

# Agenda

## REGULATORY AND AUDIT COMMITTEE

**Date:** Thursday 15 June 2017  
**Time:** 2.00 pm  
**Venue:** Mezzanine Room 1, County Hall, Aylesbury

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<b>Agenda Item</b>	<b>Time</b>	<b>Page No</b>
<b>1 APOLOGIES FOR ABSENCE / CHANGES IN MEMBERSHIP</b>	<b>14:00</b>	
<b>2 DECLARATIONS OF INTEREST</b> To disclose any Personal or Disclosable Pecuniary Interests		
<b>3 MINUTES</b> Minutes of the meeting held on 24 May 2017 to be confirmed as a correct record and signed by the Chairman		<b>5 - 14</b>
<b>4 TREASURY MANAGEMENT ANNUAL REPORT 2016/17</b> Annual report presented by Mrs J Edwards	<b>14:10</b>	<b>15 - 34</b>

5	<b>2017/18 DRAFT BUSINESS ASSURANCE STRATEGY (INCL. INTERNAL AUDIT PLAN)</b> To be presented by Ms M Gibb	14:30	To Follow
6	<b>CONTRACT STANDING ORDERS - EXEMPTIONS AND BREACHES</b> To be presented by Mr M Preston	14:45	35 - 44
7	<b>WHISTLEBLOWING POLICY - INCIDENTS AND EFFECTIVENESS</b>	14:55	45 - 64
8	<b>FORWARD PLAN</b> Standing item	15:05	65 - 72
9	<b>DATE AND TIME OF NEXT MEETING</b> 26 July 2017, 9.00am, Mezzanine 1		
10	<b>EXCLUSION OF THE PRESS AND PUBLIC</b> To resolve to exclude the press and public as the following item is exempt by virtue of Paragraph 3 of Part 1 of Schedule 12a of the Local Government Act 1972 because it contains information relating to the financial or business affairs of any particular person (including the authority holding that information)		
11	<b>CONFIDENTIAL MINUTES</b> Confidential minutes of the meeting held on 24 May 2017 to be confirmed as a correct record and signed by the Chairman	15:15	73 - 74
12	<b>LIMITED ASSURANCE INTERNAL AUDIT REPORT</b> Verbal update by Ms M Gibb	15:20	
13	<b>BUCKINGHAMSHIRE CARE UPDATE</b> Buckinghamshire Care update to be presented by Ms M Gibb, Mr L Ferman del and Mrs S Norris	15:30	75 - 106
14	<b>AOB</b>	16:30	

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*For further information please contact: Rachel Bennett on 01296 382290, email: [rbennett@buckscc.gov.uk](mailto:rbennett@buckscc.gov.uk)*

## **Members**

Mr S Bowles  
Mr T Butcher (VC)  
Mr D Dhillon  
Ms N Glover

Mr N Hussain  
Mr D Martin (C)  
Mr P Martin  
Mr D Watson



# Minutes

## *REGULATORY AND AUDIT COMMITTEE*

**MINUTES OF THE MEETING OF THE REGULATORY AND AUDIT COMMITTEE HELD ON WEDNESDAY 24 MAY 2017 IN MEZZANINE ROOM 1, COUNTY HALL, AYLESBURY, COMMENCING AT 9.00 AM AND CONCLUDING AT 10.28 AM.**

### **MEMBERS PRESENT**

Mr D Dhillon  
Ms N Glover  
Mr N Hussain  
Mr D Martin  
Mr P Martin  
Mr D Watson

### **OTHERS IN ATTENDANCE**

Mr R Ambrose, Director of Finance & Assets, Service Director, Finance and Commercial Services  
Ms R Bennett, Committee Assistant  
Ms J Edwards, Pensions and Investments Manager  
Ms L Forsythe, Group Solicitor and Deputy Head of Legal Services  
Ms M Gibb, Head of Business Assurance  
Ms R Martinig, Financial Accountant  
Ms E O'Neill, Projects and Financial Accountancy Lead  
Mr T Slaughter, Executive, Grant Thornton Auditors

### **1 ELECTION OF CHAIRMAN**

Mr P Martin proposed that Mr D Martin be the Committee Chairman for the coming year. This was seconded by Mr D Dhillon.

### **RESOLVED**

**That Mr D Martin be elected as Chairman of the Regulatory and Audit Committee for the ensuing year.**

### **2 APPOINTMENT OF VICE CHAIRMAN**

Mr D Martin appointed Mr T Butcher as Vice-Chairman of the Regulatory and Audit Committee.



### **3 APOLOGIES FOR ABSENCE / CHANGES IN MEMBERSHIP**

Apologies were received from Mr Tim Butcher.

New Members of the Regulatory and Audit Committee were confirmed as Mr S Bowles, Mrs N Glover, Mr P Martin, Mr D Watson, Mr D Dhillion and Mr N Hussain.

### **4 DECLARATIONS OF INTEREST**

There were no declarations of interest.

### **5 MINUTES**

The Chairman updated the Committee on the following points from the minutes of the previous meeting held on 8 February.

#### **Item 4 Effectiveness of Debt Management Strategy**

Finance Directors from Children's Social Care and Learning (CSCL) and Communities, Health and Adult Social Care (CHASC) Business Units would be attending the meeting on 26<sup>th</sup> July to discuss their debt management performance. Mr M Strevens would also provide an update on reducing the County Council's historic debt.

#### **Item 6 Quality Assurance Framework**

Update to be provided in 2018.

#### **Item 7 Business Assurance Update**

An income generation assurance task and finish group had been formed and an update would be provided to the Committee in July 2017.

#### **Training for Members after the Election**

Mrs L Forsythe provided feedback to colleagues regarding the Member Induction training following the Election. A comprehensive induction and training programme had been developed by Member Services and it was highlighted that it had been well received by all who had attended.

The minutes of the last meeting held on 8 February 2017 were agreed as a correct record and signed by the Chairman.

### **6 GRANT THORNTON - PENSION FUND AUDIT PLAN**

Mr T Slaughter attended the Committee to update Members on the Audit approach for the Buckinghamshire Pension Fund 2016/17 accounts.

**During discussion key points were highlighted as follows:**

- Planning materiality had been determined based upon professional judgement in the context of Grant Thornton's knowledge of the Fund and in line with previous years. For purposes of planning the audit overall materiality was determined to be £22,213k, being 1% of net assets as at 31 March 2016 (£2.2m). Mr Slaughter confirmed that additional risk was not perceived. All misstatements over £1.1m would be reported to the Committee along with the circumstance details
- The report set out the significant risks identified, which was where the bulk of work for Grant Thornton was identified. These were identified as:
  - Revenue cycle including fraudulent transactions
  - Management override of controls
  - Level 3 Investments Valuation being incorrect
- The Committee discussed the 3 levels of investments and how these were calculated and Mr Slaughter confirmed that level 3 reflected no market valuations available, advising there was a prescribed methodology for evaluating these.
- Mr Slaughter also highlighted further risks identified which were not considered to be areas that were highly judgmental, or unusual in relation to the day to day activities of the business
- The update highlighted the timeline of the audit with the final audit visit on 19 June 2017. Following this there would be a two week timescale to complete work. Report would then be presented to the Regulatory and Audit and Pension Fund Committees in July
- The Committee's attention was drawn to the audit fees and a question was raised regarding the man hours that would be involved. Mr Slaughter confirmed that the fees were unchanged from last year and were set by Public Sector Audit Appointments Ltd, (PSAA). It would include 2 members of the team for 1 week, 2 weeks of audit visits, 8 weeks of junior staff and 2 weeks of senior staff.

**RESOLVED: The Committee noted the report.**

## **7 GRANT THORNTON - EXTERNAL AUDIT PLAN**

Mr T Slaughter presented to the Committee the External Audit plan for the County Council.

**During discussion key points were highlighted as follows:**

- The changes announced by the Chartered Institute of Public Finance and Accountancy (CIPFA) / of the implementation of the Highways Network Asset Code for the financial reporting requirements of local authorities would no longer go ahead. It was noted that the work that had already been carried out for this was no longer required
- In line with previous years, financial statements materiality was calculated based on a proportion of gross revenue expenditure. For the purposes of planning the audit they had determined overall materiality to be £15,896k (being 2% of 2015/16 gross revenue expenditure). Their assessment of materiality was kept under review throughout the audit process and any revisions during the audit would be advised. The Committee asked why materiality was different between the Pension Fund (being 1%), Mr

Slaughter confirmed that this was the same as previous years and considered appropriate and that their focus was on income and expenditure. He also confirmed that any statements greater than £795k would be reported.

- Significant, additional and other risks identified were also highlighted in the report
- The Committee's attention was drawn to the Value for Money (VfM) assessment in the report and highlighted the risks identified. Mr Slaughter confirmed that most of their work would focus on Children's Services and they were being kept up to date with progress made following the Ofsted inspection. Mr Slaughter confirmed that currently it was likely the previous qualification given would be retained
- The update highlighted the timeline of the audit with it starting at the beginning of June, expected completion to be by the end of June, for a report to be presented at the Regulatory and Audit Committee in July.
- The fees of the audit were highlighted in the report, again set by the PSAA, which included an additional £2k prescribed by the PSAA (subject to agreement) nationally. Mr Slaughter confirmed that there would also be a separate billing fee for Bucks Care, but at present could not comment on the final level of the fee.
- It was suggested that as the bulk of audit planning was carried out in January, that the report provided could come sooner next year to the Committee. It was reflected that it had been deferred this year due to the April meeting being cancelled because of local elections and in the future it would be planned to come to the Committee in January and would be added to the forward plan.

#### **The Committee made the following comments:**

- Reference was made to the significant risk highlighted regarding the evaluation of plant, property and equipment. It was noted that the Council were making ongoing investments into property and the need to ensure Audit competences of external bodies. Mr Slaughter confirmed that as part of the process external bodies were contacted, in this case Carter Jonas in relation to their approach to evaluating properties, which allowed comparison to national guidelines to be made.
- In respect of the Value for Money aspect of Social Care and how this would be monitored and challenged. Mr Slaughter advised that they would gain an understanding Social Care arrangements and whether the County Council were meeting their statutory duties. It was also confirmed that updates were received from those implementing the improvements in Children's Services to check whether these would be qualified or not. This would be based on commentary within their report providing assurances that improvements were being made.
- The Committee referenced the delay in the year end accounts for Bucks Care. Mr Slaughter confirmed there were two audits still ongoing and that a signed copy of these was awaited, upon receipt details would then be provided to the Committee.
- The Committee discussed the viability of pulling forward the audit cycle and the option of closing accounts on a monthly basis, as is done in the private sector. Mr R Ambrose confirmed that there were a small number of Local Authorities that already did this and that the previous year's Audit had been signed off in July, 2 months earlier than in previous years. It was therefore likely to be the same time this year.



- It was confirmed that the contract with Grant Thornton was due to expire at the end of 2017, the Chairman thanked Mr Slaughter and his colleagues for the support given over a number of years.

**RESOLVED: The Committee noted the report.**

## **8 DRAFT STATEMENT OF ACCOUNTS**

Mr Ambrose introduced the report of the unaudited draft statement of the accounts. The report set out the following recommendation to the Committee:

### **Recommendation:**

**To review the Draft Statement of Accounts for Buckinghamshire County Council and Pension Fund for the year ended 31 March 2017 and to note the timing and requirements for completion and authorisation of the draft and final Statement of Accounts.**

Mr Ambrose highlighted the following points:

- Revenue budget position reflected an underspend of £6m, which had masked some pressures in portfolios, but had restored balances. It was confirmed that some underspends were one off in nature, so these would not be seen year on year
- Mr Ambrose announced that Mrs E O'Neill, Financial Accountancy Manager would be moving to Transport, Economy and Environment as Finance Director. Mr Ambrose thanked Mrs O'Neill and her team for their hard work and this was echoed by Members of the Committee. Mr Ambrose assured the Committee that the effectiveness of the County Council's financial management and accounting functions will not reduce while appointing Mrs O'Neill's replacement.

Mrs O'Neill presented the draft statement of accounts and highlighted the following points:

- There had been strong performance this year with a £6.0m underspend added to a planned contribution to the general fund; resulting in an overall £7.1m increase in general fund reserves. When setting the budget for 16/17 the team were aware the reserves had reduced. Therefore as part of the budget setting process £1.1m had been added into the reserves.
- Additions to the accounts this year included 'Telling the Story' changes that CIPFA had introduced nationally. It was also highlighted that Income and Expenditure was now matched to how this was reported to Cabinet Members.
- The report included a new note which related to the Expenditure Funding Analysis note, which provided direct reconciliation from how we present in our management accounts to Cabinet and the actual amounts shown in the accounting statement under the comprehensive income and expenditure statement. This would show a £21m loss however this would relate to the adjustments
- There was a significant increase in the Pension Fund liability, showing an increase of £250m. The main reason for this was a drop in the bond discount rate 3.6% to 2.7%. It was noted that should the discount rates increase then this effect would be reversed.

- Strong year for the asset growth of the Pension Fund increasing by £88m.
- Triannual review of the Pension Fund in 2016/17 looked at the overall liabilities and employer contributions which needed to be made. As a result of the revaluation contributions had increased from 22.8% to 26.4%, which had been factored into budgets for this and future years.
- The issue relating to Schools Revaluations was also highlighted referring to the Prior Period Error. The valuers had advised of an error in the reporting of land values held at Academy Schools under 125 year leases. The land element was retained on the balance sheet; however due to the nature of the lease the Council's valuers had advised that the land should be recorded at notional value only (of £1,000 for each school) as the freehold value of the land should be deferred for the unexpired residual term of the lease. The impact of this error was to reduce the value of Property, Plant & Equipment reported in the balance sheet as at 31 March 2016 by £89.5m. In order to correct this error, the County Council had restated the prior year balance sheet, prepared a third balance sheet and restated the Notes to the Accounts.

**The Committee discussed the following points:**

- The Committee queried if the figures quoted in the accounts for Bucks Care were based on assumption or whether it was known what the total value of outstanding debts were and how much would be recovered? Mrs O'Neill confirmed that there had been a detailed review of Bucks Care and in particular outstanding debtors. A detailed exercise had taken place and those debts included were considered to be recoverable.
- Reference was made to the segmented income and the decrease in Health & Wellbeing, Children's Services and Education and Skills. Mrs O'Neill agreed to look into this and report back to the Committee in July 2017

**ACTION: Mrs O'Neill**

- The Committee asked for an explanation around the £3.3m reserve in Planning and Environment relating to Waste as it was understood that the Energy from Waste Plant was operating to a higher capacity than originally thought. Mr Ambrose confirmed that this was as the plant had only been in operation for a year with no downtime; this was to build up reserves to plan for the future. Mr Ambrose also confirmed that this would be reviewed on a yearly basis
- The Committee suggested more clarity be provided in the report on the impact of the waste contract with Business Units and to isolate the impact this was having on the accounts. Mr Ambrose agreed this was a good suggestion and would take this forward

**ACTION - Mr Ambrose**

- The Committee discussed the overall underspend and whether this had been anticipated. Mr Ambrose confirmed that the County Council had not budgeted for a further contribution due to the underspend. They were forecasting an increasing underspend throughout the year, however this ended up being slightly higher than previously forecast
- The future plans for Bucks Learning Trust were also discussed and Mr Ambrose confirmed that the team were reviewing how some of these services were to be delivered going forward and what the statutory duties were for the County Council

The Committee also considered the Draft Statement of Accounts for the Pension Fund, which were presented by Mrs J Edwards.

Mrs Edwards highlighted the following points:

- There was an increase in the net assets available for benefits of £474m. It was noted that the number of contributors on the report had reduced as outstanding leavers had now been processed following an administration backlog. This would also result in the number of contributors decreasing further as some leavers as at 31 March 2017 remain outstanding
- The results of the valuation were that the past service funding level of the Fund as a whole had increased from 82% to 87% between 31 March 2013 and 31 March 2016. The improvement of the funding position since the previous valuation was mainly due to improved investment returns and employer contributions.

The Chairman thanked Mrs O'Neill for the quality of the reports and wished her well in her new role with TEE.

**RESOLVED: The Committee REVIEWED the Draft Statement of Accounts for the Council and Pension Fund for the year ended 31 March 2017 and NOTED the timing and requirements for completion and authorisation of the draft and final Statement of Accounts.**

## **9 BUSINESS ASSURANCE TEAM UPDATE (INCLUDING QUARTER 1 INTERNAL AUDIT PLAN)**

Ms M Gibb, Chief Internal Auditor presented the Business Assurance Team update and highlighted the following points:

- The team were in the processes of completing 2016/17 outputs and the Annual Governance Statement.
- They were monitored through the Audit Board and approved any changes to the audit plan throughout the year.
- The number of investigations being carried out was reported to the Statutory Officers Group, this would also come to the next Regulatory and Audit Committee.
- The Strategy for this year was in the process of being developed and would be reported to the Committee. The Strategy would be kept flexible in order for the team to be able to react to any changes or issues that arose.
- The Audit of quarter 1 had commenced and all outputs would be reported to the Committee.
- The Committee asked whether the Energy from Waste (EfW) contract was included under the Waste audit. Ms Gibb confirmed that it was not for this particular Audit as it focused on recycling. It was confirmed that the EfW contract and assurances on risks were reported regularly into the Risk Management Group and that the Contract Management Audit would come back to Regulatory and Audit Committee.

**RESOLVED: The Committee APPROVED the Q1 Audit Plan.**

## **10 RISK MANAGEMENT GROUP UPDATE**

Ms M Gibb, Chief Internal Auditor updated the Committee on the Risk Management Group function and highlighted the following points:

- The Risk Management Group was a subgroup of the Regulatory and Audit Committee and was open to all Committee Members.
- There was a rolling programme of risk registers across the organisation and those risks scored above 20 were reviewed along with mitigating actions.
- The Group had received detailed updates on Bucks Care and Energy from Waste.
- Minutes from the group were circulated to all Committee Members for information.

The Chairman highlighted the importance of the group and its value to the organisation and recommended that all Members of the Regulatory and Audit Committee attend when possible.

## **11 FORWARD PLAN**

Ms Gibb updated the Committee on the Forward Plan. It was highlighted that the meeting in April 2017 had been cancelled therefore an additional meeting had been arranged for June 2017.

Ms Gibb would to circulate a copy of the forward plan to all Committee Members for their information.

**Action: Ms Gibb**

## **12 DATE AND TIME OF NEXT MEETING**

14 June 2017, 9am - Mezzanine Room 1, New County Hall, Aylesbury.

### ***Amendment***

*Since the meeting the next date for the Committee had been moved to 15 June, 2pm, Mezzanine Room 1, New County Hall, Aylesbury. An email had been circulated to all Committee Members.*

## **13 EXCLUSION OF THE PRESS AND PUBLIC**

### **RESOLVED**

**That the press and public be excluded for the following item which is exempt by virtue of Paragraph 3 of Part 1 of Schedule 12a of the Local Government Act 1972 because it contains information relating to the financial or business affairs of any particular person (including the authority holding that information)**

## **14 CONFIDENTIAL MINUTES**

**CHAIRMAN**



# Regulatory and Audit Committee

<b>Title:</b>	<b>Treasury Management Annual Report 2016/17</b>
<b>Date:</b>	14 June 2017
<b>Author:</b>	Director of Finance and Assets
<b>Contact officer:</b>	Pensions & Investments Manager, Julie Edwards 01296 383910
<b>Electoral divisions affected:</b>	n/a

## Summary

The Council is required to report to members on the previous year's treasury management activity. It was agreed at County Council that an annual treasury management report, reporting on treasury management activity in the previous financial year would be reported to the Regulatory and Audit Committee prior to submitting the report to County Council for approval.

## Recommendation

**The Committee are asked to recommend to Council the Treasury Management Annual Report and the actual Prudential Indicators for 2016/17.**

### A Supporting information

#### Background

- 1 In line with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice for Treasury Management and the Council's Financial Regulations (A3.2), this Council is required to provide the Regulatory and Audit Committee with a report on the previous year's treasury management activity.
- 2 The Code of Practice defines Treasury Management as:  
*The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.*

#### Treasury Management Strategy

- 3 The Council approved the 2016/17 treasury management strategy at its meeting on 18 February 2016. The general policy objective for this Council is the prudent investment of its treasury balances. The Council's investment priorities are the security of capital and liquidity of its investments. The Council will aim to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity. The effective



management and control of risk are prime objectives of the Council's treasury management activities. The Council paid a single bullet payment of £180m plus £36m VAT in June 2016 in respect of the Energy from Waste Plant. This was financed by a combination of borrowing, earmarked reserves and current cash investments.

- 4 All treasury management activity undertaken during the period complied with the approved strategy, the CIPFA Code of Practice and the relevant legislative provisions.

### **Borrowing Strategy**

- 5 The Council's borrowing objectives are:
- To minimise the revenue costs of debt whilst maintaining a balanced loan portfolio.
  - To manage the Council's debt maturity profile, leaving no one future year with a disproportionate level of repayments.
  - To maintain a view on current and possible future interest rate movements and borrow accordingly.
  - To monitor and review the balance between fixed and variable rate loans against the background of interest rate levels and the Prudential Indicators.
  - The strategy for new borrowing in 2016/17 was to borrow short term since short-term interest rates are currently lower than long term interest rates. Arlingclose, the Council's treasury advised that it is likely to be a more cost effective approach to borrow short-term initially. Paragraph 11 provides more detail of the Council's borrowing activities in 2016/17.

### **Investment Performance in 2016/17**

- 6 Internal monitoring procedures of the Treasury Management function included:
- The Treasury Management Group which includes the Cabinet Member for Resources, the Deputy Cabinet Member for Resources, the Director of Finance and Assets and other key officer meets periodically to review the Council's investments, agreed lending list and investment / borrowing strategies.
  - Periodic internal and external audit scrutiny, no significant findings were reported;
  - Chartered Institute of Public Finance and Accountancy (CIPFA) benchmarking to monitor performance compared to other local authorities; and
  - Proactive management – acting on Arlingclose's (the Council's treasury advisor) advice and liaising with other Council's treasury functions regarding best practice and new initiatives.
- 7 During 2016/17 Buckinghamshire County Council (BCC) invested cash balances not required on a day-to-day basis in instant access money market funds. The total of these investments at any one time varied between £5m and £220m at interest rates between 0.25% and 1.55%. The Director of Finance and Assets approves and monitors the institution lending list in line with a predetermined set of criteria (approved by County Council as part of the Treasury Management Strategy) and investments were made within the agreed list of lenders and associated lending limits and maturity periods.
- 8 The average rate of return on investments was 1.0%. The interest earned and credited to the Council's revenue account was £751k, overachieving income by £296k compared to the £455k budget. The difference between the actual income received and the budget is due to the actual EfW payment being made six weeks later than originally scheduled, additional interest income being achieved since average cash balances during the year were higher than expected and the CCLA property investment achieving higher than anticipated returns. The Council paid a single bullet payment of £180m plus



£36m VAT in June 2016 in respect of the Energy from Waste Plant. Following the EfW payment the Council has managed its cashflow requirements through undertaking temporary borrowing. During 2016/17, the Council's average investment balance reduced from £200m to approximately £30m. Following payment for the Energy for Waste plant, the Council planned to maintain minimum cash levels for operational purposes. Following the outcome of the European referendum the Monetary Policy Committee cut the bank rate from 0.5% to 0.25% and Arlingclose's outlook for the Bank Rate progressed from 'even lower for even longer' to 'even longer for the indeterminable future'.

- 9 The principal of sums invested as at 31 March 2017 totalled £21.8m. These investments were placed with 4 institutions in sums of between £4.1m and £7.6m at interest rates of between 0.27% and 1.4%. Of the 4 institutions, 1 is a local authority, 2 are AAA rated money market funds operated by financial institutions and 1 is a UK property fund.

### **Prudential Indicators**

- 10 Each year, the Council agrees Prudential Indicators under the Local Government Act 2003 which are affordable, prudent and sustainable. The actual Prudential Indicators for 2016/17 and the Indicators for 2017/18 to 2020/21 are shown in Appendix 1.

### **Borrowing in 2016/17**

- 11 Loans outstanding totalled £224.3m at 31 March 2017; £68.7m was from the Public Works Loan Board (PWLB), £82m Lenders Option Borrowers Option (LOBOs) from the money markets, £72.5m temporary borrowing from other local authorities and £1.1m accrued interest. The provisional outturn for interest on external borrowing is £8.9m, an underspend of £0.3m compared to the £9.2m budget. This was due to the Council not undertaking the anticipated long term borrowing. £1.732m was repaid to the PWLB as part of scheduled instalments and £10m upon maturity of a loan, there has been no new long term borrowing during the period although the Council actively monitors debt restructuring options. The PWLB Certainty Rate allows the authority to borrow at a reduction of 20bps on the Standard Rate.
- 12 Following the EfW payment the Council has managed its cashflow requirements through undertaking temporary borrowing. During 2016/17 there were 47 occasions when the Council borrowed temporarily from other local authorities for short term cash flow purposes. The amounts ranged from £1m to £10m at interest rates from 0.23% to 0.54%.

### **B Resource implications**

There are no additional costs associated with the recommendation.

### **C Legal implications**

The publication of annual strategy, a mid year treasury report and an annual strategy conforms to best practice as required by the Code of Practice CIPFA Treasury Management in the Public Services.

### **D Other implications/issues**

There are none.

**E Feedback from consultation, Local Area Forums and Local Member views (if relevant)**

Not applicable.

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**Background Papers**

Treasury Management Strategy Report to County Council 18 February 2016

<https://democracy.buckscc.gov.uk/documents/g6704/Public%20reports%20pack%2018th-Feb-2016%2009.30%20County%20Council.pdf?T=10>

Treasury Management Annual Report to County Council 26 May 2016

<https://democracy.buckscc.gov.uk/documents/g6706/Public%20reports%20pack%2026th-May-2016%2009.30%20County%20Council.pdf?T=10>

Treasury Management Update to County Council 24 November 2016

<https://democracy.buckscc.gov.uk/documents/g6709/Public%20reports%20pack%2024th-Nov-2016%2009.30%20County%20Council.pdf?T=10>

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**Appendix 1****PRUDENTIAL INDICATORS FOR MTP 2017/18 to 2020/21****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 2017/18 to 2020/21. 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 2017/18-2020/21*

<b>Indicator</b>	<b>Unit</b>	<b>Actual 2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
Estimates of capital expenditure	£000	<b>272,105</b>	82,680	124,909	69,553	46,860
EfW technical adjustment*	£000	<b>-159,691</b>	-	-	-	-
Estimates of capital expenditure	£000	<b>112,414</b>	82,680	124,909	69,553	46,860

\*Actual expenditure is 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. £159.691m has been capitalised in respect of the EfW plant prior to 2016/17.

There is an overall underspend / slippage of £13.9m (4.6%) on the 2016/17 Capital programme. Primarily the underspend relates to roads Strategic Highway maintenance, Primary Schools places, High Wycombe Town Centre and Developer Funded schemes. This includes £5.9m unreleased capital budget across the Authority, reflecting schemes which have yet to satisfy criteria for the release of funding.

The estimate of capital expenditure for 2017/18 to 2020/21 reflects the capital programme within the MTFP excluding slippage.

*Table 2.1.1 Capital Expenditure 2016/17-2020/21 approved by Council on 16 February 2017*

Indicator	Unit	Revised Estimate 2016/17	2017/18	2018/19	2019/20	2020/21
Estimates of capital expenditure	£000	305,986	82,680	124,909	69,553	46,860
EfW technical adjustment*	£000	-159,691	-	-	-	-
Estimates of capital expenditure	£000	146,295	82,680	124,909	69,553	46,860

\*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. It was estimated that the total of £180m would have been incurred prior to 1 April 2016; however due to a slight delay in the construction of the plant and transfer stations, only £159m was in fact completed by 31 March 2016.

## 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 2017/18 – 2020/21*

Indicator	Unit	Actual 2016/17	2017/18	2018/19	2019/20	2020/21
Estimates of capital financing requirement (CFR)	£000	<b>362,872</b>	357,806	354,598	352,969	350,339

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.

During 2016/17 the capital financing requirement was increased in respect of Prudential borrowing for:

- EfW Plant of £130m; the £1.479m overspend was met from balance on the Waste reserve:
- Three new Commercial Properties totalling £40.736m
- £0.3m in relation to smaller projects. This is less than originally projected, due to slippage in the overall capital programme allowing borrowing to be deferred.

The amount of borrowing was in total £1.697m less than originally projected. As a result the Capital Financing Requirement is lower than originally estimated in February 2017 and as a result a small saving will also accrue in relation to the MRP in 2017/18. The impact of deferring the borrowing has been updated in estimating the CFR for future years.

*Table 2.2.2 Capital Financing Requirement 2016/17 – 2020/21 approved by Council on 16 February 2017*

<b>Indicator</b>	<b>Unit</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
Estimates of capital financing requirement (CFR)	£000	364,569	359,424	355,980	354,326	351,672

## **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 2017/18 – 2020/21*

<b>Indicator</b>	<b>Unit</b>	<b>Actual 2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
Estimates of ratio of financing costs to net revenue stream	%	3.5%	4.9%	4.8%	4.5%	4.3%

The improvement in 2016/17 from revised estimate reflects lower than forecast borrowing costs due to the policy of using short term temporary borrowing rather than PWLB; and better than forecast interest income on balances.

*Table 2.3.2 Ratio of Financing Cost to Net Revenue Stream 2016/17 – 2020/21 approved by Council on 16 February 2017*

<b>Indicator</b>	<b>Unit</b>	<b>Revised estimate 2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
Estimates of ratio of financing costs to net revenue stream	%	4.6%	4.9%	4.8%	4.5%	4.3%

## 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 2017/18 – 2020/21*

Indicator	Unit	Actual 2016/17	2017/18	2018/19	2019/20	2020/21
Estimates of the incremental impact of capital investment decisions on Council Tax	£	-£13.20	-£9.25	-£0.81	-£2.14	-£0.44
	%	-1.14%	-0.76%	-0.06%	-0.16%	0.03%

The actual outturn for 2016/17 has been increased over the revised estimate due to the investment in new Commercial properties detailed providing a greater return than originally forecast.

*Table 2.4.2 Incremental impact of new Capital investment on Council Tax 2016/17 – 2020/21 approved by Council on 16 February 2017*

Indicator	Unit	Revised Estimate 2016/17	2017/18	2018/19	2019/20	2020/21
Estimates of the incremental impact of capital investment decisions on Council Tax	£	-£12.38	-£9.25	-£0.81	-£2.14	-£0.44
	%	-1.07%	-0.76%	-0.06%	-0.16%	-0.03%



### **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 2017/18 onwards are based on estimates:

*Table 3.1.1 Gross Debt and the CFR 2017/18 – 2020/21*

<b>Indicator</b>	<b>Unit</b>	<b>Actual 2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
Gross Borrowing	£000	<b>224,342</b>	340,000	330,000	320,000	310,000
Capital Financing Requirement	£000	<b>362,872</b>	357,806	354,598	352,969	350,339

Completion of the EfW plant and investment in the Commercial properties has required additional borrowing during the year. The approved estimate assumed £40m medium term borrowing and £20m short term borrowing to support cash flow, plus £10m of current PWLB loans which will be repaid each year from 2016/17 to 2020/21. A further increase in gross borrowing was agreed for 2017/18 to allow greater headroom for the Council to invest in commercial properties. The authorised limit for 2018/19 onwards has been reduced to reflect the fact that it is anticipated that the Council will not need to replace debt repaid.

On 31 March 2017, the Council had £72.5m of temporary loans in place and £11.7m of PWLB debt was repaid during 2016/17. A further £11.7m of debt is due to be repaid relating to the PWLB during 2017/18. The mix of temporary and fixed rate borrowing will continue to be reviewed in line with advice from our Treasury advisors.

*Table 3.1.2 Gross Debt and the CFR 2016/17 – 2020/21 approved by Council on 16 February 2017*

<b>Indicator</b>	<b>Unit</b>	<b>Revised Estimate 2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
Gross Borrowing	£000	222,000	340,000	330,000	320,000	310,000
Capital Financing Requirement	£000	364,569	359,424	355,980	354,326	351,672

### **3 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 – 2020/21*

<b>Indicator</b>	<b>Unit</b>	<b>Actual 2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
Authorised limit (for borrowing) *	£000	<b>275,000</b>	350,000	340,000	330,000	330,000
Authorised limit (for other long term liabilities) *	£000	<b>15,000</b>	9,000	10,000	10,000	10,000
Authorised limit (for total external debt) *	£000	<b>290,000</b>	359,000	350,000	340,000	340,000

\* 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. 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.

An increase in the authorised limit from £250m to £275m in 2016/17 was agreed by full Council to enable the Council to further invest in Commercial properties to provide additional revenue income in 2016/17 with the full year effect in 2017/18.

A further increase in the authorised limit was agreed for 2017/18 to £350m to allow greater headroom for the Council to invest in commercial properties. The authorised limit for 2018/19 onwards has been reduced to reflect the fact that it is anticipated that the Council will not need to replace debt repaid.

*Table 3.2.2 Authorised limit for external debt 2016/17 – 2020/21 approved by Council on 16 February 2017*

Indicator	Unit	Revised Estimate 2016/17	2017/18	2018/19	2019/20	2020/21
Authorised limit (for borrowing) *	£000	275,000	350,000	340,000	330,000	330,000
Authorised limit (for other long term liabilities) *	£000	15,000	9,000	10,000	10,000	10,000
Authorised limit (for total external debt) *	£000	290,000	359,000	350,000	340,000	340,000

### 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 2017/18 – 2020/21*

Indicator	Unit	Actual 2016/17	2017/18	2018/19	2019/20	2020/21
Operational boundary (for borrowing)	£000	<b>224,342</b>	320,000	310,000	300,000	300,000
Operational boundary (for other long term liabilities)	£000	<b>6,941</b>	7,500	7,500	7,500	7,500
Operational boundary (for total external debt)	£000	<b>231,283</b>	327,500	317,500	307,500	307,500

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

*Table 3.3.2 Operational Boundary for External Debt 2016/17 – 2020/21 approved by Council on 16 February 2017*

<b>Indicator</b>	<b>Unit</b>	<b>Revised Estimate 2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
Operational boundary (for borrowing)	£000	230,000	320,000	310,000	300,000	300,000
Operational boundary (for other long term liabilities)	£000	7,500	7,500	7,500	7,500	7,500
Operational boundary (for total external debt)	£000	237,500	327,500	317,500	307,500	307,500

### **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 2017 was £224.3m which includes £1.1m accrued interest. During the current financial year £11.7m of debt will be repaid to the PWLB.

## 5 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 2017/18*

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 2016/17 approved by Council on 18 February 2016*

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 2017/18 – 2020/21*

Indicator	Unit	Actual 2016/17	2017/18	2018/19	2019/20	2020/21
Adoption of the CIPFA Code of Practice for Treasury Management in the Public Services	N/A	Yes	Yes	Yes	Yes	Yes

*Table 5.2.2 The CIPFA Treasury Management Code 2016/17 – 2019/20 approved by Council on 18 February 2016*

Indicator	Unit	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

### 5.3 UPPER LIMIT OF FIXED RATE BORROWING FOR THE 4 YEARS TO 2020/21

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 2017/18 – 2020/21*

Indicator	Unit	Actual 2016/17	2017/18	2018/19	2019/20	2020/21
Fixed interest rate exposure - upper limit *	£000	230,000	350,000	340,000	330,000	330,000

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

*Table 5.3.2 Upper Limit of Fixed Rate Borrowing 2016/17 – 2019/20 approved by Council on 18 February 2016*

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

## 5.4 UPPER LIMIT OF VARIABLE RATE BORROWING FOR THE 4 YEARS TO 2020/21

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 2017/18 – 2020/21*

Indicator	Unit	Actual 2016/17	2017/18	2018/19	2019/20	2020/21
Variable interest rate exposure - upper limit *	£000	140,000	225,000	160,000	170,000	160,000

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

In May 2016 Arlingclose, the Council's treasury advisor, advised that with short-term interest rates much lower than long-term rates, it was likely to be more cost effective in the short-term to borrow short-term loans instead of long-term loans. Instruments that mature during the year are classed as variable, therefore an increase in the variable fixed rate of borrowing to £140,000 for 2016/17 was approved by County Council on 26 May 2016.

*Table 5.4.4 Upper Limit of Variable Rate Borrowing 2016/17 – 2019/20 approved by Council on 18 February 2016*

Indicator	Unit	2016/17	2017/18	2018/19	2019/20
Variable interest rate exposure - upper limit *	£000	100,000	95,000	82,000	90,000



## 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 2017/18*

Maturity Structure of Fixed Rate Borrowing	Actual 2016/17		2017/18	
	Upper Limit	Lower Limit	Upper Limit	Lower Limit
Under 12 months	45%	0%	80%	0%
12 months and within 24 months	50%	0%	50%	0%
24 months and within 5 years	55%	0%	55%	0%
5 years and within 10 years	60%	0%	80%	0%
10 years and above	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 for 2016/17 approved by Council on 18 February 2016*

Maturity Structure of Fixed Rate Borrowing	2016/17	
	Upper Limit	Lower Limit
Under 12 months	45%	0%
12 months and within 24 months	50%	0%
24 months and within 5 years	55%	0%
5 years and within 10 years	60%	0%
10 years and above	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 2017/18 to 2020/21*

Indicator	Unit	Actual 2016/17	2017/18	2018/19	2019/20	2020/21
Total principal sums invested for periods longer than 364 days	£0m	£5m	£10m	£20m	£20m	£20m

With regard to longer term investments the recommendation is to limit sums for periods longer than 364 days to no more than £10m in 2017/18 and £20m in 2018/19 to 2020/21. Cash balances are anticipated to be low due to financing the EfW project.

*Table 5.6.2 Total Principal Sums Invested for Periods Longer than 364 Days 2016/17 to 2019/20 approved by Council on 18 February 2016*

Indicator	Unit	2016/17	2017/18	2018/19	2019/20
Total principal sums invested for periods longer than 364 days	£0m	£25m	£25m	£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.

# Regulatory and Audit Committee

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<b>Title:</b>	Contract Standing Orders - Exemptions / Breaches
<b>Date:</b>	14 <sup>th</sup> June 2017
<b>Author:</b>	Richard Ambrose
<b>Contact officer:</b>	Mark Preston (01296) 383107
<b>Local members affected:</b>	N/A

*For press enquiries concerning this report, please contact the media office on 01296 382444*

## Summary

This report provides an updated summary in relation to compliance with the Council's Standing Orders relating to Contracts (CSO) and compliance with the Public Procurement Regulations

The reporting period covers the period from 1<sup>st</sup> October 2016 until 31st March 2017

## Recommendation

Members are asked to note this report

## Background

The Committee has received four earlier reports on this subject, the most recent one being presented in November 2016

This Committee requested that they be updated at six monthly intervals on this subject.

## Summary

### 1.1 Standing Orders Relating to Contracts, Exemptions and Breaches

Standing Order 7 of the Contract Standing Orders states that all purchases over £25K must be subject to competition.

Standing Order 5 allows an exemption to the requirement for competition and allows a contract to be placed by direct negotiation with one or more suppliers.

Exemptions under this Order, however, cannot be granted if EU Regulations apply i.e. purchases with a value of £164,176 or above. If a direct award is made which is above this threshold (if a legal alternative such as a Framework is not used) a breach has occurred and officers are obliged to report this to the S151 and monitoring officer (statutory officers) at the earliest opportunity (and well in advance of the actual breach

happening) setting out the reasons for the potential breach, a summary of the advice received from procurement/legal, the risks associated with any delay and the planned course of action including timescales. This allows the s151 and monitoring officer the opportunity to intervene if deemed appropriate.

### **1.1.1 Exemptions Agreed by Procurement**

#### **During Quarters 3 & 4 Financial Year 16/17**

- There were a total of 9 exemptions during quarters 3 and 4 for Financial Year 16/17 (15 in the same period last year)
- The highest value application was £150,000
- The lowest application was £30,912
- The total value of exemptions approved was £449,208 compared to £1,541,719 in the same period last year

#### **During the complete Financial Year 2016/17:**

There were a total of 18 exemptions registered during the complete Financial Year 16/17. This is the same total of 18 (22 exemptions 4 of which were cancelled) for the complete Fiscal Year 15/16.

- The total value of exemptions approved was £1,208,374, a significant reduction on the previous Financial Year 15/16 (£2,229,056)
- The average value of an exemption was approximately £77,500
- The average length of an exemption was 9 months

### **1.1.2 Breaches to public procurement regulations**

The details of any breaches have been included in the confidential Appendix Two.

### **1.1.3 Actions to Reduce Exemptions and Breaches**

Although the number and value of exemptions has decreased during the 2016/17 financial year, Managing Directors and commissioning Directors are committed to reducing the number further and ensuring that commissioners and contract managers are aware that exemptions and breaches are taken seriously and should be avoided. The Procurement team send quarterly reports to contract managers and commissioners highlighting those contracts that are due to expire within the following 18 months. This allows plenty of time for planning the re-procurement of those contracts.

## **2. Publication of Opportunities and Award Notices**

The Public Procurement Regulations 2015 and the Government's Transparency Agenda require Local Authorities to publish contract opportunities and award notices on Contracts Finder. (Contracts Finder is the Government website used for the publication of all public sector procurement opportunities in England). Failure to comply will put the Authority in breach of UK law. The Crown Commercial Service is still considering the sanctions that will apply for non-compliance. Currently compliance is being monitored via a mystery shopping approach.

From November 2016 until March 2017 the Contract Award facility on the Government's Contracts Finder website has not been operational and therefore it has not been possible to place award notices or report on award notice compliance.

The reporting tool on the e-tendering system that was due to be released by the system provider in January 2017 has also been delayed. It is only now in user acceptance testing stage. This tool will enable Procurement to set up and run tailored reports.

There have been no Mystery Shopping cases about the Council in the last 6 months.



Fig. 1 - Data summary

Summary of all Exemption to Standing Orders registered during Complete Fiscal Year 2015/16 and Complete Fiscal 2016/17

Complete FY 2015/16	Qtr. 1	Qtr. 2	Qtr.3	Qtr. 4	Total
Total number. of exemptions registered	5	2	5	10	22
Total number. of exemptions cancelled during process	1	1	0	2	4
Lowest value exemption (excluding cancelled)	£47,000	£50,000	£10,000	£35,963	
Highest value exemption (excluding cancelled)	£143,797	£50,000	£324,311	£120,000	
Total no. of exemptions raised retrospectively (excluding cancelled)	1	0	0	4	5
Total value of retrospective exemptions (excluding cancelled )	£70,000	£0	£0	£200,163	£270,163
<b>Total value of exemptions</b>	<b>£514,797</b>	<b>£172,500</b>	<b>£558,868</b>	<b>£982,891</b>	<b>£2,229,056</b>

Complete FY 2016/17	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4	Total
Total number of exemptions registered	4	5	3	6	18
Total number. of exemptions cancelled during process	0	0	0	0	0
Lowest value exemption (excluding cancelled)	£100,000	£27,500	£30,912	£20,000	
Highest value exemption (excluding cancelled)	£120,000	£160,000	£150,000	£65,213	
Total no. of exemptions raised retrospectively (excluding cancelled)	0	1	0	1	2
Total value of retrospective exemptions (excluding cancelled )	£0	£92,000	£0	£60,000	£152,000
<b>Total value of exemptions</b>	<b>£287,333</b>	<b>£471,833</b>	<b>£212,162</b>	<b>£237,046</b>	<b>£1,208,734</b>

**Fig. 2 - Analysis of exemptions applied for under Standing Orders relating to Contracts**

**Complete Fiscal Year 2015/16 and Complete Fiscal Year 2016/17**

<b>Summary Complete Fiscal Year 2015/16</b>	<b>Qtr. 1</b>	<b>Qtr. 2</b>	<b>Qtr. 3</b>	<b>Qtr. 4</b>	<b>FY 15/16</b>
Total no. of exemptions registered	5	2	5	10	<b>22</b>
Total no. of exemptions cancelled during process	1	1	0	2	<b>4</b>
Total no. of exemptions categorised as Low risk (excludes cancellations)	4	1	4	5	<b>14</b>
Total no. of exemptions categorised as Medium risk (excludes cancellations)	0	0	1	3	<b>4</b>
Total no. of exemptions categorised as High risk	0	0	0	0	<b>0</b>

<b>Summary Complete Fiscal Year 2016/17</b>	<b>Qtr. 1</b>	<b>Qtr. 2</b>	<b>Qtr. 3</b>	<b>Qtr. 4 *</b>	<b>FY 16/17</b>
Total no. of exemptions registered	4	5	3	5	<b>18</b>
Total no. of exemptions cancelled during process	0	0	0	0	<b>0</b>
Total no. of exemptions categorised as Low risk (excludes cancellations)	3	3	2	2	<b>10</b>
Total no. of exemptions categorised as Medium risk (excludes cancellations)	1	2	1	2	<b>6</b>
Total no. of exemptions categorised as High risk	0	0	0	0	<b>0</b>

\*Further information pending for two exemptions at the time of this report and risk has yet to be assessed



**Fig.3 - Exemptions by Service Area**

**Complete Fiscal Year 15/16 and Complete Fiscal Year 2016/17 (excludes cancelled Exemptions)**

<b>Exemptions to Contract Standing Orders by Service Area (April 2015 - March 2016)</b>	<b>No.</b>	<b>No. Low / Medium Risk</b>	<b>No. High Risk</b>
BSP	6	5	1
CHASC - Adult Social Care	1	1	0
CHASC - Communities	2	2	0
CHASC - Public health	2	3	0
CYP - Learning, Skills & Prevention	4	4	0
TEE – Environment	2	2	0
<b>Totals</b>	<b>17</b>	<b>17</b>	<b>1</b>

<b>Exemptions to Contract Standing Orders by Service Area (April 2016 - March 2017)</b>	<b>No</b>	<b>No. Low / Medium Risk</b>	<b>No. High Risk</b>
BSP - HR Safeguarding Team	1	1	
CHASC - Adult Social Care			
CHASC - Children in Care	1	1	
CHASC - Culture & Leisure	1*		
CHASC – Communities	5	5	
CHASC – Operations	1	1	
CHASC - Public Health	1	1	
CHASC - Strategic Commissioning	1	1	
CYP - Learning, Skills & Prevention	2	2	
HQ - Customer & Communications	1*		
HQ - People & Organisational Development	1	1	
TEE – Environment	2	2	
TEE - Public Transport	1	1	
<b>Totals</b>	<b>18</b>	<b>16</b>	<b>0</b>

\* Further information pending for two exemptions at the time of this report and risk has yet to be assessed



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

Document is Restricted



# Regulatory and Audit Committee

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<b>Title:</b>	Whistleblowing Policy - Incidents and Effectiveness
<b>Date:</b>	Wednesday 14 June 2017
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*For press enquiries concerning this report, please contact the media office on 01296 382444*

## Summary

The Council's Whistleblowing Policies (for Services and Schools) were updated last year to reflect the Government's revised 'prescribed persons' list. These updated policies were approved by the Regulatory and Audit Committee in April 2016.

The policy is brought to the attention of new joiners to the Council through Appendix 1, County Wide Confidentiality Statement, attached to Contracts of Employment. The Whistleblowing Policy is highlighted in the Employee Handbook and is available to all employees on the Council's intranet and Schoolsweb. The policy also appears on the Council's internet for access by those working with the Council who do not have access to the intranet.

We have had one service based whistleblowing complaint in 2016/17. This raised concerns about whether the proposal to transfer the supply of legal services to the London Borough of Harrow was lawful. The complaint was investigated and external legal advice obtained which provided assurance that the transfer was lawful. The proposal was duly implemented.

There has been no updated legislation issued with regard to Whistleblowing, and the Whistleblowing policies have been reviewed and it is recommended that no amendments are required.

## Recommendation



**That the Regulatory and Audit Committee approve the current Whistleblowing policies for Services and Schools.**

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**Background Papers**

The attached appendices are the current Whistleblowing policies for Services and Schools.

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## WHISTLEBLOWING POLICY AND PROCEDURE

### 1. INTRODUCTION

- 1.1 BCC encourages all individuals to raise any concerns that they may have about the conduct of others in the Council or the way in which the Council is run.
- 1.2 Whistleblowing occurs when an employee or worker raises a concern about a dangerous or illegal activity that they are aware of through their work and that may affect others, e.g. customers, members of the public, or their employer. A concern raised, also known as a protected disclosure under the Public Interest Disclosure Act 1998, must be in the public interest to qualify for protection. Concerns that are covered by this policy include:
- Conduct which is an offence or breach of law
  - Health and Safety risks, including risks to the public as well as employees/workers
  - Damage to the environment
  - Abuse of clients
  - Safeguarding concerns relating to children, young people or vulnerable adults
  - Practice which falls below established standards of practice
  - Possible fraud, corruption or financial irregularity including unauthorised use of Council funds (*please see the BCC Anti Fraud and Corruption Framework*)
  - Unreasonable conduct resulting in unfair pressures on staff
  - Any other unethical conduct
  - Covering up information about anything listed above
- 1.3 This policy applies to all BCC employees, employed under the terms of Bucks Pay Employment Conditions and all workers including agency staff, consultants, self-employed staff, apprentices, trainees, contractors and volunteers. It also applies to organisations working in partnership with the Council.

### 2. PRINCIPLES

- 2.1 This policy and procedure is founded on the following principles:
- a. Employees/workers have a legal right to report their concerns if they have a reasonable belief that wrongdoing may be occurring, or may have occurred, within the Council.
  - b. The Public Interest Disclosure Act 1998 protects employees/workers from reprisal, victimisation or harassment at work if they raise a concern that they reasonably believe is in the public interest.
  - c. Any matter raised under this procedure will be investigated thoroughly, promptly and confidentially, and the outcome of the investigation reported back to the worker who raised the issue.
  - d. If a concern is raised in confidence, the employee's or worker's identity will not be disclosed without their consent, unless required by law.
  - e. All parties involved in the whistleblowing process will maintain strict confidentiality throughout by ensuring that only the people who need to know have access to details

of the case (with the exception of any legal obligations requiring action from the Council, e.g. in health and safety matters).

- f. The employee/worker has a right to be accompanied by an accredited trade union representative or work colleague at any meeting during the Whistleblowing process.
- g. Maliciously making a false allegation is a disciplinary offence, which may be dealt with under the Conduct and Discipline Policy and Procedure.
- h. Harassment or victimisation of a whistleblower (including informal pressures) will be treated as a disciplinary offence, which will be dealt with under the Conduct and Discipline Policy and Procedure.
- i. Any person who deters or attempts to deter any individual from genuinely raising concerns under this policy may also be subject to the Council's Conduct and Discipline Policy and Procedure.
- j. Issues raised by an employee about their own employment should be dealt with through the Grievance Policy and Procedure.
- k. The Role of the Council's Monitoring Officer (Director of Strategy and Policy) is to promote and maintain high standards of conduct across the Council and to ensure lawfulness and fairness of decision making.
- l. All cases raised will be reported by HR to the Council's Monitoring Officer (Director of Strategy and Policy). The Monitoring Officer will keep a central register of all concerns raised relating to Buckinghamshire County Council and Schools.
- m. As part of the ongoing review of the effectiveness of this policy, an annual report will be issued to the Buckinghamshire County Council Regulatory and Audit Committee of all concerns raised under the Whistleblowing policy.
- n. Not to discriminate against any individual in the application of this policy and procedure on the protected characteristics of age, disability, gender reassignment, marriage and civil partnership, maternity and pregnancy, race, caste, religion or belief, sex, sexual orientation, or other grounds protected in law (e.g. part-time worker status, trade union membership or HIV positive status).

### **3. SAFEGUARDING**

- 3.1 If an employee/worker has a concern that any person who works with children, young people or vulnerable adults, in connection with their employment or voluntary activity, has:
  - a. behaved in a way that has harmed a child, young person or vulnerable adult or may have harmed a child, young person or vulnerable adult
  - b. possibly committed a criminal offence against or related to a child, young person or vulnerable adult
  - c. behaved towards a child, young person or vulnerable adult in a way that indicates they may pose a risk of harm to children, young people or vulnerable adults



the employee/worker should raise the concern via the Whistleblowing Policy as this policy affords the employee/worker protection under the Public Interest Disclosure Act 1998. It is important that a safeguarding concern is raised as a matter of urgency as the safety of others may be dependent upon the concern being dealt with swiftly. The concern may then have to be dealt with under the procedures for Safeguarding Vulnerable Adults and Managing Allegations against Staff and Volunteers working with Children and Young People.

- 3.2 An employee/worker may raise their concern regarding a person who works with children, young people or vulnerable adults with a Local Authority Designated Officer (LADO).

#### **4. RAISING A CONCERN UNDER THE WHISTLEBLOWING PROCEDURE**

##### **4.1 Stage 1:**

- a. In the first instance, the employee/worker should raise their concern verbally or in writing with their immediate manager, or, if the concern involves the direct line manager, the line manager's manager.
- b. The manager will then either continue to deal with the concern or refer it to another appropriate senior manager. Where concerns raised involve Children, Young People or Vulnerable Adults, the appropriate process should be followed.

##### **Stage 2:**

- c. If the employee/worker is dissatisfied with the outcome at Stage 1, they may opt to take the matter to Stage 2 by writing to the manager of the person who dealt with the concern at Stage 1.
- d. Following a Hearing at Stage 2 if the employee/worker is dissatisfied with the way in which procedures were followed and/or the outcome, prior to taking their concerns outside the council, they should put their concerns in writing to the Monitoring Officer in order that concerns may be addressed.

##### **Stage 3:**

- e. If the employee/worker is dissatisfied with the outcome at Stage 2, they may opt raise the concern outside the Council to any of the following:
  - A County Councillor or the local Member of Parliament
  - Buckinghamshire County Council's External Auditor
  - The Comptroller and Auditor General
  - The Police
  - Public Concern at Work ([www.pcaw.co.uk](http://www.pcaw.co.uk) or telephone 020 7404 6609)
  - A relevant professional body or inspectorate (e.g. OFSTED OR SSI)
  - A trade union or professional association



# BUCKINGHAMSHIRE COUNTY COUNCIL

## WHISTLEBLOWING POLICY AND PROCEDURE

### FOR SCHOOLS

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## **1. INTRODUCTION**

- 1.1 The Council/Governing Body is committed to achieving the highest possible standards of service and ethical standards.
- 1.2 This document sets out the Whistleblowing policy for staff employed in and working for Schools and encourages employees/workers to not overlook any concerns they may have or to take these outside of the School but to raise those concerns internally through a supportive procedure.
- 1.3 The policy forms part of the Council's Anti-Fraud and Corruption strategy and provides a structure for employees/workers to raise serious concerns about any aspect of the School's work without the risk of any subsequent detriment or disadvantage.
- 1.4 This policy is in addition to the School's Complaints and Grievance Procedures. It does not form part of the School's Conduct and Discipline procedure, although disciplinary action may result from the application of this policy.

## **2. SCOPE**

- 2.1 This policy applies to:
  - a. All Teachers on Teachers pay and conditions and Buckinghamshire County Council employees employed in schools under the terms of Bucks Pay Employment Conditions.
  - b. Workers, including agency staff, consultants, self employed individuals and trainees engaged to work in Schools.
  - c. Contractors working for the Council/Governing Body on School premises and suppliers and those providing services under a contract with the Council/ Governing Body on their own premises.
  - d. Organisations working in partnership with the Council/Governing Body.
  - e. Volunteers working with or for the Council/Governing Body (note that Volunteers are not currently covered by Public Interest Disclosures Act 1998).

This policy does not apply to:

- a. Members of the general public including parents and/or guardians of pupils. Concerns raised by the general public should be made via the School's complaints procedure.

2.2 Procedures are in place to enable employees/workers to lodge a grievance relating to their own employment. Any serious concerns that a member of staff has about an aspect of service provision or conduct of staff/governors or others acting on behalf of the school, can and should be reported under this Whistleblowing policy.

### **3. ROLES AND RESPONSIBILITIES**

3.1 Governors/Headteachers/Teachers/Line Managers and employees/workers have a responsibility within this procedure.

Governors/Headteachers/Teachers/Line Managers will:

- a. Ensure the Whistleblowing procedures are followed correctly, seeking advice from HR where they are unsure/as appropriate.
- b. Support employees/workers who raise concerns under this procedure to ensure that they do not suffer detriment as a result of their action e.g. loss of status/income/conditions of employment/adverse treatment by those implicated.
- c. Inform the Council's Monitoring Officer (Director of Strategy and Policy) when a concern is raised to them.
- d. Protect the identity of an employee/worker who raises concerns and does not want their name revealed, by only telling those who need to know and asking them to respect the confidentiality of this information.
- e. Ensure that, even in the case of anonymity, the employee/worker is aware that any investigation may reveal the source of the information, and that they may be asked to give a statement as part of the process of gathering evidence.
- f. Where managerial or procedural action through a different policy e.g. Conduct and Discipline, is being taken against the employee who has raised concerns, the manager should contact the HR Service Desk who in turn will contact the Council's Monitoring Officer (Director of Strategy and Policy), the Service Director Learning Skills and Prevention and other appropriate colleagues, to decide whether that

action should be delayed whilst an investigation under the whistleblowing procedure takes place.

3.2 Governors will:

- a. address any concerns to the Service Director Learning, Skills and Prevention or to an elected Member of the Council.

3.3 Employees/Workers will:

- a. Not whistleblow for personal gain or with malicious intent but use this procedure to raise genuine concerns when they believe that to do so is in the public's interest.
- b. Reasonably believe their allegations and the information they provide are substantially true.

3.4 In relation to employees in Community and Voluntary Controlled Schools with delegated budgets, the obligations of the employer reside with the Governing Body as agent of the County Council.

3.5 In relation to employees in Foundation and Voluntary Aided Schools with delegated budgets, the obligations of the employer reside with the Governing Body.

#### **4. PRINCIPLES**

4.1 The policy and procedure contained within this document is founded on the following principles:

- a. That employees/workers have a legal right to report their concerns if they have a reasonable belief that wrongdoing may be occurring, or may have occurred, within the School.
- b. That the Public Interest Disclosure Act 1998 protects employees/workers from reprisal, victimisation or harassment at work if they raise a concern that they reasonably believe is in the public interest.
- c. To encourage employees/workers to raise serious concerns within the School initially, rather than overlooking a problem or whistleblowing directly to an outside organisation.

- d. To encourage and enable individuals to raise concerns about any aspect of the School's work and receive feedback on any action taken without fear of reprisal.
- e. To ensure that individuals receive a timely response to their concerns.
- f. Not to discriminate against any individual in the application of this policy and procedure on the protected characteristics of age, disability, gender reassignment, marriage and civil partnership, maternity and pregnancy, race, caste, religion or belief, sex or sexual orientation, other grounds protected by law (e.g. part-time worker status, trade union membership or HIV positive status).

## **5. DEFINITION OF WHISTLEBLOWING**

5.1 Whistleblowing occurs when an employee or worker raises a concern about a dangerous or illegal activity that they are aware of through their work and that may affect others, e.g. pupils, members of the public including parents and guardians, or the School. A concern raised, also known as a protected disclosure under the Public Interest Disclosure Act 1998, must be in the public interest to qualify for protection.

5.2 The Whistleblower may not be directly or personally affected by the danger or illegality. Consequently, the whistleblower rarely has a personal interest in the outcome of the investigation and as such should not be expected to prove their case. Instead, he or she may raise the concern, also known as a protected disclosure, using the process outlined in this policy, so that others can address it.

5.3 Concerns that are covered by this policy include:

- Conduct which is an offence or breach of law
- Failing to comply with a legal obligation although not usually in terms of an employee's employment unless it is in the public interest
- Health and Safety risks, including risks to pupils as well as employees/workers
- Damage to the environment
- Abuse of pupils
- Safeguarding concerns relating to children or vulnerable adults
- Practice which falls below established standards of practice

- Possible fraud, corruption or financial irregularity including unauthorised use of School funds (*please see the School's Fraud Response*)
- Unreasonable conduct resulting in unfair pressures on staff
- Any other unethical conduct
- Covering up information about anything listed above

5.4 This policy incorporates provisions that are required from the Public Interest Disclosure Act 1998.

## **6. EXCLUSIONS**

6.1 This policy does not cover the following cases:

- a. Issues raised by the general public – in these instances the individual School's Complaints Procedure should be used.
- b. Issues raised by an employee about their own employment – this is dealt with through the School's grievance procedure.
- c. Concerns regarding Safeguarding will be raised under the Whistleblowing Policy to ensure that the employee/worker raising the concern is protected by Public Interest Disclosure Act 1998. However, the concern itself may have to be dealt with under the Managing Allegations Policy.
- d. This policy is not to be used as an appeal mechanism for other procedures i.e. following an unfavourable outcome from a grievance procedure unless employees/workers feel that the process in another procedure was significantly and seriously compromised.
- e. Employees/workers must not use dismissal or redundancy selection as sole reasons for making a disclosure under this policy.

## **7. MISUSE OF THE POLICY**

7.1 The Council/Governing Body will take seriously any concerns raised that are subsequently proven to have been made maliciously. Any employee/worker who is



found to have acted maliciously may be subject to the Schools' Conduct and Discipline Policy and Procedure.

- 7.2 If, however, an employee/worker raises a concern from an honest and reasonable belief that it is in the public interest that is not later confirmed by investigations, no action will be taken against that individual.

## **8. CONFIDENTIALITY AND ANONIMITY**

- 8.1 If a concern is raised in confidence, the employee's or worker's identity will not be disclosed without their consent, unless required by law. If the situation arises where the Council/Governing Body is unable to resolve the concern without revealing the identity, e.g. because evidence is needed in court, this will be discussed first with the employee/worker who raised the concern to agree how to proceed. However, the Council/Governing Body will not disclose the identity of the whistleblower to the person who is the subject of the disclosure or others not involved in the investigation unless it is required by law and only with prior consent from the whistleblower.
- 8.2 It is important to note that it will be much more difficult to investigate the matter or proceed in instances where a concern is raised anonymously. Accordingly, whilst the Council/Governing Body will consider anonymous reports, it may not be possible to apply all aspects of this policy for concerns raised anonymously.
- 8.3 It is expected that all parties involved in the whistleblowing process will maintain strict confidentiality throughout by ensuring that only the people who need to know have access to details of the case (with the exception of any legal obligations requiring action from the Council/Governing Body, e.g. in health and safety matters).
- 8.4 Any person found to have breached the terms of this policy in relation to confidentiality may be subject to action under the School's Conduct and Discipline procedures.

## **9. SAFEGUARDING**

- 9.1 If an employee/worker has a concern that any person who works with children, young people or vulnerable adults, in connection with his/her employment or voluntary activity, has:

- a. behaved in a way that has harmed a child, young person or vulnerable adult or may have harmed a child, young person or vulnerable adult
- b. possibly committed a criminal offence against or related to a child, young person or vulnerable adult
- c. behaved towards a child, young person or vulnerable adult in a way that indicates they may pose a risk of harm to children, young people or vulnerable adults

the employee/worker should raise the concern via the Whistleblowing Policy as this policy affords the employee/worker protection under the Public Interest Disclosure Act 1998. It is important that a safeguarding concern is raised as a matter of urgency as the safety of others may be dependent upon the concern being dealt with swiftly. The concern may then have to be dealt with under the procedures surrounding Safeguarding Vulnerable Adults and Managing Allegations against Staff and Volunteers working with Children and Young People.

- 9.2 In addition to guidance below in section 10, an employee/worker may raise their concern regarding a person who works with children, young people or vulnerable adults with a Local Authority Designated Officer (LADO).

## **10. INITIAL STAGES OF RAISING A CONCERN UNDER THE WHISTLEBLOWING POLICY**

- 10.1 In the first instance, the employee/worker should raise their concern orally or in writing with an appropriate level of line management e.g. Teacher/Headteacher/Line Manager. If the concern raised involves the Headteacher, an approach should be made to the Chair of Governors
- 10.2 If the employee/worker feels unable to raise a concern to an appropriate level of line manager they may alternatively use the Council's Whistleblowing hotline on **01296 382237** or email [audit@buckscc.gov.uk](mailto:audit@buckscc.gov.uk). Using this hotline will ensure that employees/workers are protected under this policy.
- 10.3 Concerns can also be raised through the employee/worker's trade union representative. The representative should then seek advice on procedures from the branch secretary.
- 10.4 Workers, such as agency workers or contractors, should raise a concern with their contact within the School, usually the person to whom they report.

- 10.5 The employee/worker must make it clear that they are raising the concern under the Whistleblowing policy.
- 10.6 If they wish to remain anonymous, they should make this clear to the person they contact.
- 10.7 Employees/workers will not be required to provide evidence of the concern but will be expected to demonstrate that there are reasonable grounds for raising the issue.
- 10.8 Employees/Workers should have nothing to fear by reporting concerns and individuals who do invoke the whistleblowing procedures will be seen as 'witnesses' rather than 'complainants' by the School.
- 10.9 Any investigations that are deemed necessary following the reporting of a concern will not be influenced by any disciplinary or redundancy procedures that may already affect employees/workers.
- 10.10 If an initial concern raised within the Authority includes any possible financial irregularity, the Director of Assurance should be informed by the Headteacher/Chair of Governors.
- 10.11 At any meeting during the whistleblowing process, the employee/worker has a right to be accompanied by an accredited union representative or work colleague.
- 10.12 The manager may at their discretion allow the employee to bring a companion who is not a colleague or trade union representative where this will help overcome a particular difficulty caused by disability, or where the employee has a difficulty understanding English.

## **11. FORMAL STAGES OF THE WHISTLEBLOWING PROCEDURE**

- 11.1 There are three possible stages to the School's formal Whistleblowing procedure:

### **Stage 1:**

- a. In the first instance, the employee/worker should raise their concern orally or in writing with an appropriate level of line management e.g. Teacher/Headteacher/Line Manager. If the concern raised involves the Headteacher, an approach should be made to the Chair of Governors. If the concern raised involves the Chair of Governors the employee/worker should approach HR or the Service Director, Learning Skills and Prevention.

- b. The Headteacher/Line Manager will then either continue to deal with the concern or refer it to another appropriate Senior member of staff or the Chair of Governors. Where concerns raised involve Children, Young People or Vulnerable Adults, the appropriate process should be followed. (See Section 11 in the Whistleblowing Toolkit for Managers and Employees for further information).

**Stage 2:**

- c. If the employee/worker is dissatisfied with the outcome at Stage 1, they may opt to take the matter to Stage 2 by writing to the Headteacher/Chair of Governors.
- d. Following a Hearing at Stage 2 if the employee/worker is dissatisfied with the way in which procedures were followed, prior to taking their concerns outside the School, they should put their concerns in writing to the Chair of Governors in order that concerns may be addressed.

**Stage 3:**

- e. If the employee/worker is dissatisfied with the outcome at stage 2, they may opt to take the matter to stage 3, by raising the concern externally.
- f. At Stage 3, the employee/worker is entitled to take their concern to any of the following<sup>1</sup>:
- A County Councillor or the local Member of Parliament
  - Buckinghamshire County Council's External Auditor
  - The Comptroller and Auditor General
  - Secretary of State for Education
  - The Police
  - Public Concern at Work<sup>2</sup> ([www.pcaw.co.uk](http://www.pcaw.co.uk) or telephone 020 7404 6609)
  - A relevant professional body or inspectorate (e.g. OFSTED OR SSI)
  - A trade union or professional association

<sup>1</sup> In taking their concerns outside the School, the employee/worker should, as far as possible, avoid revealing confidential information (e.g. about pupils, clients or other workers).

<sup>2</sup> Public Concern at Work is an accredited legal advice centre so an employee/worker who approaches this organisation does not breach the duty of confidence that they owe to their employer.

- The Diocesan Director of Education (employees/workers in Voluntary Aided schools only)

## **12. HEADTEACHERS/GOVERNORS**

- 12.1 Headteachers should raise their concern initially to the Chair of Governors and then an elected Member of the Council if they wish to take the concern to a Stage 2.
- 12.2 In the event that a Governor wishes to raise a concern under the Whistleblowing Policy, they should address their concerns to the Service Director Learning, Skills and Prevention or to an elected Member of the Council.

## **13. INVESTIGATION**

- 13.1 When a concern is raised through the Whistleblowing Policy, it may be necessary to carry out an internal enquiry. In this instance, an Investigating Officer will be appointed by the Hearing Officer (the manager conducting the meeting regarding the concern) and is responsible for investigating events surrounding or leading to the concern raised.
- 13.2 The Investigating Officer will meet any other parties or witnesses named in the investigation or deemed to be relevant. At this point, a written summary of interview notes and any findings should be produced for the Hearing Officer.
- 13.3 If further allegations or information come to light during the course of the investigation the Hearing Office must be kept informed.

## **14. ACTION UNDER THE WHISTLEBLOWING POLICY**

- 14.1 The employee/worker should be kept informed as to what decision has been made and an explanation given for the decision. However, it may not be possible to tell the employee/worker the precise action that may be taken as a result as this may infringe a duty of confidence owed by the School/Council to another employee/worker.
- 14.2 Prior to any investigation, the Headteacher/Line Manager/Chair of Governors may decide to:
- Take action without the need for an investigation

- Take urgent action before an investigation takes place, e.g. suspension of an employee/worker, if sufficient initial evidence indicates this is warranted. See the School's Conduct and Discipline Policy for details on Suspension.
- Undertake an investigation e.g. through the disciplinary procedure, Managing Allegations against Staff and Volunteers Working with Children and Young People, Safeguarding Vulnerable Adults process or by internal audit through the Anti-Fraud and Corruption Statement of Policy if the case involves financial irregularity or corruption.
- Refer the concern straight to the police. If a concern is referred straight to the police then an internal investigation **must not** be carried out as the police will wish to speak to all parties involved.
- Arrange an alternative independent enquiry e.g. Health and Safety Executive

14.3 If a decision is made to take action under another policy e.g. Conduct and Discipline or the Managing Allegations, after an investigation, the Headteacher/Line Manager/Chair of Governors should:

- Write to the employee/worker who has raised the concern to inform them of the outcome within 5 working days of the meeting, copying in the Council's Monitoring Officer,
- Give reasons for the decision made and explain that the employee/worker has a right to take the matter to the next level and give details of how they should do this.

14.4 If, following the use of the whistleblowing procedures, an individual believes they are being subjected to detrimental treatment by any person within the School, they must inform their relevant Line Manager immediately and appropriate action will be taken to protect them from any reprisals. In the case of a Governor being subjected to detrimental treatment they should immediately inform the Service Director Learning, Skills and Prevention.

14.5 As part of the Council/Governing Body's commitment to dealing with concerns raised via this policy, any person who victimises or harasses an individual as a result of them having raised a concern under the procedure, may be subject to the Schools' Conduct and Discipline Policy.

- 14.6 Similarly any person who deters or attempts to deter any individual from genuinely raising concerns under this policy may also be subject to the Schools' Conduct and Discipline Policy.

## **15. RECORDS**

- 15.1 The Council's Monitoring Officer (Director of Strategy and Policy) will keep a central register of all concerns raised relating to Buckinghamshire County Council and Schools. Confidential HR records of the outcome of any concerns raised will also be maintained.
- 15.2 The Chair of Governors should also keep a record of concerns raised within the School. Records should not be kept on the file of the individual who raised the concern under any circumstances.
- 15.3 As part of the ongoing review of the effectiveness of this policy, an annual report will be issued to the Buckinghamshire County Council Regulatory and Audit Committee of all concerns raised under the Whistleblowing policy.

## **16. FURTHER GUIDANCE**

- 16.1 Further guidance is contained in the relevant toolkits listed below, for all parties involved during the Whistleblowing process:
- Whistleblowing Toolkit
  - Safeguarding Toolkit
- 16.2 The Toolkits are updated on a regular basis. Managers and Teachers should ensure that they refer to the most up to date copy on the intranet and not a previous printed version.
- 16.3 Formal advice and guidance is available from the HR Service Desk





## Regulatory & Audit Committee Forward Plan – Forward Plan

Date of meeting	Items ^ = to OCB	Report Writer
<b>15 June 2017</b> <b>PART 2 ITEMS</b>	1. Y/E Treasury Management Update 2. Contract Standing Orders - Exemptions/Breaches ^ 3. Whistleblowing Policy - incidents and effectiveness ^ 4. 17/18 Draft Business Assurance Strategy (incl. Internal Audit Plan) 5. Limited Assurance Internal Audit Reports 6. Buckinghamshire Care Update 1. Transition Plan 2. Contract Management	1. Julie Edwards 2. TBC 3. Anne Nicholls 4. Maggie Gibb 5. Maggie Gibb 6. Maggie Gibb/Lee Fermandel
<b>26 July 2017</b> <b>PART 2 ITEMS</b>	1. Audit of Accounts ^ 2. Draft Annual Governance Statement ^ 3. Annual Report of Chief Auditor ^ 4. Business Assurance Update and Audit Action Tracker 5. Contract Management Update (including CMA) ^ 6. Effectiveness of Debt Management Strategy ^ 7. Mandatory Training Compliance Update^ 8. Petitions Process Review (Scope)^ 9. Risk Management Group update 10. Forward Plan 11. Limited Assurance Internal Audit Reports^ 12. Fraud Update (via Statutory Officers Group) 13. Private session with Chief Auditor 14. Private Session with Grant Thornton	1. Richard Ambrose 2. Richard Ambrose 3. Maggie Gibb 4. Maggid Gibb 5. TBC 6. TBC 7. Caroline High 8. Clare Capjon 9. Maggie Gibb 10. Rachel Bennett 11. Maggie Gibb 12. TBC 13. Maggie Gibb 14. TBC
<b>6 Sept 2017</b>	1. Business Continuity Management ^ 2. Business Assurance Update and Audit Action Tracker 3. Operating Framework Update ^ (MG)	1. Andy Fyfe 2. Maggie Gibb 3. Maggie Gibb

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## Regulatory & Audit Committee Forward Plan – Forward Plan

	<ol style="list-style-type: none"> <li>4. Business Assurance and Risk Strategy^ (MG)</li> <li>5. Anti-Fraud and Corruption Strategy and Money Laundering Policy ^ (MG)</li> <li>6. Whistleblowing Policy (Ann Nicholls)</li> <li>7. Risk Management Group Update</li> <li>8. Feedback and Complaints               <ul style="list-style-type: none"> <li>○ Annual Report – Corporate Complaints</li> <li>○ Annual Report – Adult Social Care</li> <li>○ Annual Report – Children’s Social Care</li> </ul> </li> <li>9. Limited Assurance Internal Audit Reports^</li> <li>10. Fraud Update (via Statutory Officers Group)</li> </ol>	<ol style="list-style-type: none"> <li>4. Maggie Gibb</li> <li>5. Maggie Gibb</li> <li>6. Anne Nicholls</li> <li>7. Maggie Gibb</li> <li>8. Carolyn Scholes</li> <li>9. Maggie Gibb</li> <li>10. TBC</li> </ol>
<p><b>8 Nov 2017</b></p>	<ol style="list-style-type: none"> <li>1. Treasury Management Update (JE)</li> <li>2. Business Assurance Update and Audit Action Tracker</li> <li>3. Appointment of External Auditors (RS)</li> <li>4. Annual Enforcement C&amp;YP (Protection from Tobacco)</li> <li>5. Report of Chief Surveillance Commissioner)</li> <li>6. Annual Governance Statement Action Plan</li> <li>7. Risk Management Group Update</li> <li>8. Limited Assurance Internal Audit Reports^</li> <li>9. Fraud Update (via Statutory Officers Group)</li> </ol>	<ol style="list-style-type: none"> <li>1. Julie Edwards</li> <li>2. Maggie Gibb</li> <li>3. Richard Schmidt</li> <li>4. TBC</li> <li>5. TBC</li> <li>6. Maggie Gibb</li> <li>7. Maggie Gibb</li> <li>8. Maggie Gibb</li> <li>9. TBC</li> </ol>
<p><b>Jan 18</b></p>	<ol style="list-style-type: none"> <li>1. External Auditors Audit Plan</li> <li>2. Quality Assurance Framework</li> <li>3. Risk Management Group Update</li> <li>4. Limited Assurance Internal Audit Reports^</li> <li>5. Fraud Update (via Statutory Officers Group)</li> </ol>	<ol style="list-style-type: none"> <li>1. Maggie Gibb</li> <li>2. Maggie Gibb</li> <li>3. Maggie Gibb</li> <li>4. Maggie Gibb</li> <li>5. TBC</li> </ol>

## Regulatory & Audit Committee Forward Plan – Forward Plan

PAST MEETINGS	
<p><b>24 May 2017</b></p> <p><b>PART 2 ITEMS</b></p>	<ul style="list-style-type: none"> <li>• Draft Statement of Accounts ^</li> <li>• Grant Thornton Audit Plan</li> <li>• Grant Thornton Pension Fund Audit Plan</li> <li>• Business Assurance Update ^</li> <li>• Risk Management Group update</li> <li>• Forward Plan</li> <li>• Limited Assurance Internal Audit Reports ^</li> <li>• Fraud Update (via Statutory Officers Group)</li> </ul>
<p><b>26 April 2017</b></p> <p><b>PART 2 ITEMS</b></p> <p><b>MEETING CANCELLED</b></p>	<ul style="list-style-type: none"> <li>• Contract Standing Orders - Exemptions/Breaches ^ - JUNE</li> <li>• Business Continuity Management ^- SEPT</li> <li>• Whistleblowing Policy - incidents and effectiveness ^ - JUNE</li> <li>• Outside Bodies Update ^- TBC</li> <li>• 17/18 Draft Business Assurance Strategy (incl. Internal Audit Plan) ^- JUNE</li> <li>• Business Assurance Update and Audit Action Tracker - JULY</li> <li>• Inspection RIPA Covert Surveillance Inspection ^- TBC</li> <li>• Grant Thornton Audit Plan ^- MAY</li> <li>• Grant Thornton Pension Fund Audit Plan ^ - MAY</li> <li>• Mandatory Training - Compliance Update ^- JULY</li> <li>• Assurance and Risk Strategy ^ - SEPT</li> <li>• Risk Management Group Update - JULY</li> <li>• Forward Plan</li> <li>• Limited Assurance Internal Audit Reports ^</li> <li>• Fraud Update (via Statutory Officers Group) - DELETE</li> <li>• Buckinghamshire Care Update</li> </ul>

## Regulatory & Audit Committee Forward Plan – Forward Plan

<b>8 February 2017</b>	<ul style="list-style-type: none"> <li>• Business Assurance Update and Audit Action Tracker (to Audit Board)</li> <li>• Treasury Management Annual Strategy ^</li> <li>• Effectiveness of Debt Management Strategy ^</li> <li>• Business Continuity Management Update ^- APRIL MEETING</li> <li>• Contract Management Application Performance Report ^</li> <li>• Limited Assurance Internal Audit Reports ^ - NONE</li> <li>• Fraud Update (to Statutory Officers) – APRIL MEETING</li> <li>• TfB ^</li> </ul>
<b>3 January 2017</b>	<ul style="list-style-type: none"> <li>• Business Assurance Update and Audit Action Tracker (to Audit Board)</li> <li>• Annual Report on Feedback and Complaints Procedure ^</li> <li>• Hearing the Customer’s View – Annual Report Children and Young People’s Social Care ^</li> <li>• Adult’s Social Care Complaints Procedure, Making Experiences Count ^</li> <li>• Vexatious Complaints (TBC)</li> <li>• Business Assurance and Risk Strategy ^- APRIL MEETING</li> <li>• Risk Management Group Update</li> <li>• Forward Plan</li> <li>• Limited Assurance Internal Audit Reports ^</li> <li>• Fraud Update (to Statutory Officers)</li> <li>• Buckinghamshire Care ^</li> </ul>
<b>9 November 2016</b>	<ul style="list-style-type: none"> <li>• External Audit Appointment</li> <li>• Treasury Management Update</li> <li>• Contract Standing Orders – Breaches/Exemptions</li> <li>• Annual Enforcement C&amp;YP (Protection from Tobacco)</li> <li>• Report of Chief Surveillance Commissioner</li> <li>• Risk Management Group Update</li> <li>• Annual Governance Statement Action Plan</li> </ul>

## Regulatory & Audit Committee Forward Plan – Forward Plan

	<ul style="list-style-type: none"><li>• Public Sector Internal Audit Standards</li><li>• Forward Plan</li></ul>
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## Regulatory & Audit Committee Forward Plan – Forward Plan

Date of meeting	Items
21 September 2016	<ul style="list-style-type: none"> <li>• Future External Audit Arrangements</li> <li>• Business Assurance Update and Audit Action Tracker</li> <li>• Mandatory Training - Compliance Update</li> <li>• Anti-Fraud &amp; Corruption Strategy and Money Laundering Policy</li> <li>• Special Education Needs Update</li> <li>• Bucks Learning Trust Update</li> <li>• Transport for Bucks Update</li> <li>• Forward Plan</li> </ul>
28 July 2016	<ul style="list-style-type: none"> <li>• Audit of Accounts by end of July</li> <li>• Final Annual Governance Statement</li> <li>• Business Assurance Update and Audit Action Tracker</li> <li>• Effectiveness of Debt Management Strategy</li> <li>• Business Continuity Management Update</li> <li>• Risk Management Group update</li> <li>• Forward Plan</li> <li>• Private session with Chief Auditor</li> <li>• Private Session with Grant Thornton</li> </ul>

## Regulatory & Audit Committee Forward Plan – Forward Plan

Date of meeting	Items
25 May 2016	<ul style="list-style-type: none"> <li>• Statement of Accounts by end of May</li> <li>• Annual Governance Statement</li> <li>• Annual Report of Chief Auditor</li> <li>• Treasury Management Update</li> <li>• Risk Management Group update</li> <li>• Forward Plan</li> </ul>
27 April 2016	<ul style="list-style-type: none"> <li>• Contract Standing Orders - Exemptions/Breaches</li> <li>• Contract Management Application Update</li> <li>• Whistleblowing Policy - incidents and effectiveness</li> <li>• Outside Bodies Update</li> <li>• 16/17 Draft Business Assurance Strategy (incl. Internal Audit Plan)</li> <li>• Business Assurance Update and Audit Action Tracker</li> <li>• Inspection RIPA Covert Surveillance Inspection</li> <li>• Pension Fund Audit Plan</li> <li>• Bucks Learning Trust Update</li> <li>• Future External Audit Arrangements</li> <li>• Risk Management Group Update</li> <li>• Forward Plan</li> </ul>





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