)	31,045	
			Other Operating Expenditure (Gains) and Losses on the Disposal of Fixed Assets				
3	(59)	(56)		2	(23)	(21)	
			Financing and Investment Income and Expenditure				
422	0	422	Interest Payable and Similar Charges	422	0	422	
0	(193)	(193)	Interest and Investment Income	0	(84)	(84)	
9,147	0	9,147	Net Interest on the net defined benefit liability (asset)	8,016	0	8,016	
			Non-Specific Grant Income				
0	(2,291)	(2,291)	General Government Grants (incl. council tax freeze grant)	0	(2,328)	(2,328)	
0	(2,222)	(2,222)	Retained Business Rate	0	(2,302)	(2,302)	
0	(4,151)	(4,151)	Business Rates Top Up and Grants	0	(3,258)	(3,258)	
			Taxation Precepts:				
0	(6,062)	(6,062)	Bedford Borough Council	0	(5,905)	(5,905)	
0	(10,176)	(10,176)	Central Bedfordshire Council	0	(10,599)	(10,599)	
0	(5,039)	(5,039)	Luton Borough Council	0	(5,264)	(5,264)	
40,901	(30,893)	10,008	(Surplus) or Deficit on Provision of Service	40,801	(31,079)	9,722	
		(5,991)	(Surplus) or Deficit of Non-Current Assets			(316)	
		(27,352)	Re-measurement of the net defined benefit/liability			23,151	
		(23,335)	Total Comprehensive Income and Expenditure			32,557	

BALANCE SHEET AS AT 31 MARCH 2021

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-March-20 £'000		31-March-21 £'000	See Note
	Non-Current Assets		
31,930	Land and Buildings	31,746	11
7,023	Vehicles, Plant and Equipment	6,651	11
	Non-Operational Assets		
37	Assets Under Construction	62	11
38,990	Total Property, Plant and Equipment	38,459	
35	Heritage Assets	35	
0	Intangible Assets	48	12
108	Long term Debtors	91	14
39,133	Total Long Term Assets	38,633	
	Current Assets		
330	Inventories	280	13
3,528	Short Term Debtors	2,435	14
1,221	Prepayments	1,317	15
15,803	Short Term Investments	14,999	20
1,274	Cash and Cash Equivalents	2,956	21
22,156	Total Current Assets	21,987	
61,289	Total Assets	60,620	
	Current Liabilities		
0	Short Term Borrowing	0	
(2,604)	Short Term Creditors	(3,330)	16
(1,091)	Other Creditors	(814)	17
0	Lease Creditors	0	10
(3,695)	Total Current Liabilities	(4,144)	
	Non-Current Liabilities		
(9,987)	Long Term Borrowing	(9,987)	19
0	Lease Creditors	0	10
(286)	Provisions	(309)	23
(356,049)	Defined Benefit Pension Scheme	(387,465)	29
(366,322)	Total Non-Current Liabilities	(397,761)	
(370,017)	Total Liabilities	(401,905)	
(308,728)	Net Assets/Liabilities	(341,285)	

BALANCE SHEET AS AT 31 MARCH 2021 (continued)

31-March-20 £'000		31-March-21 £'000	See Note
	Reserves		
	Unusable Reserves		
13,661	Revaluation Reserve	13,610	25
17,396	Capital Adjustment Account	17,383	25
313	Collection Fund Adjustment Account	(1,224)	18
(230)	Accumulated Absences Account	(160)	25
(356,049)	Pension Reserve	(387,465)	25/29
(324,909)	Total Unusable Reserves	(357,856)	
	Usable Reserves		
564	Capital Receipts Reserve	507	24
159	Grants and Other Contributions Unapplied	159	24
12,858	Earmarked Reserves	13,505	24
2,600	General Reserves	2,400	24
16,181	Total Usable Reserves	16,571	
(308,728)	Total Tax Payers Equity	(341,285)	

The unaudited accounts were approved and issued by G Chambers on 4th June 2021.



Gavin Chambers CPFA

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.

2019/20 £'00		2020/21 £'000	2020/21 £'000
	Operating Activities		
	Cash Outflows:		
24,549	Cash paid to and on behalf of Employees	24,635	
5,560	Cash Paid to Suppliers of Goods and Service	4,791	
632	Interest Paid	422	
30,741	Cash Outflows Generated from Operating Activities		29,848
	Cash Inflows:		
(21,259)	Council Tax Receipts	(22,244)	
(6,798)	National Non-Domestic Rates	(6,619)	
(2,283)	Revenue Support Grant	(2,320)	
(432)	Other Grants	(885)	
(757)	Sales of Goods and Rendering of Services	(431)	
0	Other Operating Cash Receipts	0	
(190)	Interest Received	(84)	
(31,719)	Cash Inflows Generated from Operating Activities		(32,583)
(978)	Net Cash Outflow/(Inflow) on Operating Activities:		(2,735)
	Investing Activities		
	Cash Outflows:		
805	Purchase of Property, Plant and Equipment	1,078	
2,000	Purchase of Long term and Short Term Investments	2,400	
	Cash Flows:		
(59)	Sale of Property, Plant and Equipment	(23)	
(750)	Sale of Long Term and Short Term Investments	0	
1,996	Net Cash Outflow/(Inflow) from Investing Activities		3,455
	Financing Activities:		
	Cash Outflows:		
6	Cash Payments for the Reduction of the Outstanding Liabilities relating to Finance Leases	0	
	Cash Inflows:		
6	Net Cash Outflow/(Inflow) from Financing:		0
(1,024)	Net (Increase)/Decrease in Cash and Cash Equivalents		720
(2,298)	Cash and Cash Equivalents at the beginning of the reporting year		(1,274)
(1,274)	Cash and Cash equivalents at the end of the reporting year		(554)
(1,024)	Net Change in Cash and Cash equivalents in the Year		720

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:

2019/20			By Service	2020/21		
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
647	34	681	Strategic Management	773	27	800
678	(52)	626	Assistant Chief Officer	1,386	18	1,404
16,117	960	17,077	Head of Response	15,865	1,342	17,207
2,914	345	3,259	Head of Governance and Assets	2,661	261	2,922
2,370	92	2,462	Head of Training and Assurance	2,105	180	2,285
2,416	258	2,674	Head of Information Communications	2,748	273	3,021
2,289	220	2,509	Head of Prevention and Protection	1,839	162	2,001
1,155	186	1,341	Head of Human Resources	1,222	183	1,405
28,586	2,043	30,629	Net Cost of Services	28,599	2,446	31,045
(28,775)	8,154	(20,621)	Other Income & Expenditure	(29,046)	7,723	(21,323)
(189)	10,197	10,008	(Surplus)/Deficit on provision of Services	(447)	10,169	9,722
(2,600)			Opening General Fund Balance	(2,600)		
(189)			Less/Plus (Surplus)/Deficit on General Fund	(447)		
189			Transfer to Earmarked Reserves	647		
(2,600)			Closing General Fund Balance @ 31 March	(2,400)		

1.a. Segmental Income

For information regarding income please see CIES.

1.b. Adjustments between Funding and Accounting Basis

2020/21

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
Head of Strategic Management	0	27	0	27
Assistant Chief Officer	187	(169)	0	18
Head of Response	1,155	187	0	1,342
Head of Governance and Asset Management	112	149	0	261
Head of Training and Assurance	104	75	0	179
Head of ICT	131	143	0	274
Head of Prevention and Protection	26	136	0	162
Head of Human Resources	160	23	0	183
Net Cost of Services	1,875	571	0	2,446
Other Income & Expenditure from the EFA Analysis	(1,438)	7,694	1467	7,723
Differences between the General Fund Surplus or Deficit and CIES Surplus or Deficit on the Provision of Services	437	8,265	1,467	10,169

For comparison, the following table sets out the disclosures for adjustments between funding and accounting basis during 2019/20 having been restated to reflect minor changes in movements between service areas within the year.

2019/20

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
Head of Strategic Management	0	34	0	34
Assistant Chief Officer	44	(96)	0	(52)
Head of Response	757	203	0	960
Head of Governance and Asset Management	155	190	0	345
Head of Training and Assurance	23	69	0	92
Head of ICT	132	126	0	258
Head of Prevention and Protection	21	199	0	220
Head of Human Resources	62	124	0	186
Net Cost of Services	1,194	849	0	2,043
Other Income & Expenditure from the EFA Analysis	(972)	9,122	4	8,154
Differences between the General Fund Surplus or Deficit and CIES Surplus or Deficit on the Provision of Services	222	9,971	4	10,197

i. 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	2019/20 £'000	2020/21 £'000
Fees, Charges and Other Service Income	(457)	(431)
Interest and Investment Income	(193)	(84)
Income from Council Tax	(21,277)	(21,768)
Government Grants and Contributions	(8,907)	(8,773)
Disposal on non-current assets	(59)	(23)
Total Income	(30,893)	(31,079)
Employee Expenses	24,595	25,183
Employee Absence Accrual	34	(70)
Other Operating Expenses	5,501	5,373
Depreciation, Amortisation and Impairment	1,199	1,875
Interest Payments	422	422
Pensions Interest Cost and Return on Pension Fund Assets	9,147	8,016
Disposal on non-current assets	3	2
Total Operating Expenses	40,901	40,801
Surplus (-) or deficit on the provision of Services	10,008	9,722

2020-2021**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	(1,875)				(1,875)
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	0				0
Statutory provision for the financing of Capital investment	419				419
Write out on disposal of fixed assets	(2)				(2)
Capital expenditure charged to the General Fund Balance	998				998
Adjustments Primarily Involving the Pensions Reserve:	0				0
Amount by which pension costs calculated in accordance with the Code (i.e.; in accordance with IAS 19) are different from the contributions due under Local Government pension Scheme regulations	(1,055)				(1,055)
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	(7,210)				(7,210)
Adjustments Primarily Involving the Capital Receipts Reserve:					
Transfer of cash sale proceeds credited as part of the gain/loss on disposals to the CIES	23		(23)		0
Capital receipts applied	0		80		80
Adjustments Primarily Involving the Capital Grants Unapplied Account:					
Capital Grants Received in prior years applied	0				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 regulations	70				70
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 regulations	(1,537)				(1,537)
	(10,169)		57		(10,112)

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.

2020/21

Unusable Reserves

	Total Usable Reserves £'000	Revaluation Reserve £'000	Capital Adjustment Account £'000	LGPS Pension Reserve £'000	Firefighters Pension Reserve £'000	Collection Fund Adjustment Account £'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	(1,875)		1,875					1,875	0
Difference between historic cost and current cost depreciation		367	(367)					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	0		0					0	0
Statutory provision for the financing of Capital investment	419		(419)					(419)	0
Write out on disposal of fixed assets	(2)		2					2	0
Capital expenditure charged to the General Fund Balance	998		(998)					(998)	0
Adjustments Primarily Involving the Pensions Reserve:									
Amount by which pension costs calculated in accordance with the Code (i.e.; in accordance with IAS 19) are different from the contributions due under Local Government pension Scheme regulations	(1,055)			1,055				1,055	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	(7,210)				7,210			7,210	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
Capital receipts applied	80		(80)					(80)	0
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:									
Amounts by which officer remuneration included in the CIES is different from the amount taken to the General Fund in accordance with regulations	70						(70)	(70)	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 regulations	(1,537)					1,537		1,537	0
	(10,112)	367	13	1,055	7,210	1,537	(70)	10,112	0

2019/20

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	(1,199)				(1,199)
Difference between historic cost and current cost depreciation					
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	6				6
Statutory provision for the financing of Capital investment	423				423
Write out on disposal of fixed assets	(3)				(3)
Capital expenditure charged to the General Fund Balance	493				493
Adjustments Primarily Involving the Pensions Reserve:					
Amount by which pension costs calculated in accordance with the Code (i.e.; in accordance with IAS 19) are different from the contributions due under Local Government pension Scheme regulations	(1,158)				(1,158)
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	(8,813)				(8,813)
Adjustments Primarily Involving the Capital Receipts Reserve:					
Transfer of cash sale proceeds credited as part of the gain/loss on disposals to the CIES	59		(59)		0
Capital receipts applied			140		140
Adjustments Primarily Involving the Capital Grants Unapplied Account:					
Capital Grants Received in prior years applied				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 regulations	(34)				(34)
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 regulations	29				29
	(10,197)	0	81	29	(10,087)

Page 146

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.

2019-2020
Unusable Reserves

	Total Usable Reserves £'000	Revaluation Reserve £'000	Capital Adjustment Account £'000	LGPS Pension Reserve £'000	Firefighters Pension Reserve £'000	Collection Fund Adjustment Account £'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	(1,199)		1,199					1,199	0
Difference between historic cost and current cost depreciation		(328)	328					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	6		(6)					(6)	0
Statutory provision for the financing of Capital investment	423		(423)					(423)	0
Write out on disposal of fixed assets	(3)		3					3	0
Capital expenditure charged to the General Fund Balance	493		(493)					(493)	0
Adjustments Primarily Involving the Pensions Reserve:									
Amount by which pension costs calculated in accordance with the Code (i.e.; in accordance with IAS 19) are different from the contributions due under Local Government pension Scheme regulations	(1,158)			1,158				1,158	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	(8,813)				8,813			8,813	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
Capital receipts applied	140		(140)					(140)	0
Adjustments Primarily Involving the Capital Grants Unapplied Account:									
Capital Grants Received in prior years applied	29		(29)					(29)	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 regulations	(34)						34	34	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 regulations	29					(29)		(29)	0
	(10,087)	(328)	439	1,158	8,813	(29)	34	10,087	0

3. Members' Allowances

A Members' Allowance Scheme for the Combined Fire Authority (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:

	2019/20 £'000	2020/21 £'000
Allowances	63	64
Expenses	1	0
Total	64	64

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:

2019/20 No. of Employees	Remuneration Band	2020/21 No. of Employees
6	50,000 to 54,999	4
7	55,000 to 59,999	11
1	60,000 to 64,999	4
7	65,000 to 69,999	2
0	70,000 to 74,999	1
1	75,000 to 79,999	2
1	80,000 to 84,999	2
3	85,000 to 89,999	3
0	90,000 to 94,999	0
1	95,000 to 99,999	0
0	100,000 to 104,999	0
1	105,000 to 109,999	1
0	110,000 to 114,999	0
0	120,000 to 124,999	1
0	125,000 to 129,999	1
1	130,000 to 134,999	0
1	150,000 to 154,999	1
30	Total	33

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.

NB - Includes officers that have retired and returned in different roles.

The following tables set out the remuneration disclosures for Senior Officers whose salary is less than £150,000 but equal to or more than £50,000 per annum:

2020/21

	Notes	Salary (including fees and allowances) £	Expenses Allowance £	Benefits in Kind £	Total Remuneration (excluding) Pension Contributions £	Employer's Pension Contributions £	Total Remuneration (including pension contributions) £
Chief Fire Officer	1	100,490	0	0	100,490	0	100,490
Deputy Chief Fire Officer		125,623	0	0	125,623	36,179	161,802
Secretary/ Monitoring Officer	2	12,418	328	0	12,746	2,544	15,290
Assistant Chief Officer		108,861	109	0	108,970	22,063	131,033
Assistant Chief Fire Officer		117,287	421	7,870	125,578	21,088	146,666
TOTAL		464,679	858	7,870	473,407	81,874	555,281

Notes

1. Abated Salary
2. Based on 30 days per year ACO FT salary £107,097
3. All posts above include arrears 01/01/2020 to 31/03/2020 paid in 2020/21

2019/20

	Notes	Salary (including fees and allowances) £	Expenses Allowance £	Benefits in Kind £	Total Remuneration (excluding) Pension Contributions £	Employer's Pension Contributions £	Total Remuneration (including pension contributions) £
Chief Fire Officer	1	97,454	0	0	97,454	0	97,454
Deputy Chief Fire Officer	2	123,158	3,996	7,000	134,154	35,469	169,623
Secretary/ Monitoring Officer	3	12,175	338	0	12,513	2,106	14,619
Assistant Chief Officer	4	106,578	147	0	106,725	18,224	124,949
TOTAL		339,365	4,481	7,000	350,846	55,799	406,645

Notes

1. Abated salary
2. Relocation expenses paid
3. Based on 30 days per year ACO FT salary £104,996.00
4. Includes back pay from 01/01/2019 to 31/03/2019

Termination Benefits/Exit Packages

In 2019/20, there were no redundancies or exit packages paid.

In 2020/21 there were redundancies made on grounds of efficiencies which totalled £53,405.

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 2020/21, works and services to the value of £44k 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 £7.2k 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. During 2020/21 the Authority made a contribution of £336k to the company for the year to 31 October 2021 with £140k of this treated as an expense in 2020/21.

6. Disclosure of Audit Costs

In 2020/21 the Authority incurred the following fees relating to external audit and inspection:

2019/20 £'000		2020/21 £'000
23	Fees payable to Ernst & Young with regard to external Audit services carried out by the appointed auditor.	23
0	Fees payable in respect of other services provided by the Audit Commission and Ernst & Young.	31
23	Total	54

7. Capital Expenditure and Financing

	2019/20 £'000	2020/21 £'000
Opening Capital Financing Requirement	8,398	7,969
Capital Investment: Property, Plant and Equipment	662	915
Intangible Assets	0	163
Revenue Expenditure Funded from Capital Under Statute	0	0
Sources of Finance: Capital receipts Government Grants and Other Contributions	(140) (29)	(80) 0
Sums Set Aside from Revenue: Direct Revenue Contributions MRP and Finance Lease repayment	(493) (429)	(998) (419)
Closing Capital Financing Requirement	7,969	7,550
Explanation of Movements in Year: Assets acquired under finance leases Increase/(Decrease) in underlying need to borrowing (unsupported by Government financial assistance)	0 (429)	0 (419)
Increase/(decrease) in Capital Financing Requirement	(429)	(419)

8. Information on Assets Held

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

Non-Current Assets	31 March 2020	31 March 2021
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 2020			31 March 2021		
	Leased	Owned	Total	Leased	Owned	Total
Operational Appliances:						
Pumping Appliances	0	22	22	0	22	22
Aerial Appliances	0	2	2	0	2	2
Fire Boats	0	1	1	0	1	1
Other Special Appliances	0	22	22	0	23	23
Modules	0	5	5	0	5	5
Appliances under construction	0	0	0	0	0	0
Special appliances under construction	0	0	0	0	0	0
Appliances awaiting disposal	0	1	1	0	0	0
Non-Operational Appliances:						
Reserve/Training Appliances	0	7	7	0	6	6
Ancillary Vehicles	0	51	51	0	60	60
Trailers etc.	0	7	7	0	7	7
Specials/Vans awaiting disposal	0	0	0	0	0	0
Total	0	118	118	0	126	126

9. 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.

Authority as a Lessee:

Vehicles and Equipment — the Authority had one operating lease in 2020/21. The amount paid under these arrangements in 2020/21 was £17k (£5k in 2019/20).

An ICT lease was taken out in 2018/19 for the Authority's Multi-functional Devices (Printers) at a cost of £44k over 3 years. A further lease was taken out in October 2020 for a reprographics machine at the cost of £11k for one year only.

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

	2019/20 £'000	2020/21 £'000
Minimum Lease Payments	20	43

Disclosure for Note to the Accounts:

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

	£'000
Not later than one year	4
Later than one year but less than five years	0
Later than five years	0
Total	4

Authority as a 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 2020/21, it was determined that there were six 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 provision of community services, such as the support for emergency services and its associated entities. The income received into the Comprehensive Income and Expenditure Statement during the year in relation to these leases were:

	2019/20 £'000	2020/21 £'000
Income Receivable	45	49

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 2020/21, £NIL contingent rents were receivable by the Authority (2019/20 £NIL).

10. 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 2020-21, however, the lease for Firelink Radios ceased as at 31 March 2017. Under IFRIC 4 the PPE lease contract is determined as being an embedded lease.

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 2020	540	(540)	0
Write Outs in the Year (adjustments)	(0)	(0)	(0)
Additions	0	0	0
Disposals	(0)	(0)	(0)
Depreciation	(0)	(0)	(0)
As at 31 March 2021	540	(540)	0

No payments were made by the Authority under finance leases relating to this lease. (2019/20 £66k payments were made)

There are no further outstanding obligations to make payments under these finance leases (excluding finance costs) at 31 March 2021.

11. Property, Plant and Equipment and Heritage Assets - Movement on Balances 2020/21

	Land and Buildings	Vehicles, Plant and Equipment	Assets Under Construction	Total Property, Plant and Equipment	Heritage Assets
	£'000	£'000	£'000	£'000	£'000
Cost of Valuation					
At 1 April 2020	31,930	14,364	37	46,331	35
Additions	189	663	62	914	0
Donations	0	0	0	0	0
Revaluation increases /(decreases) recognised in the Revaluation Reserve	316	0	0	316	0
Revaluation increases /(decreases) recognised in the CIES	0	0	0	0	0
Disposals/Write Outs	0	(51)	0	(51)	0
Reclassifications	0	37	(37)	0	0
At 31 March 2021	32,435	15,013	62	47,510	35
Depreciation and Impairments					
At 1 April 2020	0	(7,341)	0	(7,341)	0
Depreciation Charge for 2020/21	(689)	(1,070)	0	(1,759)	0
Depreciation written out to the Revaluation Reserve	0	0	0	0	0
Disposals/Write Outs	0	49	0	49	0
Reclassifications	0	0	0	0	0
At 31 March 2021	(689)	(8,362)	0	(9,051)	0
Balance Sheet Amount as at 31 March 2021	31,746	6,651	62	38,459	35
Balance Sheet Amount as at 31 March 2020	31,930	7,023	37	38,990	35
Nature of Asset Holding					
Owned	31,746	6,651	62	38,459	35
Finance Lease	0	0	0	0	0

Comparative Movements 2019/20

	Land and Buildings	Vehicles, Plant and Equipment	Assets Under Construction	Total Property, Plant and Equipment	Heritage Assets
	£'000	£'000	£'000	£'000	£'000
Cost of Valuation					
At 1 April 2019	27,317	13,577	434	41,328	35
Additions	134	484	44	662	0
Donations	0	0	0	0	0
Revaluation increases /(decreases) recognised in the Revaluation Reserve	4,540	0	0	4,540	0
Revaluation increases /(decreases) recognised in the CIES	(65)	0	0	(65)	0
Disposals/Write Outs	0	(134)	0	(134)	0
Reclassifications	4	437	(441)	0	0
At 31 March 2020	31,930	14,364	37	46,331	35
Depreciation and Impairments					
At 1 April 2019	(1,450)	(6,338)	0	(7,788)	0
Depreciation Charge for 2019/20	0	(1,134)	0	(1,134)	0
Depreciation written out to the Revaluation Reserve	1,450	0	0	1,450	0
Disposals/Write Outs	0	131	0	131	0
Reclassifications	0	0	0	0	0
At 31 March 2020	0	(7,341)	0	(7,341)	0
Balance Sheet Amount as at 31 March 2020	31,930	7,023	37	38,990	35
Balance Sheet Amount as at 31 March 2019	25,867	7,239	434	33,540	35
Nature of Asset Holding					
Owned	31,930	7,023	37	38,990	35
Finance Lease	0	0	0	0	0

Valuation information — Non-Current Assets

A desktop valuation as at 31 March 2021 was carried out on all on land and buildings by NPS Group and have been signed by Deborah O'Shea MRICS, an external valuations expert. This valuation included consideration of all property works carried out in the year, space utilisation across all sites and collaboration occupancy at relevant sites.

In view of the outbreak of COVID-19 these valuations are reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA of the RICS Red Book Global. Consequently,

less certainty – and a higher degree of caution – should be attached to Land and Building valuations than would normally be the case.

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 2019 by Jeremy Curzon MNAVA of Cheffins, an external valuer. The Steamer is taken to various outdoor events where it is exhibited by a team of volunteers. The Thorney Steamer webpage has a history of the Steamer which includes details of its renovation.

Capital Commitments

There are outstanding capital commitments as at 31 March 2021 of £1.76m relating to the replacement Control Mobilisation system.

12. Intangible Assets — Movement on Balances 2020/21

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.

The table below shows movements on Intangible Assets during the year.

	2019/20 Intangible Assets £'000	2020/21 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	163
Amortisation for the period	0	(115)
Net carrying amount at the end of the year	0	48
Comprising:		
Gross Carrying amounts	205	368
Accumulated amortisation	(205)	(320)

13. Inventories

2019/20 £'000	Inventories	2020/21 £'000
105	Technical	92
84	Smoke Alarms	77
51	Uniforms & protective Clothing	17
49	Workshops	50
29	Fuel	23
12	Other	21
330	Total	280

14. Debtors

2019/20 £'000	Debtors	2020/21 £'000
183	H M Revenues and Customs (re-VAT)	169
2,112	Pension Fund Account	1,520
24	Employees	31
1,229	Collection Fund	667
82	Accounts Rendered	138
5	Investment Income	1
1	General	0
3,636	Total	2,526

The figures above contain Long Term and Short Term Debtors with the figures for Long Term Debtors being £108k in 2019/20 and £91k in 2020/21.

15. Payments in Advance

2019/20 £'000	Payments in Advance	2020/21 £'000
275	IT	318
18	Car Leasing Scheme	15
173	Insurance	214
675	Firefighting pension Payments	686
80	General	84
1,221	Total	1,317

16. Short Term Creditors

2019/20 £'000	Short Term Creditors	2020/21 £'000
6	Capital	0
386	Employees	286
0	PWLB Loan Interest	0
24	Public Utilities	41
102	Other Local Authorities	123
384	IT/Communications	226
521	Third Party Payments	675
541	General	387
640	Collection Fund – Taxpayers	1,592
2,604	Total	3,330

17. Other Creditors

2019/20 £'000	Other Creditors	2020/21 £'000
1,080	Government Grants	801
11	Other Grants	13
1,091	Total	814

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.

2019/20 Total £'000		Bedford Borough £'000	Central Beds £'000	Luton Borough £'000	2020/21 Total £'000
3,210	Council tax Arrears	670	944	2,100	3,714
(1,658)	Impairment Allowance for doubtful debts	(425)	(203)	(1,081)	(1,709)
(536)	Council Tax overpayments and prepayments	(157)	(124)	(331)	(612)
(312)	Collection Fund (surplus)/deficit	90	58	16	164
(704)	Cash (Balancing Item)	(178)	(675)	(704)	(1,557)
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%.

2019/20 Total £'000		Bedford Borough £'000	Central Beds £'000	Luton Borough £'000	2020/21 Total £'000
183	NNDR Arrears	36	57	244	337
(113)	Impairment Allowance for doubtful debts	(29)	(6)	(83)	(118)
(70)	NNDR overpayments and prepayments	(20)	(23)	(68)	(111)
(276)	Appeals Provisions	(117)	(60)	(122)	(299)
0	Collection Fund (surplus)/deficit	269	501	290	1,060
276	Cash (Balancing Item)	(139)	(469)	(261)	(869)
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 31 March 2021 by transferring amounts to the Collection Fund Adjustment Account, previously the amount provided under regulation in January 2016 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.

	Bedford Borough £'000	Central Beds £'000	Luton Borough £'000	Total £'000
Collection Fund Adjustment Account - Council Tax	90	58	16	164
Collection Fund Adjustment Account - NNDR	269	501	290	1,060
Collection Fund Adjustment Account - Total	359	559	306	1,224

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 2020 £'000	Date of Maturity	31 March 2021 £'000
9,987	35 – 40 years	9,987
0	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/	Market Value	Accrued Interest	Fair Value	Duration Remaining Years
					%		%	(Premium)				
492471	PWLB	08/11/2006	30/09/2056	£6,300,000	4.10	£6,300,000	2.12	-£3,100,790	£9,400,790	£0	£9,400,790	35.50
494762	PWLB	18/08/2008	31/03/2058	£3,687,000	4.43	£3,687,000	2.1	-£2,202,291	£5,889,291	£0	£5,889,291	37.00
Total PWLB Maturity				£9,987,000		£9,987,000		-£5,303,081	£15,290,081	£0	£15,290,081	

Under the rules laid down by the 2020/21 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 (New loan rate). At 31 March 2021 the Fair Values of the above loans were £15.290m calculated as above:

20. Short Term Investments

31 March 2020 £'000		31 March 2021 £'000
15,803	Short Term Investments	14,999
15,803	Total	14,999

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 2020-21 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 2021 the Fair Values of the above short term investments was £17.404m 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	04/01/2021	05/07/2021	2,250,000	0.320	0.008	2,251,846	1,716	2,253,562	0.26
Qatar	01/02/2021	03/08/2021	2,750,000	0.250	0.02	2,752,166	1,111	2,753,277	0.34
Santander 180 Day			2,496,360	0.580		2,496,360		2,496,360	
Santander 120 Day			2,500,000	0.500		2,500,000		2,500,000	
Lloyds 95 Day			5,000,226	0.050		5,000,226		5,000,226	
Total			14,996,586			15,000,598	2,827	15,003,425	

21. Cash and Cash Equivalents

2019/20 £'000	Cash and Cash Equivalents	2020/21 £'000
4	Cash	4
1,270	Bank Current Accounts	2,952
1,274	Total	2,956

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 2021.

• *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.

23. Provisions

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

2019/20 £'000		2020/21 £'000
276	NNDR Appeals	299
10	Insurance	10
286	As at 31 March	309

24. Details of Movements on Usable Reserves

	2020/21				
	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	647	0	0	(200)	447
New Receipts/Grant received in Year	0	23	0	0	23
Financing of Capital Expenditure	0	(80)	0	0	(80)
Total	647	(57)	0	(200)	390
Balance brought forward at 1 April 2020	12,858	564	159	2,600	16,181
Balance carried forward at 31 March 2021	13,505	507	159	2,400	16,571

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 2020 £'000	Movement in year £'000	Balance at 31 March 2021 £'000
Corporate Earmarked Reserves	5,569	(464)	5,105
Capital Reserves	3,506	344	3,850
Budget Managers' Earmarked Reserves	1,357	(233)	1,124
Collaboration Reserve	2,378	0	2,378
Pension Reserve	0	1,000	1,000
Vehicle Appliance Reserve	48	0	48
Total	12,858	647	13,505

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 2020/21.

General Reserve	£'000
Balance brought forward from 1 April 2020	2,600
In Year surplus	447
Funding to/(from) reserve agreed by Members during 2020/21	(647)
Total at 31 March 2021	2,400

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 2020	13,661	17,396	(13,899)	(342,150)	313	(230)	(324,909)
Balance at 31 March 2021	13,610	17,383	(24,465)	(363,000)	(1,224)	(160)	(357,856)

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.

	2019/20	2020/21	2020/21
	£'000	£'000	£'000
Balance 1 April	7,342		13,661
Upward revaluation of assets	5,991	316	
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	0	0	
Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services	5,991		316
Difference between fair value depreciation and historical cost depreciation	328		(367)
Balance at 31 March	13,661		13,610

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.

	2019/20	2020/21	2020/21
	£'000	£'000	£'000
Balance 1 April	17,836		17,396
Reversal of items relating to capital expenditure debited or credited to the CIES:			
Charges for depreciation and impairment of non-current assets	(1,199)	(1,875)	
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(3)	(2)	
	(1,202)		(1,877)
Adjusting amounts written out of the Revaluation Reserve	(328)		367
Net written out amount of the cost of non-current assets consumed in the year	16,306		15,884
Capital financing applied in the year:			
Capital grants and contributions credited to the CIES that have been applied to capital expenditure	140		80
Application of grants to capital financing from the Capital Grants	29		0
Unapplied Account			
Statutory provision for the financing of capital investment charged against the General Fund	428		419
Capital expenditure charged against the General Fund or Reserves	493		998
Balance at 31 March	17,396		17,383

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	
	2019/20	2020/21	2020/21	2020/21
	£'000	£'000	£'000	
Balance at 1 April	(14,570)	(13,899)	(358,860)	(342,150)
Remeasurement of the net defined benefit liability/(assets)	1,829	(9,511)	25,523	(13,640)
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	(2,181)	(2,456)	(16,650)	(15,710)
Employer's pension contributions and direct payments to pensioners payable in the year	1,023	1,401	7,837	8,500
Balance at 31 March	(13,899)	(24,465)	(342,150)	(363,000)

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 31 March 2021. 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.

	2019/20	2020/21	2020/21
	£'000	£'000	£'000
Balance 1 April	(196)		(230)
Settlement or cancellation of accrual made at the end of the preceding year	196	230	
Amounts accrued at the end of the current year	(230)	(160)	
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.	(34)		70
Balance 31 March	(230)		(160)

26. Contingent Liabilities

In accordance with the Code of Practice, the following Contingent Liabilities have been identified:

1. Following a 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 a national level. Guidance received so far indicates that the situation is not clear cut. There is potential for a 'test case'. Ultimately further costs may arise.
2. The Service is one of a number of FRAs with ET claims lodged as part of a group action by Retained Duty System (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.
3. Following the legal dispute between the FBU and Central Government (McCloud judgment) it has been determined that the transitional protections associated with the new 2015 Fire pension scheme are discriminatory. Remedy (to put pension members back into the position they would have been but for the discrimination) is now being considered but this is a lengthy and complex process. The eventual outcome is highly likely to have significant financial implications but these cannot be estimated at this time. However, the estimated pension obligations from this matter have been captured within the pension liability estimates in these accounts.
4. The GMP reconciliation exercise with HMRC may give rise to additional costs in respect of any under or overpayments and errors that may be discovered. This is ongoing – LPP and HMRC are currently investigating anomalies. Costs are unknown but are unlikely to be significant.

27. Contingent Assets

In accordance with the Code of Practice, the following Contingent Asset has been identified:

Following an initial review of abatement calculations it is apparent that some re-employed ex operational staff may not have had their pension adequately reduced in line with the fire pension abatement regulations. We are aware of one such case and are in the process (with LPP) of reviewing others. The outcome and amounts involved for these cases is currently unknown albeit it is likely that some overpayment of pension/s has occurred. An estimate cannot be given at this time.

28. Authorisation of Accounts

The pre-audited accounts were approved by G Chambers on 4th June 2021.

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 pension's liabilities and cash has to be generated to meet actual pension's 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 pension's 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	
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21
Net Cost of Service:						
Current Service Cost	(7,790)	(8,010)	(1,822)	(1,972)	(9,612)	(9,982)
Past Service (Cost)/Gain	(50)	0	0	(147)	(50)	(147)
Administration Fee	0	0	(22)	(21)	(22)	(21)
Net Operating Expenditure:						
Net interest expense	(8,810)	(7,700)	(337)	(316)	(9,147)	(8,016)
Surplus or Deficit on the Provision of Service	(16,650)	(15,710)	(2,181)	(2,456)	(18,831)	(18,166)
Remeasurement of the net defined benefit liability:						
Return on Plan assets excluding amounts included in interest	0	0	(1,913)	3,553	(1,913)	3,553
Actuarial gains and losses arising on changes in demographic assumptions	10,870	0	(1,770)	349	9,100	349
Actuarial gains and losses arising on changes in financial assumptions	12,642	(36,410)	5,158	(13,728)	17,800	(50,138)
Other	2,011	22,770	735	315	2,746	23,085
Total Charge to the CIES	8,873	(29,350)	29	(11,967)	8,902	(41,317)
Movement in Reserves Statement						
Reversal of Net Charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the code	16,650	15,710	2,181	2,456	18,831	18,166
Amount charged against Council Tax for pensions in the year:						
Employer's contributions payable to the Scheme	6,983	7,637	1,015	1,401	7,998	9,038
Retirement benefits payable to Pensioners	854	863	8	0	862	863

The underlying assets and liabilities for retirement benefits attributable to the Authority at 31 March 2020 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
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21
Estimated Liabilities in Scheme	(342,150)	(363,000)	(35,507)	(50,827)	(377,657)	(413,827)
Estimated Assets in Scheme	0	0	21,608	26,362	21,608	26,362
Net Liability	(342,150)	(363,000)	(13,899)	(24,465)	(356,049)	(387,465)

The liabilities show the underlying commitments that the Authority has in the long-run to pay retirement benefits. The total net liability of £387.5m 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 £341.285m. 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 2021 will be approximately £1.091m. Expected contributions to the Firefighters' Pension Scheme in the year to 31 March 2021 are £3.251m.

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 Barnett Waddingham, an independent firm of Actuaries; estimates for the Firefighters' Pension Scheme and the Local Government Pension Scheme being based on the Actuarial Valuation (IAS 19) of the scheme as at 31 March 2021.

The significant assumptions used by the Actuary have been:

	Firefighters Scheme	Firefighters Scheme	LGPS	LGPS
Mortality Assumptions:	2019/20	2020/21	2019/20	2020/21
Longevity at 65 for current pensioners-				
Men	21.3 years	21.4 years	22.2 years	21.9 years
Women	21.3 years	21.4 years	24.3 years	24.3 years
Longevity at 65 for future pensioners-				
Men	23.0 years	23.1 years	23.4 years	22.8 years
Women	23.0 years	23.1 years	26.1 years	26.0 years
Rate of Inflation	2.00%	2.40%		
Rate of Increase in Salaries	4.00%	4.15%	2.65%	3.85%
Rate of Increase in Pensions	2.00%	2.40%	2.65%	2.85%
Rate for discounting scheme liabilities	2.25%	2.25%	2.35%	2.00%
Take up option to convert annual pension into retirement lump sum			50%	50%

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 2020/21 the Actuary has assumed that all retirees will exchange half their commutable pension for cash at retirement.

The Firefighters' Pension Scheme has no assets to cover its liabilities.

Local Government Pension Scheme assets comprised:

Fair Value of Scheme Assets

Asset Break Down	2019/20	2019/20	2020/21	2020/21
	£000's	%	£000's	%
Equities	14,523	68	18,510	70
Bonds	3,748	17	4,750	18
Property	2,463	11	2,473	10
Cash	0,874	4	629	2
Total	21,608	100	26,362	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 Scheme		Funded Liabilities LGPS	
	2019 /20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000
Opening Defined Benefit Obligation	358,860	342,150	37,364	35,507
Current Service Costs	7,790	8,010	1,822	1,972
Interest Costs	8,810	7,700	891	692
Contributions from Scheme Participants	1,401	1,420	316	336
Transfers in/(out)	50	50	0	0
Actuarial losses/(Gains) due to changes in demographic assumptions	(10,870)	0	1,770	(349)
Actuarial losses/(Gains) due to changes in financial assumptions	(12,642)	36,410	(5,158)	13,728
Other	(2,011)	(22,770)	(735)	(315)
Past Service Cost	0	0	0	147
Past Service Cost as a result of McCloud Judgement	50	0	0	0
Benefits Paid	(8,434)	(9,107)	(755)	(883)
Injury Award Expenditure	(854)	(863)	0	0
Backdated Commutation Payments	0	0	0	0
Estimated unfunded benefits paid	0	0	(8)	(8)
Closing Defined Benefit Obligation	342,150	363,000	35,507	50,827

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 the Local Government Pension Scheme and Firefighters Pension Scheme (quadrennial valuations) was as at 31/03/2016.

The table below shows the membership details of the respective pension schemes in relation to the number of pensioner members.

2020/21

			Total Salaries for current members £'000	Total Deferred Pension £'000	Total Pensions payable £'000	Total Unfunded Pensions £'000
Fire Fighters Pension Scheme	Number	%				
Active Members	386	36.3	9,860			9,860
Deferred Members	232	21.8		86		86
Pensioner Members	445	41.9			7,110	7,110
	1,063	100.00%	9,860	86	7,110	17,056
LGPS Pension Scheme						
Active Members	165	48.40%	4,315			
Deferred Members	86	25.20%		298		
Pensioner Members	87	25.50%			512	
Unfunded Pensioners	3	0.90%				10
	341	100.00%	4,315	298	512	10

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 Price Index (PI) awarded in April 2020.

The table below shows the reconciliation of the Fair Value of the Scheme's Assets:

	Firefighters' Pension Schemes		Local Government Pension Scheme	
	2019/20	2020/21	2019/20	2020/21
	£'000	£'000	£'000	£'000
Reconciliation of Fair value of Scheme Assets				
Opening Fair Value of Employer Assets	0	0	22,794	21,608
Interest - Income	0	0	554	376
Return on Plan Assets	0	0	(1,968)	3,553
Employer Contributions	6,983	7,637	1,023	1,401
Contributions by Scheme Participants	1,401	1,420	316	336
Benefits Paid	(8,434)	(9,107)	(763)	(891)
Other Actuarial Gains / (Losses)	0	0	(326)	0
Unfunded Benefits Paid	(854)	(863)	(8)	(8)
Contributions in respect of Unfunded Benefits	854	863	8	8
Transfers in/(out)	50	50	0	0
Admin Expenses	0	0	(22)	(21)
Closing Fair Value of Employer Assets	0	0	21,608	26,362

30. Grants and Contributions

The Authority credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2019/20 and 2020/21

Credited to Services:	2019/20 £000	2020/21 £000
CLG – New Dimensions Resilience Training	20	20
CLG – Firelink	204	209
CLG – New Risk	19	0
Home Office – Covid19 Grant	0	607
Building Risk Review	0	3
Protection Grant	0	21
Grenfell Infrastructure	0	25
Total	243	885

31. Post Balance Sheet Events

The unprecedented circumstances relating to Covid19 have been captured in the introductory narrative.

There are no items that require adjusting as a result of any impact from Covid-19.

As part of the full Property Valuations as at 31st March 2021, our valuers have stated that there could be a material uncertainty in their valuations due to Covid-19. However, this is not considered by the Authority as a concern. There is no plan to sell any properties or land currently, so if Covid-19 does have a negative impact on valuations these should not impact the Authority in the short/medium term.

There are no post balance sheet events to report.

BEDFORDSHIRE FIRE AND RESCUE AUTHORITY
PENSION FUND ACCOUNT FOR THE YEAR ENDING 31 MARCH 2021

2019/20 Net Expenditure £'000		2020/21 Net Expenditure £'000	See Note
	Contributions Receivable		
	From Employer		
(3,141)	• Normal	(3,199)	4*
(70)	• Other	(82)	
(1,401)	From Members	(1,420)	
(50)	Transfers In	(51)	
(4,662)	Total Receivable	(4,752)	
	Benefits Payable		
6,758	• Pensions	7,172	6*
1,653	• Communications and lump sum retirement benefits	1,929	
121	• Other	27	7*
	Payment to and on account of leavers		
22	• Individual transfers out to other schemes	0	
3,892	Net amount payable for the year	4,376	
(3,892)	Top-up grant payable by the Government	(4,376)	3*
	Net Amounts		
	NET ASSETS STATEMENT		
1,981	Net current Assets due from/(Net Current Liabilities owed to) Government	1,394	3*
(1,981)	Other current assets and liabilities	(1,394)	
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 34 to 45. 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 2020 pension payments are paid out to the pensioners in March 2021. 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. The payment of £27k relates to Annual Allowance charges, where individuals' annual pension pot contributions have exceeded their individual annual allowance.

The annual allowance is a limit on the amount that can be contributed to an individual's pension each year, while still receiving tax relief. It is based on an individual's earnings for the year and is capped at £40,000.

These payments by the Authority to the HMRC are offset by the Home Office reimbursing the Authority via the Pension Top Up Grant. The individuals' relating to this £27k will ultimately pay back the Government when receiving their pensions, as their pensions will be reduced by the relevant amounts relating to their Annual Allowance charges. This is called the Mandatory Scheme Pays (MSP) option. If an individual did not take up the MSP option, they would have to pay the Annual Allowance via their own self-assessment tax return.

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 (EY).

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.

For Publication

Bedfordshire Fire and Rescue Authority
Audit and Standards Committee
14 July 2021

REPORT AUTHOR: ASSISTANT CHIEF OFFICER/FRA TREASURER

SUBJECT: INTERNAL AUDIT ANNUAL REPORT 2020/21

For further information on this report contact: Nicky Upton
Democratic & Regulatory Services Supervisor

Background Papers:

RSM Strategy for Internal Audit
Bedfordshire Fire Authority 2020/21 to 2021/22

Implications (tick ✓):

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

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 2020/21.

RECOMMENDATION:

That the submitted report be received.

1. Introduction

1.1 An internal audit plan for 2020/21 was agreed by this Committee at its meeting on 2 July 2020.

1.2 A report by RSM on progress made against the internal audit plan for 2020/21 is appended for Members' consideration.

**GAVIN CHAMBERS
ASSISTANT CHIEF OFFICER/FRA TREASURER**

BEDFORDSHIRE FIRE AND RESCUE AUTHORITY

Annual internal audit report 2020/21

Final

July 2021

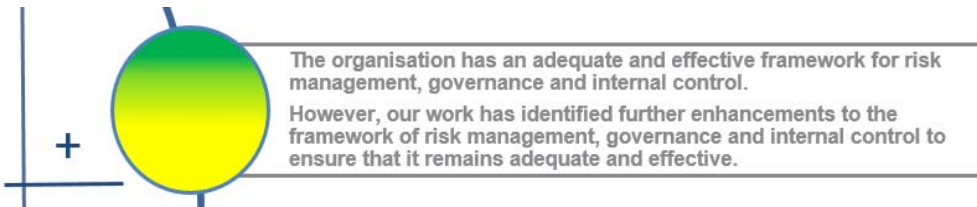
This report is solely for the use of the persons to whom it is addressed.
To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party.

THE ANNUAL INTERNAL AUDIT OPINION

This report provides an annual internal audit 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 reporting.

The opinion

For the 12 months ended 31 March 2021, the head of internal audit opinion for Bedfordshire Fire & Rescue Authority is as follows:




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

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 a substitute for management responsibility around the design and effective operation of these systems.

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 Overview and Scrutiny Committee, our opinion is subject to inherent limitations, as detailed below:

- internal audit has not 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 risk register. The risk register is one component that the accountable officer 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;
- 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 our attention; and

- 
- our internal audit work for 2020/21 has been undertaken through the substantial operational disruptions caused by the Covid-19 pandemic. In undertaking our audit work, we recognise that there has been a significant impact on both the operations of the organisation and its risk profile, and our annual opinion should be read in this context.

FACTORS AND FINDINGS WHICH HAVE INFORMED OUR OPINION

We issued five reports where we concluded that the Authority could take either substantial or reasonable assurance which have contributed to our **Internal Control opinion**. This included the Risk Management and Service Governance reviews which contributed significantly to our **Governance opinion** and **Risk Management opinion**. The key findings were as follows:

Use of Risk Information – Reasonable Assurance

Overall, we found a well-designed and applied control framework in place for the collection, management and reporting of site-specific risk information. We did identify instances where risk information documentation was due for review and reporting and monitoring requirements had not been fully complied with.

Risk Management – Reasonable Assurance

We found that there had been significant improvement to the risk management processes since our last review of this area in January 2019. The organisation were on the journey to get Risk Management embedded across the organisation. The Service had redesigned its risk register to improve the management of its risks, including the introduction of a three lines of defence model to routinely document controls and assurances.

This review identified some further areas for improvement in the control framework, including review of the accuracy of policy and procedure documentation, risks being clearly aligned to organisational objectives and greater consistency in the evidence held to demonstrate the review and reporting of risks. These areas were required to be reviewed to strengthen the control framework and to help ensure that the organisation's risks were effectively managed.

Human Resources – Support Staff Recruitment – Reasonable Assurance

Our testing identified that the Service's draft Recruitment and Selection Policy had adequate coverage of the recruitment process and that plans for the approval and ongoing review of the Policy were in place. Through sample testing of replacement hire recruitment, we confirmed that the Service had adequate controls, which were complied with, for the approval of authority to recruit, advertisements, interviews and written offers of employment. We noted that the Service had made adaptations to the recruitment process as a result of COVID-19, including the use of virtual interviews. We did not identify any issues in relation to the timeliness of the recruitment process.

However, we identified a weakness in compliance with, and the evidencing of, the approval process for new posts which increased base establishment. We also identified scope for improving efficiency and quality in relation to the full and accurate completion of termination forms and HR checklists and the level of panel member training.

Key Financial Controls – Substantial Assurance

Our review identified that there was a robust and well-designed control framework in place, and these were complied with for the majority of our sample testing. We agreed one medium priority action.

Service Governance – Reasonable Assurance

Our review confirmed that controls were generally well designed and complied with in relation to the Service's governance. We found that out of a sample of five meeting groups: four had a terms of reference; all were quorate or, where not quorate, no decisions were made; a sample of three responsibilities outlined in each of our sample of five groups' terms of reference were being met; and, actions were being routinely reviewed and added to a log. We also found that the Service Pandemic Planning Group had a terms of reference in place and they were meeting a sample of their responsibilities, and that the Fire and Rescue Authority and its committees had terms of reference in place with key information such as responsibilities, meeting frequencies and reporting arrangements.

However, we did find issues in relation to: the lack of a formal governance structure chart; three groups' terms of reference not including clear reporting and accountability lines and two not being regularly reviewed; meeting papers for the CMT not clearly indicating whether each item was for information only or required a decision; and conflicts of interest and quoracy were not being checked for all groups.

We issued the following report where we concluded that the Authority could only take **partial assurance**:

Procurement – Proactive Processes and Remedial Action: Partial Assurance

Our review found that the service was aware, prior to our audit, of the need to improve compliance in the Procurement function and to ensure that robust planning measures were in place. As a result, the organisation had developed plans for remedial action and, whilst these were not fully complete at the time of our review, the service aimed for all remedial planning work to be completed by September 2020. This demonstrated that the service had made a clear effort to improve procurement compliance and ensure that appropriate processes were in place going forward.

We however noted areas where improvements were still required, including the documenting of responsibilities and key processes in policy documentation, the completion of remedial plans and subsequent approval and monitoring, and a formal mechanism being required for the communication of new requirements from the Programme Management Office to Procurement, to allow for effective planning. We also found that procurement training had not been delivered and there was no reporting taking place on the effectiveness of the organisation's procurement. In forming our opinion, we recognise there had been positive investments in practice by the procurement team which, once supported by the completion of remedial plans and overarching governance arrangements, should improve the control framework. However, at the time of our audit, the control framework still had some significant weaknesses which require completion and improvement.

We also undertook two advisory reviews as detailed below:

Cyber Essentials: Advisory

The Service completed a self-assessment questionnaire on 28 May 2020. Based upon the evidence available at the time of our fieldwork, we found that 15 of the 34 requirements from the five Cyber Essentials control themes had evidence to support the self-assessment that controls are established.

Of the remaining 19 requirements, four were self-assessed as implemented but not tested (this was due to required information not being provided at the time of the audit, despite request) and issues were identified in the remaining 15, some of which had been identified by the Service. These issues were identified across the Boundary Firewalls and Internet Gateways, Secure Configuration, Malware Protection and Patch Management control themes.

Since the completion of our work, the Service has gained Cyber Essentials Plus in June 2020.

Human Resources – Wellbeing: Advisory

Through completion of the audit, we identified that well-designed controls for supporting the wellbeing of staff and officers have been implemented, including the adoption of the TRiM Model, the publication of the Our People Strategy and TRiM Policy, regular and ad-hoc wellbeing publications and sessions, the provision of mental health first aid training, and the conduct of three-yearly employee wellbeing survey which had helped inform the development of the Action Plan.

However, we noted whilst the Service had a Wellbeing Policy in place, it had not been reviewed in line with defined timescales. We also noted that whilst the Service had developed an Action Plan to address the employee survey results and Strategy objectives, it had not been appropriately monitored or updated. We further noted that there were no means by which the Service could be assured that all potentially affected staff and officers had been contacted by a TRiM Practitioner. In addition, we noted that a Terms of Reference (ToR) had not been developed for the newly established Mental Health and Wellbeing Steering Group.

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

Based on the work we have undertaken on the Authority's system on internal control, we consider that the issues identified above within partial assurance review (Procurement – Proactive Processes) and advisory review of Cyber Security should be areas that are considered by the Authority to be flagged as significant control issues when drafting the Annual Governance Statement (AGS).

In addition, the current COVID19 pandemic and its impact on the operations of the Authority will obviously need reflecting in the annual governance statement.

THE BASIS OF OUR INTERNAL AUDIT OPINION

As well as those headlines previously discussed, 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.

Acceptance of internal audit management actions

Management have agreed actions to address all of the findings reported by the internal audit service during 2020/21.

Implementation of internal audit management actions

Taking account of the issues identified through our work, in our opinion Bedfordshire Fire & Rescue Authority has demonstrated **reasonable progress** in implementing agreed management actions.

Of the 19 actions followed up, 14 had been implemented, one had been superseded, three were in the process of being implemented, and one had not yet been implemented. Those in progress related to: implementing a consistent stock check process, documenting approval of the Procurement Activity Plan and Contracts Commissioning Review, and periodic reporting of progress on the Procurement Activity Plan and Contract Commissioning Review. The remaining action not yet implemented related to tracking stock movements which was delayed due to the ongoing system transfer to BlueLight.

Working with other assurance providers

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

OUR PERFORMANCE

Wider value adding delivery

Area of work	How has this added value?
Issue of Emergency Services Briefings	The sector briefings provide both Management and Authority Members with an insight of key risks, issues and an update of any changes in sector requirements.
Webinar invitations	Various invitations have been sent to management to attend webinars to inform of any sector and wider sector updates. Examples include VAT, Employment Tax and Change Management.
Off-payroll working / IR35	We have provided Emergency Services clients with updates in relation to the Off-payroll working / IR35 rules, following the launch of the Government review into the implementation of the changes to the off payroll working rules that will aim to determine if any further steps can be taken to ensure the 'smooth and successful implementation' of the reforms.
Managing Risks in a Changing Environment - Analysis of fire and rescue service risk registers	Analysis of the risk facing the fire and rescue services across the country to enable the organisation to compare and benchmark your risks and identify any potential gaps in risk identification.
Emergency Services - benchmarking of internal audit findings 2019/20	We provided management with our annual Emergency Services - benchmarking of internal audit findings 2019/20, which compares the numbers of actions agreed and the assurance opinions provided across the sector in our client base.
Coronavirus: Various briefings and webinars	RSM have delivered a number of webinars and client briefings in relation to Coronavirus (ranging from Government financial support for employers, fraud briefings, HR and Legal Support etc).

Conflicts of interest

RSM has not undertaken any work or activity during 2020/21 that would lead us to declare any conflict of interest.

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.

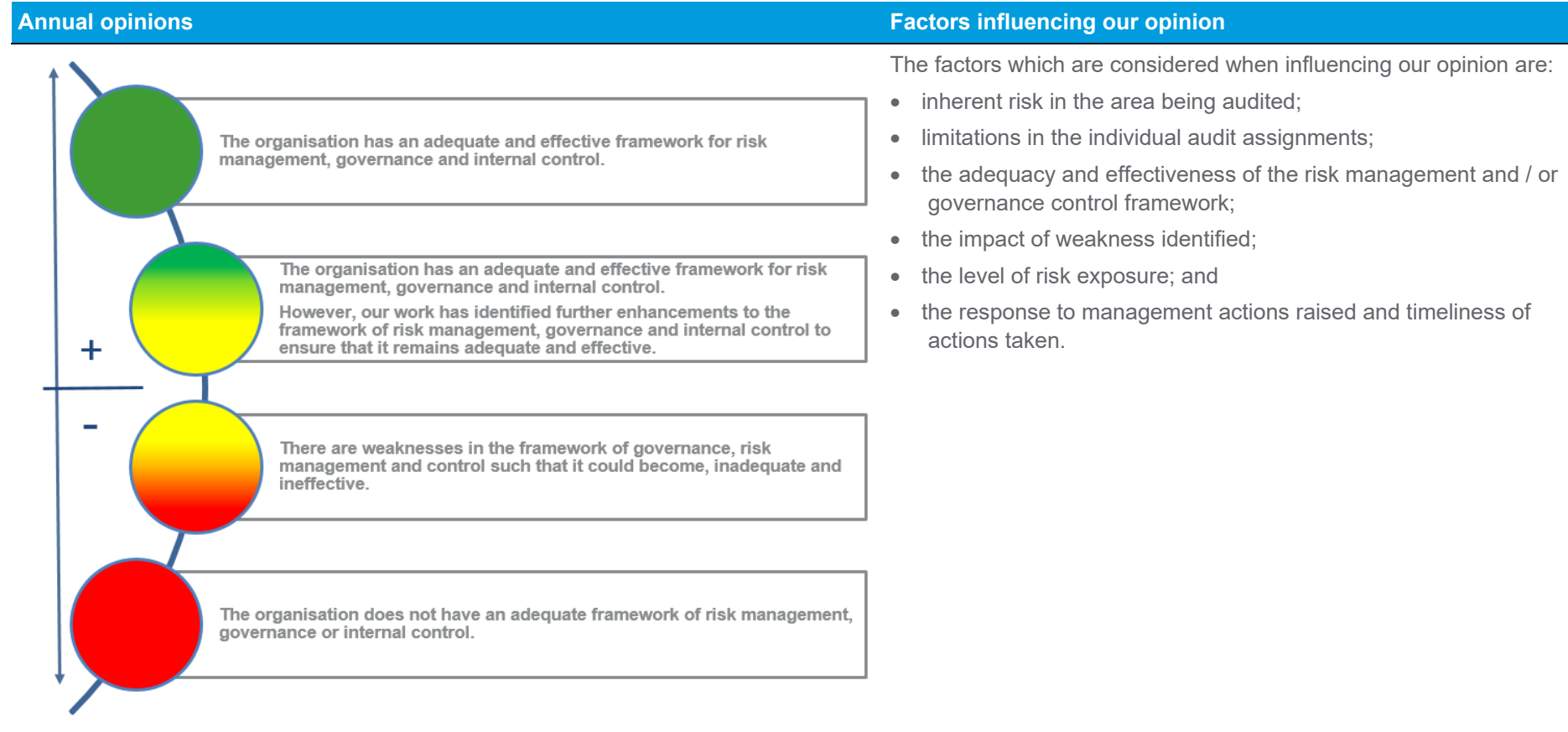
Quality assurance and continual improvement

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.



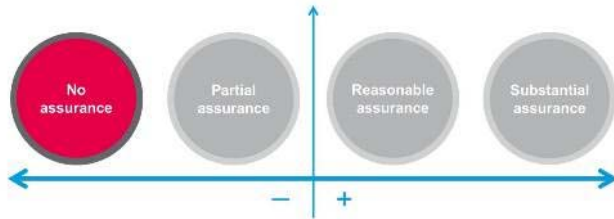
APPENDIX B: SUMMARY OF INTERNAL AUDIT WORK COMPLETED 2020/21

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.

Assignment	Assurance level	Actions agreed		
		L	M	H
Use of Risk Information (1.20/21)	Reasonable Assurance [●]	3	1	0
Risk Management (2.20/21)	Reasonable Assurance [●]	2	4	0
Procurement - Proactive Processes and Remedial Action (3.20/21)	Partial Assurance [●]	1	5	0
Cyber Essentials (4.20/21)	Advisory [●]	5	6	0
Human Resources – Support Staff Recruitment (5.20/21)	Reasonable Assurance [●]	3	1	0
Key Financial Controls (6.20/21)	Substantial Assurance [●]	1	1	0
Human Resources – Wellbeing (7.20/21)	Advisory [●]	1	4	0
Service Governance (8.20/21)	Reasonable Assurance [●]	6	3	0
Follow Up (9.20/21)	Reasonable Assurance [●]	2	2	0

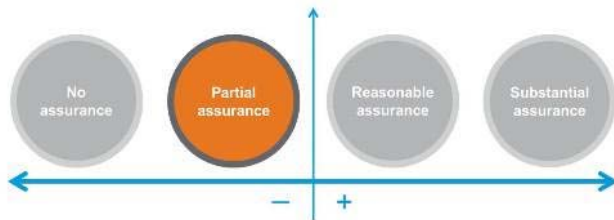
APPENDIX C: OPINION CLASSIFICATION

We use the following levels of opinion classification within our internal audit reports, reflecting the level of assurance the authority can take:



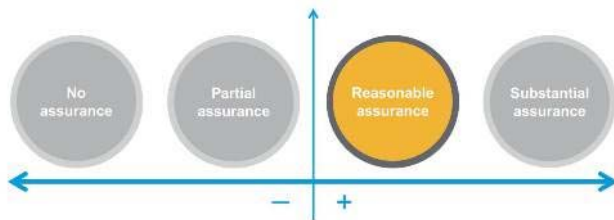
Taking account of the issues identified, the authority cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

Urgent action is needed to strengthen the control framework to manage the identified risk(s).



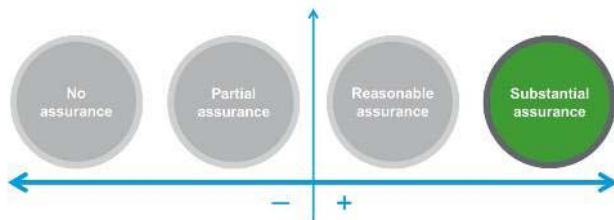
Taking account of the issues identified, the authority can take partial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

Action is needed to strengthen the control framework to manage the identified risk(s).



Taking account of the issues identified, the authority can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

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).



Taking account of the issues identified, the authority can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

YOUR INTERNAL AUDIT TEAM

Name: Dan Harris, Head of Internal Audit

Email address: daniel.harris@rsmuk.com

Telephone number: 07792 948767

Name: Suzanne Rowlett, Senior Manager

Email address: suzanne.rowlett@rsmuk.com

Telephone number: 07720 508148

rsmuk.com

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 & 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
14 July 2021

REPORT AUTHOR: ASSISTANT CHIEF OFFICER/FRA TREASURER

SUBJECT: INTERNAL AUDIT PROGRESS REPORT 2020/21

For further information on this report contact: Nicky Upton
Democratic & Regulatory Services Supervisor

Background Papers: RSM Strategy for Internal Audit
Bedfordshire Fire Authority 2020/21 to 2022/23

Implications (tick ✓):

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

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 2020/21.

RECOMMENDATION:

That the submitted report be received.

1. Introduction

1.1 An internal audit plan for 2020/21 was agreed by this Committee at its meeting on 2 July 2020.

1.2 A report by RSM on progress made against the internal audit plan for 2020/21 is appended for Members' consideration.

GAVIN CHAMBERS
ASSISTANT CHIEF OFFICER/FRA TREASURER

BEDFORDSHIRE FIRE AND RESCUE AUTHORITY

Internal Audit Progress Report

14 July 2021

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.



Contents

Contents	2
Progress against the internal audit plan 2020/21	3
Other matters.....	4
For more information contact	7

Progress against the internal audit plan 2020/21

The Internal Audit Plan for 2020/21 was due to be presented to the Audit & Standards Committee in March 2020. This meeting was postponed and the proposed plan was provided to Committee members. The plan was then presented to the Committee in July 2020 where it was formally approved. The audits highlighted in bold have been finalised since the last meeting. Copies of the executive summaries and action plans are included as an appendix to this report.

Assignment and Executive Lead	Status / Opinion issued	Actions agreed			Planned Timing (as per ANA) / Committee reported
		L	M	H	
Use of Risk Information (1.20/21)	Final Report	3	1	0	Q1
	Reasonable Assurance				September 2020
Risk Management (2.20/21)	Final Report	2	4	0	Q4
	Reasonable Assurance				September 2020
Procurement - Proactive Processes (3.20/21)	Final Report	1	5	0	Q3
	Partial Assurance				September 2020
ICT - Cyber Security (4.20/21)	Final Report	5	6	0	Q1
	Advisory				December 2020
Human Resources – Recruitment (5.20/21)	Final Report	3	1	0	Q3
	Reasonable Assurance				March 2021
Key Financial Controls (6.20/21)	Final Report	1	1	0	Q3
	Substantial Assurance				March 2021
Human Resources – Wellbeing (7.20/21)	Final Report Advisory	1	4	0	Q4
Service Governance (8.20/21)	Final Report Reasonable Assurance	6	3	0	Q2

Assignment and Executive Lead	Status / Opinion issued	Actions agreed			Planned Timing (as per ANA) / Committee reported
		L	M	H	
Follow Up (9.20/21)	Final report Reasonable Progress	2	2	0	Q4

This completes our audit plan for 2020/21.

Other matters

Page 200 Head of Internal Audit Opinion 2020/21

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. The Internal Audit Annual Report 2020/21 including the Head of Internal Audit Opinion is included as a separate agenda item.

Changes to the audit plan

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

At the previous meetings, we reported that the timing of some reviews had been amended as a result of COVID-19 and reprioritisation of the audit reviews. In addition, we were requested to delay the Governance review to allow implementation of the revised governance structure, now planned for February 2021.

Information and briefings

We have issued the following client briefings since the last Audit & Standards Committee:

- Emergency Services News Briefing March 2021
- Emergency Services New Briefing June 2021

Quality assurance and continual improvement

To ensure that RSM remains compliant with the IIA standards and the financial services recommendations for Internal Audit 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 being used to inform the training needs of our audit teams.

The Quality Assurance Team is made up of; the Head of the Quality Assurance Department (FCA qualified) and an Associate Director (FCCA qualified), with support from other team members across the department.

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

Appendix A – Executive summaries and action plans from finalised reports (High and Medium priority actions only)

EXECUTIVE SUMMARY – HUMAN RESOURCES - WELLBEING

With the use of secure portals for the transfer of information, and through electronic communication means, remote working has meant that we have been able to complete our audit and provide you with the assurances you require. It is these exceptional circumstances which mean that 100 per cent of our audit has been conducted remotely. Based on the information provided by you, we have been able to sample test.

Why we completed this audit

The purpose of this audit was to provide management with a view on the effectiveness of the controls in place for the promotion of health and wellbeing, ensuring policies and procedures to promote the welfare of support and operational staff are in place and effective to mitigate the risk of failing to deliver against the Our People Strategy 2018/22.

The MIND Blue Light Wellbeing Pledge was signed by the Chief Fire Officer in February 2019 evidencing the Service signing up to this framework. The Blue Light Wellbeing Framework (Framework) was developed as part of the Oscar Kilo Project launched in 2017. The Framework provides an independent set of standards tailored to meet specialist needs of emergency services staff. Organisations can use the Framework to audit and benchmark themselves against the standards. The Strategy became effective from December 2018 and includes a section on wellbeing and health and safety. A MIND Blue Light Wellbeing Pledge Action Plan (Action Plan) is in place to set out the approach to addressing the areas of focus outlined within the Strategy through actions and enablers which have been developed for the Service workstreams.

The Service intranet details the support tools and information for staff on how to manage their own physical and mental wellbeing, including weekly bulletins and COVID-19 guidance. The intranet also displays key contacts of wellbeing staff and Employee Assistance Programme services. The Service have also adopted the Traumatic Risk Management (TRiM) Model with a team of nine TRiM Practitioners from across green and grey book staff groups. As at February 2021, 55 contacts had been made by the TRiM Team to potentially affected staff and officers, with two referrals having been recommended.

As part of the review, we have also benchmarked the wellbeing practices of the Service with a comparable entity, Client A, to inform best practice. Please see Appendix B for details.

Due to this being a work in progress and some areas delayed due to COVID-19, we have completed our audit as an advisory review and therefore not provided a formal opinion.

Conclusion

Through completion of the audit, we identified that well-designed controls for supporting the wellbeing of staff and officers have been implemented. These included the adoption of the TRiM Model, the publication of the Our People Strategy and TRiM Policy, regular and ad-hoc wellbeing publications and sessions, the provision of mental health first aid training, and the conduct of two-yearly employee wellbeing survey which had helped inform the development of the Action Plan.

However, we noted whilst the Service have a Wellbeing Policy in place, it had not been reviewed in line with defined timescales. We also noted that whilst the Service have developed an Action Plan to address the employee survey results and Strategy objectives, it had not been appropriately monitored or updated.

We further noted that there are currently no means by which the Service can be assured that all potentially affected support and operational staff have been contacted by a TRiM Practitioner. In addition, we noted that a Terms of Reference (ToR) had not yet been developed for the newly established Mental Health and Wellbeing Steering Group.

Key findings

We noted weaknesses in control for which we have agreed four medium actions.



Wellbeing Policy

We confirmed through review of the Wellbeing Policy that it includes a policy statement which had been signed by the Chief Fire Officer and had been developed in line with the areas of focus outlined within the Our People Strategy 2018/22 (Strategy). The Policy covers all expected areas including defining the roles and responsibilities of all staff, how it is to be managed, and the training and the staff support network available. We also confirmed that the Policy had been made available to staff via the Service intranet. However, we noted that the Wellbeing Policy had not been reviewed in line with the three-yearly review timeline and was last reviewed in 2016. We were advised by the Service Fitness Advisor that the policy was being reviewed at the time of the audit and its revision would be informed by the results of the audit and an upcoming HMICFRS inspection.

If the Policy is not reviewed regularly, there is a risk that it is not up to date or reflective of current practice, leading to inappropriate actions being taken or inconsistent application of the Policy. **(Medium)**



MIND Blue Light Wellbeing Pledge Action Plan

The Service developed their MIND Action Plan 2018 in line with the Strategy objective of “developing and implementing a mental health and wellbeing plan across the Service linked to national good practice”. Through completion of the audit, we confirmed completion of the Action Plan in some areas, for example development of wellbeing-related policies, completion of employee surveys, and raising wellbeing awareness. We also confirmed through review of documented evidence that discussions on the Action Plan progress had taken place between the Service Fitness Advisor and the Employee Relations Manager (ERM) in January and February 2020.

However, we were advised by the Service Fitness Advisor that there was a backlog on action implementation due to COVID-19 and thus the Action Plan required updating to include additional actions and revised implementation timescales. We noted through review of the Action Plan as at February 2021, that it had not been updated since its creation in 2018. As a result, there is a risk that the Action Plan is unable to facilitate efficient action monitoring. In addition, we were advised by the Service Fitness Manager the Oscar Kilo Blue Light Framework Self-Assessment, which came into effect in September 2020 and complements the Action Plan, did not exist at the time of developing the Action Plan and had not yet been completed. Therefore, the Action Plan had been developed in the absence of completing the self-assessment. Nonetheless, there remains a risk the Action Plan is not in keeping with national best practice. **(Medium)**



Traumatic Risk Management (TRiM) Assessment – Sample Testing

The Service have adopted the TRiM Model, a peer support system. Through testing of five TRiM contact activities, we confirmed that:

- In one instance the correct process had been followed with evidence retained to show that the TRiM Practitioner contact the affected individuals upon receipt of a completed MED 22A return;
- In three instances the TRiM Practitioner contacted the affected individuals without receipt of a completed MED 22A return; and
- In one instance, the relevant email trails could not be located to enable testing.

We also confirmed in all instances that none of the affected individuals contacted had accepted to take part in a TRiM assessment. Therefore, no further records of subsequent TRiM assessment and referral and ensured follow up were available for review.

Through discussion with the Service Fitness Advisor, we were advised that TRiM Practitioners often make the judgement to contact potentially affected individuals within the Service based on the tip sheet records which log incoming 999 incident calls rather than only relying on MED 22A form return. We were further advised by the Service Fitness Advisor that tip sheets are not required to be retained for TRiM purposes. Whilst we acknowledged it is a good practice for TRiM Practitioners to proactively engage individuals they deem a risk even without a MED 22A return, which may not be submitted if a defusing from the Crew Manager was deemed unnecessary; in the absence of retained tip sheets and email correspondence, there is a risk that the Service cannot be assured that all potentially affected individuals who should have been contacted have indeed been contacted. **(Medium)**



Mental Health and Wellbeing Steering Group (MHWSG)

The Service established the MHWSG in October 2020 which we confirmed through review of the MHWSG meeting minutes for October and December 2020. Through review of the minutes we noted that wellbeing related matters had been discussed, such as completing the Oscar Kilo Blue Light Framework Self-Assessment to inform the Action Plan revision and procuring further wellbeing training from Fire Fighters Charity, a wellbeing training provider, and we confirmed that an appropriately detailed action log had been developed which was followed through and updated at the following meeting. We confirmed through review of the meeting minutes and resultant action logs that actions had been followed through in meetings. In addition, we were advised by the Service Fitness Advisor that the MHWSG do not have a formal reporting line upward to senior forums, but noting that the Vice Chair and Chair of the working group both sit on the Corporate Management Team (CMT), we deemed such governance structure to be sufficient to allow information flow from the MHWST to CMT as needed.

However, we found that the MHWSG ToR was in the process of being drafted at the time of the audit, and therefore we were unable to provide assurance over the adequacy of the content therein. As a result, there is a risk that the MHWSG are unaware of their remits, leading to inefficient discharge of roles and responsibilities. **(Medium)**

We noted the following controls to be adequately designed and operating effectively:



TRiM Policy

The Service have developed a TRiM Policy. We confirmed through review and testing of the Policy that it details the process for TRiM assessment, is supported by a flowchart in the appendix and that it was reflective of current practice.

Email correspondence evidenced that the Policy had been subject to internal review prior to issue by the Technical Manager, Service Assurance Assistant, ERM and Service Fitness Advisor. We confirmed through review of the Request for Issue of Service Promulgation form that the Policy had been marked to be issued without consultation, and noted through review of email correspondence that the Policy had been communicated to all staff as well as being made available to staff on the intranet. No issues were noted.



Our People Strategy 2018/22

We confirmed through review of the Strategy that it was up to date and had been signed by both the Chief Fire Officer and Assistant Chief Fire Officer. We also noted that it had been subject to both internal and external consultation and approved as stated within the Fire and Rescue Authority meeting minutes for September 2018. We confirmed through review of the Strategy that the Service had defined the areas of focus regarding wellbeing of staff, including:

- Providing effective occupational health services including pre-employment screening, ongoing health surveillance, absence referrals and professional advice and confidential counselling;
- Developing and implementing a mental health and wellbeing plan across the Service linked to national good practice; and
- Proactively support fitness and wellbeing across the Service.

We confirmed through completion of the audit that there was a “golden thread” of wellbeing practice being implemented and these are evident in subsequent controls and findings. No issues were noted.



Employee Wellbeing Surveys

We confirmed through review of the Health and Safety Executive (HSE) Wellbeing Survey Results Report that the Service had conducted employee surveys in line with the Action Plan. We were advised by the ERM that the next HSE Wellbeing Survey was due in 2021, however, due to the timing of the audit we were unable to provide assurance in this regard. We confirmed through review of the CMT meeting minutes for February 2020 that the survey results had been reported to the CMT. In addition, we also confirmed through review of the Action Plan that the actions therein had been devised to address the recommendations resultant from the survey. No issues were noted.



Raising Awareness

We confirmed through review of screenshots of the Occupational Health and COVID-19 intranet pages that the Service publish monthly bulletins and ad-hoc information on topical issues, covering such contents as the partnership with Fire Fighters Charity, TRiM Support, upcoming dates of wellbeing webinars and COVID-19 guidance. We noted through review of screenshots of intranet pages that key contacts of wellbeing staff and Employee Assistance Programme (EAP), had been made available to staff. We also noted through review of the MHWSG meeting minutes for December 2020 that discussions had taken place around displaying ESP contact details on new staff ID cards and Microsoft Teams meeting backdrops. In addition, we confirmed through review of email promotions that the Service hold ad-hoc sessions, including EAP awareness and mental health webinars, Time to Talk Days, Learn to Listen event, and virtual tea breaks. As such, we deemed the Service to have been adequately promoting mental health and wellbeing in line with the Strategy and Action Plan. No issues were noted.

In addition, we have agreed one low priority management action, and this is documented in the detailed findings below.

2. DETAILED FINDINGS AND ACTIONS

This report has been prepared by exception. Therefore, we have included in this section, only those areas of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

1. Wellbeing Policy		Assessment:		
Control	The Service have a Wellbeing Policy to promote the wellbeing of all employees. It defines the roles and responsibilities of all staff within the Service regarding wellbeing and details the support available and guidance for assessing stress-related risks. The Policy is reviewed every three years and revised as appropriate based on internal and external consultations. The Policy is available to staff on the intranet.	Design	✓	
		Compliance	×	
Findings / Implications	<p>We confirmed through review of the Policy that it includes a policy statement which had been signed by the Chief Fire Officer in 2016 and had been developed in line with the areas of focus outlined within the Strategy. We confirmed through review of the Policy that it defines the roles and responsibilities of all staff regarding wellbeing and details how wellbeing of staff is to be managed, including combatting stress in the workplace, absences due to stress, training, the staff support network available, and appendices on risk assessment of stress for individual and appraisal use. We confirmed through review of a screenshot of the Service’s intranet that the Policy had been made available to staff.</p> <p>However, we noted that the Wellbeing Policy had not been reviewed in line with the three-yearly review timeline. We were advised by the Service Fitness Advisor that the policy was being reviewed at the time of the audit and its revision would be informed by the results of the audit and an upcoming HMICFRS inspection. If the Policy is not reviewed in line with review timescale, there is a risk that it is not reflective of current practice, leading to inconsistent application of the Policy.</p>			
Management Action 1	<p>The Service will ensure that the Wellbeing Policy is reviewed, revised as appropriate and communicated to staff, following completion of the audit and HMICFRS’s inspection. Areas for revision include, but are not limited to:</p> <ul style="list-style-type: none"> • Policy statement signed by the Chief Fire Officer in 2021; • Additional wellbeing support, including Traumatic Risk Management (TRiM); • Current wellbeing governance structure, including the Mental Health and Wellbeing Steering Group; and • Version control of the Policy, including review frequency. 	Responsible Owner:	Date:	Priority:
		Ruth Howe, Occupational Health and Fitness Manager	31 August 2021	Medium

2. MIND Blue Light Wellbeing Pledge Action Plan **Assessment:**

Control	<p>In 2017, the Blue Light Framework was launched as part of the Oscar Kilo Project. The Framework provides a set of standards against which organisations can benchmark their practices. In September 2020, a fully established Framework Self-Assessment was published by Oscar Kilo to enable the said benchmarking. As part of the Framework, a MIND Blue Light Wellbeing Pledge Action Plan is required to be developed and signed as a statement of intent.</p> <p>In 2018, the Service developed an Action Plan to deliver the areas of focus stated within the Strategy. The Action Plan contains information including aims and objectives, actions to be taken to address them, timescales for completion, responsible owners and performance indicators to measure completion.</p>	Design	✓
		Compliance	×

Findings / Implications

We confirmed through review of the MIND Blue Light Wellbeing Pledge Board that the pledge had been signed by the Chief Fire Officer in February 2019. We confirmed through review of the MIND Blue 2018 Action Plan that it had been developed in line with the objective of “developing and implementing a mental health and wellbeing plan across the Service linked to national good practice” outlined in the Strategy. We confirmed through review of the Action Plan that it had been developed to address the areas of wellbeing focus of the Strategy, specifically it includes actions and initiatives to address the objective of “proactively supporting fitness and wellbeing across the Service”. Throughout completion of the audit, we confirmed implementation of parts of the Action Plan regarding wellbeing-related policies, employee surveys, delivery of mental health first aid training, raising wellbeing awareness, forming a TRiM Team and establishing a wellbeing working group.

We also confirmed through review of documented evidence that discussions on the Action Plan progress had taken place between the Service Fitness Advisor and the ERM in January and February 2020. However, we were advised by the Service Fitness Advisor that the Action Plan had not been recently updated since its creation in 2018 due to COVID-19 and thus requires updates to include additional actions and revised implementation timescales. We were further advised by the Service Fitness Advisor that it was due to be updated by the MHWSG, and we confirmed through review of the MHWSG meeting minutes for December 2020 that the Vice Chair had requested MHWSG members to review the Action Plan and feedback in the February 2021 meeting. Nonetheless, there remains a risk that the Action Plan is unable to facilitate efficient action monitoring.

In addition, we were advised by the Service Fitness Manager the Oscar Kilo Blue Light Framework Self-Assessment, which complements the Action Plan, did not exist at the time of the Action Plan development. Therefore, the Action Plan had been developed in the absence of completing the self-assessment. We noted through review of the MHWSG meeting minutes for December 2020 that the Vice Chair had expressed the desire to benchmark the Action Plan against the Self-Assessment however to date this has not happened. Therefore, there currently remains a risk that the Action Plan is not in keeping with national best practice.

Management Action 2	<p>The Service will complete the Oscar Kilo Blue Light Framework Self-Assessment to inform the revision of the existing MIND Blue Light Wellbeing Pledge Action Plan, including additional actions and updated timescales to address backlog of action implementation.</p> <p>Following this, the Service will monitor progress of the Action Plan through the Mental Health and Wellbeing Steering Group on a bi-monthly basis.</p>	Responsible Owner: Ruth Howe, Occupational Health and Fitness Advisor	Date: 31 August 2021	Priority: Medium
----------------------------	--	---	--------------------------------	----------------------------

4. TRiM – Sample Testing	Assessment:
---------------------------------	--------------------

Control	<p>The Service have adopted the TRiM Model to support staff and officers in normalising traumatic incidents. TRiM assessment is managed by TRiM Practitioners within the Service’s TRiM Team.</p> <p>Following a traumatic incident, the Crew Manager is responsible for defusing the crew in the first instance. The defusing Crew Manager then completes a MED 22A form to indicate initial observations of crew reaction post-incident. The completed form is emailed to Occupational Health and Fitness Department and subsequently passed onto the TRiM Practitioners, who contact those affected to remind them of the support available. Informal meetings are then arranged with those who wish to participate in the TRiM process. A record of whether a TRiM meeting has taken place is documented in the TRiM Contact Activity Log.</p> <p>After a TRiM meeting, or upon request by peers, a follow up email is sent out to those affected one month after the incident to gauge if they are normalising the traumatic incident and whether a referral should be recommended. Participation of affected staff and officers in the TRiM process is entirely voluntary.</p>	Design	✓
		Compliance	×

Findings / Implications	<p>The Service have adopted the TRiM Model, a peer support system. Through testing of five TRiM contact activities, we confirmed that:</p> <ul style="list-style-type: none"> • In one instance the correct process had been followed with evidence retained to show that the TRiM Practitioner contact the affected individuals upon receipt of a completed MED 22A return; • In three instances the TRiM Practitioner contacted the affected individuals without receipt of a completed MED 22A return; and • In one instance, the relevant email trails could not be located to enable testing. <p>We also confirmed in all instances that none of the affected individuals contacted had accepted to take part in a TRiM assessment. Therefore, no further records of subsequent TRiM assessment and referral and ensured follow up were available for review.</p> <p>Through discussion with the Service Fitness Advisor, we were advised that TRiM Practitioners often make the judgement to contact potentially affected individuals within the Service based on the tip sheet records which log incoming 999 incident calls rather than only</p>
--------------------------------	---

relying on MED 22A form return. We were further advised by the Service Fitness Advisor that tip sheets are not required to be retained for TRiM purposes.

Whilst we acknowledged it is a good practice for TRiM Practitioners to proactively engage individuals they deem a risk even without a MED 22A return, which may not be submitted if a defuse was deemed unnecessary; in the absence of retained tip sheets and email correspondence, there is a risk that the Service cannot be assured that all potentially affected individuals who should have been contacted have indeed been contacted.

We received TRiM-specific comments from the survey which expressed views for increasing the number of TRiM Practitioners and greater inclusion of support staff in the TRiM service. By increasing the number of TRiM Practitioners, it may help better facilitate the service and support a greater number of staff.

Management Action 4	<p>The Service will devise a means by which the TRiM Contact Activity Log can be reconciled with the sources of contact, such as tip sheets, so to take assurance that all potentially affected staff and officers are engaged by the TRiM Team.</p> <p>Further to this, the Service will also consider capturing and analysing TRiM statistics, such as response rate, to explore means to improve staff utilisation of TRiM support.</p>	<p>Responsible Owner: Ruth Howe, Occupational Health and Fitness Manager</p>	<p>Date: 31 August 2021</p>	<p>Priority: Medium</p>
----------------------------	--	---	--	------------------------------------

5. Mental Health and Wellbeing Steering Group		Assessment:	
---	--	-------------	--

Control	<p>The Service established a Mental Health and Wellbeing Steering Group (MHWSG) in October 2020 The MHWSG is chaired by the Assistant Chief Fire Officer and has membership such as OH and Fitness Manager. The MHWSG is responsible for steering the culture of the organisation and explore all aspects of mental health and wellbeing, including provision, engagement, training and policy. The MHWSG meets every two months and meeting minutes and an action log are recorded after each meeting.</p>	<p>Design</p>	×
		<p>Compliance</p>	N/A

Findings / Implications We confirmed through review of the MHWSG meeting minutes for October and December 2020 that such a working group had been established in line with the Action Plan. We confirmed through review of the minutes that wellbeing related matters had been discussed, such as completing the Oscar Kilo Blue Light Framework Self-Assessment to inform the Action Plan revision and procuring further wellbeing training from Fire Fighters Charity, a wellbeing training provider.

We confirmed through review of the meeting minutes and resultant action logs that actions had been followed through in meetings. We also confirmed through review of the action logs that they had been updated after each meeting to reflect completion and addition items, with each individual action assigned an action owner and the next meeting date as the target completion date, unless otherwise stated. In addition, we were advised by the Service Fitness Advisor that the MHWSG do not have a formal reporting line upward to senior forums,

but noting that the Vice Chair and Chair of the working group both sit on the CMT, we deemed such governance structure to be sufficient to allow information flow from the MHWST to CMT as needed.

However, we were further advised by the Service Fitness Advisor that the MHWST ToR was in the process of being drafted at the time of the audit, and therefore we were unable to provide assurance over the adequacy of the content therein. We noted through review of the MHWST action log for December 2020 that the Service Fitness Advisor had been tasked to complete the draft ToR by mid-February 2021. Nonetheless, there remains a risk that the MHWST is unaware of their remits, leading to inefficient discharge of roles and responsibilities.

Management Action 5

The Service will ensure that a Terms of Reference for the Mental Health and Wellbeing Steering Group is developed and approved by an appropriate forum, to include contents such as, but not limited to;

- roles and responsibilities,
- quorum,
- meeting frequency,
- membership, and;
- reporting requirements to senior forums, if applicable.

Responsible Owner:

Ruth Howe, OH and Fitness Manager
 Ian Hammett, Service Fitness Advisor

Date:

31 March 2021

Priority:

Medium

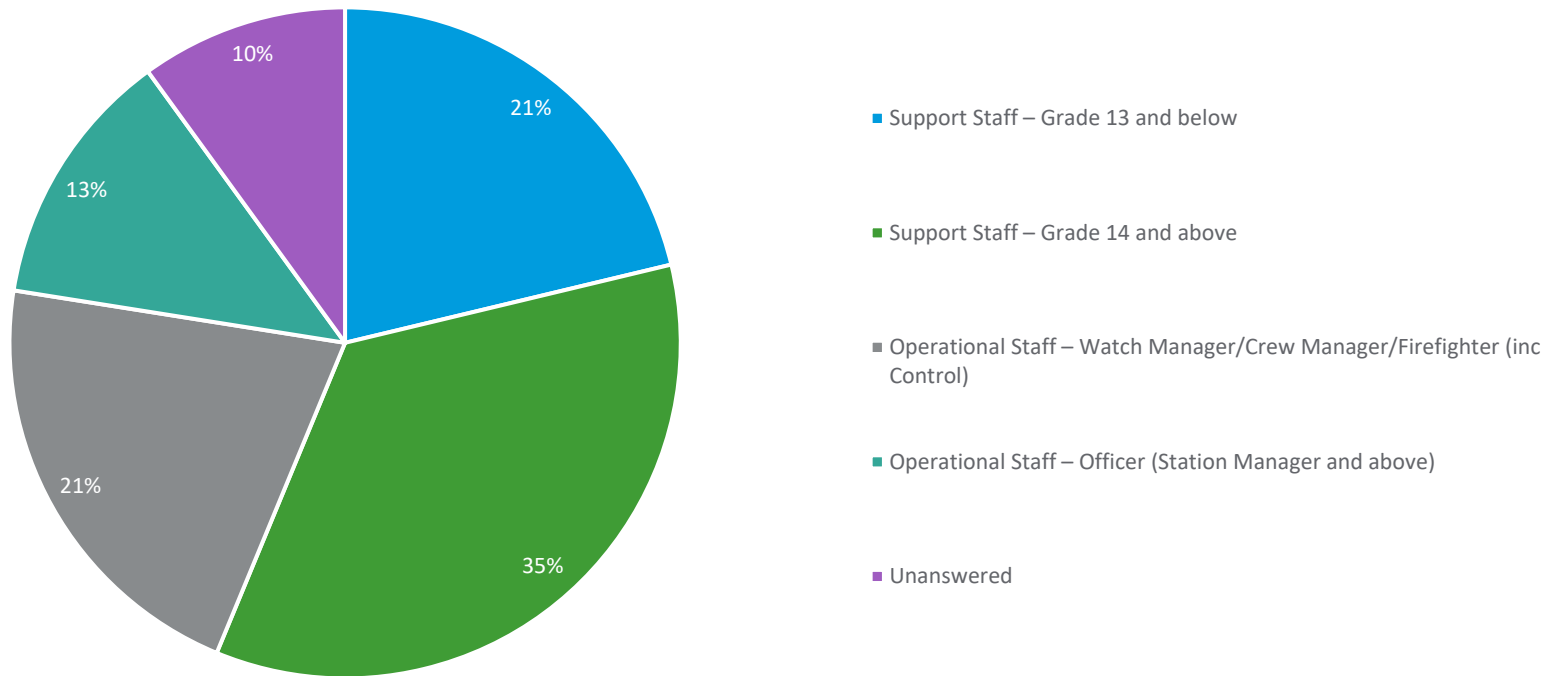
APPENDIX A: RESULTS OF SURVEY

We circulated a questionnaire to staff and officers at the Service to understand their perception on the current mechanisms in place with regards to wellbeing.

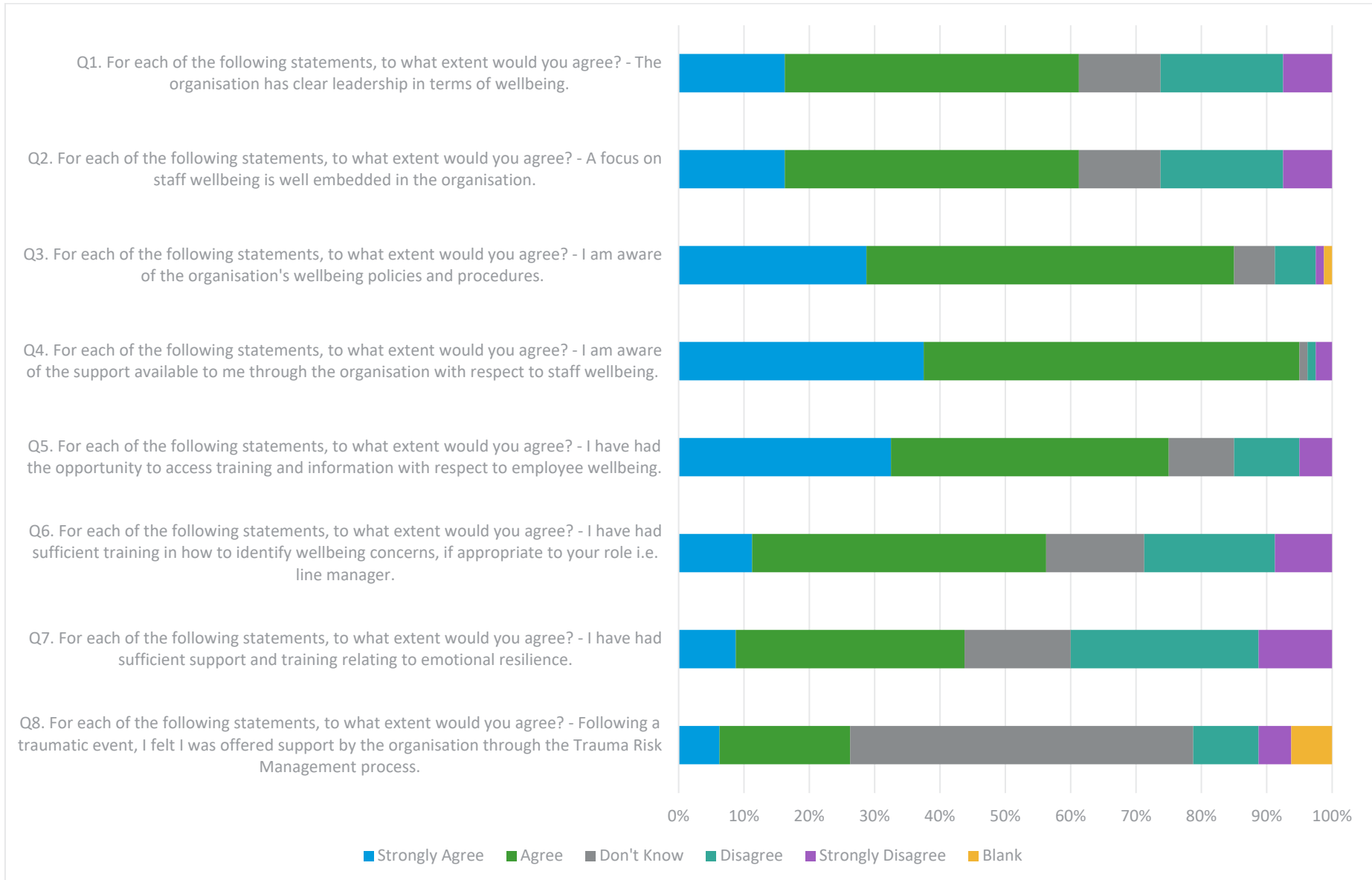
1. Staff Group Distribution of Respondents

Our survey was distributed to all staff and we had a total of 80 responses which are detailed below. We have also provided management with further analysis and specific commentary from respondents on elements for improvement, for the Service to consider and action.

Graph 1. Staff Group Distribution of Respondents, as at 9 February 2021



2. Response Summary



APPENDIX B: BENCHMARKING

We benchmarked the Service’s practice with a comparable Fire and Rescue Service, Client A, within our client base and noted the following difference:

TRiM Process

Control

Bedfordshire Fire and Rescue Service

The Service have adopted the TRiM Model to support staff and officers in normalising traumatic incidents. TRiM assessment is managed by TRiM Practitioners within the Service’s TRiM Team.

Following a traumatic incident, the Crew Manager is responsible to defuse the crew in the first instance. The defusing Crew Manager then completes a MED 22A form to indicate initial observations of crew reaction post-incident. The completed form is emailed to Occupational Health and Fitness Department and subsequently passed onto the TRiM Practitioners, who contact those affected to remind them of the support available. Informal meetings are then arranged with those who wish to participate in the TRiM process. A record of whether a TRiM meeting has taken place is documented in the TRiM Contact Activity Log.

After a TRiM meeting, or upon request by peers, a follow up email is sent out to those affected one month after the incident to gauge if they are normalising the traumatic incident and whether a referral should be recommended. Participation of affected staff and officers in the TRiM process is entirely voluntary.

Client A

TRiM assessments are an assessment of risk to individuals following exposure to a traumatic event whilst at work such as death/collection of body parts. Where a major incident plan has been activated or **where there has been a near miss** to an individual or colleague, this is documented as part of the TRiM assessment.

TRiM assessments are managed by the Health and Safety department and a procedural document is in place within the department to document how these are to be managed.

Best Practice

Whilst the Service have a more detailed documented process for TRiM assessment, we observed better practice from Client A who records major incidents, as well as near misses. We deemed it would be beneficial for the Service to contact as wide a pool of potentially affected staff and officers of incidents and near misses as possible to encourage usage of the TRiM service. This coincides with Management Action 4 in the detailed findings, whereby the Service will devise a means by which the TRiM Contact Activity Log can be reconciled with the sources of contact, such as tip sheets, so to take assurance that all potentially affected staff and officers are engaged by the TRiM Team.

EXECUTIVE SUMMARY – SERVICE GOVERNANCE

With the use of emails for the transfer of information, and through electronic communication means, remote working has meant that we have been able to complete our audit and provide you with the assurances you require. It is these exceptional circumstances which mean that 100 per cent of our audit has been conducted remotely. Based on the information provided by you, we have been able to undertake our sample testing.

Why we completed this audit

We undertook an audit of Service Governance at Bedfordshire Fire and Rescue Service as part of the approved internal audit plan for 2020/21. The review focussed on the governance structure within the Service with a limited review of the Fire and Rescue Authority's Handbook, and the Executive, and Audit and Standards Committees' terms of reference following their restructure in 2020.

The Corporate Management Team (CMT) sits at the top of the governance structure within the Service with eight subgroups feeding into it. The Service also has other formal meeting groups which sit below the CMT subgroups.

As a result of the COVID-19 pandemic the Service Pandemic Planning Group (SPPG) has been established which meets to review and monitor the Service's response to the pandemic, for example monitoring and managing staff sickness. However, there have been no other major changes to the Service's structure as a result of the COVID-19 pandemic.

Through the review we selected a sample of five meeting groups along with the SPPG and reviewed their terms of reference and the following meetings' papers, minutes and action logs as relevant:

- CMT - 22 December 2020, 5 and 19 January, and 2 and 16 February 2021;
- Corporate Programme Board (CPB) - November 2020 and February 2021;
- Information Management and Assurance Board (IMAB) - June, August and November 2020;
- Blue Light Collaboration Board (BLCB) - October and November 2020, and February 2021; and
- Local Pensions Board (LPB) - June and September 2020, and February 2021.

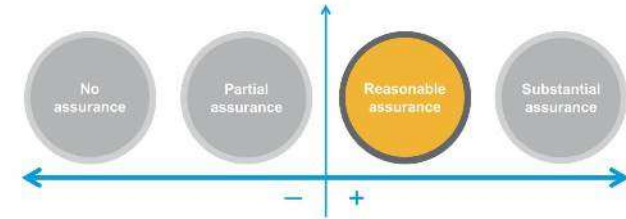
Conclusion

Our review confirmed that controls were generally well designed and complied with in relation to the Service's governance. We found that out of a sample of five meeting groups: four had a terms of reference; all were quorate or, where not quorate, no decisions were made; a sample of three responsibilities outlined in each of our sample of five groups' terms of reference were being met; and, actions were being routinely reviewed and added to a log. We also found that the Service Pandemic Planning Group had a terms of reference in place and they were meeting a sample of three of their responsibilities, and that the Fire and Rescue Authority and its committees had terms of reference in place with key information such as responsibilities, meeting frequencies and reporting arrangements.

However, we did find issues in relation to: the lack of a formal governance structure chart; three groups' terms of reference not including clear reporting and accountability lines and two not being regularly reviewed; meeting papers for the CMT not clearly indicating whether each item was for information only or required a decision; and conflicts of interest and quoracy were not being checked for all groups.

Internal audit opinion:

Taking account of the issues identified, the Authority can take reasonable assurance that the controls upon which the organisation relies to manage this area 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 this area.

**Key findings**

We identified the following weakness resulting in the agreement of three medium priority management action:

**Terms of Reference**

We requested the Terms of reference (ToR) for five meetings and the SPPG, however were not provided the IMAB ToR. There is a risk that the IMAB will not fulfil their purpose and responsibilities without a ToR which could affect the performance of the Service.

Through review of the ToR provided, we found the following:

- the CPB, BLCB, LBP and SPPG's ToR did not highlight clear reporting and accountability lines;
- the BLCB and SPPG's ToR did not include quorum requirements;
- the LPB's ToR included outdated guidance, for example that it will report to the FRA when structural changes mean it reports to the CMT;
- the BLCB and LPB's ToR had not been reviewed annually with the LPB and SPPG's ToR not specifying the next review date; and
- the SPPG's ToR did not include membership or required meeting frequencies.

The Service Assurance Manager advised us that the content issues were potentially due to each meeting group not utilising a standard template for ToR. There is a risk that the meeting groups are following outdated guidance and will not fulfil their expected responsibilities appropriately which could negatively impact the performance of the Service.

We have agreed a medium priority action in relation to our ToR findings to ensure that all groups have a ToR in place which includes minimum information, such as membership, reporting and accountability lines, and are regularly reviewed with review dates recorded. **(Medium)**

**Meeting Papers**

Meeting papers are used by the CMT with cover sheets indicating whether a decision is required or if the item is for information only. Through review of the last five sets of meeting papers for the CMT we found that only one report included in each of the 19 January 2021 and 2 February 2021 meetings included a cover sheet which stated whether a decision was required or the item was for information. We were advised by the Service Assurance Manager that the Service was trying to make the CMT's meetings less formal and more agile and as such the use of cover sheets for all reports may not be appropriate. Whilst this may not be required through cover sheet, it is important to be clear on the purpose of the paper and if a decision is to be made.

There is a risk that meeting time is not used efficiently or effectively as required where the required action on an item is not included and as such we have agreed a medium priority action to state on CMT agendas the type of item (report, verbal updated or presentation) as well as whether the item required a decision or is for information. **(Medium)**



Conflicts of Interest and Quoracy

Meeting groups within the Service do not require conflicts of interest to be declared as part of each meeting. Through review of the sampled LPB minutes, we found that conflicts of interest had been checked prior to each meeting starting. However, we found that the CMT, CPB, IMAB and BLCB did not check conflicts of interest prior to their meetings starting. We were advised by the Service Assurance Manager that staff are expected to declare conflicts of interest as part of their role, however there is no process in place to check conflicts declared previously ahead or as part of meetings within the governance structure.

There is a risk that inappropriate decisions will be made where conflicts of interest are not checked prior to a meeting starting and as such we agreed a medium priority action to document in each formal meeting group’s terms of reference that a check will be undertaken at the discretion of the chair depending on the planned agenda items. **(Medium)**

We noted the following controls to be adequately designed and operating effectively:



Terms of Reference - Responsibilities

Through review of the responsibilities for the four meeting groups in our sample that we received a ToR, we found that there were no clear areas of duplication or overlap.



Meeting Content

Through review of the papers for the CPB meetings we found that the reports included did not have a cover sheet. We also found through review of the papers for the IMAB, BLCB and LPB that the papers only included an agenda with no reports or other documents presented. We were advised by the Service Assurance Manager that groups below the CMT are not required to use meeting packs or cover sheets as the Service is trying to become more agile in response to HMICFRS findings that the Service spent too much time preparing for meetings and producing papers.



Quoracy

Quoracy requirements are included within terms of reference for formal meeting groups across the Service. We found through review of the minutes (or action logs) for the CPB, LPB, and four of CMT’s five tested minutes, that all of the meetings were quorate. For the final set of CMT minutes (22 December 2020) we found that they were not quorate. We reviewed the minutes for this CMT meeting and found that no decisions were made and that the ToR did not specify that the meeting must end should it not be quorate, in addition, due to the holiday period, there were several staff on leave. As this was the case, we have not raised an action in relation to this finding.

We were unable to test whether the BLCB and IMAB were quorate during their meetings as their terms of reference did not include their quorum requirements and these were not shared during the course of the audit, we have identified an issue above in relation to this.



Discharging Duties

Responsibilities are outlined within each group's ToR. As the ToR for the IMAB were not provided, they were excluded from this testing and an issue identified above in relation to this. Through review of a sample of three responsibilities from the ToR for each group in our remaining sample of four, we found that in all cases those responsibilities were being met.



Decisions and Actions

Action logs are maintained by each formal meeting group. We confirmed through review of the CMT's minutes for all meetings except for 5 January 2021 and the minutes for each of the IMAB, BLCB and LPB's meetings that their action log had been reviewed. As for the CMT's 5 January 2021 minutes, we found that all actions had been closed at the previous meeting and as such review of the action log was not required.

We also confirmed through comparison of the minutes and action logs for each group, that the action log had either been updated in line with minutes or it had been closed as there were no actions remaining on the log. The CPB was excluded from this testing as they only maintain an action and decision log and do not log minutes, however we noted the action log was updated with completed actions being closed, new actions being added, and decisions being logged for each meeting.



COVID-19 Pandemic - Service Pandemic Planning Group

We selected a sample of three responsibilities from the SPPG ToR and found through review of the last five minutes, for 27 January and, 3, 10, 17 and 24 February 2021 that they were meeting these responsibilities and fulfilling their duties as required..



Fire and Rescue Authority and its Committees

We confirmed through review of the Fire and Rescue Authority Handbook, and the Executive and Audit and Standards Committee's ToR that they included key information as expected to enable them to guide the forums in their duties, and were in date being recently reviewed.

We have also agreed six 'Low' priority management actions which can be found in section two – detailed findings and actions below.

2. DETAILED FINDINGS AND ACTIONS

This report has been prepared by exception. Therefore, we have included in this section, only those areas of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

Terms of Reference	
Control	<p>Formal meeting groups within the Service have a ToR in place. The ToR outline the following:</p> <ul style="list-style-type: none"> • roles and responsibilities; • membership; • accountability and reporting lines; • quorum requirements; • meeting frequencies; and • when the ToR will be reviewed.
	<p>Assessment:</p> <p>Design ✓</p> <p>Compliance ×</p>
Findings / Implications	<p>Terms of Reference Available</p> <p>We selected a sample of six Service governance meeting groups, as follows; CMT; CPB; IMAB; BLCB; LPB; and SPPG. We requested a copy of the terms of reference for each group, however we were not provided with this for the IMAB.</p> <p>There is a risk that the IMAB will not fulfil their purpose and responsibilities without a ToR which could affect the performance of the Service.</p>
Findings / Implications	<p>Content</p> <p>We confirmed through review of our sample of five terms of reference that in one case, the CMT, key information, such as meeting frequency, reporting and accountability lines and next review date had been included in the ToR. Through review of the remaining four, we found the following:</p> <ul style="list-style-type: none"> • the CPB and LPB did not highlight clear reporting and accountability lines; • the BLCB did not include quorum requirements or clear reporting and accountability lines; and • the SPPG did not include membership, accountability and reporting lines, quorum requirements and meeting frequencies. <p>If ToR do not document all required information, there is a risk that the meeting groups will not fulfil their responsibilities which could negatively impact the performance of the Service.</p>
Findings / Implications	<p>Regular Review</p> <p>We confirmed through review of our sample of five meeting groups that two, the CMT and CPB, had been recently reviewed and specified a next review date. For the remaining three we noted the following:</p> <ul style="list-style-type: none"> • the BLCB's ToR documented that they were last reviewed in February 2018 but did specify that they would be reviewed annually; • the LPB's ToR were last reviewed in August 2015 but did not specify a date of next review; and • the SPPG's ToR did not specify a last or next review date.

Terms of Reference

We also found that the LPB's ToR referred to reporting into the Fire and Rescue Authority, however we were advised by the Service Assurance Manager that the Board now sits below the CMT.

If ToR are not subject to regular review, there is a risk that meeting groups are following outdated guidance and responsibilities which are no longer reflective of the Service's governance structure. This could lead duplication in the governance structure and inefficient decision making.

<p>Management Action 2</p>	<p>The Service will ensure that a terms of reference (ToR) is in place for all formal meeting groups, including the Information Management and Assurance Board, and that they have:</p> <ul style="list-style-type: none"> • responsibilities; • membership; • meeting frequency; • quorum requirements; • reporting and accountability lines, frequency and nature; and • been recently reviewed, specify this date and a date of next review. <p>As part of this, it will be considered whether a standard template could be used across each meeting group using, for example the Corporate Programme Board's ToR.</p>	<p>Responsible Owner: Head of Governance and Asset Management</p>	<p>Date: 31 July 2021</p>	<p>Priority: Medium</p>
-----------------------------------	---	--	--------------------------------------	------------------------------------

Meeting Papers

<p>Control</p>	<p>Meeting papers are used by the Corporate Management Team but not by other formal meeting groups within the Service.</p> <p>Cover sheets are also used for each item to be presented and include an indication of whether a decision is required or items are for information only.</p>	<p>Assessment:</p> <table border="0"> <tr> <td>Design</td> <td style="text-align: center;">✓</td> </tr> <tr> <td>Compliance</td> <td style="text-align: center;">x</td> </tr> </table>	Design	✓	Compliance	x
Design	✓					
Compliance	x					

<p>Findings / Implications</p>	<p>We found through review of the CMT's meeting papers for 19 January and 2 February 2021 that one paper included a cover sheet which had been completed, including whether the item was for information or required a decision. However, during review of the remaining papers for the CMT from 22 December 2020, and 5 January and 16 February 2021, we found that the reports included did not have a cover sheet.</p> <p>We were advised by the Service Assurance Manager that the Service was trying to make the CMT's meetings less formal and more agile and as such the use of cover sheets for all reports may not be appropriate. Whilst this may not be required through cover sheet, it is important to be clear on the purpose of the paper and if a decision is to be made.</p>
---------------------------------------	---

Meeting Papers

There is a risk that meeting time is not used efficiently which could mean that important information is not brought to the attention of the attendees and required decisions are not made.

This weakness was highlighted as part of a later finding in relation to actions and decisions, where we noted that a decision was required according to the CMT's 2 February 2021 meeting papers, however whether a decision was made was not recorded within the minutes despite the item being presented.

Further detail can be found as part of the Decision and Actions finding below.

Management Action 3	The Service will add to the Corporate Management Team agendas, the nature of each agenda item (presentation, report or verbal) and whether the item is for information only or a decision is required. Where a decision is required this will be documented within the minutes (the outcome or whether it has been postponed).	Responsible Owner: Head of Governance and Asset Management	Date: 31 May 2021	Priority: Medium
----------------------------	---	--	-----------------------------	----------------------------

Conflicts of Interest and Quoracy

Control	Not all formal meeting groups within the Service require conflicts of interest to be declared as part of each meeting. Staff are expected to have already declared interests as part of their role, where required. Quoracy requirements are included in terms of reference but are not formally checked by all meeting groups for compliance prior to the start of each meeting.	Assessment: Design × Compliance N/A
----------------	--	--

Findings / Implications	Conflicts of Interest We noted during review of the last three minutes for the LPB that conflicts of interest had been checked prior to each meeting starting. However, we confirmed through review of the meeting minutes for the CMT, CPB, IMAB, BLCB and SPPG that conflicts of interest were not checked prior to each meeting starting. We were advised by the Service Assurance Manager that staff are expected to declare conflicts of interest as part of their role and abstain from related agenda items, however there is no process in place to check conflicts declared previously ahead or as part of meetings within the Service's governance structure. There is a risk that inappropriate decisions will be made where conflicts of interest are not checked prior to a meeting starting, giving staff the opportunity to abstain from relevant agenda items.
--------------------------------	--

Management Action 4	The Service will ensure that each formal meeting group within the Service document in their terms of reference that at the Chair's discretion conflicts of interest will be checked prior to the start of a meeting depending the nature of the agenda items.	Responsible Owner: Head of Governance and Asset Management	Date: 31 July 2021	Priority: Medium
----------------------------	---	--	------------------------------	----------------------------

Conflicts of Interest and Quoracy

Where it is required to be checked this, and any conflicts identified and action taken, will be recorded within the minutes.

Findings / Implications

Meeting Quoracy

We understand that compliance with quoracy of checked at the start of each meeting. With any exceptions being documented.

Through review of the standing agenda for the CPB's November 2020 and February 2021 meetings we found that there was an item to check whether the meeting was quorate. As the CPB do not maintain minutes, we were unable to confirm whether this check had been complied with.

Through review of all the minutes for the remainder of our sample, we found that a check of whether the meeting was quorate was not evidenced as undertaken, despite all but the BLCB and SPPG outlining quorum requirements within their ToR. We were advised by the Service Assurance Manager that there was no particular reason for this, and it should be checked prior to each meeting starting.

There is a risk that inappropriate or incorrect decisions are made where a sufficient mix or number of members are not in attendance.

There is a reduced risk as we found that the CPB, IMAB and LPB were quorate for each of their meetings reviewed during testing, as well as the CMT at their 5 and 19 January, and, 2 and 16 February 2021 meetings.

EXECUTIVE SUMMARY – FOLLOW UP

Background

As part of the approved internal audit periodic plan for 2020/21. We have undertaken a review to follow up on progress made to implement the previously agreed management actions from the following audits:

- Asset Management – Asset Tracking (5.19.20)
- Follow Up – Operational Business Continuity and Property – Statutory Compliance (6.19.20)
- Mobilising System Project (8.19.20)
- Environmental Strategy and De-Polluted Scrap Vehicles (10.19.20)
- Use of Risk Information (1.20.21)
- Risk Management (2.20.21)
- Procurement – Proactive Processes and Remedial Action (3.20.21)
- Key Financial Controls (6.20.21)

Our audit review has focused on the implementation of the high and medium priority actions only, within the audits listed above this includes one high and 18 medium priority actions.

Conclusion

Taking account of the issues identified in the remainder of the report, in our opinion Bedfordshire Fire & Rescue Authority has demonstrated **reasonable progress** in implementing agreed management actions.

Of the 19 actions followed up, 14 had been implemented, one had been superseded, three were in the process of being implemented, and one had not yet been implemented. Those in progress related to: implementing a consistent stock check process, documenting approval of the Procurement Activity Plan and Contracts Commissioning Review, and periodic reporting of progress on the Procurement Activity Plan and Contract Commissioning Review. The remaining action not yet implemented related to tracking stock movements which was delayed due to the ongoing system transfer to BlueLight.

1.1 Action tracking

Action tracking enhances an organisation's risk management and governance processes. It provides management with a method to record the implementation status of actions made by assurance providers, whilst allowing the Audit & Standards Committee to monitor actions taken by management. As part of our Follow Up review, we have verified this information and completed audit testing to confirm the level of implementation stated and compliance with controls.

Action tracking is undertaken by Bedfordshire Fire & Rescue Authority's management on a regular basis, with an update provided to the Audit & Standards Committee at each meeting. As part of our Follow Up review, we have verified this information and completed audit testing to confirm the level of implementation stated and compliance with controls.

We were able to verify that the status of implementation of management actions, as reported to the Audit & Standards Committee via the internal action tracking process, is accurate for the following audits:

- Follow Up – Operational Business Continuity and Property – Statutory Compliance (6.19.20)
- Mobilising System Project (8.19.20)
- Environmental Strategy and De-Polluted Scrap Vehicles (10.19.20)
- Use of Risk Information (1.20.21)
- Risk Management (2.20.21)
- Key Financial Controls (6.20.21)

For the four actions outstanding (three in progress and one not started) relating to the Asset Management audit, Risk Management Audit and Procurement audit we noted these had been reported to the Audit & Standards Committee as complete, however, our findings did not support this. We identified differences as follows:

- Asset Management – Asset Tracking (5.19.20) - We were informed that the action around stock checks was complete, however our testing found they were not consistently documenting the discrepancy reconciliations to provide assurance over the completion hence why we have identified it as in progress, but the action has been downgraded to a Low.
- Asset Management – Asset Tracking (5.19.20) – We understand this had been closed off as management felt it was superseded due to implementation of the new system. However through our review and discussion with management it was agreed that the Authority must ensure the area of weakness and risk is addressed with the new system implementation, and so we have updated the action to reflect this and downgraded this to a Low.
- Procurement – Proactive Processes and Remedial Action (3.20.21) - The Procurement Activity Plan and Contracts Commissioning Review approval was recorded as complete, however, for the Contracts Commissioning Review whilst this was presented to CMT, formal approval was not documented. For the Procurement Activity Plan management agreed this still needs to be formally approved.
- Procurement – Proactive Processes and Remedial Action (3.20.21) - Only the Contract Commissioning Review Plan had been presented with management confirming they are still in the process of starting up the review process for the Procurement Activity Plan including an annual summary report once the approvals are in place.

Management must ensure that all elements of the action are fully completed, and / or risk mitigated prior to closing actions.

Progress on actions

The following table includes details of the status of each management action:

Implementation status by review	Status of management actions					
	Number of actions agreed	Impl. (1)	Impl. ongoing (2)	Not impl. (3)	Superseded (4)	Completed or no longer necessary (1) + (4)
Asset Management – Asset Tracking	3	0	1	1	1	1
Follow Up – Operational Business Continuity and Property – Statutory Compliance	3	3	0	0	0	3
Mobilising System Project	1	1	0	0	0	1
Environmental Strategy and De-Polluted Scrap Vehicles	1	1	0	0	0	1
Use of Risk Information	1	1	0	0	0	1
Risk Management	4	4	9	0	0	4
Procurement – Proactive Processes and Remedial Action	5	3	2	0	0	3
Key Financial Controls	1	1	0	0	0	1
Total	19	14	3	1	1	15

2 FINDINGS AND MANAGEMENT ACTIONS

Status	Detail
1	The entire action has been fully implemented.
2	The action has been partly though not yet fully implemented.
3	The action has not been implemented.

Asset Management – Asset Tracking (5.19.20)

Original management action / priority	The Authority will ensure that when stock items issued from stores to their final destination, the stock system and individual station equipment lists are correctly coded to show the movements. Evidence of the local stock list including correct location coding should be available where required. Training around issuing stock and recording this on the system will also be delivered for members of staff responsible for each store. (Medium, 30 September 2020)
--	---

Audit finding / status	We were informed by the Transport and Engineering Manager that this action has not yet been implemented due to the ongoing system transfer to BlueLight. The action has not been implemented.
-------------------------------	---

Management Action 2	When BlueLight has been implemented the Authority will ensure that when stock items are issued from stores to their final destination, the stock system and individual station equipment lists are correctly coded to show the movements. Evidence of the local stock list including correct location coding should be available where required. Training around issuing stock and recording this on the system will also be delivered for members of staff responsible for each store.	Responsible Owner: Head of Governance and Asset Management	Date: 1 April 2022	Priority: Medium
----------------------------	--	--	------------------------------	----------------------------

Procurement – Proactive Processes and Remedial Actions (3.20,21)

Original management action / priority Progress against the Procurement Activity Plan and the Contracts Commissioning Review Plan, as well as reporting on compliance audit results and significant tender waivers will be reported quarterly to CMT. An annual summary report on procurement activity will be presented to the Audit and Standards Committee for oversight. **(Medium, 31 January 2021)**

Audit finding / status We received the CMT meeting minutes for September 2020, November 2020, December 2020 and February 2021 and through review we confirmed that the Contracts Commissioning Review Plan had been presented for discussion in February 2021, however we could not see evidence of the Procurement Activity Plan progress being presented or reviewed. We could also not see any evidence of reporting on compliance audit results or significant tender waivers within the last quarter on review of the minutes.
 We were informed by the Head of Governance, Assets, Procurement and Collaboration that the annual summary had not yet been implemented at the time of the audit, therefore this is still outstanding.
The implementation of the action is ongoing.

Management Action 4	Progress against the Procurement Activity Plan and the Contracts Commissioning Review Plan, as well as reporting on compliance audit results and significant tender waivers will be reported quarterly to CMT.	Responsible Owner: Head of Governance and Asset Management	Date: 30 November 2021	Priority: Medium
	An annual summary report on procurement activity will be presented to the Audit and Standards Committee for oversight.			

For more information contact

Name: Dan Harris, Head of Internal Audit

Email address: daniel.harris@rsmuk.com

Telephone number: 07792 948767

Name: Suzanne Rowlett, Senior Manager

Email address: suzanne.rowlett@rsmuk.com

Telephone number: 07720 508148

rsmuk.com

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.

For Publication

Bedfordshire Fire and Rescue Authority
Audit and Standards Committee
14 July 2021

REPORT AUTHOR: CHIEF FIRE OFFICER

SUBJECT: INTERNAL AUDIT STRATEGY 2021/22

For further information on this report contact: Nicky Upton
Democratic and Regulatory Services Supervisor

Background Papers: Internal Audit Strategy 2020/21 to 2022/2023

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 three year Internal Audit Strategy for 2021/22 to 2022/2023.

RECOMMENDATION:

That the submitted report be considered and the audit plan for 2021/22 be approved.

1. Introduction

A report by RSM on the approach to developing the Fire and Rescue Authority's internal audit strategy for 2021/22 to 2022/2023, and a plan for 2021/22, is appended for Members' consideration.

ANDREW HOPKINSON
CHIEF FIRE OFFICER

BEDFORDSHIRE FIRE & RESCUE AUTHORITY

Internal Audit Plan 2021 - 2022

Presented at the Audit and Standards Committee meeting of: 14 July 2021

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.

EXECUTIVE SUMMARY

In preparing our Internal Audit Plan for 2021/22 we have worked closely with management to produce an audit programme which remains mindful of the continuing developments and challenges around Covid-19. Whilst this plan is presented for consideration by the Audit and Standards Committee, we will continue to hold regular meetings with management, during the year, to deliver an internal audit programme which remains flexible and 'agile' to ensure it meets your needs in these ever changing circumstances.

The key points to note from our plan are:



2021/22 Internal Audit priorities: Internal audit activity for 2021/22 is based on analysing your service priorities and risk profile as well as other factors affecting you in the year ahead, including changes within the sector. Our detailed plan for 2021/22 is included at Section 1.



Level of Resource: The level of resource required to deliver the plan is consistent with 2020/21 and our day rates are in line with the recent tender submission. We will continue with our approach of using technology when undertaking our operational audits. During 2020/21 we embraced more ways of using technology to undertake our audit work including; the use of 4questionnaires, MS Teams meetings, secure web portals for audit data sharing (Huddle) and data analytics technology. This will strengthen sampling and focus our audit testing. Refer to Appendix A.



Core Assurance: In addition to our core audit areas, we have focused our coverage on key risks to the organisation such as implementation of the **Asset Management Cloud Based solution** and **Grey Book Retained Recruitment**, and also included area such as **Data Quality**, **Debrief and Organisational Learning** and **Management of Assets**.

CONTENTS

1. YOUR INTERNAL AUDIT PLAN 2021/22	4
2. INTERNAL AUDIT PLAN 2021/22.....	5
APPENDIX A: YOUR INTERNAL AUDIT SERVICE	7
APPENDIX B: INTERNAL AUDIT STRATEGY 2021/22 – 2022/23.....	8
APPENDIX C: INTERNAL AUDIT CHARTER.....	11
FOR FURTHER INFORMATION CONTACT	16

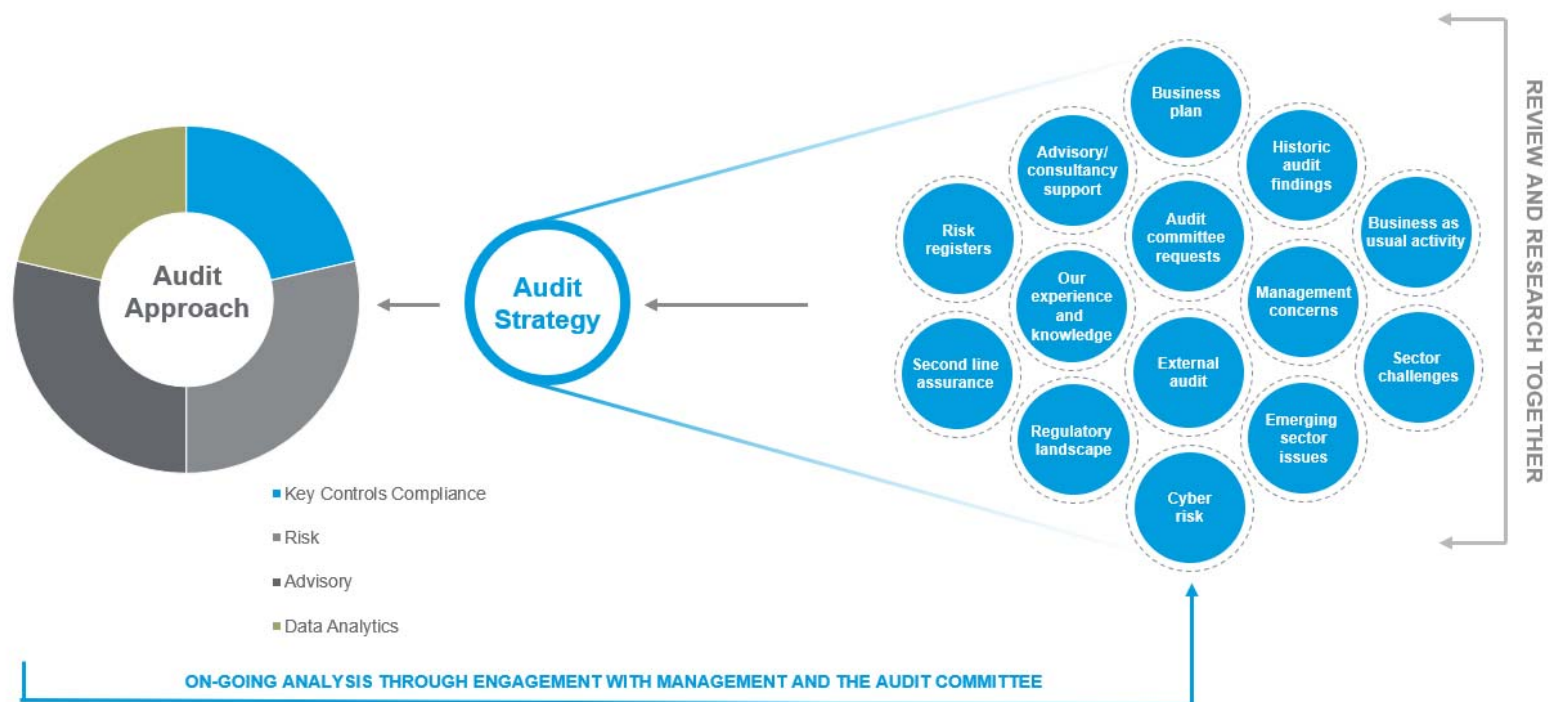
1. YOUR INTERNAL AUDIT PLAN 2021/22

Our approach to developing your internal audit plan is based on analysing your priorities, risk profile and assurance framework as well as other, factors affecting Bedfordshire Fire & Rescue Authority in the year ahead, including changes within the sector.

Risk management processes

We have evaluated your risk management processes and consider that we can place reliance on your risk registers to inform the internal audit strategy. We have used various sources of information (see Figure A below) and discussed priorities for internal audit coverage with Corporate Management Team and the Audit and Standards Committee.

Figure A: Audit considerations – sources considered when developing the Internal Audit Strategy.



Based on our understanding of the organisation, the information provided to us by stakeholders, and the regulatory requirements, we have developed an annual internal plan for the coming year and a high level strategic plan (see Section 2 and Appendix B for full details).

2. INTERNAL AUDIT PLAN 2021/22

The table below shows each of the reviews that we propose to undertake as part of the internal audit plan for 2021/22. The table details the corporate risks which may warrant internal audit coverage. This review of your risks allows us to ensure that the proposed plan will meet the organisation's assurance needs for the forthcoming and future years. As well as assignments designed to provide assurance or advisory input around specific risks, the strategy also includes: time to follow up actions and an audit management allocation.

Objective of the review (Corporate risk)	Audit approach	Fee	Proposed timing
<p>Human Resources – Grey Book Recruitment</p> <p>To review the processes in place in respect of recruitment for Grey Book roles including on call. This will focus on the methods for entry into the service, the transparency of the recruitment process and gateways into the different levels including how the Service ensure equality and diversity in the process.</p> <p><i>Risk: 1. The service does not have the capacity or capability to manage and lead service delivery requirements</i></p> <p><i>2. Failure to meet service delivery legislative prevention and protection requirements</i></p> <p><i>5. Inability to respond to a major operational incident</i></p> <p><i>6. Death or serious injury in the workplace due to BRFS activities</i></p>	Risk Based	£2,950	Q4
<p>Data Quality to support the Community Risk Management Plan</p> <p>To review how the Service is using data to drive decision making and changes going forward, with a focus on the Community Risk Management Plan and the data used to support the options and decisions. Where appropriate we will benchmark to other services.</p> <p><i>Risk: 7. Ensure that our data management arrangements are robust</i></p>	Risk Based	£2,900	Q3
<p>Management of Assets</p> <p>This review will focus on the Services radios (and potentially other assets as agreed) reviewing the policies and procedures around these and how these are being monitored and tracked.</p> <p><i>Risk 8. The Service fails to effectively provide, record, track and maintain its key assets and business critical equipment</i></p>	Risk Based	£1,950	TBC
<p>Risk Management</p> <p>We will consider the risk management arrangements to ensure that they support the business of the Authority and Service. This will include review of the new Corporate Risk Register and assessing the new processes which have been implemented including review of the risk management strategy, reporting and monitoring of risks, and whether these have been effectively embedded.</p>	Systems Based	£2,550	Q2/3
<p>Key Financial Controls</p> <p>To review the key controls within the finance system which produce the management accounts and Authority financial management information. The specific areas to be reviewed will be agreed with management prior to the start of the audit.</p> <p><i>Risk 4. Insufficient funds to deliver the organisations CRMP</i></p>	Key Controls Compliance	£3,500	Q3

Objective of the review (Corporate risk)	Audit approach	Fee	Proposed timing
Debrief and Organisational Learning We will look at the debrief process following incidents within the Service as well as organisational and multiagency learning assessing how the Service identify lessons learnt and act on these going forwards.	Systems Based	£3,250	Q1/2
Other Internal Audit Activity			
Follow up To meet internal auditing standards, and to provide assurance on action taken to address recommendations previously agreed by management.	Follow up	£1,650	Q4
Audit Strategy / Annual Report This will include: <ul style="list-style-type: none"> Internal Audit Needs Assessment / Strategic and Annual Internal Audit Plans Preparation of the annual internal audit opinion 	N/A	£2,725	Throughout the year
Management This will include: <ul style="list-style-type: none"> Planning and finalisation of reports; Ongoing liaison meetings and calls, and progress reporting; and Preparation for and attendance at Overview & Scrutiny Committee. 	N/A	£5,600	Throughout the year
Total		£27,075	

A detailed planning process will be completed for each review, and the final scope will be documented in an Assignment Planning Sheet. This will be issued to the key stakeholders for each review.

2.1 Working with other assurance providers

The Audit and Standards Committee is reminded that internal audit is only one source of assurance and through the delivery of our plan we will not, and do not, seek to cover all risks and processes within the organisation.

We will however continue to work closely with other assurance providers, such as external audit to ensure that duplication is minimised, and a suitable breadth of assurance obtained.

APPENDIX A: YOUR INTERNAL AUDIT SERVICE

Your internal audit service is provided by RSM Risk Assurance Services LLP. The team will be led by Daniel Harris as your Head of Internal Audit, supported by Suzanne Rowlett as your senior manager and Fiona Ho as your assistant manager.

Core team

The delivery of the 2021/22 audit plan will be based around a core team. However, we will complement the team with additional specialist skills where required.

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 and Standards 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.

Conflicts of interest

We are not aware of any relationships that may affect the independence and objectivity of the team, and which are required to be disclosed under internal auditing standards.

APPENDIX B: INTERNAL AUDIT STRATEGY 2021/22 – 2022/23

The table below shows an overview of the audit coverage to be provided through RSM's delivery of the internal audit strategy. This has been derived from the process outlined in Section 1 above, as well as our own view of the risks facing the sector as a whole.

Assurance Provided	
	Red - Minimal Assurance / Poor Progress
	Amber/red - Partial Assurance / Little Progress
	Amber/green - Reasonable Assurance / Reasonable Progress
	Green - Substantial Assurance / Good Progress
	Advisory / AUP
	IDEA



Audit Area

Risk Based

Asset Management	CRR2 CRR8					*	(Cloud Based solution – to be linked with Fleet Management)
Collection / Use of Risk Information	CRR1						*
ICT – Cyber Security	CRR3			Advisory	Advisory		*
Human Resources 2020/21 - Recruitment & Wellbeing	CRR1 CRR2 CRR5 CRR6				Support Recruitment	✓	*

2021/22 – Grey Book Recruitment				Wellbeing		
2022/23 - Succession Planning & Retained Recruitment				Advisory		
Community Risk Management Plan	CRR4 CRR5					*
Data Quality	CRR7				✓	
General Data Protection Regulation (GDPR)	CRR2					*
Management of Assets	CRR8				✓	
Core Assurance						
Governance						✓
Risk Management			Advisory		✓	✓
Key Financial Controls	CRR4				✓	✓
Other Internal Audit Activity						
Procurement						
Risk Protection Pool						*
Stock Control						*
Mobilising System Project						
Operational Business Continuity						*

Property - Statutory Compliance						*
Change Management - Benefits Realisation						*
Environmental Review						*
Debrief and Organisational Learning					✓	
Follow Up		Reasonable progress	Reasonable progress	Reasonable progress	✓	✓

* These audits have been identified by management as areas to consider when completing the audit planning for 2022/23. The risk based audits will be reviewed in conjunction with the updated risk register to ensure these are aligned.

APPENDIX C: INTERNAL AUDIT CHARTER

Need for the charter

This charter establishes the purpose, authority and responsibilities for the internal audit service for Bedfordshire Fire & Rescue Authority. The establishment of a charter is a requirement of the Public Sector Internal Audit Standards (PSIAS) and approval of the charter is the responsibility of the Audit and Standards committee

The internal audit service is provided by RSM Risk Assurance Services LLP (“RSM”).

We plan and perform our internal audit work with a view to reviewing and evaluating the risk management, control and governance arrangements that the organisation has in place, focusing in particular on how these arrangements help you to achieve its objectives. The PSIAS encompass the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF) as follows:

- Core principles for the professional practice of internal auditing;
- Definition of internal auditing;
- Code of ethics; and
- The Standards.

Mission of internal audit

As set out in the PSIAS, the mission articulates what internal audit aspires to accomplish within an organisation. Its place in the IPPF is deliberate, demonstrating how practitioners should leverage the entire framework to facilitate their ability to achieve the mission.

“To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight”.

Independence and ethics

To provide for the independence of internal audit, its personnel report directly to the Partner, Daniel Harris (acting as your head of internal audit). The independence of RSM is assured by the internal audit service reporting to the Chief Fire Officer, with further reporting lines to the Assistant Chief Officer – Finance and Corporate Services.

The head of internal audit has unrestricted access to the chair of Audit and Standards Committee to whom all significant concerns relating to the adequacy and effectiveness of risk management activities, internal control and governance are reported.

Conflicts of interest may arise where RSM provides services other than internal audit to Bedfordshire Fire & Rescue Authority. Steps will be taken to avoid or manage transparently and openly such conflicts of interest so that there is no real or perceived threat or impairment to independence in providing the internal audit service. If a potential conflict arises through the provision of other services, disclosure will be reported to the Audit and Standards committee. The nature of the disclosure will depend upon the potential impairment and it is important that our role does not appear to be compromised in reporting the matter to the Audit and Standards committee. Equally we do not want the organisation to be deprived of wider RSM expertise and will therefore raise awareness without compromising our independence.

Responsibilities

In providing your outsourced internal audit service, RSM has a responsibility to:

- Develop a flexible and risk based internal audit strategy with more detailed annual audit plans. The plan will be submitted to the Audit and Standards Committee for review and approval each year before work commences on delivery of that plan.
- Implement the internal audit plan as approved, including any additional tasks requested by management and the Audit and Standards Committee.
- Ensure the internal audit team consists of professional audit staff with sufficient knowledge, skills, and experience.
- Establish a quality assurance and improvement program to ensure the quality and effective operation of internal audit activities.
- Perform advisory activities where appropriate, beyond internal audit's assurance services, to assist management in meeting its objectives.
- Bring a systematic disciplined approach to evaluate and report on the effectiveness of risk management, internal control and governance processes.
- Highlight control weaknesses and required associated improvements together with corrective action recommended to management based on an acceptable and practicable timeframe.
- Undertake follow up reviews to ensure management has implemented agreed internal control improvements within specified and agreed timeframes.
- Report regularly to the Audit and Standards Committee to demonstrate the performance of the internal audit service.

For clarity, we have included the definition of 'internal audit', 'senior management' and 'Authority'.

- Internal audit – a department, division, team of consultant, or other practitioner (s) that provides independent, objective assurance and consulting services designed to add value and improve an organisation's operations. The internal audit activity helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.
- Senior management who are the team of individuals at the highest level of organisational management who have the day-to-day responsibilities for managing the organisation.

- Authority - The highest level governing body charged with the responsibility to direct and/or oversee the organisation's activities and hold organisational management accountable. Furthermore, "Authority" may refer to a committee or another body to which the governing body has delegated certain functions (eg an Audit and Standards committee).

Client care standards

In delivering our services we require full cooperation from key stakeholders and relevant business areas to ensure a smooth delivery of the plan. We proposed the following KPIs for monitoring the delivery of the internal audit service:

- Discussions with senior staff at the client take place to confirm the scope six weeks before the agreed audit start date.
- Key information such as: the draft assignment planning sheet are issued by RSM to the key auditee six weeks before the agreed start date.
- The lead auditor to contact the client to confirm logistical arrangements at least 15 working days before the commencement of the audit fieldwork to confirm practical arrangements, appointments, debrief date etc.
- Fieldwork takes place on agreed dates with key issues flagged up immediately.
- A debrief meeting will be held with audit sponsor at the end of fieldwork or within a reasonable time frame.
- Draft reports will be issued within 10 working days of the debrief meeting and will be issued by RSM to the agreed distribution list / Huddle.
- Management responses to the draft report should be submitted to RSM.
- Within three working days of receipt of client responses the final report will be issued by RSM to the assignment sponsor and any other agreed recipients of the report.



We continue to closely monitor and implement official guidelines from the Government and health organisations in respect of Covid-19. All our staff must adhere to the relevant RSM Policies, including limiting time on site and completing the relevant approvals prior to any site visit.

Authority

The internal audit team is authorised to:

- Have unrestricted access to all functions, records, property and personnel which it considers necessary to fulfil its function.
- Have full and free access to the Audit and Standards Committee.
- Allocate resources, set timeframes, define review areas, develop scopes of work and apply techniques to accomplish the overall internal audit objectives.

- Obtain the required assistance from personnel within the organisation where audits will be performed, including other specialised services from within or outside the organisation.

The head of internal audit and internal audit staff are not authorised to:

- Perform any operational duties associated with the organisation.
- Initiate or approve accounting transactions on behalf of the organisation.
- Direct the activities of any employee not employed by RSM unless specifically seconded to internal audit.

Reporting

An assignment report will be issued following each internal audit assignment. The report will be issued in draft for comment by management, and then issued as a final report to management, with the executive summary being provided to the Audit and Standards Committee. The final report will contain an action plan agreed with management to address any weaknesses identified by internal audit.

The internal audit service will issue progress reports to the Audit and Standards Committee and management summarising outcomes of audit activities, including follow up reviews.

As your internal audit provider, the assignment opinions that RSM provides the organisation during the year are part of the framework of assurances that assist the Authority in taking decisions and managing its risks.

As the provider of the internal audit service we are required to provide an annual opinion on the adequacy and effectiveness of the organisation's governance, risk management and control arrangements. In giving our opinion it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the Authority is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes. The annual opinion will be provided to the organisation by RSM Risk Assurance Services LLP at the financial year end. The results of internal audit reviews, and the annual opinion, should be used by management and the Authority to inform the organisation's annual governance statement.

Data protection

Internal audit files need to include sufficient, reliable, relevant and useful evidence in order to support our findings and conclusions. Personal data is not shared with unauthorised persons unless there is a valid and lawful requirement to do so. We are authorised as providers of internal audit services to our clients (through the firm's terms of business and our engagement letter) to have access to all necessary documentation from our clients needed to carry out our duties.

Quality Assurance and Improvement

As your external service provider of internal audit services, we have the responsibility for maintaining an effective internal audit activity. Under the standards, internal audit services are required to have an external quality assessment every five years. In addition to this, we also have in place an internal quality assurance and improvement programme, led by a dedicated team who undertake these reviews. This ensures continuous improvement of our internal audit services.

Any areas which we believe warrant bringing to your attention, which may have the potential to have an impact on the quality of the service we provide to you, will be raised in our progress reports to the Audit and Standards committee.

Fraud

The Audit and Standards committee recognises that management is responsible for controls to reasonably prevent and detect fraud. Furthermore, the Audit and Standards committee recognises that internal audit is not responsible for identifying fraud; however internal audit will be aware of the risk of fraud when planning and undertaking any assignments.

Approval of the internal audit charter

By approving this document, the internal audit strategy, the Audit and Standards Committee is also approving the internal audit charter.

FOR FURTHER INFORMATION CONTACT

Daniel Harris, Head of Internal Audit

Email: daniel.harris@rsmuk.com

Telephone: 07792 948767

Suzanne Rowlett, Senior Manager

Email: suzanne.rowlett@rsmuk.com

Telephone: 07720 508148

rsmuk.com

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 & 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
14 July 2021

REPORT AUTHOR: ASSISTANT CHIEF OFFICER/FRA TREASURER

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: 01234 845013

Background Papers:

- Action Plans contained in Internal Audit Reports
 - Action Plan contained in the current Annual Governance Statement
-

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 any exception report on those actions currently in progress, progress to date on current action plans, proposals to extend the original timing for completion and those that have been completed since the last meeting.

RECOMMENDATION:

That Members acknowledge progress made to date against action plans and consider any issues arising.

1. Introduction

- 1.1 A combined report providing a summary analysis of actions arising from internal audit reports together with a full exception report of all actions currently in progress, any proposals for an extension to the original completion date and actions that have been completed since the last meeting, is presented to the Audit and Standards Committee.
- 1.2 This is the first summary analysis and exception report to the Audit and Standards Committee for the year 2021/22 and it incorporates information from all monitoring reports in the reporting period to date.

2. Audit and Governance Action Plans Summary Analysis

- 2.1 The Audit Action Plans Summary Analysis (attached at 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 2019/20 to date), which have been agreed by the Audit and Standards Committee.
- 2.2 The report provides the following details for each audit:
 - Audit report title and date;
 - 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 is required include:

- High and medium priority actions for which a subsequent or follow-up audit is required or 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 8 High Priority, 62 Medium Priority and 55 Low Priority actions have been agreed over the reporting period by the Audit and Standards Committee, of which, 0 High, 0 Medium and 0 Low are still in progress. These do not include any recommendations made in new audit reports that may be included elsewhere on this meeting's agenda, progress on those actions will be reported at subsequent Audit and Standards Committee meetings.

2.5 The Annual Governance Statement Action Plan for 2020/21 has two actions one is completed and one is currently in progress.

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 Audit and Standards Committee has been requested to consider an extension to the original timing for completion.

3.2 There are no requests to extend the original completion date.

4. Governance Action Plan Exception Report

4.1 The Governance Action Plan Exception Report provides details of actions arising from the Authority's 2020/21 Annual Governance Statement (which was formally adopted by Audit and Standards Committee, on behalf of the Authority, at their meeting on 2 July 2020) which are still in progress.

4.2 There is no request to extend the original completion dates.

5. Governance Action Plan Exception Report Monitoring Report of Actions Arising from Internal Audit Reports

5.1 The monitoring report of progress made to date against agreed actions arising from internal audit reports is attached as Appendix B.

5.2 The monitoring report covers, in order, the following:

- Outstanding actions from internal audit reports, including those reports received during 2021/22 and those from previous years, which have a proposal to extend the original completion date.
- Outstanding actions from internal and audit reports, including those reports received during 2021/22 and those from previous years, which are on target to meet the original or agreed revised completion date.
- Actions that have been completed since the last meeting.
- Any actions that have been superseded by new actions, if they had not been completed at the time of the follow up audit.

5.3 There is no requests to extend the original completion.

5.4 Any actions that have been reported as completed which are subject to a subsequent or follow up audit, which states the action is still outstanding will be reported to the Audit and Standards Committee.

5.5 Completed actions that are of a Low risk and do not require a follow-up audit once completed will be removed from the subsequent report.

6. Monitoring Report of Actions arising from the Authority's Annual Governance Statement

- 6.1 The monitoring report of progress made to date against actions arising from the Authority's Annual Governance Statement is attached as Appendix B.
- 6.2 The monitoring report covers the actions within the 2019/20 Annual Governance Statement (if applicable) which was formally adopted by Members of the Audit and Standards Committee, on behalf of the Authority, at their meeting on 2 July 2020, as part of the 2019/20 Statement of Accounts.
- 6.3 There are no requests to extend the original completion date in relation to the Governance Review.

7. Priority Grades

- 7.1 The Service Audit Outcomes in Appendix A have a priority grading system. The table below explains the key to the priority grades:

RSM	High	Recommendations are prioritised to reflect RSMs assessment of risk associated with the control weaknesses.
	Medium	
	Low	

8. Organisational Risk Implications

- 8.1 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.

8.2 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.

GAVIN CHAMBERS
ASSISTANT CHIEF OFFICER/FRA TREASURER

**Monitoring Report of Actions Arising from Audit Reports
(incorporating any actions outstanding at 31 March 2021 from earlier reports)**

URN	Auditing Body & Source	Audit Area and Responsible Manager	Priority	Agreed Action	Progress Report to Date	Timing For Completion	Status ('Not Started', 'In Progress' or 'Completed')
SC 4 (18/19)	RSM Apr 19: Final Report (18/19)	Stock Control Head of Governance & Asset Management	Medium	The Authority will ensure that following the upgrade of the Microsoft Dynamics to training on the stores requisitioning system will take place for those members of staff who are responsible for ensuring transactions are done in an accurate and timely fashion.	Training has taken place on the stores requisitioning system for those members of staff who are responsible for ensuring transactions are done in an accurate and timely fashion.	Original: Jul 19 Revised Date: Feb 20 Revised Date: Oct 20 Revised Date: Jan 21 Revised Date: May 21	Completed – Subject to follow up audit
RecSS 4 (20/21)	RSM Feb 21: Final Report (20/21)	Recruitment – Support Staff Head of Human Resources	Medium	The organisation will ensure that there is a clear record of CMT discussion and approval of new posts. The supporting evidence will then be supplied to the Recruitment Team. The Authorisation to Increase Base Establishment Form will also be updated to remove the HR approval section.	HR17539 form has been updated. HR approval section has been removed (attached). CMT members must ensure new posts are discussed and approved. The supporting evidence must be provided in the business case section on the form.	Original Dec 20	Completed – Subject to follow up audit

**Monitoring Report of Actions Arising from Audit Reports
(incorporating any actions outstanding at 31 March 2021 from earlier reports)**

URN	Auditing Body & Source	Audit Area and Responsible Manager	Priority	Agreed Action	Progress Report to Date	Timing For Completion	Status ('Not Started', 'In Progress' or 'Completed')
				Supporting evidence for the actioning of posts by HR will continue to be retained by email.			
RecSS 1 (20/21)	RSM Feb 21: Final Report (20/21)	Recruitment – Support Staff Head of Human Resources	Low	The Service will ensure that all Termination Forms are fully signed off by HR when processed and by the line manager for holiday entitlement. If the paperwork cannot be physically signed, then the signature will be recorded electronically via an email to support the form and confirm the actions.	The recommendations have been implemented. The HR21002 form has been updated. Documents if received in word format have the e-signature added or if received in PDF a supporting email is sent to Payroll to confirm the checks carried out by HR Ops.	Original Nov 20	Completed – no follow up audit required
RecSS 2 (20/21)	RSM Feb 21: Final Report (20/21)	Recruitment – Support Staff Head of Human Resources	Low	The Service will ensure that all staff who are recruitment panel members have completed the Unconscious Bias training.	All staff required to complete unconscious bias and EDI training as part of induction training. Email attached from Recruitment to EDI Team.	Original Nov 20	Completed – no follow up audit required
RecSS 3 (20/21)	RSM Feb 21: Final Report (20/21)	Recruitment – Support Staff Head of Human Resources	Low	The Service will ensure that all pre-employment checks are accurately documented on the HR checklist.	The checklist has been updated (please see attached shell (HR17514 doc) and checks are in place to ensure accurate documentation.	Original Nov 20	Completed – no follow up audit required

This page is intentionally left blank

Monitoring Report of Actions Arising from 2019/20 Annual Governance Statement

No	Issue	Source	Planned Action	Progress to date	Timing For Completion	Status ('Not Started', 'In Progress' or 'Completed')
1	Medium Term Budget/CRMP	Assurance Statements	To continue to address the medium term funding gap and manage for forthcoming funding pressures. A delayed CSR to 2020 has rolled forward this medium term planning matter.	The budget work has commenced internally for 2021/22 and we expect the provisional three year settlement, post CSR, in late December 2020, with the final settlement detail in February 2021.	In Feb 2021	Completed.
2	Review of Authority Effectiveness and Member subject matter/network leads	Governance report to FRA March 2019, trial period still in progress	Members decided in 2019/20 that the annual process was not required in this year and that the exercise would be completed again in 2020/21 as part of a wider review including member area leads.	<p>Governance Review - This is progressing, with the FRA approval and introduction of new governance arrangements, with in effect the FRA Executive Members each having a lead portfolio area. This will be introduced and progressed over 2020/21.</p> <p>The review of effectiveness should follow after a 6 month period of implementation. Members may decide that a review of the FRA and A&SC effectiveness could be undertaken during the year.</p>	By March 2021	To be completed in July 2021 (this stage is review and refresh of portfolio members)

This page is intentionally left blank

Annual governance Statement Action Plan from 2019/20 to be completed in 2020/21

Year	Total Actions	Actions Completed	Actions in Progress	No of completion Extensions Required to Date (All Actions)
2019/20	2	1	1	

This page is intentionally left blank

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 & Regulatory Services Supervisor

Background Papers: None

Implications (tick ✓):

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

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, to review the Authority's Code of Conduct and to consider the appointment of independent persons.

RECOMMENDATION:

That the persons listed in Appendix 1 of the report be appointed to serve as independent persons for the Fire and Rescue Authority.

1 Local Complaints

1.1 During the last year no complaints have been received concerning Members of the Fire and Rescue Authority.

2 LGA Model Code of Conduct

2.1 Perhaps the most significant development nationally has been the publication of the Model Code of Conduct produced by the LGA. At its meetings in July 2020 and March 2021 the Committee considered the LGA Model Code of Conduct for Councillors, initially in draft and then as formally published by the LGA in January 2021. The Committee asked the Monitoring Officer to consult with the three constituent local authorities and to present a further report when the Government had responded to the report of the Committee on Standards in Public Life.

2.2 Each of the constituent authorities has now considered the LGA Model Code but none has yet decided to adopt it. Furthermore, the Government has not yet published a response to the report of the Committee on Standards in Public Life which was the catalyst for the LGA developing a model code of conduct.

3. Appointment of Independent Persons

3.1 The Localism Act 2011 requires all local authorities, including Fire and Rescue Authorities, to appoint at least one independent person. The Authority must consult an independent person before any finding is made that a Member has failed to comply with the Authority's Code of Conduct and before the Authority decides on any action to be taken in respect of that Member. The Authority may also consult an independent person at any other stage in the process of managing a standards complaint (eg when deciding whether to investigate the complaint).

3.2 The Fire Authority first appointed independent persons in September 2012 for a period of 4 years. These appointments were made in collaboration with the constituent authorities, Milton Keynes Council and the Buckinghamshire FRA. New independent persons were appointed in July 2016, this time in collaboration with Bedford Borough Council. The Authority approved the appointment of two new independent persons for a period of four years. In practice, as there have been no complaints in the last four years, it has not yet been necessary to consult these independent persons.

- 3.3 In July 2020 both Bedford Borough Council and the FRA decided to extend the terms of office of the independent persons for twelve months until July 2021.
- 3.4 The appointment of independent persons was discussed at a recent regional meeting of Monitoring Officers. Milton Keynes Council reported that they had recently appointed a panel of 5 independent persons following a rigorous recruitment process. This panel also acts as independent persons for Central Bedfordshire Council, Buckinghamshire Council and Fire Authority and Luton Borough Council. The Monitoring Officer of Milton Keynes Council has confirmed that she has contacted the Panel members and that they have indicated their willingness to act on behalf of Bedford Borough Council and the FRA. The list of Panel members is attached as Appendix 1 and the report to the Milton Keynes Standards Committee regarding the recruitment is attached as Appendix 2. The use of the joint panel will provide the FRA with an extensive pool of knowledge and experience.
- 3.5 The Standards Committee of Bedford Borough Council received a report on this proposal at a meeting on 14 June 2021 and the Committee are recommending to the Council that the Panel of independent persons listed in Appendix 1 be appointed to undertake the role of independent persons for Bedford. Bedford Borough Council will consider this recommendation at a meeting later today. It is proposed that the Audit and Standards Committee makes the same recommendation to the FRA.
4. Financial Implications
- 4.1 The Independent Persons are entitled to receive an annual payment of £300 and a payment of £75 for each matter on which their views are sought. The case fee has recently been increased to reflect the fact that some investigations require significant involvement by the independent person.

JOHN ATKINSON
SECRETARY/MONITORING OFFICER

This page is intentionally left blank

INDEPENDENT PERSONS

Further to interviews undertaken by the Chair and Vice Chairs of the Standards Committee, the following individuals were appointed at a meeting of Milton Keynes Council on 16 September 2020 to serve as Independent Persons for Milton Keynes Council, from 1 October 2020, for a period of 4 years:

1. Sarah Austin

Currently an Independent Person for Buckinghamshire Council, Sarah has been a practising solicitor since 1996 and a Law Society Council Member since 2010.

A specialist in complex probate, Sarah is also a member of the Judicial Appointments Commission Advisory Group and Chair of Lexcel (Excellence in Legal Practice Management), a technical panel for accreditation with responsibility for development of standards.

2. Dr Vasco Fernandes

Currently an Independent Person for Luton, and Central Bedfordshire Councils, Dr Fernandes is a retired Consultant Physician with extensive experience at a senior clinical and management level in Public Health and Substance Misuse and was Associate Medical Director of the MK NHS Community Health Services from 2001 -2007.

Dr Fernandes is currently a Vice President of the MK Community Foundation and served as the Honorary President of the MK Equality Council From 1993 to 2010.

3. Chris Fogden

Currently an Independent Person for Luton and Central Bedfordshire Councils, Chris was also the Independent Chair of MK Council's Standards Committee for 12 years.

A former Magistrate with 24 years' experience and over 10 years' service as an Independent Town Councillor (including three years as Mayor of Buckingham), Chris currently volunteers at Woodhill Prison and Milton Keynes Citizens Advice Bureau.

4. John Jones

Currently an Independent Person for Luton, and Central Bedfordshire Councils, John was involved in setting up a forum of Independent Persons, to share experience and expertise during the transition to the current standards regime. John also serves as an Independent Panel Member for 6 police forces in the eastern region, dealing with gross misconduct allegations against police officers.

A retired company director, John served as a magistrate for over 20 years and is now Lead Governor of a large mental health Foundation Trust, serving Essex, Suffolk and Bedfordshire. John is also an Independent Chair of Stage 3 Reviews for complaints in

Children's Services and a Member of the NHS Providers Governor Advisory Committee representing mental health.

5. Deborah Maggs

Currently an Independent Person for Bedford Borough Council and previously at Central Bedfordshire Council, Deborah is currently working as a language teacher at Henlow Academy. With 30 years' service at the Home Office, Deborah has experience of developing governance processes and had responsibility for leading on Parliamentary relations on EU matters.

A Magistrate with 25 years' experience and trained mediator, Deborah is also currently the Chair of the Trustees of Bedfordshire YMCA.

Standards Committee report



28 January 2021

RECRUITMENT OF INDEPENDENT PERSONS

Report sponsor	Sharon Bridglalsingh Director - Law and Governance / Monitoring Officer
Report author	Peter Brown Head of Democratic Services Peter.Brown@milton-keynes.gov.uk 01908 253671

Exempt / confidential / not for publication	No
Council Plan reference	Not in Council Plan
Wards affected	All wards

Executive Summary

This report updates the Committee on the appointment and induction of Independent Persons, further to a recruitment exercise undertaken over the summer of 2020. The Council must appoint at least one Independent Person to assist with the following duties:

- To be available to Councillors, or Co-opted Councillors of Milton Keynes Council or of any parishes within the Borough, for consultation, should their behaviour be subject to an allegation of misconduct.
- To be available for the Council to seek advice from and to take into account their views, before making a decision on an allegation it has decided to investigate.

Additionally, the Council is required to invite two Independent Persons onto a panel convened for the purposes of dismissing a statutory officer (Chief Executive, Chief Finance Officer, or Monitoring Officer).

Six individuals were recommended for appointment by the selection panel (the Chair and Vice Chairs of the Standards Committee) and subsequently appointed by Council on 16 September 2020. One of the individuals appointed recently decided not to take up the post for personal reasons.

1. Decisions to be Made

- 1.1 That the Committee consider whether a minimum number of Independent Persons is appropriate any reduction below this number should trigger a fresh recruitment exercise.
- 1.2 That the Committee provide any feedback on the recruitment process and the induction and training of Independent Persons.
- 1.3 That the Committee note the proposed training and induction activities set out in section 2.13 and 2.14 of this report.

2. Why is the Decision Needed?

- 2.1 The Council is required by law to appoint an Independent Person to participate in the complaints arising from the Members Code of Conduct and, from 2015 to appoint at least two Independent Persons to participate in disciplinary action against statutory officers (Localism Act 2011 and the Employment Procedure Amendment Regulations 2015).
- 2.2 The Council embarked on a recruitment exercise for new Independent persons in August 2020 as the term of the (then) remaining three Independent Persons expired in October 2020 after four-year appointments.
- 2.3 There is only a legal requirement for a local authority to appoint two Independent Persons, but the Committee felt that a larger pool would be appropriate, in order to:
 - ensure appropriate cover which is commensurate to a large unitary authority;
 - appoint as diverse a panel as possible; and
 - avoid any prejudicial or preventative factors delaying progress with local standards processes.
- 2.4 Whilst six Independent Person were successfully recruited the process was condensed because of the imminent expiry of the existing appointments. Serving Independent Persons at Milton Keynes Council and those at neighbouring authorities were approached and advised of the vacancy. Only one application was received from an individual with no previous experience of the role.
- 2.5 Since appointment, one of the individuals decided not to take up the appointment for personal reasons.

The Recruitment Process

- 2.6 There is a legal requirement that the position of Independent Person be advertised in a manner likely to bring it to the attention of the public.

- 2.7 A job specification, application form and recruitment pack were prepared with the agreement of the Chair of the Standards Committee and the position(s) were advertised on the Council's website between 10 August - 28 August 2020, supported by a social media campaign.
- 2.8 Seven completed application forms were received before the deadline. A shortlisting process was undertaken by the Monitoring Officer and Chair of Standards Committee, before references were taken up, prior to interview and selection.
- 2.9 Shortlisting and interviews were undertaken in the period 1 September - 11 September 2020. The interview panel comprised the Chair and Vice-Chairs of the Standards Committee.
- 2.10 Given the time pressures, interviews were undertaken remotely, over two evenings and the selection panel felt that six appointments should be recommended, and some potential areas of development / training could subsequently be explored for recommended candidates.
- 2.11 Council approved the appointments on 16 September 2020 and the current panel of Independent Persons is set out in the attached **Annex**.
- 2.12 Whilst the recruitment process was delivered to professional and corporate standard, the limited time available did impact on the number of candidates who applied and put pressure on officers and the selection panel to deliver the process quickly. In future recruitment should be planned to allow more time for advertisement and selection.

The Induction Process

- 2.13 For a variety of reasons there has not been a particularly coordinated or structured induction process. Whilst the current pool all have experience of the role, no formal training has been undertaken, nor has there been any opportunity for Independent Persons to be briefed on the local context of the Borough.
- 2.14 The pool has however been offered access to a National Conference for Independent Persons on 4 March 2021, which is delivered by Hoey Ainscough Associates, who are specialists in the field. This conference will feature issues arising from the new LGA Model Code of Conduct. Take up amongst the pool has been good and places are being booked.
- 2.15 Subject to the agreement of the Committee it is proposed that a Briefing / Networking meeting is arranged and offered to the pool in March 2021. This will feature local context and the council's approach to the new LGA Model Code of Conduct.

Next Steps

- 2.16 If the Committee feel that it would be appropriate that further recruitment is undertaken to add to the size and diversity of the pool then the term offered would need to be aligned with existing appointments.

3. Implications of the Decision

Financial	Y	Human rights, equalities, diversity	N
Legal	N	Policies or Council Plan	N
Communication	N	Procurement	N
Energy Efficiency	N	Workforce	N

(a) Financial Implications

Until this recruitment round the annual payment element of payments was shared between a small number of partner authorities. When the posts were advertised, the position with partner authorities was unclear and so the recruitment was solely for appointment to Milton Keynes Council.

Subsequently some of those recruited agreed to act as Independent Persons for the Buckinghamshire Fire Authority, whilst others did not. This meant that one universal fee could not be shared equally and meant the annual upper bound cost of five appointments to Milton Keynes Council outlined in the report to Council of were realised (5 appointments x £300 = £1,500).

A small increase in numbers of Independent Persons appointed could be accommodated in existing budgets.

A small increase in fee from £50 - £75 was agreed for each case referred to an Independent Person. This was reflective of the often complex and detailed information which is required to be reviewed by Independent Persons and could be accommodated within existing budgets

(b) Other Implications

None.

4. Alternatives

- 4.1 The Council could choose to appoint as few as two Independent Persons, in order to meet its statutory responsibilities. However, to allow for absences, potential conflicts of interest and the practical separation of advice provided to the Monitoring Officer and subject Councillors, a larger pool is considered best practice.

List of Annexes

Annex Biographies of current Independent Persons

List of Background Papers

None.

This page is intentionally left blank

For Publication

Bedfordshire Fire and Rescue Authority
Audit and Standards Committee
14 July 2021

REPORT AUTHOR: ASSISTANT CHIEF OFFICER/FRA TREASURER

SUBJECT: WORK PROGRAMME 2021/22

For further information on this report contact: Nicky Upton
Democratic & Regulatory Services Supervisor

Background Papers: None

Implications (tick ✓):

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

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

PURPOSE:

To review and report on the work programme for 2021/22 and to provide Members with an opportunity to request additional reports for the Audit and Standards Committee meetings for 2021/22.

RECOMMENDATION:

That Members consider the work programme for 2021/22 and note the 'cyclical' Agenda Items for each meeting in 2021/22.

GAVIN CHAMBERS
ASSISTANT CHIEF OFFICER/FRA TREASURER

AUDIT AND STANDARDS COMMITTEE - PROGRAMME OF WORK 2021/22

Meeting Date	'Cyclical' Agenda Items		Additional/Commissioned Agenda Items	
	Item	Notes	Item	Notes
14 July 2021	Election of Vice Chair			
	Review of Terms of Reference			
	Audit Results Report and Fees (E&Y)(Results of 2020/21 audit including any matters outstanding)	Deferred to next meeting		
	Draft 2020/21 Annual Governance Statement, Statement of Accounts and Letter of Representation			
	Internal Audit Annual Report 2020/21			
	Internal Audit Progress Report 2020/21 and 2021/22			
	Internal Audit Strategy 2021/22 to 2022/23			
	Audit and Governance Action Plan Monitoring			
	Review of Code of Conduct and Annual Report on Standards			
	Corporate Risk Register - Exception Report			
	Work Programme 2021/22			

Meeting Date	'Cyclical' Agenda Items		Additional/Commissioned Agenda Items	
	Item	Notes	Item	Notes
21 Sept 2021	External Audit Progress Report (E&Y)			
	Audit Results Report and Fees (E&Y) (Results of 2020/21 audit including any matters outstanding)			
	Internal Audit Progress Report (TBC)			
	Audit and Governance Action Plan Monitoring			
	Review of Fire Authority's Effectiveness (<i>Biennial review – due 2022/23</i>)			
	Corporate Risk Register - Exception Report			
	Work Programme 2021/22			

Meeting Date	'Cyclical' Agenda Items		Additional/Commissioned Agenda Items	
	Item	Notes	Item	Notes
2 Dec 2021	Internal Audit Progress Report (TBC)			
	External Audit Progress Report (E&Y)			
	Review of the Effectiveness of the Fire and Rescue Authority's Internal Auditors (TBC)			
	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 (Biennial review – due 2022/23)			
	Statement of Assurance			
	Corporate Risk Register - Exception Report			
	Work Programme 2021/22			

Meeting Date	'Cyclical' Agenda Items		Additional/Commissioned Agenda Items	
	Item	Notes	Item	Notes
3 March 2022	External Audit Plan 2021/22 (E&Y)			
	Effectiveness of the Authority's External Auditors			
	Internal Audit Progress Report			
	Internal Audit Strategy 2021/22 to 2024/25			
	Audit and Governance Action Plan Monitoring			
	Update to the Authority's Finance Regs (<i>Biennial review – due 2023</i>)			
	Annual Review of the Fire Authority's Effectiveness (<i>Biennial review – due 2022/23</i>)			
	Annual Review of entire Corporate Risk Register	Restricted report		
	Review of Work Programme 2021/22	Forward plan for 2022/23		

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

Document is Restricted

This page is intentionally left blank