



Audit and Governance Committee agenda

Date: Monday 27 November 2023

Time: 10.00 am

Venue: The Paralympic Room, Buckinghamshire Council, Gatehouse Road, Aylesbury
HP19 8FF

Membership:

R Newcombe (Chairman), L Clarke OBE (Vice-Chairman), P Brazier, R Carington, M Dormer, N Hussain, D King, W Raja, S Rouse, N Thomas and S Wilson

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15	Exclusion of the public Resolved: that under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting on the grounds that it involves the likely disclosure of exempt information as defined in the paragraph indicated in Part 1 of Schedule 12A of the Act.	
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Agenda Item 3
Buckinghamshire Council
Audit and Governance
Committee

Minutes

MINUTES OF THE MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE HELD ON WEDNESDAY 27 SEPTEMBER 2023 IN THE OCULUS, BUCKINGHAMSHIRE COUNCIL, GATEHOUSE ROAD, AYLESBURY HP19 8FF, COMMENCING AT 10.00 AM AND CONCLUDING AT 12.36 PM

MEMBERS PRESENT

R Newcombe (Chairman), L Clarke OBE (Vice-Chairman), D Anthony, P Brazier, R Carington, M Dormer, S Rouse, N Thomas and S Wilson

Agenda Item

1 APOLOGIES

Apologies for absence had been received from Councillors N Hussain, D King and W Raja.

2 DECLARATIONS OF INTEREST

Councillor N Thomas declared a personal and prejudicial interest in items 8 and 9, Farnham Park Sports Fields Charity Annual Report and Financial Statements 2022/23 and Higginson Park Trust Fund Accounts 2023/23 respectively, as a Member of the Leisure Board which discharged the Council's responsibilities as corporate Trustee for the two Trusts whose responsibilities included the preparation of annual accounts and budgets. Councillor Thomas would not participate during the meeting whilst those items were discussed.

3 MINUTES

RESOLVED:

That the minutes of the meeting held on 5 July 2023 be approved as a correct record.

4 BUCKINGHAMSHIRE COUNCIL STATEMENT OF ACCOUNTS UPDATE

The Committee received an update on the 2020/21 and 2021/22 Statement of Accounts. Mr Mark Stocks, Audit Partner, Grant Thornton, External Auditor was in attendance for this item. Mr David Skinner, Section 151 Officer introduced the item.

Key points raised during the update and in discussion included:

- The continued hard work and efforts of council staff on the preparation of the accounts was recognised. Information requested had been submitted to the external auditor as planned to satisfy outstanding queries and provide sampling evidence.
- The consultation from the Department for Levelling Up Housing and Communities was highlighted. The focus of this was to address the significant backlog of local audits in

England and proposed a set of backstop statutory dates where accounts would either need to be approved or receive some kind of qualification. This could cause an issue with the 2021/22 accounts for the council, although at this stage it was still expected that the proposed timeline would be met dependant on any legislative change being formalised.

- The 2020/21 accounts remained on track with belief remaining that the December 2023 target would be met for their sign off. As there was no definitive outcome from government yet, the plan was that the external audit team would continue their work in to 2024 on the 2021/22 accounts.
- It was noted that should a set of accounts be disclaimed this would create additional work and it remained important to get as much assurance from the auditing of the accounts as possible to carry forward to subsequent years audits.
- The Chairman requested that at the next meeting a brief written paper be produced to provide an explanation of the consequences of disclaiming a set of accounts, were it to occur, or likewise the consequences of other adverse effects of timescales being brought forward.

ACTION: Mr D Skinner to produce paper as above for the next meeting of this Committee.

- The Committee was assured that there was adequate staff resource within the finance team at the current time and consideration would be given, as required, to sourcing further staff, whether it be through an external audit firm or recruiting/redeploying staff.

RESOLVED:

That the update be noted.

5 BUCKINGHAMSHIRE PENSION FUND – 2022/23 AUDIT PLAN & FEE LETTER

The Committee considered a report which set out the Buckinghamshire Pension Fund audit plan for the year ending 31 March 2023. The document provided an overview of the planned scope and timing of the statutory audit of Buckinghamshire Pension Fund for those charged with governance. The scope of the audit was set in accordance with the Code and International Standards on Auditing. The report detailed the significant risks identified; progress against prior year audit recommendations; the approach to materiality; IT audit strategy; audit logistics and the audit fees. Mr Mark Stocks, Audit Partner, Grant Thornton, External Auditor presented the report.

The Committee heard that the 2022/23 audit of the Buckinghamshire Pension Fund was now nearing completion. A Member requested that the references to 'Audit Committee' throughout the document be updated to 'Audit and Governance Committee' to reflect the council's current committee and governance arrangements.

ACTION: Mr M Stocks to amend the wording as above.

RESOLVED:

That the report be noted.

6 PENSION FUND - 2022/23 AUDITED STATEMENT OF ACCOUNTS

The Committee received a verbal update from Mr Mark Stocks, Audit Partner, Grant Thornton, External Auditor. Mr Stocks confirmed that the audit of the 2022/23 Buckinghamshire Pension Fund Statement of Accounts was well commenced, and it was anticipated that the final report would be sent to the council either later in the week of this committee meeting or early the following week, week commencing 2 October 2023. The Committee was pleased to note that there were no significant findings to report.

RESOLVED:

That the update be noted.

7 HOUSING BENEFIT GRANT CLAIM CERTIFICATION 2021/22

The Committee considered a report which provided a review of the Housing Benefit Subsidy Claim for 2021/22. Mr David Skinner, Section 151 Officer and Mr Mark Stocks, Audit Partner, Grant Thornton, External Auditor presented the item. For the 2021/22 financial year, the Housing Benefit Records remained on three separate legacy systems. In November 2021 Aylesbury and Wycombe were merged, therefore testing had been performed equally across all systems and cumulative audit knowledge and experience was carried out for ten areas in total. The outcome of all the testing resulted to no amendments to the headline cells, however, there were some small amendments required with the subpopulation cells and roll forward of six areas of CAKE testing into 2022/23 audit.

The Council was responsible for compiling grant claims and returns in accordance with the requirements and timescales set by Department for Work and Pensions (DWP). Grant Thornton, as the Council's external auditor, annually reviewed the grants the Council claimed through a grant certification process.

The nature and complexity of the Housing Benefit scheme linked to the volume of claims (163,676 during 2021/22) meant most local authorities had some errors identified through their annual subsidy claim audit. Additionally, the Council had three different systems operating during this year which brought its own risks and challenges. The Committee was advised that the report was very positive, housing benefit subsidy claims were a complex area to audit and there were no changes to be made or errors identified.

The Committee placed on record its thanks to the council team for the significant amount of work undertaken on such a complicated area of work, complicated further by the issue of their having been three legacy systems during 2021/22.

RESOLVED:

That the report be noted

8 HIGGINSON PARK TRUST FUND ACCOUNTS 2022/23

Note: Councillor N Thomas left the Committee for the duration of items 8 and 9 having declared an interest.

The Committee received the Higginson Park Charity Annual Report and Financial Statements for 2022/23. Ms Sophie Payne, Service Director for Culture, Sport and Leisure presented the report, along with Mr Mark Preston, Deputy Section 151 Officer and Ms Fiorella Mugari, Head of Finance.

The Annual Report and the Financial Statements for the year ended 31 March 2023 had been prepared in accordance with the requirements of the Charities Act 2011 and had adopted the provisions of Accounting and Reporting by Charities Statement of Recommended Practice and Financial Reporting Standards. The Higginson Park Charity Accounts had been audited by Seymour Taylor Audit Limited. The total net worth of Higginson Park Charity had decreased by £140k from £7,430k in 2022 to £7,290k in 2023. This was mainly due to depreciation costs of £194k on the tangible fixed assets. Offset by net operating profits of £55k.

Ms Payne summarised the responsibilities of the Trust and highlighted that attendance levels at the leisure centre had increased to a slightly higher level than they had been pre-covid pandemic and that there had been a strong return from events income. The children's play area

had been refurbished and was well used and the Park had been awarded Green Flag status. The Committee noted that all income from the Trust was re-invested to cover operating costs and repairs maintenance.

During discussion, points raised included:

- Inflation costs had been a challenge throughout the 2022/23 financial year and there remained some vacant office space in Court Garden House which was proving difficult to let. Rent reviews were being undertaken with existing tenants to provide some mitigation against this and officers were seeking to maximise income from the site whilst remaining sensitive to the local context. Work was also ongoing to address the VAT position moving forward.
- The Committee was pleased to note that the Section 151 Officer was no longer signing the accounts off on behalf of the Trustee. The Committee received assurance that the Deputy S151 Officer, Mr Mark Preston, was independent from the Trust and had no management responsibilities which related to the Trust and thus there was satisfaction that his duties were unaligned to functions of the Trust.
- The figure of £18k for car park costs was queried and it was confirmed that this related to the role the council took in maintaining the car park and covered enforcement and associated costs.
- Members questioned how the market rate for income for events was calculated to ensure that value for money was achieved and the Council was not seen to be subsidising private ventures. The Committee was advised that the majority of events held at Higginson Park were community run, although there were exceptions such as the Christmas events in 2022. Benchmarking did take place with other local authorities in terms of income received from commercial operators. Further, it was highlighted that through hire agreements, event organisers had invested in the park, an example was given of turfing which benefitted all who use the park.
- It was clarified that the £120k balance referred to under related party transactions on page 80 of the reports pack related to support costs linked to staff salaries. The Trust employs no staff directly, as such Buckinghamshire Council officer time was recharged to the Trust. It would be checked as to where this amount sat within the accounts and reported back to the Member who posed the question.
- **ACTION: Ms F Mugari to establish where the above related party transaction was covered within the accounts and report back to Councillor R Carington.**

RESOLVED:

- That the Higginson Park Charity audited Annual Report and Financial Statements for the year ended 31 March 2023 (Appendix 1) be reviewed and noted.**
- That the Report to Management from Seymour Taylor (Appendix 2) be noted.**
- That the Letter of Representation (Appendix 3) in the capacity of those charged with Governance be approved.**
- That the Annual Report and Financial Statement for 2022/23 be approved.**

9 FARNHAM PARK SPORTS FIELDS CHARITY ANNUAL REPORT AND FINANCIAL STATEMENTS 2022/23

The Committee received the Farnham Park Sports Fields Charity Annual Report and Financial Statements for 2022/23. Ms Sophie Payne, Service Director for Culture, Sport and Leisure presented the report, along with Mr Mark Preston, Deputy Section 151 Officer and Ms Fiorella Mugari, Head of Finance.

The draft Annual Report and the Financial Statements for the year ended 31 March 2023 had been prepared in accordance with the requirements of the Charities Act 2011 and had adopted the provisions of Accounting and Reporting by Charities Statement of Recommended Practice and Financial Reporting Standards. The Farnham Park Sports Fields Charity Accounts had been audited by Azets Audited Services.

Ms S Payne summarised the operation responsibilities of the Charity and challenges faced throughout the 2022/23 financial year. The Council as sole trustee had introduced enhanced governance arrangements which included oversight on Trust activities by the Leisure Board and reports to the Corporate Management Team board meetings which covered financial management of the Trust.

The net worth of Farnham Park Sports Fields Charity had decreased by £188k from £480k in 2022 to £292k in 2023. The net operating loss for the year was £188k (after allowing for depreciation of £74k) compared to a net operating surplus of £3k in 2021/22 (£124k depreciation). The main reason for the movement was an increase in operating costs due to the impacts of high inflation (particularly prevalent in the hospitality and leisure sectors), employee costs and the application of VAT on payroll. As can be seen in the Trustees' report, income was also affected by extreme weather, requiring 50 days of full or partial closure for the golf course. The increased operating costs were mitigated via additional income achieved across the wider Culture, Sport and Leisure service.

Points raised during discussion included:

- The Committee heard that new expenditure costs in 2022/23 included the application of VAT on payroll and other supplies from the council which was not all recoverable. The management fee had been formalised by the council through budget provision within the MTFP and an SLA had been implemented setting out the arrangements of the Trust. Specialist advice was being sought on tax arrangements to achieve the best outcome for the charity. The irrecoverable VAT figure showing in the accounts for 2022/23 was significantly higher than it was in 2021/22.
- There had been a £45k increase to core staffing costs and a £38k increase to temporary staffing costs, an area where there had been difficulties recruiting bar and catering staff. Employees of the Trust were all employees of Buckinghamshire Council (BC) and had migrated onto the associated contract terms and conditions. The difference in grade between BC terms and conditions and the legacy terms was circa £2-3k per annum on base salary per post. The BC terms also included other allowances such as enhanced weekend and bank holiday pay, most of which the golf club was open for. Further, there were increased employer contribution rates on pensions and operating costs charged to the Trust relating to the apprenticeship levy.
- Inflation on supplies and services including utility bills, tree management costs and pitch treatments was significantly higher than the previous year and inflation significantly affected the interest the Trust paid to the council on the loan for the clubhouse.
- The Committee was advised that future operating arrangements were being explored, with an options paper, which covered potential development opportunities to increase sustainability having been presented to the Leisure Board, which was chaired by the relevant cabinet member.
- A Member noted that the site was the national sports centre for Baseball Softball UK, this made up two thirds of visitors to the site, and it was queried whether the benefit of this was being maximised with the facility attracting people from across the country. The Committee heard that discussions had been held with Baseball Softball UK and they were keen to work together with the council on master planning for the future of the site. The strategic importance of the site was recognised, and Baseball Softball UK also benefitted

from investment into the pitches as they also hired these over summer whilst the other sports seasons had concluded.

- The Chairman highlighted that over the past three years the Committee had been concerned around the decline of assets at Farnham Park. It was also recognised that the estate at Farnham Park was aging and becoming increasingly costly to maintain and repair. Were the situation not to improve there was the possibility of the charity being in a negative position in subsequent years and the Committee would like to understand proposals and plans to improve the situation. Advice was being sought from legal colleagues on the implications of the net worth becoming negative. Assurances were given, as noted above, that the Leisure Board were looking closely at options.
- The Committee was in agreement that on its behalf, the Chairman should write to the Cabinet Member for Culture and Leisure outlining the Committee's concerns around the ongoing sustainability of the charity, request an update report for six months' time to understand how plans were developing and when the impact of them would be realised so that when the subsequent year's accounts were presented there would be clear mitigating actions put forward.

ACTION: Councillor R Newcombe, on behalf of the Committee, to write to the appropriate Cabinet Member outlining the Committee's concerns and to request an update report be presented to the Committee in approximately six months' time.

- A Member queried when the land was last valued and requested to view the change in value since the last valuation.

ACTION: Ms S Payne to provide details of the most recent land value valuation and the change in value since the previous valuation to Councillor R Carington.

- It was questioned whether the Charity should be an item on the relevant risk register. The Chief Auditor would consider this and discuss it further with Ms S Payne and Mr D Skinner.

ACTION: Ms M Gibb to consider whether this risk was captured in existing risk registers or warranted a new risk.

- A Member requested details of a substantial payment understood to be made from a Wycombe based developer when Baseball Softball UK facility was included in the Charity. There was no information available on this during the meeting so this would be established and reported back to the member.

ACTION: Ms S Payne to establish whether a payment had been made and if so, pass this information on to Councillor L Clarke OBE.

RESOLVED

- That the Farnham Park Sports Fields Charity audited Annual Report and Financial Statement for the year ended 31 March 2023 (Appendix 1) be reviewed and noted.**
- That the audit progress and findings report from Azets (Appendix 2) be noted.**
- That the Letter of Representation (Appendix 3) in the capacity of those charged with governance be approved.**
- That the Annual Report and Financial Statement for 2022/23 be approved.**

10 ANNUAL GOVERNANCE STATEMENT 2022/23

Note: Councillor N Thomas returned to the meeting.

The Committee received the Annual Governance Statement (AGS) for 2022/23 which was presented by Mr Glenn Watson, Principal Governance Officer. The AGS had been revised since the last meeting to incorporate comments from the Committee made in July 2023, as appropriate, and to put the Statement into a designed publication format consistent with the Council's other publications.

The revisions made to the AGS on the back of comments made by the Committee were outlined in the report appended to the agenda pack. The Committee noted the improved presentation of the document and thanked Mr Watson for producing a detailed document which accurately reflected the governance across the council.

A Member advised that he would contact Mr Watson separately to advise of some typing errors he had identified for correction.

RESOLVED:

That the Annual Governance Statement for 2022/23 be approved.

11 LOCAL CODE OF GOVERNANCE

The Committee considered a report which invited the Committee to adopt a Local Code of Governance for Buckinghamshire Council. The report was presented by Mr Glenn Watson, Principal Governance Officer. The adoption of a code was not a statutory requirement, however was recognised as national best practice. This would be the first Local Code of Governance adopted by the council. The Code was a description of the governance already in place, itemising evidence to demonstrate how the council complied with the seven principles of good governance as outlined by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) Delivering Good Governance Framework.

The Code was a single source of information to enable the public, councillors, partners, stakeholders and officers to better understand the council's governance arrangements.

During discussion, points raised included:

- A Member raised that in addition to publishing the Local Code of Governance to the council's website, as it was a key aspect of governance and was important to embed and drive improvements across the authority, having it form part of a briefing for Members would be beneficial.
ACTION: Mr G Watson to look to arrange an all Members briefing on the Local Code.
- In terms of testing each governance arrangement, the Chief Auditor advised that the Local Code could be incorporated into the internal audit activity on a rolling programme to test areas of its effectiveness and feed into the wider assurance framework.
ACTION: Ms M Gibb to include the Local Code of Governance in the Internal Audit Activity programme.
- It was noted that the Local Code contained several hyperlinks which directed to documents and pages contained on the council's website and it was queried how those residents who were not IT literate could access these. The Committee was advised that where the document was deposited in council buildings it would be supported by a covering note which contained details of who to contact and how to obtain further information.
- On page 186 of the reports pack, within *section 3 – Overview of governance*, under *Councillors and Decision making* it was requested that the reference to 'audit' be amended to 'audit and governance' and under *partnership working* that the unparished area of Wycombe be referenced. Further on page 198 of the reports pack under *3.1 Defining outcomes* it was suggested that risk management be included to reflect that risks are reviewed and managed.
ACTION: Mr Watson to review the above points and amend as necessary.
- The Committee agreed that whilst approving the Local Code, a two-week period for Committee Members to contact Mr Watson with factual amendments would be granted.

RESOLVED:

- 1. That the Local Code of Governance for Buckinghamshire Council, as at Annex 1 be approved.**
- 2. That the Service Director for Legal and Democratic Services maintain the Local Code throughout the year.**
- 3. That the Local Code be reviewed annually.**
- 4. That an all Members briefing be arranged on the Local Code of Governance.**
- 5. That the Chief Auditor add the Local Code of Governance to the rolling Internal Audit Plan.**

12 ANNUAL RIPA REPORT

The Committee considered a report which provided oversight of the use of Regulation of Investigatory Powers Act 2000 (RIPA) powers and policies which formed part of the governance arrangements in relation to exercise of the Council's functions. The report was presented by Mr Nick Graham, Director of Legal and Democratic Services. As noted in the report, since the creation of Buckinghamshire Council, RIPA powers had been used twice. These details were provided to the investigatory powers commissioner's office inspector who was satisfied with the processes used, although did suggest further details could be added to authorisation applications when the criteria for different types of surveillance may apply. This was a follow-up inspection to the initial inspection undertaken shortly after the creation of the unitary authority.

Moving forward, the Committee was advised that an annual report on the uses of RIPA powers would be factored into the Committee's work programme. The Chairman noted that the acquisition of communications data was now dealt with under the Investigatory Powers Act 2016 and was not covered within the report, and as such it was agreed that this warranted a further annual report to the Committee.

ACTION: Mr N Graham to produce an annual report on both RIPA powers and acquisition of communications data under the Investigatory Powers Act 2016 and factor these into the Committee's work programme.

ACTION: Constitution Members Working Group to consider amending the constitution to reflect the separate annual report covering the Investigatory Powers Act 2016.

RESOLVED:

- 1. That the outcome of the review of the Council's arrangements for its use of its powers under the Regulation of Investigatory Powers Act 2000 (RIPA) by the Investigatory Powers Commissioner's Officer (IPCO) be noted.**
- 2. That the update on the use of powers available under RIPA be noted.**

13 CHIEF AUDITOR ANNUAL AUDIT OPINION 2022/23

The Committee received and considered the Chief Internal Auditor's annual assurance opinion on the adequacy and effectiveness of the Council's internal control environment, risk management and corporate governance arrangements in place during the year. The Chief Internal Auditor's annual internal audit opinion was based on an objective assessment of the framework of governance, risk management and control. Consulting services were advisory in nature and were generally performed at the specific request of the organisation, with the aim of improving governance, risk management and control, however still contributed to the overall opinion although each review did not deliver individual assurance opinions. Ms Maggie Gibb, Chief Auditor and Head of Business Assurance presented the report.

Based on the work performed during 2022/23, the Chief Auditor's experience, the cumulative knowledge gained through our ongoing liaison with officers, senior management, and the current climate in which the Council was operating, it was the Chief Auditor's opinion the adequacy and effectiveness of the Council's internal control, risk management and governance framework was of **reasonable assurance**. The detailed report which included commentary on all aspects of activity undertaken and details of the work completed throughout the year could be seen in the report appended to the supplementary agenda pack.

The overall system of internal control facilitated the effective exercise of the Council's functions and provided an **unqualified** opinion regarding the effective, efficient and economic exercise of the Council's functions for 2022/23.

During discussion, points raised included:

- The Committee heard that whilst just under 25% of the internal audit activity resulted in limited or nil assurance outcomes, whilst reaching an overall opinion, the Chief Auditor took into account how management responded to these audits, how robust their management actions were, and how these were implemented. These audits were discussed in detail by the Corporate Management Team who monitored the actions taken closely. Further, it was clarified that the one nil assurance report related to The Downley School.
- It was noted that whilst this report focused on 2022/23, that for 2023/24 in terms of where internal audit report findings were reported, this would also include the relevant Cabinet Member, Deputy Cabinet Member and Select Committee Chairman.
- The Committee requested that procedures be put in place and reported to the Committee on how it was proposed to deal with internal audits which revisited areas previously audited since the implementation of the unitary authority where actions previously identified as requiring improvement did not provide at least reasonable assurance on the subsequent audit. The Committee may wish to look at these cases in further detail and potentially question the relevant Cabinet Member and Service Director on the audit reports.

ACTION: Ms M Gibb to consider methods for dealing with audits, where previous areas requiring improvement did not result in at least a reasonable assurance on the subsequent audit.

RESOLVED:

That the Chief Auditor's Annual Internal Audit report for 2022/23 and the overall 'reasonable' opinion on the adequacy and effectiveness of the Council's governance, risk management and internal control environment for 2022/23 be noted.

14 2023/24 BUSINESS ASSURANCE STRATEGY UPDATE (INCL. INTERNAL AUDIT PLAN)

The Committee received a Business Assurance Strategy update which contained the internal audit plan. The report provided an update on the internal audit work being undertaken by the Business Assurance Team against the 2023/24 plan. The 2023/24 Internal Audit Plan had been reviewed to identify the key audit activities to be delivered considering the priorities within the directorates and working around any key service priorities. Delivery of the overall Business Assurance work plans, including internal audit, helped ensure that there was an appropriate governance and control framework in place and that risk management was embedded across the Council to enable the achievement of set objectives. Ms Maggie Gibb, Chief Auditor and Head of Business Assurance presented the report.

During discussion, points raised included:

- The Committee queried counter fraud cases and the number of cases brought forward for prosecution. Members were advised that a confidential paper containing statistics on fraud, including fraud cases for prosecution would be prepared for a future meeting. At the present time it was understood that there were cases listed for a court hearing.
- It was confirmed that those audits rated red in the audit plan would be delivered and the resource was lined up to ensure that these were completed in the 2023/24 financial year.
- A Member questioned the relevance of delaying the IT infrastructure resilience audit and the Committee was advised that the audit was been planned to commence in January 2024 to allow the IT team to implement a number of actions that came out of the recent desktop exercise, operation Skynet that had taken place and had assessed how robust the IT system and framework was and how the Council would cope with a complete loss of IT systems.
- In relation to Reinforced Autoclaved Aerated Concrete (RAAC), the Committee heard that the issue was brought to the attention of all local authorities in late 2021 and the council's property services team undertook a lengthy structural audit of all the authority's operational buildings, not limited to only schools. The audit was undertaken in two phases, firstly a desktop exercise to review all archive material for any evidence of RAAC, and a second phase which involved a discrete site visit to buildings where there was insufficient evidence to say RAAC was not present. Phase one involved over 700 buildings, with all but 43 ok, phase two involved visits to the 43 buildings, these were all found to be clear of RAAC in January 2023 with findings submitted for Bucks maintained schools to the DfE in February 2023. No RAAC was present in any operational buildings and as such the issue was not a risk on any of the council's risk registers. The property services team were thanked for their swift action taken on the issue. A Member agreed to raise the issue with the Chairman of the Finance and Resources Select Committee to query whether the issue warranted an item or update at a future meeting of that Committee.
- Further to the above, it was confirmed that as part of the scoping work for the audit in respect of property maintenance and reactive works, proactive work the service area undertook to identify potential issues across the council's estate was factored in as was lessons learnt from issues such as RAC and asbestos. The audit opinion would then be formed on the processes in place.

RESOLVED:

That the report be noted.

15 RISK MANAGEMENT GROUP UPDATE

The Committee received an update from Ms Maggie Gibb, Chief Auditor and Head of Business Assurance on the Risk Management Group (RMG) meeting held on 17 July 2023. At the meeting the Head of Business Assurance presented the Strategic Risk Register along with Key Financial Risks from across all directorates. The strategic risks can be seen detailed in the report appended to the agenda pack. The risks were discussed at length by the RMG and the mitigating actions were robustly challenged.

A query was raised on the frequency of risks being reviewed, in particular the changes to local and national policy landscape risk. The Committee heard that the overarching risks were reviewed four to six-weekly, however directorates would react to changes sooner as and when they arose.

RESOLVED:

That the update be noted.

16 ACTION LOG

The Committee considered the latest action log as attached to the agenda pack and agreed that the following actions could be closed:

- 2. Farnham Park Sports Field Charity and Higginson Park Trust.
- 13. Annual Audit Report 2021/22
- 14. Annual Governance Statement 2022/23
- 15. Internal Audit Charter

RESOLVED:

That the action log be noted.

17 WORK PROGRAMME 2023/24

The Committee considered the work programme which was appended to the agenda pack and noted its contents. The Committee agreed that dependant on whether the statement of accounts needed to be signed off prior to a scheduled meeting an alternative or additional meeting date should be arranged in good time.

RESOLVED:

That the work programme be noted.

18 DATE OF THE NEXT MEETING

Tuesday 7 November 2023 at 10 a.m.

19 EXCLUSION OF THE PUBLIC

RESOLVED:

That pursuant to Section 100(A)(4) of the Local Government Act 1972 the public be excluded from the meeting during consideration of Minutes No 22, 23, 24, and 25 on the grounds that they involved the likely disclosure of exempt information as defined in Part I of Schedule 12A of the Act as defined as follows:

Minute 20 – Confidential Minutes of the Audit and Governance Committee held on 5 July 2023

Minute 21 – 2022/23 Chief Auditor Annual Audit Opinion – Summary of Completed Audits and Audit Action Tracker

Minute 22 – Action Log (confidential)

20 CONFIDENTIAL MINUTES

RESOLVED:

That the confidential minutes of the meeting held on 5 July 2023 be approved as a correct record.

21 2022/23 CHIEF AUDITOR ANNUAL AUDIT OPINION – SUMMARY OF COMPLETED AUDITS AND AUDIT ACTION TRACKER (CONFIDENTIAL)

The Committee held a detailed discussion on the audits completed during 2022/23 to support the Chief Auditor's Annual Audit Opinion. The report also provided an update on the status of audit actions including those which were overdue for implementation.

RESOLVED:

That the report be noted.

22 CONFIDENTIAL ACTION LOG

The Committee considered the confidential action log and

RESOLVED:

That the current Action Log (confidential) be noted.



Report to Audit & Governance Committee

Date:	27 th November 2023
Title:	Statement of Accounts Update
Cabinet Member(s):	N/A
Contact officer:	Hasina Shah
Ward(s) affected:	N/A
Recommendations:	Members are requested to note the report
Reason for recommendation:	N/A

1. Executive summary

1.1 This report provides the Committee with an update on:

- The audit of Main Council Statement of Accounts for the financial year 2020/21.
- Update on audit backlog backstop date and its impact on the Council.
- Impact on future years audit and change of auditor if opinion with limited scope is issued.
- Summary of Audit Progress 2020/21 to 2022/23 attached at Appendix 1.

2. Main Council Statement of Accounts 2020/21 update

2.1 Since the last update provided in September 2023, the closing team at the Council has submitted the final working paper on Operating Expenditure (OPEX) and a revised Statement of Accounts for hot review to the auditors.

2.2 The audit team has resumed work and have resourced the team along with a support manager to ensure the audit is completed by end of December. Twice weekly meetings are held to monitor the progress.

2.3 The closing team is prioritising the requests from the auditors. To support the team, an interim accountant has been appointed.

- 2.4 The following table provides a summary of the audit activity as at 17th November 2023 (this table will be updated before dispatch)

Description	Total Volume/area of work	Council to Provide Evidence	Auditors Processing	Audit Work completed for review	% Completion before Audit Partner review
Samples	435	69	70	296	68%
Tasks	21	0	0	14	67%

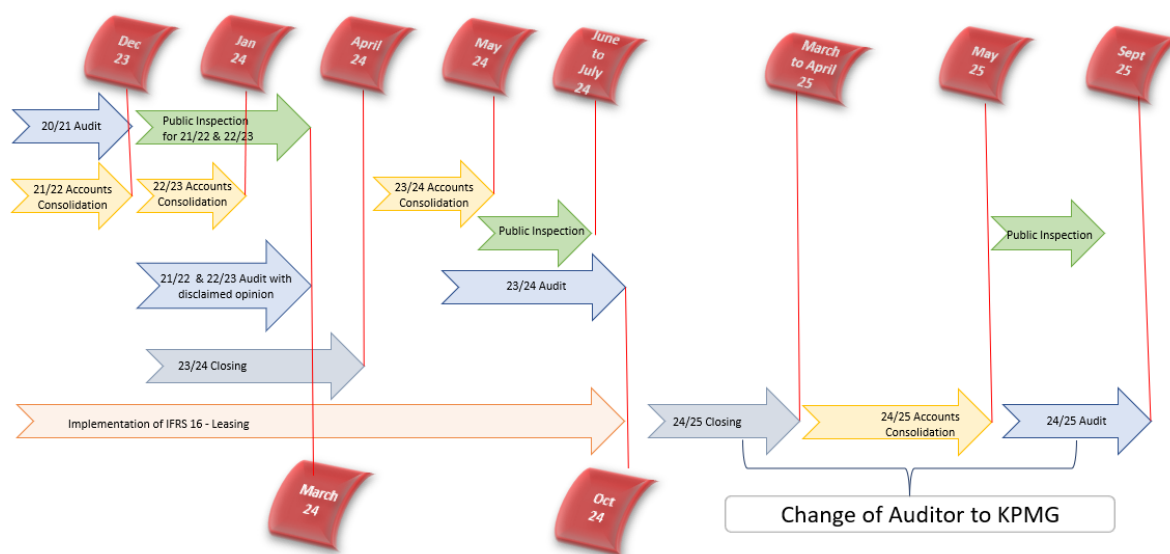
- 2.5 Approval of Accounts – Following the completion of audit by end of December 2023, the audited accounts will be presented to this Committee at its January meeting for approval along with the following:-
- The audit findings report;
 - The Audit Opinion; and
 - Management Representation letter for the Council and Pension Fund Accounts.

3. Update on audit backlog backstop date and its impact on the Council

- 3.1 The latest update on the above is that the backstop date for all accounts up to and including 2022/23 is now 31 March 2024. This is subject to approval by the Minister, consultation and passing of the legislation and it is expected that the necessary guidance and legislation will be in place by 31 December 2023.
- 3.2 The Audit Code of Practice will not be changed for accounting periods up to and including 2022/23 and therefore all these periods of accounts require a full audit.
- 3.3 It is not possible to complete the audits for 3 years of accounts by 31st March 2024. At the moment it has been agreed with the auditor that a full audit of 2020/21 to be completed as per the original deadline of 31st December 2023.
- 3.4 The financial statements along with supporting working papers for 2021/22 and 2022/23 will need to be prepared by 31st January 2024 and will need to have a disclaimed opinion.
- 3.5 Once this backlog is cleared, the statutory deadline will be adhered to for 2023/24 for publication of audited statement of accounts. For this to be achieved, the auditor will undertake an opening balances audit by auditing 2022/23 accounts. This will reduce the level of qualification of the 2023/24 opinion and it is expected this work will be undertaken in February and March 2024.
- 3.6 In addition to the above, the Council will also need to comply with the audit regulations in respect of Public Inspection which means this will start as soon as the draft accounts for 2021/22 and 2022/23 are ready and likely to be in the new calendar year.

3.7 The key milestones incorporating the above changes are summarised below:

Key Milestones – November 2023 to September 2025



4. Impact on future years audit and the change of auditor

4.1 If the auditor has to issue qualification on the audit opinion for 2023/24, then this is going to have a long-term impact on Council as summarised below:-

- **Ongoing impact** – if the opinion with limited scope relates to balance sheet items then the limitation will continue for future years. As there is a change of audit firm from 2024/25 then realistically, the opinion with limited scope will most likely continue for at least another couple of year before it can be cleared which means the qualification could continue until financial year 2026/27.
- **Disclosure requirements** – It will result into additional disclosure requirements which will have an impact on the audit as these disclosure notes will also need to be audited.
- **Restatements** – if the limitations on the audit scope results into material misstatements then it may require restating prior-year figures when the issues are resolved in subsequent year this again would lead to more audit work.
- **Reputational risk** – There is a potential risk for negative publicity and public perception which could increase into more accountability to our residents (e.g. increase in the Freedom of Information requests).
- **Financial impact** – due to additional disclosure requirements and possible restatements this will have an impact on both the resources at the Council and audit fees.

4.2 **Change of Auditor from financial year 2024/25** – For the first year of transition the audit process is likely to take longer as there will be loss of knowledge of the Council’s operations, processes and history and therefore there will be a steep initial learning curve which can affect the overall progress of the audit.

4.3 With limited scope opinion it will be challenging to get back on track in the medium term. Due to change of auditor, 2025/26 will be the first typical year with the new auditor. In addition to this there may still be outstanding items around limited scope opinion and therefore the optimistic view is it will not be until financial year 2026/27 or even thereafter to get back on track.

5. Summary of Audit Progress 2020/21 to 2022/23

5.1 The table at Appendix 1 provides a summary and an update on Audit Committee activity in respect of External Audit progress.

6. Other options considered

6.1 Not applicable

7. Legal and financial implications

7.1 Not directly related to this report.

8. Corporate implications

8.1 Not applicable

9. Communication, engagement & further consultation

9.1 Not applicable

10. Next steps and review

10.1 Not applicable

11. Background papers

11.1 Not applicable

Summary of External Audit Progress for 2020/2021 to 2022/2023			
Activity	2020/2021	2021/2022	2022/2023
Audit Plan & Fee Letter - Main Council Accounts	Noting - 23 November 22	TBC	TBC
Audit Plan & Fee Letter - Pension Fund Accounts	Noting - 28 July 21	Noting - 29 Mar 23	Noting - 27 September 23
Audit Risk Assessment - Main Council Accounts	Consider & Comments 23 November 22	TBC	TBC
Annual Governance Statement - Main council Accounts	Approved with delegation 11 May 22	Approved 23 November 22	Approved 27 September 23
Audited Statement of Accounts - Main Council	TBC	TBC	TBC
Audited Statement of Accounts - Pension Fund	Approved with delegation 5 July 23	Approved with delegation 10 May 23	Due November 23
Management representation letter - Council & Pension Fund Accounts (not due until main accounts are ready for approval)	TBC	TBC	TBC
Value for Money Assessment - Auditors Annual Report	Consider & Comments 1 February 23	Consider & Comments 5 July 23	TBC
Housing Benefit Grant Claim Certification	Noting 05 July 23	Noting 27 September 23	Due November 23
Farnham Park Sport Field Chariry Accounts	Approved with delegation 30 Nov 21	Approved 27 September 22	Approved 27 September 22
Higginson Park Chariry Accounts	Approved with delegation 25 January 22	Approved 27 September 22	Approved 27 September 22

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Report to Audit and Governance Committee

Date: 27th November 2023

Reference number: N/A

Title: Buckinghamshire Pension Fund – 2022/23 Audited Statement of Accounts (including External Audit findings report)

Relevant councillor(s): N/A

Author and/or contact officer: Julie Edwards, Pensions & Investments Manager

Ward(s) affected: Not applicable

Recommendations:

1. The Committee is asked to review the Buckinghamshire Pension Fund 2022/23 audited Statement of Accounts, including the External Audit findings report.
2. The Committee is asked to endorse management's proposed treatment of areas identified by the auditor.
3. To approve the Buckinghamshire Pension Fund Statement of Accounts 2022/23 and delegate final sign off for the Statement of Accounts to the Chairman of Audit and Governance Committee and the S151 Officer subject to:
 - No material changes in the accounts
 - Final sign off by the external auditors of Buckinghamshire Council accounts 2022/23.
 - the Pension Fund Committee endorsing management's proposed treatment of areas identified by the auditor.

Executive Summary

1.1 The audited Statement of Accounts for the Buckinghamshire Pension Fund for the year ended 31 March 2023 is attached as Appendix 1. The Pension Fund Accounts and Net Assets Statement show that in the year to 31st March 2023 the value of the Buckinghamshire Pension Fund decreased by £171m to £3.741bn. The audit work was completed remotely by Grant Thornton during August to October. Grant Thornton's work is substantially complete and they have not identified any adjustments to the financial statements which have an impact on the Buckinghamshire Pension Fund's reported financial position. Grant Thornton anticipates issuing an unmodified audit report opinion.

Content of report

1.2 The Pension Fund Accounts and Net Assets Statement show that in the year to 31st March 2023 the value of the Pension Fund decreased by £171m to £3.742bn. This is the net result of income received (£189m) including employers' and employees' contributions, transfers in from other pension schemes and other income; payments out including benefits (£133m), payments to and on account of leavers (£17m); management expenses (£22m) plus net losses on investments (£188m).

1.3 The table below summarises the income, expenditure and returns on investments for the financial years 2021/22 and 2022/23.

31 March 2022		31 March 2023
£000		£000
(3,638,265)	Value 1st April	(3,913,161)
(168,510)	Income	(189,490)
127,601	Benefits	132,997
16,708	Payments to and on Account of Leavers	17,353
17,136	Management expenses	21,820
(267,831)	Returns on Investments	188,608
(3,913,161)	Value 31st March	(3,741,873)

1.4 The draft Audit Findings Report for the Buckinghamshire Pension Fund for the year ended 31st March 2023 is attached as Appendix 2. The audit work was completed remotely by Grant Thornton during August to October. Grant Thornton's work is substantially complete and they have not identified any adjustments to the financial

statements which have an impact on the Pension Fund's reported financial position. Grant Thornton anticipates issuing an unmodified audit report opinion. An unmodified opinion is expressed when the auditor concludes that the financial statements are presented fairly, in all material respects, in accordance with the applicable financial reporting framework.

- 1.5 The formal sign off for the Pension Fund accounts will take place at the same time as the formal sign off for Buckinghamshire Council's accounts which is anticipated to be during the latter months of 2024. On 15th November 2023 the Buckinghamshire Pension Fund Statement of Accounts 2022/23 were presented to the Buckinghamshire Pension Fund Committee.
- 1.6 The audit work identified an issue in respect of the valuation of Level 3 investments. The 31st March 2023 value in the accounts was overstated by £6.323m compared to the value in the 31st March 2023 capital statements. The capital statements are provided by the investment managers quarterly in arrears. The 31st March value in the accounts is based on the previous 31st December valuation adjusted for any payments to the fund or distributions received. There will always be a difference which will vary depending upon the volatility of the financial markets during the final quarter of the financial year. Although a large monetary amount, the £6.323m represents 0.16% of the Buckinghamshire Pension Fund net asset value and management propose not adjusting the Statement of Accounts since the amount is not material.
- 1.7 The audit work identified an issue in respect of the valuation of Level 2 investments. The 31st March 2023 value in the accounts was overstated by £19.587m compared to the value in the 31st March 2023 capital statements. The capital statements are provided by the investment managers quarterly in arrears. The 31st March value in the accounts is based on the previous 31st December valuation adjusted for any payments to the fund or distributions received. There will always be a difference which will vary depending upon the volatility of the financial markets during the final quarter of the financial year. Although a large monetary amount, the £19.587m represents 0.52% of the Buckinghamshire Pension Fund net asset value and management propose not adjusting the Statement of Accounts since the amount is not material. Grant Thornton are conducting some additional investment checks and this value may change on finalisation of those checks, the Buckinghamshire Pension Fund Committee required the additional investment checks to be completed before endorsing management's proposed treatment of areas identified by the auditor.

Other options considered

- 1.8 Not applicable.

Legal and financial implications

1.9 There are none arising directly from this report.

Corporate implications

1.10 Not applicable.

Consultation and communication

1.11 Not applicable.

Background Papers

1.12 Not applicable.

Buckinghamshire Pension Fund

Statement of Accounts

For the year ended 31 March 2023

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Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Service Director of Finance (Section 151);
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Statement of Accounts, delegated to the Audit and Governance Committee.

The Service Director of Finance (Section 151) Responsibilities

The Service Director of Finance (Section 151) is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code).

In preparing this Statement of Accounts, the Service Director of Finance (Section 151) has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code;
- Kept proper accounting records which were up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of the Service Director of Finance (Section 151)

I certify that this Statement of Accounts for the year ended 31 March 2023 gives a true and fair view of the financial position of the Buckinghamshire Pension Fund as at 31 March 2023 and its income and expenditure for the year ending 31 March 2023.

David Skinner
Service Director of Finance (Section 151)
Buckinghamshire Council
Insert date

Independent Auditor's Report to the Members of Buckinghamshire Pension Fund

Pension Fund Accounts

The Buckinghamshire Pension Fund Accounts contain two core statements, the Pension Fund Account and the Net Assets Statement. Each of the statements is accompanied by supplementary notes providing additional detail to the figures presented.

31 March 2022 £000	Pension Fund Account	Note	31 March 2023 £000
	Dealings with Members, Employers and Others directly Involved in the Fund		
	Income		
(151,882)	Contributions	3	(165,961)
(16,524)	Transfers in from other pension funds	4	(23,383)
(104)	Other income		(146)
(168,510)			(189,490)
	Benefits	5	
103,893	Pensions		109,826
23,708	Commutation of pensions and lump sums		23,171
	Payments to and on Account of Leavers	6	
521	Refunds of contributions		1,163
16,187	Transfers out to other pension funds		16,190
144,309			150,350
(24,201)	Net (Additions)/Withdrawals from Dealings with Members		(39,140)
17,136	Management expenses	7	21,820
(7,065)	Net (Additions)/Withdrawals including Fund Management Expenses		(17,320)
	Returns on Investments		
(14,719)	Investment income	8	(14,581)
(253,112)	(Profits) and losses on disposal of investments and changes in the market value of investments	9	203,188
0	Taxes on income	14	1
(267,831)	Net Returns on Investments		188,608
(274,896)	Net (Increase)/Decrease in the Net Assets Available for Benefits During the Year		171,288

Net assets statement

31 March 2022	Net Assets Statement	Note	31 March 2023
£000			£000
	Investments		
840	Long term investments	9	840
295	Equities - quoted	9	169
3,525,017	Pooled investment vehicles	9	3,442,292
243,766	Property - unit trusts	9	209,235
132,073	Cash deposits	9	68,673
391	Investment income receivable	9	518
3,902,382	Net Investments	11	3,721,727
15,225	Current assets	15	24,251
(4,446)	Current liabilities	15	(4,105)
3,913,161	Net Assets of the Fund Available to Fund Benefits at 31 March		3,741,873

Note: The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed at Note 18.

Note 1 - Description of the Fund

Buckinghamshire Pension Fund (the Fund) is part of the Local Government Pension Scheme (LGPS) and is administered by Buckinghamshire Council. Organisations participating in the Fund include Buckinghamshire Council, Milton Keynes Council, parish Councils of Buckinghamshire, Thames Valley Police, Buckinghamshire and Milton Keynes Fire Authority, and other scheduled and admitted bodies. These are listed in Note 21 to these Financial Statements. Teachers, fire fighters and police officers, for whom separate pension schemes apply, are excluded from the Fund. The Administering Authority is Buckinghamshire Council.

The purpose of the Fund is to provide defined benefits for employees and their widows, widowers and children, based on pay and past service. The Scheme is a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Employee contribution bands range from 5.5% to 12.5% of pensionable pay. In April 2014 a 50/50 option was introduced which means members can pay half their contribution rate and build up half the pension benefit whilst retaining full value of other scheme benefits such as death in service lump sum and ill health cover. Accrued pension is revised annually in line with the Consumer Prices Index. Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. More details of benefits provided under the scheme are available on the Council's pension website.

[Local Government Pension Scheme | Buckinghamshire Council](#)

The Fund is governed by the Public Service Pensions Act 2013. The Fund is administered in accordance with the following secondary legislation:

- The Local Government Pension Scheme Regulations 2013 (as amended);
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended); and
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

In 2015 the Government announced that they wanted the 91 Local Government Pension Scheme funds to pool their investments into larger pools to achieve savings in investment management costs. Brunel Pension Partnership Ltd was formed to implement the investment strategies for ten Funds. The founding Funds include The Environment Agency Pension Fund, and the Local Government Funds of Avon, Buckinghamshire, Cornwall, Devon, Dorset, Gloucestershire, Oxfordshire, Somerset and Wiltshire. The company Brunel Pension Partnership Ltd was formed on 14 October 2016. By 31 March 2023 the collective assets transitioned to Brunel portfolios were circa £30.765 billion.

The objective of pooling assets is to achieve savings over the longer term from both lower investment management costs and more effective management of the investment assets. The pool will look to deliver the savings based upon the collective buying power the collaboration initiative will produce. Local accountability will be maintained as each individual fund will remain responsible for strategic decisions including asset allocation. The pooling of assets will only affect the implementation of the investment strategy in terms of manager appointments. The transition of assets began in July 2018 and most of the assets have now transitioned, although illiquid alternative assets such as private equity will need a longer transition timetable. More information and updates can be found on the Brunel Pension Partnership website at: www.brunelpensionpartnership.org

The following summarises the membership of the Fund:

Membership of the Fund	31 March 2022	31 March 2023
Contributors	25,717	25,127
Pensioners	21,982	22,768
Deferred pensioners	32,234	33,078
Total Membership of the Fund	79,933	80,973

Investment strategy statement

The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 require administering authorities to formulate and to publish a statement of its investment strategy, in accordance with guidance issued from time to time by the Secretary of State. The Buckinghamshire Pension Fund Investment Strategy Statement can be viewed on the Council’s website.

[Funding and investment policies | Pensions \(buckinghamshire.gov.uk\)](#)

Further Information

The Council publishes a separate Annual Report on the Buckinghamshire Pension Fund, which gives more detailed information, a copy can be viewed on the Council’s pension website.

[The Pension Fund Annual report | Pensions \(buckinghamshire.gov.uk\)](#)

Basis of Preparation

The accounts summarise the Fund’s transactions for the 2022/23 financial year and its position at year end as at 31 March 2023. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting (the Code), which is based on International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The actuarial present value of promised retirement benefits is disclosed at Note 18 of these accounts. The Buckinghamshire Pension Fund is administered by Buckinghamshire Council.

Note 2 - Accounting Policies and Critical Judgement in Applying Accounting Policies

Accounting Policies

Accruals of Income and Expenditure

The financial statements are prepared on an accrual basis, unless otherwise stated. That is, income and expenditure are recognised as they are earned or incurred, not as they are received or paid.

Contributions, benefits and investment income are included on an accrual basis. All settlements for buying and selling investments are accrued on the day of trading. Interest on deposits is accrued if not received by the end of the financial year. Investment management expenses are accounted for on an accrual basis. Administrative expenses are accounted for on an accrual basis, staff costs are paid by Buckinghamshire Council then recharged to the Fund at the year end and group transfers to and from the Fund are accounted for on an accruals basis unless it is too early in the negotiations for an estimate of the value to be available. Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Net Assets Statement. Some additional payments are made to beneficiaries on behalf of certain employers. These payments are subsequently reimbursed by those employers. The figures contained in the accounts are shown exclusive of both payments and reimbursements.

Contribution Income

Normal contributions are accounted for on an accruals basis as follows:

Employee contribution rates are set in accordance with LGPS regulations, using common percentage rates for all schemes which rise according to pensionable pay.

Employer contributions are set at the percentage rate recommended by the fund actuary in the Fund Actuary's Rates and Adjustment certificate for the period to which they relate.

Employer deficit funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the scheme actuary or on receipt if earlier than the due date.

Employers' augmentation contributions and pension strain contributions are accounted for in the period in which the liability arises. Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.

Investment Income

Investment income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as investment income. Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset. Changes in the net market value of investments are recognised as income and comprise all realised and unrealised profits/losses during the year. Interest income is recognised in the Fund account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination. Income includes the amortisation of any discount or premium, transaction costs (where

material) or other differences between the initial carrying amount of the instrument and its amount at maturity calculated on an effective interest rate basis.

Benefits Payable

Pensions and lump sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.

Management Expenses

All management expenses are accounted for on an accrual basis. Fees of the external investment managers and custodian are agreed in the respective mandates governing their appointments. These are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.

Financial Instruments

Financial instruments that are “held for trading” are classified as financial assets and liabilities at fair value through profit or loss when the financial instrument is:

- Acquired or incurred principally for the purpose of selling or repurchasing it in the near term, or
- Part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking, or
- A derivative.

Financial assets and liabilities at fair value through profit or loss are initially recognised at fair value excluding transaction costs and carried at fair value without any deduction for transaction costs that would be incurred on sale or disposal.

Financial assets held at amortised cost. These represent loans and loan-type arrangements where repayments of interest and principal take place on set dates and for specified amounts. The amount presented in the Net Asset Statement represents the outstanding principal plus accrued interest. Interest credited is the amount receivable as per the loan agreement.

The value of market quoted investments is determined by the bid market price ruling on the final day of the accounting period. Fixed interest securities are recorded at net market value based on their current yields. Pooled investments in property funds, equity funds, fixed interest funds, private equity funds, infrastructure funds and private debt funds are valued by the Fund manager in accordance with industry guidelines. Note 12 includes commentary on the valuation methods that the Fund’s fund managers use.

Foreign Currency Transactions

Foreign currency transactions are translated into sterling at the exchange rate ruling at the date of transaction. End of year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

Cash and Cash Equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

Contingent Assets & Liabilities and Commitments

Contingent liabilities are disclosed by way of a note when there is a possible obligation which may require a payment or a transfer of economic benefits. The timing of the economic transfer and the level of certainty attaching to the event are such that it would be inappropriate to make a provision.

Contingent assets are disclosed by way of a note where inflow or a receipt or an economic benefit is possible and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the control of the Fund.

Commitments are disclosed by way of a note when there is a contractual commitment which may require a payment. The timing of the payment is such that it would be inappropriate to make a provision. Commitments are accounted for at the best estimate of the obligation.

Actuarial Present Value of Promised Retirement Benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial standards. As permitted under the code, the fund has opted to disclose the actuarial present value or promised retirement benefits by way of a note to the net assets statement (Note 18).

Critical Judgements in Applying Accounting Policies

There are no critical judgements in applying accounting policies to be disclosed in the Statement of Accounts.

Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the year-end date and the amounts reported for the revenues and expenses during the year. Estimates and assumptions are made taking into account historical experience, current trends and other relevant factors. However, the nature of estimation means that the actual outcomes could differ from the assumptions and estimates.

The items in the Net Assets Statement at 31 March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits (Note 18)	Estimation of the net liability to pay pensions depends on several complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Fund with expert advice about the assumptions to be applied.	<p>The effects on the net pension liability of changes in individual assumptions can be measured. For instance:</p> <p>A 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £67m.</p> <p>A 0.1% increase in assumed earnings inflation would increase the value of liabilities by approximately £4m.</p> <p>A 0.1% increase in pension increases and deferred revaluation would increase the value of the liabilities by approximately £66m.</p> <p>A one-year increase in assumed life expectancy would increase the liability by approximately £146m.</p>
Level 2 investments (Note 12)	Level 2 investments are not traded on an open market. Management use fund managers to determine valuations using recognised pricing techniques.	The Brunel Smaller Companies equity portfolio is valued at £179.620m in the financial statements. There is a risk that this investment may be under or overstated in the accounts by £42.211m. A movement of 23.5% in market price risk is reasonably possible.
Level 3 investments (Note 12)	Level 3 investments are valued at fair value in accordance with 'International Private Equity and Venture Capital Valuation Guidelines'. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	Level 3 investments are valued at £501.558m in the financial statements. There is a risk that this investment may be under or overstated in the accounts by £106.632m. A movement of 21.26% in market price risk is reasonably possible.

Events After the Reporting Date

There have been no events since 31 March 2023, and up to the date when these accounts were authorised that require any adjustments to these accounts. Recent market turmoil has impacted global financial markets. As at the end of *(date to be inserted when accounts are approved)*, investments are

valued overall at £x.xxx billion a (state lower or higher) value than in these financial statements as at 31 March 2023.

Accounting Standards that have been issued but not yet adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. Potentially relevant standards include annual improvements to IFRS standards 2014/2016.

None of the accounting standards that have been issued but not yet adopted will have a significant impact on the financial statements.

Note 3 - Contributions

Contributions relating to wages and salaries paid up to 31 March 2023 have been included in these accounts, there were no augmented employers’ contributions received during 2021/22 or 2022/23.

2021/2022 £000	Contributions by Category	2022/2023 £000
	Employers’ Contributions	
(100,396)	Normal Contributions	(109,489)
(16,337)	Deficit Recovery Contributions	(18,242)
(116,733)	Total Employers’ Contributions	(127,731)
(35,149)	Members’ Contributions	(38,230)
(151,882)	Total Contributions	(165,961)

2021/2022 £000	Contributions by Authority	2022/2023 £000
(60,766)	Administering authority	(62,616)
(87,664)	Scheduled bodies	(100,313)
(3,452)	Admitted bodies	(3,032)
(151,882)	Total Contributions	(165,961)

Note 4 - Transfer Values

2021/2022 £000	Transfers in from other pension funds	2022/2023 £000
(167)	Group transfers	0
(16,357)	Individual transfers	(23,383)
(16,524)	Total Transfers in from other pension funds	(23,383)

The individual transfer values relate to transfers, which have been received during the financial year i.e. included on a cash basis. On 31 March 2023 there were thirty-one transfer values receivable greater than £50k, for which £3.603m had not been received. (On 31 March 2022 there were twenty-three transfer values receivable greater than £50k, for which £2.899m had not been received).

On 31 March 2023 there was one group transfer to the Fund being negotiated with another fund (no group transfers to the Fund being negotiated on the 31 March 2022). Calculations have not yet been carried out for the transfer.

The above refer to payments into the Fund from other pension funds.

Note 5 - Benefits

Benefits include all valid benefit claims notified during the financial year.

2021/2022 £000	Benefits Payable by Category	2022/2023 £000
103,893	Pensions	109,826
20,223	Commutations of pensions and lump sum retirement benefits	19,875
3,485	Lump sum death benefits	3,296
127,601	Total Benefits	132,997

2021/2022 £000	Benefits Payable by Authority	2022/2023 £000
63,467	Administering authority	64,990
53,877	Scheduled bodies	57,820
10,257	Admitted bodies	10,187
127,601	Total Benefits	132,997

Note 6 - Payments to and on Account of Leavers

2021/2022 £000	Payments to and on Account of Leavers	2022/2023 £000
521	Refunds to members leaving service	1,163
62	Group transfers to other pension funds	302
16,125	Individual transfers to other pension funds	15,888
16,708	Total Payments to and on Account of Leavers	17,353

The individual transfer value to other Pension Funds relate to transfers, which have been paid during the financial year i.e. included on a cash basis. On 31 March 2023 there were seventeen transfer values where the amount was greater than £50k, for which £1,402k had not been paid during 2022/23 (on 31

March 2022 there were eleven transfer values receivable greater than £50k, for which £800k had not been paid during 2021/22).

On 31 March 2023 there was one group transfer out from the Fund to other Pension Funds being negotiated, the value of the transfer £85k has been accrued. There was one on the 31 March 2022 where the £2,556k value was accrued.

The above refer to payments from the Fund to other pension funds.

Note 7 - Management Expenses

2021/2022	Management Expenses	2022/2023
£000		£000
2,397	Administrative costs	2,792
14,008	Investment management expenses	18,309
731	Oversight and governance costs	719
17,136	Total Management Expenses	21,820

The analysis of the cost of managing the Fund during the period has been prepared in accordance with CIPFA guidance. Management expenses have been categorised as administrative costs, investment management expenses and oversight/governance costs. The fees for 2022/23 main external audit were £43.375k and £9.6k for the IAS19 assurance letters for scheduled bodies. The fees for the 2021/22 main external audit main fee were £46.05k and the £9.0k for the IAS19 assurance letters for scheduled bodies.

Investment management fees are calculated according to the specific mandate and the associated contract. Management fees for pooled funds and transaction costs have been included in the investment management expenses. There were no performance related fees in the investment management expenses (£1.070m in the 2021/2022 financial year) payable to the Fund’s investment managers. It also includes £6,268k in respect of transaction costs (£363k in the 2021/2022 financial year).

Note 8 - Investment Income

In recent years there has been a decrease in investment income due to the transition of the Fund’s segregated holdings to Brunel pooled funds. Investment income is accumulated within the fund and is accounted for in the market value change rather than investment income.

2021/2022	Investment Income	2022/2023
£000		£000
746	Dividends from equities	62
(4,216)	Income from bonds	242
(2,695)	Income from pooled investments	(5,906)

(8,330)	Income from property unit trusts	(6,984)
(215)	Interest on cash deposits	(1,997)
(9)	Other	2
(14,719)	Total Investment Income	(14,581)

Note 9 - Investments

All investments are valued on a fair value basis and where there is an active market the bid price is the appropriate quoted market price. The investment accounting information is provided by State Street, the Fund's custodian. During 2022/2023 the Buckinghamshire Pension Fund reported a decrease in the market value of investments of £203.188m.

Investments (All values are shown £000)	Value at 31 March 2022 £000	Purchases at Cost £000	Sales Proceeds £000	Change in Market Value £000	Value at 31 March 2023 £000
Long term investments	840	0	0	0	840
Equities - quoted	295	215	(289)	(52)	169
Bonds	0	0	41	(41)	0
Pooled investment vehicles	3,525,017	207,317	(123,556)	(166,486)	3,442,292
Property - unit trusts	243,766	45,958	(43,578)	(36,911)	209,235
	3,769,918	253,490	(167,382)	(203,490)	3,652,536
Cash deposits	132,073			302	68,673
Investment income due	391				518
	3,902,382			(203,188)	3,721,727

During 2021/2022 realised profit of £322.401m and unrealised losses of £69.289m combined to report an increase in the market value of investments of £253.112m.

Investments (All values are shown £000)	Value at 31 March 2021 £000	Purchases at Cost £000	Sales Proceeds £000	Realised Profit/ (Loss) £000	Unrealised Profit/ (Loss) £000	Value at 31 March 2022 £000
Long term investments	840	0	0	0	0	840
Equities - quoted	25,638	396	(25,522)	(1,135)	918	295
Bonds	480,116	648,626	(1,153,323)	47,030	(22,449)	0
Pooled investment vehicles	2,858,278	1,170,462	(689,806)	273,977	(87,894)	3,525,017
Property - unit trusts	213,051	28,203	(41,838)	4,693	39,657	243,766
Derivative contracts	0	2,480	(419)	(2,061)	0	0
Cash deposits	43,662	0	88,035	(103)	479	132,073
	3,621,585	1,850,167	(1,822,873)	322,401	(69,289)	3,901,991
Investment income due	7,124					391
	3,628,709					3,902,382

Pooled investment vehicles are funds where the Fund is not the named owner of specific investments such as shares or bonds but owns a proportion of a pooled fund. The Code requires that pooled investments are analysed between unit trusts, unitised insurance policies and other managed funds. The pooled investment vehicles in the tables above are other managed funds. These funds include the following types of investments:

- Equities
- Fixed interest securities
- Index linked gilts
- Infrastructure
- Private debt
- Private equity fund of funds

The change in the fair value of investments during the year comprises all increases and decreases in the fair value of investments held at any time during the year, including profits and losses realised on sales of investments during the year. The Fund's investments in derivatives are not material and therefore further disclosures are not included in the accounts. Indirect costs are incurred through the bid-offer spread on investments within pooled investments.

The Fund does not participate directly in a stock lending programme.

Note 10 - Investment Management Arrangements

The following table summarises the proportion of the Fund managed by Brunel Pension Partnership limited and the Fund, assets which exceed 5% of the total value of the net assets of the Fund are also shown:

Fund Manager/Mandate	Proportion of Fund 31 March 2022 £000	%	Proportion of Fund 31 March 2023 £000	%
Investments managed by Brunel				
Low Volatility Equity	288,918	8	271,655	7
Passive Developed Equity	670,843	18	646,380	17
Emerging Markets Equity	175,087	5	166,080	4
Global High Alpha Equity	628,127	16	630,793	17
Smaller Companies Equity	184,846	5	179,620	5
Multi-Asset Credit	359,637	10	347,289	9
Passive Index Linked Gilts	386,603	10	310,040	8
Infrastructure	113,510	3	248,035	7
Private Debt	22,664	0	73,611	2
Private Equity	66,183	2	100,429	3
Property – unit trusts	272,175	7	240,674	7
Sterling Corporate Bonds	399,464	9	356,822	10
Cash	1,915	0	3,015	0
Total Investments managed by Brunel	3,569,972		3,574,443	96
Investments managed by the Fund				
Long term investments	0	0	840	0
BlackRock -Cash/inflation plus	4	0	4	0
Blackstone Alternative Asset Management - Hedge fund of funds	4,464	0	0	0
Investec Asset Management- Less constrained global equities	120	0	0	0
Legal & General Investment Management – Passive index-tracker	133,807	4	39,647	1
Pantheon Private Equity- Private equity	84,595	2	63,823	2
Partners Group- Private equity	10,880	0	8,067	0
Royal London Asset Management- Core plus bonds	919	0	0	0
Schroders- Less constrained global equities	1,820	0	194	0
Aberdeen Standard Investments – Less constrained UK equities	127	0	0	0
GTP	377	0	208	0
Hg Capital	1,033	0	1	0
Cash	0	0	34,500	1
Total Investments managed by the Fund	238,146		147,284	4
Total	3,808,118	98	3,721,727	100

Note 11 - Analysis of the Value of Investments

31 March 2022 £000	Analysis of the Value of Investments	31 March 2023 £000
840	Long Term Investments	840
	Equities	
141	UK quoted	102
154	Overseas quoted	67
295	Total Equities	169
	Pooled Investment Vehicles	
1,947,821	Overseas Equity	1,894,530
117,519	Overseas Infrastructure	251,271
533,271	Fixed Interest Securities	396,469
386,603	Index linked gilts	310,040
359,637	Multi-Asset Credit	347,289
22,664	Overseas Private Debt	73,611
157,502	Overseas Private Equity	169,082
3,525,017	Total Pooled Investment vehicles	3,442,292
	Other	
243,766	Property - unit trusts	209,235
132,073	Cash deposits – sterling and foreign cash	68,673
391	Investment Income receivable	518
376,230	Total Other	278,426
3,902,382	Total Value of Investments	3,721,727

Note 12 - Financial Instruments

The Net Assets of the Fund disclosed in the Net Assets Statement are made up of the following categories of financial instruments:

Buckinghamshire Pension Fund Accounts

31 March 2022				31 March 2023		
Fair value through profit and loss	Financial Assets at Amortised Cost	Financial Liabilities at Amortised Cost	Financial Assets	Fair value through profit and loss	Financial Assets at Amortised Cost	Financial Liabilities at amortised cost
£000	£000	£000		£000	£000	£000
840			Long Term Investments	840		
295			Equities	169		
243,766			Property – unit trusts	209,235		
			Pooled investments:			
533,271			Fixed interest securities	396,469		
1,947,821			Equities	1,894,530		
386,603			Index Linked Gilts	310,040		
117,519			Infrastructure	251,271		
359,637			Multi-Asset Credit	347,289		
22,664			Private Debt	73,611		
157,502			Private Equity	169,082		
391			Investment Income receivable	518		
111,285	20,788		Cash deposits	83,106		
	5,214		Current assets		12,816	
3,881,594	26,002			3,736,160	12,816	
			Financial Liabilities			
			Cash deposits		(14,434)	
		(3,247)	Current liabilities			(2,840)
		(3,247)			(14,434)	(2,840)
3,881,594	26,002	(3,247)	Total	3,736,160	(1,618)	(2,840)
		3,904,349				3,731,702

31 March 2022 £000	Reconciliation to Net Assets of the Fund Available to Fund Benefits at 31 March in the Net Assets Statement	31 March 2023 £000
3,913,170	Net Investments	3,741,873
(10,020)	Less contributions due current assets	(11,435)
0	Less rounding error	(1)
1,199	Add HMRC current liabilities	1,265
3,904,349	Value of financial instruments carried at fair value	3,731,702

The net gains and losses on financial instruments are shown in the table below.

31 March 2022 £000		31 March 2023 £000
	Financial Assets	
(253,112)	Fair value through profit and loss	203,188
0	Financial Assets measured at amortised cost	0
0	Financial liabilities measured at amortised cost	0
	Financial Liabilities	
0	Fair value through profit and loss	0
0	Financial Assets measured at amortised cost	0
0	Financial liabilities measured at amortised cost	0
(253,112)	Total	203,188

The Code requires that for each class of financial assets and financial liabilities an authority shall disclose the fair value of that class of assets and liabilities in a way that permits it to be compared with its carrying amount. As all investments are disclosed at fair value, carrying value and fair value are therefore the same.

Valuation of Financial Instruments Carried at Fair Value

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1: Financial instruments where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities, quoted equities are classified as level 1. Listed investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

Level 2: Financial instruments where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data. Fixed interest securities are traded in an active market and evaluated prices sourced from a valid pricing vendor. The values of the hedge fund of funds are based on the net asset value provided by the Fund manager. Assurances over the valuation are gained from the independent audit of the value.

Level 3: Financial instruments at level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments would include unquoted equity investments, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions. The values of the investment in private equity are based on valuations provided by the general partners to the private equity fund of funds in

which the Fund has invested. These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which follow the valuation principles of IFRS. Valuations are audited annually as at 31 December, and the valuations as at 31 March reflect cash flow transactions since 31 December.

The following table analyses financial instruments, measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

Value at 31 March 2023	Quoted Market Price Level 1 £000	Using Observable Inputs Level 2 £000	With Significant Unobservable Outputs Level 3 £000	Total £000
Long term investments	0	0	840	840
Equities	169	0	0	169
Fixed interest securities	0	396,469	0	396,469
Index-linked gilts	0	310,040	0	310,040
Equities	0	1,894,530	0	1,894,530
Infrastructure	0	0	251,271	251,271
Multi-Asset Credit	0	347,289	0	347,289
Private Debt	0	0	73,611	73,611
Private Equity	0	0	169,082	169,082
Property – unit trusts	0	202,481	6,754	209,235
Cash Instruments	0	83,106	0	83,106
Total	169	3,233,915	501,558	3,735,642

Cash deposits in money market fund have been included in the above analysis as they are held at fair value through profit and loss. Remaining cash deposits are held at amortised cost and therefore excluded from the analysis.

Reconciliation to Net Investments in the 31 March 2023 Net Assets Statement	31 March 2023 £000
Net Investments	3,721,727
Add Cash deposits	14,434
Less rounding error	(1)
Less investment income receivable	(518)
Valuation of Financial Instruments carried at fair value	3,735,642

Value at 31 March 2022	Quoted Market Price Level 1 £000	Using Observable Inputs Level 2 £000	With Significant Unobservable Outputs Level 3 £000	Total £000
Long term investments	0	0	840	840
Equities	295	0	0	295
Fixed interest securities	0	533,271	0	533,271
Index-linked gilts	0	386,603	0	386,603
Equities	0	1,947,821	0	1,947,821
Infrastructure	0	0	117,519	117,519
Multi-Asset Credit	0	359,637	0	359,637
Private Debt	0	0	22,664	22,664
Private Equity	0	0	157,502	157,502
Property – unit trusts	0	241,830	1,936	243,766
Cash Instruments	0	111,285	0	111,285
Total	295	3,580,447	300,461	3,881,203

Cash deposits in money market fund have been included in the above analysis as they are held at fair value through profit and loss. Remaining cash deposits are held at amortised cost and therefore excluded from the analysis.

Reconciliation to Net Investments in the 31 March 2022 Net Assets Statement	31 March 2022 £000
Net Investments	3,902,382
Less Cash deposits	(20,788)
Less investment income receivable	(391)
Valuation of Financial Instruments carried at fair value	3,881,203

Sensitivity Analysis of Assets Valued at Level 3

Using Mercer’s analysis of market volatility for individual asset classes in the last 20 years and current market trends, the Fund has determined that the valuation methods described above are likely to be accurate within the following ranges and has set out below the potential impact on the closing value of investments held on 31 March 2023 and 31 March 2022.

	Assessed valuation range (+/-)	Value at 31 March 2023 £000	Value on increase £000	Value on decrease £000
Long term investments	23.5%	840	1,037	643
Infrastructure	18.5%	251,271	297,756	204,786
Private Debt	16.1%	73,611	85,462	61,760
Private Equity	27.7%	169,082	215,918	122,246
Property – unit trusts	18.7%	6,754	8,017	5,491
Total		501,558	608,190	394,926

	Assessed valuation range (+/-)	Value at 31 March 2022 £000	Value on increase £000	Value on decrease £000
Long term investments*	20.6%*	840*	1,013*	667*
Infrastructure	17.1%	117,519	137,615	97,423
Private Debt	15.7%	22,664	26,222	19,106
Private Equity	26.3%	157,502	198,925	116,079
Property – unit trusts	17.3%	1,936	2,271	1,601
Total		300,461*	366,046*	234,876*

*Restated

Reconciliation of Fair Value Measurements Within Level 3

Investments (All values are shown £000)	Value at 31 March 2022 £000	Purchases £000	Sales £000	Realised profit/(loss) £000	Unrealised profit/(loss) £000	Value at 31 March 2023 £000
Long term investments	840	0	0	0	0	840
Infrastructure	117,519	121,479	(10,156)	1,059	21,370	251,271
Private debt	22,664	52,732	(301)	0	(1484)	73,611
Private equity	157,502	33,106	(19,213)	13,863	(16,176)	169,082
Property – unit trusts	1,936	5,090	(414)	120	22	6,754
	300,641	212,407	(30,084)	15,042	3,732	501,558

Investments (All values are shown £000)	Value at 31 March 2021 £000	Purchases £000	Sales £000	Realised profit/(loss) £000	Unrealised profit/(loss) £000	Value at 31 March 2022 £000
Long term investments*	840*	0*	0*	0*	0*	840*
Infrastructure	44,837	75,469	(5,064)	1,463	814	117,519
Private debt	0	22,547	0	0	117	22,664
Private equity	121,765	34,499	(38,981)	30,864	9,355	157,502
Property – unit trusts	25	1,854	0	0	57	1,936
	166,627*	134,369	(44,045)	32,327	10,343	300,641*

*Restated

The Fund’s fund managers provided the following commentary on the valuation methods they use:

Fixed interest securities – level 2 - Brunel £356.822m and LGIM £39.647m – total £396.469m

Brunel – fixed interest securities – active sterling corporate bonds

Price of Units in each (Royal London Pooled Pension) RLPPC Fund shall be established as at each Valuation Point (close each business day) by taking the value of any securities held in that RLPPC Fund which are quoted on a recognised Stock Exchange, the amount of any cash held in or due to that RLPPC Fund which shall be valued at face value, and value of all other assets held in that RLPPC Fund determined by Royal London to be the price which would have to be paid to purchase those assets Less; All expenses and outgoings (including without limitation taxation) which are, at the Valuation Point, payable out of that RLPPC Fund.

LGIM – fixed interest securities – passive tracker fund

The method used to value units is the same at every valuation date throughout the year. All holdings of the appropriate Pooled Fund Sections are valued at the close of business valuation point using a recognised pricing service. These values are then adjusted to allow for outstanding dividends, tax payable or recoverable and any relevant expenses (this creates the “bid price”).

Index linked gilts – level 2 - Brunel £310.040m

The method used to value units is the same at every valuation date throughout the year, valuation point is 17:00. Valuations are normally carried out each working day. Notional acquisition costs allow for the costs of purchasing investments, such as stockbrokers’ commissions, stamp duties and transaction costs. Notional realisation costs allow for the costs of selling investments such as stockbrokers’ commissions, sales taxes and transaction costs. There may be some withholding taxes on some overseas investments. The current valuation methodology is to value the assets of the fund at closing mid-market or last traded values and adjust for the market spread and the aforementioned notional dealing expenses.

Pooled equities – level 2 - Brunel – Passive Global Developed Equity £646.380m, Active Global High Alpha Equity £630.793m, Active Global Emerging Markets Equity £166.080m, Active Low Volatility Equity £271.655m and Active Smaller Companies Equity £179.620m Authorised Contractual Scheme Funds (ACS), an ACS is a type of collective investment vehicle created to hold and manage assets on behalf of a number of investors – total £1,894.530m.

Passive equities - The method used to value units is the same at every valuation date throughout the year. All holdings of the appropriate Pooled Fund Sections are valued at the close of business valuation point using a recognised pricing service. These values are then adjusted to allow for outstanding dividends, tax payable or recoverable and any relevant expenses (this creates the “bid price”).

Active equities - Weekly priced each Wednesday valued at close of business valuation point. These values are then adjusted to allow for outstanding dividends, tax payable or recoverable and any relevant expenses (this creates “bid price”).

Infrastructure – level 3 - Brunel £248.035m and Partners Group £3.236m – total £251.271m

Brunel - Brunel selects managers who apply a fair value process, which is in accordance with International Financial Reporting Standards (IFRS) and United States Generally Accepted Accounts Principles (US GAAP). Systematically Brunel ensures valuations are driven by IPEV guidelines and that this process is annually appraised by third parties for appropriateness.

Partners Group - Partners Group performs independent valuations of its underlying investments through a fair market valuation process, which is in accordance with International Financial Reporting Standards (IFRS) and United States Generally Accepted Accounting Principles (US GAAP).

Partners Group gathers the valuation-relevant information by systematically screening a broad set of sources for valuation-relevant information about portfolio companies which are held directly or indirectly by Partners Group's programs and mandates. This includes information supplied by the firm's due diligence and monitoring professionals, underlying fund managers and information published in industry journals and/or other publications.

Multi Asset Credit – level 2 – Brunel £347.289m

Monthly valuation point for all three underlying managers, first Wednesday of each calendar month, world close. All valuations are conducted by the Alternative Investment Fund Managers (AIFM) under the rulings of the AIFM Directive. An investment which is quoted, listed or traded on or under the rules of any recognized market shall be valued at the latest available dealing price or, if unavailable or if bid and offer quotations are made, the latest available middle market quotation. The value of any investment which is not normally quoted, listed or traded on or under the rules of a recognized market, will be valued at fair value estimated with care and in good faith by the AIFM or an external third-party valuer. This includes FI securities, cash deposits, loans and derivatives.

Private Debt – level 3 - Brunel £73.611m

Brunel selects managers who apply a fair value process, which is in accordance with International Financial Reporting Standards (IFRS) and United States Generally Accepted Accounting Principles (US GAAP). Systematically Brunel ensures valuations are driven by IPEV guidelines and that this process is annually appraised by 3rd parties for appropriateness.

Private Equity – level 3 – Brunel £100.429m, Pantheon £63.823m and Partners Group £4.83m – Total - £169.082m

Brunel – Private Equity – level 3

Brunel selects managers who apply a fair value process, which is in accordance with International Financial Reporting Standards (IFRS) and United States Generally Accepted Accounts Principles (US GAAP). Systematically Brunel ensures valuations are driven by IPEV guidelines and that this process is annually appraised by third parties for appropriateness.

Pantheon – Private Equity – level 3

Investments are valued using the most relevant of methods listed below:

- Cost/recent round of financing/price of recent investment where recent transactions may be the most reflective of fair value.
- Comparable Private Company Transactions used for companies with low enterprise value or low EBITDA which means it is not appropriate to use earnings multiples of similar publicly listed companies.
- Earnings/Earnings Multiples/Performance Multiples valuations involve applying a multiple, appropriate to the company being valued, to the earnings of a company. The valuation is described as a function of two variables, price and earnings (The most widely used of the valuation methodologies, especially for buyout or other businesses that have comparable characteristics to companies in the public markets).
- Underlying value of Net Assets.
- Discounted Cash flows (DCF) where there are predictable cash flows visible over a given time horizon.
- Industry Benchmarks are normally based on the assumption that investors are willing to pay for market share, and that profitability of the business in the does not vary greatly.
- Unrestricted Publicly traded securities are valued at the closing public market price on the valuation date.

These methods are consistently applied across all investment types.

Partners Group – Private Equity – level 3

Partners Group performs independent valuations of its underlying investments through a fair market valuation process, which is in accordance with International Financial Reporting Standards (IFRS) and United States Generally Accepted Accounting Principles (US GAAP).

Partners Group gathers the valuation-relevant information by systematically screening a broad set of sources for valuation-relevant information about portfolio companies which are held directly or indirectly by Partners Group's programs and mandates. This includes information supplied by the firm's due diligence and monitoring professionals, underlying fund managers and information published in industry journals and/or other publications.

Brunel - Property unit trusts – level 2 £202.481m and level 3 £6.754m – Total £209.235m

Brunel selects managers who apply either open market values or fair value processes, open market values are in accordance with RICS valuation standards and fair value processes are driven by IPEV guidelines. Systematically Brunel ensure that both processes are annually appraised by third parties for appropriateness. There are no Material Uncertainty Clauses (MUC's) in place on any underlying valuations applicable to this portfolio.

Note 13 - Additional Financial Risk Management Disclosures

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure that there is sufficient liquidity to meet the Fund's forecast cash flows. The Buckinghamshire Pension Fund Committee manages these investment risks as part of its overall Fund risk management programme.

Responsibility for the Fund's risk management strategy rests with the Buckinghamshire Pension Fund Committee. The Buckinghamshire Pension Fund Risk Assessment analyses the risks faced by the Council's pensions operations, it is reviewed regularly by the Buckinghamshire Pension Fund Committee to reflect changes in activity and in market conditions. The analysis below is designed to meet the disclosure requirements of IFRS 7.

Market Risk

Market risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in market prices of equities, commodities, interest rates, foreign exchange rates and credit spreads. This could be a result of changes in market price, interest rates or currencies. The objective of the Fund's investment strategy is to manage and control market risk exposure within acceptable parameters, while optimising the return.

In general, excessive volatility in market risk is managed through diversification across asset class, investment manager, country, industry sector and individual securities. Each manager is expected to maintain a diversified portfolio within their allocation.

Market Price Risk

Market price risk represents the risk that the value of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting the market in general.

By diversifying investments across asset classes and managers, the Fund aims to reduce the exposure to price risk. Diversification of asset classes seeks to reduce correlation of price movements, whilst the appointment of specialist managers enables the Fund to gain from their investment expertise.

Market Price - Sensitivity Analysis

Whilst the value of the Fund’s assets is sensitive to changes in market conditions and the Fund’s assets are diversified across fund managers and asset classes to mitigate the risks. The Fund’s liability to pay future benefits is equally sensitive, particularly to interest rate changes. In consultation with Mercer, the Fund’s investment consultant, the Fund has determined that the following movements in market price risk are reasonably possible for 2022/2023. The analysis assumes that all other variables, in particular foreign exchange rates and interest rates, remain constant. If the market price of the Fund’s investments does increase/decrease in line with the table below, the change in the market price of net assets available to pay benefits would be as follows:

Asset Type	31 March 2023 £000	Percentage Change %	Value on increase £000	Value on decrease £000
Long term investments	840	23.5%	1,037	643
Equities	1,894,699	21.62%	2,304,333	1,485,065
Fixed interest securities	396,469	6.85%	423,627	369,311
Index linked gilts	310,040	9.0%	337,944	282,136
Overseas infrastructure	251,271	18.5%	297,756	204,786
Multi-asset credit	347,289	12.9%	392,089	302,489
Private debt	73,611	16.1%	85,462	61,760
Private equity	169,082	27.7%	215,918	122,246
Property - unit trusts	209,235	18.7%	248,362	170,108
Cash deposits	68,673	0.9%	69,291	68,055
Investment income receivable	518	21.7%	630	406
Total	3,721,727		4,376,449	3,067,005

In consultation with Mercer, the Fund’s investment consultant, the Fund has determined that the following movements in market price risk are reasonably possible for 2021/2022. The analysis assumes that all other variables, in particular foreign exchange rates and interest rates, remain constant. If the

market price of the Fund’s investments does increase/decrease in line with the table below, the change in the market price of net assets available to pay benefits would be as follows:

Asset Type	31 March 2022 £000	Percentage Change %	Value on increase £000	Value on decrease £000
Long term investments	840	20.6%	1,013	667
Equities	1,948,116	20.82673%*	2,353,845	1,542,387
Fixed interest securities	533,271	4.80%	558,868	507,674
Index linked gilts	386,603	7.90%	417,145	356,061
Overseas infrastructure	117,519	17.10%	137,615	97,423
Multi-asset credit	359,637	4.80%	376,900	342,374
Private debt	22,664	15.70%	26,222	19,106
Private equity	157,502	26.30%	198,925	116,079
Property - unit trusts	243,766	17.3%	285,938	201,594
Cash deposits	132,073	1.0%	133,394	130,752
Investment income receivable	391	20.6%	472	310
Total	3,902,382		4,490,337	3,314,427

*Restated

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest Rate – Sensitivity Analysis

The Fund recognises that interest rates vary and can impact income to the Fund and the fair value of the assets, both of which affect the value of the net assets available to pay benefits. The sensitivity of the Fund’s investments to changes in interest rates has been analysed by showing the impact of a 1% change, long term average interest rates are expected to move less than 1% from one year to the next. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

The following two tables show the impact that a 1% in/decrease has on the value of the assets on 31 March: 31 March 2023 exposure to interest rate risk	Asset Value £000	Value after impact of 1% increase in interest rates £000	Value after impact of 1% decrease in interest rates £000
Cash and cash equivalents	80,699	80,699	80,699
Fixed interest securities	396,469	400,434	392,504
Index linked gilts	310,040	310,040	310,040
Total	787,208	791,173	783,243

31 March 2022 exposure to interest rate risk	Asset Value £000	Value after impact of 1% increase in interest rates £000	Value after impact of 1% decrease in interest rates £000
Cash and cash equivalents	135,770	135,770	135,770
Fixed interest securities	533,271	538,604	527,938
Index linked gilts	386,603	386,603	386,603
Total	1,055,644	1,060,977	1,050,311

The following two tables show the impact that a 1% in/decrease has on the interest receivable during the year:

2022/2023 exposure to interest rate risk	Interest receivable £000	Impact of 1% increase £000	Impact of 1% decrease £000
Cash and cash equivalents	1,997	2,017	1,977
Total	1,997	2,017	1,977

2021/2022 exposure to interest rate risk	Interest receivable £000	Impact of 1% increase £000	Impact of 1% decrease £000
Cash and cash equivalents	215	217	213
Fixed interest bonds	4,216	4,258	4,174
Index linked gilts	0	0	0
Total	4,431	4,475	4,387

Changes in interest rates do not impact on the value of cash/cash equivalent balances but they will affect the interest income received on those balances. Changes to both the fair value of assets and the income received from investments impact on the net assets available to pay benefits.

Currency Risk

Currency risk represents the risk that the fair value of financial instruments will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than Sterling. When Sterling depreciates the Sterling value of foreign currency denominated investments will rise and when Sterling appreciates the Sterling value of foreign currency denominated investments will fall. Over the long term the differences in currencies are likely to balance out and the Fund has chosen not to hedge its currencies.

Currency Risk – Sensitivity Analysis

The sensitivity of the Fund's investments to changes in foreign currency rates have been analysed using an 8.21% movement in exchange rates in either direction for 31 March 2023. This analysis assumes that all variables, in particular interest rates, remain constant. Based on the composition of the Fund's

currency exposure an 8.21% fluctuation in the currency is considered reasonable. An 8.21% weakening or strengthening of Sterling against the various currencies on 31 March 2023 would have increased or decreased the net assets by the amount shown below:

Currency Exposure by Asset Type	31 March 2023 £000	Value on increase £000	Value on decrease £000
		+8.21%	-8.21%
Equities – quoted	1,775,217	1,920,962	1,629,472
Infrastructure	24,631	26,653	22,609
Overseas Private Equity	163,696	177,135	150,257
Cash deposits	5,052	5,467	4,637
Total	1,968,596	2,130,217	1,806,975

The sensitivity of the Fund’s investments to changes in foreign currency rates have been analysed using a 7.56% movement in exchange rates in either direction for 31 March 2022. This analysis assumes that all variables, in particular interest rates, remain constant. Based on the composition of the Fund’s currency exposure a 7.56% fluctuation in the currency is considered reasonable. A 7.56% weakening or strengthening of Sterling against the various currencies on 31 March 2022 would have increased or decreased the net assets by the amount shown below:

Currency Exposure by Asset Type	31 March 2022 £000	Value on increase £000	Value on decrease £000
		+7.56%	-7.56%
Equities – quoted	1,831,296	1,969,742	1,692,850
Multi Asset Credit	61,370	66,010	56,730
Infrastructure	18,369	19,758	16,980
Overseas Private Equity	158,872	170,883	146,861
Cash deposits	20,274	21,807	18,741
Total	2,090,181	2,248,200	1,932,162

One important point to note is that currency movements are not independent of each other. If Sterling strengthened generally it may rise against all the above currencies producing losses across all the currencies.

Currency Exposure by Significant Currency

The Fund’s most significant currency exposures are to the US Dollar, the EURO and the Japanese Yen, using data on currency risk of 8.63% for the US Dollar, 6.32% for the EURO and 9.05% for the Japanese Yen. Weakening or strengthening of Sterling against US Dollars and EUROS on 31 March 2023 would have increased or decreased the net assets by the amounts shown in the following table:

Asset Type	31 March 2023 £000	Percentage Change %	Value on increase £000	Value on decrease £000
US Dollars	1,244,761	8.63%	1,352,184	1,137,338
EUROs	231,461	6.32%	246,089	216,833
Japanese Yen	106,758	9.05%	116,420	97,096
Total	1,582,980		1,714,693	1,451,267

Weakening or strengthening of Sterling against US Dollars and EUROs on 31 March 2022 would have increased or decreased the net assets by the amounts shown in the following table:

Asset Type	31 March 2022 £000	Percentage Change %	Value on increase £000	Value on decrease £000
US Dollars	1,289,488	7.69%	1,388,650	1,190,326
EUROs	291,881	6.67%	311,349	272,413
Japanese Yen	108,807	8.25%	117,784	99,830
Total	1,690,176		1,817,783	1,562,569

Credit Risk

Credit risk represents the risk that the counterparty to a transaction or financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market value of investments generally reflects an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities. In essence the Fund's entire investment portfolio is exposed to some sort of credit risk. The Fund is exposed to credit risk through its investment managers, custodian and its daily treasury management activities. Credit risk is minimised through the careful selection and monitoring of financial institutions and counterparties. Contractual credit risk is represented by the net payment or receipt that remains outstanding.

A source of credit risk is the cash balances held internally or by managers. The Fund's bank account is held at Barclays, which holds an "A" long term credit rating. The management of the cash held in this account is managed by the Council's Treasury Management Team in line with the Council's Treasury Management Strategy which sets out the permitted counterparties and limits. The value of the Fund invested by the Treasury Management Team on 31 March 2023 was £0.478m in an instant access Barclays account and £11.450m invested in Federated's money market fund. (On 31 March 2022 £0.064m was invested in an instant access Lloyds account and £3.250m invested in Federated's money market fund.) Cash balances forming part of the investment assets are invested with the global custodian, State Street, in a diversified money market fund rated AAAM.

Liquidity Risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The main liabilities of the Fund relate to the benefits payable which fall due over a long period of time. The investment strategy reflects this and sets out the strategic asset allocation of the Fund. Liquidity risk is mitigated by investing a proportion of the Fund in actively traded instruments in particular equities and fixed income investments. The Fund maintains a cash balance to meet operational requirements.

The Fund defines liquid assets as assets that can be converted to cash within three months. Illiquid assets are those assets which will take longer to convert into cash. The following table summarises the Fund’s illiquid assets by fund manager:

31 March 2022 £000		31 March 2023 £000
113,362	Brunel infrastructure	248,035
22,664	Brunel private debt	73,611
66,183	Brunel private equity	100,429
243,766	Brunel property unit trusts	240,674
84,595	Pantheon private equity	63,823
10,880	Partners Group private markets	8,067
1,033	Residual mandates	1
542,483		734,640

Note 14 - Related Parties

The Buckinghamshire Pension Fund is administered by Buckinghamshire Council and therefore there is a strong relationship between Buckinghamshire Council and the Buckinghamshire Pension Fund.

Buckinghamshire Council was reimbursed £3.05m (£2.70m in the 2021/2022 year) for oversight & governance costs and administration costs incurred by the Council on behalf of the Fund. The Council is also the single largest employer of members of the Fund and contributed £62.6m to the Fund in 2022/2023 (£60.8m in the 2021/2022 year).

The Fund’s surplus cash held for day-to-day cash flow purposes is invested on the money markets by Buckinghamshire Council’s treasury management team, through a service level agreement. During the year to 31 March 2023, the Fund had an average investment balance of £13.4m (£8.3m in the 2021/2022 year), earning interest of £297k (£2k in the 2021/2022 year).

Membership of the Local Government Pension Scheme (LGPS) for Councillors closed to new members on 31 March 2014. Councillors who were active members ceased to be a member at the next end of term of office. There are no members of the Buckinghamshire Pension Fund Committee who are deferred members of the Fund. There was one member of the Buckinghamshire Pension Fund Committee who was a pensioner member of the Fund on 31 March 2023 (on 31 March 2022 no pensioner members and no deferred members). The Service Director of Finance (s151 Officer) holds a key position in the financial management of the Fund and is an active member. He is an employee of Buckinghamshire Council for whom a portion of his costs of employment are re-charged to the Fund. Disclosure of his pay costs can be found within the officer remuneration note in the main Buckinghamshire Council accounts. Members of the Buckinghamshire Pension Fund Committee, the post of Service Director of Finance (s151 Officer) and the post of Assistant Director of Finance (Pensions, Procurement and Revenues & Benefits) are the key management personnel involved with the Buckinghamshire Pension Fund. £31k was incurred by the Buckinghamshire Pension Fund for costs in

relation to key management personnel. Members of the Buckinghamshire Pension Fund Committee are disclosed in the Buckinghamshire Pension Fund Report and Accounts.

The Fund has transactions with Brunel Pension Partnership Ltd (Brunel) (Company number 10429110) which was formed on 14 October 2016 and will oversee the investment of pension fund assets for ten Funds. The founding Funds include The Environment Agency Pension Fund, and the Local Government Funds of Avon, Buckinghamshire, Cornwall, Devon, Dorset, Gloucestershire, Oxfordshire, Somerset and Wiltshire. Each of the 10 organisations, including Buckinghamshire Council, own 10% of Brunel. During the year to 31 March 2023 Brunel provided services costing £1,318k (£1,214k in the year to 31 March 2022).

Note 15 - Current Assets and Liabilities

31 March 2022	Current Assets and Liabilities	31 March 2023
£000		£000
	Current Assets	
10,020	Contributions due from employers 31 March	11,435
3,697	Cash balances (not forming part of the investment assets)	12,026
1,508	Other current assets	790
15,225	Total Current Assets	24,251
	Current Liabilities	
(154)	Management charges	(229)
(1,199)	HM Revenue and Customs	(1,265)
(435)	Unpaid benefits	(455)
(2,658)	Other current liabilities	(2,156)
(4,446)	Total Current Liabilities	(4,105)
10,779	Net Current Assets	20,146

Note 16 - Taxes on Income

The Fund retains the following taxation status:

- VAT input tax is recoverable on all fund activities by virtue of Buckinghamshire Council being the administering authority.
- The Fund is an exempt approved fund under the Finance Act 2004 and is therefore not liable to UK income tax or capital gains tax.
- Income earned from investments overseas in certain countries is subject to withholding tax, unless an exemption is available.

Note 17 - Actuarial Position of the Fund

In accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013 (as amended), the Fund's actuary, Barnett Waddingham LLP, undertakes a funding valuation every three years to review the financial position of the Fund and to set appropriate contribution rates for each employer in the Fund for the forthcoming triennial period. The last such valuation took place as at 31 March 2022. The next valuation will take place as at 31 March 2025.

On 31 March 2022, the market value of the assets held were £3.91bn, sufficient to cover 104% of the accrued liabilities assessed on an ongoing basis. No employer is permitted to pay their deficit over a period greater than eleven years from 1 April 2023. The primary rate of contribution is the employers' share of the cost of benefits accruing in each of the three years beginning 1 April 2023 and is 19.7% of payroll. In addition, some employers pay a secondary contribution rate based on their circumstances, the secondary contribution rate across the whole Fund averages 1.6% in 2023/2024, 1.5% in 2024/25 and 1.3% in 2025/26.

The results of the valuation are that the past service funding level of the Fund as a whole has increased from 94% to 104% between 31 March 2019 and 31 March 2022. Investment returns have been strong since the previous valuation, but gains in the funding position have been partially offset by a reduction in future anticipated investment returns net of inflation (i.e. a reduction in the real discount rate). To produce the future cashflows or liabilities and their present value Barnett Waddingham formulate assumptions about the factors affecting the Fund's future finances such as inflation, salary increases, investment returns, rates of mortality, early retirement and staff turnover etc.

The main assumptions used in the valuation were:

Financial assumptions

- | | |
|---------------------|------|
| • Discount rate | 4.6% |
| • Pension increases | 2.9% |
| • CPI inflation | 2.9% |
| • Salary increases | 3.9% |

Note 18 - Actuarial Present Value of Promised Retirement Benefits

International Financial Reporting Standards (IFRS) requires the disclosure of the actuarial present value of promised retirement benefits. The Fund’s Actuary has prepared a report which rolls forward the value of the Employers’ liabilities calculated for the triennial valuation as at 31 March 2022. On an IAS 19 basis the Actuary estimates that the net liability as at 31 March 2023 is £266m (31 March 2022 £2,193m), but figures calculated on an IAS 19 basis are not relevant for calculations undertaken for funding purposes or for other statutory purposes undertaken under UK pensions legislation. The Fund accounts do not take account of liabilities to pay pensions and other benefits in the future.

For the triennial valuation the actuary asks the question – what is the value of the assets required based on existing investment strategy to be sufficient to meet future liabilities? For IAS 19 valuations, however, the actuary asks the question – how much would need to be borrowed on the corporate bond market to meet future liabilities?

The expected returns on the assets held will be different from borrowing costs, and so different amounts are required. This manifests itself in different discount rates being used in each type of valuation, and so different values are placed on the same liabilities.

31 March 2022		31 March 2023
£000		£000
6,095,115	Present value of funded obligation	3,974,968
(3,902,383)	Fair value of scheme assets	(3,708,847)
2,192,732	Net Liability	266,121

The present value of funded obligation consists of £3,936m (£6,006m at 31 March 2022) in respect of vested obligation and £39m (£88m at 31 March 2022) in respect of non-vested obligation. Vested benefits are the benefits that employees have a right to receive even if they do not render services to the employer. In other words, the employees will receive their vested benefits even if they stop working for the employer. Thus, non-vested benefits are the benefits an employee can receive in the future if he or she continues providing services to the employer. The liabilities above are calculated on an IAS19 basis and therefore differ from the results of the triennial funding valuation (see Note 17) because IAS19 stipulates a discount rate rather than a rate that reflects market rates. The main assumptions used were:

Financial Assumptions / Inflation Expectations

31 March 2022		31 March 2023
2.60%	Discount rate	4.80%
3.45% to 4.00%	RPI increases	3.10% to 3.65%
3.20%	CPI increases	2.85%
3.20%	Pension increases	2.85%
4.20%	Salary increases	3.85%

These assumptions are set with reference to market conditions on 31 March. The actuary's approach to derive the appropriate discount rate is the Single Equivalent Discount Rate (SEDR) methodology. The actuary uses sample cashflows for employers at each year and derive the single discount rate which results in the same liability value as that which would be determined using a full yield curve valuation (essentially each year's cashflows has a different discount rate). In carrying out this derivation the Actuary uses the annualised Merrill Lynch AA rated corporate bond yield curve and assumes the curve is flat beyond the 30-year point. This is consistent with the approach used at the previous accounting date.

Similar to the SEDR approach described above the actuary adopted a Single Equivalent Inflation Rate (SEIR) approach in deriving an appropriate RPI assumption.

The SEIR adopted is such that the single assumed rate of inflation results in the same liability value (when discounted using the yield curve valuation described above) as that resulting from applying the Bank of England implied inflation curve. The Bank of England implied inflation curve is assumed to be flat beyond the 40-year point.

Following a recent review of the market, and in particular noting the muted market reaction to the likely alignment of RPI with CPIH (Consumer Prices Index with Housing) from 2030, the actuary's view is that gilt-implied inflation rates are currently distorted by supply and demand factors at medium and longer terms. The actuary has therefore allowed for an Inflation Risk Premium (IRP) of 0.4% at medium and longer terms (from 9 years). This results in an overall IRP of between 0.0% p.a. and 0.25% p.a. depending on the term of the liabilities (for terms ranging from 1 year up to 30 years).

Consistent with the SEDR approach, assumptions are rounded to the nearest 0.05% and the actuary used sample cashflows for employers at each duration year (from 1 to 30 years) in deriving the assumptions for the Fund.

It is expected that RPI will be on average 1.0% p.a. lower than it would have otherwise been from 2030 as a result of the proposed alignment of RPI to CPIH (and CPI) from that date. The actuary has therefore assumed that the annual increase in CPI inflation will be 1.0% p.a. lower than the market implied increases in RPI for each year prior to 2030 and will be in line with RPI inflation thereafter. This results in an assumed gap between the two inflation measures of between 0.25% p.a. and 0.80% p.a. depending on the term of the liabilities (for terms ranging from 30 years down to 5 years).

Salaries are assumed to increase at 1.0% above CPI. This approach is the same as the previous accounting date. Pension increases in the LGPS are expected to be based on Consumer Prices Index (CPI).

Demographic/Statistical assumptions

The actuary has adopted a set of demographic assumptions that are consistent with those used for the most recent Fund valuation, which was carried out as at 31 March 2022. The post retirement mortality tables adopted are the S3PA tables with a multiplier of 110% for males and 95% for females. These base tables are then projected using the CMI 2021 Model, allowing for a long-term rate of improvement of 1.25% p.a., smoothing parameter of 7.0 and no initial addition to improvement. The assumed life expectations from age 65 are:

Life expectancy from age 65 (years)	31 March 2022	31 March 2023
Retiring today		
Males	21.6	21.1
Females	25.0	24.6
Retiring in 20 years		
Males	23.0	22.3
Females	26.5	26.0

The actuary also assumed that:

- Members will exchange half of their commutable pension for cash at retirement;
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age; and
- The proportion of the membership that had taken up the 50:50 option at the previous valuation date will remain the same.

Note 19 - Contingent Liabilities and Contractual Commitments

Outstanding contractual commitments on 31 March 2023 relate to outstanding call payments due on unquoted limited partnership funds held in the private equity, resources, global real estate and infrastructure parts of the portfolio. The amounts “called” by the funds are irregular in both size and timing over several years from the date of each original commitment. The undrawn amount, the outstanding commitment, for each of these contracts is shown in the table below:

Outstanding Capital Commitments	31 March 2022	31 March 2023
	£000	£000
Brunel Infrastructure Cycle 3	250,000	214,680
Brunel Private Debt Cycle 3	150,000	136,800
Brunel Private Equity Cycle 3	150,000	150,000
Brunel Infrastructure Cycle 2	183,278	110,220
Brunel Private Debt Cycle 2	107,363	69,430
Brunel Private Equity Cycle 2	98,952	82,390
Brunel Infrastructure Cycle 1	28,583	16,420
Brunel Private Equity Cycle 1	40,908	30,500
Pantheon Asia Fund V LP	1,225	900
Pantheon Asia Fund VI LP	2,888	2,874
Pantheon USA Fund VII Limited	1,097	1,169
Pantheon USA Fund VIII Feeder LP	4,171	4,264
Pantheon Global Secondary Fund IV Feeder LP	1,538	1,638
Partners Group Global Resources 2009, LP	3,248	3,623
Pantheon Europe Fund V “A” LP	812	844
Pantheon Europe Fund VI LP	2,911	3,027
Partners Group Global Real Estate 2008 SICAR	1,524	1,771
Partners Group Global Infrastructure 2009 SICAR	2,762	3,064
	1,031,260	833,614

On 31 March 2023 there was one group transfer to the Fund being negotiated with another fund (no group transfers to the Fund being negotiated on the 31 March 2022). Calculations have not yet been carried out for the transfer.

On 31 March 2023 there was one group transfers out from the Fund to another fund being negotiated where the £85k value was accrued. There was one on the 31 March 2022 where the £2,556k value was accrued.

Note 20 - Additional Voluntary Contributions (AVCs)

AVC providers secure additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. The AVC providers to the Fund are Prudential and Scottish Widows. Prudential invests in several funds including with profits accumulation, deposit and discretionary funds. Scottish Widows invests in a range of funds to suit Scheme members' changing lifestyles. These amounts are not included in the pension fund accounts in accordance with Regulation 4(1)(b) of the Local Government Pension Scheme (Management and Investment of funds) Regulations 2016.

2021/2022 £000	Prudential	2022/2023 £000
5,006	Value of AVC fund at beginning of year	5,492
0	Correction opening value	25
882	Employees' contributions and transfers in	1,658
436	Investment income and change in market value	(47)
(832)	Benefits paid and transfers out	(1,240)
5,492	Value of AVC fund at year end	5,888

2021/2022 £000	Scottish Widows	2022/2023 £000
2,157	Value of AVC fund at beginning of year	2,060
56	Employees' contributions	
128	Investment income and change in market value	
(281)	Benefits paid and transfers out	
2,060	Value of AVC fund at year end	

Information for the above table has been delayed by Scottish Widows. Scottish Widows are working on this and will have the information in time for the final accounts publication.

Note 21 - List of Scheduled and Admitted Bodies

Scheduled Bodies

Buckinghamshire Council	Marlow Town Council
Buckinghamshire and Milton Keynes Fire Authority	Mentmore Parish Council
Chiltern Crematorium	New Bradwell Parish Council
Chilterns Conservation Board	Newport Pagnell Town Council
Thames Valley Police	Newton Longville Parish Council
Milton Keynes Council	Olney Town Council
Milton Keynes Development Partnership	Penn Parish Council
PCC for Thames Valley	Piddington & Wheeler End Parish Council
	Princes Risborough Town Council
Amersham Town Council	Shenley Brook End and Tattenhoe Parish Council
Aston Clinton Parish Council	Shenley Church End Parish Council
Aylesbury Town Council	Slapton Parish Council
Beaconsfield Town Council	Stantonbury Parish Council
Bletchley & Fenny Stratford Town Council	Stony Stratford Town Council
Bow Brickhill Parish Council	Taplow Parish Council
Bradwell Parish Council	Waddesdon Parish Council
Broughton & Milton Keynes Parish Council	Wendover Parish Council
Buckingham Park Parish Council	West Bletchley Town Council
Buckingham Town Council	West Wycombe Parish Council
Burnham Parish Council	Weston Turville Parish Council
Campbell Park Parish Council	Winslow Town Council
Chalfont St Giles Parish Council	Woburn Sands Town Council
Chepping Wycombe Parish Council	Wolverton & Greenleys Town Council
Chesham Bois Parish Council	Wooburn & Bourne End Parish Council
Chesham Town Council	Woughton Community Council
Coldharbour Parish Council	
Coleshill Parish Council	Abbey View Primary School
Downley Parish Council	Alfriston School
Gerrards Cross Parish Council	Amersham School
Great Missenden Parish Council	Ashbrook School
Great Marlow Parish Council	Aspire Schools
Hambleden Parish Council	Aylesbury College
Hanslope Parish Council	Aylesbury Grammar School
Hazlemere Parish Council	Aylesbury High School
Hughenden Parish Council	Aylesbury Vale Academy
Iver Parish Council	Beaconsfield High School
Ivinghoe Parish Council	Bearbrook Combined & Pre-school
Kents Hill & Monkston Parish Council	Bedgrove Infant School
Lacey Green Parish Council	Bedgrove Junior School
Lane End Parish Council	Beechview Academy
Little Marlow Parish Council	Bourne End Academy
Little Missenden Parish Council	Bourton Meadow Academy
Loughton & Great Holm Parish Council	Bridge Academy
Marlow Bottom Parish Council	Brill CofE Combined School
	Brookmead School

Brookward School	Holmwood School
Brushwood Junior School	Holne Chase Primary School
Buckinghamshire New University	Ickford Learning Trust
Buckinghamshire University Technical College	Insignis Academy Trust
Burnham Grammar School	Inspiring Futures Partnership Trust
Bushfield School	Inspiring Futures through Learning Academy Trust
Campfire Education Trust	Ivingswood Academy
Castlefield School	John Colet School
Chalfonts Community College	John Hampden Grammar School
Chalfont St Peter CE Academy	Jubilee Wood Primary School
Chalfont Valley E-Act Academy	Kents Hill Park School
Charles Warren Academy	Kents Hill School
Chepping View Primary Academy	Kingsbridge Education Trust (MAT)
Chesham Bois CofE Combined School	Kingsbrook View Primary Academy
Chesham Grammar School	Knowles Primary School
Chestnuts Academy	Lace Hill Academy
Chiltern Hills Academy	Lakes Academy Trust
Chiltern Way Federation Academy	Langland Community School
Christ the Sower Ecumenical Primary School	Lent Rise Combined School
Cottesloe School	Longwick CofE Combined School
Curzon CofE Combined School	Lord Grey Academy
Danesfield School	Loudwater Combined School
Denbigh School	Loughton School
Denham Green E-Act Academy	Mandeville School
Dorney School	Manor Farm Junior School
Dr Challoner's Grammar School	Middleton Primary School
Dr Challoner's High School	Milton Keynes Academy
Edlesborough School	Milton Keynes College
Elmhurst School (Academy)	Milton Keynes Education Trust
Elmtree Infant and Nursery School	MK Primary Pupil Referral Unit
EMLC Academy Trust	Monkston Primary Academy
Fairfields Primary School	Moorland Primary School
George Grenville Academy	New Bradwell School
Germander Park School	New Chapter Primary School
Gerrards Cross CoE School	Oakgrove School
Glastonbury Thorn First School	Olney Infant School
Glebe Farm School	Olney Middle Academy
Great Horwood CofE Combined School	Orchard Academy
Great Kimble CoE School	Our Ladies Catholic Primary School
Great Kingshill CoE Combined School	Ousedale School
Great Marlow School	Overstone Combined School
Great Missenden CoE Combined School	Oxford Diocesan Bucks School Trust (MAT)
Green Park School	Oxley Park Academy
Green Ridge Primary Academy	Padbury CofE School
Hamilton Academy	Pioneer Secondary Academy
Heronsgate School	Portfields Combined School
Heronshaw School	Princes Risborough Primary School
Holmer Green Senior School	

Princes Risborough School	Speen CofE VA School
Priory Rise School	Stanton School
Rickley Park Primary School	Stantonbury School
Royal Grammar School	Stephenson Academy
Royal Latin School	The Beaconsfield School
St Edwards Catholic Junior School	The Hazeley Academy
St John's CofE Combined School	The Highcrest Academy
St Joseph's Catholic Infant School	The Kingsbrook School
St Joseph's Catholic Primary School	The Misbourne School
St Louis Catholic Primary School	The Premier Academy
St Mary & St Giles CofE School	The Radcliffe School
St Mary's CofE Combined School	Thomas Harding Junior School
St Nicolas' CE Combined School Taplow	Two Mile Ash School
St Paul's RC School	Waddesdon CoE School
St Peter's Catholic Primary School	Walton High
Seer Green CofE School	Water Hall Primary School
Shenley Brook End School	Waterside Combined School
Shepherdswell School	Watling Academy
Sir Henry Floyd Grammar School	West Wycombe Combined School
Sir Herbert Leon Academy	Whitehouse Primary School
Sir Thomas Fremantle Academy	Wooburn Green Primary Academy
Sir William Borlase's Grammar School	Woodside Junior School
Sir William Ramsay School	Wycombe High School
Southwood Middle School	Wyvern School

Admitted Bodies

Acorn Early Years (F&W)	Chiltern Rangers CIC
Acorn Early Years (Playzone)	Cleantec Services Limited (Denham Academy)
Acorn Early Years (Rowans)	Cleantec Services Limited (Oakgrove School)
Action for Children Services Ltd	Cleantec Services Limited (Radcliffe School)
Alliance in Partnership (BPPS)	CS Cleaning Ltd (MiltonKeynes)
Ambassador Theatre Group	Cucina Restaurants (Denbigh School)
Ambient Support	Cucina Restaurants (Lord Grey)
Aspens Services (MK Academy)	Cucina Restaurants (Shenley BE)
Aspens Services (SWR)	Cucina Restaurants (Stantonbury)
Aston Commercial Cleaning Ltd	Everyone Active Ltd
Avalon Cleaning Services (Langland School)	Excelcare
Birkin Cleaning Services (Lord Grey)	Fresh Start Catering (LHA)
Birkin Cleaning Services (Shenley Brook End)	Fujitsu Services Limited
Buckinghamshire Local Enterprise Partnership	Hightown Housing Association Ltd
Buckinghamshire Music Trust	ICTS (UK) Ltd
Bucks Association of Local Councils	Innovate Services Ltd (Buckingham)
Bucks County Museum Trust	Innovate Services Ltd (Oakgrove)
Busy Bee Cleaning Services Ltd (BC)	Innovate Ltd (Princes Risboro)
Busy Bee Cleaning Services Ltd (BCD)	May Harris Multi Services Ltd
Busy Bee Cleaning Services Ltd (Walton High)	Mears Group plc
Caterlink (Walton High)	Monitor Cleaning Services Ltd

Oxfordshire Health NHS Foundation Trust
Pace Security Ltd (MK College)
Places for People Leisure (Newport Pagnell TC)
Places for People Leisure (WDC)
Police Superintendents Association Limited
Profile Security Services Ltd new
Rapidclean (BC Stokenchurch) new
Rapidclean (MK Redway School)
Red Kite Community Housing Ltd
Ringway Infrastructure Services
Sasse Facilities Management Ltd
Serco (MKC)
Serco (MKC Recreation & Maintenance)
Sports Leisure Management
TGC Facility Services Ltd
The Pantry (Chiltern Hills)
The Pantry (Two Mile Ash)
Thrift Activity Farm Ltd
Turn IT On Ltd (SWR School)
Wellbeing Fitness and Leisure Community Trust
Wolverton Leisure Trust
Wycombe Heritage and Arts Trust

The Audit Findings Report for Buckinghamshire Pension Fund

Year ended 31 March 2023

October 2023



Contents



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This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260. Its contents will be discussed with management and the Audit and Governance Committee.

Name: **Mark Stocks**
 For Grant Thornton UK LLP
 Date: 08.11.2023

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Pension Fund or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of Buckinghamshire Pension Fund ('the Pension Fund') and the preparation of the Pension Fund's financial statements for the year ended 31 March 2023 for the attention of those charged with governance.

Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- the Pension Fund's financial statements give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2023 and of the amount and disposition at that date of the fund's assets and liabilities, other than liabilities to pay promised retirement benefits after the end of the fund year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

Our audit work was completed remotely during August-October. We have identified no adjustments to the financial statements that have resulted in an adjustment to the Pension Fund's reported financial position. Audit adjustments are detailed in Appendix D, these were primarily disclosure related. We have also raised recommendations for management as a result of our audit work. These are set out in Appendix B. Our follow up of recommendations from the prior year's audit are detailed in Appendix C.

Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion or material changes to the financial statements, subject to the following outstanding matters;

- testing of level 2 investments, and
- receipt of detail of experience items noted by the actuary, and
- receipt of management representation letter, and
- review of the final set of financial statements, and
- finalisation of partner review and clearance of review points.

We have concluded that the other information to be published with the financial statements, is consistent with our knowledge of your organisation and the financial statements we have audited.

Our anticipated opinion on the financial statements will be unmodified.

Whilst (subject to the outstanding matters above) our work on the Pension Fund financial statements is complete, we will be unable to issue our final audit opinion on the Pension Fund financial statements until the audit of the Administering Authority is complete.

We are required to give a separate opinion for the Pension Fund Annual Report on whether the financial statements included therein are consistent with the audited financial statements. We issued/propose to issue our 'consistency' opinion on the Pension Funds Annual Report alongside the financial statements opinion.

1. Headlines

National context – audit backlog

Nationally there have been significant delays in the completion of audit work and the issuing of audit opinions across the local government sector. Only 12% of local government bodies had received audit opinions in time to publish their 2021/22 accounts by the extended deadline of 30 November. There has not been a significant improvement over this last year, and the situation remains challenging. We at Grant Thornton have a strong desire and a firm commitment to complete as many audits as soon as possible and to address the backlog of unsigned opinions.

Over the course of the last year, Grant Thornton has been working constructively with DLUHC, the FRC and the other audit firms to identify ways of rectifying the challenges which have been faced by our sector, and we recognise the difficulties these backlogs have caused authorities across the country. We have also published a report setting out our consideration of the issues behind the delays and our thoughts on how these could be mitigated. Please see [About time? \(grantthornton.co.uk\)](#)

We would like to thank everyone at the Pension Fund for their support in working with us to work constructively to resolve any and all issues and to not fall behind and to issue a timely audit opinion.

Local context - triennial valuation

Triennial valuations for local government pension funds have been published. These valuations, which are as at 31 March 2022, provide updated information regarding the funding position of the Pension Fund and set employer contribution rates for the period 2023/24 – 2025/26. For the Pension Fund, the valuation was undertaken by Barnett Waddingham, and showed that the Fund had assets sufficient to cover 104% of the accrued liabilities as at the 31st March 2022. The results of the latest triennial valuation are reflected in note 18 to the financial statements. These valuations also provide updated information for the net pension liability on employer balance sheets.

We have performed testing of the completeness and accuracy of triennial valuation source data. This was to support our work providing assurances to auditors of employer bodies. As part of this work, we tested a sample 25 and found the source data to be complete and accurate. This additional testing is only required after each triennial review, rather than annually. See Appendix E for the impact of this work on our 2022/23 audit fee.

2. Financial Statements

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice (‘the Code’). Its contents will be discussed with management and the Audit and Governance Committee.

As auditors we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

For Buckinghamshire Pension Fund, the Audit and Governance Committee fulfil the role of those charged with governance. The Pension Committee considers the draft financial statements and is part of the overall member oversight process.

Audit approach

Our audit approach was based on a thorough understanding of the Pension Fund’s business and is risk based, and in particular included:

- An evaluation of the Pension Fund’s internal controls environment, including its IT systems and controls;
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion. These outstanding items include:

- testing of level 2 investments, and
- receipt of management representation letter and
- review of the final set of financial statements
- finalisation of partner review and clearance of review points.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff. During the audit both your finance team and our audit team faced audit challenges again this year, such as remote access working arrangements i.e., remote accessing financial systems, verifying the completeness and accuracy of information provided remotely produced by the entity.

2. Financial Statements



Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality levels remain the same as reported in our audit plan on 27 09 23.

We set out in this table our determination of materiality for the Pension Fund.

Overall Materiality	Pension Fund Amount (£)	Qualitative factors considered
Materiality for the financial statements	£48.0m	This benchmark is determined as a percentage of the Funds Investment Assets, which has been set at approximately 1.3%.
Performance materiality	£33.6m	Performance Materiality is based on a percentage (70%) of the overall materiality.
Trivial matters	£2.4m	This balance is set at 5% of overall materiality.

Fund Account Materiality	Pension Fund Amount (£)	Qualitative factors considered
Materiality	£17.0m	This benchmark is determined as a percentage of the Funds expenditure, which has been determined as 10%
Performance materiality	£11.9m	Performance Materiality is based on a percentage (70%) of the fund account materiality.
Trivial matters	£850k	This balance is set at 5% of fund account materiality.

2. Financial Statements: Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan	Commentary
Management override of controls	<p>We have:</p> <ul style="list-style-type: none"> • Evaluated the design effectiveness of management controls over journals; • Analysed the journals listing and determined the criteria for selecting high risk unusual journals; • Tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration; • Gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness with regard to corroborative evidence; and • Evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions. <p>Our audit work has not identified any issues in respect of management override of controls.</p>
ISA240 revenue/expenditure risk - Rebutted	<p>As noted in the Audit plan we have rebutted the presumed risk of material misstatement in these area:</p> <p>Having considered the risk factors set out in ISA 240, and the nature of the revenue streams of the Pension Fund, we have determined that it is likely that the presumed risk of material misstatement due to the improper recognition of revenue can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition; • opportunities to manipulate revenue recognition are very limited; and • the culture and ethical frameworks of public sector bodies, including London Borough of Sutton, mean that all forms of fraud are seen as unacceptable. <p>Therefore we do not consider this to be a significant risk for the Pension Fund.</p>

2. Financial Statements: Significant risks

Risks identified in our Audit Plan

Commentary

Valuation of Level 3 investments

We have:

- Evaluated management's processes for valuing Level 3 investments;
- Reviewed the nature and basis of estimated values and consider what assurance management has over the year end valuations provided for these types of investments; to ensure that the requirements of the Code are met;
- Independently requested year-end confirmations from investment managers and the custodian;
- For a sample of investments, tested the valuation by obtaining and reviewing the audited accounts, (where available) at the latest date for individual investments and agreeing these to the fund manager reports at that date. Reconciled those values to the values at 31 March 2023 with reference to known movements in the intervening period;
- In the absence of available audited accounts, we have evaluated the competence, capabilities and objectivity of the valuation expert; and
- Where available reviewed investment manager service auditor reports on design and operating effectiveness of internal controls.

Our audit work has not identified any material issues in respect of the valuation of Level 3 investments. We did identify a £6.3m overstatement in respect of the valuation of Level 3 investments as a result of differences identified between the value of investments disclosed in the financial statements and the capital statements received from investment managers as at 31st March 23.

2. Financial Statements: Other risks

Risks identified	Commentary
Valuation of Level 2 Investments	<p>We have:</p> <ul style="list-style-type: none"> • Gained an understanding of the Fund’s process for valuing Level 2 investments and evaluated the design of the associated controls; • Reviewed the nature and basis of estimated values and considered what assurance management has over the year end valuations provided for these investments; • Reviewed the reconciliation of information provided by the individual fund managers, custodian and Pension Scheme's own records and sought explanations for variances; • independently requested year-end confirmations from investment fund managers and custodian; and • Reviewed investment fund managers service auditor reports on design effectiveness of internal controls. <p>Our audit work is currently ongoing in respect of the valuation of Level 2 investments. We currently have identified a £19.6m overstatement when comparing level 2 investment price valuations to third party prices as at 31st of March – this is subject to change.</p>
Actuarial Present Value of Promised Retirement Benefits disclosure – IAS 26	<p>We have:</p> <ul style="list-style-type: none"> • Updated our understanding of the processes and controls put in place by management to ensure that the Fund’s Actuarial Present Value of Promised Retirement Benefits is not materially misstated; • Evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary’s work; • Assessed the competence, capabilities and objectivity of the actuary who carried out the Fund’s valuation; • Assessed the accuracy and completeness of the information provided by the Fund to the actuary to estimate the liability; • Tested the consistency of disclosures with the actuarial report from the actuary; and • Undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor’s expert) and performing any additional procedures suggested within the report. <p>Our audit work is currently on going in respect of the valuation of Actuarial Present Value of Promised Retirement Benefits disclosure where we are awaiting receipt of detail of experience items noted by the actuary.</p>

2. Financial Statements: Other risks

Risks identified	Commentary
Local Government Pension Scheme triennial valuation	<p>We have:</p> <ul style="list-style-type: none"> • reviewed the methods used to calculate the estimate, including the models used • reviewed the actuarial reports and assessed the reasonableness of the assumptions made in the reports. • performed tests on the accuracy and completeness of the data used in the valuation process, including member data. This included examining source documents and reconciling data to supporting records. • evaluated the adequacy and accuracy of the disclosures related to the LGPS triennial valuation within the financial statements. <p>Our audit work has not identified any issues in respect of the Triennial Valuation.</p>

2. Financial Statements: new issues and risks

This section provides commentary on new issues and risks which were identified during the course of the audit that were not previously communicated in the Audit Plan and a summary of any significant deficiencies identified during the year.

Issue	Risks	Auditor view
<p>IT Control deficiencies</p> <p>Users identified with inappropriate access to ABAP debugger in production</p> <p>ABAP debugger is used for performing debugging functions such as inserting a code to correct any errors in the source code. Users are therefore able to execute unauthorised transactions through these amendments to code.</p> <p>We observed that there were 33 interactive (Dialog(A)) accounts assigned with access to ABAP Debugger in production granted via S_DEVELOP authorisation object in change mode. (Refer to APPENDIX – 1). Further, one (1) out of thirty-five (33) users with access to ABAP Debugger belonged to individuals from Finance and Payroll Team.</p>	<p>Unauthorised access to ABAP debugger granted via S_DEVELOP authorisation object in change mode increases the risk of unauthorised change or deletion of table entries including tables that are typically protected by SCC4, the ability to perform debugging functions by inserting break-point statements into program code and the ability to bypass authority checks and execute transactions user is not authorised to execute through inserting break-point statements into program code and bypassing authority checks.</p>	<p>It is recommended that the management remove ABAP debugger access permanently from production.</p> <p>It is best practise to use Firefighter accounts with an approved business case and set validity period.</p> <p>Management response</p> <p>Debug access has been removed from all active roles with change access other than for the Firefighter role. Access remains for the Support Tech role which is only assigned to our developers Martin Jackson and Hafeez Mohammed. Where possible our developers would investigate any issues across the landscape however some issues require further debug directly in the production client by the above mentioned two ABAP developers.</p>
<p>Users with inappropriate access to develop changes in development and create/import transports in production</p> <p>Our audit procedures identified one(1) user account – BASIS01 with ability to develop changes in development and users with ability to create/import transports in production via STMS/STMS_IMPORT connections between development and production.</p> <p>We performed further audit procedures and identified that the user has created transports in development and imported them into production.</p>	<p>The combination of access to develop and implement those changes in the production environment creates a risk that inappropriate or unauthorised changes are made to data and/or programs.</p>	<p>While management has implemented procedures to ensure that all changes require authorisation prior to being transported into production, it is recommended that privileged access to the production environment should be revoked from users that are involved in development.</p> <p>Management Response</p> <p>All of the transports found were created and moved as part of the major Enhancement Pack 8 upgrade last year, our HCL consultants created and moved the changes across as part of the implementation to help fix issues arisen due to the upgrade itself. You will not find any other transports created and moved through to ERP by the same user as that is not our process. Changes into ERP can only be moved by a member of Basis only after it has been approved in writing and only changes that were not created by themselves. The EHP 8 upgrade was an exceptional circumstance and not very frequent (our first EHP upgrade in over 10 years). Basis01 has been removed from the DEVACCESS table in ERD, ERQ and ERP.</p>

2. Financial Statements: key judgements and estimates

This section provides commentary on key estimates and judgements in line with the enhanced requirements for auditors.

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
<p>Level 3 Investments – £502m</p>	<p>The Pension Fund has investments in pooled investments vehicles (infrastructure, private debt, private equity, property –unit trusts and long term investments) that in total are valued on the net assets statement as at 31 March 2023 at £502m.</p> <p>Management receive quarterly performance reports which are reviewed and subsequently presented to the Local Pensions Board in order to provide scrutiny of estimates and consider any uncertainty. Key fund managers will periodically attend committee meetings which provides an opportunity for officers and members to challenge any unusual movements or assumptions.</p> <p>These investments are not traded on an open exchange/market and the valuation of the investment is highly subjective due to a lack of observable inputs. In order to determine the value, management rely on the valuations provided by the custodian (Statestreet) and investment managers for the pooled investment vehicles which the Pension Fund invests in and Brunel.</p> <p>The value of the investment has increased by £202m in 2022/23, due to additional investments made during the year.</p>	<p>Management determine the value of pooled investment vehicles by placing reliance on the reports provided by the custodian, and Brunel. As such we reviewed confirmations of year end valuations for all sampled investment managers and also agreed them to both the Custodian and Statestreet reports.</p> <p>We reviewed the audited accounts and unaudited valuations at the audited accounts date to determine if values estimated are reasonable. Where provided, we further reviewed service organisation reports for the investment managers.</p> <p>Sensitivities disclosed in the notes to the accounts are reasonable and in line with the Code.</p> <p>The estimate is adequately disclosed in the financial statements.</p> <p>We did identify a £6.3m overstatement in respect of the valuation of Level 3 investments as a result of differences identified between the value of investments disclosed in the financial statements and the capital statements received from investment managers as at 31st March 23.</p>	<p>[Light Purple]</p>

Assessment

- [Dark Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements: key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Level 2 Investments – £3,234m	<p>The Pension Fund has level 2 investments in pooled funds with Brunel that in total are valued on the balance sheet as at 31 March 2023 at £3,234m.</p> <p>Similar to the level 3 assets, Management receive quarterly performance reports which are reviewed and subsequently presented to the Local Pensions Board in order to provide scrutiny of estimates and consider any uncertainty. Key fund managers will periodically attend committee meetings which provides an opportunity for officers and members to challenge any unusual movements or assumptions.</p> <p>The investments are not traded on an open exchange/market and the valuation of the investment is subjective. In order to determine the value, management obtains valuations from the pooled fund manager (Brunel and custodian to ensure that valuations are materially fairly stated.</p> <p>The value of the investment has decreased by £346m in 2022/23 largely due to the migration of investments to Level 3 holdings during the year.</p>	<p>Our assessment of the estimate comprised:</p> <ul style="list-style-type: none"> • reviewing year end valuation reports for the individual fund managers of the pooled investment vehicles • triangulating the investment values between the custodian, Brunel and the individual fund managers of the pooled investment vehicles since management place their reliance on the valuations provided by Statestreet and Brunel. • agreeing investment unit prices or valuations to reports from the custodian and fund managers and the audited accounts for that asset . • testing observable inputs to appropriate and recognised sources where available. • for investments where there were no observable inputs, we treated the fund managers as experts <p>We assessed the appropriateness of the underlying information and techniques used to determine the estimate and checked the adequacy of disclosure of the estimate in the financial statements.</p> <p>Our audit work is currently ongoing in respect of the valuation of Level 2 investments. We currently have identified a £19.6m overstatement when comparing level 2 investment price valuations to third party prices as at 31st of March – this is subject to change.</p>	[Light Purple]

Assessment





- [Dark Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements: Information Technology

This section provides an overview of results from our assessment of Information Technology (IT) environment and controls which included identifying risks from the use of IT related to business process controls relevant to the financial audit. This includes an overall IT General Control (ITGC) rating per IT system and details of the ratings assigned to individual control areas. For further detail of the IT audit scope and findings please see separate 'IT Audit Findings' report.

IT application	Level of assessment performed	Overall ITGC rating	ITGC control area rating		
			Security management	Technology acquisition, development and maintenance	Technology infrastructure
SAP	ITGC assessment (design effectiveness only)				
Altair	ITGC assessment (design effectiveness only)				
Active Directory	ITGC assessment (design effectiveness only)				

Assessment

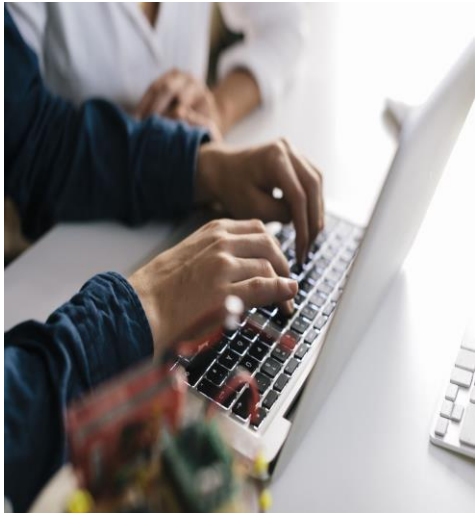
-  Significant deficiencies identified in IT controls relevant to the audit of financial statements
-  Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
-  IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
-  Not in scope for testing

2. Financial Statements: other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit and Governance Committee . We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation has been requested from the Pension Fund, which is included in the Audit and Governance Committee papers.
Audit evidence and explanations	All information and explanations requested from management was provided.

2. Financial Statements: other communication requirements



Issue	Commentary
Confirmation requests from third parties	We requested from management permission to send confirmation requests to your custodian, fund managers and banks. This permission was granted and the requests were sent.
Accounting practices	We have evaluated the appropriateness of the Pension Fund's accounting policies, accounting estimates and financial statement disclosures. Our review found no material omissions in the financial statements.

2. Financial Statements: other communication requirements



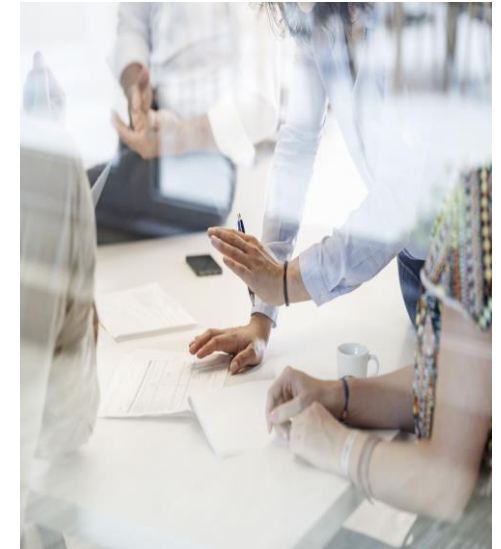
Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).

Issue	Commentary
Going concern	<p>In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.</p> <p>Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none"> the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. <p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Pension Fund meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul style="list-style-type: none"> the nature of the Pension Fund and the environment in which it operates the Pension Fund's financial reporting framework the Pension Fund's system of internal control for identifying events or conditions relevant to going concern management's going concern assessment. <p>On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none"> a material uncertainty related to going concern has not been identified management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

2. Financial Statements: other responsibilities under the Code

Issue	Commentary
Other information	<p>The Pension Fund is administered by Buckinghamshire Council (the 'Council'), and the Pension Fund's accounts form part of the Council's financial statements. We are required to read any other information published alongside the Council's financial statements to check that it is consistent with the Pension Fund financial statements on which we give an opinion and is consistent with our knowledge of the Authority. No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect.</p>
Matters on which we report by exception	<p>We are required to give a separate opinion for the Pension Fund Annual Report on whether the financial statements included therein are consistent with the audited financial statements. We propose to issue our 'consistency' opinion on the Pension Fund's Annual Report alongside the opinion of the financial statements.</p> <p>We are required to report if we have applied any of our statutory powers or duties as outlined in the Code. We have nothing to report on these matters.</p>



3. Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix E.

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see [Grant Thornton International Transparency report 2023](#).

3. Independence and ethics

Audit and non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Pension Fund. No non-audit services were identified which were charged from the beginning of the financial year to March 2023. Note that fees for IAS 19 letters for employer body auditors were classed as non-audit fees prior to 2022/23. The National Audit Office have confirmed that the provision of IAS 19 assurances should be considered work undertaken under the Code of Audit Practice for 2022/23 onwards.

3. Independence and ethics

As part of our assessment of our independence we note the following matters:

Matter	Conclusion
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Pension Fund that may reasonably be thought to bear on our integrity, independence and objectivity
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Pension Fund held by individuals
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Pension Fund as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Pension Fund
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Pension Fund's board, senior management or staff that would exceed the threshold set in the Ethical Standard.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person [and network firms] have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

Appendices

- A. Communication of audit matters to those charged with governance
- B. Action plan – Audit of Financial Statements
- C. Follow up of prior year recommendations
- D. Audit Adjustments
- E. Fees and non-audit services
- F. Auditing developments
- G. Management Letter of Representation
- H. Audit opinion

A. Communication of audit matters to those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	•	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks	•	
Confirmation of independence and objectivity	•	•
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•
Significant findings from the audit		•
Significant matters and issue arising during the audit and written representations that have been sought		•
Significant difficulties encountered during the audit		•
Significant deficiencies in internal control identified during the audit		•
Significant matters arising in connection with related parties		•
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		•
Non-compliance with laws and regulations		•
Unadjusted misstatements and material disclosure omissions		•
Expected modifications to the auditor's report, or emphasis of matter		•

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Distribution of this Audit Findings Report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, we are also required to distribute our findings to those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report to all those charged with governance.

B. Action Plan – Audit of Financial Statements

We have identified 2 recommendations for the Pension Fund as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2023/24 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue	Risks	Auditor view
High	<p>IT Control deficiencies</p> <p>Users identified with inappropriate access to ABAP debugger in production</p> <p>ABAP debugger is used for performing debugging functions such as inserting a code to correct any errors in the source code. Users are therefore able to execute unauthorised transactions through these amendments to code.</p> <p>We observed that there were 33 interactive (Dialog(A)) accounts assigned with access to ABAP Debugger in production granted via S_DEVELOP authorisation object in change mode. (Refer to APPENDIX – 1). Further, one (1) out of thirty-five (33) users with access to ABAP Debugger belonged to individuals from Finance and Payroll Team.</p>	<p>Unauthorised access to ABAP debugger granted via S_DEVELOP authorisation object in change mode increases the risk of unauthorised change or deletion of table entries including tables that are typically protected by SCC4, the ability to perform debugging functions by inserting break-point statements into program code and the ability to bypass authority checks and execute transactions user is not authorised to execute through inserting break-point statements into program code and bypassing authority checks.</p>	<p>It is recommended that the management remove ABAP debugger access permanently from production.</p> <p>It is best practise to use Firefighter accounts with an approved business case and set validity period.</p> <p>Management response</p> <p>Debug access has been removed from all active roles with change access other than for the Firefighter role. Access remains for the Support Tech role which is only assigned to our developers Martin Jackson and Hafeez Mohammed. Where possible our developers would investigate any issues across the landscape however some issues require further debug directly in the production client by the above mentioned two ABAP developers.</p>
High	<p>Users with inappropriate access to develop changes in development and create/import transports in production</p> <p>Our audit procedures identified one(1) user account – BASIS01 with ability to develop changes in development and users with ability to create/import transports in production via STMS/STMS_IMPORT connections between development and production.</p> <p>We performed further audit procedures and identified that the user has created transports in development and imported them into production.</p>	<p>The combination of access to develop and implement those changes in the production environment creates a risk that inappropriate or unauthorised changes are made to data and/ or programs.</p>	<p>While management has implemented procedures to ensure that all changes require authorisation prior to being transported into production, it is recommended that privileged access to the production environment should be revoked from users that are involved in development.</p> <p>Management Response</p> <p>All of the transports found were created and moved as part of the major Enhancement Pack 8 upgrade last year, our HCL consultants created and moved the changes across as part of the implementation to help fix issues arisen due to the upgrade itself. You will not find any other transports created and moved through to ERP by the same user as that is not our process. Changes into ERP can only be moved by a member of Basis only after it has been approved in writing and only changes that were not created by themselves. The EHP 8 upgrade was an exceptional circumstance and not very frequent (our first EHP upgrade in over 10 years). Basis01 has been removed from the DEVACCESS table in ERD, ERQ and ERP.</p>

Controls

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

C. Follow up of prior year recommendations

We identified the following issues in the audit of Buckinghamshire Pension Fund's 2021/22 financial statements, which resulted in 6 recommendations being reported in our 2021/22 Audit Findings Report. We are pleased to report that management have implemented all of our recommendations.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p>1. Allocation of SAP_ALL and SAP_NEW profiles to service and dialog accounts</p> <ul style="list-style-type: none"> SAP_ALL profile had been allocated to 13 service accounts and 2 dialog accounts. SAP_NEW profile has been allocated to 9 service accounts and one dialog account. 	<p>Response: These are Service users that have access to all Company codes as these user ids are used to run background jobs. For SAP_ALL only two dialog users have this access which is granted for the completion of batch jobs only. For SAP_NEW only one dialog user has this access which is granted for the completion of batch jobs only.</p>
✓	<p>2. The standard SAP account DDIC has not been locked</p> <ul style="list-style-type: none"> The SAP DDIC account by default has the highest system privileges and is often associated with background processes, our review identified that this account whilst set as a system account, is also being used for 'firefighting purposes' and is not locked. 	<p>Response: This user is used for upgrade purposes only and not for firefighting. The account has been locked.</p>
✓	<p>3. Inappropriate user access rights allocated to users and generic accounts</p> <ol style="list-style-type: none"> Transaction codes (T-codes) are used to execute particular tasks in SAP. The PFCG T-code is used for maintaining and managing roles and authorisation data; and the SU01 T-code is used for user maintenance. 21 users had been assigned the SU01 transaction code. 22 users had been assigned the PFCG transaction code. The generic user account SAPSUPPORT had also been assigned the SU01 and PFCG transaction codes with an end date of 01/12/2021. The generic user account SAPSUPP had also been assigned the SU01 and PCFG transactions codes with an end date of 25/04/2021. 	<p>Response:</p> <ol style="list-style-type: none"> No comment required. This is to allow Admin Service Desk users to perform user maintenance and user creation. This is to allow admin colleagues to assign roles. Roles are assigned to a user's post and not directly to a user. This is a firefighter role which is used for SAP Support and is only unlocked for a short period of time as and when required. This is a firefighter role which is used for SAP Support and is only unlocked for a short period of time as and when required.

Assessment

- ✓ Action completed
- X Not yet addressed

C. Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p>From our testing of management expenses, we identified that expenses which are in other currencies such as EURO and USD were not translated to GBP, hence creating foreign exchange differences which were trivial. The supporting documents which were provided by management did not tie up and resulted in a difference of £452k between the amount in the accounts and the evidence which management provided. A fund manager expense of £76k was not included as part of management expenses.</p> <p>Although the errors resulting from the above issues are immaterial to the 21/22 accounts, if management do not address the issues identified, this could lead to higher errors in the future.</p>	<p>Response:</p> <p>The template for calculating investment management expenses was improved to include formulae to translate Euros and US dollars to GBP. Also, an analytical review was undertaken to check the totals were correct.</p>
✓	<p>We identified from our testing of employer body changes, that for Action for Children, the Barnet Waddingham report showed it as a newly admitted body in 19/20, however the pension fund did not show it as an admitted body until 21/22 due to delays in receiving a signed admission agreement and the pension fund updating their systems.</p> <p>Chartwells Ltd (Oakgrove School) cessation report shows cessation on 31/07/2020 from the Barnett Waddingham report when the last member left, however the Pension fund did not remove it as an admitted body until 21/22 due to delays in receiving a cessation report and the pension fund updating their systems.</p>	<p>Response:</p> <p>The cessation reports and admission agreements were collated as part of the process of drafting the accounts and the start / cessation dates checked. Since the actual cessation payment / receipt could be later than the cessation date in the report a body could still be part of the Fund even though they don't have any active members.</p>

Assessment

- ✓ Action completed
- X Not yet addressed

C. Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p>Errors identified from member data controls testing</p> <ul style="list-style-type: none"> We identified 2 starters which were created in error via iConnect as the team was learning how to use the iConnect system when the system initially went live. The starters should not have been included on the Starters list. We identified 15 starters where system records and statutory notices were created or sent out at a later date than the employment date. This was due to late setup in Altair. We also identified 5 samples where statutory notices were not sent out due to system error with the starters not being flagged as needing statutory notice. <p>We were able to confirm that for the samples tested, the issues above did not affect the contributions amount and the correct contribution was still paid by the employers and the employees. It is best practice for management to ensure system records are updated on time as this can lead to an error in the future.</p> <p>The Pension fund also incorrectly classified an undecided leaver as leaver.</p>	<p>Response:</p> <p>Starters - we have a procedure where these are identified in two ways. Firstly, where no data is submitted for an active record via i-Connect (IC), an automatic reconciliation workflow is created named 'Actives not updated'. This will identify whether this is a leaver or identify that a duplicate record was created. Where it is duplication, the Employer Liaison Team (ELT) merge the records and delete the duplicate. For all new records created, an iSTART workflow is also created which the Pensions Assistants review in order to add any service history data or create aggregation workflow where appropriate. They also check that it is a genuine new starter. If it isn't, the above IC reconciliation workflow may already exist for ELT to address. If not, the Pensions Assistants create a MERGE workflow so it can be dealt with.</p> <p>Leavers – there is no requirement in the LGPS Regulations for a Scheme Employer to provide an Administering Authority with a hard copy Leaver Notification Form. Employers inform BPF of all leavers via IC and this meets the requirement set out in Section 1 of the LGPS Payroll Guide. Each authorised user at the Scheme Employer has an individual log on for IC. When they access IC and submit their monthly data, including leavers, there is an audit trail showing the full submission, date & time of submission and the details of the authorised employee at the Scheme Employer who made the submission.</p> <p>Statutory Notifications – the issue with Statutory Notifications has been resolved. The content and format of the Statutory Notification and procedures are being reviewed.</p>

Assessment

- ✓ Action completed
- X Not yet addressed

D. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

There were no adjusted misstatements which would impact on the key statements and the reported net assets for the year ending 31 March 2023.

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure/issue/Omission	Auditor recommendations	Adjusted?
Update the audit fee disclosure to be inline with the audit plan.	Management response Management have agreed to update the disclosure to reflect the audit plan.	✓

D. Audit Adjustments (continued)

Impact of unadjusted misstatements

The unadjusted misstatements which would impact on the key statements and the reported net assets for the year ending 31 March 2023 are noted in the table below.

Detail	Pension Fund Account £'000	Net Asset Statement £' 000	Impact on total net assets £'000	Reason for not adjusting
<ul style="list-style-type: none"> Level 3 Investment assets (Profit) and losses on disposal of investments and changes in value of investments <p>Differences identified between the value of investments disclosed in the financial statements and the capital statements as at 31 March 2023 received from third party investment managers.</p>	6,323	-6,323	-6,323	Not material
<ul style="list-style-type: none"> Level 2 Investment assets (Profit) and losses on disposal of investments and changes in value of investments <p>Differences identified between the value of investments disclosed in the financial statements and the capital statements as at 31 March 2023 received from third party investment managers. – Subject to change on finalisation of Level 2 investments checks.</p>	19,587	-19,587	-19,587	Not material

D. Audit Adjustments (continued)

Impact of prior year unadjusted misstatements

The table below provides details of adjustments identified during the prior year audit which had not been made within the final set of 2021/22 financial statements

Detail	Pension Fund Account £'000	Net Asset Statement £' 000	Impact on total net assets £'000	Reason for not adjusting
<ul style="list-style-type: none"> • Investment assets • (Profit) and losses on disposal of investments and changes in value of investments 	2,623	-2,623	-2,623	Not material
Differences identified between the value of investments disclosed in the financial statements and the capital statements as at 31 March 2022 received from third party investment managers.				

E. Fees and non-audit services

We confirm below our final fees charged for the audit and confirm there were no fees for the provision of non audit services.

Audit fees	Proposed fee
Scale Fee	£23,650
Impact of ISA 540	£3,600
Valuation of Investments	£5,625
Journals testing	£2,000
Impact of ISA 315	£3,000
Triennial valuation	£5,500
Pension Fund Audit	£43,375
IAS 19 letters for employer body auditors*	9,600
Total audit fees (excluding VAT)	£52,975

The fees reconcile to the financial statements.

None of the above services were provided on a contingent fee basis.

This covers all services provided by us and our network to the group/company, its directors and senior management and its affiliates, and other services provided to other known connected parties that may reasonably be thought to bear on our integrity, objectivity or independence. (The FRC Ethical Standard (ES 1.69))

*Note that fees for IAS 19 letters for employer body auditors were classed as non-audit fees prior to 2022/23. The National Audit Office have confirmed that the provision of IAS 19 assurances to auditors of local government and NHS bodies should be considered work undertaken under the Code of Audit Practice for 2022/23 onwards. Provision of IAS 19 assurances to auditors of any other type of entity remains non-Code work.

F. Auditing developments

Revised ISAs

There are changes to the following ISA (UK):

ISA (UK) 315 (Revised July 2020) 'Identifying and Assessing the Risks of Material Misstatement'

This impacts audits of financial statement for periods commencing on or after 15 December 2021.

ISA (UK) 220 (Revised July 2021) 'Quality Management for an Audit of Financial Statements'

ISA (UK) 240 (Revised May 2021) 'The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements'

A summary of the impact of the key changes on various aspects of the audit is included below:

These changes will impact audit for audits of financial statement for periods commencing on or after 15 December 2022.

Area of change	Impact of changes
Risk assessment	The nature, timing and extent of audit procedures performed in support of the audit opinion may change due to clarification of: <ul style="list-style-type: none"> the risk assessment process, which provides the basis for the assessment of the risks of material misstatement and the design of audit procedures the identification and extent of work effort needed for indirect and direct controls in the system of internal control the controls for which design and implementation needs to be assess and how that impacts sampling the considerations for using automated tools and techniques.
Direction, supervision and review of the engagement	Greater responsibilities, audit procedures and actions are assigned directly to the engagement partner, resulting in increased involvement in the performance and review of audit procedures.
Professional scepticism	The design, nature, timing and extent of audit procedures performed in support of the audit opinion may change due to: <ul style="list-style-type: none"> increased emphasis on the exercise of professional judgement and professional scepticism an equal focus on both corroborative and contradictory information obtained and used in generating audit evidence increased guidance on management and auditor bias additional focus on the authenticity of information used as audit evidence a focus on response to inquiries that appear implausible
Definition of engagement team	The definition of engagement team when applied in a group audit, will include both the group auditors and the component auditors. The implications of this will become clearer when the auditing standard governing special considerations for group audits is finalised. In the interim, the expectation is that this will extend a number of requirements in the standard directed at the 'engagement team' to component auditors in addition to the group auditor. <ul style="list-style-type: none"> Consideration is also being given to the potential impacts on confidentiality and independence.
Fraud	The design, nature timing and extent of audit procedures performed in support of the audit opinion may change due to: <ul style="list-style-type: none"> clarification of the requirements relating to understanding fraud risk factors additional communications with management or those charged with governance
Documentation	The amendments to these auditing standards will also result in additional documentation requirements to demonstrate how these requirements have been addressed.



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Report to Audit & Governance Committee

Date:	27 th November 2023
Title:	Treasury Management – 2023-24 Mid-Year update
Cabinet Member(s):	Cllr John Chilver - Cabinet Member for Accessible Housing and Resources and Cllr Tim Butcher - Deputy Cabinet Member for Resources and Human Resources
Contact officer:	Hasina Shah
Ward(s) affected:	Not Applicable
Recommendations:	Members are requested to note the report
Reason for recommendation:	Not Applicable

1. Executive summary

- 1.1 The Treasury Management Strategy Statement was approved by the full Council on 22nd February 2023 in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management.
- 1.2 Treasury management comprises:
- i. Investing surplus cash balances arising from the day-to-day operations of the Council to obtain an optimal return while ensuring security of capital and liquidity. The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensures this cash flow is adequately planned, with surplus monies being invested in low-risk counterparties, providing adequate liquidity initially, before considering optimising investment return.
 - ii. Managing the Council's borrowing to ensure funding of the future capital programme is at optimal cost. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer-term cash may involve arranging long or short term loans, or using

longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

1.3 The primary requirements of the Treasury Management Code are summarised below:-

- i. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
- ii. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
- iii. Receipt by the full Council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a **Mid-year Review** Report (this report) and an Annual Report (stewardship report) covering activities during the previous year.
- iv. Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions. At Buckinghamshire, this responsibility is delegated to the Director of Finance.
- v. Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. In Buckinghamshire, the delegated body is the Audit and Governance Committee.

1.4 This report forms part of the monitoring of the Treasury Function and it reviews the implementation of the strategy to date in compliance with CIPFA code of practice and covers the following:-

- A review of the Treasury Management Strategy Statement (TMSS) and Annual Investment Strategy (AIS);
- A six-monthly review of the Council's Treasury position for 2023/24;
- The Council's capital expenditure, as set out in the Capital Strategy;
- A review of compliance with Treasury and Prudential Limits for 2023/24;
- A review of the Council's borrowing strategy and debt rescheduling;
- An economic update is attached at Appendix A;

2. Treasury Management Strategy Statement and Annual Investment Strategy

2.1 The Council's policy objective is the prudent investment of balances to achieve optimum returns on investments, subject to maintaining adequate security of capital and a level of liquidity appropriate to the Council's projected need for funds over time. There are no policy changes to TMSS or AIS.

2.2 The Council has complied with all elements of the TMSS. Further information on the activities for the first half of the year is available in sections 5 and 6.

3. Treasury Position

3.1 As at 30 September 2023, the net cash position was £177m, an increase of £63m on the position at 31 March 2023 as shown below:

	30 Sept 2023 £m	Average Interest %	March 2023 £m
Borrowing			
PWLB	260	2.63	263
LOBO	30	4.04	30
Total	290	2.77	293
Investments			
Specified Investments (up to one year)			
Money Market Funds (MMF)	48	5.22	20
Term Deposit - UK Banks	70	5.39	20
Term Deposit - Non UK Banks	40	5.79	-
Local Authorities	-		55
Non-Specified Investments (longer than one year)			
CCLA Property Pooled Fund	19	4.66	19
Total Investments	177	5.38	114
Net Cash Invested	- 113		- 179

3.2 The increase of £63m reflects the forecast pattern of the Council's cashflows and is mainly dependant on the timing of precept payments, receipt of grants, council tax and business rates, and progress on the capital expenditure programme.

3.3 Investments

- i. The average level of funds available for investment within Money Market Funds and Term Deposits in the first six months of 2023/24 was £150m.
- ii. Liquid balances are managed through Money Market Funds, providing same day liquidity. Cash has also been invested less liquid Fixed Term Deposits (typically 3-6 months) and a longer term illiquid pooled Local Authority Property Fund.
- iii. There are attractive opportunities in the current economic climate for investments of up to 12 months in financial institutions with high credit ratings. The Council has taken these opportunities and have fully utilised the limit of £40m in overseas banks with AAA sovereign rated countries.
- iv. The Council's investment strategy looks to achieve a return on its investments in line with the Sterling Overnight Index Average (SONIA) rate, as suggested by its treasury advisors (Link Group). During the first half of the year the average investment return was 4.34% compared to the SONIA Rate of 4.84%. This underperformance against the benchmark is expected in the rising rate environment, as the bank base rate has been increasing since the last quarter of 2021. Council's investment portfolio had fixed rate investments which were

placed before the rate rise and therefore were at the lower rate. As these investments mature the Council is now securing higher rates on its investment portfolio and is expecting to meet its benchmark for the second half of the year.

v. The Council currently has no investments placed with other Local Authorities.

3.4 **Borrowing** - During the first half of the year the Council repaid £3.489m of PWLB loans and the estimated repayment for the second half of the year is £3.512m. This will bring the borrowing down to £285.728m by 31st March 2024.

3.5 The table below shows the forecast position of both the borrowing cost and investment income. The favourable variance of £1.1m on borrowing cost is resulting from use of internal borrowing for capital programme. Due to higher interest rates and higher cash balances than budgeted the investment income is forecasting a favourable variance of £3.5m.

	Budget £m	Forecast £m	Variance £m
Borrowing Cost	10.0	8.9	-1.1
Minimum Revenue Provision	13.0	12.4	-0.6
Interest on Term Deposits/MMF	-7.0	-10.5	-3.5
Total	16.0	10.8	-5.2

3.6 CCLA Local Authorities Property Pooled Fund

- i. The Council has £19m invested in this fund and in the past it has provided a good return compared to cash investment portfolio. As at end of September it is generating a return of 4.66%. In the recent period there has been adverse impact on capital performance influenced by:-
 - a. The macro background, markets firmed up their expectations that interest rates would remain 'higher for longer'. This has kept capital values in the property market under a little more pressure as investors demand higher yields; and
 - b. Property investment fundamentals have re-surfaced as the impact of rising yields on valuations started to fade. Offices remained the most troubled sector in a challenging market. The general pause in investment activity and the requirement for higher yields also focused attention on assets where the fundamentals were weak, and thin markets explicitly exposed more fully the issues faced by office investment, reflecting a combination of changing working practices and more stringent environmental standards adding to landlords' costs. As a result, offices have been driving the further decline in portfolio valuations during 2023.
- ii. The portfolio is managed actively with the aim of providing a high income and long-term capital appreciation. There is a bias towards industrial assets, and retail warehouses are also well represented, whereas there is little exposure to high street shops, with office weighting relatively low too. Valuations are likely

to remain under some pressure until investors are confident that the peak of the interest rate cycle has been reached.

- iii. The fund remains well positioned - it has had no exposure to shopping centres for many years and very little exposure to traditional retail. The fund has returned relatively good performance against a challenging economic backdrop, supported by a high - and growing - income yield. This is vital whilst capital markets and returns remain weak.

4. Capital Expenditure

- 4.1 The table below shows the anticipated half year position and the revised budget for capital expenditure.

	2023/24 Original Estimate £m	2023/24 Revised Forecast £m
Capital Expenditure by Portfolio		
Leader	35.6	6.0
Accessible Housing and Resources	11.8	4.3
Climate Change and Environment	9.6	9.0
Culture and Leisure	6.5	4.6
Education and Children's Services	28.6	16.9
Homelessness and Regulatory Services	6.6	21.2
Planning and Regeneration	18.9	11.5
Transport	47.4	49.7
Corporate	0.8	-
Total Capital Expenditure	165.8	123.2
Funding by Source		
Grants	- 79.8	- 61.7
Section 106	- 16.6	- 16.9
Community Infrastructure Levy	- 4.0	- 2.9
Capital Receipts	- 11.0	- 8.7
Revenue Contribution	- 15.2	- 12.0
Total Financing	- 126.6	- 102.2
Borrowing Need	39.2	21.0

- 4.2 The above table shows an anticipated decrease in the capital programme of £42m with current forecast spend of £124m. During the summer months the Council undertook the Annual Review of the Capital Programme in line with the practice of recent years. The review identified a requirement for significant re-profiling across a number of schemes. Most of the re-phasing moved into the years 2024/25.

5. Compliance with Treasury Limits and Prudential Indicators

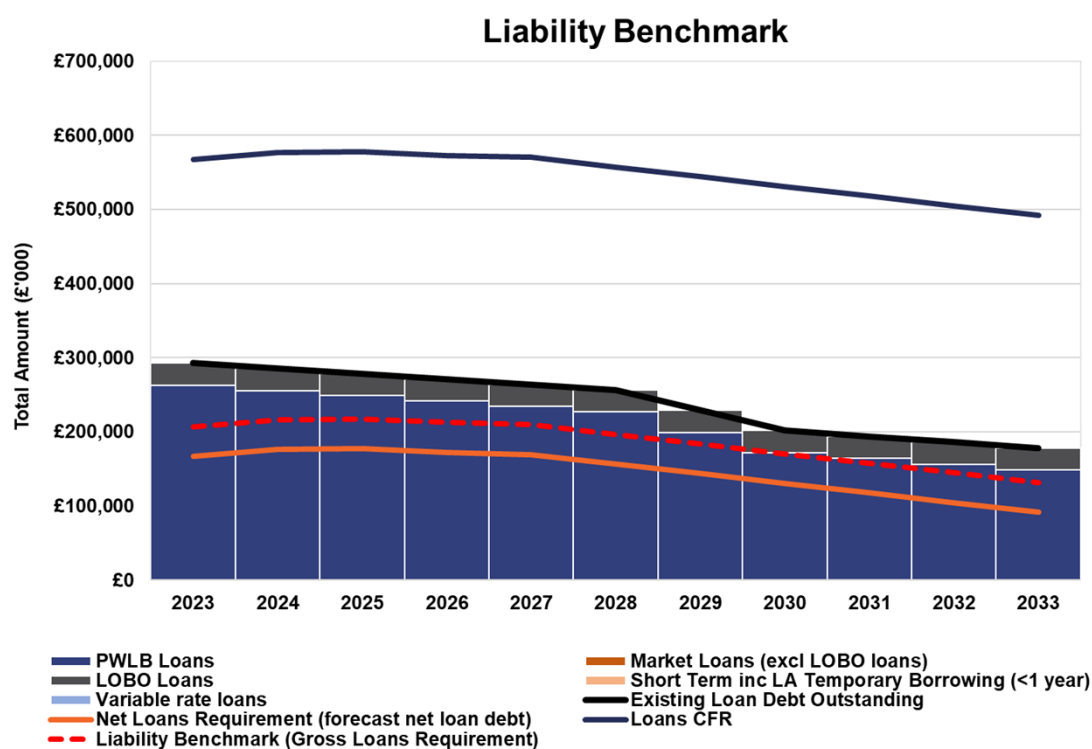
5.1 During the financial year to 30 September 2023, the Council operated within the Treasury Limits and Prudential Indicators as set out below. The Director of Finance reports that no difficulties are envisaged for the current or future years in complying with these indicators.

	Note	2023/24 Original Estimate £m	2023/24 Revised Forecast £m
Capital Financing Requirement	a	667	555
External Debt			
Borrowing		376	286
Other Long-term liabilities		10	4
Total Debt		386	290
Under Borrowing		281	265
Authorised limit for external debt	b	520	340
Operational boundary for external debt	c	417	300
Upper Limit for fixed Interest rate borrowing exposure		100%	100%
Upper Limit for variable Interest rate borrowing exposure		100%	100%
Upper limit for Principal amounts invested over 365 days		25	25

- i. **Capital Financing Requirement (CFR)** – The CFR measures the extent to which capital expenditure has not yet been financed from either Revenue or Capital resources. This indicator is essentially a measure of indebtedness and therefore a guide as to the Council’s underlying borrowing needs. Any capital expenditure which has not immediately been financed or paid for will increase the CFR.
- ii. **Authorised Limit for External Debt** – This is the limit prescribed by Section 3(1) of the Local Government Act 2003 and represents the maximum level of borrowing that the Council may incur. This sum reflects the amount of external debt which, while not desired, could be afforded by the Council in the short-term. It should be noted that this commitment may not be sustainable over a longer period.
- iii. **Operational Boundary** – This is the limit that indicates the level of external debt that the Council should not normally expect to exceed. This threshold is based upon current debt plus anticipated net financing needs in respect of forthcoming financial years.

5.2 CIPFA published revised Treasury Management Code and Prudential Code in December 2021 which is required to be formally adopted in the 2023/24 financial year. The revised Code includes a requirement for the Council to adopt a new

prudential indicator for the debt liability benchmark treasury indicator to support the financing risk management of the capital financing requirement. The Council's Liability Benchmark chart for the following 10 years is detailed below. It shows the existing loans debt outstanding, the Capital Financing Requirement, the net loans requirement and the liability benchmark. The liability benchmark is the net loans required plus the short-term liquidity allowance. Any years where actual loans are less than the benchmark indicate a future borrowing requirement; any years where actual loans outstanding exceed the benchmark represent an overborrowed position. Buckinghamshire Council's liability benchmark tracks closely to the net loan requirement over the forthcoming years.



6. Review of Borrowing Strategy and Debt Rescheduling

- 6.1 The Council took no additional borrowing for the financial year due to the higher borrowing rates and the sufficient level of cash holdings. During 2023/24, the Council have maintained an under-borrowed position of £265m (see table in paragraph 5.1) and is well within the Prudential Indicator. This means that the capital borrowing need (the CFR) is not fully funded with loan debt, as cash supporting the Council's reserves, balances and cash flow is being used as an interim funding measure. These reserves are expected to remain part of the Council's balance sheet throughout the remainder of 2023/24.
- 6.2 The purpose of the maturity structure of borrowing indicator is to highlight any potential refinancing risk that the Council may be facing if, in any one particular

period, there was a disproportionate level of loans maturing. The table below shows that the maturity structure of the Council's borrowing as at 30 September 2023 was within the limits set and does not highlight any significant issues.

Maturity Structure of Borrowing	Upper Limit	Actual	
		£m	%
Under 12 Months	18%	7.05	2.4%
12 Months to 2 Years	20%	7.14	2.5%
2 Years to 5 Years	17%	22.02	7.6%
5 Years to 10 Years	36%	80.14	27.5%
10 Years to 20 Years	34%	60.14	20.6%
20 Years to 30 Years	34%	23.28	8.0%
30 Years to 40 Years	32%	31.67	10.9%
40 Years to 50 Years	20%	30.00	10.3%
More than 50 Years	12%	30.00	10.3%

- 6.3 The Council is not subject to any adverse movement in interest rates in its current loans portfolio as it only holds fixed interest borrowing.
- 6.4 The average rate on the fixed interest borrowing is 2.77% with an average redemption period of 28.79 years. Debt rescheduling opportunities have increased over the course of the past six months and will be considered if giving rise to long-term savings. However, no debt rescheduling has been undertaken to date in the first six months of this financial year.
- 6.5 The Council's borrowing portfolio contains £30m of Lender Option Borrower Option loans (LOBOs). These are long-term loans of up to 55 years, which are subject to periodic rate re-pricing. The rates are comparable with loans for similar durations provided by the PWLB. There is some refinancing risk associated with these loans because of the lender option to increase interest rates. Some banks are offering premature repayment or loan conversion for LOBOs to fixed term loans and officers will remain alert to such opportunities as they arise.

7. Economic update

- 7.1 The Bank of England's Monetary Policy Committee (MPC) members meeting on 2nd November, the committee voted to keep the rate at 5.25%. For the first 6 months of 2023/24 the Bank's base rate has ranged between 4.25% and 5.25%.
- 7.2 Prior to updated figures being released on 15th November 2023, the headline CPI Inflation rate stood at 6.3% for the twelve months to September, down from 8.9% at the beginning of the financial year.

- 7.3 The asset purchase programme (quantitative easing) continues to be reduced and is currently at £760bn as at 13th September. On the 6th June, the Bank of England reported that it had concluded its corporate bond purchase programme and that only a small number of short dated bonds (£0.8bn) would continue to be held until fully maturing on 5th April 2024.
- 7.4 During the current financial year significant adjustments were made by the rating agencies (Moody's, Fitch and Standard & Poors) on their long-term outlook for the UK's sovereign rating from Negative to Stable. Fitch has downgraded their sovereign ratings for the United States from AAA to AA+ and for France from AA to AA-, Fitch upgraded Deutsche Bank from BBB+ to A.
- 7.5 Further information on the economic outlook and interest rate forecast provided by our Treasury advisor is attached in Appendix A.

8. Other updates

- 8.1 The Council banks with Barclays Bank and has been recognised as Best UK Bank for ESG by Euromoney. Further information is available on the link below.

<https://www.euromoney.com/article/2cc8q50d68ey5crupk6pt/western-europe-country-category-winners-2023-best-bank-for-esg-in-the-uk-barclays>

9. Other options considered

- 9.1 Not applicable

10. Legal and financial implications

- 10.1 **Finance** : Financial Implications are contained in the body of this report.
- 10.2 **Legal** : The Local Government Act 2003 ("the Act") and the Local Authorities (Capital Financing and Accounting) (England) Regulations 2003 require the Council to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable. The legislation requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy. This sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments. This report assists the Council in fulfilling its statutory obligation under the Act to monitor its borrowing and investment activities.

11. Corporate implications

- 11.1 Treasury Management activities play a significant role in supporting the delivery of the Council's Capital Programme and Corporate Priorities

12. Communication, engagement & further consultation

- 12.1 Not applicable

13. Next steps and review

- 13.1 Not applicable

14. Background papers

- 14.1 Full Council Report 22nd February 2023 - [Full Council - 22 February 2023\(moderngov.co.uk\)](https://www.moderngov.co.uk/Full-Council-22-February-2023)



Report to Audit and Governance Committee

Date:	27 November 2023
Title:	Review of Effectiveness of Audit Committee - Update
Relevant councillor(s):	N/A
Author and/or contact officer:	Maggie Gibb – Head of Business Assurance (& Chief Auditor)
Ward(s) affected:	N/A
Recommendations:	Members are recommended to note the report.
Reason for decision:	N/A

1. Executive summary

- 1.1 Audit committees are a key component of an authority's governance framework. Their purpose is to provide an independent and high-level focus on the adequacy of governance, risk, and control arrangements. The committee's role in ensuring that there is sufficient assurance over governance risk and control gives greater confidence to all those charged with governance that those arrangements are effective.
- 1.2 In accordance with CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022, an evaluation of the effectiveness of Buckinghamshire Council's Audit and Governance Committee was undertaken in July 2023, and areas for improvement were identified.

2. Content of report

- 2.1 Appendix 1 provides an update on progress against the improvement plan actions.

3. Other options considered

3.1 N/A.

4. Legal and financial implications

4.1 None.

5. Corporate implications

5.1 None.

6. Local councillors & community boards consultation & views

6.1 N/A

7. Communication, engagement & further consultation

7.1 N/A.

8. Next steps and review

8.1 The improvement plan will be presented to the next Audit and Governance Committee in January 2024.

9. Background papers

9.1 Audit and Governance Committee Review of Effectiveness (July agenda).

10. Your questions and views (for key decisions)

10.1 If you have any questions about the matters contained in this report please get in touch with the author of this report. If you have any views that you would like the cabinet member to consider please inform the democratic services team. This can be done by telephone 01296 382343 or email democracy@buckinghamshire.gov.uk.

	CIPFA Good Practice Question(s)	Action required	Action Owner (s) Implementation date	Update
Audit Committee Purpose and Governance	(5) Do all those charged with governance and in leadership roles have a good understanding of the role and purpose of the committee? (6) Does the audit committee escalate issues and concerns promptly to those in governance and leadership roles?	<ol style="list-style-type: none"> 1. Improve feedback “loop” with CMT to have greater visibility of how matters raised at A&G are being used to drive improvements across organisation. 2. Agree process to communicate audit recommendations with relevant Cabinet Members. 3. Consider frequency of attendance at A&G by lead officers (CEO, Monitoring Officer). 	<p>Head of Business Assurance and Audit Board (\$151 and Monitoring Officer)</p> <p>31 March 2024</p>	<ol style="list-style-type: none"> 1. Completed. The new Corporate Governance and Assurance Board has been established reporting to CMT and will provide greater visibility of the work of Audit and Governance across CMT. This will also be included in Business Assurance Strategy Update papers from March 2024. 2. Completed - As part of the final report issue process, Corporate/Service Directors are asked to share the report with the Cabinet Member(s) – no further action. 3. Completed – MO or Deputy MO to attend future meetings of A&G
Functions of the Committee	(9) Do the committee’s terms of reference explicitly address all the core areas identified in CIPFA’s Position Statement as follows: - Risk Management (12) Has the committee met privately with the external auditors and head of internal audit in the last year?	<ol style="list-style-type: none"> 4. Review A&G and Risk Management Group’s Terms of Reference to ensure clearly details what action is expected as a result of risk register discussions (for example, a briefing note to next relevant meeting with an update). 5. To consider consequences of not taking appropriate action. 	<p>Head of Business Assurance and Chair of Audit and Governance Committee</p> <p>31 March 2024</p>	<ol style="list-style-type: none"> 4. In progress – review of Terms of Reference to presented to January meeting. 5. To be considered as part of the ToR review.

	CIPFA Good Practice Question(s)	Action required	Action Owner (s) Implementation date	Update
Membership and Support	<p>(13) Has the committee been established in accordance with the 2022 guidance as follows: - inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation</p> <p>(14) Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled?</p> <p>(15) Has an evaluation of knowledge, skills and training needs of the chair and committee members been carried out within the last two years?</p> <p>(16) Have regular training and support arrangements been put in place covering areas set out in the 2022 guidance?</p> <p>(17) Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?</p>	<ol style="list-style-type: none"> 6. To carry out an exercise, to include benchmarking, to understand the benefits more fully. 7. Present paper to A&G meeting in September for consideration. 8. Undertake skills/knowledge/training analysis of A&G members and identify any gaps. 9. Develop A&G Member training programme. 10. Present report to A&G committee on actions 8 and 9 in September 2023. 	<p>Head of Business Assurance and Audit Board (S151 and Monitoring Officer)</p> <p>31 March 2024</p>	<ol style="list-style-type: none"> 6. In progress - Benchmarking to be presented to January meeting. 7. As above 8. Skills survey to be circulated to Members in December with any recommendations to be reported to January meeting. 9. In progress Member training programme has started (Treasury and Fraud Awareness delivered, Audit Committee and Risk Management to be delivered 27 November). 10. Future training plan to be presented in January,

	CIPFA Good Practice Question(s)	Action required	Action Owner (s) Implementation date	Update
Effectiveness of the Committee	<p>(22) Are meetings effective with a good level of discussion and engagement from all the members?</p> <p>(26) Do audit committee recommendations have traction with those in leadership roles?</p> <p>(27) Has the committee evaluated whether and how it is adding value to the organisation?</p> <p>(28) Does the committee have an action plan to improve any areas of weakness?</p>	<p>11. Ensure members have adequate time to read and understand papers ahead of meetings.</p> <p>12. See action 1. above</p> <p>13. Chair of A&G to seek views on adding value from CEO and Leader.</p> <p>14. Action plan now in place and will be reported to A&G at each meeting.</p>	<p>Head of Business Assurance and Chair of Audit and Governance Committee</p> <p>31 March 2024</p>	<p>11. Papers are issued within the statutory deadline with briefing for Chair/Vice Chair held ahead of meeting.</p> <p>12. See action 11. above</p> <p>13. Views to be sought ahead of March meeting.</p> <p>14. Action plan now in place and will be reported to A&G at each meeting.</p>

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Report to Audit and Governance Committee

Date:	27 November 2023
Title:	Risk Management Group Update
Relevant councillor(s):	N/A
Author and/or contact officer:	Maggie Gibb - Head of Business Assurance (& Chief Auditor)
Ward(s) affected:	N/A
Recommendations:	Members are recommended to note the report.
Reason for decision:	N/A

1. Executive summary

- 1.1 The purpose of the report is to provide an update on the Risk Management Group (RMG) meeting held on 22 September 2023.
- 1.2 The Council's Risk Management Framework, including the Terms of Reference for the Risk Management Group, was approved by the Audit and Governance Committee in June 2021.

2. Content of report

- 2.1 For the Risk Management Group meeting held on 17 July 2023, the group considered the Deputy Chief Executive (DCE) Risk Register. This was presented by the Deputy Chief Executive, the Service Director for Legal and Democratic Services and the Head of Finance for DCE.
- 2.2 Since DCE last attended RMG, Service Improvement had moved under Partnerships, Policy and Communications, and Business Intelligence and Community Support now comprised of the following teams; Asylum and Migration (Afghan and Ukraine teams); Business Intelligence; Community Support (Helping Hands team);

Community Opportunities; and Engagement and Development (including Making Every Adult Matter (MEAM) team).

2.3 The key risk themes were as follows:

2.4 **DCE-LD-17 Democratic and Electoral Services – Elections Act 2022**

Act now in place. No elections took place in Buckinghamshire in May 2023, but frequent parish/town by elections and neighbourhood planning referenda are taking place and Act's new requirements (such as Voter ID) now apply to such elections too. Parliamentary Elections can now be called at any time of the Government's choosing (next one has to be by January 2025) which places significant pressure to deliver the 5/6 parliamentary constituency elections in Buckinghamshire within the very short 25-day timescale.

There is a risk of increased difficulties recruiting sufficient staff for polling duties due to increased responsibilities arising from Voter ID and the handling of postal votes at polling stations.

There is a risk of increased volumes of overseas registrations and absent votes placing greater pressure on the electoral core team during the already very short election timetable.

IF there is insufficient awareness of the changing voting and candidacy rights of European Citizens from June 2023 THEN there is a risk of increased pressure on electoral services and polling staff arising from newly disenfranchised electors attempting to vote. If there is insufficient awareness of the strengthened laws on intimidation, undue influence, postal vote handling by electors and campaigners then there is a risk of electoral offences being committed.

2.5 **DCE-BICS-03 Managing the demand for Community Support Provision** – IF the Welfare/Economic impacts of COVID and cost of living crisis continue to develop THEN there will be an increasing Financial Vulnerability issues faced by residents which is likely to result in increasing demand for Community Support / Local Emergency Support (LES) provision and if not effectively managed and resourced could result in increased demand and costly intervention from other Local Authority support services.

2.6 **DCE-BICS-04 Utilisation of Government Grants** - IF there are not robust procedures to ensure effective utilisation of Government Grants THEN a significant financial risk will develop within the Community Support Service which will impact on its ability to provide the necessary support required.

- 2.7 **DCE-BICS-06 Engagement with the Opportunity Bucks programme** - If there is insufficient senior-level support for the programme across the Council and partners, and collective resources are not used to drive and deliver the programme in target areas, including the alignment of existing initiatives; then the impact of the programme will be reduced, outcomes for residents in these areas will not be sufficiently improved and demand on Council and partner services will continue to increase.
- 2.8 **DCE-BICS-09 Increase of demand on services providing support to Asylum Seekers and Refugees** - IF the increase of asylum seekers and refugees, and associated projects, is not managed, THEN there may be an increase in demand across a range of council services which limits the ability to provide services to other groups and increases the service delivery costs to the council. These services include but not limited to - School admissions and transport, Private fostering team, Housing, Property services, Legal services, Adult social care, Children's social care, Environmental Health, Community Safety.
- 2.9 **DCE-KF-01 Fluctuations in Legal Services activities** - IF there continues to be an increase in Legal Services activity due to an increase in Legal Services commissioned across all directorates OR if there continues to be a slow down in the housing market which will result in a reduction in Land Charges income or developer funded income THEN this could have an adverse impact on the outturn within Legal Services.
- 2.10 **DE-KF-04 Homes for Ukraine Grant** - IF there is a Homes for Ukraine Grant funding gap for future years 2023/24 and 2024/25 THEN this could place budgetary pressures across all services. The Homes for Ukraine scheme was launched on 14 March 2022 by the Secretary of State for Levelling Up, Housing and Communities. Guests will be able to live and work in the UK for up to 3 years and access benefits, healthcare, employment, and other support. The scheme allows individuals to sponsor named people from Ukraine. Local Authorities are responsible for initial checks, including at least one in person visit, payments to sponsors, ongoing support, school places, and information about the local area.
- 2.11 **DCE-KF-05 Increase in Insurance Premiums and Claims driven by demand** – - IF demand continues to increase and /or there are unusually high claims e.g. pothole claims, or IF there continues to be high levels of teaching strikes and rising energy and other costs THEN insurance premiums will increase. Also, IF housing purchasing continues to increase THEN insurance premiums will increase.
- 2.12 The risks were discussed in detail, as well as the mitigating actions being challenged by the members.

2.13 New risks, risks which had been de-escalated or closed and a sample of non-escalated risks were included in the report from the DCE directorate.

3. Other options considered

3.1 N/A.

4. Legal and financial implications

4.1 None.

5. Corporate implications

5.1 None.

6. Local councillors & community boards consultation & views

6.1 N/A.

7. Communication, engagement & further consultation

7.1 N/A.

8. Next steps and review

8.1 The last meeting of the Risk Management Group was held 20 November 2023. The next meeting of the Risk Management Group is to be held on 18 December 2023. Updates from these meetings will be provided at the next Audit and Governance Committee meeting.

9. Background papers

9.1 None.

10. Your questions and views (for key decisions)

10.1 If you have any questions about the matters contained in this report please get in touch with the author of this report. If you have any views that you would like the cabinet member to consider please inform the democratic services team. This can be done by telephone 01296 382343 or email democracy@buckinghamshire.gov.uk.



Report to Audit and Governance Committee

Date:	27 November 2023
Title:	2023/24 Business Assurance Strategy Update (incl. Internal Audit Plan)
Relevant councillor(s):	N/A
Author and/or contact officer:	Maggie Gibb – Head of Business Assurance (& Chief Auditor)
Ward(s) affected:	N/A
Recommendations:	Members are recommended to note the report
Reason for decision:	N/A

1. Executive summary

- 1.1 The report provides an update on the Internal Audit work being undertaken by the Business Assurance Team against the approved 2023/24 plan.
- 1.2 The 2023/24 Internal Audit Plan has been reviewed to identify the key audit activities to be delivered considering the priorities within the Directorates and working around any key service priorities.
- 1.3 Delivery of the overall Business Assurance work plans, including Internal Audit, help ensure that there is an appropriate governance and control framework in place and that risk management is embedded across the Council to enable the achievement of set objectives.

2. Content of report

- 2.1 The Business Assurance Strategy, including the Internal Audit Plan was agreed by the Audit Board and approved by the Audit and Governance Committee in July 2023. The 2023/24 Internal Audit work plan was produced with reference to the strategic and

directorate risk registers; and informed through discussion with Senior Leadership Teams for each directorate.

- 2.2 Quarterly reporting to directorate leadership teams/boards, CMT and the Audit Board continue to take place which helps to keep work plans under continuous review to reflect emerging risks and priorities across the Council. We routinely seek the views of the directorates on the work of the Business Assurance Team to enable continuous improvement and ensure that work being delivered is meeting the needs and expectations of the organisation.
- 2.3 The internal audit plan has had to remain fluid to respond to new/emerging risks and priorities. Whilst some audits are deferred from the original plan, there is still adequate coverage to meet the organisations assurance requirements. Alternative assurance mechanisms (other than internal audit) are also in place to support the overall assurance framework.
- 2.4 Progress against the approved Business Assurance Strategy has been presented to, and agreed by, the Audit Board (S151 Officer, Monitoring Officer, and Director of Legal Services).

3. Other options considered

- 3.1 N/A.

4. Legal and financial implications

- 4.1 None.

5. Corporate implications

- 5.1 None.

6. Local councillors & community boards consultation & views

- 6.1 N/A.

7. Communication, engagement & further consultation

- 7.1 N/A.

8. Next steps and review

- 8.1 An update on delivery of the Business Assurance Strategy and a summary of the internal audit output will be presented as a standing agenda item at Audit and Governance Committee meetings.

9. Background papers

- 9.1 2023/24 Business Assurance Strategy and Internal Audit Plan.

10. Your questions and views (for key decisions)

- 10.1 If you have any questions about the matters contained in this report please get in touch with the author of this report. If you have any views that you would like the cabinet member to consider please inform the democratic services team. This can be done by telephone 01296 382343 or email democracy@buckinghamshire.gov.uk.

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BUCKINGHAMSHIRE COUNCIL

Business Assurance Update

Including Progress against the Internal Audit Plan 2023/24

Maggie Gibb

Head of Business Assurance (& Chief Internal Auditor)

November 2023

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1. Introduction

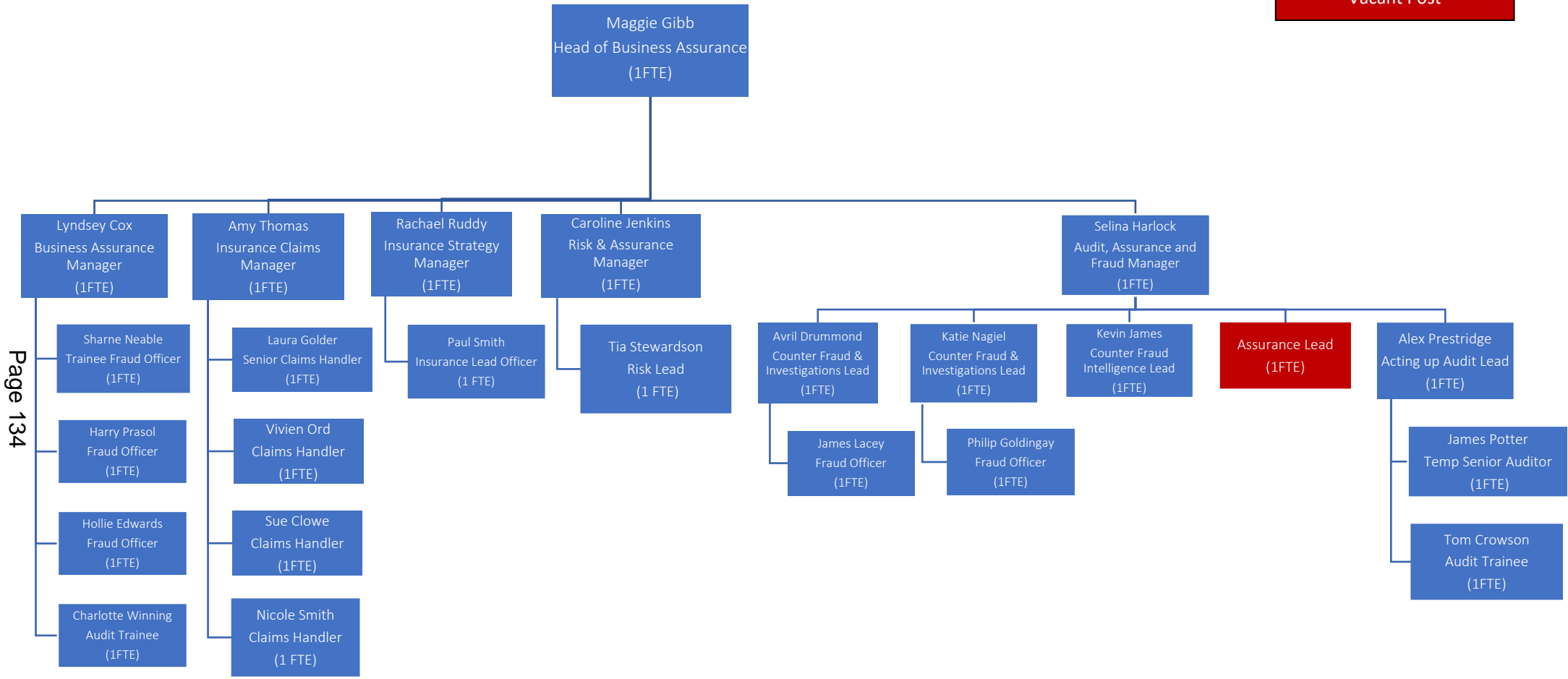
- 1.1 The Business Assurance Team is responsible for delivering the Council's Risk Management, Assurance, Internal Audit, Counter Fraud, and Insurance services. The team operates under the Service Director for Legal and Democratic Services within the Deputy Chief Executive Directorate.
- 1.2 Since the last meeting of the Audit and Governance Committee, the Business Continuity function has been transferred to sit with the Resilience Service within Business Operations.
- 1.3 This report outlines the work carried out by the Business Assurance Team for the financial year 2023/24 to date. The Business Assurance work plans remain flexible in nature as they evolve throughout the year to reflect the changing risks faced by the Council, the maturity of the assurance framework and to meet the needs of unplanned demands and other emerging priorities. Quarterly updates on Business Assurance activities continue to be presented to each directorate leadership team providing them with an overview of the Internal Audit and other assurance activities including progress on implementation of audit actions and an update on escalated risks and mitigating actions.

2. Resources

- 2.1 We have successfully recruited to the majority of posts within the Business Assurance structure with just one vacancy yet to be filled. We continue to resource work plans with a mix of in-house staff and a partnership arrangement with the APEX London Audit Framework. This arrangement enables us to request specialist resource such as IT auditors and contract auditors, whilst allowing for a flexible approach that enables us to respond swiftly to urgent requests for resource such as for investigations.

Business Assurance Team Structure:

Vacant Post



3. Risk Management

3.1 Risk Management continues to be embedded across the Council with all Directorates ensuring that risks are identified and uploaded onto the corporate risk management system in a timely manner; as well as horizon scanning and keeping a watching brief on emerging risks. We continue to deliver our management training sessions across the organisation to ensure that officers continue to be aware of their roles and responsibilities in relation to risk management. For 2023/24 to date, the team has trained 133 staff members across the organisation.

3.2 Deep dive risk reviews continue across certain service areas to ensure risks are relevant and current, are updated with realistic target scores, and have internal controls as well as mitigating actions.

3.3 The new project risk management process has been rolled out across the organisation to ensure that there is greater visibility of how programme and project risks are being captured and escalated across the directorates. This included the development of a new Risks, Assumptions, Issues and Dependences (RAID) Log to capture risks. This will ensure that major projects and programmes are captured on the corporate risk management system and that there are consistent protocols in place in relation to project risk management.

3.4 Individual risk reporting and escalations processes for each directorate have recently been reviewed and frameworks updated to reflect the latest structures and working arrangements.

3.5 The Risk Management Group was last held on 22 September 2023. An update on this meeting will be provided in a separate report.

4. Internal Audit

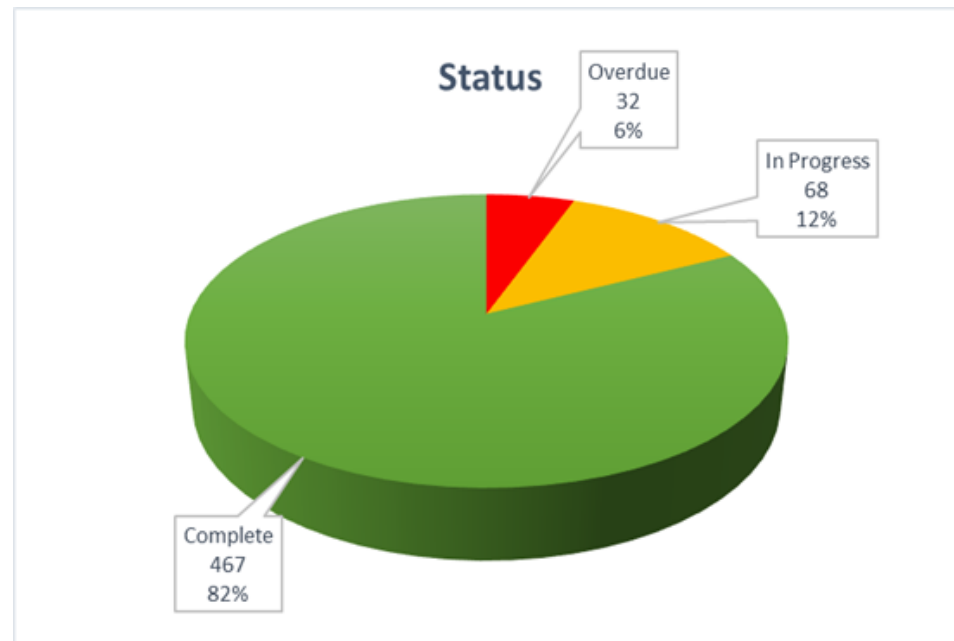
- 4.1 The Internal Audit Function, supported by Mazars (through the APEX London Audit Framework) has been progressing with the delivery of the approved 2023/24 audit engagements. The Internal Audit plan was produced with reference to the Strategic and Directorate Risk Registers and prepared using a risk-based methodology that enables the provision of an independent opinion on the adequacy and effectiveness of the systems of internal control (comprising of risk management, corporate governance, financial and operational controls). The plan was also informed through discussions with the Senior Leadership Teams for each Directorate, Heads of Finance, Section 151 Officer, and the Deputy Chief Executive (Monitoring Officer).
- 4.2 Whilst we have an agreed Internal Audit Plan, this will be continuously reviewed to ensure that it remains dynamic to reflect the changing risks faced by the Council. The plan will continue to be influenced by external organisations and statutory bodies we work with and provide assurance to. The plan will also be reviewed quarterly in conjunction with Strategic and Directorate Risk Registers. Any significant deviation from the approved Internal Audit Plan is communicated through the periodic activity reporting process.
- 4.3 The formulaic audit planning model which was applied in the development of the approved Internal Audit Plan enabled us to RAG rate each audit engagement, with those rated HIGH (RED) deemed priority to deliver in the year. **Appendix 1** details the 2023/24 Internal Audit Plan which includes all the internal audit engagements that are RAG rated RED based on the Audit Planning Model score. We have also had a supplementary list of auditable areas (**Appendix 2**) that were identified as part of the 2023/24 planning process but have been RAG rated MEDIUM or LOW for delivery per the Audit Planning Model. This list will be kept under continuous review and audits that are MEDIUM rated may be added to the plan for delivery based on resource capacity and service priorities, this will be subject to discussions with the respective directorate leadership teams, Audit Board and Audit & Governance Committee approval.
- 4.4 In the last quarter the Internal Audit Team has continued to develop the Schools' Audit Programme which identifies a schedule of schools to visit and audit during the current year. Through review of financial reports, complaints, Ofsted results, consultation with the Schools Improvement Team and Schools Finance, each maintained school is risk assessed based on this information and those with a high 'RAG'

rating are selected for an audit. Eight schools have been selected for review, and a summary of the findings will be shared with all schools via the SchoolsWeb.

4.5 The team has continued to deliver the 2023/24 Internal Audit Plan with three reports finalised since the last meeting. There are five reports at a draft stage and a further six engagements that are currently in progress. In addition, 10 grant certification reviews have been completed.

4.6 Using the audit tool, 'Pentana', Internal Audit have been monitoring implementation of audit actions. Follow-up of management actions is a continuous task that is undertaken by the auditors alongside their assigned audit engagements. The chart below provides a summary on the implementation status of the audit actions:

Chart 1 - Summary Status of Management Actions



4.7 As at 10 November 2023, there are 32 out of 567 (6%) audit management actions which are overdue for implementation and 68 actions that are in-progress.

Management are aware of the actions and progress updates are being provided to Internal Audit on a regular basis. Progress against implementing audit actions is reported to each of the directorate leadership team on a regular basis, and outstanding audit actions are due to be reported to the Corporate Management Team (CMT) in December 2023.

4.8 The Internal Audit Team have also been progressing with the implementation of the new audit system which was a key action from the CIPFA External Assessment. All records have been migrated from the previous system and the team are now undertaking all new audits on the new system. The team is working on developing key reporting requirements for all key stakeholders, this includes information on agreed management actions that form part of the quarterly reporting to directorates. This is expected to be complete by the end of Q3.

4.9 We have two Service Level Agreements in place to deliver the internal audit services for Buckinghamshire and Milton Keynes Fire Authority (BMKFA) and Insignis Trust Academy (IAT). The team continues to progress with the delivery of the agreed audit activity for 2023/24 with regular updates being presented to their respective board/ audit committees.

4.10 The Audit Board, chaired by the Service Director of Finance (S151), reviews progress against the Business Assurance Strategy, in particular delivery of the Internal Audit Plan. **Appendix 1** shows the current progress updated against the Internal Audit Plan.

4.11 It is proposed that the following audits within Planning, Growth and Sustainability be delayed until 2024/25 due to the reasons stated below:

1. Management of the Housing Waiting list
2. Homelessness and Temporary Accommodation

In June 2023, a Housing Improvement Board and associated improvement programme was set up in response to the increase in demand for housing services and knock on budgetary impact. There are eight identified priority areas in the Housing Improvement Programme including Bucks Home Choice and a Case Management review. In addition to this, there is an ongoing Temporary Accommodation Recovery Action Plan which is monitoring the spend on Temporary Accommodation and the work to bring forward further Temporary Accommodation units which is being reviewed at Corporate Management Team.

The Bucks Home Choice project includes a review of the current allocation policy, a review of the customer journey process and the system 'Locata.' The aim of this review is to improve the application process, allow more customer self-serve and utilise digital tools to speed up the Bucks Home Choice process. Additionally, the review of the allocation policy will see changes to the banding criteria and other elements which determine who is allocated which property during the bidding cycle. The systems improvement work is due to take place between Q4 2023/24 and Q2 2024/25, with the allocations policy work due to complete in Q3 2024/25. For this reason, it is suggested that the current planned audit is changed to next financial year as improvements have already been identified but not yet implemented, so an audit this financial year will make recommendations against processes which will change in the next six months.

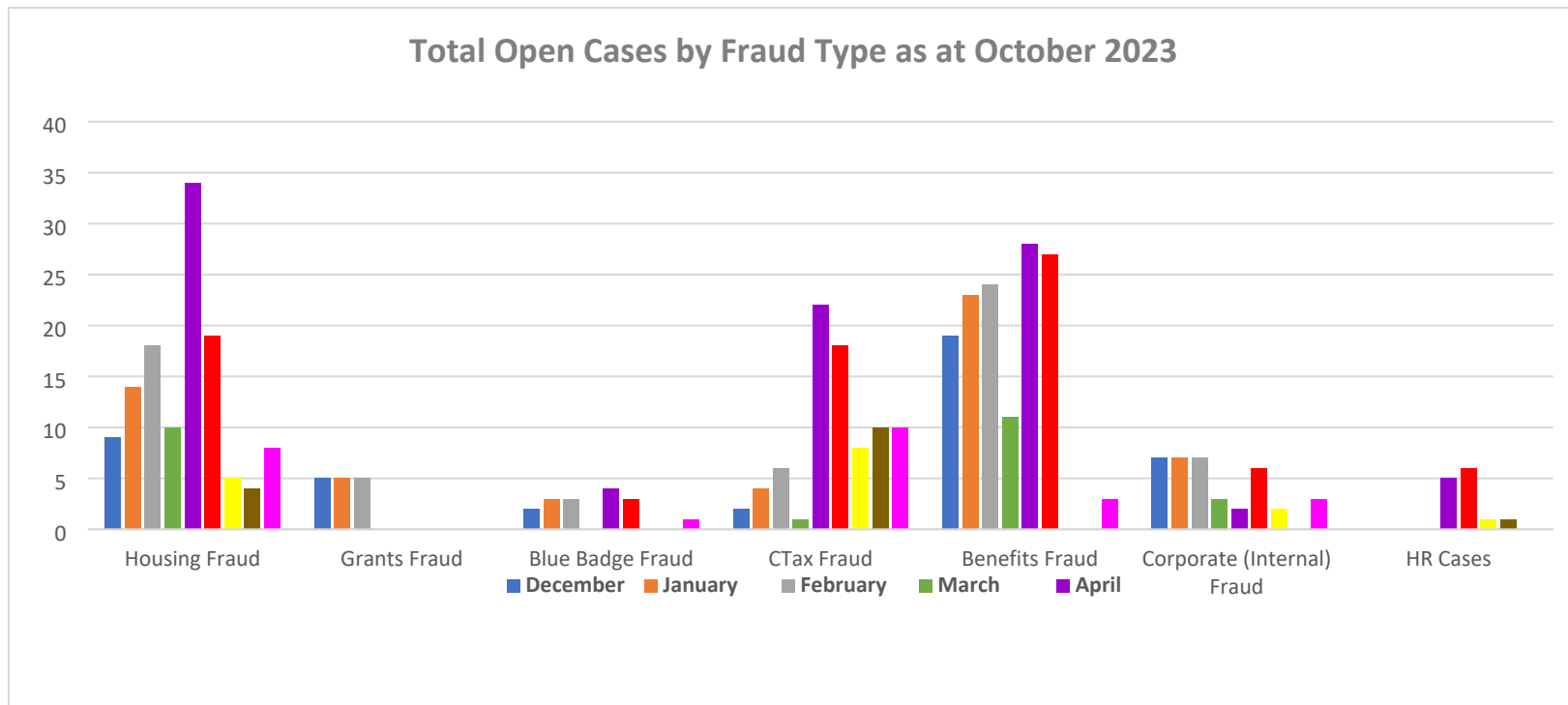
Similarly, the demand on the homelessness service has surpassed the previously predicted figures and therefore the council is spending significantly more on Temporary Accommodation than budgeted for. The delivery of Temporary Accommodation and the way the Homelessness team manage cases is being reviewed to ensure that costs are brought into line and staff welfare is monitored due to high caseloads. The Audit and Governance Committee had scheduled a revisit of work from the assurance review in 22/23, but it is being proposed that these control gaps and outcomes from the task and finish group are subsumed into the Housing Improvement Board programme and an update is brought back to the Committee in 2024/25.

5. Business Assurance

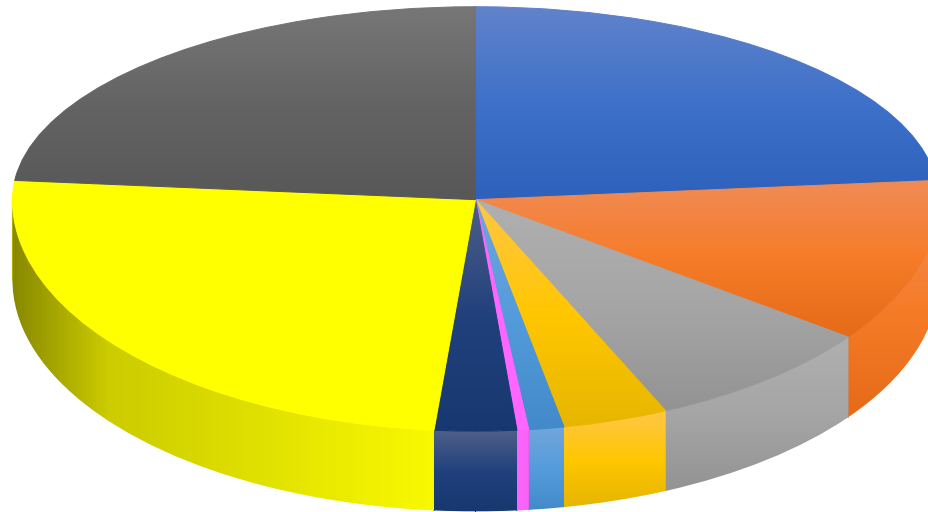
- 5.1 The Business Assurance Team continues to progress with the COVID grant assurance as the requirements from central government to carry out post assurance checks continue. The team liaise with the services and support in the collation of the required returns, reconciliations and certification where required.
- 5.2 The Risk and Assurance Manager is leading on an exercise to develop the Assurance Framework for the Council with the aim that each directorate will have an “assurance dashboard” detailing internal and external sources of assurance for key activities. This exercise is due to start in January 2024.

6. Counter Fraud

6.1 The Business Assurance Team procedures alone cannot guarantee the detection of fraud and corruption, nor can we give an overall assurance opinion on counter fraud, therefore management have responsibility for ensuring that there are adequate controls in place to manage the risk of fraud and corruption. The size and complexity of the authority means that some irregularities are inevitable, and when these arise the Fraud Team deploy resources to investigate these. Whilst responding to fraud allegations raised internally and externally, the team also have a proactive schedule of activity that includes fraud awareness training and probity reviews. Counter Fraud activity is reported to the Statutory Officers Group on a monthly basis. The tables below provide a summary of the fraud cases that the team have been managing:



Total Closed Cases by Fraud Type



- CTAX (58)
- Housing (28)
- Corporate (20)
- Schools (9)
- Direct Payments (3)
- Insurance (1)
- Blue Badge (7)
- Benefits (61)
- Grants (58)

Appendix 1– 2023/24 Internal Audit and Counter Fraud Plan

Corporate				
Service	Audit Title/ Activity	Objectives/Risk/Concerns	RAG Per Model	Status Update
Cross-cutting	Assurance Framework	Develop a means of identify and mapping the main source of assurance across the Council and coordinating them to best effect.	N/A	Starting in January
	Project/Programme Support	To ensure that there is a framework in place to effectively and efficiently deliver projects/ programmes across the organisation.	HIGH	Starting in January
	Contract Management	To provide assurance on the management of the identified suppliers to ensure that the contract is being managed in line with Council requirements; in order to maximise their value and manage risk whilst delivering the outcomes and benefits envisaged.	HIGH	Terms of reference being drafted
	MTFP	To evaluate the adequacy and effectiveness of the MTFP process, the review will consider the governance arrangements, the modelling, savings targets, business cases, risk management and delivery/ management of the MTFP.	HIGH	Starting in January
Deputy Chief Executive				
Service	Audit Title/ Activity	Objectives/Risk/Concerns	RAG Per Model	Status Update
Policy, Partnerships & Communications	Partnership Arrangements	Partnerships are an effective way for the Council to achieve its objectives, but they give rise to new and different risks, which need to be recognised, evaluated, and effectively managed. The review will assess the partnership arrangements in place and ensure they contribute towards the achievement of the Council's objectives.	HIGH	Q4
Legal & Dem Services	Legal Processes	Deferred from 21/22 plan. To ensure that there are adequate arrangements in place for the services to engage with the legal team, cases are recorded, monitored and costs tracked appropriately.	HIGH	Starting in December
Major Projects	Companies Governance	To ensure that there are adequate governance arrangements in place to monitor the performance of the Council's companies, to make certain that risks are effectively managed, and objectives are being achieved.	HIGH	Fieldwork in progress
Policy, Partnerships & Communications	Homes for Ukraine	Carry forward audit	HIGH	FINAL REPORT Reasonable Assurance

Adults & Health				
Service	Audit Title/ Activity	Objectives/Risk/Concerns	RAG Per Model	Status Update
Adult Social Care	Charging Policy	To provide assurance that the Council's Charging Policy is being effectively applied, this will include evaluating income maximisation.	HIGH	Fieldwork in progress
Adult Social Care/ Integrated Commissioning	Continuing Health Care:	Review effectiveness of updated process following outcomes of the review of CHC function across the whole BOB. Audit to consider policies and procedures, client assessments/ eligibility and financial controls. This audit has been deferred for the last two years.	HIGH	Q4
Adult Social Care	Direct Payments	Review of financial controls (monitoring protocols) for all the payment methods within the Direct Payments, including use of virtual wallet.	HIGH	Terms of reference being drafted
Integrated Commissioning	Commissioning and Financial Management of Spot Contracts	End to end process reviewing adequacy and effectiveness of controls in place – Carry Forward	HIGH	Fieldwork in progress
Integrated Commissioning	E-brokerage	End to end process reviewing adequacy and effectiveness of controls in place – Carry Forward	HIGH	Fieldwork in progress
Finance	A&H Debt Recovery (Secured Debt)	As debt recovery was paused during the pandemic and the debt recovery process has been moved to Finance Operations team, the audit will be reviewing adequacy and effectiveness of controls.	HIGH	Q4
Finance	Financial Controls Review	Evaluation of the Scheme of Delegation to ensure that these are understood by all and effectively and consistently complied with, and decisions are taken with those with approved authority.	HIGH	Q4

Children's Services				
Service	Audit Title/ Activity	Objectives/Risk/Concerns	RAG Per Model	Status Update
Education	Schools Thematic Review	Schools Thematic Review – Sample of schools to be selected for review through consultation with the School Finance Team and the School Improvement Team. (6 schools planned)	HIGH	<ul style="list-style-type: none"> • Millbrook and Castlefield Schools COMPLETED • One school visit planned for December. • Three school visits planned for January.
Finance	Schools Financial Assurance	Lessons learnt from previous year audits – evaluate the arrangements in place that enable effective oversight of school's financial controls and management.	HIGH	Q4
Social Care	Personal Budgets	End to end process reviewing adequacy and effectiveness of controls in place for the administration and management of personal budgets	HIGH	Terms of reference being drafted
Education	School Commissioning	To ensure that there is a framework in place to commission schools that meet the needs of the children in a cost-effective manner.	HIGH	Terms of reference being drafted
Education	SEND Process Review	End to end review of processes and evaluation of controls to identify inefficiencies in process and improvements to data quality. Deferred from 22/23 due an on-going consultation.	HIGH	Fieldwork in progress
Social Care	Supported Families Programme	Undertake grant certification in line with grant conditions	N/A	Two grant certifications complete
Education	Related Party Transaction Assurance (SFVS)	Verification work in line with DfE guidance	N/A	N/A

Communities				
Service	Audit Title/ Activity	Objectives/Risk/Concerns	RAG Per Model	Status Update
Neighbourhood Services	Waste Fees & Charges	Review will consider all cash and income collection income financial control arrangements across waste management.	HIGH	Terms of reference being drafted
Neighbourhood Services	Household Recycling Centres	Carry forward	HIGH	FINAL REPORT Substantial Assurance
Integrated Transport	Commercial Licensing	End to end review of processes and evaluation of controls on the new system.	HIGH	Q3
Highways & Technical Services	Major Infrastructure Projects	Review the adequacy and effectiveness of the governance and risk management framework in place to manage major infrastructure projects.	HIGH	Terms of reference being drafted
Highways & Technical Services	Streetworks	To provide post TUPE assurance and ensure that key issues faced by the team prior to the TUPE have been addressed and processes are operating effectively and efficiently.	HIGH	Draft Report
Culture, Sports & Leisure	Tree Management	To provide assurance that the Council has an appropriate governance arrangements, strategies, and underlying systems to assess the condition of trees and undertake necessary treatment or works based on the outcomes of such assessments.	HIGH	Terms of reference being drafted
Highways & Technical Services	New Highways Contract Assurance	Post go-live assurance on the new contract arrangements, ensuring there are adequate financial management, contract management, risks management and governance controls in place.	HIGH	Draft Report
N/A	Grant Certification	Grant certification work within Public Transport Services and Highways	N/A	N/A

Planning, Growth & Sustainability				
Service	Audit Title/ Activity	Objectives/Risk/Concerns	RAG Per Model	Status Update
Housing & Regulatory Services	Management of the Housing Waiting list	New management structure in this area. Audit will include a review of the application, assessment, and allocation process.	HIGH	Deferred due to ongoing Strategy and Policy changes
Housing & Regulatory Services	Homelessness and Temporary Accommodation	Re-visit following the work from the assurance review, the 22/23 audit that identified a number of control gaps and any outcomes from the Task & Finish group. Q4	HIGH	Deferred due to ongoing Strategy and Policy changes
Property & Assets	Property Maintenance and Reactive Works	Audit deferred from previous audit plan End to end process reviewing adequacy and effectiveness of controls in place.	HIGH	Scoping in progress
Planning & Environment	Energy Contracts	New framework with new governance approach, the audit will evaluate the controls in place and assess the effectiveness of the framework.	HIGH	Scoping in progress
Property & Assets	One Uniform Project	End to End review of new processes, to ensure that there is an adequate control framework in place.	HIGH	Q4
Planning & Environment	HIF Highways Projects	To consider new arrangements and assess effectiveness of the new control framework and ensure that there is adequate governance.	HIGH	Q4
N/A	Grant Certification	Grant certification work within Public Transport Services and Highways	N/A	Eight grant certifications completed

Resources

Service	Audit Title/ Activity	Objectives/Risk/Concerns	RAG Per Model	Status Update
HR & OD	Teachers Pensions – new system in place	New system in place, review process and controls in place	HIGH	Q4
HR & OD	Payroll	Evaluation of the key financial controls.	HIGH	Q4
Finance	Key Financial Systems – Control Framework Review	Evaluation of the financial control framework with assess the adequacy and completeness of the system of control	HIGH	Draft Report
	Key Financial Systems Audits	Evaluation of the adequacy and the effectiveness of the systems of internal control across the key financial systems: <ul style="list-style-type: none"> • Feeder systems • Treasury Management • Pensions • CTax & NNDR (Including Income Reconciliations) • CTax Reduction Scheme • Housing Benefits • Purchasing Cards • Account Payables • Account Receivables (invoicing and debt recovery) • Suspense and Control Accounts • Budget Monitoring and Reporting • General Ledger 	HIGH	Scoping in progress
IT	IT/Infrastructure Resilience – including a review of the Cyber Resilience Framework	A number of IT/Infrastructure resilience-related risks feature in the Council’s IT Risk Register. The audit will address; consideration of the impact of the pandemic on IT/infrastructure resilience, People, process, and technology perspective, including a high-level review of the IT architecture and technology in place.	HIGH	Draft Report

IT	Disaster Recovery and Backups – Per Audit Needs Assessment	Disaster recovery was noted as having a residual risk score of 10 in the Council’s IT risk register with a fully tested strategy and plan required to provide the Council assurance that full business continuity can be provided. This audit would test controls in regard to backup scope, frequency, offsite location, testing and recovery.	HIGH	Fieldwork in progress
IT	Change/Patch Management	This audit will consider; - Change to infrastructure and applications are governed through a consistent policy/process; - The change process addresses the request, impact, authorisation, testing, deployment of changes; Comparison with LG peers concerning good change control practice commonly identified; and Patch management is undertaken across the estate in a complete, accurate and timely manner.	HIGH	FINAL REPORT Substantial Assurance

Appendix 2 – 2023/24 Supplementary Internal Audits

Corporate			
Service	Audit Title/ Activity	Objectives/Risk/Concerns	RAG Per Model
Cross-cutting	De-commissioning of legacy systems	Ensure that there are adequate arrangements to effectively decommission systems and safeguard data, ensuring compliance with GDPR and local retention policies.	MEDIUM
Deputy Chief Executive			
Service	Audit Title/ Activity	Objectives/Risk/Concerns	RAG Per Model
Policy, Partnerships & Communications	Devolution	Deferred from 21/22 plan. To evaluate the processes and procedures in place to ensure an effective transfer of services and assets to town and parish councils in line with the approved policy.	MEDIUM
Asylum & Migration	Afghan Resettlement – Grant Audit	To ensure that the funding is being fully maximised and used in line with the grant conditions.	MEDIUM
Asylum & Migration	Homes for Ukraine	To provide assurance that the Council has created appropriate systems to promote, support and administer the Homes for Ukraine offering.	Fieldwork in Progress
Adults & Health			
Service	Audit Title/ Activity	Objectives/Risk/Concerns	RAG Per Model
Adult Social Care	Section 75 Mental Health	Ensure that processes are in line with statutory requirements and changes to S75 have been fully implemented.	MEDIUM
Public Health	Joint Strategic Assessment.	To ensure that partner arrangements and the Health and Wellbeing Board are operating effectively to meet their statutory obligation.	MEDIUM
Children's Services			
Service	Audit Title/ Activity	Objectives/Risk/Concerns	RAG Per Model
Education	Adult Learning	Grant funded. Review programme compliance with Ts&Cs and monitoring of outcomes	MEDIUM
Education	Fair Access	To ensure that the Fair Access Protocols are operating effectively and efficiently, with adequate governance arrangements in place.	MEDIUM

Communities			
Service	Audit Title/ Activity	Objectives/Risk/Concerns	RAG Per Model
Neighbourhood Services	Concessionary Fares	End to end review of processes and assess the accuracy and completeness of management information.	LOW
Integrated Transport	Client Transport	To provide assurance that a robust internal control environment is in place to support the allocation, payment, and monitoring of personal travel budgets and the post-16 scheme.	MEDIUM
Culture, Sports & Leisure	Higginson Park Trust	Financial Controls Audit – review financial processes on the new system.	MEDIUM
Culture, Sports & Leisure	Farnham Park Trust	Financial Controls Audit – review financial processes on the new system.	MEDIUM
Highways & Technical Services	Section 106	Review work with parishes (link with review in progress within PG&S on S106)	MEDIUM
Planning, Growth & Sustainability			
Service	Audit Title/ Activity	Objectives/Risk/Concerns	RAG Per Model
Property & Assets	Building Control – New Tax Collection Process	New responsibilities delegated to the Council on tax collection – review of the process and how the collect funds are reconciled and paid	MEDIUM
Housing & Regulatory Services	Disability Facilities Grant (Use of the funding)	Review the process for commissioning housing adaptations and the use of the DFG fund. To include review of contractors used, VfM.	MEDIUM
LEP	LEP Financial Controls	Evaluation of key financial controls.	MEDIUM
Resources			
Service	Audit Title/ Activity	Objectives/Risk/Concerns	RAG Per Model
Finance	Enterprise Zone	Reviewing of billing arrangements, accounting arrangements and reconciliations	MEDIUM
Finance	Accounts Payable and Accounts Receivables	Evaluation of key financial controls; including processes followed by Business Support	MEDIUM
Finance	Chip & Pin Machines Audit	Evaluation of general controls testing including security of devices	MEDIUM
Finance	Breaches & Waivers	Evaluate controls that services have in place to limit breaches and waivers	MEDIUM

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Report to Audit and Governance Committee

Date:	27 November 2023
Title:	Annual RIPA and Communications Data Report
Author and/or contact officer:	Nick Graham, Service Director – Legal and Democratic
Ward(s) affected:	All
Recommendations:	The Committee is asked:

1. **To note the contents of the Report**
2. **To agree the annual report is to be made on the first committee after January of each year.**

Reason for decision: Member oversight of the use of RIPA powers and policies are part of governance arrangements in relation to exercise of the Council's functions.

1. Executive summary

- 1.1 The Regulation of Investigatory Powers Act 2000 (RIPA) and the Investigatory Powers Act 2016 (IPA) governs the acquisition and disclosure of communications data and the use of covert surveillance by local authorities.
- 1.2 The Council can use powers under RIPA and IPA to support its core functions for the purpose of prevention and detection of crime where an offence may be punishable by a custodial sentence of 6 months or more or the offence is related to the underage sale of alcohol and/or tobacco (RIPA) or it relates to the prevention or detection of an offence punishable by a custodial sentence of 12 months or more, or in some cases where it relates to the prevention or detection of any crime or of preventing disorder (IPA).
- 1.3 RIPA powers cover covert surveillance which means monitoring or surveillance, and/or the recording, of an individual, either in person or using devices or the internet and includes the use of directed surveillance and also the use of covert human intelligence sources (CHIS).

- 1.4 IPA powers cover information about communications. It has been described as “the ‘who’, ‘where’, ‘when’, ‘how’ and ‘with whom’ of a communication but not what was written or said. It includes information such as the subscriber to a telephone service”
- 1.5 In order to use powers under RIPA or IPA there are procedures that the Council must follow to obtain the required authorisation.
- 1.6 The Home Office Covert Surveillance and Property Interference Revised Code of Practice (August 2018) recommends that elected members, whilst not involved in making decisions or specific authorisations should review the Council’s use of the legislation and provide approval to its policies.

2. Background

Regulation of Investigatory Powers Act 2000

- 2.1 The Council can only use powers under RIPA to support its core functions for the purpose of prevention and detection of crime. RIPA procedures must be used where there is any covert surveillance in relation to an investigation of an offence punishable by a custodial sentence of 6 months or more or the offence is related to the underage sale of alcohol and/or tobacco.
- 2.2 Where used, RIPA powers are usually undertaken by enforcement teams and Trading Standards.
- 2.3 Covert surveillance can include but is not limited to monitoring of social media, audio or visual recording of individuals either by CCTV or by officers, test purchases or other surveillance.
- 2.4 RIPA procedures require an internal approval by an Authorised Officer to ensure the proposed use of RIPA powers is ‘necessary and proportionate’. A judicial approval is then required by the Magistrates Court before surveillance can be carried out. There are strict time limits for how long surveillance can continue, renewal of authorisations and requirements for record keeping.
- 2.5 The Council has a Covert Surveillance Policy and Procedure which governs the Council’s use of RIPA and is reproduced at Appendix A.
- 2.6 The Council is required to have a Senior Responsible Officer to maintain oversight of RIPA arrangements, procedures and operations. Buckinghamshire Council’s Senior Responsible Officer is the Service Director, Legal and Democratic Services.

Investigatory Powers Act 2016

- 2.7 The Council can only use IPA powers for the prevention or detection of an offence punishable by a custodial sentence of 12 months or more (serious crime). If however the data sought only relates to an entity such as a subscriber details the

powers can be used for the prevention or detection of any crime or of preventing disorder.

- 2.8 IPA powers are usually used by enforcement teams.
- 2.9 Procedures for obtaining communications data require internal notifications and all applications to be approved by the Office for Communications Data Authorisations (OCDA). The process is co-ordinated by the National Anti Fraud Network (nafn) on behalf of relevant public authorities with both OCDA and telecommunications providers.
- 2.10 As the authorisation process is co-ordinated by nafn there are specific portals and procedures which have to be followed. The Council therefore follows the nafn Workflow requirements.
- 2.11 The Council officer designated as the Approved Rank for supervision is Head of Legal Services (Non-Contentious).

Investigatory Powers Commissioner

- 2.12 The Investigatory Powers Commissioner has a statutory responsibility for reviewing the use of investigatory powers by public authorities throughout the United Kingdom.
- 2.13 As part of this oversight IPCO carry out regular inspections, usually every 3 years, to ensure compliance with surveillance powers. This will involve consideration of both the arrangements in place, governance and use of the powers. Feedback and recommendations for improvement will be made where considered appropriate.
- 2.14 As part of IPCO's inspections of nafn the Council's applications under IPA may be considered.
- 2.15 In addition IPCO require annual statistical data for RIPA each year. The Annual Report is published on the IPCO website at the following link
<https://www.ipco.org.uk/publications/annual-reports/>

3. Matters to Consider

Exercise of Powers

- 3.1 Since the last report to the Committee relating to RIPA (27 September 2023) there have been no applications to use RIPA powers.
- 3.2 The Committee also requested statistics relating to IPA applications. Since January 2022, the Council has made 4 IPA applications. All related to mobile phone records.

- 3.3 It is suggested that future reports are now made at the first meeting of the committee after January each year as this will co-ordinate with the annual statistics return to IPCO.

Review of Procedures

- 3.4 As IPCO carried out a review in the summer and it is proposed that minor reviews of the RIPA Policy are brought to the annual report after January 2024. It is considered that apart from any typographical errors any update will relate to clarifications and further explanations only.

Training and awareness

Regular training for Authorising Officers and relevant applicant officers is required and is now due. Appropriate training is currently being identified so this can be delivered.

4. Other options considered

- 4.1 None.

5. Legal and financial implications

- 5.1 RIPA and IPA provides extensive powers for public authorities which are necessarily intrusive. It is an important part of the Council's governance arrangements that officers adhere to the Council's policies and the law when using these powers. An additional safeguard is regular inspection by IPCO.

6. Corporate implications

- 6.1 RIPA is only used as a last resort within the Council, but officers do need to be aware of these powers, and be appropriately trained in their use and authorisation. A training programme is in place to address this with relevant officers.

7. Local councillors & community boards consultation & views

- 7.1 Not applicable.

8. Communication, engagement & further consultation

- 8.1 Not applicable.

9. Next steps and review

- 9.1 A review of the Policy will be undertaken and a report will be brought back to the Committee on any recommended changes together with use of RIPA and IPA powers which have been used.

10. Background papers

- 10.1 None.

BUCKINGHAMSHIRE COUNCIL

Covert Surveillance Policy and Procedure

VERSION CONTROL

Version No	Reviewer	Key Changes	Date Amended
1	Joanna Swift	<i>Adoption</i>	1 April 2020
2	Maria Damigos	Minor updates	21 August 2023

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COVERT SURVEILLANCE POLICY STATEMENT

Introduction

1. Buckinghamshire Council is committed to building a fair and safe community for all by ensuring the effectiveness of laws designed to protect individuals, businesses, the environment and public resources.
2. Buckinghamshire Council recognises that most organisations and individuals appreciate the importance of these laws. The Council will, therefore, use its best endeavours to help them meet their legal obligations without unnecessary expense and bureaucracy.
3. At the same time the Council has a legal responsibility to ensure that those who seek to flout the law are the subject of firm but fair enforcement action. Before taking such action, the Council may need to undertake covert surveillance of individuals and/or premises. The purpose of this covert surveillance will be to obtain evidence of criminal offences and anti-social behaviour.

Procedure

4. All covert surveillance shall be undertaken in accordance with the procedures set out in this policy.
5. Buckinghamshire Council shall ensure that covert surveillance is only undertaken where it complies fully with all applicable laws, in particular the following:
 - Regulation of Investigatory Powers Act 2000
 - Human Rights Act 1998
 - Data Protection Act 2018 and General Data Protection Regulation 2016/679
 - Telecommunications (Lawful Business Practice) (Interception of Communications) Regulations 2000
6. The Council shall, in addition, have due regard to all official guidance and codes of practice particularly that issued by the Home Office, the Investigatory Powers Commissioner's Office (IPCO) and the Information Commissioner.
7. In particular, the following guiding principles shall form the basis of all covert surveillance activity undertaken by the Council:

- All authorisations to carry out covert surveillance shall be granted by appropriately trained and designated authorising officers.

10.2

- Authorisations for the use of directed surveillance, acquisition of communications data and the use of a CHIS under RIPA will need an order approving the grant or renewal of an authorisation or notice from a JP (a District Judge or lay magistrate) before they can take effect.
- Covert surveillance shall only be undertaken where it is necessary to achieve the desired aims.
- Covert surveillance shall only be undertaken where it is proportionate to do so and in a manner that is proportionate.
- Adequate regard shall be had to the rights and freedoms of those who are not the target of the covert surveillance.

Training and Review

8. All Council officers undertaking covert surveillance shall be appropriately trained to ensure that they understand their legal and moral obligations.
9. The Senior Responsible Officer shall provide a report on the Council's use of RIPA to the Audit and Governance Committee on a regular basis as deemed appropriate. Annually, the report shall include a review of the effectiveness of this policy and any recommendation for changes to be made, including in the light of the latest legal developments and changes to official guidance and codes of practice.

Senior Responsible Officer

10. The Service Director Legal and Democratic Services is the designated Senior Responsible Officer who with the support of the RIPA Co-ordinator is responsible for the integrity of the process within Buckinghamshire Council and maintaining oversight and quality control in relation to RIPA functions and processes.
11. The RIPA Co-ordinator will have day to day responsibility for RIPA management including the following:

- Maintaining the Central Record of Authorisations together with collating submitted RIPA documentation;
 - Day to day oversight of the submitted documents and the RIPA process;
 - Organising a training programme and ensuring that relevant officers are fully RIPA trained;
 - Raising RIPA awareness within the Council; and
 - Liaising with the administration team at the magistrates' court to arrange a hearing and provide the necessary supporting documents and judicial application to obtain approval from a Justice of the Peace.
12. The Senior Responsible Officer is responsible for engagement with the Commissioners and Inspectors when they conduct their inspections and where necessary, overseeing the implementation of any post inspection action plans recommended or approved by a Commissioner.

Conclusions

13. All citizens will reap the benefits of this policy, through effective enforcement of criminal and regulatory legislation and the protection that it provides.
14. At the same time, adherence to this policy, when undertaking covert surveillance, will minimise intrusion into peoples' private lives and will avoid any legal challenge to the Council's activities or evidence.

GENERAL BACKGROUND

Legislation

15. The Regulation of Investigatory Powers Act 2000 (RIPA) provides the legislative framework within which covert surveillance operations must be conducted in order to ensure that investigatory powers are used lawfully and in accordance with human rights.
16. This document takes into account guidance issued by the Home Office under s71 of the 2000 Act and pursuant to the following statutory instruments.
- The Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) Order 2010, SI 2010/521.

- The Regulation of Investigatory Powers (Covert Human Intelligence Sources: Code of Practice) Order 2010, SI 2010/462
 - The Regulation of Investigatory Powers (Covert Surveillance and Property Interference: Code of Practice) Order 2010, SI 2010/463
17. This document takes into account the Protection of Freedoms Act 2012.
18. Officers and investigators involved in covert surveillance operations must familiarise themselves with the provisions of:
- Article 8 of the European Convention on Human Rights 1958
 - The Human Rights Act 1998
 - Part 2 of the Regulation of Investigatory Powers Act 2000
 - The Covert Surveillance and Property Interference Revised Code of Practice (“the DS Code”)
 - The Covert Human Intelligence Sources Revised Code of Practice (“the CHIS Code”)
19. Applications for access to communications data shall be made via the National Anti-Fraud Network (NAFN).

Codes of Practice

20. The most recent versions of the DS Code and the CHIS Code were issued in August 2018. Whilst the Codes are not themselves law, they are citable in a court of law and any deviation from them may have to be justified. Council officers involved in surveillance activities should be familiar with their content. The Codes of practice are available at:

<https://www.gov.uk/government/collections/ripa-codes>

RIPA Forms

21. Copies of forms referred to in this document can currently be found at the following address:
- 10.3 <https://www.gov.uk/government/collections/ripa-forms--2>

22. The Home Office website is at <https://www.gov.uk/government/organisations/home-office>

Compliance with RIPA

23. The Human Rights Act 1998 (which brought much of the European Convention on Human Rights and Fundamental Freedoms 1950 into UK domestic law) requires the Council, and organisations working on its behalf, pursuant to Article 8 of the European Convention, to respect the private and family life of citizens, their home and correspondence.
24. Covert surveillance may constitute an interference with the privacy of individuals who are subject to investigation and of members of the public who are present on a site which is subject to surveillance. Such an interference engages an individual's right to private life, family life, home and correspondence under Article 8(1) ECHR. However, interference with that right can be justified where it is prescribed by law and proportionate to the pursuit of a legitimate aim. Part II of RIPA provides a statutory mechanism for authorising covert surveillance and the use of a 'covert human intelligence source'. It is intended to ensure that the proper balance is struck between the right to privacy and, in the local authority context, the legitimate aim of preventing or detecting crime and preventing disorder.
25. It is vital that the substantive requirements and the process set out in Part II of RIPA are adhered to. Provided these requirements are complied with, the Council and its officers should have a legal defence to any legal proceedings by virtue of S27, which states that conduct under Part II is lawful provided it is authorised; and is in accordance with that authorisation.
26. The information obtained by surveillance in accordance with Part II of RIPA will, provided lawfully obtained, be admissible in criminal, civil and tribunal proceedings. However, failure to comply with Part II can also render information obtained by surveillance inadmissible. It is therefore vital that the requirements put in place under RIPA are observed to protect the interests of both the Council and the Officers involved.
- 10.4
27. The use of investigatory powers in the UK is overseen by the Investigatory Powers Commissioner. Further information on the role of the Commissioner and the Investigatory Powers Commissioner's Office can be found at: <https://www.ipco.org.uk>

Obtaining Judicial Approval of Authorisations

28. When making authorisations Authorising Officers must be aware that each authorisation (or renewal of an authorisation) will be subject to judicial approval.
29. The Protection of Freedoms Act 2012 amends RIPA, to require that where an Authorising Officer has granted an authorisation for the use of directed surveillance or for the use of a CHIS, judicial approval will be required. The Council will be required to make an application, without giving notice, to the Magistrates' Court. The Magistrates will give approval if at the date of the grant of authorisation or renewal of an existing authorisation if and only if, they are satisfied that:
- there were reasonable grounds for believing that obtaining the covert surveillance or use of a human covert intelligence source was reasonable and proportionate and that these grounds still remain.
 - the "relevant conditions" were satisfied in relation to the authorisation.
30. Relevant conditions are that:
- the relevant person was designated as an Authorising Officer
 - it was reasonable and proportionate to believe that using covert surveillance or a covert human intelligence source was necessary and that the relevant conditions have been complied with;
 - the grant or renewal of any authorisation or notice was not in breach of any restrictions imposed under section 25(3) of RIPA; and
 - any other conditions provided for by an order made by the Secretary of State were satisfied.

10.5

31. If the Magistrates' Court refuses to approve the grant of the authorisation, then it may make an order to quash that authorisation.
32. No activity permitted by the authorisation granted by the Authorising Officer may be undertaken until the approval of the Magistrates' Court to that authorisation has been obtained.

10.6

33. The form to be used for seeking judicial approval from the Magistrates Court is attached at Appendix F.

WHAT IS COVERT SURVEILLANCE?

34. Under s48(2) Regulation of Investigatory Powers Act 2000 ("RIPA"), surveillance includes:

- monitoring, observing or listening or persons, their movements, their conversations or their other activities or communications;
 - recording anything monitored, observed or listened to in the course of surveillance; and
 - surveillance by or with the assistance of a surveillance device.
35. Most of the Council’s surveillance activities will be overt. Under s26(9) (a) of RIPA, surveillance is “covert” if, and only if, it is carried out in a manner that is calculated to ensure that persons who are subject to the surveillance are unaware that it is or may be taking place.
36. Covert Surveillance can be an important tool in assisting the Council’s officers to fulfil their duties in relation to the prevention and detection of crime or the prevention of disorder. This includes the prevention and detection of anti-social behaviour.
37. RIPA distinguishes between two categories of covert surveillance, namely **Directed Surveillance** and **Intrusive Surveillance**.

Directed Surveillance

38. “Directed Surveillance” is defined under s.26(2) as covert surveillance that is not intrusive surveillance and is undertaken:
- For the purposes of a specific investigation or operation;
 - In such a manner as is likely to result in the obtaining of *private information* about a person (whether or not that person is a person subject to the investigation)
 - Otherwise than by way of an immediate response to events or circumstances the nature of which is such that it would not be reasonably practicable for an authorisation under RIPA to be sought for the carrying out of surveillance.
39. This can include surveillance of Council employees. However, it should be noted that a public authority may only seek authorisation under RIPA when it is performing its ‘core functions’. ‘Core functions’ are the specific public functions undertaken by a particular public authority, in contrast to its ‘ordinary functions’ which are those undertaken by *all* authorities. For example, the disciplining of an employee is not a core function, although related criminal investigations may be.
40. “**Private information**” about a person should be taken generally to include any aspect of a person’s private or personal relationship with others, including family and

professional or business relationships. The covert surveillance of a person's activities in a public place may result in the obtaining of private information where a person has a reasonable expectation of privacy; and where a record is being made by a public authority of that person's activities.

41. "Private information" includes personal data, such as names, telephone numbers and address details.

42. Regard must be had to the totality of any records held about a person, even where individual records do not constitute "private information".

10.7

43. There are two further situations which *may* constitute directed surveillance:

- Where information is derived from surveillance devices which provide information about the location of a vehicle alone, and is coupled with other surveillance activity from which private information is obtained. However, the use of vehicle surveillance devices in itself does not necessarily involve the provision of "private information".
- Where postal or telephone communications are intercepted and once either the sender or recipient has consented to the interception (and where there is no interception warrant).

Intrusive Surveillance

44. **Intrusive Surveillance** is defined under s.26(3) as covert surveillance that is:

- carried out in relation to anything taking place on any residential premises or in any private vehicle; and
- involves the presence of an individual on the premises or in the vehicle or is carried out by means of a surveillance device on the premises or in the vehicle or is carried out by means of a surveillance device that, although not on the premises or in the vehicle, provides information of the same quality and detail as might be expected to be obtained from a device actually present on the premises or in the vehicle.

45. It is **not** necessary to consider whether intrusive surveillance is likely to result in the obtaining of "private information"¹. The categorisation of surveillance as "intrusive"

¹ Para 3.3

relates to the location of the surveillance activity rather than the nature of the information obtained.

46. For the purposes of RIPA, residential premises include hotel rooms, hostel rooms and prisons but not common areas to which a person is allowed access in connection with occupation (for example a communal stairway, hotel reception area or dining room, or front garden or driveway which is readily visible to the public)².
 47. The definition of “**premises**” under RIPA is broad, and extends to any place whatsoever, including any vehicle or moveable structure, whether or not occupied as land.
 48. Under the Regulation of Investigatory Powers (Extension of Authorisation Provisions: Legal Consultations) Order 2010, directed surveillance shall be intrusive surveillance if carried out on the following premises:
 - Any place where persons serving sentences, in custody or on remand may be detained
 - Any place of detention pursuant to immigration powers
 - Police Stations
 - Hospitals where high security psychiatric services are provided
 - The place of business of any legal adviser
 - Any place used for the business of a court, tribunal, inquest or inquiry
 49. The Council’s officers **CANNOT AUTHORISE** intrusive surveillance under RIPA.
- 10.8

Online covert surveillance

50. The Home Office Revised Code of Practice on Covert Surveillance and Property Interference, published in August 2018, provides the following guidance in relation to covert online activity:

‘The growth of the internet, and the extent of the information that is now available online, presents new opportunities for public authorities to view or gather information which may assist them in preventing or detecting crime or carrying out other statutory functions, as well as in understanding and engaging with the public they serve. It is important that public authorities are able to make full and lawful use of this information for their statutory purposes. Much of it can be accessed without the need

² Para 3.23 – 3.26

for RIPA authorisation; use of the internet prior to an investigation should not normally engage privacy considerations. But if the study of an individual's online presence becomes persistent, or where material obtained from any check is to be extracted and recorded and may engage privacy considerations, RIPA authorisations may need to be considered. The following guidance is intended to assist public authorities in identifying when such authorisations may be appropriate.

The internet may be used for intelligence gathering and/or as a surveillance tool. Where online monitoring or investigation is conducted covertly for the purpose of a specific investigation or operation and is likely to result in the obtaining of private information about a person or group, an authorisation for directed surveillance should be considered, as set out elsewhere in this code. Where a person acting on behalf of a public authority is intending to engage with others online without disclosing his or her identity, a CHIS authorisation may be needed (paragraphs 4.10 to 4.16 of the Covert Human Intelligence Sources code of practice provide detail on where a CHIS authorisation may be available for online activity).

In deciding whether online surveillance should be regarded as covert, consideration should be given to the likelihood of the subject(s) knowing that the surveillance is or may be taking place. Use of the internet itself may be considered as adopting a surveillance technique calculated to ensure that the subject is unaware of it, even if no further steps are taken to conceal the activity. Conversely, where a public authority has taken reasonable steps to inform the public or particular individuals that the surveillance is or may be taking place, the activity may be regarded as overt and a directed surveillance authorisation will not normally be available.

As set out below, depending on the nature of the online platform, there may be a reduced expectation of privacy where information relating to a person or group of people is made openly available within the public domain, however in some circumstances privacy implications still apply. This is because the intention when making such information available was not for it to be used for a covert purpose such as investigative activity. This is regardless of whether a user of a website or social media platform has sought to protect such information by restricting its access by activating privacy settings.

Where information about an individual is placed on a publicly accessible database, for example the telephone directory or Companies House, which is commonly used and known to be accessible to all, they are unlikely to have any reasonable expectation of privacy over the monitoring by public authorities of that information. Individuals who post information on social media networks and other websites whose purpose is to

communicate messages to a wide audience are also less likely to hold a reasonable expectation of privacy in relation to that information.

Whether a public authority interferes with a person's private life includes a consideration of the nature of the public authority's activity in relation to that information. Simple reconnaissance of such sites (i.e. preliminary examination with a view to establishing whether the site or its contents are of interest) is unlikely to interfere with a person's reasonably held expectation of privacy and therefore is not likely to require a directed surveillance authorisation. But where a public authority is systematically collecting and recording information about a particular person or group, a directed surveillance authorisation should be considered. These considerations apply regardless of when the information was shared online.'

WHAT IS COVERT HUMAN INTELLIGENCE?

51. A covert human intelligence source ("CHIS") is a person who establishes or maintains a relationship with someone in order to covertly obtain information, to provide another person with access to information or to disclose information as a consequence of that relationship. Essentially, this covers the use of informants and undercover officers.
52. Whether a "relationship" has been established will depend on all the circumstances, including the duration of the contact and the nature of the covert activity.

Test Purchasers

53. For example, where a test purchaser makes a single purchase, the relationship is likely to be too limited to require a CHIS authorisation. On the other hand, if the test purchaser has to become acquainted with the vendor in order for him to make a sale, a relationship will have been established and the test purchaser will be treated as a CHIS. If there is any doubt whether authorisation is required in relation to a particular operation, then the Investigating Officer should seek authorisation.

The use of juveniles as a CHIS

54. If a person under the age of 18 is to be used as a source, authorisation must be obtained from either the Head of Paid Service or (in her absence) the person acting as Head of Paid Service.

55. On no occasion should the use or conduct of a person under 16 be authorised to give information against his parents or any person who has parental responsibility for him.
56. The *Regulation of Investigatory Powers (Juvenile) Order 2018 SI 715* applies to the use of juvenile sources. This requires that where a source is under 16, an appropriate adult must be present at all meetings between the source and the Council's officers. The Order also requires a detailed risk assessment to be undertaken where a source is under 18. The existence and magnitude of any physical or psychological risk must be identified and the Authorising Officer must be satisfied that the use of the source is justified in light of that risk and that the risk has been properly explained to and understood by the source.
57. Authorisations for the use of juvenile source cease after 4 months instead of 12 months.
58. The use of a juvenile e.g. to attempt to buy alcohol or tobacco from a shop suspected of selling to persons under age may not constitute the use of a juvenile as a CHIS for the reasons set out above.

Members of the public as informants

59. A member of the public who reports a matter e.g. about unlawful trading to an officer is not a CHIS. If an Investigating Officer wishes to request that person to e.g. maintain a relationship with a trader and keep records of their dealings or to make further inquiries of a trader, authorisation will, however, be required.

Monitoring the use and welfare of CHIS

60. There must at all times be arrangements in place for the proper oversight and management of CHIS, including appointing individual officers to act as 'controller' and 'handler' for each CHIS.

10.9

61. The 'handler' will have day to day responsibility for:
- dealing with the CHIS on behalf of the Council;
 - directing the day to day activities of the CHIS;
 - recording the information supplied by the CHIS; and
 - monitoring the CHIS's security and welfare.

10.10

62. The handler of a CHIS will usually be of a rank or position below that of the Authorising Officer.
- 10.11
63. The ‘controller’ will normally be responsible for the management and supervision of the handler, and general oversight of the use of the CHIS.
64. Section 29(5) of RIPA provides that an Authorising Officer may only authorise the use of a CHIS if satisfied that there is at all times a person with the responsibility for keeping a record of the use made of the source. The Regulation of Investigatory Powers (Source Records) Regulations 2000 SI 2000/2725 sets out the particulars that must be included in the records relating to each source.
65. Before authorising the use or conduct of a CHIS, the Council should carry out a risk assessment to determine the risk to the CHIS and the likely consequences, should the role of the CHIS become known. Any matters of concern should be considered by the authorising officer and a decision taken as to whether to continue. The ongoing safety and welfare of the CHIS should continue to be taken into account after the authorisation has been cancelled.
66. Material produced as a result of the use of a CHIS must be retained only for so long as necessary. When reviewing the retention of records, the Council must consider its duty of care to the CHIS and the likelihood of future civil or criminal proceedings relating to the information supplied.
67. Appendix C provides further information about the monitoring and welfare of CHIS.

AUTHORISATION

The Role of the Authorising Officer

68. **Directed Surveillance** must be authorised by an **Authorising Officer** prior to approval by the Magistrates Court. The Council’s Authorising Officers are set out in the Surveillance Personnel List at Appendix A. The Service Director Legal and Democratic Services will revise the Personnel List as and when necessary.
69. An Authorising Officer may only authorise Directed Surveillance for the purpose of the prevention or detection of crime or the prevention of disorder (punishable by a

maximum term of at least 6 months' imprisonment). An Authorising Officer must further be satisfied:

- that sufficient evidence exists and has been documented to warrant the use of the particular directed surveillance exercise requested
- that the use of the particular directed surveillance exercise requested is both necessary and proportionate to the particular objective pursued.

10.12

70. It is fundamentally important that the Authorising Officer is able to evidence that his consideration of the application is based upon the principles of necessity and proportionality. This must include why it is necessary to use covert surveillance in the investigation
71. **The use and conduct of CHIS** must also be authorised by an Authorising Officer, prior to approval by the Magistrates Court. The Authorising Officer must be satisfied that the use or conduct of a CHIS is necessary in the circumstances of the case for one of the following reasons: for the purpose of preventing or detecting crime or of preventing disorder;
72. If one of the above grounds applies, the Authorising Officer must go on to consider whether the use or conduct of a CHIS is proportionate.

Proportionality

73. In considering whether a particular exercise would be proportionate the Authorising Officer must consider whether it is excessive in the overall circumstances of the case. The fact that an offence is serious is not sufficient to render intrusive actions proportionate. The Authorising Officer must consider the following elements:
- The size and scope of the proposed surveillance activity, weighed against the gravity and extent of the suspected offence.
 - Whether the methods suggested will cause the least possible intrusion on the subject and others.
 - Whether the proposed activity is a legitimate and reasonable way of obtaining the necessary result.
 - Whether other methods have been considered and the reasons for their non-implementation.

Additional Safeguards

Collateral intrusion

74. Before authorising applications for **directed surveillance or CHIS**, the Authorising Officer must take into account the risk of “collateral intrusion” i.e. the risk of obtaining private information about persons who are not subjects of the surveillance activity.
75. Measures should be taken, where practicable, to minimise unnecessary intrusion into the privacy of those who are not the intended subjects. However, activities resulting in collateral intrusion may still be lawful if they are proportionate. Applications by investigating officers should therefore include an assessment of the risk of collateral intrusion and details of any measures to limit this.
76. Planned surveillance activity against individuals who are not direct suspects should be treated as intended, rather than collateral, intrusion.

Confidential and Legally Privileged Information

77. Particular care should be taken where an investigation involves confidential information. **Confidential information** consists of matters subject to legal privilege, confidential personal information or confidential journalistic material. Confidential personal information means information held in confidence relating to the physical or mental health or spiritual counselling of an individual. Confidential journalistic information means information held in confidence acquired or created for the purpose of journalism.
78. Public authorities may obtain knowledge of matters subject to legal privilege via CHIS in the following scenarios:
 - Where the authority has deliberately authorised the use or conduct of the CHIS to obtain knowledge of matters which are subject to legal privilege.
 - Where the CHIS obtains knowledge of matters subject to legal privilege through conduct which is incidental to his conduct as a CHIS.
 - Where a CHIS obtains knowledge of matters subject to legal privilege where his conduct is not incidental.
79. An authorisation or renewal for the use or conduct of a CHIS **intended** to obtain, provide access to or disclose knowledge of matters subject to legal privilege must follow an enhanced regime of prior notification and approval. Before an authorising officer grants or renews such an authorisation, they must give notice to and seek approval from a Judicial Commissioner. An application for authorisation or renewal must contain a statement that the purpose, or one of the purposes, of the authorisation is to obtain legally privileged information, and should only be sought in exceptional and compelling circumstances.

10.13

80. If a CHIS is **not intended** to acquire knowledge of matters subject to legal privilege, but it is likely that such knowledge will nevertheless be acquired, the application should contain an assessment of the degree of likelihood, how any material obtained will be treated, and how access to the material will be minimised.
81. If the surveillance is likely to yield confidential information as defined above, authorisation must be sought from the Council's Head of Paid Service (i.e. the Chief Executive) or, in her absence, the Deputy Chief Executive.

Legal consultations

82. The Regulation of Investigatory Powers (Extension of Authorisation Provisions: Legal Consultations) Order 2010 states that directed surveillance carried out on premises which are, at any time during the surveillance, used for the purposes of "legal consultation", is to be treated as intrusive surveillance. "Legal consultation" is defined as:
 - A consultation between a professional legal adviser and his client or any person representing his client or
 - A consultation between a professional legal adviser or his client or any such representative and a medical practitioner made in connection with or in contemplation of legal proceedings or for the purpose of legal proceedings.
83. For further information about surveillance involving confidential or legally privileged information or legal consultation, officers should consult the Codes of Practice on Covert Surveillance and Property Interference and Covert Human Intelligence Sources.
84. If there is any doubt as to whether information likely to be acquired would constitute confidential information, advice should be sought from Legal Services.

The use of agents and cooperation with other bodies

85. The Council can employ or recruit an agent e.g. an agent with more specialised equipment than the Council would have available to act on its behalf in conducting surveillance. The same authorisation procedures must be followed.
86. The Council should also be mindful of any similar surveillance taking place in other areas which could have an impact on its activities. Where an Authorising Officer considers that conflicts may arise, they should consult a senior police officer within the area.

AUTHORISATION PROCEDURES

87. The authorisation procedures are intended to ensure that any interference with privacy is subject to rigorous scrutiny. However, they also provide an opportunity for further discussion and refinement of the methods to be used in a particular investigation.
88. Applications for authorisation for Directed Surveillance must be made on the form **2010-09 DS Application**.
89. Applications for authorisation for CHIS must be made on the form **2010-09 CHIS Application**.
90. The written application must describe:
- the reason why the authorisation is necessary in the particular case for the prevention or detection of crime or the prevention of disorder
 - the purpose of the surveillance
 - the nature of the surveillance
 - the identities, where known, of those to be subject to the surveillance
 - an explanation of the information which it is desired to obtain as a result of the surveillance
 - the nature and extent of any likely collateral intrusion and why it is justified
 - the nature and extent of any likely confidential information
 - the level of authorisation needed
 - the reason why the surveillance is considered proportionate to what it seeks to achieve
 - a subsequent record of whether authority was given or refused, by whom and on what date.
91. The Authorising Officer must satisfy him or herself that the particular surveillance requested is proportionate to the particular aim pursued in the course of the investigation. It is ultimately for the Authorising Officer to decide whether or not the proposed surveillance is necessary and proportionate.
92. The current Authorising Officers are set out in the Surveillance Personnel List. The Service Director Legal and Democratic Services will revise the Personnel List as and when necessary.
93. If the application is granted, the Authorising Officer must record the reasons for authorisation. If the application is refused, the Authorising Officer must record the reasons for refusal.

10.14

94. Once the above authorisation process has been completed and a provisional authorisation granted, the Council must apply to the Magistrates Court for an Order approving the grant or renewal of an authorisation.

10.15

No activity permitted by the authorisation granted by the Authorising Officer may be undertaken until the approval of the Magistrates' Court to that authorisation has been obtained.

Duration and termination of authorisation

95. A written authorisation for **directed surveillance** will cease to have effect (unless renewed) at the end of a period of three months beginning on the day the Magistrates approval took effect.
96. A written authorisation for the use of a **CHIS** granted by an Authorising Officer will cease to have effect (unless renewed) at the end of a period of four months beginning on the day the Magistrates approval was given (or one month where the source is a juvenile).
97. Once the exercise for which authorisation has been granted has been carried out the Officer must complete a cancellation notice (**Form 2007-01 DS Cancellation** or **2007-01 CHIS Cancellation**) and submit this to the Authorising Officer for signature.
98. A written authorisation should be reviewed monthly to assess whether or not there is a need for surveillance to continue. The Authorising Officer must be satisfied that the continuation of the authorisation is justified. The Authorising Officer must record the reasons for concluding that an authorisation is justified to continue as approved or, alternatively, must record the reasons for concluding that the authorisation should not be continued. The review should be conducted using the form **2007-01 DS Review** or **Form 2010-09 CHIS Review**.
99. At any time before an authorisation would cease to have effect, the Investigating Officer may apply to the Authorising Officer to renew the authorisation. The Authorising Officer must be satisfied that the renewal would be proportionate. The authorisation of directed surveillance is subject again to Magistrates approval, and may be renewed for a further 3 months, taking effect at the time or on the day on which the authorisation would otherwise have ceased to have effect. The Authorising Officer must record the reasons for renewal or refusal. An application for renewal must be made using the form **2007-01 DS Renewal** or form **2007-1 CHIS Renewal**.
100. All applications for a written renewal should record:

- whether this is the first renewal or every occasion on which the authorisation has been renewed previously
- any significant changes since the original application or last renewal or last review, as appropriate
- the reasons why continued surveillance is necessary
- the content and value to the investigation of information so far obtained by the surveillance
- the results of regular reviews of the investigation

101. Reviews and renewal applications for the use of a CHIS should also include the use made of the source during the period authorised, the tasks given to the source and the information obtained from the source.

10.16

102. An application for renewal should not be made until shortly before the authorisation period is drawing to an end.

103. Authorisations may be renewed more than once, provided they meet the criteria for authorisation.

104. During a review the authorising officer may amend the authorisation or cancel it, if the criteria for its initial authorisation are no longer met. As soon as the decision is taken to discontinue surveillance, all those involved in the surveillance must be notified.

Record Keeping

105. Copies of all signed forms of authorisation, renewals and cancellations should be filed on the case file and the originals should be sent to the RIPA Co-ordinating Officer within 5 working days of such authorisation renewal or cancellation. Forms will be kept for 5 years following the end of an authorisation or relevant court proceedings.

106. The RIPA Co-ordinating Officer will maintain a database of applications containing the following information:

- the type of authorisation
- the date the authorisation was given
- the name and rank of the authorising officer
- the unique reference number of the investigation or operation
- the title of the investigation or operation including a brief description and the names of subjects if known

- details of attendances at Magistrates Court to include the date of attendances at court, the determining magistrate, the decision of the court and the time and date of that decision
- the dates of any reviews
- the date of any renewals and the name and rank of the officer authorising renewal
- whether the investigation was likely to result in obtaining confidential or privileged information and whether any such information was obtained
- whether the authorisation was granted by an individual directly involved in the investigation
- the date the authorisation was cancelled
- Where any application is refused, the grounds for refusal as given by the Authorising Officer or determining magistrate.

10.17

107. The RIPA Co-ordinating Officer will further maintain copies of all applications (whether or not authorisation was given) with supplementary documentation; a record of the period over which surveillance has taken place; the frequency of reviews; the result of any reviews; copies of any renewals of authorisation; the date and time of any instructions given by the authorising officer.

Handling of material and use of material as evidence

108. Material produced as a result of directed surveillance may be used in criminal proceedings and must be retained only for so long as necessary.

109. All material obtained as a result of covert surveillance will be recorded and logged in the Investigating Officer's notebook in accordance with the usual procedures for the logging of evidence.

110. Material obtained using covert surveillance should be disposed of in accordance with the *Criminal Procedures and Investigations Act 1996*. Public authorities must ensure that arrangements are in place for the secure handling, storage and destruction of material obtained through the use of directed or intrusive surveillance. Authorising officers must also ensure compliance with the requirements of the Data Protection Act 2018 and General Data Protection Regulation.

APPENDIX A

SURVEILLANCE PERSONNEL LIST

ROLE	NAME	JOB TITLE	DIRECTORATE
AUTHORISATION WHERE CONFIDENTIAL INFORMATION LIKELY TO BE ACQUIRED; USE OF JUVENILE CHIS; USE OF VULNERABLE CHIS	RACHAEL SHIMMIN	CHIEF EXECUTIVE	HEAD OF PAID SERVICE
SENIOR RESPONSIBLE OFFICER	NICK GRAHAM	SERVICE DIRECTOR LEGAL AND DEMOCRATIC SERVICES	DEPUTY CHIEF EXECUTIVE
RIPA CO-ORDINATING OFFICER	MARIA DAMIGOS	PRINCIPAL SOLICITOR	LEGAL AND DEMOCRATIC SERVICES
AUTHORISING OFFICER/DESIGNATED PERSON	CRAIG MCARDLE	CORPORATE DIRECTOR ADULTS, HEALTH AND HOUSING	ADULTS, HEALTH AND HOUSING
AUTHORISING OFFICER/DESIGNATED PERSON	RICHARD BARKER	CORPORATE DIRECTOR COMMUNITIES	COMMUNITIES

APPENDIX B

FLOWCHART 1: DIRECTED SURVEILLANCE

Requesting Officer ('The Applicant') must:

- Read the Council's Policy
- Determine that directed surveillance is required
- Assess whether authorisation will be in accordance with the law
- Assess whether authorisation is necessary under RIPA and whether it could be done overtly
- Consider whether surveillance will be proportionate
- If authorisation is approved – review or renew regularly with Authorising Officer

If authorisation is necessary and proportionate, prepare and submit Form CD1 to Authorising Officer

Authorising Officer must:

- Consider whether all options have been duly considered, including the Council's Policy
- Consider whether surveillance is in accordance with the law, necessary and proportionate
- Authorise only if an overt or less intrusive option is not practicable
- Set an appropriate review date (can be up to 3 months after the authorisation date) and conduct the review.
- If authorised, apply to the Magistrates' Court for approval

The Applicant must:
REVIEW REGULARLY
(Complete Review Form CD4) and submit to Authorising Officer on date set.

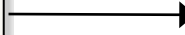
The Applicant must:
If operation is no longer necessary or proportionate, complete CANCELLATION FORM CD2 and submit to Authorising Officer



Authorising Officer must:

If surveillance is still necessary and proportionate after authorised period:

- Agree to renewal of authorisation using (Form CD3)
- Apply to Magistrates' court for approval
- Set an appropriate further review date and use Form CD4



Authorising Officer must:

REVIEW REGULARLY

Cancel authorisation

(Form CD2) when it is no longer necessary and proportionate

FLOWCHART 2: CHIS

Requesting Officer ('The Applicant') must:

- Read the Council's Policy
- Determine that CHIS is required
- Assess whether authorisation will be in accordance with the law
- Assess whether authorisation is necessary under RIPA and whether it could be done overtly
- Consider whether surveillance will be proportionate
- If authorisation is approved – review or renew regularly with Authorising Officer

If authorisation is necessary and proportionate, prepare and submit Form CD5 to the Authorising Officer

Authorising Officer must:

- Consider whether all options have been duly considered, including the Council's Policy
- Consider whether CHIS is in accordance with the law, necessary and proportionate
- Authorise only if an overt or less intrusive option is not practicable
- Set an appropriate review date (can be up to 3 months after the authorisation date) and conduct the review.
- Consider the safety and welfare of the source – see Appendix C
- If authorised, apply to the Magistrates' Court for approval

The Applicant must:

REVIEW REGULARLY
(Complete Review Form CD8)
and submit to Authorising
Officer on date set.

The Applicant must:

If operation is no longer
necessary or proportionate,
complete CANCELLATION
FORM CD8 and submit to
Authorising Officer



Authorising Officer must:

If surveillance is still necessary and proportionate after authorised period:

- Agree to renewal of authorisation using (Form CD7)
- Apply to Magistrates' court for approval
- Set an appropriate further review date and use Form CD8



Authorising Officer must:

Cancel authorisation (Form CD8) when it is no longer necessary and proportionate

APPENDIX C

ADDITIONAL NOTES ON CHIS (FROM HOME OFFICE CODE OF PRACTICE)

Management of sources

Tasking

Tasking is the assignment given to the CHIS by the persons defined at sections 29(5)(a) and (b) of the 2000 Act, asking him to obtain, provide access to or disclose information. Authorisation for the use or conduct of a CHIS will be appropriate prior to any tasking where such tasking involves the CHIS establishing or maintaining a personal or other relationship for a covert purpose.

Authorisations should not be drawn so narrowly that a separate authorisation is required each time the CHIS is tasked. Rather, an authorisation might cover, in broad terms, the nature of the source's task. If there is a step change in the nature of the task that significantly alters the entire deployment, then a new authorisation may need to be sought. If in doubt, advice should be sought from the Investigatory Powers Commissioner.

It is difficult to predict exactly what might occur each time a meeting with a CHIS takes place, or the CHIS meets the subject of an investigation. There may be occasions when unforeseen action or undertakings occur. When this happens, the occurrence must be recorded as soon as practicable after the event, and if the existing authorisation is insufficient, it should either be reviewed and updated (for minor amendments only) or it should be cancelled and a new authorisation should be obtained before any further such action is carried out.

Similarly, where it is intended to task a CHIS in a significantly greater or different way than previously identified, the persons defined at section 29(5)(a) or (b) of the 2000 Act must refer the proposed tasking to the authorising officer, who should consider whether the existing authorisation is sufficient or needs to be replaced. This should be done in advance of any tasking and the details of such referrals must be recorded. Efforts should be made to minimise the number of authorisations per CHIS to the minimum necessary in order to avoid generating excessive paperwork.

Security and welfare

Any public authority deploying a CHIS should take into account the safety and welfare of that CHIS when carrying out actions in relation to an authorisation or tasking, and the foreseeable consequences to others of that tasking. Before authorising the use or conduct of a CHIS, the authorising officer should ensure that a risk assessment is carried out to determine the risk to the CHIS of any tasking and the likely consequences should the role of the CHIS become known. This should consider the risks relating to the specific tasking and circumstances of each authorisation separately, and should be updated to reflect developments during the course of the deployment, as well as after the deployment if contact is maintained. The ongoing security and welfare of the CHIS, after the cancellation of the authorisation, should also be considered at the outset and reviewed throughout the period of authorised activity by that CHIS. Consideration should also be given to the management of any requirement to disclose information which could risk revealing the existence or identity of a CHIS. For example this could be by means of disclosure to a court or tribunal, or any other circumstances where disclosure of information may be required, and strategies for minimising the risks to the CHIS or others should be put in place. Additional guidance about protecting the identity of the CHIS is provided at paragraphs 8.22 to 8.25 of the Home Office CHIS guidance.

The CHIS handler is responsible for bringing to the attention of the CHIS controller any concerns about the personal circumstances of the CHIS, insofar as they might affect:

- the validity of the risk assessment;
- the conduct of the CHIS; and
- the safety and welfare of the CHIS.

Where appropriate, concerns about such matters must be considered by the authorising officer, and a decision taken on whether or not to allow the authorisation to continue.

APPENDIX D

LIST OF FORMS IN USE FOR COVERT SURVEILLANCE

Form D1: Directed Surveillance Application

Form D2: Directed Surveillance Cancellation

Form D3: Directed Surveillance Renewal

Form D4: Directed Surveillance Review

Form D5: CHIS Application

Form D6: CHIS Cancellation

Form D7: CHIS Renewal

Form D8: CHIS Review

APPENDIX E

GUIDANCE ON ACCESSING COMMUNICATIONS DATA

Any application for communications data (the who, when and where of a communication) must be completed on the CycComms data workflow system on the National Anti-fraud Network website at www.nafn.gov.uk. CycComms is an automated process which will enable you to apply for information, receive responses and manage your application. The National Anti-fraud Network SPoC, will act as a gatekeeper for your application, ensuring that it is practical and lawful and will engage with you to proactively provide advice, support and the most appropriate route which may require judicial approval. If it meets the legal threshold for obtaining communications data NAFN will post it on the website for approval by the appropriate Designated Person.

This procedure necessitates the applicant to be registered with the National Anti-fraud Network prior to making the application. For details on how to do this the applicant should visit www.nafn.gov.uk.

If rejected, by the Designated Person, NAFN will retain the application and inform the applicant in writing of the reason(s) for its rejection.

Comprehensive guidance on the application process is also available via the National Anti-fraud Network website at www.nafn.gov.uk.

APPENDIX F

APPLICATION FOR JUDICIAL APPROVAL FOR AUTHORISATION TO OBTAIN OR DISCLOSE COMMUNICATIONS DATA, TO USE A COVERT HUMAN INTELLIGENCE SOURCE OR TO CONDUCT DIRECTED SURVEILLANCE. REGULATION OF INVESTIGATORY POWERS ACT 2000 SECTIONS 23A, 23B, 32A, 32B.

Local authority: Buckinghamshire Council

Local authority department:.....

Offence under investigation:.....

Address of premises or identity of subject:.....
.....
.....

Covert technique requested: (tick one and specify details)

Directed Surveillance	
Communications Data	
Covert Human Intelligence Source	

Summary of details

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Note: this application should be read in conjunction with the attached RIPA authorisation/RIPA application or notice.

Investigating
Officer:.....

Authorising Officer/Designated
Person:.....

Officer appearing before
JP:.....

Address of applicant
department.....
.....
.....

Contact telephone number:.....

Contact email address (optional).....

Local authority reference:.....

Number of pages.....

Order made on an application for judicial approval for authorisation to obtain or disclose communications data, to use a covert human intelligence source or to conduct directed surveillance. Regulation of Investigatory Powers Act 2000 sections 23A, 23B, 32A, 32B.

Magistrates' court.....

Having considered the application, I (tick one):

	am satisfied that there are reasonable grounds for believing that the requirements of the Act were satisfied and remain satisfied and I therefore approve the grant or renewal of the authorisation/notice.
	refuse to approve the grant or renewal of the authorisation/notice.
	refuse to approve the grant and quash the authorisation/notice.

Notes.....
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Reasons.....
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Signed:.....

Date:.....

Time:.....

Full name:.....

Address of magistrates' court:.....

AUDIT & GOVERNANCE COMMITTEE WORK PROGRAMME 23/24

Date	Items
27 November 23	<ol style="list-style-type: none"> 1. Buckinghamshire Council Statement of Accounts Update 20/21 and 21/22 2. Pension Fund – 2022/23 Audited Statement of Accounts (including External Audit findings report) 3. Housing Benefits Claim Certification 4. Treasury Management Mid-Year update 5. Audit Committee – Review of Effectiveness Action Plan 6. Risk Management Group update 7. Annual RIPA and Communications Data Report 8. 2023/24 Business Assurance Strategy Update (incl. Internal Audit Plan) 9. Work programme 10. Action log 11. 23/24 Business Assurance Strategy Update: Completed Audits (confidential)
17 January 24	<ol style="list-style-type: none"> 1. Buckinghamshire Council Statement of Accounts Update 2. Treasury Management Strategy 3. External Auditors Annual Report 4. Risk Management Group update 5. Annual Governance Statement Action Plan 6. Whistleblowing Policy 7. Anti-Fraud and Corruption Policy 8. Anti-Money Laundering Policy 9. Companies Governance Update 10. Audit Committee – Review of Effectiveness Action Plan 11. Governance Working Group report and Terms of Reference 12. 2023/24 Business Assurance Strategy Update (incl. Internal Audit Plan) 13. Contract Procedure Rules - Waivers & Breaches (part confidential) 14. Work Programme 15. Action Log 23/24 Business Assurance Strategy Update: Completed Audits and Audit Actions Summary Report (confidential)

AUDIT & GOVERNANCE COMMITTEE WORK PROGRAMME 23/24

6 March 24	<ol style="list-style-type: none">1. Buckinghamshire Council Statement of Accounts Update2. Constitution Working Group Update3. 2023/24 Business Assurance Strategy Update (incl. Internal Audit Plan)4. Annual Governance Statement Action Plan5. Audit Committee – Review of Effectiveness Action Plan6. Risk Management Group update7. Work Programme8. Action Log9. 22/23 Business Assurance Strategy Update: Completed Audits and Audit Actions Summary Report (confidential)
8 May 24	<ol style="list-style-type: none">1. Buckinghamshire Council Statement of Accounts Update2. Pension Fund Accounts 23/243. 2024/25 Internal Audit Plan Update4. 2023/24 Business Assurance Strategy Update (incl. Internal Audit Plan)5. Audit & Governance Committee Annual Report to Council6. Audit Committee – Review of Effectiveness Action Plan7. Annual Governance Statement Action Plan8. Action Log9. 23/24 Business Assurance Strategy Update: Completed Audits and Audit Actions Summary Report (confidential)10. 22/23 Fraud Cases Update (confidential)

Audit and Governance Committee action log

Last updated: 16 November 2023

No.	Action required	Lead	Date raised	Due date	Action taken	Date resolved (grey when resolved)	Status
1	Local Member Engagement That an update be provided on assessing member engagement in Cabinet and Cabinet Member decisions. This piece of work may be undertaken by the newly in post Principal Governance Advisor. Consideration should also be given to sharing this report with the Finance and Resources Select Committee.	Maggie Gibb / Governance Officer	25-Jan-22	27-Sep-23	Update September 2023: this falls to Cabinet for consideration. Update Sept 22: Work to be progressed as part of Corporate Governance review being undertaken by Principal Governance Advisor. Update Nov 22: Work to be achieved by end of March 2023; initial scoping taking place with Deputy Monitoring Officer and to be taken forward by Principal Governance Officer.		Ongoing
2	Buckinghamshire Statement of Accounts 20/21 (1) A comprehensive lessons learned report to be produced and presented to the Committee at the appropriate time.	Dave Skinner	01-Feb-23	31-Dec-23	Update November 23: No further update since Sept 23. Update September 23: Lessons Learned report to be considered upon completion of 2020/21 accounts. No further actions required at this time Update July 23: this is an ongoing continuous improvement process and lessons learnt are already being implemented for the 2021/22 and 2022/23 accounts. The audit of 2020/21 account is not yet completed and therefore the report to the audit committee on lessons learnt will be made once the audit is complete. Update March 23: A comprehensive list of lessons learnt is being compiled as the audit of the 2020/21 accounts progresses and considered in preparation for the audit of the 2021/22 and 2022/23 accounts.		Ongoing
3	External Auditors Annual Report To establish what would be most appropriate for the Committee to review in terms of the Council's subsidiary companies, whether there would require a change to the terms of reference of this committee and produce an annual report on companies' governance.	Dave Skinner / Glenn Watson	01-Feb-23	17-Jan-24	Update November 23: An annual report will be brought to the Committee on the sufficiency of the Council's company governance arrangements and planned developments. This is currently scheduled for the January or March 2024 meetings. This will enable the Committee to be sighted on the outcomes of a planned Internal Audit on company governance in Quarter 3 and the Shareholder Committee's self-assessment against a national best practice 'governance checklist' (in October 2023). No change in the terms of reference of the Committee is needed to reflect the Committee's consideration of this Update September 23: The Audit & Governance Committee's remit for considering the Council's governance arrangements are deliberately widely drawn. They include the remit to: "Consider the Council's corporate governance arrangements and make recommendations to ensure compliance best practice". This includes the arrangements for the governance of the Council's subsidiary companies. An annual report will be brought to the Committee on the sufficiency of the Council's company governance arrangements and planned developments. This is currently scheduled for the November 2023 meeting; however the Committee may wish to consider this in January 2024 fully to assess the outcome of a planned Internal Audit on company governance in Quarter 3 and the Shareholder Committee's self-assessment against national best practice 'governance checklist' (in October 2023). The draft Annual Governance Statement 2022/23 includes an action for bringing company governance to the attention of the Committee as part of its existing remit. No change to the existing terms of reference is needed to achieve this. Any wish for a separate reference to company governance could be made to the Monitoring Officer and Constitution Review Group Update July 23: The Audit & Governance Committee's remit for considering the Council's governance arrangements are deliberately widely drawn. They include the remit to: "Consider the Council's corporate governance arrangements and make recommendations to ensure compliance best practice". This includes the arrangements for the governance of the Council's subsidiary companies. As such, it is intended later in the 2023/24 council year to bring forward an annual report on company governance to this Committee. This is consistent with the draft Annual Governance Statement 2022/23 which includes an action for bringing company governance to the attention of the Committee (November 2023) as part of its existing remit. No change to the existing terms of reference is needed to achieve this. Any wish for a separate reference to company governance could be made to the Monitoring Officer and Constitution Review Group.		Ongoing

No.	Action required	Lead	Date raised	Due date	Action taken	Date resolved (grey when resolved)	Status
4	Contract Procedure Rules - Waivers and Breaches (2) To review how training statistics were presented in future reports to give a wider understanding of overall take up.	Simon Davis	01-Feb-23	01-Sep-23	Update November 23: Training data has now been updated and gives context of both contract managers and non contract managers training. This is reported back to directorate budget boards on a monthly basis. Update September 23: Training statistics to be reported at Directorates Budget Boards. It will allow directors to discuss effectiveness, take up of courses, and additional requirements. A new course was launched in August 23: Introduction to Procurement & SRM. It is both an induction to new starters and refresher for current staff. The overall training strategy is in development for implementation from September 23. It includes courses overhaul, performance indicators, use of well-established Government training and new courses on the upcoming procurement regulations. Update July 23: Reporting of training stats are being given wider context as part of an internal review of procurement training. Courses are currently being overhauled to ensure we keep relevance and accommodate any sector changes. March 23: Training delivery statistics are being reviewed with further contextual data being considered.		To be closed
5	General To arrange a session open to all Committee Members to cover the different technical areas and terms dealt with by the Committee.	Maggie Gibb / Dave Skinner / Leslie Ashton	01-Feb-23	29-Mar-23	Update November 23: The training will be arranged to coincide with the other member training in Q3/beginning Q4 Update July 23: This session will be picked up as part of the wider audit and governance training for the Committee which will be arranged in due course. Update March 23: Planning for this session is underway and session will be scheduled in April/May. Update 29 March 23: This training will be arranged for a date after the Council AGM in May so that any Membership changes can be picked up		Ongoing
Page 198	General (accessibility) To ensure reports contained within reports are of at least font size 12	Mark Stocks / Leslie Ashton / report authors	29-Mar-23	10-May-23	Update November 23: This has been actioned. Update August 23: action to remain open to ensure Grant Thornton reports are using the appropriate font, BC reports continue to be checked for formatting. Update July 23: Action to remain open as Grant Thornton reports supplied for July meeting still in smaller font. June 23: Grant Thornton have been reminded to use appropriate font size and all internal reports will continue to be checked moving forward. Update April 23: Buckinghamshire reports are being checked for font size. This has been raised with the Committee Services team to cover all Council Committee papers.		To be closed
7	Statement of Accounts 2020/21 (2) To circulate figures of bad debt to the Committee	Dave Skinner	29-Mar-23	10-May-23	Update November 23: A report on Debt and performance including bad debt to be suggested for consideration at Finance & Resources Select Committee. Update September 23: Bad debt report to be considered at future meeting Update May 23: Further thought being given as to how to present the figures to Members		Ongoing
8	Anti-Fraud & Corruption Policy and Anti Money Laundering Policy To be updated and brought back to the next Committee	Maggie Gibb / Selina Harlock	29-Mar-23	10-May-23	Update September 23: Deferred to January 23 Update June 23: All policies will be presented to A&G for approval in September. Work is ongoing with HR to review and update the Whistleblowing Policy.		To be closed
9	Anti-Money Laundering Policy To present statistics on funds recovered at a future meeting	Maggie Gibb / Selina Harlock	29-Mar-23	10-May-23	Update September 23: To be included in 23/24 Annual Fraud Report in March 2024.		Ongoing
10	2022/23 Business Assurance Strategy Update To provide further information and statistics on Risk Management Training delivery.	Maggie Gibb	17-May-23	05-Jul-23	Update November 23: Basic stats included in November update report, to be developed further in new year. Update September 23: to be provided to November meeting		Ongoing
11	Statement of Accounts 2020/21 and 2021/22 (3) To produce a document to detail each financial year and the various accounts and associated reports which had been/were due to be presented to the Committee, including dates.	Dave Skinner / Hasina Shah	05-Jul-23	27-Sep-23	Update November 23: Will be included in the update report. Update September 23: update agreed with Chairman and to be presented at each committee meeting incorporates this request		Ongoing
12	2022/23 Business Assurance Strategy Update To review of the wording in the update report to reflect the change from the Clinical Commissioning Group (CCG) to an Integrated Care Partnership (ICP).	Maggie Gibb	05-Jul-23	27-Sep-23	Update November 23: This has been addressed. Update September 23: This will be updated in future reports.		To be closed

No.	Action required	Lead	Date raised	Due date	Action taken	Date resolved (grey when resolved)	Status
13	Work Programme To update the work programme to include items on the Council's approach to mandatory training, subsidiary companies governance, complaints (payments out), and formulation of KPIs.	Maggie Gibb	05-Jul-23	27-Sep-23	Update September 23: Review in progress update at the November meeting.		Ongoing
14	Statement of Accounts 2020/21 and 2021/22 (4) To produce a brief written paper to provide an explanation of the consequences of disclaiming a set of accounts, were it to occur, or likewise the consequences of other adverse effects of timescales for sign off being brought forward	Dave Skinner	27-Sep-23	07-Nov-23	Update November 23: Will be included in the Statement of Accounts update report.		Ongoing
15	Buckinghamshire Pension Fund - 22/23 Audit Plan and Fee Letter To amend references in document from 'Audit Committee' to 'Audit and Governance Committee'	Mark Stocks	27-Sep-23	17-Jan-24			Ongoing
16	Higginson Park Trust Fund Accounts 2022/23 To establish where the related party transaction on page 80 of the reports packed was covered within the actual statement of accounts and report back to Councillor R Carington	Fiorella Mugari	27-Sep-23	07-Nov-23	Update November 23: The related party transaction amount of £120k which is an amount due from Buckinghamshire Council relates to a cash balance held by Bucks as the council previously held in the trust's accounts and bank balances. This amount should be transferred to Higginson Park this financial year now that the bank account for the trust is up and running.		Ongoing
Page 199 17	Farnham Park Sports Fields Charity Annual Report and Financial Statements (1) On behalf of the Committee to write to the Cabinet Member for Culture and Leisure outlining the Committee's concerns and to request an update report be presented to the Committee in approx. 6 months time.	Richard Newcombe	27-Sep-23	06-Mar-24			Ongoing
18	Farnham Park Sports Fields Charity Annual Report and Financial Statements (2) To provide details of the most recent land value valuation and the change in value since the previous valuation to Councillor Carington	Sophie Payne	27-Sep-23	17-Nov-23	Update November 23: There hasn't been a land revaluation since before unitary (FY 2015/16). We have enquired with the auditors re: including a land revaluation in the near future, if it is considered worthwhile to do so.		ongoing
19	Farnham Park Sports Fields Charity Annual Report and Financial Statements (3) To consider whether the risk of the Trust potentially being in a negative position in future years was appropriately captured in existing risk registers or warranted a new risk	Maggie Gibb	27-Sep-23	17-Nov-23	Update November 23: To be discussed with Communities Risk Champion at next review.		ongoing
20	Farnham Park Sports Fields Charity Annual Report and Financial Statements (4) To establish whether a payment was made to the Trust from a Wycombe based developer in the past (related to the Baseball Softball UK facility) and report back to Councillor Clarke OBE	Sophie Payne	27-Sep-23	07-Nov-23	Update November 23: No such payment was made to the Trust.		to be closed
21	Local Code of Governance (1) To arrange an all Member briefing on the Local Code of Governance	Glenn Watson	27-Sep-23	17-Jan-24	Update November 23: Liaising with Legal & Democratic Services and Member Development Working Group to arrange this as part of the Member Development programme for early 2024.		Ongoing
22	Local Code of Governance (2) To include the Local Code of Governance in the internal audit activity programme	Maggie Gibb	27-Sep-23	17-Jan-24	Update November 23: To be included in 24/25 Internal Audit Programme.		Ongoing
23	Local Code of Governance (3) To review and amend a number of points made by Members as noted in the minutes of the meeting	Glenn Watson	27-Sep-23	07-Nov-23	Update November 23: Changes were noted and made ahead of publication.		To be closed

No.	Action required	Lead	Date raised	Due date	Action taken	Date resolved (grey when resolved)	Status
24	<p>Annual RIPA report To produce an annual report on both RIPA powers and acquisition of communications data under the Investigatory Powers Act 2016 and factor these into the Committee's work programme.</p> <p>Constitution Members Working Group to consider amending the constitution to reflect the separate annual report covering the Investigatory Powers Act 2016.</p>	Nick Graham	27-Sep-23	07-Nov-23	Update November 23: Included in November agenda		To be closed
25	<p>Chief Auditor Annual Audit opinion 2022/23 To consider methods for dealing with audits, where previous areas requiring improvement did not result in at least a reasonable assurance on the subsequent audit</p>	Maggie Gibb	27-Sep-23	17-Jan-24			

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