



**Agenda
for the Meeting
of the
Audit and Governance Committee**

Wednesday, 20th October 2021

At

6.30 pm

**RBFRS Headquarters
Lynda Kenyon Suite
Newsham Court
Pincent's Kiln
Calcot
Reading
Berkshire
RG31 7SD**

For further information regarding this meeting, please contact:

Committee Team

0118 938 4611

E-Mail at committeeteam@rbfrs.co.uk

Headquarters, Newsham Court, Pincent's Kiln, Calcot, Reading, Berkshire RG31 7SD



MEETING: Audit and Governance Committee Meeting

DATE AND TIME: Wednesday, 20th October 2021 at 6.30 pm

VENUE: Lynda Kenyon Suite
RBFRS Headquarters
Newsham Court
Pincent's Kiln
Calcot
Reading, Berkshire RG31 7SD

S U M M O N S

You are hereby summoned to attend the meeting of the Royal Berkshire Fire Authority at the time, date and venue indicated above, when it is proposed to deal with the business set out in the enclosed Agenda.

A handwritten signature in black ink, appearing to read 'Graham Britten'.

GRAHAM BRITTEN
Monitoring Officer

To: Members of the Audit and Governance Committee:

Councillor Anne Chadwick	Councillor Tony Linden
Councillor Avtar Cheema	Councillor Harjinder Minhas
Councillor Christine Bateson	Councillor Garth Simpson
Councillor Jane Stanford-Beale	Councillor Simon Werner
Councillor Tina McKenzie-Boyle	

Copy to: Senior Leadership Team (SLT), Royal Berkshire Fire and Rescue Service

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0118 938 4611

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MEETING: Audit and Governance Committee Meeting

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AGENDA

1. Apologies for Absence

2. Declarations of Interest

Purpose:

To receive Declarations of Interest from Councillors relating to items to be considered at the meeting, in accordance with the provisions of the Fire Authority's Local Code of Conduct, and any from Officers.

3. Minutes of the Meeting held on 30 June and 19 July 2021 (Pages 5 - 18)

Recommendation:

That the Minutes of the Meeting and any recorded actions held on 30 June, and 19 July 2021, be confirmed as a correct record and signed by the Chairman.

4. Consideration of any matters properly referred to this Committee for decision

5. Internal Audit Report (Pages 19 - 44)

Recommendation:

To note the findings in RSM's Progress Report.

6. Audit Results Report and Statement of Accounts 2019/20 (Pages 45 - 206)

Recommendation:

To note the Audit Results Report and approve the 2019/20 Statement of Accounts.

7. Appointment of External Auditor *(Pages 207 - 216)*

Recommendation:

To agree and recommend to the Fire Authority, that the Authority opt into the national scheme for appointing local auditors.

8. Planning Assumption Presentation

Recommendation:

To receive for note a presentation on the 2022/23 Budget Planning assumptions.

9. Pensions Update

Purpose:

To receive for note a verbal update on Pension activities.

10. Quarterly Performance Report - Quarter One (April - July 2021) *(Pages 217 - 276)*

Purpose:

To receive for note and discussion on overview of Royal Berkshire Fire and Rescue Service's (RBFRS) Quarter One performance for the 2021/22 financial year.

11. Date of next meeting

Monday, 24 January 2021, at 6.30pm, Lynda Kenyon Suite, RBFRS Headquarters, Newsham Court, Pincents Kiln, Calcot, Reading, Berkshire RG31 7SD.

MINUTES OF THE MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE



Held on Wednesday, 30th June 2021, at 7.24 pm

Crowne Plaza Reading East, Eskdale Road, Winnersh Triangle, Reading, Berkshire RG41 5TS

Members:
*(*present)*

* Councillor Christine Bateson	* Councillor Tony Linden
* Councillor Anne Chadwick	* Councillor Harjinder Minhas
* Councillor Avtar Cheema	* Councillor Garth Simpson
* Councillor Jane Stanford-Beale	Councillor Simon Werner
Councillor Tina McKenzie-Boyle	

In Attendance: Mark Antell (Communication and Engagement Officer, C&EO)
 Mark Arkwell (Deputy Chief Fire Officer, DCFO)
 Wayne Bowcock (Chief Fire Officer Designate, CFOD)
 Joanna Bromham (Communication and Engagement Lead, C&EL)
 Graham Britten (Monitoring Officer, MO)
 Alex Brown (Head of Capital Projects and Estates, HCP&E)
 Doug Buchanan (Assistant Chief Fire Officer, ACFO)
 Tom Carvell (Senior IT Technical Support Officer)
 Conor Byrne (Head of Finance and Procurement, HF&P)
 Trevor Ferguson (Chief Fire Officer, CFO)
 Helen Finan (Business Support Officer, BSO)
 Becci Jefferies (Head of Human Resources and Learning and Development, HHR&L&D)
 Katie Mills (Director of Corporate Services, DCS)
 Jess James (Area Manager, Resource and Resilience, AM R&R)
 James Pinchin (Business Support Lead, BSL)
 Jim Powell (Area Manager Collaboration and Policy, AM C&P)
 Fayth Rowe (Democratic Support Lead, DSL)
 Nikki Richards (Deputy Chief Executive, Dep ChEx)
 Hannah Sheehan (Democratic Support Assistant, DSA)
 Tregear Thomas (Area Manager, Prevention and Protection, AM P&P)
 Tony Vincent (Head of Finance and Procurement, HBIS)

1. ELECTION OF CHAIRMAN FOR THE MUNICIPAL YEAR 2021/22

Councillor Linden nominated Councillor McKenzie-Boyle as Audit and Governance Committee Chairman. This was seconded by Councillor Bateson.

Action

On there being no further nomination for Chairman, it was:

RESOLVED that Councillor McKenzie-Boyle be elected Chairman of Audit and Governance Committee for the 2021/22 Municipal Year.

2. APPOINTMENT OF VICE-CHAIRMAN FOR THE MUNICIPAL YEAR

Councillor Bateson nominated Councillor Linden as Vice-Chairman. This was seconded by Councillor Chadwick.

On there being no further nominations, it was;

RESOLVED that Councillor Linden be appointed as Vice-Chairman of Audit and Governance Committee for the 2021/22 Municipal Year.

3. APOLOGIES FOR ABSENCE

Apologies of absence were received from Councillor McKenzie-Boyle.

4. DATE OF NEXT MEETING

Monday 19 July 2021, 6.30pm at Royal Berkshire Fire and Rescue Service (RBFRS) Headquarters, Newsham Court, Pincents Kiln, Calcot, Reading RG31 7SD.

(The meeting concluded at 7.28pm)

MINUTES OF THE MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE



Held on Monday, 19th July 2021, at 6.30 pm
 Royal Berkshire Fire and Rescue Service (RBFRS) Headquarters
 Newsham Court, Pincents Kiln, Calcot, Reading RG31 7SD

Members: (*present)	Councillor Christine Bateson * Councillor Jane Stanford-Beale Councillor Tina McKenzie-Boyle * Councillor Anne Chadwick Councillor Avtar Cheema	* Councillor Tony Linden Councillor Harjinder Minhas * Councillor Garth Simpson Councillor Simon Werner
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In Attendance: Mark Arkwell (Deputy Chief Fire Officer, DCFO)
 Graham Britten (Monitoring Officer, MO)
 Andrew Britten (External Auditors, Ernest and Young (EY))
 Alex Brown (Head of Property Capital Projects and Estates, HPCP&E)
 Doug Buchanan (Assistant Chief Fire Officer, ACFO)
 Conor Byrne (Head of Finance and Procurement, HF&P)
 Becca Chapman (Data, Performance and Risk Manager, DP&R)
 Daniel Harris (Internal Auditors, RSM)
 Becci Jefferies (Head of Human Resources and Learning and Development, HHR&L&D)
 Allison Kennett (External Auditors, Ernest and Young (EY))
 Andrew McLenahan (Head of Facilities, Fleet and Equipment)
 Katie Mills (Director of Corporate Services, DCS)
 Fayth Rowe (Democratic Support Lead, DSL)
 Nikki Richards (Deputy Chief Executive, Dep ChEx)
 Tregear Thomas (Area Manager, Prevention and Protection, AM P&P)
 Tony Vincent (Head of Business and Information Systems, HBIS)

5. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors McKenzie-Boyle, Cheema, Minhas and Werner.

Councillor Tony Linden, as Vice Chairman, presided over the meeting in the Chairman's (Councillor McKenzie-Boyle) absence.

Action

The Vice-Chairman reported the Internal and External Auditors, and Alex Brown, Head of Property Capital Projects and Estates (HPCP&E) joined the meeting via teleconference.

6. DECLARATIONS OF INTEREST

There were no Declarations of Interest from Councillors relating to items to be considered at the meeting, in accordance with the provisions of the Fire Authority's Local Code of Conduct, and any from Officers.

7. MINUTES OF THE MEETING HELD ON 31 MARCH 2021

Conor Byrne, Head of Finance and Procurement (HF&P), confirmed that the action on page 10 of the agenda pack was completed and further information will be included as part of the External Auditors update at this meeting.

RESOLVED that the Minutes of the meeting held on 31 March, be approved as a true and correct record and signed by the Chairman.

8. CONSIDERATION OF ANY MATTERS PROPERLY REFERRED TO THIS COMMITTEE FOR DECISION

There were no matters of consideration referred to this Committee for decision.

9. INTERNAL AUDIT UPDATE

Conor Byrne, Head of Finance and Procurement (HF&P), introduced the item and stated that the Internal Audit Update included two reports, which were the 2020/21 Annual Report and the Performance Development Review Audit. In referring to the Annual Report, he reported RSM stated that *'the organisation has an adequate and effective framework for risk management, governance and internal control'* which was RSM's (internal auditors) highest rating.

Dan Harris, Internal Auditor stated page 29 of the Annual Report outlined the four ranges of audit opinions. All of the audits were remote and some were delayed due to the Covid-19 pandemic. Pages 22 to 23 show all seven audit opinions were positive. He added that there was no audit opinion on Cyber Essentials as it was an advisory audit, however a significant number of actions had been implemented.

In referring to pages 36 - 37 of the report, Dan Harris highlighted the positive assurance opinion and reported on the agreed management actions of chasing and follow up of overdue Performance Development Reviews (PDRs).

The Vice-Chairman stated it was encouraging to receive the annual opinion from RSM, which gave its highest level of assurance, in a year when the organisation has been challenged by the pandemic. The focus remained on good governance, internal controls and risk management.

The Vice-Chairman drew Members attention to the percentage of staff receiving PDRs and stated, 99.7% of eligible staff received their annual appraisal, amid an unprecedented year, which was a remarkable achievement. He added annual appraisals were an important part of staff development and well-being and the commitment to this was shown in the high percentage achieved. He requested his thanks be recorded for the hard work of those that were involved in this achievement.

In answer to a question from Councillor Simpson, Nikki Richards, Deputy Chief Executive (DCHx), reported PDRs were linked to strategic objectives and the two referred to on page 41 of the report were anomalies.

The Vice-Chairman moved the recommendation and it was seconded by Councillor Stanford-Beale.

RESOLVED that the 2020/21 Annual Report and the findings from the Performance Development Review Audit be noted.

Dan Harris left the meeting.

10. EXTERNAL AUDIT UPDATE

Conor Byrne outlined the positive developments in the External Auditors Update and reported that the 2019/20 Accounts were due to be signed off as soon as possible.

Andrew Britten, External Auditor (EY), reported that he was close to issuing his audit opinion for the 2019/20 Accounts and explained the background of the delay. In referring to page 69 of the report, he stated EY received an IAS19 report from Deloitte highlighting issues in relation to reconciliations of membership data of the Pension Fund. He stated that he believed that there was no potential for material misstatement in the LGPS liabilities, however, he was waiting for the final report from the EY technical expert prior to issuing his final audit opinion.

He reported on the impact of Covid-19 pandemic, in particular, on material accuracy of the value of Property, Plant and Equipment (PPE). He also advised that public sector bodies will need to undertake an assessment on funding and financing going forward. He stated that this would be an ongoing part of the audit. All of the audits were held remotely and this was likely to continue.

In answer to a question from Councillor Chadwick on the pension fund deficit of £414 million as of 31 March 2019, Conor Byrne reported that the Authority had seen deficiencies over the last decade and it is revalued every three years. He

added there were many factors that affect valuations, for example, asset valuations at a particular point in time or discount rates, as well as demographic assumptions. Sustainability was a factor considered by auditors.

Allison Kennett, EY reported on the audit differences on page 78 of the report and confirmed there were no uncorrected misstatements. She stated EY identified £950 of expenditure had been recorded in 2019/20 instead of 2020/21 and that there were no other unadjusted differences.

The Vice-Chairman reported that in August 2020, the Chairman of Audit and Governance Committee wrote to EY to express the Committee's concern at the proposed fee increase of 91%, and asked EY to revisit the model on which the proposal was being made. On noting the update on page 94, which related to fees, he asked EY to provide an update on this matter and expected timescale for resolution.

Andrew Britten reported that the proposed fee was currently with Public Sector Audit Appointments (PSAA) for determination on the audit fees.

The Vice-Chairman moved the recommendation and it was seconded by Councillor Chadwick.

RESOLVED that the Audit Results Report in Appendix A be noted.

Andrew Britten and Allison Kennett left the meeting.

11. ANNUAL GOVERNANCE STATEMENT

Katie Mills, Director of Corporate Services (DCS), reported that the Authority is required to prepare an Annual Governance Statement to report publicly on the extent to which it complies with its own code of Governance. The Authority has approved and adopted a code of corporate governance which is consistent with the principles of the CIPFA/SOLACE 'Delivering Good Governance in Local Government Framework'.

She explained the Annual Governance Statement detail how the Authority has complied with the Framework and also meets the requirements of the relevant financial regulations. In February 2021, CIPFA issued guidance on reflecting the challenges from Coronavirus in Annual Governance Statements, and in accordance with that guidance a section in the Statement for 2020/21 had been included.

In referring to page 124 of the report, she informed Members of the small typo with 2021/20 being referenced and advised this will be changed to 2021/22 in the published version.

She added the 2020/21 Statement looks back at governance issues identified in the 2019/20 Statement and the action that has been taken in the last year to address these, and identifies significant governance issues for 2021/22. The

approved Statement will be published alongside the draft accounts by 31 July. In response to a query from the Vice-Chairman on the abbreviated FM Code, Katie Mills reported it stood for Financial Management.

In answer to a question from Councillor Chadwick on page 123 of the report, Katie Mills advised the extract had been taken from 2019/20 Statement and that the document was a backward look. In discussing the volatility of funding, Conor Byrne reported that in 2020/21 the Authority had budgeted 0% pay increase, however, the actual increase was 2.75%.

In answer to a further question from Councillor Chadwick on page 124 of the report, Nikki Richards reported £200,000 in 2021/2022 was a projected saving.

The Vice-Chairman moved the recommendation and it was seconded by Councillor Stanford-Beale.

RESOLVED that the Annual Governance Statement 2020/21 be agreed.

12. EMERGENCY SERVICES MOBILE COMMUNICATIONS PROGRAMME

Tony Vincent, Head of Business and Information Systems (HBIS), outlined the changes in leadership of the South Central Leadership Board, representing Thames Valley Fire and Rescue Services (TVFRSs) at Fire Customer Group. Jo Bowcock, Assistant Chief Fire Officer, Oxfordshire Fire and Rescue Service, had taken the position of Chair and Tony Vincent stated that he had become Vice-Chair.

He outlined that the Full Business Case (FBC) had been reviewed by TVFRS, which had been accepted with caveats. The FBC was expected to be signed off by government in July 2021.

The FBC had indicated that although the overall programme was cheaper than the current Airwave Service, Fire and Rescue Services (FRSs) may find an increase in local costs, however this was being monitored and had been included in TVFRSs corporate risk.

The National Fire Chief Council (NFCC) and National Programme Senior Responsible Officers (SRO) were committed to working with the treasury to secure funding for local FRSs. Concerns were raised about the dual running of Emergency Service Network (ESN) and Airwave. The National Programme timeline has continued to slip, however assurance had been provided by the National Programme that they will not cease Airwave until ESN was up and running.

Tony Vincent reported that he was confident in the current timelines and that Buckinghamshire and Milton Keynes Fire and Rescue Service (B&MKFRS) were in the process of recruiting a Regional Programme Manager to fulfil a contract that had ended in January 2021.

The Vice-Chairman asked Tony Vincent how confident was he in the delivery of the programme to the new timeline and whether the two systems would run in parallel.

Tony Vincent reported that the two systems (ESN and Airwave) would run in parallel, for a period. He stated there was a level of confidence due to physical devices had been developed and there was increased engagement between the National Programme and TVFRSs.

In answer to a question from Councillor Stanford-Beale, Tony Vincent reported that the government was committed to maintain Airwave until 2026, although there was a risk in the degradation of equipment. Yorkshire and Merseyside FRSs had been testing the device and that they work. He added the need to ensure that the software worked and that was what teams were working on. The device had not been used to date.

The Vice-Chairman moved the recommendation and it was seconded by Councillor Stanford-Beale.

RESOLVED that the report be noted.

13. SCRUTINY TASK AND FINISH GROUP RECOMMENDATION

Graham Britten, Monitoring Officer (MO), presented the report on behalf of the Scrutiny Task and Finish Group and advised that the report of the cross-party Task and Finish Group was established following a range of serious allegations and derogatory statements that were made about officers of the service by a member of the public regarding the issuing of a Compulsory Purchase Order by Slough Borough Council relating to premises on Tuns Lane adjacent to Slough Fire Station.

The Committee was advised that the individual did not wish to make a formal complaint but due to the seriousness of the statements and allegations a Task and Finish was established to scrutinise the matter; and that the Group comprised the Group Leaders from the three political parties and was chaired by the Chairman of the Audit and Governance Committee.

The Committee was informed that the report had been anonymised to protect the identity of the individual; and that the Task and Finish Group last convened on 23 June 2021, and agreed the report, the final version of which was at pages 149 to 165 of the agenda pack.

The MO stated that the report set out the evidence that was considered in relation to the matter together with its findings, which were agreed unanimously, on page 158, as follows:

- (1) At no time was a formal partnership entered into by the Fire Authority for

the redevelopment of Slough Fire Station;

(2) There was no impropriety on the part of RBFRS officers or the Authority, and matters were conducted appropriately at all times;

(3) The position of the Fire Authority was reiterated to partners throughout with formal representations made to Slough Borough Council to ensure this position was publically accessible; and

(4) The decision to put in place provisions for a Compulsory Purchase Order was taken by Slough Borough Council, without involvement of Royal Berkshire Fire Authority or Royal Berkshire Fire and Rescue Service.

The MO reported that he had written to the individual on 29 June 2021, and the individual was invited to make representations on the draft report including its findings and recommendations, which would be taken into account. No representations were made on the substance of the report nor its findings, rather they were aimed at the process and further requests for copies of documents; and that the representations received were summarised on pages 159 and 160 of the agenda pack.

The MO advised that the Task and Finish Group's recommendations, which were agreed unanimously were set out in its report on page 161 of the agenda pack.

The Vice-Chairman moved the recommendation and it was seconded by Councillor Stanford-Beale.

On being put to the vote, with all in favour, it was unanimously;

RESOLVED that:

- The findings of the Scrutiny Task and Finish Group be agreed; and
- The Chief Fire Officer write to the Chief Executive of Slough Borough Council reiterating the position of Royal Berkshire Fire Authority and provide a copy of the report.

CFO

14. GUIDING PRINCIPLES FOR PROPERTY DISPOSALS

Conor Byrne, Head of Finance and Procurement (HF&P), reported that Appendix A, the *Guiding Principles on Property Asset Release* was based on the seven Nolan Principles. He provided an overview of the document and stated it was aligned to the Fire Authority's Strategic Objectives, it complied with legalisation, included restrictions of sale and the pros and cons of the market. He added that whichever route Members chose, each route will ensure that transparency and objectivity could be demonstrated throughout any disposal process.

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Appendix A

Action

Conor Byrne advised that the draft document had been reviewed and commented by the Authority's Internal Auditors, RSM.

The Vice-Chairman moved the recommendation and it was seconded by Councillor Simpson.

RESOLVED that the Committee recommend Management Committee approve the *Guiding Principles on Property Asset Release*.

15. PENSION BOARD ANNUAL UPDATE

Mark Arkwell, Deputy Chief Fire Officer (DCFO), presented the report on behalf of Pension Board Chair, Lincoln Ball. He stated the annual report outlined the 2020/21 performance of the pension scheme administrator and the recent activities of the Local Pensions Board.

The Vice-Chairman stated he was impressed with the comprehensive report and the activity of the Pension Board. In referring to paragraph 3.23, he highlighted it was a very complex time for pensions. He asked that his thanks was formally recorded on the work of the pension board, Human Resources and Finance Teams in their support of working alongside the pension administrator, West Yorkshire Pension Fund.

The Vice-Chairman moved the recommendation and it was seconded by Councillor Stanford-Beale.

RESOLVED that the report be noted.

16. ANNUAL REPORT 2020/2021

Katie Mills, Director of Corporate Services (DCS), stated the 2020/21 Annual Report provided a summary of Royal Berkshire Fire and Rescue Service (RBFRS) performance for the year. She added, last year had been an extremely challenging one for all and the Service had prioritised its delivery of critical core services and the health, safety and wellbeing of staff, whilst supporting communities and partners through additional activities.

The report highlighted a number of important milestones and work areas that have progressed throughout the year, such as the Built Environment Programme, commitment to equality, diversity and inclusion and capital projects.

The Vice-Chairman echoed that it had been an unprecedented year, and acknowledged that not only the Service continued to deliver its critical core services, it had prioritised the health, safety and wellbeing of both its staff and communities. He stated it was fantastic to read about the additional activities undertaken which included creating the infrastructure to support the delivery of over 6 million pieces of PPE to healthcare workers.

He formally acknowledged the six Awards and Accreditations listed on page 221 of the agenda pack. The Vice-Chairman reported the list was a testament to the Authority's continued commitment to being an inclusive and diverse organisation, better equipped to represent and serve communities.

He added that he was especially proud that the outgoing Chief Fire Officer, Trevor Ferguson, was recognised in the Queen's New Year Honours list and was awarded the Queen's Fire Service Medal. He stated that he knew Trevor attributes this achievement to the hard work and dedication of the Service and its staff, who work with the Fire Authority to provide a high quality public service, which was evident in the Annual Report.

He reflected on the recent virtual Awards Ceremony which recognised the achievements of staff up until 31 December 2020, and stated that he looked forward to hopefully attend a summer celebration in person to recognise the tireless work that has been undertaken in the response to the pandemic from the beginning of 2021.

The Chairman moved the recommendation and it was seconded by Councillor Simpson.

RESOLVED that the Annual Report prior to external publication be noted.

17. QUARTERLY PERFORMANCE REPORT (JANUARY - MARCH 2021) - QUARTER FOUR

Becca Chapman, Data, Performance and Risk Manager (DP&R), provided a summary of the Quarter Four Performance report. She highlighted that the Response Standard in this quarter achieved 80.1% of occasions responded within 10 minutes, staff sickness absence levels were low and the Aerial Ladder Platform (ALP) was in service.

The Vice-Chairman requested Members to ask questions by the Quadrants of the report.

In answer to a question from Councillor Chadwick on Quadrant One, Becca Chapman reported that arson was classed as deliberate and that the Corporate Measure would be looking at prevention activity.

Councillor Stanford-Beale identified the number of Safe and Well Visits were significantly down since last year, which she assumed the reason was the pandemic. She expressed her concern for vulnerable adults and children, and asked whether the target would be increased. Becca Chapman advised that the targets for 2021/22 would be brought back inline pro-rata for the remaining three Quarters.

Doug Buchanan, Assistant Chief Fire Officer (ACFO), confirmed that in Quarter

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Appendix A

Action

One 2021/22 the Service concentrated on completing high risk Safe and Well Visits, then in Quarter Two – Three the Service will get back inline with its planned targets (pre-covid) pro-rata.

Tregear Thomas, Area Manager Prevention and Protection (AM P&P), added there was a waiting list of referrals and it had been identified some of them had more complex needs. He stated that the Service were prioritising those with the greatest need in the first instance.

The Vice-Chairman asked a question on crewing and availability and queried whether the trend would continue, as he was mindful of the increase of covid cases.

Doug Buchanan explained that the overall Wholetime and On-Call availability was good. He advised that Quarter Three was around the Christmas period and stated there were pressures around this period due to the second national lockdown, which showed that figure had moved into amber. In relation to On-Call availability, the Service found that due to a number of people had been furloughed, the availability had increased. He added that the summer period and staff required to self-isolate will challenge the availability, however this will be closely monitored.

The Vice-Chairman asked a question on the Service's work to reduce the burden of false alarms. Mark Arkwell stated that the Service was working with business and alarm receiving centres, and were proposing changes in policy.

Councillor Stanford-Beale congratulated the achievement of the Service meeting its 2020/21 target of 0 number of fire deaths in accidental dwelling fires.

In referring to page six of the performance report and the Quarter Four summary, the Vice-Chairman stated the circumstance in which staff have continued to deliver services, had been incredibly challenging. Despite this, the Service exceeded its Response Standard target and responded on 80.1% of occasions within 10 minutes, continued to deliver safe and well visits and fire safety audits and staff sickness continued to be low compared to previous years. He requested for his thanks to be recorded to all of those that made this possible.

The Vice-Chairman moved the recommendation and it was seconded by Councillor Chadwick.

RESOLVED that:

- The performance against Service Provision and Corporate Health measures for the targets agreed by the Fire Authority for 2020/21 be noted;
- The progress made on the two priority programmes be noted; and
- The position of corporate risk be noted.

18. DATE OF NEXT MEETING

Wednesday, 20 October 2021, at 6.30pm, Lynda Kenyon Suite, Royal Berkshire Fire and Rescue Service (RBFRS) Headquarters, Newsham Court, Pincents Kiln, Calcot, Reading, Berkshire RG31 7SD.

Alex Brown left the meeting.

(The meeting concluded at 7.47pm)

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ROYAL BERKSHIRE FIRE AUTHORITY



COMMITTEE	AUDIT & GOVERNANCE COMMITTEE
DATE OF MEETING	20 OCTOBER 2021
SUBJECT	INTERNAL AUDIT UPDATE
LEAD OFFICER	CONOR BYRNE, HEAD OF FINANCE AND PROCUREMENT
LEAD MEMBER	N/A
EXEMPT INFORMATION	NONE
ACTION	FOR NOTE

1. EXECUTIVE SUMMARY

- 1.1 The Committee will receive an update on audits completed since the last Committee meeting.

2. RECOMMENDATION

The Committee is requested to

- 2.1 **NOTE** the findings as presented in RSM's Progress Report.

3. REPORT

- 3.1 RSM's Progress Report is attached as **Appendix A** and shows that one audit has been completed and finalised since the last Committee meeting. The audit examined performance management at Hub level.
- 3.2 Overall, RSM's review identified that Service has in place a well-designed control framework for managing performance at Hub-level. This is supported by the identification and approval of objectives within Station Plans and LSP's. In addition, the reporting of performance management information was accurate and could be traced back to source data.
- 3.3 RSM issued one medium priority recommendation and nine low priority recommendations. The medium priority recommendation concerned the setting of local objectives which will be actioned by December 2021.
- 3.4 RSM issued its second highest assurance opinion in relation to this audit stating that, "taking account of the issues identified, the Service can take

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reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective. However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified risk(s).”

- 3.5 A representative from RSM will attend the meeting to update Members.

4. CONTRIBUTION TO STRATEGIC COMMITMENTS

- 4.1 Commitment 5 – We will ensure that Royal Berkshire Fire and Rescue Service provides good value for money.

5. FINANCIAL IMPLICATIONS

- 5.1 The work of the internal auditors assures Members that the Authority’s finances are in good order.

6. LEGAL IMPLICATIONS

- 6.1 In accordance with Public Sector Internal Audit Standards, the Head of Internal Audit is required to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation’s risk management, control and governance processes. The opinion should contribute to the Authority’s Annual Governance Statement.

7. EQUALITY AND DIVERSITY IMPLICATIONS

- 7.1 None.

8. RISK IMPLICATIONS

- 8.1 The internal audit programme aims to identify key risks and report on the effectiveness of controls and mitigating actions.

9. CONSISTENCY WITH DUTY TO COLLABORATE

- 9.1 Internal audits will consider how the Authority is meeting this requirement where applicable.

10. PRINCIPAL CONSULTATION

- 10.1 No issues for statutory officers.

11. BACKGROUND PAPERS

- 11.1 2021/22 Internal Audit Plan.

12. APPENDICES

12.1 Appendix A - 2021/22 Progress Report

13. CONTACT DETAILS

13.1 Conor Byrne - Head of Finance and Procurement
Email: byrnec@rbfrs.co.uk
Tel: 07585 991602

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ROYAL BERKSHIRE FIRE AND RESCUE SERVICE

Internal Audit Progress Report

For the Audit and Governance Committee on 20 October 2021

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

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Introduction

The internal audit plan for 2021/22 was approved by the Audit & Governance Committee at the 31st March 2021 meeting. This report provides an update on progress against that plan and summarises the results of our work to date.

As the developments around Covid-19 will continue to impact on all areas of the organisation's risk profile, we will continue to work closely with management to deliver an internal audit programme which remains flexible and 'agile' to ensure it meets your needs in the current circumstances.

Reports

1.1 Summary of final reports being presented to this committee

We have finalised one report since the last meeting and this section summarises this report.

Assignment	Opinion issued	Actions agreed		
		L	M	H

Performance Management (Hub Model) 1.21/22

Overall, our review has identified that Service has in place a well-designed control framework for managing performance at Hub-level. This is supported by the identification and approval of objectives within Station Plans and LSP's and we confirmed that these objectives were clearly linked to performance measures reviewed at the quarterly SPB. We found that performance management information reported was accurate as it could be traced back to source data.

However, we found that approved station level objectives were not specific or measurable and that the 2021/22 Service Plan objectives were not fully updated. Additionally, we identified a number of instances of non-compliance with controls including action tracking and terms of reference review for the RSG, timely review of station plan objectives, timely updating of accountabilities for performance management and the timely sharing of meeting papers for the RSG and SDMT. Also, we have



Assignment

Opinion issued

Actions agreed

L M H

identified that the SDMT action logs do not demonstrate that it has fulfilled the responsibilities noted in its terms of reference.

1.2 Themes arising from control observations

Theme*	Low	Medium	High
Planning	0	0	0
Policies and / or procedures	0	0	0
Non-compliance with policies / procedures	0	0	0
Design of the control framework	0	0	0
Training / awareness for staff	0	0	0
Management or performance information	1	1	0
Terms Of Reference	3	0	0
Lack of segregation of duties	0	0	0
Security	0	0	0
Governance weaknesses	5	0	0
Information technology	0	0	0
Sucession Planning	0	0	0
Total	9	1	0

* The themes arising above relate to the finalised 2021/22 reports only

Appendix A – Progress against the internal audit plan 2021/2022

Assignment and Executive Lead	Status / Opinion issued	Actions agreed			Actual Audit & Governance Committee
		L	M	H	
Performance Management 1.21/22					
Doug Buchanan – Director of Service Delivery		9	1	0	October 2021
Vetting and Employment Checks					
Becci Jefferies – Head of HR & Learning and Development	Draft Report Issued 6 th October 2021				
Payroll Provider – Dataplan					
Becci Jefferies – Head of HR & Learning and Development	Commencing 15 th November 2021				
Firefighter Pension Administration					
Becci Jefferies – Head of HR & Learning and Development	Commencing 30 th November 2021				
Value for Money					
Conor Byrne – Head of Finance and Procurement Services	Commencing 5 th January 2022				
Key Financial Controls					
	Commencing 8 th February 2022				

Assignment and Executive Lead	Status / Opinion issued	Actions agreed			Actual Audit & Governance Committee
		L	M	H	
Conor Byrne – Head of Finance and Procurement Services					
Cyber Essentials Tony Vincent – Head of Business Information and Systems	Commencing 21 st February 2022				
Risk Management and Governance Katie Mills – Interim Director of Corporate Services	Commencing 17 th March 2022				
	Total	9	1	0	

Appendix B – Other matters

Changes to the audit plan

Note	Auditable area	Reason for change
	None to report	

Annual Opinion 2021/22

The Audit and Governance Committee should note that the assurances given in our audit assignments are included within our Annual Assurance report. The Committee should note that any negative assurance opinions will need to be noted in the annual report and may result in a qualified or negative annual opinion. We have not issued any negative opinions to date in 2021/22.

Information and briefings

There has been one Emergency Services client briefing issued since the last Committee meeting in July 2021, copies have been provided to Officers and can be provided to Members on request:

- Emergency Services New Briefing – August 2021

Quality assurance and continual improvement

To ensure that RSM remains compliant with the IIA standards and the financial services recommendations for Internal Audit we have a dedicated internal Quality Assurance Team who undertake a programme of reviews to ensure the quality of our audit assignments. This is applicable to all Heads of Internal Audit, where a sample of their clients will be reviewed. Any findings from these reviews being used to inform the training needs of our audit teams. The Quality Assurance Team is made up of; the Head of the Quality Assurance Department (FCA qualified) and an Associate Director (FCCA qualified), with support from other team members across the department. This is in addition to any feedback we receive from our post assignment surveys, client feedback, appraisal processes and training needs assessments.

Post assignment surveys

We are committed to delivering an excellent client experience every time we work with you. Your feedback helps us to improve the quality of the service we deliver to you. Currently, following the completion of each product we deliver we attached a brief survey for the client lead to complete. We would like to give you the opportunity to consider how frequently you receive these feedback requests; and whether the current format works. Options available are 1) After each review (current option), 2) Monthly / quarterly / annual feedback request or 3) Executive lead only, or executive lead and key team members.

For more information contact

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

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

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

EXECUTIVE SUMMARY – PERFORMANCE MANAGEMENT (HUB MODEL)

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

Why we completed this audit

We undertook a review of Performance Management within the Hub Model as part of the agreed internal audit plan for 2021/22 at Royal Berkshire Fire and Rescue Service (RBFRS). The Hub Model splits the whole area of Berkshire into three separate hubs: East (Slough and Royal Borough of Windsor and Maidenhead), West (West Berkshire and Reading) and Central (Bracknell and Wokingham). Each hub tailors their services of prevention, protection and response to meet the needs of the local area.

Our review focused specifically on the Central Hub, in order to identify the common thread of local performance management. The Service has a Response Support Group (RSG) which works to implement operational learning opportunities identified by the Service Delivery Management Team (SDMT), which reviews the local, detailed performance for response, protection and prevention.

Hub managers set objectives and measures within Local Safety Plans (LSP's), which support the delivery of the Service Plans to identify local risks and appropriate actions within each Hub. The Station Managers then produce Station Plans which are linked to the LSP's and outline station level objectives and tasks required to meet Service needs.

The Strategic Performance Review Board (SPB) reviews Service wide performance reports to ensure that performance measures, which are linked to the LSP's, are being achieved.

Conclusion

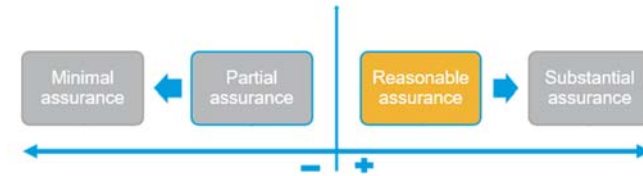
Overall, our review has identified that Service has in place a well-designed control framework for managing performance at Hub-level. This is supported by the identification and approval of objectives within Station Plans and LSP's and we confirmed that these objectives were clearly linked to performance measures reviewed at the quarterly SPB. We found that performance management information reported was accurate as it could be traced back to source data.

However, we found that approved station level objectives were not specific or measurable and that the 2021/22 Service Plan objectives were not fully updated. Additionally, we identified a number of instances of non-compliance with controls including action tracking and terms of reference review for the RSG, timely review of station plan objectives, timely updating of accountabilities for performance management and the timely sharing of meeting papers for the RSG and SDMT. Also, we have identified that the SDMT action logs do not demonstrate that it has fulfilled the responsibilities noted in its terms of reference.

Internal audit opinion:

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

However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified risk(s).

**Key findings**

We identified the following weaknesses, resulting in one medium priority management action being agreed:

Setting Local Objectives

Hub Managers set Hub objectives through LSP's and managerial objectives are set within Station Plans. We reviewed the 2021-22 Station Plans for Bracknell-Ascot and Wokingham and found that individual objectives were outlined and supported by tasks.

We selected a sample of 20 objectives from both Station Plans (10 objectives per station) and assessed the objectives against the SMART criteria. We confirmed that in 15 cases objectives set were specific, measurable, achievable, realistic and time bound. However we found that the remaining five objectives (one from Bracknell and four from Wokingham) were not specific or able to be measured as the others were.

If objectives are not specific and measurable there is a risk that individuals may not be aware of what action to take to achieve the objective and may not be able to establish when it has been suitably met. **(Medium)**

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

Performance Management Framework

The Service has a Performance Management Framework which outlines the approach to how performance will be monitored across the organisation. Through review we noted that the Framework is split into how the Service measures and monitors performance and then where and when the Service will manage performance.

Through review of a screenshot we confirmed that the Framework was available to staff on Siren, the service Intranet. We confirmed through review of an email trail that the Framework had been approved by the Data, Performance and Risk Manager and the Director of Support Services in October 2019.

Local Safety Plans (LSP's)

The LSP's outline how each station identifies and actions local risks and how they measure performance. We reviewed the LSPs for Bracknell-Ascot and Wokingham and selected a sample of ten objectives, five from each LSP. We confirmed that the objectives set were specific, measurable, achievable, realistic and time bound.



We noted that each objective was supported by a number of steps that outlined how the Service would achieve the objective. Additionally, for each objective a number of KPIs were documented which made it clear how the Service would measure the objective. We noted that the objectives were similar across the two LSPs, but the steps in place were specific to the station.

We selected a sample of 10 performance measures outlined in the Bracknell-Ascot and Wokingham LSP documents. We reviewed the SPB performance reports for Q2 2020/21 and Q4 2020/21. Based on our sample we confirmed that the performance indicators reviewed by the SPB were aligned to the Central Hub LSP's and Service level requirements.

Objective Approval



Hub and station level objectives are reviewed to ensure that they are appropriate and link to Service objectives. Through review of email trails, we confirmed that the Central Hub Manager had reviewed the Bracknell-Ascot Station Plan and Wokingham Station Plan for 2021/22. We reviewed an extract from the March 2021 Senior Leadership Team (SLT) meeting Actions and Decisions Log. We confirmed that under decision 1066 the SLT approved all LSP's for 2021/22, including that for the Central Hub.

Strategic Performance Review Board (SPB)

The Service has in place a SPB which meets on a quarterly basis and reviews performance reports that include indicators relating to service provision, corporate health and priority programmes.



We reviewed the SPB Actions and Decisions Logs for September 2020 and May 2021 and the SPB performance reports for Q2 2020/21 and Q4 2020/21. We confirmed that the actions and decisions noted in both meetings demonstrated that scrutiny was applied to the quarterly performance reports.

We reviewed the Quarterly SPB Reports for Q2, Q3 and Q4 2020/21. We confirmed that KPIs had been reported consistently across 16 overall and response measures. We noted that there were additional KPIs in Q2 relating to satisfaction surveys, however these were not reported upon in that quarter as this activity was halted due to COVID-19 restrictions.

Reporting Accuracy



Performance indicator information is made available through the SQL Server business intelligence platform accessible on Siren. Data is extracted from key service systems such as Firewatch and Ibis. We selected a sample of 10 Central Hub performance indicators from station level and SPB performance reports for the period between Q1 2020/21 and Q1 2021/22. We reviewed the SQL Server Reporting Services application with the Central Hub Manager and confirmed that in all 10 cases the figures reported agreed to source data.

Actions

As part of the quarterly performance reports submitted to SPB, Hub Managers are required to explain any exceptions that are identified. This is a requirement even when overall performance is in line with target. The exceptions are investigated and explained at a Station Manager level, who report into to the Hub Managers.



We reviewed a sample of three Quarterly Bracknell Performance Reports and three Central Hub Quarterly Reports. We selected a sample of 10 actions from the reports and through review of supporting evidence confirmed that in all 10 cases the Service could demonstrate that the action had been implemented or followed up. The evidence obtained included meeting agendas, email trails and briefing notes.

A further nine low priority management actions have been agreed, included in the detailed findings and actions section of this report.

2. DETAILED FINDINGS AND ACTIONS

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

Area: Service Delivery Management Team (SDMT)		
Control	The Service has a monthly SDMT which is attended by the Central Hub management team. The purpose of the meeting is to review the local detailed performance for response, protection and prevention. This provides local accountability for driving performance and quality.	Assessment:
	The Service has LSPs for all fire stations including the Bracknell (which includes Ascot) and Wokingham stations from the Central Hub. The LSPs outline how each station identifies and actions local risks and how they measure performance.	Design ✓
	Local performance targets are set for each station based on their prior performance and unique circumstances.	Compliance ×
Findings / Implications	We reviewed the SDMT meeting agenda packs for January, March and May 2021. We noted that the agenda packs included a snapshot of the open actions on the SDMT Actions and Decisions Logs for all three months. We reviewed the SDMT terms of reference. We noted that the document was marked as reviewed in February 2021 with a next review date of February 2022. We noted that in January and March 2021 all three actions on the log related to reshaping the SDMT agenda. We noted that in May 2021 the four actions on the log covered implementing changes to training following an investigation into an incident at a new build property, presenting the operational bulletin audit report to the SDMT meeting and to agree on guidance for handing over incomplete fire investigations. We were advised by the Area Manager that SDMT meetings had been cancelled in February, April, June and July 2021, due to resource issues brought on by COVID-19, royal events such as the Royal Funeral and Ascot as well as annual leave. We also noted similar issues with meeting cancellations for the RSG, where meetings were cancelled in June and July 2021 due to resource issues. Based on the SDMT action and decision logs from January, March and May 2021 we were unable to confirm that the following objectives and principles outlined in the SDMT terms of reference have been met: • Review and challenge delivery against the LSP's and associated targets; • Confirm action being taken to sustain or improve performance and; • Instigate new actions and activity to drive performance improvement. We were advised by the Assistant Chief Fire Officer that the SPB was the organisation's key group responsible for driving and improving performance. We confirmed that this was the case in our review of a sample of SPB actions and decision logs.	

Area: Service Delivery Management Team (SDMT)

We were advised by the Assistant Chief Fire Officer that the role of the SDMT was for management to have oversight and intervention of performance management information, ahead of the SPB meetings.

However, this was not consistent with the SDMT terms of reference. There is a risk that the performance management framework may not operate as intended if terms of reference do not accurately reflect the purpose and responsibilities of meetings.

Management Action 1	The SDMT terms of reference should be updated to reflect its responsibilities. The SDMT action logs should demonstrate management oversight of performance information ahead of SPB meetings.	Responsible Owner: Doug Buchanan (Assistant Chief Fire Officer)	Date: December 2021	Priority: Low
Management Action 2	The RSG and SDMT should meet on a monthly basis as outlined in their terms of reference.	Responsible Owner: Doug Buchanan (Assistant Chief Fire Officer)	Date: December 2021	Priority: Low

Area: Setting Local Objectives

Control	The following process flow is in place for setting objectives at the Service: - The Fire Authority will set strategic commitments for a five-year period (currently 2019 to 2023); - The SLT then set strategic objectives, which are refreshed annually; - Heads of Service then set objectives in their Service Plans and; - Hub Managers set Hub objectives through the LSPs and managerial objectives are set within Station Manager and Watch Manager plans. The Service ensures that objectives are SMART by ensuring that they include time frames and values. Service Manager grade staff receive objective setting training and many staff members are qualified Internal Quality Assessors which requires them to receive objective setting training.	Assessment: Design ✓ Compliance ×
Findings / Implications	Station Plan Objectives We reviewed the 2021-22 Station Plans for Bracknell-Ascot and Wokingham. We found that individual objectives were outlined and accompanied by tasks which clearly defined further details for each objective. We selected a sample of 10 objectives from both Station Plans (20 in total) and assessed the objectives against the SMART criteria. We confirmed that in 15 cases objectives set were specific, measurable, achievable, realistic and time bound. In the remaining five cases (one from Bracknell and four from Wokingham) we confirmed that the objectives were achievable, realistic and time bound. However, we found that the five objectives were not as specific or able to be measured as the others were.	

Area: Setting Local Objectives

For example, one action on the Wokingham plan was “To establish and maintain effective communications between individuals, teams, functions and departments”. We noted that this action was not specific to methods of communication and could not be easily measured.

We were advised by the Central Hub Manager that training is in place and there is objective setting guidance for Personal Development Reviews (PDRs).

We were advised by the Assistant Chief Fire Officer that Station Plans are relatively new documents introduced in 2019/20 and therefore there may be some maturity required. We were advised by the Central Hub Manager that the development of objectives for the 2021/22 Stations Plans had been delegated to the Station Manager for the first time, in order to aid learning and development.

If objectives are not specific and measurable there is a risk that individuals may not be aware of what action to take to achieve the objective and may not be able to establish when it has been suitably met.

Management Action 3	The Service will provide additional training to the Station Managers to ensure that objectives set in Station Plans are specific and measurable. The Hub Managers will review a sample of PDRs and confirm that they are aligned to Station Plan objectives.	Responsible Owner: Mike Humphries (Central Hub Group Manager) & Jess James (Area Manager)	Date: December 2021	Priority: Medium
Findings / Implications	Service Plan Objectives We obtained the Service Plan for 2021/22. Through review we noted that the Service Overview section was not fully complete, as the Service aim and the objective references had gaps in information. We confirmed that 108 objectives were detailed in the Service Action Plan section. However, we found that although 75 objectives had a RAG rating assigned and five were not due to start in Q1, the remaining 28 objectives did not have a RAG rating. We were advised by the Area Manager that this was due to unforeseen resource pressures at the Service due to COVID-19, which has pushed back the planning process. If the Service plan is not fully complete with progress reviewed in a timely manner then there is an increased risk that the Service plan may not be adequately delivered, which could result in the Service not fulfilling its annual objectives.			
Management Action 4	The Service Plan for 2021/22 should be finalised and objectives should be reviewed in a timely manner, with a progress update noted, within two weeks of the end of the relevant quarter.	Responsible Owner: Mike Humphries (Central Hub Group Manager) & Jess James (Area Manager)	Date: December 2021	Priority: Low

Area: Response Support Group

Control	The Service has a monthly RSG. The meeting focuses on the review of operational learning and incidents regarding the Response element of the Service's duties. The RSG is recorded through action logs and there are no formal meeting minutes. The purpose of the Response Support Group is to support the SDMT through the delivery of tactical task and finish work, stemming from planned and reactive developments driven from planned activity and in response to operational assurance output. The following RSG objectives and principles are outlined in its Terms of Reference: • Align work as set out in Service Plans; • Undertake actions detailed by SDMT; • Initiate action in response to operational assurance; • Escalate significant or policy issues; • Report on action plan and delivery and; • Ensure the Learning and Development delivery plan is achievable and meets service delivery needs.	Assessment:
		Design ✓
		Compliance ×
Findings / Implications 1	We reviewed the RSG Actions and Decisions Log which is maintained as a working document following each meeting. We noted that the last action was dated May 2021 and we were advised by the Area Manager that the June and July 2021 RSG meetings were cancelled due to resource issues. We noted that there was a total of 88 actions and 30 decisions recorded on the log which dated back to July 2019. We confirmed that actions and decisions were consistently raised on a monthly basis. We noted that there was a total of 26 actions that were overdue, 23 which were now closed and three that were currently open. We found that for seven of the 26 actions there were no details noted in the comments or updates section to justify why they were overdue. One of the seven actions was currently open (action ref 110) and the remaining six were closed. We also found that two actions were not assigned a due date. We found that three actions did not have a responsible owner assigned in the relevant column. However, in all three cases the owner was detailed in the action description, comments or updates section and therefore we have not raised a risk relating to this. We were advised by the Area Manager that this was likely to be due to several changes in roles and responsibilities for the RSG meetings, as well as the fact that meetings have been cancelled due to COVID-19 pressures. There is a risk that actions will not be completed in a timely manner if they are not formally followed up through the RSG Action and Decisions Log. This may result in an ongoing impact to the area that actions relate.	

Management Action 5	Actions noted on the RSG Action and Decisions Log will be clearly followed up when they are overdue to ensure that they are completed in a timely manner. Any overdue actions will be followed up and comments noted on the log to evidence this.	Responsible Owner: Jess James (Area Manager)	Date: December 2021	Priority: Low
Findings / Implications 2	We reviewed the RSG terms of reference and confirmed that the actions and decisions raised demonstrated that the Group had met its objectives and principles. This was evidenced through examples of actions to share learning, escalate issues and to coordinate on issues with the SDMT. We found that the RSG terms of reference had a next review date of June 2019 and therefore required a formal review. We were advised by the Area Manager that the Service were aware of these issues and that they could be attributed to changes in the Chair of the meeting. We noted that the details terms of reference appeared to remain accurate to the purpose of the meeting described to us by management. If the RSG terms of reference are not updated in a timely manner, there is a risk that the Group is not meeting the latest requirements of the service.			
Management Action 6	The RSG terms of reference should be formally reviewed.	Responsible Owner: Jess James (Area Manager)	Date: December 2021	Priority: Low

Area: Review of Station Plan Objectives

Control	The Service has in place a SPB which meets on a quarterly basis and reviews the overall performance reports. The performance reports include indicators relating too: • Service Provision - statutory obligations and services; • Corporate Health - how key resources are managed and; • Priority programmes - key projects. Hub Managers set Hub objectives through the LSPs and managerial objectives are set within Station Manager and Watch Manager plans. Quarterly updates are noted against each objective outlined in the Station Plans.	Assessment:	
		Design	✓
		Compliance	×
Findings / Implications	We obtained the 2021/22 Station Plans for Bracknell-Ascot and Wokingham. We reviewed the Q1 update section of the Station Plans. We found that there were 54 Bracknell-Ascot objectives and that 43 had a progress update noted. We found that there were 66 Wokingham objectives and 65 had a progress update noted.		

Area: Review of Station Plan Objectives

Progress updates had not been noted for the remaining 12 objectives for Q1. Given that updates should be provided within a month following the end of the quarter (June), and we accessed the Station Plans as of 30 July 2021, we identified that timely updates had not been provided for all objectives.

We were advised by the Area Manager that the creator and former owner of the Station Plans has recently left the service, which may have led to the delay in updates.

There is a risk that station level objectives have not been appropriately monitored if updates are not documented in a timely manner.

Management Action 7	The Service will ensure that station plan objectives are reviewed in a timely manner with a progress update noted, within two weeks of the end of the relevant quarter.	Responsible Owner: Mike Humphries – (Central Hub Group Manager)	Date: December 2021	Priority: Low
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Area: Accountability

Control	There is a dedicated Hub Manager who has accountability for the Central Hub performance measures. For the performance measures identified in LSPs at a station level there is an excel spreadsheet that outlines responsibility and ownership. The spreadsheet is available to staff on Siren. In order to provide staff with development opportunities responsibility and ownership is regularly rotated and the spreadsheet is updated accordingly.	Assessment: Design ✓ Compliance ×
Findings / Implications	We reviewed the Functional Accountability Chart, confirming that this was available on Siren through review of a screenshot. We noted that Service staff were split into four teams: white, blue, green and red. We noted that different responsibilities were outlined on the chart and each team rotated responsibilities every six months. We noted that the responsibilities for response performance management and prevention & protection performance management were listed on the chart. We noted that for the final six-monthly rotation on the chart, the responsibilities for performance management were assigned to the red and white teams. We were advised by the Central Hub Manager that individuals leading these teams would be the Station Managers. We noted that the Functional Accountability Chart was dated from June 2019 through to July 2021 and was therefore out of date. We were advised by the Central Hub Group Manager during the debrief meeting that the Functional Accountability Chart had been drafted up to 2023, however we were not provided with this over the course of our review and the latest version had not been uploaded to Siren. If the Functional Accountability Chart is not updated every six months, then there is a risk that performance management may be impacted due to a lack of understanding or clarity around responsibilities.	

Area: Accountability

Management Action 8	The Functional Accountability Chart will be updated in a timely manner to ensure that reporting responsibilities are understood prior to the start of the next six-monthly rotation.	Responsible Owner: Mike Humphries – (Central Hub Group Manager)	Date: December 2021	Priority: Low
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Area: Reporting

Control	The reporting timetable is the responsibility of the Business Support Team. For the RSG and SDMT meetings the Hub managers must submit their performance reports to the Business Support Team, who should send a meeting pack out to the relevant attendees one week in advance of each meeting.	Assessment: Design ✓ Compliance x
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Findings / Implications	We selected a total sample of five RSG and SDMT meetings that occurred between January and May 2021. We reviewed the email where the meeting pack, containing the agenda and relevant papers, was sent out for each meeting. We noted that the RSG and SDMT terms of reference documents stated that agenda packs should be sent out one week ahead of each meeting. We confirmed that for the February 2021 RSG the pack was sent out 9 calendar days prior to the meeting allowing the attendees a week to review the information. In the remaining four cases, we found that the March 2021 RSG and May 2021 SDMT packs were sent out five days prior to each meeting, the January 2021 SDMT pack was sent out three days prior to the meeting and the April 2021 RSG pack was sent out one day before the meeting. We were advised by the Area Manager that the Service were aware of this issue and that it may be caused by a lack of clear communication of responsibilities within terms of reference and staff turnover. There is a risk that where meeting packs are not sent out one week in advance of each meeting, attendees may not have ample time to review the documentation in detail, which could compromise the effectiveness of Hub level meetings.
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Management Action 9	The Service should ensure that responsibilities for information sharing is clearly assigned, so that performance information is collated in a timely manner and the RSG and SDMT meeting packs are sent out one week prior to the meetings.	Responsible Owner: Doug Buchanan (Assistant Chief Fire Officer)	Date: December 2021	Priority: Low
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Area: Action Plans

Control	As part of the quarterly performance reports submitted to SPB, the Hub Managers are required to explain any exceptions that are identified. This is a requirement even when overall performance is in line with target. The exceptions are investigated and explained at a Station Manager level, who report into to the Hub Managers. The action taken to address the exceptions is also documented in each case.	Assessment: Design ✓ Compliance ×
Findings / Implications	We reviewed a sample of three Quarterly Bracknell Performance Reports from Q2 to Q4 2020/21, three Central Hub Quarterly Reports from Q2 to Q4 2020/21 and three Wokingham Monthly Returns from April to June 2021. We confirmed that for the Quarterly Bracknell Performance Reports and the Central Hub Quarterly Reports exceptions were clearly explained and actions were documented to address under performance. However, we identified the following exceptions from these reports: • We noted that in the Quarterly Bracknell Performance Reports actions were recorded in the analysis sections of the reports, which may make actions difficult to track or follow up and; • We reviewed KPI SM1 in the Q4 2020/21 Quarterly Bracknell Performance Report (percentage of occasions a second fire appliance attending arrives within 2 minutes of the first appliance to arrive at dwelling fires). We noted that there was a downtrend in performance from 66.7 per cent to 25 per cent from Q1 to Q4. However, this was not acknowledged in the actions section of the report. We were advised by the Central Hub Manager that KPI SM1 was more for information as the service are unable to directly influence its outcomes, due to the speed of the first appliance potentially causing an exception for the second appliance. However, there is a risk that local performance measures may not be effective in helping the Service achieve its objectives, if measures cannot be influenced at a local level with actions assigned to manage performance. We noted through review of the Wokingham Monthly Returns that they detailed key information such as visits and training compliance figures. However, we found that they did not detail performance against the agreed measures as demonstrated in the Bracknell Performance Reports. Although we note that in the Central Hub Quarterly Reports the agreed Wokingham measures are reported, explained and actioned. There is a risk that Wokingham performance may not be as effectively managed as Bracknell if the same performance reports are not produced.	
Management Action 10	The Service should review its local performance measures to ensure that they are relevant and can be actioned where appropriate. Any local actions assigned should be clearly separated from analysis in the performance reports.	Responsible Owner: Mike Humphries – (Central Hub Group Manager) Date: December 2021 Priority: Low

Area: Action Plans

For consistency and effectiveness, Wokingham Station should produce quarterly performance reports in the same format as Bracknell.

ROYAL BERKSHIRE FIRE AUTHORITY



COMMITTEE	AUDIT & GOVERNANCE COMMITTEE
DATE OF MEETING	20 OCTOBER 2021
SUBJECT	AUDIT RESULTS REPORT AND STATEMENT OF ACCOUNTS 2019/20
LEAD OFFICER	CONOR BYRNE, HEAD OF FINANCE AND PROCUREMENT
LEAD MEMBER	N/A
EXEMPT INFORMATION	NONE
ACTION	FOR NOTE AND DECISION

1. EXECUTIVE SUMMARY

- 1.1 Members are requested to note the Audit Results Report before approving the 2019/20 Statement of Accounts.

2. RECOMMENDATION/S

That the Committee:

- 2.1 **NOTE the Audit Results Report in Appendix A**
 2.2 **APPROVE the 2019/20 Statement of Accounts in Appendix B**

3. REPORT

- 3.1 EY has completed its audit of the Authority's Statement of Accounts for the year ended 31 March 2020.
- 3.2 The audit partner has issued an unqualified opinion on the financial statements.
- 3.3 As has been reported to Members previously, the delay in signing off the Authority's financial statements was due to issues identified by Deloitte in relation to their audit of the Royal County of Berkshire Pension Fund.
- 3.4 The issues identified by Deloitte are described below.
- Based on evidence obtained from a walk-through of the controls around maintaining member records, it was noted that there was no record of any

formal checks performed over the data extracted from the administrative systems by a senior team member. As a result, Deloitte did not consider the controls to be designed and implemented satisfactorily and recommendations have been made to management of the pension fund in respect of those controls. EY has considered the impact on the Authority's Statement of Accounts and has concluded that this has had no material effect on them.

- It was identified that there was a significant risk over the valuation of the longevity swap. The design and implementation of controls over the valuation of this investment at the Fund were tested. Based on the evidence obtained from a walk-through of the key control identified it was noted that there was no record of any formal challenge by the Fund to the mortality assumption and discount rate. As a result, Deloitte did not consider the controls to be designed and implemented satisfactorily and recommendations have been made to management of the Pension Fund in respect of those controls. EY has considered the impact on Royal Berkshire Fire Authority's accounts and has concluded that this has no material effect on them.
- During the audit work it was noted that the Pension Fund made an unauthorised overnight loan to RBWM of £1.2m during the year ended 31 March 2020. This is a control weakness identified by Deloitte and an indicator of poor governance. Following consideration of the permissibility of the overnight loan and the associated control weakness, we understand that the Fund has reported the issue to the Pensions Regulator. This has not impacted the Authority's audit, but is something members should be aware of.
- Reconciliation differences were found between data submitted to the actuary and data used in the actuary's IAS 19 Report. The testing did not provide assurance on completeness and accuracy of individual employer membership data submitted to the actuary. Therefore EY used its EY Pension Consulting (EYPC) team to review this area in order to conclude if there was the potential for a material misstatement in the LGPS liabilities. EYPC concluded that the impact of including the missing membership is broadly between 0.25% and 0.30% of total scheme liabilities. This equates to £126,000, which although below materiality and not accounted for within the financial statements, is above the threshold that EY reports to those charged with governance.
- Finally, Deloitte noted that the impact of the Goodwin legal ruling had not been accounted for. EYPC assessed the impact and concluded that potentially there could be an increase in pension liabilities of £84,000 in relation to the Authority's accounts. As this is not material, no adjustment has been made.

- 3.5 As part of its audit work, EY identified that the Authority's actuary had made an error whilst adjusting deferred pensions for McCloud. The actuary had inadvertently omitted approximately £50,000 worth of pension, which amounted to

an understatement of the pension liability figure by £1,112,000. This has now been corrected in the financial statements.

- 3.6 The above adjusted and unadjusted differences have no impact on the revenue outturn position as previously reported nor is there any impact the Authority's usable reserves.
- 3.7 The Audit Results Report summarises EY's findings in relation to its audit of the 2019/20 Statement of Accounts and is attached as **Appendix A**. The 2019/20 Statement of Accounts is attached as **Appendix B**.
- 3.8 Members are requested to approve the Statement of Accounts having considered the contents of the Audit Results Report.

4. CONTRIBUTION TO STRATEGIC COMMITMENTS:

- 4.1 Commitment 5 – We will ensure that Royal Berkshire Fire and Rescue Service provides good value for money.

5. FINANCIAL IMPLICATIONS:

- 5.1 External audit provides assurance to Members that the Authority's finances are in good order.

6. LEGAL IMPLICATIONS:

- 6.1 The auditor's opinion as to whether the financial statements give a true and fair view of the financial position of the Authority as of 31 March 2020 is based on compliance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

7. EQUALITY AND DIVERSITY IMPLICATIONS:

- 7.1 None

8. RISK IMPLICATIONS:

- 8.1 The audit of the accounts was conducted in accordance with International Standards on Auditing (UK and Ireland), which involves an examination of the accounting system, internal controls and related data to the extent 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.

9. CONSISTENCY WITH DUTY TO COLLABORATE:

- 9.1 EY were appointed through a national procurement exercise.

10. PRINCIPAL CONSULTATION:

Agenda Item 6

10.1 No issues for statutory officers

11. BACKGROUND PAPERS:

11.1 None

12. APPENDICES:

12.1 Appendix A - Audit Results Report

12.2 Appendix B - Statement of Accounts 2019/20

13. CONTACT DETAILS:

13.1 Conor Byrne - Head of Finance and Procurement
Email: byrnec@rbfrs.co.uk
Tel: 0118 938 4720

Royal Berkshire Fire and Rescue Authority Audit results report - Final

Year ended 31 March 2020

October 2021



Building a better
working world



Private and Confidential

7 October 2021

Dear Audit and Governance Committee Members

We have completed our audit of Royal Berkshire Fire Authority for the year ended 31 March 2020.

We can confirm that we issued an unqualified audit opinion on the financial statements in the form that appears in section 4. 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 Governance Committee, other members of the Authority, and senior management. It should not be used for any other purpose or given to any other party without obtaining our written consent.

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

We welcome the opportunity to discuss the contents of this report with you at the Audit and Governance Committee meeting on 20 October 2021.

Yours faithfully

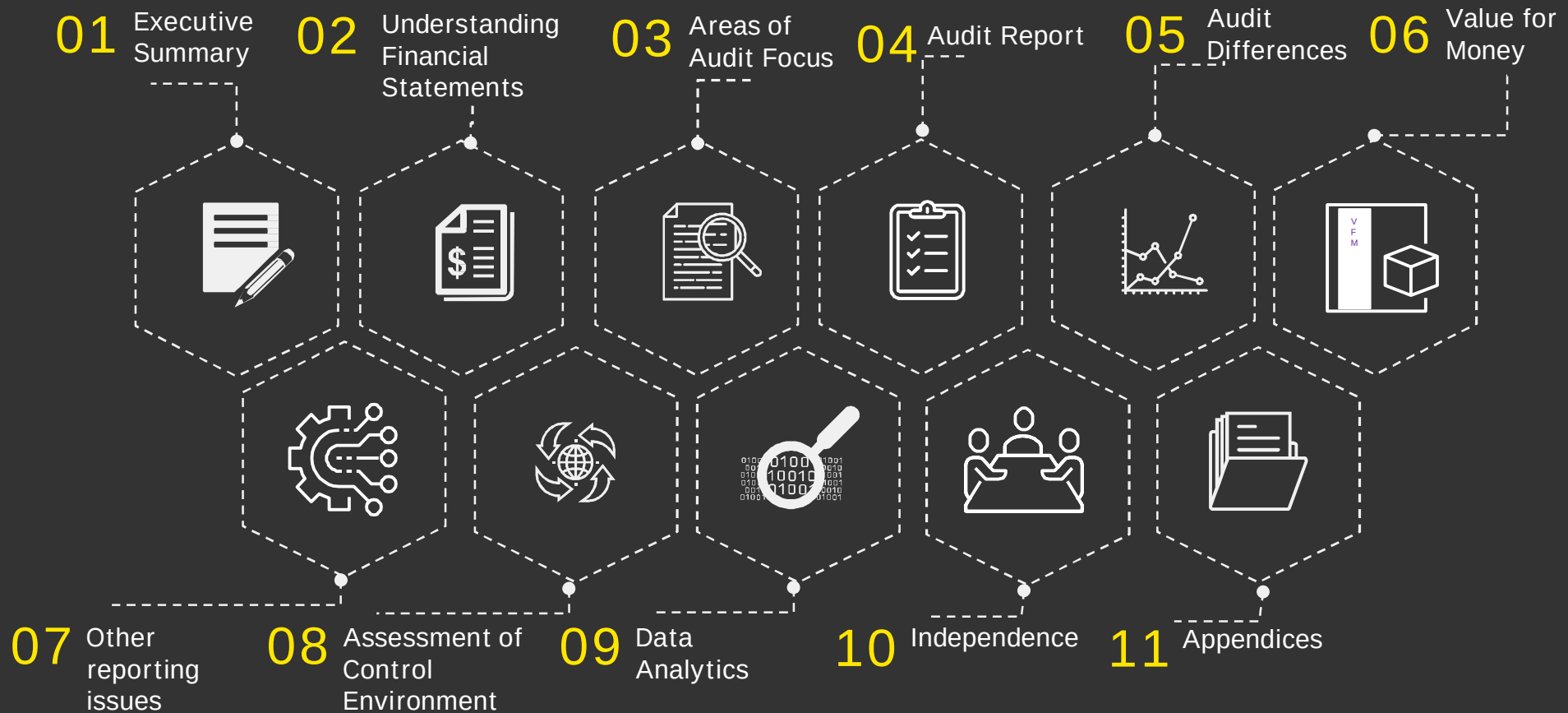
Andrew Brittain

Associate Partner

For and on behalf of Ernst & Young LLP

Encl

Contents



Public Sector Audit Appointments Ltd (PSAA) have issued a 'Statement of responsibilities of auditors and audited bodies'. It is available from the Chief Executive of each audited body and via the PSAA website (www.psaa.co.uk). This 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 April 2018)' issued by 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 statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Results Report is prepared in the context of the Statement of responsibilities / Terms and Conditions of Engagement. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Hywel Ball, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.



01 Executive Summary



Executive Summary

Scope update

In our audit planning report tabled at the 30 July 2020 Audit and Governance Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan, with the following exceptions:

Changes to reporting timescales

As a result of COVID-19, new regulations, the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 No. 404, have been published and came into force on 30 April 2020. This announced a change to publication date for final, audited accounts from 31 July to 30 November 2020 for all relevant authorities.

Changes in Materiality

- We updated our planning materiality assessment using the draft accounts. Our materiality measure was in relation to gross expenditure on provision of services, we have updated our overall materiality assessment to £1.112m (Audit Planning Report – £1.218m). This results in updated performance materiality, at 75% of overall materiality, of £834k (£914k), and an updated threshold for reporting misstatements of £56k (£61k).
- We also updated our materiality in respect of the Firefighters' Pension Fund Accounts. Based on our materiality measure using Benefits Payable, we have updated our overall materiality assessment to £216k (Audit Planning Report – £214k). This results in updated performance materiality, at 75% of overall materiality, of £162k (£160k), and an updated threshold for reporting misstatements of £10.8k (£11k).

Changes to our risk assessment as a result of Covid-19

- Valuation of Property Plant and Equipment - The Royal Institute of Chartered Surveyors (RICS), the body setting the standards for property valuations, has issued guidance to valuers highlighting that the uncertain impact of Covid-19 on markets might cause a valuer to conclude that there is a material uncertainty. Caveats around this material uncertainty have been included in the year-end valuation reports produced by the Authority's external valuer. We consider that the material uncertainties disclosed by the valuer may give rise to an additional risk relating to disclosures on the valuation of property, plant and equipment.
- Disclosures on Going Concern – Financial plans for 2020/21 and medium term financial plans will need revision for Covid-19. We considered the unpredictability of the current environment gave rise to a risk that the Local Authority would not appropriately disclose the key factors relating to going concern, underpinned by managements assessment with particular reference to Covid-19 and the Local Authority's actual year end financial position and performance.
- Adoption of IFRS16 – The adoption of IFRS 16 by CIPFA/LASAAC as the basis for preparation of Local Authority Financial Statements has been deferred until 1 April 2022. The Authority will therefore no longer be required to undertake an impact assessment, and disclosure of the impact of the standard in the financial statements does not now need to be financially quantified in 2019/20. We therefore no longer consider this to be an area of audit focus for 2019/20.



Executive Summary

Scope update

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

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

Additional EY consultation requirements concerning the impact on auditor reports because of Covid-19. The changes to audit risks, audit approach and auditor reporting requirements changed the level of work we needed to perform. We have set out the impact on our audit fee on page 43.



Executive Summary

Status of the audit

We have completed our audit of Royal Berkshire Fire Authority's financial statements for the year ended 31 March 2020 and have performed the procedures outlined in our audit planning report. We plan to issue an unqualified opinion on the Authority's financial statements in the form which appears at Section 4, subject to the completion of the audit on the local government pension scheme, receiving the letter of representation, the subsequent event review and the final set of financial statements.

We will issue the audit certificate at the same time as the audit opinion.

Audit differences

There were three unadjusted audit differences arising from our audit;

- As part of our testing we identified £950 of expenditure that had been recorded in 2019/20 instead of 2020/21. When this error is extrapolated the potential error could be £207,568.
- The consideration of the impact of Goodwin was not made on the 2019/20 financial statements. The potential impact on the pensions liability is £84,000.
- On review of Berkshire Pension Fund, the auditors of the pension fund (Deloitte), reported differences in the membership data. The consideration of the potential impact of the membership differences of the local government pension scheme was £126,000.

There was a corrected difference where some deferred pensions on the fire fighters pension scheme had been omitted, which amounted to an understatement of the pension liability figure by £1,112,000.



Executive Summary

Areas of audit focus

Our Audit Planning Report identified key areas of focus for our audit of Royal Berkshire Fire 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 "Areas of Audit Focus" section of this report.

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

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

Audit findings and conclusions : Significant risk - Valuation of land and buildings

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

Audit findings and conclusions : Area of audit focus – Pension liability valuation.

Deloitte, who audit the Berkshire Pension Fund, and where your local government pension scheme is held, found a number of issues with their audit. More details are given on page 17 of this report. In addition, on the fire fighters pension fund, it was noted that some deferred pensions on the fire fighters pension scheme had been omitted, which amounted to an understatement of the pension liability figure by £1,112,000. This error was corrected in the financial statements.

We can conclude that we are satisfied that the pension fund liability is not materially misstated.

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

We have not identified any issues regarding going concern.

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 Governance Committee.



Executive Summary

Control observations

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.

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 consider the results of our work and conclusions more fully in Section 6 of this Report.

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

Other reporting issues

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

We have performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission.

We have no other matters to report.

Independence

Please refer to Section 10 for our update on Independence.

02

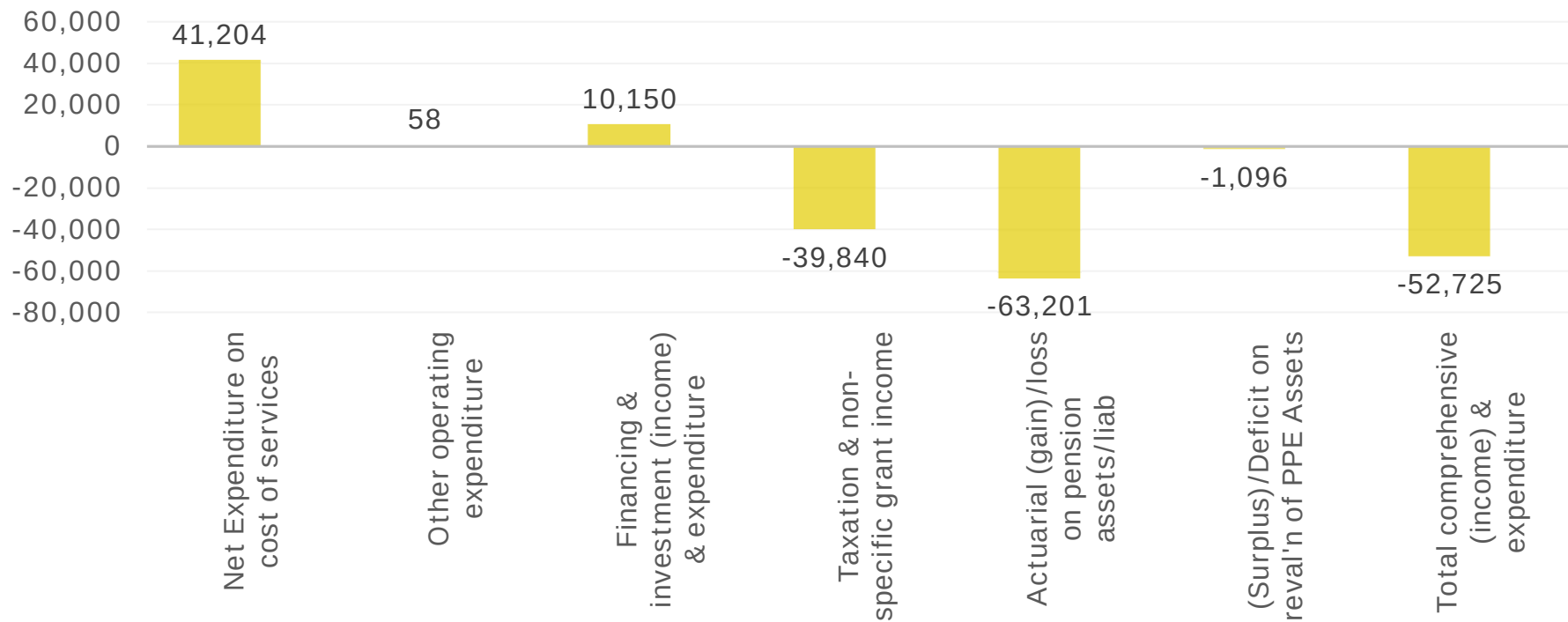
Understanding Financial Statements



Understanding Financial Statements

Key components of net expenditure

The provision of services for the year ended 31 March 2020 was £11,572k deficit, a decrease in deficit of £5,840k from the prior year. During the year there were no significant events that impacted the underlying financial position of the Authority. The following provides an overview of the material items:



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



03 Areas of Audit Focus





Areas of Audit Focus

Fraud risk

Misstatements due to fraud or error

What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

What judgements are we focused on?

As part of our work we focused the key judgemental areas of financial statements, such as estimates, journals and unusual transactions.

What did we do?

We identified the key fraud risks at the planning stage of the audit and considered the effectiveness of management's controls that are designed to address the risk of fraud. We updated our understanding of the risks of fraud and the controls put in place to address them and made enquiries of Internal Audit, management and those charged with governance to support our understanding.

We have:

- Reviewed key estimates made by management and the reasonableness of these;
- Reviewed the appropriateness of journal entries recorded in the general ledger, and other adjustments made in the preparation of the financial statements;
- Reviewed the transactions in the financial statements for evidence of any significant unusual transactions.

What are our conclusions?

We have not identified any instances of inappropriate judgements being applied.

We have not identified any material weaknesses in controls over journals or evidence of material management override.

We did not identify any other transactions during our audit which appeared unusual or outside the Authority's normal course of business.



Areas of Audit Focus

Fraud risk

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

What is the risk?

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

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

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

What judgements are we focused on?

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

For 2019/20, PPE additions totalled £3,997k. We will consider whether this figure is complete, the asset is in existence and whether the asset has been valued correctly in the statement of accounts.

What did we do?

We have:

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

What are our conclusions?

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



Areas of Audit Focus

Significant risk

Valuation of land and buildings

What is the risk?

The fair value of Property, Plant and Equipment (PPE) and Investment Properties (IP) represent significant balances in the Authority's accounts and are subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.

What judgements are we focused on?

The value of property, plant and equipment was £29m in 2018/19 and is now being reported at £31m for 2019/20.

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

Following the Covid-19 outbreak in March 2020, there is potential for significant impact on the estimations and assumptions applied to asset valuations with qualified valuers reporting 'material uncertainty' within valuation reports.

This impacts, in particular, on PPE valued at fair value due to the uncertainty over the future of rental income and predicted yields.

What did we do?

We have:

- Considered the work performed by the Authority's valuers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- Sample tested key asset information used by the valuers in performing their valuation (e.g. floor plans to support valuations based on price per square metre);
- Considered changes to useful economic lives as a result of the most recent valuation; and
- Tested accounting entries to ensure they have been correctly processed in the financial statements.
- Reviewed the Authority's assessment of valuations carried out to assess the material accuracy of the values reported as at the 31/03/2020;
- Assessed the Authority's asset base by type of asset and valuation methodology, as the impact of Covid-19 on valuations is likely to be more significant for assets valued at fair value on the basis of data from market transactions; and
- Ensured the appropriate disclosure has been made in the accounts concerning any material uncertainty relating to year end valuations.

What are our conclusions?

We have not identified any issues with the data sent to, and the report produced by, the Authority's valuer.

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

No issues were identified with the economic lives of assets.

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

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



Areas of Audit Focus

Other areas of audit focus

Pension liability valuation

What is the risk?

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

The Authority's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Authority's balance sheet. At 31 March 2019 this totalled £414 million.

The information disclosed is based on the IAS 19 report issued to the Authority by the actuary to the Royal County of Berkshire Pension Fund and also the Firefighters Pension Fund.

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

What did we do?

- We have:
- Liaised with the auditors of Royal County of Berkshire Pension Fund, to obtain assurances over the information supplied to the actuary in relation to Royal Berkshire Fire Authority;
 - Assessed the work of the LGPS pension fund actuary and the Firefighters pension fund actuary (Barnet Waddingham) including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all Local Government sector auditors, and considered any relevant reviews by the EY actuarial team; and
 - Reviewed and tested the accounting entries and disclosures made within the Authority's financial statements in relation to IAS 19.



Areas of Audit Focus

Other areas of audit focus (continued)

Pensions valuations - What are our conclusions?

We have assessed the work of the LGPS Pension Fund actuary and the Firefighters pension actuary (Barnett Waddingham) including the assumptions they have used. We have relied on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all Local Government sector auditors, in turn reviewed by the EY actuarial team. As part of our audit work it was identified that some deferred pensions on the fire fighters pension scheme had been omitted, which amounted to an understatement of the pension liability figure by £1,112,000. This has now been corrected in the financial statements.

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

We have liaised with the auditors of Royal County of Berkshire Pension Fund, to obtain assurances over the information supplied to the actuary in relation to Royal Berkshire Fire Authority. The response to our request was provided on 21 May 2021. The response of the Pension Fund did not completely answer all the work we requested, and therefore we were required to carry out additional procedures and involve our EY pensions specialists to ensure we have the appropriate audit evidence.

Issues that have been identified by Deloitte in relation to their audit of the Royal County of Berkshire Pension Fund that members should be aware of are;

- Based on the evidence obtained from a walk-through of the key controls identified, over maintaining member records; updating member records for employer monthly/annual data returns and changes identified by members, it was noted that there is no record of any formal checks performed over the data extracted from the administrative systems by a senior team member. As a result, Deloitte did not consider the controls to be designed and implemented satisfactorily and recommendations have been made to management in respect of those controls. We have considered the impact on Royal Berkshire Fire Authority's accounts and we have concluded that this has no material effect on them.
- Deloitte have tested the design and implementation of controls over the valuation of this investment at the Fund. Based on the evidence obtained from a walk-through of the key controls identified and they noted that there was no record of any formal challenge by the Fund to the mortality assumption and discount rate. As a result, they do not consider the controls to be designed and implemented satisfactorily and they have made recommendations to management in respect of those controls in our final report on the audit. We have considered the impact on Royal Berkshire Fire Authority's accounts and we have concluded that this has no material effect on them.
- It was identified that there was a significant risk over the valuation of the longevity swap. The design and implementation of controls over the valuation of this investment at the Fund were tested. Based on the evidence obtained from a walk-through of the key control identified and it was noted that there was no record of any formal challenge by the Fund to the mortality assumption and discount rate. As a result, Deloitte did not consider the controls to be designed and implemented satisfactorily and recommendations have been made to management in respect of those controls. We have considered the impact on Royal Berkshire Fire Authority's accounts and we have concluded that this has no material effect on them.



Areas of Audit Focus

Other areas of audit focus (continued)

Pensions valuations - What are our conclusions? (continued)

- During the audit work it was noted that the Fund made an unauthorised overnight loan to RBWM of £1.2m during the year ended 31 March 2020. This is a control weakness identified by Deloitte and an indicator of poor governance. Following consideration of the permissibility of the overnight loan and the associated control weakness, we understand that the Fund has reported the issue to the Pensions Regulator. This has not impacted the Fire Authority's audit, but is something members should be aware of.
- For Royal Berkshire Fire Authority there was a reconciliation of the total number of active, deferred, pensioner and dependents members submitted to the actuary to the IAS19 Report produced by the Actuary. Differences of 16 were noted in relation to active members, eight were noted in relation to deferred members (including "undecided" members), and four were noted in relation to pensioner and dependant members. The tests did not provide assurance on completeness and accuracy of individual employer membership data submitted to the actuary. Therefore we involved our EY Pension Consulting (EYPC) team to review this area in order to conclude if there was the potential for a material misstatement in the LGPS liabilities. EYPC concluded that the impact of including the missing membership is broadly c.0.25% - c.0.30% of total scheme liabilities. This equates to £126,000, which although below materiality, is above the threshold that we report to those charged with governance.
- No adjustments have been made to reflect the outcome of the Goodwin legal ruling. Again, we have involved EYPC to assess the impact, and concluded an estimated potential impact of the pensions liability of £84,000. No audit differences are identified in relation to the McCloud legal ruling.

The judgemental differences identified in the two bullet points immediately above have not been amended by the Authority. These are reported in page 27 of this report.



Areas of Audit Focus

Other areas of audit focus (continued)

Going concern disclosures (higher inherent risk)

What is the risk?

Covid-19 has created a number of financial pressures throughout Local Government. It is creating financial stress through a combination of increasing service demand leading to increased expenditure in specific services, and reductions in income sources. There is currently not a clear statement of financial support from government that covers all financial consequences of Covid-19. This results in significant judgement to conclude whether events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Authority's ability to continue as a going concern. This judgement will determine the appropriate disclosures to be made in the financial statements, which will be reflected in the audit report.

What is the risk/area of focus?

There have been a number of media stories in both the national press and trade publications raising the possibilities of an increase in Chief Financial Officers using their s114 powers. This could be under s114(3), insufficient resources to fund likely expenditure.

CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 states that organisations that can only be discontinued under statutory prescription shall prepare their accounts on a going concern basis.

However, International Auditing Standard 570 Going Concern, as applied by Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom, still requires auditors to undertake sufficient and appropriate audit procedures to consider whether there is a material uncertainty on going concern that requires reporting by management within the financial statements, and within the auditor's report. We are obliged to report on such matters within the section of our audit report 'Conclusions relating to Going Concern'.

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

The auditor's report in respect of going concern covers a 12-month period from the date of the report, therefore the Authority's assessment also needs to cover this period.



Areas of Audit Focus

Other areas of audit focus (continued)

Going Concern - What did we do?

In light of the unprecedented nature of Covid-19, its impact on the funding of public sector entities and uncertainty over the form and extent of future government support, we sought a documented and detailed consideration to support management's assertion regarding the going concern basis and particularly with a view whether there are any material uncertainties for disclosure.

We reviewed the going concern disclosures within the financial statements under IAS1, and associated financial viability disclosures within the Narrative Statement. We considered whether the necessary disclosures had been included regarding any material uncertainties that do exist.

We considered whether these disclosures also included details of the process that has been undertaken for revising financial plans and cashflow, liquidity forecasts, known outcomes, sensitivities, mitigating actions including but not restricted to the use of reserves, and key assumptions (e.g. assumed duration of Covid-19).

Our audit procedures to review these included consideration of:

- Current and developing environment;
- Liquidity (operational and funding);
- Mitigating factors;
- Management information and forecasting;
- Sensitivities and stress testing; and
- Challenge of management's assessment, by thorough testing of the supporting evidence and consideration of the risk of management bias.

What are our conclusions?

We have reviewed the disclosures and supporting assessment, and we have gone through our internal consultation process to confirm the appropriateness of our audit report. We are satisfied that the accounts are produced correctly on a going concern process and there is no need for an emphasis of matter in our audit report in relation to Covid-19.



04 Audit Report



Audit Report

Draft audit report

Our opinion on the financial statements (draft)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROYAL BERKSHIRE FIRE AUTHORITY

Opinion

We have audited the financial statements and the firefighters' pension fund financial statements of Royal Berkshire Fire Authority for the year ended 31 March 2020 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 8.1 to 8.34.
- and include the firefighters' pension fund financial statements comprising the Fund Account, the Net Assets Statement.

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 2019/20.

In our opinion the financial statements:

- give a true and fair view of the financial position of Royal Berkshire Fire Authority as at 31 March 2020 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

Basis for opinion

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

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

Conclusions relating to going concern

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

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



Audit Report

Draft audit report (continued)

Our opinion on the financial statements (draft)

Other information

The other information comprises the information included in the Statement of Accounts 2019/20, other than the financial statements and our auditor's report thereon. The Chief Financial Officer is responsible for the other information.

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

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

We have nothing to report in this regard.

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

Arrangements to secure economy, efficiency and effectiveness in the use of resources

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in April 2020, we are satisfied that, in all significant respects, Royal Berkshire Fire Authority put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Matters on which we report by exception

We report to you if:

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

We have nothing to report in these respects.

Responsibility of the Chief Financial Officer

As explained more fully in the Statement of Responsibilities set out on page 15, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which the Authority's financial statements and the firefighters pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, and for being satisfied that they give a true and fair view.

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



Audit Report

Draft audit report (continued)

Our opinion on the financial statements (draft)

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in April 2020, as to whether the [name of body] had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. 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 Royal Berkshire Fire Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

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, Royal Berkshire Fire Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

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

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



Audit Report

Draft audit report (continued)

Our opinion on the financial statements (draft)

Certificate

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

Use of our report

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

Andrew Brittain (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Reading
October 2021



05 Audit Differences



Audit Differences

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

Summary of adjusted differences

We highlight misstatements greater than £56k for the main accounts and £11k for the pension fund which have been corrected by management that were identified during the course of our audit.

As part of our audit work on the pension liability, it was identified that some deferred pensions on the fire fighters pension scheme had been omitted, this amounted to an understatement of the pension liability figure by £1,112,000. This has now been corrected in the financial statements.

Summary of unadjusted differences

As part of our testing we identified £950 of expenditure that had been recorded in 2019/20 instead of 2020/21. When this error is extrapolated the potential error could be £207,568. There were no other projected misstatements.

We have identified two judgemental differences. These both relate to the IAS 19 pension liability and are explained in page 18 of this report. Neither have been adjusted for by management.

Differences were identified in the member numbers reported in the IAS 19 report produced by the Actuary. We have involved our EY Pension Consulting (EYPC) to assess the impact and concluded an estimated understatement of pension liability of £126,000.

No adjustments have been made in the Authorities accounts to the reflect the outcome of the Goodwin legal ruling. We have involved EYPC to assess the impact, and concluded an estimated understatement of pension liability of £84,000.

These judgement differences are individually and in aggregate below our materiality level (£834k) but above the level at which we report to you uncorrected misstatements (£55.6k).

There are no other uncorrected misstatements.



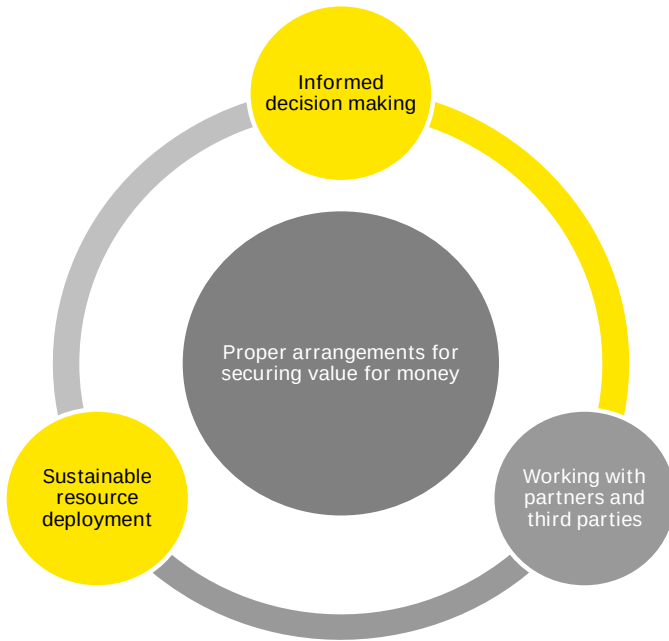
06

Value for Money



Value for Money

Page 77



Background

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

For 2019/20 this is based on the overall evaluation criterion:

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

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

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

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

Impact of covid-19 on our Value for Money assessment

On 16 April 2020 the National Audit Office published an update to auditor guidance in relation to the 2019/20 Value for Money assessment in the light of Covid-19. This clarified that in undertaking the 2019/20 Value for Money assessment auditors should consider Local Authorities' response to Covid-19 only as far as it relates to the 2019-20 financial year; only where clear evidence comes to the auditor's attention of a significant failure in arrangements as a result of Covid-19 during the financial year, would it be appropriate to recognise a significant risk in relation to the 2019-20 VFM arrangements conclusion.

Overall conclusion

We did not identify any significant risks around these arrangements.

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



07 Other reporting issues

Other reporting issues

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

We must give an opinion on the consistency of the financial and non-financial information in the Statement of Accounts 2019/20 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 2019/20 and published with the financial statements was consistent with the audited financial statements.

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

Whole of Government Accounts

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

As the authority is below the expected threshold of £500m, we have no issues to raise.

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. There are no issues to report.



08

Assessment of Control Environment



Assessment of Control Environment

Financial controls

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

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

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

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

We considered whether circumstances arising from Covid-19 resulted in a change to the overall control environment of effectiveness of internal controls, for example due to significant staff absence or limitations as a result of working remotely. We identified no issues which we wish to bring to your attention.

Reliance on internal audit

We have reviewed Internal Audit reports issued to management during the period to 31 March 2020 to ensure that any financial statement risks identified are considered in determining the extent of our audit procedures.



09 Data Analytics



Use of Data Analytics in the Audit

► Data analytics

Analytics Driven Audit

Data analytics

We used our data analysers to enable us to capture entire populations of your financial data. These analysers:

- Help identify specific exceptions and anomalies which can then be the focus of our substantive audit tests; and
- Give greater likelihood of identifying errors than traditional, random sampling techniques.

In 2019/20, our use of these analysers in the Authority's audit included testing journal entries and employee expenses, to identify and focus our testing on those entries we deem to have the highest inherent risk to the audit.

We capture the data through our formal data requests and the data transfer takes place on a secured EY website. These are in line with our EY data protection policies which are designed to protect the confidentiality, integrity and availability of business and personal information.

Journal Entry Analysis

We obtain downloads of all financial ledger transactions posted in the year. We perform completeness analysis over the data, reconciling the sum of transactions to the movement in the trial balances and financial statements to ensure we have captured all data. Our analysers then review and sort transactions, allowing us to more effectively identify and test journals that we consider to be higher risk, as identified in our audit planning report.

Payroll Analysis

We also use our analysers in our payroll testing. We obtain all payroll transactions posted in the year from the payroll system and perform completeness analysis over the data, including reconciling the total amount to the General Ledger trial balance. We then analyse the data against a number of specifically designed procedures. These include analysis of payroll costs by month to identify any variances from established expectations, as well as more detailed transactional interrogation.



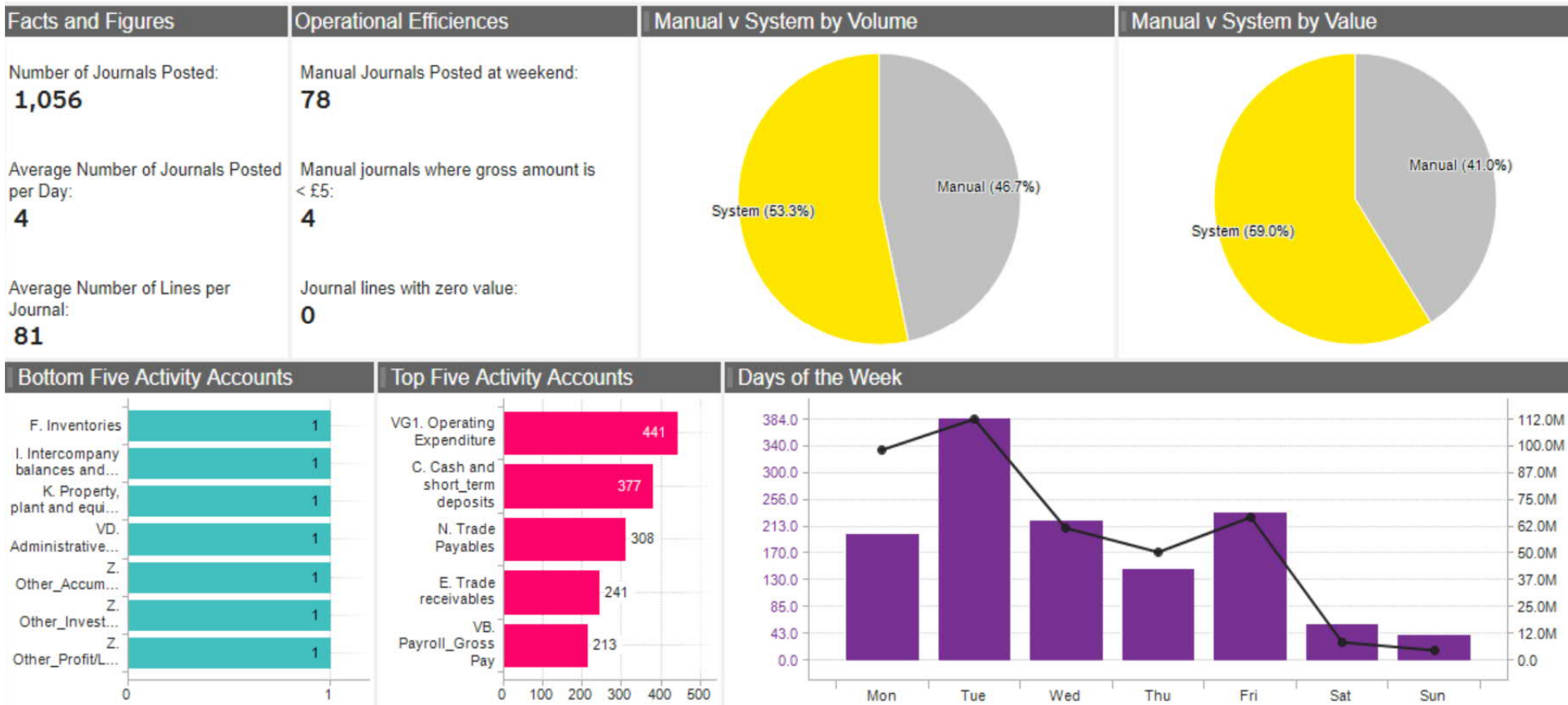
Data Analytics

Journal Entry Data Insights

The graphic outlined below summarises the journal population for 2019/20. We review journals by certain risk based criteria to focus on higher risk transactions, such as journals posted manually by management, those posted around the year-end, those with unusual debit and credit relationships, and those posted by individuals we would not expect to be entering transactions.

The purpose of this approach is to provide a more effective, risk focused approach to auditing journal entries, minimising the burden of compliance on management by minimising randomly selected samples. We can share this information with management to provide additional insight and value from our audit procedures.

EY Helix - GLASS: Journal Entry Data Insights - 20 Royal Berkshire Fire Authority - P1 to P12 -





Journal Entry Testing

What is the risk?

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

Journal entry data criteria – 31 March 2020

What judgements are we focused on?

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



What did we do?

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

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

What are our conclusions?

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



10

Independence

Independence

Confirmation

We confirm there are no changes in our assessment of independence since our confirmation in our Audit Planning Report dated May 2020.

We complied with the APB Ethical Standards. 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 that should be reviewed by both you and ourselves. It is therefore important that you and your Audit and Governance Committee consider the facts of which you are aware and come to a view. If you wish to discuss any matters concerning our independence, we will be pleased to do so at the forthcoming meeting of the Audit and Governance Committee on 19 July 2021.

Appendix A

Agenda Item 6

Relationships, services and related threats and safeguards

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

There are no relationships from 1 April 2019 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by Ernst & Young

Page 43 includes a summary of the fees that you have paid to us in the year ended 31 March 2020 in line with the disclosures set out in FRC Ethical Standard and in statute.

We confirm that none of the services have been provided on a contingent fee basis.

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

New UK Independence Standards

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

Summary of key changes

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

Next Steps

We continue to monitor and assess all ongoing and proposed non-audit services and relationships to ensure they are permitted under FRC Revised Ethical Standard 2016 which applied until 31 March 2020 as well as the FRC Revised Ethical Standard 2019 which was effective from 1 April 2020.

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

Other communications

EY Transparency Report 2020

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

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year ended 1 July 2020 and can be found here:

<https://www.ey.com/uk/en/about-us/ey-uk-transparency-report-2020>

Fees

As part of our reporting on our independence, we set out below a summary of the fees paid for the year ended 31 March 2020. We confirm that we have not undertaken non-audit work outside the NAO Code requirements. We have complied with Auditor Guidance Note 1 issued by the NAO.

Public Sector Audit Appointments Ltd (PSAA) has published the fee scale for the audit of the 2019/20 accounts of opted-in principal local government and police bodies. This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work. A breakdown of our fees is shown below.

	Planned fee 2019/20	Final Fee 2018/19
	£'s	£'s
Current Scale Fee – Code work	26,180	26,180
Additional audit work required	Note 1 & 2	6,860
Total fees (excl. VAT)	TBC	33,040

As reporting in our Audit Plan, the agreed fee presented is based on a number of assumptions which include the timing of agreed deliverables being met; unqualified financial statement opinion and VfM conclusion; and quality documentation being provided and controls being effective.

If any of these assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Authority in advance before submission to the PSAA for approval.

For 2019/20, the scale fee will be impacted by a range of factors which will result in additional work. We will continue to discuss the impact of these factors with management and the impact on the final fee.

These factors were also reported in a national letter issued by EY to Chief Financial Officers and Chair of Audit Committees in February 2020. The External Audit engagement lead has had a discussion with the Authority's Chief Financial Officer on the implications of these factors on our assessment of your baseline fee to deliver a sustainable high-quality external audit.

Our assessment is that the scale fee for Royal Berkshire Fire Authority should be increased from £26,180 to £49,907 based on an expected number of 830 hours at mixed grades. This assessment is before considering the implications of COVID-19 on our audit procedures.

Note 1 – The proposed increase to the scale fee to £49,907 reflects the increased risk and complexity facing all public sector bodies, adjusted for our knowledge and risk assessment for this Authority (£8,404) as well as the changes and incremental increase in regulatory standards (£12,660). We have also adjusted the baseline fee to reflect our current assessment of the Authority's readiness for audit, including data analytics, quality of working papers (£2,664). The proposed increase in the baseline fee is relatively consistent with other Fire and Rescue Authorities of a similar size, risk profile and complexity that EY audits.

Note 2 – The impact of Covid-19, our expanded work on going concern and the issues relating to the LGPS pensions work on the audit have also impacted the volume of audit work that is required to be done. As we near the conclusion of the audit, we will be in a position to quantify the impact of these additional procedures and propose a variation to the Authority's scale fee.

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

We intend to report to PSAA at this stage our assessment of the changes required to the baseline fee from £26,180 to £49,907. In doing so, we will notify PSAA whether the Authority agree, partially agree or do not agree with our assessment. PSAA are ultimately responsible for determining the scale fee and any variations to it.



11 Appendices

Appendix A

Required communications with the Audit and Governance Committee

There are certain communications that we must provide to the Audit and Governance Committees of UK clients. We have detailed these here together with a reference of when and where they were covered:

		Our Reporting to you
Required communications	What is reported?	When and where
Terms of engagement	Confirmation by the Audit and Governance Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	Audit planning report, presented at the Audit and Governance Committee on 30 July 2020.
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Audit planning report, presented at the Audit and Governance Committee on 30 July 2020.
Significant findings from the audit	- Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures - Significant difficulties, if any, encountered during the audit - Significant matters, if any, arising from the audit that were discussed with management - Written representations that we are seeking - Expected modifications to the audit report - Other matters if any, significant to the oversight of the financial reporting process	Audit results report, presented at the Audit and Governance Committee on 19 July 2021 and 20 October 2021.

Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Going concern	Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: - 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	Audit results report, presented at the Audit and Governance Committee on 19 July 2021 and 20 October 2021.
Misstatements	- Uncorrected misstatements and their effect on our audit opinion - The effect of uncorrected misstatements related to prior periods - A request that any uncorrected misstatement be corrected - Material misstatements corrected by management	Audit results report, presented at the Audit and Governance Committee on 19 July 2021 and 20 October 2021.
Subsequent events	Enquiry of the Audit and Governance Committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements.	Request for Audit and Governance Committee to approve the letter of representation from management at the Audit and Governance Committee meeting on 19 July 2021 and 20 October 2021.
Fraud	- Enquiries of the Audit and Governance Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the Authority - Any fraud that we have identified or information we have obtained that indicates that a fraud may exist - Unless all of those charged with governance are involved in managing the Authority, any identified or suspected fraud involving: a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. - The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected - Any other matters related to fraud, relevant to Audit and Governance Committee responsibility.	Enquiries by letter to the Chair of the Audit and Governance Committee dated 8 April 2020. We have no matters to report.

Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Related parties	Significant matters arising during the audit in connection with the Authority's related parties including, when applicable: • Non-disclosure by management • Inappropriate authorisation and approval of transactions • Disagreement over disclosures • Non-compliance with laws and regulations • Difficulty in identifying the party that ultimately controls the Authority	Audit results report, presented at the Audit and Governance Committee on 19 July 2021 and 20 October 2021. We have no matters to report.
Independence	Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence. Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: • The principal threats • Safeguards adopted and their effectiveness • An overall assessment of threats and safeguards • Information about the general policies and process within the firm to maintain objectivity and independence Communications whenever significant judgments are made about threats to objectivity and independence and the appropriateness of safeguards put in place.	Initial reporting in the Audit Planning Report presented at the Audit and Governance Committee 30 July 2020. Confirmation in the Audit Results Report presented at the Audit and Governance Committee 19 July 2021 and 20 October 2021.
External confirmations	• Management's refusal for us to request confirmations • Inability to obtain relevant and reliable audit evidence from other procedures.	Audit results report, presented at the Audit and Governance Committee on 19 July 2021 and 20 October 2021. We have no matters to report.
Consideration of laws and regulations	• Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur • Enquiry of the Audit and Governance Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit and Governance Committee may be aware of	Audit results report, presented at the Audit and Governance Committee on 19 July 2021 and 20 October 2021. We have no matters to report.

Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Significant deficiencies in internal controls identified during the audit	Significant deficiencies in internal controls identified during the audit.	Audit results report, presented at the Audit and Governance Committee on 19 July 2021 and 20 October 2021. We have no matters to report.
Written representations we are requesting from management and/or those charged with governance	Written representations we are requesting from management and/or those charged with governance	Request for Audit and Governance Committee to approve the letter of representation from management at the Audit and Governance Committee meeting on 19 July 2021 and 20 October 2021.
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit results report, presented at the Audit and Governance Committee on 19 July 2021 and 20 October 2021. We have no matters to report.
Auditors report	Any circumstances identified that affect the form and content of our auditor's report	Audit results report, presented at the Audit and Governance Committee on 19 July 2021 and 20 October 2021.
Fee Reporting	- Breakdown of fee information when the audit planning report is agreed - Breakdown of fee information at the completion of the audit - Any non-audit work	Initial reporting in the Audit Planning Report presented at the Audit and Governance Committee 30 July 2020. Confirmation in the Audit Results Report presented at the Audit and Governance Committee 19 July 2021 and 20 October 2021.

Management representation letter

Management Rep Letter

Ernst & Young
Apex Plaza
Reading
RG1 1YE

Dear Andrew,

Royal Berkshire Fire and Rescue Authority - Audit for the year ended 31 March 2020

This letter of representations is provided in connection with your audit of the financial statements of Royal Berkshire Fire Authority ("the Authority") for the year ended 31 March 2020. 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 Royal Berkshire Fire Authority as of 31 March 2020 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 2019/20.

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

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

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with [the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.
2. We acknowledge, as members of management of the Authority, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Authority in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, and are free of material misstatements, including omissions. We have approved the financial statements.
3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
4. As members of management of the Authority, we believe that the 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 2019/20, that are free from material misstatement, whether due to fraud or error. We have disclosed to you any significant changes in our processes, controls, policies and procedures that we have made to address the effects of the COVID-19 pandemic on our system of internal controls.
5. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the consolidated and council financial statements taken as a whole.

Management representation letter

Management Rep Letter (continued)

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

1. We acknowledge that we are responsible to determine that the Authority's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.

2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.

3. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Authority (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:

- involving financial statements;
- related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Authority's financial statements;
- related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Authority's activities, its ability to continue to operate, or to avoid material penalties;
- involving management, or employees who have significant roles in internal controls, or others; or
- in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

2. All material transactions have been recorded in the accounting records and all material transactions, events and conditions are reflected in the financial statements, including those related to the COVID-19 pandemic.

3. We have made available to you all minutes of the meetings of the Authority, the Executive Committee and the Audit and Governance Committee held through the year to the most recent meeting.

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.

Management representation letter

Management Rep Letter (continued)

6. We have disclosed to you, and the Authority has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

7. From 6 March 2020 through the date of this letter we have disclosed to you any unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate.

D. Liabilities and Contingencies

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

E. Subsequent Events

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

F. Other information

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

G. Going Concern

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

H. Ownership of Assets

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

I. Reserves

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

Management representation letter

Management Rep Letter (continued)

J. Use of the Work of a Specialist

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

K. Pension Liability and PPE Estimate

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 the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 .

2. We confirm that the significant assumptions used in making the estimates appropriately reflect our intent and ability to carry out the specific courses of action on behalf of the entity.

3. We confirm that the disclosures made in the financial statements with respect to the accounting estimates are complete, including the effects of the COVID-19 pandemic on the pension liability and PPE and are made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

4. We confirm that no adjustments are required to the accounting estimates and disclosures in the financial statements due to subsequent events, including due to the COVID-19 pandemic.

L. Retirement benefits

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

Yours faithfully,

Head of Finance and Procurement and Chief Financial Officer

Chairman of the Audit and Governance Committee

Accounting and regulatory update

Future accounting developments

Since the date of our last report to the Audit and Governance Committee, there have been a number of exposure drafts, discussion papers and other projects issues. 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 Royal Berkshire Fire Authority 
IFRS 16	The adoption of IFRS 16 by CIPFA/LASAAC as the basis for preparation of Local Authority Financial Statements has been deferred until 1 April 2021. The Authority will therefore no longer be required to undertake an impact assessment, and disclosure of the impact of the standard in the financial statements does not now need to be financially quantified in 2019/20.	Effective for the 2022/23 financial statements.

Appendix C

Regulatory update

Since the date of our last report to the Audit and Governance Committee, there have been a number of regulatory developments. 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 Royal Berkshire Fire Authority
Code of Audit Practice 2020	The updated Code of Audit Practice issued by the National Audit Office has introduced some significant changes to the requirements regarding auditors' work on the value for money conclusion, which will be applicable from 2020/21.	The NAO has updated the Auditor Guidance Notes setting out how the new Code of Audit Practice should be applied when carrying out value for money work.
Going Concern - ISA (UK) 570 (Revised September 2019)	- The standard is effective for audits of financial statements for periods commencing on or after 15 December 2019, however EY has early-adopted the revised standard for all of our audits of periods ending on or after 30 June 2020. - This auditing standard has been revised in response to enforcement cases and well-publicised corporate failures where the auditor's report failed to highlight concerns about the prospects of entities which collapsed shortly after.	- Practice Note 10, which sets out how the auditing standards are applied in a public sector context, is currently being revised, including in light of the updated standard for Going Concern. As such, the impact is not clear at this stage. - Further updates will be provided when possible.
Independence	The Financial Reporting Council (FRC) published the Revised Ethical Standard 2019 in December and will be effective from 15 March 2020. A key change in the new Ethical Standard will be a general prohibition on the provision of non-audit services by the auditor (and its network) which will apply to organisations that are UK Public Interest Entities (PIEs). A narrow list of permitted services will continue to be allowed.	We will continue to monitor and assess all ongoing and proposed non-audit services and relationships to ensure they are permitted under the FRC Revised Ethical Standard 2019 which will be effective from 15 March 2020. Non-audit services which are in progress as at 15 March 2020 and are permitted under the existing ethical standard will be allowed to continue under the existing engagement terms until completed. We will work with you to ensure orderly completion of the services or where required, transition to another service provider within mutually agreed timescales.

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ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

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STATEMENT OF ACCOUNTS 2019/20





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1. Members of the Authority

The Authority is made up of 20 Members who are appointed in proportion to the number of local government electors in each authority area.

Bracknell Forest Borough Council	Slough Borough Council
Colin Dudley	Satpal Parmar (until December 2019)
Iain McCracken (until May 2019)	Ted Plenty
Tina McKenzie-Boyle	Dexter Smith
Tricia Brown (from May 2019)	Christine Hulme (from December 2019)
Reading Borough Council	The Royal Borough of Windsor & Maidenhead
Jason Brock (until May 2019)	Malcolm Alexander (until May 2019)
Jan Gavin (until May 2019)	Christine Bateson
Paul Gittings	Simon Werner
Jane Stanford-Beale (from May 2019)	David Cannon (from May 2019)
Jo Lovelock (from May 2019)	
West Berkshire District Council	Wokingham Borough Council
Jeff Brooks	Alistair Auty (until May 2019)
Paul Bryant (until May 2019)	Pauline Helliard-Symons
Adrian Edwards (until May 2019)	Angus Ross
Emma Webster (until May 2019)	Rachelle Shepherd-DuBey
Dennis Benneyworth (from May 2019)	Graham Howe (from May 2019)
Garth Simpson (from May 2019)	
Tony Linden (from May 2019)	

2. Officers of the Authority

Chief Fire Officer and Chief Executive - Trevor Ferguson

Monitoring Officer - Graham Britten

Head of Finance and Procurement and Chief Finance Officer - Conor Byrne

3. Auditors

Ernst & Young LLP



4. Narrative Statement

4.1 The Authority

Royal Berkshire Fire Authority provides cover from 18 fire stations across the county, stretching from Slough and Langley in the east to Lambourn and Newbury in the west. Its area includes one of Europe's busiest motorways, busy urban centres, suburban communities and large rural areas.

4.2 The Accounts

The Accounting Statements which follow form the Fire Authority's Statutory Accounts for the year ended 31 March 2020.

The accounts are drawn up in accordance with the accounting policies that are set out in detail in section 8.2.

A description of the core financial statements is given below:

a) 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 'unusable reserves'. The Movement in Reserves Statement shows how the movements in year of the Authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

b) Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.



c) Balance Sheet

The Balance Sheet shows the value at the Balance Sheet date of assets and liabilities recognised by the Authority. The net assets (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves is 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 capital receipts may only be used to fund capital expenditure or repay debt). The second category of reserves is 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 were sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

d) Cash Flow Statement

This statement shows the changes in cash and cash equivalents of the Authority during the reporting 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 the 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.



4.3 Revenue Spending

Revenue budgets and expenditure for 2019/20 are shown in the table below.

	Budget £000	Outturn £000	Variance £000
Employees			
STATIONS	16,637	16,409	(228)
NON-STATIONS	10,389	10,464	75
TRAINING	618	645	27
OTHER	221	236	15
	27,865	27,754	(111)
Premises			
REPAIRS & MAINTENANCE	713	845	132
RATES	886	875	(11)
CLEANING	250	280	30
UTILITIES	436	439	3
	2,285	2,439	154
Supplies			
INSURANCE	325	321	(4)
EQUIPMENT	533	615	82
IS EQUIPMENT & LICENCES	574	582	8
CLOTHING/PPE	346	433	87
COMMUNICATIONS	966	944	(22)
OCCUPATIONAL HEALTH	181	179	(2)
PRINT/STATIONERY/PUBLICATIONS/SUBSCRIPTIONS	155	142	(13)
HYDRANT REPAIRS	37	23	(14)
COMMUNITY FIRE SAFETY SUPPLIES	164	158	(6)
SUPPLIES OTHER	176	169	(7)
	3,457	3,566	109
Contracts			
CONTRIBUTION TO TVFCS & COLLABORATION	857	843	(14)
LEGAL	40	44	4
CONTRACTS OTHER (incl. Professional Services)	682	737	55
	1,579	1,624	45
Transport			
VEHICLE RUNNING COSTS	694	677	(17)
TRAVEL	233	241	8
	927	918	(9)
Pension			
PENSIONS	422	388	(34)
Income			
GRANTS	(2,170)	(2,182)	(12)
RENTAL INCOME	(187)	(181)	6
TVFCS RECHARGE INCOME	(295)	(295)	0
INCOME OTHER	(285)	(399)	(114)
	(2,937)	(3,057)	(120)
NET COST OF SERVICES	33,598	33,632	34
DEBT CHARGES INTEREST	392	392	0
INVESTMENT INTEREST	(130)	(117)	13
NET OPERATING EXPENDITURE	33,860	33,907	47
REVENUE FUNDING OF CAPITAL	500	500	0
CAPITAL CONTRIBUTIONS TO STAFFING COSTS	(38)	(38)	0
APPROPRIATION TO/(FROM) RESERVES	(1,074)	(1,074)	0
REVENUE PROVISION	1,292	1,292	0
REVERSAL OF ACCRUED HOLIDAY PAY	(1)	(1)	0
NET EXPENDITURE	34,539	34,586	47
GOV GRANTS/PRECEPTS/BUSINESS RATES	(34,081)	(34,173)	(92)
(SURPLUS) / DEFICIT	458	413	(45)
INCOME FROM BUSINESS RATES POOLING		(200)	
USE OF BUDGET CONTINGENCY RESERVE		213	



Commentary on Revenue Outturn

When setting the 2019/20 Revenue Budget, expenditure exceeded income by £458,000, meaning that the Fire Authority was reliant on its reserves to make the budget balance.

Some in-year savings means that the outturn position is a deficit of £413,000 compared to the budgeted deficit of £458,000 which is a variance of £45,000 or 0.13% against the overall Revenue Budget. Detailed examination of the budgetary position on a monthly basis has allowed expenditure to be re-profiled throughout the year ensuring the delivery of the Authority's plans and priorities.

The Authority will receive a one-off inflow of income from business rates pooling of around £200,000. Once this income is taken into account, the Revenue Account deficit is anticipated to be £213,000, resulting in £213,000 being taken from the Budget Contingency Reserve to support revenue expenditure in 2019/20.

As in previous years, the Authority has undergone organisational change during 2019/20 to deliver Efficiency Plan savings. The delivery of the Remotely Managed Stations/Flexible Duty Officer Project (RMS/FDO) has been implemented in two phases, generating ongoing revenue savings of £576,000.

Some of the roles in the revised structure have been filled by external candidates, with some not joining the Authority until January 2020. The careful management of these and other vacancies in the interim period have delivered in-year savings to invest in other areas, including the training of 22 new trainees whose costs appear as non-station costs until they are deployed.

Effective budget management has also enabled additional investment in Ascot Fire Station to upgrade the facilities and improve the working environment for staff. The additional investment shows as a variance in the Repairs and Maintenance budget line of £132,000. However, based on a range of small efficiencies across other budget lines and some additional income, this important investment has been delivered within the overall revenue funding envelope.

A number of ongoing pieces of work focusing on improving operational effectiveness have resulted in a budget pressure relating to equipment. The implementation of stowed reserves, where reserve appliances are fully kitted out, has led to additional expenditure. Dry suit replacement and modification costs have also been incurred to support water rescue capability.

The delay to the national clothing framework contract led by Kent FRS has resulted in the Authority having to implement a more costly interim contract arrangement in collaboration with Thames Valley partners to supply uniform. In addition, transitional costs were also incurred during 2019/20 as we switched to a more cost effective PPE contract.



Out of county attendance at incidents generates income and charges from other fire and rescue services. Cross border income exceeded cross border charges by £97,000.

Government grants and precept income was £92,000 higher than budget. Partly, this relates to an additional £68,000 in NNDR section 31 Grants. The budgets on these are based on estimates provided by the local authorities within Berkshire prior to the year commencing, with in-year variances reflecting the adjustments made to reflect actual data.

In summary, it is pleasing to be able to report that the Authority's plans and priorities were delivered within the financial parameters of the Authority's 2019/20 budget. However, looking to the future, the considerable financial challenges in terms of cost pressures and increasing funding volatility have only increased since the publication of the Authority's Medium Term Financial Plan was published in February 2020. It will be essential to continue this level of robust budget management to ensure that we maximise the efficiency of every pound spent.

4.4 Capital Programme

Capital expenditure in 2019/20 was £4.036 million, made up as follows:

Buildings £2,298,000

There were two buildings projects in 2019/20. £1,484,000 was spent on the demolition and rebuilding of the Crowthorne Fire Station which was completed in May 2020. Work has begun on the new Fire Station in Theale. To date, £814,000 has been spent, including £480,000 for the land which was purchased in December 2019.

IT £246,000

Replacement of IT hardware amounted to £208,000 and included £99,000 for backup systems. Software development costs totalled £38,000.

Vehicles and equipment £1,492,000

2019/20 saw the delivery of four new fire engines and orders for a further four as part of the collaborative procurement process by the three Thames Valley fire and rescue services. These new fire engines were procured with crew efficiency, comfort and partnership working in mind. The standardised storage areas on the fire engines make equipment more easily and quickly accessible on arrival at an incident, thus, facilitating cross-border working and interoperability between the three services.



In addition to expenditure on fire engines, the Authority made stage payments totalling £579,000 for a new Aerial ladder Platform which will be delivered in 2020/21.

4.5 Borrowing

All of the Fire Authority's loans are with the Public Works Loan Board and are used to fund capital expenditure. The Fire Authority did not need to take out additional loans during 2019/20 so total debt remained at £8.842 million as at 31 March 2020.

4.6 Pension Fund

The negative net values of the Firefighter Pension Schemes reflect the unfunded liability facing this Authority (other fire authorities face similar liabilities). The Authority is not required to make any financial provision for these future commitments and there is no effect on Council Tax.

The Local Government Pension Scheme (LGPS), for non-uniformed employees, is accounted for as a funded defined benefits scheme.

The estimated impact of the recent outcome of the Court of Appeal judgement on the McCloud and Sargeant cases have been reflected in the liability of both the Firefighter and Local Government Pension Schemes (LGPS).

4.7 Royal Berkshire Fire & Rescue (Training) Limited

Royal Berkshire Fire & Rescue (Training) Limited (RBFRTL) was set up by the Authority to ensure the continued provision of fire safety training on a commercial basis. Prior to this date the courses were run by a training team within the Service. The company is a wholly-owned subsidiary of the Authority and started trading on 1 January 2009.

In recent years, trading has become increasingly difficult as new providers with lower overheads continued to enter the market. Despite several restructures, the company continued to struggle to deliver a financial contribution to the Fire Authority. Given the backdrop of trading losses and the prospect of increasingly fierce competition, the Directors of the company took the decision to close the company to limit any further liabilities being incurred by the Authority.



When the company ceased trading on 30 September 2019, it was unable to repay £67,000 of the £70,000 loan that it had received from the Authority. This has been written off by the Authority in its 2019/20 accounts. It should be noted, however, that since 2009, the Authority has received recharge income from the company for various services, including room hire that have more than offset the loan write off.

4.8 Economy, Efficiency and Effectiveness

The Authority publishes extensive performance and financial information on its website including transparency data on all spending over £500, a register of contracts and the pay of senior managers. This allows the public to see how well the Authority is performing and provides evidence of value for money. Members of the public can also request data from the Authority under the Freedom of Information Act.

The Authority has entered into several collaborative agreements with other Fire and Rescue services. Thames Valley Fire Control Service is a collaboration between the three fire and rescue services in the Thames Valley to provide a joint control room to take emergency calls. This arrangement not only increases resilience but also saves the Authority significant sums of money over the life of the agreement. Similarly, the fleet maintenance partnership with Hampshire Fire and Rescue Service continues to deliver significant savings for the Authority.

The Authority is a member of the Fire and Rescue Indemnity Company Ltd (FRIC). The company commenced trading in November 2015. The Authority's risk protection arrangements are provided through the pooled funds of the company. The aims of the Company are twofold: to reduce risk to the Authority by adopting best practice e.g. in relation to driving standards and also to reduce the cost to the Authority of its risk protection arrangements over the longer-term. Over its first four years of operation, the FRIC has recorded a cumulative surplus of £802,000.

4.9 Coronavirus (COVID-19) Pandemic

The outbreak of the global coronavirus (COVID-19) pandemic has resulted in the Authority taking all necessary measures to preserve its ability to provide critical emergency response and to protect its staff from unnecessary risk.

The Authority has a Critical Event Management Team (CEMT) which is supported by two sub groups; a Response group and a Review group. The Authority has aligned its service provision to the national position and continues to review developments.



The Authority is working as part of the Thames Valley Local Resilience Forum (TVLRF) in response to COVID-19. A Strategic Coordinating Group (SCG) has been established and the TVLRF SCG is the group through which local authorities, healthcare providers and emergency services have developed a combined response to the situation across Berkshire, Buckinghamshire and Oxfordshire. This multi-agency partnership approach helps target our activity directly to the needs of the public. The group provides a direct link into bodies such as Public Health England.

Our IT infrastructure already supported remote working for staff so the move to home working for our support staff was implemented in a swift and effective manner.

In March 2020, the Government announced £1.6bn of additional funding for Local Government to help them respond to COVID-19 pressures across all of the services they deliver. The Authority was allocated £0.126m. On 18 April 2020 extra funding was made available and the Authority received a further £0.682m.

In regard to the valuation of the Authority's land and buildings, the property valuation report at 31 March 2020 states that due to the economic impact of COVID-19 the valuations are reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. The Authority is recommended to keep the valuation of properties under frequent review.

On 19 March 2020, the Bank of England announced a cut to the interest base rate to 0.1% in light of the expected economic downturn due to COVID-19. This will have an impact on the potential return on investments and interest received on current accounts and money market funds during 2020/21.

The potential effect of COVID-19 on the collection of income streams, cash flows and economic impact is being closely monitored.

4.10 Going Concern Review

The concept of a going concern assumes that an Authority's functions and services will continue in operational existence for the foreseeable future. The provisions in the Code in respect of going concern reporting requirements reflect the economic and statutory environment in which authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

Furthermore, if an Authority were in financial difficulty alternative arrangements might be made by central Government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for the Authorities financial statements to be provided on anything other than a going concern basis.



COVID-19 has increased uncertainty over future funding available, with the likely impact on the economy in the medium to long term unknown. The Authority is monitoring the financial impact of COVID-19 and where possible is seeking to mitigate the financial impact on the Authority. On 19 March 2020 the Government announced £1.6bn additional funding for Local Government to help them respond to COVID-19 pressures across all the services they deliver. The Government on 18 April 2020 announced an extra £1.6bn additional funding for Local Government bringing the total additional funding to £3.2bn. The Authority received £807,000 in total.

The Authority is required to set a balanced budget, and the budget setting process in future financial years will face a number of uncertainties due to the impact of COVID-19, Government funding and cost pressures. Whilst an economic downturn is likely, it is extremely difficult to accurately quantify the impact this will have. Therefore the Authority will review various scenarios as part of the budget setting process and assess the wider impact. If required, the Authority will make use of usable reserves to ensure the Authority is able to set a balanced budget. Further details of the reserves available can be found in the Core Financial Statements section.

Cashflow and access to cash could potentially become an issue for the Authority during COVID-19. To mitigate the impact, the Authority has undertaken a review of the cashflow forecast up to 31 October 2022, with a number of assumptions surrounding income and expenditure.

The Authority thereby concludes that it is appropriate to prepare the financial statements on a going concern basis and that the Authority's functions and services will continue in operational existence for the next 12 months, from the date of the audit report. This is based on the Authority's ability to set a balanced budget and the cashflow forecasting position.

Conor Byrne

Head of Finance and Procurement



5. Statement of Responsibilities

The Fire Authority is required:

- to make arrangements for the proper administration of its financial affairs and to ensure that one of its officers (for the Fire Authority, that officer is the Head of Finance and Procurement) has the responsibility for the administration of those affairs;
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- to approve the Statement of Accounts.

The Responsibilities of the Head of Finance and Procurement:

The Head of Finance and Procurement 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 Head of Finance and Procurement 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.

The Head of Finance and Procurement has also:

- kept proper accounting records which are up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of Head of Finance and Procurement

I certify that the statement of accounts presents a true and fair view of the financial position of the Authority for the financial year 2019/20 and was prepared in accordance with the accounting policies in section 8.2.

Conor Byrne

Head of Finance and Procurement

20 October 2021



Agenda Item 6

Appendix B

ROYAL BERKSHIRE FIRE AUTHORITY 2019/20

Approval of the Accounts

I hereby confirm that these Accounts were approved by the Audit and Governance Committee at its meeting on 20 October 2021.

Tina McKenzie-Boyle

Chairman of the Audit and Governance Committee

20 October 2021



6. Independent Auditor's Report to the Members of Royal Berkshire Fire Authority

Opinion

We have audited the financial statements and the firefighters' pension fund financial statements of Royal Berkshire Fire Authority for the year ended 31 March 2020 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 8.1 to 8.34.
- and include the firefighters' pension fund financial statements comprising the Fund Account, the Net Assets Statement.

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 2019/20.

In our opinion the financial statements:

- give a true and fair view of the financial position of Royal Berkshire Fire Authority as at 31 March 2020 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

Basis for opinion

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

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



Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the Statement of Accounts 2019/20, other than the financial statements and our auditor's report thereon. The Chief Financial Officer is responsible for the other information.

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

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

We have nothing to report in this regard.

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

Arrangements to secure economy, efficiency and effectiveness in the use of resources

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in April 2020, we are satisfied that, in all significant respects, Royal Berkshire Fire Authority put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.



Matters on which we report by exception

We report to you if:

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

We have nothing to report in these respects.

Responsibility of the Chief Financial Officer

As explained more fully in the Statement of Responsibilities set out on page 15, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which the Authority's financial statements and the firefighters pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, and for being satisfied that they give a true and fair view.

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

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



Auditor's responsibilities for the audit of the financial statements

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

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in April 2020, as to whether the [name of body] had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. 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 Royal Berkshire Fire Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

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, Royal Berkshire Fire Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. 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.

Certificate

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

Use of our report

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

Andrew Brittain (Key Audit Partner)

Ernst & Young LLP (Local Auditor)

Reading

20 October 2021

The maintenance and integrity of the Royal Berkshire Fire 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.



7. Core Financial Statements

7.1 Movement in Reserves Statement

Movement in 2019/20

	Notes	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
		£000	£000	£000	£000	£000	£000	£000
Balance as at 1 April 2019		2,309	7,963	2,540	21	12,833	(389,713)	(376,880)
Movement in Reserves during 2019/20								
Total Comprehensive Income and Expenditure	7.2	(11,572)	0	0	0	(11,572)	64,297	52,725
Adjustments between accounting basis and funding basis under regulations	8.3	10,251	0	(2,540)	(21)	7,690	(7,690)	0
Net Increase / (Decrease) before Transfers to Earmarked Reserves		(1,321)	0	(2,540)	(21)	(3,882)	56,607	52,725
Transfers to / from Earmarked Reserves	8.4	1,279	(1,279)	0	0	0	0	0
Increase / (Decrease) in the year		(42)	(1,279)	(2,540)	(21)	(3,882)	56,607	52,725
Balance as at 31 March 2020		2,267	6,684	(0)	0	8,951	(333,106)	(324,155)



Movement in 2018/19

	Notes	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
		£000	£000	£000	£000	£000	£000	£000
Balance as at 1 April 2018		2,321	7,937	4,078	21	14,357	(369,436)	(355,079)
Movement in Reserves during 2018/19								
Total Comprehensive Income and Expenditure	7.2	(17,412)	0	0	0	(17,412)	(4,389)	(21,801)
Adjustments between accounting basis and funding basis under regulations	8.3	17,426	0	(1,538)	0	15,888	(15,888)	0
Net Increase / (Decrease) before Transfers to Earmarked Reserves		14	0	(1,538)	0	(1,524)	(20,277)	(21,801)
Transfers to / from Earmarked Reserves	8.4	(26)	26	0	0	0	0	0
Increase / (Decrease) in the year		(12)	26	(1,538)	0	(1,524)	(20,277)	(21,801)
Balance as at 31 March 2019		2,309	7,963	2,540	21	12,833	(389,713)	(376,880)



7.2 Comprehensive Income and Expenditure Statement

2018/19			Notes	2019/20		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
41,493	0	41,493	Employees	34,790	0	34,790
2,963	0	2,963	Premises	5,021	0	5,021
3,515	0	3,515	Supplies	3,864	0	3,864
955	0	955	Contracts	781	0	781
984	0	984	Transport	919	0	919
0	(2,269)	(2,269)	Income	0	(4,171)	(4,171)
49,910	(2,269)	47,641	Net Cost of Services	45,375	(4,171)	41,204
		(22)	Other operating expenditure			58
		10,883	Financing and Investment Income and Expenditure			10,150
		(41,090)	Taxation and Non-Specific Grant Income			(39,840)
		17,412	(Surplus) or Deficit on the Provision of Services			11,572
		(913)	(Surplus) or deficit on revaluation of Property, Plant and Equipment assets			(1,096)
		5,302	Actuarial (gains) / losses on pension assets / liabilities			(63,201)
		4,389	Other Comprehensive Income and Expenditure			(64,297)
		21,801	Total Comprehensive Income and Expenditure			(52,725)



7.3 Balance Sheet

2018/19 £000		Notes	2019/20 £000
28,621	Property, Plant & Equipment	8.15 i	31,236
867	Investment Property	8.16	807
353	Intangible Assets	8.17	262
479	Long Term Investments	8.19	534
30,320	Long Term Assets		32,839
11,349	Short Term Investments	8.19	8,411
73	Inventories	8.21	47
6,155	Short Term Debtors	8.22	6,735
3,164	Cash and Cash Equivalents	8.23	2,279
20,741	Current Assets		17,472
(4,702)	Short Term Creditors	8.24	(4,831)
(195)	Short-term Provisions - holiday pay	8.29 v	(196)
(284)	Provisions	8.25	(331)
(5,181)	Current Liabilities		(5,358)
(8,842)	Long Term Borrowing	8.19	(8,842)
(413,905)	Pension Liability	8.27 iv	(360,253)
(13)	Capital Grants Receipts in Advance	8.10	(13)
(422,760)	Long Term Liabilities		(369,108)
(376,880)	Net Assets (Liabilities)		(324,155)
12,833	Usable Reserves	8.28	8,951
(389,713)	Unusable Reserves	8.29	(333,106)
(376,880)	Total Reserves		(324,155)



7.4 Cash Flow Statement

2018/19 £000		2019/20 £000
	Cash Outflows from operating activities:	
(22,046)	Employment costs	(22,100)
(12,132)	Pension costs	(12,286)
(392)	Interest paid	(392)
(8,324)	Other operating costs	(8,682)
(42,894)	Total Cash Outflows	(43,460)
	Cash Inflows from operating activities:	
34,277	Precepts and General Government Grants	34,382
7,570	Pension top-up grant	5,421
50	Interest received	50
1,908	Other operating income	4,226
43,805	Total Cash Inflows	44,079
911	Net cashflows from operating activities	619
(2,020)	Purchase of property, plant and equipment, investment property and intangible assets	(4,500)
(28)	Purchase of short-term and long-term investments	2,961
26	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	35
(2,022)	Net cash outflows from investing activities	(1,504)
0	Net cash flows from financing activities	0
(1,111)	Net increase or (decrease) in cash and cash equivalents	(885)
4,275	Cash and cash equivalents at the beginning of the reporting period	3,164
3,164	Cash and cash equivalents at the end of the reporting period	2,279



8. Notes to Core Financial Statements

8.1 Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax payers how the funding available to the Authority (i.e. government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Authority's reporting areas in the new cost of services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Net expenditure chargeable to the General Fund also includes the total costs of running Thames Valley Fire Control Service as opposed to the Authority's share of the running cost which is shown in Section 4.3.



2018/19				2019/20		
Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
27,399	14,094	41,493	Employees	29,358	5,432	34,790
2,151	812	2,963	Premises	2,441	2,580	5,021
3,515	0	3,515	Supplies	3,864	0	3,864
955	0	955	Contracts	781	0	781
984	0	984	Transport	919	0	919
434	(434)	0	Pensions	388	(388)	0
(2,284)	15	(2,269)	Income	(4,182)	11	(4,171)
33,154	14,487	47,641	Net Cost of Services	33,569	7,635	41,204
(33,168)	2,939	(30,229)	Other Income and Expenditure	(32,248)	2,616	(29,632)
(14)	17,426	17,412	(Surplus) or Deficit	1,321	10,251	11,572
(10,258)			Opening General Fund Balance including Earmarked Reserves	(10,272)		
(14)			Less/Plus (Surplus) / Deficit on General Fund in Year	1,321		
(10,272)			Closing General Fund Balance including Earmarked Reserves at 31 March	(8,951)		



8.2 Accounting Policies

i. General Principles

The Statement of Accounts summarises the Authority's transactions for the 2019/20 financial year and its position at the year-end of 31 March 2020. The Authority is required to prepare an annual Statement of Accounts in accordance with proper accounting practices by the Accounts and Audit Regulations 2015. These practices under Section 21 of the Local Government Act 2003 primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Act.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

ii. Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations of the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.



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

The only exceptions to the above are that:

- Salaries and wages are paid in arrears, and amounts charged correspond to the income tax year.
- Amounts charged on monthly procurement card statements run from March to February rather than April to March in the Accounts.

The effects of these policies are not considered to be material, as they are applied consistently each year.

iii. Cash and Cash Equivalents

Cash and cash equivalents for the Authority equate to monies held in the Authority's current account and linked savings account. Monies held in these accounts can be withdrawn without notice and are used for the day-to-day running of the Authority.

The Authority also holds monies in call and notice accounts. These deposits are treated as short-term investments as the Authority does not use these balances on a day-to-day basis.

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

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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



v. Charges to Revenue for Non-Current Assets

Services are debited with the following amounts to record the cost of holding 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 fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue (minimum revenue provision) 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 amortisations are therefore replaced by a contribution from 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.

vi. Employee Benefits

Benefits Payable during Employment

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

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are



charged on an accruals basis to the appropriate service or, where applicable, to a corporate service segment at the earlier of when the Authority can no longer withdraw the offer of those benefits or when the Authority recognises costs for a restructuring.

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

Post-Employment Benefits

Pension costs have been provided for in accordance with relevant Government regulations and in accordance with IAS 19 Employee Benefits.

IAS 19 is based on the principle that an organisation should account for retirement benefits when it is committed to give them, even if the actual giving will be many years into the future. Inclusion of the attributable share of the fund assets and liabilities does not mean that legal title or obligation has passed from the trustees to the employer. Instead it represents the employer's commitment to increase contributions to make up any shortfall in attributable net assets, or its ability to benefit (via reduced contributions) from a surplus in the scheme.

The Fire Authority participates in five pension schemes, which provide members with defined benefits relating to pay and service.

- **Uniformed Firefighters**

There are four firefighter pension schemes: 1992 Pension Scheme, 2006 Pension Scheme, 2015 Pension Scheme and the Modified Pension Scheme. All are unfunded defined benefit schemes.

Central Government requires Fire Authorities to keep a separate Pensions Account from which pensions will be paid. On the income side, employer and employee contributions are paid into the account. Transfer values for firefighters that transfer into and out of the scheme are also posted to the account. If the account is in deficit at the end of the financial year, the Government will provide a top-up grant to bring the account into balance.

The pension costs have been assessed in accordance with the advice of a professionally qualified actuary. The latest formal valuation used data as at 31 December 2019.



- The Local Government Pension Scheme

The Local Government Pension Scheme (LGPS) is accounted for as a funded defined benefits scheme:

The liabilities of the Royal County of Berkshire Pension Fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of earnings for current employees. Liabilities are discounted to their value at current prices.

The assets of the Royal County of Berkshire Pension Fund attributable to the Authority are included in the Balance Sheet at their fair value.

The latest formal valuation was as at 31 March 2019.

Measurement of the Net Liabilities of the Pension Schemes

There are three main categories: service cost, net interest on the net defined benefit liability or asset and remeasurements of the net defined benefit liability or asset.

1. Service cost comprising:

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years– debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.

2. Net interest on the net defined benefit liability (asset): the change during the period in the net defined benefit liability (asset) that arises from the passage of time which is charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement.

3. Remeasurements comprising:

- the return on plan assets which is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
- actuarial gains and losses are changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. These gains and losses are charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.



Cost of Retirement Benefits in Relation to the General Fund

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension funds or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

Discretionary Benefits

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

vii. 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 event 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.



viii. Financial Instruments

Financial Liabilities

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

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

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- Amortised cost
- Fair value through profit or loss (FVPL), and
- Fair value through other comprehensive income (FVOCI)

The Authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost.

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost 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.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written



down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

ix. 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 contribution 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 either creditors (revenue grants) or capital receipts in advance (capital grants). 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.

x. 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 (eg software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

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

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xi. Interests in Companies and Other Entities

Royal Berkshire Fire & Rescue (Training) Limited was set up by the Authority to ensure the continued provision of fire safety training on a commercial basis. The



company was a wholly-owned subsidiary of the Authority and started trading on 1 January 2009. The company was closed down on 30 September 2019.

The Authority is also a member of the Fire and rescue Indemnity Company (FRIC) which provides risk protection arrangements.

xii. Inventories

Inventories are reflected in the Balance Sheet at average historical cost. This is not consistent with IAS 2, which requires inventories to be valued at the lower of cost or net realisable value. However, it is felt that the treatment as set out in IAS2 is not appropriate for the specific items being held. Certain immaterial inventories are treated as current expenditure and charged directly to revenue.

xiii. Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.



xiv. Leases

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

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

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

The Authority as Lessee

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

The Authority as Lessor

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

xv. 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. All of the Authority's capital expenditure plans are formulated within the framework of CIPFA's Prudential Code.



Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. The Authority's de-minimis level for capital expenditure is £0.007m.

Measurement

An asset is 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 initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The cost of an asset 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 assets exchanged.

Assets are then carried on the Balance Sheet using the following measurement bases:

- non-property assets and assets under construction – depreciated historical cost
- all other assets – fair value

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value. A full revaluation of all freehold properties was completed as at 31 March 2020 and based on the fact that there is market evidence for the majority of Fire Authority property assets, and there would be a market for these in their existing form due to their flexible design and adaptability

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at year end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.



Where decreases in value are identified, they are accounted for as follows:

- 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 in the Comprehensive Income and Expenditure Statement.

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

Impairment

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

Where impairment losses are identified, they are accounted for as follows:

- 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 in the Comprehensive Income and Expenditure Statement.

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

Depreciation

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

Depreciation is calculated on the following bases:



- Buildings – straight-line allocation over the useful life of the property as estimated by the valuer;
- Vehicles – reducing balance over the life of the asset,
- Donated assets – straight line over the remaining useful life;
- Plant & Equipment – straight-line over the life of the asset.

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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

Component accounting

Components of Property, Plant & Equipment are not shown separately on the Balance Sheet if the value of the component is less than £100,000. Furthermore, components with a value of at least £100,000 are only shown separately on the Balance Sheet where the value of the component is at least 20 per cent of the value of the remainder of the asset or where there is a material effect on depreciation.

Disposals and Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as held for sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.



When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) 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 against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

xvi. Fair Value Measurement

The Authority measures some of its non-financial assets such as surplus assets and investment properties and some of its provisions at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability

The Authority measures the fair value of an asset or liability using the assumptions that the market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring fair value of a non-financial asset, the Authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.



The Authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Authority's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Authority can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability

xvii. Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

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



Contingent Liabilities

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

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

Contingent Assets

A contingent asset arises where an event has taken place that gives the Authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

xviii. Reserves

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

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

xix. 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.

xx. VAT

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



8.3 Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are required by statutory regulations to the Comprehensive Income and Expenditure Statement.

	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
2019/20	£000	£000	£000	£000
Adjustments involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement				
Charges for depreciation and impairment and valuation losses of non-current assets	2,451			(2,451)
Movements in the fair value of Investment Properties	60			(60)
Amortisation of intangible assets	129			(129)
Donated assets				
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	29			(29)
Government grants deferred amortisation				
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement				
Statutory Provision for the repayment of debt - (MRP & VRP)	(1,292)			1,292
Revenue contribution to finance capital	(500)			500
Adjustments primarily involving the Capital Grants Unapplied Account:				



Application of grants to capital financing transferred to the Capital Adjustment Account			(21)	21
Adjustments primarily involving the Capital Receipts Reserve:				
Use of capital receipts reserve to finance capital expenditure		(2,578)		2,578
Transfer of proceeds from sale of assets to CIES	(38)	38		
Adjustments primarily involving the Pension Reserve:				
Reversal of items relating to retirement benefits debited or credited to the CIES	20,134			(20,134)
Employer's pensions contributions and direct payments to pensioners payable in the year	(5,263)			5,263
Gain in relation to government grant payable to the Pension Fund on the Authority's behalf including Milne v GAD	(5,322)			5,322
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which CT and NNDR income credited to the CIES is different from statutory requirements	(138)			138
Adjustments primarily involving the Accumulated Absences Account:				
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	1			(1)
Total Adjustments	10,251	(2,540)	(21)	(7,690)



2018/19	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement				
Charges for depreciation and impairment and valuation losses of non-current assets	700			(700)
Movements in the fair value of Investment Properties	(2)			2
Amortisation of intangible assets	112			(112)
Donated assets				
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	5			(5)
Government grants deferred amortisation				
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement				
Statutory Provision for the repayment of debt - (MRP)	(318)			318
Revenue contribution to finance capital	(500)			500
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grant unapplied credited to CIES				
Application of grants to capital financing transferred to the Capital Adjustment Account				
Adjustments primarily involving the Capital Receipts Reserve:				
Use of capital receipts reserve to finance capital expenditure		(1,565)		1,565
Transfer of proceeds from sale of assets to CIES	(27)	27		



Adjustments primarily involving the Pension Reserve:				
Reversal of items relating to retirement benefits debited or credited to the CIES	27,694			(27,694)
Employer's pensions contributions and direct payments to pensioners payable in the year	(3,425)			3,425
Gain in relation to government grant payable to the Pension Fund on the Authority's behalf including Milne v GAD	(6,882)			6,882
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which CT and NNDR income credited to the CIES is different from statutory requirements	71			(71)
Adjustments primarily involving the Accumulated Absences Account:				
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	(2)			2
Total Adjustments	17,426	(1,538)	0	(15,888)



8.4 Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2019/20.

	Balance at 1 April 2019 £000	Net transfers In / (Out) £000	Balance at 31 March 2020 £000	Purpose
Budget Carry Forward Reserve	158	98	256	To roll forward specific budget lines where commitments have been made but expenditure has not yet been incurred by the close of the financial year
Detectors Reserve	62	0	62	To provide on-going support to the Fire Prevention Programme
TVFCS Renewals Fund	479	55	534	To replace IT assets
Grants Received in Advance	866	(235)	631	The unspent balance of grants
COVID-19	0	94	94	Funding received to help meet additional costs associated with the COVID-19 pandemic
Vacancy Reserve	65	0	65	To offset fluctuations in employee numbers
Budget Contingency Reserve	1,484	(205)	1,279	To offset future cuts in Government funding
Transition Fund	639	(71)	568	To support new ways of working
Development Fund	4,210	(1,015)	3,195	To fund capital projects
Total	7,963	(1,279)	6,684	



Comparative movement in 2018/19

	Balance at 1 April 2018 £000	Net transfers In / (Out) £000	Balance at 31 March 2019 £000	Purpose
Budget Carry Forward Reserve	228	(70)	158	To roll forward specific budget lines where commitments have been made but expenditure has not yet been incurred by the close of the financial year
Detectors Reserve	62	0	62	To provide on-going support to the Fire Prevention Programme
TVFCS Renewals Fund	424	55	479	To replace IT assets
Grants Received in Advance	990	(124)	866	The unspent balance of grants
Vacancy Reserve	65	0	65	To offset fluctuations in employee numbers
Budget Contingency Reserve	1,060	424	1,484	To offset future cuts in Government funding
Transition Fund	898	(259)	639	To support new ways of working
Development Fund	4,210	0	4,210	To fund capital projects
Total	7,937	26	7,963	



8.5 Note to the Expenditure and Funding Analysis

This note provides a reconciliation of the main adjustments to Net Expenditure Chargeable to the General Fund Balance to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The relevant transfers between reserves are explained in the Movement in Reserves Statement.

Adjustments between Funding and Accounting Basis 2019/20

Adjustments to General Fund to arrive at the Comprehensive Income and Expenditure Statements amounts	Adjustments for Capital Purposes	Net Change for Pension Adjustments	Other Differences	Total
	£000	£000	£000	£000
Employees		5,432		5,432
Premises	2,580			2,580
Supplies				0
Contracts				0
Transport				0
Pensions		(388)		(388)
Income			11	11
Net Cost of Services	2,580	5,044	11	7,635
Other Income and Expenditure from the Expenditure and Funding Analysis	(1,741)	4,505	(148)	2,616
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or Deficit on the Provision of Services	839	9,549	(137)	10,251



Adjustments between Funding and Accounting Basis 2018/19

Adjustments to General Fund to arrive at the Comprehensive Income and Expenditure Statements amounts	Adjustments for Capital Purposes	Net Change for Pension Adjustments	Other Differences	Total
	£000	£000	£000	£000
Employees		14,093		14,093
Premises	813			813
Supplies				0
Contracts				0
Transport				0
Pensions		(434)		(434)
Income			15	15
Net Cost of Services	813	13,659	15	14,487
Other Income and Expenditure from the Expenditure and Funding Analysis	(843)	3,728	54	2,939
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or Deficit on the Provision of Services	(30)	17,387	69	17,426



Adjustment for Capital Purposes

Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the service line, and for:

Other operating expenditure – adjusts for capital disposals with transfer of income on disposal of assets and the amounts written off for those assets.

Financing and investment income and expenditure – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied through the year. The Taxation and Non-Specific Grant Income line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Change for the Pension Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

For services - this represents the removal of the employer pension contributions made by the Authority as allowed by statute and the replacement with current service costs and past service costs.

For Financing and investment income and expenditure - the net interest on the defined benefit liability is charged to the CIES.

Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

For Financing and investment income and expenditure - the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.

The charge under Taxation and non-specific grant income and expenditure – represents the difference between what is chargeable under statutory regulations for council tax and NNDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.



Segmental Income

The internal monitoring structure of the Authority is based on the nature of the costs incurred rather than reflecting any internal service segment structures. The above disclosure has therefore been deemed not necessary as this information can be seen on the face of the Expenditure and Funding Analysis note.

8.6 Expenditure and Income Analysed by Nature

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

2018/19		2019/20
£000	Expenditure / Income	£000
	Expenditure:	
52,102	Employee benefit expenses	44,616
7,605	Other services expenses	8,005
813	Depreciation, Amortisation and Impairment	2,580
392	Interest payments	392
(22)	Loss (Gain) on the disposal of assets & investments	58
60,890	Total Expenditure	55,651
	Income:	
(2,286)	Fees, charges and other service income	(4,122)
(102)	Interest and investment income	(117)
(28,153)	Income from council tax and non domestic rates	(29,355)
(12,937)	Government grants and contributions	(10,485)
(43,478)	Total Income	(44,079)
17,412	Surplus or Deficit on the Provision of Services	11,572

8.7 Other Operating Expenditure

2018/19		2019/20
£000		£000
(22)	(Profit) / loss on the disposal of assets	(8)
0	Write off of Trading Company Loan	66
(22)	Total	58



8.8 Financing and Investment Income and Expenditure

2018/19 £000		2019/20 £000
392	Interest payable and similar charges	392
10,610	Pensions interest cost and expected return on pensions assets	9,826
(102)	Interest receivable and similar income	(117)
(17)	Income and expenditure in relation to investment properties and changes in their fair value	49
10,883	Total	10,150

8.9 Taxation and Non Specific Grant Incomes

2018/19 £000		2019/20 £000
(22,177)	Council Tax Income	(23,136)
(5,976)	Non Domestic Rates Income	(6,219)
(6,055)	General Government Grants	(5,164)
(6,882)	Gain in relation to Government grant and other contributions payable to the Pension Fund on the Authority's behalf	(5,321)
(41,090)	Total	(39,840)

8.10 Grant Income

2018/19 £000		2019/20 £000
	Credited to Taxation and Non Specific Grant Income:	
342	NNDR grants	498
342	Total	498
	Credited to Service:	
0	Fire Pensions	1,663
0	COVID-19 Pandemic	126
10	New Risks	5
361	Firelink	372
28	New Dimensions	9
8	Transparency grant	8
407	Total	2,183



The Authority has received a number of contributions that have yet to be recognised as income as they have conditions attached to them that will require the monies to be returned to the giver. The balances at the year-end are as follows:

	£000
Capital Grants Receipts in Advance	(13)
Total	(13)

8.11 Members' Allowances

The Authority paid the following amounts to Members of the Fire Authority during the year.

2018/19 £000		2019/20 £000
84	Allowances	82
3	Expenses	4
87	Total	86

8.12 Officers' Remuneration

Officers whose remuneration was £50,000 or more fall into the following ranges:

2018/19 Number of employees	Remuneration band	2019/20 Number of employees
13	50,000 - 54,999	18
6	55,000 - 59,999	8
9	60,000 - 64,999	8
4	65,000 - 69,999	8
2	70,000 - 74,999	3
1	75,000 - 79,999	1
0	80,000 - 84,999	1
35	Total	47

The table above excludes the Chief Fire Officer, Directors and Head of Finance and Procurement whose remuneration is shown in the table below.



Remuneration refers to all amounts paid to, and receivable by, an employee (excluding pension contributions) and includes sums due by way of expenses allowances, and the estimated money value of any other benefits received by an employee otherwise than in cash.

Senior employees are shown by job title in the tables below. The term senior employee applies to the Chief Fire Officer, Directors and Head of Finance and Procurement.

Remuneration 2019/20	Salary including fees and allowances	Taxable Expenses	Benefit in Kind (car allowance)	Total remuneration excluding pension contributions	Employer pension contributions	Total remuneration including pension contributions
Chief Fire Officer - Trevor Ferguson	159,567	59	4,272	163,898	45,955	209,853
Deputy Chief Fire Officer - Steve Foye	136,765	268	4,351	141,384	47,092	188,476
Assistant Chief Fire Officer - from 13 May 2019	96,953	693	4,754	102,400	27,923	130,323
Assistant Chief Fire Officer to 25th June 2019	29,420	21	3,875	33,316	10,974	44,290
Director of Support Services	108,622	0	0	108,622	16,511	125,133
Head of Finance and Procurement	69,098	0	0	69,098	10,503	79,601
Total	600,425	1,041	17,252	618,718	158,958	777,676



Remuneration 2018/19	Salary including fees and allowances	Taxable Expenses	Benefit in Kind (car allowance)	Total remuneration excluding pension contributions	Employer pension contributions	Total remuneration including pension contributions
Chief Fire Officer - Trevor Ferguson	155,662	137	4,317	160,116	22,260	182,376
Deputy Chief Fire Officer - Steve Foye	123,223	29	4,247	127,499	26,739	154,238
Assistant Chief Fire Officer	116,229	23	4,317	120,569	25,222	145,791
Director of Support Services	102,476	0	0	102,476	15,576	118,052
Head of Finance and Procurement	67,743	0	0	67,743	10,297	78,040
Total	565,333	189	12,881	578,403	100,094	678,497

8.13 Exit Packages and Termination Benefits

Exit Package Cost Band	Number of compulsory redundancies		Number of other departures		Total Number		Total Cost (£)	
	18/19	19/20	18/19	19/20	18/19	19/20	18/19	19/20
£0-£20,000	1	0	4	0	5	0	42,084	0
£20,001-£40,000	1	0	0	1	1	1	20,512	27,237
Total cost included in bandings and in the CIES	2	0	4	1	6	1	62,596	27,237



8.14 External Audit Costs

Fees relating to external audit and inspection are detailed below. The fees cover a financial statements audit, a value for money conclusion and a whole of government accounts audit.

2018/19 £000		2019/20 £000
26	Fees payable with regard to external audit services carried out by the appointed auditor for the year	26
0	Fees payable with regard to external audit services carried out by the appointed auditor and additional costs incurred for the pension audit for the prior year	8
26	Total	34

8.15 Property, Plant and Equipment

i Movement on Balances

Movements in property, plant and equipment for 2019/20 are shown in the table below.

	Land & Building £000	Vehicles, Plant and Equipment £000	Assets under Construction £000	Total Property, Plant and Equipment £000
Cost or Valuation				
At 1 April 2019	31,163	11,478	1,686	44,327
Additions	0	641	3,356	3,997
Revaluation increases / (decreases) recognised in the revaluation reserve	1,104		(8)	1,096
Revaluation increases / (decreases) recognised in the surplus / deficit on the provision of services	561		(1,378)	(817)
Derecognition-disposals	(21)	(865)		(886)
Other movements in cost or valuation	(266)	640	(374)	0
at 31 March 2020	32,541	11,894	3,282	47,717



Agenda Item 6

Appendix B

ROYAL BERKSHIRE FIRE AUTHORITY 2019/20

Accumulated Depreciation and Impairment				
At 1 April 2019	(6,750)	(8,956)	0	(15,706)
Depreciation Charge	(617)	(1,017)		(1,634)
Derecognition-disposals		859		859
at 31 March 2020	(7,367)	(9,114)	0	(16,481)
Net Book Value				
at 31 March 2019	24,413	2,522	1,686	28,621
at 31 March 2020	25,174	2,780	3,282	31,236

Comparative movements in 2018/19

	Land & Building £000	Vehicles, Plant and Equipment £000	Assets under Construction £000	Total Property, Plant and Equipment £000
Cost or Valuation				
At 1 April 2018	29,103	10,575	1,098	40,776
Additions	326	631	981	1,938
Revaluation increases / (decreases) recognised in the revaluation reserve	913			913
Revaluation increases / (decreases) recognised in the surplus / deficit on the provision of services	696			696
Derecognition-disposals		(104)		(104)
Other movements in cost or valuation	125	376	(393)	108
at 31 March 2019	31,163	11,478	1,686	44,327
Accumulated Depreciation and Impairment				
At 1 April 2018	(6,243)	(8,168)	0	(14,411)
Depreciation Charge	(507)	(889)		(1,396)
Derecognition-disposals		101		101
at 31 March 2019	(6,750)	(8,956)	0	(15,706)
Net Book Value				
at 31 March 2018	22,860	2,407	1,098	26,365
at 31 March 2019	24,413	2,522	1,686	28,621



ii Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

Buildings – straight line over the life of the buildings or components (6-57 years)

Equipment – straight line over the life of the asset (3-15 years)

Vehicles – reducing balance over the life of the asset (3-15 years).

Assets donated by the Government are depreciated straight line over the remaining useful life.

iii Capital Commitments Update

At 31 March 2020, the Authority had outstanding commitments of £6,406,000 relating to premises building projects (£6,171,000 in relation to Theale Fire Station and £235,000 for Crowthorne). The Authority also had commitments of £105,000 for IT licences and hardware replacement and £670,000 in relation to vehicles.

iv Fixed Asset Valuation

The Authority's freehold properties were valued on 31 March 2020 by an external Valuer, Kelly Smith BSc (Hons) MRICS, Registered Valuer of BNP Paribas Real Estate Chartered Surveyors. The valuations were in accordance with the requirements of the RICS Valuation Global Standards 2020 and International Financial Reporting Standards (IFRS)-based Code of Practice on Local Authority Accounting (the "Code") published by the Chartered Institute of Public Finance and Accountancy (CIPFA), the Financial Reporting Standard applicable for Local Authorities.

The valuation of each property was on the basis of Fair Value, subject to the following assumptions:

- Property, Plant and Equipment: that the property would be continue to be owner occupied as part of the continuing business.
- Investment property: that the property would be valued subject to any existing leases without alteration or modification of the terms.
- Due to COVID-19 and the unprecedented set of circumstances in which to base a judgement, the valuations are reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

The Valuer's opinion of fair value was primarily derived using:



- The Market Approach - comparable market transactions on arms-length terms and changes in rent, yield and value indices. It is based upon comparing the subject asset with identical or similar assets (or liabilities) for which price information is available.
- Cost Approach or Depreciated Replacement Cost Approach; training towers and smoke houses because the specialist nature of these means that there are no market transactions of this type of asset, except as part of the business or entity. It is based upon the economic principle that a purchases will pay no more for an asset that the cost to obtain one of the equal utility whether by purchase or construction.

8.16 Investment Properties

The following item of income and expenditure has been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

2018/19 £000		2019/20 £000
(14)	Rental income from investment property	(11)
(14)	Net (Gain) / Loss	(11)

The three investment properties were valued at 31 March 2020 by Kelly Smith BSc (Hons) MRICS, Registered Valuer of BNP Paribas Real Estate Chartered Surveyors.

Based on the assessment of market values and the assessed age of the tenants, the total value of the properties is £807,000.

There are no restrictions on the Authority's ability to realise the value inherent in one of its investment properties. However, should two of the properties (worth £614,000) be sold, the Authority will be required to share half of the proceeds with the six unitary authorities in Berkshire.

The Authority has no contractual obligation to purchase, construct, develop or maintain investment properties.

The following table summarises the movement in the fair value of the Authority's investment properties over the year:

2018/19 £000		2019/20 £000
975	Balance at start of the year	867
2	Revaluation	(60)
(110)	Transfer from (to) property, plant & equipment	0
867	Balance at end of the year	807



Fair value Hierarchy

Details of the Authority's investment properties and information about the fair value hierarchy as at 31 March 2020 are shown below.

Fair Value as at 31 March 2019 (Level 2) £000	Recurring Fair Value Measurement using:	Fair Value as at 31 March 2020 (Level 2) £000
0	Land	0
867	Building	807
867	Total	807

Valuation Techniques used to Determine Level 2 Fair Value for Investment Properties

Significant Observable Inputs – Level 2

The fair value for the residential properties has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

Highest and Best use of Investment Properties

In estimating the fair value of the Authority's investment properties, the highest and best use of the properties is their current use, taking into account the restrictions on the sale of two of the properties.

Valuation Techniques

There has been no change in the valuation techniques used during the year for investment properties.

Valuation Process for Investment Properties

The fair value of the Authority's investment property is measured annually at each reporting date. All valuations are carried out using appointed Valuers, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The Authority's valuation experts work closely with finance officers reporting directly to the Head of Finance on a regular basis regarding all valuation matters.



8.17 Movement of Intangible Fixed Assets

Intangible Assets are recognised as non-financial fixed assets that do not have physical substance but are identifiable and are controlled by the entity through custody or legal rights. These represent the purchase of computer software and licences and other software systems and are amortised to the Comprehensive Income and Expenditure Statement on the basis of the cost and estimated useful life.

No assets were internally generated. All assets have finite useful lives and are amortised on a straight-line basis at 5 years (in the first year only half a year's depreciation is charged). Amortisation is included within Premises in Comprehensive Income and Expenditure Statement.

2018/19 £000		2019/20 £000
338	Balance as start of the year:	353
127	Additions	38
(112)	Amortisation for the period	(129)
353	Net carrying amount at end of year	262

8.18 Capital Expenditure and Financing

The table below shows the effect of capital expenditure on the Authority's capital financing requirement.

	2018/19 £000	2019/20 £000
Opening Capital Financing Requirement	5,695	5,377
Capital investment:		
Property, Plant and Equipment	2,065	4,036
Sources of Finance:		
Capital Receipts	(1,565)	(2,578)
Revenue Funding including MRP & VRP	(818)	(1,813)
Closing Capital Financing Requirement	5,377	5,022
Explanation of Movements in the Year		
(Decrease) in the underlying need to borrow	(318)	(355)
Increase / (Decrease) in Capital Financing Requirement	(318)	(355)



The Fire Authority's formally approved Capital Programme for future years is shown below. However it is normal practice for the future Capital Programme to be reviewed as part of the annual budget process.

	2020/21 £000	2021/22 £000	2022/23 £000
Property	5,664	3,520	1,750
Fleet & Equipment	2,065	800	1,380
ICT	678	1,053	848
Total	8,407	5,373	3,978

8.19 Financial Instruments

i Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

	Non-Current		Current	
	18/19 £000	19/20 £000	18/19 £000	19/20 £000
Financial Assets				
Investments - Amortised Cost	479	534	11,349	8,411
Debtors - Amortised Cost			273	617
Total Financial Assets	479	534	11,622	9,028
Financial Liabilities				
Borrowing - Amortised Cost	(8,842)	(8,842)		
Creditors - Amortised Cost			(1,649)	(1,377)
Total Financial Liabilities	(8,842)	(8,842)	(1,649)	(1,377)



	2018/19			2019/20		
	Financial Liabilities measured at amortised cost £000	Financial Assets measured at amortised cost £000	Total £000	Financial Liabilities measured at amortised cost £000	Financial Assets measured at amortised cost £000	Total £000
Interest expenses	(392)		(392)	(392)		(392)
Total expense in Surplus or Deficit on the Provision of Services	(392)		(392)	(392)		(392)
Interest income		102	102		117	117
Total income in Surplus or Deficit on the Provision of Services		102	102		117	117
Net gain/(loss) for the year	(392)	102	(290)	(392)	117	(275)

iii Fair value of Assets and Liabilities carried at Amortised Cost

Financial liabilities and financial assets represented by loans and receivables are carried on the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions: For loans from the Public Works Loan Board (PWLb), premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures (a Level 2 valuation using discounted cash flows);

- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the principal outstanding or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.



The fair values calculated are as follows:

	31 March 2019		31 March 2020	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
PWLB debt	(8,842)	(11,473)	(8,842)	(11,860)
Trade creditors	(1,649)	(1,649)	(1,377)	(1,377)
Total Financial Liabilities	(10,491)	(13,122)	(10,219)	(13,237)
Non-current Investments	479	479	534	534
Current Investments	11,349	11,349	8,411	8,411
Trade debtors	273	273	617	617
Total Financial Assets	12,101	12,101	9,562	9,562

The fair values for loans and receivables have been determined by reference to the PWLB redemption rules which provide a good approximation for the fair value of a financial instrument and include accrued interest. The comparator market rates prevailing have been taken from indicative investment rates at each Balance Sheet date. In practice, rates will be determined by the size of the transaction and the counterparty, but it is impractical to use these figures, and the difference is likely to be immaterial.



8.20 Nature and Extent of Risk Arising from Financial Instruments

The Authority's activities expose it to a variety of financial risks. The key risks are:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Authority;
- Liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments;
- Re-financing risk – the possibility that the Authority might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market risk - the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates movements.

i Overall Procedures for Managing Risk

The Authority's overall risk management procedures focus on the unpredictability of financial markets and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework in the Local Government Act 2003 and the associated regulations. These require the Authority to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and investment guidance issued through the Act. Overall these procedures require the Authority to manage risk in the following ways:

- by formally adopting the requirements of the Code of Practice;
- by the adoption of a Treasury Policy Statement and treasury management clauses within its standing orders;
- by approving annually in advance prudential and treasury indicators for the following three years limiting:
 - The Authority's overall borrowing;
 - Its maximum and minimum exposures to fixed and variable rates;
 - Its maximum and minimum exposures regarding the maturity structure of its debt;
 - Its maximum annual exposure to investments maturing beyond a year.
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with Government guidance.

These are required to be reported and approved at or before the Authority's annual council tax setting budget or before the start of the year to which they relate. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Authority's financial instrument exposure. Actual performance is also reported to Members.

The annual treasury management strategy which incorporates the prudential indicators was approved by the Fire Authority on 25 February 2019 and is available on the Authority website.



The key issues within the strategy were:

- The Authorised Limit for 2019/20 was set at £11.342 million. This is the maximum limit of external borrowings or other long term liabilities.
- The Operational Boundary was expected to be £8.942 million. This is the expected level of debt and other long term liabilities during the year.
- The maximum amounts of fixed and variable interest rate exposure were set at 100% and 50% based on the Authority's net debt.

The Authority maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed periodically.

ii Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers.

- This 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, in accordance with Fitch, Moody's and Standard & Poor's Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. Additional selection criteria are also applied after these initial criteria are applied.

The full Investment Strategy for 2019/20 was approved by Full Authority on 25 February 2019 and is available on the Authority's website.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors.

The Authority's maximum exposure to credit risk in relation to its investments in banks and building societies of £8,945,000 cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Authority's deposits, but there was no evidence at the 31 March 2020 that this was likely to crystallise.

The following analysis summarises the Authority's maximum exposure to credit risk on other financial assets, based on experience of default, adjusted to reflect current market conditions.



	Amount at 31 March 2020 £000	Historical experience of default %	Adjustment for market conditions at 31 March 2020 %	Estimated maximum exposure at 31 March 2020 £000	Estimated maximum exposure at 31 March 2019 £000
	(a)	(b)	(c)	(a * c)	
Trade debtors (not including statutory debtors – Authority Tax/NNDR)	617	5%	5%	31	14

No breaches of the Authority's counterparty criteria occurred during the reporting period and the Authority does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

The allocation of the Authority's investments between institutions domiciled in foreign countries and in the UK was as follows:

	31 March 2020 £000	31 March 2020 %
UK	8,945	100.00%
Total	8,945	100.00%

The Authority does not generally allow credit for its trade debtors. The past due amount can be analysed by age as follows:

31 March 2019 £000		31 March 2020 £000
254	Less than three months	617
5	Three to six months	0
9	Six months to one year	0
5	More than one year	0
273	Total	617

During the reporting period the Authority held no collateral as security.



iii Liquidity risk

The Authority manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when it is needed.

If unexpected movements happen, the Authority has ready access to borrowings from the money markets and the Public Works Loan Board. Money markets would be utilised to cover any day-to-day short term cash flow need and the PWLB provides access to longer term funding. The Authority is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial assets is as follows:

31 March 2019 £000		31 March 2020 £000
11,349	Less than one year	8,411
0	Between one and two years	0
0	Between two and three years	0
479	More than three years	534
11,828	Total	8,945

All trade and other payables are due to be paid in less than one year and are not shown in the table above.



Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Authority relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Authority's approved treasury and investment strategies address the main risks and are addressed within approved parameters. These include:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Authority's day-to-day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period (approved as part of the Authority's Treasury Management Strategy):

	Approved maximum limits	Approved minimum Limits	Actual 31 Mar 2019	Actual 31 Mar 2020
	%	%	£000	£000
Less than one year	50%	0%	0	1,750
Between one and two years	50%	0%	1,750	1,170
Between two and five years	25%	0%	1,170	0
Between five and ten years	40%	0%	991	2,672
More than ten years	100%	0%	4,931	3,250
Total			8,842	8,842



v Interest rate risk

The Authority is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Income and Expenditure Account will rise;
- borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances);
- investments at variable rates – the interest income credited to the Income and Expenditure Account will rise;
- investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Authority has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Authority's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposures. Markets and forecast interest rates are monitored during the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favorable, fixed rate investments may be taken for longer periods to secure better long-term returns.

If interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	£000
(Increase) in interest receivable on variable rate investments	(104)
Impact on (Income) and Expenditure Account	(104)
Decrease in fair value of fixed rate borrowings liabilities (no impact on Consolidated Income and Expenditure Account)	840

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.



vi

Price risk

The Authority, excluding the pension fund, does not invest in equity shares or marketable bonds.

vii

Foreign exchange risk

The Authority has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to losses arising from movements in exchange rates.

8.21 Inventories

31 March 2019 £000	Consumable Stores	31 March 2020 £000
42	Balance outstanding at start of year	73
268	Purchases	201
(237)	Recognised as an expense in the year	(227)
73	Balance outstanding at year-end	47

8.22 Debtors and Prepayments

A breakdown of debtors and prepayments is given in the table below:

31 March 2019 £000		31 March 2020 £000
2,196	Central Government	2,097
2,553	Local Authorities	2,798
15	NHS Bodies	12
273	Other Entities and individuals	617
1,118	Prepayments	1,211
6,155	Total	6,735

8.23 Cash and Cash Equivalents

The balance of cash and cash equivalents is made up of the following elements:

31 March 2019 £000		31 March 2020 £000
4	Cash held by the Authority	2
3,160	Bank current accounts	2,277
3,164	Total Cash and Cash Equivalents	2,279



8.24 Creditors and Income in Advance

A breakdown of creditors and income in advance is given in the table below:

31 March 2019 £000		31 March 2020 £000
(914)	Central Government	(870)
(1,708)	Local Authorities	(1,914)
(7)	NHS Bodies	(16)
(1,649)	Other Entities and individuals	(1,377)
(424)	Income received in advance	(654)
(4,702)	Total	(4,831)

8.25 Provisions

The following table shows movements on the Authority's provisions.

	Business Rates Appeals £000
Balance at 1 April 2019	(284)
Movement in year	(47)
Balance at 31 March 2020	(331)

A provision has been made for the Authority's share of outstanding Business Rates appeals. This is based on the latest list of outstanding rating list proposals provided by the Valuation Office Agency, taking into account factors such as the settled claims history, changes in comparable hereditaments, market trends and other valuation issues, including the potential for certain proposals to be withdrawn. The provision is split between the six unitary councils of Berkshire, the Government and the Fire Authority. The Authority's share of the provision is 1% and amounts to £331,000.

8.26 Leases

i Authority as Lessee

Operating Leases

The Authority has lease arrangements in place for the provision of photocopying equipment, coffee and water dispensing equipment and lease rental of pool vehicles.



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

31 March 2019 £000		31 March 2020 £000
23	Not later than one year	12
12	Later than one year and not later than five years	1
35		13

ii Authority as Lessor

Operating Leases

The Authority partially leases out some buildings for income generation purposes to provide accommodation and additional income is generated through the provision of access at some sites for the erection of telecommunication masts.

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

31 March 2019 £000		31 March 2020 £000
164	Not later than one year	165
530	Later than one year and not later than five years	535
1,331	Later than five years	1,218
2,025		1,918

8.27 Pensions Costs

i Participation in Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Authority is required to disclose the accrued benefit in its accounts.

The Authority participates in five pension schemes:

The Royal County of Berkshire Pension Fund is for non-uniformed employees and is administered by the Royal Borough of Windsor and Maidenhead under the regulations governing the Local Government Pension Scheme. This is a funded scheme, meaning that the Authority and employees pay contributions into the fund, calculated at a level intended to balance the pension liabilities with investment assets.



All of the firefighters' pension schemes are unfunded, meaning that no investment assets are built up to meet the pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

ii Transactions Relating to Post-employment Benefits

The costs of retirement benefits are recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Authority is required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	Local Government Pension Scheme		Fire-fighters Pension Scheme	
	2018/19 £000	2019/20 £000	2018/19 £000	2019/20 £000
Comprehensive Income and Expenditure Statement				
Cost of Services:				
Service cost comprising:				
- current service cost	2,041	2,226	6,797	7,548
- past service cost	418		7,828	534
-(gain)/loss from settlements				
-administration costs	13	13		
Financing and Investment Income and Expenditure				
Net interest expense			10,092	9,331
-interest cost	1,029	482		
-expected return on assets in the scheme	(524)			
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	2,977	2,721	24,717	17,413
Other Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement				
- actuarial (gains) and losses		888		
Remeasurement of the net defined benefit liability comprising:				
- Return on plan assets (excluding the amount included in the net interest expense)	(1,311)	908		



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- Actuarial gains and losses arising on the changes in demographic assumptions	(2,420)	(695)	(26,772)	(10,175)
- Actuarial gains and losses arising on the changes in financial assumptions	2,133	(5,512)	27,006	(39,231)
- Experience loss or gain on defined benefit obligation		1,097	6,666	(10,481)
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	1,379	(593)	31,617	(42,474)
Movement in Reserves Statement				
- Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(2,977)	(2,721)	(24,717)	(17,413)
	(2,977)	(2,721)	(24,717)	(17,413)
Actual Amount Charged against the General Fund Balance for pensions in the year:				
- employer's contributions payable to scheme	1,027	1,109		
- Retirement benefits payable to pensioners			9,312	9,478
- net transfers			(32)	(2)
Government grant payable to the Pension Fund on behalf of the Authority			(6,882)	(5,322)
	1,027	1,109	2,398	4,154

iii Liabilities and Assets in Relation to Post-employment Benefits

Reconciliation of the present value of the schemes' liabilities is shown below.

	Local Government Pension Scheme		Fire-fighters Pension Scheme	
	2018/19 £000	2019/20 £000	2018/19 £000	2019/20 £000
Opening balance at 1 April	40,549	43,371	370,895	393,232
Current Service Cost	2,041	2,226	6,797	7,548
Interest Cost	1,029	1,046	10,092	9,331
Contributions by Scheme Participants	367	389	1,687	1,688
- Actuarial (gains)/losses arising from changes in demographic assumptions	(2,420)	(695)	(26,772)	(10,175)
- Actuarial (gains)/losses arising from changes in financial assumptions	2,133	(5,512)	27,006	(39,231)



- Others			6,666	(10,481)
Past Service Cost	418	1097	7,828	534
Benefits paid	(746)	69	(10,999)	(11,166)
Net transfers			32	2
Closing balance at 31 March	43,371	41,991	393,232	341,282

Reconciliation of the fair value of the schemes' assets is shown below:

2018/19 £000	Local Government Pension Scheme	2019/20 £000
20,228	Opening fair value of scheme assets at 1 April	22,698
524	Interest income	564
0	Actuarial gains/(losses)	(888)
1,311	- The return on plan assets, excluding the amount included in the net interest expense	(908)
(13)	- Administration costs	(13)
1,027	Contributions from employers	1,109
367	Contributions from employees into the scheme	389
(746)	Benefits paid	69
22,698	Closing fair value of scheme assets at 31 March	23,020

iv Pension Assets and Liabilities Recognised in the Balance Sheet

	Local Government Pension Scheme		Fire-fighters Pension Schemes	
	2018/19 £000	2019/20 £000	2018/19 £000	2019/20 £000
Present value of the defined benefit obligation	43,371	41,991	393,232	341,282
Fair value of plan assets	(22,698)	(23,020)	0	0
Net liability arising from defined benefit obligation	20,673	18,971	393,232	341,282

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £360.253 million has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, resulting in a negative overall balance



of £324.155 million. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

- the deficit on the Local Government Scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary;
- finance is only required to be raised to cover firefighters' pensions when the pensions are actually paid.

v Impact on the Authority's Cash Flows

In respect of the Local Government Pension Scheme, contributions are set every three years as a result of the actuarial valuation of the Fund. The next valuation will be carried out on 31 March 2020 and set contributions for the period from 1 April 2020 to 31 March 2023. There are no minimum funding requirements but contributions are set to target a funding level of 100%.

Government valuations of the Firefighters' Pension Scheme take place every four years. As Firefighters' Pension Schemes are unfunded there is no pot of assets to determine if sufficient contributions have been paid to meet the cost of rights accrued. Instead, the valuation is done by creating and tracking the value of a notional fund. Government policy is that any scheme deficit will be recovered from employers by adjusting employer contributions over a period of 15 years.

The Authority anticipates to pay £4.88 million in expected contributions to the schemes in 2020/2021.

vi Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. These have been assessed by Barnett Waddingham, an independent firm of actuaries.



The main assumptions used in their calculations are shown in the table below:

	Local Government Pension Scheme		Firefighters Pension Scheme	
	2018/19	2019/20	2018/19	2019/20
Mortality Assumptions:				
Longevity (at age 65 for LGPS members and at age 60 for Firefighter Scheme members) for current pensioners:				
- Men	22.0	21.5	27.3	25.1
- Women	24.0	24.1	29.4	27.3
Longevity (at age 65 for LGPS members and at age 60 for Firefighter Scheme members) for future pensioners:				
- Men	23.7	22.9	28.4	26.5
- Women	25.8	25.5	30.6	28.8
Rate of RPI	3.4%	2.65%	3.5%	2.7%
Rate of CPI	2.4%	1.85%		1.9%
Rate of increase in salaries	3.9%	2.85%	3.5%	2.9%
Rate of increase in pensions	2.4%	1.85%	2.5%	1.9%
Rate for discounting liabilities	2.4%	2.35%	2.4%	2.35%
Take-up of option to convert annual pension into retirement lump sum	0.50	0.50	0.50	0.50

The Firefighters' Pension Schemes have no assets to cover their liabilities. The Local Government Pension Scheme's assets consist of the following categories:

2018/19 £000		2019/20 £000
1,802	Cash and Cash Equivalents	2,718
3,408	Other Bonds	2,143
11,517	Equity instruments:	12,997
3,152	Property	3,163



	Target Return Assets	
1,181	- another pooled Unit Trust investment	970
	Commodities	
173	- overseas investments	136
	Infrastructure	
2,139	- overseas investments	1,887
(674)	Longevity Insurance	(994)
22,698	Total Assets	23,020

There is no provision under the LGPS to split the total assets of the Fund to each participating body. Therefore, for the basis of this disclosure, the above assets as a whole are allocated to participating bodies on a consistent and reasonable basis.

8.28 Usable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement.

8.29 Unusable Reserves

31 March 2019 £000		31 March 2020 £000
3,193	Revaluation Reserve	4,199
21,269	Capital Adjustment Account	23,081
(413,905)	Pension Reserve	(360,253)
(75)	Collection Fund Adjustment Account	63
(195)	Accumulated Absences Account	(196)
(389,713)	Total Unusable Reserves	(333,106)



i Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment.

The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2018/19 £000		2019/20 £000
2,324	Balance as at 1 April	3,193
913	Upward / (downward) revaluation of assets not charged to the Surplus or Deficit on the Provision of Services	1,096
(44)	Difference between fair value depreciation and historic cost depreciation	(90)
0	Accumulated gains on assets sold	0
3,193	Balance as at 31 March	4,199

ii Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provision. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on investment properties that have yet to be consumed by the Authority.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.



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Note 8.3 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2018/19 £000		2019/20 £000
19,657	Balance at 1 April	21,269
	Reversal of items relating to capital expenditure debited or credited to the CIES:	
(1,396)	Charges for depreciation and impairment of non-current assets	(1,634)
696	Revaluation (losses) gains on Property, Plant and Equipment	(817)
(112)	Amortisation of intangible assets	(129)
(5)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(29)
18,840		18,660
44	Adjusting amounts written out of the Revaluation Reserve	90
18,884	Net written out amount of the cost of non-current assets consumed in the year	18,750
	Capital financing applied in the year:	
1,565	Use of the Capital Receipts Reserve to finance new capital expenditure	2,578
0	Use of the Capital Grants Reserve to finance new capital expenditure	21
318	Statutory provision for the financing of capital investment charges against the General Fund	1,292
500	Capital expenditure charged against the General Fund	500
2,383		4,391
2	Movements in the market value of Investment Properties debited or credited to the CIES	(60)
21,269	Balance at 31 March	23,081

iii Pension Reserve

The pension reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provision. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed, as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2018/19 £000		2019/20 £000
(391,216)	Balance at 1 April	(413,905)
(5,302)	Actuarial gains or (losses) on pensions assets and liabilities	63,201
(27,694)	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	(20,134)
10,307	Employer's pensions contributions and direct payments to pensioners payable in the year	10,585
(413,905)	Balance at 31 March	(360,253)

iv Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.



2018/19 £000		2019/20 £000
(4)	Balance at 1 April	(75)
(71)	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	138
(75)	Balance at 31 March	63

v Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2018/19 £000		2019/20 £000
(197)	Balance at 1 April	(195)
197	Settlement or cancellation of accrual made at the end of the preceding year	195
(195)	Amounts accrued at the end of the current year	(196)
(195)	Balance at 31 March	(196)

8.30 Related Parties

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Authority, or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to operate independently, or might have secured the ability to limit another party's ability to bargain freely with the Authority.

Central Government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates and prescribes the terms of many of the transactions that the Authority has with other parties. It also provided direct financial support to the Authority in 2019/20.



The Authority has entered into agreements with other public bodies. The Authority signed a legal agreement with Oxfordshire County Council and Buckinghamshire and Milton Keynes Fire Authority which established Thames Valley Fire Control Service (TVFCS). TVFCS went live in April 2015 and operates as a joint committee with Member representation from the three services. The capital assets for the Joint Control Room are recognised as an equal third on the Balance Sheet. The combined assets gross book value is £1,018,000 of which £340,000 relates to this Authority. The depreciation charge for 2019/20 on the Authority's share of the assets was £38,000 resulting in a net book value of £116,000 at 31 March 2020. The revenue cost of running TVFCS during 2019/20 was £2,230,000 with the Authority's share amounting to £843,000.

The Authority and Hampshire Fire and Rescue Authority have contracted to work together to provide fleet maintenance services across their combined geographical area in order to share resources and reduce costs in connection with the discharge of their functions.

Collaborative working arrangements have been introduced between the Authority, Thames Valley Police and South Central Ambulance Service. The first community tri-service fire station opened in Hungerford in June 2017, and the provision of shared office accommodation with Thames Valley Police began in the summer of 2019.

The Authority does not provide any significant financial assistance to outside bodies that are outside of its normal contractual arrangements.

Members of the Authority have direct control over the Authority's financial and operational policies. However any contracts entered into are in full compliance with the Authority's constitution and any decisions are made with proper consideration of declarations of interest. Details of any material interests are recorded in the Register of Members' Interests, which is open to public inspection.

Royal Berkshire Fire and Rescue (Training) Ltd was a fully owned subsidiary of the Fire Authority, which ceased trading on 30 September 2019. It was set up to provide fire safety courses to commercial organisations.

Senior Officers of the Authority have control over the day-to-day management of the Authority and all senior officers have been asked to declare any related party transactions. As at 31 March 2020 the Head of Finance and Procurement was a Director of the Fire and Rescue Indemnity Company (FRIC). The Chief Fire Officer is also a Director of FRIC. FRIC provides risk protection arrangements for the Authority by pooling funds with other Fire and Rescue services.

8.31 Critical Judgements in Applying Accounting Policies

In applying the accounting policies as set out in 8.2, 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 robust contingency plans to protect service provision.
- COVID-19 has generated unprecedented uncertainty in relation to the economy which has fed through to property valuations. The valuations in these accounts are reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.
- The Authority has joined up with Oxfordshire and Buckinghamshire Fire and Rescue Services to form the Thames Valley Fire Control Service (TVFCS). A judgement has been made to treat this arrangement as a joint operation.
- The accounts are prepared with the underlying assumptions of the accruals basis and the going concern basis i.e. the Authority will continue its operations for the foreseeable future.

8.32 Assumptions about the future and sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

Since 2017/18 the Authority decided to report an estimated position for the accumulated absences account, which forms part of Unusable Reserves on the Authority's Balance Sheet. Actual data was collated post Balance Sheet for 2018/19 and the variance to the estimates used was immaterial. A similar exercise has been done in 2019/20.

The items in the Authority's Balance Sheet at 31 March 2020 for which there is a significant risk of material adjustment in the forthcoming financial year are set out below.

Depreciation and amortisation of intangible assets – assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. 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.

Revaluations and Impairments - the Authority completed a full valuation of its land and building assets as at 31 March 2020. Valuations are dependent on a number of assumptions including the property market at the point of valuation. The net book value of land and buildings at 31 March 2020 was £25,174k. An alteration to the assumptions made and a subsequent 1% change in that valuation would lead to a movement of £252k. If the useful life of the assets are reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £55k if the useful life for each respective building was reduced by one year. The impacts of COVID-19 on property valuations is yet to be quantified and is extremely difficult to predict due to the nature and number of uncertainties.



Pensions Liability - 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 the retirement ages, mortality rates and expected returns on pension fund assets. Actuaries are engaged to provide the Authority with expert advice about the assumptions to be applied and sensitivity to changes in judgements and assumptions.

Claims have been made in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Firefighters Pension Regulations 2015 and in December 2018 the Court of Appeal (McCloud / Sargeant) ruled that the transitional protection offered to some members as part of the reform to public sector pensions amounts to unlawful discrimination.

The Government is committed to fixing the discrimination as quickly as possible and has issued a consultation on two proposed options for removing discrimination between scheme members.

The impact of an increase in scheme liabilities arising from the McCloud / Sargeant judgement will be measured through the pension valuation process, which determines employer and employee contribution rates. The next Firefighters Pension valuation will take place in 2020 with implementation of the results planned for 2023/24. The Authority will need to plan for the impact of this on employer contribution rates alongside other changes identified through the valuation process.

The following table sets out the impact for the Local Government Pension Scheme of a small change in the discount rates on the defined benefit obligation and projected service cost along with an age rating adjustment of +/- one year to the mortality assumption.

Local Government Pension Scheme	£000	£000	£000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	41,055	41,991	42,949
Projected service cost	1,870	1,926	1,984
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	42,070	41,991	41,913
Projected service cost	1,926	1,926	1,926
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	42,874	41,991	41,128
Projected service cost	1,984	1,926	1,869
Adjustment to life expectancy assumptions	+1 Year	None	-1 Year
Present value of total obligation	43,552	41,991	40,488
Projected service cost	1,985	1,926	1,868

The sensitivities regarding the principal assumptions used to measure the Firefighters' Pension Scheme liabilities are set out below.



Firefighter Pension Scheme		£000	£000	£000
Adjustment to discount rate		+0.1%	0.0%	-0.1%
	Present value of total obligation	334,612	341,282	348,101
	Projected service cost	6,197	6,387	6,582
Adjustment to long term salary increase		+0.1%	0.0%	-0.1%
	Present value of total obligation	342,285	341,282	340,289
	Projected service cost	6,432	6,387	6,342
Adjustment to pension increases and deferred revaluation		+0.1%	0.0%	-0.1%
	Present value of total obligation	347,122	341,282	335,569
	Projected service cost	6,537	6,387	6,241
Adjustment to life expectancy assumptions		+1 Year	None	-1 Year
	Present value of total obligation	355,144	341,282	327,974
	Projected service cost	6,599	6,387	6,181

Financial Assets and Liabilities – further details about the assumptions made and the potential impact can be found in 8.19.

Joint Control - The revenue costs of the Joint Control service hosted by the Authority are split between the three partners based on the population, tax base and number of incidents attended for each respective authority. The current contribution split agreed is as follows:

Royal Berkshire Fire Authority – 37.8%

Buckinghamshire and Milton Keynes Authority – 32.7%

Oxfordshire County Council – 29.5%

The capital assets for the Joint Control are recognised as an equal third on the Balance Sheet.



8.33 Events after the Balance Sheet Date

The date for approval of the Authority's Accounts is 20 October 2021. Events taking place after this date will not be reflected in the financial statements or notes. Where events taking place before this date provide information about conditions existing at 31 March 2020 the effects must be disclosed in the accounts.

There were no events that occurred after the reporting period that require disclosure.

8.34 Standards issued but not yet adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code. This applies to the adoption of the following or amended standards within the 2020/21 Code:

- Amendments to IAS 28 Investments in Associates and Joint Ventures: Long-term interests in Associates and Joint Ventures
- Annual Improvements to IFRS Standards 2015 - 2017 Cycle
- Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement

It is not anticipated that the above amendments will have a material impact on the information provided in the financial statements.

9. Financial Statements for the Firefighters' Pension Fund

i Financial Arrangements for the Firefighters' Pension Schemes

Before 1 April 2006, Fire authorities suffered budgetary volatility due to fluctuations in the number of firefighters retiring in any given year. To overcome this problem, Central Government decided that fire authorities must keep a separate Pensions Account from which pensions will be paid. On the income side, employer and employee contributions are paid into the account. Employer contributions consist of flat rate contributions and an ill-health charge. Ill-health charges are spread over three years. Transfer values for firefighters that transfer into and out of the scheme are also posted to the account. If the account is in deficit at the end of the financial year, the Government will provide a top-up to bring the account into balance.



Agenda Item 6

Appendix B

ROYAL BERKSHIRE FIRE AUTHORITY 2019/20

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Pension Fund Account

2018/19 £000		2019/20 £000
	Contributions Receivable:	
(1,976)	Employer Flat Rate Contributions	(3,766)
(70)	Employer Ill-Health Contributions	(22)
(1,687)	Employee Contributions	(1,688)
(64)	Transfers In	(2)
(4)	Other income	
	Benefits Payable:	
7,884	Pensions	8,363
2,619	Commutations and Lump Sum Benefits	2,030
36	Transfers Out	0
144	Other payment	407
6,882	Top-up Grant Receivable	5,322

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Net Assets Statement

31 March 2019 £000		31 March 2020 £000
687	Prepayment of April pension paid in March	714
2,197	Top-up Grant receivable from the Government	2,097
2,884	Total Assets	2,811
(2,884)	Amount owing to the General Fund	(2,811)
(2,884)	Total Liabilities	(2,811)
0	Net Assets	0

It should be noted that the Fund's financial statements do not take account of liabilities to pay pensions and other benefits after 2019/20. These liabilities are shown in the Authority's main financial statements.



10. Glossary of Financial Terms

Accrual

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

Accounting Policies

The specific principles, bases, conventions, rules and practices applied by the Authority in preparing and presenting financial statements.

Amortisation/ Amortise

The equivalent of depreciation when applied to intangible assets.

Appropriations

Amounts transferred to or from revenue or capital reserves.

Balance

The surplus or deficit on any account at the end of the year.

Balance Sheet

The Balance Sheet is fundamental to the understanding of the Authority's financial position at the year-end. It shows the Authority's balances and reserves, its long term indebtedness, and the non-current and current assets employed in the Authority's operations, together with summarised information on the non-current assets held.

Budget

A statement defining in financial terms the Authority's plans over a specific period.

The budget is prepared as part of the process of setting the precept.

Capital Adjustment Account

Provides a balancing mechanism between the different rates at which assets are depreciated under IFRS and are financed through the capital control systems.

Capital Charge

A charge to service revenue accounts to reflect the cost of property, plant and equipment used in the provision of services.

Capital Expenditure

The acquisition of property, plant and equipment which will have a long-term value to the Authority, e.g. land, buildings, vehicles, IT hardware. Includes expenditure which adds to and not merely maintains the value of an existing fixed asset.

Capital Financing Requirement

This measures the underlying need to borrow to finance capital expenditure. The methods of financing includes borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserve and earmarked reserves.

Capital Receipt

The proceeds from the disposal of land or other assets. Capital receipts can be used to finance new capital expenditure within the rules laid down by the Government. They cannot be used to finance day-to-day spending.



Carrying Amount

Refers to the amounts that the Authority has on its books for an asset or liability, ie original cost less accumulated depreciation or amortisation or other adjustment.

CIES

Comprehensive Income and Expenditure Statement, one of the schedules required in the Statement of Accounts.

The account of the Authority that reports the net cost for the year of the functions for which it is responsible and demonstrates how that cost has been financed from precepts, grants and other income.

CIPFA

Chartered Institute of Public Finance and Accountancy. The accounting body which provides accounting guidance to the public sector. The guidance provided by CIPFA is defined as 'proper practice' and has statutory backing.

Code of Practice on Local Authority Accounting (the Code)

This is the annual guidance issued by CIPFA that specifies the principles and accounting practices required to give a 'true and fair' view of the financial position, financial performance and cash flow of the Authority.

Collection Fund Adjustment Account

The Collection Fund Adjustment Account provides a mechanism for recognising the Authority's share of the Collection Fund surplus/deficits at year end.

The Collection Fund is the fund maintained by billing authorities that records income and expenditure relating to Council Tax

and Non-Domestic Rates (NDR) and illustrates the way in which these have been distributed to the Preceptors and the General Fund.

Commutation

This is where a member of the pension scheme gives up part of their pension in exchange for an immediate lump sum payment.

Consistency

The concept that the accounting treatment of like items within an accounting period and from one period to the next are the same.

Contingency

A condition which exists at the Balance Sheet date, where the outcome will only be confirmed on the occurrence or non-occurrence of one or more uncertain future events.

Corporate Governance

This is concerned with the Authority's accountability for the stewardship of resources, risk management and relationship with the community. It also encompasses policies on whistle blowing, fraud and corruption.

Council Tax

The means of raising money locally which pays for Fire Authority services. This is a property based tax where the amount levied depends on the valuation of each dwelling.

**CPI (see also RPI)**

Consumer Price Index – a key measure of inflation in the UK

Creditors

Amounts owed by the Authority for work done, goods received or services rendered but for which payment has not been made at the Balance Sheet date.

Current Assets

Items from which the Authority derives a benefit but which will be consumed or realised during the next accounting period, e.g. stocks, debtors, and cash.

Current Liabilities

The sum of money owed by the Authority and due for payment during the next accounting period, e.g. short term borrowing and creditors.

Debtors

Sums of money due to the Authority for work done, goods sold or services rendered but not received at the Balance Sheet date.

Deferred Liability

Amounts owed by the Authority for work done, goods received or services rendered to be paid in predetermined instalments over more than one accounting period.

Defined Benefits Scheme

A pension or other retirement benefit scheme where the scheme rules define the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded.

Depreciation

The measure of the wearing out, consumption, or other reduction over the useful life of an asset.

Derecognition

The removal of a previously recognised financial asset or liability from the Balance Sheet following the transfer of an asset to a third party, expiry of contractual rights to an assets or otherwise disposal of an asset.

Expected Return on Pension Assets

For a funded defined benefits scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

Fair Value

Fair value is based on market value, as the price at which an asset could be exchanged in an arm's length transaction. The fair value of investments or loans is based on the prevailing interest rates rather than the actual rates payable or receivable.

Financial Instrument

This is any contract that gives rise to a financial asset of one entity and a financial liability or equity of another. The term covers both financial assets (e.g. loans receivable) and financial liabilities (e.g. borrowings).



Finance Lease

A lease that transfers substantially all of the risks and rewards of ownership of an asset to the lessee. Such a transfer of risks and rewards may be presumed to occur if at the inception of the lease the present value of the minimum lease payments, including any initial payment, amounts to substantially all of the fair value of the leased asset.

Financial Reporting Standards

These are accounting standards developed by the Accounting Standards Board which set out the correct accounting treatment for financial transactions.

Funded Pension Scheme

A funded pension scheme is one in which the future liabilities for pension benefits are provided for by the accumulation of assets held externally to the employer's business.

General Fund

The General Fund is the reserve held by the Authority of funds that are not earmarked for specific purposes.

Going Concern

The concept that the Authority will remain in operational existence for the foreseeable future.

Government Grants

Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to the Authority, in return for past or future compliance with certain conditions relating to the activities of the Authority.

Gross Expenditure

The total cost of providing the Authority's services before taking into account any income from specific government grants, fees and charges.

IAS

International Accounting Standards (IASs) were issued by the International Accounting Standards Committee (IASC) from 1973 to 2001.

IFRS

International Financial Reporting Standards (IFRSs) have been issued by the International Accounting Standards Board (IASB) since 2001.

Impairment

A reduction in the value of a non-current asset below its carrying amount on the Balance Sheet.

Intangible Assets

These are assets that have no physical substance, for example, the purchase of computer software licences.

Interest Cost (Pensions)

For a defined pension scheme, the expected increase during the period of the present value of the scheme liabilities because the benefits are one period closer to settlement.

Investments (Pension Fund)

The investments of the Pension Fund will be accounted for in the statements of that fund. However, authorities are also required to disclose, as part of the



disclosure requirements relating to retirement benefits, the attributable share of the pension scheme assets associated with their underlying obligations.

IRMP

Integrated Risk Management Plan. The Plan is premised on ensuring that the Authority recognises risk and manages its resources to reduce potential impact on the communities which it serves.

Liquid Resources

Current asset investments that are readily disposable by the Authority without disrupting its business and are either:

- Readily convertible to known amounts of cash at or close to the carrying amount; or
- Traded in an active market.

Long Term Borrowing

Loans that are raised with external bodies, for periods greater than one year.

Materiality

The concept that the Statement of Accounts should include all amounts which, if omitted, or misstated, could be expected to lead to a distortion of the financial statements and ultimately mislead a user of the accounts.

Medium Term Financial Plan

Budget plan for the Authority for the next three years, covering revenue and the financing of planned capital expenditure.

Minimum Revenue Provision (MRP)

The minimum amount that the Authority must set aside from its revenue resources

each year as a provision for debt incurred in financing capital expenditure.

Net Book Value

The amount at which fixed assets are included in the Balance Sheet, i.e. their historical cost or current cost, less the cumulative amounts provided for depreciation and/or impairment.

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

Tangible assets that yield benefits to the Authority and the services it provides for a period of more than one year.

National Non-Domestic Rates (NNDR)

Commonly referred to as business rates – this income is collected by the billing authorities and a proportion is paid over to the Authority.

Non-Operational Assets

Non-current assets held by the Authority but not directly occupied, used or consumed in the delivery of services.

Operating Lease

A lease, or rental, other than a finance lease, where the ownership of the asset remains with the lessor.

Operational Assets

Assets held and occupied, used or consumed by the Authority in the direct



delivery of those services for which it either has a statutory or discretionary responsibility.

Pension Fund Account

The Fire and Rescue Authority is required to set up a separate fund from the rest of its operation for transactions relating to firefighters' pension arrangements. The Authority has a formal responsibility for paying firefighters' pensions. The fund is balanced to nil each year by the receipt of a pensions top-up grant from the Department for Communities and Local Government.

Pension Scheme Liabilities

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date.

Precept

An amount of money levied by one authority (the precepting authority) which is collected by another authority (the billing authority) as part of council tax. The Fire Authority is the precepting authority and the six unitary authorities in Berkshire are the billing authorities.

Prepayment

Where the authority pays for goods or services before they have been received, and amounts paid but not received at the end of the accounting period are shown in the Balance Sheet as prepayments.

Prior Period Adjustments

Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. A fundamental error is one that is of such significance as to

destroy the validity of the financial statements. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Property, Plant and Equipment

Assets that have physical substance, acquired by capital expenditure, to yield benefits to the Authority for more than one year.

Provisions

Provisions are amounts set aside to cover liabilities or losses, which are likely or certain to be incurred but there is uncertainty as to the amounts or the dates on which they will arise.

Prudential Code

The purpose of the Code is to ensure that capital investment plans of local authorities are affordable, prudent and sustainable.

Public Works Loan Board (PWLB)

A Central Government Agency which provides loans for one year and above to authorities for capital projects.

Realised / Unrealised Gains

A realised gain is the capital gain that you make on an asset that you receive in the form of cash. An unrealised gain is an increase in the carrying value of an asset that has yet to be sold.

Remuneration

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits



received other than in cash. Pension contributions payable by the employer are excluded.

Reserves

Accumulated funds that finance the net assets. Usable reserves are generated from realised gains and can be used to finance day-to-day operations. Unusable reserves are generated from unrealised gains and are not available to finance revenue deficits.

Revaluation Reserve

This reserve contains unrealised revaluation gains recognised since 1 April 2007 only, the date of its formal implementation, from holding non-current assets.

Revenue Expenditure

This is expenditure on day-to-day running costs and consists mainly of salaries and general running expenses.

Revenue Support Grant

This is Government grant in aid of the Authority's services generally. It is based upon the Government's assessment of how much the Authority needs to spend in order to provide a standard level of service.

RPI

Retail Price Index – a measure of inflation in the UK. CPI excludes most owner occupier housing costs, while RPI includes mortgage interest payments and housing depreciation. RPI generally produces a higher inflation figure than CPI.

Unfunded Pension Scheme

A pension scheme in which liabilities for pension benefits are charged to the employer's revenue account in the year in which they arise and are not financed from investments held. The Authority operates such a scheme for its firefighters

ROYAL BERKSHIRE FIRE AUTHORITY



COMMITTEE	AUDIT & GOVERNANCE COMMITTEE
DATE OF MEETING	20 OCTOBER 2021
SUBJECT	APPOINTMENT OF EXTERNAL AUDITOR
LEAD OFFICER	CONOR BYRNE, HEAD OF FINANCE AND PROCUREMENT
LEAD MEMBER	N/A
EXEMPT INFORMATION	N/A
ACTION	FOR DECISION

1. EXECUTIVE SUMMARY

- 1.1 To seek agreement from the Committee to opt into the national scheme for appointing local auditors.

2. RECOMMENDATIONS

That the Committee:

- 2.1 **AGREES** that the Authority should opt into the national scheme for appointing local auditors and **RECOMMENDS** this course of action to the Fire Authority.

3. REPORT

- 3.1 PSAA (Public Sector Audit Appointments Ltd) has issued its formal invitation (**Appendix A**) to the Authority to opt into the national scheme to appoint external auditors. This will provide external audit arrangements for five years commencing 1 April 2023.
- 3.2 In relation to appointing its external auditors, the Authority has the option to arrange its own procurement should it not wish to join the national collective scheme administered by PSAA.
- 3.3 PSAA's first appointing period ran for five years from 1 April 2018. The procurement exercise to appoint firms to deliver audits over this period attracted very competitive bids.
- 3.4 However, soon after this process was completed, a series of financial crises and failures in the private sector gave rise to questions about the role of

auditors and the focus and value of their work. At the same time, audit firms were experiencing growing recruitment and retention challenges which have led to delays in the publication of audited financial statements.

- 3.5 PSAA has stated that one of its key aims for the next procurement exercise is to encourage market sustainability. Firms will be able to bid for a variety of differently sized contracts so that they can match their available resources and risk appetite to the contract for which they bid. They will be required to meet appropriate quality standards and to reflect realistic market prices in their tenders.
- 3.6 In summary, given the current challenging market conditions, it appears that opting into the PSAA's sector-led scheme provides the best chance to solve the current issues with our external audit service.

4. CONTRIBUTION TO STRATEGIC COMMITMENTS:

- 4.1 Commitment 5 – We will ensure that Royal Berkshire Fire and Rescue Service provides good value for money.

5. FINANCIAL IMPLICATIONS:

- 5.1 Based on prior experience, it seems that the most likely way to secure competitive arrangements in a suppliers' market is to tender collectively through the PSAA.
- 5.2 PSAA will seek to encourage realistic fee levels and to benefit from the economies of scale associated with procuring on behalf of a significant number of bodies.
- 5.3 PSAA will also continue to seek to minimise its own costs (which represent approximately 4% of overall scheme costs).
- 5.4 As PSAA is a not-for-profit company any surplus funds will be returned to scheme members. For example, in 2019, £3,170 was refunded to this Authority.

6. LEGAL IMPLICATIONS:

- 6.1 In accordance with the relevant statutory regulations, a decision to opt into the national scheme must be taken at a meeting of the full Authority on the recommendation of its 'audit panel'.
- 6.2 In July 2016, the Secretary of State specified PSAA as an appointing person for principal local government and police bodies for audits under the provisions of the Local Audit and Accountability Act 2014 and the Local Audit (Appointing Person) Regulations 2015.
- 6.3 PSAA is responsible for appointing auditors and setting scales of fees for relevant principal authorities that have chosen to opt into its national scheme. It is also responsible for overseeing issues of auditor independence and monitoring contractual compliance by auditors.

- 6.4 The Authority must notify PSAA of its decision to opt into the national scheme by 11 March 2022.
- 6.5 An eligible body that does not accept the opt-in invitation but subsequently wishes to join the scheme may apply to opt in only after the appointing period has commenced, that is on or after 1 April 2023. In accordance with the regulations, as the appointing person, PSAA must: consider a request to join its scheme; agree to the request unless it has reasonable grounds for refusing it; and notify the eligible body within four weeks of its decision with an explanation if the request is refused. Where the request is accepted, PSAA may recover its reasonable costs for making arrangements to appoint a local auditor from the opted-in body.
- 6.6 Section 8 of the Local Audit and Accountability Act 2014 ('the Act') requires the Authority to consult its auditor panel and take its views into account when selecting and appointing an auditor. To support transparency of the appointment, section 8 of the Act also requires the Authority to publish a notice on its website within 28 days of making the appointment that: states it has made the appointment; who the appointed auditor is; sets out the auditor panel's advice; and if that advice has not been followed, the Authority's reasons for not following it.

7. EQUALITY AND DIVERSITY IMPLICATIONS:

- 7.1 None

8. RISK IMPLICATIONS:

- 8.1 The current delays in signing off our financial statements is extremely troubling, creating disruption and reputational damage to the Authority. Unfortunately, there are no easy solutions to fixing this issue but it is hoped, that by opting into the national scheme, PSAA will be able to exert more pressure on audit firms to conclude audits within the timeframe set out in Regulations.
- 8.2 There is a risk that PSAA's procurement exercise fails to attract sufficient capacity to enable auditor appointments to every opted-in body. To mitigate against this risk, PSAA has fall-back options to extend one or more existing contracts for 2023/24 and also 2024/25.

9. CONSISTENCY WITH DUTY TO COLLABORATE:

- 9.1 The recommended course of action is a national procurement exercise which should deliver best value for the Authority.

10. PRINCIPAL CONSULTATION:

- 10.1 The Chief Fire Officer has noted the contents of the report.
- 10.2 The Monitoring Officer has been consulted.

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11. BACKGROUND PAPERS:

11.1 None

12. APPENDICES:

12.1 Appendix A - Invitation to opt into the national scheme for auditor appointments.

13. CONTACT DETAILS:

13.1 Conor Byrne - Head of Finance and Procurement
Email: byrnec@rbfrs.co.uk
Tel: 0118 938 4720

22 September 2021

To: Mr Bowcock, Chief Executive
Royal Berkshire Fire Authority

Copied to: Mr Byrne, S151 Officer
Councillor McKenzie-Boyle, Chair of Audit Committee or equivalent

Dear Mr Bowcock,

Invitation to opt into the national scheme for auditor appointments from April 2023

I want to ensure that you are aware the external auditor for the audit of your accounts for 2023/24 has to be appointed before the end of December 2022. That may seem a long way away but, as your organisation has a choice about how to make that appointment, your decision-making process needs to begin soon.

We are pleased that the Secretary of State has confirmed PSAA in the role of the appointing person for eligible principal bodies for the period commencing April 2023. Joining PSAA's national scheme for auditor appointments is one of the choices available to your organisation.

In June 2021 we issued a draft prospectus and invited your views and comments on our early thinking on the development of the national scheme for the next period. Feedback from the sector has been extremely helpful and has enabled us to refine our proposals which are now set out in the [scheme prospectus](#) and our [procurement strategy](#). Both documents can be downloaded from our website which also contains a range of useful information that you may find helpful.

The national scheme timetable for appointing auditors from 2023/24 means we now need to issue a formal invitation to you to opt into these arrangements. In order to meet the requirements of the relevant regulations, we also attach a form of acceptance of our invitation which you must use if your organisation decides to join the national scheme. We have specified the five consecutive financial years beginning 1 April 2023 as the compulsory appointing period for the purposes of the regulations which govern the national scheme.

Given the very challenging local audit market, we believe that eligible bodies will be best served by opting to join the scheme and have attached a short summary of why we believe that is the best solution both for individual bodies and the sector as a whole.

I would like to highlight three matters to you:

1. if you opt to join the national scheme, we need to receive your formal acceptance of this invitation by Friday 11 March 2022;

Agenda Item 7

Appendix A

2. the relevant regulations require that, except for a body that is a corporation sole (e.g. a police and crime commissioner), the decision to accept our invitation and to opt in must be made by the members of the authority meeting as a whole e.g. Full Council or equivalent. We appreciate this will need to be built into your decision-making timetable. We have deliberately set a generous timescale for bodies to make opt in decisions (24 weeks compared to the statutory minimum of 8 weeks) to ensure that all eligible bodies have sufficient time to comply with this requirement; and
3. if you decide not to accept the invitation to opt in by the closing date, you may subsequently make a request to opt in, but only after 1 April 2023. We are required to consider such requests and agree to them unless there are reasonable grounds for their refusal. PSAA must consider a request as the appointing person in accordance with the Regulations. The Regulations allow us to recover our reasonable costs for making arrangements to appoint a local auditor in these circumstances, for example if we need to embark on a further procurement or enter into further discussions with our contracted firms.

If you have any other questions not covered by our information, do not hesitate to contact us by email at ap2@psaa.co.uk. We also publish answers to [frequently asked questions](#) on our website.

If you would like to discuss a particular issue with us, please send an email also to ap2@psaa.co.uk, and we will respond to you.

Yours sincerely

Tony Crawley
Chief Executive

Encl: Summary of the national scheme

Why accepting the national scheme opt-in invitation is the best solution

Public Sector Audit Appointments Limited (PSAA)

We are a not-for-profit, independent company limited by guarantee incorporated by the Local Government Association in August 2014.

We have the support of the LGA, which in 2014 worked to secure the option for principal local government and police bodies to appoint auditors through a dedicated sector-led national body.

We have the support of Government; MHCLG's Spring statement confirmed our appointment because of our "strong technical expertise and the proactive work they have done to help to identify improvements that can be made to the process".

We are an active member of the new Local Audit Liaison Committee, chaired by MHCLG and attended by key local audit stakeholders, enabling us to feed in body and audit perspectives to decisions about changes to the local audit framework, and the need to address timeliness through actions across the system.

We conduct research to raise awareness of local audit issues, and work with MHCLG and other stakeholders to enable changes arising from Sir Tony Redmond's review, such as more flexible fee setting and a timelier basis to set scale fees.

We have established an advisory panel, which meets three times per year. Its membership is drawn from relevant representative groups of local government and police bodies, to act as a sounding board for our scheme and to enable us to hear your views on the design and operation of the scheme.

The national scheme for appointing local auditors

In July 2016, the Secretary of State specified PSAA as an appointing person for principal local government and police bodies for audits from 2018/19, under the provisions of the Local Audit and Accountability Act 2014 and the Local Audit (Appointing Person) Regulations 2015. Acting in accordance with this role PSAA is responsible for appointing an auditor and setting scales of fees for relevant principal authorities that have chosen to opt into its national scheme. 98% of eligible bodies made the choice to opt-in for the five-year period commencing in April 2018.

We will appoint an auditor for all opted-in bodies for each of the five financial years beginning from 1 April 2023.

We aim for all opted-in bodies to receive an audit service of the required quality at a realistic market price and to support the drive towards a long term competitive and more sustainable market for local audit. The focus of our quality assessment will include resourcing capacity and capability including sector knowledge, and client relationship management and communication.

What the appointing person scheme from 2023 will offer

We believe that a sector-led, collaborative, national scheme stands out as the best option for all eligible bodies, offering the best value for money and assuring the independence of the auditor appointment.

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Appendix A

The national scheme from 2023 will build on the range of benefits already available for members:

- transparent and independent auditor appointment via a third party;
- the best opportunity to secure the appointment of a qualified, registered auditor;
- appointment, if possible, of the same auditors to bodies involved in significant collaboration/joint working initiatives, if the parties believe that it will enhance efficiency;
- on-going management of any independence issues which may arise;
- access to a specialist PSAA team with significant experience of working within the context of the relevant regulations to appoint auditors, managing contracts with audit firms, and setting and determining audit fees;
- a value for money offer based on minimising PSAA costs and distribution of any surpluses to scheme members - in 2019 we returned a total £3.5million to relevant bodies and more recently we announced a further distribution of £5.6m in August 2021;
- collective efficiency savings for the sector through undertaking one major procurement as opposed to a multiplicity of smaller procurements;
- avoids the necessity for local bodies to establish an auditor panel and undertake an auditor procurement, enabling time and resources to be deployed on other pressing priorities;
- updates from PSAA to Section 151 officers and Audit Committee Chairs on a range of local audit related matters to inform and support effective auditor-audited body relationships; and
- concerted efforts to work with other stakeholders to develop a more sustainable local audit market.

We are committed to keep developing our scheme, taking into account feedback from scheme members, suppliers and other stakeholders, and learning from the collective post-2018 experience. This work is ongoing, and we have taken a number of initiatives to improve the operation of the scheme for the benefit of all parties.

Importantly we have listened to your feedback to our recent consultation, and our response is reflected in [the scheme prospectus](#).

Opting in

The closing date for opting in is 11 March 2022. We have allowed more than the minimum eight-week notice period required, because the formal approval process for most eligible bodies is a decision made by the members of the authority meeting as a whole [Full Council or equivalent], except police and crime commissioners who are able to make their own decision.

We will confirm receipt of all opt-in notices. A full list of eligible bodies that opt in will be published on our website. Once we have received an opt-in notice, we will write to you to request information on any joint working arrangements relevant to your auditor appointment, and any potential independence matters which may need to be taken into consideration when appointing your auditor.

Local Government Reorganisation

We are aware that reorganisations in the local government areas of Cumbria, Somerset, and North Yorkshire were announced in July 2021. Subject to parliamentary approval shadow elections will take place in May 2022 for the new Councils to become established from 1 April 2023. Newly established local government bodies have the right to opt into PSAA's scheme under Regulation 10 of the Appointing Person Regulations 2015. These Regulations also set out that a local government body that ceases to exist is automatically removed from the scheme.

If for any reason there is any uncertainty that reorganisations will take place or meet the current timetable, we would suggest that the current eligible bodies confirm their acceptance to opt in to avoid the requirement to have to make local arrangements should the reorganisation be delayed.

Next Steps

We expect to formally commence the procurement of audit services in early February 2022. At that time our procurement documentation will be available for opted-in bodies to view through our e-tendering platform.

Our recent webinars to support our consultation proved to be popular, and we will be running a series of webinars covering specific areas of our work and our progress to prepare for the second appointing period. Details can be found on [our website](#) and in [the scheme prospectus](#).

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ROYAL BERKSHIRE FIRE AUTHORITY



COMMITTEE	AUDIT AND GOVERNANCE COMMITTEE
DATE OF MEETING	20 OCTOBER 2021
SUBJECT	QUARTERLY PERFORMANCE REPORT 2021-22 QUARTER 1 (APRIL TO JUNE 2021)
LEAD OFFICER	BECCA CHAPMAN, DATA PERFORMANCE AND RISK MANAGER
LEAD MEMBER	N/A
EXEMPT INFORMATION	NONE
ACTION	TO NOTE

1. EXECUTIVE SUMMARY

- 1.1 To provide Audit & Governance Committee with an overview of the Royal Berkshire Fire and Rescue Service (RBFRS) first quarter (April to June 2021) performance for the 2021/22 financial year.

2. RECOMMENDATION/S

That the Audit & Governance Committee:

- 2.1 **NOTE** the performance against Service Provision and Corporate Health measures for the targets agreed by the Fire Authority for 2021/22.
- 2.2 **NOTE** the progress made on the four priority programmes.
- 2.3 **NOTE** the position of corporate risk.
- 2.4 **DISCUSS** and **AGREE** any further actions, if appropriate.

3. REPORT

- 3.1 The quarterly performance report supports the Performance Management Framework which provides structure and governance that will enable RBFRS to measure, monitor and manage outputs and outcomes in a timely manner, allowing the organisation to respond and make informed decisions to ensure that statutory obligations and the Fire Authority's Strategic Commitments are successfully delivered.
- 3.2 Following data capture, review and analysis, evidence is reviewed by the Strategic Performance Board (SPB) whose purpose is to lead, support and

Agenda Item 10

monitor the effective delivery of the Strategic Objectives by monitoring and reviewing performance across the four Quadrants.

- 3.3 Informed by these processes, key data and highlights have been extracted and reviewed by the Senior Leadership Team (SLT) and are presented in this report for scrutiny at the Audit and Governance committee.
- 3.4 The attached report provides an overview of performance for the first quarter (April to June 2021) performance for the 2021/22 financial year. It reports performance in four key areas:
- 3.5 Quadrant one - Service Provision - This section presents data and information which will allow members to monitor how RBFRS are doing at delivering its statutory obligations and any internal services provided between teams, departments and functions.
- 3.6 Quadrant two - Corporate Health - This section brings together all data, information and measures from across the organisation, which will allow members to monitor how RBFRS are managing key resources, e.g. People and Finance.
- 3.7 Quadrant three - Priority Programmes (IRMP, People Strategy, Strategic Asset Investment Framework and the HRRB Project) - This section will allow members to monitor progress of work designed to deliver a defined outcome which is different to or improves on current working practices, policies and procedures in support of delivering against the strategic commitments and Corporate Plan 2019-23.
- 3.8 Quadrant four - Corporate Risk - This section groups provides an assessment of corporate risks that may impact on service delivery. This section will also include data and information from audit monitoring and an update on the HMICFRS Action Plan.

4. CONTRIBUTION TO STRATEGIC COMMITMENTS:

- 4.1 Commitment 1 – We will provide education and advice on how to prevent fires and other emergencies.
- 4.2 Commitment 2 – We will ensure a swift and effective response when called to emergencies.
- 4.3 Commitment 3 - We will provide advice, consultation and enforcement in relation to fire safety standards in buildings.
- 4.4 Commitment 4 – We will seek opportunities to contribute to a broader safety, health and wellbeing agenda, whilst delivering our core functions.
- 4.5 Commitment 5 – We will ensure that Royal Berkshire Fire and Rescue Service provides good value for money.
- 4.6 Commitment 6 – We will work with Central Government and key stakeholders in the interests of the people of Royal Berkshire.

5. FINANCIAL IMPLICATIONS:

- 5.1 This report provides RBFA financial information under the corporate health quadrant.

6. LEGAL IMPLICATIONS:

- 6.1 There are no legal implications arising from this report

7. EQUALITY AND DIVERSITY IMPLICATIONS:

- 7.1 This report provides RBFRS equality and diversity information under the corporate health quadrant.

8. RISK IMPLICATIONS:

- 8.1 This report provides RBFRS corporate risk information under the risk quadrant.

9. CONSISTENCY WITH DUTY TO COLLABORATE:

- 9.1 This report provides information on RBFRS performance measures and targets, as such there are no identified areas for collaboration.

10. PRINCIPAL CONSULTATION:

- 10.1 The Chief Fire Officer was consulted during preparation of this report.
- 10.2 The Head of Finance and Procurement was consulted on the content of this report.

11. BACKGROUND PAPERS:

- 11.1 Annual Plan 2021/22

12. APPENDICES:

- 12.1 Included with main report

13. CONTACT DETAILS

- 13.1 Sam Faulknall-Mills
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Data, Performance and Risk Manager
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QUARTERLY PERFORMANCE REPORT

Q1 2021 - 2022

April to June





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Contact Us

Accessibility

If you require any of the information contained within this document in a more accessible format, [please contact us](#). Please advise us which information you would like to access and provide your name and email address.

In an emergency

In an emergency, dial 999 and ask for the fire service.

If you are inside a building when a fire starts, remember to get out, stay out and call 999. Never try and put out a fire unless you have received sufficient training.

Contacting us when it's not an emergency



Visit our website: rbfrs.co.uk



Email us at: performance@rbfrs.co.uk



Call us on: 0118 945 2888



Write to us at: Newsham Court, Pincent's Kiln, Calcot, Reading, Berkshire,
RG31 7SD



Introduction

This is the Quarter One Performance Report, summarising our progress across the Service.

In our Annual Plan for 2021/22, we set 10 Annual Objectives for the year, which can be found at Appendix B. The Objectives are delivered through our Service Plans and Local Safety Plans and our projects and programmes. Ongoing analysis of performance data and information supports decision-making across the organisation. We monitor performance across four Quadrants:

Service Provision: Monitoring the delivery of our statutory obligations and the services provided by RBFRS.

Corporate Health: Monitoring how key resources are managed and includes measures relating to staff, finance and health and safety.

Priority Programmes: Progress against our key programme activity (our Community Risk Management Plan (CRMP), People Strategy, Strategic Asset Investment Framework and Built Environment Programme).

Risk: Monitoring corporate risk management and other assurance activity including internal audit and our HMICFRS Action Plan.

The Strategic Performance Board monitors performance quarterly, before key data and analysis is provided in this report for the Audit and Governance Committee to scrutinise.



Key

Performance Measures

	Target exceeded by more than 10%
	Target met or exceeded by up to 10%
	Target missed by up to 10%
	Target missed by more than 10%
	NA or data accuracy issues affect confidence in reporting
↑	Improvement in performance
↔	Maintenance of performance
↓	Decline in performance

Priority Programme Project Status

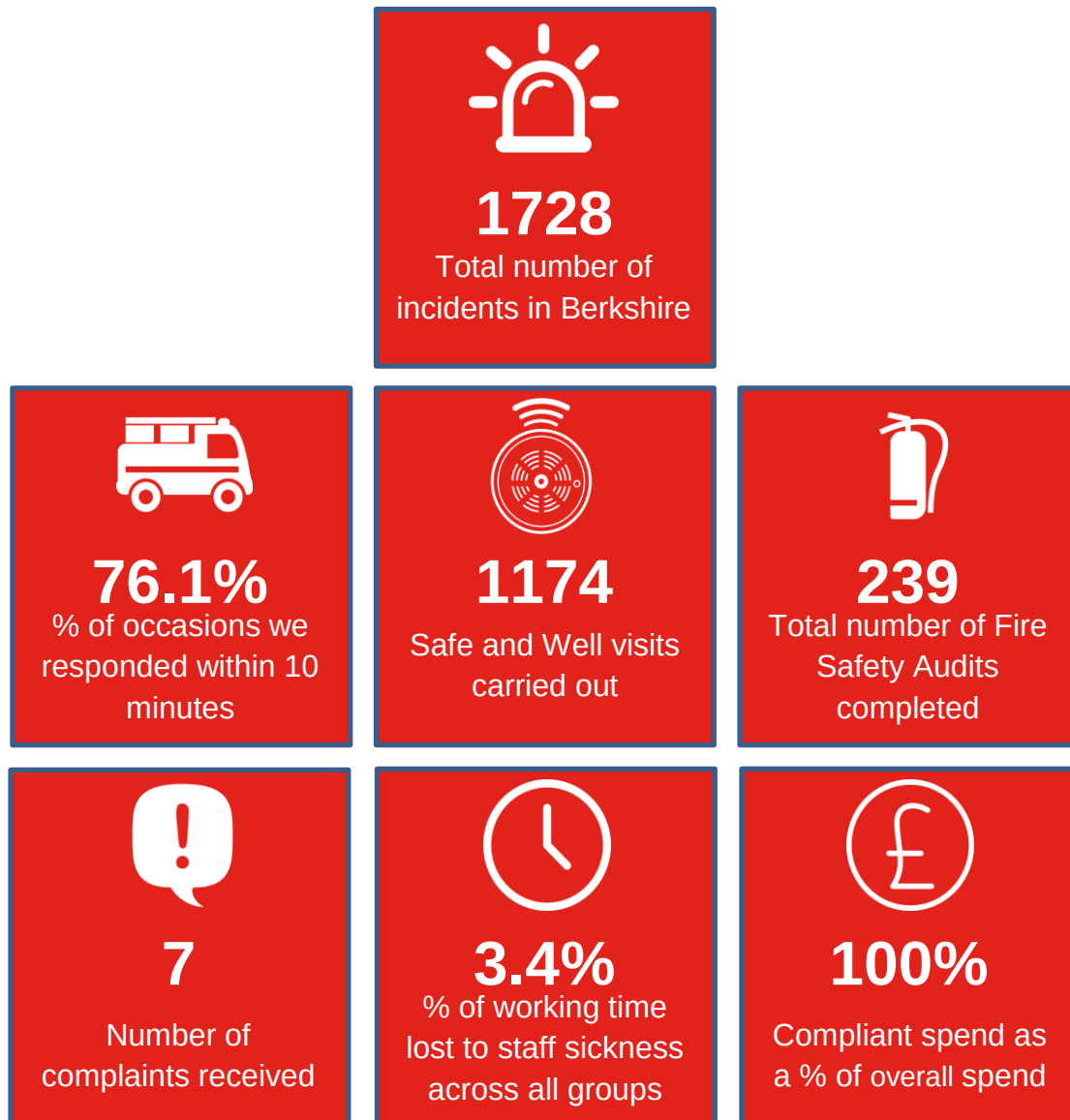
C	Project complete
G	Project on Track
A	There are issues with the project but these are being managed
R	Issues are having an impact on delivery
NS	Project not yet due to start

Classification of Risk Scores and Risk Movement

20 - 25	Outside assumed Risk Appetite and requires mitigation to proceed
19	Inside Risk Appetite only because of extremely low probability. Mitigate if necessary and possible, accept only if no further action can be justified
17 & 18	Inside Risk Appetite. Mitigate further if cost effective to do so - discuss with a Director
7-16	Inside Risk Appetite. Mitigate further if cost effective to do so
1-6	Inside Risk Appetite and unlikely to need further mitigation
↑	Risk increasing
↔	No risk movement
↓	Risk decreasing



Quarter One – Summary



COVID-19 Pandemic

Since the start of the COVID-19 pandemic we have focussed on protecting core service delivery, the wellbeing of our staff, and support for our partners. Our Annual Plan 2021/22 recognises the continued challenges we face and in some of our key areas of service, we have adapted our delivery targets for Quarter 1 to reflect the expected impact COVID-19 restrictions would have on our level of delivery.

In Quarter 1 we responded to 1,728 incidents in Berkshire, this is a similar number to the same quarter last year, and a little lower than in 2019-20, before the pandemic.



Quadrant One – Service Provision

This Quadrant scrutinises the service we provide to the public. Performance is monitored across Prevention, Protection and Response, using a set of performance measures, which can be found at Appendix C.

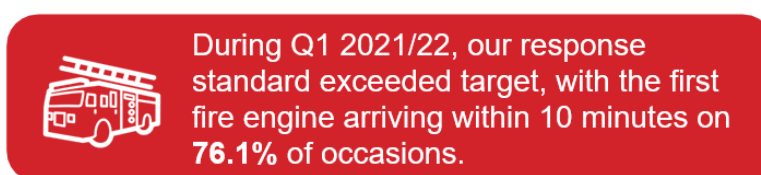
Quarter 1 has seen above target performance in relation to both Safe and Well visits and Fire Safety audit completion. Our targets for this quarter were set on the expectation that COVID-19 restrictions in place would mean similar levels of activity as Quarter 4 last year. However in most cases these have been significantly exceeded.

There has been one accidental dwelling fire death in Quarter 1. The circumstances surrounding this incident and RBFRS interactions have been the subject of a review and where appropriate, organisational learning has been identified.

We continue to see a high percentage of emergency incidents attended within our response standard of ten minutes. This Quarter we have attended 76.1% of incidents in this timeframe, above our target of 75%. We have maintained performance above this target throughout the pandemic.

In Quarter 1, we saw 98.9% wholetime availability, with only two instances of crewing unavailability. Our On-Call crews have continued to deliver additional support and resilience, this Quarter achieving 59.8% availability.

COVID-19, short and long term absences, temporary promotion extraction chains, project secondment and core training courses are all influencing the management of adequate crewing. This situation has resulted in an increase in the use of pre-arranged overtime and is likely to continue through Quarter 2 as these pressures continue.



Threat of Arson

Our response to threats of arson continues to be strong, again visiting 100% of achievable visits within 48 hours this Quarter. The number of these referrals we



received increased during 2020/21, due in part to the pandemic. This higher level of referral has been maintained in this Quarter.

Our response to these incidents is dynamic and tailored to individual circumstances, as illustrated in the case described below.

Crews were called to an incident where a makeshift petrol bomb had been thrown at the front door of a property. Thames Valley Police officers in attendance quickly established that this was a case of mistaken identity where the property next door was the intended target. The incident was due to a drug feud.

These properties were maisonettes in style and therefore the Duty Officer at the scene ensured that Threat of Arson Safe and Well Visits were carried out to all occupants for reassurance. Whilst police were in attendance, a Safe and Well Technician and the crews fitted 4 arson proof letter boxes and smoke alarms to ensure safety of the occupants as soon as possible.

One of the occupants of the properties was found to be bed bound and therefore deemed to be at significant risk. In order to maximise safety for this individual a safeguarding referral was completed by crews and the Safeguarding Team then signposted this through to Thames Valley Police Criminal Investigation Department (CID) and Adult Social Care. Protection was also made aware to ensure fire safety regulations were in place and a marker of 'arson' placed onto our system for crews to be informed at any future incident.

Fire Casualties – Wensley Road

One of the key concepts of our hub model is to ensure joined up working between the three functions of Prevention, Protection and Response to ensure the best possible outcomes for the communities we serve.

This incident occurred at a 4 storey block of flats on Wensley Road, Reading, in Q1 2020/21. The fire had spread down the common void, between floors. Crews forced entry to multiple flats for inspection and several occupants were successfully evacuated, with one needing hospital care for smoke inhalation. From an initial response perspective, level 1 training, knowledge and understanding provided the Incident Commander with a vital insight into building compartmentation and fire spread. Through working together post-incident on the Initial Fire Investigation with the hub Protection Manager, it was determined that the cause of the smoke spread was inadequate compartmentation between the bathroom ceilings / floors.

The following day the Response Manager liaised with Protection and Prevention colleagues within the hub. A joint plan of action was implemented as a hub team, working in partnership with Reading Borough Council (RBC).

The hub management team ensured that the opportunity to carry out post fire safety messaging was taken. The Prevention hub manager mobilised technicians and



supported crews to ensure Safe and Well information was available in this building. The Protection manager also worked with RBC to identify other similar design buildings (5 blocks in the Reading area). We have offered all flats (approximately 90 in total) a Safe and Well visit.

The Protection team worked closely with RBC to identify the cause of fire spread at this incident. The link formed with the council and finding of the investigation have led to the inspection of similar properties and other potential Fire Safety Order compliance issues have been identified. This work also enabled the West Hub Protection team to advise and support RBC to commission and undertake destructive Fire Risk Assessments and Compartmentation surveys in these 5 blocks.

The case study highlights the cohesive working relationship that has developed between the Protection, Prevention and Response teams across the West Hub as well as with our partners at RBC.

Safe and Well case closure and quality assurance

This Quarter, we have made significant progress in starting to return to more normal levels of Safe and Well visits, following the easing of pandemic restrictions. We have been able to prioritise the waiting referrals on the basis of risk.

In order to achieve this, we have worked closely with referral partners to generate high quality referrals via our online booking system. Referrals can also be made via phone, email or post. The RBFRS Website clearly identifies the eligibility criteria to qualify for a free Safe and Well Visit.

High quality referrals allow our Hub teams to triage and prioritise the urgency of the visit based on defined risk assessment criteria. The Safe and Well Visits are then arranged with the referee and completed within designated time scales according to the priority level identified.

This Quarter we have introduced a case closure process where high and very high risk referrals who have been difficult to reach are discussed weekly and alternative methods of contact are considered, including working with other agencies to facilitate access. This has enabled us to see some referrals who we might not have been able to reach previously. It also provides a high standard of quality assurance for cases that are closed.

Fire Safety Audits – Introducing Joint Visits

In line with recommendations following the Grenfell fire, and the work being carried out as part of our Built Environment Programme, we have now introduced joint Fire Safety and Site Specific Risk Information visits between operational crews and Fire Safety Inspecting Officers (FSIOs). This was introduced initially in the Central Hub this Quarter. Normally operational crews would visit premises to familiarise themselves with the layout and to identify and record operational risk information for



use in the event of an incident. Separately FSIOs visit premises in order to conduct fire safety audits and carry out regulation under the Regulatory Reform (Fire Safety) Order 2005.

By combining these visits it has been possible to provide learning and development both to operational crews and FSIOs through the sharing of knowledge and professional discussion. For example FSIOs have identified value in learning about alternative water supplies, fixed installations and appliance access and positioning. Whilst operational crews identified learning in the areas of compartmentation, fire detection and ventilation systems.

The approach of joint FSIO and operational crew has now been rolled out across the county with further benefits being identified.

Safeguarding Referrals

In Quarter One we made 143 Safeguarding referrals to local authorities, all within 24 hours. 134 referrals were for individuals within Berkshire and 9 referrals were signposted Over the Border. Safeguarding training is mandatory for all staff in the service and allows us to identify when a referral should take place, and ensures we provide good quality information to our partner agencies. This is illustrated in the case described below:

Fire crews attended a fire in a residential flat. The occupants were two adults and a young child. Crews had difficulty entering the flat due to major hoarding issues in all rooms, including the kitchen and bathroom. There were poor sanitary conditions throughout the flat, especially in the kitchen, with large amounts of food waste.

Due to a quick response of the crews contacting TVP at the incident this child was taken into their care under Police Protection powers and scenes of crime were requested with the possibility of charging the parents with neglect of a child. This met the needs for a Section 47 Enquiry (where there is 'reasonable cause to suspect that a child who lives, or is found, in their area is suffering, or is likely to suffer, significant harm'). It was also discovered through multi-agency meetings that intentional concealment of the environment took place by the parents not allowing access to agencies over a long period of time.

The crews made a Safeguarding referral within 24 hours, ensuring Children's Services and TVP were notified. Protection were also informed due to ensuring fire safety regulations were compliant within the block of flats. The Safeguarding Manager attended a Child Protection meeting where it was suggested that a Safe and Well Visit was carried out prior to the family clearing the property and returning to the address.



QUADRANT ONE – SERVICE PROVISION					DATA SUMMARY
Overall Measures					
1. Number of Fire Deaths in Accidental Dwelling Fires					2021/22 Target: 0
	Q1	Q2	Q3	Q4	Year to Q1
Previous Year (20/21)	0	0	0	0	0
Target	0	0	0	0	0
2021/22 Actual	1				1↓
2. Number of non-fatal fire casualties in accidental dwelling fires					2021/22 Target: 20 max
	Q1	Q2	Q3	Q4	Year to Q1
Previous Year (20/21)	2	10	5	7	2
Target	5	5	5	5	5
2021/22 Actual	10				10↓
3. Number of deliberate Primary Fires					2021/22 Target: Reduce
	Q1	Q2	Q3	Q4	Year to Q1
Previous Year (20/21)	36	28	40	26	36
Target (Max)	35	27	39	25	35
2021/22 Actual	30				30↑
4. Number of deliberate Secondary Fires					2021/22 Target: Reduce
	Q1	Q2	Q3	Q4	Year to Q1
Previous Year (20/21)	85	101	41	38	85
Target (max)	84	100	40	38	84
2021/22 Actual	75				75↑
Prevention Measures					
5. Number of Safe & Well visits delivered to those with individual characteristics making them at higher risk of death in the event of an accidental dwelling fire					2021/22 Target: 5,700 (COVID-19 impacted measure)
	Q1	Q2	Q3	Q4	Year to Q1
Previous Year (20/21)	302	542	581	490	302
Target	450	1750	1750	1750	450
2021/22 Actual	1169				1169↑
6. Number of Safe & Well visits delivered to those who live in households with demographic characteristics associated with higher risk of injury in accidental dwelling fires					2021/22 Target: 1870 (COVID-19 impacted measure)
	Q1	Q2	Q3	Q4	Year to Q1
Previous Year (20/21)	14	18	0	2	14
Target	5	625	625	625	5
2021/22 Actual	5				5↓



7. Percentage of Safe and Well referrals, where there has been a threat or incidence of arson, completed within 48 hours					2021/22 Target: 100%
	Q1	Q2	Q3	Q4	Year to Q4
Previous Year (20/21)	100%	100%	97.2%	100%	100%
Target	100%	100%	100%	100%	100%
2021/22 Actual	100%				100%↔
Protection Measures					
8. Total number of Full Fire Safety Audits carried out in premises in Berkshire					2021/22 Target: 1100
	Q1	Q2	Q3	Q4	Year to Q1
Previous Year (20/21)	32	158	141	66	32
Target	50	350	350	350	50
2021/22 Actual	239				239↑
9. Percentage of Full Fire Safety Audits with a 'Broadly Compliant' result					2021/22 Target: 60% max
	Q1	Q2	Q3	Q4	Year to Q1
Previous Year (20/21)	40.6%	55.7%	39.7%	62.1%	40.6%
Target (max)	60%	60%	60%	60%	60%
2021/22 Actual	55.7%				55.7%↓
10. Percentage success when cases go to court					2021/22 Target: 80%
	Q1	Q2	Q3	Q4	Year to Q1
Previous Year (20/21)	0 cases	0 cases	100% (1 case)	0 cases	0 cases
Target	80%	80%	80%	80%	80%
2021/22 Actual	0 cases				0 cases
11. Percentage of Statutory fire consultations completed within the required timeframes					2021/22 Target: 95%
	Q1	Q2	Q3	Q4	Year to Q1
Previous Year (20/21)	95.6%	97.1%	95.5%	98.7%	95.6%
Target	95%	95%	95%	95%	95%
2021/22 Actual	93.5%				93.5%↓
12. The number of Automatic Fire Alarm calls received					2021/22 Target: Monitor
	Q1	Q2	Q3	Q4	Year to Q1
Previous Year (20/21)	598	823	860	654	598
Target	-	-	-	-	-
2021/22 Actual	699				699
13. Percentage of Automatic Fire Alarm calls where RBFRS did					2021/22 Target: Improve



not attend					
	Q1	Q2	Q3	Q4	Year to Q1
Previous Year (20/21)	15.4%	21.0%	24.3%	16.7%	15.4%
Target	-	-	-	-	-
2021/22 Actual	22.7%				22.7%
Response Measures					
14. Percentage of occasions where the first fire engine arrives at an emergency incident within 10 minutes from time the emergency call was answered				2021/22 Target: 75%	
	Q1	Q2	Q3	Q4	Year to Q1
Previous Year (20/21)	78.4%	76.6%	78.0%	80.1%	78.4%
Target	75%	75%	75%	75%	75%
2021/22 Actual	76.1%				76.1%↓
15. Percentage of full shifts where there is adequate crewing on all wholetime frontline pumping appliances					
				2021/22 Target: 100%	
	Q1	Q2	Q3	Q4	Year to Q1
Previous Year (20/21)	100%	98.9%	89.7%	98.9%	100%
Target	100%	100%	100%	100%	100%
2021/22 Actual	98.9%				98.9%↓
16. Percentage of hours where there is adequate crewing on on-call frontline pumping appliances					
				2021/22 Target: 60%	
	Q1	Q2	Q3	Q4	Year to Q1
Previous Year (20/21)**	72.4%	60.9%	61.1%	68.2%	72.4%
Target	60%	60%	60%	60%	60%
2021/22 Actual**	59.8%				59.8%↓
**excluding Pangbourne					
Customer Experience Measures					
17. Percentage of domestic respondents satisfied with the overall service (fire incident)				2021/22 Target: 100%	
	Q1	Q2	Q3	Q4	Year to Q1
Previous Year (20/21)	NA	NA	NA	NA	100%
Target	100%	100%	100%	100%	100%
2021/22 Actual	100%				100%
18. Percentage of commercial respondents satisfied with the overall service (fire incident)					
				2021/22 Target: 95%	
	Q1	Q2	Q3	Q4	Year to Q1
Previous Year (20/21)	NA	NA	NA	NA	NA
Target	95%	95%	95%	95%	95%
2021/22 Actual	100%				100%



19. Percentage of respondents satisfied with the service with regards to Fire Safety Audits						2021/22 Target: 90%
	Q1	Q2	Q3	Q4	Year to Q1	
Previous Year (20/21)	NA	NA	NA	NA	NA	
Target	90%	90%	90%	90%	90%	
2021/22 Actual	100%				100%	
20. Percentage of domestic respondents satisfied with the service – Safe and Well Visits						2021/22 Target: 100%
	Q1	Q2	Q3	Q4	Year to Q1	
Previous Year (20/21)	NA	NA	NA	NA	NA	
Target	100%	100%	100%	100%	100%	
2021/22 Actual	97.9%				97.9%	
21. Number of complaints received						2021/22 Target: Monitor
	Q1	Q2	Q3	Q4	Year to Q1	
Previous Year (20/21)	5	3	9	5	22	
Target	-	-	-	-	-	
2021/22 Actual	7				7	
22. Number of compliments received						2021/22 Target: Monitor
	Q1	Q2	Q3	Q4	Year to Q1	
Previous Year (20/21)	2	4	2	2	8	
Target	-	-	-	-	-	
2021/22 Actual	3				3	



Quadrant Two – Corporate Health

The Corporate Health Quadrant monitors the wellbeing of the organisation. Performance is monitored in relation to staffing levels, health and safety and finances within RBFRS, to ensure the organisation is being run safely, efficiently and is cost effective.

Staff sickness – Health & Wellbeing support

This Quarter we have continued to see a relatively low level of staff sickness absence in comparison with the immediate pre-pandemic period, with 3.4% of working time lost to sickness compared with our target of 4.0%. RBFRS performs well in comparison to other fire and rescue services in relation to sickness absence, appearing in the best performing quartile for the number of sick days per employee.

Active management of staff absence due to sickness continues with appropriate supports. Both the Restricted Duties policy and the return to work form have been reviewed to ensure they support employee wellbeing and rehabilitation into the workplace. Managers are further aided by the new Managers Guide.

The Service continues to undertake a number of activities aimed at preventing sickness absence and assisting individuals to return to the workplace as quickly as possible. These are outlined in the Health, Safety and Wellbeing Action Plan and Mental Health Action Plan. Stress Awareness Month took place in April and was promoted in Shout and on Workplace. Mental Health Awareness Week took place in May, the theme was Connect with Nature. Staff were invited to share how they connect with nature. This campaign attracted the most views on Workplace this quarter.



Finance

The 2021/22 Revenue Budget agreed by Members in February 2021 was set at £35.779m. Expenditure was anticipated to exceed income by £29,000, meaning that the Fire Authority was reliant on its reserves to balance the budget.

Whilst staffing salary budgets were set based on the central Government position of a public sector pay freeze, the NJC have subsequently agreed a grey book pay award of 1.5% effective from 1 July 2021, which will cost an estimated additional £240,000. A final offer of 1.75% has also been made for green book staff. If agreed, this will be effective from 1 April 2021 and will cost an estimated additional £132,000. The reported variances on employee costs reflect this and also take account of the projected underspend on retained stations and ongoing crewing pressures in quarter 1, mainly linked to COVID-19.

Additional costs are estimated for repairs and maintenance of £41,000.

There are also pressures in relation to legal costs, with expenditure expected to exceed the budget by £70,000.

In recent months The Authority has been working in collaboration with a property specialist to enable us to challenge via appeal the business rate charges applied to our properties. This has proven to be successful and confirmation has recently been received of the value of the back-dated refunds due to us for four stations, which will be received in 2021/22. Annual costs for the new station in Theale are yet to be confirmed but have been included a proportion as an estimate in the outturn forecast.

Cross border charges data has been agreed with Thames Valley partners for the first quarter of the year and the estimated outturn position is anticipated that charges will be £33,000 lower (under Contracts Other) and income £35,000 higher than the budgeted targets.

At the point of budget setting, there was some uncertainty about the final level of additional funding the Authority would receive via the Berkshire unitary authorities to compensate for the effect of COVID-19 on the collection of council tax and business rates. Further clarity on this and the level of grants has been provided, and the authority will be receiving an additional £251,000.

The forecast year-end outturn shows a deficit of £290,000 to be funded from reserves, an increase of £261,000 from the budget setting position.



Royal Berkshire Fire Authority

Budget Update - Revenue Position Quarter 1 2021/22

	Annual Budget £'000	Jun-21 Outturn £'000	Forecast to YE £'000	Fcast - Budget Variance £'000
EMPLOYEES				
STATIONS	16,646	4,114	16,890	244
NON-STATIONS	11,458	2,828	11,623	165
TRAINING	555	53	555	0
OTHER	257	60	276	19
	28,916	7,055	29,344	428
PREMISES				
REPAIRS & MAINTENANCE	724	134	765	41
RATES	920	277	918	(2)
CLEANING	235	48	239	4
UTILITIES	456	25	458	2
	2,335	484	2,380	45
SUPPLIES				
INSURANCE	385	224	385	0
EQUIPMENT	507	96	513	6
IS EQUIPMENT & LICENCES	652	498	656	4
CLOTHING/PPE	374	66	374	0
COMMUNICATIONS	765	62	784	19
OCCUPATIONAL HEALTH	198	87	198	0
PRINT/STATIONERY/PUBLICATIONS/SUBSCRIPTI ONS	139	69	148	9
COMMUNITY FIRE SAFETY SUPPLIES	180	7	180	0
SUPPLIES OTHER	201	32	205	4
	3,401	1,141	3,443	42
CONTRACTS				
CONTRIBUTION TO TVFCS & COLLABORATION	911	0	921	10
LEGAL	50	1	120	70
CONTRACTS OTHER (incl Professional Services)	795	13	753	(42)
	1,756	14	1,794	38
TRANSPORT				
VEHICLE RUNNING COSTS	694	36	693	(1)
TRAVEL	217	37	207	(10)
	911	73	900	(11)
PENSIONS				
PENSIONS	406	92	410	4
	406	92	410	4
INCOME				
GRANTS	(2,217)	(2,030)	(2,217)	0
RENTAL INCOME	(173)	(102)	(173)	0
TVFCS RECHARGE INCOME	(324)	(81)	(324)	0



INCOME OTHER	(305)	(13)	(339)	(34)
	(3,019)	(2,226)	(3,053)	(34)
NET COST OF SERVICES	34,706	6,633	35,218	512
DEBT CHARGES INTEREST	374	19	374	0
INVESTMENT INTEREST	(10)	(2)	(10)	0
REVENUE FUNDING OF CAPITAL	600	0	600	0
CAPITAL CONTRIBUTIONS TO STAFFING COSTS	(163)	0	(163)	0
APPROPRIATION TO/(FROM) RESERVES	(328)	0	(328)	0
FINANCING COSTS	629	0	629	0
NET EXPENDITURE	35,808	6,650	36,320	512
GOV GRANTS/PRECEPTS	(35,779	(11,476)	(36,030)	(251)
	)			
(SURPLUS)/DEFICIT BEFORE USE OF RESERVES	29	(4,826)	290	261



QUADRANT TWO – CORPORATE HEALTH

DATA SUMMARY

23. Percentage of working time lost to sickness across all staff groups

2021/22 Target: 4% max

	Q1	Q2	Q3	Q4	Year to Q1
Previous Year (20/21)	2.8%	3.0%	3.4%	3.3%	2.8%
Target (21/22)	4%	4%	4%	4%	4%
2021/22 Actual	3.4%				3.4%↓

24. Percentage of eligible operational staff successfully completing fitness test

2021/22 Target: 100%

	Q1	Q2	Q3	Q4	Year to Q1
Previous Year (20/21)*	--	--	99.2%	99.2%	--
Target	100%	100%	100%	100%	100%
2021/22 Actual	99%				99%

* timeframes for testing impacted by COVID-19

25. Percentage of eligible staff with Personal Development Appraisals

2021/22 Target: 100%

	Q1	Q2	Q3	Q4	Year to Q1
Previous Year (20/21)	78.9%	95.3%	99.7%	99.7%	78.9%
Target	100%	100%	100%	100%	100%
2021/22 Actual	76%				76%↓

26. Percentage of eligible operational staff in qualification

2021/22 Target: 100%

	Q1	Q2	Q3	Q4	Year to Q1
Previous Year (20/21)	97.3%	96.9%	96.9%	96.4%	97.3%
Target	100%	100%	100%	100%	100%
2021/22 Actual	96.7%				96.7%↓

27. Number of formal grievances

2021/22 Target: Monitor

	Q1	Q2	Q3	Q4	Year to Q1
Previous Year (20/21)	0	0	1	1	0
Target	--	--	--	--	--
2021/22 Actual	2				2

28. Number of RIDDOR accidents

2021/22 Target: 6 max

	Q1	Q2	Q3	Q4	Year to Q1
Previous Year (20/21)	0	1	1	0	0
Target (max)	1	1	1	1	1
2021/22 Actual	2				2

29. Percentage of spend subject to competition

2021/22 Target: 85%

	Q1	Q2	Q3	Q4	Year to Q1
Previous Year (20/21)	91.7%	92.1%	95.2%	89.6%	91.7%
Target	85%	85%	85%	85%	85%
2021/22 Actual	94.7%				94.7%↑

30. Compliant spend as a percentage of overall spend

2021/22 Target: 100%

	Q1	Q2	Q3	Q4	Year to Q1
Previous Year (20/21)	100%	100%	100%	100%	100%
Target	100%	100%	100%	100%	100%
2021/22 Actual	100%				100%↔



31. Number of Information Commissioner assessments finding that the Service has breached Information Rights Legislation*					2021/22 Target: 0
	Q1	Q2	Q3	Q4	Year to Q4
Previous Year (20/21)	0	0	0	0	0
Target	0	0	0	0	0
2021/22 Actual	0				0
*Freedom of Information Act, Environmental Regulations or Data Protection Legislation					



Quadrant Three – Priority Programmes

Our Priority Programmes Quadrant brings together progress updates on our areas of work where we are delivering defined outcomes that are different to, or improve on, current working practices, policies and procedures.

Updates are provided on our CRMP, People Strategy, Strategic Asset Investment Framework, and the HRRB Project, assessing progress against the projects and objectives set in our 2021/22 Annual Plan.

People Strategy – Equality, Diversity & Inclusion

The importance of embedding equality, diversity and inclusion within our work is reflected in our People Strategy objectives and is increasingly recognised across the Service. For example, at a meeting of the Built Environment Programme Board, the group identified a training need regarding equality impact assessments. As the Built Environment Programme had established and initial work progressed, the team identified the importance of considering the impacts of their various activities in a systematic and effective manner. Following initial input from the Equality, Diversity and Inclusion Co-ordinator at a Programme Board meeting, a more in-depth training and information session was designed, delivered initially to the central project team. A subsequent need was identified for additional dedicated time to discuss worked examples and tailor the content of the training session to the individual work streams, hence further sessions were delivered following additional ongoing collaboration between the Equality, Diversity and Inclusion Co-ordinator and project team members. As a result, the programme as a whole has been upskilled and consequently have been able to embed a system of equality impact assessments for the entire project, therefore enabling the group to ensure that the activities undertaken and resulting outcomes are more effective and better meet the needs of all involved communities.

Continued Delivery of our Strategic Asset Investment Framework

The outbreak of the coronavirus pandemic has had profound operational consequences for the Service but, despite this, we have taken the necessary measures to ensure that the delivery of capital projects remains to time and to budget.

Furthermore, the pandemic, and RBFRS' reaction to it, has both validated the current ICT strategy and identified opportunities for reprioritisation of planned activities. In order to facilitate more effective working, the focus over the coming year will be on refreshing the network infrastructure to provide additional resilience and capacity for internet connectivity, deploying core Microsoft 365 collaboration and communication services, and refreshing phone systems in order to prepare them for integration with Microsoft 365.



In addition, implementation of the ICT strategy has been boosted by the Authority's successful grant application to Government for £101,000. This money is being used to improve communication tools for remote working.

High Rise Residential Buildings – completion of Phase 1

Royal Berkshire Fire Authority recognised at an early stage that the tragedy of the Grenfell Tower fire would have both immediate and long-term implications for fire safety measures in high-rise buildings. The Fire Authority provided its backing to make the safety of residents living in high-rise buildings the highest priority, enabling us to go beyond the minimum standards and use high quality resources to inspect high-rise buildings in our County. In our Service, a project team was set up to oversee the inspection of all High Rise Residential Buildings (HRRBs) in Berkshire. The team has been working within the Built Environment Programme to triage and audit all HRRBs as defined by the National Building Risk Review.

In Berkshire, we had a total of 198 High Rise-Residential Buildings (HRRBs) identified in scope of the review, which had to be completed during a six-month period. Eleven of these were found to be duplicates, and fourteen were already in interim measures, leaving 173 to be newly audited.

Thanks to the efforts of our experienced Fire Safety Inspecting Officers, all HRRBs were visited between September 2020 and June 2021 (deadline was extended due to COVID-19). Where necessary, enforcement action was taken and interim measures were applied where appropriate.

Engagement with Building Owners and Responsible Persons continues, alongside our partners in Local Authority Housing Teams and Building Control Bodies as part of this process.

Of the 173 premises audited from September 2020 through to 11 June 2021. 34 were compliant and returned to the Risk Based Inspection Programme for future inspections and 118 were non-compliant with 28 returned to the Hub Protection teams for management. A total of 21 enforcement notices were issued against Building Owners and Responsible Persons. This means that a total of 80% of buildings were found to be unsatisfactory and requiring improvement.

Through this project, as a Service, we have improved our multi-agency working and developed more effective working relationships with housing teams in unitary authorities, which will also benefit our work together on low-rise buildings

The HRRBs Team continue to manage a number of high-rise buildings through to the completion of remediation work. The aim is to handover these buildings to the local Protection teams for them to manage on an ongoing basis from 11 June 2022.



CRMP

RBFA is required to publish a Community Risk Management Plan (CRMP – formerly known as an Integrated Risk Management Plan). In 2018, we consulted on and published an [IRMP for 2019-23](#), which reflects the priorities and requirements of the [Fire and Rescue National Framework for England](#).

The below shows progress against our CRMP (IRMP) commitments published in our 2021-22 Annual Plan.

Project 1: Risk Analyses						
	End 20/21		Q1	Q2	Q3	Q4
Continued development of our existing Risk Methodology and Risk Modelling capability to ensure we have an even better understanding of all foreseeable fire and rescue related risks.	Revised		BAU			
Continue to maintain a theoretical response model for the Thames Valley, in collaboration with our Thames Valley Fire and Rescue partners to ensure our Risk Methodology and Risk Modelling aligns to theirs.	A		A			
Continue to engage with and drive the National Fire Chiefs' Council (NFCC) work to develop national best practice in this area.	G		G			
Project 2: Prevention						
	End 20/21		Q1	Q2	Q3	Q4
Continue to work towards the delivery of our 'Risk to Individuals' and 'Risk to Household' Safe and Well Visits, working in collaboration with our Berkshire partners to identify the most vulnerable people in our society.	BAU		G			
Develop a programme of follow up Safe and Well Visits to the most vulnerable.	R		R			
Focus our activities in support of Children and Young People through our road and water safety education programmes, Fire Cadets and FireSafe.	A		A			
Carry out targeted road safety activity, including for motorcyclists.	A		A			
Further develop local safety initiatives, campaigns and events to target risk at a local level and evaluate their effectiveness.	A		G			
Ensure a high standard of service through the quality assurance of our Prevention activities	New		A			
Project 3: Protection						
	End 20/21		Q1	Q2	Q3	Q4



Develop our risk-based inspection programme to ensure that we are identifying and targeting our resources at the areas of highest risk, in line with our Protection Strategy.	A	G			
Through our built environment programme, implement the learning from the phase one Grenfell Tower inquiry.	G (revised)	G			
Visit all high rise residential buildings 18m and above within Berkshire, supporting the safety of residents through the appropriate use of our regulatory powers and professional influence	revised	G			
Ensure a high standard of service through the quality assurance of our Protection activities	New	R			
Project 4: Response Resource Deployment					
	End 20/21	Q1	Q2	Q3	Q4
Continue to evaluate future developments in housing and infrastructure to ensure that our resource deployments match predicted future demands.	A	A			
Undertake a review of our specialist water rescue capability to ensure it continues to be aligned to local risk and reflects national best practice.	R	A			
Commence a project to consider the feasibility of introducing dynamic risk-based daytime nucleus crewing in the West of the County to improve emergency incident response times.	R	A			
Conduct a review of our Incident Command provision to ensure alignment to National Operational Guidance and best practice.	New	A			
Project 5: Response Safe Systems of Work Development					
	End 20/21	Q1	Q2	Q3	Q4
Align our systems of work and training to National Operational Guidance and National Operational Learning.	G	G			
Work with the NFCC and other key stakeholders to adopt new technologies, which support effective and efficient safe systems of work.	G	G			
Continue our investment of resource and expertise in the Thames Valley Breathing Apparatus Replacement project, conducting an effective and efficient join procurement prior to implementation in 2022/23.	New	G			



People Strategy

The purpose of our [People Strategy 2018-2021](#) is to support RBFRS staff to become the best public servants they can be, creating a workforce that can deliver efficient and effective service on behalf of the Fire Authority, to manage all foreseeable fire and rescue related risks that could affect the people of Berkshire.

Objective 1: Recruit, train and develop people to ensure we create a safe, professional and capable workforce, who can provide a fit for purpose service, 24/7, 365 days a year						
	End 20/21		Q1	Q2	Q3	Q4
Undertake Fire Fighter recruitment using Apprenticeships	NEW		G			
Expand on alternative ways of delivering learning and development through improved use of technology	A		A			
Objective 2: Increase the diversity of our workforce to better represent and therefore serve our local communities						
	End 20/21		Q1	Q2	Q3	Q4
Continue to support the Leonard Cheshire Change 100 programme to work with disabled graduates on a 100-day intern programme.	G		G			
Review and consult on our Equality, Diversity and Inclusion objectives and deliver associated actions, including taking positive action to ensure job and career opportunities in our service are accessible to all individuals and groups in our communities	NEW		G			
Develop and implement the Chairman's Internship which will target young people from under-represented groups in Berkshire	NEW		G			
Objective 3: Develop people and recruit talent to take personal responsibility for leadership in the organisation to ensure a public service ethos, support collaboration and effectively deliver service improvement						
	End 20/21		Q1	Q2	Q3	Q4
Integrate and embed our behavioural competency framework and values at all levels of the service	G		G			
Deliver a framework for coaching and mentoring	A		A			
Objective 4: Develop a diverse and inclusive 'one team' culture where everyone's contribution is valued and positive behaviours are used to describe how we work together						
	End 20/21		Q1	Q2	Q3	Q4
Develop a Communications and Engagement strategy	NS		G			
Continue to develop the Fire Authority Member Development Programme	G		G			
Develop and deliver a programme of staff engagement to inform our People Strategy, policies, processes and improvements	G		G			



Objective 5: Change policies, processes and systems to ensure they enable and support the delivery of a fit for purpose, efficient and effective service to the community						
	End 20/21		Q1	Q2	Q3	Q4
Develop our approach on equality of access to services and employment for potential staff and communities	NEW		NS			
We will explore the options for use of digital resources for our Protection services	NS		G			
Objective 6: Continue to support both the physical and mental health and wellbeing of our people.						
	End 19/20		Q1	Q2	Q3	Q4
Learn and adapt to different ways of working during and after the COVID-19 pandemic	G		G			
Deliver the requirements of the 2021/22 mental health action plan	G		G			



Strategic Asset Investment Framework

The Strategic Asset Investment Framework sets out how we will maintain and renew the vital capital assets, necessary to support our services. Our capital assets include our fire stations and HQ, fleet and equipment and our ICT systems. All together, they represent a major capital investment.

Buildings						
		Status				
		Q4 20/21	Q1	Q2	Q3	Q4
New Fire Stations: Theale	On Track	G	G			
	On Budget	G	G			
Minor Capital Works Programme	On Track	G	G			
	On Budget	G	G			
Fleet and Equipment						
		Status				
		Q4 20/21	Q1	Q2	Q3	Q4
Fleet: Fire Appliances	On Track	G	G			
	On Budget	G	G			
Fleet: Special Appliances	On Track	A	A			
	On Budget	G	G			
Fleet: Aerial Ladder Platform	On Track	G	G			
	On Budget	G	G			
Fleet: Other Ancillary Vehicles	On Track	G	G			
	On Budget	G	G			
Equipment	On Track	G	G			
	On Budget	G	G			
ICT						
		Status				
		Q4 20/21	Q1	Q2	Q3	Q4
Hardware	On Track	G	G			
	On Budget	G	G			
Software	On Track	G	G			
	On Budget	G	G			
Services	On Track	G	G			
	On Budget	G	G			



Networks	On Track	G	G			
	On Budget	G	G			
Security Resilience	On Track	G	G			
	On Budget	G	G			
ESMCP	On Track	G	G			
	On Budget	G	A			



Built Environment Programme – High Rise Residential Project

The HRRB (High Rise Residential Building) project was initiated to undertake fire safety audits of 198 identified high rise premises within Royal Berkshire over a 6 month period. Phase one of the project was completed in Quarter 1 (see case study). Progress against the Phase two objectives will be reported below.

Phase 2 HRRB Project Objectives: 1. Perform a Fire Safety revisit for each of the 97 identified HRRBs within Royal Berkshire that received an unsatisfactory audit during Phase 1. 2. Perform regular site visits of Interim Measures Buildings where frequency is based upon risk.						
	End 20/21		Q1	Q2	Q3	Q4
HRRB Revisits: HRRBs moving to Phase 2 have been defined and site revisits are being planned.	n/a		G			
Interim Measures Premises: Operational crews have started to perform monthly visits on HRRBs in Interim Measures. The HRRB team intends to perform a site visit on each of the 33 HRRB's in interim Measures in the first month of Phase 2 and will be following a detailed process to provide assurance to RBFRS that Interim Measures are sufficient to mitigate risk. Thereafter, each premises will be categorized by risk and visited at an appropriate frequency. This could be weekly, monthly, bi-monthly, and quarterly.	n/a		G			



Quadrant Four – Risk

Risk Register

RBFRS has developed a comprehensive Organisational Risk Management Policy, along with a framework for monitoring and managing risks and uncertainties to ensure that organisational objectives can be achieved. Strategic Risks and those with a current score of 17 or above, are escalated to the Corporate Risk Register and monitored monthly by the Senior Leadership Team.

Risk Movement Highlights

This section highlights organisational risks which have been added, closed or substantially changed risk score over the course of Quarter One. To ensure the most up to date picture for risk, the updates include information about progress since the end of the quarter.

Key Risk: COVID-19 Third Wave (Risk: 731)				
Risk Owner: Deputy Chief Executive				
	End of Q4 Risk Score	End of Q1 Risk Score	Direction of travel	Risk score as at Sept 2021
Risk 731 Risk Description: If we see a significant rise in infection rates of Covid-19 and/or the introduction of new variants of the disease, which may become increasingly likely as restrictions continue to lift, then we can expect to see a reduction in staff availability, which is significant in respect to our ability to deliver core services.	new	18	new	18
This risk was opened at the end of Quarter 4 2020/21, alongside the closure of the previous COVID-19 risk, which had focused on ongoing impacts through the autumn. The new risk addresses the possibility of a rise in cases associated with the expected relaxation of COVID-19 restrictions nationally, which was postponed to July 2021. Mitigations were focused on planning and preparing for the relaxation of restrictions and any rise in cases, whilst ensuring regular briefings for staff. Critical staff requirements were reviewed to establish pinch points over the coming six months, taking into account the normal additional pressures of summer leave, the possibility of higher incident levels in the summer months and the emerging impact of isolation due to staff being notified or 'pinged' by the COVID-19 app.				
Current Key Controls and Mitigations	Risk Movement			
Ensure any changes to internal guidance regarding covid secure workplaces align to the Government roadmap for recovery.	Current hygiene (hand sanitizers/desk cleaning materials) to remain in place indefinitely. Decision taken by CEMT to increase capacity at HQ from 6th Sept and remove all distancing from 27th Sept. Additional cleaning and Covid signage to cease/be removed. Internal guidance and RAs have been reviewed and communications are being developed to reflect changes. CO2 monitoring will carry on and results will be monitored by facilities for significant changes to levels following increase of capacities.			



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Where a change in activity is required to comply with covid security guidance, ensure a risk assessment is carried out and shared with all affected stakeholders	The covid secure risk assesment has been updated as part of the August review and will be republished ahead 6 September.
Regularly review internal covid secure roadmap communications and update stakeholders of any changes.	Communications have been issued in relation to self-isolation changes on 16 August. Review undertaken of Service position and communication and engagement programme underway in August and September.
Continue to monitor sickness absence closely to monitor trends, including reporting to NFCC	Sickness working group in place to monitor sickness trends and activity. Monitoring of symptomatic individuals in relation to reporting and the activation of the outbreak plan still in place. Impact of cases considered in relation to nature and control measures and weekly updates shared with key individuals. Supporting document reviewed as appropriate.
Examine operational crewing including TVFCS for the next six months to identify any pinch points especially during the summer holiday season into September.	R&RS producing weekly reporting to identify and raise issues to SD. TVFCS GM planning and forecasting crewing. No issues to raise at this time. Treatment to be reviewed mid June
All managers to review cover for critical staff for the next six months to identify any pinch points especially during the summer holiday season into September.	COMPLETE - CLOSED Managers have confirmed initial review of activities but this will remain a dynamic situation as further lifting of restrictions may affect positive case numbers.
Develop and implement systems to improve remote working and collaborative working including hybrid meetings to maintain flexibility	Hybrid meeting technical solutions for both large and small meeting rooms identified, Home Office grant funding secured for implementation, supply and installation contract currently under tender. UPDATE: Purchase order for equipment and implementation raised, delivery and implementation scheduling underway
Complete review from previous lockdowns, share learning and implement recommendations where appropriate	We have a first draft of the review and we will feed learning into the new people strategy and share findings with stakeholders
Regularly report expenditure against the Covid grant funding and manage opportunities for additional funding	Update provided to CEMT and external reporting continues on a quarterly basis.
Review Service Delivery activities in line with Government guidelines and re-introduce restrictions on movement as appropriate.	No change to treatment

New Risk: Fire Transformation (Risk: 737)

Risk Owner: Chief Fire Officer



	End of Q4 Risk Score	End of Q1 Risk Score	Direction of travel	Risk score as at Sept 2021
Risk 737 Risk Description: If the fire transformation programme brings significant change within the sector, which is becoming increasingly likely with the Government's fire reform agenda, then we face a period of increasing uncertainty which may affect the organisation's strategic direction.	New risk	21	New risk	21
This risk was opened at the end of Quarter 4 2020/21 to add the Government's Fire Reform Agenda to our risk consideration. There is potential for the changes required by the transformation to divert resources from our strategic objectives. Whilst we await further details from the White Paper, we are mitigating this risk by planning and preparing whilst staying in contact with all relevant stakeholders.				
Current Key Controls and Mitigations	Risk Movement			
Respond to the consultative White Paper on fire reform due to be issued in 2021	Awaiting formal consultation process. Ongoing dialogue through NFCC Chair and opportunities with Fire Minister.			
Engage with the Fire Standards programme, embedding any new Standards into our ways of working	Katie Mills is appointed as SPOC for Fire Standards with the Programme Office co-ordinating and monitoring our response. Governance arrangements in place for management of Fire Standards and progress to be monitored on a monthly basis.			
Engagement with Central Government, through Political lobbying, fire minister, Home Office and NFCC	Awaiting formal consultation process. Ongoing dialogue through NFCC Chair and opportunities with Fire Minister.			
Engagement across the Thames Valley partners through collaboration channels	Engagement with and briefing of RBFA Chair and Members has begun alongside discussions with the PCC. PCC to be invited to attend RBFA. Collaboration governance has confirmed ongoing commitment to working in partnership where there is benefit of the public or organisations involved.			
Ensure the fire reform programme informs the Authority's strategic planning processes	Fire Reform was included in corporate planning for 2021/22 and identified with the Annual Objectives within the Annual Plan.			

Rise in Risk Score: Workforce Planning (Risk: 676)				
Risk Owner: Deputy Chief Executive				
	End of Q4 Risk Score	End of Q1 Risk Score	Direction of travel	Risk score as at Sept 2021
Risk 676 Risk Description: If RBFRS fail to increase the capability, capacity and resilience of our workforce which may become increasing likely as we lose knowledge through retirement	15	18	↑	18



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of experienced staff, and require new skills and additional capacity to help us responds to the changing demands, then we can expect to fail to deliver against our statutory requirements and broader organisational development objectives					
This risk increased in risk score during Q1 2021/22 due to the volatility associated with pension case law and rights. This is currently an evolving picture, with minimal guidance, which is challenging our ability to advise staff and to predict likely levels of retirement. Due to budget constraints we are unable to over-recruit. Therefore, our mitigations have focused on taking an agile approach to predicting and ensuring adequate lead time for us to recruit and train replacements for retiring staff, however there is a consequent rise in the risk score.					
Current Key Controls and Mitigations			Risk Movement		
Strengthen workforce planning information to cover all staff and regularly review as part of performance monitoring			The Information presented to WPG includes monitoring establishment data and predicted retirements together with analysis of temporary promotion impacts on the station based establishment is now well established. The distribution of learners is considered & used to inform placement of new trainees / transfers across service. Promotion activity & potential impacts on the estab are considered with timing of activity & recruitment need. WT FF now apprenticeships - process underway. Green book estab reporting incl additional posts & illustration of vacancies - development is required to aid decision making. Further transferee intake agreed on forecast info.		
Increase flexibility of recruitment policies to enable RBFRS to attract and retain the best staff			Use of recruitment portal expanded to include promotion activity wherever possible. Re-provision of tool takes account of emerging need and expansion across recruitment activities. Eligibility criteria for grey book staff promotions agreed in August 2020 with FBU. Positive Action commenced with enhanced engagement -community contacts, social media due to C19 measures impacting face to face. New job profile template introduced linked to BCF, training delivered in support further BCF review required. Reports on RDS & WT recruitment examine trends in activity related to EDI. Promotion process review incl focus groups/survey and review with FBU /rep bodies. WT recruitment process and RDP to be reviewed.		
Ensure sufficient capacity in officer specialisms			SD reviewing officer cover provisions in support of cover and will identify any gaps and requirements for current/future Officer Specialisms . Work in relation to professional standards and IC will also identify officer requirements together with any emerging issues from the FDO/RMS review		
Increase capacity for RDS training and development resources			RDS working group operates to consider RDS specific needs. Move to new BA qualification delivery model undertaken in lockdown. Introduction of LMS and virtual core skills courses provides more flexibility for learning. Restructure of L&D increased capacity & flexibility, enabling further support to On-Call staff (albeit some instructor absence currently). SD & L&D meet to identify additional training needs. Consideration in TV of any ability to further collaborate. Work with SD to identify means to enabling On-call staff to undertake activities at an earlier point according to qualifications in train some initial		



	discussions undertaken 5/5/21 regarding next steps. RDP reviewed between SD & L&D with further review in August to ensure fit for purpose - circulate outside of WPG meeting and built into training plan as soon as activity confirmed and relationship to DAP.
Review L&D delivery model	Review of L&D structure completed. Further consideration and consultation required in relation to ARA arrangements to support L&D activity and how this can be improved to ensure resilience and more effective planning - delayed due to impacts of Covid but contained in 2021/22 Service Plan. RDP reviewed. LMS now live enabling greater resource access to stations.
Due to the large numbers of staff currently in development, closely monitoring any potential staff moves	R&D work with R,R&S to ensure placements of staff as appropriate. Learner development maps produced and monitored at WPG. Eligibility criteria for promotions reset and work underway to create refreshed promotion process. Promotion / recruitment underway for AM, GM roles. Risk that there will be an increased number of staff in development in all roles so competent staff at FF sought via transferee process. .Wholetime firefighter requirements identified and apprenticeships model agreed and underway SLT 11/5/21. Additional resource business case agreed SLT 11/5/21 and now appointed.
Ensure RBFRS have appropriate numbers of protection staff suitably qualified to deliver the function and a clear plan in relation to development and maintenance of skills	New DAP for FSIO in development taking account of protection competency framework agreed at SLT 4 May 2021. Discussion on wider impacts to protection structure and ways of working considered by AM P&P. Monitoring of staff numbers in performance data considered at SPB includes reporting on stage of development and whether qualified. Individuals engaged through agency to meet specific needs as appropriate.



Corporate Risk Register risks as at 15th September 2021

Risk ID	Risk Short Name	Risk Description	Inherent Score	Current Score	Treated Score
417	Firefighter Safety	If we do not maintain the safety, health and wellbeing of our operational staff through effective training; operational policy and guidance; safe systems of work and; means to capture and respond to operational learning, we risk a significant firefighter injury or fatality, a failure to comply with our legal duty and an undermining of the operational effectiveness and competence of our staff. This could significantly impact the effectiveness of our operational response, have a long term impact on staff welfare and damage our public reputation and trust levels.	25	19	19
418	ESMCP	If we do not make sufficient provision of resources to support the development, transformation to and implementation of ESMCP products and capabilities at a Service level, then we will not be a part of the proposed Emergency Services Network and we will be out of step with national and regional partners across the three emergency services. This could significantly impact on the effectiveness of our operational mobilization and response and limit access and use of operational technology to support incident command and joint emergency services interoperability. Consequently this could impact negatively on our collaborative and partnership working and our public and political reputation.	18	17	10
506	Volatility of funding	If RBFRS fails to receive sufficient funding, which is becoming more likely given the level of national debt, the Government's fiscal policy, increasing volatility in local funding and increasing budget pressures, we can expect to face further reductions in service delivery and a loss of public trust, which will severely impact on our ability to deliver our statutory duties and strategic objectives.	24	20	16
629	Management of Cyber Security	If we fail to ensure compliance with Cyber Security best practices and guidelines, which is increasingly likely due to ongoing evolution in the sophistication of attack methodologies, we may be exposed to operational degradation, financial loss and/or reputational damage due to reduced availability, integrity or currency of our data and systems.	21	18	12



Risk ID	Risk Short Name	Risk Description	Inherent Score	Current Score	Treated Score
641	Collaboration	If collaboration activity is not appropriately commissioned, prioritised, resourced and coordinated, which is likely due to the complexity of working across different organisations and the capacity to manage additional demand, then we can expect impacts on delivery of the expected benefits, efficiencies and improvements which is significant in respect of our legal duties and the Authority's commitments in the IRMP and annual plan.	21	15	12
651	Grenfell - Phase 1	If we do not respond to the recommendations made within the Grenfell Inquiry phase 1 report which is becoming increasingly likely given the additional changes/information being received through a number of channels then we can expect potential impact to the safety of our staff and members of the public which is significant in respect to our public reputation and managing our community risk.	24	18	15
663	Capital Projects - Effective Estate Management	If we fail to effectively manage our property assets to ensure they are fit for purpose and in the right locations, which may become increasingly likely given the funding challenges and the increasing age of our fire stations, then we can expect our revenue expenditure to increase, our services to be less effective and our stations to further decline which would be significant in respect to our strategic objectives; to ensure value for money and ensure fire stations are suitable and accessible for our own staff and the communities they serve.	23	16	10
664	Management of Budget Pressures	If we fail to accurately capture budget pressures over the medium term, which is becoming more likely given the volatility in the macro-economic environment, then resource allocation will become sub-optimal, impacting negatively on our ability to deliver an efficient and effective service to the public.	24	22	16
669	National Operational Guidance	If we do not ensure operational documentation is up to date, accessible and aligned to national best practice then there is the potential for personnel to train in or deploy operational procedures that do not maximise safety and operational effectiveness which is significant in respect of delivery statutory duties and legislative responsibilities	18	15	12
674	Communication between Incident Ground & TVFCS	If we do not ensure that we review our policies and our operational crews and Control staff are suitably trained to ensure effective communication between TVFCS and the incident ground during an incident then we are likely to be sharing incorrect or irrelevant information which could then risk the safety of our staff and members of the public.	18	18	15



Risk ID	Risk Short Name	Risk Description	Inherent Score	Current Score	Treated Score
675	Handling FSG calls simultaneously	If we are unable to process large volumes of Fire Survival Guidance calls simultaneously then we can expect callers not to be able to speak with us and /or be diverted to other control rooms whereby they may not receive the Fire Survival Guidance advice required. This will impact on the safety of residents within these buildings and our operational response	18	18	12
676	Workforce Planning	If RBFRS fail to increase the capability, capacity and resilience of our workforce which may become increasing likely as we lose knowledge through retirement of experienced staff, and require new skills and additional capacity to help us responds to the changing demands, then we can expect to fail to deliver against our statutory requirements and broader organisational development objectives	21	18	10
678	Management of operational risk information	Failure to manage the capture, processing and storage of operational risk information which may result in holding inaccurate, invalid or out of date information. This risk is a significant in relation to managing community and firefighter safety and meeting the requirements of GDPR. The current likelihood is high given the range, volume and complexity of the data,	18	15	12
681	WDS Operational Availability, Crewing and Capabilities	If we do not maintain the necessary numbers, skills and knowledge requirements of WDS personnel, which requires constant attention with our lean operating model, we may see adverse impacts on the provision of appliance availability, delivery of our response standard and our wider service plans and this could significantly impact community safety and our organizational reputation.	23	18	12
682	On-Call Operational Availability, Crewing and Capabilities	If we do not sustain activity to ensure our on-call provision has the appropriate numbers of personnel with the necessary skills, knowledge and availability then we risk undermining organisational resilience in our response capability and this could impact community safety and organizational reputation.	21	17	12



Risk ID	Risk Short Name	Risk Description	Inherent Score	Current Score	Treated Score
685	Pensions Case Law	If we do not keep informed of pension case law and prepare records and establish adequate arrangements to meet the expected changes to pension regulations and ensure the Pensions Administrator undertakes the necessary action; which is becoming increasingly difficult due lack of understanding and clear direction, the technical complexity associated with changes and competing demands, then we can expect to be in breach of the regulations, subject to potential legal challenge and adversely impact employees and pensioners, which are significant in respect to our financial security, employer duties and our reputation.	24	20	18
686	Pensions Governance	If we do not employ an effective pension governance, management and administration strategy; which is becoming increasingly important given the complexity and changes made to pension regulations, limited pensions expertise and capacity within the HR department, then we can expect to fail in our employer duties, breach regulations, be subject to legal challenge and scrutiny from The Pensions Regulator resulting in potential for enforcement and penalty notices, which are significant in respect to our financial security, statutory duty and our reputation.	21	20	15
693	Understanding of risk taking hold in external walls of high rise building	If we fail to develop and assure the knowledge and understanding of our staff in recognising and reacting to fire development in external walls of high rise buildings, we can expect a potential impact to the safety of our staff and members of the public.	18	18	10
694	Fire Survival Guidance	If we fail to differentiate between a caller seeking advice and a caller who is trapped and requiring rescue, it is likely that we will give inconsistent or inaccurate guidance which could harm operational effectiveness and impact public safety	21	18	15
697	Radio Assurance	If we fail to assure the effectiveness of BA and fireground radio comms in high rise buildings, we could significantly increase the risks to crews and building occupants during an incident	21	21	15
699	Command Unit effectiveness	If we fail to assure the effectiveness and resourcing of our command support units, we are likely to attend an incident in which the command unit would be unavailable or operating sub-optimally which could impact our operational response, and affect the safety of our staff and members of the public	18	18	10



Risk ID	Risk Short Name	Risk Description	Inherent Score	Current Score	Treated Score
700	Evacuation Training	If we fail to establish effective procedures and training for operational crews on the evacuation of complex and high-rise buildings, the delivery of the tactical plan could be compromised which would adversely impact staff and public safety	21	18	15
731	Covid-19 Third Wave	If we see a significant rise in infection rates of Covid-19 and/or the introduction of new variants of the disease, which may become increasingly likely as restrictions continue to lift, then we can expect to see a reduction in staff availability, which is significant in respect to our ability to deliver core services.	22	18	15
732	Capita Secure Solutions and Services sale	If Capita SSS is sold and the purchaser makes unfavourable decisions on software development and provision of support, which is likely given commercial uncertainties around the sale, then we can expect TVFCS to experience substantial impacts on their ability to deliver an efficient, effective and resilient service which is significant in respect of delivering our statutory fire and rescue functions.	21	18	12
737	Fire Transformation	If the fire transformation programme brings significant change within the sector, which is becoming increasingly likely with the Government's fire reform agenda, then we face a period of increasing uncertainty which may affect the organisation's strategic direction.	21	21	11
740	Comms Resource	If we fail to resource the Communications and Engagement Team adequately, in line with our current and anticipated work demands, then this could significantly impact the effectiveness of the support provided across the Service and risk delivery against our strategic objectives as set out in the Annual Plan and Corporate Plan	21	21	15



Audit Plan

Audits provide assurance that the Service is run properly and in ways that have been agreed by our Officers and Members. They demonstrate that the business is conducted in accordance with relevant legislation, government expectations, good practice and organisational policy.

Our Audit Programme is agreed by the Audit and Governance Committee at the start of the year. Progress against all actions open at the start of Quarter 1, or opened during the quarter, is detailed below.

Audit title and date	Audit Action	Date due (revised where applicable)	Priority	Status	Open / Closed
Firefighter Pension Administration 11/01/2021	2020:FFPA:01 We will develop written succession plans for the Royal Berkshire Fire and Rescue Service once the changes to the workforce structure have been implemented.	30/09/2021	Low	A	Open
Progress: This action was originally identified in the 2019/20 Audit. Delays to the sign off of the organisational review by the Council resulted in the delay to consultation. This started but was suspended due to the Covid-19 situation. West Yorkshire Pension Fund continue to recruit to new positions although this has been slow progression. Recruitment to the Service Centre has been undertaken and currently there is recruitment into the Business Governance posts. There has been some difficulty in attracting senior pension officers. This action has been moved into the action plan resulting from the 2020/21 Audit with a revised completion date.					
Cyber Essentials 09/03/2021	2020: Cyber:08 The Service will implement a formal process for the periodic review of special access privileges. This process will be reflected in a relevant policy/procedure.	30/04/2021	Med	C	Closed
Progress: Action completed by due date.					
Capital Projects 11/03/2021	2020: CapProj:02 We will ensure that the Terms of Reference for the Strategic Performance Board/Project Development Working Group are reviewed and updated where required, with the updated date of review documented and the required date of next review detailed.	31/05/2021	Med	G	Open
Progress: PDWG Terms of Reference reviewed & updated 7/4/2021. Next review date April 2022 and annually thereafter as part of the April meeting agenda. SPB Terms of Reference review to take place alongside review of Performance Management Framework due at SPB in August 2021 (since completed).					
Governance and Risk Management 17/03/2021	2020: Gov&RM:02 We will update the Audit and Governance Committee, Fire Authority and Management Committee ToRs to include a footnote outlining	30/04/2021	Low	C	Open



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Audit title and date	Audit Action	Date due (revised where applicable)	Priority	Status	Open / Closed
	that these should be read in accordance with the organisation's Standing Orders.				
Progress: Completed by due date.					
Governance and Risk Management 17/03/2021	2020: Gov&RM:03 As part of the implementation of the risk management course, we will identify all staff responsible for risk management within the organisation. An exercise will then be completed to ensure appropriate risk training has been provided and a formal record will be retained to evidence this.	31/12/2021	Low	G	Open
Progress: In Corporate Services Service Plan for Q3					
Performance Development Reviews 01/07/2021	2020: PDR:01 Following the completion of the 2021 PDR appraisal period, we will review and update the PDR policy. We will review current processes and responsibilities and compare these to the content of the current PDR policy. Any inconsistencies identified will be updated within the policy to ensure it reflects current practice.	30/09/2021	Low	G	Open
Progress: Policy updated to reflect monthly FW reports being generated rather than bi- weekly report that resulted in non-compliance					
Performance Development Reviews 01/07/2021	2020: PDR:02 We will update the training materials, including the PDR slides, to provide detailed information and guidance regarding SMART objectives, including examples of these. Emphasising that objectives are SMART will also be covered within the appraisal communications to staff and line managers.	30/09/2021	Low	G	Open
Progress: It has been identified that slides and Core Skills training need updating. New materials will be finalised by deadline date.					
Performance Development Reviews 01/07/2021	2020: PDR:03 The HR Team will devise and implement an escalated approach to reminding/chasing overdue appraisals. The HR Team will also consider identifying those manager/directorates for targeted reminders	31/07/2021	Low	G	Open



Audit title and date	Audit Action	Date due (revised where applicable)	Priority	Status	Open / Closed
	where appraisals were returned late in the previous year.				
Progress: Two reminders to be sent out to Line Managers in March to start the PDR process and mid-June to ensure PDRs have been completed. If paperwork has not been received by HR on 31 July, HOS will be informed.					
Performance Development Reviews 01/07/2021	2020: PDR:04 We will consider implementing two deadline dates for the PDR process, an earlier date by which PDR meetings must be confirmed to have taken place and a later date by which PDR forms must be received by HR.	30/09/2021	Low	G	Open
Progress: All PDRs will need to be completed by 30 June and completed PDR paperwork returned to HR by 31 July					



HMICFRS ACTION PLAN

The HMICFRS report for RBFPS was published in 2019 rating us good in each of the three areas of effectiveness, efficiency and people. Improvements were identified within the report and the actions to address these are being tracked through this plan.

Section One: Effectiveness							
Improvement	Delivered via	Status					
		End 20/21		Q1	Q2	Q3	Q4
Prevention evaluation to better understand benefits	Service Plans (Service Delivery & Collaboration and Policy)	A		A			
Prevention quality assurance	Collaboration and Policy Service Plan	A		A			
Protection quality assurance	Collaboration and Policy Service Plan	A		R			
Addressing the burden of false alarms	Collaboration and Policy Service Plan	A		A			
Keeping the public informed during ongoing incidents	Corporate Services Service Plan	G		G			
Effective system to use for learning and debriefs	Collaboration and Policy Service Plan	G		A			
Section two: Efficiency							
Improvement	Delivered via	Status					
		End 20/21		Q1	Q2	Q3	Q4
Best use of available technology	ICT Strategy	G		G			
Section three: People							
Improvement	Delivered via	Status					
		End 20/21		Q1	Q2	Q3	Q4
Values and behaviours understood and demonstrated	HR & L&D Service Plan	G		G			
Effective use of competence recording system	HR & L&D Service plan	G		G			
Effective grievance procedures in place	HR & L&D Service plan	G		G			
Staff are confident in using feedback mechanisms	Corporate Services Service plan	G		G			
Process to identify, develop and support high-potential staff and aspiring leaders	HR & L&D Service plan	A		A			



Appendix A – Additional Data

REPORTABLE SERVICE MEASURES					
Percentage of occasions where time to answer emergency calls is within 10 seconds				2021/22 Target: 97%	
	Q1	Q2	Q3	Q4	Year to Q1
Previous Year (20/21)	98.4%	98.3%	99.1%	98.9%	98.4%
Target	97%	97%	97%	97%	97%
2021/22 Actual	98.8%				98.8%↑
Percentage of occasions where time to mobilise is within 90 seconds				2021/22 Target: 80%	
	Q1	Q2	Q3	Q4	Year to Q4
Previous Year (20/21)	71.6%	70.8%	68.0%	70.9%	71.6%
Target	80%	80%	80%	80%	80%
2021/22 Actual	70.6%				70.6%↓
Percentage of occasions where wholtime duty system crew turnout time is under 90 seconds				2021/22 Target: 90%	
	Q1	Q2	Q3	Q4	Year to Q4
Previous Year (20/21)	95.9%	95.4%	95.3%	94.4%	95.9%
Target	90%	90%	90%	90%	90%
2021/22 Actual	94.5%				94.5%↓
Percentage of occasions where On Call crews turnout is within the agreed timeframes				2021/22 Target: 90%	
	Q1	Q2	Q3	Q4	Year to Q1
Previous Year (20/21)	94.2%	84.7%	91.4%	86.4%	94.2%
Target	90%	90%	90%	90%	90%
2021/22 Actual	91.3%				91.3%↓
Percentage of occasions a second fire appliance attending a dwelling fire arrives within 2 minutes of the first appliance to arrive				2021/22 Target: Monitor	
	Q1	Q2	Q3	Q4	Year to Q1
Previous Year (20/21)	62.7%	56.2%	65.9%	57.5%	62.7%
Target	--	--	--	--	--
2021/22 Actual	65.8%				65.8%
Percentage of occasions a second fire appliance attending a road traffic collision arrives within 2 minutes of the first appliance to arrive				2021/22 Target: Monitor	
	Q1	Q2	Q3	Q4	Year to Q1
Previous Year (20/21)	55.6%	52.7%	63.6%	55.3%	55.6%
Target	--	--	--	--	--
2021/22 Actual	69.2%				69.2%



Accident Investigations

Measure		Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	2021/22 YTD
Accidents Requiring Investigation	Minor	7				7
	Moderate	4				4
	Major	0				0
Near Misses Requiring Investigation	Minor	4				4
	Moderate	5				5
	Major	0				0
*Accident Investigations Outstanding	Minor	0				0
	Moderate	0				0
	Major	0				0
*Near Miss Investigations Outstanding	Minor	0				0
	Moderate	0				0
	Major	0				0

*Accident Investigation Officers (AIO) have two months within which to submit their reports, unless an extension to this has been agreed due to the complexities of the investigation. The figures in the table relating to accident investigations or near misses outstanding, refer to investigation reports that were due to be submitted within that quarter but had not been received at that time.

Minor - an accident which causes only a slight injury, and not requiring medical attention other than first aid, with no potential to have been more severe, or a near miss event with the potential to cause slight injury. The local workplace manager investigates these events.

Moderate - an accident which causes an injury requiring medical treatment immediately (not including first aid) or at a later date (for example physiotherapy), and/or an accident that is likely to lead to more than three days' absence from work or normal duties (i.e. restricted duties) but is not a specified injury as defined under RIDDOR, or a near miss event, including Dangerous Occurrences as defined under RIDDOR, which had the potential to have caused such injuries. These investigations are carried out by someone who is trained in analytical accident investigation, known as an Accident Investigation Officer (AIO).

Major - an accident causing a death or a specified injury; or a near miss event, including Dangerous Occurrences as defined under RIDDOR, with potential to have caused such injuries. Major events are investigated by a team of AIO's, co-ordinated and led by an Area Manager.

Near miss definition: An unplanned event including damage to equipment and property that had the potential to cause death, injury or ill health.

Accident categories may be re-categorised at any point before or during the investigation, which can retrospectively affect the numbers.



Equality, Diversity and Inclusivity Data Summary

The percentage of employees from minority ethnic groups has decreased slightly this quarter from 7.30% in Q4 to 7.14% in Q1. This decrease is due to two BAME individuals joining the service and one leaving. Staff in post has increased from last quarter which has also had an effect on the percentage reduction.

The number of female firefighters employed in the Service has reduced this quarter from 28 in Q4 (6.56%) to 26 in Q1 (6.03%). The percentage has decreased due the number of male wholetime firefighters increasing and two female members of operational personnel leaving the service.

The number of staff employed by RBFRS with a disability has increased from 38 to 41, and now represents 6.2% of the workforce.

Measure		Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	2020/21 YTD	Q1 20/21	Authorised establishment at the end of Q1 2021/22 (Number of authorised posts)
STAFF IN POST	Wholetime	360				360	364	362
	Retained	71				71	84	78
	Control	43				43	41	39
	Green Book	184				184	170	166
	Total	658				658	659	645
		Q1	Q2	Q3	Q4	2021/22 YTD	Q1 20/21	
STAFF TURNOVER	Wholetime	7				7	7	
	Retained	1				1	4	
	Control	0				0	2	
	Green Book	4				4	0	
	Total Number	12				12	13	
	Staff in Post	658				658	659	
	Percentage	1.82%				1.82%	1.97%	
		Q1	Q2	Q3	Q4	2021/22 YTD	Target	YTD Q1 20/21
FEMALE STAFF	Wholetime	4.2%				4.2		4.4%
	Retained	15.5%				15.5		14.3%
	Control	67.4%				67.4		73.2%
	Green Book	57.6%				57.6		56.5%
	Total	24.5%				24.5		23.4%



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		Q1	Q2	Q3	Q4	2021/22 YTD	Target	YTD Q1 20/21
NON WHITE STAFF	Wholetime	5.0%				5.0%		5.2%
	Retained	2.8%				2.8%		4.8%
	Control	4.7%				4.7%		2.4%
	Green Book	13.6%				13.6%		14.1%
	Total	7.1%				7.1%		7.2%

	Measure	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	2021/22 YTD	Target	YTD Q1 20/21
STAFF AGE PROFILE	25 and Under	39				39		46
	26-35	174				174		176
	36-45	213				213		208
	46-55	188				188		192
	56-65	39				39		36
	66 and Over	5				5		1
	Total	658				658		659



Staff Ethnicity Profile Ethnicity Data

Ethnicity	Wholetime	Retained	Control	Green Book	All Staff
White British	341	69	40	156	606
Other Ethnicity	18	2	2	25	47
Unknown	1	0	1	3	5
Total	360	71	43	184	658

Ethnicity	Number of Staff
Asian or British Asian: Indian	4
Asian or British Asian: Other	3
Black or Black British African	3
Black or Black British Caribbean	4
Black or Black British other	1
Chinese	1
Mixed White and Asian	2
Mixed White and Black Caribbean	2
Other	1
Other Mixed	4
Unknown	5
White British	606
White Irish	5
White Other	15
Asian or British Asian: Pakistani	1
Mixed White and Black African	1
Grand Total	658



Staff Age Profile

Age Group	Wholetime	Retained	Control	Green Book	Grand Total
25 and Under	8	7	6	18	39
26 - 35	85	33	17	39	174
36 - 45	143	20	7	43	213
46 - 55	116	8	13	51	188
56 - 65	8	3	0	28	39
66 and Over	0	0	0	5	5
Grand Total	360	71	43	184	658

Staff Gender Profile

Gender	Wholetime	Retained	Control	Green Book	All Staff
Female	15	11	29	106	161
Male	345	60	14	77	496
Other	0	0	0	1	1
Total	360	71	43	184	658



Appendix B – 2021-22 Annual Objectives

- 1) We will provide education and advice on how to prevent fires and other emergencies.
- 2) We will ensure a swift and effective response when called to emergencies.
- 3) We will provide advice, consultation and enforcement in relation to fire safety standards in buildings.
- 4) We will seek opportunities to contribute to a broader safety, health and wellbeing agenda, whilst delivering our core functions.
- 5) We will ensure that Royal Berkshire Fire and Rescue Service provides good value for money.
- 6) We will work with Central Government and key stakeholders in the interests of the people of Royal Berkshire.
- 7) We will recruit, train and develop our people to ensure we create a safe, professional and capable workforce that are supported to become the best public servants they can be for the residents of Berkshire.
- 8) We will manage RBFRS in accordance with best practice, understanding and continuous improvement, learning from events and being transparent in our compliance.
- 9) We will be strong and visible in our leadership in developing a diverse and inclusive 'one team' culture where everyone's contribution is valued and positive behaviours are recognised.
- 10) We will explore collaboration opportunities to ensure we deliver effective and efficient services to the people we serve.



Appendix C - Performance Measures and Definitions

Service Provision

ID	Measure	Definition
1	Number of fire deaths in accidental dwelling fires	The number of deaths that occur as a result of an accidental dwelling fire, even when the death occurs weeks or months later.
2	Number of non-fatal fire casualties in accidental dwelling fires	The number of non-fatal casualties that occur as a result of an accidental dwelling fire. This includes a person or persons whose injuries may be slight or serious and require hospital treatment and which are attributed to the accidental dwelling fire.
3	The number of deliberate primary fires	The total number of primary fires, where it has been identified that the fire was started deliberately.
4	The number of deliberate secondary fires	The total number of secondary fires, where it has been identified that the fire was started deliberately.
Prevention		
5	Number of Safe and Well Visits (S&Ws) delivered to those with individual characteristics making them at higher risk of death in the event of an accidental dwelling fire	A Safe and Well Visit is a free service that we provide to eligible residents. Safe and Well Visits are tailored to individual needs, relating to health and wellbeing, as well as fire risk reduction. A Safe and Well Visit will take place in the home and can be arranged at a convenient time.
6	Number of Safe and Well Visits (S&Ws) delivered to those who live in households with characteristics associated with higher risk of injury in accidental dwelling fires.	A Safe and Well Visit is a free service that we provide to eligible residents. Safe and Well Visits are tailored to individual needs, relating to health and wellbeing, as well as fire risk reduction. A Safe and Well Visit will take place in the home and can be arranged at a convenient time.
7	Percentage of Safe and Well referrals, where there has been a threat or incidence of arson, completed within 48 hours	When RBFRS are made aware of the threat or incidence of arson against an individual(s) a Safe and Well Visit should be conducted, wherever possible, within 48 hours.



ID	Measure	Definition
Protection		
8	Total Number of Full Fire Safety Audits carried out	A Fire Safety Audit is carried out to enforce the Regulatory Reform Order (RRO) 2005, which applies to virtually all non-domestic premises and covers nearly every type of building, structure and open space. This is the total number of Full Fire Safety Audits carried out in premises in Berkshire. This is calculated once the service has been closed by RBFRS and only includes the initial Full Fire Safety Audit.
9	Percentage of Fire Safety Audits with a 'Broadly Compliant' result.	The percentage of closed Fire Safety Audits carried out in commercial premises, where the result was 'Broadly Compliant' (satisfactory) and no further action or follow-up was required.
10	Percentage success when cases go to court.	The percentage of cases prosecuted following Fire Safety Audits that result in a successful outcome.
11	Percentage of statutory fire safety consultations completed within the required timeframes	Statutory fire consultations have a legally defined timeframe in which they must be completed and include: • Licensing • Building regulations • Building regulations approved supplier
12	The number of Automatic Fire Alarm calls received	Automatic Fire Alarm calls are calls from Alarm systems and have a higher likelihood of being a false alarm.
13	The percentage of Automatic Fire Alarm calls where RBFRS did not attend.	This is the number of Automatic Fire Alarm calls received where we did not attend. In some circumstances we are able to seek confirmation that this is not a false alarm, before attending.



ID	Measure	Definition
Response		
14	Percentage of occasions where the first fire engine arrives at an emergency incident within 10 minutes from the time the emergency call was answered	This measure looks at the time taken from when the Fire Control Room Operator answers the phone until the time the first fire engine (appliance) arrives at the scene of the emergency incident, and on how many occasions RBFRS does this in under 10 minutes.
15	Percentage of full shifts where there is adequate crewing on all wholtime frontline pumping appliances	This is the percentage of shifts (day or night) where there is sufficient minimum qualified firefighters (four personnel) on all wholtime pumping appliances (fire engines). A wholtime frontline pumping appliance is available 24/7, 365 days a year.
16	Percentage of hours where there is adequate crewing on on-call frontline pumping appliances (based on 24/7 crewing)	This is the percentage of hours where there is sufficient minimum qualified firefighters (four personnel) on on-call pumping appliances (fire engines). On-call frontline pumping appliances are crewed mainly by on-call fire fighters who are based at stations in more rural locations, and are ready to leave their place of work or home and attend emergencies from the local retained station, when they receive the call.
Customer Feedback		
17	Percentage of domestic respondents satisfied with the overall service	Results are from a customer feedback questionnaire which is sent to those who have experienced a dwelling fire asking about their satisfaction and experience with the service they received from RBFRS.
18	Percentage of commercial respondents satisfied with the overall service	Results are from a customer feedback questionnaire which is sent to business owners/ managers who have experienced a fire in their commercial premises asking about their satisfaction and experience with the service they received from RBFRS.
19	Percentage of respondents satisfied with the services with regards to Fire Safety Audits	Results are from a customer feedback questionnaire which is sent to business owners/ managers who have had a full fire safety audit, asking about their satisfaction and experience with the service they received from RBFRS.



20	Percentage of domestic respondents satisfied with the service regards their Safe and Well Visit	Results are from a customer feedback questionnaire which is sent to a sample of individuals who have received a Safe and Well Visit and asks about their satisfaction and experience with the service they received from RBFRS.
21	Number of complaints received	The number of complaints made to RBFRS about any aspect of our service or staff.
22	Number of compliments received	The number of compliments received by RBFRS about any aspect of our service or staff.

Corporate Health

ID	Measure	Definition
Human Resources and Learning & Development		
23	Percentage of working time lost to sickness across all staff groups	This measure looks at sickness across the whole organisation and the percentage of time lost, based on the number of working hours available to the organisation. This will not include COVID-19 related absences where an individual is isolating but not symptomatic.
24	Percentage of eligible operational staff successfully completing fitness test	The measure reflects the percentage of eligible operational personnel who have successfully completed their fitness test. Individuals who are not eligible, include those on long-term sick or light duties.
25	Percentage of eligible staff with Personal Development Reviews	This measure reflects the percentage of eligible employees who have had a Personal Development Review meeting. Eligible staff are those who have completed their initial probation period, before the end of the PDR period and who have not been absent for over 50% of the reporting period. Employees moving within the Organisation to new roles on trial or probation periods will still be eligible for a PDR.
26	Percentage of eligible operational staff in qualification	This measure examines performance in the key qualifications, outlined in the eight core areas of the Fire Professional Framework , required by staff to maintain effective service delivery.



ID	Measure	Definition
27	Number of formal grievances	The number of formal grievances raised by staff under the Grievance, Bullying and Harrassment Policy.
Health and Safety		
28	Number of RIDDOR accidents	RIDDOR(<i>Reporting of Injuries Diseases and Dangerous Occurrences Regulations</i>) are more serious injury accidents.
Finance and Procurement		
29	Percentage of spend subject to competition	This measure looks at all items of expenditure over £10k as RBFA must obtain quotes or tenders for all these purchases. This excludes statutory payments such as local authority charges or HMRC.
30	Compliant spend as a percentage of overall spend	This measure calculates the supplier spend that is in a compliant contract as a percentage of the total spend to external bodies and suppliers (as per RBFA contract regulations).
Freedom of Information		
31	Number of Information Commissioner assessments finding that the Service has breached Information Rights Legislation (Freedom of Information Act, Environmental Information Regulations or Data Protection Legislation)	RBFRS are required to conform to Data Protection and Freedom of Information legislation. The Information Commissioner is responsible for determining compliance and issuing advice or penalties. This measure includes only incidents where there is a finding of a breach (not complaints which are subsequently dismissed).

