

Minutes

REGULATORY AND AUDIT COMMITTEE

**MINUTES OF THE MEETING OF THE REGULATORY AND AUDIT COMMITTEE HELD ON
WEDNESDAY 3 FEBRUARY 2016 IN MEZZANINE ROOM 3, COUNTY HALL, AYLESBURY,
COMMENCING AT 9.02 AM AND CONCLUDING AT 12.00 PM.**

MEMBERS PRESENT

Mr C Adams
Mr T Butcher (Vice-Chairman)
Mr W Chapple OBE
Mrs A Davies
Mr P Hardy
Mr D Martin

OTHERS IN ATTENDANCE

Mrs S Ashmead, Director of Strategy and Policy
Ms N Beagle, Committee Assistant
Mr I Dyson, Chief Internal Auditor
Ms J Edwards, Pensions and Investments Manager
Mr A Fyfe, Resilience Manager
Ms M Gibb, Business Assurance Manager
Mr P Grady, Engagement Lead, Grant Thornton Auditors
Mr Z Mohammed, Cabinet Member for Education
Mr R Schmidt, Head of Strategic Finance, Assistant Service Director (Strategic Finance)
Mr Tom Slaughter, Executive, Grant Thornton Auditors
Mr M Strevens, Corporate Finance Business Partner, Buckinghamshire County Council
Mr M Ward, Manager, Grant Thornton Auditors
Mr D Watson, Councillor
Mr N Wilson, Director of Education, Bucks County Council

1 APOLOGIES FOR ABSENCE / CHANGES IN MEMBERSHIP

Apologies were received from Alan Stevens (Chris Adams attended as substitute), Richard Scott (Tim Butcher Chaired the meeting in place of Richard). It was also notes that Trevor Egleton was currently off sick and therefore would not be in attendance.

2 DECLARATIONS OF INTEREST



INVESTOR IN PEOPLE



There were no declarations of interest.

3 MINUTES

The minutes of the meeting held on 09 November 2015 were agreed as a correct record and signed by the Chairman. The following action points were noted:

- P4 item 3 , action for Ian Dyson regarding the counter fraud update; Ian Dyson advised the main investigation was ongoing and that a further update would be provided later in the meeting. It was also confirmed that an update on business assurance would be provided later in the meeting, along with a verbal report on Business Continuity Management from Andrew Fyfe.
- P5, Members Questions; it was highlighted in the minutes that Zahir Mohammed was to clarify details to the Chairman outside of the meeting. As the Chairman Richard Scott was unfortunately not in attendance, the Committee wanted confirmation from Zahir Mohammed that this had been actioned. It was confirmed that the interim Chairman Tim Butcher would raise this with Zahir Mohammed today under the Bucks Learning Trust (BLT) item on the agenda.

4 INTERNAL AUDIT PROGRESS REPORT AND ACTION TRACKER

Ian Dyson presented the internal audit report with key points being raised as follows:

- P23 of Pack, business assurance report.
- P25 clarity on structure - since the last meeting the assurance team had made another successful appointment with a new audit manager having joined the team. It was confirmed that there was now a full complement of staff within the Business Assurance team, with the exception on Amy Wadsworth, Business Assurance officer, who was due to return in June 2016 following maternity leave.
- P26 - highlighted the audit's that had concluded and those that were at draft report stage, with executive summaries from the completed audits noted at the end of the paper.
- Client transport safeguarding resulted in limited assurance, when the report was completed in December 2015. This report had been brought to the Risk Management Group (RMG) at the end of December, where the director attended to give an update and to advise that One Council Board (OCB) had considered the paper and the response, details of which were also contained in executive summary.
- Mandeville school follow up, the Head teacher had left the school and requested a follow up audit to the original audit which was undertaken 2 years ago. Following the latest audit a number of actions were outstanding however, many of these were in progress and the majority of the significant issues had been addressed with clear plans in place for the remaining issues. It was advised that the Business Assurance team were no longer concerned regarding this.
- Counter fraud activity- reported previously a number of irregularities, some of which were continuing. The major one was ongoing and the police were about to begin their investigation. Whistleblowing case has also resulted in a follow up audit of processes in Children's Services, with a number of control issues identified from the main investigation. A further report would come to the Regulatory and Audit meeting in April, once details are finalised.
- P29 Direct payments- an audit was underway where consideration would be given to some of the fraud controls. Due to department pressures a workshop with the team to provide guidance and address issues would likely take place in quarter 1 next year.
- Business Assurance activity - the Strategic Risk Register (SRR) had been reviewed and refreshed and was now part of regular process at One Council Board (OCB) meetings. Continued to work on compliance with the Operation Framework, had undertaken self-assessments of all the Business Managers within HQ, the next step was to validate the

responses with each manager. The results would then feed into the annual review of the Operation Framework, which was being led by Sarah Turnbull.

- The team continued to work with the Professional leads on their assurance framework- which had taken longer than expected due to more support being needed.
- Appendix 1- set out progress against plans and other activity for the remainder of year.
- Appendix 2- was a summary of completed audits.
- Supplement- highlighted any actions arising from audits, outlined the tracking system for obtaining positive assurance from management teams, that actions had been implemented on a timely basis. The report also summarised those actions that remained outstanding or overdue and any concerns around them.

Member Questions

- Following a senior risk officer within Business Assurance team having left and the work having been absorbed into the team, it was queried whether there was any risk in losing this post altogether and the accountability and responsibility that would have come with it? Does this now reside with anyone? - Maggie Gibb advised that this had been absorbed into the other senior business assurance posts; however Maggie Gibb was ultimately responsible for this. Ian Dyson advised also that the new senior post within the team had brought strong skills and experience into the team, where there had been a slight gap previously.
- A Member queried whether following the success of the partnership with Oxfordshire, could BCC bring another authority into the group making a wide internal audit function? Ian Dyson advised that this was always under consideration, however currently due to recruitment being difficult and now having a very strong team in place it was felt at present this was not needed, although there was always potential to branch out further.
- It was confirmed that the issue surrounding counter fraud would be brought back to a future meeting for an update to be provided.
- Supplement paper p3 - It was queried whether the outstanding items highlighted on the audit action tracker needed to be investigate, along with the old issues belonging to Transport, Environment and Economies (TEE). Ian Dyson advised that Business Units often had their own internal process to address such issues; however the audit action tracker now provided more of a challenge and response to the officer, although some areas were not providing adequate assurance that plans had been put in place to improve issues. The business assurance team advised they would be happy for the Committee to request a full update from the TEE at a future meeting. The Committee agreed to the suggestion.

ACTION: The committee required a response from the Managing Director of TEE and the appropriate team manager, by form of a written update and verbal report, to the Regulatory and Audit Committee April. The report would address the outstanding actions arising from the audit.

RECOMMENDATION: The Committee was recommended to note the report.

RESOLVED: The Committee noted the report.

5 EXTERNAL AUDIT PLAN 2015/16

Paul Grady provided an update to the Committee and discussed the report included in the agenda pack. During discussions the following questions were raised by Members: key points were raised:

- It was queried whether the overall fee from Grant Thornton included the pensions fund? Paul Grady confirmed this was a separate fee of approximately £20k, charged back to the pension's fund.
- It was queried whether BCC had financial sustainability. Paul Grady confirmed that this was looked at on 2 aspects, 1: an accountants definition of concern e.g. are you able to

continue to trade for business for the next 12 months, looking at saving plans/ income streams etc. There was also a wider view in terms of value for money, e.g. by 2020 with challenges and cuts coming, how feasible are the assumptions, how achievable and likely are the schemes in place to be achieved. It was subjective and premature in 2016 to say overall, however Grant Thornton would share any risks with BCC as they arose.

- It was suggested that it needed to be made clear whether the services were sustainable, as books could potentially be balanced by discontinuing or not providing vital services. Distinction needed to be made between discretionary and core services. Paul Grady agreed and advised that there was a risk of local government becoming a victim of its own success, as the more successful local government becomes the less funding supplied by central government, therefore the risks also increased.
- It was suggested that a forward view of how realistic BCC budgets were would be helpful, was this possible? Paul Grady advised that Grant Thornton could certainly look at assumptions and underpin the budget figures in there, in terms of the budget previously. In most cases officers had understood why there had been budget pressures, and actions required to address them, however a forward view could be outlined in the future.

ACTION: Paul Grady

- GROUP AUDIT SCOPE p13 - Components were discussed. It was advised that although some were out of the control of BCC, reputational risk was still a potential issue, e.g. Bucks Learning Trust (BLT). It was questioned whether the audit would pick up any financial irregularities regarding such areas and if not was this a gap to be looked at? Paul Grady advised that BLT, would not be looked at separately in terms of the BCC relationship as they would expect disclosures in the council's report around that area and the audit would cover those disclosures made by the council. The audit would not look at BLT further than that or specifically audit on the numbers as this would be out of the scope of the Council. Ian Dyson also advised that BLT would have their own external audit and that BCC's relationship with BLT in terms of audit, was of broad scope as outlined in the contract management section of the Grant Thornton report, under commission spend. Regarding internal audit, Ian Dyson confirmed this had been looked at from a governance perspective. It was confirmed that BCC were able to ask "Are we getting value for money and getting services we are commissioning" however had no jurisdiction over the financial practices with BLT.
- Members queried whether this led to a gap? Paul Grady confirmed that Grant Thornton understood the reputational position of BLT and the association with the council, however BLT would have their auditors, who they were free to appoint and therefore it was beyond Grant Thornton's remit to do any audit there. From a regulatory position there was not a gap as BLT would have their own auditors, however the question would be how assured BCC feel that the impact on the Council is covered, and more down to performance and delivering the service. Ian Dyson agreed and advised that the Governance arrangements were identified as not being strong enough previously; however this had now been corrected and was in progress for some of the actions. It was confirmed that managing performance was the number 1 issue. Following a commission by the Chief Executive, internal report and pressure from this Committee, the governance arrangements around BLT had now changed and internal procedures were changing, along with the contract and agreement BCC had with BLT, to make it easier to manage performance and make BLT more effective.
- It was advised that performance management and accountability are operation activities which would lie with the Service Manager and Cabinet Member for Education.
- Members suggested that it would be helpful for them to have sight of a document that explained the alternative delivery vehicle process and highlighted areas within and outside of the contract scope. It was advised that the Commissioning framework explained this in detail however, an overview document could be pulled together to highlight the key information relevant to Members.

ACTION: Sarah Ashmead

6 UPDATE ON CERTIFICATION REPORT

Marcus Ward provided a brief update on the report, which referred to the Skills funding agency and teacher's pension's reports.

- Teacher's pensions, a few issues had been highlighted with underlying data, these had been amended and then submitted.
- Skills funding agency, around BCC subcontracting the funding, no issues were found. Both have been submitted.

The Committed noted the report.

7 EFFECTIVENESS OF DEBT MANAGEMENT STRATEGY

Matt Strevens attended the meeting to provide an update to the Committee.

Reminder - the team had been asked to identify what would be best practice for invoicing and/or receiving payments up front. It was explained to the committee that responsibility for delivering the Debt Management Strategy sat with the Managing Director in each Business Unit and that reporting was provided to them on a monthly basis to take an overview. Practically this matter was dealt with by the budget holders responsible for the debt and they had access to report on their specific debts whenever they chose to.

- This report had excluded the secured debt as these would be recoverable.
- P4- profile of unsecured debt over the last year and 8 months, within 15/16. Ensuring these debts were reported on a monthly basis and to cabinet on a quarterly basis.
- As BCC moves more towards being a commercial organisation, would expect to see more clients and customers, expectation debt would increase however fluctuates quite significantly.
- In total difficult to analyse if debt management strategy has had any impact.
- P 5: compared Quarter 2 and Quarter 3 percentage of debt over 30 days is 10% lower, so action was being taken.
- Only included those raising invoices and not those taking payments in advance, therefore do not have a clear overall picture.
- Wider assurance framework, financial assurance framework completed by Finance Director of each Business Unit, therefore debt is being discussed. However, it is a question of engaging with lower levels throughout the teams also.
- Indicative evidence, but do have significant gaps in knowledge and information to support.
- Current report does not identify different types of debt, e.g. CCGs, challenged as no mechanism where this could be flagged currently.
- Developments - currently no reminder message to those responsible to chasing debts - this is being developed to remind at 30 days and 60 days, as well as the current 90 days reminder.
- Cultural side- support and guidance for those who have responsibility or role as a budget holder, intranet pages are being developed.
- Future opportunities, engagement with development team for a more commercial approach are being looked into..
- ICT tool being developed regarding policy compliance all staff with budget responsibility would have to read the policy, eventually when mechanisms are in place, staff with these responsibilities would not be able to access the system without reading the guidance.
- Review of the dunning process, for reminder emails, proposing this being 30 60 and 90 days (at present just 90 days)

- Proposal to start to develop new metrics to get a greater understanding on what the debt is, will also work with the business units to understand where the debt is.

Member Questions

- Within debt management policy there were regulations around writing off bad debt, with Finance Directors having the authority to write off up to a limit. What was this limit and were Managing Directors and Finance Directors asked to confirm that this debt had been written off where appropriate? What assurances were there that all avenues had been explored to recover the debt, before processing the write off. Matthew Strevens confirmed that the Managing Directors and Finance Directors are able to write off up to £10k and anything over this amount required operating officer and monitoring officer sign off.
- Richard Schmidt advised that BCC needed to ensure that debts were not written off easily, but also that if there was no hope of getting the money recovered that they be taken off our books.
- It was advised that Social care debts and longer term secured debts against assets, cases can go on for years. Were there any measures BCC could take to speed up recovery? Matthew Strevens advised that sometimes it was a matter of timing, when the asset was sold, but agreed it could be many years until monies were recovered.
- It was queried whether there was any evidence as to how often the debt was being chased? Matthew Stevens advised the process had been revised Business Services Plus (BSP), who now had stronger engagement with the services once they take over the management of the debt after the 90 days. The reminder letters are also being looked at, to significantly improve the process.
- A Member queried how outstanding debt was represented in audited accounts. Paul Grady advised that these were shown as debtors on the balance sheet, will include all monies owned to the council.
- It was queried how good BCC were at pursuing of debt and how often it was chased? Matthew Strevens advised that those debts over 90 days which are passed over to BSP, there was no historical data available as the system used to track the debt is a live system; therefore there was a loss of visibility.

RECOMMENDATION: The Committee is invited to review and comment upon the progress report on the implementation of the Debt Management Strategy and its operation over the past 9 months, and consider additional opportunities to improve the operation and management of the strategy going forward.

- Ian Dyson summarised that the report highlighted that BCC do not have an effective debt management processes at present and that further improvements had been identified. It was agreed that a further report on the debt management strategy would come to the Regulatory & Audit Committee in 6 months' time.

ACTION: Matthew Strevens

- Grant Thornton would also give a thought to the overall strategy and provide feedback, could also potentially give an indication on whether there was a trend for debt write off happening.

ACTION: Grant Thornton

- It was agreed by the Committee that BCC needed to be clear on the level of assurance being provided by the Finance Directors and that an update should be provided to the Regulatory and Audit Committee by the Finance Directors.

ACTION: to be added to the forward plan.

The Chairman thanked the team for the update.

Andrew Fyfe attended the meeting to provide a verbal report to the Committee. Key points were raised as follows:

- Internal audit report - 2 issues related to the revision of Business Continuity Management (BCM) policy. The policy was under review currently and following feedback should be in place shortly. Taken note of various changes care act and assurance and risk strategy. Also BCM steering group had been set up.
- Item- TEE getting the BCM arrangements in place. TFB has an advanced version of BCM, but the other elements within the service do not, although they are engaging. The Internal audit was a snapshot in time and the next deadline was the end of March 2016 for up to date BCM plans from each area to be submitted.
- Corporate Exercise was carried out 05 November 2015, where 120 staff attended (mainly managers/ directors and OCB). Post exercise report should be completed shortly. Refocussed and engaged various services.
- Timelines, end of financial year, BCM arrangements in place, have had 1 BCM steering group meeting and second has been diarised. Directors were due to confirm BCM plans in place in the Annual Governance statement.
- Detailed report on BCM would be brought to the next Regulatory and Audit meeting in April.

The Committee thanked Andrew Fyfe for the verbal update.

9 BUCKS LEARNING TRUST UPDATE

Nick Wilson, Interim Director of Education and Zahir Mohammed, Cabinet Member for Education attended the meeting to provide an update.

The Chairman referred back to the minutes of the last meeting and asked Zahir Mohammed to confirm that as per the Actions noted in the minutes, feedback on the number of Trustees in place presently and going forward within BLT had been provided to Richard Scott after the last meeting. Zahir Mohammed confirmed that he had communicated directly to Chairman Richard Scott following the last meeting.

The Committee welcomed Nick Wilson to the meeting, following recent appointment into the Interim Director of Education Post.

Zahir Mohammed provided a summary to the report, where key points were raised as follows:

- The highlights within the report were showing good progress, and those that were still marked as red were being worked on.
- The current Trustees were making arrangements for a new chair at the end of February 2016.
- The current Trustees had not been removed yet as the plan was for the whole process to take place following sign off of the accounts at end of February 2016.
- BCC have had applications for Trustees positions to join the board, interviews had taken place for a number of people, a couple more were to be held before an appointment was made.
- The plan was for 4 BCC Trustees to be appointed however; discussions were ongoing as there may be a BLT board as well as an advisory group. Currently BCC had 1 Member on the BLT board, however; discussions were underway on how many BCC would have going forward.
- Total Trustees; there were 18 existing however the plan was to reduce this number to 6, although the detail was still being discussed.

Member Comments and Questions

- A Member suggested that an advisory board was important and that it was key that there was cross over between the two boards, e.g. the Chair for each meeting should attend both boards, even if not as a voting member just to listen in.
- It was suggested that when recruiting for a new Chair person, ideally would want to have a larger pool of people to search from, did the team have any idea of the background skills required to become a Trustee? Zahir Mohammed advised that a range of skills had been outlined in the job specification, including business skills to drive the strategic agenda of the BLT and monitoring its effectiveness, as well as an education background.
- It was queried what the role of the Member / Members on the board would be in respect to the BLT. Would they look after the County Council aspects or were they to represent the needs of the BLT only. Zahir Mohammed confirmed that the Member on the board would be there to represent the BLT and not BCC, although they would report back to BCC Commissioning group, directly through the Chief Executive or another Commissioning group board member.
- A Member questioned when the team felt the issue would be resolved around the number of boards (main/ advisory) and the number of Members of each board would be known? Zahir Mohammed advised that the plan was for plans to be finalised and Members in place by the end of February. It was confirmed that although there was a need for urgency, the team were restricted by how quickly could appoint to the posts and how quickly BLT could make changes at their end.
- Final numbers for Trustees had not been firmed up; however it was likely to be 4.
- A Member queried where were BLT with appointing their Trustees? Nick Wilson advised that as far as BCC were aware they had gone through the selection process.
- Sarah Ashmead confirmed that BCC and BLT had agreed a new role description for a Trustee outlining key skills. Up to date so far 20% of the places on the trust had been taken by BCC (1 Member), there was now a debate ongoing on the number of places on the board going forward and it was advised that BCC could potentially end up having more than the 20% representation.
- It was queried whether former members of the BLT would have to re-apply to be part of the board going forward? Zahir Mohammed advised that everyone would be open to reapply but appointment would be down to the board and therefore they may not be reappointed.
- It was confirmed that BCC Members would be covered under BLT indemnity insurance.
- It was confirmed that BCC have supplied services previously to BLT and continue to do so for some e.g. IT services. This was on a commercial arrangement which BLT pay for.

Nick Wilson also provided an update on the highlight report as outlined in the paper. During discussion comments were raised as follows:

- It was suggested that a further report be brought back to the next Regulatory and Audit Committee meeting on 27 April 2016 to ensure progress of actions was on track. This was agreed by the Committee.

ACTION: Nick Wilson and Zahir Mohammed

- Members advised that the Committee would be disappointed if at the next meeting there had been no change from the current position. Zahir Mohammed advised that the BCC Trustees were close to being appointed.
- Ian Dyson indicated that the focus of today's discussion had primarily centred around the constitution of the BLT, which had been a small part of the overall issues identified. It was confirmed that the main crux of the issues had been the internal governance arrangements within the BLT and the oversight BCC had over the operation of BLT. It was advised that the highlight report did include many amber and green actions which was very positive.

- The Committee suggested that when the report came back to the meeting on 27 April 2016, it would be helpful if it was made clear those items that have been reassured and those that need to be concentrated on, from the perspective of the Business Assurance Team. Maggie Gibb advised that a detailed follow up by the Assurance team would form part of the process anyway however Ian Dyson advised he would be happy to comment on the report during the next meeting.

ACTION: Ian Dyson

The Chairman thanked Zahir Mohammed and Nick Wilson for the update.

10 TREASURY MANAGEMENT STRATEGY

Councillor David Watson and Julie Edwards attended the meeting to provide an update on the Treasury Management Strategy. During discussion key points were raised as follows:

- Would be moving from an average of £200m in cash investments, down to £20-30m, once the Energy for Waste plant had been paid for (costing £180m plus £36m VAT)
- Different investment strategy needed, as detailed in the paper.
- BCC's attitude to investment and debt was also detailed in the paper.
- Members queried what had been changed in the policy as this was not clear. What was different from that had been agreed at Full Council last year? As the Committee were being asked to recommend the Treasury Management Policy to Full Council on 18 February 2016, Members wanted to be clear on the details of what had changed.
- Richard Schmidt advised that the figures changed every year and reflected the changes to the Capital Programme e.g. what we need to borrow for. In this instance it was the Energy for Waste plant, which would put BCC in a fundamentally different position than previous years, resulting in only £20-30m left in the reserve fund.
- It was confirmed that the policy would not change until the Energy for Waste plant was paid for, then the investment limits would reduce to ensure a diverse portfolio.
- It was agreed by the Committee that the report should not be sent back to be changed at this last stage due to the Full Council deadline however further clarity was required on the detail.

RECOMMENDATION: The Committee are asked to RECOMMEND to Council the Treasury Management Policy Statement, Annual Investment Strategy and the Minimum Revenue Provision Policy statement for 2016/17, together with the Prudential Indicators for the next four years.

DECISION: The Committee agree to the recommendation, subject to a further clarified report being circulated offline to Members of the R&A committee by DW/JE-h/lighting the previous year's figures.

(N.B. Richard Schmidt circulated the additional information requested outside of the meeting, report attached for information).

11 RISK MANAGEMENT GROUP UPDATE

Maggie Gibb provided a summary of the discussions held at the Risk Management Group Meeting on 14 January 2016. During discussion key points were raised as follows:

- Strategic Risk Register- discussed at One Council Board (OCB)
- High level risks from all Business Units and HQ - those risks scoring more than 15, how we ensure the BU are using the RR as an effective management tool. Started to enhance the role of the risk champions, responsible for helping embed risk framework in Business Unit's.

- Each Business Unit should be considering risks of regular basis, would provide further details on the Risk Register around the direction of travel for each issue.
- Energy for Waste Risk Register- had come back on a regular basis for review since the beginning. Very detailed update given and talked through at the last RMG.
- Children's services - general update across whole of Business Unit on how risks were being managed. Also specific risks as part of the improvement plan as well as BLT. Group received report, detailed explanation how being managed was also given.

Members Questions

- It was queried whether BCC were assured that all those who assess risk had a standard key to work to - e.g. all staff were scoring the same across the organisation. Maggie Gibb advised there would also be some subjectivity around the scoring however there was a framework on how to score regarding the different levels of impact - e.g. monetary values. It was confirmed the Business Assurance team do challenge any risks that look to have been scored incorrectly. This process had become more consistent due to the more robust process for reviewing the high level risks and the team would expect action to be taken against these risks where possible. The system does provide consistency around the scoring, with a lot of guidance and training.

Ian Dyson also advised that going forward the Regulatory & Audit Committee Members would receive the papers relating to the Risk Management Group, for information.

12 FORWARD PLAN

It was confirmed that following the Pre-meet and today's Committee meeting the following items would be added to the forward plan:

Meeting on 27 April 2016

- Bucks Learning Trust Update
- Draft 16/17 audit plan
- Inspection RIPA Covert surveillance inspection
- Whistleblowing Policy - incidents and effectiveness
- Outside Bodies Update

Meeting on 25 May 2016

- Statement of Accounts
- Annual Governance Statement
- Annual Report of Chief Auditor

Meeting on 28 July 2016

- Debt management update - 6 months on
- Audit of accounts

13 DATE AND TIME OF NEXT MEETING

The Committee were advised that the next meeting would be held on 27 April 2016.

CHAIRMAN

Appendix 2**PRUDENTIAL INDICATORS FOR MTP 2016/17 to 2019/20****1. BACKGROUND**

1.1. The prudential framework for local authority capital investment was introduced through the Local Government Act 2003. The key objectives of the Prudential Code are to ensure that the capital investment plans of local authorities are affordable, prudent and sustainable. A further objective is to ensure that treasury management decisions are taken in accordance with good professional practice.

1.2. Local Authorities are required to have regard to the Prudential Code when carrying out their duties under Part 1 of the Local Government Act 2003. To demonstrate compliance the Code sets prudential indicators designed to support and record local decision making.

1.3. The purpose of this report is to update and revise the indicators approved by Council last year contained within the proposed MTP for 2016/17 to 2019/20. The report describes the purpose of each of the indicators and the proposed values and parameters for Buckinghamshire County Council. Monitoring of the Prudential Indicators takes place throughout the year and a mid-year and annual report are reported to Regulatory & Audit Committee and Council.

2. CAPITAL EXPENDITURE INDICATORS

2.1. CAPITAL EXPENDITURE

This indicator is required to inform the Council of capital spending plans for the next four years. It is the duty of a local authority to determine and keep under review the amount that it can afford to allocate to capital expenditure.

The estimates of gross capital expenditure to be incurred for the current and future years is summarised below:

Table 2.1.1 Capital Expenditure 2016/17-2019/20

| Indicator | Unit | Actual 2014/15 | Revised Estimate 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 |
|----------------------------------|------|----------------|--------------------------|----------|---------|---------|---------|
| Estimates of capital expenditure | £000 | 71,294 | 70,746 | 254,526 | 88,585 | 65,484 | 48,216 |
| EfW technical adjustment* | £000 | 79,618 | 64,325 | -180,000 | - | - | - |
| Estimates of capital expenditure | £000 | 150,912 | 135,071 | 74,526 | 88,585 | 65,484 | 48,216 |

*Actual expenditure and future year's budgets are presented after a technical adjustment for the EfW plant as an asset under construction. As a result the estimate of capital expenditure is different to the Council approved capital programme which incorporates the EfW plant on the basis of when payment falls due. £36,057k has previously been reported in 2013/14 giving an overall total estimated expenditure of £180m.

The 2015/16 estimates reflect the forecast gross capital expenditure against the revised budgets to the end of December 2015 including proposed slippage.

The estimate of capital expenditure for 2016/17 to 2019/20 reflects the capital programme within the MTP excluding slippage.

Table 2.1.2 Capital Expenditure 2015/16-2017/18

| Indicator | Unit | Actual 2013/14 | Revised Estimate 2014/15 | 2015/16 | 2016/17 | 2017/18 |
|----------------------------------|------|----------------|--------------------------|---------|---------|---------|
| Estimates of capital expenditure | £000 | 135,934 | 88,491 | 65,654 | 233,053 | 30,100 |

- Actual expenditure in 2014/15 was £17.2m less than the revised estimate as at December 2014. The main variances were reported to members in the outturn report (June 2015) and related £4.7m due to delays in the Day Care scheme, planning delays in respect of Misbourne School and Temporary Classrooms and

£11.3m unreleased due to schemes not being ready to progress through the Gateway process. Some of these items were carried forward and added to the planned programme for 2015/16.

- The presentation of the programme was altered (mid-year report) to show the technical adjustment for the EfW plant. This line reconciles the reporting of capital expenditure on an accruals basis (for accounting purposes) to the presentation on a cash basis within the Capital programme.
- The capital programme for 2016/17 onwards has been updated to reflect the latest agreed capital programme within the MTP. The capital programme is included within **Agenda item x**.

2.2. CAPITAL FINANCING REQUIREMENT

The Capital Financing Requirement measures the Council's underlying need to borrow for capital purposes. This is essentially the Council's outstanding debt, necessary to finance the Council's capital expenditure. The actual debt is dependent on the type and maturity of the borrowing undertaken as well as seeking the optimal cashflow situation (see 5.3). Estimates of the end of year Capital Financing Requirement for the Council for the current and future years, net of repayments are:

Table 2.2.1 Capital Financing Requirement 2016/17 – 2019/20

| Indicator | Unit | Actual 2014/15 | Revised Estimate 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 |
|--|------|----------------|--------------------------|---------|---------|---------|---------|
| Estimates of capital financing requirement (CFR) | £000 | 319,334 | 325,826 | 319,777 | 310,565 | 301,549 | 297,047 |

Table 2.2.2 Capital Financing Requirement 2015/16 – 2017/18

| Indicator | Unit | Actual 2013/14 | Revised Estimate 2014/15 | 2015/16 | 2016/17 | 2017/18 |
|--|------|----------------|--------------------------|---------|---------|---------|
| Estimates of capital financing requirement (CFR) | £000 | 247,801 | 317,161 | 328,189 | 317,449 | 307,066 |

Authorities can finance schemes in a variety of ways these include;

- The application of useable capital receipts
- A direct charge to revenue
- Application of a capital grant
- Contributions received from another party
- Borrowing

It is only the latter method that increases the Capital Financing Requirement (CFR) of the Council.

The 2016/17 – 2019/20 profile above reflects prudential borrowing as follows:

- A total of £130m by 2015/16, in respect of the Energy from Waste (EfW) Project;
- £2.1m in 2016/17, £2.1m in 2017/18, £2.0m in 2018/19 and £4.5m in 2019/20 in relation to a number of smaller projects including Orchard House, Aylesbury Library, Winslow Car Park and business centre; where the business case indicates a return on investment after taking into account borrowing costs.

The capital financing requirement has been updated from the 2015/16 – 2017/18 profile due to:

- Certified expenditure for the EfW plant being ahead of expectation as at 31 March 2015 by £2.175m.
- Expected Prudential borrowing for 2015/16 is consequently £2.175m less in respect of the EfW plant. In addition planned borrowing of £2.3m in 2015/16 is now not anticipated to be required as forecasts currently indicate that the capital programme for 2015/16 can be financed entirely from the alternative sources listed above.
- Assumptions around the MRP (the set-aside required for the repayment of debt) have been updated for 2016/17 onwards in respect to the EfW Plant due to the operational date of the plant being delayed to 2016/17 and an adjustment to the expected useful life. The impact in 2016/17 is an increase to the CFR of £3.4m.
- New borrowing has been added to the profile, as detailed above.

The profile originally included borrowing as the accountable body on behalf of the LEP to support Transportation projects. This requirement is being reviewed; as a result no borrowing for the LEP is currently assumed.

AFFORDABILITY INDICATORS

2.3. RATIO OF FINANCING COSTS TO NET REVENUE STREAM

Purpose of the Indicator

This indicator measures the proportion of the revenue budget that is being allocated to finance capital expenditure. For the General Fund this is the ratio of financing costs of borrowing against net expenditure financed by government grant and local taxpayers.

Estimates of the ratio of financing costs to net revenue stream for the current and future years are:

Table 2.3.1 Ratio of Financing Cost to Net Revenue Stream 2016/17 – 2019/20

| Indicator | Unit | Actual 2014/15 | Revised Estimate 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 |
|---|-------------|---------------------------|---|----------------|----------------|----------------|----------------|
| Estimates of ratio of financing costs to net revenue stream | % | 6.0% | 5.4% | 5.8% | 6.0% | 5.6% | 5.3% |

Table 2.3.2 Ratio of Financing Cost to Net Revenue Stream 2015/16 – 2017/18

| Indicator | Unit | Actual 2013/14 | Revised Estimate 2014/15 | 2015/16 | 2016/17 | 2017/18 |
|---|-------------|---------------------------|---|----------------|----------------|----------------|
| Estimates of ratio of financing costs to net revenue stream | % | 5.9% | 6.0% | 5.5% | 6.5% | 6.3% |

The reduction in the ratio of financing costs for 2016/17 and 2017/18 is due primarily to the update to MRP forecast, in particular due to the operational date of the EfW plant being delayed and adjustment to the expected useful life.

2.4. ESTIMATES OF INCREMENTAL IMPACT OF NEW CAPITAL INVESTMENT DECISIONS ON COUNCIL TAX

This is a key affordability indicator that demonstrates the incremental effect of planned capital expenditure and hence any increased or decreased borrowing, on Council Tax.

Table 2.4.1 Incremental impact of new Capital investment on Council Tax 2016/17 – 2019/20

| Indicator | Unit | Actual 2014/15 | Revised Estimate 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 |
|--|------|----------------|--------------------------|---------|---------|---------|---------|
| Estimates of the incremental impact of capital investment decisions on Council Tax | £ | -£1.19 | -£1.14 | -£8.75 | -£8.06 | -£0.43 | -£2.26 |
| | % | -0.11% | -0.10% | -0.75% | -0.67% | -0.03% | -0.17% |

The delivery of a number of projects within the capital programme including the replacement of Street Lamps with more efficient equipment, solar panel programme and development of a new Car park at Old County Offices will result in revenue income and savings. In addition a net saving is forecast in relation to the Energy from Waste project.

Table 2.4.2 Incremental impact of new Capital investment on Council Tax 2015/16 – 2017/18

| Indicator | Unit | Actual 2013/14 | Revised Estimate 2014/15 | 2015/16 | 2016/17 | 2017/18 |
|--|--------------|----------------|--------------------------|---------|---------|---------|
| Estimates of the incremental impact of capital investment decisions on Council Tax | £ per Band D | -£0.09 | -£1.19 | -£1.67 | -£6.40 | -£12.48 |
| | % | -0.01% | -0.11% | -0.15% | -0.56% | -1.08% |

The main variances in the profile from 2015/16 – 2017/18 are due to:

- The incremental saving on Street lighting was revised downwards by £140k in 2015/16.
- Savings in respect of the development of the new Car Park at Old County Offices have been added in 2016/17.
- The incremental impact of the EfW plant savings have been revised down in 2017/18; plus the effect of increases to assumptions around tax base and band D as set out in the MTP.

3. FINANCIAL PRUDENCE INDICATOR

3.1. GROSS DEBT AND THE CAPITAL FINANCING REQUIREMENT ('CFR')

This indicator records the extent that gross external borrowing is less than the capital financing requirement (2.2 above).

This is a key indicator of the Council's prudence in managing its capital expenditure and is designed to ensure that, over the medium term, external borrowing is only for capital purposes. The Council should ensure that gross debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. The values are measured at the end of the financial year.

Where gross debt is greater than the capital financing requirement the reasons for this should be clearly stated in the annual treasury management strategy. The figures for 2016/17 onwards are based on estimates:

Table 3.1.1 Gross Debt and the CFR 2016/17 – 2019/20

| Indicator | Unit | Actual 2014/15 | Revised Estimate 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 |
|-------------------------------|------|----------------|--------------------------|---------|---------|---------|---------|
| Gross Borrowing | £000 | 190,714 | 165,000 | 215,000 | 205,000 | 195,000 | 185,000 |
| Capital Financing Requirement | £000 | 319,334 | 325,826 | 319,777 | 310,565 | 301,549 | 297,047 |

The Council is committed to building an EfW plant. This may require additional borrowing during 2016/17, although in practice much of this will be financed through a combination of earmarked reserves and current cash investments. The gross borrowing indicator assumes £40m medium term borrowing and £20m short term borrowing which may be required from time to time to support cash flow. £10m of current PWLB loans will be repaid each year from 2016/17 to 2019/20.

Table 3.1.2 Gross Debt and the CFR 2015/16 – 2017/18

| Indicator | Unit | Actual 2013/14 | Revised Estimate 2014/15 | 2015/16 | 2016/17 | 2017/18 |
|-------------------------------|------|----------------|--------------------------|---------|---------|---------|
| Gross Borrowing | £000 | 187,649 | 195,000 | 220,000 | 225,000 | 225,000 |
| Capital Financing Requirement | £000 | 247,801 | 317,161 | 328,189 | 317,449 | 307,066 |

The main variances in the profile of gross borrowing from 2015/16 – 2017/18 are due to:

- The indicator assumed borrowing in advance of £15m in 2015/16 and £15m in 2016/17 in relation to the EfW plant. No borrowing in advance has currently been taken out due to the continuing access to preferential rates within the PWLB and money markets. The Council has continued to repay existing PWLB loans as they fall due.
- The indicator also assumed £16m in 2014/15 and £20m in 2015/16 of borrowing on behalf of the Buckinghamshire Thames Valley LEP for the Aylesbury Eastern Link Road. This requirement is being reviewed; as a result no borrowing for the LEP is currently assumed.
- Temporary borrowing of £15m was undertaken around 31 March 2015 due to cashflow requirements.

TREASURY AND EXTERNAL DEBT INDICATORS

3.2. AUTHORISED LIMIT FOR EXTERNAL DEBT

The authorised limit for external debt is required to separately identify external borrowing (gross of investments) and other long term liabilities such as covenant repayments and finance lease obligations. The limit provides a maximum figure that the Council could borrow at any given point during each financial year.

Table 3.2.1 Authorised limit for external debt 2016/17 – 2019/20

| Indicator | Unit | Actual 2014/15 | Revised Estimate 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 |
|--|-------------|-----------------------|---------------------------------|----------------|----------------|----------------|----------------|
| Authorised limit (for borrowing) * | £000 | 250,000 | 270,000 | 250,000 | 240,000 | 230,000 | 230,000 |
| Authorised limit (for other long term liabilities) * | £000 | 150,000 | 200,000 | 15,000 | 15,000 | 15,000 | 15,000 |
| Authorised limit (for total external debt) * | £000 | 400,000 | 470,000 | 265,000 | 255,000 | 245,000 | 245,000 |

* These limits can only be changed with the approval of the full Council

The authorised limits are consistent with approved capital investment plans and the Council's Treasury Management Policy and Practice documents, but allow sufficient headroom for unanticipated cash movements.

Table 3.2.1 Authorised limit for external debt 2015/16 – 2017/18

| Indicator | Unit | Actual 2013/14 | Revised Estimate 2014/15 | 2015/16 | 2016/17 | 2017/18 |
|--|-------------|-----------------------|---------------------------------|----------------|----------------|----------------|
| Authorised limit (for borrowing) * | £000 | 250,000 | 250,000 | 270,000 | 320,000 | 320,000 |
| Authorised limit (for other long term liabilities) * | £000 | 50,000 | 150,000 | 200,000 | 15,000 | 15,000 |
| Authorised limit (for total external debt) * | £000 | 300,000 | 400,000 | 470,000 | 335,000 | 335,000 |

The authorised limit for 2016/17 onwards has been reduced to reflect the fact that the Council has not needed to replace debt repaid in 2014/15 and 2015/16, current plans for financing of the EfW plant and the removal of the need for supported borrowing for LEP.

Accounting for the Energy from Waste Plant

Construction commenced on site on 11 September 2013. Technical accounting rules require the Council to recognise an asset under construction and a corresponding PFI-equivalent liability for the work certified to date and forecast under the project. The liability is included in the 'other long-term liabilities' line.

Actual total liabilities are shown in Indicator 3.3 Operational Boundary for External Debt.

The limit will be reviewed on an on-going basis during the year. If the authorised limit is liable to be breached at any time, the Director of Assurance will either take measures to ensure the limit is not breached, or seek approval from the Council to raise the authorised limit.

3.3. OPERATIONAL BOUNDARY FOR EXTERNAL DEBT

This is a key management tool for in-year monitoring and is lower than the Authorised Limit as it is based on an estimate of the most likely level of external borrowing at any point in the year. In comparison, the authorised limit is the maximum allowable level of borrowing.

Table 3.3.1 Operational Boundary for External Debt 2016/17 – 2019/20

| Indicator | Unit | Actual 2014/15 | Revised Estimate 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 |
|--|------|----------------|--------------------------|---------|---------|---------|---------|
| Operational boundary (for borrowing) | £000 | 210,000 | 230,000 | 230,000 | 220,000 | 210,000 | 200,000 |
| Operational boundary (for other long term liabilities) | £000 | 130,000 | 190,000 | 7,500 | 7,500 | 7,500 | 7,500 |
| Operational boundary (for total external debt) | £000 | 340,000 | 420,000 | 237,500 | 227,500 | 217,500 | 207,500 |

This indicator is consistent with the Council's plans for capital expenditure and financing and with its Treasury Management Policy and Practice documents. It will be reviewed on an on-going basis, the operational boundary allows the Council to borrow up to £20m to invest in new assets which will generate an income stream in excess of any borrowing costs.

Table 3.3.1 Operational Boundary for External Debt 2015/16 – 2017/18

| Indicator | Unit | Actual 2013/14 | Revised Estimate 2014/15 | 2015/16 | 2016/17 | 2017/18 |
|--|-------------|---------------------------|---|----------------|----------------|----------------|
| Operational boundary (for borrowing) | £000 | 187,649 | 210,000 | 230,000 | 270,000 | 270,000 |
| Operational boundary (for other long term liabilities) | £000 | 42,237 | 130,000 | 140,000 | 6,500 | 6,500 |
| Operational boundary (for total external debt) | £000 | 229,886 | 340,000 | 370,000 | 276,500 | 276,500 |

The operational boundary for 2016/17 onwards has been reduced to reflect current plans for financing of the EfW plant and the removal of the need for supported borrowing for LEP.

3.4. ACTUAL EXTERNAL DEBT

This is a factual indicator showing actual external debt for the previous financial year.

The actual external borrowing as at 31 March 2015 was £190.7m which includes £1.5m accrued interest and £15m of temporary loans. During the current financial year £11.7m of debt will be repaid to the PWLB. The forecast external borrowing as at 31 March 2016 is £164m which includes £1.5m accrued interest.

TREASURY MANAGEMENT INDICATORS

The prudential code links with the existing CIPFA Code of Practice for Treasury Management in the Public Services.

The Treasury Management indicators consist of five elements that are intended to demonstrate good professional practice is being followed with regard to Treasury Management. The proposed values and parameters provide sufficient flexibility in undertaking operational Treasury Management.

5.1 SECURITY AVERAGE CREDIT RATING

The Council is asked to adopt a voluntary measure of its exposure to credit risk by monitoring the weighted average rating of its investment portfolio.

Table 5.1.1 Security Average Credit Rating 2016/17

| Security Average Credit Rating | Target |
|--|---------------|
| Portfolio Average Credit Rating | A+ or above |

For the purpose of this indicator, local authorities which are unrated are assumed to hold an AAA rating.

Table 5.1.2 Security Average Credit Rating 2015/16

| Security Average Credit Rating | Target |
|--|---------------|
| Portfolio Average Credit Rating | A+ or above |

5.2 HAS THE COUNCIL ADOPTED THE CIPFA TREASURY MANAGEMENT CODE?

The Council has adopted the Code. In line with the Code the Treasury Strategy for 2016/17 is reported to Regulatory and Audit Committee and Council.

Table 5.2.1 The CIPFA Treasury Management Code 2016/17 – 2019/20

| Indicator | Unit | Actual 2014/15 | Revised Estimate 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 |
|---|-------------|-----------------------|---------------------------------|----------------|----------------|----------------|----------------|
| Adoption of the CIPFA Code of Practice for Treasury Management in the Public Services | N/A | Yes | Yes | Yes | Yes | Yes | Yes |

Table 5.2.2 The CIPFA Treasury Management Code 2015/16 – 2017/18

| Indicator | Unit | Actual 2013/14 | Revised Estimate 2014/15 | 2015/16 | 2016/17 | 2017/18 |
|---|------|----------------|--------------------------|---------|---------|---------|
| Adoption of the CIPFA Code of Practice for Treasury Management in the Public Services | N/A | Yes | Yes | Yes | Yes | Yes |

5.3 UPPER LIMIT OF FIXED RATE BORROWING FOR THE 4 YEARS TO 2019/20

This indicator is set to control the Council’s exposure to interest rate risk and the rate is set for the whole financial year. The upper limits on fixed interest rate exposures expressed as an amount will be:

Table 5.3.1 Upper Limit of Fixed Rate Borrowing 2016/17 – 2019/20

| Indicator | Unit | Actual 2014/15 | Revised Estimate 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 |
|--|------|----------------|--------------------------|---------|---------|---------|---------|
| Fixed interest rate exposure - upper limit * | £000 | 96,196 | 230,000 | 270,000 | 270,000 | 270,000 | 270,000 |

* Any breach of these limits will be reported to the full Council

Table 5.3.2 Upper Limit of Fixed Rate Borrowing 2015/16 – 2017/18

| Indicator | Unit | Actual 2013/14 | Revised Estimate 2014/15 | 2015/16 | 2016/17 | 2017/18 |
|--|------|----------------|--------------------------|---------|---------|---------|
| Fixed interest rate exposure - upper limit * | £000 | 133,928 | 210,000 | 230,000 | 270,000 | 270,000 |

* Any breach of these limits will be reported to the full Council

5.4 UPPER LIMIT OF VARIABLE RATE BORROWING FOR THE 4 YEARS TO 2019/20

This indicator is set to control the Council's exposure to interest rate risk. Here instruments that mature during the year are classed as variable, this includes the Council's Lender Option Borrower Option (LOBO) loans. For LOBO loans, on specified call dates, the lender has the option to increase the interest rate paid on the loan. If the lender exercises this option, then the borrower can agree to pay the revised interest rate or repay the loan immediately. The upper limits on variable interest rate exposures expressed as an amount will be:

Table 5.4.1 Upper Limit of Variable Rate Borrowing 2016/17 – 2019/20

| Indicator | Unit | Actual 2014/15 | Revised Estimate 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 |
|---|------|----------------|--------------------------|---------|---------|---------|---------|
| Variable interest rate exposure - upper limit * | £000 | 89,732 | 80,000 | 100,000 | 95,000 | 82,000 | 90,000 |

* Any breach of these limits will be reported to the full Council

Table 5.4.2 Upper Limit of Variable Rate Borrowing 2015/16 – 2017/18

| Indicator | Unit | Actual 2013/14 | Revised Estimate 2014/15 | 2015/16 | 2016/17 | 2017/18 |
|---|------|----------------|--------------------------|---------|---------|---------|
| Variable interest rate exposure - upper limit * | £000 | 53,732 | 110,000 | 80,000 | 80,000 | 95,000 |

* Any breach of these limits will be reported to the full Council

This indicator has increased in 2016/17 due to the potential borrowing arrangements for the EfW plant.

5.5 MATURITY STRUCTURE OF FIXED RATE BORROWING

This Indicator is set to control the council's exposure to refinancing risk. The upper and lower limits on the maturity structure of the fixed borrowing will be:

Table 5.5.1 Maturity Structure of Fixed Rate Borrowing to 2016/17

| Maturity Structure of Fixed Rate Borrowing | Actual 2014/15 | | Revised Estimate 2015/16 | | 2016/17 | |
|--|----------------|-------------|--------------------------|-------------|-------------|-------------|
| | Upper Limit | Lower Limit | Upper Limit | Lower Limit | Upper Limit | Lower Limit |
| Under 12 months | 40% | 0% | 45% | 0% | 45% | 0% |
| 12 months and within 24 months | 32% | 0% | 45% | 0% | 50% | 0% |
| 24 months and within 5 years | 54% | 0% | 55% | 0% | 55% | 0% |
| 5 years and within 10 years | 53% | 0% | 55% | 0% | 60% | 0% |
| 10 years and above | 60% | 0% | 100% | 20% | 100% | 20% |

These parameters control the extent to which the Council will have large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Table 5.5.2 Maturity Structure of Fixed Rate Borrowing to 2017/18

| Maturity Structure of Fixed Rate Borrowing | Actual 2013/14 | | Revised Estimate 2014/15 | | 2015/16 | | 2016/17 | | 2017/18 | |
|--|----------------|-------------|--------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | Upper Limit | Lower Limit | Upper Limit | Lower Limit | Upper Limit | Lower Limit | Upper Limit | Lower Limit | Upper Limit | Lower Limit |
| Under 12 months | 29% | 0% | 50% | 0% | 45% | 0% | 45% | 0% | 55% | 0% |
| 12 months and within 24 months | 40% | 0% | 35% | 0% | 45% | 0% | 50% | 0% | 45% | 0% |
| 24 months and within 5 years | 52% | 0% | 55% | 0% | 55% | 0% | 55% | 0% | 55% | 0% |
| 5 years and within 10 years | 58% | 0% | 55% | 0% | 55% | 0% | 60% | 0% | 60% | 0% |
| 10 years and above | 60% | 0% | 100% | 20% | 100% | 20% | 100% | 20% | 100% | 20% |

5.6 TOTAL PRINCIPAL SUMS INVESTED FOR PERIODS LONGER THAN 364 DAYS

The purpose of this indicator is to control the council's exposure to the risk of incurring losses by seeking early repayment of its investments.

Table 5.6.1 Total Principal Sums Invested for Periods Longer than 364 Days 2016/17 to 2019/20

| Indicator | Unit | Actual 2014/15 | Revised Estimate 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 |
|--|------|----------------|--------------------------|---------|---------|---------|---------|
| Total principal sums invested for periods longer than 364 days | £0m | £19.5m | £50m | £25m | £25m | £25m | £25m |

With regard to longer term investments the recommendation is to limit sums for periods longer than 364 days to no more than £50m in 2015/16 and £25m in 2016/17 to 2019/20. Cash balances are anticipated to be lower from 2016/17 onwards due to financing the EfW project.

Table 5.6.2 Total Principal Sums Invested for Periods Longer than 364 Days 2015/16 to 2017/18

| Indicator | Unit | Actual 2013/14 | Revised Estimate 2014/15 | 2015/16 | 2016/17 | 2017/18 |
|--|------|----------------|--------------------------|---------|---------|---------|
| Total principal sums invested for periods longer than 364 days | £0m | £10m | £75m | £50m | £25m | £25m |

6 CONCLUSION

In approving, and subsequently monitoring, the above prudential indicators the Council is fulfilling its duty to ensure that spending plans are affordable, prudent and sustainable.

Capital Programme 2016/17 to 2019/20

Appendix 5

| Service / Project | Year 1 2016/17 £000's | Year 2 2017/18 £000's | Year 3 2018/19 £000's | Year 4 2019/20 £000's | Grand Total £0000's |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------------------|
| Community Engagement | | | | | |
| Aylesbury Library Self Service | 130 | 0 | 0 | 0 | 130 |
| Total Capital Expenditure | 130 | 0 | 0 | 0 | 130 |
| Service Revenue Contribution | -30 | 0 | 0 | 0 | -30 |
| Total Capital Funding | -30 | 0 | 0 | 0 | -30 |
| Community Engagement Total | 100 | 0 | 0 | 0 | 100 |
| Education and Skills | | | | | |
| Primary School Places | 16,850 | 13,671 | 3,000 | 4,000 | 37,521 |
| Provision for Early Years | 1,960 | 1,000 | 0 | 0 | 2,960 |
| School Access Initiative | 500 | 400 | 300 | 200 | 1,400 |
| School Property Maintenance | 3,000 | 3,000 | 3,000 | 3,000 | 12,000 |
| School Suitability Issues | 1,972 | 3,400 | 0 | 0 | 5,372 |
| School Toilets | 500 | 500 | 500 | 0 | 1,500 |
| Secondary School Places | 9,400 | 13,500 | 13,000 | 17,000 | 52,900 |
| SEN Sixth Form Boarding Pebble Brook School | 100 | 1,400 | 0 | 0 | 1,500 |
| Total Capital Expenditure | 34,282 | 36,871 | 19,800 | 24,200 | 115,153 |
| Revenue Contribution DSG | -1,650 | -1,650 | 0 | 0 | -3,300 |
| S106 Funding | -9,416 | -11,500 | -8,000 | -8,000 | -36,916 |
| Total Capital Funding | -11,066 | -13,150 | -8,000 | -8,000 | -40,216 |
| Education and Skills Total | 23,216 | 23,721 | 11,800 | 16,200 | 74,937 |
| Health and Wellbeing | | | | | |
| Orchard House - Care Accommodation | 400 | 2,100 | 1,600 | 237 | 4,337 |
| Orchard House - Day Care | 340 | 0 | 0 | 0 | 340 |
| Total Capital Expenditure | 740 | 2,100 | 1,600 | 237 | 4,677 |
| Health and Wellbeing Total | 740 | 2,100 | 1,600 | 237 | 4,677 |
| Leader | | | | | |
| A355 Improvement Scheme (Wilton Park) | 1,023 | 5,004 | 2,110 | 0 | 8,137 |
| Aylesbury Eastern Link Road | 0 | 13,529 | 4,590 | 0 | 18,119 |
| Broadband | 353 | 0 | 0 | 0 | 353 |
| CrossRail Connectivity - Iver Station | 400 | 0 | 0 | 0 | 400 |
| CrossRail Connectivity - Taplow Station | 1,400 | 0 | 0 | 0 | 1,400 |
| High Wycombe Town Centre & Transport Strategy | 1,591 | 4,740 | 4,880 | 0 | 11,211 |
| Strategic Infrastructure Projects (Early Design) | 1,000 | 1,000 | 500 | 500 | 3,000 |
| Sustainable Links to East West Rail | 1,500 | 0 | 0 | 0 | 1,500 |
| Waterside North Development | 258 | 2,000 | 0 | 0 | 2,258 |
| Total Capital Expenditure | 7,525 | 26,273 | 12,080 | 500 | 46,378 |
| LEP - DfT Grants | -4,503 | -15,207 | -5,610 | 0 | -25,320 |
| LEP - Growing Places Fund | -162 | 0 | 0 | 0 | -162 |
| Revenue Reserve (New Homes Bonus) | -191 | 0 | 0 | 0 | -191 |
| S106 / CIL / ALUTS | -1,946 | -8,066 | -5,970 | 0 | -15,982 |
| Total Capital Funding | -6,802 | -23,273 | -11,580 | 0 | -41,655 |
| Leader Total | 723 | 3,000 | 500 | 500 | 4,723 |
| Planning and Environment | | | | | |
| Biowaste Treatment | 580 | 500 | 5,879 | 0 | 6,959 |
| Energy from Waste | 180,000 | 0 | 0 | 0 | 180,000 |
| Langley Park | 134 | 0 | 0 | 0 | 134 |
| Marlow Flood Defence | 0 | 330 | 660 | 0 | 990 |
| Oil Boiler Replacement Strategy | 50 | 0 | 0 | 0 | 50 |
| Waste Transfer Stations | 469 | 0 | 0 | 0 | 469 |
| Total Capital Expenditure | 181,233 | 830 | 6,539 | 0 | 188,602 |
| Funding - Grants (Lottery) | -126 | 0 | 0 | 0 | -126 |
| Total Capital Funding | -126 | 0 | 0 | 0 | -126 |
| Planning and Environment Total | 181,107 | 830 | 6,539 | 0 | 188,476 |
| Resources - ICT | | | | | |
| Children's Systems ICT Development | 200 | 0 | 0 | 0 | 200 |
| Corporate Applications ICT Development | 200 | 0 | 0 | 0 | 200 |
| EDRMS | 70 | 0 | 0 | 0 | 70 |
| Expansion of BCC's data sharing link with the Health service | 50 | 0 | 0 | 0 | 50 |
| ICT Contingency | 0 | 369 | 300 | 300 | 969 |
| Perimeter Security Enhancements | 80 | 0 | 0 | 0 | 80 |
| Policy Management & Compliance | 50 | 0 | 0 | 0 | 50 |
| Provision of a One Council Network | 300 | 0 | 0 | 0 | 300 |
| Purchase of IT Hardware / Software | 293 | 903 | 758 | 465 | 2,419 |
| Remote Access to BCC ICT Services | 50 | 0 | 0 | 0 | 50 |
| SAP Development Fund | 100 | 100 | 0 | 0 | 200 |
| SAP Development Roadmap | 100 | 100 | 200 | 200 | 600 |
| SAP Test Environment | 80 | 0 | 0 | 0 | 80 |

| Service / Project | Year 1 2016/17 £000's | Year 2 2017/18 £000's | Year 3 2018/19 £000's | Year 4 2019/20 £000's | Grand Total £0000's |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------------------|
| SAP Upgrade (Stack Split) | 75 | 0 | 0 | 0 | 75 |
| Technology & Network Changes required to support Agile Working | 100 | 0 | 0 | 0 | 100 |
| Total Capital Expenditure | 1,748 | 1,472 | 1,258 | 965 | 5,443 |
| Funding - Revenue Contributions | -293 | -903 | -758 | -465 | -2,419 |
| Total Capital Funding | -293 | -903 | -758 | -465 | -2,419 |
| Resources - ICT Total | 1,455 | 569 | 500 | 500 | 3,024 |
| Resources - Property | | | | | |
| Agricultural Estate | 350 | 350 | 350 | 0 | 1,050 |
| Green Park Coach House and Main Building | 936 | 0 | 0 | 0 | 936 |
| NCO Additional Lift | 1,000 | 1,000 | 0 | 0 | 2,000 |
| NCO Fire-stopping/Compartmentation | 50 | 0 | 0 | 0 | 50 |
| Non Schools Property Maintenance Programme | 2,800 | 2,800 | 2,800 | 2,800 | 11,200 |
| Orchard House - Offices | 340 | 1,372 | 2,544 | 500 | 4,756 |
| Re-tasking of the Winslow Centre | 0 | 0 | 400 | 2,000 | 2,400 |
| Winslow Station Car Park | 0 | 10 | 226 | 2,249 | 2,485 |
| Total Capital Expenditure | 5,476 | 5,532 | 6,320 | 7,549 | 24,877 |
| Resources - Property Total | 5,476 | 5,532 | 6,320 | 7,549 | 24,877 |
| Transportation | | | | | |
| Strategic Highway Maintenance & Management (inc. Plane & Patch) | 14,800 | 10,000 | 10,000 | 10,000 | 44,800 |
| Footway Structural Repairs | 1,000 | 1,000 | 1,000 | 1,000 | 4,000 |
| A412 George Green Junction Traffic Sign | 500 | 0 | 0 | 0 | 500 |
| Bridge Maintenance (including Thornborough Old Bridge) | 600 | 650 | 550 | 550 | 2,350 |
| Casualty Reduction & Safety Fences | 500 | 500 | 500 | 500 | 2,000 |
| Drainage Pump Station Upgrades | 137 | 0 | 0 | 0 | 137 |
| East West Rail | 1,000 | 1,000 | 1,000 | 1,000 | 4,000 |
| Maintenance Principal Roads - Drainage | 720 | 720 | 720 | 720 | 2,880 |
| Pay and Display Machines | 142 | 142 | 142 | 20 | 446 |
| Reconfigure the Southern Depot Requirements | 0 | 0 | 3,000 | 0 | 3,000 |
| Replacement of Traffic Signals | 100 | 100 | 100 | 100 | 400 |
| Street Lighting Column Replacement | 1,755 | 520 | 0 | 0 | 2,275 |
| Developer Funded Schemes | 1,262 | 0 | 0 | 0 | 1,262 |
| Vehicle Purchase | 325 | 325 | 325 | 325 | 1,300 |
| Total Capital Expenditure | 22,841 | 14,957 | 17,337 | 14,215 | 69,350 |
| S106 | -1,262 | 0 | 0 | 0 | -1,262 |
| Vehicle Renewals Reserve | -325 | -325 | -325 | -325 | -1,300 |
| Total Capital Funding | -1,587 | -325 | -325 | -325 | -2,562 |
| Transportation Total | 21,254 | 14,632 | 17,012 | 13,890 | 66,788 |
| Corporate Projects | | | | | |
| Capital Contingency | 550 | 550 | 550 | 550 | 2,200 |
| Total Capital Expenditure | 550 | 550 | 550 | 550 | 2,200 |
| Grand Total Expenditure | 254,526 | 88,585 | 65,484 | 48,216 | 456,810 |
| Grand Total Funding | -19,904 | -37,651 | -20,663 | -8,790 | -87,008 |
| Net Programme Financed by Central Funding | 234,622 | 50,934 | 44,821 | 39,426 | 369,802 |
| Unringfenced Capital Grants | | | | | |
| Grants - Education - Basic Needs | -8,586 | -9,974 | -10,000 | -10,000 | -38,560 |
| Grants - Education - Capital Maintenance | -6,491 | -6,491 | -6,491 | -6,491 | -25,964 |
| Grants - Transport Integrated Transport | -2,257 | -2,257 | -2,257 | -2,257 | -9,028 |
| Grants - Transport Highways Maintenance | -10,208 | -10,121 | -9,681 | -10,209 | -40,219 |
| Sub Total Capital Funding Grants | -27,542 | -28,843 | -28,429 | -28,957 | -113,771 |
| Central Financing | | | | | |
| Capital Balances Brought Forward | -24,705 | 0 | 0 | 0 | -24,705 |
| Borrowing | -132,150 | -2,100 | -2,026 | -4,486 | -140,762 |
| Capital Receipts | -2,735 | -4,368 | -5,100 | -1,000 | -13,203 |
| Denham Gravel - Finance Lease Rents | -927 | -927 | -927 | -927 | -3,708 |
| Revenue Funding | -6,473 | -5,695 | -5,123 | -2,723 | -20,014 |
| Reprovisioning of Adult Social Care | -826 | -826 | -826 | -826 | -3,304 |
| Use of Waste Reserve | -50,335 | 0 | 0 | 0 | -50,335 |
| SubTotal Central Financing | -218,151 | -13,916 | -14,002 | -9,962 | -256,031 |
| Corporate Total | -245,693 | -42,759 | -42,431 | -38,919 | -369,802 |
| Funding Gap | -11,072 | 8,175 | 2,390 | 507 | 0 |
| Balance of Accumulated Programme Over Years 1-4 | -11,072 | -2,897 | -507 | 0 | 0 |