

ESSEX FIRE AUTHORITY

Essex County Fire & Rescue Service



Policy and Strategy Committee Agenda

10:00	Wednesday, 18 March 2015	Fire Service Headquarters, Kelvedon Park,
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**Please note that the attached reports are in draft form
and should be treated as confidential**

Quorum: 5

Membership

Councillor A Hedley
Councillor J Chandler
Councillor A Holland
Councillor J Jowers
Councillor C Kent
Councillor J Moyies
Councillor A Naylor
Councillor Lady P Newton
Councillor P Oxley
Councillor A Turrell

Chairman

Vice-Chairman

**For information about the meeting please ask for:
Judith Dignum (Committee Services Manager, Essex County Council)
03330134579 / judith.dignum@essex.gov.uk**

Essex Fire Authority and Committees Information

Meetings of the Authority and its committees are open to the press and public, although they can be excluded if confidential information is likely to be considered.

Meetings are held at Essex County Fire and Rescue Service Headquarters, Kelvedon Park, Rivenhall, Witham, CM8 3HB. A map can be found on the Essex County Fire and Rescue Service's website (www.essex-fire.gov.uk); from the Home Page, click on 'Contact Us'.

There is ramped access to the building for wheelchair users and people with mobility disabilities.

Please report to Reception when you arrive. The meeting rooms are located on the ground and first floors of the building and are accessible by lift where required.

If you have a need for documents in an alternative format, in alternative languages or in easy read please contact the Committee Services Manager (contact details on the front page) before the meeting takes place. If you have specific access requirements please inform the Committee Services Manager before the meeting takes place.

The agenda is also available on the Essex County Fire and Rescue Service website, (www.essex-fire.gov.uk). From the Home Page, click on 'Essex Fire Authority', then scroll down the page and select the relevant documents.

Part 1

(During consideration of these items the meeting is likely to be open to the press and public)

Pages

- | | | |
|----------|---|---------------|
| 1 | Apologies for Absence | |
| 2 | Declarations of Interest
To note any declarations of interest to be made by Members in accordance with the Members' Code of Conduct | |
| 3 | Minutes
To approve as a correct record the minutes of the meeting held on 14 January 2015. | 5 - 12 |

Decision Items

- | | | |
|----------|---|----------------|
| 4 | Budget Review - January 2015
To receive a report by the Finance Director and Treasurer (EFA/028/15) | 13 - 20 |
| 5 | Review of Finance Policies
To receive a report by the Finance Director and Treasurer (EFA/029/15) | 21 - 68 |
| 6 | Programme 2020
To receive a report by the Finance Director and Treasurer (EFA/029/15) | 69 - 88 |
| 7 | Date of Next Meeting
To note that the next meeting of the Committee will take place on Wednesday 24 June 2015 at 10.00am. | |
| 8 | Urgent Business
To consider any matter which in the opinion of the Chairman should be considered in public by reason of special circumstances (to be specified) as a matter of urgency. | |

Exempt Items

(During consideration of these items the meeting is not likely to be open to the press and public)

To consider whether the press and public should be excluded from the meeting during consideration of an agenda item on the grounds that it involves the likely disclosure of exempt information as specified in Part I of Schedule 12A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A(2) of that Act.

In each case, Members are asked to decide whether, in all the circumstances, the public interest in maintaining the exemption (and discussing the matter in private) outweighs the public interest in disclosing the information.

9 Urgent Exempt Business

To consider in private any other matter which in the opinion of the Chairman should be considered by reason of special circumstances (to be specified) as a matter of urgency.



MINUTES OF A MEETING OF THE ESSEX FIRE AUTHORITY POLICY & STRATEGY COMMITTEE HELD ON WEDNESDAY 14 JANUARY 2015 AT 10:00AM

Present:

Councillor A Hedley	Chairman
Councillor J Chandler	
Councillor A Holland	
Councillor J Jowers	
Councillor C Kent	
Councillor A Naylor	
Councillor Lady P Newton	
Councillor P Oxley	

The following Officers were present in support throughout the meeting:

Adam Eckley	Acting Chief Fire Officer
Mike Clayton	Finance Director and Treasurer
Lindsey Stafford-Scott	Director of Human Resources and Organisational Development
Roy Carter	Service Solicitor
Dave Bill	Assistant Chief Fire Officer - Operations
Paul Hill	Assistant Chief Fire Officer - Safer & Resilient Communities
Shirley Jarlett	Deputy Clerk and Monitoring Officer
Glenn McGuinness	Deputy Finance Director
Christine Connor	Head of Corporate Communications and Media
Linda Boar	Secretary to the Committee
Judith Dignum	Secretary to the Committee

Apologies for absence were received from Councillors J Moyies and A Turrell.

1. Opening Remarks

The Chairman informed the Committee that the new control room had gone live at 8am that morning (one day earlier than scheduled) and was operating effectively, with three appliances having already been deployed successfully.

At the invitation of the Chairman, the Acting Chief Fire Officer updated the Committee on the resilience arrangements during the industrial action planned for

the next three days. The Chairman advised that he would be liaising closely with the Acting Chief Fire Officer and the Assistant Chief Fire Officers and would keep Members updated.

2. Declarations of Interest

The Chairman reminded Members that they should declare any interests at this point or during consideration of the appropriate agenda item.

3. Minutes

The minutes of the meeting held on 5 November 2014 were agreed as a correct record and signed by the Chairman, subject to the addition of the following sentence at the end of paragraph 5 of minute 61 (Acceptance of Partial Performance):

“She added that, although no progress had been made, that did not mean the Authority should stop working and liaising with the FBU.”

4. Budget Review – November 2014

The Committee considered report EFA/001/15 by the Finance Director and Treasurer which reported on the expenditure against budget as at 30 November 2014 and identified major variances to the budget for the year.

In introducing the report, the Finance Director and Treasurer highlighted the continuing underspend on the revenue budget.

The Chairman referred to his disappointment that funds allocated for strategic crewing remained underspent as a result of industrial action short of a strike. He also expressed his support for a move to mixed crewing as a means of retaining fire stations and avoiding the need for compulsory redundancy.

Resolved:

1. That the review of income and expenditure against the budget be noted.
2. That the actual position with regard to capital expenditure be noted.
3. That the forecast expenditure for 2014/15 be noted, with a review of the treatment of the underspending to be brought back to the next meeting of the Committee on 18 March 2015.

5. Draft Budget for 2015-16

The Committee considered report EFA/002/15 by the Finance Director and Treasurer which provided options for the revenue and capital budgets for the Authority for 2015/16, together with information on the budget and business planning process. Initial information on the formula grant settlement share of

national non-domestic rates, council tax base and collection account for 2015/16 were also provided.

Members noted that the budget had been prepared showing figures for a Council Tax freeze as this was the option chosen by the Authority in recent years. The Committee was asked to determine whether an option of an increase in Council Tax should be included in the budget submitted to the full Authority.

The Committee gave detailed consideration to this issue. Members acknowledged that public support for the emergency services in general may help to make a Council Tax increase acceptable, but did not consider it necessary. They noted that an increase of 1% would generate additional income equal to the level of the Government's freeze grant. The Committee considered the potential effects of accepting the grant for a fifth year, noting that, with the exception of the first year, the grants were now included in the Authority's baseline government funding. Members were of the view that the grant should be accepted, and that, therefore, no option of an increase in Council Tax should be included in the budget submitted to the full Authority. In reaching this view, account was taken of the growing tax base and the improvement in tax collection rates. Prudent decision-making and planning over the last ten years was also highlighted.

The following points arose during consideration of the report:

- Some concern was expressed regarding the budgetary pressures expected in future years, regardless of the outcome of the General Election in May. The position was likely to become clearer later on in the year.
- The Finance Director and Treasurer advised that the Support Staff referred to in the table on page 8 of the report were those staff covered by Green Book, rather than Grey Book, terms and conditions of employment.
- The Director for HR and Organisational Development explained that six posts had been removed from HR and training as the functions they delivered no longer met the needs of the service. She gave an assurance that consultants would not be employed to deliver similar areas of work at increased cost.
- The Finance Director and Treasurer stated that, in his view, there would be no further issues causing unexpected budget pressures similar to those arising from the treatment of pension injury payments within the Firefighters Pension Scheme. Changes to pensions administration were due to come into effect during the year, and resources had been planned to manage these. The Chief Fire Officer commented that a great deal of work had been undertaken to understand the pension injury payments issue (which had affected 18 Fire Authorities) and the Authority was now in a strong position to move forward. Other potential areas of concern had also been investigated and, to the best of his knowledge, there were no further issues.

- The Chairman commented that, in order to guarantee quality, the Authority's resilience arrangements were based on fully-trained and equipped Essex firefighters rather than external contractors.

Resolved:

- That the budget be agreed for submission to the full Fire Authority as set out below:

	2014/15 Budget	2015/16 Council Tax Freeze Budget
Net Expenditure	£73,271k	£71,908k
Decrease from 2014/15		-£1,363k
Precept	£38,954k	£39,678k
Band D Council Tax	£66.42	£66.42
Increase from 2014/15		0.00%

- A net expenditure budget of £71.908m (with a Council Tax Freeze);
- A precept of £39.678m (with a Council Tax Freeze);
- A Band D council tax of £66.42 (the same since 2010/11);
- The bands of Council Tax are shown in the following table.

Council Tax Band	2015/16 No Increase
A	£44.28
B	£51.66
C	£59.04
D	£66.42
E	£81.18
F	£95.94
G	£110.70
H	£132.84

- Capital expenditure budget of £8.175m in 2015/16.

- That no option of an increase in Council Tax should be included in the budget.

6. Insurance Pooling – Counsel's Advice

The Committee considered report EFA/003/15 by the Deputy Clerk and Solicitor to the Essex Fire Authority which recalled that, at its meeting on 15 January 2014, the Committee had given agreement in principle to form, in conjunction with other Fire and Rescue Authorities, an entity to act as a pool for insurance purposes. It

had also given approval for Essex Fire Authority to become a full member of the company, for the provision of the necessary financial guarantees and for the commitment to transfer insurances to the pooling entity from 1 November 2014 or thereafter, subject to final arrangements being in place.

The Committee's resolutions had been subject to a subsequent satisfactory review of the report, to be undertaken by the Clerk, and in particular, a diligence examination of the legal advice set out therein. The report detailed the outcome of the review, in particular relating to a Counsel's Opinion on the question of whether the Authority had the required vires to engage in the pooling scheme. Counsel had concluded that it was more likely than not that Section 5A of the Fire and Rescue Services Act 2004 did confer the necessary vires.

The Finance Director and Treasurer gave an update on the current situation with regard to the insurance pool, which was that a Pool Manager had now been appointed and was verifying that the Pool was viable. Should Essex Fire Authority agree to confirm its participation, this would be with effect from 1 November 2015.

In response to a question, the Finance Director and Treasurer provided the following information in response to Members' questions:

- In the absence of the Chief Fire Officer, an alternative nominee (such as the Deputy Chief Fire Officer) would be empowered to represent the Authority's interests at any formal meetings of the pooling entity and to vote on its behalf.
- The pool currently comprised nine Fire and Rescue Authorities and expressions of interest had also been received from other Authorities.

Resolved:

1. That Counsel's Opinion be noted.
2. That it be agreed that Counsel's Opinion provides satisfactory assurance in relation to the matter of *vires* and entering into insurance pooling.
3. That the matters resolved by the Committee at its meeting on 15 January 2014, as set out below, be actioned:
 1. Agreed to the Authority participating in establishing a Fire and Rescue Authorities insurance Pool; and agreed that the Authority becomes a full member of the company and authorises the Finance Director and Treasurer, and the Clerk, to take all necessary steps to achieve this;
 2. Agreed that the Authority utilises the pooling arrangement for its corporate property, liability, motor and other miscellaneous insurance requirements for a minimum period of three years through the pooling entity with effect from 1 November 2014 or thereafter subject to final arrangements being in place;

3. Agreed to participate in a financial guarantee for supplementary premiums should claims against the pool exceed the funding available and authorise the Finance Director and Treasurer to take all necessary steps to achieve this;
4. Agreed that Officers may serve as Directors of the pooling entity and that the Chief Fire Officer or their nominee be empowered to represent the Authority's interests at any formal meetings of the pooling entity and to vote on its behalf; and
5. Agreed to waive the Authority's existing procurement rules that would require competing bids for the provision of insurance services to allow for the provision of cover for losses through the pooling company.

7. MIS Replacement Programme

The Committee considered report EFA/004/15 by the Finance Director and Treasurer which sought approval for an increase in the authorised project costs for the investment to bring in systems to replace the remaining modules of the Management Information System (MIS) from £1,149k to £1,37k.

Resolved:

That the increase in the authorised costs of a programme to procure and implement replacement systems for the last four remaining Management Information System modules be agreed, from a cost of £1,149k to £1,375k.

8. Exclusion of the Press and Public

Resolved:

That the public (including the press) be excluded from the meeting during consideration of the following item of business on the grounds that it involved the likely disclosure of exempt information as specified in paragraphs 1 and 2 of Part 1 of Schedule 12A to the Local Government Act 1972.

9. Minutes

(Exempt under paragraphs 1 and 2 - information relating to any individual or which is likely to reveal the identity of any individual)

The minutes of the extraordinary meeting of the Committee held on 10 October 2014 were agreed as a correct record and signed by the Chairman.

10. Closing Remarks: Essex Fire Authority – Future Committee Support Arrangements

The Committee discussed the decision to enter into a service level agreement with Essex County Council for the provision of committee services to Essex Fire Authority and its committees. It was agreed that information should be circulated

to all members of the Authority to clarify respectively which services would continue to be provided at Service Headquarters and which would now be provided by the County Council.

The meeting closed at 11.05am.

Chairman
18 March 2015

ESSEX FIRE AUTHORITY

Essex County Fire & Rescue Service



MEETING

**Policy & Strategy
Committee**

AGENDA ITEM

4

MEETING DATE

18 March 2015

REPORT NUMBER

EFA/028/15

SUBJECT

Budget Review – January 2015

REPORT BY

The Finance Director & Treasurer

PRESENTED BY

The Finance Director & Treasurer, Mike Clayton

SUMMARY

1. This paper reports on expenditure against budget as at 31 January 2015 and identifies major variances to the budget for the period. In addition the report considers the year end position for reserves and the potential carry forward of budget provision for expenditure from 2014/15 into 2015/16.

RECOMMENDATIONS

2. Members are asked to:
3. Note the review of income and expenditure against the budget;
4. Note the actual position with capital expenditure;
5. Agree the reduction in the level of two earmarked reserves;
6. Agree that budget provision for £1,765k of Capital expenditure is carried forward into 2015/16;
7. Agree that £147k of revenue underspending on the Workforce Transformation Programme is carried forward into 2015/16; and
8. Agree that the remaining underspend in 2014/15 be carried forward to 2015/16 and used to provide a budget for the costs of the Cultural Review.

BACKGROUND

9. This report reviews the actual expenditure against budget to 31 January 2015 for both revenue and capital expenditure. .
10. A summary of the net revenue expenditure for the ten months to 31 January is shown in the table below.

Description	YTD Actual £'000s	Variance YTD £'000s	% Variance YTD	YTD Commitments £'000s
Firefighters	28,975	(1,074) ✓	-4%	-
Firefighters - Retained Duty System	4,831	190 ✓	4%	-
Control	1,421	42 ✓	3%	-
Support Staff	9,363	99 ✓	1%	59
Total Employment Costs	44,590	(743) ✓	-2%	59
Support Costs	1,620	(160) ✓	-9%	137
Premises & Equipment	8,400	(61) ✓	-1%	810
Other Costs & Services	2,621	(331) ✓	-11%	323
Ill health pension costs	1,672	1,567 ✓	++	-
Financing Items	1,691	49 ✓	3%	143
Operational income	(4,072)	(666) ✓	20%	4
Contribution to/(from) Reserves	-	124 ✓	0%	-
Total Other Costs	11,932	522 ✓	5%	1,417
Total Budget	56,523	(221) ✓	0%	1,477
Total Funding	(58,998)	(119) ✓	0%	-
Funding Gap / (Surplus)	(2,475)	(340)		1,477

11. More detailed figures are provided at page 7.

STAFFING

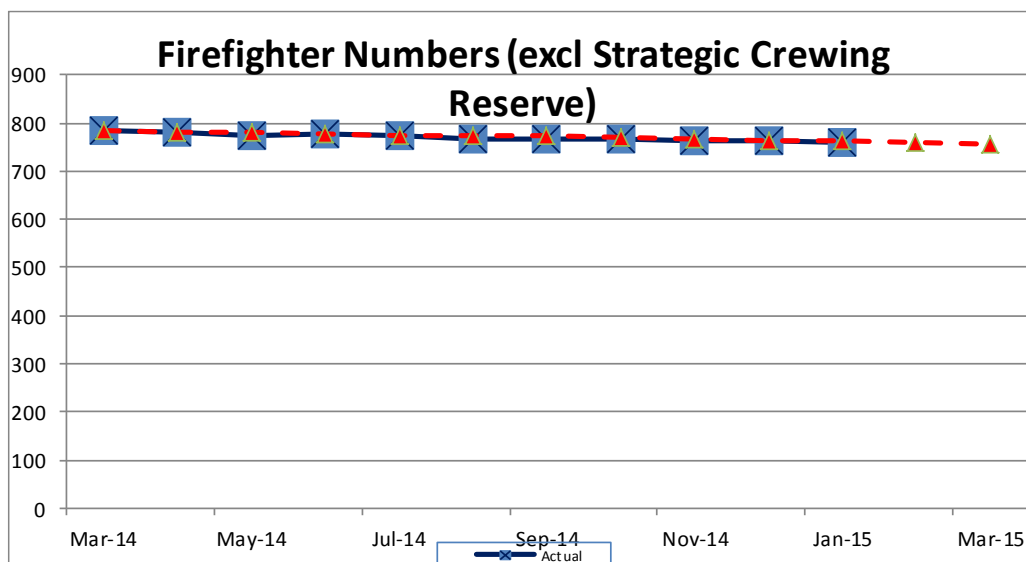
12. Overall employments costs are £743K under budget for the 10 months to 31 January. The underspend for, whole time fire-fighters is £1.074K (4%). For on-call firefighters, spend is 190K overspent and represent the additional costs of industrial action commencing on 9th December and some annual resilience payments made in December.
13. Whole-time fire-fighter numbers at 760.5 are close (-0.3%) to the budgeted level at the end of January after excluding the strategic crewing reserve. There are no plans to recruit more whole-time fire-fighters at the current time. The budget provided for 44 posts under strategic crewing reserve, this planned to be in the form of additional shift working. One impact of industrial action is that there is no current take up on additional shifts and this is the main factor contributing to the underspend on firefighters pay.
14. The staffing position at the end of January is summarised below (% figures rounded):

31 Jan 2015	Actual	Budget	Variance	
Wholetime Firefighters - FTE	760.5	763.0	-2.5	0%
Strategic Crewing Reserve		44.0	-44.0	-100%
On-Call Firefighters - Headcount	479.0	514.0	-35.0	-7%
Control - FTE	36.0	37.0	-1.0	-3%
Support Staff - FTE	270.4	267.0	3.4	1%
Total	1,545.9	1,625.0	-79.1	-5%

15. The figures in the table above show on-call fire-fighters on a headcount basis. On a full time equivalent basis there are 380.5 fire-fighters against a maximum station requirement of 454.

16. The number of whole-time fire-fighters aged over 50 with more than 30 years' service was 7 at the end of January, the same as the position a year earlier. The number of fire-fighters over 50 with more than 25 years' service was 73 at the end of January

17. The graph below shows the numbers of whole-time fire-fighters compared to the budget for the month.



WATCH BASED FIREFIGHTERS

18. The numbers of Watch Based Fire-fighters compared to the target levels set by the Authority are shown below:

Date	Budgeted Rider Resource	Optimum Rider Resilience Level	Critical Minimum Rider Requirement	Actual Riders	Wholetime Rota Day Working (FTE)	On-Call Firefighters Mixed Crewing (FTE)
31/12/2014	624	608	576	603.5	0.0	1.8
31/01/2015	624	608	576	600.5	0.0	2.2

19. Watch based numbers remain just below the optimum rider resilience level; the vacancies arise in the Strategic Crewing Reserve. Action, short of a strike by the Fire Brigades Union is preventing any additional shift working or voluntary overtime by firefighters. The additional shifts worked by on-call fire-

fighters, mainly at Dunmow are reported as Full Time Equivalent (FTE) posts in the table above.

NON PAY RELATED EXPENDITURE

20. Non-pay related expenditure includes the costs of firefighter injury payments where there is insufficient budget provision. Apart from this variance, support costs, mainly training are £160K (9%) underspent and other costs are £331K (11%) under budget, mainly on consultancy and home fire safety/sprinkler systems.

2014-15 FORECAST OUTTURN

21. The forecast for the year has been updated in conjunction with budget holders to reflect the expected out-turn for the year the forecast level; of saving is some £0.4m against the overall budget of £73.8m. This is after allowing for the additional £1.7m of injury payments which was not allowed for in the original budget for 2014-15.

Description	Current Full Year Budget £'000s	Nov Forecast £'000s	Forecast Variance £'000s	% Forecast Variance
Firefighters	36,248	34,670	(1,578)	-4%
On-Call Fire-Fighters	5,736	5,502	(234)	-4%
Control	1,653	1,686	33	2%
Support Staff	11,129	11,083	(46)	0%
Total Employment Costs	54,766	52,942	(1,824)	-3%
Support Costs	2,182	2,124	(58)	-3%
Premises & Equipment	10,154	10,527	373	4%
Other Costs & Services	3,524	3,136	(388)	-11%
Ill health pension costs	201	1,937	1,736	++
Financing Items	8,706	8,726	20	0%
Operational income	(4,087)	(4,235)	(148)	4%
Contribution to/(from) Reserves	(2,175)	(1,807)	368	-17%
Total Other Costs	18,505	20,408	1,903	10%
Total Budget	73,271	73,350	79	0%
Total Funding	(73,271)	(73,770)	(499)	1%
Funding Gap / (Surplus)	0	(419)	(419)	++

22. Based on the headcount at the end of November and expected movement during the rest of this year we expect fire-fighters pay to be £1.6m underspent by the end of the year. The pay forecasts for both on-call and whole-time fire-fighters assume that there are no more additional strike costs and no further significant increase in operational needs.

23. The forecast underspend of £58K in support costs includes £118K for training, part of this underspend will be used for consultancy services to support the Workforce Transformation Programme, virements will be raised to transfer the budget to other costs and services which include consultancy costs. Premises and equipment shows a forecast overspend of £373K, this relates to utilities (£100K), rate increases (£55K) and fuel costs which are now forecast to be £60k over budget.

RESERVES POSITION AND TREATMENT OF YEAR END UNDERSPENDING

24. The Treasurer's report on the 2015/16 budget identified that £2.5m of the £9.9m of earmarked reserves would be reviewed in March 2015. These reserves and the proposed amendments are shown below:

Specific Reserves	Comment & Review	March 2014 Balance £'000s	March 2015 Balance £'000s
Retained Payroll – Demand Pressures	Main area of risk is retained pay budget. Reserve reduced to 10% of budget.	1,500	600
Taxbase and Collection Account Reserve	An area of risk since 2013/14. Initially set at 2.5% of precept income. Reduced to 1.25%	1,000	500

25. It is proposed that the £1.4m reduction in these two earmarked reserves is used to increase the earmarked reserve for infrastructure replacement to build up funding for major property refurbishments. The level of the general reserve remains within the tolerances set and is not under pressure as a balanced budget was agreed for 2015/16.

26. Some £147k of the remaining underspend relates to the costs of the Work Force Transformation Programme. A small number of specific activities in relation to the delivery of the outcomes from this programme will be completed in 2015/16 and approval is sought to carry forward the underspending to funds these costs which are not included in the 2015/16 budget. There are a number of potential uses for the balance of the forecast underspend for 2014/15 of £0.4m. It is proposed that this money is allocated to the Rolling Budgets reserve to provide funding in 2015/16 for the costs of the Cultural Review that the Authority has commissioned.

CAPITAL EXPENDITURE

27. Total capital expenditure and commitments to 31 January were £9.0m; this includes £1.4m for the Kelvedon Park Development and £1.5m for the solar panels on stations, other property projects account for £1.4m. The Information Technology spend and commitment of £2.1m mainly relates to the new Control mobilising system. We have also committed £0.9m on BA equipment and £1.4m on Appliances and other vehicles at 31 January, the first appliance is expected to be delivered by the end of the financial year.

	Revised Budget - 5/11/14 £'000s	Actual Spend To January 2014 £'000s	Commitments 2014/15 £'000s	Total Spend including Commitments £'000s	Revised Forecast January 2015 £'000s
Property					
New Premises					
Service Headquarters	2,185	1,167	206	1,374	2,185
Service Workshops	250	70	109	179	250
Other	-	-	-	-	-
Existing Premises					
Solar Panels	1,652	947	549	1,496	1,652
Asset Protection	1,600	463	613	1,076	1,400
Asset Improvement Works	-	122	6	129	-
Total Property	5,687	2,770	1,483	4,253	5,487
Equipment	1,596	933	59	992	1,468
Information Technology					
Projects > £250k	1,871	1,136	761	1,896	1,871
Projects < £250k	393	178	18	196	293
Total Information Technology	2,264	1,314	778	2,092	2,164
Vehicles					
New Appliances	1,060	131	1,269	1,400	1,400
Other Vehicles	781	191	105	296	582
Total Vehicles	1,841	321	1,374	1,696	1,982
Total Capital Expenditure	11,389	5,338	3,695	9,033	11,102

28. Expenditure on a number of approved capital projects will not be completed in the year because of delays caused by challenge or checks in the approval process or extended delivery timescales from suppliers. Approval is sought to carry forward a total of £1,765k comprising the following items:

- a. Fire Ground Radios – £68k;
- b. Thermal Image Camera – £375k;
- c. RPE Mask & Equipment - £78k;
- d. Wireless Incident Ground Camera - £118k;
- e. Minibus - £18k;
- f. Appliances - £1,221k
- g. Light Vans - £150k
- h. Off Road Vehicles - £75k

RISK MANAGEMENT IMPLICATIONS

29. The review of expenditure against the profiled budget is part of the overall financial control process of the Authority. In exceptional circumstances it allows for budget virements to ensure that underspending against budget heads can be utilised to fund expenditure against other priorities. If virements are not made there is a risk that the Authority will miss out on opportunities to improve performance and meet key objectives during the year. The Authority's reserves are at the upper end of their target range and the

Authority is able to fund short term fluctuations in activity from them when necessary.

30. The review of the management accounts is one control measure to mitigate the risk of overspending the Authority's budget for the year.

LEGAL IMPLICATIONS

31. There are no direct legal implications within this report.

USE OF RESOURCES

32. There are no use of resources implications within this report

ENVIRONMENTAL IMPLICATIONS

33. There are no environmental implications arising from this report

EQUALITY IMPLICATIONS

34. There are no equality implications arising from this report.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985	
List of appendices attached to this paper:	
Appendix 1 – Expenditure compared to budget to 30 September 2014	
List of background documents (not attached):	
Proper Officer:	The Finance Director and Treasurer
Contact Officer:	The Finance Director and Treasurer, Mike Clayton Essex County Fire & Rescue Service, Kelvedon Park, London Road, Rivenhall, Witham CM8 3HB Tel: 01376 576000 E-mail: mike.clayton@essex-fire.gov.uk

EXPENDITURE COMPARED TO BUDGET TO 31 JANUARY 2015

Description	YTD Actual £'000s	Variance YTD £'000s	% Variance YTD	YTD Commitments £'000s
Firefighters	28,975	(1,074) ✓	-4%	-
On-Call Fire-Fighters	4,831	190 ✓	4%	-
Control	1,421	42 ✓	3%	-
Support Staff	9,363	99 ✓	1%	59
Total Employment Costs	44,590	(743) ✓	-2%	59
Training	512	(113) ✓	-18%	57
Employee Support Costs	563	(52) ✓	-8%	73
Travel & Subsistence	545	4 ✓	1%	8
Support Costs	1,620	(160) ✓	-9%	137
Property Maintenance	1,467	(476) ✓	-24%	142
Utilities	543	88 ✓	19%	3
Rent & Rates	1,188	50 ✓	4%	26
Equipment & Supplies	1,195	(16) ✓	-1%	114
Communications	1,279	91 ✓	8%	346
Information Systems	1,796	108 ✓	6%	124
Transport	932	93 ✓	11%	55
Premises & Equipment	8,400	(61) ✓	-1%	810
Establishment Expenses	911	(74) ✓	-8%	94
Insurance	420	(36) ✓	-8%	0
Professional Fees & Services	1,078	(232) ✓	-18%	229
Democratic Representation	121	(8) ✓	-6%	-
Agency Services	91	20 ✓	28%	-
Other Costs & Services	2,621	(331) ✓	-11%	323
III Health Pension costs	1,672	1,567 ✓	++	-
Lease & Interest Charges	1,691	49 ✓	3%	143
Financing Items	1,691	49 ✓	3%	143
Operational income	(4,072)	(666) ✓	20%	4
Contributions to/ (from) General Balance	-	124 ✓	0%	-
Total Net Financing Requirement	56,523	(221) ✓	0%	1,477
Revenue Support Grant	(11,962)	- ✓	0%	-
National Non-Domestic Rates	(13,894)	(126) ✓	0%	-
Council Tax Collection Account	(439)	- ✓	0%	-
Council Tax	(32,703)	7 ✓	0%	-
Total Funding	(58,998)	(119) ✓	0%	-

ESSEX FIRE AUTHORITY
Essex County Fire & Rescue Service



MEETING	Policy & Strategy Committee	AGENDA ITEM	5
MEETING DATE	18 March 2015	REPORT NUMBER	EFA/029/15
SUBJECT	Review of Finance Policies		
REPORT BY	The Finance Director & Treasurer		
PRESENTED BY	The Finance Director & Treasurer, Mike Clayton		

SUMMARY

This paper seeks approval for amendments to the Authority's Finance Policies to reflect legislative and other changes.

RECOMMENDATIONS

The Policy & Strategy Committee is asked to approve the amended Financial & Procurement Regulations (attached as Appendix 1) and the amended Anti-Fraud Policy (Appendix 2).

BACKGROUND

The attached policies have been amended to try and simplify the documents and ensure that they reflect the current organisation structure, best practice and external guidance.

FINANCIAL IMPLICATIONS

There are no financial implications from the policy amendments.

EQUALITY, ENVIRONMENTAL, RISK MANAGEMENT & LEGAL IMPLICATIONS

There are no equalities, environmental, risk management or legal implications arising from this report.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985	
List of background documents: Essex Fire Authority, Financial & Procurement Regulations Anti- Fraud Policy	
Proper Officer:	Finance Director & Treasurer, Mike Clayton
Contact Officer:	Finance Director & Treasurer, Mike Clayton, Essex County Fire & Rescue Service, Kelvedon Park, Kelvedon, CM8 3HB Tel: 01376 576000 E-mail: mike.clayton@essex-fire.gov.uk

ESSEX FIRE AUTHORITY FINANCIAL & PROCUREMENT REGULATIONS



Author	Mike Clayton, Finance Director & Treasurer
Approval Level	Essex Fire Authority – Policy & Strategy Committee
Date of Approval	18 March 2013
Date of Review	March 2017

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OVERVIEW OF FINANCIAL REGULATIONS

1. These regulations provide the framework for managing the Authority's financial affairs. They apply to every Member and Officer of the Authority and anyone acting on its behalf. All financial and procurement activities must be carried out in accordance with the regulations.
2. For the purpose of these regulations the term "Principal Officers" includes the posts of the Chief Fire Officer, Deputy and Assistant Chief Fire Officers, other Directors and the Finance Director & Treasurer. The "Finance Director & Treasurer" is the Officer designated to undertake the duties specified under Section 151 of the Local Government Act 1972. The Deputy Finance Director is the Deputy Section 151 Officer.
3. The Regulations should be read in conjunction with and as part of the set of documents setting out the regulatory framework for the Authority. This includes Standing Orders and Delegation arrangements. These Regulations are subject to all applicable UK legislation, general financial guidance provided by UK accountancy institutes and specific guidance to Authorities provided by the Government.

Financial responsibilities

4. The regulations identify the financial responsibilities of the Authority, the Policy & Strategy Committee, the Chief Fire Officer and Principal Officers. A written record should be retained where decision-making has been delegated to members of their staff, including seconded staff and contractors. Where decisions have been delegated or devolved to other responsible Officers, references to the Principal Officers in the regulations should be read as referring to them.
5. The Authority is responsible for the Members' code of conduct and for approving the policy framework and budget within which the Authority operates. It is also responsible for approving and monitoring compliance with the overall framework of accountability and control. The Authority also approves the Capital Financing policy and the Pay policy applicable to Principal Officers. The Authority is responsible for approving procedures for the delegation of powers to committees and Officers.
6. The Policy & Strategy Committee has delegated powers for financial matters including the approval of major projects, monitoring income and expenditure and agreeing significant budget virements, agreeing the Annual Governance Statement and approving the Authority's accounts.

General Responsibilities

7. All Authority Members and staff have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, is properly authorised, provides value for money and achieves best value.

Reviewing and changing financial & procurement regulations

8. The Finance Director & Treasurer is responsible for maintaining a continuous review of the financial & procurement regulations and submitting any additions or

changes necessary to the Policy & Strategy Committee for approval. The Finance Director & Treasurer is also responsible for reporting, where appropriate, breaches of the financial regulations to the Authority. Any evidence of non-compliance with the Regulations must be reported to the Finance Director & Treasurer.

9. Any-one wishing to act outside the provisions of these regulations, in a specific instance, must seek the written approval of the Finance Director & Treasurer. Such approvals shall be reported to Members in a timely manner.

Awareness of existence and content of financial regulations

10. The Principal Officers are responsible for ensuring that all of their staff are aware of the existence and content of the Authority's financial and procurement regulations and other internal regulatory documents and that they comply with them.
11. The Finance Director & Treasurer is responsible for issuing advice and guidance to underpin the financial regulations that Members, Officers and others acting on behalf of the Authority are required to follow. Notes and guidance may expand, but not contradict the regulations. Any consultation required under these regulations must allow sufficient time for a proper consideration of any issues.

Financial Management

12. Financial management covers all financial accountabilities in relation to the running of the Authority, including the policy framework, revenue budget, and capital programme.
13. The roles of the Policy and Strategy Committee, the Audit, Governance & Review Committee can be found in the document detailing the Authority's Constitution. With particular reference to these regulations, the Policy & Strategy Committee has responsibility for considering financial matters appertaining to the Authority. The Audit, Governance and Review Committee has responsibility for considering the annual external audit letter, internal audit reports and the annual report of the Internal Auditor.

The Statutory Officers

14. The **Chief Fire Officer** is responsible for the corporate and strategic management of the Fire and Rescue Service as a whole. The Chief Fire Officer must report to and provide information for the Authority and its committees. They are responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the organisation. The Chief Fire Officer is also responsible, together with the Clerk, for the system of record keeping in relation to all the Authority's decisions.
15. The **Monitoring Officer** is responsible for promoting and maintaining high standards of financial conduct and therefore provides support to the Standards Committee. The Monitoring Officer is also responsible for reporting any actual or potential breaches of the law or mal-administration to the Authority. In addition, the Authority must approve delegation arrangements to Officers. The Monitoring Officer is responsible for advising all Members and Officers about who has authority to take a particular decision.

16. The Monitoring Officer (together with the Finance Director & Treasurer) is responsible for advising the Authority about whether a decision is likely to be considered contrary or not wholly in accordance with the budget. Actions that may be 'contrary to the budget' include:
- 16.1. Committing expenditure in future years to above the budget level; and
 - 16.2. Authorising virements outside the limits set under financial regulations;
17. The **Finance Director & Treasurer** has statutory duties in relation to the financial administration and stewardship of the Authority. This statutory responsibility cannot be overridden.
18. The Finance Director & Treasurer is responsible for:
- 18.1. The proper administration of the Authority's financial affairs;
 - 18.2. Setting and monitoring compliance with financial management standards;
 - 18.3. Advising on the corporate financial position and on the key financial controls necessary to secure sound financial management;
 - 18.4. Ensuring the provision of appropriate financial information;
 - 18.5. Ensuring that the above standards apply to the preparation of the revenue budget and capital programme;
 - 18.6. The overall management of the internal audit function in accordance with the Accounts and Audit Regulations 2003;
 - 18.7. All taxation issues that affect the Authority including maintaining the Authority's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate; and
 - 18.8. Borrowing and Lending within limits approved by the Authority.
19. Section 114 of the Local Government Finance Act 1988 requires the Finance Director & Treasurer to report to the Authority and external auditor if the Authority, Policy & Strategy Committee or one of its Officers or Members:
- 19.1. Has made, or is about to make, a decision which involves incurring unlawful expenditure;
 - 19.2. Has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to the Authority; or
 - 19.3. Is about to make an unlawful entry in the Authority's accounts.
20. Section 114 of the 1988 Act also requires the Finance Director & Treasurer to nominate a properly qualified Member of staff to deputise should the Finance Director & Treasurer be unable to perform the duties under section 114 personally. The Authority shall provide the Finance Director & Treasurer with sufficient staff, accommodation and other resources, including legal advice where

this is necessary, to carry out the duties under section 114. The Deputy Finance Director is the nominated deputy.

21. Under part 2 of the Local Government Act 2003 there is a duty on the Finance Director & Treasurer to report at Authority Tax setting on “the robustness of the estimates and the adequacy of proposed reserves”.
22. Principal Officers are responsible for ensuring that Members are advised of the financial implications of all proposals, that the financial implications have been agreed by the Finance Director & Treasurer; and for signing contracts on behalf of the Authority. It is the responsibility of Principal Officers to consult with the Finance Director & Treasurer and seek approval on any matter liable to materially affect the Authority’s finances, before any commitments are incurred.

Audit Requirements

23. The Accounts and Audit (England) Regulations 2011 require every local Authority to maintain an adequate and effective internal audit. The Authority has a contract with a third party supplier to provide this service.
24. The Audit Commission is responsible for appointing external auditors to each local authority under Section 3 of the Audit Commission Act 1998. The Authority may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Customs and Excise and the Inland Revenue, who have statutory rights of access.

Preventing fraud and corruption

25. The Finance Director & Treasurer is responsible for the development and maintenance of the Anti-fraud Policy. That policy clarifies the responsibilities of employees, contractors and suppliers and requires all suspected instances of fraud or bribery to be reported to the Finance Director & Treasurer for investigation. To demonstrate that the Organisation has in place sufficient and adequate procedures and to show openness and transparency all staff are required to comply with the requirements of Declaration of Interest Policy. Should members of staff wish to report any concerns or allegations, they should contact the Authority’s Finance Director & Treasurer.
26. The Finance Director & Treasurer shall be the officer responsible for ensuring compliance with the Money Laundering Regulation 1993.

Assets

27. Principal Officers should ensure that records and assets are properly maintained and securely held. They should also ensure that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place.

FINANCIAL PROCEDURES

28. All staff and Members have a duty to abide by the highest standards of probity in dealing with financial issues. This is facilitated by ensuring everyone is clear about the standards to which they are working and by the controls that are in place to ensure that these standards are met.

29. The Finance Director & Treasurer's responsibilities are set out in regulations 17 to 20. They include the responsibility for setting and monitoring compliance with financial management standards.
30. The responsibilities of Principal Officers are to promote the financial management standards set by the Finance Director & Treasurer in their departments and to monitor adherence to the standards and practices.

Virement

31. Virement is intended to enable Budget Managers to manage budgets with a degree of flexibility within the overall policy framework determined by the Authority, and therefore to optimise the use of resources. The Finance Director & Treasurer administers it within guidelines set by the Authority. Any variation from this scheme requires the approval of the Policy & Strategy Committee.
32. The overall budget is approved by the Authority. Principal Officers and budget managers are therefore authorised to incur expenditure in accordance with the estimates that make up the budget. The rules below cover virement (i.e. switching resources between approved estimate headings of expenditure or income).
33. Virement does not create additional overall budget liability. Principal Officers are expected to exercise their discretion in managing their budgets responsibly and prudently. For example, they should aim to avoid supporting recurring expenditure from one-off sources of savings or additional income, or creating future commitments, including full-year effects of decisions made part way through a year, for which they have not identified future resources. Principal Officers must plan to fund such commitments from within their own budgets.
34. The Finance Director & Treasurer must report with the Chief Fire Officer to the Policy & Strategy Committee where revenue and capital virements, between policy based budgets, in excess of specified financial limits are proposed (see regulations 194 to 204 – Financial Limits).
35. Virements in relation to asset charges or other budget headings that are outside the direct control of the Principal Officers or where a proposal would adversely affect long-term revenue commitments require Member approval. Where there are budget movements which are the consequence of Authority approved changes no further approval for the virement is required.

Treatment of year-end balances

36. The Policy & Strategy Committee determines the treatment of year-end balances. The Finance Director & Treasurer administers the scheme in accordance with the guidelines set by the Policy & Strategy Committee. The rules below cover arrangements for the transfer of resources between accounting years, i.e. a carry-forward. Appropriate accounting procedures are in operation to ensure that carried forward totals are correct.
37. Principal Officers must submit to the Finance Director & Treasurer all requests for approval of carry-forward of under-spends with supporting reasons for the request. These will be assessed to determine that no material commitments in future years will result from the change that can not be accommodated within the

base budget. Proposals will be submitted to the Policy & Strategy Committee for approval.

Accounting policies

38. The Finance Director & Treasurer is responsible for the preparation of the Authority's statement of accounts, in accordance with proper practices as set out in the format required by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom and the IFRS Code for each financial year ending 31 March. Suitable accounting policies are determined by the authority, on the advice of the Finance Director & Treasurer, applied consistently and set out in the Statement of Accounts.

Accounting records

39. The Finance Director & Treasurer is responsible for determining the accounting procedures and records for the Authority. The Finance Director & Treasurer is responsible for ensuring that the annual statement of accounts is prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom. The Authority is responsible for approving the annual statement of accounts in accordance with the timetable specified in the Accounts and Audit Regulations 2011.
40. Maintaining proper accounting records is one of the ways in which the Authority discharges its responsibility for stewardship of public resources. The Authority has a statutory responsibility in preparing its annual accounts to present fairly its operations during the year. These are subject to external audit. This audit provides assurance that the accounts are prepared properly, that proper accounting practices have been followed and that quality arrangements have been made for securing economy, efficiency and effectiveness in the use of the Authority's resources.
41. All the Authority's transactions, material commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis. Procedures are in place to enable accounting records to be reconstituted in the event of systems failure. Reconciliation procedures are carried out to ensure transactions are correctly recorded; Prime documents are retained in accordance with legislative and audit requirements.
42. The Finance Director & Treasurer shall ensure that there is adequate segregation of duties so that the duties of providing information is separate from calculating, checking and recording these sums and employees with the duty of examining or checking the accounts of cash transactions must not themselves be engaged in these transactions.
43. The Finance Director & Treasurer shall make proper arrangements for the audit, approval and publication of the Authority's accounts in accordance with the Accounts and Audit Regulations 2011. They shall ensure that all claims for funds including grants are made by the due date.

FINANCIAL PLANNING

44. The way in which the Fire Authority manages community risk and meets its responsibilities under the Fire and Rescue Services Act 2004 is set out in an Integrated Risk Management Plan. For internal planning purposes the Authority

adopts a corporate strategy and the annual planning and budget cycle is used to enable Budget Managers to demonstrate their plans for achievement of the Corporate Strategy and the financial impact of those plans set out in their departmental budgets. The Authority is responsible for agreeing the Authority's policy framework and budget.

45. The general format of the budget will be approved by the Authority and proposed jointly by the Chief Fire Officer and Finance Director & Treasurer. The budget should include allocation to different services and projects, proposed taxation levels and contingencies. The Finance Director & Treasurer, in consultation with the Chief Fire Officer, is responsible for co-ordinating the preparation of the budget on an annual basis for consideration by the Policy & Strategy Committee, before submission to the Authority. The Finance Director & Treasurer shall also submit Medium Term Financial Projections covering at least a three year period to the Policy & Strategy Committee in advance of the detailed budget process. The Authority may amend the budget or ask the Policy & Strategy Committee to reconsider it before approving it.
46. It is the responsibility of Principal Officers to ensure that revenue budget and capital programme proposals reflecting agreed service plans are submitted to the Finance Director & Treasurer and that these estimates are prepared in line with guidance issued by the Finance Director & Treasurer. The Finance Director & Treasurer is responsible for providing appropriate financial information to enable budgets to be monitored effectively. The Finance Director & Treasurer must monitor expenditure against budget allocations and report to the Policy & Strategy Committee and the Audit, Governance & Review Committee on the overall position on a regular basis.
47. It is the responsibility of Principal Officers to control income and expenditure within their area and to monitor performance, taking account of financial information provided by the Finance Director & Treasurer. They should explain variances within their own areas. They should also take any action necessary to avoid exceeding their budget allocation and alert the Finance Director & Treasurer to any problems.
48. The Authority is responsible for delivering a variety of services. It needs to plan effectively and to develop systems to enable scarce resources to be allocated in accordance with carefully weighed priorities. The budget is the financial expression of the Authority's plans and policies.
49. A report on new proposals should explain the full financial implications, following consultation with the Finance Director & Treasurer. Unless the Authority or Policy & Strategy Committee has agreed otherwise, Principal Officers must plan to contain the financial implications of such proposals within their budget.
50. The revenue budget must be constructed so as to ensure that resource allocation properly reflects the service plans and priorities of the Authority. Budgets (spending plans) are needed so that the Authority can plan, authorise, monitor and control the way money is allocated and spent. It is illegal for the Authority not to balance its budget.
51. Medium-term planning (or a three to five year planning system) involves a planning cycle in which managers develop their own plans. As each year passes, another future year will be added to the medium-term plan. This ensures that the Authority is always preparing for events in advance.

52. The key controls for budgets and medium-term planning are:
- 52.1. Specific budget approval for all expenditure;
 - 52.2. Budget managers are consulted in the preparation of the budgets for which they will be held responsible and accept accountability within delegations set by the Policy & Strategy Committee for their budgets and the level of service to be delivered; and
 - 52.3. A monitoring process is in place to review regularly the effectiveness and operation of budget preparation and to ensure that any corrective action is taken.
53. The Finance Director & Treasurer shall prepare and submit reports to the Policy & Strategy Committee on the aggregate spending plans of Services and on the resources available to fund them, identifying, where appropriate, the implications for the level of Council tax to be levied. They will advise on the medium-term implications of spending decisions and encourage the best use of resources and value for money. The Finance Director & Treasurer will work with Principal Officers to identify opportunities to improve economy, efficiency and effectiveness, and by encouraging good practice in conducting financial appraisals of development or savings options, and in developing financial aspects of service planning.
54. It is the responsibility of the Finance Director & Treasurer to advise the Authority on budget proposals in accordance with his or her responsibilities under section 151 of the Local Government Act 1972 and the Local Government Act 2003.
55. The responsibilities of the Principal Officers are to prepare estimates of income and expenditure, in consultation with the Finance Director & Treasurer. They shall prepare budgets that are consistent with any relevant cash limits, with the Authority's annual budget cycle and with guidelines issued by the Finance Director & Treasurer.
56. Principal Officers shall integrate financial and budget plans with service planning, so that budget plans can be supported by financial and non-financial performance measures. When drawing up draft budget requirements, the Principal Officers should have regard to spending patterns and pressures revealed through the budget monitoring process. They shall reflect legal and Fire Authority policy requirements.

Budget preparation, monitoring and control

57. Budget management ensures that once the Authority has approved the budget, resources allocated are used for their intended purposes and are properly accounted for. Budgetary control is a continuous process, enabling the Authority to review and adjust its budget targets during the financial year. It also provides the mechanism that calls managers to account for defined elements of the budget.
58. By identifying and explaining variances against budgetary targets, the Authority can identify changes in trends and resource requirements at the earliest opportunity. The Authority itself operates within an annual cash limit, approved when setting the overall budget. For the purposes of budgetary control by managers, a budget will normally be the planned income and expenditure for a

service function. Budgetary control should take place at the lowest practical level.

59. Budget managers should be responsible only for income and expenditure that they can influence with only one nominated budget manager for each department. Budget managers accept accountability for their budgets and the level of service to be delivered and understand their financial responsibilities;
60. Budget managers shall follow an approved certification process for all expenditure. Performance levels/levels of service should be monitored in conjunction with the budget and necessary action is taken to align service outputs and budget. Principal Officers and senior managers should supervise the financial management of those reporting to them.
61. The Finance Director & Treasurer shall ensure there is an appropriate framework of budgetary management and control that ensures that budget management is exercised within annual cash limits unless the Authority agrees otherwise. They shall provide budget holders with timely information on receipts and payments on each budget that is sufficiently detailed to enable managers to fulfil their budgetary responsibilities.
62. All Officers responsible for committing expenditure shall comply with relevant guidance, and the financial regulations. Each cost centre shall have a single named manager, determined by the relevant Principal Officer. As a general principle, budget responsibility should be aligned as closely as possible to the decision-making processes that commits expenditure. Significant variances from approved budgets shall be investigated and reported by budget managers regularly.
63. The Finance Director & Treasurer shall oversee the Authority's scheme of virement. He shall provide reports to the Policy & Strategy Committee and to the Authority, in consultation with the Chief Fire Officer, where the Chief Fire Officer is unable to balance expenditure and resources within existing approved budgets under his or her control.
64. Reports shall be submitted on the Authority's projected income and expenditure compared with the budget on a regular basis.

Capital programme

65. The Finance Director & Treasurer, in consultation with the Chief Fire Officer, is responsible for preparing capital programmes on an annual basis for consideration by the Policy & Strategy Committee before submission to the Authority. The Finance Director & Treasurer will issue guidelines on revenue budget and capital programme preparation to Principal Officers.
66. Capital expenditure involves acquiring or enhancing fixed assets with a long-term value to the Authority, such as land, buildings, and major items of plant, equipment or vehicles. Capital assets shape the way services are delivered in the long term and create financial commitments for the future in the form of financing costs and revenue running costs. Capital expenditure should form part of an investment strategy and should be carefully prioritised in order to maximise the benefit of scarce resources.

67. Capital expenditure is authorised by the Strategic Management Board or the Policy & Strategy Committee. Decisions on projects within an approved programme may be delegated to the Programme Board, or the Strategic Delivery Board. The approval process will agree the business case for the expenditure, the timeline for the project or programme, and the projected benefits. Monitoring of projects and programmes will be co-ordinated through the Programme Management Office. Reports will be prepared and submitted to the Policy & Strategy Committee on the projected income, expenditure and resources compared with the approved estimates.
68. The Finance Director & Treasurer shall issue guidance concerning capital schemes and controls, for example, on project appraisal techniques. The Finance Director & Treasurer, having regard to government regulations and accounting requirements, will determine the definition of capital expenditure.

Reserves

69. It is the responsibility of the Finance Director & Treasurer to advise the Policy & Strategy Committee and the Authority on prudent levels of reserves for the Authority. The level of reserves should make a general recognition of potential expenditure in respect of emergencies/disasters including those that may be subject to eventual funding under the Bellwin Scheme of Government support.
70. The Authority must decide the level of general reserves it wishes to maintain before it can decide the level of Council tax. Reserves for specific purposes may also be maintained, such as the purchase or renewal of capital items. Reserves shall be maintained in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom and agreed accounting policies. For each reserve established, the purpose, usage and basis of transactions should be clearly identified. Authorisation of expenditure from reserves shall be by the Policy & Strategy Committee with the advice of the Finance Director & Treasurer.
71. Under section 114 of the Local Government Finance Act 1988 the Finance Director & Treasurer must report to Authority if there is or is likely to be unlawful expenditure or an unbalanced budget. This would include situations where reserves have become seriously depleted and it is forecast that the authority will not have the resources to meet its expenditure in a particular financial year. Part 2 of the Local Government Act 2003 imposed a duty upon the Finance Director & Treasurer to report, at Council Tax setting, on "the robustness of estimates and the adequacy of proposed reserves".

Internal Control

72. Internal control refers to the systems of control devised by management to help ensure the Authority's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the Authority's assets and interests are safeguarded. The Finance Director & Treasurer is responsible for advising on effective systems of internal control. These arrangements need to ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They should ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with the statutory and other authorities that govern their use.
73. The Authority is complex and beyond the direct control of individuals. It therefore requires internal controls to manage and monitor progress towards strategic

objectives. The Authority has statutory obligations, and, therefore, requires internal controls to identify, meet and monitor compliance with these obligations. The Authority faces a wide range of financial, administrative and commercial risks, both from internal and external factors, which threaten the achievement of its objectives. Internal controls are necessary to manage these risks.

74. Key controls should be reviewed on a regular basis and the Policy & Strategy Committee must make a formal statement annually to the effect that it is satisfied that the systems of internal control are operating effectively; This is informed by a report to the Audit Committee which reviews the governance arrangements for the Authority's finances.
75. Managerial control systems, including defining policies, setting objectives and plans, monitoring financial and other performance and taking appropriate anticipatory and remedial action. The key objective of these systems is to promote ownership of the control environment by defining roles and responsibilities;
76. Financial and operational control systems and procedures, which include physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems.
77. An effective internal audit function that is properly resourced. It should operate in accordance with the principles contained in the Auditing Practices Board's auditing guideline Guidance for Internal Auditors, CIPFA's Code of Practice for Internal Audit in Local Government in the United Kingdom and with any other statutory obligations and regulations.

Internal Audit

78. The requirement for an internal audit function for local authorities is implied by section 151 of the Local Government Act 1972, which requires that authorities 'make arrangements for the proper administration of their financial affairs'. The Accounts and Audit Regulations 2011 require that the 'relevant body shall maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper internal audit practices'.
79. Accordingly, internal audit is an independent and objective appraisal function established by the Authority for reviewing the system of internal control. It examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.
80. The key control for internal audit is that it is independent in its planning and operation. The Internal Auditor shall have direct access to the Chief Fire Officer, all levels of management and elected Members. The internal auditors comply with the Auditing Practices Board's guideline Guidance for Internal Auditors, as interpreted by CIPFA's Code of Practice for Internal Audit in Local Government in the United Kingdom.
81. The Finance Director & Treasurer shall ensure that internal auditors have the authority to access premises at reasonable times; access all assets, records, documents, correspondence and control systems. They shall receive any information and explanation considered necessary concerning any matter under

consideration and may require any employee of the Authority to account for cash, stores or any other asset under his or her control.

82. Internal Audit may access records belonging to third parties, such as contractors, when required and have direct access to the Chief Fire Officer, the Audit, Governance and Review Committee and Authority Members. The Audit, Governance & Review Committee will approve the strategic and annual audit plans prepared by the Internal Auditor, which shall take account of the characteristics and relative risks of the activities involved.
83. Any suspicion of fraud, corruption or other financial irregularity in respect of either Authority or private funds shall be reported to the Finance Director & Treasurer for investigation in accordance with the Anti-Fraud Policy. The Finance Director & Treasurer shall ensure that the Internal Auditor is given an opportunity, in a timely manner before live operation, to evaluate the adequacy of new systems for maintaining financial records, or records of assets, or changes to such systems.

External audit

84. The Local Government Finance Act 1982 set up the Audit Commission, which is responsible for appointing external auditors to each local authority in England and Wales. The external auditor has rights of access to all documents and information necessary for audit purposes. The basic duties of the external auditor are defined in the Audit Commission Act 1998 and the Local Government Act 1999. In particular, section 4 of the 1998 Act requires the Audit Commission to prepare a code of audit practice, which external auditors follow when carrying out their duties.
85. The Authority's accounts are scrutinised by external auditors, who must be satisfied that the statement of accounts "presents a true and fair view" of the financial position of the Authority and its income and expenditure for the year in question and complies with the legal requirements. The Audit Commission appoints external auditors normally for a minimum period of five years. Changes to the appointment process are expected by 2016.

Preventing fraud and corruption

86. The Authority will not tolerate fraud and corruption in the administration of its responsibilities, whether from inside or outside the Authority. The Authority's expectation of propriety and accountability is that Members and staff at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices. The Authority has adopted a separate Anti-Fraud Policy covering Members, employees, contractors and suppliers.
87. The Authority also expects that individuals and organisations (e.g. suppliers, contractors, service providers) with whom it comes into contact will act towards the Authority with integrity and without thought or actions involving fraud and corruption.
88. The Authority has an effective anti-fraud policy and maintains a culture that will not tolerate fraud or corruption. All Members and staff act with integrity and lead by example. Senior managers are required to deal swiftly and firmly with those who defraud or attempt to defraud the Authority or who are corrupt.

89. For Members and senior Officers a register of interests is maintained and any hospitality or gifts accepted must be recorded. There are whistle blowing procedures in place and operate effectively. The Authority maintains an anti-fraud and anti-corruption policy.
90. The Internal Auditor will periodically report significant matters to the Chief Fire Officer and Audit Sub-Committee.
91. The responsibilities of the Principal Officers are to instigate the Authority's disciplinary procedures where the outcome of an audit investigation indicates improper behaviour. They shall ensure that all suspected irregularities are reported to the Finance Director & Treasurer who shall determine whether to seek investigation by the Internal Auditor. Where sufficient evidence exists to believe that a criminal offence may have been committed, after consultation with the Finance Director & Treasurer, to ensure that the police are called in to determine with the Crown Prosecution Service whether any prosecution will take place.

Security of assets

92. The Authority holds assets in the form of property, vehicles, equipment, furniture and other items worth many millions of pounds. It is important that assets are safeguarded and used efficiently in service delivery, and that there are arrangements for the security of both assets and information required for service operations. An up-to-date asset register is a prerequisite for proper fixed asset accounting and sound asset management.
93. The responsibilities of the Finance Director & Treasurer are to ensure that an asset register is maintained in accordance with good practice for all fixed assets with a value in excess of a specified financial limit (see regulations 194 to 204 – Financial Limits). The Finance Director & Treasurer shall ensure that each Principal Officer provides information for costing and the maintenance of financial records. They shall ensure that assets are valued in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom:
94. Principal Officers shall ensure that lessees and other prospective occupiers of Authority land are not allowed to take possession or enter the land until a lease or agreement, in a form approved by the Finance Director & Treasurer and Clerk has been established as appropriate. Title deeds for all property shall be passed to the Essex Legal Services who are responsible for custody of all title deeds.
95. Principal Officers shall ensure the proper security of all buildings and other assets under their control. Where land or buildings are surplus to requirements, a recommendation for sale should be the subject of a joint report by the Principal Officer and the Finance Director & Treasurer. Principal Officers shall ensure the safe custody of vehicles, equipment, furniture, stock, stores and other property belonging to the Authority. They will ensure that assets are identified, their location recorded and that they are appropriately marked, after consultation with the Finance Director & Treasurer in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
96. Disposal or part exchange of assets that are no longer required should normally be by competitive tender or public auction, unless, following consultation with the Finance Director & Treasurer, the Policy & Strategy Committee agrees otherwise.

97. All employees have a personal responsibility with regard to the protection and confidentiality of information, whether held in manual or computerised records. Information may be sensitive or privileged, or may possess some intrinsic value, and its disclosure or loss could result in a cost to the Authority in some way.

FINANCIAL SYSTEMS AND PURCHASING PROCEDURES

98. Sound systems and procedures are essential to an effective framework of accountability and control. The Finance Director & Treasurer is responsible for the operation of the Authority's accounting systems, the form of accounts and the supporting financial records. Any changes made by Principal Officers to the existing financial systems or the establishment of new systems must be approved by the Finance Director & Treasurer.
99. Principal Officers are responsible for the proper operation of financial processes in their own departments. Any changes to agreed procedures by Principal Officers to meet their own specific service needs should be agreed with the Finance Director & Treasurer. Principal Officers must ensure that, where appropriate, computer and other systems are registered in accordance with data protection legislation. Principal Officers must ensure that staff are aware of their responsibilities under freedom of information legislation.
100. The Authority has many systems and procedures relating to the control of the Authority's assets, including purchasing, costing and management systems. Most systems are increasingly reliant on computers for their financial management information. The information must therefore be accurate and the systems and procedures sound and well administered. They should contain controls to ensure that transactions are properly processed and errors detected promptly.
101. The Finance Director & Treasurer has a professional responsibility to ensure that the authority's financial systems are sound and should therefore agree any new developments or changes in any system involving financial transactions, assets, purchasing, stock or sales.

Procurement

102. Public money should be spent with demonstrable probity and in accordance with the Authority's policies. Authorities have a statutory duty to achieve best value in part through economy and efficiency. The Authority's procedures should help to ensure that the Service obtains value for money from the purchasing arrangements. .
103. Every Officer and Member of the Authority has a responsibility to declare any links or personal interests that they may have with purchasers, suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the Authority, in accordance with appropriate codes of conduct. Official orders must be in a form approved by the Finance Director & Treasurer. Official orders must be issued for all work, goods or services to be supplied to the Authority, except for supplies of utilities, periodic payments such as rent or rates, petty cash purchases, e-ordering of approved supplies from an agreed supplier or other exceptions agreed by the Finance Director & Treasurer.
104. Each order must conform to the guidelines approved by the Authority on central purchasing and the standardisation of supplies and materials. Standard

terms and conditions must not be varied without the prior approval of the Finance Director & Treasurer.

105. The normal method of payment from the Authority shall be by BACS or other instrument or approved method, drawn on the Authority's bank account by the Finance Director & Treasurer. The use of direct debit shall require the prior agreement of the Finance Director & Treasurer. Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of Authority contracts except where they are used to provide specific employee benefits.
106. All goods and services should be ordered only by appropriate persons and are correctly recorded. Goods and services received are checked to ensure they are in accordance with the order. It is preferable that goods should not be received by the person who placed the order. Payments are not made unless goods have been received by the Authority to the correct price, quantity and quality standards. All appropriate evidence of the transaction and payment documents are retained and stored for the defined period, in accordance with the document retention schedule. The responsibilities of the Finance Director & Treasurer are to:

Purchasing Procedures

107. The aims of the purchasing procedures are to achieve for the Authority the best value obtainable in the market (recognising the need to balance quality and whole life cost) with full accountability but without disproportionate procedural and procurement costs. The use and interpretation of the standards must reflect the legal and ethical framework within which the Authority and its Members, officers and employees must operate.
108. The procedures apply to all contracts made for, by or on behalf of the Authority with the exception of Contracts for any interest in land and employment contracts (but contracts for the supply of agency staff do come within these standards), including the renewal or extension of contracts beyond their original scope or term in the same way as they apply to the formation of new Contracts.
109. The procurement activities are subject to all applicable UK and EU legislation and in particular that relating to EU Regulations, Compulsory Competitive Tendering and other tendering procedures. They apply to all parts of the Authority's business and where the Authority is acting as an agent for another body. Any modification to the tendering procedure must be approved in advance by the Finance Director & Treasurer. Where the Authority is a member of any consortium or similar body, or is collaborating with another body which is acting as its agent, the regulations of that body shall apply, but the Finance Director & Treasurer or his delegated Procurement Officer shall not enter into any such arrangements unless satisfied that the Authority will thereby achieve best value for money and proper control within the consortium or by the agent over procurement arrangements.

Duties of Officers

110. The Chief Fire Officer and Directors may delegate authority within the Service to departmental heads and other officers to act for them under these standards and the expression "Officer" includes such designated officers except where expressly excluded.

111. Officers shall ensure that all staff involved in procurement processes are properly trained, managed and monitored. They will ensure that records required under these standards are fully kept and available to persons needing to see them, including the notification to the Purchasing & Supplies Manager and the inclusion in the Authority's contract register of all contracts with a life time value greater than £50,000;
112. Subject to being satisfied that the interests of the Authority will be best served thereby (by reason of continuity of supply, price, value for money or other sufficient reason), an Officer may authorise changes to the price or time period of an existing Contract, where this is allowed for under the terms of the contract.

Duties of Procurement Officers

113. Procurement Officers are those Officers and staff directly involved in the procurement process. Procurement Officers shall ensure that a Product or Service Specification is sufficiently well defined so as to enable all Bidders to submit a competitive price on the basis of equal and full information.
114. Procurement Officers shall ensure that the procedure used is as transparent and fair to all prospective Bidders as practicable. They shall ensure Contracts entered into meet the requirements set out in these procedures. Procurement Officers shall record (with reasons), sign and date any duly authorised decision taken under these standards.
115. Any person engaged to manage a procurement process or contract award on behalf of the Authority who is not an Officer of the Authority shall comply with these procedures. Where arrangements are made as part of consortium the procedures of the lead authority or another partner within the consortium may be used.

PROCUREMENT PROCEDURES

116. Before starting any procurement process, Procurement Officers shall determine the estimated value of the contract. The Table below sets out the procedure that will normally be used:

Contract Value	Procurement Options
Under £10,000	Minor Contract Procedure
£10k - £60k	Competitive Contract Procedure
£60-175k (Services)	Formal Tender Procedure or Mini-Tender within existing Framework
£175k + (Services)	OJEU Tender Procedure OGC or other framework
£60k-£5,000k (Construction)	Formal Tender Procedure
£5,000k+ (Construction)	OJEU Tender Procedure

117. Specific requirements of UK or EU legislation, or other statutory regulation, guidance or code of practice governing the procurement (including compliance

with Compulsory Competitive Tendering rules) shall be followed (even if they conflict with these standards). In all cases procedures for higher value contracts may be used.

Minor Contract Procedure

118. Minor Contracts and orders for the provision of goods and Services may be let without competitive tender, or quotation. Where alternative suppliers are available reference should be made to published price information, quotations or other competitive pricing information before the award of the contract, or the issuing of the Purchase Order. Deadlines for competitive quotations or formal tenders may also be used.

Competitive Contract Procedure

119. Contracts but do not exceed £60,000 may be let after inviting quotations, prices or tenders from at least three alternative suppliers. For areas where there is a regular requirement for procurement there should be a standing approved list of suppliers who should be approached. Decisions about the names of suppliers on such an approved list shall be authorised at Deputy Director or equivalent level. A record of the bids received shall be kept and the reasons for the award of contract recorded.
120. The Purchasing & Supplies Manager will maintain a contracts register for all contracts with a lifetime value greater than £50,000.

Formal Tender Procedure

121. For contracts with an estimated value greater than £60,000 up to the EU threshold limits a more formal tender process will apply. There shall be a written specification of the goods or services required, and potential suppliers should be asked to return unmarked tenders by a common date and time. A person independent of the manager awarding the contract shall witness the opening of the tenders.
122. Post tender discussions may be conducted with suppliers, but the Purchasing and Supplies Manager shall be informed about all such discussions, and may choose to be present.

EU Procedures

123. The Purchasing and Supplies Manager will have responsibility for the management of all procurement exercises where the expenditure is above the EU thresholds and the laid down EU procedures shall be followed.

Exceptions

124. The procedures outlined above shall be followed except where specific exemptions apply. The decision to apply an exemption shall be taken at the next higher level to the person authorised to commit the expenditure. The following specific exemptions may apply:
- 124.1. the Product or Service is required so urgently that the standard procedure cannot be followed. An urgency reason shall be a reason

outside the control of the authority; This option may not be used where OJEU rules apply;

- 124.2. it is for other reasons demonstrably in the best interests of the Authority to negotiate with a single supplier only or it is not reasonably practicable or in the Authority's interest to invite tenders;
- 124.3. The procurement is being made under an existing framework agreement and the indicative prices in the framework are below those expected from the market;
- 124.4. The procurement is for a service activity where the personal quality of the personnel engaged in the activity is the major element of the procurement, such as architects, financial consultants and legal advisers. Quotations, tenders or Framework prices may be accepted or reviewed on grounds which award a greater weight to quality than to price. Officers shall seek to include appropriate mechanisms for the control of fees payable and ensure that bidders are aware of the relevant evaluation criteria and rankings before submitting their tenders. Due regard is to be given to EU Regulations (specifically Negotiated and Competitive Dialogue Procedures) in so much that this process does not conflict with these; or
- 124.5. The declared prices procedure may be used to maximise the value obtained from a fixed sum. Under this procedure, the Authority indicates the price it is willing to pay for a product or service and asks bidders to indicate what they are willing to supply at that price. The procurement officer may inform potential bidders of the sum available and negotiate the products or services to be supplied in return. This procedure should only be used where it is demonstrably in the Authority's best interest and has prior member approval. Due regard is to be given to EU Regulations (specifically Negotiated and Competitive Dialogue Procedures) in so much that this process does not conflict with these.

Private Interests

- 125. No member, employee or agent of the Authority shall improperly use his or her position to obtain any personal or private benefit (including benefit accruing to connected third parties) from any Contract entered into by the Authority. Members and employees shall have due regard to the registration of relevant interests in the registers maintained for that purpose by the Executive Support Team.

Tender Processes

- 126. Procurement Officers shall ensure that any tender rejected for late delivery shall be immediately returned to the sender and no details within such tender shall be recorded or disclosed. If an error is identified within a Tender, the Bidder shall be given the opportunity of either confirming or withdrawing the tender, but no request to amend a tender after the time fixed for receipt will be accepted.
- 127. Tenders shall be opened in the presence of a Manager independent of the Procurement Officer managing the procurement. A tender may only be accepted if it is within an approved revenue estimate or an approved capital vote adjusted as agreed by the Treasurer for increased price levels.

128. The Procurement Officer may award a Contract other than to the financially first ranked bidder (i.e. lowest acceptable or highest in the case of a receipt) provided he certifies why it is in the Authority's best interests to do so. The acceptability of a Tender may be determined by reference to characteristics which are not capable of precise definition (e.g. taste or quality) provided that those characteristics are connected with the purpose for which the Tender has been sought and that the influence of personal preference is minimised so far as practicable. The lowest acceptable tender need not be accepted where this would not represent the best value for money.
129. Procurement Officers may negotiate with a Bidder, after that Bidder has been properly chosen to be the Contractor but before acceptance, on any aspect of a tender (Post Tender Negotiation). The Purchasing and Supplies Manager will be notified in advance of all such meetings and may attend these meetings. Post Tender Negotiation will only be undertaken where negotiation does not permit the disclosure of commercially sensitive information supplied by unsuccessful Bidders for that Contract and it is considered that the tender process has not resulted in the most advantageous offer and that offers are capable of improvement by negotiation

Form of Contracts

130. Procurement Officers shall ensure the provision within the Contract of clear and appropriate conditions governing the key elements of price, performance, warranty, duration, cancellation and default. The decision as to whether contracts with a value of greater than £1m should be executed under seal will be made by the Finance Director & Treasurer taking into account factors such as the nature of the contract, the contractual period, and the goods, assets or services being purchased.
131. Every Contract shall contain a clause empowering the Authority to terminate the Contract if the Contractor or any person employed by the Contractor or acting on the Contractor's behalf with or without his knowledge has acted corruptly in connection with the contract or any other contract with the Authority and in particular appears to have committed any offence under the Prevention of Corruption Acts 1889 to 1916, or to have paid or offered any fee or reward contrary to Section 117 of the Local Government Act 1972.
132. Every Contract shall contain a clause empowering the Authority to terminate the Contract summarily by notice in writing should the Contractor become bankrupt, insolvent; transfer or assign the contract or resolve to wind up or be ordered to be wound up, or carry on business under an Administrative Receiver. Such cancellation shall so far as practicable permit recovery by the Authority of all losses stemming from termination.
133. Procurement Officers shall in all cases consider the need for liquidated and seek the Treasurer's guidance and specific advice in this regard on all Contracts worth more than £250,000. Procurement Officers may require a Contractor to provide a bond or a guarantee from a parent company and follow the Treasurer's guidance and specific advice on all Contracts worth more than £250,000 as to whether a bond or guarantee is needed. The Clerk may be consulted concerning whether any bonds or guarantees shall be taken in a particular form.

Financial Limits

134. The following financial limits will apply to determine who is responsible for the approval, agreement or signing of contracts and purchase orders raised on behalf of the Authority:

Staff with procurement responsibilities delegated to them by a budget holder	£5,000
Contracts Manager	£20,000
Budget Holders	£30,000
Deputy Directors	£100,000
Purchasing Manager	£100,000
Principal Officers	£250,000
Chief Fire Officer or Finance Director & Treasurer	No Limit

135. Individuals may be delegated specific authority to authorise orders or invoices above these general limits by agreement with the Finance Director & Treasurer. Any such delegation and agreement shall be in writing.

FINANCIAL MANAGEMENT PROCEDURES

136. More Detailed procedures for the operation of the financial systems, including the payment of creditors, collection of debts, asset and stock reviews and write offs are the responsibility of the Finance Director & Treasurer. The following paragraphs cover the financial limits for the controls.

Financial Limits

137. The following levels of Authority apply for the write off of stock, or bad debts:

Stock < £1,000	Stores Manager, Transport Manager
Stock < £10,000	Purchasing & Supplies Manager, Fleet Manager
Bad Debts < £5,000	Finance Manager
Stock & Bad Debts < £10,000	Deputy Finance Director
Stock & Bad Debts <£25,000	Finance Director & Treasurer
Stock & Bad Debts >= £25,000	Finance Director & Treasurer – Reported to Members

138. The following levels of Authority apply to Treasury Management:

- 138.1. Overnight investment Financial Processes Manager or Finance Manager;
- 138.2. Terms up to 3 months Deputy Finance Director;
- 138.3. Terms up to 1 Year Finance Director & Treasurer; and

- 138.4. Terms over 1 year Finance Director & Treasurer, reported to Members.

Payments

139. The Authority to authorise the Initiation of Payment Runs rests with the Financial Processes Manager, Finance Manager or Deputy Finance Director. The actual payment run may be initiated by another member of the department. Records will be maintained of who authorised, and who actioned each payment run and BACS transfer. Individual payments through CHAPS or cheques will also be recorded in this way. The following staff have delegated authority to authorise payments through the Authority's bank, or to issue instructions to the bank:. The Finance Director & Treasurer is authorised to amend and delete this list to meet operational requirements.

139.1. Finance Director & Treasurer;

139.2. Deputy Finance Director;

139.3. Finance Manager;

139.4. Financial Services Manager; and

139.5. Financial Processes Manager.

140. Responsibility for maintaining the detailed procedures, including the instructions for the use of the Authority's finance system rests with the Deputy Finance Director. These detailed procedures shall be subject to version control.

Banking Arrangements

141. The Finance Director & Treasurer is responsible for the arrangements for the ordering and security of cheques, electronic payment systems and other payments arrangements. All cheques and payments will be signed, authorised or transacted under the authority of the Finance Director & Treasurer by nominated staff. The Finance Director & Treasurer will arrange to notify the Authority's bankers of the names of nominated staff.

142. The Finance Director is responsible for ensuring that all bank accounts operated by the Authority are reconciled on a regular and timely basis, and that the transactions are subject to independent review.

BANKING & TREASURY POLICY

Treasury management

143. The Authority has adopted CIPFA's Code of Practice for Treasury Management. The Authority is responsible for approving the treasury management policy statement. The Finance Director & Treasurer has delegated responsibility for implementing and monitoring the statement. All money in the control of the Authority is controlled by the Finance Director & Treasurer.

144. The Finance Director & Treasurer will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy/suitability thereof,

and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation's objectives in this respect. The Treasury Management Strategy is approved by the Authority in February of each year. The objectives or aims of each element of activity are set out in the sections below:

Liquidity risk management

145. The Authority's objective is to ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available which are necessary for the achievement of its objectives.

Interest rate risk management

146. The objective is to manage exposure to fluctuations in interest rates with a view to containing its medium term net interest costs, and in securing its interest revenues in accordance with the amounts provided in its budgetary arrangements. The Authority will achieve these objectives by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. The above are subject at all times to the consideration and, if required, approval of any policy or budgetary implications.

Exchange rate risk management

147. The objective in managing the exposure to fluctuations in exchange rates is to minimise any detrimental impact on its budgeted income/expenditure levels. Where possible the risk of exchange rate fluctuations will be borne by suppliers of goods and services. The Authority will achieve this objective by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of exchange rates. The above is subject at all times to the consideration and, if required, approval of any policy or budgetary implications.

Inflation risk management

148. The effects of varying levels of inflation, insofar as they can be identified as impacting directly on its treasury management activities, will be controlled by the Authority as an integral part of its strategy for managing its overall exposure to inflation. It will achieve this objective by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of inflation. The above is subject at all times to the consideration and, if required, approval of any policy or budgetary implications.

Credit and counterparty risk management

149. The prime objective of the Authority's Treasury Management activities is the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to approved instruments,, methods and techniques. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing arrangements.

Refinancing risk management

150. The Authority will ensure that its borrowing, financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised are managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable to the organisation as can reasonably be achieved in the light of market conditions prevailing at the time.

151. The Authority will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective, and will avoid over-reliance on any one source of funding if this might jeopardise achievement of the above.

Legal and regulatory risk management

152. The Authority will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may effect with the organisation, particularly with regard to duty of care and fees charged.

153. The Authority recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the organisation.

Fraud, error and corruption, and contingency management

154. The Authority will ensure that it has identified the circumstances which may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.

Market risk management

155. The Authority will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect itself from the effects of such fluctuations.

Treasury Management Strategy

156. The Finance Director & Treasurer is responsible for reporting to the Authority or the Policy & Strategy Committee a proposed Treasury Management Strategy for the coming financial year at or before the start of each financial year. All Authority and Policy & Strategy Committee decisions on borrowing, investment or financing shall be delegated to the Finance Director & Treasurer, who is required to act in accordance with CIPFA's Code of Practice for Treasury Management. Reports on treasury management will be drawn up for presentation to Members in February and June of each year, together with the Prudential indicators for Treasury Management.
157. Many millions of pounds pass through the Authority's accounts each year and procedures have been established to deal with the management of cash flows and the associated risks. These seek to provide assurances that the Authority's money is properly managed in a way that balances risk with return, but with the overriding consideration being given to the security of the Authority's investment.
158. The Finance Director & Treasurer shall arrange the borrowing and investments of the Authority in such a manner as to comply with the CIPFA Code of Practice on Treasury Management and the Authority's Treasury Management policy statement and strategy. All investments of money shall be made in the name of the Authority or in the name of nominees approved by the Authority. All securities that are the property of the Authority or its nominees and the title deeds of all property in the Authority's ownership shall be held in the custody of the Head of Law and Administration or under arrangements approved by the Finance Director & Treasurer.
159. The Finance Director & Treasurer shall effect all borrowings in the name of the Authority and act as the Authority's registrar of stocks, bonds and mortgages and to maintain records of all borrowing of money by the Authority. The Finance Director & Treasurer shall ensure that the procedures to be followed for borrowing are documented.
160. Principal Officers shall ensure that loans are not made to third parties and that interests are not acquired in companies, joint ventures or other enterprises without the approval of the Authority, following consultation with the Finance Director & Treasurer.
161. For trust funds and funds held for third parties these should be held, wherever possible, in the name of the Authority. All Officers acting as trustees by virtue of their official position shall deposit securities, etc relating to the trust with the Finance Director & Treasurer, unless the deed otherwise provides. Where funds are held on behalf of third parties, arrangements shall be made for their secure administration, approved by the Finance Director & Treasurer with written records of all transactions. Trust funds shall be operated within any relevant legislation and the specific requirements for each trust.
162. The Finance Director & Treasurer shall operate bank accounts as are considered necessary. Opening or closing any bank account shall require the approval of the Finance Director & Treasurer. All payments made on behalf of the Authority shall be authorised by the Finance Director & Treasurer or such Officers as they nominate for that purpose. The Authority may provide employees of the Authority with cash or bank imprest accounts to meet minor expenditure on behalf of the Authority and the Finance Director & Treasurer shall

prescribe rules for operating these accounts. The arrangements for the operation of these accounts shall be reviewed periodically.

163. Principal Officers shall ensure that employees operating an imprest account obtain and retain vouchers to support each payment from the account. Where appropriate, an official receipted VAT invoice must be obtained. They shall make adequate arrangements for the safe custody of the account and record transactions promptly. Imprest accounts may not be used to make personal loans and the only payments into the account shall be the reimbursement of the float and change relating to purchases where an advance has been made.

Value for Money

164. The Authority is committed to the pursuit of value for money in its treasury management activities, and to the use of performance methodology in support of that aim, within the framework set out in its Treasury Management Policy Statement.
165. Accordingly, the treasury management function will be the subject of ongoing analysis of the value it adds in support of the organisation's stated business or service objectives. It will be the subject of regular examination of alternative methods of service delivery, of the availability of fiscal or other grant or subsidy incentives, and of the scope for other potential improvements. The performance of the treasury management function will be measured using the criteria set out in the schedule to this document.

Records

166. The Finance Director & Treasurer shall maintain full records of treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time.

Approved Instruments for Investment and Borrowing

167. The Finance Director & Treasurer shall maintain a list of approved instruments, methods and techniques. This shall include limits, either in duration of financial limits, in the use of specific instruments and financial limits for investments.

Organisation

168. It is essential, for the purposes of the effective control and monitoring of its treasury management activities, and for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times a clarity of treasury management responsibilities.
169. The principles on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.

170. The Finance Director & Treasurer shall have responsibility for setting the detailed treasury management policies, the Deputy Finance Director, Finance Manager and Financial Processes Manager will be responsible for implementing the policies and undertaking day to day treasury management activities.
171. If as a result of lack of resources or other circumstances, there is a departure from these principles, the Finance Director & Treasurer will ensure that the reasons are reported in the next Treasury Management report to Members.
172. The Finance Director & Treasurer will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangement for absence cover. They will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds. The delegation to the Finance Director & Treasurer in respect of treasury management are set out in the main scheme of delegation. The Finance Director Treasurer will fulfil all such responsibilities in accordance with the organisation's policy statement and with generally accepted professional practice on treasury management.

Budgeting, Accounting and Audit

173. The Finance Director & Treasurer will include the financial implications of treasury management policy in the annual budget for treasury management, which will bring together all of the costs involved in running the treasury management function, together with associated income. The Authority will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being. The Authority will ensure that its auditors, and those charged with regulatory review, have access to all information and papers supporting the activities of the treasury management function as are necessary for the proper fulfillment of their roles, and that such information and papers demonstrate compliance with external and internal policies and approved practices.

Cash Flow Management

174. Unless statutory or regulatory requirements demand otherwise, all monies in the hands of the Authority will be under the control of the Finance Director & Treasurer, and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, and the Finance Director & Treasurer will ensure that these are adequate for the purposes of monitoring compliance with liquidity risk management.

Money Laundering

175. The Authority is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions, and will ensure that staff involved in this are properly trained. The Finance Director & Treasurer will be the responsible officer for reporting purposes.

Staff Training

176. The Authority recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to maintain an appropriate level of expertise, knowledge and skills. The Finance Director & Treasurer, in consultation with the Director of Human Resources and Organisational Development will recommend and implement, where appropriate, the necessary arrangements.

Use of External Service Providers

177. The Authority recognises the potential value of employing external providers of treasury management services, in order to acquire access to specialist skills and resources. When it employs such service providers, it will ensure it does so for reasons which will have been submitted to full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review. And it will ensure, where feasible and necessary, that a spread of service providers is used, to avoid over-reliance on one or a small number of companies. Where services are subject to formal tender or re-tender arrangements, legislative requirements will always be observed. The monitoring of such arrangements rests with the Finance Director & Treasurer.

Corporate Governance

178. The Authority is committed to the pursuit of proper corporate governance and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

Income

179. Income can be a vulnerable asset and effective income collection systems are necessary to ensure that all income due is identified, collected, receipted and banked properly. It is preferable to obtain income in advance of supplying goods or services as this improves the Authority's cash flow and also avoids the time and cost of administering debts. For the Authority this risk is limited as most income is collected by other Authorities or paid as government grants.
180. The charges set by the Fire Authority are reviewed annually and applied for all new contracts and agreements after their implementation date. Income is invoiced in accordance with agreed procedures. All money received by an employee on behalf of the Authority is paid without delay to the Authority's bank account, and properly recorded. The responsibility for cash collection should be separated from that for identifying the amount due or for reconciling the amount due to the amount received. Effective action is taken to pursue non-payment within defined timescales and formal approval for debt write-off is obtained.
181. Principal Officers have a responsibility to assist the Finance Director & Treasurer in collecting debts that they have originated, by providing any further information requested by the debtor, and in pursuing the matter on the Authority's behalf. A credit note to replace a debt can only be issued to correct a factual

inaccuracy or administrative error in the calculation and/or billing of the original debt.

STAFFING

182. The Chief Fire Officer is responsible for providing overall management to staff and is also responsible for ensuring that there is proper use of the evaluation or other agreed systems for determining the remuneration of a job. Principal Officers are responsible for controlling total staff numbers by adjusting the staffing to a level that can be funded within approved budget provision and the proper use of appointment procedures.
183. In order to provide the highest level of service, it is crucial that the Authority recruits and retains high calibre, knowledgeable staff, qualified to an appropriate level. The key controls for staffing include an appropriate staffing strategy and policy exists, in which staffing requirements and budget allocation are matched. Procedures are in place for forecasting staffing requirements and cost, controls are implemented that ensure that staff time is used efficiently and to the benefit of the Authority; and checks are undertaken prior to employing new staff to ensure that they are appropriately qualified, experienced and trustworthy.

Payments to employees and Members

184. Staff costs are the largest item of expenditure for most Authority services. It is therefore important that payments are accurate, timely, made only where they are due for services to the Authority and that payments accord with individuals' conditions of employment. It is also important that all payments are accurately and completely recorded and accounted for and that Members' allowances are authorised in accordance with the scheme adopted by the Authority.
185. The key controls for payments to employees and Members are to ensure that proper authorisation procedures are in place and that there is adherence to corporate timetables in relation to Starters, Leavers, Variations, Enhancements, Timesheets, and Claims. There is segregation of duties in the operation of the SAP HR and Payroll system with employees and their pay elements maintained by the HR department and responsibility for payment and the accounting for payroll cost within the Finance department. Frequent reconciliation of payroll expenditure against approved budget and bank account.

Pay in Lieu of Notice

186. All payments to leavers to cover the contractual period of notice shall be treated as contractual and paid through the payroll with the deduction of tax and national insurance contributions.

Taxation

187. Like all organisations, the Authority is responsible for ensuring its tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly accounting for tax are severe. It is therefore very important for all Officers to be aware of their responsibilities.
188. All taxable transactions are identified, properly carried out, accounted for within stipulated time-scales and paid through appropriate financial systems and records are maintained in accordance with HM Revenue and Customs guidance

to enable returns to be made to the appropriate authorities within the stipulated timescale.

PARTNERSHIPS

189. Partnerships can play a key role in delivering community strategies and in helping to promote and improve the well being of the area. Local authorities will mobilise investment, bid for funds, champion the needs of their areas and harness the energies of local people and community organisations.
190. The main reasons for entering into a partnership are to provide new and better ways of delivering services or to access new resources. Partners may act as a project deliverer, sponsor, funder or beneficiary. They have responsibilities in common with the Authority for the project. They must act in good faith at all times and in the best interests of the partnership's aims and objectives, being open about any conflict of interests that might arise;
191. Partners must encourage joint working and promote the sharing of information, resources and skills between public, private and community sectors and hold confidentially any information received as a result of partnership activities or duties that is of a confidential or commercially sensitive nature;

Work for third parties

192. Legislation enables the Authority to provide a range of services to other bodies. Such work may enable a unit to maintain economies of scale and existing expertise. Arrangements should be in place to ensure that any risks associated with this work are minimised and that such work is intra vires.
193. Trading activities is only possible through the separate company (EFA Trading Limited). Principal Officers shall maintain a register of all contracts entered into with third parties and ensure (in conjunction with the Finance Director & Treasurer) that appropriate insurance arrangements are made.

FINANCIAL LIMITS

194. The purpose of this section is to set out the limits approved by the Authority, which are subject to review at least every 2 years.

Budget Virements

	Virement to be approved by			
Limits ¹	Principal Officer	Chief Fire Officer	Finance Director & Treasurer	Policy & Strategy Committee
Up to £50,000	✓			
£50,000 to £300,000	✓	✓	✓	
Over £300,000	✓	✓	✓	✓

¹ These limits apply to the estimate head which is being increased

195. The cumulative value of virements agreed by Chief Fire Officer in a financial year to a single budget head shall be reported to the Policy & Strategy Committee if it exceeds £300,000. Virement is not permitted in relation to financing items such as asset charges or to the estimate heads where a proposal would adversely affect the long-term revenue commitments of the Authority.
196. Member approval is not required when the virement is between an income estimate head and an expenditure estimate head, which are directly related and is approved by the Treasurer. Member approval is not required for virements between accounting periods, or between cost centres when the account is unchanged.

Capital Expenditure Initiation

197. Initiation of capital expenditure may only take place for projects that are included in the 3 year capital programme approved by the Authority. Budget approval from the Policy & Strategy Committee is required for any new projects or where the capital expenditure is more than the existing budget provision.

Limits ²	Project to be approved by		
	Strategic Delivery Board	Strategic Management Board	Policy & Strategy Committee
Up to £50,000	✓ ³		
£50,000 - £1,000,000 (£300,000 for ICT Projects)	✓	✓	
Over £1,000,000	✓	✓	✓

Revenue and Capital Contract Overspends

198. Where it appears that the final cost of a revenue or capital contract will exceed the contract sum by more than both 5% and £12,000, (except by the operation of a fluctuating cost clause), a report shall be made to and approval sought of the Policy & Strategy Committee as soon as possible.

Leasing

199. Officers will consult the Finance Director & Treasurer before entering into any leasing agreement where the aggregate costs of the assets included in the lease exceeds £10,000.

Write-offs

200. The Finance Director & Treasurer shall have the authority to write off a debt, deficiencies of stocks or stores, and an item in an inventory or to declare

² The limits apply to the programme head being increased

³ Delegated to Senior IT Owners Group Meeting for IT Projects

equipment and materials surplus to the fire service's requirements; subject to a limit of £50,000 in any one case, amounts above this to be reported to Members.

201. The Finance Director & Treasurer shall issue procedures for the authorisation and recording of the debts to be written off.

Assets

202. Registers are to be kept for items that have an individual value of £1,000 or more **and** are considered to be susceptible to theft or other risks. Such registers are to be in a form agreed with the Deputy Finance Director.

Ex Gratia Payments

203. The Chief Fire Officer shall have the authority to make, having regard to the particular circumstances of each case, ex gratia payments not exceeding £20,000 in any one case, subject to consultation with the Finance Director & Treasurer. The circumstances of the proposed payment must not have the effect of circumventing other Authority pay and allowance, policies, rates and rules.

Declaring Land Surplus to Requirements

204. The Chief Fire Officer shall have the authority to declare surplus to the Authority's requirements, land of a minor nature and a value not exceeding £100,000.

Procurement Limits

205. The following financial limits will apply during the procurement process:

Contract Value	Procurement Options
Under £6,000	Minor Contract Procedure
£6k - £60k	Competitive Contract Procedure
£60-140k (Services)	Formal Tender Procedure OGC ⁴ or other Framework
£140k + (Services)	OJEU ⁵ Tender Procedure OGC or other framework
£60-£5,000k (Construction)	Formal Tender Procedure
£5,000k+ (Construction)	OJEU Tender Procedure

206. The procurement requirements for each option will be set down in the Authority's Procurement Standards which will be maintained by the Finance Director & Treasurer. These options include competitive procedures, the use of existing national or regional framework agreements, Office of Government Commerce contracts and other collaborative arrangements. The limits for the use of OJEU compliant procedures may fluctuate depending on the Euro/Sterling exchange rate.

⁴ OGC – Office of Government Commerce

⁵ OJEU – Official Journal of the European Union

End

ESSEX FIRE AUTHORITY ANTI-FRAUD POLICY



Author	Mike Clayton, Finance Director & Treasurer
Approval Level	Essex Fire Authority – Policy & Strategy Committee
Date of Approval	18 March 2015
Date of Review	March 2017

ANTI FRAUD POLICY

SCOPE

1. This policy applies to all staff and Members of the Authority, contractors, suppliers and service users.

DEFINITION

2. To have a clear understanding of fraud a clear definition is needed.
3. Fraud is the deliberate changing of financial statements or other records by either a member of the public or someone who works for the Authority, the theft or unauthorised use of equipment, the theft of money or services or their diversion for personal and unlawful gain.

FRAUD ACT 2006

4. A person is guilty of fraud if they are in breach of the following sections:-
 - a) Section 2 - fraud by false representation,
 - b) Section 3 – fraud by failing to disclose information, and
 - c) Section 4 – fraud by abuse of position.

Fraud by False Representation

5. A person is in breach of this section if they:-
 - a) Dishonestly make a false representation, and
 - b) Intend, by making the representation:-
 - (i) to make a gain for themselves or others, or
 - (ii) to cause loss to another or to expose another to a risk of loss.

Fraud by Failing to Disclose Information

6. A person is in breach of this section if they:-
 - a) Dishonestly fail to disclose to another person information which they are under a legal duty to disclose, and
 - b) Intend, by failing to disclose the information:-
 - (i) to make a gain for themselves or others, or
 - (ii) to cause loss to another or to expose another to a risk of loss.

Fraud by Abuse of Position

7. A person is in breach of this section if they:-
 - a) Occupy a position in which they are expected to safeguard, or not to act against, the financial interests of another person,

- b) Dishonestly abuse that position, and
- c) Intend, by means of the abuse of that position-
 - (i) to make a gain for themselves or others, or
 - (ii) to cause loss to another or to expose another to a risk of loss.

THEFT ACT 1968 AND THEFT ACT 1978 (as amended)

- 8. The Theft Act 1968 defines a number of criminal offences including theft and the achievement of a gain through deception. These include the following:

Theft

- 9. A person is guilty of theft if he dishonestly appropriates property belonging to another with the intention of permanently depriving the other of it.

Obtaining Pecuniary advantage by Deception

- 10. A person who by any deception dishonestly obtains for himself or another any pecuniary advantage.

Obtaining Services by Deception

- 11. This includes remission or avoidance of a debt achieved through deception.

BRIBERY ACT 2010

- 12. The Bribery Act of 2010 has introduced the offences of offering and receiving a bribe. It places specific responsibility on the Authority to have in place sufficient and adequate procedures to prevent bribery and corruption taking place. Under the Act, Bribery is defined as “Inducement for an action which is illegal unethical or a breach of trust. Inducements can take the form of gifts loans, fees rewards or other privileges. Corruption is broadly defined as the offering or the acceptance of inducements, gifts or favours payments or benefit in kind which may influence the improper action of any person. Corruption does not always result in a loss. The corrupt person may not benefit directly from their deeds; however, they may be unreasonably using their position to give some advantage to another.
- 13. To demonstrate that the Authority has in place sufficient and adequate procedures and to show openness and transparency all staff are required to comply with the requirements of Declaration of Interest Policy. Should members of staff wish to report any concerns or allegations, they should contact the Authority’s Bribery Compliance Officer (or equivalent)

AIMS AND OBJECTIVES

- 14. The aim of an anti-fraud policy statement is to establish ground rules which clarify that fraud will not be tolerated and spell out the consequences of fraud. One of the basic principles of this policy is to ensure proper use of the public’s money in the operation and management of the fire and rescue service and to demonstrate that the Authority has a commitment to the highest level of ethical and moral standards. The policy statement also sets out the framework to ensure a fast and appropriate response to instances of alleged fraud. The overall objective is to limit the Authority’s exposure to fraud and to minimise financial loss and the potential adverse affects on its image and reputation in the event of its occurrence.

SUMMARY OF POLICY

15. The Authority will:-
 - Institute and maintain cost effective measures and procedures to deter fraud.
 - Take firm and vigorous action where appropriate against any individual or group perpetrating fraud against the Authority.
 - Encourage employees to be vigilant and to report any suspicion of fraud, and provide suitable channels of communication and ensure sensitive information is treated appropriately.
 - Rigorously investigate instances of alleged fraud and pursue perpetrators to seek restitution of any asset fraudulently obtained together with the recovery of costs.
 - Assist the police and all other appropriate authorities in the investigation and prosecution of those suspected of fraud.
16. The detection, prevention and reporting of fraud is the responsibility of all Members and employees of Essex Fire Authority. The Authority expects the following of Members and employees:
 - To act with integrity at all times;
 - To comply with the seven principles of public life;
 - To adhere to the appropriate Code of Conduct;
 - To comply with Standing Orders and Financial Regulations; and
 - To raise concerns as soon as any impropriety is suspected.

ANTI-FRAUD STRATEGY

17. The Fire Authority's current arrangements are aimed at tackling fraud, corruption, theft, and breaches of regulations.
18. The arrangements can be categorised under the following main heads:
 - culture
 - raising concerns
 - prevention (e.g. effective control systems)
 - detection and investigation
 - training
19. They are supported by scrutiny of the Authority's affairs by a range of bodies and individuals, including:
 - Our external auditor appointed by the Audit Commission;
 - Our internal auditors;
 - Members through the Audit, Governance and Review Committee;
 - Central government departments / inspectorates
 - H M Revenue and Customs
 - Authority residents and businesses;

- Suppliers;
- Service Users; and
- Employees of the Authority.

CULTURE

20. The Authority's culture is intended to foster honesty and integrity, and to support the seven principles of public life. These are selflessness, integrity, objectivity, accountability, openness, honesty and leadership. Both Members and employees are expected to lead by example in adhering to regulations, procedures and practices.
21. Equally, members of the public, clients and external organisations (such as suppliers and contractors) are expected to act with integrity and without intent to commit fraud against the Authority in any dealings they may have with the Authority. As part of the culture the Authority will provide clear routes by which concerns can be raised by both Members and employees, and by those outside the service. A whistle blowing policy is in place and the availability of this policy to staff, suppliers and other third parties has been communicated.
22. Senior management are expected to deal promptly, firmly and fairly with suspicions and allegations of fraud or corrupt practice and to inform the Finance Director & Treasurer of any suspicions or allegations in a timely manner. The Finance Director & Treasurer is responsible for ensuring that any instances of fraud are reported to the Audit, Governance and Review Committee, and if appropriate to the full Authority. The Authority has in place two committees whose monitoring roles are relevant:-
 - The (Joint) Standards Committee which sets and monitors standards of conduct of elected Members; and
 - The Audit, Governance & Review Committee which reviews activities of the audit functions.
23. All staff, Members, contractors and suppliers have a responsibility to consider the risk of fraud in the activities for which they are responsible and to report any suspicions or allegations of fraud to the Finance Director & treasurer in a timely manner.

RAISING CONCERNS

24. Members, employees and the general public are an important element in the Authority's stance on fraud and corruption. They are encouraged to raise any concerns they may have in respect of fraud and corruption. A number of different channels for communication are available, including line managers, auditors, senior officers, and Members.
25. The Authority's whistleblowing policy gives further guidance on how to raise concerns and the support and safeguards available to those who do so. These safeguards offer a framework of protection against victimisation or dismissal and may include identity concealment and protection from harassment.
26. Members of the public may also use the Authority's complaints procedure for this purpose where appropriate. Line managers and directors are responsible for following-up any allegations of irregularity; it is their responsibility to inform the Treasurer to the Authority immediately of such allegations and the results of their investigations.
27. Concerns may also be reported directly to the Finance Director & Treasurer by any employee, contractor or supplier. Reporting can be email to mike.clayton@essex-fire.gov.uk or by telephone to Mike Clayton on 01376 576109.

28. The Authority and its senior management are committed by this policy to deal firmly with any proven financial malpractice. Where, after a proper audit investigation carried out by or on behalf of the Treasurer, there is evidence that financial impropriety has occurred, the Authority will normally expect the circumstances to be referred to the Police for advice, further investigation, and prosecution of the offender if considered appropriate by the Crown Prosecution Service. The decision to refer to the Police may be made by either the Finance Director & Treasurer, the Chief Fire Officer or the Clerk to the Authority. It is the Authority's decision to make reference to the Police and no other employee is authorised to make such a referral without the authority of one of the three posts listed above.
29. Where the outcome of audit or Police investigation indicates improper conduct by an employee, the Authority's Disciplinary Procedures will normally be applied by the senior managers of the service concerned. The recovery of defrauded funds is an essential part of the Authority's strategy.
30. When it is found that fraud or corruption has occurred due to a breakdown in the Authority's systems or procedures, directors, in consultation with the Treasurer, are responsible for ensuring that appropriate improvements in systems of control are implemented in accordance with audit recommendations.
31. The Authority will work with the Police and the Crown Prosecution Service to ensure that the provisions within the Proceeds of Crime Act 2002 and the associated Money Laundering Regulations are used to full advantage should a fraud have occurred.

PREVENTION

32. The Authority has a series of comprehensive and inter-related procedures to ensure proper conduct of its affairs, which comprise:
 - Standing Orders;
 - Financial and Procurement Regulations;
 - Code of Conduct for Members;
 - Code of Conduct for Employees;
 - Codes of Conduct issued by relevant Professional Institutes;
 - Financial Instructions and Procedures;
 - Local Government Act 1972 - Section 117;
 - Local Government Act 1972 - Section 151;
 - Accounts and Audit Regulations 1996;
 - Public Interest Disclosure Act 1998;
 - Complaints Procedures;
 - Whistle Blowing Policy
 - Disciplinary Procedure; and
 - ICT Security Policy.
33. Internal audit undertake an annual programme of reviews which is closely aligned with the organisation's risk base, designed to provide the assurance over the systems of internal control. The system of internal control is based on an on-going process designed to identify the principal risks, to evaluate the nature and extent of those risks and to manage them effectively. Managing the risk of fraud forms part of this process.

34. The assessment of the internal financial controls in particular involves electronic data interrogation techniques which closely focuses internal audit's detailed substantive work on identified areas of concern and therefore assists towards fraud prevention.
35. Members are expected to adhere to and to operate within:
 - Standing Orders; and
 - The Code of Conduct for Members
36. These matters are brought to the attention of elected Members following their election or as part of their declaration of acceptance of office. The Authority has adopted a Code of Conduct for its elected Members and its independent Members and they are required upon appointment to the Authority to sign an undertaking to comply with the Code of Conduct before they act as members of the Authority and must also register their financial and other interests with the Monitoring Officer within 28 days of appointment to the Authority. It is the duty of the Member to notify the Monitoring Officer of any changes to their original registration.
37. Employees are required to operate within the following guidelines:
 - A key measure in the prevention of fraud and corruption is to take effective steps at the recruitment stage to establish, as far as possible, the previous record of potential employees in terms of their propriety and integrity. Written references for potential employees are obtained as part of the recruitment process.
 - Employees, once recruited, are expected to adhere to the Authority's Code of Conduct for Employees and to follow standards of conduct issued by their personal professional institute, where applicable.
 - Disciplinary Procedures for all categories of employee will be applied to deal with improper conduct.
38. The following internal control measures are also in force:
 - The Monitoring Officer (Clerk to the Authority), has a duty to report to the Authority where it appears to him that any proposal, decision or omission by the Authority, a committee, a sub-committee or officer has given rise to, (or is likely to give rise to), a contravention of any enactment, rule of law or statutory code of practice.
 - The Treasurer has a statutory responsibility under Section 151 of the Local Government Act 1972 to ensure the proper administration of the Authority's financial affairs.
 - Under the Accounts and Audit Regulations 1996, the Authority is required to maintain an adequate and effective system of internal audit. Internal auditors evaluate risks and review the adequacy of control within the Authority.
 - Operational systems and procedures will incorporate efficient and effective internal controls, both financial and non-financial. Directors are required to ensure that such controls, including those in a computerised environment, are properly maintained and documented. The existence and appropriateness of controls is independently monitored by Internal Audit and the Audit & Review Committee.

DETECTION AND INVESTIGATION

39. Whilst having regard to the requirements of the Data Protection legislation, the Authority actively participates in an exchange of information with external agencies on fraud and corruption activity in relation to public bodies. This includes the bi-annual national fraud initiative where data from all public sector bodies is shared and analysed.

40. The operation of preventive systems, particularly internal control systems within the Authority, help to deter any fraudulent activity. However, such activity may nevertheless occur. It is often the alertness of elected Members, staff and the general public to the possibility of fraud and corruption that leads to detection of financial irregularity. In such a situation the Authority has in place arrangements to enable any such information to be properly dealt with, investigation and detection to occur, and appropriate action to be taken.
41. The Financial Regulations and the Authority require that the Treasurer be notified immediately of all financial or accounting irregularities or suspected irregularities or of any circumstances which may suggest the possibility of irregularities including those affecting cash, stores, property, remuneration or allowances. Reporting of suspected irregularities is essential as it facilitates a proper investigation by experienced staff, and ensures the consistent treatment of information regarding fraud and corruption.

FRAUD RESPONSE PLAN

42. When so notified, the Finance Director & Treasurer will instigate an investigation and determine who is the appropriate person to carry out the investigation. Should the allegation involve the Finance Directorate this decision will be made by the Chief Fire Officer after consultation with the Clerk.. The designated officer, auditor or other advisor will:
 - deal promptly with the matter
 - record evidence received
 - ensure the security and confidentiality of evidence
 - work closely with senior managers of the service concerned and other agencies, such as the Police and Courts to ensure that all issues are properly investigated and reported upon
 - ensure maximum recoveries are made on behalf of the Authority, and
 - assist the service managers to implement Authority disciplinary procedures where considered appropriate (referral to the Police will not prohibit or restrict action under the Disciplinary Procedure).
43. In cases of suspected payroll irregularities whilst a fraud investigation would normally be instigated, discussion will occur between Treasurer and Director of Human Resources and Organisational Design if it is thought a disciplinary investigation is more appropriate

ANTI-BRIBERY POLICY

44. The Authorities Financial and Procurement Regulations cover the procedures to be followed when purchasing goods or services on behalf of the Authority. Any offer during this process that may be considered as an inducement or bribe from a potential or successful tenderer or supplier must be reported to the Finance Director & Treasurer. Acceptance of any such offer will be dealt with through the Authority's disciplinary policy as gross misconduct.
45. In those areas where staff are concerned with activities that generate operational income for the Authority all commercial proposals for the sales process, including discounts and similar offers shall be approved by the head of the Department concerned. No proposals that include benefits other than for the direct customer for the goods and services involved may be entered into without the prior written permission from the Finance Director & Treasurer.

TRAINING

46. An important contribution to the continuing success of an anti-fraud strategy, and its general credibility, lies in the effectiveness of programmed training, of both Members and employees, throughout the organisation.
47. This will be achieved through the development of both induction and refresher training for all personnel involved in internal control systems to ensure that their responsibilities and duties in this respect are regularly highlighted and reinforced.
48. The investigation of fraud and corruption rests with the Treasurer and the Internal Audit contractor. It is essential that there are an adequate number of trained employees able to undertake this work, and this requirement is reflected in the contractual arrangements for the provision of Internal Audit services.

CONCLUSION

49. The Authority has in place a clear network of systems and procedures to prevent and detect fraud and corruption. These arrangements should keep pace with any future developments in techniques for preventing and detecting fraudulent activity.
50. To this end the Authority maintains a continuous overview of such arrangements. Through the Treasurer it will ensure a regular review of Standing Orders, Financial Regulations, key control systems and audit arrangements is conducted.

ESSEX FIRE AUTHORITY

Essex County Fire & Rescue Service



MEETING	AGENDA ITEM
Essex Fire Authority Policy and Strategy Committee	6
MEETING DATE	REPORT NUMBER
18 th March 2015	EFA/030/15
SUBJECT	
Programme 2020	
REPORT BY	
Adam Eckley, Acting Chief Fire Officer	
PRESENTED BY	
Adam Eckley, Acting Chief Fire Officer	

SUMMARY

This paper provides Members with an overview of the programme of work to investigate, develop and engage stakeholders in preparing a plan to design a Fire & Rescue Service for Essex, Southend and Thurrock that can improve community safety, meet future strategic challenges, provide value for money and remain fit for purpose in 2020 and beyond.

RECOMMENDATIONS

Members of the Essex Fire Authority Policy Strategy Group are asked to:

1. Note the content of the paper.
2. Approve the proposals for additional (or extra-ordinary) meetings of Essex Fire Authority on 11th May 2015 and 14th October 2015.
3. Provide direction as appropriate.

BACKGROUND

The inescapable realities of the future strategic challenges facing ECFRS can be identified as:

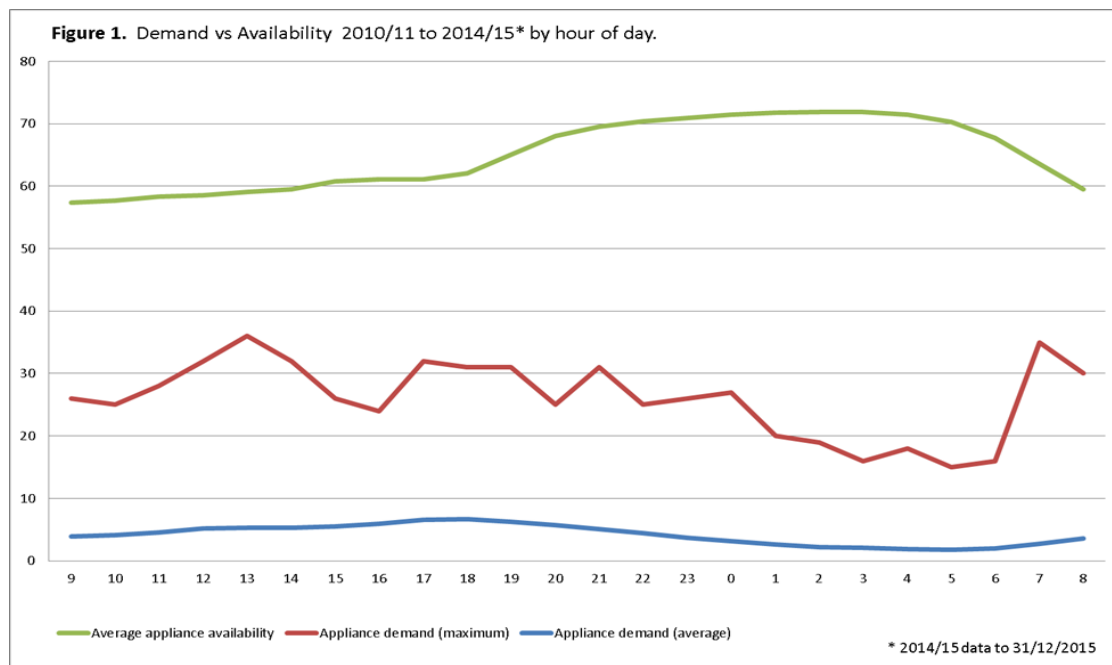
1. Almost fifteen years ago the UK Fire and Rescue Service began to focus resources on fire prevention and, as a result, the number of incidents the

Service is required to attend in Essex fell by 50% between 2004 and 2014 and are expected to reduce further.

2. Existing Response Services are hugely under-utilised.
3. The scale of under-utilisation is visible to commentators external to ECFRS (DCLG, AACE).
4. Options for structural changes to the UK FRS is being considered by some political parties.
5. Traditional ways of working limit opportunities for change in Essex.
6. Lack of free movement of staff across duty systems.
7. Under-utilisation of the Retained Duty System.
8. An organisational culture that does not support the changes required to be more open, supportive and inclusive.

Service Managers have been very open with all of our people and external stakeholders that the Fire and Rescue Service faces a challenging future against a backdrop of decreased funding, along with a significant reduction in operational calls. However the Service is well positioned to meet these challenges and Service Managers are confident that Essex Fire Authority is well placed to develop the Service to meet these strategic challenges.

To provide an overview of our recent response activity levels the diagram below demonstrates the average and peak demand for our response services against appliance availability over the course of an average 24 hour period, to contextualise this.



We recognise that our people have, for some time, been facing considerable uncertainty over the future and that this impacts on morale and causes anxiety. Unfortunately, we will not know for certain what lies ahead fully until some months after the General Election in May 2015. However, Essex Fire Authority does need to be planning now to ensure that the Service is strong and sustainable for the

future. We know that we have been very successful in our prevention and protection work and our communities are safer as a result.

As a direct outcome of the changes made in previous years, the Authority has a balanced budget for 2015/16, so any potential changes will not begin to take effect until at the earliest April 2016. That gives us time to consider all potential options before making any further decisions. The key driver is to address the apparent over provision in our response capability so that the overall range of services provided through prevention, protection and response best meet the needs of our communities.

We expect that the Authority will face future funding reductions which could be in the region of £5 to £15 million between 2016 and 2020 and that the design of the Fire and Rescue Service in the future will be a key factor in helping us build a sustainably funded Fire and Rescue Service. We also know we have a need to develop a more open, supportive and inclusive culture in the Service to engender a positive working environment for our people. All of these factors will need to be considered as we start a programme to review options for changes to our Prevention, Protection and Response delivery model.

Appendix 'A' is a briefing paper which sets out the context for change which provides more information by way of an initial consultation and engagement document, to help set the scene for a range of internal and external stakeholders. This will be used to initiate awareness of the need for change in the pre-consultation phase of Programme 2020.

Importantly change needs to be designed, planned, and consulted upon with the engagement of a wide range of stakeholders. To support the Authority's obligations in this area, Service Managers have secured the services of the 'Consultation Institute' to provide advice on consultation and to quality assure our arrangements against their established compliance assessment methodology to ensure it meets good or best practice standards.

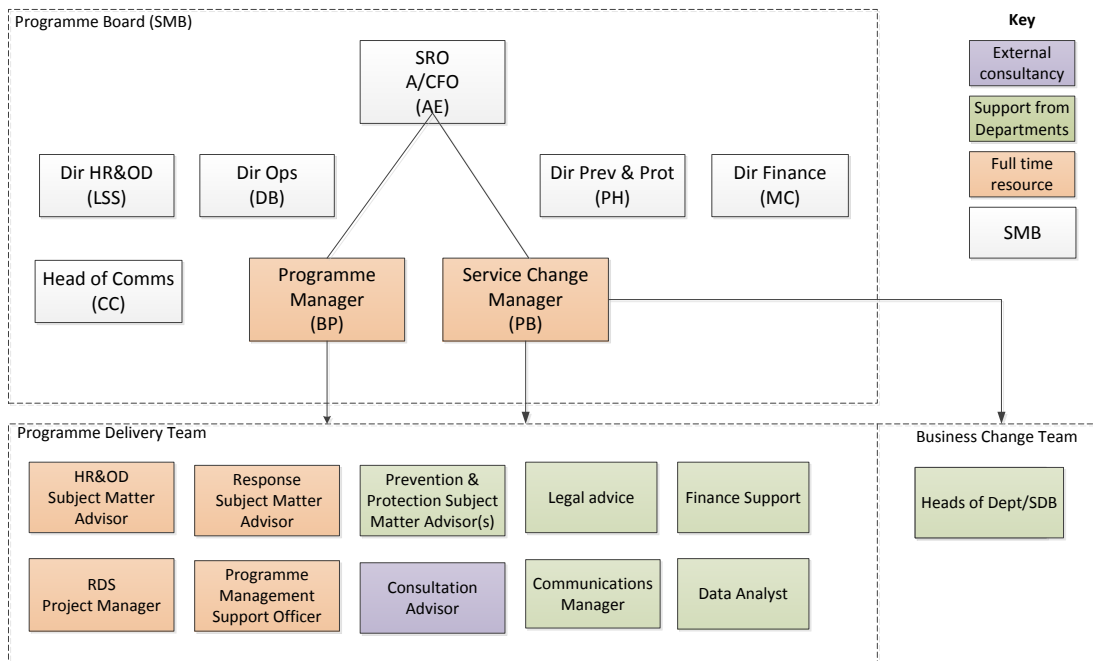
Under the direction of the Acting Chief Fire Officer, the Strategic Management Board are currently establishing a Programme Board to consider a broad range of options to meet the future strategic challenges the Authority faces and the opportunities these present. We are however, very clear that all future strategic proposals must ensure that we redesign an organisation that will be:

- ✓ *Service Led,*
- ✓ *Community Focussed,*
- ✓ *Values Driven,*
- ✓ *Financially Sustainable.*

The schematic below describes the make-up of the Programme Board, with the Acting CFO as the Senior Responsible Owner. The governance arrangements are in the process of being defined and produced; with Members of the Fire Authority being engaged throughout this process. Whilst this is a generational opportunity, we are very aware of the importance of stakeholder engagement and

communication. The support of Lead Members in the development of the programme will be important, as was demonstrated with the Kelvedon Park Programme Board.

Appendix 'B' attached details the terms of reference for the Programme Board.



As always in a change process there remains a number of opportunities, namely; -

1. Increased opportunity of partnership working with other agencies as those persons ultimately involved in incidents tend to have interactions with many public organisations.
2. Better use of resources as the effects of an incident are avoided and thus the consequent impacts on the Essex communities are minimised.
3. More effective use of the fire service brand and marketing practices with a greater understanding of the 'path to crisis' and how to effectively intervene.
4. The Service is resource heavy and can be made more efficient.
5. The Service is still in a position to be able to invest in new technology.
6. Possible turnover of staff to support cultural change.
7. More effective collation of data and information including improved arrangements between different agencies.
8. A response model based on community need, to which ECFRS can be held to account.
9. A move away from a culture of entitlement to one of accountability and efficiency.
10. More effective use of and investment in all staffing groups lead to an efficient organisational structure.

Initially the desired outcomes for the Programme are:-

1. The development of the Authority's Integrated Risk Management Plan (IRMP) to include a new response model based on informed response standards.
2. The establishment of an engagement strategy to include formal consultation requirements as well as an effective stakeholder communication strategy.
3. To establish a number of options for change, for presentation and approval of the EFA.
4. The development of a Service Strategy for the period 2016 to 2020 to include the options for organisational redesign approved by Essex Fire Authority.

Attached as Appendix C is a high level timetable for the initial phase of the programme.

A significant part of the programme definition will be to develop and consult on an Integrated Risk Management Plan. This will be a foundation to the development of future options that can be submitted to the Authority detailing what the future Service may look like. Following this the Authority will move into the delivery stage of the Programme, which will take effect from April 2016 onwards.

The development of the IRMP will be a culmination of data and analysis, intelligence, and information. For example the following elements will all influence the final consultation document, albeit this is not exhaustive:

1. Essex Strategic Assessment of Risk
2. National Risk Register
3. Local Community Risk Register
4. Prevention and Protection Activities
5. Risk Based Inspection Programme
6. National Framework Document
7. Fire Services Act
8. Data and Statistics
9. Annual Statement of Assurance

The intention is that the IRMP will set the standards for the Service going forward. This will in turn, lead to an options development process which will evaluate and define potential service delivery options for change. Once developed, the options will be presented to the Fire Authority to determine the strategic direction to 2020 and beyond.

FIRE AUTHORITY GOVERNANCE

It has not been possible to prepare a draft Integrated Risk Management Plan 2016-2020 for approval of the Fire Authority for the meeting scheduled for April 2015 principally due to a desire of Lead Members to avoid doing so ahead of the General Election in May.

In planning for the development of a Service Strategy for implementation from April 2016 which incorporates all of the options for change agreed by Essex Fire

Authority following a comprehensive consultation exercise, it is felt necessary to plan to hold two additional (or extra-ordinary) meetings of the full Fire Authority in May and October.

Plans had already been developed to hold an EFA Members Workshop on the 11th May 2015 and therefore it is proposed that this date is used for an extra-ordinary meeting of the Fire Authority to approve the draft IRMP for public consultation.

In addition, the 14th October has been identified as a suitable date for the second extra-ordinary meeting of the Fire Authority to approve the Authority's proposals for future changes to the design of the Fire & Rescue Service for public consultation.

RISK MANAGEMENT IMPLICATIONS

Risk management will be in accordance with the Service's Risk Management Strategy, Policy and Guidance and will be recorded and tracked. A risk identification workshop with the programme team is scheduled.

The risk of not being able to respond appropriately to a challenge of the decisions made by EFA as a result of the Programme has already been identified as a key risk by the Board. Gateway reviews have now been included in the programme preparation plan. A programme information management strategy will be produced to ensure that all consultation information is recorded and stored appropriately.

FINANCIAL IMPLICATIONS

The Programme Delivery Team comprises six full time members of staff the total additional cost is £67k.

	Resourced by
Programme Manager	Backfill with ARA
Service Change Manager	Backfill with ARA
RDS Project manager	Redirect existing project
Response SMA	Redirect existing project
HR&OD SMA	Backfill base post
Programme Management Support	Redirect of existing post plus ARA

Non-staff costs

The Consultation Institute – planning support and quality assurance	£19k
Pre-consultation telephone survey	£14k
IRMP consultation process (document production, Plain English Crystal Mark, printing, 14 public meetings)*	£20k

The estimated cost of the IRMP consultation is £20k the bulk of the cost is the production of the IRMP document and printing of hard copies. The IRMP consultation plan is due to be reviewed with The Consultation Institute and the costs may change as a result.

LEGAL IMPLICATIONS

There are no specific legal implications as a result of this paper.

EQUALITY IMPLICATIONS

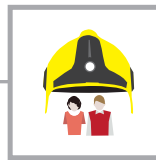
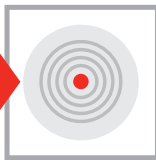
There are no specific equality implications as a result of this paper.

ENVIRONMENTAL IMPLICATIONS

There are no specific environmental implications as a result of this paper.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985	
List of appendices attached to this paper:	
List of background documents (not attached):	
Proper Officer:	Acting Chief Fire Officer Adam Eckley
Contact Officer:	Paul Bowers Essex County Fire & Rescue Service, Kelvedon Park, London Road, Rivenhall, Witham CM8 3HB Tel: 01376 576000 Email:

2020



Leading the way to a safer Essex

Setting out the Context for Change | 5 March 2015

Essex County Fire and Rescue Service sits at the heart of the communities of Essex, Southend and Thurrock and has always had strong trust and support from the public. We don't take this for granted and that's why, as we embark on a programme of significant change, we wanted to let you know how much we value this relationship and how we plan to keep you informed at every step along the way.

The aim of this document is to provide you with important information to help develop your understanding so that you can respond in an informed and meaningful way as we bring our ideas and plans to you for consultation over the coming months. We are keen you understand the context in which we work, what the future may hold and how we plan to develop a different focus to make our organisation fit for the future and strong to face the upcoming challenges. All this, while maintaining the best possible service to all of our communities throughout the County.

It was some 15 years ago that the UK Fire and Rescue Service began to focus resources on fire prevention and as a result, the number of incidents we attend fell by over 50 per cent between 2004 and 2014. But while our firefighters attended fewer incidents, demand for our protection and prevention services is increasing dramatically, so we need to look at new ways of working to address this growing imbalance.

Our Services

Our over-riding emphasis is on keeping the people of Essex safe. Essex County Fire and Rescue Service's delivery is focused on three key areas: Prevention, Protection and Response. We know that the public focuses on the service that is our response to incidents when they occur. The location of our 50 fire stations reflects past standards and much higher incident numbers. Response is our highest cost activity. We currently have 17 fire stations with permanent crews, five of which are crewed during the day, and 33 fire stations crewed by on call or retained firefighters who respond to a pager when an incident occurs.

In 2015, the Fire Authority will employ 1,543 staff including 733 wholetime firefighters, 514 retained firefighters, 34 control operators and 262 support staff. Around three quarters, or 76 per cent of our personnel are employed primarily to deliver our response service with 112 employees specifically engaged to undertake prevention and protection work.

The demand for our services has changed dramatically in the last 15 years, a pattern which is mirrored across the UK Fire and Rescue Service. In the ten years between 2004 and 2014, we saw a 50 per cent reduction in the number of incidents we attended. Numbers have continued to reduce and in 2013/14, we were called to just under 14,000 incidents or the equivalent of 38 per day compared with a little over 28,000 or 77 per day in 2004.

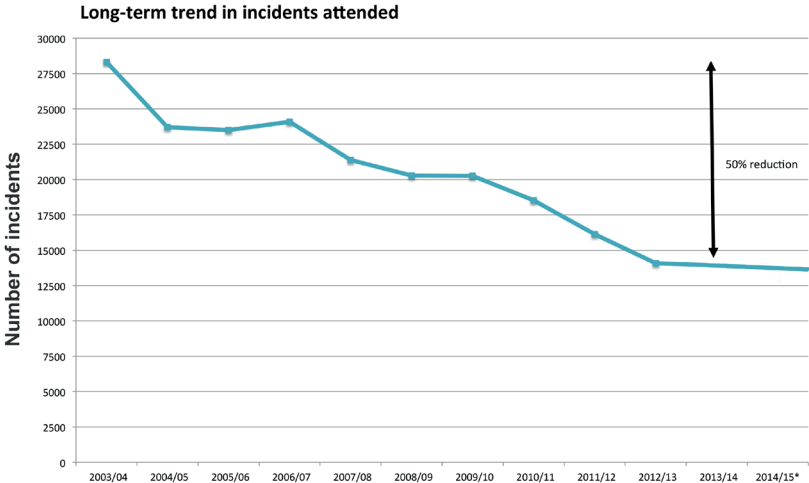
Around 40 per cent of these incidents are false alarms and many others require no action on our part



when we arrive. This means that our 50 fire stations are only needed, on average, for 23 incidents each day. The biggest reduction in incident type over the past five years has been in fires which are 36 per cent down and false alarms by 38 per cent. That means our wholtime pumping appliances do not attend any incidents at all on 40 per cent of shifts.

This success in reducing incidents demonstrates the focus on prevention as a key part of our community safety approach in the preceding years. The Service delivers a diverse range of community safety activities including home fire safety visits, installing smoke alarms, pro-actively identifying vulnerable people in our communities and working with other agencies to keep them safe through safety campaigns and local interventions. Clearly community safety is not just about fires and, increasingly, the Service has focused on other areas of risk prevention such as working with schools and community partners on road and vehicle safety initiatives to keep people safe on our roads.

While we have seen significant success in this area of our service delivery, we are now finding that demand for our Prevention and Protection services is outstripping our capacity to deliver. Traditionally, most of our resource has been directed to our response activity and it can be challenging to direct that resource effectively in other areas of our work.



Our Community Focus

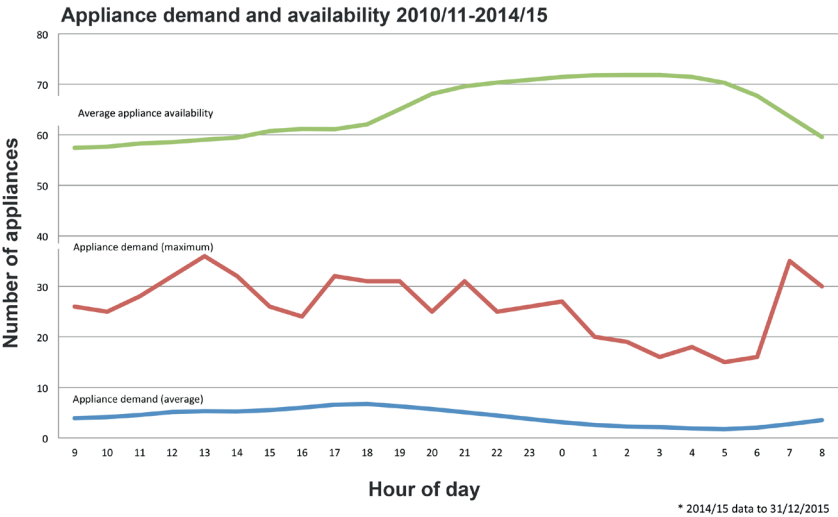
We believe that it is in everyone's best interests that we are able to prevent incidents occurring, rather than having to respond to them. Even where we are able to deliver life-saving interventions, there is a cost to those people involved be it damage to their property or health or the environment, or the associated psychological trauma of being involved in an incident. The UK has an ageing population and this presents a new challenge within our own communities. We know that those people who are most at risk of fire are those in the older age groups. The population of Essex is close to 1.74 million and the older population is expected to grow by 28 per cent by 2033. In addition to the impact of not having a smoke alarm – 12 per cent of households don't have a smoke alarm but 38 per cent of all fire deaths are in homes without a working smoke alarm – the biggest cause of fires in the home is kitchen fires caused by distraction while cooking. So, we need to do more to raise awareness and support people at risk of such incidents.

Our aim is to ensure we can direct our resources to where they are most needed in the immediate and long term to maintain the safety of our communities and minimise the risk to those most vulnerable who we hope to prevent ever needing our response services.

However, as with the UK Fire and Rescue Service (and identified by the outgoing Chief Fire and Rescue Advisor Sir Ken Knight in his report Facing the Future 2013), Essex County Fire and Rescue Service has not, as yet, seen a corresponding reduction in resources one might expect as a result of the decrease in demand for our response services. While the Service has taken some steps over the last ten years to change the way we crew our appliances and to deploy our response services more flexibly, this has not delivered the fundamental change to the way we deliver our services which we believe is now required.

The Service currently provides 74 frontline fire appliances to provide its response service across the County with between 55 and 70 of these available at any time. Yet even at our busiest times of day, we are only required to deploy on average five to seven to incidents at the same time. Even at times of significant demand, such as a major fire at a power station, we would only draw on around 30-40 of our appliances at any one time.

As the graph shows, we also see an increase in available resources during the night period between 6pm and 8am which coincides with our period of lowest demand. This is as a result of increased appliance availability when we have more of our retained firefighters able to respond. We need to consider whether we should alter the existing model for our response service to one that more accurately matches our resources to risk and demand.



Our Values

Essex County Fire and Rescue Service has a set of core values: Openness, Accountability, Involvement and Respect. The last few years have been challenging for our people with a major police investigation into historical abuse allegations and a difficult industrial relations climate which has seen national and local trade disputes with the Fire Brigades Union. Essex Fire Authority has taken the bold step of commissioning an independent review of the culture within the Service which will enable the Authority to identify underlying issues and how we can work to develop a more supportive culture aligned with these values.

Our firefighters care passionately about their role in the local community but are faced with reducing demand for their traditional services and a growing need to maintain their skills and motivation, while facing

uncertainty over the future. We want to design a Service that makes the best use of the significant skills and abilities of our people, while ensuring we have the right people in the right roles to meet the wide range of demands our communities place on us. We aim to do this through open and honest communication and engagement with our people and their representative bodies, working collaboratively using an innovative negotiation approach to find an agreed solution for the future of the Service. Through taking this open and collaborative approach, we hope we can avoid more damaging trade disputes and the impact they have on our people and the reputation of our Service.

Our Finances

As with all public services, Essex Fire Authority faces a challenging financial future. Commentators are clear that austerity is here to stay for at least the next five years and potentially much longer. While exact funding figures are not known, the Service expects to see a reduction in its funding between now and 2020 of up to £15m – that's up to 20 per cent of our current budget. It is important that we maintain our focus on service delivery and ensure we continue to meet the needs of our communities but we must also ensure that any future service delivery model is financially sustainable and offers value for money for the council tax payer. The Authority has a balanced budget for 2015/16 but needs to plan for funding reductions in the years that follow.

Politically, there is also an increasing focus on 'blue light' services and whatever the outcome of the General Election, it is expected that any new Government will begin a process of reform within the UK Fire and Rescue Service. This could involve local, regional or national mergers, or a move to place the Fire and Rescue Service under the governance of the Police and Crime Commissioner.

Whatever direction this reform takes, it is clear that a focus on greater collaboration between emergency services will continue. Essex County Fire and Rescue Service aims to deliver changes within its own Service which will facilitate greater collaboration and ensure that the Service is an agile and desirable partner.

Feedback

Clearly this is an exciting and challenging time for us as we now enter into a period of review and planning to reshape our services for 2020 and beyond. Our approach will be to design an organisation that is: **Service Led, Community Focused, Values Driven and Financially Sustainable.**

We will continue to engage with you as our stakeholders throughout this period of transformation. We welcome your questions or comments on the future of the Fire and Rescue Service within our communities and how we can work together, *Leading the way to a safer Essex*. We will provide further updates and information on how you may get involved in the weeks to come. But if you have any immediate feedback, please let us know your views. We would be particularly interested in the things you think we should take into account in planning the future shape of our fire and rescue service in Essex.

Ways you can get involved

Send us your email details and we will make sure you receive all the latest news and information around the progress of our 2020 project as it happens. We can also bring you details of public meetings, surveys, phone ins and webinars as these are planned into our programme of consultation. Just Email: Mailbox.2020@essex-fire.gov.uk.



By Tel: 01376 570814



Through our website: www.essex-fire.gov.uk
Or by Email: Mailbox.2020@essex-fire.gov.uk



On facebook/ECFRS



By Letter: 2020 Programme Office, Essex County Fire and Rescue Service,
Service Headquarters, Kelvedon Park, London Road, Rivenhall, Witham Essex CM8 3HB



By Tweet: #TELECFRS

2020 Programme Board - Terms of Reference

Purpose

The principal purpose of the 2020 Programme Board (the Board) is to provide the governance arrangements over the development and approval by Essex Fire Authority of an IRMP, Service Strategy and a Change Programme for the Essex Fire Authority for the period from 2016. Once approved, the Board will provide the governance oversight to ensure that the IRMP, Service Strategy and Change Programme are delivered in line with the directions and expectations of the Essex Fire Authority.

2020 Programme Board Vision Statement

It is recognised that the present structure of the Fire Service in Essex does not provide the optimum balance of resources across the Prevention, Protection and Response capabilities and activities. In addition the Fire Authority faces significant cultural and financial challenges that will need to be addressed over the period to 2020 and beyond. The vision of the 2020 Programme Board is to **'Lead the Way to a Safer Essex'** by developing a Service Strategy and Change Programme for the Essex Fire Authority for the period from 2016 that is:

- *Service led*
- *Community focussed*
- *Values driven*
- *Financially sustainable*

Terms of Reference

The terms of reference of the Board are to ensure that in seeking to achieve the purpose of the 2020 programme, it will assist ECFRS and Essex Fire Authority to access, interpret and understand information and evidence upon which service redesign can be based. The Board will also make judgements regarding the relevance, potential and application of information and evidence. In particular it will:

1. Oversee the development of the Authority's IRMP 2016 to 2020 and Service Plan 2016 to 2020.
2. Oversee for the process for stakeholder engagement and consultation.
3. Oversee the process for developing options for change that support organisational redesign.
4. Ensure that all employees have an opportunity to contribute and influence the options for change and fully understand the rationale behind any adopted options.

5. Develop change management capability throughout the Service to support the delivery of future change.
6. Share with the Fire Authority the full range of views on issues relating to options for change that support organisational redesign.
7. Advise the Fire Authority on the quality, appropriateness, limitations and deliverability of options for change presented during public and stakeholder consultation.
8. Prepare decision papers, research papers and presentations to support the Fire Authority.
9. Ensure that the IRMP, Service Strategy and Change Programme are delivered in line with the directions and expectations of the Essex Fire Authority.

Role of the 2020 Programme Board

The Board is to ensure that:

- the **roles and responsibilities** of its members are clear,
- programme **stakeholders** are engaged at a level that is commensurate with their importance to the programme and in a manner that fosters trust,
- the programme **business case** or rationale is supported by relevant and realistic information that provides a reliable basis for making authorisation decisions,
- the targeted **benefits** of the programme and **key deliverables** of constituent projects are in line with and contribute to the business strategy and that responsibilities for their achievement are clear,
- the programme has an approved **plan** containing authorisation points (Gateways) at which the programme's progress and direction are reviewed and approved; decisions made at authorisation points are recorded and communicated,
- **performance measures** are set,
- disciplined governance arrangements, supported by appropriate **methods and controls**, are applied throughout the programme lifecycle,
- report to the **Essex Fire Authority** as required,
- there are clearly defined criteria for reporting **programme status** and the escalation of **risks** and **issues** to the levels required by the Authority,
- **strategic** and **directional** issues between projects are resolved, which need the input and agreement of senior stakeholders to ensure progress of the programme.

- members of **delegated authorisation** bodies have sufficient representation, competence, authority and resource to enable them to make appropriate, decisions
- the programme is **adequately funded and resourced**,
- the Board should consider if and when **independent scrutiny** of the change programme and programme management system is required, and implement such scrutiny accordingly.
- the programme is delivered within its financial limits and operational boundaries.

Member responsibilities

Individual members of the Board each have a responsibility to:

- understand the programme objectives, scope, costs and benefits,
- represent, as appropriate, specific stakeholder interests in the 2020 Programme,
- understand the impact of the programme on the organisation:
 - ensuring that the programme's objectives are in line with those of the organisation as a whole;
 - helping to identify interdependencies with other programmes and activities and where necessary resolve dependencies with other pieces of work;
 - helping to identify risks and issues facilitating their management by taking ownership for their resolution, and;
 - helping to resolve conflicts between organisational and transformation activities which might arise during implementation;
- provide advice and counsel to the Senior Responsible Owner and the team;
- Identify, acknowledge and declare any potential or actual conflict of interest in any relevant area;
- help to communicate throughout the organisation the 2020 programme's purpose and progress;
- make such resources available as are necessary for the completion of agreed work in the programme and projects, and;
- Ensure the delivery standards of programme and projects.

2020 Programme Board Roles

The Board is established by the Senior responsible Owner (SRO). The prime purpose of the Programme Board will be to drive the programme forward and deliver the outcomes and benefits. Programme members will provide resource and specific commitment to support the SRO, who is accountable for the successful delivery of the programme.

The Programme Management Office (PMO) is the nerve centre and information hub of a programme. All information, communication, monitoring and control activities are coordinated through the programme office.

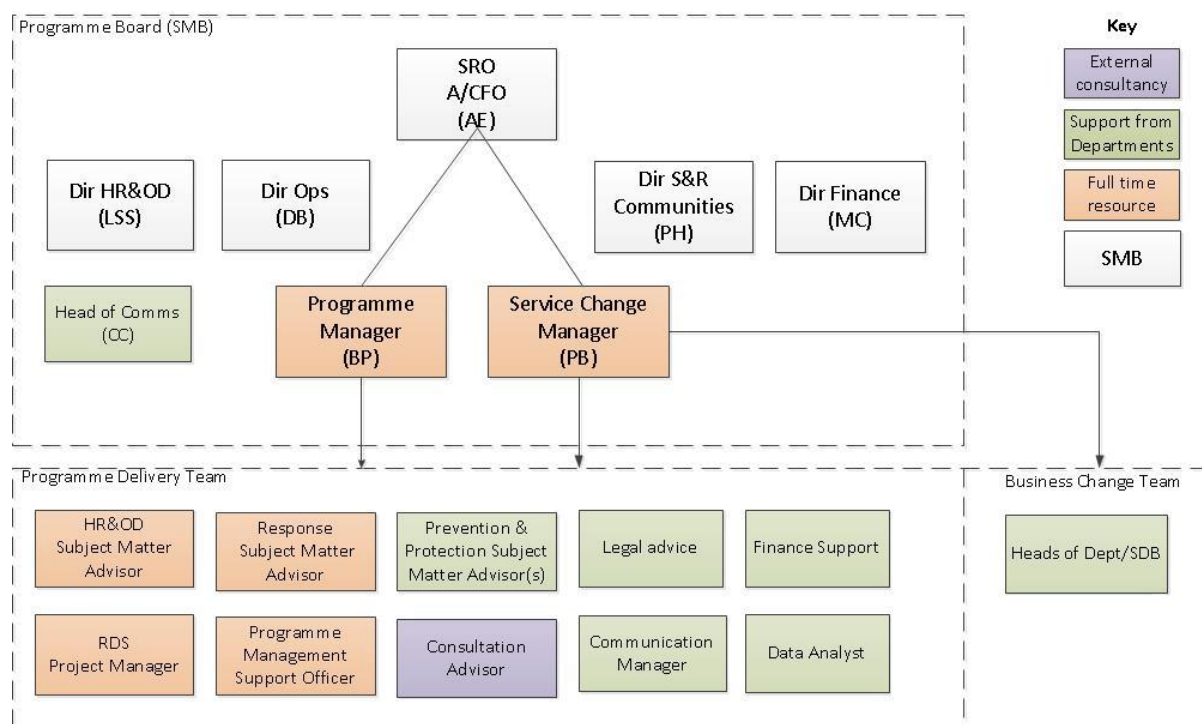
- The **Senior Responsible Owner (SRO)** is accountable for the programme, ensuring that it meets its objectives and realizes the expected benefits.
- The **Programme Manager (PM)** is responsible for leading and managing the setting-up of the programme through to delivery of the new capabilities, realization of benefits and programme closure.
- The **Business Change Manager (BCM)** is responsible for realising the resultant benefits by embedding that capability into business operations, and facilitating business changes to exploit that capability

The Programme Manager and Business Change Manager must work in close partnership to ensure that the right capabilities are delivered and that they are put to best use.

Programme 2020 - Board Members

- A/CFO Adam Eckley – Senior Responsible Owner
- Mike Clayton – Director of Finance and Treasurer
- ACFO Paul Hill – Director of Safer and Resilient Communities
- ACFO Dave Bill – Director of Operations
- Lindsey Stafford-Scott – Director of HR & OD
- Christine Connor – Corporate Communications Manager
- Ben Pilkington – Programme Manager
- Paul Bowers – Service Change Manager

Programme Board – Organisational Chart



Programme Board – Meeting Definition

Frequency	Monthly on the 3 rd Tuesday of the Month
Time & location	09:30hrs Kelvedon Park - Chief Fire Officer's Office
Duration	60 mins
Purpose	The principal purpose of the 2020 Programme Board (the Board) is to provide the governance arrangements over the development and approval by Essex Fire Authority of an IRMP, Service Strategy and a Change Programme for the Essex Fire Authority for the period from 2016. Once approved, the Board will provide the governance oversight to ensure that the IRMP, Service Strategy and Change Programme are delivered in line with the directions and expectations of the Essex Fire Authority.
Lead Time for Papers	24 hours
Standing Agenda	<ol style="list-style-type: none"> 1. Apologies 2. Minutes 3. Actions 4. Highlight Report 5. Programme Documentation 6. Items For Decision 7. Communication & Engagement 8. Risk Register 9. Issues Register 10. Any Other Business

Appendix C. High level plan for the definition phase of Programme 2020

