



Audit and Governance Committee agenda

Date: Wednesday 17 January 2024

Time: 10.00 am

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

Membership:

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

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For further information please contact: Leslie Ashton democracy@buckinghamshire.gov.uk



Agenda Item 3
Buckinghamshire Council
Audit and Governance
Committee

Minutes

MINUTES OF THE MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE HELD ON MONDAY 27 NOVEMBER 2023 IN THE PARALYMPIC ROOM, BUCKINGHAMSHIRE COUNCIL, GATEHOUSE ROAD, AYLESBURY HP19 8FF, COMMENCING AT 10.00 AM AND CONCLUDING AT 12.55 PM

MEMBERS PRESENT

R Newcombe (Chairman), P Brazier, R Carington, M Dormer, D King, S Rouse, N Thomas and S Wilson

OTHERS IN ATTENDANCE

T Butcher

Agenda Item

1 APOLOGIES

Apologies for absence had been received from Councillors L Clarke OBE and N Hussain. The Committee placed on record its thanks to Mr David Anthony, who having recently resigned as a Councillor had been a Member of the Committee since the inception of the unitary authority. Mr Anthony had also been a valuable member of the Risk Management Group. It was agreed that a letter would be sent to Mr Anthony from the Chairman, on behalf of the Committee, expressing gratitude for his work and insightful input on the Committee.

ACTION: Chairman to send a letter to Mr Anthony.

2 DECLARATIONS OF INTEREST

There were no declarations of interest.

3 MINUTES

RESOLVED:

That the minutes of the meeting held on 27 September 2023 be approved as a correct record.

4 BUCKINGHAMSHIRE COUNCIL STATEMENT OF ACCOUNTS UPDATE

The Committee received an update on the 2020/21 Statement of Accounts; the audit backlog backstop date and its impact on the Council; the impact on future years audit and change of auditor if opinion with limited scope was issued; and a summary of audit progress covering 2020/21 to 2022/23. 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:

- It was highlighted that the backlog of accounts was not exclusive to Buckinghamshire and was an issue nationally. The Government proposal was to implement a series a backlog dates whereby accounts should be concluded. The implication of this was that some disclaimers of opinion may be issued for a limited number of years. The plan for Buckinghamshire was to conclude the 2020/21 accounts by the end of December 2023, then dependant on what came through in legislation there could potentially be a disclaimer of opinion issued for the 2021/22 and 2022/23 accounts, following which it was hoped that the 2023/24 could be concluded around winter 2024. The 2020/21 accounts would be presented to the January meeting of this Committee for approval and sign off.
- The Council continued to work cooperatively and engaged positively with the external auditor, meeting requests for information in a timely and efficient manner. The external auditor spoke highly of the Council's preparedness and the efforts made to have reached a position where an unqualified opinion on the 2020/21 accounts was now achievable. The Committee was advised that whilst it was a challenging period for the finance team who were also undertaking the budget setting process for the next financial year, there was adequate resource in place to meet these challenges although there was susceptibility to illness and unexpected time off due to the relatively small size of the team.
- The Committee heard that the finance team had accumulated knowledge of the legacy Councils and there was a more robust process in terms of the working papers. There were also more of the team involved in certain stages to avoid there being a single point of failure should someone leave the authority. From an external audit perspective, it had been evident that there was a great deal more preparation undertaken in terms of providing working papers and significant work had been completed on areas to get them to a reasonable level.
- It was thought to be the correct course of action to aim to complete work on the 2020/21 accounts as it provided assurances over the opening position for Buckinghamshire Council. Members were informed that in ordinary circumstances a disclaimed opinion would reflect poorly on the Council as it would indicate Buckinghamshire had poor accounts and record keeping, however in this instance should it be required for 2021/22 and 2022/23 it would be due to timing and Government legislation. Communication to the public would be important to ensure the right message was shared. Should there be disclaimers of opinion, it would allow the 2023/24 accounts to be completed at an earlier time.
- The Committee heard that one potential change in the future to be considered was the regulatory requirements put on local authorities and external auditors around the work required to make local authority accounts understandable and relevant for stakeholders and ease the resources required to deliver the accounts. This would require changes to the National Audit Office Audit Code of Practice and CIPFA Code of Accounting.

RESOLVED:

That the update be noted.

5 BUCKINGHAMSHIRE PENSION FUND – 2022/23 AUDITED STATEMENT OF ACCOUNTS (INCLUDING EXTERNAL AUDIT FINDINGS REPORT)

Councillor Tim Butcher, Deputy Cabinet Member for Accessible Housing and Resources and Julie Edwards, Pensions and Investments Manager presented the audited Statement of Accounts for the Buckinghamshire Pension Fund for the year ended 31 March 2023. These were appended to the reports pack. The Pension Fund Accounts and Net Assets Statement showed that in the year to 31 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 2023. Grant Thornton anticipated issuing an unmodified audit report opinion.

The draft Audit Findings Report for the Pension fund was also appended to the reports pack. During discussion, points raised included:

- The Pension Fund Statement of Accounts and Audit Findings report had been considered by the Pension Fund Committee at its meeting on 15 November 2023. The previous statement of accounts for 2020/21 and 2021/22 had already been presented both to this Committee and the Pension Fund Committee, although were unable to be formally signed off until the corresponding year's main statement of accounts were signed off. There were not any significant issues identified which impacted the pension fund's reported position and the audit findings were reported to be positive, with good financial statements and working papers. Thanks were given to the Pensions and Investments Manager and the finance team.
- Attention was drawn to respective issues found with level 3 and level 2 investments. These were detailed at points 1.6 and 1.7 of the covering report appended to the reports pack and related to amounts overstated in the accounts, these related to differing dates of valuation having been used, albeit it was only a matter of days between the different dates used. It was proposed that the amounts did not require changing and the external auditor supported this approach.
- There remained a piece of work outstanding on an experience item which was being worked through with the audit manager and page 83 of the reports pack outlined some IT comments around essential controls which would be followed up as part of the next audit. The Chairman suggested that the areas highlighted could be considered by the Risk Management Group when it considered the IT risk register at its January meeting, this would assist in identifying the risks posed to the Council as a whole.
ACTION: Ms M Gibb to liaise with the IT Service Director to request the areas identified be presented to the Risk Management Group at its January meeting.
- A Member noted that on page 83 of the reports pack, two developers were individually named rather than their roles and questioned what the control structure and management override was in respect of this issue.
ACTION: Ms J Edwards to liaise with IT and provide a response to Councillor S Rouse, copying in all Committee Members.
- Members noted that SAP was RAG rated red, it was explained that SAP was a complicated system and upgrades had been completed to ensure the latest version was being used. There was said to be nothing untoward within the SAP landscape and the challenges were not unique to the Council.
- The rise in management expenses from the previous year was queried and the Committee heard that value for money work had been commissioned and the Pension Fund Annual Report detailed an analysis of fees saved by pooling as part of the Brunel fund. In terms of the increase, this was generally linked to areas such as the underlying value of assets and the structure of the fund; a significant portion was invested in private investments which was more expensive to manage; the LGA had introduced a cost transparency programme; and the management fees information which managers had been provided had been improving over recent years. The Committee was assured that the Pension Fund Committee kept a watchful eye on the Brunel Pool and administrative expenses.
- It was confirmed that around 90% of assets had already transitioned to Brunel, for which there were one off transition costs. The remaining balance was largely investments held within private markets which were difficult and expensive to transfer. As such the view had been taken that unless savings could be demonstrated there was no benefit in

selling investments, some of which were illiquid.

- It was explained that representatives from Brunel did regularly attend meetings of the Pension Fund Committee where they were questioned on performance fund and costs charged to funds. A Member queried the increase in illiquid funds and a breakdown of the increase would be provided.

ACTION: Ms J Edwards to provide an analysis of the management fees comparing liquid and illiquid funds within the pension fund to Councillor R Carington.

RESOLVED:

1. **That the Buckinghamshire Pension Fund 2022/23 audited Statement of Accounts, including the External Audit findings report be reviewed and noted.**
2. **That management's proposed treatment of areas identified by the auditor be endorsed subject to the points of concern raised by the Committee, as noted above.**
3. **That the Buckinghamshire Pension Fund Statement of Accounts 2022/23 be approved and the final sign off for the Statement of Accounts be delegated to the Chairman of the 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.**

6 TREASURY MANAGEMENT 2023-24 MID-YEAR UPDATE

The Committee received a report which formed part of the monitoring of the Treasury function and reviewed the implementation of the Treasury Management Strategy in compliance with CIPFA code of practice. Councillor Tim Butcher, Deputy Cabinet Member for Accessible Housing and Resources and Hasina Shah, Assistant Director of Finance presented the report.

The report, which was appended to the agenda pack, detailed the treasury position, including cash position, investments, borrowing, and CCLA local authorities' property pooled fund. The report also covered capital expenditure along with compliance with treasury limits and prudential indicators, a review of borrowing strategy and debt rescheduling, and an economic update.

As of 30 September 2023, the net cash position was £177m, an increase of £63m on the position at 31 March 2023, this was detailed within the report. The Council's investment strategy sought to achieve a return on its investments in line with the Sterling Overnight Index Average (SONIA) rate. 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 was expected in the rising rate environment. The 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 matured the Council was now securing higher rates on its investment portfolio and was expecting to meet its benchmark for the second half of the year.

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 31 March 2024.

There was 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.

Points raised during discussion included:

- Members queried the graph contained at paragraph 5.2 of the report, it was said that there appeared to be nine indicators on the graph, although only six appeared to be visible. There was some difficulty noted in the interpretation of the contents of the paragraph and as such the Committee requested that a brief paper be prepared for Members to define the debt liability benchmark indicator and to aid the understanding of it.

ACTION: Mr D Skinner / Ms H Shah to produce a paper for the Committee and discuss its contents at the next training session for Members when arranged.

- A Member noted that the interest rate on investments was slightly below the SONIA rate for the second year running. It was explained that this was linked to the rising rate environment and that as rates dropped there was expected to be an increase to the rate achieved, however it was requested that when the Treasury Management report for the full 2023/24 financial year was presented that it contained historic performance data against the SONIA rate to allow for ease of comparison.

ACTION: Mr D Skinner / Ms H Shah to include historic investment performance data against the SONIA rate within the full 2023/24 Treasury Management report when it was presented.

- The Committee was advised that it would be a significant concern if interest rates continued to rise dramatically as some of the longer-term borrowing would need to be repaid or replaced and if rates were significantly higher than it would detrimentally affect the Council's finances. It was, however anticipated that long term rates would fall again, and this was factored into the medium-term financial plan.
- The material adjustment to capital expenditure agreed by Cabinet at its meeting in November 2023, was questioned and the Committee was informed that local authorities faced challenges accurately profiling their capital programmes. Over recent years there had been a similar quantum of reprofiling, made further difficult this year by the increasingly challenging economic landscape.
- It was confirmed that the Council had not breached its operational boundary limit.

RESOLVED:

That the report be noted.

7 HOUSING BENEFIT GRANT CERTIFICATION 2022/23

The Committee received a report which provided a review of the Housing Benefit Subsidy claim for 2022/23. Hasina Shah, Assistant Director of Finance presented the report. 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 claims through a grant certification process.

For this financial year, the Housing Benefit Records remained on three separate legacy systems until the end of October 2022. Therefore, testing had been performed equally across all three systems and Cumulative Audit Knowledge and Experience (CAKE) was carried out for eleven areas in total. The outcome of all the testing had resulted in no amendments to the headline cells. However, there were some small amendments required within subpopulation cells. A total of seven areas would roll over into 2023/24, four were now closed. The Council had made significant improvements by consolidating the system and the benefits of this would be evident from 2023/24.

As part of continuous improvements, additional training, and sample checking for each area where an error was found in 2022/23 continued for 2023/24 and a rolling review of work practices and in-year checking procedures continued to help identify and correct errors to ensure even greater accuracy of future subsidy claims. The Committee welcomed the positive report.

RESOLVED:

That the report be noted.

8 REVIEW OF EFFECTIVENESS OF AUDIT COMMITTEE - UPDATE

The Committee received a report which provided an update on progress against the improvement plan actions. The areas for improvement had been identified following an evaluation of the effectiveness of Buckinghamshire Council's Audit and Governance Committee which was undertaken in July 2023. The Committee noted the progress against actions to date.

RESOLVED:

That the report be noted.

9 RISK MANAGEMENT GROUP UPDATE

Prior to discussion of this item, the Chairman reported that Councillor D King would be joining the Risk Management Group following the resignation of Mr David Anthony. The Committee then received an update from Ms Maggie Gibb, Chief Auditor and Head of Business Assurance on the Risk Management Group (RMG) meeting held on 22 September 2023. At the meeting the Deputy Chief Executive (DCE) Directorate's Risk Register was considered, this was presented by the Deputy Chief Executive, Service Director for Legal and Democratic Services and the Head of Finance for DCE. The Head of Business Assurance also presented the Strategic Risk Register at the meeting. The risks were discussed at length by the RMG and the mitigating actions were robustly challenged. The key risk themes were outlined in the report.

Members queried how the new requirements of the Elections Act had worked at recent unitary by-elections and were advised that the elections team had assisted Milton Keynes Council with their local elections in May 2023 to gain knowledge of working practices and they had also attended relevant training courses. The new requirements had generally gone well at the recent by-elections in Buckinghamshire with minimal impact seen, although it was noted that it would be more of a significant challenge for the larger elections such as the Parliamentary election which would take place at some point in 2024.

Following a query on fluctuations in legal services, the Committee was advised that an amount of circa £800k was received annually for land charges undertaken, this was in addition to income from developers for whom legal services undertake work on section 106 and other land agreements. Should there be a significant downturn in developments this would impact income and thus was on the directorate risk register to ensure that it was managed appropriately and other sources of income explored. It was clarified that it was normal practice for the Council to give independent advice on section 106 agreements, despite the Council being party to the agreement.

A Member also raised concern around the lack of government guidance on funding for Homes for Ukraine and the number of people applying for residence permits. The relevant service director and team was said to be monitoring this closely.

RESOLVED:

That the update be noted.

10 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 approved 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.

Since the last meeting, the business continuity function had moved to the resilience service. As a result, some responsibilities had been moved within the business assurance team, the assurance activity now came under the remit of the risk manager to align better and provide greater capacity for assurance work. The Risk Management function had focussed on assessing risks around major projects, ensuring there was greater visibility and consistency around how risks were identified and reported. Internal audit work was progressing well, the team was now fully resourced and quarters three and four were particularly busy for the team as the financial year end neared. A further update on audit activity would be provided at the next meeting of this Committee. Further, fraud statistics were contained in the report and further details and outcomes would be detailed in the annual fraud report which was due to be presented at an upcoming Committee meeting.

During discussion, points raised included:

- Two deferrals were proposed as detailed in the report, these related to managing housing waiting lists and temporary accommodation. A Housing Improvement Board had recently been implemented, and it was proposed that the team would provide proactive assurance work to the area assessing the effectiveness of the board and then audit newly embedded control processes.
- The Committee suggested that it would be beneficial to provide statistics around the increased number of audits and speed of completion now that the team was fully resourced. It was said that this would provide evidence to CMT of how having adequate resources enabled greater assurance across the authority.

ACTION: Ms M Gibb to provide further statistics around the work the team undertakes and include this in the papers for the March 2024 meeting when the Committee considers the summary of work delivered.

- It was confirmed that an internal audit on parking services and parking enforcement was completed in the previous year, as there were Members who had very recently joined the Committee this could be shared separately.

ACTION: Ms M Gibb / Ms S Harlock to share the internal audit findings with Councillor S Wilson

- There were efforts ongoing to make it clear how much money the authority recovered through counter fraud activity and to clearly demonstrate what was being brought back into the authority. Some areas were easier to demonstrate such as covid grants which were repaid, however proactive work to deter fraud would also be highlighted.

ACTION: Ms M Gibb to / Ms S Harlock to explore ways to demonstrate savings from counter fraud activity and where there was not a quantifiable saving outline the benefits of the proactive work undertaken.

- It was confirmed that there was not a separate category for social services fraud, and it

was contained within another sub-category. There were difficulties in presenting the information in a consolidated way, however when statistics were presented at year end there would be a greater breakdown provided which should help with transparency.

- It was recognised that there was an increased number in internal audits which were rated high risk, and in previous years there had been lower to medium risk audits undertaken. It was explained that increasingly sophisticated methodologies were being used to analyse factors which meant more audits were deemed high risk. When the plan was next presented, further information around how the audits were rated would be provided. Further, there was confirmation that there would be a focus in the next year on audits within both adults and health and children's services directorates respectively.

RESOLVED:

That the report be noted.

11 ANNUAL RIPA AND COMMUNICATIONS DATA REPORT

The Committee considered the Annual RIPA and Communications Data Report which was appended to the reports pack. Mr Nick Graham, Service Director for Legal and Democratic Services presented the report. The Regulation of Investigatory Powers Act 2000 (RIPA) and the Investigatory Powers Act 2016 (IPA) governed the acquisition and disclosure of communications data and the use of covert surveillance by local authorities. The Council was able to 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). The report covered what respective RIPA and IPA powers covered.

Since the last report to the Committee relating to RIPA (27 September 2023) there had been no applications to use RIPA powers. The Committee also requested statistics relating to IPA applications, since January 2022 the Council had made four applications, all relating to mobile phone records. The Committee agreed that future annual reports would be presented at the first meeting of the Committee after January each year to co-ordinate with the annual statistics return to the Investigatory Powers Commissioner.

A Member noted that at paragraph 2.11 of the report, it was noted that the Council Officer designated as the Approved Rank for supervision was Head of Legal Services (Non-Contentious), however this role was not listed within the appendix under the surveillance personnel list.

ACTION: Mr N Graham to review personnel list and update to reflect the role of the Head of Legal Services (Non-Contentious)

RESOLVED:

1. **That the report be noted.**
2. **That it be agreed that the annual report be presented on the first Committee after January each year.**

12 2023/24 WORK PROGRAMME

The Committee considered the work programme which was appended to the agenda pack and noted its contents. The Committee highlighted that the January 2024 meeting looked to be a particularly full agenda and it was agreed that the Head of Business Assurance would review the items and consider what could be deferred to the March 2024 meeting, where the agenda appeared to be lighter.

The Committee suggested that it would be beneficial to consider the governance of value for money achieved within children's services particularly around the sufficiency of placements and home to school transport costs. The emphasis of this would be on the governance aspect as opposed to the actual policies. It was noted that these two areas would be considered in risk terms at the December meeting of the Risk Management Group, however the Committee requested that thought be given as to how the areas could be reviewed in governance terms.

A Member highlighted the boundary changes that would come into effect from the 2025 local elections and the importance of having clear governance and appropriate processes in place, not only on the Constitution side of things but also on the way officers worked with Members, particularly those whose roles were ward specific. It was noted that the Annual Governance Statement action plan required this consideration be looked at and the Committee would monitor the actions and related work. It was suggested that a task and finish group made up of Members of this Committee and the Standards and General Purposes Committee to look at these issues in good time ahead of the 2025 elections could be formed. Further discussions on this area of work would take place outside of this meeting between the Chairman, Committee Members, and Officers.

Lastly, it was requested that a review of the process of setting key performance indicators (KPIs) be added to the work programme for an upcoming meeting, this was not to review individual KPIs but to look at them more generally and ensure they were fit for purpose.

ACTION: Ms M Gibb to review the agenda items planned for the January 2024 meeting with a view to deferring some items and give consideration, in liaison with the Chairman and relevant directorates to the inclusion of the above items in the work programme.

RESOLVED:

That the work programme be noted.

13 ACTION LOG

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

- Contract Procedure Rules – Waivers and Breaches (2)
- 6. General (accessibility)
- 8. Anti-Fraud & Corruption Policy and Anti Money Laundering Policy
- 12. 2022/23 Business Assurance Strategy Update
- 20. Farnham Park Sports Fields Charity Annual Report and Financial Statements (4)
- 23. Local Code of Governance (3)

Further it was requested that the below action proposed for closing remain open:

- 24. Annual RIPA report – It was recognised that the annual report aspect of the action had been completed, however updating the Constitution remained outstanding.

Members queried action number 1 which was in relation to local member engagement, this referred to ensuring local members were adequately informed on certain issues which affected their wards. The Chairman would discuss the wording of this risk, and potential action to be taken further with the Head of Business Assurance.

RESOLVED:

That the action log be noted.

14 DATE OF THE NEXT MEETING

17th January 2024 at 10 a.m.

15 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 16, 17, and 18 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 16 – Confidential Minutes of the Audit and Governance Committee held on 27 September 2023

Minute 17 – 2023/24 Business Assurance Strategy Update – Summary of Completed Audits

Minute 18 – Confidential Action Log

16 CONFIDENTIAL MINUTES

RESOLVED:

That the confidential minutes of the meeting held on 27 September 2023 be approved as a correct record.

17 2023/24 BUSINESS ASSURANCE STRATEGY UPDATE - SUMMARY OF COMPLETED AUDITS

The Committee held a detailed discussion on a number of completed internal audits, discussing their findings and the required actions to be taken by management.

RESOLVED:

That the report be noted.

18 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:	17 th January 2024
Title:	Treasury Management Strategy 2024-25 to 2026-27
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:	<p>The Audit and Governance Committee is asked to recommend to Full Council the approval of:</p> <ol style="list-style-type: none"> 1. The Treasury Management Strategy Statement (TMSS); 2. The Borrowing Strategy as set out in Section 4; 3. The Prudential Indicators (PI) set out in Sections 3, 4 and 5; 4. Changes to the Country Ratings and aggregate Limits as detailed in paragraphs 5.5 to 5.7; 5. The Annual Investment Strategy set out in Appendix 1; and 6. The Minimum Revenue Provision Policy set out in Appendix 2.
Reason for recommendation:	To ensure that the Council’s borrowing and investment plans are prudent, affordable and sustainable and comply with statutory requirements.

1. Executive summary

- 1.1 The Local Government Act 2003 (“the Act”) and the Regulations made under the Act require the Council to have regard to the Prudential Code for Capital Finance in Local Authorities and to set Prudential Indicators for the next three years to ensure that the Council’s capital investment plans are affordable, prudent and sustainable.

- 1.2 The Act also requires the Council to set out a statement of its treasury management strategy for borrowing and to prepare an Annual Investment Strategy (AIS) (as shown in Appendix 1). This sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments. The Treasury Management Strategy Statement and Annual Investment Strategy must both have regard to guidance issued by the Department for Levelling Up, Housing and Communities (DLUHC) and must be agreed by Full Council.
- 1.3 Treasury management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2021 Edition (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.
- 1.4 The Investment Strategy is considered separately within the Capital Investment Strategy. The TMSS and AIS form part of the Council's overall budget setting and financial framework.

2. Background Information

- 2.1 The Council is required to operate a balanced budget, which broadly means that monies received during the year will meet payments expenditure. The function of treasury management is to ensure that the Council's capital programme and corporate investment plans are adequately funded, and the cashflow is adequately planned, with cash being available when it is needed to discharge the Council's legal obligations and deliver Council services. Surplus monies are invested to obtain an optimal return, while ensuring security of capital and liquidity.
- 2.2 The CIPFA code defines treasury management as "the management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."
- 2.3 The primary requirements of the Treasury Management Code are summarised below:-
 - Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
 - Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
 - Receipt by the full Council of an annual **TMS** (this report) - including the AIS and Minimum Revenue Provision Policy - for the year ahead, a Mid-year Review

Report and an Annual Report (stewardship report) covering activities during the previous year.

- 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 (S151 Officer).
- 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.
- Day to day treasury investment and borrowing activity in undertaken by Treasury Team in accordance with strategy, policy, practices and procedures.
- **Training** - The S151 officer has the responsibility to ensure that Officers executing treasury function and Members with responsibility for making treasury management decisions and for scrutinising treasury functions receive adequate training. These training needs are met through: -
 - Annual training session delivered by Link (advisor) for both Members and Officers; and
 - Officers training needs are reviewed periodically as part of the Learning and Development programme and attend various seminars, training sessions and conferences organised by CIPFA and Local Authority Treasurers Investment Forum.

2.4 The TMSS covers three main areas summarised below:-

Capital

- Capital spending plans (Prudential Indicator 1)
- Capital Finance Requirement (CFR) (Prudential Indicator 2 & 3)
- Affordability (Prudential Indicator 4)
- Minimum Revenue Provision (MRP)

Borrowing

- Borrowing strategy
- Sources of Borrowing
- Liability benchmark
- Limits on Borrowing Activity
- Maturity structure of borrowing
- Policy on borrowing in advance of need
- Debt rescheduling
- Investing primarily for yield

Managing cash balances

- The current cash position and cash flow forecast
- Prospects for investment returns
- Balancing short and long term investments

2.5 The AIS at Appendix 1 provides more detail on how the Council's surplus cash investments are to be managed in 2024/25.

3. Capital

Capital Spending Plans (Prudential Indicator 1)

- 3.1 The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators. Table 1 summarises the Council's capital expenditure plans, both in terms of those projects agreed previously, and those forming part of the current budget cycle.

Table 1 - PI 1 Capital Expenditure £m	2022/23 Actual	2023/24 Forecast	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
Total Capital Expenditure	107.4	128.0	239.3	187.5	139.4
Funding £m					
Capital receipts	24.2	6.4	23.0	24.1	28.0
Capital grants	80.5	100.6	173.8	133.1	93.1
Capital reserves	0.2	8.3	13.7	6.2	11.5
Revenue		8.7	3.7	4.5	5.6
Net financing need	2.5	4.0	25.1	19.6	1.2

Capital Financing Requirements (CFR) (Prudential Indicator 2 & 3)

- 3.2 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 been immediately financed or paid for will increase the CFR.
- 3.3 The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used.
- 3.4 **Table 2** on the next page shows that the CFR will increase when the borrowing increases to fund the capital programme. Consequently, the capital financing charge to revenue will increase, reflecting the capital spending plans.

Table 2 - PI 2 - CFR £m	2022/23 Actual	2023/24 Forecast	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
CFR as at 01 April	571	562	554	566	573
Net financing need	2	4	25	20	1
Less MRP	-11	-12	-13	-13	-14
CFR as at 31 March	562	554	566	573	560

- 3.5 CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. Table 3 shows that the Council expects to comply with this recommendation during 2024/25 and the next two years. The under borrowing

position allows some flexibility for limited early borrowing for future years to take advantage of potential favourable interest rates and evidences that borrowing is not undertaken for revenue purposes.

Table 3 - PI 3 - Debt Vs CFR £m	2022/23	2023/24	2024/25	2025/26	2026/27
	Actual	Forecast	Estimate	Estimate	Estimate
Debt as at March	293	286	264	256	259
Externalisation of internal borrowing and ref	0	0	0	25	20
Borrowing	293	286	264	281	279
Finance Lease	4	4	4	4	4
Total Borrowing	297	290	268	285	283
Capital Financing Requirement	562	554	566	573	560
Under/(Over) borrowing	265	264	298	288	277

Affordability (Prudential Indicator 4)

- 3.6 The objective of the affordability indicator is to ensure that the level of investment in capital assets remains within sustainable limits and to ensure the impact on the Council's "bottom line" is manageable. This indicator identifies the trend in the cost of capital, (borrowing and other long-term obligation costs net of investment income), against the net revenue stream. The estimates of financing costs include current commitments and the proposals in the Council's budget report. Table 4 below sets out the expected ratio of capital financing costs to income for General Fund activities.

Table 4 - PI 4 - Affordability	2022/23	2023/24	2024/25	2025/26	2026/27
	Actual	Forecast	Estimate	Estimate	Estimate
Ratio of capital financing cost to income	3.16%	2.07%	2.84%	3.36%	3.50%

Minimum Revenue Provision (MRP) Policy Statement

- 3.7 Under Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, where the Authority has financed capital expenditure by borrowing it is required to make a provision each year through a revenue charge (MRP).
- 3.8 The Council is required to calculate a prudent provision of MRP which ensures that the outstanding debt liability is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits. The MRP policy statement for the Council is attached at Appendix 2.

4. Borrowing

Borrowing Strategy

- 4.1 One of the main functions of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of

the Council and help ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using medium-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.

4.2 The Council’s main objective when borrowing money is to strike an appropriate balance between securing low interest costs and achieving cost certainty over the period for which funds are required. Given the significant cuts to public expenditure and particularly, to local government funding, the Council’s borrowing strategy continues to address the key issue of affordability without compromising the long-term stability of the debt portfolio. The key factors influencing the 2024/25 strategy are:

- forecast borrowing requirements
- the current economic and market environment
- interest rate forecasts.

4.3 The Council’s treasury advisor Link group has provided the following forecasts on 07 November 2023. These are forecasts for Bank Rate, average earnings and PWLB certainty rates, gilt yields plus 80 bps.

Table 5

Link Group Interest Rate View	07.11.23												
	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
BANK RATE	5.25	5.25	5.25	5.00	4.50	4.00	3.50	3.25	3.00	3.00	3.00	3.00	3.00
3 month ave earnings	5.30	5.30	5.30	5.00	4.50	4.00	3.50	3.30	3.00	3.00	3.00	3.00	3.00
6 month ave earnings	5.60	5.50	5.40	5.10	4.60	4.10	3.60	3.40	3.10	3.10	3.10	3.10	3.10
12 month ave earnings	5.80	5.70	5.50	5.20	4.70	4.20	3.70	3.50	3.30	3.30	3.30	3.30	3.30
5 yr PWLB	5.00	4.90	4.80	4.70	4.40	4.20	4.00	3.80	3.70	3.60	3.50	3.50	3.50
10 yr PWLB	5.10	5.00	4.80	4.70	4.40	4.20	4.00	3.80	3.70	3.70	3.60	3.60	3.50
25 yr PWLB	5.50	5.30	5.10	4.90	4.70	4.50	4.30	4.20	4.10	4.10	4.00	4.00	4.00
50 yr PWLB	5.30	5.10	4.90	4.70	4.50	4.30	4.10	4.00	3.90	3.90	3.80	3.80	3.80

4.4 The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement) was not fully funded with loan debt, as cash supporting the Council’s reserves and balances was used as an interim funding measure. This strategy was prudent as investment returns have only recently begun to rise and counterparty risk has been minimised. It has also saved a considerable amount of interest payable, known as the ‘cost of carry’.

4.5 The Council will continue with this prudent strategy of maintaining an under-borrowed position for the financial year 2024/25, however after that it will need to consider external borrowing taking account of reserves and balances. This strategy aligns with the interest rates forecast (in the table above) which shows longer dated borrowing rates are expected to fall from their current levels once prevailing inflation concerns are addressed by tighter near-term monetary policy.

4.6 Against this background and the risks within the economic forecast, continued caution will be adopted with the 2024/25 treasury operations. The Director of

Finance will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- if it was felt that there was a significant risk of a sharp FALL in borrowing rates, then borrowing will be postponed.
- if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, fixed rate funding may be drawn whilst interest rates are lower than they are projected to be in the next few years.

4.7 Any decisions will be reported to the Treasury Management Group and Audit & Governance Committee at the next available opportunity.

Sources of Borrowing

4.8 All new loans are subject to the relevant gilt yields +0.8% (known as the PWLB certainty rate). A prohibition is in place to deny access to borrowing to any local authority which plans to purchase assets primarily for yield in its capital programme.

4.9 Consideration will be given to other sources of funding as summarised below:-

- Local authorities (primarily shorter dated maturities out to 3 years or so – generally still cheaper than the Certainty Rate).
- Financial institutions (primarily insurance companies and pension funds but also some banks, out of forward dates where the objective is to avoid a “cost of carry” or to achieve refinancing certainty over the next few years).
- UK Municipal Bond Agency Plc and any other special purpose companies created to enable Local Authority bonds issues.

4.10 Our advisors will keep us informed as to the relative merits of each of these approved alternative funding sources detailed on following page.

- HM Treasury’s PWLB lending facility
- UK Municipal Bonds Agency
- Local Authorities
- Market - Any bank or building society authorised to operate in the UK
- UK public and private sector pension funds
- Insurance companies
- UK Infrastructure Bank
- Stock issues
- Negotiable Bonds
- Other special purpose companies created to enable local authority bond issues
- Finance Leases
- Commercial Paper
- Overdraft
- Local Authority Bills

Limits on Borrowing Activity (Prudential Indicator 5)

4.11 The Prudential Code requires the Council to set two limits on its total external debt, as set out in Table 6 below:

- **Authorised Limit for External Debt** (Prudential Indicator 5a) – This is the limit prescribed by section 3(1) of the Local Government Act 2003 representing the maximum level of borrowing which the Council may incur. It reflects the level of external debt which, while not desired, could be afforded in the short term, but may not be sustainable in the longer term.
- **Operational Boundary (Prudential Indicator 5b)** – This is the limit which external debt is not normally expected to exceed. The boundary is based on current debt plus anticipated net financing need for future years.

4.12 The Director of Finance reports that the Council complied with these prudential indicators in the current year and does not envisage difficulties for the future. This view considers current commitments, existing plans and the proposals in this report.

Table 6 - PI 5 - Borrowing Limits £m	2022/23	2023/24	2024/25	2025/26	2026/27
	Actual	Forecast	Estimate	Estimate	Estimate
Authorised Limit	622	594	606	613	600
Borrowing	293	286	264	281	279
Finance Lease	4	4	4	4	4
Operational Boundary	297	290	268	285	283

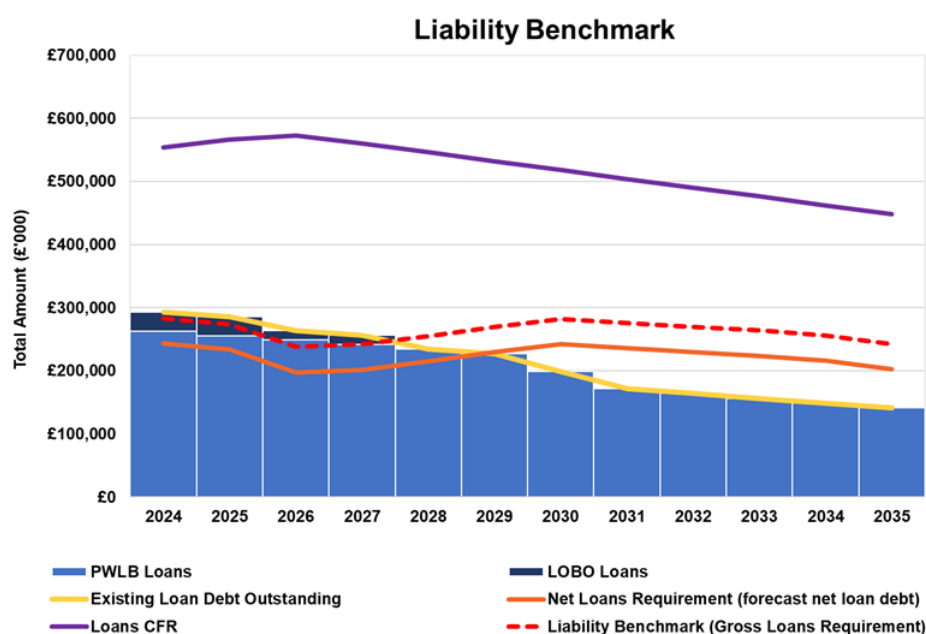
Maturity structure of borrowing (Prudential Indicator 8)

4.13 Managing the maturity profile of debt is essential for reducing the Council's exposure to large, fixed rate sums falling due for refinancing within a short period, and thus potentially exposing the Council to additional cost. Table 7 below sets out current upper and lower limits for debt maturity for approval.

Table 7 - Prudential Indicator 8	Upper Limit	Actual	
		£m	%
Under 12 Months	18%	22.09	7.7%
12 Months to 2 Years	20%	7.19	2.5%
2 Years to 5 Years	17%	37.17	13.0%
5 Years to 10 Years	36%	77.44	27.1%
10 Years to 20 Years	34%	59.19	20.7%
20 Years to 30 Years	34%	21.17	7.4%
30 Years to 40 Years	32%	31.47	11.0%
40 Years to 50 Years	20%	30.00	10.5%
More than 50 Years	12%	0.00	0.0%

Liability Benchmark (Prudential Indicator 9)

- 4.14 The Council is required to estimate and measure the Liability Benchmark (LB) of at least 10 years as recommended by CIPFA's Prudential Code. Liability benchmark looks at net management of treasury position and aims to minimise refinancing, interest rate and credit risk.
- 4.15 The Liability Benchmark is calculated by deducting the amount of cash available from external debt and then adding minimum level of working capital required to manage day-to-day cash flows. This shows the minimum level of external borrowing necessary based on available internal borrowing.



There are four components to the Liability Benchmark:

- **Existing loan debt outstanding (Yellow):** the Council's existing loans portfolio based on current borrowing and repayment terms of the loans, split by loan type.
- **Loans CFR (Purple):** this measures the extent to which the capital expenditure is financed from borrowing and a guide to the Council's underlying borrowing needs. This is reduced by an annual revenue (MRP) charge which represents the economic consumption of capital assets as they are used. For the Council, comparing this line graph with the existing loan debt outstanding line graph demonstrates we have not borrowed in advance of need through the under borrowed position of approximately £250m rising to £275m as demonstrated in prudential indicator 3 in paragraph 3.5 above.
- **Net loans requirement (Orange):** This is an overview of Council's forecast cashflow position, which shows the Council's gross loan debt less treasury management investments at the last financial year-end, projected into the future mainly impacted by the cashflows (timing of income and expenditure).

Comparing this line graph with the existing loan debt outstanding line graph demonstrates the cash balance position over the medium term is in the range of £50m to £150m as demonstrated in prudential indicator 6 in paragraph 5.3. For the Council this means we have not borrowed in advance of need and evidence that our strategy of using internal borrowing to fund the capital programme has worked.

➤ **Liability benchmark (or gross loans requirement) (Red):** this equals net loans requirement plus short-term working cash balance allowance.

- 4.16 The Liability Benchmark aids in evaluating the amount, timing and maturities structure of new borrowing and avoids borrowing too much, too little, too long or too short. Both the Net loans requirements and the Liability Benchmark is projected to exceed the outstanding loans from 2027 as significant amount of debt is maturing as demonstrated in prudential indicator 8 in paragraph 4.13.
- 4.17 The borrowing strategy has used the liability benchmark for the planned borrowing requirement in 2025 and 2026, by which time the cost of borrowing is projected to reduce to levels approaching 4%.
- 4.18 The Council is currently in an under borrowed position, where it is financing current capital schemes through the temporary use of its own cash reserves. The use of these reserves is expected to remain part of the Council's balance sheet throughout 2024/25.

Policy on borrowing in advance of need

- 4.19 The Council has the power to borrow in advance of need in line with its future borrowing requirements under the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, as amended.
- 4.20 The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that can ensure the security of such funds.

Debt Rescheduling

- 4.21 The Council can repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving, helping to fulfil the treasury strategy or enhancing the balance of the portfolio by amending the maturity profile and/or the balance of volatility.

Investing primarily for yield

- 4.22 PWLB loans are not available to local authorities planning to buy investment assets primarily for yield. The Council has not undertaken such borrowing and has no plans to in future, which ensures continuing access to PWLB borrowing facilities.
- 4.23 On transacting a PWLB loan, the S151 officer is required to confirm that the Council is not borrowing in advance of need and does not intend to buy investment assets primarily for yield.

5. Managing Cash Balances

The current cash position and cash flow forecast (Prudential Indicator 6)

- 5.1 Investments will be made with reference to the core balance, cash flow requirements and the outlook for short term interest rates (i.e., rates for investments up to 12 months).
- 5.2 Table 8 below shows that cash balances have increased by £82m since 31 March 2023 to 30th November 2023 which is mainly due to 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.

Table 8 Cash Position as at December 23 £m	31 Dec 2023	March 2023
Borrowing		
PWLB	257	263
LOBO	30	30
Total	287	293
Investments		
Specified Investments (up to one year)	152	95
Non-Specified Investments (longer than one year)		
CCLA Property Pooled Fund	19	19
Total Investments	171	114
Net Cash Invested	-116	-179

- 5.3 The medium-term cash flow forecast below demonstrates that the Council currently has a positive cash flow position with the average cash position expected to decrease each subsequent year with a projected requirement to take further financing in 2025/26. Treasury officers will work closely with the capital finance team to monitor slippage within the capital program.

Table 9 - PI 6 - Medium-term Cashflow forecast £m	2023/24	2024/25	2025/26	2026/27
	Forecast	Estimate	Estimate	Estimate
Balance as at 1 April	114	50	60	121
Movement in Cash				
Capital Receipt	0	23	24	28
Grants & Contributions	73	165	133	93
Cash In	73	188	157	121
Capital Programme	-83	-156	-122	-91
Other Cash Movement	-59	-13	-5	-1
Cash Out	-142	-169	-127	-92
Net repayment of Debt (MRP & Borrowing)	5	-9	6	-8
Borrowing	0	0	25	20
Forecast balance 31 March	50	60	121	162

Prospects for investment returns

- 5.4 The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year as shown in the table below.

Table 10 - Average earnings in each year	
2023/24 (residual)	5.30%
2024/25	4.70%
2025/26	3.20%
2026/27	3.00%
2027/28	3.25%
Years 6 to 10	3.25%
Years 10+	3.25%

- 5.5 **Country Rating** – The UK sovereign rating is currently AA-. To align with this rating, it is recommended to lower the sovereign rating of counter parties from AAA to AA-. This rating level is in line with the suggested minimum rating advised by Link Treasury Services Ltd. This will allow investments with financial entities domiciled in the following countries:

- AAA : Australia, Denmark, Germany, Netherlands, Norway, Singapore, Sweden, Switzerland;
- AA+ : Canada, Finland, USA
- AA : Abu Dhabi (UAE)
- AA- : Belgium, France, Qatar, UK

5.6 **Country Limits** - The current aggregate investment limit for treasury deposits placed across all non-UK domiciled banks is £40m. It is recommended to increase this by further £40m to £80m.

5.7 The above two recommendations are designed to increase the flexibility of the Council’s investment strategy and maximise its effectiveness. In a changing interest rate environment, it is important to consider each investment counterparty and where their funding “sweet spots” are. Currently the average yield for 3 months from UK Building Societies is 5.04%; UK Bank 5.20%; foreign bank with AAA rating 5.27% and foreign bank with AA+ to AA- rating 5.41%. The aim here is not only to maximise the use of each counterparty but to enable diversification and avoidance of concentration risk. The Council will continue to focus on achieving the optimum return on its investments commensurate with proper levels of security and liquidity.

Balancing short and long term investments (Prudential Indicator 7)

5.8 Greater returns are usually obtainable by investing for longer periods. While most cash balances are required to manage the ups and downs of cash flow where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

Table 11 - PI 7 - Investment Limits £m	2022/23	2023/24	2024/25	2025/26	2026/27
	Actual	Estimate	Estimate	Estimate	Estimate
Upper Limit for principal sums invested for more than 364 days	0	25	25	25	25

6. Other Matters

6.1 **International Financial Reporting Standards (IFRS) 9** – The change in accounting standards for 2023/24 under IFRS 9 and the statutory override to delay implementation with further extension to 31st March 2025 and its impact of investment instruments, such as the pooled Local Authority Property Fund administered by CCLA, which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. Any potential mitigation will be considered as part of the outturn position at year end.

- The Council has £19m invested in this fund and in the past it has provided a good return compared to cash investment portfolio along with diversification.

As at the end of November 23 it is generating a return of 4.71%. The portfolio is managed actively with the aim of providing a high income and long-term capital appreciation.

- 6.2 **Treasury Management Consultants** - The Council uses Link Group, Link Treasury Services Limited as its external treasury management advisors. The Council recognises that the responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of the external service providers.

7. Economic update

- 7.1 The impact on the UK from higher interest rates and inflation, a weakening economic outlook, an uncertain political climate due to an upcoming general election, together with war in Ukraine and the Middle East, will be major influences on the Council's treasury management strategy for 2024/25.
- 7.2 The Bank of England (BoE) increased Bank Rate to 5.25% in August 2023, before maintaining this level for the period September to December. Members of the BoE's Monetary Policy Committee voted 6-3 in favour of keeping Bank Rate at 5.25% at its December meeting. The three dissenters wanted to increase rates by another 0.25%.
- 7.3 UK GDP was flat in 2023 Q3, in line with the November Report projection, and fell by 0.3% in October. Based on the latest official and survey data, Bank staff expect GDP growth to be broadly flat in Q4 and over coming quarters. The Committee continues to consider a wide range of data on developments in labour market activity. Employment growth is likely to have softened, and there has been further evidence of some loosening in the labour market.
- 7.4 Twelve-month CPI inflation fell sharply from 6.7% in September to 4.6% in October. Services price inflation declined to 6.6%, although much of the downside news relative to the November Report reflected movements in components that may not provide a good signal of underlying trends in services prices and of persistence in headline inflation.
- 7.5 Further information on the economic background is provided by our Treasury advisor Link Group which is attached at appendix 3. This will be updated with the latest commentary for the full Council.

8. Other options considered

- 8.1 Not applicable

9. Legal and financial implications

9.1 **Finance** : Financial Implications are contained in the body of this report.

9.2 **Legal** : The Local Government Act 2003 (“the Act”) provides that a local authority has the power both to borrow and invest money for any purpose relevant to its functions and for the prudent management of its financial affairs. The Act requires the Council to determine and to keep under review how much money it can afford to borrow. The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, provide that, in complying with this duty, the Council must have regard to the Prudential Code for Capital Finance in Local Authorities published by CIPFA. The Council is also required to have regard to the CIPFA Treasury Management Code of Practice.

10. Corporate implications

10.1 Treasury Management activities play a significant role in supporting the delivery of the Council’s Capital Programme and Corporate Priorities

11. Communication, engagement & further consultation

11.1 Not applicable

12. Next steps and review

12.1 Full Council to approve the Treasury Management Strategy Statement.

13. Background papers

13.1 Section 3 Local Government Act 2003.

13.2 Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, as amended.

13.3 DLUHC Guidance on Minimum Revenue Provision (fourth edition) February 2018.

13.4 DLUHC Capital Finance Guidance on Local Government Investments February 2018.

13.5 CIPFA Prudential Code for Capital Finance in Local Authorities and Treasury Management Code of Practice.

14. Appendices

14.1 Appendix 1 – Annual Investment Strategy

14.2 Appendix 2 – Minimum Revenue Provision Policy

14.3 Appendix 3 – Economic Background

Annual Investment Strategy

1. The Council holds significant invested funds, representing income received in advance of expenditure, balances and reserves. Investments are made with reference to the core balance, future cash flow requirements and the outlook for interest rates.
2. The Department of Levelling Up, Housing and Communities (DLUHC - this was formerly the Ministry of Housing, Communities and Local Government (MHCLG)) and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with treasury (financial) investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets and service investments, are covered in the Capital Strategy, (a separate report).
3. The Council's investment policy has regard to the following: -
 - DLUHC's Guidance on Local Government Investments ("the Guidance")
 - CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 ("the Code")
4. The Council's investment priorities will be Security first, portfolio Liquidity second and then Yield (return). The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with regard to its risk appetite.
5. This Council has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -
 - Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short-term and long-term ratings.
 - **Credit Default Swaps:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain and monitor on market pricing such as "**credit default swaps**" and overlay that information on top of the credit ratings.
 - **Other information sources** used will include the financial press, share price and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

- The DLUHC Guidance on Local Government Investments made under section 15(1) of the Local Government Act 2003, places restrictions on local authorities around the use of specified and non-specified investments.
 - **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year or have less than a year left to run to maturity, if originally they were classified as being non-specified investments solely due to the maturity period exceeding one year.
 - **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.
- **Non-specified and loan investment limits.** The Council has determined that it will set a limit to the maximum exposure of the total treasury management investment portfolio to non-specified treasury investments of £100m.
- This Council has engaged **external consultants** to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite in the context of the expected level of cash balances and need for liquidity throughout the year.
- The Council will set a limit for its investments which are invested for longer than 364 days. For the year 2024/25, the proposed limit is £25m as set out in table 11 of the TMSS.
- All investments will be denominated in **sterling**.

6. Investment Strategy

- In the current economic climate, it is considered appropriate to maintain a degree of liquidity to cover cash flow needs but to also consider investments for periods up to 12 months with high credit rated financial institutions whilst investment rates remain elevated.
- Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e., rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. The current shape of the yield curve suggests that is the case at present and possibly reducing as early as the second half of 2024 so an agile investment strategy would be appropriate to optimise returns.
- While most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer-term investments will be carefully assessed.

7. Creditworthiness Policy

- This Council applies the creditworthiness service provided by the Link Group. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard & Poor's. The credit ratings of counterparties are supplemented with the following overlays: -
 1. "watches" and "outlooks" from credit rating agencies;
 2. Credit Default Swap(CDS) spreads that may give early warning of changes in credit ratings;
 3. sovereign ratings to select counterparties from only the most creditworthy countries.
- This modelling approach combines credit ratings, any assigned Watches and Outlooks, in a weighted scoring system which is then combined with an overlay of CDS spreads. The end-product of this is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will, therefore, use counterparties within the following durational bands:

Yellow	5 years *
Dark pink	5 years for Ultra-Short Dated Bond Funds with a credit score of 1.25
Light pink	5 years for Ultra-Short Dated Bond Funds with a credit score of 1.5
Purple	2 years
Blue	1 year (only applies to nationalised or semi nationalised UK Banks)
Orange	1 year
Red	6 months
Green	100 days
No colour	not to be used
- Typically, the minimum credit ratings criteria the Council uses will be a short-term rating (Fitch or equivalents) of F1 and a long-term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available, or other topical market information, to support their use.
- **Local Authority Investments** - The investment with Local Authority can only be placed with the prior approval of the Council Leader, the Chief Executive and the Director of Finance (Section 151 Officer) or deputies in the case of leave. If a deposit is placed with a local authority that subsequently issues a Section 114 notice, is given a capitalisation directive or experiences any other untoward financial event then the incident will be reported to the Audit & Governance Committee at the earliest opportunity.
- **Buckinghamshire Council's Bank** - The Council frequently receives cash without prior notification from the sender. There is a possibility that a large receipt or several

smaller receipts could be received once the daily treasury dealing process is complete resulting in overnight cash at the Council's bank exceeding the counterparty limit as defined in the treasury management strategy. If this occurs, the cash will be invested with other counterparties in line with the strategy on the following working day.

- **Limits** - Due care will be taken to consider the exposure of the Council's total investment portfolio to non-specified investments, countries, groups and sectors
 - **Country limit** - minimum sovereign credit rating of AA- from Fitch (or equivalent). This rating level is in line with the suggested minimum rating advised by Link Treasury Services Ltd. This will allow investments with financial entities domiciled in the following countries:
 - AAA : Australia, Denmark, Germany, Netherlands, Norway, Singapore, Sweden, Switzerland;
 - AA+ : Canada, Finland, USA
 - AA : Abu Dhabi (UAE)
 - AA- : Belgium, France, Qatar, UK
 - This list will be kept under review and any proposed changes to the policy reported to the next meeting.
 - no more than £20m will be placed with any non-UK country at any time.
 - the aggregate investment limit for treasury deposits placed across all non-UK domiciled banks is £80m.
- Changes to the credit rating will be monitored and, in the event, that a counterparty is downgraded and does not meet the minimum criteria, the following action will be taken immediately:
 - no new investments will be made;
 - existing investments will be recalled if there are no penalties; and
 - full consideration will be given to recall or sell existing investments which would be liable to penalty clause.

Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour
			Colour (and long-term rating where applicable)	Money and/or % limit	Transaction limit	Time limit		

Banks *	Yellow	£20m	£10m	5yrs
Banks	Purple	£20m	£10m	2yrs
Banks	Orange	£20m	£10m	1yr
Banks – part nationalised	Blue	£20m	£10m	1yr
Banks	Red	£10m	£5m	6 mths
Banks	Green	£10m	£5m	100 days
Banks	No Colour	Not to be used	-	-
Limit 3 category – Authority’s banker (where “No Colour”)	-	Minimal balances	Minimal balances	1 day
Debt Management Agency Deposit Facility (UK Govt.)	UK sovereign rating	Unlimited	£100m	6 months (max. duration offered)
Local authorities (sector limit £150m)	n/a	£10m	£10m	5yrs
Housing associations (sector limit £25m)	Colour bands	£5m	£5m	As per colour band
	Fund rating**	Money and/or % Limit		Time Limit

Money Market Funds CNAV	AAA	£30m	-	liquid
Money Market Funds LVNAV	AAA	£30m	-	liquid
Money Market Funds VNAV	AAA	£30m	-	liquid
Ultra-Short Dated Bond Funds with a credit score of 1.25	Dark Pink / AAA	£30m	-	liquid
Ultra-Short Dated Bond Funds with a credit score of 1.50	Light Pink / AAA	£30m	-	liquid

* The yellow colour category is for UK Government debt.

** "fund" ratings are different to individual counterparty ratings

8. **Investment performance** - This Council will benchmark against 1-month SONIA (Sterling Overnight Index Average) rate to assess the performance of portfolio.
9. **External Fund Managers** - £19m of the Council's funds are externally managed in a pooled local authority property fund by CCLA (Churches, Charities and Local Authorities). The Council meets with representatives of the fund manager on an annual basis. These meetings allow for additional scrutiny of the manager's activity as well as discussions on the outlook for the fund as well as wider markets.

Minimum Revenue Provision Policy

1. Minimum Revenue Provision (MRP) is the charge to revenue made in respect of paying off the principal sum of the borrowing undertaken to finance the capital programme. MRP, which is largely defined by regulation, is aimed at ensuring that the council does not have time expired/fully depreciated assets, but still has associated outstanding debt.
2. Where capital expenditure was incurred before 1 April 2008 MRP will be charged on a straight-line basis over 50 years (from 1 April 2016) in line with previous budget approvals. For capital expenditure incurred on or after 1 April 2008 and funded through borrowing, the Council will calculate MRP using the asset life annuity method. Using this method MRP is calculated in a similar way as calculating the capital repayment element of a fixed rate repayment mortgage. Where borrowing relates to historic balances from the former County and District Councils, the calculation is based on the outstanding balances on 1 April 2020 and the remaining asset lives.
3. In accordance with provisions in the guidance, MRP will be first charged in the year following the date that an asset becomes operational.
4. The asset life annuity method calculation requires estimated useful lives of assets to be input into the calculations. These life periods will be determined under delegated powers to the Service Director Finance, with regard to the statutory guidance. However, the Council reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the asset life annuity method would not be appropriate.
5. As some types of capital expenditure incurred by the Council are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives.

Economic Background *(This is the view from our Treasury advisor)*

1. The first half of 2023/24 saw:
 - Interest rates rise by a further 100bps, taking Bank Rate from 4.25% to 5.25% and, possibly, the peak in the tightening cycle.
 - Short, medium and long-dated gilts remain elevated as inflation continually surprised to the upside.
 - CPI inflation falling from 8.7% in April to 6.7% in September, its lowest rate since February 2022, but still the highest in the G7.
 - Core CPI inflation declining to 6.1% in September from 7.1% in April and May, a then 31 years high.
 - A cooling in labour market conditions, but no evidence yet that it has led to an easing in wage growth (as the 3myy growth of average earnings rose by 7.8% for the period June to August, excluding bonuses).
2. The registering of 0% GDP for Q3 suggests that underlying growth has lost momentum since earlier in the year. Some of the weakness in July was due to there being almost twice as many working days lost to strikes in July (281,000) than in June (160,000). But with output falling in 10 out of the 17 sectors, there is an air of underlying weakness.
3. The fall in the composite Purchasing Managers Index from 48.6 in August to 46.7 in September left it at its lowest level since COVID-19 lockdowns reduced activity in January 2021. At face value, it is consistent with the 0% q/q rise in real GDP in the period July to September, being followed by a contraction in the next couple of quarters.
4. The 0.4% m/m rebound in retail sales volumes in August is not as good as it looks as it partly reflected a pickup in sales after the unusually wet weather in July. Sales volumes in August were 0.2% below their level in May, suggesting much of the resilience in retail activity in the first half of the year has faded.
5. As the growing drag from higher interest rates intensifies over the next six months, we think the economy will continue to lose momentum and soon fall into a mild recession. Strong labour demand, fast wage growth and government handouts have all supported household incomes over the past year. And with CPI inflation past its peak and expected to decline further, the economy has got through the cost-of-living crisis without recession. But even though the worst of the falls in real household disposable incomes are behind us, the phasing out of financial support packages provided by the government during the energy crisis means real incomes are unlikely to grow strongly. Higher interest rates will soon bite harder too. We expect the Bank of England to keep interest rates at the probable peak of 5.25% until the second half of 2024. Mortgage rates are likely to stay above 5.0% for around a year.
6. The tightness of the labour market continued to ease, with employment in the three months to July falling by 207,000. The further decline in the number of job vacancies from 1.017m in July to 0.989m in August suggests that the labour market has loosened a bit further since July. That is the first time it has fallen below 1m since July 2021. At

3.0% in July, and likely to have fallen to 2.9% in August, the job vacancy rate is getting closer to 2.5%, which would be consistent with slower wage growth. Meanwhile, the 48,000 decline in the supply of workers in the three months to July offset some of the loosening in the tightness of the labour market. That was due to a 63,000 increase in inactivity in the three months to July as more people left the labour market due to long term sickness or to enter education. The supply of labour is still 0.3% below its pre-pandemic February 2020 level.

7. But the cooling in labour market conditions still has not fed through to an easing in wage growth. The headline 3myy rate rose 7.8% for the period June to August, which meant UK wage growth remains much faster than in the US and in the Euro-zone. Moreover, while the Bank of England's closely watched measure of regular annual average total pay growth for the private sector was 7.1% in June to August 2023, for the public sector this was 12.5% and is the highest total pay annual growth rate since comparable records began in 2001. However, this is affected by the NHS and civil service one-off non-consolidated payments made in June, July and August 2023. The Bank of England's prediction was for private sector wage growth to fall to 6.9% in September.
8. CPI inflation declined from 6.8% in July to 6.7% in August and September, the lowest rate since February 2022. The biggest positive surprise was the drop in core CPI inflation, which declined from 6.9% to 6.1%. That reverses all the rise since March.
9. In its latest monetary policy meeting on 06 November, the Bank of England left interest rates unchanged at 5.25%. The vote to keep rates on hold was a split vote, 6-3. It is clear that some members of the MPC are still concerned about the stickiness of inflation.
10. Like the US Fed, the Bank of England wants the markets to believe in the higher for longer narrative. In terms of messaging, the Bank once again said that "further tightening in monetary policy would be required if there were evidence of more persistent inflationary pressures", citing the rise in global bond yields and the upside risks to inflation from "energy prices given events in the Middle East". So, like the Fed, the Bank is keeping the door open to the possibility of further rate hikes. However, it also repeated the phrase that policy will be "sufficiently restrictive for sufficiently long" and that the "MPC's projections indicate that monetary policy is likely to need to be restrictive for an extended period of time". Indeed, Governor Bailey was at pains in his press conference to drum home to markets that the Bank means business in squeezing inflation out of the economy.
11. This narrative makes sense as the Bank of England does not want the markets to decide that a peak in rates will be soon followed by rate cuts, which would loosen financial conditions and undermine its attempts to quash inflation. The language also gives the Bank of England the flexibility to respond to new developments. A rebound in services inflation, another surge in wage growth and/or a further leap in oil prices could conceivably force it to raise rates in the future.



Report to Audit & Governance Committee and Standards & General Purposes Committee

Date:	17 & 18 January 2024
Title:	Preparations for 2025 Council – Constitutional Arrangements
Contact officer:	Nick Graham/Sarah Ashmead
Recommendations:	To agree to establish a cross party Member task and finish group to bring forward proposals for changes to the Constitution for 2025.

1. Background

- 1.1 In May 2025, the number of Buckinghamshire councillors will reduce from the current 147 to 97, as a result of the review by the Local Government Boundary Commission. This change will have various implications for the way the Council organises itself. With fewer councillors and a revised geography of representation, the Council will want to adopt governance arrangements that are sustainable and effective; these arrangements will then need to be reflected in a revised Constitution.
- 1.2 Tasks to be undertaken in preparation for 2025 will need to include:
 - Review committee structures and size
 - Consider any further changes to the constitution which may be required as a direct result of the reduction in the number of members.
- 1.3 In addition, the Council will need to commission an Independent Remuneration Panel to conduct a review of member allowances, with a view to recommending a new scheme of allowances to Council for 2025.

2. Proposal

- 2.1 It is proposed that a 2025 Constitution Task and Finish group is established on a cross party basis to take a lead role in formulating changes to the constitution for consideration by the two Committees. Membership of the 2025 Constitution Task

and Finish Group could comprise the Chairmen and Vice-Chairmen of the Standards and General Purposes Committee and the Audit and Governance Committee, the Leaders of the Opposition Groups and one of the Deputy Leaders of the Council.

- 2.2 Any proposals developed by the Task and Finish group to amend the constitution will need to be considered by both the Standards and General Purposes Committee and the Audit and Governance Committee, with the recommendations then submitted to Full Council. Draft Terms of Reference are attached at Appendix 1.

3. Legal and financial implications

- 3.1 The financial savings linked to the reduction in the numbers of councillors will be reflected in the MTFP for 2025/26.

4. Next steps and review

- 4.1 Subject to the agreement of the committees, it is proposed that the 2025 Constitution Task and Finish Group should be convened in February to start to scope the work, with a view to reporting back to the Committees with initial proposals in September 2024. The aim would be to present recommendations to Council in December 2024. It is anticipated that the Group would meet at least every three months and more frequently at the Chairman's discretion, as the work requires.

5. Your questions and views

- 5.1 If you have any questions about the matters contained in this report, please contact the author of this report.

Appendix 1 - Draft Terms of Reference:

2025 Constitution Task and Finish Group – a working group of the Audit & Governance and Standards & General Purposes Committees

Background:

The Audit & Governance Committee and the Standards & General Purposes Committee both have relevant responsibilities in relation to the constitution:

- The **Audit & Governance Committee** is charged with ensuring that the Council's governance arrangements are effective;
- The **Standards & General Purposes Committee** is charged with overseeing the integrity of the Council's Constitution and compliance with high ethical standards.

Purpose:

The 2025 Constitution Task and Finish Group is a cross party working group of both committees. Its purpose is to review the constitution, in the context of the forthcoming reduction in councillor numbers, and develop proposals for any changes that may be necessary from May 2025.

The Task and Finish Group will also advise the Committees on the establishment of the Independent Remuneration Panel and consider its recommendations for a new scheme of member allowances for 2025.

Membership:

The 2025 Constitution Task and Finish Group will comprise 7 members as follows:

- Chairman and Vice-Chairman of the Audit and Governance Committee
- Chairman and Vice-Chairman of the Standards and General Purposes Committee
- A Deputy Leader of the Council
- Leader of the Alliance Grouping
- Leader of Impact Alliance.

Chairmanship and quorum:

The meeting will be chaired by the Chairman of the Audit & Governance Committee. The Vice-Chairman will be the Chairman of the Standards and General Purposes Committee. The quorum will be three members. A quorum must contain at least one member from each parent committee.

Meetings:

The 2025 Constitution Task and Finish Group will meet at least once every three months. It may meet more frequently at the discretion of the Chairman, if the Group requires.

Status:

As an informal working group of the two parent committees, the 2025 Constitution Task and Finish Group is private and will not meet in public. However, the Group will provide updates on its progress to the two committees as necessary.

The Group is not a decision-making body. The parent Committees retain decision-making responsibility, for any recommendations or options arising from the Group, consistent with the terms of reference of each Committee.

Support:

The Group will be supported by officers from Legal and Democratic Services.



Report to Audit and Governance Committee

Date:	17 January 2024
Title:	Whistleblowing Policy
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 approve the policy.
Reason for decision:	N/A

1. Executive summary

- 1.1 The Public Interest Disclosure Act 1998 protects employees/workers from reprisal, victimisation or harassment at work if they raise a concern that they reasonably believe is in the public interest.
- 1.2 The Whistleblowing Policy is intended to encourage and enable employees to raise serious concerns within the council rather than overlooking a problem or “blowing the whistle” outside.

2. Content of report

- 2.1 The draft Whistleblowing Policy and Procedure can be found at Appendix 1.
- 2.2 The policy has been updated to reflect current job titles and changes to other linked policies.
- 2.3 The policy will be reviewed on a triennial basis.

3. Other options considered

3.1 N/A.

4. Legal and financial implications

4.1 None.

5. Corporate implications

5.1 N/A

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 Following approval, the policy will be published on the council's website and intranet, and it will be publicised during Anti-Fraud and Corruption awareness sessions.

Commentary on the effectiveness of the policy, including an analysis of whistleblowing cases, will be included in an annual report to the Audit and Governance Committee in July 2024.

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.



BUCKINGHAMSHIRE COUNCIL

DRAFT FOR APPROVAL

WHISTLEBLOWING POLICY AND PROCEDURE

Date: January 2024
Next review: January 2027

WHISTLEBLOWING POLICY AND PROCEDURE

1. INTRODUCTION

1.1 What is the policy about?

The Public Interest Disclosure Act 1998 protects employees/workers from reprisal, victimisation or harassment at work if they raise a concern that they reasonably believe is in the public interest.

Employees can sometimes be the first to realise that there may be something wrong with procedures/processes, or the conduct of others. However, they may not always express their concerns because they feel that speaking up would be disloyal to their colleagues or the council. They may also fear the threat of harassment or victimisation and in these circumstances, they may feel it easier to just ignore their concern rather than report.

“Whistleblowing” is the term used when an employee passes on information concerning wrongdoing. This is generally referred to as “making a disclosure” or “blowing the whistle”.

Whistleblowing law is located in the Employment Rights Act 1996 (as amended by the Public Interest Disclosure Act 1998).

The council is committed to the highest possible standards of openness, honesty, integrity and accountability (refer to the Council’s [Code of Conduct](#)). In line with that commitment we expect employees, and others we deal with, who have any serious concerns about any aspect of the council’s work to come forward and voice those concerns. Wherever possible, employees are encouraged to use relevant council procedures to report issues in an open and transparent way. However, it is recognised that some cases will have to proceed on a confidential basis.

This policy makes it clear that you can report concerns without fear of victimisation, subsequent discrimination or disadvantage. The Whistleblowing Policy is intended to encourage and enable employees to raise serious concerns within the council rather than overlooking a problem or “blowing the whistle” outside.

1.2 Who does the policy apply to?

This policy applies to all Buckinghamshire Council employees, and all workers including agency workers, consultants, self-employed workers, apprentices, trainees, contractors and volunteers.

Concerns raised by members of the public will be dealt with under the council’s Anti-Fraud and Corruption Policy where appropriate.

These procedures are in addition to the council’s complaints procedures and other statutory reporting procedures applying to some services.

1.3 This policy aims to:

- encourage you to feel confident in raising serious concerns and to question and act upon concerns about practice;
- provide avenues for you to raise those concerns and receive feedback (where appropriate) on any action taken;
- ensure that you receive a response to your concerns and that you are aware of how to pursue them if you are not satisfied; and

- reassure you that you will be protected from possible reprisals or victimisation if you have reasonable belief that you have made any disclosure in the public interest.

1.4 Scope of the policy

An employee who makes a disclosure under this policy must reasonably believe:

- (i) that they are acting in the public interest; and
- (ii) that the disclosure tends to show past, present or likely future wrongdoing falling into one or more of the following categories:
 - conduct which is an offence or breach of the law (either criminal or civil);
 - health and safety risks, including risks to the public as well as employees/workers;
 - damage to the environment;
 - abuse of clients;
 - safeguarding concerns relating to children, young people or adults with care and support needs;
 - practice which falls below established standards of practice;
 - unauthorised use of public funds;
 - possible fraud, bribery, corruption in relation to providing or receiving of council services (*please see the [Anti-Fraud and Corruption Policy](#)*);
 - unauthorised disclosure of confidential information;
 - unreasonable conduct resulting in unfair pressures on staff (such as abuse of power, bullying or harassment);
 - discrimination on the grounds of race, colour, creed, ethnic or national origin, disability, age, sex, sexual orientation, marital status, or class;
 - breach of council or statutory codes of practice or the council's standing orders;
 - any other unethical conduct; and
 - covering up information about anything listed above.

The above list is neither exclusive nor exhaustive.

Thus, any serious concerns that you have, which are in the public interest, about any aspects of service provision or the conduct of officers or members of the council or others acting on behalf of the council can be reported under the Whistleblowing Policy.

2. PRINCIPLES

2.1 This policy and procedure is founded on the following principles:

- a. Employees/workers have a legal right to report their concerns if they have a reasonable belief that wrongdoing may be occurring, or may have occurred, within the council.
- b. The Public Interest Disclosure Act 1998 protects employees/workers from reprisal, victimisation or harassment at work if they raise a concern that they reasonably believe is in the public interest.

- c. Any matter raised under this procedure will be investigated thoroughly, promptly and confidentially, and the outcome of the investigation reported back to the worker who raised the issue.
- d. If a concern is raised in confidence, the employee's or worker's identity will not be disclosed without their consent, unless required by law.
- e. All parties involved in the whistleblowing process will maintain strict confidentiality throughout by ensuring that only the people who need to know have access to details of the case (with the exception of any legal obligations requiring action from the Council, e.g. in health and safety matters).
- f. The employee/worker has a right to be accompanied by an accredited trade union representative or work colleague at any meeting during the Whistleblowing process.
- g. If you have any misgivings about either the process or the managers leading it, you should tell us openly (see section 4) so that we can address your concerns. Any meeting recorded without the consent of all those present (covert recordings) will be treated as a conduct matter.
- h. Maliciously making a false allegation is a disciplinary offence, which may be dealt with under the Conduct and Disciplinary Policy and Procedure.
- i. Trying to identify, harassment or victimisation of a whistleblower (including informal pressures) will be treated as a disciplinary offence, which will be dealt with under the Conduct and Disciplinary Policy and Procedure.
- j. Any person who deters or attempts to deter any individual from genuinely raising concerns under this policy may also be subject to the Council's Conduct and Disciplinary Policy and Procedure.
- k. Issues raised by an employee about their own employment should be dealt with through the Grievance Policy and Procedure or through discussions with their line managers where it is appropriate to do so.
- l. The role of the Council's Monitoring Officer (Deputy Chief Executive) is to promote and maintain high standards of conduct across the Council and to ensure lawfulness and fairness of decision making.
- m. All concerns raised relating to Buckinghamshire Council and schools will be recorded on a central register, held by the Business Assurance function on behalf of the Council's Monitoring Officer. The register will be monitored on a monthly basis by the Governance and Assurance Board.
- n. As part of the ongoing review of the effectiveness of this policy, an annual report will be issued to the Buckinghamshire Council's Audit and Governance Committee of all concerns raised under the Whistleblowing policy.
- o. There will be no unlawful discrimination against any individual in the application of this policy because of the protected characteristics of age, disability, gender reassignment, marriage and

civil partnership, maternity and pregnancy, race, religion or belief, sex, sexual orientation, or other grounds protected in law(covered by the Equality act of 2010).

3. SAFEGUARDING

- 3.1 If an employee/worker has a concern that any person who works with children, young people or adults with care and support needs, in connection with their employment or voluntary activity, has:
- a. behaved in a way that has harmed a child, young person or vulnerable adult or may have harmed a child, young person or vulnerable adult; or
 - b. possibly committed a criminal offence against or related to a child, young person or vulnerable adult;
 - c. behaved towards a child, young person or vulnerable adult in a way that indicates they may pose a risk of harm to children, young people or adults with care and support needs; or
 - d. Behaved or may have behaved in a way that indicates they may not be suitable to work with children;

then the employee/worker should raise the concern with the Local Authority Designated Officer (LADO) if related to a child or to adult safeguarding in the first instance. It is important that a safeguarding concern is raised as a matter of urgency as the safety of others may be dependent upon the concern being dealt with swiftly. The concern may then be dealt with under the Safeguarding Code of Conduct.

4. RAISING A CONCERN UNDER THE WHISTLEBLOWING POLICY AND PROCEDURE

- 4.1 How to raise a concern:
- a. In the first instance, the employee/worker should raise their concern verbally or in writing with their immediate manager, or, if the concern involves the direct line manager, their superior. Wherever possible concerns should be made in writing direct by the person raising the concerns using the template [link to be included for template when published]
 - b. The manager will then either continue to deal with the concern or refer it to another appropriate senior manager. Where concerns raised involve children, young people or adults with care and support needs, the appropriate process should be followed.
 - c. In certain circumstances, you may feel unable, or it may not be appropriate, to raise your concerns with your immediate manager due to the seriousness and sensitivity of the issues involved and who is suspected of the malpractice. If this is the case, the concern can be reported to one of the following officers using the same template [placeholder: link to be added when published]:
 - Head of Service;
 - Service Director;
 - Corporate Director;
 - Head of Business Assurance (& Chief Internal Auditor);

- Director of Finance (S151);
 - Deputy Chief Executive (Monitoring Officer); or
 - Chief Executive;
- d. You may also use the Council's Whistleblowing Hotline on 01296 382237 (accessible 24 hours a day) or email investigations@buckinghamshire.gov.uk. All calls/emails will be treated in the strictest confidence.
- e. In the event that you wish to raise a concern which involves the Head of Business Assurance (& Chief Internal Auditor), Audit, Assurance and Fraud Manager or one of the Business Assurance Team, your concerns should be raised with the Service Director for Legal and Democratic Services or the Monitoring Officer in the first instance to ensure that the appropriate process is followed.

5. HOW WILL THE COUNCIL RESPOND?

- 5.1 Following the recording of the concern, either directly by the whistleblower or the manager to whom it was reported, the completed form should then be immediately forwarded to the Head of Business Assurance (& Chief Internal Auditor) and Audit, Assurance and Fraud Manager via investigations@buckinghamshire.gov.uk for logging and monitoring purposes.
- 5.2 The Head of Business Assurance (& Chief Internal Auditor) and Audit, Assurance and Fraud Manager are independent and have unlimited access to any officer, member or information within the council and, in consultation with the appropriate officer, can agree the most appropriate way of investigating the concern.
- 5.3 Where appropriate, the matters raised may:
- be investigated by management, internal audit and corporate fraud, or an independent employment investigator;
 - be investigated through the disciplinary or grievance process;
 - be referred to the police;
 - be referred to the LADO or Adult Safeguarding Team;
 - be referred to the external auditor; or
 - form the subject of an independent inquiry.
- 5.4 In order to protect individuals and those accused of misdeeds or possible malpractice, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take. The overriding principles, which the council will have in mind, are your well-being and the public interest. Concerns or allegations that fall within the scope of specific procedures [for example, safeguarding or discrimination issues] will normally be referred for consideration under those procedures.
- 5.5 Some concerns may be resolved by agreed action without the need for investigation. If urgent action is required, this will be taken before any investigation is conducted.

- 5.6 Within ten working days of a concern being raised, the person with whom you have raised your concerns will respond to you in writing:
- acknowledging that the concern has been received;
 - indicating how the council proposes to deal with the matter;
 - giving an estimate of how long it will take to provide a final response;
 - telling you whether any initial enquiries have been made;
 - supplying you with information on employee support mechanisms; and
 - telling you whether further investigations will take place and if not, why not.
- 5.7 A copy of the response will be forwarded to the Head of Business Assurance (& Chief Internal Auditor) and Audit, Assurance and Fraud Manager for monitoring purposes.
- 5.8 The amount of contact between the officers considering the issues and you will depend on the nature of the matters raised, the potential difficulties involved, and the clarity of the information provided. If necessary, the council will seek further information from you. However, should this further information need to be gleaned by you, from another person, without them being made aware of your involvement in the Whistleblowing process, specific procedures will need to be applied.
- 5.9 Should a manager believe that this additional information may assist the enquiry, and that the information can only be obtained by you, no action will be taken until the matter has been referred to the relevant person(s) for a decision to be made as to whether such a course of action is both necessary and proportionate.
- 5.10 **Important:**
- a. All employees must not, under any circumstances attempt to obtain any further information covertly either directly or indirectly without first having complied with the Council's procedures in relation to staff surveillance which can be found in the [Covert Surveillance Policy and Procedure](#). Failure to do so may infringe Human Rights and render the council liable to legal action.
 - b. Where any meeting is arranged, off-site if you so wish, you can be accompanied by a trade union or professional association representative or a work colleague.
 - c. The council will take steps to minimise any difficulties which you may experience as a result of raising a concern. For instance, if you are required to give evidence in criminal, civil or disciplinary proceedings the council will arrange for you to receive advice about the procedure.
 - d. The council accepts that you need to be assured that the matter has been properly addressed. Thus, subject to legal constraints, we will confirm that the investigation has been completed and appropriate actions have been taken. We may not be able to divulge details of the investigation due to confidentiality restrictions.
 - e. This code is intended to provide you with an avenue within the council to raise concerns. The council hopes you will be satisfied with any action taken.

6. FURTHER REPORTING OPTIONS

6.1 If following the outcome of the internal investigation outlined in section 5 the employee/worker reasonably believes that the appropriate action has not been taken they may opt to raise the concern outside the council to any of the following:

- Buckinghamshire Council's External Auditor;
- The Comptroller and Auditor General;
- The Police;
- Protect – Speak up, stop harm (visit www.protect-advice.org.uk for web-form or telephone on 020 3117 2520);
- A relevant professional body or inspectorate (e.g. OFSTED or Care Quality Commission); or
- A trade union or professional association.

7. HOW TO REPORT A CONCERN IF YOU ARE NOT AN EMPLOYEE/WORKER

7.1 If you are not an employee or worker for Buckinghamshire Council (see 1.2) but you have a concern which falls under the scope of the policy (see 1.4), then you may raise the concern via investigations@buckinghamshire.gov.uk.

8. TRAINING AND AWARENESS

8.1 Awareness of the Whistleblowing Policy and Procedure is raised as part of the Anti-Fraud and Corruption training programme which is delivered across the organisation on a rolling basis. Delivery of the training programme and effectiveness of the policy and procedure will be included in an Annual Report to the Audit and Governance Committee.



Report to Audit and Governance Committee

Date:	17 January 2024
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 meeting held on 20 November 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 20 November 2023, the group considered the Adults & Health Risk Register. This was presented by the Corporate Director for Adults & Health, the Service Director for Strategy, Improvement and Governance and the Head of Finance for Adults & Health.
- 2.2 The key risk themes were as follows:
- 2.3 **A-B-05 Safe and Effective Services** - IF providers in the market cannot deliver safe and effective services THEN the Council will not be able to meet its statutory responsibilities.

- 2.4 **A-B-06 Market Sustainability** – IF the IF the market experiences significant financial pressures, such as a reduction in self-funders, increasing inflation , THEN provider viability may be impacted and key resource within the market lost.
- 2.5 **A-B-15 Health Inequalities** – IF we fail to address health inequalities (including those exacerbated by COVID) THEN there will be greater demand on Council services and affected people will be less able to live independently for longer (Better Lives Strategy ambition).
- 2.6 **A-B-19 Workforce** - IF appropriate levels of trained and qualified staff cannot be maintained across Adult Social Care services, THEN the council may not fulfil its statutory obligations and adequately protect the safety of vulnerable residents.
- 2.7 **A-B-10 Hospital Discharge** – IF medically optimised patients are not promptly assessed and discharged from hospital, THEN there would be significant impact to the system and on individuals needing care.
- 2.8 **A-B-21 Care Quality Commission (CQC) Assurance Preparation** - IF the council receives a poor CQC inspection assessment THEN there will be reputational harm and other impacts.
- 2.9 **A-B-22 Adults & Health Improvement Programme** - IF adequate resource and capacity is not available, THEN the Adults and Health Improvement Programme will not deliver anticipated benefits including Medium Term Financial Planning (MTFP) savings delivery.
- 2.10 **A-IC-ASC-24 Care Provider - Change Management** - IF the identification and transition to a sustainable solution is not developed and implemented THEN there will be a detrimental impact from unmanaged risk in relation statutory duty, finance, and reputation.
- 2.11 **A-KF-01 Managing Demand** – IF demand for services increases beyond forecasts, THEN there is a risk of an overspend on the budget.
- 2.12 **A-KF-03 Forecasting and Monitoring** – IF the Directorate is unable to accurately forecast spend THEN unexpected changes may lead to significant disruption to other services, with a need to make savings in the short-term.
- 2.13 **A-KF-05 Unsecured Debt** – IF debt is uncollected additional cost will fall upon Adult Social Care (ASC) creating budget pressures.
- 2.14 **A-KF-06 MTFP Savings** - IF MTFP savings are not delivered THEN there will be significant additional pressures on the ASC budget.

- 2.15 **A-KF-08 Market Sustainability and Inflation (Finance)** - IF providers experience inflation above the amount forecast by the local authority, THEN there is a risk that prices will rise or providers will fail.
- 2.16 **A-KF-10 Hospital Discharge (Integrated Care Programme)** - IF the funding available for hospital discharge (through better care funding) is not sufficient to cover the cost of the programme, THEN further funding may be required by the Integrated Care Programme.
- 2.17 The risks were discussed in detail, as well as the mitigating actions being challenged by the members.
- 2.18 New risks, risks which had been de-escalated or closed and a sample of non-escalated risks were included in the report from Adults & Health.
- 2.19 The Group also considered the latest version of the Strategic Risk Register which had last been reviewed and discussed by the Corporate Management Team in November 2023. It was noted that the Corporate Management Team had agreed that a highways risk relating to winter pressures should be added to the strategic risk register.

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 18 December 2023. The next meeting of the Risk Management Group is to be held on 29 January 2024. Updates from these meetings will be provided at the next Audit and Governance Committee meeting.

9. Background papers

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:	17 January 2024
Title:	23/24 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 (now Governance and Assurance Board).

3. Other options considered

- 3.1 N/A.

4. Legal and financial implications

- 4.1 None.

5. Corporate implications

- 5.1 N/A

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)

January 2024

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1. Introduction

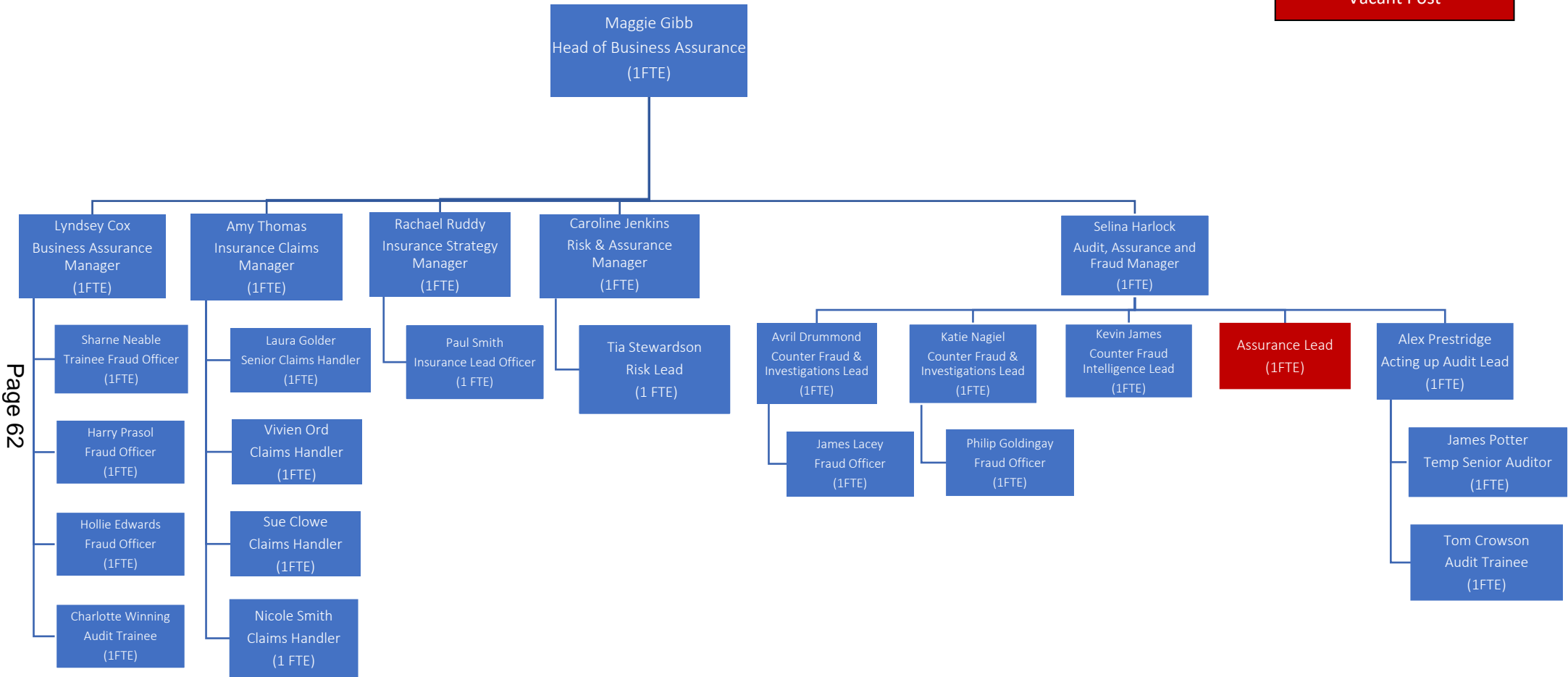
- 1.1 The Business Assurance Team is responsible for delivering the Council's Risk Management, Assurance, Internal Audit, Counter Fraud, and Insurance services. The team operates under the Service Director for Legal and Democratic Services within the Deputy Chief Executive Directorate.
- 1.2 This report 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 currently on hold. 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 149 staff members across the organisation.

3.2 Deep dive risk reviews continue across certain service areas, especially those areas that have undergone service reviews. This ensures that risks are relevant and current, are updated with realistic target scores, and have internal controls as well as mitigating actions.

3.3 The team continues to work with other assurance and compliance functions within the Council such as Internal Audit, Health & Safety, Strategic Insurance, Counter Fraud and the Resilience Service. By building better synergies and working relationships between functions, the Council is in a better position to understand its risk landscape and management risks effectively. This will ensure that appropriate measures are put in place to either prevent or minimise the impact of any event occurring.

3.4 The Risk Management Group were last held on 20 November 2023 and 18 December 2023. An update on November meeting will be provided in a separate report with an update on the December to be provided at the next Audit and Governance Committee meeting.

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 is also reviewed quarterly in conjunction with the 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 The Internal Audit Team has developed 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 was risk assessed based on this information and those with a high 'RAG' rating are selected for an audit.

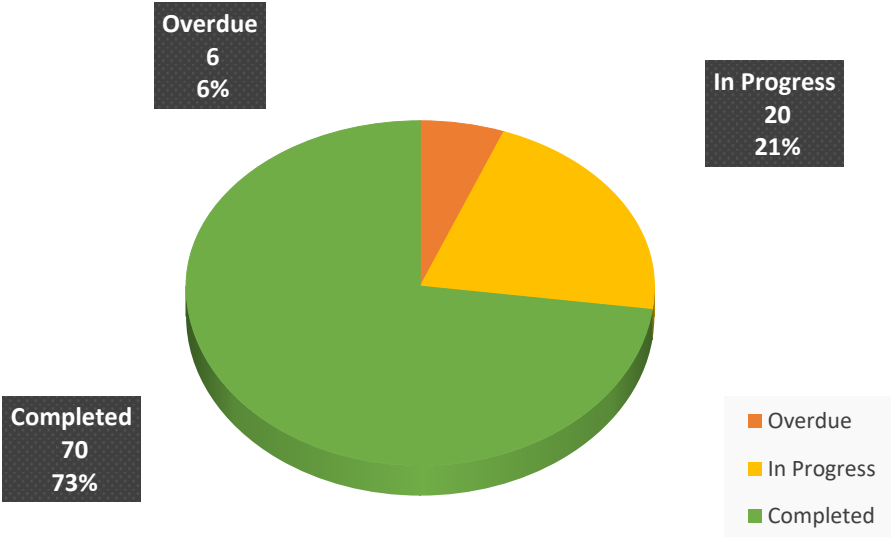
Eight schools have been selected for review, and a summary of the audit findings will be shared with all schools via the SchoolsWeb to enable those schools not audited to learn and assess their own control environments to ensure effectiveness.

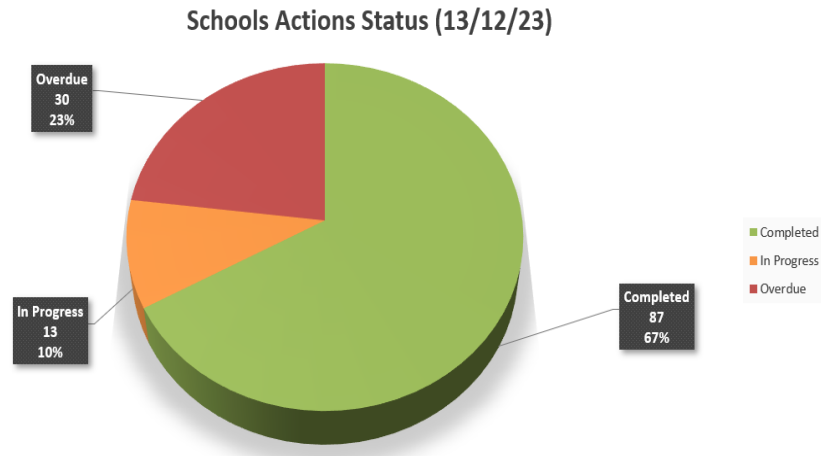
4.5 The team has continued to deliver the 2023/24 Internal Audit Plan in the six weeks since the last meeting. There are five reports at a draft stage and a further six engagements that are currently in progress. In addition, five grant certification reviews have been completed.

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

All BC Audit Actions (not including schools) Status





- 4.7 As at 8 January 2024, there are 6 out of 96 (6%) audit management actions which are overdue for implementation and 20 actions that are in-progress. We are now reporting separately on audit actions relating to schools, and at present there are 30 out of 130 (23 %) which are overdue for implementation and 13 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 February 2024.

- 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 Q4.

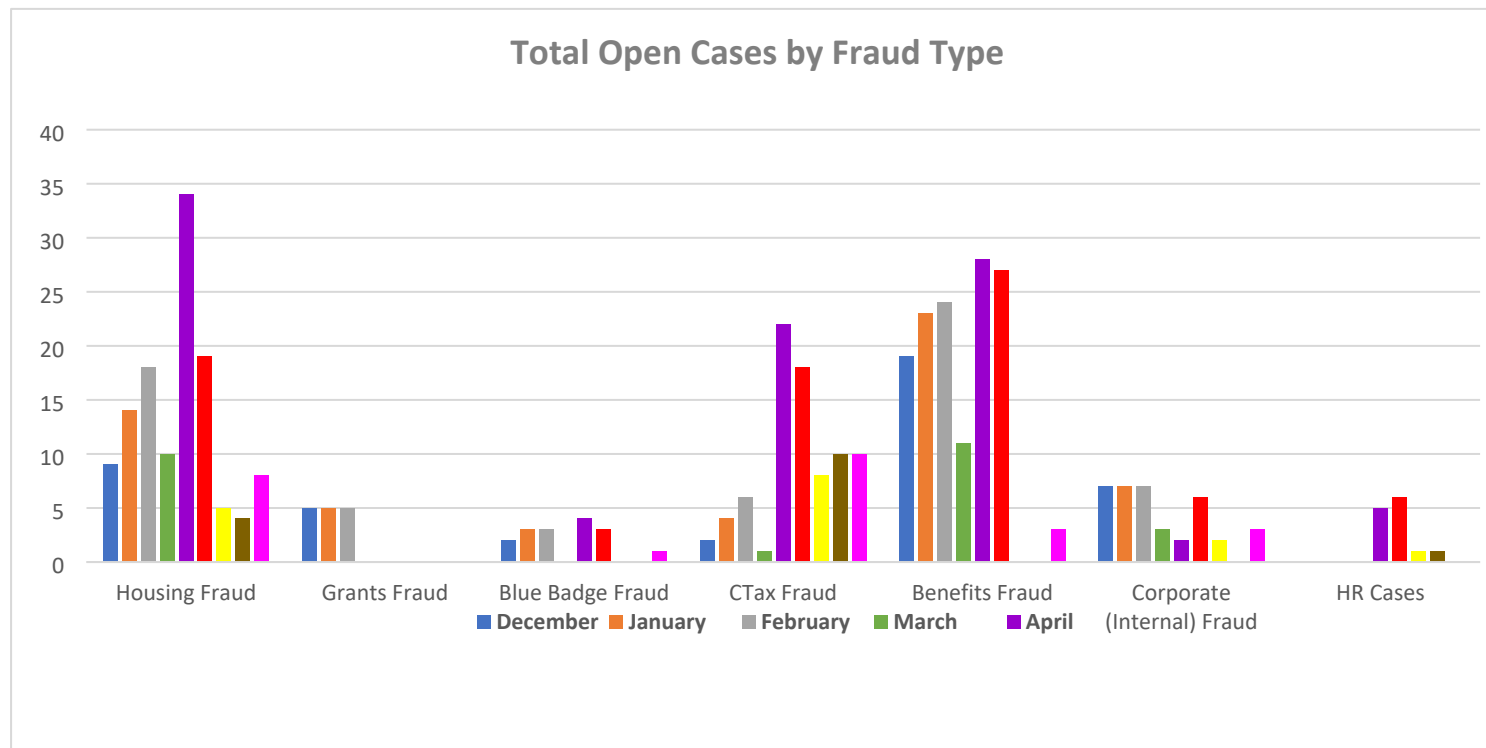
- 4.9 We have two Service Level Agreements in place to deliver the internal audit services for Buckinghamshire and Milton Keynes Fire Authority (BMKFA) and Insignis Trust Academy (IAT). The team continues to progress with the delivery of the agreed audit activity for 2023/24 with regular updates being presented to their respective board/ audit committees.
- 4.10 The Governance and Assurance Board, chaired by the Deputy Chief Executive (Monitoring Officer) has absorbed the work of the Audit Board. The Governance and Assurance Board meets on a monthly basis and is attended by the S151 Officer, Head of Business Assurance (& Chief Auditor), Director of Legal and Democratic Services, Director of Major Projects and the Principal Governance Officer. The Board reviews progress against the Business Assurance Strategy, in particular delivery of the Internal Audit Plan.
- 4.11 Following a review of the Internal Audit Plan in December 2023, it was agreed by the S151 and Monitoring Officers that two audits would be deferred from the 23/24 plan: Partnership Arrangements and Teachers Pensions System. The Partnership Arrangements area has been downgraded from high priority to medium priority and so is moved to the supplementary audits schedule at Appendix 2. The new Teachers Pension System has not yet gone live and so the audit is deferred to 24/25.
- 4.12 An additional audit of Expenses will be included in the 23/24 plan for Q4 to support the AURA change programme.
- 4.13 Appendix 1 shows the current progress updated against the Internal Audit Plan.

5. Business Assurance

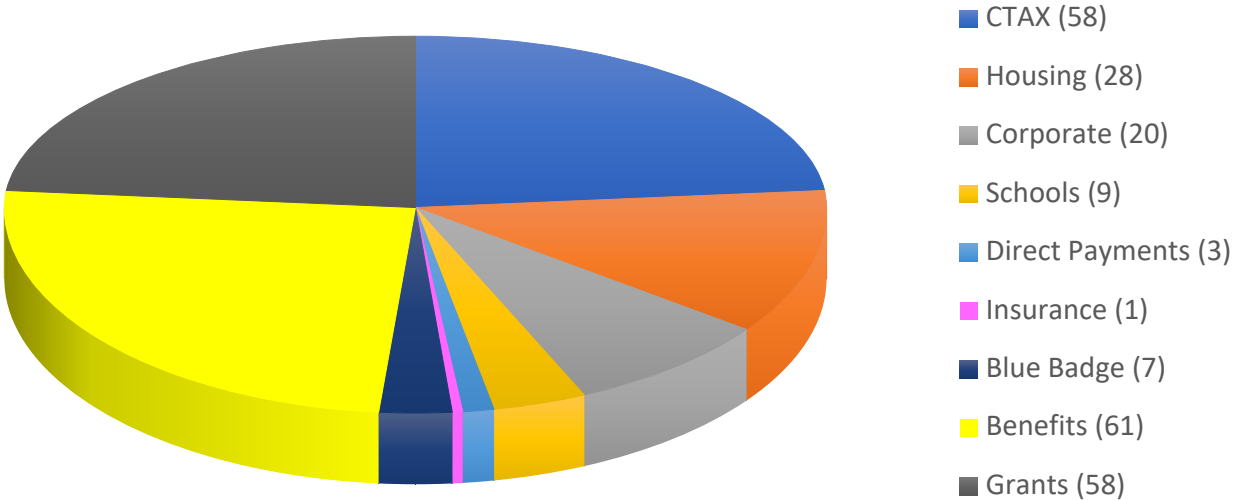
- 5.1 The Business Assurance Team continues to progress with the COVID grant assurance as the requirements from central government to carry out post assurance checks continue. The team liaise with the services and support in the collation of the required returns, reconciliations and certification where 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 starting on 15 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



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	Fieldwork in progress
	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.	MEDIUM	Deferred (agreed by S151 and Monitoring Officer)
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	Fieldwork in progress
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	Draft Report
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	Draft Report
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. (Six schools planned)	HIGH	<ul style="list-style-type: none"> • Millbrook and Castlefield Schools COMPLETED • Bedgrove Infant – fieldwork in progress. • 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	Draft Report
Social Care	Supported Families Programme	Undertake grant certification in line with grant conditions	N/A	Three 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	Q4
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	Deferred (agreed by S151 and Monitoring Officer)
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	<p>Evaluation of the adequacy and the effectiveness of the systems of internal control across the key financial systems:</p> <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
New Audit	Expenses	Sample testing.	HIGH	Fieldwork in progress

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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Audit and Governance Committee Action Log

Last updated: 8 January 2024

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 December 23: Lessons Learned report to be considered upon completion of 2020/21 accounts. No further actions required at this time 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 December 23: Item to be considered by Committee in March 2024. A governance best practice self-assessment has been completed and is being tracked by the Shareholder Committee; and the outcome of the Internal Audit on company governance is expected in January 2024. So the annual report to the Audit & Governance Committee will reflect both of these. 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		Ongoing
4	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
5	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

No.	Action required	Lead	Date raised	Due date	Action taken	Date resolved (grey when resolved)	Status
6	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
7	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
8	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 December 23: Recommend action is closed as update provided. 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		To be closed
9	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 December 2023: this action is now included in action number 29. Suggest this one is closed to avoid duplication		To be closed
10	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 December 2023: Recommend action is closed as an update was included in the accounts report that covered the impact on future years if the audit opinion was limited. Update November 23: Will be included in the Statement of Accounts update report.		Ongoing
Page 82	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	Update December 23: awaiting update		Ongoing
12	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 Mugarì	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
13	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	Update December 23: Letter sent to Councillor C Harriss, along with an invite to March's Committee meeting		Ongoing
14	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
15	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 December 23: Update November 23: To be discussed with Communities Risk Champion at next review.		Ongoing

No.	Action required	Lead	Date raised	Due date	Action taken	Date resolved (grey when resolved)	Status
16	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 December 23: Item to be considered by Committee in March 2024. A governance best practice self-assessment has been completed and is being tracked by the Shareholder Committee; and the outcome of the Internal Audit on company governance is expected in January 2024. So the annual report to the Audit & Governance Committee will reflect both of these. 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
17	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
18	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	Maggie Gibb	27-Sep-23	17-Jan-24	Update December 23: Should this occur then the Head of Business Assurance (& Chief Auditor) will meet with the relevant Service Director and Corporate Director to discuss the areas of concern and agree a way forward.		To be closed
19	Letter from Chairman To write to David Anthony expressing thanks for his work on the Audit & Governance Committee	Richard Newcombe	27-Nov-23	17-Jan-24	Update December 23: Letter of thanks posted to Mr Anthony		To be closed
20	Buckinghamshire Pension Fund - 22/23 Audited Statement of Accounts (1) To liaise with IT to request that the areas identified in the audit findings report be considered by the Risk Management Group at its January meeting	Maggie Gibb	27-Nov-23	29-Jan-24			Ongoing
Page 83	Buckinghamshire Pension Fund - 22/23 Audited Statement of Accounts (2) To provide information on the developers roles, control structure and management override in respect of the IT issues noted in the audit findings report to Councillor Rouse	Julie Edwards	27-Nov-23	17-Jan-24	Update December 23: awaiting update		Ongoing
	Buckinghamshire Pension Fund - 22/23 Audited Statement of Accounts (3) To provide a breakdown of the illiquid funds held within the pension fund to Councillor Carington	Julie Edwards	27-Nov-23	17-Jan-24	Update December 23: awaiting update		Ongoing
	Treasury Management 2023/24 mid-year update (1) To prepare a brief paper defining the debt liability benchmark indicator to aid Committee understanding.	Dave Skinner / Hasina Shah	27-Nov-23	17-Jan-24	Update December 23: Treasury Management strategy is on the January Agenda and a simplified explanation of the Liability Benchmark has been included within the report.		Ongoing
24	Treasury Management 2023/24 mid-year update (2) To include historic investment performance data against the SONIA rate when the full year 2023/24 Treasury Management report is presented.	Hasina Shah	27-Nov-23	08-May-24			Ongoing
25	23/24 Business Assurance Strategy (1) To provide further statistics around the work the team has undertaken and completed and include this in the papers for the March 2024 meeting when the summary of work is considered.	Maggie Gibb	27-Nov-23	06-Mar-24			Ongoing
26	23/24 Business Assurance Strategy (2) To share the internal audit findings on the parking audit with Councillor S Wilson	Maggie Gibb / Selina Harlock	27-Nov-23	17-Jan-24	Update December 23: sent 8 January 24		To be closed

No.	Action required	Lead	Date raised	Due date	Action taken	Date resolved (grey when resolved)	Status
27	23/24 Business Assurance Strategy (3) To explore ways to demonstrate savings from counter fraud activity and where there was not a quantifiable saving outline the benefits of the proactive work undertaken.	Maggie Gibb / Selina Harlock	27-Nov-23	17-Jan-24	Update December 23: This is now being captured as part of our fraud case management. For example, a recent National Fraud Initiative exercise on "Rising 18 year olds" carried out by one of the fraud officers resulted in single person discount being removed from a number of properties and a "recovery" for the Revenues team of £5k. This will be reported to A&G as part of the annual update on Fraud cases.		To be closed
28	Annual RIPA and data communications data report To review personnel list within the report annex to reflect the role of the Head of Legal Services (non-contentious)	Nick Graham	27-Nov-23	17-Jan-24	December 2023 Update: awaiting update		Ongoing
29	23/24 Work Programme To review the agenda items planned for the January 2024 meeting with a view to deferring some items and give consideration, in liaison with the Chairman and relevant directorates to the inclusion of KPIs and value for money within children's services and adults and health in the work programme.	Maggie Gibb	27-Nov-23	17-Jan-24	Update January 24: Work programme for January 24 reviewed and some items moved to future meetings. Meeting to be held with Chairman regarding other items for consideration.		Ongoing

Date	Items	Note
17 January 24	<ol style="list-style-type: none"> 1. Buckinghamshire Council Statement of Accounts 2. Treasury Management Strategy 3. Risk Management Group update 4. Whistleblowing Policy 5. 2023/24 Business Assurance Strategy Update (incl. Internal Audit Plan) 6. Preparations for 2025 Council – Constitutional Arrangements 7. Work Programme 8. Action Log 9. 23/24 Business Assurance Strategy Update: Completed Audits and Audit Actions Summary Report (confidential) 	
6 March 24	<ol style="list-style-type: none"> 1. Buckinghamshire Council Statement of Accounts Update 2. External Auditors Annual Report 3. 2023/24 Business Assurance Strategy Update (incl. Internal Audit Plan) 4. Annual Governance Statement Action Plan 5. Anti-Fraud and Corruption Policy 6. Anti-Money Laundering Policy 7. Companies Governance update 8. Risk Management Group update 9. Contract Procedure Rules - Waivers & Breaches (part confidential) 10. Work Programme 11. Action Log 12. 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 Update 2. Pension Fund Accounts 23/24 3. 2024/25 Internal Audit Plan Update 4. 2023/24 Business Assurance Strategy Update (incl. Internal Audit Plan) 5. Audit & Governance Committee Annual Report to Council 6. Audit Committee – Review of Effectiveness Action Plan six month update 7. Annual Governance Statement Action Plan 8. Action Log 	

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| | <ul style="list-style-type: none">9. 23/24 Business Assurance Strategy Update: Completed Audits and Audit Actions Summary Report (confidential)10. 22/23 Fraud Cases Update (confidential) | |
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