Regulatory and Audit Committee
31 January 2018

Please note that the private session of the meeting will include Fraud Awareness training for Committee Members.

Buckinghamshire County Council

Visit **democracy.buckscc.gov.uk** for councillor information and email alerts for local meetings

Regulatory and Audit Committee

Title:	Treasury Management Strategy 2018/19
Date:	Wednesday 31 January 2018
Author:	Director of Finance and Assets
Contact officer:	Cllr Gareth Williams Julie Edwards, Pensions & Investments Manager Luke Whitehead, Financial Accountancy Lead

Local members affected:

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

Summary

The purpose of this report is for the Regulatory and Audit Committee to consider the Council's Annual Treasury Management Policy Statement, Treasury Management Strategy Statement, Annual Investment Strategy and the Minimum Revenue Provision Policy Statement for 2018/19, together with the Prudential Indicators for the next four years before they are submitted to Council at its meeting on 22 February 2018. Attached in Appendix 1 are the tracked changes to the policy since it was last agreed by Council in February 2017.

Recommendation

The Committee are asked to RECOMMEND to Council the Treasury Management Policy Statement, Treasury Management Strategy Statement, Annual Investment Strategy and the Minimum Revenue Provision Policy Statement for 2018/19, together with the Prudential Indicators for the next four years.

Supporting information to include the following if a decision is being requested:

Resource implications

There are no additional costs associated with the recommendation, the aim is to maximise returns within a Strategy which is affordable, prudent and sustainable.

Legal implications

The publication of the outturn position and treasury management policy and associated schedules conform to best practice as required by the CIPFA Code of Practice.

Other implications/issues

1. The Council adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management Code of Practice 2011 edition (the CIPFA Code) on 1 April 2012. CIPFA consulted on changes to the Code in 2017, but has yet to publish a revised Code. The Code 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 the optimum performance consistent with those risks.

2. The Code requires the Council to approve a treasury management strategy before the start of each financial year. In addition, Department for Communities and Local Government (DCLG) Guidance on Local Authority Investments requires the Council to approve an investment strategy before the start of each financial year. In accordance with best practice the Council combines the Annual Investment Strategy with its Treasury Management Strategy Statement. The general policy objective is to ensure that surplus funds held on behalf of the Council are invested prudently.

3. Guidance on Minimum Revenue Provision under section 21(1A) of the Local Government Act 2003 also requires an annual statement on the Council's debt repayment policy: its Minimum Revenue Provision is submitted to the full Council for approval before the start of the financial year to which the provision will relate. Minimum Revenue Provision is defined as being the contribution from revenue to cover the unfinanced borrowing that has been undertaken to support the capital programme. Where capital expenditure was incurred before 1 April 2008 MRP will be charged on a straight line basis over 50 years in accordance with the guidance. For capital expenditure incurred on or after 1 April 2008 and funded through borrowing, the Council calculates MRP using a more complex calculation called the asset life annuity method. Using this method MRP is calculated in a similar way as calculating the capital repayment element of a fixed rate repayment mortgage.

4. The Treasury Management Policy Statement, Treasury Management Strategy Statement, Annual Investment Strategy and the Minimum Revenue Provision Policy Statement for 2018/19, are attached as Appendix 1. The approved investment counterparties and investments limits tables are included in the Investment Strategy.

5. The proposed Strategy for 2018/19 is to continue the 2017/18 Strategy. During the forthcoming 12 months, the Council's average investment balance is expected to range from £5m to approximately £50m, as the Council maintains minimum cash levels for operational purposes.

6. The Council's treasury portfolio position as at 31 December comprised:

	31 Dec 2015	31 Dec 2016	31 Dec 2017
Borrowing:	£m	£m	£m
PWLB	-92.5	-78.7	-117.2
LOBOs	-82.0	-82.0	-78.0
Temporary Borrowing	0.0	-42.5	-40.0
Gross Borrowing	-172.5	-203.2	-235.2
Treasury Cash:			
Money market funds	59.3	4.1	17.1
Deposits	154.5	10.0	0.0
Property fund	5.0	5.0	5.0
Gross Cash	218.8	19.1	22.1
Net Cash / (Borrowing)	46.3	-184.1	-213.1

7. The following table summarises interest paid on external debt and interest earned on cash balances:

	2016/17	2017/18	2018/19
	£m	£m	£m
Interest paid on Loans	8.9	8.3	8.5
Interest Income	0.8	0.4	0.4

8. The table below summarises the proposed investment limits for 2018/19 which are the same as the current strategy for 2017/18.

	Cash limit
Any single organisation, except the UK Central Government	£10m each
UK Central Government	Unlimited
Any group of organisations under the same ownership	£10m per group
Any group of pooled funds under the same management	£25m per manager
Negotiable instruments held in a broker's nominee account	£30m per broker
AAA sovereign rated foreign countries	£20m per country
AA+ sovereign rated foreign countries	£10m per country
Unsecured investments with Building Societies	£10m in total
Money Market Funds	£50m in total

9. In accordance with the Local Government Act 2003 the Council is required to agree a range of indicators to demonstrate that its investment plans are affordable, prudent and sustainable. The indicators, based on 2018/19 to 2021/22

capital programme form part of this strategy, are attached as Appendix 2. Progress against the Indicators is reported to the Regulatory & Audit Committee and County Council in the mid-year and annual activity reports.

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

Not applicable.

Background Papers

Treasury Management Strategy Report to County Council 16 February 2017
https://democracy.buckscc.gov.uk/documents/g9240/Public%20reports%20pack%2016th-Feb-2017%2009.30%20County%20Council.pdf?T=10

Treasury Management Annual Summary Report to County Council 13 July 2017
https://democracy.buckscc.gov.uk/documents/g9243/Public%20reports%20pack%2013th-Jul-2017%2009.30%20County%20Council.pdf?T=10

Treasury Management Mid-Year Report to County Council 23 November 2017
https://democracy.buckscc.gov.uk/documents/g9245/Public%20reports%20pack%2023rd-Nov-2017%2009.30%20County%20Council.pdf?T=10

Appendix 1

BUCKINGHAMSHIRE COUNTY COUNCIL

TREASURY MANAGEMENT POLICY STATEMENT, TREASURY MANAGEMENT STRATEGY STATEMENT, ANNUAL INVESTMENT STRATEGY AND MINIMUM REVENUE PROVISION POLICY STATEMENT FOR 2018/19

Treasury Management Policy Statement

1 Buckinghamshire County Council defines its treasury management activities 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.

- The County Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

- This Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

- The investment 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 so that funds are available for expenditure when needed. Both the CIPFA Code and Department for Communities and Local Government (DCLG) guidance requires the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The generation of investment income to support the provision of local authority services is an important, but secondary, objective.

- The Council’s borrowing objectives are to minimise the revenue costs of debt whilst maintaining a balanced loan portfolio. The Council will set an affordable borrowing limit each year in compliance with the Local Government Act 2003, and will have regard to the CIPFA Prudential Code for Capital Finance in Local Authorities when setting that limit.

Treasury Management Strategy Statement

Introduction

2 The Treasury Management Strategy details the expected activities of the treasury function in the forthcoming year 2018/19. The publication of the strategy is a statutory requirement.

3 The Treasury Management Strategy Statement and Annual Investment Strategy are underpinned by the CIPFA Code of Practice and Treasury Management Practices (TMPs) which provide prescriptive information as to how the treasury management function should be carried out.

Current Portfolio Position

4 The Council's treasury portfolio position as at 31 December is summarised below. Following the Energy from Waste bullet payment of £180m in June 2016 the Council changed from a net positive cash position to a net borrower:

	31 Dec 2015	31 Dec 2016	31 Dec 2017
Borrowing:	£m	£m	£m
PWLB	-92.5	-78.7	-117.2
LOBOs	-82.0	-82.0	-78.0
Temporary Borrowing	0.0	-42.5	-40.0
Gross Borrowing	-172.5	-203.2	-235.2
Treasury Cash:			
Money market funds	59.3	4.1	17.1
Term deposits<1 year	154.5	10.0	0.0
Property fund	5.0	5.0	5.0
Gross Cash	218.8	19.1	22.1
Net Cash / (Borrowing)	46.3	-184.1	-213.1

5 The following table summarises interest paid on external debt and interest earned on cash balances:

	2016/17	2017/18	2018/19
	£m	£m	£m
Interest paid on Loans	8.9	8.3	8.5
Interest Income	0.8	0.4	0.4

6 The Council's average cash balance is forecast to be approximately £30m, an average rate of return of 1% for the cash portfolio is anticipated. The Council is maintaining minimum cash levels for operational purposes. It is proposed that the 2017/18 strategy with the same cash limits as per the table below is retained during 2018/19:

	Cash limit
Any single organisation, except the UK Central Government	**£10m each**
UK Central Government	**unlimited**
Any group of pooled funds under the same management	**£25m per manager**
AAA sovereign rated foreign countries	**£20m per country**
AA+ sovereign rated foreign countries	**£10m per country**
Money Market Funds	**£50m in total**

Prospects for Interest Rates

7 The Council's treasury adviser Arlingclose's central case is for UK Bank Rate to remain at 0.50% during 2018/19**,** following the rise from the historic low of 0.25%. The Monetary Policy Committee re-emphasised that any prospective increases in Bank Rate would be expected to be at a gradual pace and to a limited extent.

Borrowing Strategy

8 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.

9 The Council may borrow in advance of spending need, where this is expected to provide the best long term value for money. 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 Council is intending to arrange a combination of PWLB long term loans and short term bank loans to meet its borrowing requirements. The Council's main objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The Council will be repaying £10m of PWLB borrowing on 14 February 2018, a £11.004m PWLB borrowing will be repaid during 2018/19. Following the repayment of higher interest PWLB loans the average interest rate of the debt portfolio. The Council pre-paid a £4m LOBO loan and will consider other prepayment options as they arise, which will reduce the average maturity profile of the debt.

10 The Council may borrow short term loans, normally for up to one month, to cover unexpected cash flow shortages.

~~11 UK Municipal Bonds Agency was established in 2014 by the Local Government Association as an alternative to the PWLB. It plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for three reasons: borrowing authorities may be required to provide bond investors with a joint and several guarantee over the very small risk that other local authority borrowers default on their loans; there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will be the subject of a separate report to the Council.~~

Investment Strategy

12 This Council maintains cash balances that are placed with reference to cash flow requirements. Investment of the Council's cash balances is in accordance with the Annual Investment Strategy.

Debt Rescheduling

13 The potential for debt rescheduling is monitored in light of interest rate movements. Any rescheduling will be in accordance with the borrowing strategy. The reasons for rescheduling include:
- The generation of cash savings at minimum risk.
- Fulfilment of the borrowing strategy.
- Enhancement of the maturity profile of the borrowing portfolio.

14 All rescheduling will be reported retrospectively as part of the Treasury Management Update Reports to the Regulatory and Audit Committee and County Council.

CIPFA Treasury Management Code of Practice

15 CIPFA recommends that all public service organisations adopt the following four clauses.

16 This Council will create and maintain, as the cornerstones for effective treasury management:
- A treasury management policy statement, stating the policies, objectives, approach to risk management of its treasury management activities, borrowing policies and investment policies.
- Suitable Treasury Management Practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

17 This Council will receive reports on its treasury management policies and activities, including an annual strategy and plan in advance of the year, a mid year review and an annual report after its close, in the form prescribed in its TMPs.

18 This Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Regulatory and Audit Committee, and for the execution and administration of treasury management decisions to the Director of Finance and Assets, who will act in accordance with the Council's policy statement and TMPs and CIPFA's Standard of Professional Practice on Treasury Management.

19 This Council nominates the Regulatory and Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

Annual Investment Strategy

Introduction

20 This Council has regard to the DCLG's revised Guidance on Local Government Investments and CIPFA's Treasury Management in Public Services: Code of Practice and Cross Sectoral Guidance Notes.

21 The Annual Investment Strategy states which investments, specified and non-specified, the Council may use for the prudent management of its treasury balances during the financial year.

22 This strategy sets out this Council's policies for managing its investments and for giving priority to the security of capital and liquidity of those investments.

Investment Objectives

23 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 so that funds are available for expenditure when needed. Both the CIPFA Code and DCLG guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The generation of investment income to support the provision of local authority services is an important, but secondary, objective. The effective management and control of risk are prime objectives of the Council's treasury management activities. Investment of the Council's cash balances will be in accordance with the Treasury Management Strategy and Policy. All investments will be in sterling to mitigate the impact of currency risk.

24 The Council’s investments, agreed lending list and strategy are reviewed on a monthly basis by the Treasury Management Group.

25 The Council’s treasury management ensures it has sufficient cash to meet its needs, balancing achieving value for money with the security of its investments (achieving a balance between security, liquidity and yield). Performance is monitored against its treasury management strategy and outcomes matched against benchmarks. The Council meets any tax and prompt payment legislation (Late Payment of Commercial Debts (Interest) Act 1998).

26 The DCLG maintains that the borrowing of monies purely to invest or lend on and make a return is unlawful and this Council will not engage in such activity.

27 Through various mechanisms identified in this strategy, the Council ensures that investment risks are effectively mitigated. The Council will ensure that an appropriate balance is found between maximising investment income to the Council within a prudent, transparent and logical investment strategy. The security of the principal sum shall be the Council’s prime risk factor.

Approved Counterparties

28 A country is assigned a sovereign rating which signifies a country’s ability to provide a secure investment environment which reflects factors such as economic status, political stability and foreign currency reserves. The strongest sovereign rating that can be achieved is “AAA”, “AA+” is the next strongest. The Council invests in the UK or specified AAA and AA+ sovereign rated countries, the total maximum that can be invested in an individual AAA sovereign rated country is £20m and the total maximum that can be invested in an individual AA+ sovereign rated country is £10m. Countries that are currently AAA sovereign rated are Australia, Canada, Denmark, Germany, Luxembourg, Netherlands, Norway, Singapore, Sweden and Switzerland. Austria, Finland, United Kingdom and the USA are currently AA+ sovereign rated. Santander UK plc is deemed to be a UK institution, although their parent bank is based in Spain, it has extensive UK operations. Sovereign credit rating criteria and foreign country limits will not apply to investments in multilateral development banks (e.g. the European Investment Bank and the World Bank) or other supranational organisations (e.g. the European Union).

29 The Authority may invest its surplus funds with any of the counterparty types in the table below, subject to the cash limits (per counterparty) and the time limits shown below

Cash limits (per counterparty)			
Credit Rating	**Banks Unsecured**	**Banks Secured**	**Government**
UK Govt	n/a	n/a	£ Unlimited 50 years
AAA	£5m 5 years	£10m 20 years	£10m 50 years
AA+	£5m 5 years	£10m 10 years	£10m 25 years
AA	£5m 4 years	£10m 5 years	£10m 15 years
AA-	£5m 3 years	£10m 4 years	£10m 10 years
A+	£5m 2 years	£10m 3 years	£5m 5 years
A	£5m 13 months	£10m 2 years	£5m 5 years
A-	£5m 6 months	£10m 13 months	£5m 5 years
BBB+	£3m 100 days	£3m 6 months	£3m 2 years
BBB	£3m next day only	£3m 100 days	n/a
None	£3m 6 months	n/a	£10m 25 years
Pooled funds	£25m per fund		

These tables must be read in conjunction with the following notes:

30 **Credit Rating:** Investment decisions are made by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used.

31 **Banks Unsecured:** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. Unsecured investment with banks rated BBB are restricted to overnight deposits at the Authority's current account bank Lloyds plc.

32 **Banks Secured:** Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the highest of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

33 **Government:** Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is an insignificant risk of insolvency. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

34 **Pooled Funds:** Shares in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

35 Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

Credit Watch / Outlook

36 From time to time an institution will be placed on negative watch or negative outlook, indicating that a downgrade is either likely or possible in the future. Watches are considered short term actions, whereas outlooks are considered over a longer time horizon. If an institution is on negative watch so that it is likely to fall below the above criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced.

Credit Default Swaps (CDS)

37 Credit rating agencies lag market events and therefore do not provide investors with an up to date picture of the credit quality of a particular institution. A CDS is a financial instrument which insures against the risk of a counterparty defaulting on its credit. When the cost of this insurance is highest, then it is more likely that the market considers a credit event will occur. Each month Arlingclose provides CDS spreads information enabling the Treasury Team to monitor short, medium and long term trends of CDS spreads. If there is a spike in the values of CDS's due to adverse market conditions, then Arlingclose alert the Treasury Team immediately.

Specified Investments

38 Specified investments offer relatively high security and high liquidity. These investments can be used with minimal procedural formalities. The DCLG Guidance defines specified investments as those denominated in sterling, with a maturity of no more than a year and invested with one of the UK Government, a UK local authority, parish council or community council or a body or investment scheme of “high credit quality”.

39 The Council defines “high credit quality” organisations and securities as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds “high credit quality” is defined as those having a credit rating of A- or higher.

Non-Specified Investments

40 Any investment not meeting the definition of a specified investment is classed as non-specified. The Council does not intend to make any investments denominated in foreign currencies, nor with any low credit quality bodies.

41 Non-specified investments will therefore be limited to long-term investments i.e. those that are due to mature 12 months or longer from the date of arrangement, unrated funds and unrated organisations.

42 The majority of the Council’s investments will be made for relatively short periods and in highly credit rated investments, giving priority to security and liquidity ahead of yield.

43 Limits on non-specified investments are shown in the table below.

	Cash limit
Total long-term investments	£25m
Total investments without credit ratings or rated below A- (includes other local authorities)	£50m
Total non-specified investments	£75m

44 The table below sets out investment limits

	Cash limit
Any single organisation, except the UK Central Government	**£10m each**
UK Central Government	**unlimited**
Any group of organisations under the same ownership	**£10m per group**

Any group of pooled funds under the same management	**£25m per manager**
Negotiable instruments held in a broker's nominee account	**£30m per broker**
AAA sovereign rated foreign countries	**£20m per country**
AA+ sovereign rated foreign countries	**£10m per country**
Unsecured investments with Building Societies	**£10m in total**
Money Market Funds	**£50m in total**

Security of Capital: The use of Credit Ratings

45 This Council relies on credit ratings published by the ratings agencies Fitch, Moodys and Standard and Poors to establish the credit quality of counterparties and investment schemes. The lowest available credit rating will be used to determine credit quality. Credit rated institutions are selected using criteria based on the country, also known as sovereign rating if the institution is not UK.

Monitoring of credit ratings:

- The Council has access to Fitch, Moodys and Standard & Poors credit ratings and is alerted to changes through e-mail updates.
- The Council invests in UK or specified AAA / AA+ sovereign rated countries, to improve the potential for diversification and also to optimise access to investments in the world's highest rated institutions the total maximum that can be invested in a AAA sovereign rated individual country is £20m and £10m individual country maximum for AA+ sovereign rated.
- If a counterparty or investment scheme's rating is downgraded with the result that it no longer meets the Council's minimum criteria, the further use of that counterparty/investment scheme as a new investment will be withdrawn immediately.
- If a counterparty is upgraded so that it fulfils the Council's criteria, its inclusion on the lending list will be considered and put to the Director of Finance and Assets for approval.
- From time to time an institution will be placed on negative watch or negative outlook, indicating that a downgrade is either likely or possible in the future. Watches are considered short term actions, whereas outlooks are considered over a longer time horizon. If an institution is on negative watch so that it is likely to fall below the above criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced.

Use of Specified and Non-Specified Investments

46 The use of specified and non-specified investments is limited to those set out above. The Director of Finance and Assets will keep the use of such investments under continuous review in the light of risk, liquidity and return. No additions will be made without the approval of the Council, following appropriate consultation.

Investment balances / Liquidity of investments

47 Based on its cash flow forecasts, the Council anticipates its fund balances in 2018/19 to range between £0m and £50m. A prime consideration in the investment of fund balances is liquidity and the Council's forecast cash flow. Investments are made in accordance with this Annual Investment Strategy and the investment strategies approved by the Director of Finance and Assets during the year.

Policy on Use of Financial Derivatives

48 Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits).

49 The general power of competence in section 1 of the Localism Bill 2011 removes much of the uncertain legal position over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment). The CIPFA Code requires authorities to clearly detail their policy on the use of derivatives in the annual strategy.

50 The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives will not be subject to this policy, although the risks they represent will be managed in line with the overall treasury risk management strategy.

Provisions for Credit-related losses

51 If any of the Council's investments appear at risk of loss due to default the Council will make revenue provision of an appropriate amount; although, the Council will make all reasonable attempts to secure any potential defaults prior to such an occurrence.

Reporting & Governance Arrangements

52 The treasury strategy, six monthly review and annual activity reports are presented to the Regulatory and Audit Committee. The Council's

investments, agreed lending list and strategy are reviewed on a monthly basis by 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 officers; the Prudential Indicators are reviewed quarterly at this meeting.

Non-Treasury Investments

53 Although not classed as treasury management activities and therefore not covered by the CIPFA Code or the CLG Guidance, the Authority may also purchase property for investment purposes. Such loans and investments will be subject to the Authority's normal approval processes for revenue and capital expenditure and need not comply with this treasury management strategy.

Training

54 Member and officer training is essential in terms of understanding roles and keeping up to date with changes. It is an essential component of the CIPFA Treasury Management Code of Practice; to address this training need, training will be provided to all members of the Regulatory & Audit Committee and key officers attend relevant courses / seminars on treasury management.

Treasury Management Advisers

55 The Council has appointed Arlingclose as treasury management advisers and receives specific advice on investment, debt and capital finance issues. However, responsibility for final decision making remains with the Council and its officers. The services received include advice and guidance on relevant policies, strategies and reports, advice on investment decisions, notification of credit ratings and changes, other information on credit quality, advice on debt management decisions, accounting advice, reports on treasury performance, forecasts of interest rates and training courses for officers and members.

56 The quality of this service is reviewed by participating in CIPFA's treasury management benchmarking and monitoring investment performance against a weighted average LIBID.

Investment of Money Borrowed in Advance of Need

57 The Authority may, from time to time, borrow in advance of need, where this is expected to provide the best long term value for money. Since amounts borrowed will be invested until spent, the Authority is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Authority's overall management of its treasury risks.

58 The total amount borrowed will not exceed the authorised borrowing limit. The maximum period between borrowing and expenditure is expected to be two years, although the Council is not required to link particular loans with particular items of expenditure.

Minimum Revenue Provision Policy Statement

57 Prior to 2008/09, the Council in accordance with legislation made a contribution from revenue to cover 4% of the unfinanced borrowing that has been undertaken to support the capital programme. This contribution is called the Minimum Revenue Provision (MRP).

58 The Secretary of State under section 21(1A) of the Local Government Act 2003 issued guidance on the calculation of MRP in February 2008, with further guidance provided by the DCLG document, Capital Finance Guidance on Minimum Revenue Provision (February 2012) giving Council's the flexibility to change their MRP provisions provided they could demonstrate that they remain a prudent basis over which to repay debt. The Council has chosen to take advantage of this flexibility.

59 Where capital expenditure was incurred before 1 April 2008 MRP will be charged on a straight line basis over 50 years in accordance with the guidance. For capital expenditure incurred on or after 1 April 2008 and funded through borrowing, the Council will calculate MRP using a more complex calculation called the asset life annuity method. Using this method MRP is calculated in a similar way as calculating the capital repayment element of a fixed rate repayment mortgage.

60 In accordance with provisions in the guidance, MRP will be first charged in the year following the date that an asset becomes operational.

61 The asset life annuity method calculation requires estimated useful lives of assets to be input in to the calculations. These life periods will be determined under delegated powers to the Director of Finance and Assets, with regard to the statutory guidance.

62 However, the Council reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the asset life annuity method would not be appropriate.

63 As some types of capital expenditure incurred by the Council are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives.

64 The government consulted on changes to the prudential framework of capital finance in November 2017 and we await feedback from government on their proposed changes. We do not believe that these changes will have a fundamental impact on our MRP calculations for future years. Under the proposed changes there will be enhanced disclosures around investment properties, explaining why local authorities have chosen to make these acquisitions, rather than just disclosing what they have acquired. A Capital Strategy will also be produced under the proposed changes.

Background Papers

CIPFA Code of Practice on Treasury Management in the Public Service revised 2011
DCLG Guidance on Local Government Investments revised in 2010
Communities and Local Government Guidance on MRP February 2012.

Director of Finance and Assets
23 January 2018

Appendix 2

PRUDENTIAL INDICATORS FOR MTFP 2018/19 to 2021/22

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 MTFP for 2018/19 to 2021/22. 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 2018/19-2021/22

Indicator	Unit	Revised Estimate 2017/18	2018/19	2019/20	2020/21	2021/22
Estimates of capital expenditure	£000	**108,047**	122,611	141,841	80,726	74,474

The Approved estimate of capital expenditure for 2017/18 has been updated to reflect the revised budget (inclusive of carry forwards) as reported to Cabinet in January 2018. The forecast outturn shows an anticipated £19.5m (15.3%) underspend on the revised capital expenditure budget for the year. The main reasons for this are planning delays in delivering school places (£5.1m), the cancelled project at Orchard House (£3.6m), delay in

A355 improvements (£1.8m), a review of the need for a third lift at NCO (£1.7m), respite care (£1.3m), school property maintenance (£1.3m), High Wycombe town centre strategy (£1.0) and a variety of smaller items (£4m).

The estimate of capital expenditure for 2018/19 to 2021/22 reflects the draft capital programme within MTFP excluding slippage.

Table 2.1.1 Capital Expenditure 2017/18-2020/21 approved by Council on 16 February 2017

Indicator	Unit	2017/18	2018/19	2019/20	2020/21
Estimates of capital expenditure	£000	82,680	124,909	69,553	46,860

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 6.3 and 6.4). 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 2018/19 – 2021/22

Indicator	Unit	Revised Estimate 2017/18	2018/19	2019/20	2020/21	2021/22
Estimates of capital financing requirement (CFR)	£000	**357,806**	401,531	449,531	470,332	382,897

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.

As a result of slippage in the capital programme the amount that has been required to be borrowed in 2017/18 has reduced a little from that anticipated at the time of setting the indicators in February 2017. This may, however, increase again if further investment properties are purchased and funded from borrowing.

Table 2.2.2 Capital Financing Requirement 2017/18 – 2020/21 approved by Council on 16 February 2017

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

3 Affordability Indicators

3.1 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 3.1.1 Ratio of Financing Cost to Net Revenue Stream 2018/19 to 2021/22

Indicator	Unit	Revised Estimate 2017/18	2018/19	2019/20	2020/21	2021/22
Estimates of ratio of financing costs to net revenue stream	%	4.9%	4.8%	4.6%	4.5%	4.4%

There are no significant variations to this indicator since it was agreed by Council in February.

Table 3.1.2 Ratio of Financing Cost to Net Revenue Stream 2017/18 – 2020/21 approved by Council on 16 February 2017

Indicator	Unit	2017/18	2018/19	2019/20	2020/21
Estimates of ratio of financing costs to net revenue stream	%	4.9%	4.8%	4.5%	4.3%

3.2 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 3.2.1 Incremental impact of new Capital investment on Council Tax 2018/19 to 2021/22

Indicator	Unit	Revised Estimate 2017/18	2018/19	2019/20	2020/21	2021/22
Estimates of the incremental impact of capital investment decisions on Council Tax	£	-£9.27	£1.37	-£1.60	£2.49	£1.22
	%	-0.76%	0.11%	-0.12%	0.18%	-0.09%

The forecast impact on Council Tax has only changed very marginally as a consequence of delays in the delivery of the capital programme.

Table 3.2.2 Incremental impact of new Capital investment on Council Tax 2017/18 – 2020/21 approved by Council on 16 February 2017

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

4 Financial Prudence Indicator

4.1. 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 three 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 2018/19 onwards are based on estimates:

Table 4.1.1 Gross Debt and the CFR 2018/19 to 2021/22

Indicator	Unit	Revised Estimate 2017/18	2018/19	2019/20	2020/21	2021/22
Gross Borrowing	£000	**285,000**	330,000	375,000	400,000	320,000
Capital Financing Requirement	£000	**357,806**	401,531	449,787	470,332	382,897

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.

The actual external borrowing as at 31 March 2017 was £224.3m which includes £1.1m accrued interest. During 2017/18 £11.7m of PWLB debt has been repaid. £25.1m new borrowing from the PWLB was taken out following investment in a Commercial property. The Council pre-paid a £4m LOBO loan and will consider other prepayment options as they arise. Temporary borrowing amounts have ranged from £30m to £70m depending on cash flow requirements. The mix of temporary and fixed rate borrowing will continue to be reviewed in line with advice from our Treasury advisors.

Table 4.1.2 Gross Debt and the CFR 2017/18 – 2020/21 approved by Council on 16 February 2017

Indicator	Unit	2017/18	2018/19	2019/20	2020/21
Gross Borrowing	£000	340,000	330,000	320,000	310,000
Capital Financing Requirement	£000	359,424	355,980	354,326	351,672

5 Treasury and External Debt Indicators

5.1 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 5.1.1 Authorised limit for external debt 2018/19 to 2021/22

Indicator	Unit	Revised Estimate 2017/18	2018/19	2019/20	2020/21	2021/22
Authorised limit (for borrowing) *	£000	**350,000**	340,000	385,000	410,000	330,000
Authorised limit (for other long term liabilities) *	£000	**9,000**	10,000	10,000	10,000	10,000
Authorised limit (for total external debt) *	£000	**359,000**	350,000	395,000	420,000	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 Finance and Assets will either take measures to ensure the limit is not breached, or seek approval from the Council to raise the authorised limit.

The authorised limit of £340m for 2018/19 allows 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 5.1.2 Authorised limit for external debt 2017/18 – 2020/21 approved by Council on 16 February 2017

Indicator	Unit	2017/18	2018/19	2019/20	2020/21
Authorised limit (for borrowing) *	£000	350,000	340,000	330,000	330,000
Authorised limit (for other long term liabilities) *	£000	9,000	10,000	10,000	10,000

Authorised limit (for total external debt) *	£000	359,000	350,000	340,000	340,000

5.2 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 5.2.1 Operational Boundary for External Debt 2018/19 to 2021/22

Indicator	Unit	Revised Estimate 2017/18	2018/19	2019/20	2020/21	2021/22
Operational boundary (for borrowing)	£000	**320,000**	310,000	355,000	380,000	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	**327,500**	317,500	362,500	387,500	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 5.2.2 Operational Boundary for External Debt 2017/18 – 2020/21 approved by Council on 16 February 2017

Indicator	Unit	2017/18	2018/19	2019/20	2020/21
Operational boundary (for borrowing)	£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
Operational boundary (for total external debt)	£000	327,500	317,500	307,500	307,500

5.3 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 £68.7m from the PWLB, £82m LOBO loans, £72.5m temporary borrowin from other local authorities and £1.1m accrued interest. During 2017/18 £11.7m of PWLB debt will be repaid. £25m new borrowing from the PWLB has been taken out following investment in a Commercial property. The Council pre-paid a £4m LOBO loan and will consider other prepayment options as they arise. Temporary borrowing amounts have ranged from £30m to £70m depending on cash flow requirements. The mix of temporary and fixed rate borrowing will continue to be reviewed in line with advice from our Treasury advisors. The forecast external borrowing as at 31 March 2018 is £250m which includes £1.1m accrued interest.

6 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.

6.1 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 6.1.1 Security Average Credit Rating 2018/19

Security Average Credit Rating	Actual 2017/18	Target 2018/19
Portfolio Average Credit Rating	AA-	A+ or above

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

Table 6.1.2 Security Average Credit Rating 2017/18 approved by Council on 16 February 2017

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

6.2 Has the Council adopted the CIPFA Treasury Management Code?

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

Table 6.2.1 The CIPFA Treasury Management Code 2018/19 to 2021/22

Indicator	Unit	Revised Estimate 2017/18	2018/19	2019/20	2020/21	2021/22
Adoption of the CIPFA Code of Practice for Treasury Management in the Public Services	N/A	Yes	Yes	Yes	Yes	Yes

Table 6.2.2 The CIPFA Treasury Management Code 2017/18 – 2020/21 approved by Council on 16 February 2017

Indicator	Unit	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

6.3 Upper Limit of Fixed Rate Borrowing for the 4 Years to 2021/22

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 6.3.1 Upper Limit of Fixed Rate Borrowing 2018/19 to 2021/22

Indicator	Unit	Revised Estimate 2017/18	2018/19	2019/20	2020/21	2021/22
Fixed interest rate exposure - upper limit *	£000	285,000	340,000	385,000	410,000	330,000

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

Table 6.3.2 Upper Limit of Fixed Rate Borrowing 2017/18 – 2020/21 approved by Council on 16 February 2017

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

6.4 Upper Limit of Variable Rate Borrowing for the 4 Years to 2021/22

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 6.4.1 Upper Limit of Variable Rate Borrowing 2018/19 to 2021/22

Indicator	Unit	Revised Estimate 2017/18	2018/19	2019/20	2020/21	2021/22
Variable interest rate exposure - upper limit *	£000	225,000	160,000	175,000	175,000	160,000

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

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.

Table 6.4.2 Upper Limit of Variable Rate Borrowing 2017/18 – 2020/21 approved by Council on 16 February 2017

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

6.5 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 6.5.1 Maturity Structure of Fixed Rate Borrowing 2018/19

Maturity Structure of Fixed Rate Borrowing	**Revised Estimate 2017/18**		**2018/19**	
Period	Upper Limit	Lower Limit	Upper Limit	Lower Limit
Under 12 months	80%	0%	40%	0%
12 months and within 24 months	50%	0%	50%	0%
24 months and within 5 years	55%	0%	50%	0%
5 years and within 10 years	80%	0%	75%	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 6.5.2 Maturity Structure of Fixed Rate Borrowing for 2017/18 approved by Council on 16 February 2017

Maturity Structure of Fixed Rate Borrowing	**2017/18**	
Period	Upper Limit	Lower Limit
Under 12 months	80%	0%
12 months and within 24 months	50%	0%
24 months and within 5 years	55%	0%
5 years and within 10 years	80%	0%
10 years and above	100%	20%

6.6 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 6.6.1 Total Principal Sums Invested for Periods Longer than 364 Days 2018/19 to 2021/22

Indicator	Unit	Revised Estimate 2017/18	2018/19	2019/20	2020/21	2021/22
Total principal sums invested for periods longer than 364 days	£m	**£10m**	£20m	£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 £20m in 2018/19 to 2021/22. Cash balances are anticipated to continue to be low due to financing the EfW project.

Table 6.6.2 Total Principal Sums Invested for Periods Longer than 364 Days 2017/18 to 2020/21 approved by Council on 16 February 2017

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

7 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

Title:	Business Assurance Strategy Update
Date:	Wednesday 31 January 2018
Author:	Maggie Gibb – Head of Business Assurance (& Chief Auditor)
Contact officer:	Maggie Gibb – 01296 387327
Local members affected:	

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

Summary

This report provides an update on the work delivered by the Business Assurance Team since the last Regulatory and Audit Committee, in accordance with the agreed 17/18 Business Assurance Strategy.

Recommendation

To NOTE the report

Background Papers

2017/18 Business Assurance Strategy

Buckinghamshire County Council

Business Assurance Update

2017/18

Regulatory and Audit Committee

January 2018

Contents

Introduction

1. The Business Assurance Team is responsible for implementing the Council's Assurance and Risk Strategy through delivery of work programmes covering the following areas of activity:

   - Risk Management;
   - Internal Audit;
   - Counter Fraud; and
   - Assurance Framework.

2. Delivery of the Business Assurance work programmes helps ensure that there is an appropriate governance and control framework in place and that risk management is embedded across the Council.

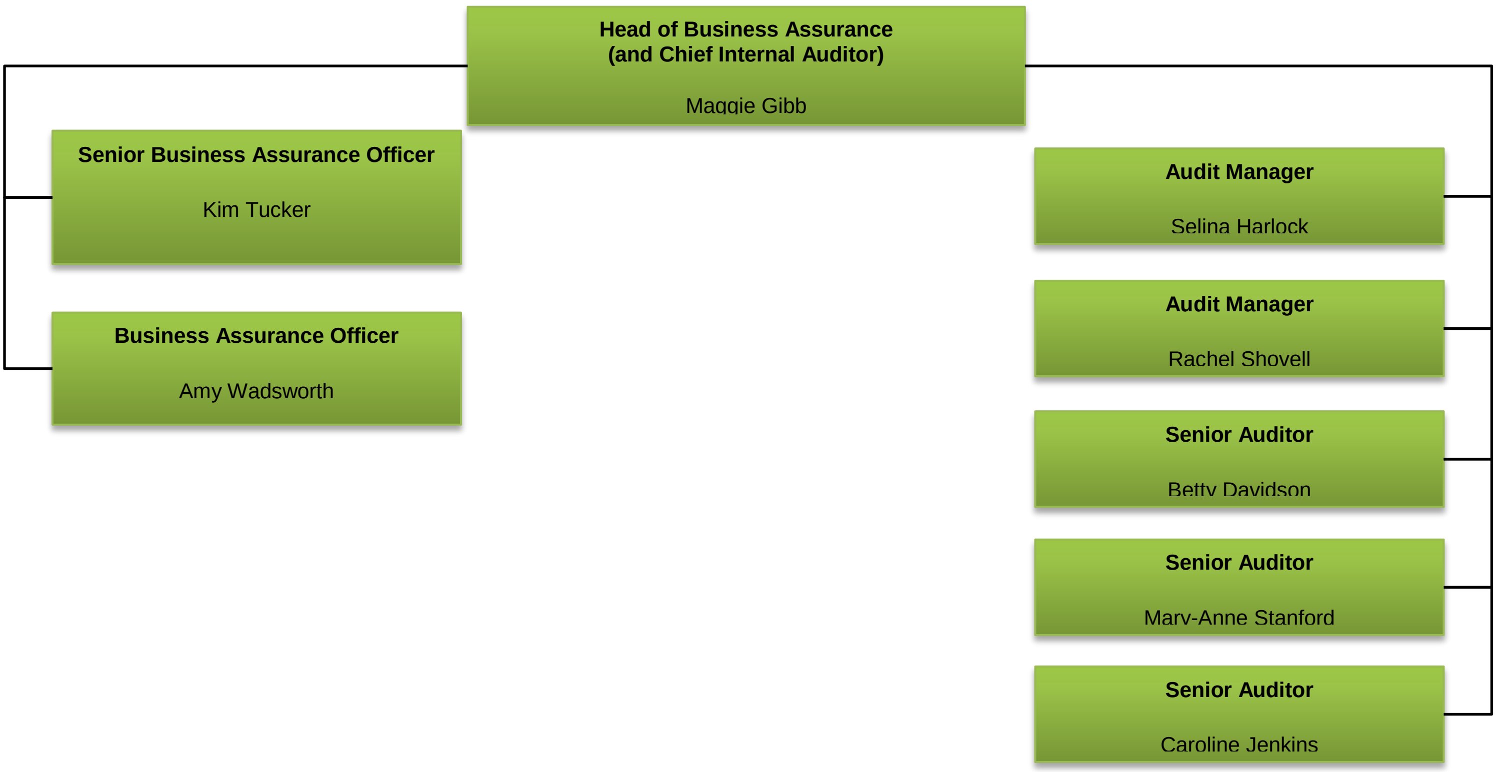
3. The Internal Audit Plan evolved in quarter three of the financial year and any pressures/changes have been discussed and agreed at the Audit Board. The changes made have been as a result of unplanned investigations and urgent audit activity placing constraints on the Business Assurance Team.

4. The Business Assurance Team has been progressing with the delivery of the Counter-Fraud Plan, which includes the proactive activity detailed in Appendix 2. In quarter four 2017/18 continual focus will be placed upon completion of the proactive probity activities, overseeing the investigation of NFI data matches, and responding to referrals of suspected fraud and financial irregularity. A full update on counter-fraud activities will be presented to the Regulatory and Audit Committee in July 2018.

5. This report provides details of progress to date against each of the agreed work programmes included in the Business Assurance Strategy as approved by the Regulatory and Audit Committee in July 2017.

Resources

6. The Business Assurance Team (BAT) is fully resourced and consists of seven members of staff. The audit activity is delivered through a mixed economy approach of an in-house team and an outsourced arrangement with Mazars via the London Audit Framework agreement. Mazars are also supporting the BAT in the delivery of the IT and contract audits planned for this year.



Risk Management

7. Work has been continuing to embed the Corporate Risk Management System (Pentana, previously known as Covalent) across the organisation. All Business Units are now using the system with support from the network of Risk Champions. Regular reporting is provided to the Corporate Management Team; Customer, Information and Digital Board; Business Unit Boards and Risk Management Group.

8. A number of risk training workshops have been facilitated by the Senior Business Assurance Officer to enable a thorough review and challenge of the Business Unit risk registers. New risk reporting and escalation frameworks have also been embedded as part of this training programme to encourage greater visibility and better accountability of the management of risks within the Business Units.

9. A complete refresh of the Risk Management Frameworks within TEE, Children's Services and CHASC have been undertaken and are due to be completed by the end of quarter four. As a result improved risk management practices are now being embedded within each Service Area with the hope that this will improve the organisation's visibility and early management of risk. The risk registers for the 'Top 20 Contracts' (based on spend) are also available to view in the Corporate Risk Management System.

   •

10. The Senior Business Assurance Officer has been working closely with Transport for Bucks (TfB) to enable the service to access the Pentana system and to have their own dedicated portal with TFB risks. The system has been locked down to ensure that TFB officers are only able to access TfB risk information, and they have a tailored escalation process both within TfB and also to TEE client side. This is a positive step forward in the partnership working and will enable better and more consistent risk reporting across one of the Council's biggest contracts.

11. The Business Assurance Team represents BCC at the South East Risk Managers Group. This group is comprised of members from a number of Local Authorities and provides the opportunity (twice yearly) to participate in a Strategic Risk Exchange. We

are now aiming to provide each of our Service Area Senior Leadership Teams with a summary of the broad risk themes identified in this exchange.

12. The Risk Management Group met on 7 December 2017 and 16 January 2018, and an update is to be provided to the Regulatory and Audit Committee on 31 January 2018.

Internal Audit

13. The Internal Audit Function, supported by Mazars (through the London Audit Framework) has been progressing with delivery of the approved 2017/18 audit assignments. To date the team have performed four grant validation reviews, finalised 12 audits, and a further four audits are currently at draft report stage.

14. The Audit Board, chaired by the Director of Finance, met on 21 December 2017 and reviewed progress against the Business Assurance Strategy, in particular delivery of the Internal Audit Plan. The Board considered the requests for unplanned audit activity and the resulting impact on resourcing the current plan.

15. Any changes to the original 17/18 Internal Audit Plan are included in the table at Appendix 1 (highlighted in red).

Internal Audit Activity Progress Update Report:

Service	Audit	Status / Opinion
Resources	**Medium Term Financial Planning (17/18)** This audit reviewed the controls in place over the following key areas: Risk Area 1: Governance Arrangements Risk Area 2: Business Cases (Including Three Year Savings/Growth Targets) Risk Area 3: Delivery and Management of MTFP	**Reasonable**
Resources	**IR35 Direct Vendor Compliance Readiness Assurance Review** **(Unplanned Assurance Activity)** The scope of this assurance review covered the following key risk areas: Risk Area 1: Identification of Intermediaries Risk Area 2: Compliance & Risk Management Risk Area 3: Payments to Workers & Intermediaries Risk Area 4: Payments to HMRC Risk Area 5: Management Information & Governance	**Assurance Management Letter**
Resources	**Accounts Receivable Follow Up (16/17)** The follow-up work covered the arrangements currently in place and the areas of controls that were previously found to be weak or ineffective to provide assurance. These are as follows: Risk Area 1: Risk Management; Risk Area 2: Income Management Framework Risk Area 3: Debt Recovery and Enforcement Risk Area 4: Credit and Debit Card Payments Risk Area 5: Control Account Reconciliations	**Reasonable**
Resources	**Payroll (16/17)** This audit reviewed the controls in place over the following key areas: Risk Area 1: Policies, Procedures and Training Risk Area 2: System Access, Data Security and Integrity Risk Area 3: Starters, Leavers and Movers Risk Area 4: Expenses Risk Area 5: Variations Risk Area 6: Deductions Risk Area 7: Master Data Risk Area 8: Overpayments Risk Area 9: Monthly Pay Run Controls Risk Area 10: Reconciliations and Suspense Account Risk Area 11: Other Payroll Services	**Limited**
Resources	**IT Data Security** The audit assessed the controls in the following areas: Risk Area 1: Data Classification and Sharing Risk Area 2: Data Management and Policies and Procedures Risk Area 3: Training and Awareness Risk Area 4: Logical Access Controls Risk Area 5: Physical Access Controls Risk Area 6: Backup Strategy Risk Area 7: Disposal Procedures Risk Area 8: Legislation Compliance	**Reasonable**

Service	Audit	Status / Opinion
Resources	**IT Business Continuity and Disaster Recovery** The audit assessed the controls in the following areas: Risk Area 1: Business Continuity and Disaster Recovery Procedures Risk Area 2: Critical Business Function and Systems Risk Area 3: Disaster Risk Assessment Risk Area 4: Contact Details Risk Area 5: Plan Updates Risk Area 6: Disaster Escalation and Emergency Action Procedures Risk Area 7: Temporary and Salvage Arrangements Risk Area 8: BC and DR Test Plans Risk Area 9: Insurance	**Reasonable**
Resources	**Business Continuity Management (BCM)** The audit assessed the controls in the following areas: Risk Area 1: Roles and Responsibilities Risk Area 2: Business Continuity Management Risk Area 3: Staff Training and Awareness Risk Area 4: Rehearsing the Plan Risk Area 5: Management Information Risk Area 6: Contract Management	**Reasonable**
Resources	**Contract Management Audit – Carter Jonas** The scope of this audit will include, but is not limited to, the following key risk areas: Risk Area 1: Contract Governance Risk Area 2: Administration Risk Area 3: Risk Management Risk Area 4: Payments, Incentives and Penalties Risk Area 5: Contract Performance	In Progress
ACES	**Complaints** The audit evaluated the controls in place over the following key areas: Risk Area 1: Policies, Procedures and Training Risk Area 2: Corporate Complaints Procedure Stage 1 Risk Area 3: Corporate Complaints Procedure Stage 2 Risk Area 4: Statutory Complaints Procedure (Children's Social Care) Risk Area 5: Statutory Complaints Procedure (Adult Social Care) Risk Area 6: Handling Complaints relating to Councillors/Members Risk Area 7: Lessons Learnt and Continuous Improvement Risk Area 8: Management Information, Performance Monitoring	**Reasonable**
ACES	**Corporate Governance** This was a high level assessment of the governance arrangements currently in place over the following key core principles as set out in the CIPFA Delivering good governance in local government framework 2016: • Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law • Ensuring Openness and comprehensive stakeholder engagement • Defining outcomes in terms of sustainable economic, social, and environmental benefits • Determining the interventions necessary to optimise the achievement of the intended outcomes • Developing the entity's capacity, including the capability of its leadership and the individuals within it • Managing risks and performance through robust internal control and strong public financial management • Implementing good practices in transparency, reporting, and audit to deliver effective accountability.	**Reasonable**

Service	Audit	Status / Opinion
ACES	**Contract Management Audit – Harrow Barnet Public Law (Phase 1)** The scope of this audit will include, but is not limited to, the following key risk areas: Risk Area 1: Service Provisions to Business Units Risk Area 2: Monitoring the Use of HBPL Risk Area 3: Payments, Incentives and Penalties	In Progress
TEE	**Transport for Bucks TfB – Street Lantern Replacement Scheme Follow Up** The audit activity focussed on the following key risk areas identified in the processes relating to the Street Lantern Replacement System and Salix Funding: • Identification of programme of work: business cases, budget setting, budget monitoring, Salix compliance. • Salix funding: completion of Government paperwork, reporting to Asset Strategy Board. • Approval and completion of works: works orders, booking resources, road space requests, updating asset database, updating electricity database. • Payments: invoicing, payment certificates. • Management information: accuracy of volume data and performance information	**Reasonable**
TEE	**LEP Growth Hub Grant 16-17** We have examined the claim submitted by Buckinghamshire County Council on behalf of Buckinghamshire Thames Valley LEP (the LEP). We have examined the records as necessary and obtained such explanations and carried out such tests as we consider necessary to validate the claim.	**Grant Validated – Audit Letter Issued**
TEE	**Bus Subsidy Grant 16-17** We have examined the records as necessary and obtained such explanations and carried out such tests as we consider necessary to validate the claim.	**Grant Validated – Audit Letter Issued**
TEE	**One Transport Grant 15-17** The scope of this review will be in accordance with the Grant Offer Letter dated 20th July 2015 and Annex 7 (Independent Accountants Report). The review verified that the amount claimed was correct to expenditure. The review also involved taking a sample of transactions to ensure that the costs claimed are eligible under the grant conditions.	**Grant Validated – Audit Letter Issued**
CS	**S151 Schools Assurance Follow Up** The follow-up work covered the arrangements currently in place and the areas of controls that were previously found to be weak or ineffective to provide assurance. These are as follows: Risk Area 1: Framework; Risk Area 2: Risk and Performance Management; Risk Area 3: Accountability and Communication; and Risk Area 4: Monitoring and Review.	**Reasonable**
CS	**Elmhurst School Follow Up** The follow up focused on reviewing the audit actions that were detailed in the Elmhurst School 2015/16 audit report and to support and verify the updates the school has provided on progress with implementing the audit actions.	**Reasonable**

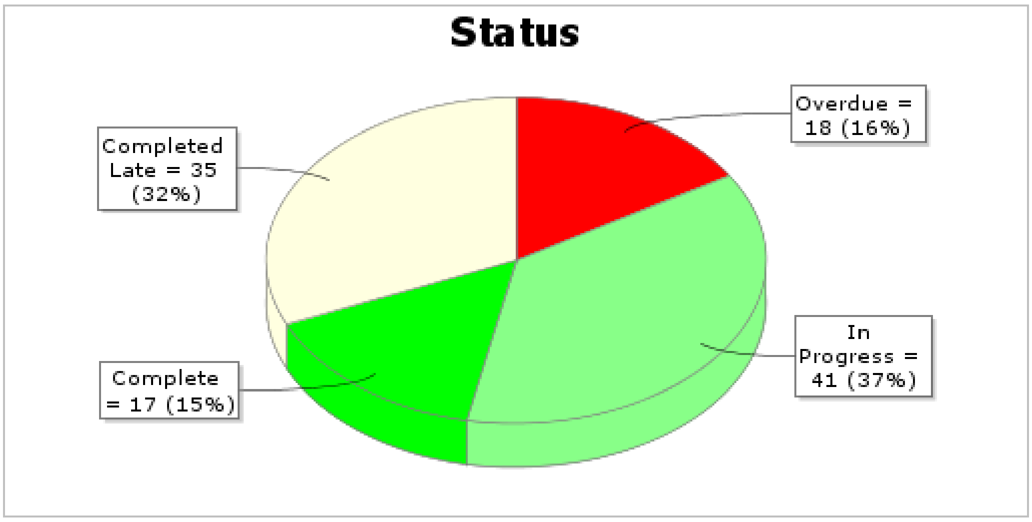
Service	Audit	Status / Opinion
CS	**Hannah Ball School Follow Up** The follow up focused on reviewing the audit actions that were detailed in the Hannah Ball School 2015/16 audit report and to support and verify the updates the school has provided on progress with implementing the audit actions.	Final Draft Report (to CMT)
CS	**Mandeville School Follow Up** The follow up will focus on reviewing the audit actions that were detailed in the Mandeville School 2015/16 audit report and to support and verify the updates the school has provided on progress with implementing the audit actions.	Draft Report
CS	**The Downley School** **(Unplanned Audit Activity)** The scope of this audit will include, but is not limited to, the following key risk areas of Downley School, as identified at the audit planning stage: Risk Area 1: School Governance Risk Area 2: Budget Setting and Monitoring Risk Area 3: School Voluntary Funds Risk Area 4: Procurement and Accounts Payable Risk Area 5: Income Risk Area 6: Local Bank Account	Draft Report
CS	**Highworth Combined School and Nursery** The scope of this audit will include, but is not limited to, the following key risk areas of Schools Procurement and Contracts Managements, as identified at the audit planning stage: Risk Area 1. Procurement Risk Area 2. Contract Management Risk Area 3. Accounts Payable Risk Area 4. Purchasing Card (where applicable)	Draft Report
CS	**Families First Grant Validation Phase 1** The objective of this audit is to provide assurance on the accuracy of the applications for funding and data validation.	**Grant Validated – Audit Letter Issued**
CS	**Commissioning Placements Follow Up** An audit report issued in 15/16 resulted in a Limited opinion and a follow up review of the progress against the actions identified has been agreed as part of our 2017/18 audit plan. The audit report identified areas for improvement in the following key risk areas which will be the focus of our follow up review: Risk Area 1: Selection of Residential Placement Providers; Risk Area 2: Contracts Risk Area 3: Ofsted Judgements Risk Area 4: Invoice Payments Monitoring of Residential Providers.	In Progress
CS	**Schools Audit Programme – Contracts and Procurement** The scope of this audit will include, but is not limited to, the following key risk areas of Schools Procurement and Contracts Managements, as identified at the audit planning stage: Risk Area 1 - Procurement Risk Area 2 - Contract Management Risk Area 3 - Accounts Payable Risk Area 4 - Purchasing Card (where applicable)	In progress

Service	Audit	Status / Opinion
CS	**Contract Management Audit – Action for Children** The scope of this audit will include, but is not limited to, the following key risk areas: Risk Area 1: Contract Governance Risk Area 2: Administration Risk Area 3: Risk Management Risk Area 4: Payments, Incentives and Penalties Risk Area 5: Contract Performance	In progress
CHASC	**Client Charging (16/17)** The audit activity focussed on the following key risk areas of ASC Client Charging, as identified at the audit planning stage: Risk Area 1. Financial Assessments Risk Area 2. Charging for residential and community services	**Reasonable**
CHASC	**Bucks Care Follow Up** The follow up will focus on reviewing the audit actions that were detailed in the Bucks Care Financial Management and Contract Management audit reports.	In Progress
CHASC	**Contract Management Audit – Freemantle** The scope of this audit will include, but is not limited to, the following key risk areas: Risk Area 1: Contract Governance Risk Area 2: Administration Risk Area 3: Risk Management Risk Area 4: Payments, Incentives and Penalties Risk Area 5: Contract Performance	In progress

Internal Audit Action Tracker

16. All management actions raised during the individual internal audit reviews are included in the Audit Action Tracker and monitored on a regular basis. The audit actions have been uploaded to the Corporate Risk and Audit System (Pentana), and we continue to embed the new process for updating the actions across the Business Units, this includes the new escalation process for completed actions to be "signed off" by the Service Directors as an additional level of accountability. Progress towards implementing the audit actions will continue to be reported to the Business Unit Boards and Corporate Management Team before being reported on a quarterly basis to the Regulatory and Audit Committee.

17. The charts below provide a summary update on all audit management actions:



Business Unit	High		Medium		Low		Total
	Overdue	In Progress	Overdue	In Progress	Overdue	In Progress	
CMT	-	2	3	6	-	-	11
ACES	-	-	-	-	-	-	-
CHASC	-	-	-	2	1	-	3
CS	-	3	1	2	-	1	7
RES	3	2	6	9	-	4	24
TEE	3	3	1	6	1	-	14
Total	**6**	**10**	**11**	**25**	**2**	**5**	**59**

Business Assurance

18. The Assurance and Risk Strategy is currently under review, and will be presented to the Regulatory and Audit Committee in April for approval alongside the new Local Code of Corporate Governance and Council's Escalation protocol which is currently under development. The Assurance and Risk Strategy review will be carried out with consideration of the new Corporate Risk Management and Audit System (Pentana) with an aim of increasing the understanding, visibility and accountability of risks across the Council.

19. The Business Assurance Team performed an assurance review of the IR35 Direct Vendor Compliance Readiness. The scope of this review which was agreed with the IR35 Assurance Panel was to provide assurance on the Direct Vendor; this included initial identification of workers affected by the change, risk management and assessment of workers, payments, and the overarching governance and management information available. This review was performed in October 2017 and looked at the direct vendor route where the Council contracts directly with Personal Service Companies (PSCs) and will therefore have the responsibility for deducting the relevant tax and NI contributions, if the position falls inside IR35. From the process review performed, a number of control weaknesses were identified which are currently being addressed. An audit of the IR35 process will be undertaken in six to nine months and will provide an assurance opinion on the position of IR35 within the Council including both Agency and Direct Vendor sourcing routes; this will include a follow-up on the implementation of the actions identified in this assurance review.

Maggie Gibb,
Head of Business Assurance (and Chief Internal Auditor)
January 2018

APPENDIX 1

Regulatory & Audit Committee 31 January 2018 - Progress against 2017/18 Internal Audit Plan

Audit Activity 2017/18	Timing	Progress as at 23 January 2018
CORPORATE		
National Fraud Initiative	Q1-4	In progress
Pro-Active Anti-Fraud Activity (incl. Continuous Auditing)	Q1-4	In progress
Reactive Anti-Fraud Activity/Investigations	Q1-4	On-going
Grant Validation	Q1-4	On-going
Contract Management Audits	Q1-4	In progress
Debt Management	Q4	Planning in progress
Scheme of Delegations	Q4	To be reviewed as part of the Key Financial System Audit
General Data Protection Regulation	Q2	In progress
Corporate Governance	Q3	Draft Report

Audit Activity 2017/18	Timing	Progress as at 23 January 2018
RESOURCES		
Key Financial Systems	Q4	Planning in progress
Medium Term Financial Planning	Q1	Final Report
Health and Safety	Q4	In progress
IT – Data Security	Q2	Final Report
IT – BCP/Disaster Recovery	Q2	Final Report
PCI Compliance	*Q4*	Planning in progress
Financial Processes Follow Up	*Q2*	Final Report
IR35	Q3	Management Letter Issued
Business Continuity Management	Q3	Completed
TEE		
LEP Grants	Q2	Completed
Bus Subsidy Grants	Q3	Completed
Follow Up TFB Street Lanterns	Q2	Final Report
Transport Modelling Processes	Q3/4	Removed from 17/18 plan (agreed with Audit Board)
Financial Processes Follow Up	*Q2*	Final Report

Audit Activity 2017/18	Timing	Progress as at 23 January 2018
CHILDREN'S SERVICES		
Follow Up Schools S151 Assurances	Q2	Final Report
Schools Audit Programme – Theme: Contracts and Procurement Arrangements	Q3/4	In progress
Local Authority Designated Officer	Q4	Planning in progress
SEND Placements	Q3	Planning in progress
The Downley School	Q3	Draft Report
Families First Grant	Q3	Completed
Financial Processes – Follow Up	*Q2*	Final Report
Hannah Ball School – Follow Up	Q1	Final Draft Report (to CMT)
Elmhurst School – Follow Up	Q1	Final Report
Mandeville School – Follow Up	Q3	Draft Report
Commissioning Placements Follow Up	Q2	In progress

Audit Activity 2017/18	Timing	Progress as at 23 January 2018
CHASC		
Digital Direct Payments Self Service and Supported Service (Inc. follow up of Direct Payments Limited 16/17 Audit Report)	Q4	Planning in progress (Audit activity to be confirmed with Interim Executive Director and CHASC Board)
Avoiding Delayed Transfers of Care Pathways between Health and Social Care	Q4	Planning in progress (Audit activity to be confirmed with Interim Executive Director and CHASC Board)
Prevention Agenda	Q4	Planning in progress (Audit activity to be confirmed with Interim Executive Director and CHASC Board)
Financial Processes Follow Up	*Q2*	Final Report

APPENDIX 2

Regulatory & Audit Committee 31 January 2018 - Progress against 2017/18 Counter Fraud Plan

Audit Title	Rationale	Timing	Progress
Proactive and Probity Audits			
Declaration of Pecuniary Interests	The NFI 2016/17 report identified data matches between payroll data to Companies House data and then to trade creditor data, highlighting potential undeclared interests. Matches will be investigated to determine if interests should have been declared in relation to the letting of a contract.	Q4	Planning in progress
Disabled Parking Concessions - Blue Badges	The number of blue badge misuse has increased significantly as reported by a number of authorities. A high number of matches have been identified from the NFI data matching exercise. The NFI matches may indicate a fraud where a person is holding more than one blue badge or where a blue badge holder has died and the badge is still in use.	Q3	Completed – Management Letter being drafted
Agency Staff Claims	Due to the continued increase in agency costs coupled with the FGC fraud, a review will be undertaken to ensure that management review of claims are adequate to identify duplicate or inflated claims.	Q1-Q4	In progress
Expense Claims	There is an inconsistent approach to the retention of expense receipts across the Council and reliance is placed on management adequately reviewing the claim against the receipts. Furthermore, poor practices were identified during a Payroll audit where instances of expense claim fragmentation may be occurring, as such these exceptions will be considered.	Q1-Q4	In progress

Counter Fraud Awareness Exercises			
Policy Reviews	Review and refresh the Anti-Fraud and Corruption Strategy.	Q3	Completed
Knowledge Share Exercise	Hold formal sessions to groups across the Council to raise awareness of what the Business Assurance Team's responsibilities are in relation to fraud and counter-fraud, different types of fraud, whistleblowing procedures etc.	Q4	Planned for March – 1 hr interactive session
Internal Communications	Continue to send messages across the Council to promote 'good practice' and raise awareness of potential indicators of fraud and staff responsibilities.	On-Going	- Fraud Awareness Week - ONE News Brief - PULSE Newsletter to schools - Finance & Assets Service Brief - Finance & Assets Away Day Presentation
Reactive Activity			
Service Investigations	Assess cases referred via whistleblowing channels and investigate where necessary.	On-going	Ad-hoc

Buckinghamshire County Council
Visit **democracy.buckscc.gov.uk** for councillor information and email alerts for local meetings

Regulatory and Audit Committee

Title:	Risk Management Group Update
Date:	Wednesday 31 January 2018
Author:	Maggie Gibb – Head of Business Assurance (& Chief Auditor)
Contact officer:	Maggie Gibb – 01296 387327

Local members affected:

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

Summary

The Risk Management Group met on 7 December 2017, with the following attendees:

- Councillor David Martin (Chairman)
- Councillor Tim Butcher
- Councillor Netta Glover
- Councillor Peter Martin
- Richard Schmidt (Head of Strategic Finance)
- Rachel Shovell (Audit Manager)
- Amy Wadsworth (Senior Business Assurance Officer)

Mrs H Dell, Children's Services Improvement Programme Manager attended the meeting on behalf of Tolis Vouyioukas, Executive Director to update members on the risks associated to Children's Services.

Mrs Dell informed the group of the following points:

- Considerable resource was currently being utilised due to the Ofsted inspection that was taking place.
- The Children's Services risk registers were a work in progress and the updated risk register would be completed by January 2018.
- The updated risk register would cover high level cross cutting themes and would report into their senior management team with an effective escalation process in place.

Mrs Dell highlighted and discussed the following key risks:

Financial Risks
Financial risks were significant and impacted across the business unit. Mrs Dell confirmed that these would be reported to RMG in February as part of the Key Financial Risks.

Recruitment and Retention

- There had been recent success in recruiting social workers and converting agency staff to permanent contracts, however informed the group of the competitive market that the service continued to face which was at times hard to compete with due to limited budgets and national shortages of social workers, teachers and educational psychologists.
- There was a local area agreement in place to ensure consistent pricing across neighbouring counties in relation to social workers.
- The social worker Grow Your Own programme had had a positive impact.

Increase in demand
There had been an increase in demand across the business unit. The Early Help review and SEND programme underway to help address these, both focussing on early intervention. Mrs Dell mentioned that demand will frequently rise following an inspection.

Mr P Dart, Programme Director Change for Children attended the meeting to present a RAG update report to the group on risks associated to the Change for Children Programme.

Mr Dart informed the group that the programme risks were in the process of being transferred to the corporate risk management system and confirmed that there was a good reporting and escalation process in place.

Mr Dart highlighted and discussed the following key areas of work:

Early Help
The Early Help review was looking to create:
- A new Early Help integrated model
- Financially sustainable services
- Reduction in demand for social care services
- Improved outcomes for children and families

Looked After Children
Designed to improve outcomes for Looked After Children with a view to reducing out of county placements and private fostering arrangements, which would not only provide savings but better outcomes for young people.

Education
Mr Dart informed the meeting that all the savings for this year and next year had been identified and working to identify those needed in 2019/20 and 2020/21. It was also confirmed that the transition of the BLT would come under the Education workstream.

SEND
Mr Dart informed the group that sub projects had been set up in order to deliver the £2.1m savings. Some of these savings had already been achieved through general housekeeping across the service area. Money had been used from the SEND grant to plug the gap this year.

Mr Dart stated that they were meeting SEND statutory obligations to ensure all those have a special educational healthcare plan and by doing this it had meant that some packages have been reviewed. For this to be successful there was a need for cultural change, working with partners and building relationships with schools.

Mr Dart gave his assurance that whatever the financial implications of the Change for Children Programme, there would be no increased risk to children’s safeguarding and social care arising from it.

Mrs G Rhodes White, Interim Executive Director for Communities, Health and Adult Social Care (CHASC) attended the meeting to give an update on CHASC risk register.

Mrs Rhodes White reported that the risk registers for CHASC were in need of reviewing. Senior managers within CHASC had been working with the Assurance Team to review the risk management process and training had taken place. There were to be further workshops held in January and February 2018 to ensure that new risk registers and robust processes were in place in time for the new financial year.

Mrs Rhodes White highlighted and discussed the following key themes that emerged across the business unit:

Workforce
Mrs Rhodes White stated that there were issues in attracting candidates for senior leadership roles. Key senior roles were currently covered by Interims.

Managing the market
Mrs Rhodes White informed the group that this was a very challenging area with increases in complexity of demand, financial challenges and placement availability. Keeping the provider market viable and afloat was a challenge and completing against a rising cost that is often determined by the number of self-funders in Bucks.

Recommendation:

To NOTE the report

Background Papers: None