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BEDFORDSHIRE FIRE AND RESCUE AUTHORITY

Members of Audit and Standards Committee.

Bedford Borough Councillors: M Headley

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

Luton Borough Councillors: D Franks, R Saleem and Y Waheed

A meeting of **Audit and Standards Committee** will be held at **Conference Room, Fire and Rescue Service Headquarters, Kempston, Bedford MK42 7NR** on **Thursday, 28 September 2017** starting at **10.00 am**.

John Atkinson
Secretary

A G E N D A

Item	Subject	Lead	Purpose of Discussion
1.	Apologies		
2.	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.
3.	Communications	Chair	(Pages 1 - 28)
4.	Minutes	Chair	* To confirm Minutes of the meeting held on 14 June 2017 (Pages 29 - 36)
5.	Audit Results Report (Results of 2016/17 audit including any matters outstanding)	Ernst and Young	* To consider a report (Pages 37 - 86)
6.	2016/17 Statement of Accounts and Letter of Representation	HFT	* To consider a report (Pages 87 - 190)

Item	Subject	Lead	Purpose of Discussion
7.	Review of Code of Conduct	SEC/MON	*To consider a report (Pages 191 - 200)
8.	Internal Audit Progress Report 2017/18	RSM	* To consider a report (Pages 201 - 208)
9.	Audit and Governance Action Plan Monitoring - Exception Report and Summary Analysis	ACO	* To consider a report (Pages 209 - 214)
10.	Review of the Fire Authority's Effectiveness	ACO	* To consider a report (Pages 215 - 224)
11.	Corporate Risk Register	HOA	* To consider a report (Pages 225 - 228)
12.	Review of Work Programme	Chair	* To consider a report (Pages 229 - 234)
	Next Meeting		10.00 am on 6 December 2017 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.

Fire and Rescue Sector audit committee briefing



Building a better
working world



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This sector briefing is one of the ways that we support you and your organisation in an environment that is constantly changing and evolving.

It covers issues which may have an impact on your organisation and the Fire sector as a whole.

The briefings are produced by our national Government and Public Sector (GPS) team, using our public sector knowledge, and EY's wider expertise across UK and international business.

The briefings bring together not only technical issues relevant to the Fire sector but wider matters of potential interest to you and your organisation.

Links to where you can find out more on any of the articles featured can be found at the end of the briefing.

We hope that you find the briefing informative and should this raise any issues that you would like to discuss further please contact your local audit team.



Government and economic news

EY Item Club Forecast

The latest EY Item Club forecast projects that UK GDP will grow by 1.8% this year, in line with last year's outcome. Rather than meaning that nothing has changed in the economy, it masks an underlying shift in the balance of demand following the fall in the pound after last June's Brexit vote – and means the economy is already adjusting to life outside the EU.

It expects growth to slow down during the course of this year, leaving 2018 and 2019 looking weaker at growth rates of 1.2% and 1.5% respectively.

As consumption grows, the shift in demand that is underway essentially involves a rebalancing from consumption to overseas trade. Last year, consumption effectively accounted for all the growth in demand, with overseas trade subtracting 0.4% from

UK GDP growth. But with the savings ratio at a record low, this year sees a major slowdown in consumption as inflation bites into spending power. Meanwhile, net trade is projected to add to GDP in every year covered by this forecast.

This adjustment is being helped by a timely revival in our overseas markets. World trade and industrial output are growing faster than at any time since 2010, when they bounced back from the recession. For once, the recent economic data has surprised on the upside – not just in the UK but also in the US and Eurozone.

This revival partly reflects the knock-on effects of the collapse in commodity prices in 2015. And their recent recovery has pushed inflation back close to target levels almost everywhere, easing worries about deflation, especially in the Eurozone.

Despite the bright spots, political risks remain. In the US, the 'Trump bump' in the financial markets has been followed by another increase in consumer and business confidence. As a result, consumer confidence there is now stronger than at any time since the dot-com boom in 2000. However, as president, Donald Trump is facing political challenges in delivering some of his campaign promises – a situation that makes the likelihood, timing and magnitude of US policy initiatives very uncertain. What's more, any initiatives he does succeed in delivering could either help or hinder the UK's adjustment to life outside the EU.

Against this mixed background, UK exporters are currently enjoying the benefits of Single Market membership as well as the devaluation in sterling and the revival in the world economy.

We are assuming they will be trading under World Trade Organisation (WTO) rules in two years' time, although it's possible that the Government will be able to negotiate more favourable transition arrangements, perhaps followed by free trade agreements. These arrangements would make the adjustment smoother than the WTO option and provide some upside potential.

In respect of Brexit, firms may not have the confidence to invest until they see the shape of the new trading and immigration arrangements. The forecast sees investment falling this year and again in 2018, holding back demand and longer-term economic performance. As the countdown to Brexit begins, it's clear that UK businesses will be living with uncertainty for some time to come.

Home Office funds police and crime commissioners to support further police and fire collaboration

The new provisions in the Policing and Crime Act 2017 enable PCCs to take on responsibility for the governance of local fire and rescue services where a local case is made. It brings the same direct accountability to fire as is already in place with policing and allows PCCs to drive reform, maximize the benefits of collaboration and ensure best practice is shared.

Several PCCs are working on the development of proposals to take on governance of local fire and rescue services as the earliest adopters of the new governance provisions. Further PCCs are expected to bring forward proposals soon and the funding award will ensure that the work and knowledge gained is properly disseminated amongst the policing community.

Nine police and crime commissioners (PCCs) have been awarded £1 mn from the Police Reform and Transformation Fund for their work in developing proposals to take on the additional responsibility for the governance of fire and rescue in their area.

The Police Reform and Transformation Fund is police-led through the Police Reform and Transformation Board. The Fund is designed to allocate extra investment to continue the job of reform. PCCs and chief constable representatives sit on the Board alongside senior leaders in policing, with the final decisions on bids made by the Home Secretary.

It is expected that the proposals will bring a fundamental shift to the way police and fire services work together, including sharing estates or back office functions. It follows a police-led process which saw funding recommendations made by the Police Reform and Transformation Board.

The PCCs who will receive funds are Sussex, West Mercia, Essex, Cambridgeshire, Northamptonshire, Hertfordshire, Gloucestershire, Staffordshire and North Yorkshire.

Further collaboration between police and fire services presents a real opportunity to increase their efficiency and effectiveness, which will benefit the public as whole.

PCCs taking on responsibility for fire and rescue services will lead to the same level of public accountability for both services.



Accounting, auditing and governance

WannaCry ransomware attack

On Friday 12 May 2017, a global ransomware attack ('WannaCry') occurred across a whole range of sectors, including healthcare, government, telecommunications and gas, spreading to over 3,00,000 systems in over 150 countries. This affected many NHS provider trusts throughout the UK including the ability of some to provide a full suite of healthcare.

Over the last five years the number of attacks has grown significantly as cyber criminals demand relatively small amounts of money in return for the data they hold hostage. However the return of data does not always happen.

WannaCry was used in conjunction with self-propagating malware allowing it to spread aggressively to other computers over an organisation's network without requiring further interaction from users. This is the first time ransomware has been used in this way.

Why is this attack significant?

The global scale of indiscriminate targeting emphasises the need for all companies, private and public, to pay attention to security basics:

- ▶ Keep systems up-to-date with software patches
- ▶ Make regular backups of data
- ▶ Educate users not to click suspicious links

The overall cost of the disruption is significant, but variable by sector and organisation. Actual costs to organisations is not yet known, and will differ for every victim, but could have long lasting effects in the NHS if it lead to delayed or cancelled treatments.

Steps to take now

The WannaCry incident highlights the need for organisations to get the cybersecurity basics right:

1. Identify and manage the organisation's cyber risks, with a specific focus on the priority cyber threats and breach scenarios that could disrupt operations or have other negative impacts on the organisation.
2. Educate the organisation's employees in good cybersecurity practices and the use of third-party assessment/assurance programs.
3. Maintain awareness of the cyber threat environment. Cyber criminals and other attackers are constantly evolving their methods to create ever-more effective ways of exploiting vulnerabilities for monetary gain or disruption purposes. Often this involves interfering with data integrity rather than compromising its confidentiality.
4. Maintaining and regularly reviewing elements of a cybersecurity program will provide a strong foundation for building cyber resilience into your organisation: patch often, define your cyber incident response process, back up regularly and practice response scenarios.

Preventive measures to reduce the risk of ransomware

EY member firms range of cybersecurity services – including proactive penetration testing, cyber transformation and Managed Security Operations Centers – can be used to prevent a ransomware outbreak within an organisation:

- ▶ Ensure vulnerability and patch management policies and procedures are up to date and are implemented through appropriate change control procedures. Where out-of-date and legacy operating systems are used, seek guidance from vendors on further steps
- ▶ Maintain an effective enterprise incident response and business continuity plan that is tested and measured for effectiveness against ransomware and other potential attack methods, as well as updated to reflect the current cyber threat environment
- ▶ Ensure the organisation has a security awareness training program in place with proactive testing, including screenshots of what to look out for. Clear guidance should be provided on the immediate steps alongside incident reporting guidelines. This should be communicated to all users and third parties who connect to the organisation's network

- ▶ Ensure regular, tested backups are in place to mitigate effects of possible infection and speed the recovery process in lieu of succumbing to ransom payment demands
- ▶ Seek assurance from third parties who connect to your network that they are following similar actions to yourself and that they are appropriately protecting themselves
- ▶ Implement endpoint monitoring, giving security operations teams the visibility into malicious behaviour occurring in the environment
- ▶ Identify critical systems and data and confirm these are connected to Internet only when necessary
- ▶ Make sure to test the security program with frequent penetration tests across the estate
- ▶ Review how proactive security monitoring of the entire environment via a Security Operations Centre (SOC) could enable faster detection and response to incidents

Response considerations in the event of an attack

If an organisation believes it is compromised, or is in the process of being compromised, then the following activities can help to provide a rapid response, damage containment and communications to end users:

- ▶ Disconnect infected machines from the network and take all backups offline. These could become encrypted as well if left connected to the network
- ▶ EY Forensic Technology & Discovery Services team can be quickly mobilized to help organisations:
 - ▶ Forensically analyse network and host systems to detect early indications of penetration by ransomware to allow more rapid response and remediation
 - ▶ Forensically detect, identify and contain ransomware malware based on previous experience with ransomware negotiations and ransomware eradication. Forensically circumvent ransomware and/or recover data from damaged systems and/or backups, and verify that recovered data are clean from ransomware contamination
 - ▶ Forensically image and preserve highly sensitive impacted machines to help ensure the systems and data are not destroyed by ransomware
 - ▶ Collect and preserve IT and business evidence in a forensically sound manner, and then deliver internal or stakeholder investigations and support disputes with customers, service providers, and requirements for regulatory reporting

- ▶ Activate your incident response plan and don't treat the investigation as merely an IT issue; there should be cross-functional representation in the investigation team such as: legal, compliance, information security, business, PR, HR, etc.
- ▶ Identify and address vulnerabilities in the environment, sufficiently harden the environment to complicate

the attacker's effort to get back in, enhance the ability to detect and respond to future attacks, and prepare for eradication events

- ▶ Activate your business continuity plan. Prepare data based on varying requirements for regulatory inquiries or civil suits

Women and leadership

The King's Fund recently drew attention to a couple of reports on women in leadership roles:

- ▶ NHS Women on Boards: 50:50 by 2020
(see <http://www.nhsemployers.org/case-studies-and-resources/2017/03/nhs-women-on-boards-5050-by-2020>)
- ▶ Women in finance

These reports draw attention to the problems some women face in obtaining senior leadership positions within the NHS and other organisations. While there are typically more women that start in finance roles than men there are few women that move up the management ladder. The main reason for this is thought to be organisational culture.

A study in 2016 across a range of sectors found that unsupportive workplace cultures present the most significant barrier for women to progress their career. This was the case for female respondents in most age categories. Gender inequality and discrimination were reported with women feeling that they have to over-perform simply because of their gender. Recommendations following this study included building closer relationships between men and women in the workplace, and the provision of opportunities to discuss gender issues experienced within the organisational culture.

Organisational culture, such as the drive for a more inclusive approach to leadership development, is currently receiving considerable attention in the NHS. Given the NHS is made up of a predominantly female workforce, the impact of such a culture is largely upon women. Despite 77 percent of the NHS workforce being female there is generally a much lower percentage of

women in senior leadership positions. For the NHS Improvement/ NHS Employers target of 50:50 representation on boards to be achieved 500 more women would need to be appointed to board-level positions by 2020.

The NHS report also advocates gender-specific learning in NHS training programmes, covering topics such as unconscious bias, management of flexible working practices and specific female coaching, mentoring and sponsorship.

Within the EY Assurance service line we have many experts in Culture and have provided various services across the NHS and Local Government. If you would like to discuss any of these past projects, or a new one for your body, please contact your local engagement lead who can provide more information.

2018/19 code of practice on local authority accounting consultation

CIPFA/LASAAC are consulting on the 2018-19 Code of Practice on Local Authority Accounting in the United Kingdom.

The consultation closes on 6 October 2017 with responses direct to CIPFA. The following changes are being consulted on:

- ▶ IFRS 9 Financial Instruments
- ▶ IFRS 15 Revenue from Contracts with Customers
- ▶ Narrow scope amendments to International Financial Reporting Standards
- ▶ Legislative and policy changes.

Further information is available from Paul Mayers, Audit Manager, on + 44 7972 221 078 or paul.mayers@nao.gsi.gov.uk.

Other news

Outcome of local government tender process

The Public Sector Audit Appointments Limited (PSAA) announced the results of the Local Government tender on 20 June 2017, and we are delighted to say that we have been successful in retaining our 30% share of the Local Government external audit market. Details of the announcement can be found on the PSAA website.

Since 2012, we have invested and committed to the growth of our public sector assurance team, and we believe this outcome reflects the feedback our clients and the PSAA have given us on the quality, efficiency and effectiveness of our service. This is also evidenced by our AQR scores, which is discussed below. We are committed to the public sector and going forward we are extremely pleased that we are the leading Big 4 firm delivering audit services to the local government sector.

Between now and the end of December 2017, PSAA will be consulting with audited bodies on the proposed appointed auditor to determine the allocation of audit clients. We will be actively participating in the process, with our primary focus on ensuring the allocations safeguard independence, objectivity, and ensuring we are able to continue to deliver high quality, efficient and effective audits.

In the meantime, we are continuing to work to support our clients in preparing for the faster closure of accounts from the 2017/18 financial year. We recognise the journey our local government clients are making to transform and ensure sustainable public services. We are committed to work with our clients to share our insights from the vast range of services we provide in the public sector.

Financial reporting council's (FRC) audit quality inspection results

Executing high quality audits continues to be our highest priority. Ensuring that we deliver high quality audits is fundamental to our business and our public service obligation. We are therefore committed to a significant and sustained investment in audit quality.

EY's investment continues to be reflected in the FRC's inspection results

The firm is subject to external inspection by the FRC's Audit Quality Review Team (AQR), the ICAEW's Quality Assurance

Department (QAD) and the Public Company Accounting and Oversight Board (PCAOB) from the US. The AQR's scope is the audits of FTSE 350 and other public interest companies in the UK and it issues public reports outlining its work and conclusions.

We are delighted that 88% of our audits inspected by the AQR this year were assessed as requiring no more than limited improvements and that once again no audits subject to review were identified as requiring significant improvements. The results of the FRC AQR report published in June 2017, as presented in the chart below, reflect our sustained investment in audit quality.

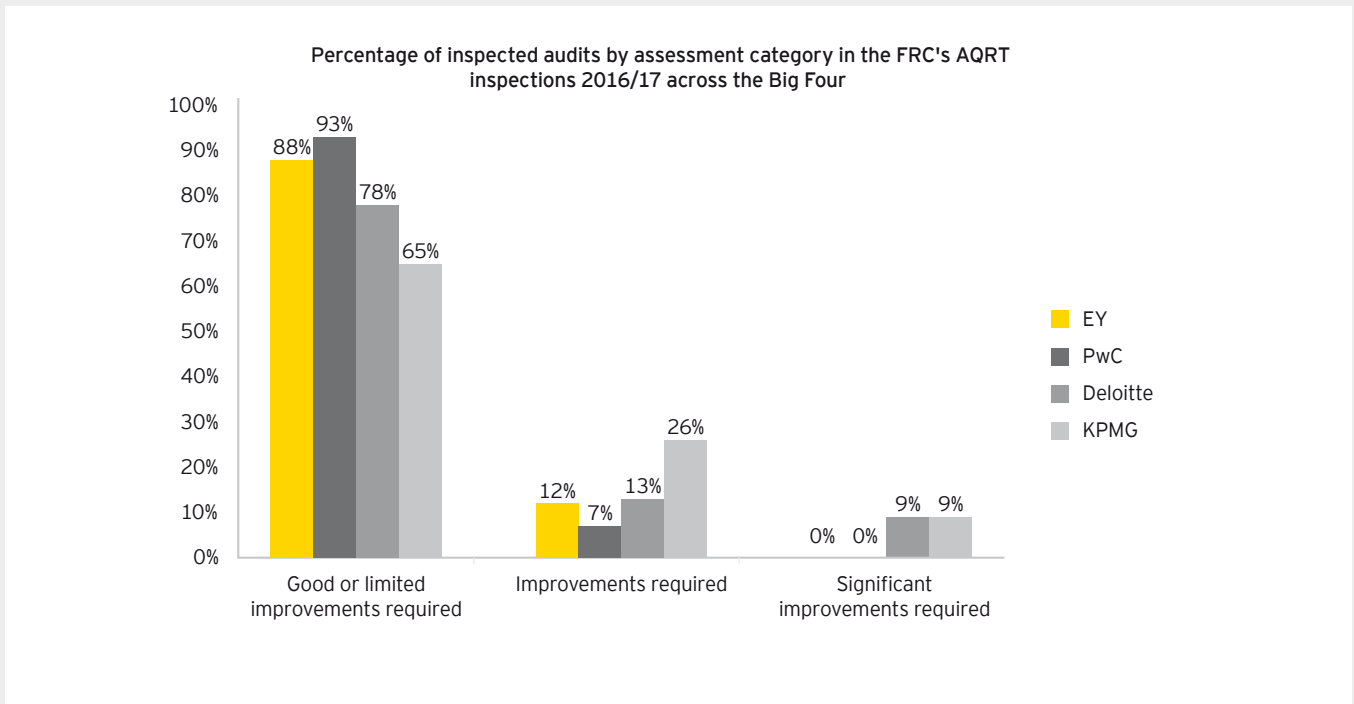


Figure 1. Bar chart showing the FRC Audit Quality Review Team inspection results for EY, PwC, Deloitte and KPMG

Find out more

EY Item Club Forecast

<http://www.ey.com/uk/en/issues/business-environment/financial-markets-and-economy/item---forecast-headlines-and-projections>

Home Office funds police and crime commissioners to support further police and fire collaboration

<https://www.gov.uk/government/news/home-office-funds-pccs-to-support-further-police-and-fire-collaboration>

WannaCry ransomware attack

See <http://www.ey.com/gl/en/services/advisory/ey-wannacry-ransomware-attack> for full report

Women and leadership

<http://www.nhsemployers.org/case-studies-and-resources/2017/03/nhs-women-on-boards-5050-by-2020>



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EMERGENCY SERVICES SECTOR UPDATE

September 2017

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INTRODUCTION

Welcome to RSM's latest emergency services sector briefing which provides a useful source of insight into recent developments and publications affecting the sector.

2017 continues the country's tendency toward political surprises. Since our last briefing, we have seen: a general election produce a hung parliament; the Home Secretary maintain her position (though not without several recounts); a new Minister for Policing and the Fire Service; and the beginning of the Brexit negotiations. It would appear that a hung parliament rules out much of the government's pre-election agenda, with the Brexit negotiations looking set to dictate government resource moving forward.

For the sector, however, developments continue. We look at the recent announcement of HM Inspectorate of Constabulary taking responsibility for inspection of the fire services, and becoming the aptly named HM Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS). We also look at the current political climate, including what the government's legislative agenda looks like for the sector, with of course a focus on safety following the tragic events at Grenfell Tower.

Delving away from the main news items in the sector, we provide a deeper focus on collaboration. In so doing, we look in detail at some of the collaborations we have seen and the management of risk as more organisations explore collaboration following the Policing and Crime Act 2017. We focus on the importance of culture when gearing up for change. Just how collaborative is your culture? And how can you incorporate cultural change into ways of working?

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

Daniel Harris

National Head of Emergency Services and Local Government



TECHNICAL UPDATE – GUIDANCE AND PUBLICATIONS

Inspectorate takes responsibility for fire inspections

The remit of Her Majesty's Inspectorate of Constabulary (HMIC) is being expanded, with the Inspectorate to take on responsibility for fire and rescue service inspections in England. As a result, HMIC has changed its name and is now HM Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS).

Nick Hurd, the Minister for Policing and the Fire Service, stated:

'Creating an inspectorate for fire and rescue authorities in England will support the continuous improvement of this critical public service to make sure that services are as professional, effective and as efficient as possible. It will also ensure where problems are identified, actions can be taken by the fire and rescue authorities to overcome them.'

In taking the same approach to police inspections in England and Wales, FRS inspections will be 'risk-based and proportionate' and focus on effectiveness, efficiency and leadership, with services judged as outstanding, good, requires improvement or inadequate. HMICFRS will consult the sector on the proposed inspection regime and pilot inspections will take place to allow for the approach to be tested with every authority in England to be inspected by the end of 2019.

Further to this joined up approach for inspections, the government will continue its reform programme for fire, which features several different elements including:

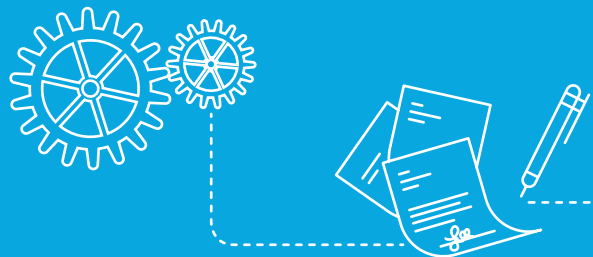
- the formation of a professional standards body for fire and rescue 'which will build a comprehensive professional framework of standards';
- reforming the workforce to make it more 'highly skilled, modern, flexible and diverse';
- creating a national website to increase transparency on topics like chief officer pay and expenditure; and
- the publication of incident level data that the public can access.

Questions for Audit Committee's considerations

- Have you considered how your organisation performs and compares in terms of effectiveness, efficiency and leadership?
- Have you made improvements following peer review?
- Have you talked to your Police colleagues about the Police inspection regime to consider any shared learning?
- Are you keeping up to date with the pilot inspections to be able to undertake self-assessments against the new requirements?

Questions for Audit Committee's considerations

- Have you considered the impacts of the reform programme for fire including those identified here?



The political climate

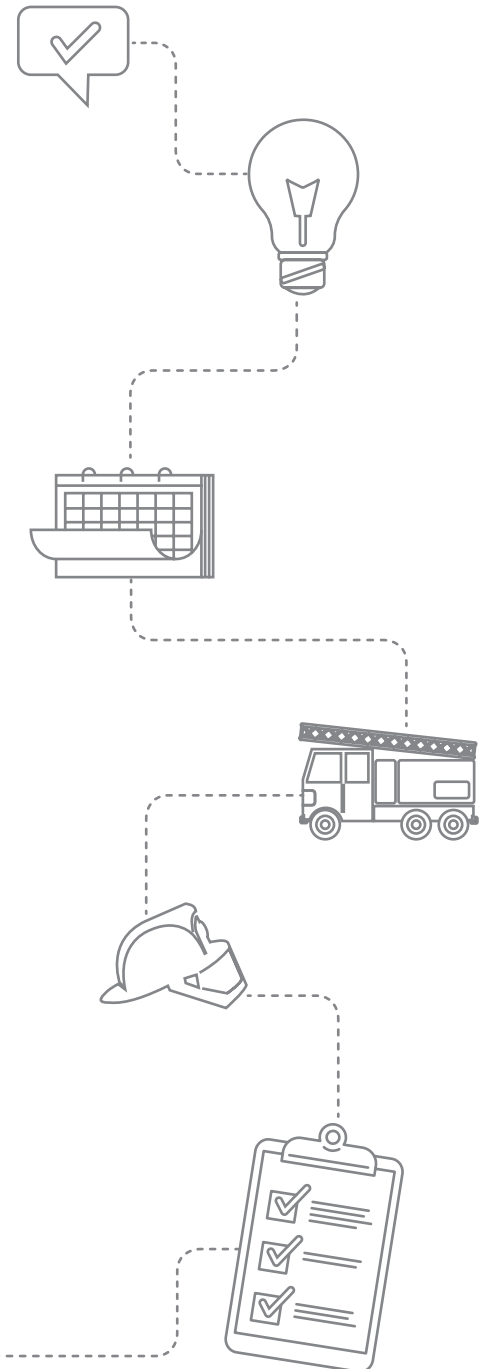
As parliament returns from summer recess, it is pertinent to take stock of the political events since our last briefing. From being able to pass through such major pieces of legislation as the Policing and Crime Act 2017, and all the changes it entails, the government is now in a fragile position, supported by a confidence and supply deal with the Democratic Unionist Party in Northern Ireland. This position was noticeable in the Queen's Speech, with many key pledges and commitments made pre-election by the government noticeable by their absence. Brexit is of course the key item for the government and negotiations have begun. It is clearly apparent though, that given the considerable resource needed in Whitehall, that other agenda items have been relegated. Here are some of the main items for the police and fire sectors from the Queen's Speech:

- a 'domestic violence and abuse bill' will aim to transform the approach to domestic violence and abuse, which will include measures to protect victims and give the justice system greater guidance and clarity;
- a 'data protection bill' which will enact the requirements of the General Data Protection Regulation and the new Directive which applies to law enforcement data processing. This will aim to ensure the UK meets its obligations as part of the EU and maintains the ability to share data upon Brexit;
- a counter terrorism review will take place 'to ensure that the police and security services have all the powers they need'; and
- the establishment of a public inquiry into the tragic events at Grenfell Tower.

In relation to this latter point the government has confirmed there will be an independent review of building regulations and fire safety. We look at this later on in this briefing.

Questions for Audit Committee's considerations

- Have you considered the potential changes from the Queen's Speech and what these may mean for you?
- Are you prepared for the General Data Protection Regulation changes and are you confident your arrangements will be in place by May 2018?



POLICE

Statistics and data

The Office for National Statistics (ONS) has published a number of data sets for the year ending 31 March 2017, whilst forces have also been publishing their use of force data.

Crime in England and Wales

Excluding the experimental statistics of fraud and computer misuse, the estimates of the Crime Survey for England and Wales indicate there were 5.9 million incidents of crime, a seven per cent reduction on the previous year. However, include fraud and computer misuse offences and this rises to 11 million incidents, though the ONS is clear that valid year on year comparisons on statistics including fraud and computer misuse will not be available until January 2018, when two full years of data has been collected.

Yet the picture painted by actual police recorded crime figures is quite different, with data highlighting a 10 per cent rise in the number of offences recorded, which the ONS explains is due to: the continued improvements made in recording procedures; expanded offence coverage; and a 'genuine increase in some crime types.'

Questions for Audit Committee's considerations

- Have you reviewed your own Force's trends and what action the Force needs to take as a result?

Police workforce data for England and Wales

The number of police officers has reduced to 123,142 which is not only a 0.7 per cent reduction since 31 March 2016, but is 'the lowest number of police officers at the end of a financial year since comparable records began in 1996' according to the ONS report. In thinking about the wider police workforce more broadly, from March 2016 to March 2017, there has been a reduction in the number of police staff, community support officers and special constables. The only exception has been designated officers, whose numbers have increased from 4,130 in 2016 to 4,255 in 2017.

Diversity in the police of course continues to be a key issue. In previous briefings, we reported on the Home Affairs Committee report on police diversity which called for 'urgent and radical action.' Encouragingly, the statistics do show a continuing upward trend in the proportion of police officers who are Black and Minority Ethnic (BME), with 6.3 per cent of all officers BME at 31 March 2017, a 0.4 percentage point increase since 31 March 2016, the largest recorded in the dataset which dates back to the year ending 31 March 2008.

On use of force statistics, several news outlets quoted the Operational Lead on Policing for the Police Federation, Simon Kempton, who called the new use of force reporting requirements 'staggeringly bureaucratic', with a risk that officers could be 'sat behind desks rather than stood in their communities.' Mr Kempton also remarked that some forces had more up-to-date software and systems to allow the time spent by officers filling out forms to be minimised. The media attention to the issue drew an interesting response from the Home Office who stated that the new requirements are 'police led' with no rules being imposed by the Home Office other than an expectation that forces will oblige in accurate reporting of their use of force.

State of policing

HM Inspectorate of Constabulary (HMIC) has published its annual assessment of policing in England and Wales for 2016. The 131 page report brings together HMIC's activity for the year with a particular mention given to the 'too large a role' the police currently face in dealing with people suffering from mental ill-health; calling for mental health to be given the 'same priority' as physical health in resources and funding.

Questions for Audit Committee's considerations

- Have you considered how mental ill-health links to the Police and Crime Plan priorities and what this means for the resources and grants allocated?
- Have you got strong relationships with key local agencies to maximise care for people suffering with mental ill-health and ensure that all agencies are contributing to the support provided?

Media relations

Police forces across England and Wales have been issued with new guidance designed to promote openness, transparency and a professional approach to working with media. The College of Policing's Media Relations Authorised Professional Practice comes after consultation involving the media, public and police forces and features guidance on: defining speaking terms; managing inaccurate or misleading media coverage; and naming on arrest, amongst many others.

Questions for Audit Committee's considerations

- Have you reviewed your approach to working with the media?
- Have you considered the new guidance in your policies and procedures?

Evidence disclosures

The results of a joint inspection carried out by Her Majesty's Crown Prosecution Service Inspectorate and HMIC, regarding the disclosure of unused material¹ during prosecutions, has been published. The 'disclosure of unused material is a key component of the investigative and prosecution process' and all unused items held by the police should be considered and reviewed to determine whether 'it is capable of undermining the prosecution case or assisting the defence.' The inspection highlighted 'extensive issues' with the manner in which unused material is recorded, with 22 per cent of 'schedules found to be wholly inadequate.' There was also evidence highlighting a failure of prosecutors to challenge substandard schedules, with a 'culture of acceptance prevailing.'

Questions for Audit Committee's considerations

- Have you received assurance on evidence disclosures within the Force and the recording of these?

¹Material of any kind, including information and objects, which is obtained or inspected in the course of a criminal investigation and which may be relevant to the investigation.





FIRE

Review of regulations and safety

In the aftermath of the tragic events that took place at Grenfell Tower, the government has confirmed there will be an independent review of building regulations and fire safety. Principally the review will examine:

- the regulatory system around the design, construction and on-going management of buildings in relation to fire safety;
- related compliance and enforcement issues; and
- international regulation and experience in this area.

The Secretary of State for Communities and Local Government, Sajid Javid, stated:

'It's clear we need to urgently look at building regulations and fire safety. This independent review will ensure we can swiftly make any necessary improvements. Government is determined to make sure that we learn the lessons from the Grenfell Tower fire, and to ensure nothing like it can happen again.'

Chairing the review will be Dame Judith Hackett, who spoke of her keenness to engage widely with the sector, with recommendations that the government will act on. The final report is expected no later than spring 2018 with the government promising 'swift action'.

New Fire Minister speech

At the Fire Safety Confederation the new Minister of State for Policing and the Fire Service, Nick Hurd, has given his first major speech, with the focus primarily on the Grenfell Tower tragedy. Mr Hurd spoke of the independent expert advisory panel which is giving the government advice on immediate measures required to keep high-rise residents safe. Mr Hurd also spoke of the role of the fire service and its position to 'advise property owners and their residents about fire risks and what to do to reduce them' and confirmed that the government will work with the sector to see if any potential changes need to be made to the fire safety audit regime.

Questions for Audit Committee's considerations

- How is the service discharging its responsibility to 'advise property owners and their residents about fire risks and what to do to reduce them'?
- How do you compare and contrast your approach with other fire authorities?
- Has a budget and programme of action been agreed for this area?

COLLABORATION: BARRIERS, RISKS AND ASSURANCE

The Policing and Crime Act 2017 places a statutory duty on police, fire and ambulance services to keep collaboration opportunities under review and enter into collaboration when it is in the best interests of efficient and effective service delivery.

HMICFRS defined collaboration as:

'all activity where two or more parties work together to achieve a common goal, which includes inter force activity and collaboration with the public and private sectors, including outsourcing and business partnering.'

We have found that collaboration across the emergency services has already been seen in a number of initiatives such as:

- sharing headquarters;
- joint vehicle workshop/fleet procurement and management;
- shared training centre;
- joint control rooms;
- Multi Force Shared Service;
- Emergency First Response;
- Community Safety Responders;
- internal audit services; and
- consulting and advisory services.

The Emergency Services Collaboration Working Group issued a National Overview report at the end of 2016 which set out many examples of collaborative working both across the emergency services and with wider partners and organisations; how the schemes were implemented in practice, and the benefits realised to date.

(<https://www.gov.uk/government/publications/policing-and-crime-bill-emergency-services-collaboration>)

As ideas and opportunities to collaborate across public services and beyond become greater, there are a number of factors that need to be considered to ensure that joint working arrangements are subject to the required planning, approval and continuous review, to enable the required outcomes and benefits to be realised, both financially and non-financially. We have identified a few of the areas below that you should consider when thinking about your potential collaborative arrangements.

Business case/planning

Throughout our work to support the emergency services sector as they develop their arrangements for collaborative activities, we have seen good practice in the preparation, scrutiny and approval of business cases at the outset. However, we have identified a need to further improve on the identification of measurable objectives, and the setting of financial plans based on realistic costing, rather than the required savings.

It is also worth noting that we have so far identified a lack of thorough and transparent due diligence being undertaken when entering collaborative arrangements. This is not seen as an essential requirement when dealing with other public bodies, however, as the collaborative remit expands to include private organisations, it would be prudent to have due diligence arrangements in place.

Collaborative agreements

To be able to deliver and meet the set requirements of a collaborative project, there must be signed agreements in place between all partners, which set out clear deliverables and performance measures to which partners are held to account. These agreements should be reviewed and refreshed periodically as the project progresses to account for changing or additional project streams and ensure that the performance measures are providing the information and benefits required.

Governance, risk management and assurance

Performance against the deliverables will form a basis for regular reporting via the governance framework which needs to be established at the outset. Governance arrangements need to reflect the size and complexity of the collaboration and the partners involved, and be able to be flexible to the project as it progresses and as the scrutiny and oversight requirements change from a project in progress to business as usual. One approach we have seen working well is a tiered governance structure with an overview (separately) at both an operational and strategic level. However, you must be careful to avoid duplication of work and ensure clear decision making and delegation arrangements are in place.

Whether collaboration risks are managed via a central project risk register, or via the individual organisation risk registers is a matter of debate. We tend to see overarching strategic risks around establishment, delivery and efficiency achievements of collaborations on organisational registers. We would also expect the project to have its own operational risk register which is scrutinised via the governance framework. This is where assurance sources should flow to inform senior officers and staff of whether the project is delivering, and to flag any issues at an early stage.

Importantly, each individual organisation should also have its own mechanisms in place to gain assurance over the outcomes, benefits and effectiveness of the control environment being achieved from the collaborative project, against the resource being put in. One risk we have identified is that when multiple forces are working together, there is a tendency to rely on other forces to be providing or monitoring the assurance, and without a defined assurance map there is a potential for things to slip through the net.

We have seen good practice in this area where the collaborative organisations have worked together to develop joint collaborative internal audit plans which have been discussed and agreed with individual organisations and the Audit Committees. To support this area further, some collaborations have held Joint Audit Committee meetings including members from all organisations to discuss the assurances received through the 3rd line of defence, including the Internal Audit Service, to establish if those assurances received cover the key issues and risks. This is also an opportunity to discuss what assurances have been received so far, what this means for each organisation and further assurances required if necessary. Furthermore we have found that this can be a useful forum for Audit Committees to get updates on some of the complex areas of the organisation and progress made in the collaboration of them.

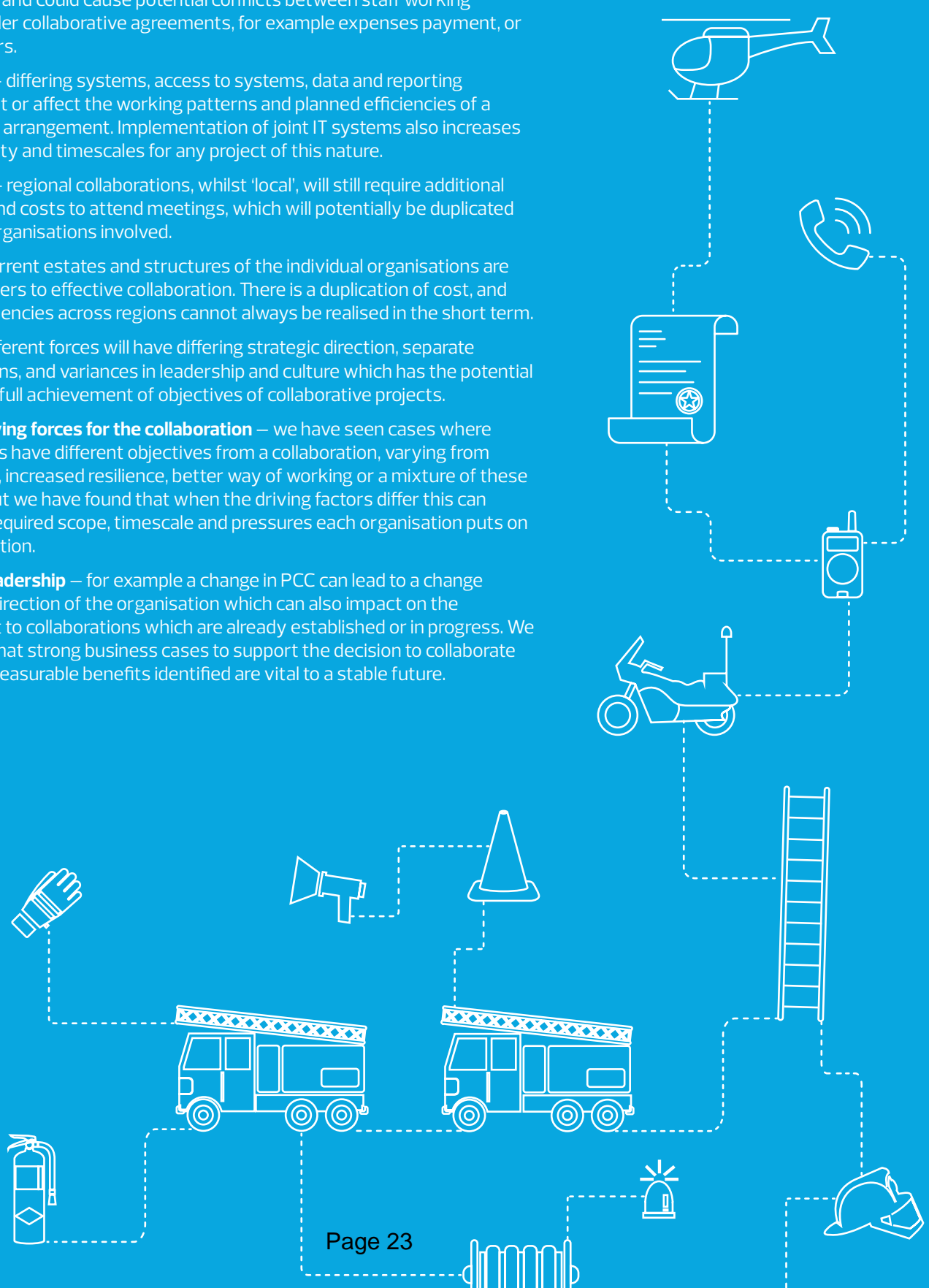
Cost / benefit analysis

The organisation involved in each collaboration project should be working towards the agreed objectives and measures, which are set out in clearly defined metrics, whilst delivering against the financial plan and not use statistics that have not been agreed by other members or which meet their own requirements but potentially not the requirements of other collaborative partners. This can be difficult to agree when each party may have differing driving forces and requirements for the collaboration, but crucial to the achievement of the collaboration itself. Periodically there needs to be a formal review of the cost v benefit of the collaboration, to ensure that it is in line with both service delivery and efficiency plans, and to put remedial actions into place if not. This should be reported via the governance framework to allow for effective discussion and clear, transparent decisions to be made.

Barriers to effective collaboration

We have observed a number of barriers to effective collaborative working that should be considered when entering into new arrangements:

- **Terms and conditions of employees** – these may differ between each organisation and could cause potential conflicts between staff working together under collaborative agreements, for example expenses payment, or working hours.
- **IT systems** – differing systems, access to systems, data and reporting may interrupt or affect the working patterns and planned efficiencies of a collaborative arrangement. Implementation of joint IT systems also increases the complexity and timescales for any project of this nature.
- **Geography** – regional collaborations, whilst 'local', will still require additional travel time and costs to attend meetings, which will potentially be duplicated across the organisations involved.
- **Estates** – current estates and structures of the individual organisations are seen as barriers to effective collaboration. There is a duplication of cost, and estates efficiencies across regions cannot always be realised in the short term.
- **Culture** – different forces will have differing strategic direction, separate Business Plans, and variances in leadership and culture which has the potential to affect the full achievement of objectives of collaborative projects.
- **Differing driving forces for the collaboration** – we have seen cases where organisations have different objectives from a collaboration, varying from cost savings, increased resilience, better way of working or a mixture of these elements. But we have found that when the driving factors differ this can impact the required scope, timescale and pressures each organisation puts on the collaboration.
- **Change in leadership** – for example a change in PCC can lead to a change in strategic direction of the organisation which can also impact on the commitment to collaborations which are already established or in progress. We have found that strong business cases to support the decision to collaborate with clear, measurable benefits identified are vital to a stable future.





GEARING UP FOR CHANGE – HOW COLLABORATIVE IS YOUR CULTURE?

Too often organisations get caught up in the process of change, rather than considering and planning for what happens after the process is complete and the impact this can have on employees.

'Culture' by definition is frequently linked to high level theoretical models, concepts and academic narratives, rather than being viewed more practically as 'the heart and soul of a business', driving through at every level the values, beliefs and ethos of what it is about.

Changes in any working environment can create uncertainty and this can lead to negativity, reducing employee engagement and ultimately disruption. It is important therefore that organisations think about change before it happens and consider the best communications approach possible, so that employees at all levels understand and buy-in to the strategy and direction of travel before, during and after any change process.

Collaborative leadership programmes that have been commissioned by public sector organisations around the UK, show the importance of creating the right kind of cultural environment for working across organisational boundaries. When this is evident this has a direct impact on employee engagement and productivity.

When Police and Crime Commissioners and Fire and Rescue Authorities are considering their readiness for collaborative arrangements, whether for local initiative programmes of local or full mergers, they should ensure that these cultural people aspects are assessed, developed and factored into implementation plans.

How do you measure culture?

Even though academics and consultants have devised various theoretical models to help define and analyse what culture is, it can still seem like a nebulous concept – a complex web of human attitudes, motivations, behaviours and opinions. How can you really understand whether 'the way things are done around here' matches expectations and will support wider strategic objectives? There is no simple answer, although culture in any organisation should represent the 'core' of what the organisation is about, it's very being.

In the context of assessing how collaborative an existing culture is, an off-the-shelf cultural audit would provide some clues, but it wouldn't test for the specific attitudes and behaviours that are demonstrated, or required to make a practical difference. The best way of measuring this is to get feedback from those who have experienced it first hand:

- the employees;
- the public;
- customers;
- collaborating organisations; and
- suppliers.



Direct feedback can be collated from a range of sources including internal and external surveys, focus groups, people related information held within HR, service user compliments and complaints and supplier evaluations.

To generate meaningful and actionable results the aim should be to understand the presence of both enabling and hindering cultural characteristics to identify those which can be leveraged, those that need to be developed, and those that need to be phased out.

Why does it matter?

It might be assumed that emergency services organisations are similar in the types of attitudes and behaviours found within the workforce. Whilst there are some commonalities of purpose, values and ethos, there are so many factors which influence 'culture' that give every workplace a distinctive look and feel. For example, even sub-cultures will be visible at local station level.

In any team, there will be positive and negative influences which will either encourage or hinder cultural alignment and progression. Some would argue that it is better to know what you are dealing with and encourage different approaches and increased engagement, rather than leaving it to chance and therefore running the risk that negative energies will encourage resistance to change and disruption. In this respect communication strategies surrounding change should be carefully thought through to ensure that people are informed and taken on the journey as the organisation evolves.

How can we incorporate cultural change into ways of working?

Once the current position and specific organisational challenges are understood, a targeted programme of organisational development and cultural change can be progressed, ideally working alongside specialist HR Consultants with expertise in this area. This programme could initially focus on three core areas.

- 1** Strategic leadership: developing a clear strategic direction for the business that defines the organisational culture and encourages buy-in from employees at all levels.
- 2** Communication and employee voice: developing a successful two-way dialogue which enables employees to openly share their thoughts and opinions with senior managers, as well as cascading communications and updates from the top, therefore promoting transparency, consistency and fairness, which lead to greater engagement and increased openness to change.
- 3** Manager development: enabling line managers to drive performance in a positive, proactive manner that moves away from the more traditional 'command and control' approach, often associated with the emergency services. This can be achieved by equipping and empowering managers to lead change scenarios, by giving them more responsibility for the messaging and leading by example.



SOURCES OF FURTHER INFORMATION

'HMIC to extend inspection remit to fire & rescue services'

– HM Inspectorate of Constabulary and Fire & Rescue Services

<https://www.justiceinspectorates.gov.uk/hmicfrs/news/news-feed/hmic-to-extend-inspection-remit-to-fire-and-rescue-services/>

The Queen's Speech 2017: background briefing notes

– Cabinet Office and Prime Minister's Office

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/620838/Queens_speech_2017_background_notes.pdf

'Crime in England and Wales: year ending Mar 2017'

– Office for National Statistics

<https://www.ons.gov.uk/peoplepopulationandcommunity/crimeandjustice/bulletins/crimeinenglandandwales/yearendingmar2017>

'Police Workforce, England and Wales, 31 March 2017'

– Home Office

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/630471/hosb1017-police-workforce.pdf

'Police diversity' – House of Commons, Home Affairs Committee

<http://www.publications.parliament.uk/pa/cm201617/cmselect/cmhaff/27/27.pdf>

'Police criticise 'staggering' bureaucracy for recording use of force' – Sarah Marsh (The Guardian)

<https://www.theguardian.com/uk-news/2017/jul/08/police-criticise-staggering-bureaucracy-for-recording-use-of-force>

'The Home Office's response on police use of force data'

– Home Office

<https://www.gov.uk/government/news/the-home-offices-response-on-police-use-of-force-data>

'State of Policing, the annual assessment of policing in England and Wales 2016'

– HM Chief Inspector of Constabulary

<https://www.justiceinspectorates.gov.uk/hmicfrs/wp-content/uploads/state-of-policing-2016.pdf>

'Media Relations' – College of Policing

<https://www.app.college.police.uk/app-content/engagement-and-communication/media-relations/>

'Making it Fair: The Disclosure of Unused Material in Volume Crown Court Cases' – HM Crown Prosecution Service Inspectorate & HM Inspectorate of Constabulary

<http://www.justiceinspectorates.gov.uk/cjji/inspections/making-it-fair-the-disclosure-of-unused-material-in-volume-crown-court-cases/>

'Independent review of building regulations and fire safety'

– Department for Communities and Local Government

<https://www.gov.uk/government/news/independent-review-of-building-regulations-and-fire-safety>

'Fire Safety Conference 2017: Fire Minister's speech'

– Nick Hurd MP

<https://www.gov.uk/government/speeches/fire-safety-conference-2017-fire-ministers-speech>



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For Publication

**Bedfordshire Fire and Rescue Authority
Audit and Standards Committee
28 September 2017
Item No. 4**

**MINUTES OF THE AUDIT AND STANDARDS COMMITTEE
MEETING HELD ON 14 JUNE 2017 AT 10.00am**

Present: Councillors Chapman (in the Chair), Chatterley, Duckett, Headley and Saleem

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

Ms K Storey, Ernst & Young

Mr D Harris, RSM

17-18/AS/001 Apologies

An apology for absence was received from Councillor Franks.

17-18/AS/002 Election of Vice Chair 2017/18

RESOLVED:

That Councillor Headley be elected Vice Chair of the Committee for 2017/18.

17-18/AS/003 Declarations of Disclosable Pecuniary and Other Interests

There were no declarations of interest.

17-18/AS/004 Communications

Alf Hitchcock

The Chair advised that the former Chief Constable of Bedfordshire, Alf Hitchcock, had been taken seriously ill and was currently in Bedford Hospital. The Assistant Chief Officer was asked to make contact with Mr Hitchcock and his family on behalf of Members.

Audit Committee Members' Forum

The Assistant Chief Officer reported on an invitation to Committee Members to attend an Audit Committee Members' Forum hosted by Ernst & Young in London on 7 July 2017 or in Luton on 11 July 2017. It was noted that this was specifically for members of Audit Committees. Committee Members were asked to contact Christine Smith with their availability.

RSM Audit Committee briefing

The Committee considered RSM's Emergency Services Sector Update for June 2017. This provided an update on a number of matters including potential governance models for Police, Fire and Crime Commissioners, the cyber threat, gender pay gap reporting and the impact of the new intermediaries legislation.

In relation to the cyber threat, the Assistant Chief Officer reported that the ICT Shared Service was currently in the process of responding to a Home Office request on its security and confirmed that all its patches were up to date. The risk level for cyber security had recently been raised following the malware attack on the NHS.

An update on the upgrading of the emergency services communications network had been provided. The Public Accounts Committee had expressed concerns about the delay and deliverability of the Emergency Services Network (ESN) that would be replacing Airwave.

The Assistant Chief Officer advised that Service Operational Commander C Ball had provided an update on the situation locally. The Service was working locally, regionally and nationally to influence the implementation of ESN. A revised national timeline for the delivery of the project was expected by the end of June 2017, with works progressing towards anticipated delivery at the end of 2019. Confidence had been expressed that Airwave would be available during the transition and follow up period.

The Chair requested that the update from Service Operational Commander Ball be circulated to Members of the Committee for information.

The Assistant Chief Officer advised that a report on inclusivity would be submitted to a future meeting of the Fire and Rescue Authority and that the Service would be publishing its gender pay gap information by the end of March 2018.

The Assistant Chief Officer reported that the Service was being significantly affected by the introduction of the new intermediaries legislation which required the deduction of National Insurance and tax for 'off-payroll' workers employed through their own personal service companies or other intermediaries. This reduced the pay those individuals received and made it less profitable for them to work within the public sector, thereby increasing the risk that key talent may choose to work in the private sector. This was especially impactful on the ICT Shared Service, where there was a greater need for specialist contractors.

Ernst & Young Audit Committee Briefing

The Committee then considered the Fire and Rescue sector Audit Committee briefing from Ernst & Young. Topics covered in the briefing included updates

on Brexit, the Policing and Crime Bill and the consultation on proposals to stop senior fire officers from being re-employed after they had retired.

The Committee was assured that it had considered all the issues stated above.

RESOLVED:

1. That the communications be received.
2. That Members of the Committee confirm with Christine Smith whether or not they are able to attend the Audit Committee training provided by Ernst & Young in London on 7 July 2017 or in Luton on 11 July 2017.
3. That the update on the Emergency Services Network from Service Operational Commander Ball be circulated electronically to all Members of the Committee for information.

17-18/AS/005 Minutes

RESOLVED:

That the Minutes of the meeting held on 16 March 2017 be confirmed and signed as a true record.

17-18/AS/006 Terms of Reference

Members were requested to review the Terms of Reference for the Audit and Standards Committee and agreed that there were no changes required.

RESOLVED:

That the Terms of Reference be received.

17-18/AS/007 Annual Audit Fees 2017/18

Ms K Storey, Ernst & Young, submitted the proposed annual audit fees for 2017/18. The audit fee remained unchanged from the previous years at £30,222.

Mr G Chambers, the Head of Finance and Treasurer, reminded the Committee that, from 2018/19, the Authority had agreed to take part in the co-ordinated appointment of external auditors through Public Sector Audit Appointments (PSAA).

The Chair congratulated the Head of Finance and Treasurer and his team for their work in ensuring that the auditors had access to all the relevant information and that additional audit work above that which was quoted for at the beginning of the year was not required.

RESOLVED:

1. That the letter dated 5 April 2017 submitting the indicative external Annual Audit Fees for 2017/18 be received.

2. That the hard work of the Head of Finance and Treasurer and his team in assisting the external audit process be recognised.

17-18/AS/008 Internal Audit Annual Report 2016/17

Mr D Harris of RSM introduced a report on the progress made against the internal audit plan for 2016/17.

The Head of Internal Audit's opinion for 2016/17 was that the organisation had an adequate and effective framework for risk management, governance and internal control. Further enhancements to the framework of risk management, governance and internal control had been identified to ensure that it remained adequate and effective.

Of the eight internal audits undertaken during the year, seven had been awarded an opinion of reasonable assurance and one of substantial assurance. The follow-up audit had identified that good progress against actions arising from previous audits had been made.

RESOLVED:

That the report be received.

17-18/AS/009 Internal Audit Progress Report 2017/18

Mr D Harris of RSM introduced a report on the progress made against the internal audit plan for 2017/18. The remaining four audits from 2016/17 had been completed since the last meeting of the Committee. A schedule of the work for 2017/18 audit assignments was included in the report.

Mr Harris added that a suggestion made at the last meeting of the Committee to split the audit of the payroll review into two parts was currently being considered.

Members noted that an internal audit of Collaboration was scheduled to commence in July 2017.

RESOLVED:

That the internal audit progress report for 2017/18 be received.

17-18/AS/010 Audit and Governance Action Plan Monitoring: Exception Report and Summary Analysis

Assistant Chief Officer Evans presented a summary statistical analysis of actions arising from internal audit reports over the last three financial years to date and from the Authority's current Annual Governance Statement.

Over the reporting period, there had been 2 high, 21 medium and 38 low priority actions agreed. Of these, 7 medium and 8 low priority actions were still in progress. None were outstanding and no extensions had been requested.

All actions set out in the Annual Governance Statement Action Plan 2015/16 had also been completed.

RESOLVED:

That the report be received.

17-18/AS/011 2016/17 Annual Governance Statement

Mr G Chambers, the Head of Finance and Treasurer, submitted the 2016/17 Annual Governance Statement to the Committee for its approval prior to external audit.

The Committee was advised that the Authority would be asked to approve the final Annual Governance Statement and the Statement of Accounts for 2016/17 by the end of July this year, a year earlier than required. This had previously been undertaken at the September meeting.

The Head of Finance and Treasurer reported that the Annual Governance Statement had been updated in accordance with the revised format and seven principles as set out in the CIPFA/Solace Good Governance in Local Government Framework that had been published in 2016. It also detailed the review of effectiveness of internal control and referred to internal and external audits undertaken throughout the year.

The action plan for 2017/18 was to continue the two actions identified in the previous year's statement: to continue to address the medium term funding gap and to complete the actions arising from the review of effectiveness and that this be formally reviewed by Members as part of the following year's process.

Ms K Storey, Ernst & Young, suggested an amendment to the external audit section on page 16 to refer to a value for money conclusion, rather than opinion.

RESOLVED:

That the Annual Governance Statement be approved for its inclusion in the draft 2016/17 Statement of Accounts that will be presented to external auditors, subject to a slight amendment to the wording in the external audit section.

17-18/AS/012 Review of Code of Conduct and Annual Report on Standards

Mr J Atkinson, the Secretary and Monitoring Officer, presented a position statement on developments relating to the standards function during 2016/17. No complaints had been received against Members of the Authority and no wider standards issues had come to light.

The view was expressed that paragraphs 4.14 and 4.15 under the leadership section in the Code of Conduct should be reviewed to clarify the ability of

Members to challenge decisions made and to have robust debate about issues without fear of being reported under the Standards regime.

RESOLVED:

1. That the report be received.
2. That the Secretary and Monitoring Officer review sections 4.14 and 4.15 of the Code of Conduct in line with the discussions noted above and resubmit the Code of Conduct to the next meeting of the Committee for approval.

17-18/AS/013 New Internal Audit Reports

The Committee received the Governance: Transparency and Decision Making audit report for information. This had received an opinion of reasonable assurance with 3 medium and 4 low priority actions identified. These related primarily to information which must be published or was recommended for publication on the Service's website.

The Assistant Chief Officer advised that this audit report would also be submitted to the next meeting of the Corporate Services Policy and Challenge Group.

Mr D Harris, RSM, commented that there were a number of other authorities that had the same identified issues with the publication of information on their websites, as it was noted that the publication and subsequent updating of the relevant information could be a time-consuming task.

RESOLVED:

That the audit report be received and the associated management comments/actions which will be added to the Audit and Governance Action Plan Monitoring report for Corporate Services Policy and Challenge Group be noted.

17-18/AS/014 Corporate Risk Register and Review of Corporate Risk Management

Group Commander D Cook presented an update on the review of the Corporate Risk Register. All changes and updates to risks would be considered by the relevant Policy and Challenge Group.

There had been changes to two risk ratings in the Corporate Services Risk Register: CRR39 (*if we have inadequate data management due to poor implementation, inappropriate specification of requirements or poor quality control measures then we are at risk of using the wrong information throughout the organisation and thus potentially affecting the delivery of our services*) and CRR38 (*if we suffer virus/hacking damage to business critical or vital computer systems then this will significantly affect our ability to deliver risk critical services such as emergency response*) had been updated as a

result of the recent malware attack on the NHS. The inherent impact had been increased to 4 for both risks.

There had also been three updates to risks in the Corporate Services Risk Register. Most notably, CRR43 (*if the Service suffers a terrorist attack then there is the potential for elements of the Critical National Infrastructure (CNI) to be compromised, our ability to respond to emergency incidents could be significantly affected, we would be unable to fulfil our duties under the Civil Contingencies Act and our reputation could be adversely affected*) had been updated following the recent terrorist attack in Manchester. Communication between relevant partner agencies had been maintained in response to the increase in national threat level to 'critical'.

There had been no changes to the risk ratings in the Service Delivery Risk Register. CRR22 (*if we have inadequate or incomplete operational pre planning policies, procedures or information available to us then we can potentially risk injury or event death to our fire-fighters and staff*) had been updated as the Service was working with the National Operational Guidance programme to provide standard operational doctrine.

In relation to the Human Resources Risk Register, the inherent likelihood of CRR32 (*if there is a serious vehicle collision involving a vehicle being driven by Service personnel for work purposes then there is the potential for serious injury or even death to our staff members, a negative reputational impact and the potential for legal action*) had been reduced from 3 to 2 due to control measures being introduced. There had been an update to CRR25 (*if operational personnel either individually or collectively at any or all levels do not meet the minimum level of competence to safely deal with the full range of incidents which may be encountered, particularly areas of competencies relating to: - Incident Command – Use of Breathing Apparatus – Compartment Fire Behaviour – Water related incidents – High-rise incidents – Work at Height- then there is the potential to cause significant injury or even deaths to our staff*) following the peer review of the Service's Safe Work at Height operational policy and procedures against a national CFOA toolkit. The Service was the first in the country to be subject to a peer review in this area and the initial feedback had been very positive.

RESOLVED:

1. That the continuing development of the Service's Corporate Risk Register be acknowledged.
2. That it be acknowledged that the appropriate Policy and Challenge Groups have considered and reviewed controls proposed to reduce the identified risks.

17-18/ASC/015 Review of Standing Orders

Following a request from Members at the Annual General Meeting of the Fire and Rescue Authority, the Secretary and Monitoring Officer presented a report reviewing the Standing Orders governing the election of the Authority's Chairperson and Vice-Chairperson. This would require an amendment to the

current Standing Order 2. An update to Standing Order 21, governing all appointments to the Authority, to clarify the resolution of situations where two candidates had an equality of votes, had also been proposed.

It was proposed that the Secretary and Monitoring Officer preside over the election of the Chairperson and that, in the event that there was an equality of votes for any appointment, the appointment would be decided by the drawing of lots.

Members agreed with the amendment to Standing Order 2 to allow the Monitoring Officer to preside over the election of the Chairperson.

The Secretary and Monitoring Officer was asked to give further consideration to paragraphs 5 and 6 to clarify the position when there are a number of abstentions and no candidate receives an overall majority of the vote. Also, it was suggested that the Standing Orders should provide for the rerun of an election prior to the drawing of lots.

RESOLVED:

That the Secretary and Monitoring Officer be asked to give further consideration to the wording of paragraphs 5 and 6 of Standing Order 21 and circulate the proposed revision to Members of the Committee.

17-18/AS/016 Work Programme

The Committee considered the proposed work programme for 2017/18. The Assistant Chief Officer advised that, as September's meeting had been brought forward to 26 July 2017 to enable the Authority to submit its final Statement of Accounts to the Committee prior to 31 July, there were a number of cyclical items which the Committee may wish to defer from the meeting as it was unlikely that there would be any changes to report.

This was agreed subject to this being reviewed with the Chair prior to the circulation of the agenda.

In response to a comment by the Chair, the Committee was advised that RSM, the Authority's internal auditors, would be able to provide audit training to all Members at the Member Development Day in November 2017.

RESOLVED:

1. That the Committee's Work Programme for 2017/18 be received.
2. That the following items be removed from the Committee meeting on 26 July 2017 subject to the Chair's agreement prior to the publication of the agenda for that meeting: Internal Audit Progress Report, Audit and Governance Action Plan Monitoring and Corporate Risk Register.

The meeting closed at 11.12am

For Publication

**Bedfordshire Fire and Rescue Authority
Audit and Standards Committee
28 September 2017
Item No. 5**

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

SUBJECT: EXTERNAL AUDIT RESULTS REPORT 2016/17

For further information on this report contact: Karen Daniels
Service Assurance Manager
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Background Papers: None

Implications (tick ✓):

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

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

PURPOSE:

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

RECOMMENDATION:

That Members consider the submitted external Audit Results Progress Report for 2016/17.

1. Introduction

1.1 The submitted Audit Progress Report summarises work Ernst and Young have undertaken since their appointment as external auditor to the year ending 31 March 2017.

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

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**Bedfordshire Fire
and Rescue Authority
Audit results report**

Year ended 31 March 2017

Private and Confidential

13 September 2017

Dear Audit and Standards Committee Members

We have substantially completed our audit of Bedfordshire Fire and Rescue Authority for the year ended 31 March 2017.

Subject to concluding the outstanding matters listed in our report, we confirm that we expect to issue an unqualified audit opinion on the financial statements in the form at section 3, before the statutory deadline of 30 September 2017. We also have no matters to report on your arrangements to secure economy, efficiency and effectiveness in your use of resources.

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

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

We look forward to discussing with you any aspects of this report or any other issues arising from our work.

Yours faithfully

Debbie Hanson
Executive Director

For and on behalf of Ernst & Young LLP
United Kingdom

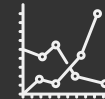
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In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued "Statement of responsibilities of auditors and audited bodies". It is available from the via the PSAA website (www.PSAA.co.uk).

The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment (updated February 2017) issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature..

This report is made solely to the Audit and Standards Committee, other members of the Authority 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, other members of the Authority 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, other members of the Authority 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 obtaining our written consent.



01

Executive Summary



Executive summary

Overview of the audit

Scope and materiality

In our Audit Plan presented to the 16th March 2017 Audit and Standards Committee meeting, we gave you an overview of how we intended to carry out our responsibilities as your auditor. We carried out our audit in accordance with this plan.

We planned our procedures using a materiality of:

- ▶ £587,220 for the audit of the main authority accounts. We reassessed this using the actual year-end figures, which has decreased this amount to £560,380;
- ▶ £143,500 for the firefighters' pension fund accounts. We reassessed this using the actual year-end figures and increased the amount to £157,740.

The threshold for reporting audit differences has changed as a result from £29,361 to £28,019 for the main authority accounts and increased from £7,175 to £7,887 for the firefighters' pension fund. The basis of our assessment of materiality has remained consistent with prior years at 2% of gross revenue expenditure and 2% of pensions payable and commutations.

We also identified areas where misstatement at a lower level than materiality might influence the reader and developed a specific audit strategy for them. They include:

- ▶ Remuneration disclosures including any severance payments, errors that would affect the banding shown by the note would be considered material or errors above £10,000 for disclosures that do not relate to banding. We would consider as material any error that would affect bandings where these are shown in remuneration notes.
- ▶ Related party transactions, the accounting standard requires us to consider the disclosure from the point of view of materiality to either side of the transaction, we therefore considered this on a case by case basis.
- ▶ Members' allowances, errors of 50% of our threshold for reporting audit differences would be considered material.



Executive Summary (continued)

Status of the audit

We have substantially completed our audit of Bedfordshire Fire and Rescue Authority's financial statements for the year ended 31 March 2017 and have performed the procedures outlined in our Audit Plan. Subject to satisfactory completion of the following outstanding items we expect to issue an unqualified opinion on the Authority's financial statements in the form which appears at Section 3. However until work is complete, further amendments may arise:

- ▶ Receipt of bank confirmation from Barclays
- ▶ Finalisation of our work on employee costs
- ▶ Testing of the £498k debtor with the Home Office for reimbursement of injury benefit pension costs which were charged to the main authority revenue account in previous years and which should have instead been a charge to the firefighters' pension fund
- ▶ Clearance of queries on testing of firefighter pensions '18-20' refunds, information has been provided and is in the process of being reviewed.
- ▶ Testing of the revaluation of the Authority's land and buildings has been undertaken and is in the process of being reviewed
- ▶ Review of the entries in the unusable reserves related to capital accounting and financing
- ▶ Journals testing
- ▶ Review of earmarked reserves
- ▶ Review of the final version of the financial statements
- ▶ Completion of subsequent events review up to the date of the audit report.
- ▶ Receipt of the signed management representation letter.

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Audit differences

There are no unadjusted or adjusted audit differences arising from our audit work completed to date.



Executive Summary (continued)

Areas of audit focus

Our Audit Plan identified key areas of focus for our audit of Bedfordshire Fire and Rescue Authority's financial statements. This report sets out our observations and conclusions, including our views on areas which might be conservative, and where there is potential risk and exposure. We summarise our consideration of these matters, and any others identified, in the "Key Audit Issues" section of this report.

The one new area of focus since our Audit Plan was issued relates to work on the debtor included in the fire fighters' pension fund accounts for the reimbursement of costs for injury benefit pensions incorrectly charged of £498k for the years 2006/07 to 2012/13. Our work on this balance is still in progress at the time of drafting this report.

We have reviewed our risk assessment of the payment of refunds of contributions for firefighters' who qualify for the '18-20' refunds. This was shown as a significant risk in our Audit Plan however having considered the process followed to make these payments, which is similar to the process adopted in 2015/16 to process payments following the settlement of the GAD v Milne case, we have reclassified this as a higher inherent risk, and have updated our testing strategy accordingly.

We also identified two areas in our Audit Plan where we place reliance on experts; pensions and property valuations. We have evaluated 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 have also considered the work performed by the specialist and performed audit procedures to confirm we can place reliance on these experts. We have not identified any significant issues in relation to their work, although as noted above our work in relation to valuations remains in progress.

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

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

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

Value for money

We have considered your arrangements to take informed decisions; deploy resources in a sustainable manner; and work with partners and other third parties. We have no matters to report about your arrangements to secure economy efficiency and effectiveness in your use of resources.



Executive Summary (continued)

Other reporting issues

Statement of accounts

We delayed our audit from its original scheduled date in July to August. This was because whilst a draft statement of accounts was placed on the Authority's website in June it was evident that these were not compliant with the requirements of the Cipfa Code of Practice on Local Government Accounting; specifically the movement in reserves was incomplete, as was the fixed asset movement note. We agreed with the Treasurer to defer our audit pending production of a revised statement of accounts, which was received on 29th July. The Treasurer has indicated that the delays arose as a result of problems in accounting for the Authority's capital transactions. The Authority will need to ensure for the 2017/18 statement of accounts that there are robust arrangements in place to ensure that capital accounting entries are captured accurately and completely in the financial statements.

As a result of the above issues, we noted the need to update the notice published on the Authority's website regarding the deposit period of the accounts that had been placed in June. An explanatory statement was added to the website to draw attention to the revised statement of accounts and a revised 30 working day period for the public to exercise their rights. We also noted that the Accounts and Audit Regulations 2015 require a signed declaration from the chief financial officer that the statement of accounts is unaudited and may be subject to change. Whilst the version of the accounts put on the website included 'DRAFT' on the front cover and in the watermark it did not have a signed statement of responsibilities from the Treasurer; although we note that this was included in the hard copy version.

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There were a number of changes introduced in 2016/17 as a result of changes to Cipfa's Code of Practice on Local Government Accounting following publication of their 'Telling the story' report on the presentation of local government financial statements. These included the requirement to include an Expenditure and Funding Analysis note. Although this was included in the draft statement of accounts it did not comply with the requirements to show income and expenditure using the same analysis as for internal decision making, nor did it show how this reconciled with the final general fund position. For 2017/18 the Authority needs to ensure that there are arrangements in place to ensure that all new financial reporting requirements are addressed.

In light of the issues noted above, the Authority should review its processes for the production of the accounts for 2017/18 to ensure the issues identified above are addressed and it complies fully with the requirements of the Accounts and Audit Regulations. This is particularly important in light of the compression of the timescale for the production and audit of the accounts in 2017/18, when the accounts will need to be produced by the 31 May and the audit opinion given by 31 July.

Annual Governance Statement and Whole of Government Accounts

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Authority and made some recommendations on how this could be updated.

The Authority falls below the National Audit Office's threshold for us to carry out detailed procedures on the Whole of Government Accounts submission



Executive Summary (continued)

Executive summary (continued)

Control observations

We have adopted a fully substantive approach, and so have not tested the operation of controls. We have, however, updated our understanding of key processes and the controls which are in place to detect or prevent error. Through this work, we have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements and which is unknown to you.

Independence

Please refer to Appendix B for our update on Independence. We have no independence issues to bring to your attention.



02 Areas of Audit Focus



Areas of Audit Focus

Audit issues and approach: Management override

Management override

What is the risk?

Risk of management override
 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 to prepare fraudulent financial statements by overriding controls that otherwise seem to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

What did we do?

- ▶ We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in preparing the financial statements.
- ▶ We reviewed the following accounting estimates for evidence of management bias: pension valuations, property valuations, provisions and creditor accruals.
- ▶ We evaluated the business rationale for any significant unusual transactions.
- ▶ We tested a sample of accruals and provisions to check whether they had been recorded at an appropriate value;
- ▶ We undertook cut off testing for income and expenditure to ensure that material amounts had not been incorrectly recognised in or omitted from the financial statements.

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What are our conclusions?

We have not identified any material weaknesses in controls or evidence of material management override.
 We have not identified any instances of inappropriate judgements being applied.
 Our work completed to date did not identify any other transactions during our audit which appeared unusual or outside the Authority's normal course of business.
 Our work on journals is still in progress





Areas of Audit Focus

Audit issues and approach: Management override



Further details on procedures / work performed

In undertaking our work on management override of controls we have considered the balances included in the Authority's financial statements that are the most susceptible to judgement or estimation techniques. The key estimates are considered to be:

- ▶ The valuation of property, plant and equipment - due to the significance of this balance in the financial statements we have included this as a higher inherent risk in our audit strategy and include a separate section to report on this below.
- ▶ Valuation of pension liabilities - due to the significance of this on the financial statements we have included this as a higher inherent risk in our audit strategy and include a separate section to report on this below.

Specifically in relation to other estimates:

- ▶ The provisions balance in the financial statements is £212,000 at 31 March 2017, the largest element being the business rates appeal provision at £202,000 which is notified to the Authority by the collection authorities. We had no issues from our audit work on provisions.
- ▶ The creditors balance in the financial statements of £2.3 million included approximately £0.5 million of general accrued amounts that were not payroll related or in respect of the collection fund. We had no issues from our work on this balance.

We evaluated the remainder of the Authority's estimates, including depreciation, as low risk of material misstatement. No issues were noted in our work in these areas.



Audit issues and approach: Accounting estimates reliance on experts

Reliance on experts

Reliance on experts highlighted in the Audit Plan

We identified two areas in our Audit Plan where we place reliance on experts.

In accordance with Auditing Standards, we have evaluated 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 have also considered the work performed by the specialist in light of our knowledge of the Authority's environment and processes and our assessment of audit risk in the particular area. As part of this work we have performed the following procedures:

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

We set out our findings in relation to the two specialists we have relied on below

Pension disclosures

We have assessed and are satisfied with the competency and objectivity of the Authority's actuaries: Hymans Robertson LLP. EY pensions team and PwC (consulting actuary to the NAO) have reviewed the work of the actuary and we have followed up on the areas identified by both reviews as requiring work by the local audit team. We have no issues to report.

Property valuations

We have assessed and are satisfied with the competency and objectivity of the Authority's valuers, who changed this year to NPS Property Consultants.

We have undertaken appropriate audit procedures to verify and critically challenge the basis of valuation adopted by the valuer in relation to the Authority's property base, focusing in particular on specialist assets which are valued on a depreciated replacement costs basis. Our work in this area is largely concluded and, subject to Director review, we have not identified any issues that we need to report to you. We will provide an update on progress and any findings at the Audit and Standards Committee meeting.



Areas of Audit Focus

Audit issues and approach: Financial statements presentation

Expenditure and funding analysis and Comprehensive income and expenditure statement

What are our conclusions?

We found that:

- the disclosures were not originally in line with the CIPFA Code
- We have reviewed updated expenditure and funding analysis and segmental reporting notes and are satisfied that these are now correctly stated.
- the restated comparative figures agreed to the Authority's prior year totals for income and expenditure and supporting working papers.

What is the risk?

Financial statement presentation

Amendments have been made to the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the Code) this year, changing the way the financial statements are presented.

The new reporting requirements impact the Comprehensive Income and Expenditure Statement (CIES) and the Movement in Reserves Statement (MiRS). They also include the introduction of the new 'Expenditure and Funding Analysis' note as a result of the 'Telling the Story' review of the presentation of local authority financial statements.

The Code no longer requires statements or notes to be prepared in accordance with SeRCOP. Instead the Code requires that the service analysis is based on the organisational structure under which the organisation operates.

This change in the Code require a new structure for the primary statements, new notes and a full retrospective restatement of impacted primary statements.

What did we do?

We reviewed the draft expenditure and funding analysis, and the restated CIES. We found that the CIES had been re-stated appropriately.

The expenditure and funding analysis had been appropriately included as a note to the financial statements. However it was not in line with the requirements of the Code of Practice:

- ▶ It showed an analysis of income and expenditure on a subjective basis e.g. employee expenses, rather than a segmental basis.
- ▶ It did not reconcile the position between income and expenditure reported internally and the basis shown in the comprehensive income and expenditure account.
- ▶ The analysis of income and expenditure by nature which was disclosed in the initial version of the accounts has been re-worked.
- ▶ A segmental analysis of income was not originally included in the draft statement of accounts but details for the note have subsequently been provided and audited.



Areas of Audit Focus

Audit issues and approach: Firefighters' pension fund '18-20' refunds and claim for reimbursement of injury benefits

Firefighters' pension fund '18-20' refunds and claim for reimbursement of injury benefits

What is the risk?

As identified in our Audit Plan there was a requirement for the Authority to refund up to two years' pension fund contributions where officers contributing to the firefighters' pension fund met certain criteria. The value of the refunds is approximately £210,000 in the firefighters' pension fund accounts.

Subsequent to the issue of our Audit Plan we were also informed by the Treasurer that the Authority was claiming £498,000 from the Home Office in respect of injury benefits which had fallen on the general fund rather than being funded via the firefighters' pension fund in previous years. This balance is included as debtor in the Authority's balance sheet

What did we do?

- ▶ We tested a sample of nine '18-20' refunds. We identified that one of the individuals did not in fact meet the criteria and should not have been paid the refund.
- ▶ We have requested further evidence for another two refunds.
- ▶ Our testing of the injury benefits debtor is ongoing.

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What are our conclusions?

We found that for the '18-20' refunds, one should not have been a refund.

Our audit work in respect of our testing of the refunds and the debtor for the reimbursement of prior year injury benefits is still in progress.

We will update the Audit and Standards Committee on our findings.



Areas of Audit Focus

Audit issues and approach: New integrated HR and payroll system

New integrated HR and payroll system

What is the risk?

The Authority implemented a new integrated HR and payroll system.

We recognised in our Audit Plan that this could represent a risk to our audit if access to the original system was time limited.

What did we do?

We updated our documentation for the old payroll system and walked through a transaction from that system to confirm our understanding of the system.

We documented the new system and again walked through a transaction as required by International Auditing Standards.

We reviewed the checks being undertaken by management to ensure that the new system is calculating payroll correctly.

We completed our testing on the disclosure notes on officers' remuneration and did not identify any issues

We did not experience any difficulties regarding systems access and were able to complete out testing as planned.

What are our conclusions?

We found that:

- ▶ There was evidence of detailed checking of the payroll calculations on the new system compared with the old system
- ▶ We were able to access the information that we needed for key disclosures and complete our testing as planned



03 Audit Report



Audit Report

Draft audit report

Our opinion on the financial statements

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

Opinion on the Authority financial statements

We have audited the financial statements of Bedfordshire Fire and Rescue Authority for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Movement in Reserves Statement;
- Comprehensive Income and Expenditure Statement;
- Balance Sheet;
- Cash Flow Statement and the related notes 1 to 31; and
- include the firefighters' pension fund financial statements comprising the: Fund Account; Net Assets Statement and the related notes 1 to 9.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

This report is made solely to the members of Bedfordshire Fire and Rescue Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.



Audit Report

Draft audit report (continued)

Our opinion on the financial statements

Respective responsibilities of the Treasurer and auditor

As explained more fully in the Statement of the Treasurer's Responsibilities set out on page 12, the Treasurer is responsible for the preparation of the Authority's financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Treasurer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Statement of Accounts 2016/17 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Bedfordshire Fire and Rescue Authority as at 31 March 2017 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.



Audit Report

Our opinion on the financial statements

Matters on which we report by exception

We report if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Authority;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects

Conclusion on Bedfordshire Fire and Rescue Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority's responsibilities

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



Audit Report

Our opinion on the financial statements

Auditor's responsibilities

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2016, as to whether the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

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

Conclusion

On the basis of our work, having regard to the guidance issued by the C&AG in November 2016, we are satisfied that, in all significant respects, Bedfordshire Fire and Rescue Authority put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.



Audit Report

Our opinion on the financial statements

Certificate

We certify that we have completed the audit of the accounts of Bedfordshire Fire and Rescue Authority in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Debbie Hanson
for and on behalf of Ernst & Young LLP, Appointed Auditor
Luton
29 September 2017

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

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



04 Audit Differences





Audit Differences

Audit differences

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

Summary of adjusted differences

There were no uncorrected misstatements, based on our work completed to date.

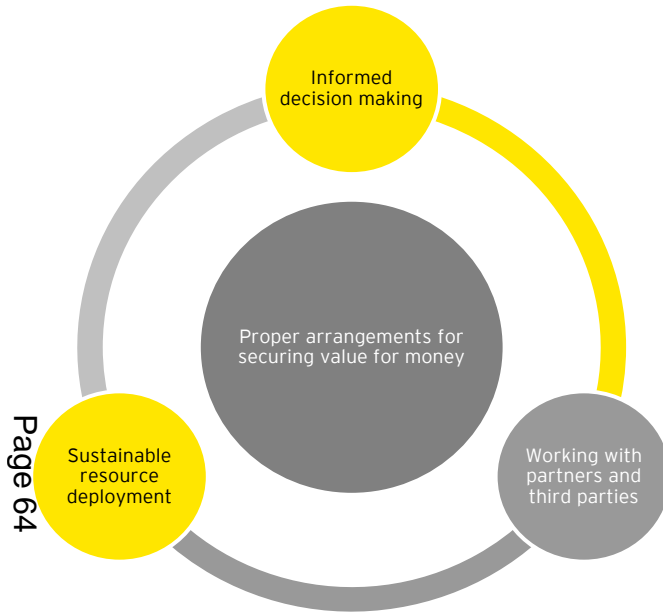
Differences could arise from the completion of the remaining areas of our audit and we will update the Committee if any such issues arise



05 Value for Money



Value for Money



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Economy, efficiency and effectiveness

We must consider whether you have 'proper arrangements' to secure economy, efficiency and effectiveness in your use of resources. This is known as our value for money conclusion.

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

- ▶ take informed decisions;
- ▶ deploy resources in a sustainable manner; and
- ▶ work with partners and other third parties.

In considering your proper arrangements, we use the CIPFA/SOLACE framework for local government to ensure that our assessment is made against an already existing mandatory framework which you use in documents such as your Annual Governance Statement.

Overall conclusion

We did not identify any significant risks around these criteria

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



Value for Money

VFM risks

We are only required to determine whether there is any risk that we consider significant within the Code of Audit Practice, where risk is defined as:
“A matter is significant if, in the auditor’s professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public”
Our risk assessment supports the planning of enough work to deliver a safe conclusion on your arrangements to secure value for money, and enables us to determine the nature and extent of any further work needed. If we do not identify a significant risk we do not need to carry out further work.
We did not identify any significant risks in our risk assessment.

Other matters to bring to your attention

We noted the following issues as part of our value for money conclusion assessment

Bedfordshire Fire and Rescue Authority has continued to respond well to the financial challenges that it faces, along with other public sector bodies. The size of that challenge however remains significant.

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The Authority continues to challenge ways of working to improve effectiveness and efficiency working collaboratively with other fire authorities and other blue light services.

There is a track record of controlling the budget and this has continued in 2016/17 with an underspend in year of £1.4 million which is being used to set up a collaboration earmarked reserve to make further progress on this area.

The medium term financial strategy to 2020/21 sees only a small balance remaining on the transformational reserve which the Authority holds to help manage the changes required to its base budget over the medium term. The balance at 31 March 2017 on this reserve is £5 million.



06

Other reporting issues



Other reporting issues

Other reporting issues

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

We must give an opinion on the consistency of the financial and non-financial information in the Statement of Accounts 2016/17 with the audited financial statements

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

Financial information in the Statement of Accounts 2016/17 and published with the financial statements was consistent with the audited financial statements.

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

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Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review, and the nature of our report, is specified by the National Audit Office. The Authority falls below the National Audit Office's threshold for us to carry out detailed procedures on the submission.

We therefore have no issues to report.



Other reporting issues

Other reporting issues

Other powers and duties

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

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

Other matters

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

- ▶ Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- ▶ Any significant difficulties encountered during the audit;
- ▶ Any significant matters arising from the audit that were discussed with management;
- ▶ Written representations we have requested;
- ▶ Expected modifications to the audit report;
- ▶ Any other matters significant to overseeing the financial reporting process;
- ▶ Related parties;
- ▶ External confirmations;
- ▶ Going concern;
- ▶ Consideration of laws and regulations.

As reported in the Executive Summary we identified a number of issues with the initial draft accounts which the Authority will need to address for 2017/18:

- The accounts did not meet the requirements of the Cipfa Code both in terms of primary statements (the movement in reserves was incomplete) and required disclosures (the expenditure and funding analysis, segmental disclosures and fixed asset movement note were either not present or incomplete). We recognise that the Authority faced a number of challenges in the preparation of the financial statements this year, particularly in the key area of resourcing the capital accounting role.
- The requirements of the Accounts and Audit Regulations 2015 were not fully met in terms of the notice of audit and the absence of a signed statement of responsibilities from the Treasurer.



07

Assessment of Control Environment



Assessment of control environment

Financial controls

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

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. As we have adopted a fully substantive approach, we have therefore not tested the operation of controls.

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

Other than the comments made in the preceding section re financial reporting processes we have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware.



08 Appendices









Appendix A

Required communications with the Audit and Standards Committee

There are certain communications that we must provide to the Audit and Standards Committees of UK clients. We have done this by:

			 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.	
Planning and audit approach	Communication of the planned scope and timing of the audit, including any limitations.	17 February 2017 Audit Plan	
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view of the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Any significant difficulties encountered during the audit ▶ Any significant matters arising from the audit that were discussed with management ▶ Written representations we have requested ▶ Expected modifications to the audit report ▶ Any other matters significant to overseeing the financial reporting process ▶ Findings and issues around the opening balance on initial audits (delete if not an initial audit) 	September 2017 Audit Results Report	
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	No conditions or events were identified, either individually or together to raise any doubt about Bedfordshire Fire and Resecue Authority's ability to continue for the 12 months from the date of our report	
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Significant corrected misstatements, in writing 	September 2017 Audit Results Report	




Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Fraud	<ul style="list-style-type: none"> ▶ Asking the Audit and Standards Committee whether they have knowledge of any actual, suspected or alleged fraud affecting the Authority ▶ Unless all those charged with governance are involved in managing the entity, any fraud identified or information obtained indicating that a fraud may exist involving: <ul style="list-style-type: none"> (a) management; (b) employees with significant roles in internal control; or (c) others where the fraud results in a material misstatement in the financial statements. ▶ A discussion of any other matters related to fraud, relevant to Audit and Standards Committee responsibility. 	We have asked management and those charged with governance about arrangements to prevent or detect fraud. We have not become aware of any fraud or illegal acts during our audit
Related parties	<p>Significant matters arising during the audit in connection with the Authority's related parties including, where applicable:</p> <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and/or regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	We have no matters to report
Subsequent events	<ul style="list-style-type: none"> ▶ Where appropriate, asking the Audit and Standards Committee whether any subsequent events have occurred that might affect the financial statements. 	We have asked management and those charged with governance. We have no matters to report
Other information	<ul style="list-style-type: none"> ▶ Where material inconsistencies are identified in other information included in the document containing the financial statements, but management refuses to make the revision. 	September 2017 Audit Results Report
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ We were unable to obtain relevant and reliable audit evidence from other procedures. 	September 2017 Audit Results Report
Consideration of laws and/or regulations	<ul style="list-style-type: none"> ▶ Audit findings of non-compliance where it is material and believed to be intentional. This communication is subject to compliance with legislation on "tipping off" ▶ Asking the Audit and Standards Committee about possible instances of non-compliance with laws and/or regulations that may have a material effect on the financial statements, and known to the Audit and Standards Committee. 	We have asked management and those charged with governance. We have not identified any material instances or non-compliance with laws and regulations



Appendix A

Our Reporting to you

Required communications	What is reported?	 When and where
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit. 	September 2017 Audit Results Report
Independence	<p>Communication of all significant facts and matters that have a bearing on EY's objectivity and independence.</p> <p>Communicating 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 on the firm's general policies and processes for maintaining objectivity and independence <p>Communications whenever significant judgments are made about threats to objectivity or independence and the appropriateness of safeguards,</p>	17 February 2017 Audit Plan September 2017 Audit Results Report
Fee Reporting	<p>Breakdown of fee information when the audit plan is agreed</p> <p>Breakdown of fee information at the completion of the audit</p> <p>Any non-audit work</p>	17 February 2017 Audit Plan September 2017 Audit Results Report



Independence

We confirm that there are no changes in our assessment of independence since our confirmation in our audit planning board report dated 17 February 2017.

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

We consider that our independence in this context is a matter which you should review, as well as us. It is important that you and your Audit and Standards Committee consider the facts known to you and come to a view. If you would like to discuss any matters concerning our independence, we will be pleased to do this at the meeting of the Audit and Standards Committee on 28 September 2017.

As part of our reporting on our independence, we set out below a summary of the fees paid for the year ended 31 March 2017.

We confirm that we have not undertaken non-audit work outside the PSAA Code. We have adopted the necessary safeguards in completing this work and complied with Auditor Guidance Note 1 issued by the NAO in December 2016.

Description	Final Fee 2016/17	Planned Fee 2016/17	Scale Fee 2016/17	Final Fee 2015/16
Total Audit Fee - code work	*TBC	£30,222	£30,222	£30,222

*TBC. We incurred additional time due to the Statement of Accounts 2016/17 not being fully compliant with the requirements of the Cipfa Code of Practice on Local Government Audit in respect of the new requirement to produce an Expenditure and Funding Analysis. In addition we had to undertake work on the injury benefit debtor of £498,000 being reclaimed from the Home Office. There was also some limited time incurred as a result of the deferral of the audit for example agreeing revised notice advertising the availability of the financial statements. We will discuss with the Treasurer the impact on our fees, any increase in fee has to be approved by our regulator Public Sector Audit Appointments Limited. We will communicate to Members the outturn fee once this has been agreed. We recognise that the Authority faced a number of challenges in the preparation of the financial statements this year particularly in the key area of resourcing the capital accounting role.





Appendix C

Accounting and regulatory update

Accounting update

Since the date of our last report to the Audit and Standards Committee, new accounting standards and interpretations have been issued. The following table provides a high level summary of those that have the potential to have the most significant impact on you:


Name	Summary of key measures 	Impact on Authority 
<i>IFRS 16 Leases</i>	<p>IFRS 16 will be applicable for local authority accounts from the 2019/20 financial year.</p> <p>Whilst the definition of a lease remains similar to the current leasing standard; IAS 17, for local authorities who lease in a large number of assets the new standard will have a significant impact, with nearly all current leases being included on the balance sheet.</p> <p>There are transitional arrangements within the standard, although as the 2019/20 Accounting Code of Practice for Local Authorities has yet to be issued it is unclear what the impact on local authority accounting will be or whether any statutory overrides will be introduced.</p>	<p>Until the 2019/20 Accounting Code is issued and any statutory overrides are confirmed there remains some uncertainty in this area.</p> <p>However, what is clear is that the Authority will need to undertake a detailed exercise to classify all of its leases and therefore must ensure that all lease arrangements are fully documented.</p>



Appendix C

Accounting update (continued)

Since the date of our last report to the Audit and Standards Committee, there have been regulatory developments. The following table provides a high level summary of those that have the most significant impact on you:


Name	Summary of key measures	Impact on Authority 
Earlier deadline for production and audit of the financial statements from 2017/18	The Accounts and Audit Regulations 2015 introduced a significant change in statutory deadlines from the 2017/18 financial year. From that year the timetable for the preparation and approval of accounts will be brought forward with draft accounts needing to be prepared by 31 May and the publication of the audited accounts by 31 July.	<p>The Authority experienced resourcing difficulties in covering capital accounting which affected its ability to produce the financial statements by the existing reporting deadline of 30 June this year.</p> <p>The change to the deadlines provide challenges for both the preparers and the auditors of the financial statements.</p> <p>The Authority clearly needs to consider how it ensures that the key requirements of capital accounting are addressed and any changes to financial reporting requirements for the sector generally. Given the pressure on auditors to complete audits within a more compressed timescale the co-operation from authorities in preparing clear working papers and prompt responses to queries will be vital. There will need to be a 'step change' in the quality of working papers with the provision of a full set from day 1 of the audit with suitable supporting evidence.</p> <p>As auditors, nationally we have:</p> <ul style="list-style-type: none"> ▶ Issued a thought piece on early closedown ▶ As part of the strategic Alliance with CIPFA jointly presented accounts closedown workshops across England, Scotland and Wales ▶ Presented at CIPFA early closedown events and on the subject at the Local Government Accounting Conferences in July 2017 <p>Locally we have:</p> <ul style="list-style-type: none"> ▶ Set up a forum in October for chief accountants to meet with us to share ideas on how procedures can be streamlined. <p>Through working together, and reflecting on this year, there are a number of areas where the closedown and audit processes can be further improved going forward. These changes provide challenges for both the preparers and the auditors of the financial statements.</p>



Appendix C

Regulatory update

Since the date of our last report to the Audit and Standards Committee, there have been regulatory developments. The following table provides a high level summary of those that have the most significant impact on you:

Name	Summary of key measures 	Impact on Authority
<i>Policing and Crime Act 2017</i>	The key measures summarised here are those that are likely to have implications for the audit of the financial statements and the VFM conclusion: <ul style="list-style-type: none">▶ Increase in emergency services collaboration between police bodies, ambulance and fire and rescue services▶ Provision for Police and Crime Commissioner (PCC) to act as the Fire and Rescue Authority	<ul style="list-style-type: none">▶ Powers introduced to allow increased collaboration between emergency services▶ Powers that allow the PCC to act as Fire and Rescue Authority with a variety of governance and accounting structures resulting.



Appendix D

Management representation letter

Management Rep Letter

[To be prepared on the entity's letterhead]

[Date]

Ernst & Young
400 Capability Green
Luton
LU1 3LU

Dear Sirs

This letter of representations is provided in connection with your audit of the financial statements of Bedfordshire Fire and Rescue Authority ("the Authority") for the year ended 31 March 2017. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the Authority financial position of Bedfordshire Fire and Rescue Authority as of 31 March 2017 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17

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



Appendix D

A. Financial Statements and Financial Records

We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

1. We acknowledge, as members of management of the Authority, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Authority in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17. We have approved the financial statements.
2. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
3. As members of management of the Authority, we believe that the Authority has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, that are free from material misstatement, whether due to fraud or error.
4. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

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B. Fraud

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

C. Compliance with Laws and Regulations

1. We have disclosed to you all identified or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.



Appendix D

D. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
3. We have made available to you all minutes of the meetings of the Authority and committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date:
 - Authority 19 July 2017
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Authority's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.
5. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. We have disclosed to you, and the Authority has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

E. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent, and have disclosed in Note 26 to the financial statements all guarantees that we have given to third parties.

F. Subsequent Events



Appendix D

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

G. Other information

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

H. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the valuation of Property, Plant and Equipment, Investment Properties, and Pension Liabilities and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

Property Valuation and Business Rates Appeals Estimates

1. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimates have been consistently applied and are appropriate in the context of CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.
2. We confirm that the significant assumptions used in making the valuation of Property estimate appropriately reflects our intent and ability to utilize these assets on behalf of the entity.
3. We confirm that the disclosures made in the financial statements with respect to the accounting estimates are complete and made in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.
4. We confirm that no adjustments are required to the accounting estimates and disclosures in the financial statements due to subsequent events.

J. Retirement benefits

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

K. Expenditure Funding Analysis

1. We have reviewed the new requirements (as set out in the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17),



Appendix D

in relation to the preparation of the Expenditure Funding Analysis to replace the previous segmental reporting analysis, and confirm that all required amendments to the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement, as well as the requirements to prepare the Expenditure Funding Analysis and related notes have been correctly reflected in the financial statements, including retrospectively reflecting this in the financial statements.

2. We confirm that the financial statements reflect the operating segments reported internally to the Authority.

Yours faithfully,

Treasurer
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Chair of the Audit and Standards Committee



Appendix D




EY | Assurance | Tax | Transactions | Advisory

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

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Agenda Item 6

For Publication

Bedfordshire Fire and Rescue
Authority
Audit and Standards Committee
28th September 2017
Item No. 6

REPORT AUTHOR: CHIEF FIRE OFFICER AND TREASURER

SUBJECT: 2016/17 STATEMENT OF ACCOUNTS

For further information
on this Report contact: Gavin Chambers, Head of Finance/Treasurer

Background Papers: 2015/16 Statement of Accounts. The Annual Governance Statement presented to the Audit and Standards Committee on 14th June 2017.

Implications (tick ✓):

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

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

PURPOSE:

To consider the 2016/17 Statement of Accounts, including the Annual Governance Statement, post audit.

RECOMMENDATION:

That:

1. Members consider and approve the current version of the 2016/17 Statement of Accounts and Annual Governance Statement that have now been externally audited.
 2. Members delegate any final amendments to the Treasurer.
 3. Members consider and approve the letter of representation.
-

1. Introduction

1.1 The Accounts and Audit Regulations 2015, require the Treasurer to formally approve the Annual Governance Statement (AGS) and Statement of Accounts by the end of June, following the previous financial year. Following external audit, the relevant body of the Authority is required to approve them by the end of September. The relevant body for this Authority is the Audit and Standards Committee (A&SC). From next year for the 2017/18 accounts, the A&SC approval will be moved forward to the end of July and this will be so for each year thereafter.

1.2 The AGS was presented to the Audit and Standards Committee on 14th June 2017. The attached AGS and accounts are presented post external audit by Ernst & Young.

Item 6.1

Their report on the external audit review of the accounts is elsewhere on this meeting's agenda.

2. The 2016/17 Statement of Accounts and Annual Governance Statement

2.1 The format of the statement of accounts follows detailed guidance, as prescribed in the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17. The content and order of the statement can change from year to year to reflect new requirements or changes in best practice. The accounts are in the format required by International Financial Reporting Standards (IFRS).

2.2 In accordance with the public advertisement and the statutory deposit period, the initial draft version of the accounts was put on the website on 12th June 2017. However, due to resourcing issues these were not the final version. This delay led to the planned external audit date moving back to an agreed revised date of 14th August. The full set of draft accounts was made available on the website on 29th July 2017 and the statutory inspection period was extended to the 11th September. There were not any requests for information on the accounts from the public.

The Head of Finance is currently sourcing agency staff for the 2017/18 statement of accounts, with the aim of avoiding the resourcing issues encountered for the 2016/17 accounts. This is with the first year of the early closure in mind too.

2.3 There have been no material items that have changed the bottom line of the Balance Sheet or Comprehensive Income and Expenditure Account in the 2016/17 statement of accounts as a result of the external audit. There have been only presentational updates made to the draft set of accounts.

2.4 The draft 2016/17 AGS was presented to the Audit Committee on 14th June 2017 and then to our external auditor. There were no significant amendments made to the AGS.

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

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

2.7 Pension Reimbursement

It has previously been reported to Members that the Authority was seeking reimbursement of pension fund payments made to the then Department of Communities and Local Government (DCLG), now the Home Office. These dated back to 2006 and were erroneously charged to the Authority's revenue account rather than the Government funded Pension Fund Account. The £498k has been included as part of the 2016/17 year-end accounts, with a debtor in the accounts for this. This has been allocated to the Collaboration Reserve in accordance with the approved treatments of the year end underspend. This can be reviewed further with Members as part of the 2018/19 budget setting process. This income was received in July 2017, however, the Authority still needs to formally write to the Home Office on this matter advising on the external audit review of the treatment of this correction.

2.8 Revenue Year End outturn

The final outturn position for the 2016/17, excluding the pension reimbursement, was a £874k underspend. The reported forecast year end outturn to Members in March 2017, based on the figures as at 31st December 2016, was an outturn of £692k. The £874k underspend has also been allocated to the Collaboration reserve in accordance with the treatment of the 2015/16 revenue underspend and as approved by Members at the FRA meeting on 9th February 2017.

3 General and Earmarked Reserves

3.1 The General Reserves balance as at 31 March 2017 was £2.6m. This is following work undertaken since 2010/11 to establish specific earmarked reserves, which as at 31 March 2017 totalled £12.249m. This figure includes the Transformational Earmarked Reserve of £4.976m to support future years' budget setting, the Collaboration Reserve of £1.906m and also a capital reserve £2.171m to finance on-going and future capital works. This is in line with the Medium Term Financial Strategy, which takes into account the back loaded 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 can be found at note 24 in the Statement of Accounts.

3.2 The capital receipts reserve as at 31 March 2017 was £0.641m.

4. Summary

4.1 Members are invited to:

- Review and approve the current version of the 2016/17 Statement of Accounts, which includes the Annual Governance Statement
- Delegate any final amendments to the Treasurer
- Note the General and Earmarked Reserves balances.

PAUL FULLER
CHIEF FIRE OFFICER

GAVIN CHAMBERS
TREASURER

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BEDFORDSHIRE

FIRE AND RESCUE AUTHORITY



DRAFT - STATEMENT OF ACCOUNTS 2016/17

DRAFT

STATEMENT OF ACCOUNTS

2016/17

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AUTHORITY MEMBERSHIP 2016/17

Chair

Councillor D McVicar (Central Bedfordshire Council)

Vice-Chair

Councillor C Atkins (Bedford Borough Council)

Councillors

Bedford Borough Council

C Atkins
M Headley
J Mingay

Central Bedfordshire Council

P Downing
J Chatterley
F Chapman
D McVicar
P Duckett

Luton Borough Council

Y Waheed
R Riaz
M Ayub
D Franks

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 the Annual General Meeting of the FRA on 25 May 2017, the Chair is now Cllr C Atkins and Cllr P Downing Vice Chair. There is one new and one returning Member both from Luton Borough Council, T Khan and R Saleem who replaced R Riaz and M Ayub.

During 2016/17:

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

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

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

Chair of Audit and Standards Committee – Cllr F Chapman

NARRATIVE STATEMENT

Background Information

Population

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

Travel and transport

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

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

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

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

Service Vision, Objectives and Priorities

Vision

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

Service Objectives

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

Service Priorities

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

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

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

Organisational statistics and structure

BFRS employs around 300 fire fighters and control staff, 145 retained fire fighters and 139 non-operational staff.

There are 14 strategically positioned Fire Stations and an Emergency Communication Centre.

These include five wholetime stations, crewed 24 hours a day, one day crewed and night retained stations and 8 retained stations.

Other local FRS

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

Management and the Authority

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

- Deputy Chief Fire Officer
 - Operations
 - Operational Support
 - Training and Development
 - Community Safety
- Assistant Chief Officer
 - Strategic Support
 - Human Resources
 - Strategic Projects
 - Health and Safety
- Head of Finance/Treasurer to the FRA
 - Statutory Section 151 responsibilities
 - Finance, Procurement, Office Services and Property

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

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

BFRS activities

General

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

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

Fin Yr	Total Incidents	False Alarm	Fire	Special Service
2009-10	6471	2388	2827	1256
2010-11	6242	2456	2538	1248
2011-12	6071	2488	2485	1098
2012-13	5315	2264	1858	1193
2013-14	5546	2289	2123	1134
2014-15	5948	2629	2041	1278
2015-16	5757	2538	2009	1207
2016-17	6536	2723	2088	1685

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

Performance

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

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

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

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

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

Strategic Objective 2 To ensure high standards of corporate governance and continued service improvement
Achieved or performed better than target 9 out of 14 indicators reported. (FNP2 performance will be available following external audit in September 2017.)

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

Value for Money

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

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

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

DRAFT

TREASURER'S EXPLANATORY FOREWORD

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 2015/16 to identify efficiency savings for the 2016/17 budget, the FRA was able to keep its Council Tax increase to 2% for 2016/17. As a consequence of not having an increase in Council Tax for 2011/12, the Authority will continue to receive the Council Tax Freeze Grant from the Government, that is now incorporated within the baseline funding allocation.

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. 2016/17 - A Financial Commentary

Revenue Budget:

For 2016/17 the FRA approved a revenue budget requirement of £28.985m. 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 2016/17 the FRA determined that capital expenditure be approved at £1.274m, of which £0.856m was to replace fire appliances and other operational vehicles. The capital programme was funded from capital grant received from Central Government and revenue contributions. Capital expenditure details appear on Note 11 to the accounts.

Pensions Liability:

The pensions liability has increased from £280.7m at the end of 2015/16 to £322.7m at the end of 2016/17. 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.

Reserves:

The General Reserve balance as at 31 March 2017 was £2.6m. This is following work undertaken over the last few years to establish specific earmarked reserves, which as at 31 March 2017 totalled £12.249m. The year-end revenue budget underspend of £1.372k has been allocated to the Earmarked Reserve set up for Collaboration work to support future years. This includes £498k of pension reimbursements from the Home Office that were not included in the year end outturn forecasts reported to the FRA. The specific budget setting reserve (Transformational) totals £4.976m that will be used over the medium term to balance the revenue budget. This is in line with the Medium Term Financial Strategy, which takes into account the back loaded, and on-going Government funding reductions to Fire and Rescue Services.

The Capital Receipts Reserve as at 31 March 2017 was £0.641 m.

3. Statement of Accounts

The FRA's Statement of Accounts for the year ending 31 March 2017 is set out on the following pages. The Statement includes:

- a. The Statement of Responsibilities for the Statement of Accounts which sets out the responsibilities of the FRA and the Treasurer to the FRA.
- b. The Annual Governance Statement.
- c. The Movement in Reserves Statement which summarises the FRA's spending against the council tax it raised, taking into account the use of reserves during the year.
- d. The Comprehensive Income and Expenditure Statement which summarises the income and expenditure of the FRA.
- e. The Balance Sheet which displays the financial position of the FRA as at 31 March 2017.
- 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.

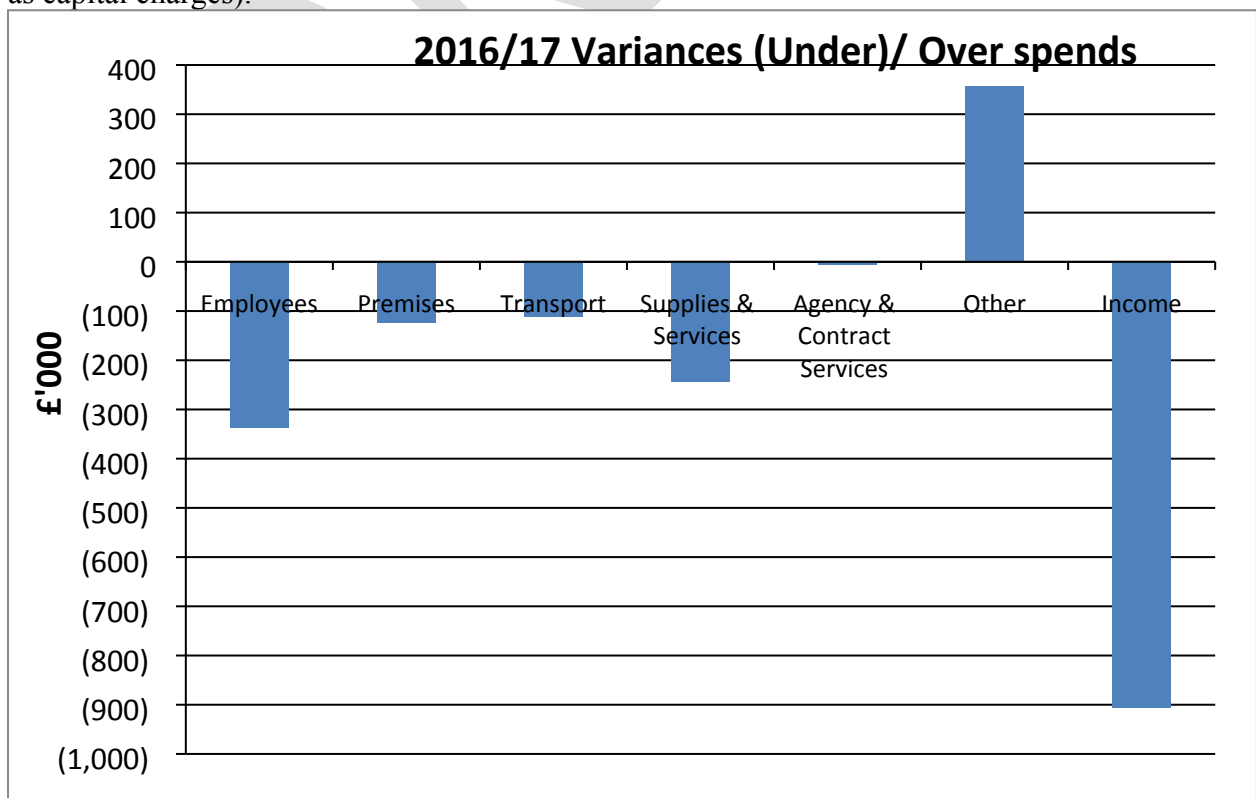
The Accounts are supported by a Statement of Accounting Policies and various Notes to the Core Financial Statements. In addition, a Glossary of Terms is included to provide further explanation.

4. 2016/17 Year End Contribution to Reserves

On the 9th March 2017, the authority received a budget monitoring report forecasting the year end outturn, based on actuals as at 31st December 2016, as an underspend of £692k. The actual year end outturn was comparatively £874k. In addition to this was the £498k pension monies.

SUMMARY OF EXPENDITURE PORTFOLIO	Original Budget 2016/17 £	Revised Budget 2016/17 £	Actuals 2016/17 £	Variance to Revised Budget £
01 Strategic Management	485,900	545,700	490,209	(55,491)
02 Head of Operations	13,859,300	14,479,800	13,719,870	(759,930)
03 Head of Operational Support	1,820,300	1,872,050	2,003,936	131,886
04 Head of Prevention and Protection	1,603,700	1,702,000	1,762,269	60,269
05 Head of Human Resources	721,800	774,000	815,723	41,723
06 Head of Finance & Treasurer	4,492,900	3,356,000	2,294,566	(1,061,434)
07 Head of Staff Development and Safety	1,478,700	1,657,200	1,699,993	42,793
08 Head of Strategic Support	2,561,000	2,715,800	2,548,873	(166,927)
09 Year End Capital Charges and Reserves	1,960,900	1,881,950	2,238,234	356,284
Net Revenue Expenditure	28,984,500	28,984,500	27,573,673	(1,410,827)
Government Grants incl RSG & NNDR	(8,330,000)	(8,330,000)	(8,291,023)	38,977
Precepts including Collection Fund Surplus	(20,654,500)	(20,654,500)	(20,654,500)	0
Year end Contribution to reserves	0	0	(1,371,850)	(1,371,850)

The main budget underspends and overspends are detailed below (excluding notional amounts such as capital charges).



The most significant underspend is the Employees expenditure of (£336,660).

Employee Expenditure - Uniformed staff underspend including Retained and Control total (£596,089). Within the Uniformed underspend the main areas are (£113,500) relating to Fire Fighters pay inflation saving of 1% against budget and a further (£533,935) as a result of vacancies within Wholetime and Retained, allowances and other minor variances £51,346.

Employee Expenditure - The Non-Uniform staff overspend within the employee variance above totals £300,525. This mainly as a result of agency spend across the service covering vacant posts £500,739 which is partially offset by income (see below) of (£182,680) into the authority relating to recharges for agency staff working on transformation projects and a further (£42,616) for cost recovery relating to staff costs for ICT shared Services, other variances total £25,082.

Employee Expenditure - Indirect employee expenditure within the employee variance underspend totals (£41,096) The main areas of underspend relate to the payment of HMRC Sanction charges which was (£32,707) less than expected and Occupational Health (£14,591). Other minor over and underspends totalling £6,202.

Premises expenditure - Underspend totals (£123,933). The main areas of underspend are Utilities (£57,572), Waste (£19,188), Repairs and Maintenance (£25,344), Decorating programme (£17,860) and other minor underspends of (£3,973).

Transport expenditure - Underspend totals (£111,888). The main areas of underspend are Fuel costs (£76,770), Lump Sum Car Allowances (£4,601) and Essential Car User Mileage (£10,270), spare part and workshop costs of (£14,340). Other minor underspends total (£5,907).

Supplies & Services - Underspend totals (£243,669). The main areas of underspend are IT Development & Software (£170,000), Service Agreements (£34,107), Catering Provisions (£23,348) and Office Supplies (£13,622). Other variances total (£2,592).

Other expenditure - Underspends total (£349,886). Main areas of variance and underspend (£358,600) due to unused Ear Marked Reserves (EMR's) 2015/16 which were added back to Corporate reserves and a difference between budgeted and Revenue Contributions to Capital and other minor Variances (£8,714).

Income - Over achievement of income of (£905,987). The main areas of variance are; (£497,789) relating to previous years over payments of pensions which will be repaid by the Home Office, (£182,680) which relates to the recovery of agency costs relating to projects (see Non-Uniform Staff above), a further (£56,780) as a result of the payment of insurance claim (see Contingent Assets in 2015/16 Statement of Accounts). There was also a recovery of staff costs relating to ICT shared Services (£42,616), an overachievement of investment income (£30,036), the sale of motor vehicles (£11,650) and other variances (£80,436).

Summary of Expenditure Table above identifies variances by Portfolio area, the main areas of underspend are;

Head of Operations - (£759,930) which relates mainly to both staffing underspend and fuels costs as identified above.

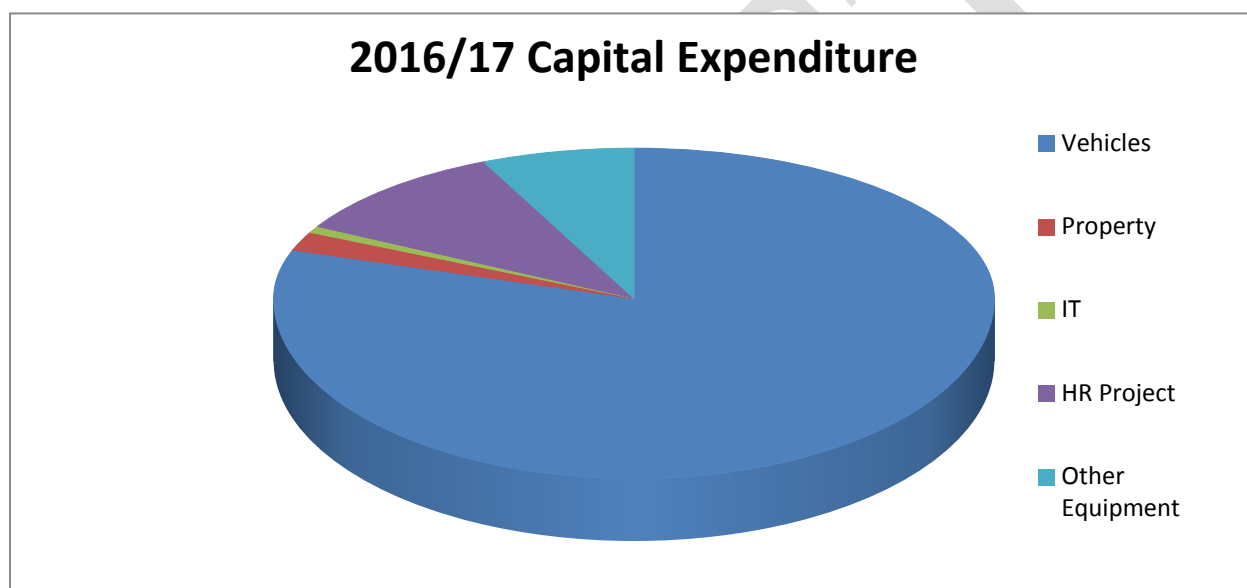
Head of Finance and Treasurer - (£1,061,434) where the underspend mainly relates to an over achievement of Investment Income and also an underspend due to Fire Fighters pay inflation at 1% rather than the budgeted 2%, Collection fund surpluses being more than budget and income relating to an insurance claim against previous insurers.

Head of Operational Support - £131,886 which mainly relates to the Control Project which is funded by Corporate Reserves.

The contribution to the reserves is £982k which includes the unutilised budget managers earmarked reserves (15/16) and unused but Fire and Rescue Authority approved capital funding. The capital reserve has been set up to fund the capital slippage carried forward to 2017/18. A further £502,900 for budget managers earmarked reserves 2016/17 has been allocated to reserves. The budget managers earmarks are funded by in year underspends where projects are on-going across financial years. The variance (£874k) stated above is the outturn compared to FRA original budget provision excluding capital funding, the pensions reimbursement and prior year budget managers earmarked reserves. This will be transferred to the Collaboration reserve as agreed by the FRA in February 2017 and will also include the (£498k) pension monies.

2016/17 Capital Programme

In 2016/17 the FRA spent £1,789,660 on capital projects, of which £1,419,399 was spent on vehicles, £37,115 property spend, HR system replacement £180,371, Technical Equipment £134,197 and other expenditure £18,643. The FRA funded its capital programme from capital grants £29,169 and revenue contribution to capital of £1,760,491.



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

	Brought Forward £'000	Received/ Transferred to in Year £'000	Used/ Transferred from in Year £'000	Available to fund future year expenditure £'000
Usable Capital Receipts Grants & Other Contributions	625	16	0	641
Vehicle Appliance Reserve	217	14	(29)	202
Capital Reserve	48	0	0	48
	2,196	1,735	(1,760)	2,171
	3,086			3,062

As reported to the Fire and Rescue Authority on the 9th March 2017, 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 various station refurbishments/ upgrades, ICT communication projects and the HR System project which are due to complete in 2017/18.

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 judgements 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.

Opinion

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 2017.



GAVIN CHAMBERS CPFA
Treasurer to Bedfordshire Fire and Rescue Authority

Signed on behalf of the Fire Authority

Cllr Fiona Chapman
Chair of the Audit & Standards Committee

ANNUAL GOVERNANCE STATEMENT FOR THE YEAR 2016/17

1. Scope of Responsibility

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

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

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

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

The Authority's financial arrangements conform to the governance requirements of the CIPFA – Statement on the Role of the Chief Financial Officer in Local Government. The Treasurer reports in his role directly to the Chief Fire Officer and from 1st April 2014 has sat on both the Strategic Command Team (quarterly) as well as the Corporate Management Team.

The Treasurer is in a position to bring influence on all material business decisions and is involved in the daily business of the Authority as well as the strategic planning.

2. The Purpose of the Governance Framework

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

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

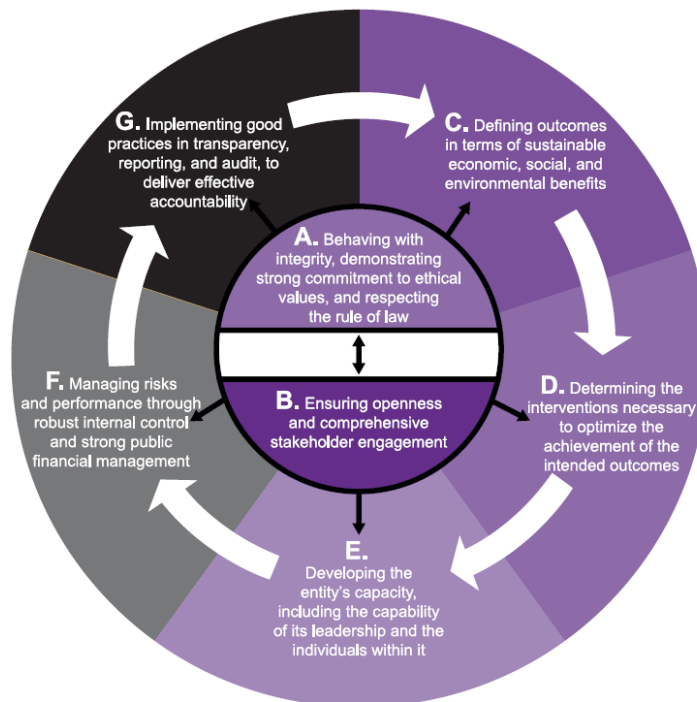
The governance framework for the Authority has been in place for the whole of the financial year 2016/17 and up to the date of approval of the Statement of Accounts.

3. The Governance Framework

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

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

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



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

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

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

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

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

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

The FRA has collaborated with its constituent Councils, Milton Keynes Council and Milton Keynes and Buckinghamshire Fire Authority for the recruitment of a joint Panel of Independent Persons.

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

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

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

In 2010, the Authority agreed a recommendation of the Audit Committee that it publishes an Annual Review of the Fire Authority's Effectiveness and Record of Member Attendance. A Form of Review Questionnaire was prepared and sent out to all Members for consideration and completion. This was discussed in each Policy and Challenge Group and the Audit and Standards Committee during 2016/17. The ACO on the 17th January 2017, held a session with FRA Members to review the overall feedback from each meeting.

This feedback and discussion was then collated and reported to the Audit and Standards Committee on 16 March 2017. The outcomes of this facilitated meeting were reported back to the FRA on 19th April 2016 and the action plan proposed was approved. Implementation and formal review of the agreed actions arising from the Annual Review of Effectiveness is incorporated as a standing item in each year's Annual Governance Statement Action Plan in Section 5.

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

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

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

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

The Authority has policies to safeguard both itself and its staff when making decisions. Both an Anti-Fraud, Bribery and Corruption Strategy and a Whistle Blowing Policy have been developed and are communicated to staff as part of the employee induction process and on an annual basis. The Whistle Blowing Policy and the Anti-Fraud, Bribery and Corruption Strategy (including the National Fraud Initiative) were reviewed and approved by the Audit and Standards Committee on 8th December 2016.

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

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

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

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

There is 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.

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

b. ensuring openness and comprehensive stakeholder engagement

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

The Authority is constantly striving to improve its communications performance, to build on its track record of continuous improvement and to ensure that the Authority as a whole is open and accessible to the community, service users and staff. In 2016/17 the Authority has:

- Adhered to the Transparency Code requirements, with information as required in the code published on the Authority's website;
- Operated an integrated Communications and Engagement Strategy and Action Plan; which has been routinely reviewed and revised;
- Continued to promote the Service's brand to ensure the public recognise the service we provide;
- Operated a cross functional positive action plan;
- Hosted Open Days at all 14 of its Community Fire Stations to engage with local communities;
- Taken part in a wide range of National Safe Weeks and other events to promote fire, road, water and other safety messages to local communities;
- Worked towards improving the Service's website following a web scoping project previously carried out with a view to having a new website in place by the end of 2017;
- Continued to work towards compliance with Disability Discrimination Act (DDA) and World Wide Web Consortium (W3C) guidelines for accessibility;
- Begun development of a Modern.gov website to improve access to Fire and Rescue Authority documents and decisions;
- Operated a Single Equality Scheme cross functional plan;
- Provided 24/7 PR Officer cover, with resilience to maintain cover in the case of sickness or holiday absence;
- Developed the use of the consultation element of the BedsFireAlert community messaging system to improve engagement with local people which increased responses to consultation on the budget for 2017/18 over previous years ;
- Created a summary Community Risk Management Plan 2016 document published in spring 2016;
- 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;
- Followed the successful launch of a corporate BFRS Facebook page to promote the Service and safety messages to the public with Facebook pages for each on-call Community Fire station to increase engagement with local communities;
- Continued the joint electronic Precept Leaflet (setting out the annual budget and expenditure);
- Expanded the Community Messaging system, as a mechanism for integrated community engagement following the Police joining the service.

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

The Authority's CRMP represents the key document that outlines its vision, objectives and priorities for the future, sets performance targets and outlines the Authority's accountability to its stakeholders.

When identifying priorities for the Plan, the views of stakeholders are taken into account and when completed is made available to all stakeholders, ensuring that they are aware of the aims, objectives, priorities and performance of the Authority.

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

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

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

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

A Medium-Term Financial Strategy, covering a rolling four year period and aligned with the Community Risk Management Plan, is developed to resource the Authority's plans. As part of the budget cycle, Service Managers produce financial proposals for key Service priorities and associated projects which are presented to Members for approval, in conjunction with the Authority's on-going financial commitments.

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

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

Performance against targets is monitored on a quarterly basis by Areas/Functions, the Corporate Management Team, the Strategic Command Team and the Elected Members Policy and Challenge Groups, in order that Service standards are maintained and corrective action can be taken. The Performance Management arrangements of the Service have again been enhanced over 2016/17 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. There are also Policy and Challenge Groups and the Audit & Standards Committee.

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

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

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

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

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

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

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

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

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

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

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

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

ICT Shared Service

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

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

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

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

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

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

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

The Authority's Chair and Chief Fire Officer have a good working relationship and hold regular meetings to discuss any emerging issues. There are regular formal meetings between Members and Senior Officers through the Policy and Challenge Groups. These Groups allow Officers to brief Members on key service areas and for Members to discuss Agenda items and ask pertinent questions to inform the decision making process. The Policy and Challenge Groups also agree, and review at each meeting, a work programme for the year ahead.

The alignment of the Policy and Challenge Groups to the Service's senior management structures further enhances Member / Officer interaction. In addition, a formal member and employee protocol has been developed and adopted by the Authority.

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

As noted at Section a) *Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law*, the Authority carried out an Annual Review of the Fire Authority's Effectiveness and Record of Member Attendance in 2016/17.

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

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

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

The Policy and Challenge Groups have referred powers only, and report their proceedings and make recommendations on matters within their terms of reference to the FRA. However, their remit does include, for instance, agreement of specific sections of the Community Risk Management Plan prior to the full Plan being approved by the Authority.

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

Corporate Services Policy and Challenge Group:

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

Service Delivery Policy and Challenge Group:

- Emergency Response
- Prevention
- Protection

Human Resources Policy and Challenge Group

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

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

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

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

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

In addition to the development of risk management and business continuity processes the Service's Corporate Risk Register has recently undergone further refinements. These refinements allow for the assessment and prioritisation of risks providing for full and detailed evaluation of control measures thereby minimising any potential impacts of identified risks within the monitoring framework.

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

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

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

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

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

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

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

The Authority will imminently be utilising the Modern.gov system to enable easy access to committee papers and decisions.

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

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

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

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

The Authority welcomes peer challenge, review and inspections. A Peer Review was carried out in 2015 and another one is currently being discussed and considered. The new inspectorate will also need to be taken into consideration here, in terms of timing. The Authority during 2017/18 is also likely to have an Equality and Diversity peer assessment carried out.

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

4. Review of Effectiveness of System of Internal Control

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

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

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

a. The Authority

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

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

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

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

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

As mentioned at Section a) *Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law*, the Authority, in 2011/12, agreed to review its effectiveness on an annual basis. A Review of the Authority's Effectiveness and Action Plan for 2016/17 and Record of Attendance are available on request.

b. Standards

There have been no complaints against Members during 2016/17.

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

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

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

The FRA has collaborated with its constituent Councils, Milton Keynes Council and Milton Keynes and Buckinghamshire Fire Authority for the recruitment of a joint Panel of Independent Persons.

c. Audit Committee

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

- Audit activity
- Regulatory Framework
- Accounts
- Standards

d. Internal Audit

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

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

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

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

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

The work contained within the 2016/17 Audit Plan is shown in the Table below. Where applicable, management action plans have been agreed to address issues raised.

The table below shows the evaluation received for each area of work. There are four levels of assessment – No Assurance, Partial, Reasonable and Substantial. The level of recommendations made is also identified below, there was one high recommendations made during the 2016/17 audits.

Auditable Area	High	Medium	Low	Assurance Level Given
Fleet Management	1	1	4	Reasonable
Stocks and inventory	0	2	1	Reasonable
Risk Protection Pool (joint report with Essex and Cambs FRS)	0	1	0	Reasonable
Key Financial Controls	0	1	3	Substantial

Data Quality – Incident Reporting System	0	3	2	Reasonable
Governance – Transparency and Decision making	0	3	4	Reasonable
Retained Recruitment	0	1	5	Reasonable
Follow up	0	1	0	Good progress
Risk Management – Service Assurance Frameworks	0	4	0	Reasonable
Totals	1	17	19	

The Annual Internal Audit report for 2016/17 by RSM, advises that “The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective”.

RSM also stated in their Annual Report for 2016/17 that “We have not issued any partial or no assurance opinions issued in 2016/17. We are not therefore suggesting any issues need to be considering as part of the AGS”.

The one high recommendation in the table above was made on the Fleet Management audit. The update on this is:

Recommendation - BFRA will update the repair and maintenance Policy and health and safety Policy to include a requirement for monthly reviews of the logbooks to ensure these are being completed in line with the policy. The logbooks will be updated to include a section where signoff can be included evidencing routine review of the logbooks to ensure they are being satisfactorily completed. The reviewer will also complete random monthly checks of the random sample vehicle to ensure the checks are being completed properly.

Ancillary vehicles used as pool cars will be assigned an individual who checks the logbook every week and if the car has not been taken out will carry out the checks and update the logbook.

Action taken – The relevant policy (V06 01/09) has been reviewed and updated. The policy document now includes the requirements that Station Commanders or Departmental Heads must undertake monthly checks of their vehicles and ensure they sign the vehicle log book. The reviewer will also undertake sample audits to ensure vehicle checks have been completed correctly.

Workshops also now undertake monthly vehicle checks on the Service pool cars and complete the vehicle log book. The vehicles are independently audited by the Technical and Engineering Manager each month.

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.

From October 2012, Ernst & Young LLP became our external auditors, following the externalisation of the Audit Commission practice. This appointment was been made under section 3 of the Audit Commission Act 1998 and was approved by the Audit Commission Board at its meeting on 26 July 2012. Their work will include auditing the 2017/18 accounts. The FRA has approved to the signing up to Public Sector Auditor Appointment (PSAA) for the external audit for 2018/19 onwards.

The National Audit Office will continue to regulate the local public audit market and monitor the performance of the firms providing audit services.

Value for Money

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

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

For the 2015/16 financial year, the following statement was presented to the Audit and Standards Committee on 7th September 2016:

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

f. Assurance Statements

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

g. Internal Performance Management Framework

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

5. Governance Issues and Conclusion

The review of effectiveness, including the processes of Internal and External Audit, have advised that the Authority’s overall financial management and corporate governance arrangements continue to be sound and that there are no major areas of concern. As part of the Authority’s continuous improvement processes, however, the review of effectiveness draws together all key Governance issues where it has been identified that improvements are possible and details the improvement actions that are to be taken to address them. These have already been highlighted within the relevant Sections of this Governance Statement but are summarised in Table form in this Section, together with a review of those improvement actions contained within last year’s Governance Statement. The implementation, monitoring and reporting of improvement actions identified in this Section are achieved through the Authority’s formal planning and performance systems.

Prior to summarising the issues and improvement actions identified during 2016/17, the issues and actions contained within the 2015/16 Annual Governance Statement are reviewed.

Review of Issues and Actions identified within 2015/16 Annual Governance Statement

The following Table briefly summarises the issues identified through the 2015/16 review of effectiveness process and the improvement actions that have been taken to address them during 2016/17:

Issue/Area for improvement	Improvement Action Planned	Actions Completed
Medium Term Budget/CRMP	Following the receipt of the four year funding deal, to review/consider and if appropriate sign up to this. The medium term funding gap still needs addressing for year 2020/21.	The FRA signed up for the four year funding deal.
Review of Authority Effectiveness	All 16 actions from the 2016/17 Review of Authority Effectiveness Action Plan to be completed during 2017/18 and formally reviewed by Members as part of the following year's process.	Completed and ongoing.

Issues and Improvement Actions identified by 2016/17 Annual Governance Statement

The following Table summarises the issues and improvement actions identified through the 2016/17 review of effectiveness process. As in previous years, a summary review of their implementation will be included within the next Annual Governance Statement.

Issue/Area for improvement	Source	Improvement Action Planned
Medium Term Budget/CRMP	Assurance Statements	To continue to address the medium term funding gap.
Review of Authority Effectiveness	All actions from the 2016/17 Review of Authority Effectiveness Action Plan to be completed during 2017/18 and formally reviewed by Members as part of the following year's process	All actions from the 2016/17 Review of Authority Effectiveness Action Plan to be completed during 2017/18 and formally reviewed by Members as part of the following year's process.

Colleen Atkins

COUNCILLOR COLLEEN ATKINS MBE
Chair
Bedfordshire FRA

Paul Fuller

PAUL M FULLER CBE QFSM
Chief Fire Officer
Bedfordshire FRS

STATEMENT OF ACCOUNTING POLICIES

1. General Principles

The Statement of Accounts summarises the Authority's transactions for the 2016/17 financial year and its position at the year end of 31 March 2017. 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 2016/17, 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 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.

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.

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 non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Depreciation: Depreciation is provided for on all Property, Plant and Equipment assets with a finite useful life. An exception is made for assets without a determinable finite useful life (i.e. freehold land) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- **Buildings**

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

- **Vehicles, Plant, Furniture and Equipment**

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

Where an item of Property, Plant and Equipment has major components whose depreciation cost has a material impact on the total asset valuation, the components are depreciated separately.

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

3. Heritage Assets

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

Steam Boiler on Shand Mason Fire Engine.

The Authority has obtained a valuation from a suitably qualified external valuer. The valuation will be reviewed on an annual basis.

4. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement from its date of acquisition. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

5. Charges to Revenue for Non-current Assets

Service revenue accounts and support services are debited with the following amounts to record the cost of holding non-current assets during the year:

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

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

6. Financial Instruments - Borrowing

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised. This means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

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

7. Financial Instruments - Investments

Loans and receivables are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset, multiplied by the effective rate of interest for the instrument. This means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the de-recognition of the asset are credited/debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

8. Debtors and Creditors

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.

- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

9. Inventories

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

10. Employee Benefits

Post Employment Benefits - Pensions

The FRA participates in two Pension Schemes:

- a. Firefighters -
The Firefighters' Pension Scheme is an unfunded, defined benefit scheme which is available to firefighters.
- b. Control and Non-Uniformed Personnel -
The Local Government Superannuation Scheme is a funded, defined benefit scheme which is available to control and non-uniformed staff. The Scheme's assets are valued on a bid basis as at 31 March 2017.

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

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

Termination Benefits

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

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable at current year rates, which is not in line with International Accounting Standard (IAS) 19 but the difference is not deemed to be material. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

11. Leases

Finance Leases:

The Authority accounts for leases as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee.

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

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

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

Lease payments are apportioned between:

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

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

The Authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made

from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation, revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases - Authority as Lessee

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

Operating Leases – Authority as Lessor

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

12. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

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

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

Contingent Liabilities

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

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

Contingent Assets

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

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

13. Reserves

Reserves are specific amounts set aside for either future policy purposes, called Earmarked Reserves, or to cover contingencies, called General Reserve. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. Expenditure is then debited to the Comprehensive Income and Expenditure Statement when it is incurred. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so there is no net charge against council tax for the expenditure.

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

14. Support Services Allocation

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

15. Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- the Authority will comply with the conditions attached to the payments, and
- the grants or contributions will be received

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contributions have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

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

16. VAT

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

17. Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

18. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in less than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change of value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

19. Events after the Balance Sheet Date

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

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

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

20. Foreign Currency Transactions

Where the Authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year end, they are re-converted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

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

2016/17 presentational changes to the statement of accounts

The Statement of accounts is a summary of our transactions for the financial year 2016/17 and our position at the year end, 31 March 2017. The content, layout and general rules we have used to prepare this Statement of accounts are stated in the Accounts and Audit (England) Regulations 2015. These regulations are embodied in the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, a statement of recommended practice ('the Code'), supported by International Financial Reporting Standards.

The 2016/17 Code introduced several presentational changes to the statement of accounts.

- The Comprehensive Income and Expenditure statement (CIES) is no longer prepared using the Service Reporting Code of Practice produced by Cipfa which set out a standard service expenditure analysis for all fire authorities to use, instead it reflects the internal reporting structure as presented in our internal revenue monitoring reports.
- We are required to produce a new supporting statement 'Expenditure and Funding Analysis' that reconciles the net expenditure presented in CIES to the net expenditure chargeable to General fund as presented in our management outturn report. As a result the 2015/16 CIES figures have been restated.

Critical Judgements in Applying Accounting Policies

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

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

Accounting Standards that have been issued but not yet adopted

The Authority is required to disclose information relating to the impact of a new accounting change on the financial statements as a result of the adoption by the Code of a new standard that has been issued, but is not yet required to be adopted by the Authority.

The Code of Practice on Local Authority Accounting for 2017/18 in the United Kingdom (the Code) will adopt the amendments to:

- Amendments to IAS 19 Employee Benefits
- Annual Improvements to IFRS's (2010-2012 Cycle)
- Annual Improvements to IFRS's (2012-2014 Cycle)
- Amendments to Joint Arrangements
- Amendments to IAS 16 Property, Plant and Equipment and IAS Intangible Assets (Clarification of Acceptable methods of Depreciation and Amortisation)
- Amendment to IAS 1 Presentation of Financial Statements (Disclosure Initiative)
- Amendment to the reporting of pension fund scheme transaction costs
- Amendment to the reporting of investment concentration (pension fund investments)

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). Hymans Robertson (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 2017 was £31.705m. Total depreciation and amortisation for the year was £2.090m.

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

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

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

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

Fire Fighters Pension Sensitivity Analysis **£000**

Decrease to the discount rate of 0.5%
Increase on Present Value of total scheme liabilities 29,972
Increase to current service cost 1,235

Increase in salary increase rate of 0.5%
Increase on Present Value of total scheme liabilities 4,563
Increase to current service cost 540

Increase in the Pensions Increase Rate (CPI) of 0.5%
Increase on Present Value of total scheme liabilities 24,994
Increase to current service cost 654

Increase in life expectancy of one (1) year
Increase on Present Value of total scheme liabilities 9,286
Increase to current service cost 188

LGPS Pension Scheme Sensitivity Analysis **£000**

Decrease to the discount rate of 0.5%
Increase on Present Value of total scheme liabilities 3,594

Increase in salary increase rate of 0.5%
Increase on Present Value of total scheme liabilities 724

Increase in the Pensions Increase Rate (CPI) of 0.5%
Increase on Present Value of total scheme liabilities 2,807

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 2015	2,600	10,036	878	625	14,139	(295,750)	(281,611)
Movement in Reserves 2015/16							
Surplus or (deficit) on provision of service (accounting basis)	(6,378)	0	0	0	(6,378)	0	(6,378)
Other Comprehensive Income and Expenditure	0	0	0	0	0	41,497	41,497
Total Comprehensive Income and Expenditure	(6,378)	0	0	0	(6,378)	41,497	35,119
Adjustment between accounting basis and funding basis under regulations	7,608	0	(661)	0	6,947	(6,947)	0
Net Increase/Decrease before Transfers to Earmarked Reserves	1,230	0	(661)	0	569	34,550	35,119
Transfers to/from Earmarked Reserves	(1,230)	1,230	0	0	0	0	0
Increase/Decrease in Year	(0)	1,230	(661)	0	569	34,550	35,119
Balance at 31 March 2016	2,600	11,266	217	625	14,708	(261,200)	(246,492)
Movement in Reserves 2016/17							
Surplus or (deficit) on provision of service (accounting basis)	(9,279)	0	0	0	(9,279)	0	(9,279)
Other Comprehensive Income and Expenditure	0	0	14	0	14	(28,676)	(28,662)
Total Comprehensive Income and Expenditure	(9,279)	0	14	0	(9,265)	(28,676)	(37,941)
Adjustment between accounting basis and funding basis under regulations	10,260	0	(29)	16	10,247	(10,262)	(15)
Net Increase/Decrease before Transfers to Earmarked Reserves	982	0	(15)	16	982	(38,937)	(37,954)
Transfers to/from Earmarked Reserves	(982)	982	0	0	(1,761)	1,761	0
Increase/Decrease in Year	(0)	982	(15)	16	983	(38,937)	(37,954)
Balance at 31 March 2017	2,600	12,248	202	641	15,692	(300,138)	(284,446)

Unusable Reserves

	Revaluation Reserve	Capital Adjustment Account	LGPS Pension Reserve	Firefighters Pension Reserve	Collection Fund Adjustment Account	Accumulated Absences Account	Total Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2015	2,175	14,553	(10,980)	(301,755)	481	(224)	(295,750)
Surplus or (deficit) on provision of service (accounting basis)	0	0	0	0	0	0	0
Other Comprehensive Expenditure and Income	696	0	2,743	38,058	0	0	41,497
Total Comprehensive Expenditure and Income	696	0	2,743	38,058	0	0	41,497
Adjustment between accounting basis and funding basis under regulations	(70)	1,808	(860)	(7,911)	45	41	(6,947)
Net Increase/Decrease before Transfers to Earmarked Reserves	626	1,808	1,883	30,147	45	41	34,550
Transfers to/from Earmarked Reserves	0	0	0	0	0	0	0
Increase/Decrease in Year	626	1,808	1,883	30,147	45	41	34,550
Balance at 31 March 2016	2,801	16,361	(9,097)	(271,608)	526	(183)	(261,200)
Surplus or (deficit) on provision of service (accounting basis)	0	0	0	0	0	0	0
Other Comprehensive Expenditure and Income	3,000	0	3,001	(28,675)	0	0	(28,676)
Total Comprehensive Expenditure and Income	3,000	0	(3,001)	(28,675)	0	0	(28,676)
Adjustment between accounting basis and funding basis under regulations	(88)	280	(651)	(9,651)	(159)	7	(10,262)
Net Increase/Decrease before Transfers to Earmarked Reserves	2,912	280	(3,652)	(38,325)	(159)	7	(38,937)
Transfers to/from Earmarked Reserves	0	0	0	0	0	0	0
Increase/Decrease in Year	2,912	280	(3,652)	(38,325)	(159)	7	(38,938)
Balance at 31 March 2017	5,713	16,641	(12,749)	(309,933)	367	(177)	(300,138)

BEDFORDSHIRE FIRE AND RESCUE AUTHORITY

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDING 31 MARCH 2017

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.

2015/16 (Restated)			By Service	2016/17			See Note
Gross Expenditure £'000	Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Income £'000	Net Expenditure £'000	
530	(4)	526	Strategic Management	540	(4)	536	
14,070	(100)	13,970	Head of Operations	14,922	(87)	14,835	
2,238	(20)	2,218	Head of Operational Support	2,107	(27)	2,080	
1,894	(37)	1,857	Head of Community Safety	1,883	(26)	1,857	
826	0	826	Head of Human Resources	890	0	890	
2,971	(176)	2,795	Head of Strategic Support	3,227	(427)	2,800	
178	0	178	Head of Safety & Special Projects	192	0	192	
1,591	(42)	1,549	Head of Training and Development	2,386	(23)	2,363	
1,527	(252)	1,275	Head of Finance and Treasurer	3,213	(851)	2,362	*
25,825	(631)	25,194	Net Cost of Services	29,360	(1,445)	27,915	
0	0	0	Other Operating Expenditure: (Gains) and Losses on the Disposal of Fixed Assets	23	(28)	(7)	
433	0	433	Financing and Investment Income and Expenditure:				
0	(116)	(116)	Interest Payable and Similar Charges	430	0	430	9/19
10,005	0	10,005	Interest and Investment Income	0	(129)	(129)	20
			Net interest on the net defined benefit liability (asset)	9,866	0	9,866	29
0	(5,731)	(5,731)	Non-Specific Grant Income:				
0	(2,058)	(2,058)	General Government Grants (incl council tax freeze grant)	0	(4,770)	(4,770)	
0	(3,284)	(3,284)	Retained Business Rate	0	(2,196)	(2,196)	
0	(188)	(188)	Business Rates Top Up and grants	0	(3,521)	(3,521)	
			Capital Grants and Contributions	0	(14)	(14)	
0	(4,899)	(4,899)	Taxation Precepts:				
0	(8,606)	(8,606)	Bedford Borough Council	0	(5,150)	(5,150)	18
0	(4,373)	(4,373)	Central Bedfordshire Council	0	(8,824)	(8,824)	18
			Luton Borough Council	0	(4,321)	(4,321)	18
36,263	(29,885)	6,378	(Surplus) or Deficit on Provision of Service	39,679	(30,400)	9,279	
		(696)	(Surplus) or Deficit on Revaluation of Non-Current Assets			(3,000)	25
		(40,801)	Re-measurement of the net defined benefit/liability			31,675	25
		(35,119)	Total Comprehensive Income and Expenditure			37,954	

* Includes £1.6m Past Service Pension Costs, see note 29

BEDFORDSHIRE FIRE AND RESCUE AUTHORITY
BALANCE SHEET AS AT 31 MARCH 2017

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 2016 £'000		31 March 2017 £'000	See Note
	Non-Current Assets		
22,068	Land and Buildings	23,931	
4,980	Vehicles, Plant and Equipment	6,197	
	Non-Operational Assets		
1,979	Assets Under Construction	1,577	
29,027	Total Property, Plant and Equipment	31,705	11
35	Heritage Assets	35	11
0	Intangible Assets	0	12
23	Long Term Debtors	236	14
29,085	Total Long Term Assets	31,976	
	Current Assets		
462	Inventories	406	13
2,573	Short Term Debtors	2,649	14
955	Prepayments	966	15
11,734	Short Term Investments	13,526	20
2,214	Cash and Cash Equivalents	1,545	21
17,938	Total Current Assets	19,092	
47,023	Total Assets	51,068	
	Current Liabilities		
(100)	Short Term Borrowing	0	
(2,111)	Short Term Creditors	(2,285)	16
(81)	Other Creditors	(216)	17
(77)	Lease Creditors	(62)	10
(2,369)	Total Current Liabilities	(2,563)	
	Non-Current Liabilities		
(9,987)	Long Term Borrowing	(9,987)	19
(132)	Lease Creditors	(70)	10
(322)	Provisions	(212)	23
(280,705)	Defined Benefit Pension Scheme	(322,682)	25/29
(291,146)	Total Non-Current Liabilities	(332,951)	
(293,515)	Total Liabilities	(335,514)	
(246,492)	Net Assets/Liabilities	(284,446)	
	Reserves		
	Unusable Reserves		

2,801	Revaluation Reserve	5,713	25
16,361	Capital Adjustment Account	16,641	25
526	Collection Fund Adjustment Account	367	18
(183)	Accumulated Absences Account	(177)	25
(280,705)	Pensions Reserve	(322,682)	25/29
(261,200)	Total Unusable Reserves	(300,138)	
	Usable Reserves		
625	Capital Receipts Reserve	641	24
217	Grants and Other Contributions Unapplied	202	24
11,266	Earmarked Reserves	12,249	24
2,600	General Reserve	2,600	24
14,708	Total Usable Reserves	15,692	
(246,492)	Total Tax Payers Equity	(284,446)	

These financial statements were authorised by the Treasurer on the 18th September 2017. These replaced the unaudited financial statements issued on 28th July 2017.

DRAFT

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.

2015/16 £'000		2016/17 £'000	2016/17 £'000	See Note
	<u>Operating Activities</u>			
	Cash Outflows:			
17,866	Cash paid to and on behalf of Employees	18,876		
4,309	Cash Paid to Suppliers of Goods and Services	4,118		
3,653	Employers NI and Pension Costs	4,211		
433	Interest Paid	430		
26,261	Cash Outflows Generated from Operating Activities		27,635	
	Cash Inflows:			
(17,774)	Council Tax Receipts	(18,286)		
(5,579)	National Non-Domestic Rates	(5,719)		
(5,553)	Revenue Support Grant	(4,770)		
(370)	Other Grants	(385)		30
(170)	Sales of Goods and Rendering of Services	(695)		
(233)	Other Operating Cash Receipts	(692)		
(124)	Interest Received	(131)		
(29,803))	Cash Inflows Generated from Operating Activities	(30,678)		
(3,542)	Net Cash Outflow/(Inflow) on Operating Activities:		(3,043)	
	<u>Investing Activities</u>			
	Cash Outflows:			
2,075	Purchase of Property, Plant and Equipment	1,790		
0	Sale of Property, Plant and Equipment	(17)		
1,700	Proceeds from Long Term and Short Term Investments	1,796		
(188)	Capital Grants and other receipts	(34)		30
3,587	Net Cash Outflow/(Inflow) from Investing Activities:		3,536	
	<u>Financing Activities:</u>			
	Cash Outflows:			
0	Repayment of Borrowing	100		
89	Cash Payments for the Reduction of the Outstanding Liabilities relating to Finance Leases	77		
	Cash Inflows:			
89	Net Cash Outflow/(Inflow) from Financing:		177	
134	Net (Increase)/Decrease in Cash and Cash Equivalents		670	
(2,349)	Cash and Cash Equivalents at the beginning of the reporting year		(2,215)	
(2,215)	Cash and Cash Equivalents at the end of the reporting year (For 2016/17 the amount is all cash)		(1,545)	
134	Net Change in Cash and Cash Equivalents in the Year		670	

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:

2015/16				2016/17		
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
476	50	526	Strategic Management	490	45	536
1,743	114	1,857	Community Safety	1,762	95	1,857
1,367	(92)	1,275	Finance and Treasurer	2,530	(168)	2,362
738	88	826	Human Resources Manager	816	75	890
13,723	247	13,970	Operations	13,816	1,020	14,835
2,019	199	2,218	Operational Support	1,902	178	2,080
2,493	302	2,795	Strategic Support	2,549	251	2,800
147	31	178	Safety and Special Projects	162	29	192
1,521	28	1,549	Training and Development	1,805	558	2,363
24,226	967	25,194	Net Cost of Services	25,832	2,083	27,915
(25,456)	6,640	(18,816)	Other Income & Expenditure	(26,814)	8,178	(18,636)
(1,230)	7,607	6,378	(Surplus)/Deficit on Provision of Services	(982)	10,261	9,279
(2,600)			Opening General Fund Balance	(2,600)		
(1,230)			Less/Plus (Surplus)/Deficit on General Fund	(982)		
1,230			Transfer to Earmarked Reserves	982		
(2,600)			Earmarked Reserve Balance @ 31 March	(2,600)		

1a. Segmental Income

For information regarding income please see CIES.

1b. Adjustments between Funding and Accounting Basis

2016/17

Adjustments from General Fund to Arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net Change for Pension Adjustments	Other Differences	Total Adjustments
Strategic Management	27	18	0	45
Community Safety	8	87	0	95
Finance and Treasurer	23	(191)	0	(168)
Human Resources Manager	12	63	0	75
Operations	1,097	(77)	0	1,020
Operational Support	206	(28)	0	178
Strategic Support	161	90	0	251
Safety and Special Projects	19	11	0	29
Training and Development	537	21	0	558
Net Cost of Services	2,090	(7)	0	2,083
Other Income & Expenditure from the EFA Analysis	(1,349)	10,302	(729)	8,178
Differences between the General Fund Surplus or Deficit and CIES Surplus or Deficit on the Provision of Services	696	10,295	(729)	10,262

For comparison, the following table sets out the disclosures for adjustments between funding and accounting basis during 2015/16:

2015/16

Adjustments from General Fund to Arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net Change for Pension Adjustments	Other Differences	Total Adjustments
Strategic Management	26	24	0	50
Community Safety	12	102	0	114
Finance and Treasurer	52	(144)	0	(92)
Human Resources Manager	10	78	0	88
Operations	316	(70)	0	247
Operational Support	200	0	0	199
Strategic Support	196	107	0	302
Safety and Special Projects	19	12	0	31
Training and Development	(3)	32	0	28
Net Cost of Services	827	140	0	967
Other Income & Expenditure from the EFA Analysis	(2,705)	8,771	(86)	5,980
Differences between the General Fund Surplus or Deficit and CIES Surplus or Deficit on the Provision of Services	(1,878)	8,911	(86)	6,947

1. 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 practises. 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.

2. 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
- 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.

3. 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.

1.c Analysed by Nature

1.d Expenditure and Income Analysed By Nature

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

	2015/16 £000	2016/17 £000
Expenditure/Income Service Analysis		
Fees, charges & other service income	(337)	(1,213)
Interest and investment income	(116)	(129)
Income from Council Tax	(17,878)	(18,295)
Government grants and contributions	(11,555)	(10,763)
Total Income	(29,886)	(30,400)
Employee Expenses	20,669	23,114
Employee Absence Accrual	(40)	(7)
Other Operating Expenses	4,370	4,163
Depreciation, amortisation and impairment	827	2,090
Interest payments	433	430
Pensions interest cost and return on Pension Fund Assets	10,005	9,866
Disposal of non-current assets	0	22
Total Operating Expenses	36,264	39,678
Surplus (-) or deficit on the provision of Services	6,378	9,279

2016-17

Usable Reserves

	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants & Other Contributions	Usable Reserves Total
	£'000	£'000	£'000	£'000	£'000
Adjustments Primarily Involving the Capital Adjustment Account:					
Charges for depreciation and impairment of non-current assets	(2,090)				(2,090)
Difference between historic cost and current cost depreciation					
Amortisation of intangible assets					
Capital grants and contributions applied					
Revenue expenditure funded by capital under statute					
Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements	77				77
Statutory provision for the financing of capital investment	437				437
Write out on disposal of fixed assets	(22)				(22)
Revaluation losses on Property, Plant and Equipment					
Capital expenditure charged to the General Fund balance	1,761				1,761
Adjustments Primarily Involving the Pension 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 the Local Government pension scheme regulations	(651)				(651)
Amount by which pension costs calculated in accordance with the Code (i.e.; in accordance with IAS 19) are different from the contributions due under the Uniformed pension scheme regulations	(9,651)				(9,651)
Adjustments Primarily Involving the Capital Receipts Reserve:					
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	16		(16)		0
Adjustments Primarily Involving the Capital Grants Unapplied Account:					
Capital Grants and contributions unapplied	14			(14)	0
Capital Grants and Contributions received in prior years applied				29	29
Adjustments Primarily Involving the Accumulated Absences Account:					
Amount by which officer remuneration included in the Comp. I & E Account is different from the amount taken to the General Fund in accordance with regulation	7				7
Adjustments Primarily Involving the Collection Fund Adjustment Account:					
Amount by which council tax and non-domestic rating account income included in the Comp. I & E Account is different from the amount taken to the General Fund in accordance with regulation	(159)				(159)
	(10,261)	0	(16)	15	(10,262)

2. (continued) 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.

2016-2017

Unusable Reserves

	B/f Usable Reserves Total £'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 Reserves Total £'000	Total £'000
Adjustments Primarily Involving the Capital Adjustment Account:									
Charges for depreciation and impairment of non-current assets	(2,090)		2,090					2,090	0
Difference between historic cost and current cost depreciation		88	(88)					0	0
Amortisation of intangible assets								0	0
Capital grants and contributions applied								0	0
Revenue expenditure funded by capital under statute								0	0
Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements	77		(77)					(77)	0
Statutory provision for the financing of capital investment	437		(437)					(437)	0
Write out on disposal of fixed assets	(22)		22					22	0
Revaluation losses on Property, Plant and Equipment								0	0
Capital expenditure charged to the General Fund Balance	1,761		(1,761)					0	0
Adjustments Primarily Involving the Pensions Reserve:									
Amount by which pension costs calculated in accordance with the Code (i.e.; in accordance with the IAS 19) are different from the contributions due under the Local Government pension scheme regulations	(651)			651				651	0
Amount by which pension costs calculated in accordance with the Code (i.e.; in accordance with IAS 19) are different from the contributions due under the Uniformed pension scheme regulations	(9,651)				9,651			9,651	0

2. Continued

	B/f Usable Reserves Total £'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 Reserves Total £'000	Total £'000
<u>Adjustments Primarily Involving the Capital Receipts Reserve:</u>									
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement									0
<u>Adjustments Primarily Involving the Capital Grants Unapplied Account:</u>									
Capital Grants and contributions unapplied									0
Capital Grants and Contributions received in prior years applied	29		(29)					(29)	0
<u>Adjustments Primarily Involving the Accumulated Absences Account:</u>									
Amount by which officer remuneration included in the Comp. I & E Account is different from the amount taken to the General Fund in accordance with regulation	7						(7)	(7)	0
<u>Adjustments Primarily Involving the Collection Fund Adjustment Account:</u>									0
Amount by which council tax and non-domestic rating account income included in the Comp. I & E Account is different from the amount taken to the General Fund in accordance with regulation	(159)					159		159	0
	(10,262)	88	(280)	651	9,651	159	(7)	10,262	0

2015-16
Usable Reserves

	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants & Other Contributions	Usable Reserves Total
	£'000	£'000	£'000	£'000	£'000
<u>Adjustments Primarily Involving the Capital Adjustment Account:</u>					
Charges for depreciation and impairment of non-current assets	(785)				(785)
Difference between historic cost and current cost depreciation					
Amortisation of intangible assets	(41)				(41)
Capital grants and contributions applied					
Revenue expenditure funded by capital under statute					
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	89				89
Statutory provision for the financing of capital investment	404				404
Write out on disposal of fixed assets					
Revaluation losses on Property, Plant and Equipment					
Capital expenditure charged to the General Fund balance	1,222				1,222
<u>Adjustments Primarily Involving the Pension Reserve:</u>					
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 the Local Government pension scheme regulations	(860)				(860)
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 the Uniformed pension scheme regulations	(7,911)				(7,911)
<u>Adjustments Primarily Involving the Capital Receipts Reserve:</u>					
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0				0
<u>Adjustments Primarily Involving the Capital Grants Unapplied Account:</u>					
Capital Grants and contributions unapplied	188			(188)	0
Capital Grants and Contributions received in prior years applied				849	849
<u>Adjustments Primarily Involving the Accumulated Absences Account:</u>					
Amount by which officer remuneration included in the Comp. I & E Account is different from the amount taken to the General Fund in accordance with regulation	41				41
<u>Adjustments Primarily Involving the Collection Fund Adjustment Account:</u>					
Amount by which council tax and non-domestic rating account income included in the Comp. I & E Account is different from the amount taken to the General Fund in accordance with regulation	45				45
	(7,608)	0	0	661	(6,947)

2. (continued) 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.

2015-2016

Unusable Reserves

	B/f Usable Reserves Total £'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 Reserves Total £'000	Total £'000
Adjustments Primarily Involving the Capital Adjustment Account:									
Charges for depreciation and impairment of non-current assets	(785)		785					785	0
Difference between historic cost and current cost depreciation		70	(70)						0
Amortisation of intangible assets	(41)		41					41	0
Capital grants and contributions applied									0
Revenue expenditure funded by capital under statute									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	89		(89)					(89)	0
Statutory provision for the financing of capital investment	404		(404)					(404)	0
Write out on disposal of fixed assets									0
Revaluation losses on Property, Plant and Equipment									0
Capital expenditure charged to the General Fund Balance	1,222		(1,222)					(1,222)	0
Adjustments Primarily Involving the Pensions Reserve:									
Amount by which pension costs calculated in accordance with the Code (i.e.; in accordance with the IAS 19) are different from the contributions due under the Local Government pension scheme regulations	(860)			860				860	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 the Uniformed pension scheme regulations	(7,911)				7,911			7,911	0

2. Continued

	B/f Usable Reserves Total £'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 Reserves Total £'000	Total £'000
<u>Adjustments Primarily Involving the Capital Receipts Reserve:</u>									
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement									0
<u>Adjustments Primarily Involving the Capital Grants Unapplied Account:</u>									
Capital Grants and contributions unapplied									0
Capital Grants and Contributions received in prior years applied	849		(849)					(849)	0
<u>Adjustments Primarily Involving the Accumulated Absences Account:</u>									
Amount by which officer remuneration included in the Comp. I & E Account is different from the amount taken to the General Fund in accordance with regulation	41						(41)	(41)	0
<u>Adjustments Primarily Involving the Collection Fund Adjustment Account:</u>									0
Amount by which council tax and non-domestic rating account income included in the Comp. I & E Account is different from the amount taken to the General Fund in accordance with regulation	45					(45)		(45)	0
	(7,608)	70	(1,808)	860	7,911	(45)	(41)	(6,947)	0

3. Members' Allowances

A Members' Allowance Scheme for the FRA 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 FRA during the year:

	2015/16 £000	2016/17 £000
Allowances	66	67
Expenses	2	2
Total	68	69

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:

<u>2015/16 No. of Employees</u>	<u>Remuneration Band (£)</u>	<u>2016/17 No. of Employees</u>
11	50,000 to 54,999	10
6*	55,000 to 59,999	6*
6	60,000 to 64,999	7*
4	65,000 to 69,999	3*
2*	70,000 to 74,999	1
1	75,000 to 79,999	2
5	80,000 to 84,999	2
1	85,000 to 89,999	1
2	90,000 to 94,999	2
1	95,000 to 99,999	1
1	100,000 to 104,999	0
0	105,000 to 109,999	0
0	110,000 to 114,999	0
1	115,000 to 119,999	1
39	Total	36

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

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

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

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

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

The following table sets out the remuneration disclosures for Senior Officers whose salary in 2015/16 is less than £150,000 but equal to or more than £50,000 per annum:

Status	Notes	Salary (including fees and allowances)	Expenses Allowances	Benefits in Kind	Total Remuneration Excluding Pension Contributions	Employers' Pension Contributions	Total Remuneration (including pension contributions)
		£	£	£	£	£	£
Chief Fire Officer	1	86,488	229	1,448	88,165	0	88,165
Deputy Chief Fire Officer		116,727	325	320	117,372	25,330	142,702
Assistant Chief Fire Officer	4	22,412	4,029	0	26,441	0	26,441
Head of Finance & Treasurer to CFA		79,120	1,328	0	80,448	11,077	91,525
Secretary/ Monitoring Officer	3	9,285	0	0	9,285	1,300	10,585
ACO Director of HR & OD	2	90,899	1,419	0	92,318	12,726	105,044
TOTAL		404,931	7,330	1,768	414,029	50,433	464,461

Notes

1. Salary is abated as pension is being paid. Salary equates to 25.62 hours. FTE based on 42 hours.
2. Works 34 hours a week, FTE based on 37 hours.
3. Works 26 days a year (Annualised calculations £97,543)
4. Left 06.08.15

There were no exit packages in 2015/16 or 2016/17.

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 2016/17, works and services to the value of £51,306.68 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 £6,000 was received in rental income from St. John's Ambulance Trust. These are all entities of which an Officer had an interest. This officer has declared their interest in accordance with IAS24.

The Fire and Rescue Indemnity Company

Until 31 October 2015 insurances for the Authority were arranged as part of a consortium of nine Fire and Rescue Authorities. These Fire and Rescue Authorities, including Bedfordshire, are now members of the Fire and Rescue Indemnity Company Limited. The company commenced trading in November 2015. The Authority's risk protection arrangements are provided through the pooled funds of the company. The Authority made a contribution of £234,000 to the company for the year to 31 October 2017 with £97,500 of this treated as an expense in 2016/17.

6. Disclosure of Audit Costs

In 2016/17 the Authority incurred the following fees relating to external audit and inspection:

2015/16 £'000		2016/17 £'000
30	Fees payable to Ernst & Young with regard to external audit services carried out by the appointed auditor.	31
0	Fees payable in respect of other services provided by the Audit Commission and Ernst & Young	0
30	Total	31

7. Capital Expenditure and Financing

	2015/16 £'000	2016/17 £'000
Opening Capital Financing Requirement	10,393	9,900
Capital Investment:		
Property, Plant and Equipment	2,071	1,790
Revenue Expenditure Funded from Capital Under Statute	0	0
Sources of Finance:		
Capital Receipts	0	0
Government Grants and Other Contributions	(849)	(29)
Sums Set Aside from Revenue:		
Direct Revenue Contributions	(1,222)	(1,761)
MRP and Finance Lease repayment	(493)	(514)
Closing Capital Financing Requirement	9,900	9,386
Explanation of Movements in Year:		
Assets acquired under finance leases	0	0
Increase/(Decrease) in underlying need to borrowing (unsupported by Government financial assistance)	(493)	(514)
Increase/(Decrease) in Capital Financing Requirement	(493)	(514)

8. Information on Assets Held

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

Non-Current Assets	31 March 2016	31 March 2017
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 2016			31 March 2017		
	Leased	Owned	Total	Leased	Owned	Total
Operational Appliances:						
Pumping Appliances	3	20	23	0	24	24
Aerial Appliances	0	2	2	0	2	2
Fire Boats	0	1	1	0	1	1
Other Special Appliances	0	22	22	0	21	21
Modules	0	4	4	0	4	4
Appliances under construction	0	10	10	0	10	10
Special appliances under construction	0	2	2	0	0	0
Appliances awaiting disposal	0	3	3	0	5	5
Non-Operational Appliances:						
Reserve/Training Appliances	0	6	6	0	6	6
Ancillary Vehicles	0	44	44	0	45	45
Trailers etc.	0	9	9	0	8	8
Specials/Vans awaiting disposal	0	0	0	0	0	0
Total	3	123	126	0	126	126

9. Lease Rentals

i. Operating Leases:

Vehicles and Equipment – the Authority had one operating lease which ceased July 2016. There were no items of plant and equipment under the terms of an operating lease as at year ending 31st March 2017. The amount paid under these arrangements in 2016/17 was £3k (£1.1k in 2015/16).

ii. Finance Leases:

Vehicles and Equipment – the Authority has acquired various vehicles, I.T. and equipment under finance leases. The rentals payable under these arrangements in 2016/17 were £84,325 (£99,400 in 2015/16), charged to revenue as £7,229 costs (debited to the Comprehensive Income and Expenditure Statement) and £77,095 relating to the write-down of obligations to the lessor (debited as part of the appropriation to the Capital Adjustment Account).

Authority as a Lessee:

Operating Leases:

Under the IFRS rules governing leases, specifically IFRIC 4 (International Financial Reporting Interpretations Committee), ‘Determining Whether an Arrangement Contains a Lease’, this Authority has sought to identify contractual and other arrangements which involve the provision of services using specific underlying assets and which therefore can be considered as containing a lease for those assets. In 2016/17, it has been determined that there is one current arrangement which could be classified as an Operating lease under IFRIC4 (details below):

The Authority acquired the use of a car in 2015/16, entering into an operating lease. This lease terminated early in 2016/17.

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

	31 March 2016 £'000	31 March 2017 £'000
Not later than one year	5	3
Later than one year and not later than five years	3	0
Later than five years	0	0
	8	3

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

	2015-16 £'000	2016-17 £'000
Minimum Lease Payments	1	3

Finance Leases:

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

The Authority entered into two contracts in 2011-12 for the Managed Services for Personal Protective Equipment and for the Firelink Radios under the Airwaves Contract. The Managed Services for Personal Protective Equipment was still in existence in 2016-17, however, the lease for Firelink Radios ceased as at 31 March 2017. Under IFRIC 4 this lease contract is determined as being an embedded lease.

	31 March 2016 £'000	31 March 2017 £'000
Vehicles, Plant and Equipment	237	178

The outstanding obligations to make payments under the finance leases (excluding finance costs) at 31 March 2017, accounted for as part of long term liabilities, are included within the totals on Note 11. However, for the embedded finance leases only, these are as follows:

	31 March 2016 £'000	31 March 2017 £'000
Not later than one year	77	62
Later than one year and not later than five years	132	70
Later than five years	0	0
	209	132

Authority as Lessor:

Under the IFRS rules governing leases, specifically IFRIC 4 (International Financial Reporting Interpretations Committee), 'Determining Whether an Arrangement Contains a Lease', this Authority has sought to identify contractual and other arrangements which involve the provision of services using specific underlying assets and which therefore can be considered as containing a lease for those assets. In 2016/17, it was determined that there were two additional embedded leases for renting out part of the Bedford and Ampthill Fire Station buildings (to Bedfordshire Police) as well as the two previous arrangements, where income is received for the renting out of the Dunstable Fire Station building (to St. John's Ambulance) and a part of Luton, Shefford, Sandy and Stopsley Fire Station buildings (to the East of England Ambulance Trust), which should be classified as leases under IFRIC 4.

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

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

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

	31 March 2016 £'000	31 March 2017 £'000
Not later than one year	16	32
Later than one year and not later than five years	5	0
Later than five years	21	32

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 2016/17, £NIL contingent rents were receivable by the Authority (2015/16 £NIL).

10. Operating and Finance Leases

i. Operating Leases:

At 31 March 2017 the Authority made a total of £3,005 payments under operating leases in 2016/17.

ii. Finance Leases:

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

	Vehicles, Plant and Equipment		
	Gross Value	Accumulated Depreciation	Net Value
	£'000	£'000	£'000
As at 1 April 2016	623	(368)	255
Write-Outs in the Year (adjustments)	0	0	0
Additions	0	0	0
Disposals	(83)	83	0
Depreciation	0	(76)	(76)
As at 31 March 2017	540	(361)	179

Outstanding obligations to make payments under these finance leases (excluding finance costs) at 31 March 2017, accounted for as part of long term liabilities, are as follows:

	£'000
Obligations payable in 2016/17	62
Obligations payable between 2017/18 and 2020/21	70
Obligations payable after 2020/21	0
Total Liability at 31 March 2017	132

11. Property, Plant and Equipment and Heritage Assets - Movement on Balances 2016/17

	Land and Buildings	Vehicles, Plant and Equipment	Assets Under Construction	Total Property, Plant and Equipment	Heritage Assets
	£'000	£'000	£'000	£'000	£'000
<u>Cost or Valuation:</u>					
At 1 April 2016	23,067	8,987	1,979	34,033	35
Additions	37	660	1,093	1,790	
Donations	0	0	0	0	
Revaluation increases /(decreases) recognised in the Revaluation Reserve	3,000	0	0	3,000	
Revaluation increases /(decreases) recognised in the CIES	(651)	0	0	(651)	
Disposals/Write Outs	0	(215)	0	(215)	
Reclassifications	25	1,470	(1,495)	0	
At 31 March 2017	25,478	10,902	1,577	37,957	35
<u>Depreciation and Impairments:</u>					
At 1 April 2016	(999)	(4,008)	0	(5,007)	
Depreciation Charge for 2016/17	(548)	(890)	0	(1,438)	
Depreciation written out to the Revaluation Reserve	0	0	0	0	
Disposals/Write Outs	0	193	0	193	
Reclassifications	0	0	0	0	
At 31 March 2017	(1,547)	(4,705)	0	(6,252)	35
Balance Sheet Amount as at 31 March 2017	23,931	6,197	1,577	31,705	35
Balance Sheet Amount as at 31 March 2016	22,068	4,981	1,979	29,027	35
<u>Nature of Asset Holding</u>					
Owned	23,931	6,197	1,577	31,705	35
Finance Lease	0	0	0	0	0
	23,931	6,197	1,577	31,705	35

Comparative Movements 2015/16

	Land and Buildings	Vehicles, Plant and Equipment	Assets Under Construction	Total Property, Plant and Equipment	Heritage Assets
	£'000	£'000	£'000	£'000	£'000
<u>Cost or Valuation:</u>					
At 1 April 2015	21,628	8,798	1,024	31,450	35
Additions	108	356	1,608	2,072	0
Donations				0	0
Revaluation increases /(decreases) recognised in the Revaluation Reserve	696			696	0
Revaluation increases /(decreases) recognised in the CIES	594			594	0
Disposals/Write Outs		(777)		(777)	0
Reclassifications	41	612	(653)	0	0
At 31 March 2016	23,067	8,989	1,979	34,035	35
<u>Depreciation and Impairments:</u>					
At 1 April 2015	(484)	(3,921)	0	(4,404)	0
Depreciation Charge for 2015/16	(515)	(865)	0	(1,381)	0
Depreciation written out to the Revaluation Reserve	0	0	0	0	0
Disposals/Write Outs		777		777	0
Reclassifications	0	0	0	0	0
At 31 March 2016	(999)	(4,009)	0	(5,008)	0
Balance Sheet Amount as at 31 March 2016	22,068	4,980	1,979	29,027	35

Valuation information – Non-Current Assets

The valuations, as at 31 March 2017, on land and buildings have been carried out by NPS Group and have been signed by Deborah O'Shea MRICS, an external valuer. These values have been updated for 2016/17 by the relevant indexation factors supplied by the same company.

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

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

12. Intangible Assets – Movement on Balances 2016/17

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

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

The carrying amount of intangible assets is amortised on a straight line basis. All Intangible assets were fully amortised in the 2015/16 financial year and no new Intangible Assets were purchased in the 2016/17 financial year.

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

	2015/16 Intangible Assets £'000	2016/17 Intangible Assets £'000
<u>Balance at start of the year</u>		
Gross carrying amounts	205	205
Accumulated amortisation	(164)	(205)
Net carrying amount at start of year	41	0
Additions	0	0
Amortisation for the period	(41)	0
Net carrying amount at the end of the year	0	0
<u>Comprising</u>		
Gross carrying amounts	205	205
Accumulated amortisation	(205)	(205)

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

	Carrying Amount		Remaining Amortisation Period
	31 March 2016 £'000	31 March 2017 £'000	
Step Software	167	167	Nil
Virtualisation Software	38	38	Nil

13. Inventories

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

2015/16 £000	Inventories	2016/17 £000
238	Technical	197
81	Smoke Alarms	64
51	Uniforms & Protective Clothing	51
48	Workshops	49
27	Fuel	30
17	Other	15
462	Total	406

14. Short and Long Term Debtors

2015/16 £'000	Main Items – Short Term Debtors	2016/17 £'000
192	H M Revenues and Customs (re-VAT)	186
1,147	Pension Fund Account	1,373
0	Employees	61
124	Collection Fund – Other Local Authorities	203
1,059	Collection Fund – Taxpayers	897
42	Accounts Rendered	159
8	Investment Income	4
1	Other Debtors	2
2,573	Total	2,885

Bad Debts – The general bad debt provision brought forward from 2015/16 was £1k. No provision bad debts have been included in 2016/17.

Long Term Debtors

The increase in long term debtors shown on the balance sheet, from £23k in 2015/16 to £236k in 2016/17, mainly relates to pension overpayments where repayments have been agreed over a period in excess of one year.

15. Payments in Advance

2015/16 £'000	Main Items	2016/17 £'000
117	IT	149
33	Car Leasing Scheme	45
131	Insurance	151
18	Leasing Companies	0
619	Firefighters Pension Payments	586
39	General	35
955	Total	966

16. Short Term Creditors

2015/16 £'000	Main Items	2016/17 £'000
31	Capital	51
353	Employees	516
71	Public Utilities	61
153	Other Local Authorities	149
37	IT/Communications	21
522	Third Party Payments	545
462	General	412
56	Collection Fund – Other Local Authorities	11
426	Collection Fund – Taxpayers	519
2,111	Total	2,285

17. Other Creditors

2015/16 £'000	Main Items	2016/17 £'000
75	Government Grants	208
5	Firebreak Courses	0
1	Rent Received in Advance	1
0	Other Grants	7
81	Total	216

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.

2015/16 Total £000		Bedford Borough £'000	Central Beds £'000	Luton Borough £'000	2016/17 Total £'000
2,040	Council Tax Arrears	467	624	984	2,075
(1,061)	Impairment Allowance for doubtful debts	(297)	(159)	(646)	(1,102)
(359)	Council Tax overpayments and prepayments	(101)	(91)	(144)	(336)
(689)	Collection Fund (surplus)/deficit	(143)	(232)	(70)	(445)
69	Cash (Balancing Item)	74	(142)	(124)	(192)
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%.

2015/16 Total £'000		Bedford Borough £'000	Central Beds £'000	Luton Borough £'000	2016/17 Total £000
182	NNDR Arrears	30	34	127	191
(102)	Impairment Allowance for doubtful debts	(24)	(4)	(75)	(103)
(67)	NNDR overpayments and prepayments	(15)	(6)	(43)	(64)
(175)	Appeals Provision	(64)	(43)	(95)	(202)
163	Collection Fund (surplus)/deficit	3	39	36	78
(1)	Cash (Balancing Item)	70	(20)	50	(100)
0		0	0	0	0

In addition this Authority is to account for its share of the surplus/deficit of the Collection Funds as at 31st March 2017 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.

2015/16 Total £'000		Bedford Borough £'000	Central Beds £'000	Luton Borough £'000	2016/17Total £'000
(689)	Collection Fund Adjustment Account - Council Tax	(143)	(232)	(70)	(445)
163	Collection Fund Adjustment Account - NNDR	3	39	36	78

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 2016 £'000	Date of Maturity	31 March 2017 £'000
0	Less than 12 months	0
100	1 – 2 years	0
0	36-40 years	6,300
9,987	41 - 45 years	3,687
10,087	Total	9,987

Under the rules laid down by the 2015/16 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 Sector using the rate available for new borrowing. At 31 March 2017 the Fair Values of the above loans was £14.716m calculated as below:

19. Long Term Borrowing Continued

Loan	Lender	Start Date	Maturity Date	Original Principal £'000	Interest Rate %	Current Principal £'000	Discount Rate %	Discount/ (Premium) £'000	Market Value £'000	Accrued Interest £'000	Fair Value £'000	Duration Remaining Years
492471	PWLB	08/11/2006	30/9/2056	6,300	4.1000	6,300	1.4600	(4,979)	11,279	0	11,279	39.50
494762	PWLB	18/08/2008	31/03/2058	3,687	4.4300	3,687	1.4500	(3,387)	7,074	0	7,074	41.00
Total PWLB Maturity				9,987		9,987		(8,366)	18,353	0	18,353	

20. Short Term Investments

31 March 2016 £'000	Date of Maturity	31 March 2017 £'000
11,734	Short Term Investments	13,526
11,734	Total	13,526

Short-term investments are temporary surplus funds, invested short term with those financial institutions included within the Authority's approved lending list.

20. Short Term Investments Continued

Under the rules laid down by the 2015-2016 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 2017 the Fair Value of the above short term investments was £13,542,547 calculated as below:

Loan To:	Issue Date	Maturity Date	Nominal Amount £'000	Issue Rate %	Market Rate %	Net Market Value £'000	Accrued Interest £'000	Fair Value £'000	Duration Remaining Years
Qatar	14/04/2016	13/04/2017	2,500,000	1.0200	0.15000	2,500,775	24,592	2,525,366	0.04
Bank of Scotland	23/11/2016	23/05/2017	500,000	0.6000	0.18750	500,299	1,060	501,360	0.19
Bank of Scotland	20/01/2017	20/07/2017	1,500,000	0.6000	0.28750	1,501,424	1,751	1,503,175	0.30
Goldman Sachs	20/02/2017	18/08/2017	2,000,000	0.7600	0.32500	2,003,333	1,666	2,004,999	0.38
Qatar	20/01/2017	19/01/2018	1,000,000	0.8600	0.47500	1,003,089	1,673	1,004,762	0.81
Qatar	22/03/2017	21/03/2018	1,000,000	0.8200	0.54167	1,002,693	225	1,002,918	0.97
Santander (120 day)	31/08/2016		2,500,000	0.80000		2,500,000	2	2,501,699	
Santander (180 day)	11/01/2016		2,496,360	0.900		2,496,360	2	2,498,268	
Total			13,496,360			13,507,973	30,971	13,542,547	

21. Cash and Cash Equivalents

2015/16 £000	Inventories	2016/17 £000
3	Cash	3
2,211	Bank Current Accounts	1,542
2,214	Total	1,545

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 (eg 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 2017.

- ***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.

A Non Domestic Rates appeals provision of £202,000 has been provided in 2016/17 (£175,000 in 2015/16).

Two insurance provisions were set up in 2016/17 totalling £10,000 as a result of two outstanding potential claims.

24. Details of Movements on Usable Reserves

	2016/17				
	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	982	982
Appropriations to/from Revenue	982	0	0	-982	0
New Receipts/Grant received in Year	0	16	14	0	30
Financing of Capital Expenditure	0	0	(29)	0	(29)
Total	982	16	(15)	0	983
Balance brought forward at 1 April 2016	11,267	625	217	2,600	14,710
Balance carried forward at 31 March 2017	12,249	641	202	2,600	15,693

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 1 April 2016 £'000	Movement in year £'000	Balance at 31 March 2017 £'000
Corporate Earmarked Reserves *	7,491	(140)	7,351
Capital Reserves	2,196	(25)	2,171
Budget Managers' Earmarked Reserves	727	(225)	503
Collaboration Reserve **	534	1,372	1,906
Collection Fund	270	0	270
Vehicle Appliance Reserve	48	0	48
Total	11,266	982	12,249

* Of which £4.976m is the Transformational Earmark Reserve to be used for budget setting over the medium term.

** A new reserve was set up in 2015/16 to fund Collaboration work, the 2016/17 underspend has been added to this reserve which also includes the pension reimbursement monies.

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 2016/17:

General Reserve	£'000
Balance brought forward from 1 April 2016	2,600
In Year surplus	982
Funding to/(from) reserve agreed by Members during 2016/17	(982)
Total at 31 March 2017	2,600

As noted above, the year-end surplus was not allocated to the General Reserve but the Collaboration Reserve.

Capital Grants and Other Contributions Unapplied

Capital grants or capital contributions where the income has been received but the expenditure to be financed from that grant or contribution has not been incurred at the balance sheet date.

Capital Receipts Reserve

Capital receipts from the sale of assets owned by the Service that have yet to be used to finance future capital expenditure.

25. Details of Movements on Unusable Reserves

Unusable Reserves	Revaluation Reserve	Capital Adjustment Account	LGPS Pension Reserve	Firefighters' Pension Reserve	Collection Fund Adjustment Account	Accumulated Absences	Total Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2016	2,801	16,361	(9,097)	(271,608)	526	(183)	(261,200)
Balance at 31 March 2017	5,713	16,641	(12,749)	(309,933)	367	(177)	(300,138)

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.

	2015/16 £'000	2016/17 £'000	2016/17 £'000
Balance 1 st April	2,175		2,801
Upward revaluation of assets	696	3,000	
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services			
Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services			3,000
Difference between fair value depreciation and historical cost depreciation	(70)	(88)	
Amounts written off to the Capital Adjustment Account			(88)
Balance at 31 March	2,801		5,713

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.

	2015/16 £'000	2016/17 £'000	2016/17 £'000
Balance 1 April	14,553		16,361
Reversal of items relating to capital expenditure debited or credited to the CIES:			
Charges for depreciation and impairment of non-current assets	(826)	(2,089)	
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES		(24)	
	(826)		(2,113)
Adjusting amounts written out of the Revaluation Reserve	70		88
Net written out amount of the cost of non-current assets consumed in the year	13,797		14,336
Capital financing applied in the year:			
Capital grants and contributions credited to the CIES that have been applied to capital expenditure			
Application of grants to capital financing from the Capital Grants Unapplied Account	849	29	
Statutory provision for the financing of capital investment charged against the General Fund	493	514	
Capital expenditure charged against the General Fund or Reserves	1,222	1,762	
	2,564		2,305
Balance at 31 March	16,361		16,641

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	
	2015/16 £'000	2016/17 £'000	2015/16 £'000	2016/17 £'000
Balance at 1 April	(10,980)	(9,097)	(301,755)	(271,608)
Remeasurement of the net defined benefit liability/(assets)	2,743	(3,001)	38,058	(28,674)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(1,603)	(1,451)	(15,412)	(16,359)
Employers' pension contributions and direct payments to pensioners payable in the year	743	800	7,501	6,708
Balance at 31 March	(9,097)	(12,749)	(271,608)	(309,933)

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 31st March 2017. 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.

	2015/16	2016/17	2016/17
	£'000	£'000	£'000
Balance 1 April	(224)		(183)
Settlement or cancellation of accrual made at the end of the preceding year		183	
Amounts accrued at the end of the current year		(177)	
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.	41		6
Balance 31 March	(183)		(177)

26. Contingent Liabilities

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

1. There is a potential for employees to request additional holiday pay in respect of any “guaranteed” overtime worked (British Gas v Lock case and advice from LGA/ACAS refers). Costs have not been quantified as this requires detailed analysis of whether overtime is truly “guaranteed” rather than “voluntary”. However any claim in time limited.
2. The Fire Brigades Union (FBU) lodged an Employment Tribunal claim in relation to the transitional protections associated with the new 2015 Fire pension scheme. The Tribunal found in favour of the Government however the FBU are now in the process of appealing to the Employment Appeals Tribunal (EAT). This will give rise to legal costs (a cost sharing agreement is in place across all affected FRS) and depending on the final outcome, potentially further unknown costs to the Service.
3. The Guaranteed Minimum Pension (GMP) reconciliation exercise with HMRC will give rise to additional costs in respect of LPP (the Authority’s Pensions Administrator) charges and/or overpayments and errors that may be discovered.

27. Contingent Assets

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

1. Following a review of injury awards, it is apparent that some pensioners have not had their pension adjusted to properly account for relevant state benefits. This has led to various underpayments but in most cases overpayments, some of which are significant. Legal advice is ongoing as are discussions with the individuals affected.

Some individuals are affected by Due Diligence (other errors) as well as injury review errors. In some cases repayment schedules have been agreed and therefore included in the accounts as debtors. Any underpayments have been rectified. As this work is ongoing an estimate cannot be given at this time but some cost may fall to BFRS.

2. There is a potential claim against the previous pensions administrator as a consequence of errors made (injury and due diligence above) and thus additional cost incurred by BFRS in correcting these errors. At this stage it is not possible to quantify the amounts. A standstill agreement is in place pending further communications and legal advice.
3. Following a trial on alleged fraudulent activity during 2016/17 at Luton Crown Court, the individuals were sentenced and an asset reimbursement hearing is due.

28. Authorisation of Accounts

The Draft Statement of Accounts was authorised for issue on 28th July 2017 by G. Chambers, Treasurer to the FRA.

29. Pension Arrangements

As part of the terms and conditions of its employees, the Authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Authority participates in two Pension Schemes:

- a. The Firefighters' Pension Scheme for firefighters is an unfunded defined benefit final salary scheme. This means that there are no investment assets built up to meet the pensions liabilities and cash has to be generated to meet actual pensions payments as they eventually fall due.
- b. The Local Government Pension Scheme for control and non-uniformed staff, administered from 1 April 2009 by Bedford Borough Council, is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The cost of retirement benefits are recognised in the Net Cost of Service when they are earned by employees, rather than when the benefits are actually paid out as pensions. However, the charge required to be made against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Movement on Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and General Fund Balance via the Movement in Reserves Statement during the year.

	Firefighters' Pension Scheme – All Schemes £'000		Local Government Pension Scheme £'000		Total £'000	
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17
Net Cost of Service:						
Current Service Cost	(5,765)	(5,217)	(1,244)	(1,127)	(7,009)	(6,344)
Past Service (Cost)/Gain	0	(1,600)	0	0	0	(1,600)
Impact of Settlements/Curtailments	(1)	0	0	0	(1)	0
Net Operating Expenditure:						
Net interest expense	(9,646)	(9,542)	(359)	(324)	(10,005)	(9,866)
Surplus or Deficit on the Provision of Service	(15,412)	(16,359)	(1,603)	(1,451)	(17,015)	(17,810)
Remeasurement of the net defined benefit liability:						
Return on Plan assets excluding amounts included in interest	0	0	(379)	1,761	(379)	1,761
Actuarial gains and losses arising on changes in demographic assumptions	739	(1,580)	0	150	739	(1,430)
Actuarial gains and losses arising on changes in financial assumptions	28,851	(56,310)	2,933	(5,835)	31,785	(62,145)
Other	8,468	29,216	189	923	8,657	30,139
Total Charge to the Comprehensive Income & Expenditure Statement	22,646	(45,033)	1,140	(4,452)	23,787	(49,485)
Movement in Reserves Statement						
Reversal of Net Charges made to Surplus or Deficit on the Provision of Services for post employment benefits in accordance with the code	15,412	16,359	1,603	1,451	17,015	17,810
Amount charged against Council Tax for pensions in the year:						
Employers' contributions payable to the Scheme	6,595	5,738	743	800	7,338	6,538
Retirement benefits payable to pensioners	906	970	0	0	906	970

The underlying assets and liabilities for retirement benefits attributable to the Authority at 31 March 2017 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
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17
Estimated Liabilities in Scheme	(271,608)	(309,933)	(23,431)	(32,983)	(298,039)	(342,916)
Estimated Assets in Scheme	0	0	17,334	20,234	17,334	20,234
Net Liability	(271,608)	(309,933)	(9,097)	(12,749)	(280,705)	(322,682)

The liabilities show the underlying commitments that the Authority has in the long-run to pay retirement benefits. The total liability of £322.682M has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, resulting in a negative overall balance of £284.446M. 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 2018 will be approximately £832,000. Expected contributions to the Firefighters' Pension Scheme in the year to 31 March 2018 are £2,752,800.

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. Both the Firefighters' Pension Scheme and the Local Government Pension Scheme liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries; estimates for the Firefighters' Pension Scheme and the Local Government Pension Scheme being based on the Actuarial Valuation (IAS19) of the scheme as at 31 March 2017.

The actual rate of return on scheme assets was not quantified by the Actuary in the year to 31 March 2017 and this does not appear in the tables below.

The main assumptions used by the Actuary in their calculations have been:

	Fire-fighters All Pension Scheme		Local Government Pension Scheme	
	2015/16	2016/17	2105/16	2016/17
Mortality Assumptions:				
Longevity at 60 for current pensioners-				
Men	29.70 years	30.20 Years		
Women	31.60 years	31.70 years		
Longevity at 60 for future pensioners-				
Men	31.20 years	31.60 Years		
Women	33.20 years	33.20 Years		
Longevity at 65 for current pensioners-				
Men			22.40 years	22.40 years
Women			24.30 Years	24.50 Years
Longevity at 65 for future pensioners-				
Men			24.40 Years	24.00 Years
Women			26.80 Years	26.20 Years
Rate of Inflation	3.2%	3.4%	3.3%	
Rate of Increase in Salaries	3.2%	3.4%	3.2%	2.7%
Rate of Increase in Pensions	2.2%	2.4%	2.2%	2.4%
Rate for discounting scheme liabilities	3.5%	2.6%	3.5%	2.6%
Proportion of employees opting to take a commuted lump sum	90%	90%	50% to 75%	50% to 75%

Changes to the Local government Pension Scheme permit employees retiring on or after 6 April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future pension. For 2016/17 the Actuary has assumed that 50% of retirees will take up this option for pre April 2008 service and 75% for post April 2008 service.

The Firefighters' Pension Scheme has no assets to cover its liabilities. Assets in the LGPS are valued at fair value, principally market value for investments, and consist of the following categories, by proportion of total assets held by the fund.

Local Government Pension Scheme Assets comprised:

Fair Value of Scheme Assets

Asset Category	Period Ended 31 March 2016				Period Ended 31 March 2017			
	Quoted prices in active market £'000	Quoted prices not in active market £'000	Total £'000	Percentage of Total Assets	Quoted Prices in Active Market £'000	Quoted Prices not in active Market £'000	Total £'000	Percentage of Total Assets
Cash and cash equivalents	423.6	0.0	423.6	2%	745.1	0.0	745.1	4%
Equity Instruments:								
By Industry Type								
Consumer	0	0	0	0%	0.0	0.0	0.0	0%
Manufacturing	0	0	0	0%	0.0	0.0	0.0	0%
Energy and Utilities	0	0	0	0%	0.0	0.0	0.0	0%
Financial Institutions	0	0	0	0%	0.0	0.0	0.0	0%
Health and Care	0	0	0	0%	0.0	0.0	0.0	0%
Information Technology	0	0	0	0%	0.0	0.0	0.0	0%
Other	0	0	0	0%	0.0	0.0	0.0	0%
Sub Total Equity	0	0	0	0%	0.0	0.0	0.0	0%
Bonds:								
<i>by Sector</i>								
Corporate Bonds	0	0	0	0	0.0	0.0	0.0	0%
UK Government	0	1,495.0	1,495.0	9%	0.0	1,754.9	1,754.9	9%
Other	0	0	0	0	0.0	0.0	0.0	0%
Sub Total Bonds	0	1,495.0	1,495.0	9%	0.0	1,754.9	1,754.9	9%
Property:								
<i>by type</i>								
UK Property	290.0	1,666.7	1,956.7	11%	0.0	1,859.3	1,859.3	9%
Overseas	0	0.3	0.3	0%	0.0	0.0	0.0	0%
Sub Total Property	290.0	1,667.0	1,957.0	11%	0.0	1,859.3	1,859.3	9%

Private Equity:								
All	0	0	0	0	0.0	0.0	0.0	0%
	0	0	0	0	0.0	0.0	0.0	0%
Other Investment Funds								
Equities	455.5	8,226.8	8,682.3	50%	610.4	10,187.3	10,797.7	53%
Bonds	1,668.8	0	1,668.8	10%	1,711.9	0.0	1,711.9	8%
Hedge Funds	0	0	0	0	0.0	0.0	0.0	0%
Commodities	0	0	0	0	0.0	0.0	0.0	0%
Infrastructure	0	0	0	0	0.0	0.0	0.0	0%
Other	3,107.3	0	3,107.3	18%	3,365.1	0.0	3,365.1	17%
	5,231.6	8,226.8	13,458.4	78%	5,687.4	10,187.3	15,874.7	78%
Derivatives:								
Inflation	0	0	0	0	0.0	0.0	0.0	0%
Interest Rate	0	0	0	0	0.0	0.0	0.0	0%
Foreign Exchange	0	0	0	0	0.0	0.0	0.0	0%
Other	0	0	0	0	0.0	0.0	0.0	0%
	0	0	0	0	0.0	0.0	0.0	0%
Totals	5,945	11,389	17,334	100%	6,433	13,802	20,234	100%

Bedford Borough Council has overall responsibility for the investment of the Local Government Pension Scheme Assets (the Fund). The major objective of the Fund is to maintain a portfolio of secure and sufficiently liquid assets, which together with new contributions from active members of the Fund will generate sufficient income and capital growth to meet the cost of current and future benefits that the Fund provides. The Council's Pensions Fund Panel has set an overall asset allocation for the Fund and for each asset class the Fund has a benchmark against which performance can be measured.

As is required by the pensions and (where relevant) investment regulation, the suitability of various types of investments have been considered, as the need to diversify investments to reduce risk of investment in too narrow range. The risk associated with the investments is controlled through the diversification of asset classes and investment managers. A small cash balance is also maintained to meet the liquid requirements of the Fund.

A large proportion of the assets relate to equities (50% of scheme assets) and UK Government bonds (9%) and these percentages are materially the same as last year. The Bedfordshire Pension Funding Strategy is monitored annually or more frequently if necessary.

The table below shows the reconciliation of the present value of the Scheme's liabilities:

	Unfunded Liabilities Firefighters' (All Combined) Pension Scheme		Funded Liabilities Local Government Pension Scheme	
	2015/16	2016/17	2015/16	2016/17
	£'000	£'000	£'000	£'000
Opening Defined Benefit Obligation	301,755	271,608	27,554	26,431
Current Service Costs	5,765	5,217	1,244	1,127
Interest Costs	9,646	9,542	899	939
Contributions from Scheme Participants	1,308	1,313	276	290
Transfers in/(out)	75	8	0	0
Actuarial Losses/(Gains) – Demographic Assumptions	(739)	1,580	0	(150)
Actuarial Losses/(Gains) – Financial Assumptions	(28,851)	56,310	(2,933)	5,835
Other	(8,468)	(29,216)	(189)	(923)
Past service cost	1	1,600	0	0
Benefits Paid	(7,191)	(6,843)	(410)	(556)
Backdated Commutation Payments	(787)	(216)	0	0
Estimated Unfunded Benefit Paid	0	0	(10)	(10)
Injury Award Expenditure	(906)	(970)	0	0
Closing Defined Benefit Obligation	271,608	309,933	26,431	32,983

The objectives of the scheme are to keep employers contributions at as constant a rate as possible. The Borough Council has agreed a Strategy with the scheme's actuary to achieve a funding level of 100% over 20 years. Funding levels are monitored on an annual basis. The last triennial valuation for both the Local Government Pension Scheme and Firefighters Pension scheme is as at 31/03/2016 (quadrennial valuations).

The weighted average duration of the defined benefit obligation for scheme members is shown below:

Local Government Pension Scheme				
	2015/16		2016/17	
	Liability Split (%)	Weighted Average Duration	Liability Split (%)	Weighted Average Duration
Active Members	73.2%	23.6	61.0%	22.8
Deferred members	9.5%	22.7	16.9%	22.1
Pensioner Members	17.3%	12.3	22.1%	12.4
	100.00%	20.5	100.0%	19.7

	Firefighters 1992 Pension Scheme				Firefighters 2006 Pension Scheme			
	2015/16		2016/17		2015/16		2016/17	
	Liability Split (%)	Weighted Average Duration	Liability Split (%)	Weighted Average Duration	Liability Split (%)	Weighted Average Duration	Liability Split (%)	Weighted Average Duration
Active Members	37.5%	23.9	38.3%	23.1	85.0%	34.8	76.0%	33.4
Deferred members	3.8%	26.8	4.3%	26.9	12.9%	33.3	15.2%	31.9
Pensioner Members*	58.7%	12.4	57.4%	12.2	2.1%	15.1	8.8%	17.0
	100.0%	17.3	100%	17.0	100.0%	34.2	100.0%	32.3
Contingent Injuries	30.7%	23.9	33.0%	23.1	67.8%	34.8	72.8%	33.4
Injury Pension Liabilities	69.3%	11.9	67.0%	11.5	32.2%	16.2	27.2%	15.7
	100.0%	15.6	100.0%	15.3	100.0%	28.8	100.0%	28.6

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

	Firefighters' 1992 and 2006 Pension Schemes		Local Government Pension Scheme	
	2015/16	2016/17	2015/16	2016/17
	£'000	£'000	£'000	£'000
Opening Fair Value of Employer Assets	0	0	16,574	17,334
Interest – Income	0	0	540	615
Return on Plan Assets	0	0	(379)	1,761
Employer Contributions	6,595	5,738	733	790
Contributions by Scheme Participants	1,308	1,313	276	290
Benefits Paid	(7,191)	(6,843)	(410)	(556)
Unfunded Benefits Paid	906	970	10	10
Backdated Commutation Payments	(787)	(216)	0	0
Contributions in respect of Unfunded Benefits	(906)	(970)	(10)	(10)
Transfers in/(out)	75	8	0	0
Closing Fair Value of Employer Assets	0	0	17,334	20,234

30. Grants and Contributions

The Authority credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2016/17

	2015/16 £'000	2016/17 £'000
Credited to Taxation and Non Specific Grant Income:		
CLG - Capital Grant	0	14
CLG – New Risk Grant	8	0
CLG – Transformational Grant	180	0
Total	188	14
Credited to Services:		
CLG - New Dimensions Resilience Training	42	23
CLG – Firelink	159	165
CLG – Transparency	8	8
CLG – New Risk	19	9
CLG – Transformation	73*	55
Cadet Funding	14	0
Total	315	260

* Prior year figure amended to reflect amount credited to CEIS

31. Post Balance Sheet Events

There are no post balance sheet events to report.

BEDFORDSHIRE FIRE AND RESCUE AUTHORITY **PENSION FUND ACCOUNT FOR THE YEAR ENDING 31 MARCH 2017**

2015/16 Net Expenditure £'000		2016/17 Net Expenditure £'000	See Pension Fund Note (Page 87)
	Contributions receivable		
	From Employer		
(1,740)	• Normal	(1,647)	
(58)	• Other	(39)	
(1,470)	From Members	(1,405)	
(798)	Milne v Gad Commutation Redress Grant	0	8
0	Pensions Holiday Contributions Redress Grant	(216)	
(74)	Transfers In	(19)	
(4,140)	Total Receivable	(3,326)	
	Benefits payable		
5,835	• Pensions	6,582	9
	Payments to and on account of leavers		
0	• Individual transfers out to other schemes	11	
3,823	Net amount payable for the year	4,783	
(3,823)	Top-up grant payable by the Government	(4,783)	3
0	Net amount	0	
	NET ASSETS STATEMENT		
1,147	Net current Assets due from/(Net Current Liabilities owed to) Government	1,171	3
	Other current assets and liabilities		
619	• Pensions payments in advance	621	6
70	• Pensions Overpayments	0	7
(1,836)	• Creditor – FRA	(1,792)	6
0	• Creditor – Other Local Authorities	0	
0	• Pension Underpayments	0	
0	• Debtors - FRA	0	
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 30 to 42. 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 2017 pension payments are paid out to the pensioners in March. As income from employer and employees' contributions is not received until April, the payments have been funded from the FRA which is treated as a creditor of the Pension Fund Account.
7. Following a review of pensioner payments by our new administrators underpayments and overpayments have been identified and treated in the Pension Fund as Debtors (Underpayments) and Creditors (Overpayments).
8. In the 2016/17 accounts, the national case relating to holiday contributions on Fire Fighter pensions was resolved. The above figures in the 2016/17 pension account include these redress payments and also the reimbursement of these from the Government to the Authority. The net impact on the Authority is nil.
9. Included within the Benefits Payable Pension figure above for 2016/17, is £498k relating to prior years. This corrects Pension Fund payments that should have been reclaimed in prior years, which had incorrectly been included within the Authority's own revenue expenditure. This inflated figure above addresses these payments made by the Authority that resulted in underclaims in prior year from the Pension Account. By increasing the Pensions Benefits Payable figure above, the balance due back from the Home Office is increased to rectify this.

GLOSSARY OF TERMS

ACCRUAL

A sum included in the final accounts to cover income or expenditure attributable to an accounting period for goods received or work done, but for which payment has not been received/made by the end date of the period for which the accounts are prepared.

AUDIT

An independent examination of the Authority's activities, either by internal audit or the Authority's external auditor, which is Ernst & Young LLP.

BALANCE SHEET

A statement of the recorded assets, liabilities and other balances at a specific date at the end of an accounting period.

CAPITAL EXPENDITURE

Expenditure on the acquisition of a non-current asset or expenditure which adds to and not merely maintains the value of an existing non-current asset, i.e. by extending the economic life of the asset or increasing its value.

CAPITAL RECEIPT

Proceeds from the sale of a non-current asset, i.e. land or a building.

CONSISTENCY

The concept that the accounting treatment of like items within an accounting period and from one period to the next are the same.

CREDITOR

An amount owed by an organisation for work done, goods received, or services rendered to the organisation within the accounting period but for which payment has not been made.

CURRENT ASSET

An asset where the value may change because the volume held can vary through day to day activity, eg physical stockholdings.

CURRENT LIABILITY

The amount which will become payable or could be called in within the next accounting period eg creditor, cash overdrawn.

CURRENT VALUE

The measurements that reflect the economic environment prevailing to the service or function the asset is supporting at the reporting date. Current value measurement basis include; Existing Use Value, Existing Use Value Social Housing, Depreciated Replacement Cost and Fair Value.

DEBTOR

An amount due to the Authority within the accounting period but not received at the balance sheet date.

DEBT OUTSTANDING

Amounts borrowed which are still to be repaid.

DEPRECIATION

The measure of the wearing out, consumption, or other reduction in the useful economic life of a non-current asset, whether arising from use, effluxion of time or obsolescence through technological or other changes.

FAIR VALUE

The fair value of a non-current asset is the price that will be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement dates.

IFRS (International Financial Reporting Standards)

A set of rules, governed by the IASB (International Accounting Standard Board) for application in the compilation of Local Authority accounts.

INVENTORIES

Comprise consumable goods.

LOANS OUTSTANDING

The total amounts borrowed from external lenders for capital and temporary revenue purposes but not repaid at the balance sheet date.

LONG TERM CONTRACTS

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or combination of asset or services which together constitute a single project), where the time taken substantially to complete the contract is such that the contract activity falls into different accounting periods. Some contracts with a shorter duration than one year should be accounted for as long term contracts if they are sufficiently material to the activity of the period.

MINIMUM REVENUE PROVISION (MRP)

The minimum amount which must be charged each year to an authority's revenue account to repay the principal sum of borrowing for capital purposes.

NET BOOK VALUE

The amount at which non-current assets are included in the balance sheet, i.e. their historical cost or current value less cumulative amounts provided for depreciation.

NET CURRENT REPLACEMENT COST

The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

NON-CURRENT ASSETS

An asset which has value beyond one financial year.

OPERATING LEASES

A means of renting an asset for part of its life.

OPERATIONAL ASSETS

Non-current assets held and occupied, used or consumed by the authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

PUBLIC WORKS LOAN BOARD (PWLB)

A government agency which provides long-term loans to local authorities at interest rates only slightly higher than those at which the government itself can borrow.

REVENUE EXPENDITURE

The day-to-day running expenses incurred by an authority in providing services.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Represents expenditure which is capitalised but does not result in the creation of or enhancement to a non-current asset.

TRANSFER VALUE

A payment one pension fund makes to another when a member changes employment.

USEFUL LIFE

The period over which the authority will derive benefits from the use of a non-current asset.

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28th September 2017

Ms D Hanson, Director
Ernst & Young
400 Capability Green
Luton
LU1 3LU

Dear Ms Hanson,

This letter of representations is provided in connection with your audit of the financial statements of Bedfordshire Fire and Rescue Authority (“the Authority”) for the year ended 31 March 2017. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the Authority financial position of Bedfordshire Fire and Rescue Authority as of 31 March 2017 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17

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

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

A. Financial Statements and Financial Records

We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

1. We acknowledge, as members of management of the Authority, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Authority in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17. We have approved the financial statements.
2. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.

3. As members of management of the Authority, we believe that the Authority has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, that are free from material misstatement, whether due to fraud or error.
4. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

B. Fraud

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

C. Compliance with Laws and Regulations

1. We have disclosed to you all identified or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

D. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
3. We have made available to you all minutes of the meetings of the Authority and committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date:

- The Fire and Rescue Authority on the 19th July 2017

4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Authority's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.
5. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. We have disclosed to you, and the Authority has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

E. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent, and have disclosed in Note 26 to the financial statements all guarantees that we have given to third parties.

F. Subsequent Events

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

G. Other information

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

H. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the valuation of Property, Plant and Equipment, Investment Properties, and Pension Liabilities and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the

independence or objectivity of the specialists.

I. Property Valuation and Business Rates Appeals Estimates

1. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimates have been consistently applied and are appropriate in the context of CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.
2. We confirm that the significant assumptions used in making the valuation of Property estimate appropriately reflects our intent and ability to utilize these assets on behalf of the entity.
3. We confirm that the disclosures made in the financial statements with respect to the accounting estimates are complete and made in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.
4. We confirm that no adjustments are required to the accounting estimates and disclosures in the financial statements due to subsequent events.

J. Retirement benefits

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

K. Expenditure Funding Analysis

1. We have reviewed the new requirements (as set out in the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17), in relation to the preparation of the Expenditure Funding Analysis to replace the previous segmental reporting analysis, and confirm that all required amendments to the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement, as well as the requirements to prepare the Expenditure Funding Analysis and related notes have been correctly reflected in the financial statements, including retrospectively reflecting this in the financial statements.
2. We confirm that the financial statements reflect the operating segments reported internally to the Authority.

Yours sincerely,

Gavin Chambers CPFA, Treasurer

Cllr Fiona Chapman, Chair of the Audit and Standards Committee

For Publication

**Bedfordshire Fire and Rescue
Authority
Audit and Standards Committee
28 September 2017
Item No. 7**

REPORT AUTHOR: SECRETARY/MONITORING OFFICER

SUBJECT: REVIEW OF CODE OF CONDUCT

For further information on this Report contact: Mrs K Daniels
Service Assurance Manager
Tel No: 01234 845013

Background Papers: None

Implications (tick ✓):

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

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

PURPOSE:

To review the wording of paragraphs 4.14 and 4.15 of the Authority's Code of Conduct.

RECOMMENDATION:

That no changes are made to the wording of the Code of Conduct.

1 Introduction

1.1 When the Committee last met on 14 June 2017, it received a report on Standards and reviewed the Authority's Code of Conduct. It was suggested that paragraphs 4.14 and 4.15 of the Code of Conduct should be reviewed to clarify the ability of Members to challenge decisions made

and to have robust debate about issues without fear of being reported to the Standards regime.

- 1.2 A copy of the Authority's existing Code of Conduct is attached as Appendix A to this report. The Code of Conduct must be consistent with the Seven Principles of Public Life and these are also attached as Appendix B.

2. Leadership

- 2.1 Paragraphs 4.14 and 4.15 come under the heading of Leadership, which is described in the Seven Principles of Public Life as follows:

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

- 2.2 The FRA's Code of Conduct includes some examples of what behaviour is expected of its Members, including respect for others, enhancing public trust and confidence and honouring the protocol on Member/Officer relations. The Code states that on no account should Members behave in a manner that might constitute harassment or bullying.
- 2.3 The concern voiced at the Committee's last meeting was that these principles might restrict the vigour of debate on controversial issues in FRA meetings.

3. Guidance

- 3.1 Standards for England (SfE) was dissolved in 2012. However, it had previously issued a range of guidance on the model Code of Conduct and how it should be applied. On the question of a possible conflict between robust political debate and the duty to have respect for others, the SfE issued the following guidance:

You must treat others with respect.

In politics, rival groupings are common, either in formal political parties or more informal alliances. It is expected that each will campaign for their ideas, and they may also seek to discredit the policies and actions of their opponents. Criticism of ideas and opinion is part of democratic debate, and does not in itself amount to bullying or failing to treat someone with respect.

Ideas and policies may be robustly criticised, but individuals should not be subject to unreasonable or excessive personal attack. This particularly applies to dealing with the public and officers. Chairs of meetings are

expected to apply the rules of debate and procedure rules or standing orders to prevent abusive or disorderly conduct.

Whilst it is acknowledged that some members of the public can make unreasonable demands on members, members should, as far as possible, treat the public courteously and with consideration. Rude and offensive behaviour lowers the public's expectations and confidence in its elected representatives.

3.2 This SfE guidance makes clear that robust political debate and respect and courtesy for others are not mutually exclusive. However, it may be significant that the duty of courtesy is reserved for the public. As far as the treatment of fellow Members is concerned, although there may be vigorous debate between political groups, nevertheless Members of the FRA should treat each other with respect.

4. Conclusion

4.1 My judgement is that, in the light of the SfE's guidance on the matter, there is no need to change the wording of paragraphs 4.14 and 4.15 of the Code of Conduct.

**JOHN ATKINSON
SECRETARY/MONITORING OFFICER**

Appendices:

A Code of Conduct

B Seven Principles of Public Life

BEDFORDSHIRE FIRE AND RESCUE AUTHORITY (FRA)

**CODE OF CONDUCT
with effect from 1 July 2012**

1.0 Introduction

- 1.1 This Code of Conduct (“the Code”) has been adopted by the FRA as required by Section 27 of the Localism Act 2011 (“the Act”).
- 1.2 The FRA has a statutory duty under the Act to promote and maintain high standards of conduct by members and co-opted members of the FRA (“Members”) and the Code sets out the standards that the FRA expects Members to observe.
- 1.3 The Code is not intended to be an exhaustive list of all the obligations that are placed on Members. It is the responsibility of individual Members to comply with the provisions of the Code as well as such other legal obligations as may apply to them from time to time.
- 1.4 The Code is consistent with the following principles (the “Nolan” principles of standards in public life):

Selflessness
Integrity
Objectivity
Accountability
Openness
Honesty
Leadership

2.0 Who does the Code apply to?

- 2.1 The Code applies to all Members of the FRA and to all co-opted members of any committee, sub-committee or joint committee or sub-committee of the FRA.

3.0 When does the Code apply?

- 3.1 The Code applies whenever a person is acting in his/her official capacity as a Member of the FRA or co-opted member in the conduct of the FRA’s business or acting as a representative of the FRA.

4.0 What standards of Conduct are Members expected to observe?

Selflessness:

- 4.1 Members must always act in the public interest. (See also Clause 4.5).

- 4.2 Members must never use their position as a member of the FRA improperly to secure for themselves or any other person, an advantage or disadvantage.
- 4.3 Members must not use the FRA's resources improperly for personal or party political purposes.

Integrity

- 4.4 Members must not do anything which compromises or is likely to compromise the impartiality of those who work for, or on behalf of, the FRA.
- 4.5 Members must not disclose information given to them in confidence unless required by law to do so or where there is a clear and over-riding public interest in doing so.

Objectivity

- 4.6 When making decisions on behalf of the FRA, including awarding contracts or making appointments, Members must do so on merit.
- 4.7 Members must have regard to any relevant advice provided to them by the FRA's officers and, in particular, the Head of Paid Service, Chief Finance Officer and Monitoring Officer, where such advice is provided pursuant to their statutory duties.

Accountability

- 4.8 Members must act in accordance with their legal obligations, including the following Acts of Parliament that confer special obligations on elected councillors:

- Local Government Act 1972
- Employment Rights Act 1996
- Data Protection Act 1998
- Freedom of Information Act 2000
- Fire and Rescue Services Act 2004
- Bribery Act 2010
- Equality Act 2010
- Localism Act 2011

- 4.9 Members must act in accordance with the FRA's policies and reasonable requirements, including any protocols and codes of practice that may apply. (E.g. in respect of Member/Officer relations, ITC, Member Allowances etc).

Openness

- 4.10 Members must give reasons for any decisions taken on behalf of the FRA in accordance with any statutory or FRA requirements.
- 4.11 Members must not prevent another person from gaining access to information to which that person is entitled by law.

Honesty

- 4.12 Members must declare any disclosable (pecuniary and non-pecuniary) interests or conflicts of interest that may arise in respect of their responsibilities as a Member of the FRA.
- 4.13 Members must at all times ensure that any claims for expenses, allowances, and their use of facilities and services provided by the FRA are strictly in accordance with the rules laid down on these matters.

Leadership

- 4.14 Members must act in a way that enhances public trust and confidence in the integrity of the FRA and its Members.
- 4.15 Members must show respect and courtesy to others.
- 4.16 In their dealings with the FRA's employees, Members must have regard to the FRA's protocol on Member/Officer Relations and on no account should they behave in a manner that might constitute harassment or bullying.

5.0 Register of Interests

- 5.1 The Council's Monitoring officer maintains a register of interests of Members and co-opted members of the FRA.
- 5.2 The FRA has determined what interests Members are required to enter in the register of interests, including those disclosable pecuniary interests prescribed by regulations. These disclosable interests are listed in Schedule 1.
- 5.3 Members must notify the FRA's Monitoring Officer of any disclosable pecuniary and non-pecuniary interests that should be recorded in the FRA's register of interests.
- 5.3 Within 28 days of becoming a Member of the FRA, all Members must submit to the Monitoring Officer a list of their disclosable interests and must notify the Monitoring Officer of any changes as and when they arise.

6. Declaration at Meetings of Disclosable Pecuniary Interests

- 6.1 A Member must make a verbal declaration of the existence and nature of any disclosable pecuniary interest at any meeting of the FRA, a Committee (or Sub - Committee) at which the Member is present, and 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.

7. Other Interests

- 7.1 In addition to the requirements of paragraph 6, if a Member attends a meeting at which an item of business is to be considered and the Member has an interest as defined in paragraph 7.2 below, a verbal declaration of the existence and nature of the interest must be made by the Member at or before the consideration of the item of business or as soon as the interest becomes apparent.
- 7.2 Paragraph 7.1 applies where a Member has a 'non- statutory pecuniary interest' or a non - pecuniary interest in an item of business of the FRA as follows:-
- 7.2.1 a decision in relation to that business might reasonably be regarded as affecting the well being or financial standing of the Member or a member of his/her family or a person with whom the Member has a close association to a greater extent than it would affect the majority of the Council taxpayers, ratepayers or inhabitants of the ward or electoral area for which the Member has been elected or otherwise of the FRA's administrative area, or
- 7.2.2 it relates to or is likely to affect any of the interests listed in Schedule 1 to this Code, but in respect of a member of the Member's family (other than a spouse or partner as statutorily defined) or a person with whom the Member has a close association and the interest is not a disclosable pecuniary interest.

8. Gifts and Hospitality

- 8.1 A Member must, within 28 days of receipt, notify the Monitoring Officer in writing of any gift, benefit or hospitality with a value in excess of £50 which has been accepted as a Member from any person or body other than the FRA.
- 8.2 The Monitoring Officer will place the notification on a public register of gifts and hospitality.
- 8.3 This duty to notify the Monitoring Officer does not apply where the gift benefit or hospitality comes within a description approved by the FRA for this purpose.

Code of Conduct adopted by the Fire and Rescue Authority on 28 June 2012

Schedule 1 - Disclosable Pecuniary Interests

A Member has a duty to register, disclose and not to participate in respect of any matter in which he/she has a Disclosable Pecuniary Interest as set out in the Localism Act 2011 (Chapter 7).

Disclosable pecuniary interests are defined in the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 as follows:

The Relevant Authorities
(Disclosable Pecuniary Interests) Regulations 2012

<i>Subject</i>	<i>Prescribed description</i>
Employment, office, trade, profession or vacation	Any employment, office, trade, profession or vocation carried on for profit or gain.
Sponsorship	<p>Any payment or provision of any other financial benefit (other than from the relevant authority) made or provided within the relevant period in respect of any expenses incurred by M in carrying out duties as a member, or towards the election expenses of M.</p> <p>This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.</p>
Contracts	<p>Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the relevant authority—</p> <p>(a) under which goods or services are to be provided or works are to be executed; and</p> <p>(b) which has not been fully discharged.</p>
Land	Any beneficial interest in land which is within the area of the relevant authority.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the relevant authority for a month or longer.
Corporate tenancies	Any tenancy where (to M's knowledge)—

- (a) the landlord is the relevant authority; and
- (b) the tenant is a body in which the relevant person has a beneficial interest.

Securities Any beneficial interest in securities of a body where—

- (a) that body (to M's knowledge) has a place of business or land in the area of the relevant authority; and
- (b) either—
 - (i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or
 - (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

The 7 Principals of public life

1. Selflessness

Holders of public office should act solely in terms of the public interest.

2. Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

3. Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

4. Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

5. Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

6. Honesty

Holders of public office should be truthful.

7. Leadership

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

For Publication

**Bedfordshire Fire and Rescue Authority
Audit and Standards Committee
28 September 2017
Item No. 8**

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

SUBJECT: INTERNAL AUDIT PROGRESS REPORT 2017/18

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

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

Implications (tick ✓):

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

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

PURPOSE:

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

RECOMMENDATION:

That the submitted report be received.

1. Introduction

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

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

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

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BEDFORDSHIRE FIRE & RESCUE AUTHORITY

Internal Audit Progress Report

Audit and Standards Committee

28 September 2017

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





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

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

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

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

1 PROGRESS UPDATE

The internal audit plan for 2017/18 was approved by the Audit & Standards Committee in March 2017. Below provides a summary update on progress against that plan and summarises the results of our work to date.

Audit Assignments completed since the last Audit & Standards Committee

2017/18

In relation to our audit plan for 2017/18 we have finalised one report since the previous meeting and issued a further report in draft. We have also commenced work on scoping the remaining audit assignments and agreed dates with sponsors for all of the remaining reviews.

Assignments	Date Planned	Opinion issued	Actions agreed		
			H	M	L
Procurement	Final	Substantial Assurance	0	0	2
Collaboration	Draft				
Key Financial Controls	16/10/2017				
Payroll - key controls and system implementation	06/11/2017				
Pensions Board	03/01/2018				
Follow Up	11/01/2018				
Risk Management	12/02/2018				

2 OTHER MATTERS

2.1 Head of Internal Audit Opinion

The Audit and Standards Committee should note that the assurances given in our audit assignments are included within our Annual Assurance report. In particular the Committee should note that any negative assurance opinions will need to be noted in the annual report and may result in a qualified or negative annual opinion. We have not issued any negative opinions to date.

2.2 Contract Meeting

We have a joint contract meeting with Bedfordshire, Cambridgeshire and Essex Fire planned for September 2017 to update on progress of the internal audit contract, raise any issues if required and discuss the Internal Audit Strategies for 2017/18. No issues were raised during 2017/18 to date.

2.3 Changes to audit plan

There have been no changes to the audit plan since the last Committee meeting. The below was reported to the previous Committee and is still in discussion.

Auditable area	Reason for change
2017/18	
Payroll	External Audit have suggested that the payroll review be split into two parts. Part one focussing on the outputs from the new system and part two year looking at benefits realisation. We are currently in discussion with the Authority as to whether this is needed and whether this can be achieved within the agreed audit budget.

2.4 Information and briefings

We have issued one Emergency Services client briefings in September 2017 since the last Audit & Standards Committee.

Articles include

- Technical update – guidance and publications
- Collaboration – barriers, risks and assurance
- Gearing up for change – how collaborative is your culture?

FOR FURTHER INFORMATION CONTACT

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For Publication

**Bedfordshire Fire and Rescue Authority
Audit and Standards Committee
28 September 2017
Item No. 9**

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

**SUBJECT: AUDIT AND GOVERNANCE ACTION PLAN
MONITORING: EXCEPTION REPORT AND SUMMARY ANALYSIS**

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

Background Papers:

- Action Plans contained in Internal Audit Reports
- Action Plan contained in the current Annual Governance Statement
- Audit Outcome Monitoring reports and Minutes from the Policy and Challenge Group meetings

Implications (tick ✓):

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

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

PURPOSE:

To present Members with a summary statistical analysis of actions arising from internal audit reports over the last three financial years to date and from the Fire and Rescue Authority's current Annual Governance Statement; together with an exception report on those actions currently in progress for which the relevant Policy and Challenge Group has received a proposal to extend the original timing for completion.

RECOMMENDATION:

That Members receive the report and consider any issues arising.

1. Introduction

1.1 The Audit and Standards Committee has previously agreed that a full monitoring report of current progress on applicable Audit and Governance Statement action plans should be made to each meeting of the appropriate Policy and Challenge Group; and that the Audit and Standards Committee should receive a summary analysis of action plans together with a full exception report of all actions in progress for which a Policy and Challenge Group has received a proposal for an extension to the original completion date.

1.2 This is the first summary analysis and exception report to the Audit and Standards Committee for the year 2017/18 and it incorporates information from all monitoring reports made to Policy and Challenge Groups in the reporting period to date.

2. Audit and Governance Action Plans Summary Analysis

2.1 The Audit Action Plans Summary Analysis (attached as Appendix A) provides a summary statistical analysis of the status of all actions arising from audit reports received over the last three financial years (ie 2015/16 to date).

2.2 The report provides the following details for each audit:

- Audit report title and date;
- Responsible Policy and Challenge Group;
- Total number of actions arising and their prioritisation;
- Number of actions completed (by priority) subject to follow-up audit;
- Number of actions completed (by priority) for which a subsequent or no further follow-up is required;
- Number of actions (by priority) still in progress; and
- Number of extensions to original completion dates that have been required in respect of all actions.

2.3 It should be noted that actions which are shown as completed for which a subsequent or no further follow up required include:

- High and medium priority actions for which a subsequent or follow-up audit has been successfully completed.
- All completed low priority actions - for which a subsequent or follow-up audits are not undertaken; and
- Actions which the Auditors have designated as 'superseded', ie actions which have been replaced, on follow-up audit, by a new action. In such cases, the new actions are included against the relevant follow up audit.

2.4 The report shows that a total of 2 High Priority, 21 Medium Priority and 40 Low Priority actions have been agreed over the reporting period, of which, 0 High, 1 Medium and 4 Low are still in progress.

- 2.5 There are two extensions to original completion dates.
- 2.6 The Annual Governance Statement Action Plan for 2015/16 had two actions in 2016/17 both have been completed.
3. Audit Action Plans Exception Report
- 3.1 The Audit Action Plans Exception Report provides details of all actions arising from internal audits which are still in progress and for which the relevant Policy and Challenge Group has been requested to consider an extension to the original timing for completion.
- 3.2 For the current period there are no exception report(s).
4. Governance Action Plan Exception Report
- 4.1 The Governance Action Plan Exception Report provides details of actions arising from the Authority's 2015/16 Annual Governance Statement (which was formally adopted by Audit and Standards Committee, on behalf of the Authority, at their meeting on 29 June 2016) which are still in progress and for which the relevant Policy and Challenge Group has been requested to extend the original timing for completion.
- 4.2 For the current period there are no exception report(s).
5. Organisational Risk Implications
- 5.1 The actions identified within internal audit reports and the Annual Governance Statement represent important improvements to the Authority's current systems and arrangements. As such, they constitute important measures whereby the Authority's overall management of organisational risk can be enhanced.
- 5.2 In addition, ensuring effective internal audit arrangements and the publication of an Annual Governance Statement are legal requirements for the Authority and the processes of implementation, monitoring and reporting of improvement actions arising therefore constitute an important element of the Authority's governance arrangements.

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

Audit and Annual Governance Statement Action Plans Summary Analysis

Audit Report & Date	Policy & Challenge Group	Total Actions			Actions Completed (subject to Follow up)			Actions Completed/ Superseded (no further Follow-up required)			Actions Currently in Progress			No of Completion Extensions Required to Date (All Actions)		
		H	M	L	H	M	L	H	M	L	H	M	L	H	M	L
Business Continuity inc. Risk Management (Sep 2015)	Corporate Services	-	-	2	-	-	-	-	-	2	-	-	-	-	-	-
Training and Development of Operational Staff (Nov 2015)	Human Resources	1	1	5	1	-	-	-	1	5	-	-	-	-	-	-
Procurement (Nov 2015)	Corporate Services	-	2	2	-	-	-	-	2	2	-	-	-	-	-	-
Governance (Feb 2016)	Corporate Services	-	-	4	-	-	-	-	-	4	-	-	-	-	-	-
Key Financial Controls (Apr 2016)	Corporate Services	-	-	3	-	-	-	-	-	3	-	-	-	-	-	-
IT Shared Service (May 2016)	Corporate Services	-	-	2	-	-	-	-	-	2	-	-	-	-	-	-
Follow-up – Fuel Cards (May 2016)	Corporate Services	-	1	-	-	1	-	-	-	-	-	-	-	-	-	-
Follow-up – Training and Development of Operational Staff (May 2016)	Human Resources	-	1	-	-	1	-	-	-	-	-	-	-	-	-	-
Fleet Management (Nov 2016)	Corporate Services	1	1	4	1	1	-	-	-	4	-	-	-	-	-	-
Stock and Inventory (Dec 2016)	Corporate Services	-	2	1	-	2	-	-	-	1	-	-	-	-	-	-
Risk Protection Pool (Jan 2017)	Corporate Services	-	1	-	-	1	-	-	-	-	-	-	-	-	-	-
Key Financial Controls (Feb 2017)	Corporate Services	-	1	3	-	1	-	-	-	3	-	-	-	-	-	-
Data Quality – Incident Reporting System (Feb 2017)	Service Delivery	-	3	2	-	3	-	-	-	2	-	-	-	-	-	-

Audit and Annual Governance Statement Action Plans Summary Analysis

Audit Report & Date	Policy & Challenge Group	Total Actions			Actions Completed (subject to Follow up)			Actions Completed/ Superseded (no further Follow-up required)			Actions Currently in Progress			No of Completion Extensions Required to Date (All Actions)		
		H	M	L	H	M	L	H	M	L	H	M	L	H	M	L
Governance – Transparency and Decision Making (May 2017)	Corporate Services	-	3	2	-	3	-	-	-	2	-	-	-	-	-	-
Governance – Transparency and Decision Making (May 2017)	Human Resources	-	-	2	-	-	-	-	-	-	-	-	2	-	-	2
Retained Recruitment (Apr 2017)	Human Resources	-	1	5	-	1	-	-	-	3	-	-	2	-	-	-
Follow up - Fuel Cards (May 2017)	Corporate Services	-	-	1	-	-	-	-	-	1	-	-	-	-	-	-
Risk Management (May 2017)	Corporate Services	-	4	-	-	3	-	-	-	-	1	-	-	-	-	-
Procurement - Tendering	Corporate Services	-	-	2	-	-	-	-	-	2	-	-	-	-	-	-
Totals		2	21	40	2	17	0	0	3	36	0	1	4	-	-	2

Governance Action Plan Exception Report

Annual Governance Statement Action Plan from 2015/16 to be completed in 2016/17				
Year	Total Actions	Actions Completed	Actions in Progress	No of Completion Extensions Required to Date (All Actions)
2015/16	2	2	0	0

For Publication

**Bedfordshire Fire and Rescue Authority
Audit and Standards Committee
28 September 2017
Item No. 10**

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

SUBJECT: REVIEW OF THE FIRE AND RESCUE AUTHORITY'S EFFECTIVENESS 2017/18

For further information on this Report contact: K Daniels
Service Assurance Manager
Tel: 01234 845013

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 proposals for the review of the Fire and Rescue Authority's effectiveness in 2017/18.

RECOMMENDATIONS:

For the Audit and Standards committee to make any recommendations to change the process of reviewing the Authority's effectiveness.

If the process is to remain the same as last year, for the committee to apply the timelines namely:

- a. For Policy and Challenge Groups and Committees to review their effectiveness by considering the three overarching questions to feed into the FRA Review of Effectiveness (this year Corporate Services on 29 November 2017, Service Delivery on 30 November 2017, Audit and Standards on 6 December 2017 and Human Resources on 11 January 2018 and then programmed yearly thereafter);
- b. All FRA Members to complete the questionnaire for discussion at the budget workshop (for 2017/18 on 18 January 2018 and then programmed yearly thereafter); and

- c. The 2017/18 Review of the FRAs Effectiveness and Action Plan for 2018/19 be considered by the Audit and Standards Committee on 28 March 2018, for report to the FRA on 26 April 2018 and inclusion in the FRAs Annual Governance Statement.
-

1. Introduction

- 1.1 At their meeting on 9 September 2010 the Fire and Rescue Authority (FRA) agreed a recommendation of the Audit Committee that it undertake and publish an Annual Review of the FRA's Effectiveness and Record of Member Attendance.
- 1.2 Following the RSM Tenon audit recommendation in 2012 that proposed each Policy and Challenge Group considered its own effectiveness before the full FRA effectiveness review a Form has previously been used by each Policy and Challenge Group and the Audit and Standards Committee.
- 1.3 At its meeting of 24 September 2015 Members of the Audit and Standards Committee requested the use of the questionnaire used in previous years be reviewed and streamlined for future years.
- 1.4 A Form of Review Questionnaire was agreed and completed by Members at a facilitated meeting on 27 January 2016. On 17 March 2016, the Audit and Standards Committee considered the outcome of the Review, including any identified areas for improvement, and agreed performance objectives for the coming year.
- 1.5 The 2016/17 Review of the FRA's Effectiveness and Action Plan for 2017/18 was considered by the Audit and Standards Committee on 16 March 2017 for report to the FRA on 27 April 2017 and inclusion in the FRA's Annual Governance Statement, which will form part of the 2016/17 Statement of Accounts.
- 1.6 Members used the revised Form of Review Questionnaire at Appendix A for the 2016/17 Review of Effectiveness which, together with the general feedback from the FRA's Committees/Groups, and was completed by Members for consideration at a programmed facilitated meeting following the Budget Workshop on the 17 January 2017.

2. 2017/18 Review of Effectiveness

- 2.1 On 17 January 2017, Members of the FRA attended a facilitated meeting on the review of the FRA's effectiveness based upon a questionnaire and review procedure agreed by the FRA's Audit and Standards Committee on 7 September 2016

The questionnaire covered a wide range of the FRA's performance and sought comment on what development Members considered should be undertaken to achieve an improved outcome.

- 2.2 In the light of the Review undertaken on 17 January 2017, the Action Plan for 2017/18 at Appendix B was agreed by the FRA on 27 April 2017.
- 2.3 A short report could be provided to each of the Policy and Challenge Groups and Audit and Standards Committee to enable a review of the Group/Committee's effectiveness against their Terms of Reference.
- 2.4 Members could be asked to consider the following questions when reviewing the Groups'/Committee's effectiveness during their meetings Service Delivery Policy and Challenge Group on 1 December, Corporate Services Policy and Challenge Group on 6 December, Audit and Standards Committee on 8 December 2016 and Human Resources Policy and Challenge Group on 5 January 2017:
 - i. Does the Group/Committee consider they have been effective and discharged their responsibility in regard to the Group's/Committee's terms of reference?
 - ii. Considering the Group's/committee's terms of reference are there any areas that have not been considered and should be addressed?
 - iii. Does the Group/Committee consider any Training and Development would assist them with the areas of work of Group/Committee?
- 2.5 Members may wish to use the revised Form of Review Questionnaire at Appendix A for the 2017/18 Review of Effectiveness which, together with the general feedback from the FRA's Committees/Groups, could be completed by Members for consideration at a programmed facilitated meeting following the Budget Workshop on the 18 January 2018.
- 2.6 The 2017/18 Review of the FRA's Effectiveness and Action Plan for 2018/19 could be considered by the Audit and Standards Committee on 28 March 2018 for report to the FRA on 26 April 2018 and inclusion in the FRA's Annual Governance Statement, which will form part of the 2017/18 Statement of Accounts.

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

2017/18 REVIEW OF THE FIRE AUTHORITY'S EFFECTIVENESS

3 = Satisfied (please comment as necessary)	2 = Satisfied but feel more needs to be done (state what)	1 = Not Satisfied (state why and what needs to be done)
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	3	2	1	Comments
Understanding of Core Business				
1 The Fire and Rescue Authority (FRA) helps to shape the organisation and steers it towards its future, taking responsibility for the organisation's long-term success of failure.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
2. All FRA Members have a good knowledge of organisational objectives and major functions of the Authority.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Understanding of Key financial issues				
3. The Fire Authority Members have a good understanding of the financial standards that must be produced and of the ongoing and future financial issues facing FRA funding and expenditure.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Effective Monitoring				
4. The FRA effectively considers risk and determines the critical/key issues facing the organisation.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
5. The FRA effectively considers financial performance, including revenue and capital expenditure, against budget.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Effective Monitoring Continued

3	2	1
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Comments

6. The FRA effectively considers operational and service performance against targets.

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7. The FRA looks at trends over time, considers and agrees actions to improve performance that are below expectations and compares performance against peers and other benchmarks.

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8. Recommendations contained in external audit reports, the management letter and internal audit reports are scrutinised and recommendations monitored to ensure Action Plans are adhered to.

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Meetings

9. Meetings of the FRA, Audit and Standards Committee and Policy and Challenge Groups are appropriate with regard to:

(a) Frequency

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(b) Duration

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Meetings Continued

	3	2	1	Comments
(c) Agenda	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
(d) Timelines for circulation of papers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
(e) Quality of information provided	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
(f) Support from senior officers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
(g) FRA meetings focus on the right questions and are effective.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
(h) The FRA run efficient and effective meetings and Members are able to express views and discuss issues	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Meetings Continued

3	2	1
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Comments

(i) FRA meetings encourage a high quality of debate with robust and probing discussions

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(j) Minutes are accurate and timely

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Development

10. Members are well informed about the organisation, their role, responsibilities and performance and understand the organisation, its values, culture and philosophy.

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Future Training and Development

11. Do Members of the Fire and Rescue Authority require any further support in their roles?

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12. Do Members of the Fire and Rescue Authority have any specific requirements for personal development on either an individual or group basis, in 2017/18?

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REVIEW OF THE FRA's EFFECTIVENESS

On 9 September 2010 the FRA agreed to undertake and publish an annual Review of the FRA's Effectiveness and Record of Members' Attendance. At the FRA meeting on 27 April 2017 it was agreed that the key for Member attendances being amended to identify absences as being either notified (N), notified – constituent council commitment (N-C) or un-notified (U).

Reviews of the FRA's Effectiveness and their associated Action Plans are included in the FRA's Annual Governance Statement, which forms part of the FRA's Statement of Accounts.

2017/18 Review of the FRA's EFFECTIVENESS

On 17 January 2017, Members of the FRA attended a facilitated meeting on the review of the FRA's effectiveness based upon a questionnaire and review procedure agreed by the FRA's Audit and Standards Committee on 7 September 2016. A copy of the Form of Review is available from the Service Assurance Manager at Fire and Rescue Headquarters, Southfields Road, Kempston, Bedford MK42 7NR.

The questionnaire covered a wide range of the FRA's performance and sought comment on what development Members considered should be undertaken to achieve an improved outcome.

In the light of the Review undertaken on 17 January 2017, the following Action Plan for 2017/18 was agreed by the FRA on 27 April 2017.

		Owner(s)	Timescale	Comment
1	At their first meeting each FRA group/Committee to review their Terms of Reference and look forward to the year ahead to agree an annual work programme. In addition to the current practice of requesting additional reports this to include consideration of a major topic with a longer timescale for implementation as done by the Corporate Services Policy and Challenge Group.	Chief Fire Officer (CFO) Deputy Chief Fire Officer (DCFO) Assistant Chief Officer (ACO)	First Policy and Challenge Group of financial year – June 2017	Terms of Reference and Annual Work Programmes included at first Group/Committee Meetings held June 2017

APPENDIX B

		Owner(s)	Timescale	Comment
2	Continue pre-meetings with relevant Chairs of Groups and Committees.	CFO, DCFO and ACO	Ongoing	To be programmed in from November 2017 onwards
3	Request that post AGM, training needs of Members are re-visited to feed into the two programmed events.	Head of Organisational Assurance	Post Annual Meeting – 25 May 2017	Discussed at Development Day 4 July 2017
4	Continue to review Induction material, re-circulate updated content to Members by email or make accessible on line as a reminder and easy access. Provide 1 to 1's for Members that change as a one off.	Head of Organisational Assurance	By 1 July 2017 and Ongoing	
5	For Members to have access to an organisational chart and contact details down to Heads of Service.	Head of Organisational Assurance	July 2017 and Ongoing	To be circulated following the temporary restructure from 1 September 2017
6	Continue to include training/awareness on operational matters.	Head of Service Delivery and Head of Service Delivery Support		
7	Continue Station Visits.	Head of Organisational Assurance	Ongoing	Programmed
8	Continue with the distribution of daily incident logs.	Head of Service Delivery Support	Ongoing	
9	Members should continue to discuss plans to meet the projected budget gap and strengthen the Authority's financial plans.	Chief Fire Officer	On-going and Budget Workshops on 21 November 2017 and 18 January 2018	

APPENDIX B

		Owner(s)	Timescale	Comment
10	Continue Budget workshops - 21 November 2017 and 18 January 2018.	Head of Finance and Treasurer	Booked	
11	Continue Treasury Management training and development.	Head of Finance and Treasurer	July 2017 (Bi-annual)	
12	Provide training and development on the Statement of Accounts and governance particularly in relation to the role of an Audit Committee.	Head of Finance and Treasurer	Member Development Days – 4 July or 1 November 2017	
13	Relevant benchmarking data if known is made available when performance targets are being set.	Owner of each target setting paper to Policy and Challenge Groups	Target setting by Policy and Challenge meetings during March 2018	
14	Advance the use of electronic media and to continue to explore, through the Corporate Services Policy and Challenge Group, with the aim of maximising existing devices.	Head of Organisational Assurance	Ongoing	
15	To support paperless meetings, and provide one to one training as required.	Head of Organisational Assurance	Ongoing	
16	Review Committee Structures of other Fire and Rescue Authorities	Head of Organisational Assurance	2017/18	

For Publication

**Bedfordshire Fire and Rescue Authority
Audit and Standards Committee
28 September 2017
Item No. 11**

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

SUBJECT: CORPORATE RISK REGISTER AND REVIEW OF CORPORATE RISK MANAGEMENT

For further information on this Report contact: Area Commander Darren Cook
Head of Organisational Assurance
Tel No: 01234 845061

Background Papers: None

Implications (tick ✓):

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

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

PURPOSE:

To review the development of the Service’s Corporate Risk Register.

RECOMMENDATIONS:

That Members acknowledge:

1. The continuing development of the Service’s Corporate Risk Register; and,
2. That the appropriate Policy and Challenge Groups have considered and reviewed controls proposed to reduce the identified risks.

1. Introduction

- 1.1 Each of the Fire and Rescue Authority’s (FRA) policy and challenge groups has a standing item on their agenda for the consideration of risks relating to the remit of each Group. In addition, this Committee receives regular reports on the full Corporate Risk Register.

- 1.2 The Corporate Risk Register will be available at the meeting with explanatory notes regarding the risk ratings applied is appended to this report.
- 1.3 Changes to individual risk ratings arising from the **Corporate Services** Risk Register: None. Individual risk ratings have been reviewed and are unchanged
- 1.4 Updates to individual risks arising from the **Corporate Services** Risk Register:
- **CRR00029: If we do not communicate well, both internal and external to the Service, then we will suffer from poor staff morale, miss the opportunity to promote ourselves and the excellent work that we do and potentially impact upon our ability to deliver a full range of services:** The project to refresh the website continues with engagement with Zengenti (the preferred supplier) following a joint procurement process with Bedfordshire Police. The website will broaden our opportunities to further engage with the communities and interested parties of Bedfordshire. The increased use of social media is continuing to grow and is measured through analytics for uptake and engagement.
 - **CRR00005: If we are unable to provide adequate asset management and tracking facilities then we may cause serious injuries to our staff due to a lack of safety testing. We may also incur unnecessary significant costs and be in breach of health and safety legislation:** A revised scoping paper is programmed to go to SDMT 2017, stating realistic resource and budget requests to implement a technological Asset Tracking system.
 - **CRR00015: If we do not properly manage the work issues that can potentially be caused by collaboration or shared services including: 1. Redundancy 2. Relocation 3. Cost of work for the convergence of procedures 4. Use of inexperienced staff familiar with FRS operations 5. Increase in staff numbers and associated cost. Then there will be a negative cultural impact upon the service and the projects may fail:** Resque 4I has been operational since November 2016 and is now BAU. Mobile data terminals have gone live (as of 17 Aug 17), this now completes the resilience benefits required by the Home Office, with the exception of "Automatic fail over".
- 1.5 Corporate Services Policy and Challenge Group has a total of nine risks reporting directly to Members that are categorised as *'treat'*. *Treated* risks have preventative actions in place reducing the probability or impact of the risk occurring and forms the basis of the update report to Members providing an overview risk.
- 1.6 Changes to individual risk ratings arising from the **Service Delivery** Risk Register: None. Individual risk ratings have been reviewed and are unchanged

- 1.7 Updates to individual risks arising from the **Service Delivery** Risk Register:
- **CRR00022: If we have inadequate or incomplete operational pre planning policies, procedures or information available to us then we can potentially risk injury or even death to our fire-fighters and staff:** Bedfordshire Fire and Rescue Service (BFRS) is on track to complete the three year National Operational Guidance programme (NOG) in August 2017. Further work streams will be initiated following completion of the NOG that BFRS will undertake.
- 1.8 Changes to individual risk ratings from the **Human Resources** Risk Register: None. Individual risk ratings have been reviewed and are unchanged.
- 1.9 Updates to individual risks arising from the **Human Resources** Risk Register:
- **CRR00040: If there is a retirement of a large number of operational officers over a short period of time then we lose significant operational and managerial experience within the service which could ultimately affect our service delivery and wider corporate functionality in the shorter term:** A new recruitment process commences in August 2017 with an application process open for 5 weeks. This will be supported by a large media campaign and a series of positive action events across the county to ensure that opportunities are taken to attract the very best candidates from all areas of our community. The successful candidates will be eligible for foundation training in 2018.
 - **CRR00025: If operational personnel either individually or collectively at any or all levels do not meet the minimum level of competence to safely deal with the full range of incidents which may be encountered, particularly areas of competencies relating to: - Incident Command - Use of Breathing Apparatus - Compartment Fire Behaviour - Water related incidents - High-Rise incidents - Work at Height Then there is the potential to cause significant injury or even deaths to our staff:** In June 2017 13 new firefighters attended The Fire Service College to undertake a Skills For Justice accredited Foundation training course. These new firefighters are also required to undertake a series of specialist training in Service prior to posting to operational stations from September 2017. Performance of all operational firefighters and managers is regularly monitored and reported through the respective indicators relative to safety critical training activities. CMT and Fire Authority Members are presented with these. They remain as stretch targets for 2017/18.

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

Explanatory tables in regard to the risk impact scores, the risk rating and the risk strategy.

Risk Rating

Risk Rating/Colour	Risk Rating Considerations/Action
Very High	<p>High risks which require urgent management attention and action. Where appropriate, practical and proportionate to do so, new risk controls must be implemented as soon as possible, to reduce the risk rating. New controls aim to:</p> <ul style="list-style-type: none"> • reduce the likelihood of a disruption • shorten the period of a disruption if it occurs • limit the impact of a disruption if it occurs <p>These risks are monitored by CMT risk owner on a regular basis and reviewed quarterly and annually by CMT.</p>
High	<p>These are high risks which require management attention and action. Where practical and proportionate to do so, new risk controls <i>should</i> be implemented to reduce the risk rating as the aim above. These risks are monitored by CMT risk owner on a regular basis and reviewed quarterly and annually by CMT.</p>
Moderate	<p>These are moderate risks. New risk controls should be considered and scoped. Where practical and proportionate, selected controls should be prioritised for implementation. These risks are monitored and reviewed by CMT.</p>
Low	<p>These risks are unlikely to occur and are not significant in their impact. They are managed within CMT management framework and reviewed by CMT.</p>

Risk Strategy

Risk Strategy	Description
Treat	<p>Implement and monitor the effectiveness of new controls to reduce the risk rating. This may involve significant resource to achieve (IT infrastructure for data replication/storage, cross-training of specialist staff, providing standby-premises etc) or may comprise a number of low cost, or cost neutral, mitigating measures which cumulatively reduce the risk rating (a validated Business Continuity plan, documented and regularly rehearsed building evacuation procedures etc).</p>
Tolerate	<p>A risk may be acceptable without any further action being taken depending on the risk appetite of the organisation. Also, while there may clearly be additional new controls which could be implemented to 'treat' a risk, if the cost of treating the risk is greater than the anticipated impact and loss should the risk occur, then it may be decided to tolerate the risk maintaining existing risk controls only.</p>
Transfer	<p>It may be possible to transfer the risk to a third party (conventional insurance or service provision (outsourcing)), however it is not possible to transfer the responsibility for the risk which remains with BLFRS.</p>
Terminate	<p>In some circumstances it may be appropriate or possible to terminate or remove the risk altogether by changing policy, process, procedure or function.</p>

For Publication

**Bedfordshire Fire and Rescue Authority
Audit and Standards Committee
28 September 2017
Item No. 12**

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

SUBJECT: WORK PROGRAMME 2017/18

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

Background Papers: None

Implications (tick ✓):

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

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

PURPOSE:

To review and report on the work programme for 2017/18 and to provide Members with an opportunity to request additional reports for the Audit and Standards Committee meetings for 2017/18.

RECOMMENDATION:

That Members consider the work programme for 2017/18 and note the 'cyclical' Agenda Items for each meeting in 2017/18.

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

AUDIT AND STANDARDS COMMITTEE - PROGRAMME OF WORK 2017/18

Meeting Date	'Cyclical' Agenda Items		Additional/Commissioned Agenda Items	
	Item	Notes	Item	Notes
28 Sept 2017	<ul style="list-style-type: none"> • Audit Results Report (results of 2016-17 audit including any matters outstanding) (Ernst & Young) • Audit Annual Report 2016/17 (& Opinion) *¹ • 2016/17 Statement of Accounts and Letter of Representation • Draft Annual Governance Statement and Action Plan (2016/17) • Internal Audit Progress Report • Audit and Governance Action Plan Monitoring • Review of the Fire Authority's Effectiveness • Corporate Risk Register • Work Programme 2017/18 	<p>*¹ Moved from 14 June 2017 meeting</p>	<ul style="list-style-type: none"> • Revision to Standing Order 21** 	<p>**Required to go to next FRA for confirmation prior to revision</p>

Meeting Date	'Cyclical' Agenda Items		Additional/Commissioned Agenda Items	
	Item	Notes	Item	Notes
6 December 2017	<ul style="list-style-type: none"> • Annual Audit Letter from Ernst & Young • Internal Audit Progress Report • Audit and Governance Action Plan Monitoring • Review of 'Monitored Policies' • Report on Registration of Interests and Gifts/Hospitality • Review of the Audit and Standards Committee Effectiveness • Corporate Risk Register • Statement of Assurance • Work Programme 2017/18 			

Meeting Date	'Cyclical' Agenda Items		Additional/Commissioned Agenda Items	
	Item	Notes	Item	Notes
28 March 2018	<ul style="list-style-type: none"> • External Audit Plan 2017/18 (Ernst & Young) • Annual Audit Fees 2018-19 • Internal Audit Progress Report (RSM) • Internal Audit Strategy 2018/19 to 2020/21 (RSM) • Audit and Governance Action Plan Monitoring • Update to the Authority's Financial Regs (Bi-annual review) • Annual Review of the Fire Authority's Effectiveness • Corporate Risk Register and Review of Corporate Risk Management • Review of Work Programme 2017/18 			

Meeting Date	'Cyclical' Agenda Items		Additional/Commissioned Agenda Items	
	Item	Notes	Item	Notes
TBC June/July 2018	<ul style="list-style-type: none"> • Appoint Vice Chair • Review of Terms of Reference • Annual Audit Fees 2018/19 • Draft Annual Governance Statement and Action Plan (2017/18) • Draft Summary of Statement of Accounts (2017/18) TBC • Internal Audit Annual Report 2017/18 (RSM) • Internal Audit Progress Report 2017/18 (RSM) • Audit Annual Report 2017/18 (& Opinion) (RSM) • New Internal Audit Report (Governance) • Audit and Governance Action Plan Monitoring • Review of Code of Conduct and Annual Report on Standards including Complaints • Corporate Risk Register • Work Programme 2018/19 	TBC		

Recommended Future Items for Consideration for Audit and Standards Committee

Review of Partnerships		Discussed at Audit and Standards Meeting held 8 December 2016
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