



## Audit and Governance Committee agenda

Date: Wednesday 6 March 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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<b>16</b>	<b>Date of the next meeting</b> Wednesday 8 May 2024 at 10 a.m.	
<b>17</b>	<b>Exclusion of the public</b> <b>To resolve:</b>  that under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting on the grounds that it involves the likely disclosure of exempt information as defined in the paragraph indicated in Part 1 of Schedule 12A of the Act.	
<b>18</b>	<b>Confidential Minutes</b> To approve as a correct record the confidential minutes of the meeting held on 17 January 2024.	<b>235 - 236</b>
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For further information please contact: Leslie Ashton; [democracy@buckinghamshire.gov.uk](mailto:democracy@buckinghamshire.gov.uk)

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Agenda Item 3  
**Buckinghamshire Council**  
**Audit and Governance**  
**Committee**

## Minutes

**MINUTES OF THE MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE HELD ON WEDNESDAY 17 JANUARY 2024 IN THE OCULUS, BUCKINGHAMSHIRE COUNCIL, GATEHOUSE ROAD, AYLESBURY HP19 8FF, COMMENCING AT 10.00 AM AND CONCLUDING AT 12.13 PM**

### MEMBERS PRESENT

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

### OTHERS IN ATTENDANCE

T Butcher

### Agenda Item

#### 1 APOLOGIES

Apologies for absence had been received from Councillors S Barrett, L Clarke OBE and A Collingwood.

The Chairman welcomed Councillors S Barrett and A Collingwood to the Committee. Councillors Barrett and Collingwood replaced Councillor S Rouse and the vacancy left by Mr D Anthony.

#### 2 DECLARATIONS OF INTEREST

There were no declarations of interest.

#### 3 MINUTES

##### RESOLVED:

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

#### 4 BUCKINGHAMSHIRE COUNCIL STATEMENT OF ACCOUNTS

The Committee received an update on the 2020/21 Statement of Accounts along with subsequent years' statements of accounts. A summary of audit progress covering 2020/21 to 2022/23 had also been circulated prior to the meeting and tabled. Mr Mark Stocks, Audit Partner, Grant Thornton, External Auditor was in attendance for this item. Mr David Skinner, Section 151 Officer introduced the update.

Key points raised during the update and throughout the discussion included:

- Work continued to complete the 2020/21 set of accounts following substantial progress having been made to conclude a host of issues. Areas of focus remained, one of which

was the revaluation of Council owned land and buildings with historic valuations dating back to 2017/18 requiring further examination, on which the finance team continued to work closely with the external auditors to address. It was noted that much of the previous valuation data came from legacy councils which added a layer of complexity; however, the finance team was working hard to address the issue.

- In terms of the impact of the property valuation, the Committee heard that the primary focus of the audit was to provide assurance around general fund reserves and ensure income and expenditure for 2020/21 was accurately stated, however there could be a scenario where the balance sheet was uncertain which could result in a qualification on that aspect of the accounts. This would not impact the general fund reserves or usable reserves, however, would give a level of uncertainty around property valuations until the 2023/24 cycle was concluded and up to date valuations of assets were recorded. This would not impact the way the Council was run and nothing untoward was suggested in respect of historic valuations. The Committee heard that if anything, it was believed that the assets may have been slightly undervalued.
- A separate ongoing area had been in relation to auditing IT systems, with the external auditor experiencing some difficulties from their side with getting the necessary IT access. This had been resolved just prior to this meeting and the Council would now seek to provide the data required to undertake testing as soon as possible.
- There was confidence, that as with previous obstacles faced, the outstanding queries could be satisfied to issue an opinion on the 2020/21 accounts in time for March's Committee meeting and assurance was provided that the finance team was appropriately resourced to satisfy the conclusion of the audit. The external audit team was currently on site working with the finance team.
- In terms of the previously discussed Government backstop date, the Committee was advised that the proposed date was expected to move from the end of March 2024 to the end of September 2024. This would still not allow sufficient time to satisfactorily audit the 2021/22 and 2022/23 accounts, and the plan would remain to conclude draft documentation for those sets of accounts with some kind of disclaimer of opinion expected to be issued. This would allow work to move on to the 2023/24 set of accounts as soon as possible with the audit planned to be completed by the end of the 2024 calendar year.
- It had also been previously discussed that accounting standards and regulatory requirements may be amended to reduce the burden and complexity involved in local authority accounting, however these proposals had not progressed or been released at the time of this meeting.
- The change of external auditor, following the PSAA retendering was due to commence for the 2024/25 accounts. Once the 2023/24 work was completed there would be close liaison between the Council, Grant Thornton and the incoming audit team with activity planned to ensure adequate handovers were in place.

**RESOLVED:**

**That the update be noted.**

**5 TREASURY MANAGEMENT STRATEGY 2024-25 TO 2026-27**

The Committee received the Council's Treasury Management Strategy Statement 2024-25 to 2026-27 which would be presented to Full Council at its meeting on 21 February 2024. Councillor T Butcher, Deputy Cabinet Member for Accessible Housing and Resources to present the Strategy.

The Local Government Act 2003 ("the Act") and the Regulations made under the Act required 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 were affordable, prudent and sustainable.

The Act also required 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 set 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.

Treasury management at the Council was 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 required the Council to approve a treasury management strategy before the start of each financial year. This report fulfilled the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

The Investment Strategy was considered separately within the Capital Investment Strategy. The TMSS and AIS form part of the Council's overall budget setting and financial framework. The strategy covered the three main areas of capital; borrowing; and managing cash balances.

During discussion, points raised included:

- It was highlighted as per paragraph 3.5 of the report, that the Council complied with CIPFA's Prudential Code for Capital Finance in Local Authorities recommendation that the Council's debt should be lower than its highest forecast CFR over the next three years. The Council was under borrowing at present which allowed for some flexibility for limited early borrowing in future years to take advantage of potential favourable interest rates.
- Attention was drawn to changes from last year's Strategy as detailed in paragraphs 5.5 and 5.6 of the report. To align with the UK's sovereign rating of AA- it was recommended to lower the sovereign rating from AAA to AA- which was in line with advice from Link Treasury Services Ltd, the Council's external treasury management advisor. If the Council was not to reduce the rating, the Committee heard that this would reduce investment options available, so setting the rating at AA- ensured that there would be a degree of flexibility.
- In terms of aligning the strategy with assessing equalities and human rights issues, it was confirmed that the Council had no power over the sovereignty ratings, although the Treasury Management team would take these issues in to account when making an investment decision. By implementing exclusions, it would again affect investment flexibility which was important to ensure the best returns were achieved to assist in delivering services to residents.
- The country limits were recommended to increase by a further £40m to £80m, the Committee was advised that this was to increase flexibility to the Council's investment strategy and maximise its effectiveness. This was particularly important, as the flexibility around fast-moving investments in other local authorities had been removed, given the required sign offs from the Chief Executive, Leader, and S151 Officer. At present, it was confirmed that the Council held no investments in local authorities and had no plans to, although the strategy still allowed for this should future plans change.
- The implementation of the change in accounting standards for 2023/24 under International Financial Reporting Standards 9 was delayed until 31 March 2025. This set out that any potential loss or gain from selling certain investments would need to be taken in to account within the Council's balance sheet. This affected investment instruments such as the pooled Local Authority Property Fund administered by CCLA.

- A Member queried the upper limit within the borrowing strategy, and questioned if it were too generous. The Committee was advised that the limit provided important flexibility and it was unlikely that the limit would be reached. The key determinates would still be accounted for when taking any decision on borrowing. A mid-year treasury management report would be presented to the Committee for further oversight, and it was confirmed that the Cabinet Member and Deputy Member regularly reviewed the position and challenged any changes.
- The Committee discussed the provision of potentially including a dashboard in the report to cover prudential indicators and give some clearer understanding to Members and residents when the report is put before Full Council in February 2024. Given the tight turnaround between this meeting and Full Council it would be difficult to include this in this year's report, and it was noted that the current report followed the structure and advice from Link. This would be reviewed in the mid-year report with a view to inclusion in the next annual TMSS. The Committee requested that benchmarking of investment returns against similar local authorities would also be a good indicator to look at in the future.  
**ACTION: D Skinner / H Shah to consider the inclusion of a dashboard in future years Treasury Management Strategy Statement's along with benchmarking investment data, with an update on both to be considered during the mid-year TMSS update.**
- The economic outlook section was ever moving and provided a view at the current point in time, this would be updated to reflect the current economic outlook in time for Full Council.

**RESOLVED:**

**That Full Council be recommended to approve:**

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.**

**6 PREPARATIONS FOR 2025 COUNCIL – CONSTITUTIONAL ARRANGEMENTS**

The Committee considered a report which proposed the establishment of a cross party Member task and finish group to bring forward proposals for changes to the Council's Constitution for 2025. Mr Glenn Watson, Principal Governance Officer presented the report.

In May 2025, the number of Buckinghamshire Councillors would reduce from the current 147 to 97, as a result of the Local Government Boundary Commission's Review. This change would have various implications for the way the Council organised itself, with fewer Councillors and a revised geography of representation. As such, the Council would want to adopt sustainable and effective governance arrangements. Tasks to be undertaken included reviewing committee structures and sizes and to consider any further changes to the Constitution which may be required as a direct result of the reduction in the number of members.

It was proposed that Membership of the Task and Finish Group would comprise the Chairmen and Vice-Chairmen of the Standards and General Purposes Committee and Audit and Governance Committee, the Leaders of the opposition groups and one of the Deputy Leaders of the Council. Any proposals developed by the group would then 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 were attached

at Appendix 1.

Points raised during discussion included:

- The Committee highlighted that three Members appeared a low number for meeting quorum. A Member suggested that as it was to be a cross party group, the terms of reference should refer within the quorum to state that at least one member of the opposition group should be present for the Task and Finish Group to meet. Following discussion, there was agreement to amend the wording to allow Members of the task and finish group to nominate a substitute to attend on their behalf, should they be unable to attend. Further, there was agreement to increase the quorum to 4.

**ACTION: Following consideration by the Standards and General Purposes, should they agree, Mr G Watson to update the terms of reference to reflect a quorum of 4 and the provision of substitutes.**

- The meetings would be scheduled well in advance.
- The Chairman provided clarity that the Task and Finish Group was restricted to ensuring the Constitution was fit for purpose for the new Council and was not reviewing more general constitutional changes unlinked to the new membership and ward structure of the Council.

**RESOLVED:**

**That it be agreed to establish a cross party Member task and finish group to bring forward proposals for changes to the Constitution for 2025 subject to the above comments, and approval from the Standards and General Purposes Committee at its meeting on 18 January 2024.**

## **7 WHISTLEBLOWING POLICY**

The Committee considered the revised Whistleblowing Policy and Procedure as found at Appendix 1. The Whistleblowing Policy was intended to encourage and enable employees to raise serious concerns within the council rather than overlooking a problem or “blowing the whistle” outside. Ms Maggie Gibb, Head of Business Assurance presented the policy.

The policy had been updated to reflect current job titles and changes to other linked policies and would be reviewed on a triennial basis. The policy would be reviewed sooner if there were significant legislative changes.

During discussion, points raised included:

- The policy formed part of the wider fraud awareness training, and once approved would be added to the Council’s website with appropriate internal communications being sent to staff to remind all of the policy’s existence. The Business Assurance team managed the whistleblowing policy with HR colleagues, and there was a confidential whistleblowing hotline in addition to a confidential email address where concerns could be reported.
- An annual report on the effectiveness of the policy and covering an analysis of trends would be presented each July and would summarise the cases opened throughout the previous year.
- The grammar of the policy would be checked for consistency prior to publication.

**ACTION: M Gibb to check consistency of grammar throughout the document.**

- There was a discussion around how Members could use the whistleblowing reporting routes and the level of protection they would be afforded. Members were encouraged to raise any concerns, however for certainty the Head of Business Assurance would liaise with the Service Director for Legal and Democratic Services and circulate separate guidance for Members as appropriate. Further, in relation to a query around a Member whistleblowing in respect of a separate Member, dependant on the nature of the issue

this would likely be a code of conduct matter.

**ACTION: M Gibb to circulate guidance for Members following liaison with the Service Director for Legal and Democratic Services.**

**RESOLVED:**

**That the Whistleblowing Policy be approved.**

## **8 RISK MANAGEMENT GROUP UPDATE**

The Committee received a report presented by Ms Maggie Gibb, Head of Business Assurance, which provided an update on the Risk Management Group (RMG) meeting held on 20 November 2023, at which the group considered the Adults and Health Risk Register, presented by the Corporate Director for Adults & Health, the Service Director for Strategy, Improvement and Governance and the Head of Finance for Adults & Health. The key risk themes were set out in the report appended to the agenda pack.

The Group also considered the latest version of the Strategic Risk Register. A further RMG meeting was held on 18 December 2023, an update on which would be provided at the next meeting of this Committee.

The Committee discussed whether the report should include additional information on not only the challenges the risks posed, but also the opportunities around mitigating actions being taken. It was noted that the quarterly budget monitoring position was reported to Cabinet, and this set out many of the challenges and opportunities in terms of how risks were managed. It was suggested that for future reports, some further detail could be added at paragraph 2.17 to expand on the mitigating actions discussed during RMG meetings.

**RESOLVED:**

**That the report be noted.**

## **9 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.

During discussion, points raised included:

- Given the short period of time since the last Committee meeting along with the Christmas period there had been limited movement since the last meeting, although a considerable amount of work was ongoing with quarter 4 being the busiest quarter of the year for the team. A number of audits would be delivered over the coming weeks with a number being reported back to the Committee at its March meeting.
- Five reports were at a draft stage with a further six engagements in progress and five grant certifications having been completed and submitted.
- Reporting in the audit action tracker had now been split to clearly display actions outstanding for schools and non-school related actions. The overdue schools' actions had been progressed since the report was published. Regular reporting on overdue actions went through directorate leadership teams and CMT to ensure actions were being

progressed.

- A new Corporate Governance and Assurance Board had been established, this was chaired by the Deputy Chief Executive and absorbed the work of the former Audit Board. Two audit deferrals had been agreed as highlighted at paragraph 4.11 of the report, these related to partnership arrangements and the teacher pension scheme. Reasoning behind these were that the partnership audit had moved from high to medium priority and the new system for teacher pensions was not yet live. An additional internal audit was planned for staff expenses and overtime claims, this would be completed in quarter 4 to support the AURA change programme.
- In relation to counter fraud, the Committee was advised that there would be an annual report and the internal reporting of cases was being improved with a view to present a summary of recent cases to the Committee in the confidential section of a future meeting.
- A Member identified a labelling issue to the graph on page 69 of the reports pack, it appeared to run to August 2023, although the key ran to April 2023. These would be reviewed along with improving categorisation and providing more granular detail and information on trends at the next meeting.
- In response to a query around benchmarking against other local authorities, this would form part of the annual report with a trend analysis comparison to neighbouring authorities.

**RESOLVED:**

**That the report be noted.**

**10 ACTION LOG**

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

- 8. Statement of Accounts 2020/21 and 2021/22 (3)
- 9. Work Programme
- 10. Statement of Accounts 2020/21 and 2021/22 (4)
- 12. Higginson Park Trust Fund Accounts 2022/23
- 18. Chief Auditor Annual Audit opinion 2022/23
- 19. Letter from Chairman
- 21. Buckinghamshire Pension Fund 22/23 Audited Statement of Accounts (3)
- 23. Treasury Management 2023/24 mid-year update (1)
- 26. 23/24 Business Assurance Strategy (2)
- 27. 23/24 Business Assurance Strategy (3)
- 29. 23/24 Work Programme

**RESOLVED:**

**That the action log be noted.**

**11 2023/24 WORK PROGRAMME**

The Committee was advised that there were some changes expected on the financial reporting side with the Pension Fund Accounts for 2023/24 not expected to be considered at the meeting on the 8 May 2024. The calendar of meetings for 2024/25 was currently being planned with items then to be scheduled accordingly as the dates were agreed.

**RESOLVED:**

**That the work programme be noted.**

**12 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 13, 14 and 15 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 13 – Confidential Minutes of the Audit and Governance Committee held on 27 November 2023**

**Minute 14 – 2023/24 Business Assurance Strategy Update – Summary of Completed Audits and Audit Action Tracker**

**Minute 15 – Confidential Action Log**

**13 CONFIDENTIAL MINUTES**

**RESOLVED:**

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

**14 2023/24 BUSINESS ASSURANCE STRATEGY UPDATE - SUMMARY OF COMPLETED AUDITS AND AUDIT ACTION TRACKER**

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

**RESOLVED:**

**That the report be noted.**

**15 CONFIDENTIAL ACTION LOG**

The Committee considered the confidential action log and

**RESOLVED:**

**That the current Action Log (confidential) be noted.**





## Report to Audit and Governance Committee

<b>Date:</b>	6 <sup>th</sup> March 2024
<b>Title:</b>	<b>STATEMENT OF ACCOUNTS UPDATE</b>
<b>Author:</b>	Hasina Shah
<b>Recommendations:</b>	<p><b>Note the progress on 2020/21 Audit of Accounts as summarised in section 2.</b></p> <p><b>Note the Department of Levelling Up Housing and Communities (DLUHC) proposals to clear audit backlog in section 3.</b></p> <p><b>Note the impact and provisional timeline to clear the backlog for the Council in section 4.</b></p>

### 1 Executive Summary

- 1.1 **2020/21 Audit progress** – Overall, we have made significant progress, however there two major areas of work outstanding which is in respect of Journals and Valuations of Other Land and Buildings as detailed in section 2 of the report. Summary of Audit Progress 2020/21 to 2022/23 is attached at Appendix 1.
- 1.2 **Proposals to clear audit backlog** - On 8 February, DLUHC issued a [consultation and cross-system statement](#) on proposals to clear the backlog of local audits in England and is running for a month until 7 March 2024. There are 3 stages of the wider package of measures to address the issues as summarised below and detailed in section 3 of the report: -
- 1.2.1 Phase 1 – **Reset** – Clearing the backlog of historical audit opinions up to and including financial year 2022/23 by 30 September 2024.
- 1.2.2 Phase 2 – **Recovery** – to ensure non- recurrence of the backlog by using backstop dates to allow assurance to be rebuilt over multiple audit cycles for the financial years 2023/24 to 2027/28.
- 1.2.3 Phase 3 – **Reform** - involving addressing systemic challenges in the local audit system and embedding timely financial reporting and audit.

- 1.3 Section 4 summarises the impact of the proposals on the Council and the provisional timeline to clear the backlog for the financial year up to 2023/24.

## 2 2020/21 Statement of Accounts update

- 2.1 We have made significant progress, however there two major areas as summarised below where further work needs to be done. In addition to this the team continues with addressing audit queries resulting from the partner and technical team review.

- 2.1.1.1 **Journal Testing** – This is a normal audit routine which is done towards the end of the audit. There have been technical issues with the third party extraction tool used by the auditors which are still ongoing. Once the data is extracted from SAP, the auditors will select sample in the range of 75 to 100 for which the Council will have to provide evidence.

- 2.1.1.2 **Other land and building valuation** – This is in respect of assets which are not valued in the rolling valuation programme. These assets are understated by approximately £30m using various indexation indices. Auditors are reviewing our approach and if acceptable then we need to assess the impact on both Comprehensive Income and Expenditure Statement (CIES) and Balance Sheet. However, there will be no impact on Usable reserves including the General Fund Balance.

## 3 DLUHC Proposal on Backstop and Consultation

- 3.1 On 8 February, DLUHC issued a [consultation and cross-system statement](#) on proposals to clear the backlog of local audits in England and is running for a month until 7 March 2024.
- 3.2 The Joint Statement from DLUHC, Financial Reporting Standards (FRS), National Audit Office (NAO), Chartered Institute of Public Finance and Accountancy (CIPFA), Institute of Chartered Accountants in England and Wales (ICAEW) and Public Sector Audit Appointments (PSAA) provides context, explaining the cross-system proposals and how the various elements are intended to interact as summarised in the various phases in this section.
- 3.3 Phase 1: **Reset** *clearing the backlog of historical audit opinions up to and including financial year 2022/23 by 30 September 2024* (the ‘backstop date’) by changing the Accounts and Audit Regulations 2015 and the Code of Audit Practice. The NAO is proposing changes to the Code of Audit Practice to require auditors to publish their opinions in time for audited accounts to be published by the backstop dates and “allow them to provide a single commentary on Value For Money (VFM) arrangements for local bodies for all outstanding years, up to an including 2022/23.” The audited

accounts must be approved (in accordance with existing regulation 9(2)) by the 'backstop date'.

3.4 Phase 2: **Recovery** from Phase 1 in a way that does not cause a recurrence of the backlog by using backstop dates to allow assurance to be rebuilt over multiple audit cycles. Auditors need to be able to conclude that the financial statement as a whole are free from material misstatement before they can provide an unmodified opinion, so modifications and disclaimers may be issued for a number of years before this is achieved. VFM arrangements will be 'back to normal' for 2023/24 and the Code of Audit Practice will require that the Auditors' Annual Report will be issued in draft by 30 November each year, regardless of the position on the audit.

3.4.1 The proposed backstop dates are: -

- 2023/24: 31 May 2025 (which will also be the publication date for 2024/25 unaudited accounts)
- 2024/25: 31 March 2026
- 2025/26: 31 January 2027
- 2026/27: 30 November 2027
- 2027/28: 30 November 2028

3.4.2 As with phase 1:

- the audit opinion will be required in time to meet the publication deadline.
- the requirement to publish delay notices if the audit hasn't been completed before the date specified, would be suspended.
- a list of authorities and audit firms meeting and not meeting the published audited accounts deadline, and the unaudited publication deadline for authorities will be published.
- public inspection periods continue to apply as now.
- the audited accounts must be approved by the backstop dates.

3.5 Phase 3: **Reform** involving addressing systemic challenges in the local audit system and embedding timely financial reporting and audit. The joint statement says that work will build on the recommendations of the Redmond Review and that the government remains committed to establishing the Audit, Reporting and Governance Authority. Other initiatives include CIPFA's long-term reforms to financial reporting; HM Treasury response to the thematic review of the valuation of non-investment assets and the implications for the Accounting Code; FRS Local Audit Workforce Strategy and the development of a Local Audit Qualification by CIPFA.

- 3.6 To facilitate Phase 1 and 2, following actions are being taken.
- 3.6.1 CIPFA will consult on temporary changes to the Code for 2023/24 and 2024/25, including extending the override on infrastructure assets, simplifying the revaluation of operational properties by allowing the use of indexation until new revaluation requirements are introduced in 2025/26, and reducing net pension assets and liabilities disclosures for at least 2 years. This will reduce the burden on finance teams and auditors.
  - 3.6.2 The NAO is currently consulting on related changes to the Code of Audit Practice.
  - 3.6.3 There will be no routine inspections by the FRC of major local audits for financial years up to including 2022/23.
  - 3.6.4 The 2015 regulations will also be amended to remove the duty to publish a delay notice for outstanding audits for financial years 2015/16 to 2022/23.
- 3.7 Auditors are only able to provide an opinion – whether unmodified, modified or disclaimed – on a set of accounts which have been certified by the Section 151 Officer as true and fair, subject to the 30-day inspection period and approved as final by those charged with governance. If an authority thinks it will not be able to provide draft accounts which comply with these requirements, then they are expected to engage with their auditors, and flag to DLUHC/sponsor department as soon as possible.
- 3.8 The consultation focuses on Phase 1 and 2 of the proposal as summarised below. We will be submitting our response to the Consultation process.
- 3.8.1 The backstop dates.
  - 3.8.2 Publication of delay in notice.
  - 3.8.3 Exemption from the backstop dates in exceptional circumstances such as outstanding objection that could be material to that opinion.
  - 3.8.4 In addition to naming and shaming should there be any other consequences if the backstop dates are met.
  - 3.8.5 Appropriateness of 31 May publication date of unaudited accounts for financial years 2024/25 to 2027/28.
  - 3.8.6 To Publish audit letters whenever they are issued rather than, as is currently the case only following the completion of audit.

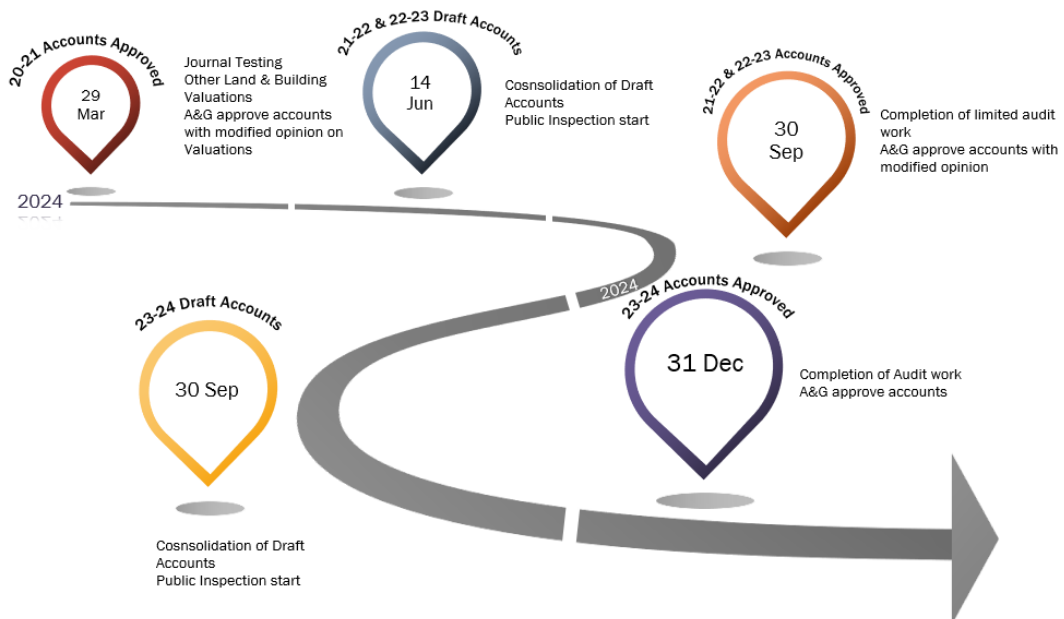
#### **4 Impact of the proposals and provisional timeline for the Council**

- 4.1 Phase 1 proposal is *clearing the backlog of historical audit opinions up to and including financial year 2022/23 by 30 September 2024* (the ‘backstop date’). The audited accounts must be approved (in accordance with existing regulation 9(2)) by the ‘backstop date’. It is not possible to complete the audits for 3 years of accounts in 7 months. Therefore, the focus is to complete 2020/21 accounts for which we

may need to look at additional audit committee date towards the end of March or beginning of April.

4.2 The financial statements along with supporting working papers for 2021/22 and 2022/23 will be prepared by mid-June when the auditors will return from NHS client to continue with the Council's audit. Limited work will be done on these sets of accounts to establish the opening position for 2023/24 and will likely have a disclaimed opinion based on the time available to conclude the audits before the backstop dates.

4.3 The provisional date for preparing the draft statement of accounts for 2023/24 is by end of September and it is expected that the audit will be completed by December 24 subject to confirmation by the auditor on audit work required by the new proposals. The roadmap with the key milestones is below:



4.4 In addition to the above, the Council will also need to comply with the audit regulations in respect of Public Inspection which means this will start as soon as the draft accounts for 2021/22 and 2022/23 are ready and likely to be in June 2024.

## 5 Legal and financial implications

5.1 **Finance** : Financial Implications are contained in the body of this report and noted by S151 officer.

5.2 **Legal** : There are no direct implications arising out of this report and the monitoring officer is content with this statement.

## 6 Next steps and review

Continue to work with the auditor to complete 2020/21 accounts by end March 24.

## Appendix 1

Summary of External Audit Progress for 2020/2021 to 2022/2023			
Activity	2020/2021	2021/2022	2022/2023
Audit Plan & Fee Letter - Main Council Accounts	Noting - 23 November 22	TBC	TBC
Audit Plan & Fee Letter - Pension Fund Accounts	Noting - 28 July 21	Noting - 29 Mar 23	Noting - 27 September 23
Audit Risk Assessment - Main Council Accounts	Consider & Comments 23 November 22	TBC	TBC
Annual Governance Statement - Main council Accounts	Approved with delegation 11 May 22	Approved 23 November 22	Approved 27 September 23
Audited Statement of Accounts - Main Council	TBC	TBC	TBC
Audited Statement of Accounts - Pension Fund	Approved with delegation 5 July 23	Approved with delegation 10 May 23	Approved with delegation 27 November 23
Management representation letter - Council & Pension Fund Accounts (not due until main accounts are ready for approval)	TBC	TBC	TBC
Value for Money Assessment - Auditors Annual Report	Consider & Comments 1 February 23	Consider & Comments 5 July 23	Consider & Comments 4 March 24
Housing Benefit Grant Claim Certification	Noting 05 July 23	Noting 27 September 23	Noting 27 November 23
Farnham Park Sport Field Chariry Accounts	Approved with delegation 30 Nov 21	Approved 27 September 22	Approved 27 September 22
Higginson Park Chairty Accounts	Approved with delegation 25 January 22	Approved 27 September 22	Approved 27 September 22



## Report to Audit and Governance Committee

<b>Date:</b>	6 <sup>th</sup> March 2024
<b>Title:</b>	<b>External Auditor Interim Annual Report 2022/23</b>
<b>Author:</b>	Hasina Shah
<b>Recommendations:</b>	The Committee are requested to note the findings in the report by the external auditor attached at Appendix A on the Council arrangement for securing Value for Money (VfM) in its use of resources, the recommendations made and management's response.

### 1 Executive Summary

- 1.1 Under National Audit Office (NAO) Code of Practice regulations, external auditors are also required to make a Value for Money assessment to consider that local authorities have put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.
- 1.2 The report provides detail on Council's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.
- 1.3 Under the annual reporting on VfM arrangements, auditors are required to undertake work to provide a commentary against three criteria set by the NAO.
  - 1.3.1 **Financial sustainability:** how the Council plans and manages its resources to ensure it can continue to deliver its services;
  - 1.3.2 **Governance:** how the Council ensures that it makes informed decisions and properly manages its risks; and
  - 1.3.3 **Improving economy, efficiency and effectiveness:** how the Council uses information about its costs and performance to improve the way it manages and delivers its services.

## **2 2022/23 Auditors conclusion of the Council's Value for Money**

2.1 Grant Thornton's conclusion of the Council's Value for Money detailed assessment is provided in Appendix A and is summarised below.

1. **Financial Sustainability** - There are no significant weaknesses identified and seven improvement recommendations made for which we have provided detailed management response along with action plan for implementation where appropriate. Most of these action plans are already implemented as part of the 2024-25 Medium Term Financial Plan (MTFP) process.
2. **Governance** – The audit work did not identify any new areas of significant weaknesses; however, this is rated red as there is one significant weakness in arrangements identified relating to financial statements preparation on which we have made significant progress. In addition to this there are three improvement recommendations for which the management will be taking necessary action to implement.
3. **Improving economy, efficiency and effectiveness** – There are no significant weaknesses in arrangements identified, however there are five improvement recommendations some of which are already implemented and some are work in progress.

## **3 Legal and financial implications**

3.1 **Finance** : There are no direct financial implications arising from this report and the S151 officer is content with this statement.

3.2 **Legal** : There are no direct legal implications arising out of this report and the monitoring officer is content with this statement.

## **4 Next steps and review**

4.1 Not applicable.



# Auditor's Annual Report on Buckinghamshire Council

2022/23

Page 21

FINAL INTERIM REPORT

February 2024

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We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting, on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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# Executive summary



## Value for money arrangements and key recommendation(s)

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Auditors are required to report their commentary on the Council's arrangements under specified criteria and 2022/23 is the third year that we have reported our findings in this way. As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. Where we identify significant weaknesses in arrangements, we are required to make recommendations so that the Council may set out actions to make improvements. Our conclusions are summarised in the table below.

Criteria	2022/23 Risk assessment	2022/23 Auditor judgement on arrangements	2021/22 Auditor judgement on arrangements	Direction of travel
Financial sustainability	No risks of significant weakness identified	A No significant weaknesses in arrangements identified, but seven improvement recommendations made	A No significant weaknesses in arrangements identified, but one improvement recommendation made	↔
Governance	No new risks of significant weakness identified	R Our work did not identify any new areas of significant weakness where we considered a key recommendation was required but three improvement recommendation made	R One significant weaknesses in arrangements identified re financial statements preparation and three improvement recommendations made	↔
Improving economy, efficiency and effectiveness	No risks of significant weakness identified	A No significant weaknesses in arrangements identified, but five improvement recommendations made	A No significant weaknesses in arrangements identified, but one improvement recommendation made	↔

- G** No significant weaknesses in arrangements identified or improvement recommendation made.
- A** No significant weaknesses in arrangements identified, but improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendations made.

# Executive summary (continued)



## Financial sustainability

The overall financial environment for Local Government is one of significant financial pressure. The Council is in a similar position to other councils and is not sheltered from these emerging pressures. It will need to make considerable savings and generate additional income in order to balance its future budgets and avoid unsustainable demand on its reserves. While noting these pressures, we also note that the Council has a good record of financial management and its reported outturn has consistently been in line with the original budget forecasts.

The level of savings and additional income required is significant totalling £50m over the period 2023/24-2025/26. The Council achieved savings/additional income of £18.4m in 2022/23 with £30.4m savings/additional income identified for 2023/24. Further savings of £11.8m in 2024/25 and £7.2m in 2025/26 have also been identified.

The planned additional income in 2023/24 included £11.8m from the sale of electricity from the Council's waste plant. The Council projects that this income will decrease in 2024/25 and 2025/26. It is clear that this income is an increasingly important element of the Council's finances however the volatility of this income is a financial risk. The Council has established an Energy Waste Reserve to help mitigate this risk. As at 31 March 2023 this reserve stood at £14.988m.

Even with this level of savings and additional income the Council also planned use of general reserves for 2023/24 of £1.36m and £12m of earmarked reserves. Despite the use of reserves, the Council's level of reserves is good. As at the end of March 2024 general reserves are estimated to be approximately £40m and earmarked reserves £166m. Those earmarked reserves include £11.5m earmarked as a 'mitigating financial risk' reserve as well as the above Energy Waste Reserve. A ratio of 5% of net revenue expenditure is the generally accepted minimum prudent level of General Fund reserves and at 9.5% the Council's General Fund reserves is forecast to be well above this level at the end of 2023/24.

The Council also continues to achieve additional savings arising from the formation of the unitary authority through its 'Better Buckinghamshire' Transformation Programme. This has already delivered £11.8m in savings with a further £1.9m estimated in 2023/24 and £13.3m savings planned for delivery from 2024/25 onwards.

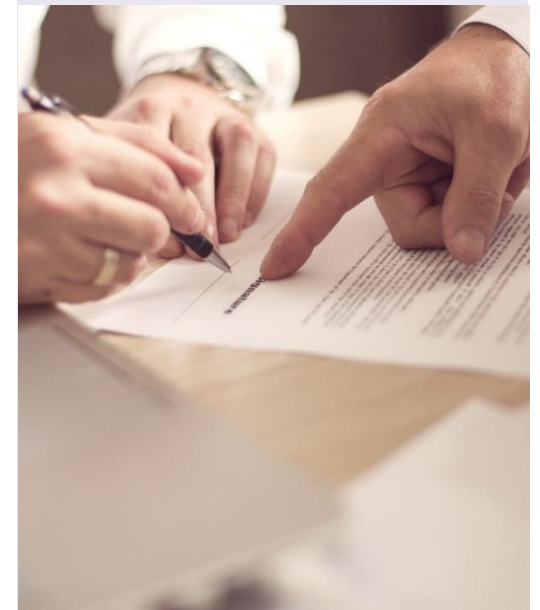
The Council underspent considerably on its capital programme in 2022/23 (29%) however this represented slippage in two major programmes rather than cancelling of projects or major project over/underspends.

In conclusion we have not identified any significant weaknesses in arrangements to ensure the Council manages risk to its financial sustainability however there are further challenging decisions ahead for the Council requiring continued careful monitoring of its financial position. We have made seven improvement recommendations which are set out on pages 20 to 24.



## Financial Statements opinion

We have not yet completed our audit of your financial statements for 2020/21, 2021/22 or 2022/23 and have therefore not yet issued an audit opinion. The reasons for the audit delays are set out in further detail on pages 18, 43 and 44.



# Executive summary (continued)



## Governance

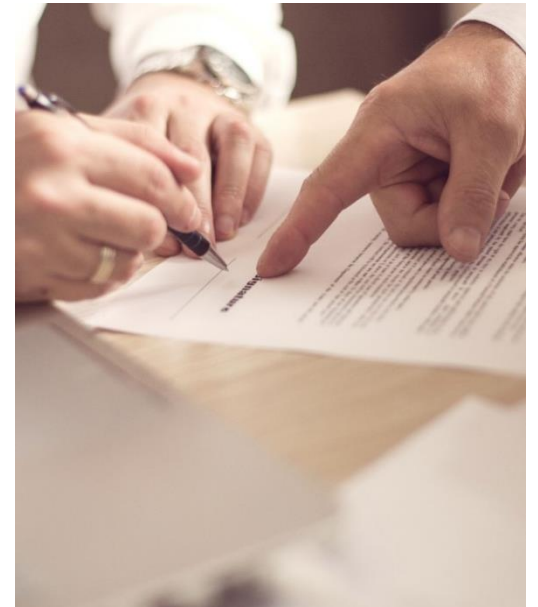
Appropriate leadership is in place. Relationships between officers and members appear good with no issues raised in our interviews with key staff and members. The Monitoring Officer is the Council's deputy Chief Executive, who, alongside the Chief Executive is responsible for ensuring legality and promoting high standards of conduct in public office. Appropriate governance arrangements are in place with regard to monitoring and ensuring that appropriate standards are in place.

In the Annual Governance Statement (AGS) the Head of Internal Audit (HoIA) provided a 'reasonable assurance' with regard to their opinion on the Council's system of internal controls. The Council's Internal Audit function was subject to an External Quality Assessment in January 2022. It rated the service as generally conforms with the Public Sector Internal Audit Standards. This is the highest rating that can be given.

The Council's complaints procedures are appropriate, although we note that there has been an increase in the volume of complaints about members' conduct none of those complaints were substantiated.

The financial statements audit for 2020/21 and 2021/22 continue to be delayed. Due to the errors in the 2020/21 financial statements and the resulting delays we consider this to be a continued significant weakness. Following a key recommendation, raised in our 2021/22 Annual Audit report (AAR) the Council put in place a clear plan to resolve the delay. The 2020/21 financial statements are due to be finalised in March 2024 and for this reason we have not raised any further key recommendations.

With the exception of its arrangements for the preparation of its financial statement, we consider that the Council has appropriate governance arrangements in place. We have however identified three improvement recommendations and these are set out on pages 29-30.





# Executive summary (continued)



## Improving economy, efficiency and effectiveness

The Council's Corporate Plan was updated in March 2023 and takes the Council up to the end of 2024/25 financial year. Services delivery and performance is monitored via quarterly performance reports which are considered in public at the Council's Cabinet meeting.

Overall we have seen that the Council is responding appropriately to previous criticism by Ofsted with regard to Children's services. Although the Council is moving in the right direction there are still improvements to be made as evidenced by the most recent Ofsted feedback and demand pressures impacting the budget. We also note that Education and Children's Services and in particular Special Educational Need (SEND) services and child protection were the main areas of upheld complaints the local Government Ombudsman in 2022/23. The Council is participating in the national 'Delivering better value in SEND' programme and benchmarking of costs will be undertaken as part of that programme.

Performance in Adult social care services improved across 4 out of 12 key indicators in 2022/23 compared to 2021/22 despite rising demand. There is an Adult Social Care Improvement Programme underway however a £10m overspend against budget is anticipated for 2023/24 due to demand and cost pressures. This overspend is partially offset by savings and efficiencies of £7m which are predicted to be achieved in this area, reducing the forecast overspend to net £3m. The Council is undertaking further work to develop business cases for further improvements, which it hopes will improve outcomes for residents and deliver further value for money.

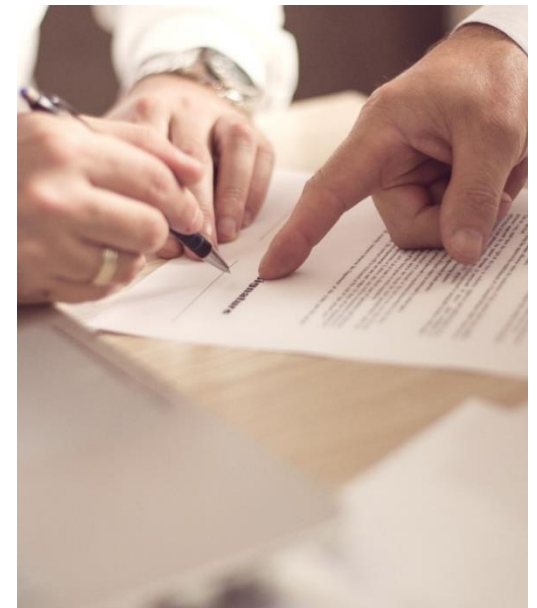
The Council's expenditure on Children's social care and adult social care activities is relatively low. The Council will need to monitor its spend in low cost areas to ensure that it remains sustainable and that service performance is appropriate.

Overall performance across most other services was similar to 2021/22, We note that there was a decline in performance with regard to waste collections and housing benefit processing. The percentage of missed bin collections increased following a round reorganisation for Southern Waste during May/June 2022 however the corrective action resulted in the Q4 performance being improved from Q4 performance in the previous year'. Monitoring of performance by the contractor has been increased. The average time for processing new housing benefit claims increased as a result of problems following the upgrade of the computer system. Additional resources have been brought in to clear the outstanding backlog of claims. The Council saw a significant increase in the number of complaints received as a result of these performance issues, receiving a total of 3099 stage 1 complaints in 2022/23 compared to 1988 in 2021/22.

Highways and Transport Services was an area of relatively very high cost comparative to statistically near neighbours. This is to be expected as the Council deals with investing in road maintenance and the impacts of HS2 public infrastructure.

Further improvements in Adult and Children's services are dependent upon the Council maintaining good partnership working with healthcare partners. A key development in 2022/23 was the formation of a new Integrated Care Board (ICB) and Buckinghamshire Integrated Care Partnership (ICP). The council considers that these changes will provide mechanisms for closer place-based partnership working and further integration with health. It is still too early to assess the full impact of these changes. There have been initial demand pressures for the Council's adult social care services arising from the move for earlier discharge of patients back into the community from hospital.

(cont'd over)



# Executive summary (continued)



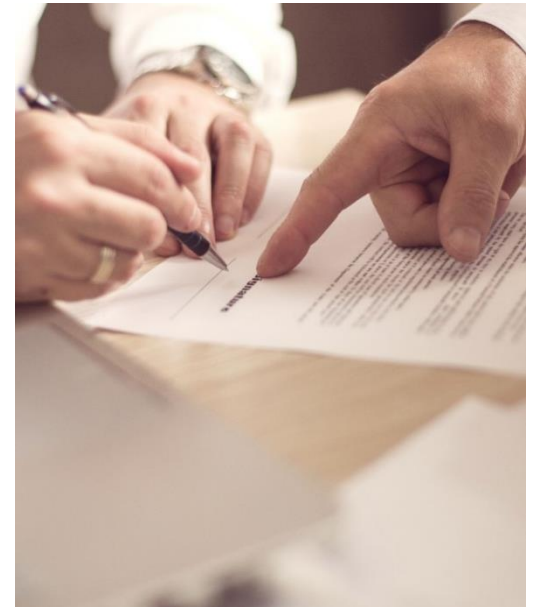
## Improving economy, efficiency and effectiveness (Cont'd)

A Health and Adult Social Care Select Committee considered how Primary Care Networks (PCNs) are being developed across Buckinghamshire and made 17 recommendations aimed at improving the way PCNs work. All of these recommendations were accepted either in whole or part by the Integrated Care Board and the Council's cabinet. The Council also works with the community through a number of local Community Boards. These Boards oversee small scale local projects such as improving biodiversity in the local environment; running jobs and apprenticeship fairs and delivering a virtual dementia tour experience. In total the 16 Community Boards support over 400 such projects as well as bringing tangible benefits the Boards also improve local community engagement with the Council.

Our analysis of procurement card spend for 2022/23 showed that the Council may have breached the Public Contracts Regulations 2015 having spent over £400k with a single supplier of white goods. Although the individual transactions were minor in nature, cumulatively they were above the legal procurement threshold above which a contract would need to have a full tender process or compliant framework agreement. The Council has advised that this spend related largely to Household Support Fund grants provided by central government which enabled the Council to support residents experiencing financial insecurity and crisis. The terms and timing of the funding meant that for 2022/23 there was a short timeframe for the Council to utilise the funding. Having reviewed the cumulative spend, the Council's strategic procurement team is now looking to put a contract in place for this vendor.

We also note that in 2022/23 there were 55 waivers of contract procurement rules reported with a total value of approx. £20m. Although this is an improvement on previous years we still consider this number and value to be too high.

In conclusion we have not identified any significant weaknesses in arrangements to ensure the Council improves economy, efficiency and effectiveness. We have made five improvement recommendations set out on pages 39-41.



# Use of auditor's powers

We bring the following matters to your attention:

2022/23

## Statutory recommendations

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly.

We did not make any written recommendations under Schedule 7 of the Local Audit and Accountability Act 2014.

## Public Interest Report

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.

We did not issue a public interest report.

## Application to the Court

Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.

We did not make an application to the Court.

## Advisory notice

Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority:

- is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure,
- is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or
- is about to enter an item of account, the entry of which is unlawful.

We did not issue any advisory notices.

## Judicial review

Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.

We did not make an application for judicial review.



# Securing economy, efficiency and effectiveness in the Council's use of resources

All councils are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The Council's responsibilities are set out in Appendix A.

Councils report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The National Audit Office's Auditor Guidance Note (AGN) 03, requires us to assess arrangements under three areas:



## Financial sustainability

Arrangements for ensuring the Council can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).



## Governance

Arrangements for ensuring that the Council makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the Council makes decisions based on appropriate information.



## Improving economy, efficiency and effectiveness

Arrangements for improving the way the Council delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

In addition to our financial statements audit work, we perform a range of procedures to inform our value for money commentary:

- Review of Council, Cabinet and committee reports
- Regular meetings with senior officers
- Interviews with other members and management
- Attendance at Audit Committee
- Considering the work of internal audit
- Reviewing reports from third parties including Ofsted
- Reviewing the Council's Annual Governance Statement and other publications



Our commentary on the Council's arrangements in each of these three areas, is set out on pages 12 to 41.

# The current local government landscape



## National context

Local government in England continues to face significant challenges as a sector. These include a high level of uncertainty over future levels of government funding, alongside delays to the Government's plans for reform of the local government finance system, impacting on medium-term financial planning. This is also a time of generationally significant levels of inflation – the UK inflation rate was 7.8% in April 2022, rising to a 41-year high of 11.1% in October 2022, then reducing to 10.1% in March 2023. Inflation levels put pressure on councils' revenue and capital expenditure, as well as the associated cost of living crisis, population growth, increasing complexity of needs and market forces in the children's social care sector all impacting on local communities and businesses, leading to an increase in demand for council services such as children with special education needs with associated transport costs, debt advice, housing needs, and mental health, as well as impacting on some areas of council income such as car parking and the collection rates of council tax, business rates and rents. This follows a significant period of funding reductions by Government (2012 to 2017) and the impacts of Brexit and the COVID-19 pandemic which, for example, have contributed to workforce shortages in a number of council service areas, as well creating supply chain fragility risks.

The local government finance settlement for 2023/24 was better than many in the sector anticipated demonstrating an understanding by Government of the financial challenges being faced by the sector. However, the Local Government Association, in July 2023, estimated that the costs to councils of delivering their services will exceed their core funding by £2bn in 2023/24 and by £900m in 2024/25. This includes underlying cost pressures that pre-date and have been increased by the pandemic, such as demographic pressures increasing the demand for services such as social care and homelessness.

Over the past decade many councils have sought to increase commercial activity as a way to generate new sources of income which has increased the nature of financial risk, as well as the need to ensure there is appropriate skills and capacity in place to manage such activities.

Local government is coming under an increased spotlight in terms of how the sector responds to these external challenges, including the Government establishing the Office for Local Government (Oflog) and there has been an increase in the number of councils who have laid a Section 114 Notice, or are commenting on the likelihood of such an action, as well as continued Government intervention at a number of councils.

There has also been an increase in the use of auditors using their statutory powers, such as public interest reporting and statutory recommendations. The use of such auditor powers typically derive from Value for Money audit work, where weaknesses in arrangements have been identified. These include:

- a failure to understand and manage the risks associated with commercial investments and council owned companies
- a failure to address and resolve relationship difficulties between senior officers and members
- significant challenges associated with financial capability and capacity
- a lack of compliance with procurement and contract management processes and procedures
- ineffective leadership and decision-making.

Value for Money audit has an important role in providing assurance and supporting improvement in the sector.

# The current LG landscape (continued)



## Local context

Buckinghamshire Council (the Council) was created on 1 April 2020 as a local initiative. It is a large unitary authority which covers the majority of the County of Buckinghamshire and serves a population of just over 500,000 people. Buckinghamshire's population has increased by approximately 9.5% (47,800) between 2011 and 2021, which is about 3% higher than the national increase in population during the same period. Buckinghamshire has an older population compared to some other counties, with 18.8% of the population aged 65 and over (ONS, 2021). The working age population, defined as adults aged 16-64 stands at 61.4%.

Buckinghamshire is a county in the south-east of England, bordering Greater London and Berkshire to the south, Oxfordshire to the west, Northamptonshire to the north, Bedfordshire and Milton Keynes to the north-east and Herefordshire to the east. Over a quarter of the county is within the Chilterns Area of Outstanding Natural Beauty and a third is covered by the Metropolitan Green Belt. There are 12 key towns: Amersham (New and Old Town); Aylesbury, Beaconsfield (old and new town), Buckingham, Chesham, Gerrards Cross, Great Missenden, High Wycombe, Marlow, Princes Risborough, Wendover, Winslow.

Buckinghamshire is one of the most affluent counties in the UK, with a GDP of £17.4bn (ONS, 2020) and the 44th highest GDP per head out of 179 regional areas in the country. It has a low proportion of Universal Credit claimants, high average household incomes and above average house prices. However, financial insecurity does exist, Buckinghamshire has a high cost of living, as evidenced by the high cost of housing which means that low incomes can push households into poverty. Buckinghamshire is therefore not a uniformly affluent county with some areas experiencing significant hardship. The Council's Opportunity Bucks Programme has been developed as a local response to these issues of inequality of outcomes.

The crime rate in Buckinghamshire is relatively low compared to other areas of the country, but the rates of crime have increased in recent years. In 2021 the number of reported crimes in Buckinghamshire was 59 per 1,000 people. This compares to 70 reported crimes per 1000 people in the Thames Valley Police area and 85 for England and Wales combined. In 2021, Buckinghamshire's recorded crime increased by 10% on the previous year. This was a larger increase than the Thames Valley area which saw a 9% increase, and England and Wales, which saw a 6% increase.

The Council is currently formed of 147 councillors, three for each of the 49 Wards. The last elections were held in May 2021 and the Conservatives administration had been in control of the Council since that date. During 2022/23, the Council responded to several consultations issued by the Local Government Boundary Commission for England on the future shape of this Council. This will see the number of councillors reduce to 96 with effect from May 2025 local elections. The number of wards will remain unchanged.

# Financial sustainability



## We considered how the Council:

- identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds them into its plans
- plans to bridge its funding gaps and identify achievable savings
- plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system
- identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

## Short and medium term financial planning

The final local government settlement announced in February 2023 delivered an increase in funding of 7.6% for Buckinghamshire Council. The Council noted that this was 1.6% below the average increase for England and that the Council had received the lowest increase in Core Spending Power for any comparable Local Authority. As a result the Council concluded that the increase was unlikely to be sufficient to address inflationary pressures, prior years' underfunding and increasing demand for some services.

Whilst the position therefore remains one of significant pressure on the Council's finances, the Council continues to demonstrate financial prudence in its approach to financial planning. This is evidenced by the relatively small overall budget to outturn variances in 2021/22 and 2022/23 (£2.2m underspend in 2021/22 and balanced in 2022/23). The Council also achieved 96% of its targeted savings over that period as shown in Table 1 on page 12 of this report. There were however some significant variances within individual portfolio budgets on both income and expenditure which represents an opportunity for improvement and this is discussed in more detail on Page 17 of this report.

In February 2023 the Council set a net revenue budget of £504.34m for 2023/24 a 9.6% increase overall compared to 2022/23. This included inflationary growth of £30m, and unavoidable demand growth of £33.3m. This was offset by planned savings of £10.1m and income increases of £20.3m (£30.4m total) representing 6% of net revenue. There is a further £1.9m of efficiencies planned to be delivered as part of the Council's 'Better Buckinghamshire' transformation programme. These are efficiencies that the Council has identified from the formation of the unitary authority. We discuss the delivery of the Council's savings further on page 14.

There is appropriate contingency in the budget as the budget contains a £15m 'contingencies budget' which forms part of the Corporate Services budget head. This contingency fund in part makes provision for the locally settled pay award which is transferred to portfolio budgets once agreed.

The Council undertook a series of scenario analyses and sensitivity analyses on various budget assumptions to develop a best case, mid-case and worst-case assessment. Savings targets are currently based on the Council's mid-case scenario. The Council manages risks to its budget setting assumptions and savings plans through the corporate contingency budget which is discussed in more detail on page 16 of this report.

The Council published a one-year budget for 2023/24 in February 2023 with a shadow Medium Term Financial Plan (MTFP) covering 2023/24-2025/26 presented to Cabinet Members in November 2022. The shadow nature of the MTFP reflects the high levels of uncertainty around government funding levels beyond 2023/24.

In November 2022 the Council envisaged it would need to deliver total savings of £50m between 2022/23 and 2025/26. Even with that level of savings there was still forecast to be significant gaps in 2024/25 and in 2025/26 (prior to decisions around maximisation of Council Tax). As stated above at that time the Council only set a balanced budget for 2023/24 and did not finalise plans to balance the budget beyond that financial year. Since then, the Council has revised its plans and, as at November 2023 anticipates being able to close those gaps and set a balanced budget for both 2024/25 and 2025/26 albeit with significant savings requirements. The Council has now published Its 3-year balanced MTFP for 2024/25 onwards.

The Council's Corporate Capital Board reviewed the Capital Programme in 2021/22 to better align to the Council's corporate priorities. The Council plans to spend £500.9m between 2023/24 and 2026/27. The budget for 2023/24 is £165.9m. The Council has reviewed budget profiles for 2023/24 on a project-by-project basis and were checked and signed off by Directors and by Cabinet in Q1 2023/24.

# Financial sustainability (continued)

## Short and medium term financial planning (continued)

Not all of the £500.9m of proposed projects have been fully costed with approved business plans. The Council's Capital Programme does not currently set out which projects have approved business plans and budgets and those that don't. Clearer reporting of projects which have approved business plans and funding (and those that don't) will enable a clearer picture of the overall programme for both members and the public. An improvement recommendation has been made in this respect.

There was slippage in delivery of the Capital Programme in 2022/23 as shown in Table 1 opposite. The actual slippage was £53.8m caused by delays on two projects (Aylesbury Grid reinforcement and Future High Streets). Accelerated spend of £16.3m; overspends of £4m and underspends of £10.9m gave the overall slippage of £44.4m (29%).

The Capital Programme 2023-2027 will require £23.7m of additional borrowing (£9.7m 2023/24), capital receipts of £86m and capital contributions from revenue of £14.8m. In addition, there will be a revenue impact of servicing all external borrowing of £22.7m (£11.5m 2023/24). These revenue servicing costs are manageable within the current budget however the Council will need to consider whether this will continue to be the case given that the Capital programme extends behind the life of the current MTFP.

All borrowing decisions go through an approval process involving officer and member groups and borrowing is only approved where individual schemes can demonstrate a suitable return on investment. The Corporate Capital Investment Board (CCIB) takes an overview of the capital programme. An internal audit of the Capital programme was undertaken in 2022/23 provided reasonable assurance.

Table 1. Key Financial Metrics	2022/23	2021/22
Planned revenue expenditure	£461.4m	£ 454m
Actual revenue expenditure	£461.8m	£ 451.8m
Planned capital spend	£151.9m	£196m
Actual capital spend	£107.5m	£ 177.5m
Planned savings target (all recurrent)	£19.2m	£13.2m
Actual savings delivered (recurrent/non-recurrent not specified)	£18.4m	£ 12.5m
Year-end cash position	£114.27m	£178.74m

The Council's performance against key financial and performance metrics is set out in Table 1 above.

# Financial sustainability (continued)

## Short and medium term financial planning (continued)

At 31st December 2022, the Council held £294m of borrowing against an authorised limit of £520m. The total Capital Financing Requirement (CFR) for 2023/24 was £667.48m. The level of borrowing is within CIPFA Prudential Code limits.

Key areas of the capital programme as at 2023/24 were;

- a) £33.7m to support Economic Growth and Regeneration;
- b) £142.5m on schools, and school improvement projects;
- c) £128.1m on Strategic Highways maintenance including;
- d) £91m on Strategic Transport and Infrastructure;
- e) £20.7m investment in Waste;
- f) £21.8m to support Housing and Homelessness including affordable housing action plans and disabled facilities grants.
- g) climate change and flood £14.3m (new project for 2023/24)

This is an ambitious capital programme in the current economic climate and the Council is aware of this and is carefully monitoring and adapting its plans accordingly. The agreed capital programme reflects the strategic aims of the Council.

## Identifying savings

The level of savings and additional income required is significant totalling £50m over the period 2023/24-2025/26. The Council achieved savings/additional income of £18.4m in 2022/23 with £30.4m savings/additional income identified for 2023/24. Further savings of £11.8m in 2024/25 and £7.2m in 2025/26 have also been identified.

The planned additional income in 2023/24 included £11.8m from the sale of electricity from the Council's waste plant. The Council projects that this income will decrease in 2024/25 and 2025/26. It is clear that this income is, in the short term, a significant element of the Council's finances however the volatility of this income is a financial risk. The Council has established an Energy Waste Reserve to help mitigate this risk. As at 31 March 2023 this reserve stood at £14.988m.

The Council has a good track record in achieving planned savings targets (96% of targeted savings in 2021/22 and 2022/23). Overall, as at 31 March 2023, the Council has delivered savings and additional income of £45.1m since 2020. However, the savings and additional income requirement of £30.4m (£10.1m Savings/ £20.3m additional income) required in 2023/24 represents the equivalent of the total savings and additional income achieved over the previous two financial years combined.

If the Council were to achieve 96% of this target as per prior years, this would be a reduction of £1.2m in 2023/24 and £2m over the life of the MTFP. The risk of failure to deliver savings is covered by a corporate contingencies budget of £15.5m.

The Council is still not planning to utilise general reserves to fund recurring budget gaps. Further cuts in services are likely to be needed as funding is not keeping pace with increasing demand for services and opportunities for further efficiency savings will have diminished, particularly given that the above savings are in addition to the planned efficiency gains through the 'Better Buckingham' Programme.

The 'Better Buckinghamshire' Programme is an additional transformation programme for savings arising from the formation of the unitary authority. These are managed through the council's Service Improvement Board. This had an original savings target of £18m which has now been increased to £27m as a result of additional major transformation projects across the council. Of this £27m, £11.8m has already been delivered, £1.9m is due to be delivered in 2023/24, and £13.3m of future savings are planned for delivery from 2024/25 onwards.

The Council does not distinguish between recurring and non-recurring savings. It is not therefore possible to determine the full success of its savings achievements. In setting its plans the Council should distinguish between those savings which are non-recurrent (i.e. only apply to one year) and those which are recurrent (i.e. those savings will continue in future years). An improvement recommendation has been made in this respect.



# Financial sustainability (continued)

## Financial planning and strategic priorities

'Improving our environment' is one of the Council's key priorities in its corporate plan. The Council has a Climate Change and Environment Portfolio budget. Overall net revenue expenditure for the portfolio is expected to fall from the 2022/23 outturn position of £22.3m to £17m in 2023/24 however this is due to increased income from the sale of electricity from its Waste site rather than a reduction in actual expenditure.

The Council has a target to achieve its net zero-carbon target by 2050 at the latest. The Council's Climate Change and Air Quality Strategy states it will achieve this through various measures such as building rationalisation, building and streetlight energy efficiency, boiler replacements, using electric/low carbon vehicles (including refuse vehicles), solar car ports and tree planting. Within this portfolio revenue budget there is no specific budget head for carbon reduction. The measures in the Climate Change and Air Quality Strategy are also mirrored as key objectives of its capital investment strategy which states that investments will focus on assets that help the Council meet sustainability targets, such as reduced energy consumption/CO2 emissions, reduced waste disposal via landfill and flood defence. Conversely the Council will not invest in assets that lead to an adverse environmental impact created by the Council unless this is unavoidable in achieving a statutory requirement, or Corporate Plan objective.

The Council has £32.8m investment plans in the Capital Programme for climate change and flood management throughout the life of the MTFP i.e. to 2025/26. This includes specific provision of £2.8m for Climate Change and Air Quality which is predominantly around a solar car port and fleet. Also £5.1m has been approved for improving flood defences. The Council also has an Electric Vehicle (EV) Action Plan for 2022-2027. This contains detailed action plans and timescales but no budget information or details of how these will be funded. It is not clear therefore how these relate to the Council's capital programme and therefore remain more aspirational in nature at this time.

The Climate Change and Air Quality strategy contains 60 Actions for the Council to take and includes specific timescales for four with specific target dates within the life of the MTFP. Progress on these and other targets is presented in the Climate Change and Air Quality Strategy – Action Plan update. This update states the actions achieved but does not state what further actions are required or the costs incurred or required to achieve the desired outcome.

As a specific example, Buckinghamshire has been allocated £5.8m from the UK Shared Prosperity Fund (UKSPF), to fund delivery of activity consistent with the themes selected in its Investment Plan which include reducing energy costs through energy efficiency measures. On this basis £1.9m was allocated to the Energy Doctor programme.

It is clear that the Energy Doctor programme will contribute to the delivery of the Council's Climate Change and Air Quality Strategy, by highlighting the importance of promoting opportunities for residents to improve their homes to help them mitigate and/or adapt to climate change and poor air quality. It is not clear within the budget or capital programme exactly which of the 60 actions within the Climate Change and Air Quality strategy action plan this investment will address, whether they will fully address those actions or how funding for these was prioritised over other actions within the plan. Similar issues regarding the lack of specific financial implications exist for actions that fall out of other Council strategic priorities such as with the Homelessness Strategy. Without detailed costings it is not clear how the Council is assessing the value for money achieved from each part of such action plans. It is also good practice to consider what the costs or impacts would be if the Council didn't take the specified action. An improvement recommendation has been made in this respect.

## Financial planning and other operational plans

The Council's People Plan for 2020-2025 was updated in September 2022. The plan states that is linked to the Council's key corporate priorities and values and in particular key elements regarding resourcing and retention of staff. The Council's Corporate Plan which was refreshed in April 2022 makes no reference to the People Plan other than outlining the core People Values of being 'Proud, Ambitious, Collaborative and Trustworthy (PACT)'. The Council would benefit from explicitly referencing the People Plan in the Corporate Plan including further detail of how the People Plan supports the Council's Corporate Plan. Nine key deliverables of the People Plan for the period April 2020 to March 2022 are reported to have been delivered or 'progress on track'. These included measures to address recruitment and retention challenges. A further 10 key deliverables have been agreed for the period 2023-25. These include the need to embed a 'worksmart' culture and new ways of working. The detailed workplans developed for the 'worksmart' deliverables link into the Council's 'worksmart' Estates Strategy which is aiming to deliver recurring revenue savings of £2.4m p.a and one-off capital receipts of £4m from 2025/26. Many of these deliverables and workplans are not costed stating that costs will be met from existing HR budgets. Whilst the plans are therefore affordable within existing budgets, without detailed costings for the work it is difficult to see how spending priorities are being assessed, particularly in the context of having to achieve savings elsewhere. An improvement recommendation has been made in this respect.

# Financial governance

## Managing risks to financial resilience

The Council uses scenario planning as evidenced in the budget briefing notes to Cabinet Members and back-bench member groups. For example, the different impacts of various increases in Council Tax were modelled as well as different options for savings/reductions in services.

The Budget papers presented to Cabinet in February 2023 contain a detailed assessment of financial risks. The Section 151 officer produced a Section 25 report that clearly sets out all the financial risks facing the Council. The Council has a policy of only utilising reserves to meet one-off budgetary pressures and not long-term growth. The Council's General Fund reserves are forecast to be 9.5% of net operating expenditure at the end of 2023/24. A ratio of 5% of net revenue expenditure is the generally accepted minimum prudent level of General Fund reserves and the Council's General Fund reserves is forecast well above this level at the end of 2023/24.

The current statutory override which prevents the need for the Council to fund the Dedicated Schools Grant (DSG) deficit of £4.1m (as at March 2023) from General Fund reserves is due to be reviewed by the government in 2025/26. If the statutory override were to end then this would reduce the general reserves' balance to around 8.7% of net expenditure. This would still be above the 5% generally accepted prudent level.

A high-level summary of earmarked reserves presented to Cabinet by the Section 151 officer stated that overall reserves are forecast to decrease from £187m to £166m at end of 2023/24. This includes an £8m reduction in reserves held to manage specific risks and cyclical costs. This category includes reserves which facilitate the smoothing of expenditure over a number of years.

The reserves include a number of legacy earmarked reserves and it is not clear whether these are still required or whether they could be transferred to general fund reserves. Further, there is no movement in reserves summary presented as part of the budget process or within the outturn report. Having greater visibility and understanding of its reserves will enable the Council to better determine when and how to utilise those reserves for the future. An improvement recommendation has been made in this respect.

Contingency budgets are used to manage ongoing risk and uncertainty in the budget. This totalled £15.5m for 23/24 compared to £12m in 22/23. There was also planned use of general reserves for 2023/24 of £1.36m (2022/23 nil) and £2.4m earmarked (£6.2m 2022/23). In 2021/22 a "Mitigating Future Financial Risks" reserve was established.

In 2022/23 the Council did not utilise all of the corporate contingency budget of £12m and was able to transfer £4.7m of that budget into the 'Mitigating Financial risk' reserve. At the start of 2023/24 this reserve contained £11.5m. As at Q2 2023/24 the Council had utilised £2.2m of this fund. We note however that as at Quarter 2 2023/24 there is already a forecast overspend at outturn of £8.6m before use of the contingency budget. £4.8m relates to a decrease in income from the sale of electricity generated by the Council's waste plant. The earmarked Energy Waste Reserve will be utilised to cover this shortfall in 2023/24. The Council has initiated action plans to bring actual expenditure back into line with budgets.

There are other potential financial risks identified by the Council. These include inflation and national economic conditions, central government funding, complexity and demand in social care and client transport, increased demand for temporary accommodation, the sustainability of providers within the social care market and care Reforms, and the continued impact of the Covid-19 pandemic.

Table 2 Planned Savings and Additional Income	2023/24
Planned savings/additional income	£10.1m/20.3m
Planned savings/income as a % of expenditure/income	1.16%/1.53%
% Planned savings recurrent	£100%
Planned saving schemes rated amber/green	£100%

The budget contains specific contingencies for those risks.

Fully delivering the savings / additional income included within the 2023/24 budget (£30.4m) was also a key risk identified by the Council (Improvement Recommendation 1 on page 17 refers). Table 2 above sets out the Council's planned savings and additional income for 2023/24.

The Council has not identified any significant issues relating to reinforced autoclaved aerated concrete (RAAC) or in addressing historical equal poy claims.

External borrowing at 31 March 2023 was £293m which is well below the authorised limit for 2022/23 of £430m and below the operational limit of £328m set out in the Council's Treasury Management Strategy. External borrowing is estimated to fall to £285m by 31 March 2024 .



# Financial governance

## Annual budget setting

The 2023/24 revenue budget included inflationary growth of £30.0m, unavoidable demand growth of £33.3m. The main areas of budget increases were Health and Wellbeing £20.3m (12.4%), Education & Children's Services £13.8m (15.4%), Homelessness and Regulatory (£3m (44%) Services and Transport £6.4m (11%). These portfolios have experienced the highest budgetary impact from inflationary and demand pressures and in combination accounted for 89% of growth and 87% of inflation added to the budget.

The November 2023 MTFP assumed: CPI Inflation rises to 13% in Q4 (based on Bank of England forecast) and pay increase **assumptions** decreasing from 6% in 2023/24 to 2% in 2025/26.

As stated previously the Council undertook a series of scenario analyses and sensitivity analyses on various budget assumptions to develop a best case, mid-case and worst-case assessment. The budgeted growth was primarily based on taking the mid-case scenario.

The Climate Change and Environment portfolio budget anticipated significant new income in 2023/24 of £13.1 (£11.8m) from the sale of electricity from the Energy from Waste plant. Waste income in 2022/23 was £34m against a budget of £10m i.e. £24m favourable variance due to increases in the price of electricity. A drop in income for 2023/24 from 2022/23 outturn was envisaged due to anticipated reduction in energy prices. Prices have in fact fallen further than anticipated and so Q1 budget monitoring for 2023/24 showed a predicted adverse variance of £5m in 2023/24.

Pressures observed in the budget for 2022/23 outturn were assessed to establish whether they were ongoing or of a one-off nature, ongoing pressures were then built into the forward budget for 2023/24.

Assumptions used to build the budget have been formulated using the most up to date information available, and cross-checked and verified against external sources.

As part of the annual budget setting process the Budget Scrutiny Task and Finish Group examine all proposals and make recommendations to the Council based on its work through a specific report provided to Cabinet. Over the period of 9 to 12 January 2023 the Budget Scrutiny Inquiry Group held meetings in public questioning each Portfolio Holder on their revenue budget and capital programme proposals. The s151 officer also provided confidential briefings during this process. Corporate and Service Directors had to appear before the Group and their plans scrutinised.

For 2022/23 a public consultation on priorities and budgets was conducted between 6 October and 14 November 2021. The results were reviewed by Cabinet alongside the final budget report. A similar exercise was conducted between 12 October 2022 and 20 November 2022 in preparation of the 2023/24 budget. 1805 responses were received including 8 organisations. This consultation did not specifically cover the proposed savings and income proposals but looked at spending priorities and allocations. An improvement recommendation has been made in this respect.

Further consultation took place with the Buckinghamshire Business Group (BBG) following approval of the draft budget by Cabinet. BBG held a meeting and provided summary comments via a letter to the s151 which was shared with Cabinet at its meeting in Feb 23. The BBG were presented with the full draft budget proposals including savings and income changes. BBG however stated that they would have preferred to have received the papers in a more timely manner to aid full consideration at its meeting. A further improvement recommendation has been made in this respect.

## Budgetary control

The stated variance in portfolio budgets in the 2022/23 outturn report was an adverse variance of £9.8m. This was reported as being offset by a favourable variance in the corporate budget of £8.9m and a favourable variance in income of £0.9m. These variances however were reported against budgets which had been adjusted in year to reflect transfers from the corporate contingency budget, which masked underlying budget pressures in these areas. The portfolio variance against the original budget was £20.3m. Neither the narrative report nor the more detailed appendix make reference to the original budget and the references to use of the contingency funds is not clear and required additional explanation from the Section 151 officer to enable understanding. As a specific example the narrative states that there was a favourable variance of £9.9m in corporate contingencies and a separate £0.9m favourable balance on grants income. The detailed appendix states a total variance on corporate budget of £9.9m including the £0.9m variance in grant funding. An improvement recommendation has been made in this respect.

It is also unclear from the summary tables in the narrative what reserves have been utilised to balance the budgets. For example, the table within the narrative does not make any reference to reserves, but the detailed narrative refers to transfers and contributions to reserves which are contained within the £8.9m overall favourable variance on corporate budgets. The narrative also mentions a £4.1m favourable variance in corporate contingencies and it is not clear how this relates to the £9.9m favourable variance quoted further down the same paragraph. An improvement recommendation has been made in this respect.

# Financial governance

The original Education budget contained the funding and expenditure relating to academy schools however these sums were excluded from the figures in the narrative and appendices in each quarterly budgeting report as well as the outturn report. The Council has not determined whether these sums should be included in the presentation of the budget or whether they should be excluded. The current reporting however is confusing as the exclusion in subsequent monitoring reports is not explained in the narrative to those reports. An improvement recommendation has been made in this respect.

Many of the variances reported are the net variance overall and the commentary does not always reflect the actual movements in both income and expenditure. For example, there was a £7.2m favourable variance in the climate change and environment portfolio. The narrative only refers to an unspecified increase in income from increased electricity sales. The table in the narrative as well as the detailed appendix to the report shows that the £7.2m was in fact as a result of increased costs of £18.1m offset by favourable increase in income of £25.3m. The narrative does not reference or explain the £18.1m increased costs. The detailed appendix also refers to £13.9m net transfer to reserves which is not apparent from table or the summary narrative. Similar large variances exist in other portfolio budgets which raises doubts about the accuracy and reasonableness of the original budget assumptions. An improvement recommendation has been made in this respect.

Specifically key expenditure variances at 2022/23 outturn included:

- £2.4m pressure in Health and Wellbeing from demand pressures and fee uplifts in Adult Social Care.

- £4.9m pressure in Children's Services, with the main pressures being: £2.6m in placement costs for children looked after. The national position in relation to the sufficiency of placements is leading to a shortage of available placements and very high unit costs of those placements that can be accessed.
- 1.3m adverse variance in support for children with disabilities; in domiciliary care and direct payments, due to continued increases in seriousness and complexity of support needed for children with disabilities; £1.2m in client costs in Children's social care due to demand pressures; £0.8m in costs of accommodation and allowances for care leavers and £0.3m in other pressures.
- £2.1m in Accessible Housing and Resources with the main variances being £2.1m pressure from inflation on energy costs in Property and Assets due to the exceptional price increases in 2022/23, £0.4m due to pressures in Insurance.
- £3.2m adverse variance in Transport Services due to increased contract costs and a 3% increase given to Home to School Contracts to mitigate rising fuel prices. Within the Highways service, energy pressures of £1.8m have been mitigated in year by additional income and underspends in contract payments.
- £4.7m adverse variance in Housing and Homelessness and Regulatory Services in Temporary Accommodation budgets due to increased demand

Key income variances at 2022/23 outturn included:

- sale of Electricity from the Energy from Waste plant £24m favourable variance due to electricity price increase.

- Additional interest income of £1.1m due to increased interest rates.
- Favourable variance of £0.5m from increased rental income.
- £4.0m increased favourable variance relating to Interest on Revenue Balances.
- A surplus of £0.9m in grant income budgets.

The Council's Treasury Management Strategy sets out how the Council balances available cash against borrowing requirements and investments to ensure it maximises income, reduces costs and has sufficient cash to meet day to day needs. There is no evidence that the Council is failing to pay creditors or not able to comply with loan agreements. The Treasury Management Strategy states it is reviewed by members at least twice per year. Under the current code the strategy should be reviewed at least 3 times a year by Members. An improvement recommendation has been made in this respect.

Progress on savings is reported as a specific element of the quarterly budget monitoring reports provided to cabinet. Savings arising from the formation of the unitary authority (Better Buckinghamshire) are managed through the council's Service Improvement Board

There is no evidence the Council is disposing of assets just to balance the budget. The Council's Capital Strategy sets out the key objectives of its Capital Investments and assets that do not contribute to those objectives will be disposed of subject to market conditions at the point of sale. The Council is also developing a Strategic Asset Management Plan.

# Financial governance

## Financial Reporting

In planning this work, we had identified a continued risk of a significant weakness in the requirement to produce draft accounts on time, which were free from major errors or omissions, which had not been met. Our audit of the 2020/21 financial statements audit is still ongoing. We made a key recommendation in this respect in our 2021/22 Annual Audit Report.

This was due to the poor quality of accounts and working papers prepared for our initial audit.

In our 2021/22 Auditors Annual Report we accepted that 2020/21 was the first year of the authority which launched during the Covid 19 pandemic, and that there had been gaps in corporate knowledge and resource constraints within the Corporate Finance team. However, we reported that we were concerned about the impact on the 2021/22 and 2022/23 financial statements audit (which could not commence until 2020/21 is completed).

The new finance team has responded well to our challenge and we continue to work constructively with them. The Regulatory and Financial Accounting Team has been enhanced since August 2022 with the management restructure providing a dedicated Assistant Director to provide focused oversight of the area as well as recruiting an experienced Financial Accountant to the newly created Chief Accountant post. In addition further posts have subsequently been appointed too within the structure and staff repurposed from other areas of the finance service to enhance capacity and expertise. Although the significant weakness remains we have not made any further key or statutory recommendations because we believe that the Council has developed a plan to address our concerns.

## Conclusion

In conclusion we have not identified any significant weaknesses in arrangements to ensure the Council manages risk to its financial sustainability.

Whilst arrangements are deemed appropriate, we recognise that the ability to balance the revenue budget into the medium term will become increasingly difficult. The Council has a good track record in setting and achieving balanced budgets. It has identified and is responding to key financial risks to which it is exposed. There are further challenging decisions ahead for the Council requiring continued careful monitoring of its financial position.

We have made seven improvement recommendations set out on pages 20 to 24.



# Improvement recommendations

## Improvement Recommendation 1

The Council should identify within its Capital Programme those schemes which have been fully costed with approved business cases, and those which do not yet have an agreed business case and funding.

## Improvement opportunity identified

To provide greater clarity over what is currently achievable under the Capital programme.

## Summary findings

Not all of the £500.9m of proposed capital projects have been fully costed with approved business plans. The current Capital strategy does not currently set out which projects have approved business plans and budgets and those that don't.

## Criteria impacted



Financial sustainability

## Auditor judgement

Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.

## Management comments

The capital element of the MTFP will make clear which of the projects in the capital programme have an agreed business case, and which still require a business case to be approved before the allocated funding can be released. This will provide greater clarity about the status of projects in the programme.

Progressing the actions management has identified to address the recommendations made will support the Council in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

# Improvement recommendations

The Council should:

- a) specify detailed budget information for its Electric Vehicle (EV )Action Plan for 2022-2027 and clearly identify such projects within its Capital Programme to clarify how such projects are being funded.
- b) Ensure Air Quality and Climate Change Action plan updates include details of the further actions required and the costs incurred or required to achieve the desired outcome for each of the 60 actions identified by the Council
- c) Provide clarity in its reporting to identify which projects address which aspects of the Council's 60 point action plan;
- d) Ensure that VFM assessments for all strategies and plans include details of the impacts (financial and otherwise) if the proposed actions were not adopted
- e) Ensure that the above reporting requirements are adopted for other Council strategies and plans such as the homelessness strategy

## Improvement Recommendation 2

### Improvement opportunity identified

Detailed costing and comparisons will help determine the value for money of each element of key strategies

### Summary findings

The Council's EV Action Plan contains detailed action plans and timescales but no budget information or details of how these will be funded. It is not clear therefore how these relate to the Council's approved capital programme. The Climate Change and Air Quality strategy contains 60 Actions for the Council to take and includes specific timescales for four with specific target dates within the life of the MTFP. Progress on these and other targets is presented in the Climate Change and Air Quality Strategy – Action Plan update. This update states the actions achieved but does not state what further actions are required or the costs incurred or required to achieve the desired outcome. For example it is clear that the Energy Doctor programme will contribute to the delivery of the Council's Climate Change and Air Quality Strategy, by highlighting the importance of promoting opportunities for residents to improve their homes to help them mitigate and/or adapt to climate change and poor air quality. It is not clear within the budget or capital programme exactly which of the 60 actions within the Climate Change and Air Quality strategy action plan this investment will address, whether they will fully address those actions or how funding for these was prioritised over other actions within the plan. Similar issues regarding the lack of specific financial implications exist for actions that fall out of other Council strategic priorities such as with the Homelessness Strategy. Without detailed costings it is not clear how the Council is assessing the value for money achieved from each part of such action plans. It is also good practice to consider what the costs or impacts would be if the Council didn't take the specified action.

### Criteria impacted



Financial sustainability

### Auditor judgement

Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.

### Management comments

Projects within the Climate Change Strategy directly delivered by the Council are fully funded and included in the Council's MTFP (in both Capital and Revenue budgets). These projects will ensure the Council achieves its target for carbon reduction on Council estate ,and the share of funding between these projects was allocated based on a VfM assessment (to optimise the mix between funding and carbon reduction). Additionally, grant funded projects - namely Energy Doctor and EV charging points, were also assessed for VfM when the grant was applied for. In next year's Climate Change Action Plan update we will aim to include references to funding sources and the Council's budgets.

Where the Council is partnering with other stakeholders and is providing existing staffing resource only and no other funding is required, VfM assessments are not required.

We have already made improvements in assessing the financial impacts of Strategies, such as the Homelessness Strategy and our Skills Strategy, in which we have fully mapped funding streams to the action plan (both within and outside the Council).

Progressing the actions management has identified to address the recommendations made will support the Council in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

# Improvement recommendations

## Improvement Recommendation 3

For the Council's People Plan, the Council should:

- a) Include explicit reference in the Corporate Plan;
- b) Provide costings for the key deliverables even if being met from within existing budgets so that value for money and spending priorities can be assessed.

## Improvement opportunity identified

To ensure plans are fully costed and achievable and the relative benefits of delivering this work can be assessed

## Summary findings

It is unclear how the deliverables of the Council's People Plan link to or support the Corporate Priorities or how these will specifically deliver savings and efficiencies. The workplans are not costed stating that costs will be met from existing HR budgets.

## Criteria impacted



Financial sustainability

## Auditor judgement

Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.

We are satisfied that our approach has enabled the organisation to successfully delivery the corporate savings.

## Management comments

The Council's first People Plan was agreed in November 2020 and directly links to the Corporate Plan; the Council's key priorities; the organisational ambition and the Corporate Plan People section. It directly references the organisational goals and PACT values and states that 'we want to make Buckinghamshire the best place to live, raise a family, work and do business'. The People Plan also brings together the recommendations from the Budget Scrutiny in February 2020 and subsequent scrutiny sessions. The Plan was formally updated in September 2022. Each People Plan theme and associated work plans directly link to the Corporate Plan People section.



Progress against the People Plan is reviewed quarterly by CMT. Finance and Resources Select Committee review progress and have received reports on: Employee experience and workforce ambition; Sickness absence; Resourcing and Agency usage.

All HR workplans either support the improvement of HR BAU to deliver our corporate ambition described in the corporate plan or support the organisational delivery of savings. The workplans are not of themselves designed to deliver savings rather they ensure alignment to the corporate ambition including the corporate savings target. HR&OD has its own savings targets but these relate to Better Buckinghamshire: efficiency through the removal of duplication: single systems, processes and teams.

Progressing the actions management has identified to address the recommendations made will support the Council in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.



# Improvement recommendations

<b>Improvement Recommendation 4</b>	The Council should review its legacy earmarked reserves to determine if they are still required or whether funds can be transferred to general fund. In addition the Council should provide a movement in reserves summary as part of its budget process and outturn monitoring report.
<b>Improvement opportunity identified</b>	To determine if funds can be released back to general fund
<b>Summary findings</b>	The Council's reserves include legacy earmarked reserves and it is not clear whether these are still required or whether they could be transferred to general fund reserves. Further there is no movement in reserves summary presented as part of the budget process or within the outturn report.
<b>Criteria impacted</b>	 Financial sustainability
<b>Auditor judgement</b>	Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.
<b>Management comments</b>	Agreed. A full review of the legacy reserves has been completed, reserves amalgamated and business cases updated. Balances have been re-prioritised. This work was completed in Oct/Nov 23. Agreed. A reserves summary will be included in the 2024 Budget (Feb 24) and monitored quarterly to Cabinet. Quarterly reporting is has been undertaken at CMT during 2023-24.
<b>Improvement Recommendation 5</b>	External budget consultation, for example with the Buckinghamshire Business Group (BBG), should be undertaken in a timely manner to facilitate effective scrutiny and challenge.
<b>Improvement opportunity identified</b>	Improved scrutiny and challenge to budget proposals
<b>Summary findings</b>	BBG stated that they would have preferred to have received the papers in a more timely manner to aid full consideration at its meeting.
<b>Criteria impacted</b>	 Financial sustainability
<b>Auditor judgement</b>	Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.
<b>Management comments</b>	Agreed to the timely presentation of information for Bucks Business Group (BBG)

# Improvement recommendations


## Improvement Recommendation 6

In reporting budget outturn the council should:

- a) provide a clearer audit trail between the original budget and the outturn variances.
- b) ensure consistency of approach in reporting the budget information relating to Academy Schools.
- c) ensure that the narrative for variances explains both income and expenditure variances rather just the overall net variance for a particular portfolio.
- d) ensure the Narrative and associated Figures are more explicit in terms of movements in reserves.

**Improvement opportunity identified** To improve the accuracy of reporting of budgetary information and improve the accuracy of demand and income forecasts

**Summary findings** Neither the narrative report nor the more detailed appendix make reference to the original budget and the references to use of the contingency funds is not clear and required additional explanation from the Section 151 officer to enable understanding.

**Criteria impacted**  Financial sustainability

**Auditor judgement** Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.

**Management comments** Agreed as following:  
a) agreed to include in the outturn report for 2023-24  
b) agreed and actioned. This has been implementation for the 2024-25 Budget  
c) agreed – we will improve our QA to ensure that all material variances are explained including on gross budgets and not yet net income/expenditure variances.  
d) agreed to include in the outturn report for 2023-24 additional narrative around the movement in reserves

**Improvement Recommendation 7** The Council should review how demand forecasts and future costs are estimated to identify any lessons to be learned for setting future budgets.

**Improvement opportunity identified** To improve the accuracy of the Council's financial projections

**Summary findings** large variances exist in portfolio budgets which raises doubts about the accuracy and reasonableness of the original budget assumptions.

**Criteria impacted**  Financial sustainability

**Auditor judgement** Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.

**Management comments** Agreed - The Council has been working on the 'Critical 4' (Adult Social Care, Children's Services, Home to School Transport, Temporary Accommodation) and this will be built into monitoring and forecasting. Lessons learnt sessions are run every year to pick up on opportunities for continuous improvement

Progressing the actions management has identified to address the recommendations made will support the Council in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.



# Governance



## We considered how the Council:

- monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approaches and carries out its annual budget setting process
- ensures effective processes and systems are in place to ensure budgetary control; communicate relevant, accurate and timely management information (including non-financial information); supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency
- monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and member behaviour (such as gifts and hospitality or declaration of interests) and where it procures and commissions services.

## Risk management and internal controls

Strategic risks are captured in a Strategic Risk Register. As at September 2022 there were 18 strategic risks listed on the strategic risk register including: Governance Failure; Changes in the national policy landscape; and Technology Breaches/Failure. Risks are not mapped to the Corporate Objectives and key financial risks identified in the MTFP are not evident in the strategic risk register. An improvement recommendation has been made in this respect.

The following key risks rated as high:

1. Risk of receiving an inadequate judgement from Ofsted meaning that children and families are not receiving the support they require. Demand pressures and vacancies/shortage in social workers still remain an issue. The Council's plans are discussed in more detail on page 30 of this report.
2. A risk of major contract commissioning or market failure resulting in the Council failing to act effectively as a Commissioning Authority. A Supply Relationship Manager Group has been established. Procurement risk is discussed in more detail on page 35 of this report.
3. A risk of adverse consequences for vulnerable adults as a result of budget reductions and increase in demand. A shortage of mental health practitioners nationally is impacting on the Council. Local plans have been drawn up to try to address this including the development of an Approved Mental Health Professional (AMHP) Programme. This risk is discussed in more detail on page 32 of this report.

In the Annual Governance Statement (AGS) the Head of Internal Audit (HoIA) provided a 'reasonable assurance' with regard to their opinion on the Council's system of internal controls. The Council's Internal Audit function was subject to an External Quality Assessment in January 2023. The conclusion of that assessment was that overall, the internal audit service is a well led, professional and respected service that adds value and provides evidence based, reliable assurance over the Council's governance, risk management and internal controls. It rated the service as generally conforms with the Public Sector Internal Audit Standards. This is the highest rating that can be given. The Internal Audit Team also implemented a new audit system which was a key action from the CIPFA External Assessment. One further issue identified was the potential conflict of interest arising from the Chief Internal Auditor's operational management responsibility for the Risk Management and Strategic Insurance functions, so is not wholly independent. A mitigation to this risk is that any internal audits relating to those areas of work are undertaken by the external co-source partner and draft reports are not shared with the HoIA but instead are reviewed by the S151 Officer. A new structure for the Assurance team was agreed in November 2022 and additional posts added, all but one of those new posts have been filled.

# Governance (continued)

## Risk management and internal controls (cont'd)

The number of audits completed in 2022/23 was in line with previous years. There were a low volume of audits conducted with schools with only 4% of maintained schools being audited. The audits did focus on schools which had been flagged as high risk. In 2022/23 there were also some schools audited on a random sample indicating that all high risk schools have been visited. Some common themes were identified and shared to the wider group of schools through the Schools Forum. However there is an issue with a low level of implementation of Internal Audit Recommendations by schools albeit those schools with formal recommendations may be from a less engaged cohort. Notwithstanding this the Council should consider whether to undertake a larger volume of very focused thematic audits rather than a smaller number of full audits. An improvement recommendation has been made on this basis.

A new Corporate Assurance Governance Board has recently been created chaired by the Deputy Chief Executive. This should strengthen governance arrangements across the Council.

## Decision Making

Appropriate leadership is in place. The Council operates under a Leader/Cabinet system. Councillors are supported by the Corporate Management Team (CMT) which is headed by the Council's Chief Executive. The CMT is responsible for implementing the policy and budgetary framework set by the Council and provides advice to Cabinet and the Council on the development of future policy and budgetary issues.

CMT receive and review much of the information to be put to Cabinet and the Audit and Governance Committee in advance of those meetings. Scrutiny committees also fulfil a role in challenging decisions and request a high level of detailed information in preparing those challenges.

All decisions referred to members are set out using a template. That template includes legal and regulatory implications. This requires legal advice to be obtained or confirmed before all decisions are taken, to ensure decisions are appropriate.

The AGS should be read alongside the Council's constitution, which sets out how the Council operates, how decisions are made and the policies which are followed to ensure that these are efficient, transparent and accountable to local people.

There has been an appropriate level of engagement with the local community and with stakeholders and relationships between officers and members appears good with no issues raised in our interviews with key staff.

The Council as a whole sets the budget and policy framework of the Council. The executive, through the Cabinet, takes the key decisions within that framework. Within the Constitution, the 'Schemes of Delegation' give certain roles to councillors and to officers. For example, the Financial Procedure Rules and other supporting procedures clearly define how decisions are taken and highlight the processes and controls required to manage risks. Scrutiny at the Council is carried out by six Select Committees. Each Select Committee has a different remit.

## Standards and behaviours

The Monitoring Officer is the Council's deputy Chief Executive, who, alongside the Chief Executive is responsible for ensuring legality and promoting high standards of conduct in public office. There is a Statutory Officers group that consist of the Chief Executive, the Monitoring Officer, the S151 Officer, The Service Director (Legal & Democratic Services and the Chief Internal Auditor that meets on a monthly basis to review cases and reports.

# Governance (continued)



## Standards and behaviours (Cont'd)

Codes of Conduct for members and officers reinforce a public service ethos and high standards of behaviour. These are supported by more detailed guidance such as, Anti-Fraud, Bribery and Corruption Strategies, as well as Whistleblowing Procedures and a Procurement Code. The Monitoring Officer and Section 151 Officer both have specific responsibilities to ensure that Council decisions meet legal requirements. The Standards and General Purposes Committee has oversight of Member Code of Conduct Complaints both for the Council and for parish and town councils.

An annual review of Member Code of Conduct complaints was presented to the Standards and General Purposes Committee in April 2023. Complaints against members of the Council rose in 2022/23 up from 7 in 2021/22 to 18 in 2022/2023. However none of those complaints resulted in a finding of breaches to the Code of Conduct. A further 15 complaints in 2022/23 related to town and parish council members, this is down from 27 in 2021/22. Three of those 15 complaints resulted in findings of breaches to the Code of Conduct. It should be noted that the Council can receive multiple complaints about the same matter. The 18 complaints in 2022/23 related to only nine individual members. Out of the 15 town and parish councillor complaints, 7 (over 50%) related to the same member.

21 of the total 33 complaints against Buckinghamshire Councillors and Town and Parish Councillors in 2022/23 were made by members of the public, 9 were received from other members and 3 from members of staff.

The most commonly alleged breach of the Code was 'Respect'. Overall, perceived disrespect was a cause of complaint in 25 of the 33 (76%) complaints received. The second most common allegation was 'bullying' at parish level and 'bias and predetermination' at Buckinghamshire Council.

During 2022/23 the Monitoring Officer's team delivered training through the Buckinghamshire and Milton Keynes Association of Local Councils in July 2022 and January 2023. The training covered member code and complaints arrangements. Two further training sessions on the code were delivered to Buckingham Town Council (in October 2022) and Hughenden Parish Council (January 2023).

There is an online register of members interests. An annual reminder is issued to members of Buckinghamshire Council and members of Town and Parish Councils to update this register, and mandatory training is provided annually to members about the Code of Conduct. The register also contains a free text box for the declaration of gifts and hospitality. We noted that some members have not updated the register since 2021. We also noted that although some members declared receipt of gifts or hospitality there is insufficient information with regard to who gave the gift or hospitality. For example one member declared receipt of tickets for a tennis tournament worth £1,000, without declaring who had paid for the tickets. Ongoing full and complete declarations of interest and gifts and hospitality are essential to ensure decision making is free of conflicts of interest. An improvement recommendation has been made in this respect.

There is no evidence of an inappropriate member culture. This was confirmed in interviews with both officers and members.



# Governance (continued)



## Subsidiary Companies and Joint Ventures

The Council has three wholly owned companies and one joint ventures. All members of relevant committees and the member/officer directors of the companies have received training covering their roles and responsibilities, best practice in running a company and conflicts of interest.

Improved governance arrangements were approved by Cabinet in March 2022. This included the establishment of a joint shareholder committee as a sub-committee of Cabinet. The first meeting took place in July 2022 and a total of four meetings took place in 2022/23. A Buckinghamshire Shareholder Committee Annual report 2022/23 was presented to Cabinet in May 2023. This sub-Committee has helped further strengthen the governance arrangements over associated companies. Each company produces an annual business plan which were reviewed and challenged by the Shareholder Committee prior to being presented to Cabinet. A bespoke conflicts of interest policy was commissioned by the Shareholder Committee and adopted in January 2023, based on the publication “Local Authority Company Review Guidance”. Members of the Committee and directors of the entities provided with a copy of the guidance. Specific Conflicts of Interests training was provided in September 2023. Key points arising from the shareholder meetings are detailed below.

The main company is Aylesbury Vale Estate (AVE) a joint venture with Akeman Property a private sector company. AVE was established in 2009 by the Aylesbury Vale District Council to manage the legacy Aylesbury Vale estate. The Company has net assets of c£53.6m. The Council has a 50% ownership of the company and secured debts on the assets of c£28m. In March 2023, the Council received a £340k dividend which was £40k over forecast. The strategy was for similar dividends to be paid over the next two years. No issues were raised by the partnerships auditors with regard to going concern.

The wholly owned companies are:

- Consilo Property Limited has net assets of c£35m and is funded via loans from the Council of a similar value. The performance of the company and its ability to repay the debt could impact directly on the Council’s finances. No issues were raised by the partnerships auditors with regard to going concern.

- Buckinghamshire Advantage has a small net asset balance of c£300k and it is unlikely that the company’s finances would have a significant impact on the Council’s finances.
- London Road Business Park Management Ltd is a not-for-profit company which provides management services to all the Business Park units (BCC own 3 units out of 9). Receives income from all tenants and discharges all service charges

The Council is also the Trustee of two Trusts. The accounts for these Trusts are reviewed by the Audit and Governance Committee.

The new shareholder committee appears to provide appropriate oversight of the subsidiary companies and joint venture.


## Conclusion

In conclusion we have not identified any significant weaknesses in Governance arrangements. There is no evidence of concerns regarding standards and behaviours by either officers or members. The Council has taken steps to further improve arrangements for identifying and monitoring risks.

We have made three improvement recommendations set out on pages 29 to 30.





# Improvement recommendations

<b>Improvement Recommendation 8</b>	Risks in the Strategic Risk Register should be mapped to the Corporate Priorities.
<b>Improvement opportunity identified</b>	Identify all risks that could impact the Corporate Priorities
<b>Summary findings</b>	Risks are not currently mapped against the Corporate Priorities
<b>Criteria impacted</b>	 Governance
<b>Auditor judgement</b>	Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.
<b>Management comments</b>	This recommendation is accepted and will be actioned in Q4 of 2023/24.

Progressing the actions management has identified to address the recommendations made will support the Council in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

# Improvement recommendations

<b>Improvement Recommendation 9</b>	In addition to full audits of high-risk schools, Internal Audit should consider a thematic review of a broader range of schools on specific areas of concern.
<b>Improvement opportunity identified</b>	Ensure key risks are managed across all schools
<b>Summary findings</b>	A low number of audits were completed across schools in 2022/23 with common themes of issues identified
<b>Criteria impacted</b>	 Governance
<b>Auditor judgement</b>	Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.
<b>Management comments</b>	This recommendation is accepted. The audit plan for 2024/25 is currently in development and we will consider some thematic reviews for schools.
<b>Improvement Recommendation 10</b>	The Council should ensure there is prompt and full declarations of interest and gifts and hospitality. Members should be required to confirm on an annual basis that the register of members interests and gifts and hospitality are up to date. The information provided for gifts and hospitality received should include the name of the person or organisation who gave the gift or hospitality.
<b>Improvement opportunity identified</b>	Ensure that conflicts of interest are managed effect
<b>Summary findings</b>	We noted that some members have not updated the register since 2021. We also noted that although some members of declared receipt of gifts or hospitality there is insufficient information with regard to who gave the gift or hospitality
<b>Criteria impacted</b>	 Governance
<b>Auditor judgement</b>	Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.
<b>Management comments</b>	Agree. As identified by our own Standards and General Practice Committee, we will give greater focus on Gift and Hospitality within our training for and communications to members, building on the annual reminders to update existing register and the annual code of conduct training.

Progressing the actions management has identified to address the recommendations made will support the Council in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.



# Improving economy, efficiency and effectiveness



## We considered how the Council:

- uses financial and performance information to assess performance to identify areas for improvement
- evaluates the services it provides to assess performance and identify areas for improvement
- ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives
- where it commissions or procures services assesses whether it is realising the expected benefits.

## Use of financial and performance information

The Corporate Plan was updated in March 2023 and takes the Council up to the end of 2024/25 financial year.

The Council has a comprehensive set of 116 Key Performance Indicators (KPIs) covering each portfolio. These KPIs are not clearly mapped to the Council's strategic priorities or strategic risks and we consider this would help performance management. Specific examples include:

- For the Corporate Priority 'Work with residents, partners and stakeholders to virtually eliminate rough sleeping, and reduce homelessness, addressing the root causes of both', the most relevant KPI is HHR002 - 'Total Homelessness approaches to the Council'. There is no target set for this KPI as it is for monitoring trends only and the council monitors this indicator through the commentary provided in the report. The performance report for quarter 4 2022/23 shows an increasing number or approaches but it is not possible to determine if the Council is happy with the performance and no mitigating actions are identified.
- An associated risk CMT 31 'Lack of delivery of affordable housing' is not mapped to any KPI. It is possible to map it to KPI Pre 010 - Number of homes built against housing requirements. As it is not explicitly linked it is unlikely that there is any feedback loop back from the KPI to inform the current level of risk. The risk register identifies four 5 mitigating actions for that risk, none of which have a corresponding KPI.
- For risk CMT-28 'Delivery of Climate Change and Air Quality Strategy', - there are a number of relevant KPIs but these are distributed across different portfolios. The most relevant KPIs being CCE 01 Annual Emissions and CCE 02 Annual Emissions percentage reduction. Again there is no explicit link back to risk therefore unlikely that there is any feedback loop for members to inform the current level of risk.

When reviewing its KPIs for 2023/24 the Council should consider alignment to the new reporting to be made to the Office for Local Government (Oflog) part of the Department for Levelling Up, Housing and Communities (DLUHC) tasked with providing authoritative and accessible data and analysis about the performance of local government and support its improvement.

Aligning KPIs to the Corporate Strategy would also enable the Council to create a balanced scorecard to provide an holistic view of metrics that gauge performance over the Council's four priority themes and those most relevant to the organisation's vision and strategy. Alignment to the Council's strategic risk register would provide a different perspective on the Council's current risk profile. Alignment with Oflog reporting would ensure the data used by Oflog is effectively monitored locally and help the Council benchmark its performance against other councils. An improvement recommendation has been made in this respect.



# Improving economy, efficiency and effectiveness (continued)

## Assessing performance and identifying improvement (continued)

At the end of Quarter 4 (Q4) 2022/23, 116 indicators had outturns reported against target with a Red, Amber or Green status. Of these, 63 were Green (54%), 11 were Amber (9%) and 26 were Red (22%) which is a very similar overall performance compared to 2022/23. A further 16 indicators are for monitoring of trends and are unrated. Key areas of performance for Children's and Adult services are discussed below and on page 32. Other key areas where performance declined were waste collections and housing benefit processing. The percentage of missed bin collections as a percentage of total households was 0.21% against a target of 0.15% however this average over the year masks a peak of 1.02%. This drop-off in performance was experienced by residents following a round reorganisation for Southern Waste during May/June 2022. Monitoring of performance by the contractor Veolia has been increased. The average time for processing new benefit claims was 37.2 in 2022/23 against a target of 20 days. 302 This was as a result of problems following the upgrade of the computer system. Additional resources have been brought in to clear the backlog of Housing Benefit claims.

Other areas where performance has declined and which are not discussed elsewhere in this report include total homelessness approaches to the Council which have increased from 950 on 2021/22 to 1492 in 2022/23.

Portfolio areas where performance has improved include: voluntary staff turnover rates; percentage of empty properties; number of families in bed and breakfast accommodation; and the percentage of profiled spend achieved on major transport projects. For other areas performance is broadly similar to 2021/22, noting the context of reduced spend.

Members reported that there is robust discussion around KPIs which are RAG rated Red or Amber but not much challenge on those rated Green. The Council has identified specific actions to address those areas of poor performance. It is important however that Green KPIs are also reviewed especially if they are relatively high-cost areas such as Highways and Transport (see also benchmarking on page 33). These may present opportunities for the Council to achieve efficiencies without adversely impacting on the overall RAG status. An improvement recommendation has been made in this respect.

In 2022/23 the local Government Ombudsman received 98 complaints relating to the Council, 29 of which were upheld. This compares to 103 received in 2021/22, 28 of which were upheld. The main areas of upheld complaints relate to Education and Children's Services and in particular Special Educational Need (SEND) services and child protection. The highest compensation paid as a result of the Ombudsman was £9338 for failing to provide Special Guardianship payments owed. SEND is discussed on p31 and children's services opposite.

The Council received 3099 stage 1 complaints in 2022/23 compared to 1988 in 2021/22. The large increase in the number of stage 1 complaints was due to the issues with missed bin collections highlighted above, this led to 1788 complaints. The remaining 1311 complaints received for the other areas of the Council compares to 1129 for 2021/22. This still represents an increase of 477 (42%). Complaints about Revenues and Benefits almost doubled to 302 as a result of the IT issues identified above. 78% of stage 1 complaints were upheld or partially upheld again reflecting the above issues with waste and the IT upgrade.

## Children's Services

Throughout much of the 2021/22 year, there was an inadequate rating in place from the most recent (2018) Ofsted review of children's services at the predecessor County Council. In December 2021 Ofsted performed a full reinspection at the new authority, and the rating has moved from inadequate to 'requires improvement'.

The annual conversation with Ofsted was held in July 2022. Feedback received from Ofsted at the end of the annual conversation was positive and the service's self-assessment was accepted in full.

In November 2022, in line with the inspection of local authority children's services (ILACS) framework, Ofsted conducted a Focused Visit that looked at the Council's services and the support offered to care leavers. Whilst this was not a graded inspection a number of key governance findings were made including:

- High caseloads for practitioners supporting care leavers.
- Care leaver participation at corporate parenting panel are inconsistent.
- Leaders understand service strengths, development areas and the future challenges.
- Care leaver engagement in education and training is a real strength.
- Some care leavers' emotional health needs are not met in a timely way.

Some reported KPIs show improvement in 2022/23. For example at 31 March 2023:

- the percentage of care leavers aged between 19 and 21 who are in education, employment, or training was 71% against a target of 65% and well above the benchmark figure for statistical near neighbour councils (57%).



# Improving economy, efficiency and effectiveness (continued)

## Children's Services (cont'd)

- The percentage of children with Initial Child Protection Conferences (ICPCs) completed within 15 days of the strategy discussion had risen to just under 80% in the first half of 2022/23 however performance dipped in the second half of 2022/23 and was at 67% against a target of 82% by Quarter 4 of 2022/23. Performance had previously dropped as low as 33% in the first quarter of 2021/22.

Other KPIs demonstrate ongoing pressures in the service, which continued to negatively impact performance in 2022/23- For example at 31 March 2023:

- The percentage of children who became the subject of a Child Protection Plan for a second or subsequent time within two years was 15% against a target of 10%.
- The percentage of children in need seen within 4 weeks was 82% against a target of 90%.

For all such KPIs a number of specific improvement actions have been identified by the Council however the Q2 2023/24 performance report does not show improvement to these measures-

Children's Services had a total of 214 non statutory complaints during 2022/23 which is a slight decrease from 2021/22 (229). In addition there were 26 Statutory complaints which is also a reduction from 46 received in 2020/21. There is no obvious trend accounting for these reductions. Child Protection was an area of complaint to the Local Government Ombudsman which is consistent with the KPI performance for ICPCs outlined above. Demand and case complexity pressures continue to adversely impact the budget in this area leading to an overspend of £4.9m on children's services in 2022/23.

To tackle recruitment and retention issues the Council has built a Social Work academy as part of a workforce strategy with an emphasis of developing internal staff to bring in new entrants to social work through a 'grow your own approach'. This has a **60%** retention rate and has enabled the Council to recruit internally as well as locally and reduce agency spend. The Council also has a 'Return to Social Work' drive to bring back more experienced practitioners and maintain a balance between new social workers and those with experience. The Council is also looking to upskill staff in other areas where non-clinical staff can be cross-trained, for example by utilising Teaching Assistants in Schools. School budgets however are also under strain. A number of the Council's KPIs cite recruitment difficulties as contributing to performance levels. This is particularly so in children's services and Adult Social Care as indicated above.

There are currently no KPIs monitoring recruitment and retention in these key areas and the current KPI regarding overall voluntary turnover rates for the Council is rated Green and does not reflect the issues experienced in these key service delivery areas. We have therefore made an improvement recommendation in this respect.

In September 2022 Her Majesty's Inspector of Prisons (HMIP) conducted an inspection of Youth Offending services which were rated good with some outstanding elements.

The Council has invested resources in developing the Opportunity Bucks programme a -local equivalent of government's levelling up fund, with the focus on the 10 most deprived wards where Childrens Social Care is a key focus particularly in the context of the broader cost of living crisis.

Overall we believe the Council is responding appropriately to the Ofsted review and is moving in the right direction albeit there are still improvements to be made as evidenced by the most recent Ofsted feedback, mixed KPI performance and demand pressures impacting the budget.

## Children's Services – Special Educational Needs and Disabilities Service

As reported last year as a result of a Special Educational Needs and Disabilities (SEND) inspection undertaken by Ofsted and the Care Quality Commission (CQC), the local area was required to submit a Written Statement of Action (WSOA) to address significant areas of weakness. These relate to the provision of specific health services for children and young people with SEND.

The local authority and the area's Clinical Commissioning Group (CCG) were jointly responsible for submitting the written statement to Ofsted. The WSOA was approved in August 2022. An Independent Improvement Board has been established to monitor progress with the WSOA. The Board has representatives from across the Council and Health Services. A WSOA working group has been established which reports to the Board. The local NHS Integrated Care Board (ICB) has injected £4.6m of additional funds since April 2023 to help improve early interventions as well as to address their own waiting list. The Council envisages a 'step change' as a result of the partnership working with the ICB. The governance arrangements will be reviewed including the role of the WSOA Improvement Board. The Department for Education is satisfied with progress and no longer funding the independent chair of the WSOA Improvement Board.

# Improving economy, efficiency and effectiveness (continued)

## Children's Services – Special Educational Needs and Disabilities Service (cont'd)

Regular monitoring meetings between the Council and Ofsted take place and the next meeting is scheduled for December 2023. Ofsted have indicated to the Council that they are pleased with progress to date. As part of the 'Better Buckinghamshire' transformation plan the strategic design of the Children's Service is being reviewed.

Currently national demand outstrips supply. The Council was unsuccessful in a bid for a new free school. The Council agreed a SEND sufficiency Strategy for 2022-2027. There is a risk that demand will continue to grow putting further strain on budgets. Managing demand is therefore key. Effectively managing the number and timing of Education Care and Health Plans (ECHPs) is a key factor here. The number of ECHPs maintained by the Council increased by 10% (for the second year in a row) to 6034. The Council has joined Tranche 3 of a new national programme 'Delivering Better Value in SEND'. The discovery phase has been completed and an action plan will be submitted to the Department for Education. If the action plan is approved the Council could receive £1m additional funding to help with delivery. The focus of the plan is on strengthening early intervention to reduce demand. There are two relevant KPIs for ECHPs, one measures the percentage of ECHPs issued within 20 weeks and the second measures ECHP annual reviews.

The Council reports it is doing well on the first measure with performance above target in the final quarter of 2022/23. The Council is performing less well in the second measure with only 58% of children and young persons with an ECHP receiving a review in the last 12 months against a target of 75% and performance in 2021/22 of 73%. The Council is looking to address this through the recruitment of a number of posts to boost capacity to undertake more reviews.

As noted previously the current SEND DSG deficit is c£4m. While this is low in comparison to many other councils it is important that the cost of this service is effectively managed while also responding to the WSOA.

Overall we believe the Council is responding appropriately to the Ofsted/CQC review albeit there are still some improvements required as evidenced by KPI performance and demand pressures impacting the budget. Further improvement is dependent upon the Council maintaining good partnership working with healthcare partners.

## Adult Services

Key issues impacting service delivery and costs in 2022/23 include: recruitment and retention of staff and increased demand for service.

Demand is being driven up due to demographic change from increased complexity of need in regard to younger adults coming into Adult Social Care.

The Council reports that The number of people contacting adult social care for support has increased by 65% since 2020/21.

The Health and Social Care reforms and in particular patient discharge from hospital into the community has been a major challenge for the service. The Integrated Care Board (ICB) in Buckinghamshire is less mature than in some other areas. The new Transfer of Care Hub is reported to be working well but is in its infancy. The Council is currently leading a review of the reablement and home independence teams within the Council and has recently introduced processes to measure and monitor the cost effectiveness and cost avoidance resulting from that work. The review is also looking at best practice in other regions in order increase productivity and enable the work to be scaled up in Buckinghamshire through a 'smarter together' model. The review is due to report at the end of 2023 with improvement work to follow in 2024/25. A KPI currently measures % people that live independently after receiving reablement. Reported performance in this area dipped slightly in 2022/23 to 72% against a target of 74% and 2021/22 performance of 78%. Following the introduction of the above changes performance in this has improved in 2023/24 with performance in Q2 2023/24 reported at 84.1% against an increased target of 78%.

Adult services is currently reported to be on track to deliver **£7.2m savings** against the planned £5.3m savings in 2023/24. A corporate KPI measures the percentage of service users due an annual review who receive that review. Performance in this area improved from 55% in 2021/22 to 79.2% in 2022/23. This is significant improvement and performance is favourable alongside comparators in the South East. There is still a little way to go to meet the Council's target of 90%. This is a cumulative target but reported performance at Q2 2023/24 shows the Council is on track to achieve its target.

A tighter budgetary control process has also been introduced by decreasing the threshold for approval of services thus increasing oversight by Directors. By looking critically at decisions such as admissions to care homes this will hopefully have a positive impact on demand in this area albeit with a negative impact on demand for community services. This should not only have a positive impact on budgets but will also impact performance. A corporate KPI measures the Number of older people (65+) admitted to permanent residential or nursing care homes per 100,000 population. For 2022/23 this was reported as 516 against a target of 489 and compared to 523 in 2021/22. Performance at Q2 2023/24 shows the Council is ahead of target 218 against a Q2 target of 262 and a comparative figure of 275 at the same point in time in 2022/23 (this is a cumulative measure throughout the year).

# Improving economy, efficiency and effectiveness (continued)

## Adult Services (cont'd)

The Council has reported significant improvements in the timeliness of triaging safeguarding concerns in adults, despite increasing demand. Performance is reported to have increased to 88% in March 2023, up from 43% in April 2022. This is not currently a corporate KPI.

Demand in 2022/23 was impacted by the continued impact from Covid-19. Increased demand and costs of care meant that the Council overspent in this area by £2.4m in 2022/23. Demand has continued to grow in 2023/24 and there is already a forecast overspend of £3.4m at the end of Q2 2023/24. It should be noted however that the Council's partnership work with healthcare partners mentioned previously will not begin to deliver benefits until 2024/25. The Council has put in place an action plan to try to bring actual expenditure back in to line with the budget.

Directors now have access to a live dashboard of performance measures. Overall performance as at Q2 2023/24 shows a slight decline in five out of the 11 indicators when compared to 2022/23. The three KPIs discussed above are the only KPIs to show any improvement.

Recruitment and retention is an issue particularly in the South of the county where the proximity to London is one factor. This increases competition for candidates with neighbouring London Boroughs paying 'golden hellos' to attract staff. Higher cost of living particularly house prices and rent in the South is also a factor. A Social Care Workforce Board was fully established in September 2023.

The Council also agreed a workforce strategy with an emphasis of developing internal staff to bring in new entrants to social work through a 'grow your own approach', as well as a 'Return to Social Work' drive to bring back more experienced practitioners. There are currently no KPIs monitoring recruitment and retention and we have therefore made an improvement recommendation in this respect.

The Adult Social Care (ASC) statutory complaints process is a one stage process that encourages local resolution to resolve issues within 48 hours. 73 ASC statutory complaints were received in 2022/23 compared to 49 in 2021/22. This was in part due to an increased volume of complaints which relate to funding decisions (e.g. previous self-funding care home residents who wish to remain in a more expensive placement).

Overall performance in this area has improved however growing demand and cost pressures mean that the Council is overspending in this area compared to budget. The Council has identified a number of improvements and actions but it is too early to say if those changes are going to have any effect. We will continue to monitor this area.

## Benchmarking

Benchmarking information is included within the Cabinet performance report as well as the Annual Report. KPIs are benchmarked against national and regional datasets where appropriate. Those reports show that the Council is performing relatively well in the following areas: percentage of waste collected for recycling (48% against an average 44%); Key stage 4 average attainment in education (57.4 v 51.7); new Education, Health and Care Plans (EHCPs) issued within 20 weeks (82.2% v 59.9%); % of 19-21 year olds who have left care that are in education, employment or training (71% v 57%); % of births that receive a face-to face New Birth Visit within 14 days (83% v 73.8%); of service users due an annual review that receive their review (79.2% v 52%); people that live independently after receiving reablement (72% v 78%) but is performing less well comparatively in the following areas; housing benefit processing (37 days against average 20 days); percentage of children who have been referred to Children's Social Care in each quarter, that had a previous referral in the last 12 months (good to be low)(37% against average 20%); percentage of Initial Child Protection Conferences (ICPCs) held within 15 working days of a child's Strategy Discussion (67% against average 82%); percentage of children's social care assessments completed within 45 working days (77% v 87%); people that live independently after receiving reablement (72% v 78%) .

We carried out our own financial benchmarking against statistically similar councils. This identified relatively high spend per head of relevant population in Education Services which shows high or very high comparative expenditure across all parts of the service. As mentioned previously the Council is participating in the national 'Delivering better value in SEND' programme and benchmarking of costs will be undertaken as part of that programme. Highways and Transport Services is also very high comparative to statistically near neighbours. This expenditure is being driven by the fact that the Council is investing in road maintenance and is also impacted by the HS2 public infrastructure work requiring time and expense to co-ordinate responses to government plans.

Areas of relative low expenditure include children's service social care and youth justice, and adult social care activities. The Council's performance in these areas is discussed on pages 30-34. The Council will need to monitor its spend in low cost areas to ensure that it remains sustainable and that service performance is appropriate. An improvement recommendation has been made in this respect.

According to the CIPFA Financial Resilience Index (an indicator of financial stress) the Council performs well indicating a low level of overall risk in this area.

# Improving economy, efficiency and effectiveness (continued)

## Partnership working

### Integrated Health and Care

A new Integrated Care Board (ICB) and Buckinghamshire Integrated Care Partnership (ICP) were formed in July 2022. The Council established a Health and Adult Social Care Select Committee to consider how Primary Care Networks (PCNs) are being developed across Buckinghamshire. Its report to Cabinet in November 2022 made 17 recommendations aimed at improving the way PCNs work. All of these recommendations were accepted either in whole or part by the Integrated Care Board and the Council's cabinet. Three of these recommendations related to partnership working: the need to develop a formalised approach/framework, the reintroduction of multi-agency group meetings, and the need for Community Board managers to ensure they work together with Patient Participation Groups (PPGs) to support the 'Opportunity Bucks' theme around Health and Wellbeing. Another recommendation was for an annual PCN performance report to be made to the Health and Adult Social Care Select Committee. A Buckinghamshire Executive Partnership was established in May 2023 with three key areas of focus: SEND; joining up care and addressing health inequalities. A joint Health and Wellbeing Strategy was approved for 2022-25. A strategy action plan set out 30 performance measures across 8 priority themes which will be reported to the Health and Wellbeing Board (HWB). HWB is formed of Council members as well as representatives from various health sector partners including the ICB and ICP. The Board is one of four strategic partnership boards formed by the Council. It is hoped the new arrangements will deliver financial and performance benefits across the health sector. It is too early to tell whether this will be successful but the above arrangements should enable the Council to assess and report the benefits going forward. We will continue to monitor progress with these recommendations in future VFM work.

### Community Boards

The Council has 16 Community Boards. Each of these Boards has a Chair and an additional member from the Council. In 2022/23 there were over 400 funded Community Board projects costing £1.7m. This move away from grant giving to project funding is one of a number of changes to how the Boards operate. These changes were made following a review of the Boards undertaken in 2021/22.

The 2022/23 Community Boards annual report presented to Full Council in May 2023 outlined the achievements of the 16 Boards which were improvements made at a local level. These included various environmental projects including improving biodiversity; creation of a school sensory and prayer garden; and fitting of solar panels at a scout hut. Other projects contributed to the Council's aim of supporting economic recovery including a jobs and apprenticeships fair; creation of an artisan food and drinks market and supporting individuals to start their own businesses. Other projects included Speech and language sessions for non-verbal children; delivery of a virtual dementia tour experience; Christmas food hampers and Christmas gifts for local communities. The report also highlights the non-tangible benefits such as substantial community engagement work. The Boards have been successful in attracting additional funding for their projects with Boards attracting at least £1 of external contributory funding for each £1 of Council spend.

A review of the governance arrangements was undertaken by the Council in 2022/23 and as a result the reporting and financial management arrangements for the Boards was improved. New Community Board KPIs have not been included in the main KPI reporting to Cabinet for 2022/23. Strategies delivered by these Boards set out a number of priorities, actions and desired outcomes. The financial implications (positive/negative) on the MTFP is not monitored or reported.

The costs of not undertaking specific actions is not assessed. Whilst it is clear that the Boards have focused on priorities set at a local level and that much has been delivered and those projects linked to the Council's corporate plan, it is less clear how funding priorities are determined compared to other areas of Council spend. It is difficult to see how the Council therefore assesses value for money from these partnerships and strategies. An improvement recommendation has been made in this respect.

An internal audit of Community Boards has recently been undertaken and provided reasonable assurance.





# Improving economy, efficiency and effectiveness (continued)

## Procurement and Commissioning

As reported last year a Supplier Management Group was established to bring consistency of approach following the establishment of the unitary council April 2020 and variability of contract management approaches across the previous legacy councils. A Strategic Procurement Team was also set up to support and guide service directors who retain ultimate responsibility for management of contracts.

Procurement rules form part of the standing financial instructions contained within the Constitution. The general procurement rules require all contracts over £25k to be subject to competition. Waivers are permitted in certain circumstances. These waivers must be authorised by the s.151 officer, Chief Monitoring Officer, relevant Corporate Director and relevant Cabinet Portfolio holder. Any such contract waivers or breaches are regularly reported to Audit and Governance Committee and managers involved in breaches can be invited to the Committee.

We note that in 2022/23 there were 55 waivers reported with a total value of approx. £20m. This is a 30% decrease by volume when compared to the 78 reported in 2021/22. This reflects the more proactive approach by the strategic procurement team to work with service directors and identify a pipeline of contracts coming up for renewal. However, we continue to consider that the value of contracts subject to a waiver remains too high. A quarterly update report of all contracts over £50k due to expire within the next 18 months is sent to Contract Managers, which the strategic procurement team pro-actively follow up to ensure appropriate action is being taken.

The portfolio with the greatest number of waivers was Planning, Growth and Sustainability which accounted for 24 (44%) of all waivers. The portfolio with the greatest value of waivers was Communities which accounted for £9m (45%) of the total value of waivers reported.

Two of the waivers worth a total of £2.4m related to Integrated Commissioning with the Local Health Service for both Adult and Children's services. In both cases short-term (3 month) contracts were put in place until the full procurement exercise could be completed.

The Council should review how it works with the Health service on commissioning to ensure delays in the procurement process and need for waivers is reduced. An improvement recommendation has been made in this respect. In general, it should seek to reduce the level of waivers.

The strategic procurement team has also provided training on several areas including: Understanding Procurement; ProContract e-Sourcing Tender portal; Contract Management Development; Contract Management Application (CMA); Modern Slavery in the Supply Chain training, and Conflicts of Interest. We note that no specific training on Bribery and Corruption. The Council may wish to consider whether additional training for high-risk areas is appropriate. An improvement recommendation has been made in this respect.

Spend on Procurement Cards in 2022/23 exceeded £2.5m per annum which is similar to 2020/21. Procurement cards are a useful tool for officers to ensure that goods and services can be provided in a timely manner. However, this flexibility does need to be balanced against value for money and where possible officers should purchase goods and services using contracts where approved suppliers exist. Our analysis of spend for 2022/23 showed that the Council spent over £400k with a single supplier of white goods for its Helping Hands and Ukrainian refugee support. It should be noted that the total value of goods purchased through this vendor is above the legal procurement threshold above which a contract would need to have a full tender process or compliant framework agreement.



# Improving economy, efficiency and effectiveness (continued)

## Procurement (cont'd)

The strategic procurement team is now looking to put a contract in place for this vendor.

Our analysis also showed: over £160k spent through a retailer, over £150k spent through an online marketplace and over £100k on a local hotel chain. Much of the spend identified is in response to emergency requirements to house the homeless and refugees. The Council recognises that moving to a formal contractual basis provides better stewardship. An improvement recommendation has been made in this respect.

Under the Council's Supplier Management Policy contracts with suppliers where there is an ongoing relationship and who have an aggregated value of £5k or more must be entered on the Council's Contract Management Application (CMA). All contracts held on CMA are segmented according to the annual spend and criticality, looking at risk and supply threats of the product or service supplied. In addition to the above examples there are other examples where expenditure on procurement cards with a single supplier exceed this threshold but are not captured in the CMA. Examples include £13.5k with a taxi firm; £14.3k through a wholesale catering provider and £14.5k with a Government Communications Service.

The Council should consider whether any of the single suppliers where expenditure on procurement cards exceeds £5k should have contracts in place and managed in the CMA. An improvement recommendation has been made in this respect.

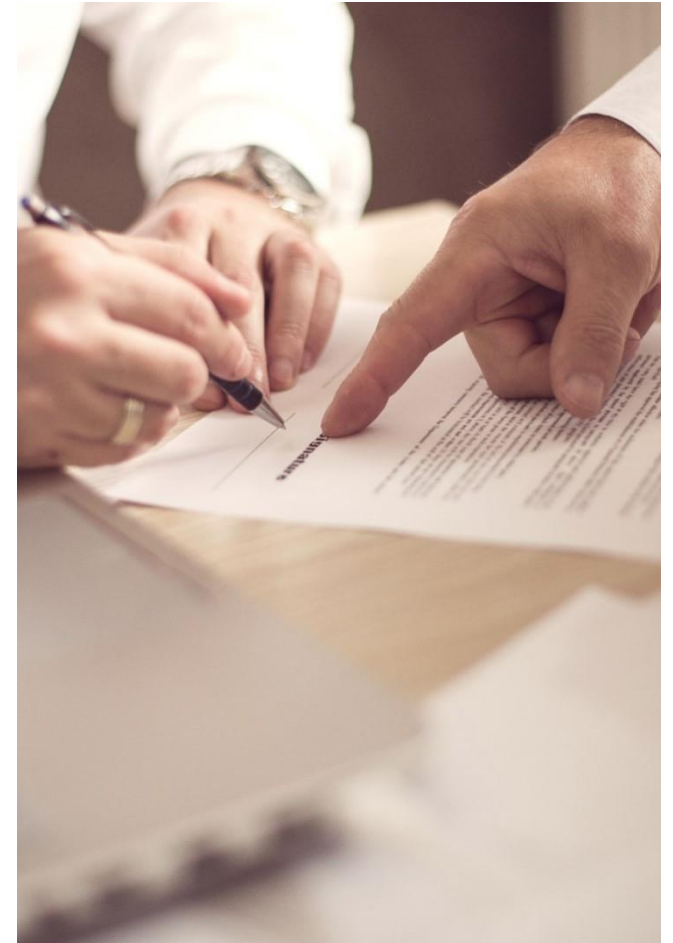
An internal audit of procurement and contract management has recently been undertaken and although a formal assurance rating has not yet been agreed, the HoIA advised that there were no major concerns raised in the audit.

Overall, based on the information we have reviewed, we can consider that the Council's procurement arrangements are reasonable but note that continued action is needed to bring Procurement Card spend under control and improve integrated Commissioning. We will monitor the progress the Council is making in this area.


## Conclusion

In conclusion we have not identified any significant weaknesses in arrangements to ensure the Council improves economy, efficiency and effectiveness.

We have made five improvement recommendations set out on pages 39-41.



# Improvement recommendations

<b>Improvement Recommendation 11</b>	<p>The Council should:</p> <ul style="list-style-type: none"> <li>a) consider how it can better map strategic priorities and strategic risks to KPIs</li> <li>b) KPIs for 2023/24 onwards align to Oflog reporting requirements</li> <li>c) agree a process by which the strategic risk register is updated to reflect actions and issues arising from the monitoring of performance; and</li> <li>d) Ensure that KPIs RAG rated green are reviewed for possible efficiency gains and in particular those areas of comparatively high cost.</li> <li>e) Ensure that KPIs rated red are also reviewed for comparative low cost expenditure and take appropriate action</li> <li>f) Review how it reports recruitment and retention performance in key service areas such as Adult Services and Children and Education Services</li> <li>g) Include key success measures for the community boards within the KPIs</li> </ul>
<b>Improvement opportunity identified</b>	<p>To ensure there is effective feedback from performance into the management of risks, benchmarking and efficiency programs</p>
<b>Summary findings</b>	<p>KPIs are not currently mapped to strategic priorities or strategic risks. KPI performance does not feedback into the assessment of risk and analysis of KPIs currently focuses on those RAG rated as red or amber . There are currently no KPIs monitoring recruitment and retention in key areas such as Adult Services and Children and Education Services and the current KPI regarding overall voluntary turnover rates for the Council does not reflect the issues experienced in these key service delivery areas. When reviewing its KPIs for 2023/24 the Council should consider alignment to the new reporting to be made to Oflog</p>
<b>Criteria impacted</b>	<p> Improving economy, efficiency and effectiveness</p>
<b>Auditor judgement</b>	<p>Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.</p>
<b>Management comments</b>	<p>For improvement recommendation a) this action has now been completed and the corporate performance framework was refreshed and agreed by CMT in November 2023.          For improvements recommendations d) &amp; e) g) Work in progress to review current processes and make improvements where required.          For improvement recommendation c) We will review the current processes to create better links between risk and performance indicators.</p>

Progressing the actions management has identified to address the recommendations made will support the Council in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.




# Improvement recommendations

## Improvement Recommendation 12

The Council should review how it measures and monitors the success and value for money achieved from partnership working initiatives and map these to the Corporate Plan and MTFP.

**Improvement opportunity identified** To ensure the Council is achieving value for money from these arrangements

**Summary findings** It is not always clear however what specific monitoring measures are in place to determine the success of such partnerships

**Criteria impacted**  Improving economy, efficiency and effectiveness

**Auditor judgement** Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.


**Management comments** We are currently reviewing our approach to the development of the Corporate Plan and our KPI's. This review will include looking at how we identify the priorities and value from our Strategic Partnerships and how we measure this. This work will consider establishing a strategic framework for our partnerships and an annual report to highlight successes and value.

## Improvement Recommendation 13

The Council should review how it works with the local Health service on integrated commissioning to reduce the need for contract waivers.

**Improvement opportunity identified** To ensure the Council is achieving value for money from these arrangements

**Summary findings** Two of the waivers worth a total of £2.4m related to Integrated Commissioning with the Local Health Service for both Adult and Children's services.



**Criteria impacted**  Improving economy, efficiency and effectiveness

**Auditor judgement** Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.

**Management comments** The procurement team has already implemented a monthly report through Procurement on a Page (POAP) that lays out the future 24 month pipeline of contracts as well as highlighting existing procurement activity. We have also established a business partner type arrangement with Adults and Health that embeds the procurement team in future planning and developing procurement strategies going forward. This highlights those contracts finishing well ahead of their contract end date so proper procurement planning can occur, including with our health colleagues, reducing the need for waivers.

Progressing the actions management has identified to address the recommendations made will support the Council in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

# Improvement recommendations

<b>Improvement Recommendation 14</b>	The Council should review whether it wishes to provide bribery and corruption training provided to high-risk areas of the business.
<b>Improvement opportunity identified</b>	To ensure the Council meets legal requirements and value for money
<b>Summary findings</b>	There is no specific training on Bribery and Corruption for high-risk areas from a procurement perspective
<b>Criteria impacted</b>	 Improving economy, efficiency and effectiveness
<b>Auditor judgement</b>	Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.
<b>Management comments</b>	The Anti-Fraud and Corruption Awareness Training does cover high-risk procurement areas, however we will ensure that this is on a more regular basis and delivery of the training programme will be monitored by the Audit and Governance Committee.
<b>Improvement Recommendation 15</b>	The Council should consider whether expenditure to individual vendors using purchase cards has breached the Public Contracts Regulations 2015 its own Contract Procedure Rules and/or its Procurement policy and effectively monitor procurement card spend going forward to prevent future breaches occurring.
<b>Improvement opportunity identified</b>	To ensure the Council meets legal requirements and value for money
<b>Summary findings</b>	The Council spent over £400k with a single supplier of white goods. This is above the legal procurement threshold above which a contract would need to have a full tender process or compliant framework agreement. The Council spent more than £25k through individual online retailers and a local hotel chain. This expenditure could be in breach the Council's own procurement procedure rules.
<b>Criteria impacted</b>	 Improving economy, efficiency and effectiveness
<b>Auditor judgement</b>	Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.
<b>Management comments</b>	We have established a monthly report to all directorates on their spend on purchase cards, including highest spend areas, and any remedial action is taken as necessary. As part of the AURA improvement programme and the Council's spend control measures, a review of P Cards in circulation has been undertaken with many cards removed from use. Corporate spend trends on P cards have been undertaken with the largest spend categories looking to be moved onto a contract basis driving better value for money. For instance the contract for white goods expenditure is due to go to open tender during January 2024

Progressing the actions management has identified to address the recommendations made will support the Council in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

# Follow-up of previous recommendations

Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
1 The Council should provide an update report against the specific unitary savings target of £18m identified as potential savings arising from the new unitary authority.	Improvement	April 2023	Now included in the quarterly budget monitoring and outturn as a separate item.	Yes	No
2 The Annual Governance Statement (AGS) should be reviewed, updated and published in a timely manner	Improvement	April 2023	2022/23 AGS drafted September 2023	Yes	No
3 The Council should consider strengthening the resourcing of Internal Audit Service	Improvement	April 2023	The structure was reviewed in 2022. There is provision for IA to utilise external support	Yes	No
4 Internal audit should consider whether work on associated companies should be included within the annual audit plan.	Improvement	April 2023	Annual report on the governance of companies added to the Audit and Governance Committee forward plan – consistent with the Committee’s existing terms of reference to review the Council’s governance generally	Yes	No
5 The issues identified in the internal audit of Childrens SEND Payments Process Assurance should be carefully monitored	Improvement	April 2023	All recommendations actioned	Yes	No
1 The Council should ensure that:  Appropriate arrangements are in place to ensure that its 2020/21 financial statements audit is completed by December 2023 Quality control checks are put in place with regard to the 2021/22 financial statements to ensure that they are free from material error and are supported by appropriate ledger listings and working papers.	Key	April 2023	The Council is on track to have the 2020/21 accounts signed in January 2024.	Yes	No

# Opinion on financial statements

## Status of 2020/21 financial statement audit.

Buckinghamshire Council was formed from 5 Council's on 1 April 2020. 2020/21 is the first set of unitary council financial statements for Buckinghamshire Council. The Council had planned to provide draft accounts at the end of July 2021, in advance of the national deadline of 31 August 2021. However draft accounts were not provided until 5 October 2021. The draft financial statements provided for audit were not complete, with significant elements missing – including the Statement of Cash Flows, group accounts, the expenditure and funding analysis, and grants disclosure. The Balance Sheet was also missing brought forward balances in respect of the Council's plant, property and equipment.

Our technical review of the draft accounts identified many areas of the financial statements and notes requiring investigation and/or rectification by Finance. The audit team worked with Finance to identify areas of the audit that could be progressed, such as review of the fixed asset register and IAS 19 testing, whilst the draft accounts were being updated but the trial balance was not available until early October 2021, which held up much of our substantive testing. Since October 2021 there have been many iterations of the draft accounts, with the most recent version provided to audit in October 2023, version 18.

In our 2021/22 Auditors Annual Report we raised a key recommendation with regard to the financial statements. In response, we note that the council and officers put in place a clear plan to resolve the delay and are working effectively with us. The 2020/21 financial statements are due to be finalised in January 2024.

We have not commenced our 2021/22 or 2022/23 financial statements audit. Our work has been delayed due to the ongoing audit of the 2020/21 financial statements audit. We will commence the 2021/22 audit on completion of the 2020/21 audit, and the 2022/23 once the 2021/22 audit is completed.

Due to the progress made by the Council we have not raised any further key recommendations but have maintained the significant weakness and key recommendation from the prior year.

## Conclusion

Due to the matters outlined above with regard to the Council's 2020/21 financial statements audit we have concluded that the Council does not have appropriate arrangements in place for the preparation of its financial statements.



# Key recommendation (carried forward from prior year)

## Financial Statements

<b>Key Recommendation 1</b>	<p>The Council should ensure that:</p> <p>Appropriate arrangements are in place to ensure that its 2020/21 financial statements audit is completed by December 2023</p> <p>Quality control checks are put in place with regard to the 2021/22 financial statements to ensure that they are free from material error and are supported by appropriate ledger listings and working papers.</p>
<b>Why/impact</b>	<p>The 2020/21 financial statements presented for audit contained material errors and were not of an appropriate quality. This has significantly delayed the completion of the audit. As such the Council does not have independent assurance over its financial position for 2020/21 and 2021/22.</p>
<b>Auditor judgement</b>	<p>The Council does not have appropriate arrangements in place for the preparation of its financial statements.</p>
<b>Summary findings</b>	<p>The 2020/21 financial statements presented for audit contained material errors. This has resulted in delays in the audit and the need to significantly restate the 2020/21 financial statements. Due to the delays in 2020/21 process the Council has been unable to complete the preparation of its 2021/22 financial statements.</p> <p>[Update – the Council have made strong progress in 2023 and are on course for completion of the 2020/21 audit in January 2024]</p>
<b>Management comment</b>	<p>The service review of the Financial Reporting was completed in March 2023. We have appointed to the Chief Accountant role and most of the vacancies within the team. The team is working on addressing the audit queries for 2020/21 and preparation of draft statement of accounts for 2021/22. Quality Controls for working papers and the consolidation processes are now implemented which would lead to production of Statement of Accounts without material errors. 2020/21 was the first year of Unitary Council and It is anticipated that there would be a more 'normal' approach with future Statements of Accounts work. There is a budget growth bid for c£250k going through the budget process to support further investment in the resources required to maintain the improvement journey and deliver a sustainable approach to prompt and accurate submission and auditing of accounts</p>



The range of recommendations that external auditors can make is explained in Appendix B.

# Pension fund

## Pension fund

Overall responsibility for administration and governance of the Buckinghamshire Pension Fund lies with Buckinghamshire Council as the administering authority.

In order to discharge these responsibilities the Council has established:

- a Local Pension Committee which is responsible for management of the fund. Membership of this Committee is made up of members of the Council and of admitted bodies within Buckinghamshire, and also includes a number of non-voting staff representatives. The Committee met quarterly throughout 2021/22 and held an annual meeting in order to discharge its responsibilities to oversee investment management strategy and governance.
- a Local Pension Board under Regulation 106 of the Local Government Pension Scheme Regulations 2013 (as amended) which operates independently of the Local Pension Committee, and whose role is to assist the County Council as the Administering Authority and Scheme Manager in ensuring the effective and efficient governance and administration of the Local Government Pension Scheme. The Board met quarterly throughout 2021/22 and publishes the Pension Fund Annual Report.

The Pension Fund publishes an annual Governance Compliance Statement which is included in the Pension Fund Annual Report and sets out how the fund has complied with its governance and investment management responsibilities.

Our audit of the 2022/23 Pension fund financial statements has been completed. No material errors have been identified from our audit work.

## Conclusion

From the work undertaken, we have not identified any significant weaknesses in the governance arrangements for the Pension Fund.



# Appendices



# Appendix A: Responsibilities of the Council

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

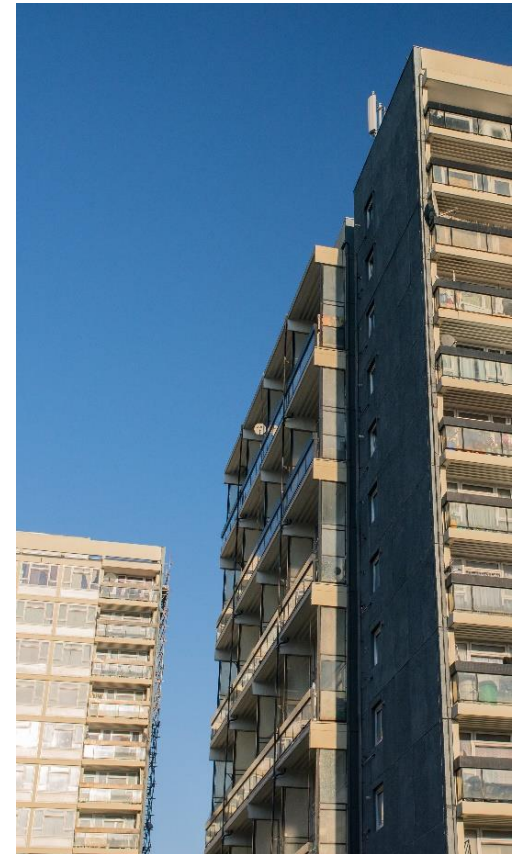
Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Chief Financial Officer (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer (or equivalent) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer (or equivalent) is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer (or equivalent) is responsible for assessing the Council's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Council will no longer be provided.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



# Appendix B:

## An explanatory note on recommendations

A range of different recommendations can be raised by the Council's auditors as follows:

Type of recommendation	Background	Raised within this report	Page reference(s)
Statutory	Written recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.	No	n/a
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of the Council's arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Council. We have defined these recommendations as 'key recommendations'.	No	n/a
Improvement	These recommendations, if implemented, should improve the arrangements in place at the Council, but are not a result of identifying significant weaknesses in the Council's arrangements.	Yes	Pages 20-24 Pages 29-30 Pages 39-41



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## Audit and Governance Committee

<b>Date:</b>	6 March 2024
<b>Reference number:</b>	N/A
<b>Title:</b>	Annual Governance Statement 2022/23 – Action Plan Update
<b>Cabinet Member(s):</b>	N/A
<b>Contact officer:</b>	Nick Graham, Director of Legal & Democratic Services  Glenn Watson, Principal Governance Officer
<b>Ward(s) affected:</b>	N/A
<b>Recommendations:</b>	<b>To note this periodic update on the Annual Governance Statement Action Plan for 2022/23.</b>
<b>Reason for decision:</b>	To review the progress in implementing the actions agreed for inclusion in the Annual Governance Statement 2022/23.

### 1. Executive summary

- 1.1 At its meeting on 27 September 2023, the Committee approved the Annual Governance Statement 2022/23 ('the AGS'). The AGS included an action plan on certain strands of governance activity. This report updates the Committee on the implementation of these actions. A round-up of all actions will then feature in the Annual Governance Statement 2023/24, in accordance with best practice.
- 1.2 In short, most actions have either been implemented or are on course for completion in accordance with the timeframes envisaged in the AGS. **Annex 1** indicates the progress to date.

## 2. Action plan – progress to date

2.1 Some actions have been fully completed such as:

- a) the adoption and publication of a **Local Code of Governance**
- b) regular updating of the Committee on performance in achieving sign-off for the **Statements of Accounts**
- c) **Shareholder Committee** governance actions, with this Committee also scheduled to receive an annual report on company governance arrangements (elsewhere on this agenda)
- d) governance arrangements in place for dealing with **Community Governance Reviews**
- e) proposal that the **governance implications** arising from the **electoral review** be formally reviewed ahead of the May 2025 elections: a joint Constitution Task and Finish Group (of this Committee and the Standards & General Purposes Committee) has been formed to consider the implications for the Constitution
- f) the creation of a members' intranet page listing all **member working groups**, their purpose, duration and membership

2.2 Other actions are progressing as indicated in the Annex.

## 3. Other options considered

3.1 It is a legal requirement to produce an AGS. Having published an AGS for 2022/23, it is best practice for the Committee to review the progress on itemized actions. No other options would meet this action.

## 4. Legal and financial implications

4.1 The Council is required to produce an Annual Governance Statement under the Audit and Accounts Regulations 2015. The Committee's monitoring of actions under the AGS is an expression of good practice and is also helpful in preparation for the Annual Governance Statement 2023/24. There are no financial implications arising from the recommendation in this report.

## 5. Corporate implications

5.1 The AGS reflects the effectiveness of the Council's governance during 2022/23. The implementation of the actions planned for 2023/24 are being co-ordinated by the Council's senior governance officers and the Corporate Management Team.

**6. Local councillors & community boards consultation & views**

6.1 N/A

**7. Communication, engagement & further consultation**

7.1 None.

**8. Next steps and review**

8.1 In accordance with best practice, a final position on all these actions will be included in the Annual Governance Statement for 2023/24, the process for which begins in the coming weeks.

**9. Background papers**

9.1 CIPFA's 'Delivering Good Governance in Local Government: Framework' (2016 Edition).



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## Annual Governance Statement 2022/23 – Action Plan UPDATE

Action	Timescale	Lead	Progress update	Date completed
<p>Children' s Services – arrangements for care leavers:</p> <p>1) follow through on the improvements suggested by Ofsted Inspectors</p> <p>2) follow a cycle of improvement, reviewing and testing our practice and oversight to ensure that the Service is making progress and creating actions to address our priority areas</p> <p>3) the Improvement Board, under the Independent Chairmanship of John Coughlan, CBE, to continue its remit to challenge the pace and quality of progress, in terms of both actions and their impact</p>	<p>1) September 2023</p> <p>2) Monthly</p> <p>3) Quarterly</p>	<p>Corporate Director of Children's Services</p>	<p>a) In Buckinghamshire, the annual conversations were held on 30 June 2023 and 23 October 2023.</p> <p>b) In 2023, 236 case files audits were completed of which 70% were judged to be good or better. This compares favourably to 2021 (point of last judgement inspection) when less than 50% were rated good or better.</p> <p>Joint targeted area inspection (JTAI) in January 2024 re: multi-agency identification of risk and need across the local partnership; primarily around the Multi Agency Safeguarding Hub. Outcome letter expected 14 March; inspectors said, 'service knew itself well' and the self-assessment accepted in full.</p> <p>c) The Improvement Board is no longer in place. Transformational activity to streamline its model of delivery across Early Help and Social Care - service changes to be implemented April 2024.</p>	<p>Ongoing</p>

Action	Timescale	Lead	Progress update	Date completed
<p>Children's Services – actions to implement the 'Written Statement of Actions' (SEND): Embedding the actions/practices agreed with inspectors (in the Written Statement of Actions, WSoA) for children and young people with special educational needs and/or disabilities</p>	<p>1) Monthly reporting to WSoA Group 2) weekly updates to SEND Improvement Board</p>	<p>Corporate Director of Children's Services</p>	<p>1) WSOA submitted and approved by Ofsted and CQC. Progress been made in a number of areas; the following challenges are hindering the pace:</p> <ul style="list-style-type: none"> <li>• Long waits for diagnoses and therapy</li> <li>• Increase in Education, Health and Care Plans and related pressures</li> <li>• Shortage of Educational Psychologists</li> </ul> <p>2) The DfE Delivering Better Value Programme is to support local areas re SEND system. Finalising a bid for £1m for one year to strengthen early intervention. Likely to become workstreams re: new SEND strategy going to Cabinet later in 2024</p>	<p>Ongoing</p>

Action	Timescale	Lead	Progress update	Date completed
<p>Statement of Accounts:</p> <p>1) Achieve manifest progress to achieving duly signed-off Statements of Account for the years:</p> <ul style="list-style-type: none"> <li>• 2020/21</li> <li>• 2021/22</li> </ul> <p>2) Make in-year progress for the preparation of the accounts for 2022/23</p> <p>3) Written reports to each scheduled meeting of the Audit &amp; Governance Committee during 2023/24 to update on progress</p> <p>4) Lessons learned report to be considered by the Audit &amp; Governance Committee at the conclusion of the 2020/21 accounts</p>	<p>1) April 2024</p> <p>2) December 2024</p> <p>3) Ongoing</p> <p>4) Post April 2024</p>	Chief Finance Officer	Update given to 27 Nov 2023 and January 2024 A&G Committees	Ongoing
<p>Business Assurance:</p> <p>1) Developing the new Business Continuity Management (BCM) Framework including the Cyber Resilience Framework</p> <p>2) Refresh the Corporate Business Continuity Plan (BCP)</p>	<p>1) September 2023</p> <p>2) September 2023</p>	Chief Internal Auditor	Both points actioned and the responsibility for BCM has now moved to Vince Grey, Head of Resilience	<b>Completed Nov 2023</b>

Action	Timescale	Lead	Progress update	Date completed
Shareholder Committee: Review the operation of the Council's governance arrangements for the Shareholder Committee, including:- 1) Refreshed training for all members of the Committee and the Council's appointed directors 2) Identify a pool of potential directors – with training 3) Review business plans of each company/joint venture 4) Review the risk management arrangements for the companies 5) Review the effectiveness of the Guidance on Conflicts of Interest 6) Continue to learn from best practice	1) September 2023  2) October 2023  3) Company per meeting 4) June 2024  5) January 2024  6) October 2023	Director - Major Projects, Monitoring Officer	1) Some training held Sept 2023  2) Achieved  3) Buckinghamshire Advantage in Oct 2023  4) On-track  5) Now March 2024  6) Self-Assessment in Oct 2023 and progress to be reviewed at each meeting	1) partially completed  <b>2) Completed Sept 2023</b>  3) Ongoing  4) On track  5) On track  <b>6) Completed Oct 23</b>

Action	Timescale	Lead	Progress update	Date completed
<p>Electoral review - implementation + governance implications:            To assess the governance implications arising from the outcome of the Electoral Review:            Establish a project plan for reviewing the implications/options            Indicative areas to include:            1) Governance: sustainable meeting structure            2) Community Board: scope/shape            3) Cllr Development/Support: needs            4) Communications: change/scope            5) Constitution: likely changes            6) Members Allowances: review plan            7) Scheme of Delegation: additional delegations needed</p>	<p>December 2023 - April 2024</p>	<p>Director of Legal &amp; Democratic Services</p>	<p>Senior Officer Corporate Governance &amp; Assurance Board - included this activity in terms of reference</p> <p>Mechanism in place. Joint Constitution Task and Finish Group appointed by Audit &amp; Governance and Standards &amp; General Purposes Committees- Jan 24</p> <p>Task and Finish Group first meeting on 12 March 2024.</p>	<p><b>Completed</b></p>

Action	Timescale	Lead	Progress update	Date completed
Community Governance Reviews: 1) Proactively agree decision-making routes for assessing and adopting Community Governance Reviews 2) Establish project timeframes for Reviews 3) Publish relevant terms of reference for each Review 4) Undertake effective communication and consultation with affected communities and local councillors	1) July 2023  2) December 2023  3) February 2024  4) February - April 2024	Director of Legal & Democratic Services	<b>1) Completed</b> August 2023  <b>2) Completed</b> January 2024  <b>3)Completed</b> February 2024  4) In hand – Feb-April 2024	<b>1)</b> August 2023  <b>2)</b> January 2024  <b>3)</b> February 2024  4) In hand – Feb-April 2024
Local Code of Governance: 1) Adopt and publish a Local Code of Corporate Governance; and 2) Use the Local Code as an integral springboard for preparing the 2023/24 Annual Governance Statement.	1) July - September 2023  2) Jan - March 2024	Director of Legal & Democratic Services	1) Code adopted Sep and published Oct 2023  2) Planned for March-April 2024	<b>1) Completed</b> Sep/Oct 2023  3) Taking place
Audit & Governance Committee: A) The Committee’s work programme to include scheduled annual reviews of key governance areas, including: 1) Shareholder Committee - governance arrangements 2) Regulation of Investigatory Powers	1) November 2023	Director of Legal & Democratic Services	1) Now March 2024 - following Internal Audit.	<b>A) Completed</b> Annual Reports scheduled in the A&G



Action	Timescale	Lead	Progress update	Date completed
<p>Act (RIPA) usage – the implementation of the Council’s RIPA policy</p> <p>3) Lessons learned from other authorities – implications for governance of best practice reviews.</p> <p>4) Review the inclusion of record-keeping and document retention in relation to Contract Procedure Rules Waivers &amp; Breaches</p> <p>5) Annual Governance Statement reviewed updated and published in timely manner;</p> <p>6) Consider the links between risks and the need for mandatory officer training in certain areas; and</p> <p>7) A review of governance arrangements for achieving an overview of write-offs</p> <p>B) Agree a position on the involvement of an ‘Independent Member’ of the Committee.</p>	<p>2) November 2023</p> <p>3) March 2024</p> <p>4) March 2024</p> <p>5) Once agreed</p> <p>6) March 2024</p> <p>7) March 2024</p> <p>B March 2024</p>		<p>2) A&amp;G Cttee reviewed Nov 2023</p> <p>3) May 2024</p> <p>4) March 2024</p> <p>5) Published October 2023</p> <p>6) March 2024 - not started</p> <p>7) March 2024 - not started</p> <p>March 2024 - Approach to be discussed initially with Chief Internal Auditor and Chairman of Committee</p>	<p>Committee workplan</p> <p>B) In hand</p>

<b>Action</b>	<b>Timescale</b>	<b>Lead</b>	<b>Progress update</b>	<b>Date completed</b>
Major Change projects: Further develop the culture and practice of good governance at the heart of our Major Projects, and the integral role of the Risk Management Group.	March 2024	Service Improvement Board	Under review	By end of April 2024
Community Boards: Finalise a further review of Community Boards arrangements and effectiveness, potentially including spending, under the oversight of the Communities & Localism Select Committee	Communities & Localism Select Committee work programme	Director Partnerships and Communities	The review of Community Boards is in hand and currently being led by the Cabinet Member for Communities. Once recommendations from the review have been developed these will be shared with the Communities and Localism Select Committee.	By end of June 2024

Action	Timescale	Lead	Progress update	Date completed
Support for elected members: 1) Review compliance with service responsibilities to keep local councillors to informed of issues affecting their ward 2) Improvements to achieve sustainable, joined-up communications to councillors on issues affecting the council 3) Review services' responsiveness to councillor queries for information, and assess options for improving the capture and culture of councillor feedback on local issues 4) Review of the scope of mandatory training	1) March 2024  2) March 2024  3) March 2024  4) March 2024	Director of Legal & Democratic Services	March-April 2024 with involvement from Communications Team, Member Development Working Group; and new Director of Legal and Democratic Services	Ongoing

Action	Timescale	Lead	Progress update	Date completed
<p>Transparency of member groups: Increase the transparency for members of groups/bodies set up by the Cabinet, Council and Committees:-</p> <p>1) Publicise and maintain on the Intranet a list of current bodies (e.g. sub-committees, task and finish groups, member-officer working groups, informal cross-party working groups, select committee review groups) to which members are appointed</p> <p>2) Give an indication of their purpose, membership, longevity and their parent body</p>	<p>1) December 2023</p> <p>2) December 2023</p>	<p>Director of Legal &amp; Democratic Services</p>	<p><b>1) and 2) Completed:</b> <a href="#">new member's intranet page</a> created and maintained (updated and amended) by Democratic Services</p>	<p><b>Feb 2024</b></p>
<p>Election planning - General Election: Continue reviewing plans and resources in readiness for any General Election which may take place in 2024.</p>	<p>Monthly</p>	<p>Returning Officer</p>	<p>Returning Officer meetings with Elections Team</p>	<p><b>Ongoing</b></p>



## Report to Audit & Governance Committee

<b>Date:</b>	6 March 2024
<b>Title:</b>	<b>Annual review of company governance</b>
<b>Cabinet Member(s):</b>	John Chilver, Chairman of the Buckinghamshire Shareholder Committee
<b>Contact officer:</b>	Nick Graham, Director of Law and Governance – <a href="mailto:nick.graham@buckinghamshire.gov.uk">nick.graham@buckinghamshire.gov.uk</a>  Richard Ambrose, Director of Major Projects – <a href="mailto:richard.ambrose@buckinghamshire.gov.uk">richard.ambrose@buckinghamshire.gov.uk</a>
<b>Ward(s) affected:</b>	Not ward specific
<b>Recommendations:</b>	<b>The Committee is invited to comment on this Annual Review of company governance.</b>
<b>Reason for recommendation:</b>	The Audit & Governance Committee is responsible for overseeing the Council's governance arrangements. The Council owns – jointly or wholly – several commercial entities. The Committee wished to receive an annual update on the Council's company governance arrangements. This update is the first such report.

### Executive summary

- 1.1 This report informs the Committee of the arrangements currently in place, and the actions currently planned, for managing the Council's company governance. The Council is associated with four commercial entities and, in March 2022, the Cabinet created a Shareholder Committee to manage the Council's interests.
- 1.2 Since then the Shareholder Committee has overseen certain developments in company governance, including a self-assessment against best practice and the creation of conflicts of interests guidance for councillors, officers and directors. Separately, an Internal Audit has recently been undertaken into the Council's company governance.

1.3 The self-assessment found that the Council’s company governance arrangements were largely consistent with the best practice. The Council’s recent Internal Audit into company governance was satisfied that these gave “a Reasonable level of assurance”. However, improvements can still be made. The report invites the Committee’s comments. It also affords the Committee the opportunity to identify areas on which it would want further information or involvement.

## **2. The Council’s commercial entities**

2.1 The Council has an interest in a number of mainly property-based companies and limited liability partnerships. These are:

- Aylesbury Vale Estate (50% ownership) – a joint venture with Akeman Property
- Buckinghamshire Advantage (100% BC ownership)
- Consilio Property Ltd (100% BC ownership)
- London Road Business Park Management Ltd (100% BC ownership)

2.2 Each of the entities was established by legacy councils prior to the unitary authority coming into effect in April 2020.

## **3. Best practice regime**

3.1 The Council’s shareholding interest and the entities themselves are of course subject to company law. However, in recent years, best practice guidance has been developed to guide council’s in the operation of their commercial entities. [\*The Local Authority Company Review Guidance \(2023\)\*](#) (produced by the body ‘Local Partnerships’) arose specifically from the former government inspector, Max Caller’s, experience of reviewing Nottingham City Council’s company structures. In the foreword to the 2021 edition, Mr Caller noted that:

“In the report of the rapid review of Nottingham City Council, which I led in 2020, it was recommended that guidance was commissioned to aid local authorities in this area. Following the approach set out in this guidance and toolkit will help us all avoid the obvious traps.”

3.2 In his new foreword, Mr Caller notes that:

“whilst there have been a few high-profile failures [of council companies]...a significant number...are successful....However, given the uncertainties in the general economic landscape...it is important that all councils who own such companies maintain a watching brief...and make any necessary adjustments.”

3.3 The guidance is clear about the need for councils to ensure that sufficient checks and balances are in place and in particular that risks are appropriately managed, that there is an effective scrutiny function and that challenge of political priorities by both members and officers is seen as a positive. Elsewhere, external auditors had

issued public interest reports where local authority companies had performed poorly and governance arrangements were found to be inadequate.

- 3.4 The Guidance therefore contains a checklist of best practice for councils and their companies. The Shareholder Committee used this checklist in October 2023 to undertake a self-assessment and to inform a governance action plan. In the [self-assessment](#), the Committee provided a red-amber-green (RAG) rating for each criterion. It is now reviewing all Red and Amber actions at each meeting, with a further annual review scheduled for October this year. **Appendix 1** contains the most recent self-assessment update on these actions.
- 3.5 The conclusions from the self-assessment have largely since been endorsed – and in some cases reinforced – by the Internal Audit into company governance conducted recently between December and January.

#### **4. Buckinghamshire Council's company governance – brief overview**

##### [Shareholder Committee](#)

- 4.1 The Cabinet has the primary shareholder role on behalf of the Council. In March 2022, partly in response to Mr Caller's investigation into Nottingham City Council, Cabinet followed best practice and created the Shareholder Committee to give a more specific focus to the oversight of the Council's shareholding interest. The Shareholder Committee is a sub-committee of Cabinet. Its **terms of reference** were recently updated (**Appendix 2**).
- 4.2 Members of the Shareholder Committee are not directors, and do not have any direct involvement, in any of the subsidiary bodies. To avoid conflicts of interest, Cabinet Members with portfolios directly related to the companies' objectives are not ordinarily considered for appointment to the Committee. The Committee aims to ensure the Council's companies and limited liability partnerships act in the interests of the Council as shareholder, receive assurance that best practice is being adhered to (in delivering statutory arrangements) and that investment returns and/or what the businesses offer will help to ensure that the Council continues to deliver quality services to our residents.

##### **Governance improvements during 2022/23**

- 4.3 A training session on company governance was given to all directors and to members of the Shareholder Committee in September 2022.
- 4.4 In January 2023, the Committee adopted a set of [Conflicts of Interest Guidance](#) for officers and councillors potentially serving as company directors.
- 4.5 The Committee has also set out an approach to selecting and appointing directors and maintaining a pool of councillors or officers who might serve as directors in future.



- 4.6 The Committee established a work programme which included reviewing the performance of each company.

#### **Governance improvements during 2023/24**

- 4.7 The Committee has met four times this year. Again, it has reviewed the annual business plans and financial positions of each of the subsidiary companies, including loan structures.
- 4.8 The Committee has focused on best practice in terms of company governance, ensuring companies have established risk registers, and that there is resilience through having a pool of potential future company directors.
- 4.9 The best practice self-assessment has provided a clear overview of areas where improvements can be made.
- 4.10 These findings will inform the Shareholder Committee's focus moving into the next municipal year.
- 4.11 The Committee has reviewed each of the companies' newly established risk registers during 2023/24, at which point the quality and relevance to the activities undertaken by each entity was mixed. As a result of the Committee's scrutiny, these have been improved and will be reviewed half yearly moving forward.

#### **Internal Audit**

- 4.12 The Committee's own self-assessment has been complemented by a recent Internal Audit. A summary of the outcomes of that audit appears elsewhere on this agenda. The overall conclusion of the Audit was that there is "a reasonable level of assurance". The report noted that there were generally good systems of internal control in place but there were some areas where controls were not effectively applied and/or not sufficiently developed. The Audit considered that the arrangements had been enhanced considerably since the Shareholder Committee was established. Nevertheless some areas of improvement would be recommended. It is expected that the Shareholder Committee will revise its action plan following its own consideration of the Audit outcomes.

#### **Training and pool of directors**

- 4.13 Following on from recommendations made by the Committee in the previous municipal year, a pool of potential Directors has been established during 2023/24, along with the principles and outline approach to be used to appoint Directors to subsidiary bodies. Having this pool means that as vacancies arise there is a ready source of potential new Directors who can be quickly appointed. The identified pool of future appropriate Directors attended a training session in October 2023, this session covered the role of Directors and how successful companies should operate.

- 4.14 It should be noted that Members of the Shareholder Committee are not directors, and do not have any direct involvement, in any of the subsidiary bodies.

#### **Priorities for 2024/25**

- 4.15 In its final meeting of 2023/24, the Committee will:
- challenge each company/joint venture on performance against their existing Business Plans;
  - review the Business Plans for the upcoming financial year
  - challenge Directors/Board Members on the respective companies' intentions for the forthcoming year(s).
- 4.16 Discussions have been held with Directors/Board Members of Aylesbury Vale Estates, Consilio Property Limited and Buckinghamshire Advantage.
- 4.17 The Committee's priorities for 2024-25 include a focus on the future of the companies, particularly Buckinghamshire Advantage and Consilio Property Limited, to assess the benefits the companies bring to the Council and whether there are additional financial savings which could be achieved.
- 4.18 The Committee will also continuously review best practice / learning from other local authority companies and review progress against its action plan which takes in to account the findings from the Internal Audit undertaken.

### **5. Other options considered**

- 5.1 The Committee has asked for an annual report on the Council's company governance. This report is necessary to meet that requirement.

### **6. Legal and financial implications**

- 6.1 None specifically. The Committee does however have a delegation from Council to maintain an oversight on all aspects of the Council's governance. There are not financial implications arising from the contents and recommendations of this report. Effective governance of the council companies is however a significant issue which, when not properly reviewed, has led some authorities into financial difficulties. This is not the case for Buckinghamshire Council as the Council's current arrangements are largely consistent with company law and established best practice.

### **7. Corporate implications**

- 7.1 None. The formation of the Shareholder Committee was consistent with guidance issued by recognised bodies such as CIPFA and the best practice advice in the Local

Authorities Companies Review Guidance led by Max Caller, Strategic Adviser and Former Lead Inspector for HM Government.

## **8. Communication, engagement & further consultation**

- 8.1 An Annual Report of the Shareholder Committee is currently in draft form for consideration by that Committee on 13 March before presentation to Council in May 2024. It will summarise the governance work of the Committee during 2023/24.

## **9. Next steps and review**

- 9.1 Any comments from this Committee about the Council's company governance will be fed back to the Shareholder Committee.
- 9.2 The 2023 Guidance includes a useful new Section 7 set of bullet points suggesting areas of focus for councillors – particularly those on a shareholder, scrutiny or audit committee. Members of this Committee may wish to bear the 'audit committee' pointers in mind for future reviews of company governance:
1. Do the company arrangements give assurance on the adequacy of risk management, internal controls and governance processes associated with the company?
  2. Do the companies have regular oversight of the company's financial affairs and how it impacts on the council?
  3. Is the committee satisfied that any recommendations from external or internal audit reviews have been implemented?
  4. Have any relevant risks relating to the company are included in the corporate risk register?

## **10. Background papers**

[Buckinghamshire Shareholder Committee Papers](#)

## Buckinghamshire Council

## Shareholder Committee's Best Practice Checklist – update on amber/red actions

C = council related action E = entity related action

Red Rating		Update
C9	Undertake a review of each entity's internal structure and performance mechanisms	Shareholder Committee to establish KPIs for reviewing each entity. See C8 below.
E1	The entity's articles of association should be clear, up-to date, and reflective of how the entity is run	This Committee identified at its last meeting that the Articles are not consistently up to date, for example with references to legacy councils rather than the present Council. Directors to review in liaison with the Council.
E7	Evidence that the board has clear policies and procedures for its members to ensure that actual or potential conflicts of interests are identified, declared and acted upon	Under review. Any Internal Audit outcome to be considered.
Amber Rating		Update
C8	Establish clear Key Performance Indicators (KPIs) – to enable measurement of the entities' alignment to the Council's strategic objectives	This Committee has identified the need to monitor the alignment of entity performance with the Council's strategic objectives and reviewing against KPIs will form part of this.  Any Internal Audit outcome to be considered.

C3 & C15	Potential for the Committee, as part of its annual review of each entity, to consider “whether the entity provides the most effective vehicle to deliver the outcomes it requires and whether there are suitable alternatives”.	Shareholder Committee to consider as part of annual review of each entity – at the meeting on 13 March 2024
C4	Annual review of its own terms of reference. Annual report to Cabinet on terms of reference; and on entities’ health and alignment to Council’s strategic objectives.	Considered by the Committee on 10 January 2024
C5	Further training arranged in October 2023 for the current director who missed the previous training and for potential future directors of companies	Completed.
C7	Connections with the work programmes for the Audit & Governance Committee; and Select Committee	Audit & Governance Committee scheduled to consider an annual report on company governance arrangements in March 2024, following the outcome of the Internal Audit and reflecting upon the self-assessment best practice review.
C10	Review of performance quality (including KPIs) to be reported (alongside financial performance)	Shareholder Committee to consider as part of annual review of each entity – at the meeting on 13 March 2024
C11 & C14	Further review of risks relating to both Consilio and Aylesbury Vale Estates to come to the next meeting and then on a six-monthly basis  Review updated business case for Consilio that is due to come to the next Shareholder Committee meeting	To be considered at the Shareholder Committee in March 2024.
C13	Review audit findings following internal audit review of subsidiary bodies in Q3 2023/24	Verbal update to Shareholder Committee on 10 January 2024  Full update to Shareholder Committee on 13 March 2024
E3	Review the internal governance and decision-making mechanisms of each company/entity (via internal audit review in Q3)	Request each entity to complete answers to questions E3 to E7 for consideration by the Committee – May 2024.  No additional comment from Internal Audit

E10	Committee to ask for information on the entity's scheme of delegation and the extent of authorities under it	Any Internal Audit outcome to be considered.
E12	There should be evidence that board membership is reviewed regularly for composition and fitness for purpose	Any Internal Audit outcome to be considered
E13 E14 E15 E19 E24	<p>In the internal audit review in Q3, review the entities' own means of:</p> <ul style="list-style-type: none"> <li>a) assessing and managing risk</li> <li>b) assessing skills in practice</li> <li>c) identifying, delivering, reviewing and recording training and the scope</li> <li>d) role of the Chair of each Board</li> <li>e) financial procedures</li> <li>f) internal controls</li> </ul>	A short pro forma can be developed between the Shareholder Committee and the entities, for use by both, for assessing the range of skills of potential and actual board members – based on the best practice categories of commercial, financial, business development, technical, legal and HR experience. Entities could then conduct a review against the pro forma each year.
E19 E20	<p>Authorise a Shareholder Committee representative to observe a meeting(s) of each entity's board to view the role in practice (re: culture and conduct of meetings)</p> <p>Undertake occasional review of Board reports (content, quality, topic)</p>	Shareholder Committee agreed to do this at the 10 January 2024 meeting.

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## BUCKINGHAMSHIRE SHAREHOLDER COMMITTEE

### TERMS OF REFERENCE

#### 1. OVERVIEW

- 1.1 The Shareholder Committee forms part of the overall governance arrangements for Buckinghamshire Council ("**the Council**") in relation to companies and other legal entities which are wholly or partly owned or controlled by the Council (including where such control comes about indirectly, such as via a loan agreement) (each a "**Subsidiary**" and together the "**Subsidiaries**").

#### 2. CONSTITUTION

- 2.1 The members of the Shareholder Committee will be set to 4 Cabinet Members consisting of:
- 2.1.1 Cabinet Member for Accessible Housing and Resources (as Chair);
  - 2.1.2 Cabinet Member for Planning and Regeneration
  - 2.1.3 Two other Cabinet Members to be determined by Cabinet
- 2.2 Each Shareholder Committee member may nominate an alternate Cabinet Member to attend a meeting in their place provided that said Member is not a Board Member of any of the subsidiaries and thus does not have a conflict of interest.
- 2.3 The Shareholder Committee will be supported by Council officers as advisors primarily consisting of
- 2.3.1 Section 151 officer
  - 2.3.2 Director of Property and Assets
  - 2.3.3 Director of Major Projects
  - 2.3.4 Chief Legal Officer or representative
  - 2.3.5 Other such officers as may be required including an officer/Member from the service the company or JV is supporting or suitably experienced non-Executive Director.
- 2.4 Committee advisory officer may nominate an alternate officer to attend a meeting in their place provided that said officer is not a Board Member of any of the subsidiaries and thus does not have a conflict of interest.
- 2.5 The Shareholder Committee will appoint the Cabinet Member for Accessible Housing and Resources as Chair of the Shareholder Committee. If the Chair is not present at the start of a meeting of the Shareholder Committee, those members present will appoint one of the members present to chair that meeting.
- 2.6 Additional advisors, who do not need to be officers or members of the Council, may be invited to attend the Shareholder Committee as required.
- 2.7 The Committee will need to follow and have regard to the rules set out in the Constitution including the finance procedure rules.

### 3. ROLE OF THE SHAREHOLDER COMMITTEE

- 3.1 The Shareholder Committee will have a role in ensuring proper governance of the Council's Subsidiaries, such role to include:
- 3.1.1 monitoring information from each Subsidiary, in particular on financial and other risks and escalating such risks within the Council as appropriate.
  - 3.1.2 exercising decisions relating to the Council's role as shareholder, member, owner, lender, or other position of significant control over the Subsidiary, where those decisions have been delegated to the Shareholder Committee;
  - 3.1.3 making reports and recommendations to the Cabinet on areas outside of the Shareholder Committee's delegated authority;
  - 3.1.4 Agreeing and entering into a Memorandum of Agreement (see 3.2below) with each of the Council's Subsidiaries;
  - 3.1.5 The necessary oversight, from a shareholder's perspective, that the parameters, policies, and boundaries, that the council has established are being adhered to including a regular review of whether the Subsidiary provides the most effective vehicle to deliver the outcomes it requires and whether there are viable alternative models which might offer a more effective means of delivering its priorities;
  - 3.1.6 An articulation of what success looks like in terms of delivery models to meet objectives such as achieving social outcomes and/or a return on investment;
  - 3.1.7 Agree a mechanism to communicate the shareholder's views to the Subsidiary by effecting systematic engagement between the Chair/CEO and shareholder role to assure effective performance against strategy and governance;
  - 3.1.8 Provide a holistic review of risk to the Council offered by all active Subsidiaries;
  - 3.1.9 Consider and advise on the duties and if any, the training needs of potential Directors to allow them to competently assume this role;
  - 3.1.10 Making representations to the Directors on the Business Plans of the Subsidiary Companies or other organisations set out in this report;
  - 3.1.11 Receiving reports from the Directors where appropriate, on the progress and conduct of business in accordance with the approved Business Plan;
  - 3.1.12 Reporting to the Cabinet on the performance of the Subsidiary Companies;
  - 3.1.13 Undertaking due diligence on the various Subsidiary Companies to ensure liabilities are known and accounted for within the Council;
  - 3.1.14 Deciding whether a particular Subsidiary needs to be under the oversight of a specific service area;
  - 3.1.15 In the case of forming a new Subsidiary, the Committee will first scrutinise the business case for forming the Subsidiary to clarify the service components to be delivered, outcomes sought and options for how these may be delivered and undergo an effective comparison of alternative delivery models to ensure that the objectives, timescales, and drivers of forming the Subsidiary is the optimum approach and; An advisory paper will be submitted to Cabinet for a decision.
  - 3.1.16 In the case of a recommendation to wind up an existing subsidiary, the Committee will review the current business case for the subsidiary and undergo an effective comparison of alternative delivery models to achieve the optimum approach (including the option of transferring the assets and liabilities into the Council), consider the components to be delivered, outcomes sought and financial implications of the different options. An advisory paper will be submitted to Cabinet for a decision.

- 3.2 It is expected that each Subsidiary will enter into a form of agreement with the Council (whether as owner, controller or lender) setting out the basis of the relationship between them (each a “**Memorandum of Agreement**”).
- 3.3 A detailed description of the Shareholder Committee's role in relation to each Subsidiary will be set out in the relevant Memorandum of Agreement.
- 3.4 Authority to make decisions on behalf of the Council is delegated to the Shareholder Committee for each Subsidiary as follows:

- 3.4.1 Oversight of any decisions that can only be made by the shareholder, (whether as “reserved matters” under the Memorandum of Agreement and Articles of Association or pursuant to the relevant legislation applicable to that Subsidiary) such as:

Approval of Memorandum of Agreement with each Subsidiary
Approval of annual Business Plan and deviations from Business Plan.
Approval of key appointments (including appointment, removal and or replacement of Directors)
Borrowing money, granting security and giving of guarantees
Winding up of Subsidiary (subject to 3.1.16 above and an advisory paper to Cabinet)
Altering in any respect the articles of association of a Subsidiary (or any other governing document such as the Rules of a Community Benefit Society)
Altering the rights attaching to any of the shares in a Subsidiary
Permitting the registration of any person as a shareholder or member of a Subsidiary
Ensuring that subsidiaries or the subsidiaries interests are not competing against or conflicting with, other subsidiaries or their interests
Ensure that the Council appointments to the board of a Subsidiary comply with the Council’s constitution
Establish proper arrangements to manage potential conflicts of interest in respect of Council Officers appointed to the board of a Subsidiary
Correctly approve pay and pension arrangements in respect of both key employees of the Subsidiary and Council Officers appointed to the board of a Subsidiary and ensure that decisions made to make termination payments are in line with the law and the Subsidiary’s controlling documents.
Amending the amount of a Subsidiary's issued share capital
Altering the name of any Subsidiary

3.4.2 Any Memorandum of Agreement entered into with a Subsidiary may identify additional decisions which are delegated by Cabinet to the Shareholder Committee in relation to that Subsidiary only.

3.5 Decisions which are not delegated to the Shareholder Committee in accordance with 3.4 above will be taken through the usual decision-making processes in accordance with the Council's governance and constitutional framework. This will include decisions relating to the issue of loan capital in relation to any Subsidiary and to any approvals relating to any intra-group loans.

#### **4. OPERATION OF THE SHAREHOLDER COMMITTEE**

4.1 The Shareholder Committee will meet three times per year, or more frequently if required.

4.2 The quorum for a meeting of the Shareholder Committee is a minimum of 2 members.

4.3 Meetings will be held in public or otherwise in line with the Council's democratic meeting protocol. There may be particular matters or agenda items which are required to be considered in private due to commercial confidentiality, and these will be handled in accordance with the Council's usual democratic protocol.

4.4 Minutes and agendas will be managed and published in accordance with the Council's usual democratic protocol.

4.5 The Shareholder Committee shall make its decisions as follows:

4.5.1 At meetings of its members by consensus of those present, unless any member of the Shareholder Committee requires a vote, in which event a majority decision will be taken with each member of the Shareholder Committee present having a single vote. Advisors and officers present to support the Shareholder Committee will not have a vote. The Chair of the meeting has a casting vote in the event that there is no clear majority; or

4.5.2 In cases of urgency, by a decision made by the Leader or by an alternate Cabinet Member nominated by the Leader.

4.6 After each meeting, the Chair shall approve the minutes and authorise the implementation of the Shareholder Committee's decisions, including where relevant the signature of any documents by appropriate Council signatories.

4.7 The Shareholder Committee will review the Terms of Reference annually and make any necessary recommendations to Cabinet.



## Report to Audit and Governance Committee

<b>Date:</b>	<b>6 March 2024</b>
<b>Title:</b>	<b>Annual RIPA and Communications Data Report</b>
<b>Author and/or contact officer:</b>	Nick Graham, Service Director – Legal and Democratic
<b>Ward(s) affected:</b>	All
<b>Recommendations:</b>	The Committee is asked:

- 1. To note the contents of the Report**
- 2. To approve and adopt the updates to the Buckinghamshire Council Covert Surveillance Policy**

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

### **1. Background**

#### **Regulation of Investigatory Powers Act 2000**

- 1.1 The Council can only use powers under RIPA to support its core functions for the purpose of prevention and detection of crime. RIPA procedures must be used where there is any covert surveillance in relation to an investigation of an offence punishable by a custodial sentence of 6 months or more or the offence is related to the underage sale of alcohol and/or tobacco.
- 1.2 Where used, RIPA powers are usually undertaken by enforcement teams and Trading Standards.
- 1.3 Covert surveillance can include but is not limited to monitoring of social media, audio or visual recording of individuals either by CCTV or by officers, test purchases or other surveillance.
- 1.4 RIPA procedures require an internal approval by an Authorised Officer to ensure the proposed use of RIPA powers is 'necessary and proportionate'. A judicial approval is then required by the Magistrates Court before surveillance can be carried out. There

are strict time limits for how long surveillance can continue, renewal of authorisations and requirements for record keeping.

- 1.5 The Council has a Covert Surveillance Policy and Procedure which governs the Council's use of RIPA. This is available on the Council's website.
- 1.6 The Council is required to have a Senior Responsible Officer to maintain oversight of RIPA arrangements, procedures and operations. Buckinghamshire Council's Senior Responsible Officer is the Service Director, Legal and Democratic Services.

#### **Investigatory Powers Act 2016**

- 1.7 The Council can only use IPA powers for the prevention or detection of an offence punishable by a custodial sentence of 12 months or more (serious crime). If however the data sought only relates to an entity such as a subscriber details the powers can be used for the prevention or detection of any crime or of preventing disorder.
- 1.8 IPA powers are usually used by enforcement teams.
- 1.9 Procedures for obtaining communications data require internal notifications and all applications to be approved by the Office for Communications Data Authorisations (OCDA). The process is co-ordinated by the National Anti Fraud Network (nafn) on behalf of relevant public authorities with both OCDA and telecommunications providers.
- 1.10 As the authorisation process is co-ordinated by nafn there are specific portals and procedures which have to be followed. The Council therefore follows the nafn Workflow requirements.
- 1.11 The Council officer designated as the Approved Rank for supervision is Head of Legal Services (Non-Contentious).

#### **Investigatory Powers Commissioner**

- 1.12 The Investigatory Powers Commissioner has a statutory responsibility for reviewing the use of investigatory powers by public authorities throughout the United Kingdom.
- 1.13 As part of this oversight IPCO carry out regular inspections, usually every 3 years, to ensure compliance with surveillance powers. This will involve consideration of both the arrangements in place, governance and use of the powers. Feedback and recommendations for improvement will be made where considered appropriate.
- 1.14 As part of IPCO's inspections of nafn the Council's applications under IPA may be considered.

- 1.15 In addition IPCO require annual statistical data each year. The Annual Report is published on the IPCO website at the following link  
<https://www.ipco.org.uk/publications/annual-reports/>

## **2. Matters to Consider**

### **Exercise of Powers**

- 2.1 Since the last report to the Committee relating to RIPA (27 November 2023) there have been no applications to use RIPA powers and no applications under IPA.
- 2.2 The annual statistics report was provided to IPCO at the end of January 2024. This was a nil return in respect of the use of RIPA powers for the previous year.

### **Review of Procedures**

- 2.3 A review of the Council's Covert Surveillance Policy has been carried out and Appendix A sets out the Policy with suggested amendments as tracked changes. The amendments are suggested for clarification, further guidance or as updates as a result of guidance issued in 2022. The reasons for the amendments are set out in square brackets and capitals for ease within the policy.

### **Training and awareness**

- 2.4 Training for Authorising Officers and relevant applicant officers has now been identified, however due to the change of the Responsible Officer this was delayed to allow all appropriate officers to be part of the training and this will take place in the coming year.

## **3. Other options considered**

- 3.1 None.

## **4. Legal and financial implications**

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

## **5. Corporate implications**

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



## **6. Local councillors & community boards consultation & views**

6.1 Not applicable.

## **7. Communication, engagement & further consultation**

7.1 Not applicable.

## **8. Next steps and review**

8.1 If approved the Policy will be updated. The annual review of the Policy will be undertaken and a report will be brought back to the Committee on any recommended changes together with use of RIPA and IPA powers which have been used in the next annual report to the Committee.

## **9. Background papers**

9.1 None.

**BUCKINGHAMSHIRE COUNCIL**

# **Covert Surveillance Policy and Procedure**

**REGULATION OF INVESTIGATORY POWERS ACT 2000 – PART 2**

**VERSION CONTROL**

Version No	Reviewer	Key Changes	Date Amended
1	Joanna Swift	<i>Adoption</i>	1 April 2020
2	Maria Damigos	Minor updates	21 August 2023
3	Maria Damigos	Update to personnel	17 January 2024
4	Maria Damigos	DRAFT	

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## **COVERT SURVEILLANCE POLICY STATEMENT**

### **Introduction**

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

### **Procedure**

4. All covert surveillance shall be undertaken in accordance with the procedures set out in this policy.
5. Buckinghamshire Council shall ensure that covert surveillance is only undertaken where it complies fully with all applicable laws, in particular the following:
  - Regulation of Investigatory Powers Act 2000
  - Human Rights Act 1998
  - Data Protection Act 2018 and General Data Protection Regulation 2016/679
  - Telecommunications (Lawful Business Practice) (Interception of Communications) Regulations 2000
6. The Council shall, in addition, have due regard to all official guidance and codes of practice particularly that issued by the Home Office, the Investigatory Powers Commissioner's Office (IPCO) and the Information Commissioner.
7. In particular, the following guiding principles shall form the basis of all covert surveillance activity undertaken by the Council:
  - All authorisations to carry out covert surveillance shall be granted by appropriately trained and designated authorising officers.
  - Authorisations for the use of directed surveillance, acquisition of communications data and the use of a CHIS under RIPA will need an order approving the grant or renewal of an authorisation or notice from a JP (a District Judge or lay magistrate) before they can take effect.

- Covert surveillance shall only be undertaken where it is necessary to achieve the desired aims.
- Covert surveillance shall only be undertaken where it is proportionate to do so and in a manner that is proportionate.
- Adequate regard shall be had to the rights and freedoms of those who are not the target of the covert surveillance.

#### **Training and Review**

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

#### **Senior Responsible Officer**

10. The Service Director Legal and Democratic Services is the designated Senior Responsible Officer who with the support of the RIPA Co-ordinator is responsible for the integrity of the process within Buckinghamshire Council and maintaining oversight and quality control in relation to RIPA functions and processes.
11. The RIPA Co-ordinator will have day to day responsibility for RIPA management including the following:
  - Maintaining the Central Record of Authorisations together with collating submitted RIPA documentation;
  - Day to day oversight of the submitted documents and the RIPA process;
  - Organising a training programme and ensuring that relevant officers are fully RIPA trained;
  - Raising RIPA awareness within the Council; and
  - Liaising with the administration team at the magistrates' court to arrange a hearing and provide the necessary supporting documents and judicial application to obtain approval from a Justice of the Peace.
12. The Senior Responsible Officer is responsible for engagement with the Commissioners and Inspectors when they conduct their inspections and where necessary, overseeing the implementation of any post inspection action plans recommended or approved by a Commissioner.

#### **Conclusions**

13. All citizens will reap the benefits of this policy, through effective enforcement of criminal and regulatory legislation and the protection that it provides.

14. At the same time, adherence to this policy, when undertaking covert surveillance, will minimise intrusion into peoples' private lives and will avoid any legal challenge to the Council's activities or evidence.

## GENERAL BACKGROUND

### Legislation

15. The Regulation of Investigatory Powers Act 2000 (RIPA) provides the legislative framework within which covert surveillance operations must be conducted in order to ensure that investigatory powers are used lawfully and in accordance with human rights.

~~16.~~ This document takes into account guidance issued by the Home Office under s71 of the 2000 Act and pursuant to the following statutory instruments.

- ~~The Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) Order 2010, SI 2010/521.~~
- The Regulation of Investigatory Powers (Covert Human Intelligence Sources: Code of Practice) Order 2010, SI 2010/462
- The Regulation of Investigatory Powers (Covert Surveillance and Property Interference: Code of Practice) Order 2010, SI 2010/463

~~17-16.~~ This document takes into account the Protection of Freedoms Act 2012.

~~18-17.~~ Officers and investigators involved in covert surveillance operations must familiarise themselves with the provisions of:

- Article 8 of the European Convention on Human Rights 1958
- The Human Rights Act 1998
- Part 2 of the Regulation of Investigatory Powers Act 2000
- The Covert Surveillance and Property Interference Revised Code of Practice ("the DS Code")
- The Covert Human Intelligence Sources Revised Code of Practice ("the CHIS Code")

~~19-18.~~ Applications for access to communications data shall be made via the National Anti-Fraud Network (NAFN).

### Codes of Practice

~~20-19.~~ The most recent versions of the DS Code ~~was issued and the CHIS Code were issued~~ in August 2018 ~~and a revised CHIS Code was issued in December 2022~~. Whilst the Codes are not themselves law, they are citable in a court of law and any deviation from them may have to be justified. Council officers involved in surveillance activities should be familiar with their content. The Codes of practice are available at:



<https://www.gov.uk/government/collections/ripa-codes> [UPDATE TO SHOW CORRECT VERSION OF GUIDANCE]

### **RIPA Forms**

~~21-20.~~ Copies of forms referred to in this document can currently be found at the following address:  
<https://www.gov.uk/government/collections/ripa-forms--2>

~~22-21.~~ The Home Office website is at <https://www.gov.uk/government/organisations/home-office>

### **Compliance with RIPA**

~~23-22.~~ The Human Rights Act 1998 (which brought much of the European Convention on Human Rights and Fundamental Freedoms 1950 into UK domestic law) requires the Council, and organisations working on its behalf, pursuant to Article 8 of the European Convention, to respect the private and family life of citizens, their home and correspondence.

~~24-23.~~ Covert surveillance may constitute an interference with the privacy of individuals who are subject to investigation and of members of the public who are present on a site which is subject to surveillance. Such an interference engages an individual's right to private life, family life, home and correspondence under Article 8(1) ECHR. However, interference with that right can be justified where it is prescribed by law and proportionate to the pursuit of a legitimate aim. Part II of RIPA provides a statutory mechanism for authorising covert surveillance and the use of a 'covert human intelligence source'. It is intended to ensure that the proper balance is struck between the right to privacy and, in the local authority context, the legitimate aim of preventing or detecting crime and preventing disorder.

~~25-24.~~ It is vital that the substantive requirements and the process set out in Part II of RIPA are adhered to. Provided these requirements are complied with, the Council and its officers should have a legal defence to any legal proceedings by virtue of S27, which states that conduct under Part II is lawful provided it is authorised; and is in accordance with that authorisation.

~~26-25.~~ The information obtained by surveillance in accordance with Part II of RIPA will, provided lawfully obtained, be admissible in criminal, civil and tribunal proceedings. However, failure to comply with Part II can also render information obtained by surveillance inadmissible. It is therefore vital that the requirements put in place under RIPA are observed to protect the interests of both the Council and the Officers involved.

~~27-26.~~ The use of investigatory powers in the UK is overseen by the Investigatory Powers Commissioner. Further information on the role of the Commissioner and the Investigatory Powers Commissioner's Office can be found at: <https://www.ipco.org.uk>

### **Obtaining Judicial Approval of Authorisations**

~~28-27.~~ When making authorisations Authorising Officers must be aware that each authorisation (or renewal of an authorisation) will be subject to judicial approval.

[29-28.](#) The Protection of Freedoms Act 2012 amends RIPA, to require that where an Authorising Officer has granted an authorisation for the use of directed surveillance or for the use of a CHIS, judicial approval will be required. The Council will be required to make an application, without giving notice, to the Magistrates' Court. The Magistrates will give approval if at the date of the grant of authorisation or renewal of an existing authorisation if and only if, they are satisfied that:

- there were reasonable grounds for believing that obtaining the covert surveillance or use of a human covert intelligence source was reasonable and proportionate and that these grounds still remain.
- the "relevant conditions" were satisfied in relation to the authorisation.

[30-29.](#) Relevant conditions are that:

- the relevant person was designated as an Authorising Officer
- it was reasonable and proportionate to believe that using covert surveillance or a covert human intelligence source was necessary and that the relevant conditions have been complied with;
- the grant or renewal of any authorisation or notice was not in breach of any restrictions imposed under section 25(3) of RIPA; and
- any other conditions provided for by an order made by the Secretary of State were satisfied.

[31-30.](#) If the Magistrates' Court refuses to approve the grant of the authorisation, then it may make an order to quash that authorisation.

[32-31.](#) No activity permitted by the authorisation granted by the Authorising Officer may be undertaken until the approval of the Magistrates' Court to that authorisation has been obtained.

[33-32.](#) The form to be used for seeking judicial approval from the Magistrates Court is attached at Appendix F.

## **WHAT IS COVERT SURVEILLANCE?**

[34-33.](#) Under s48(2) Regulation of Investigatory Powers Act 2000 ("RIPA"), surveillance includes:

- monitoring, observing or listening or persons, their movements, their conversations or their other activities or communications;
- recording anything monitored, observed or listened to in the course of surveillance; and
- surveillance by or with the assistance of a surveillance device.

[35-34.](#) Most of the Council's surveillance activities will be overt. Under s26(9) (a) of RIPA, surveillance is "covert" if, and only if, it is carried out in a manner that is calculated to ensure that persons who are subject to the surveillance are unaware that it is or may be taking place.

~~36-35.~~ Covert Surveillance can be an important tool in assisting the Council's officers to fulfil their duties in relation to the prevention and detection of crime or the prevention of disorder. This includes the prevention and detection of anti-social behaviour.

~~37-36.~~ RIPA distinguishes between two categories of covert surveillance, namely **Directed Surveillance** and **Intrusive Surveillance**.

### **Directed Surveillance**

~~38-37.~~ "Directed Surveillance" is defined under s.26(2) as covert surveillance that is not intrusive surveillance and is undertaken:

- For the purposes of a specific investigation or operation;
- In such a manner as is likely to result in the obtaining of *private information* about a person (whether or not that person is a person subject to the investigation)
- Otherwise than by way of an immediate response to events or circumstances the nature of which is such that it would not be reasonably practicable for an authorisation under RIPA to be sought for the carrying out of surveillance.

~~39-38.~~ This can include surveillance of Council employees. However, it should be noted that a public authority may only seek authorisation under RIPA when it is performing its 'core functions'. 'Core functions' are the specific public functions undertaken by a particular public authority, in contrast to its 'ordinary functions' which are those undertaken by *all* authorities. For example, the disciplining of an employee is not a core function, although related criminal investigations may be.

~~40-39.~~ "**Private information**" about a person should be taken generally to include any aspect of a person's private or personal relationship with others, including family and professional or business relationships. The covert surveillance of a person's activities in a public place may result in the obtaining of private information where a person has a reasonable expectation of privacy; and where a record is being made by a public authority of that person's activities.

~~41-40.~~ "Private information" includes personal data, such as names, telephone numbers and address details.

~~42-41.~~ Regard must be had to the totality of any records held about a person, even where individual records do not constitute "private information".

~~43-42.~~ There are two further situations which *may* constitute directed surveillance:

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

## **Intrusive Surveillance**

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

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

**45.44.** It is **not** necessary to consider whether intrusive surveillance is likely to result in the obtaining of "private information"<sup>1</sup>. The categorisation of surveillance as "intrusive" relates to the location of the surveillance activity rather than the nature of the information obtained.

**46.45.** For the purposes of RIPA, residential premises include hotel rooms, hostel rooms and prisons but not common areas to which a person is allowed access in connection with occupation (for example a communal stairway, hotel reception area or dining room, or front garden or driveway which is readily visible to the public)<sup>2</sup>.

**47.46.** The definition of "**premises**" under RIPA is broad, and extends to any place whatsoever, including any vehicle or moveable structure, whether or not occupied as land.

**48.47.** Under the Regulation of Investigatory Powers (Extension of Authorisation Provisions: Legal Consultations) Order 2010, directed surveillance shall be intrusive surveillance if carried out on the following premises:

- Any place where persons serving sentences, in custody or on remand may be detained
- Any place of detention pursuant to immigration powers
- Police Stations
- Hospitals where high security psychiatric services are provided
- The place of business of any legal adviser
- Any place used for the business of a court, tribunal, inquest or inquiry

**49.48.** The Council's officers **CANNOT AUTHORISE** intrusive surveillance under RIPA.

## **Online covert surveillance**

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

'The growth of the internet, and the extent of the information that is now available online, presents new opportunities for public authorities to view or gather information which may assist them in preventing or detecting crime or carrying out other statutory functions, as well

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<sup>1</sup> Para 3.3

<sup>2</sup> Para 3.23 – 3.26

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as in understanding and engaging with the public they serve. It is important that public authorities are able to make full and lawful use of this information for their statutory purposes. Much of it can be accessed without the need for RIPA authorisation; use of the internet prior to an investigation should not normally engage privacy considerations. But if the study of an individual's online presence becomes persistent, or where material obtained from any check is to be extracted and recorded and may engage privacy considerations, RIPA authorisations may need to be considered. The following guidance is intended to assist public authorities in identifying when such authorisations may be appropriate.

The internet may be used for intelligence gathering and/or as a surveillance tool. Where online monitoring or investigation is conducted covertly for the purpose of a specific investigation or operation and is likely to result in the obtaining of private information about a person or group, an authorisation for directed surveillance should be considered, as set out elsewhere in this code. Where a person acting on behalf of a public authority is intending to engage with others online without disclosing his or her identity, a CHIS authorisation may be needed (paragraphs 4.2940 to 4.3546 of the Covert Human Intelligence Sources code of practice provide detail on where a CHIS authorisation may be available for online activity).  
[\[DUE TO NEW GUIDANCE\]](#)

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

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

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

Whether a public authority interferes with a person's private life includes a consideration of the nature of the public authority's activity in relation to that information. Simple reconnaissance of such sites (i.e. preliminary examination with a view to establishing whether the site or its contents are of interest) is unlikely to interfere with a person's reasonably held expectation of privacy and therefore is not likely to require a directed surveillance

authorisation. But where a public authority is systematically collecting and recording information about a particular person or group, a directed surveillance authorisation should be considered. These considerations apply regardless of when the information was shared online.'

In order to determine whether a directed surveillance authorisation should be sought for accessing information on a website as part of a covert investigation or operation, it is necessary to look at the intended purpose and scope of the online activity it is proposed to undertake. Factors that should be considered in establishing whether a directed surveillance authorisation is required include:

- Whether the investigation or research is directed towards an individual or organisation;
- Whether it is likely to result in obtaining private information about a person or group of people (taking account of the guidance [above]);
- Whether it is likely to involve visiting internet sites to build up an intelligence picture or profile;
- Whether the information obtained will be recorded and retained;
- Whether the information is likely to provide an observer with a pattern of lifestyle;
- Whether the information is being combined with other sources of information or intelligence, which amounts to information relating to a person's private life;
- Whether the investigation or research is part of an ongoing piece of work involving repeated viewing of the subject(s);
- Whether it is likely to involve identifying and recording information about third parties, such as friends and family members of the subject of interest, or information posted by third parties, that may include private information and therefore constitute collateral intrusion into the privacy of these third parties.

Internet searches carried out by a third party on behalf of a public authority, or with the use of a search tool, may still require a directed surveillance authorisation. [EXTRACTED FROM GUIDANCE – CONSIDERED USEFUL TO INCLUDE IN POLICY AS GIVES FURTHER RELEVANT DETAILS]

### **Aerial covert surveillance**

50. The Home Office Revised Code of Practice also provides the following guidance in relation to aerial surveillance:

Where surveillance using airborne crafts or devices, for example helicopters or unmanned aircraft (colloquially known as 'drones'), is planned, the same considerations outlined in chapters 3 and 5 of this code should be made to determine whether a surveillance authorisation is appropriate. In considering whether the surveillance should be regarded as covert, account should be taken of the reduced visibility of a craft or device at altitude. [EXTRACTED FROM GUIDANCE AS DRONES BECOMING MORE WIDESPREAD THEREFORE CONSIDERED USEFUL TO INCLUDE IN OUR POLICY TO ENSURE OFFICERS HAVE GUIDANCE]

## **WHAT IS COVERT HUMAN INTELLIGENCE?**

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51. A covert human intelligence source ("CHIS") is a person who establishes or maintains a relationship with someone **in order to** covertly obtain information, to provide another person with access to information or to disclose information as a consequence of that relationship. Essentially, this covers the use of informants and undercover officers.

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52. Whether a "relationship" has been established will depend on all the circumstances, including the duration of the contact and the nature of the covert activity.

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52-53. Further details and guidance are provided in the CHIS Code of Practice and this should be referred to in all cases of potential CHIS activity. For potential online CHIS activities please see above section on online covert surveillance and/or contact RIPA co-ordinator. [REINFORCING NEED FOR OFFICERS TO CHECK FOR CHIS]

### **Test Purchasers**

53-54. For example, where a test purchaser makes a single purchase, the relationship is likely to be too limited to require a CHIS authorisation. On the other hand, if the test purchaser has to become acquainted with the vendor in order for him to make a sale, a relationship will have been established and the test purchaser will be treated as a CHIS. If there is any doubt whether authorisation is required in relation to a particular operation, then the Investigating Officer should seek authorisation.

### **The use of juveniles as a CHIS**

54-55. If a person under the age of 18 is to be used as a source, authorisation must be obtained from either the Head of Paid Service or (in her absence) the person acting as Head of Paid Service.

55-56. On no occasion should the use or conduct of a person under 16 be authorised to give information against his parents or any person who has parental responsibility for him.

56-57. The *Regulation of Investigatory Powers (Juvenile) Order 2018 SI 715* applies to the use of juvenile sources. This requires that where a source is under 16, an appropriate adult must be present at all meetings between the source and the Council's officers. The Order also requires a detailed risk assessment to be undertaken where a source is under 18. The existence and magnitude of any physical or psychological risk must be identified and the Authorising Officer must be satisfied that the use of the source is justified in light of that risk and that the risk has been properly explained to and understood by the source.

57-58. Authorisations for the use of juvenile source cease after 4 months instead of 12 months and should be subject to at least monthly review. [AS SET OUT IN NEW GUIDANCE]

59. The use of a juvenile e.g. to attempt to buy alcohol or tobacco from a shop suspected of selling to persons under age may not constitute the use of a juvenile as a CHIS for the reasons set out above.

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60. Further details and guidance is set out in the CHIS Code of Practice. [SIGNPOST]

### **The use of vulnerable adults as a CHIS**

61. Special safeguards also apply to the authorisation of a vulnerable adult as a CHIS. A vulnerable adult is a persona aged over 18 who by reason of mental disorder or vulnerability, other disability, age, or illness, is or may be unable to take care of themselves or protect themselves from harm or exploitation. A vulnerable adult should only be considered as a CHIS in exceptional circumstances and the Head of Paid Service or (in her absence) the person acting as Head of Paid Service must give the authorisation. [TAKEN FROM GUIDANCE AND INCLUDED AS FURTHER SIGNPOST FOR INVESTIGATING OFFICERS]  
58.

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### **Members of the public as informants**

59-62. A member of the public who reports a matter e.g. about unlawful trading to an officer is not a CHIS. If an Investigating Officer wishes to request that person to e.g. maintain a relationship with a trader and keep records of their dealings or to make further inquiries of a trader, authorisation will, however, be required.

### **Monitoring the use and welfare of CHIS**

60-63. There must at all times be arrangements in place for the proper oversight and management of CHIS, including appointing individual officers to act as 'controller' and 'handler' for each CHIS.

64-64. The 'handler' will have day to day responsibility for:

- dealing with the CHIS on behalf of the Council;
- directing the day to day activities of the CHIS;
- recording the information supplied by the CHIS; and
- monitoring the CHIS's security and welfare.

62-65. The handler of a CHIS will usually be of a rank or position below that of the Authorising Officer.

63-66. The 'controller' will normally be responsible for the management and supervision of the handler, and general oversight of the use of the CHIS.

64-67. Section 29(5) of RIPA provides that an Authorising Officer may only authorise the use of a CHIS if satisfied that there is at all times a person with the responsibility for keeping a record of the use made of the source. The Regulation of Investigatory Powers (Source Records) Regulations 2000 SI 2000/2725 sets out the particulars that must be included in the records relating to each source.

65-68. Before authorising the use or conduct of a CHIS, the Council should carry out a risk assessment to determine the risk to the CHIS and the likely consequences, should the role of the CHIS become known. Any matters of concern should be considered by the authorising officer and a decision taken as to whether to continue. The ongoing safety and welfare of the CHIS should continue to be taken into account after the authorisation has been cancelled.



[66-69.](#) Material produced as a result of the use of a CHIS must be retained only for so long as necessary. When reviewing the retention of records, the Council must consider its duty of care to the CHIS and the likelihood of future civil or criminal proceedings relating to the information supplied.

[67-70.](#) Appendix C provides further information about the monitoring and welfare of CHIS.

## **AUTHORISATION**

### **The Role of the Authorising Officer**

[68-71.](#) **Directed Surveillance** must be authorised by an **Authorising Officer** prior to approval by the Magistrates Court. The Council's Authorising Officers are set out in the Surveillance Personnel List at Appendix A. The Service Director Legal and Democratic Services will revise the Personnel List as and when necessary.

[69-72.](#) An Authorising Officer may only authorise Directed Surveillance for the purpose of the prevention or detection of crime or the prevention of disorder (punishable by a maximum term of at least 6 months' imprisonment). An Authorising Officer must further be satisfied:

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

[70-73.](#) It is fundamentally important that the Authorising Officer is able to evidence that his consideration of the application is based upon the principles of necessity and proportionality. This must include why it is necessary to use covert surveillance in the investigation

[71-74.](#) **The use and conduct of CHIS** must also be authorised by an Authorising Officer, prior to approval by the Magistrates Court. The Authorising Officer must be satisfied that the use or conduct of a CHIS is necessary in the circumstances of the case for one of the following reasons: for the purpose of preventing or detecting crime or of preventing disorder;

[72-75.](#) If one of the above grounds applies, the Authorising Officer must go on to consider whether the use or conduct of a CHIS is proportionate.

### **Proportionality**

[73-76.](#) In considering whether a particular exercise would be proportionate the Authorising Officer must consider whether it is excessive in the overall circumstances of the case. The fact that an offence is serious is not sufficient to render intrusive actions proportionate. The Authorising Officer must consider the following elements:

- The size and scope of the proposed surveillance activity, weighed against the gravity and extent of the suspected offence.
- Whether the methods suggested will cause the least possible intrusion on the subject and others.

- Whether the proposed surveillance activity will have any implications for the private and family life of others, and an explanation of why (if relevant) it is nevertheless proportionate to proceed
- Whether the proposed activity is an appropriate use of the legislation and legitimate and a reasonable way, having considered all reasonable alternatives, of obtaining the information sought~~necessary result~~.
- Whether other methods have been considered and the reasons for their non-implementation.
  - [UPDATED FROM THE GUIDANCE TO BE FULLY CLEAR]

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### **Additional Safeguards**

#### Collateral intrusion

74-77. Before authorising applications for **directed surveillance or CHIS**, the Authorising Officer must take into account the risk of “collateral intrusion” i.e. the risk of obtaining private information about persons who are not subjects of the surveillance activity.

75-78. Measures should be taken, where practicable, to minimise unnecessary intrusion into the privacy of those who are not the intended subjects. However, activities resulting in collateral intrusion may still be lawful if they are proportionate. Applications by investigating officers should therefore include an assessment of the risk of collateral intrusion and details of any measures to limit this.

76-79. Planned surveillance activity against individuals who are not direct suspects should be treated as intended, rather than collateral, intrusion. The necessity and proportionality criteria should be carefully considered in relation to this intrusion. [UPDATED FROM THE GUIDANCE TO BE FULLY CLEAR]

#### Confidential and Legally Privileged Information

77-80. Particular care should be taken where an investigation involves confidential information. **Confidential information** consists of matters subject to legal privilege, confidential personal information or confidential journalistic material. Confidential personal information means information held in confidence relating to the physical or mental health or spiritual counselling of an individual. Confidential journalistic information means information held in confidence acquired or created for the purpose of journalism.

78-81. Public authorities may obtain knowledge of matters subject to legal privilege via CHIS in the following scenarios:

- Where the authority has deliberately authorised the use or conduct of the CHIS to obtain knowledge of matters which are subject to legal privilege.
- Where the CHIS obtains knowledge of matters subject to legal privilege through conduct which is incidental to his conduct as a CHIS.
- Where a CHIS obtains knowledge of matters subject to legal privilege where his conduct is not incidental.

[79-82.](#) An authorisation or renewal for the use or conduct of a CHIS **intended** to obtain, provide access to or disclose knowledge of matters subject to legal privilege must follow an enhanced regime of prior notification and approval. Before an authorising officer grants or renews such an authorisation, they must give notice to and seek approval from a Judicial Commissioner. An application for authorisation or renewal must contain a statement that the purpose, or one of the purposes, of the authorisation is to obtain legally privileged information, and should only be sought in exceptional and compelling circumstances.

[80-83.](#) If a CHIS is **not intended** to acquire knowledge of matters subject to legal privilege, but it is likely that such knowledge will nevertheless be acquired, the application should contain an assessment of the degree of likelihood, how any material obtained will be treated, and how access to the material will be minimised.

[81-84.](#) If the surveillance is likely to yield confidential information as defined above, authorisation must be sought from the Council's Head of Paid Service (i.e. the Chief Executive) or, in her absence, the Deputy Chief Executive.

#### Legal consultations

[82-85.](#) The Regulation of Investigatory Powers (Extension of Authorisation Provisions: Legal Consultations) Order 2010 states that directed surveillance carried out on premises which are, at any time during the surveillance, used for the purposes of "legal consultation", is to be treated as intrusive surveillance. "Legal consultation" is defined as:

- A consultation between a professional legal adviser and his client or any person representing his client or
- A consultation between a professional legal adviser or his client or any such representative and a medical practitioner made in connection with or in contemplation of legal proceedings or for the purpose of legal proceedings.

[83-86.](#) For further information about surveillance involving confidential or legally privileged information or legal consultation, officers should consult the Codes of Practice on Covert Surveillance and Property Interference and Covert Human Intelligence Sources.

[84-87.](#) If there is any doubt as to whether information likely to be acquired would constitute confidential information, advice should be sought from Legal Services.

#### The use of agents and cooperation with other bodies

[85-88.](#) The Council can employ or recruit an agent e.g. an agent with more specialised equipment than the Council would have available to act on its behalf in conducting surveillance. The same authorisation procedures must be followed.

[86-89.](#) The Council should also be mindful of any similar surveillance taking place in other areas which could have an impact on its activities. Where an Authorising Officer considers that conflicts may arise, they should consult a senior police officer within the area.

## **AUTHORISATION PROCEDURES**

[87-90.](#) The authorisation procedures are intended to ensure that any interference with privacy is subject to rigorous scrutiny. However, they also provide an opportunity for further discussion and refinement of the methods to be used in a particular investigation.

[88-91.](#) Applications for authorisation for Directed Surveillance must be made on the **Application for use of directed surveillance form form 2010-09 DS Application**, using the link in [Appendix D \[TO BE CONSISTENT AND FUTURE PROOF AGAINST FORM NUMBERS\]](#)

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[89-92.](#) Applications for authorisation for CHIS must be made on the **Application for the use of covert human intelligence sources (CHIS) form**, using the link in [Appendix D-2010-09 CHIS Application. \[AS ABOVE\]](#)

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[90-93.](#) The written application must describe:

- the reason why the authorisation is necessary in the particular case for the prevention or detection of crime or the prevention of disorder
- the purpose of the surveillance
- the nature of the surveillance
- the identities, where known, of those to be subject to the surveillance
- an explanation of the information which it is desired to obtain as a result of the surveillance
- the nature and extent of any likely collateral intrusion and why it is justified
- the nature and extent of any likely confidential information
- the level of authorisation needed
- the reason why the surveillance is considered proportionate to what it seeks to achieve
- a subsequent record of whether authority was given or refused, by whom and on what date.

[91-94.](#) The Authorising Officer must satisfy him or herself that the particular surveillance requested is proportionate to the particular aim pursued in the course of the investigation. It is ultimately for the Authorising Officer to decide whether or not the proposed surveillance is necessary and proportionate.

[92-95.](#) The current Authorising Officers are set out in the Surveillance Personnel List. The Service Director Legal and Democratic Services will revise the Personnel List as and when necessary.

[93-96.](#) If the application is granted, the Authorising Officer must record the reasons for authorisation. If the application is refused, the Authorising Officer must record the reasons for refusal.

[94-97.](#) Once the above authorisation process has been completed and a provisional authorisation granted, the Council must apply to the Magistrates Court for an Order approving the grant or renewal of an authorisation.

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

#### **Duration and termination of authorisation**

~~95-98.~~ A written authorisation for **directed surveillance** will cease to have effect (unless renewed) at the end of a period of three months ~~beginning on the day the Magistrates approval took effect.~~ [TO ENSURE OFFICERS ARE AWARE OF TIME PERIOD – AUTHORISATION BY AO AND MAGISTRATES DATES WILL USUALLY BE DIFFERENT]

~~96-99.~~ A written authorisation for the use of a **CHIS** granted by an Authorising Officer will cease to have effect (unless renewed) at the end of a period of ~~twelve~~four months ~~from authorisation beginning on the day the Magistrates approval was given~~ (or ~~four~~one months where the source is a juvenile). [AS ABOVE]

~~97-100.~~ Once the exercise for which authorisation has been granted has been carried out the Officer must complete a cancellation notice (**Cancellation of use of directed surveillance form or Cancellation of covert human intelligence sources (CHIS) Form 2007-01-DS Cancellation or 2007-01-CHIS Cancellation** using the link in Appendix D) and submit this to the Authorising Officer for signature. [TO BE CONSISTENT AND FUTURE PROOF AGAINST FORM NUMBERS]

~~98-101.~~ A written authorisation should be reviewed monthly to assess whether or not there is a need for surveillance to continue. The Authorising Officer must be satisfied that the continuation of the authorisation is justified. The Authorising Officer must record the reasons for concluding that an authorisation is justified to continue as approved or, alternatively, must record the reasons for concluding that the authorisation should not be continued. The review should be conducted using the form **Review of use of directed surveillance-2007-01-DS-Review** or form **Reviewing the use of covert human intelligence sources (CHIS) Form 2010-09-CHIS-Review** using the link in Appendix D.

~~99-102.~~ At any time before an authorisation would cease to have effect, the Investigating Officer may apply to the Authorising Officer to renew the authorisation. The Authorising Officer must be satisfied that the renewal would be proportionate. The authorisation of directed surveillance is subject again to Magistrates approval, and may be renewed for a further 3 months, taking effect at the time or on the day on which the authorisation would otherwise have ceased to have effect. The Authorising Officer must record the reasons for renewal or refusal. An application for renewal must be made using the form **Renewal form for directed surveillance-2007-01-DS-Renewal** or form **Renewal of authorisation to use covert human intelligence sources from the link in Appendix D 2007-1-CHIS-Renewal**.

~~100-103.~~ All applications for a written renewal should record:

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

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~~401-104.~~ Reviews and renewal applications for the use of a CHIS should also include the use made of the source during the period authorised, the tasks given to the source and the information obtained from the source.

~~402-105.~~ An application for renewal should not be made until shortly before the authorisation period is drawing to an end.

~~403-106.~~ Authorisations may be renewed more than once, provided they meet the criteria for authorisation.

~~404-107.~~ During a review the authorising officer may amend the authorisation or cancel it, if the criteria for its initial authorisation are no longer met. As soon as the decision is taken to discontinue surveillance, all those involved in the surveillance must be notified.

### **Record Keeping**

~~405-108.~~ Copies of all signed forms of authorisation, renewals and cancellations should be filed on the case file and the originals should be sent to the RIPA Co-ordinating Officer within 5 working days of such authorisation renewal or cancellation. Forms will be kept for 5 years following the end of an authorisation or relevant court proceedings.

~~406-109.~~ The RIPA Co-ordinating Officer will maintain a database of applications containing the following information:

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

~~407-110.~~ The RIPA Co-ordinating Officer will further maintain copies of all applications (whether or not authorisation was given) with supplementary documentation; a record of the period over which surveillance has taken place; the frequency of reviews; the result of any reviews; copies of any renewals of authorisation; the date and time of any instructions given by the authorising officer.

### **Handling of material and use of material as evidence**

~~108~~-111. Material produced as a result of directed surveillance may be used in criminal proceedings and must be retained only for so long as necessary.

~~109~~-112. All material obtained as a result of covert surveillance will be recorded and logged in the Investigating Officer's notebook in accordance with the usual procedures for the logging of evidence.

~~110~~-113. Material obtained using covert surveillance should be disposed of in accordance with the *Criminal Procedures and Investigations Act 1996*. Public authorities must ensure that arrangements are in place for the secure handling, storage and destruction of material obtained through the use of directed or intrusive surveillance. Authorising officers must also ensure compliance with the requirements of the Data Protection Act 2018 and [UK](#) General Data Protection Regulation. [\[UPDATE\]](#)

## APPENDIX A

### SURVEILLANCE PERSONNEL LIST

ROLE	NAME	JOB TITLE	DIRECTORATE
AUTHORISATION WHERE CONFIDENTIAL INFORMATION LIKELY TO BE ACQUIRED; USE OF JUVENILE CHIS; USE OF VULNERABLE CHIS	RACHAEL SHIMMIN	CHIEF EXECUTIVE	HEAD OF PAID SERVICE
SENIOR RESPONSIBLE OFFICER	NICK GRAHAM	SERVICE DIRECTOR LEGAL AND DEMOCRATIC SERVICES	DEPUTY CHIEF EXECUTIVE
RIPA CO-ORDINATING OFFICER	MARIA DAMIGOS	PRINCIPAL SOLICITOR	LEGAL AND DEMOCRATIC SERVICES
AUTHORISING OFFICER/DESIGNATED PERSON	CRAIG MCARDLE	CORPORATE DIRECTOR ADULTS, HEALTH AND HOUSING	ADULTS, HEALTH AND HOUSING
AUTHORISING OFFICER/DESIGNATED PERSON	RICHARD BARKER	CORPORATE DIRECTOR COMMUNITIES	COMMUNITIES
APPROVED RANK OFFICER FOR SUPERVISION UNDER THE INVESTIGATORY POWERS ACT 2016 and COMMUNICATIONS DATA	JENNY CAPRIO	HEAD OF LEGAL SERVICES NON CONTENTIOUS	LEGAL AND DEMOCRATIC SERVICES





**APPENDIX B** [CHANGES TO FORM NUMBERS FOR CONSISTENCY WITH APPENDIX D]

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**FLOWCHART 1: DIRECTED SURVEILLANCE**

Requesting Officer ('The Applicant') must:

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

If authorisation is necessary and proportionate, prepare and submit Form €D1 to Authorising Officer

Authorising Officer must:

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

The Applicant must:  
**REVIEW REGULARLY**  
(Complete Review Form €D4) and submit to Authorising Officer on date set.

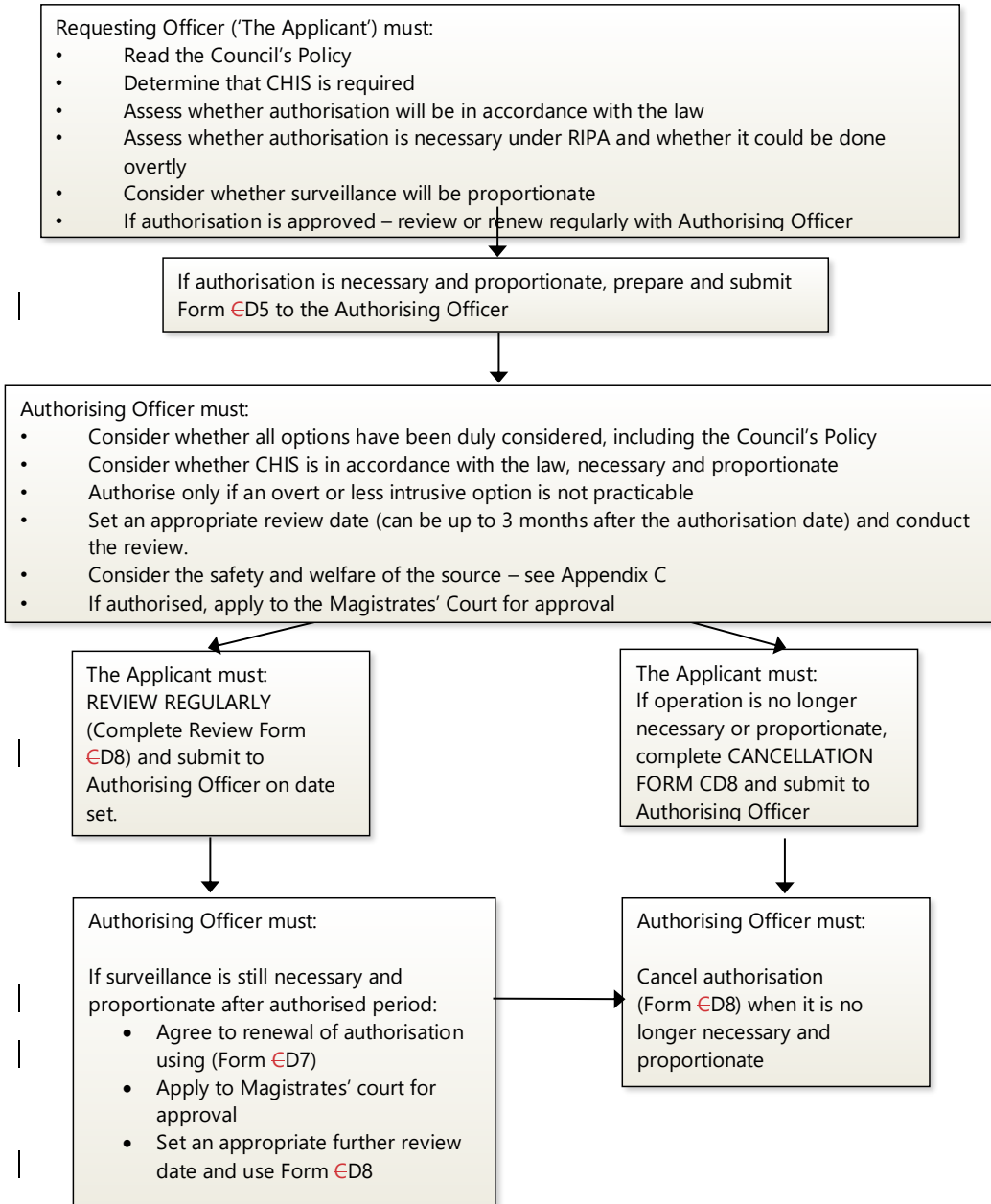
The Applicant must:  
If operation is no longer necessary or proportionate, complete **CANCELLATION FORM €D2** and submit to Authorising Officer

Authorising Officer must:  
If surveillance is still necessary and proportionate after authorised period:

- Agree to renewal of authorisation using (Form €D3)
- Apply to Magistrates' court for approval
- Set an appropriate further review date and use Form €D4

Authorising Officer must:  
**REVIEW REGULARLY**  
Cancel authorisation (Form €D2) when it is no longer necessary and proportionate

**FLOWCHART 2: CHIS**



## APPENDIX C

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

**For full details refer to the Home Office CHIS Revised Code of Practice [SIGNPOSTING]**

#### Management of sources

##### Tasking

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

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

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

~~It is difficult to predict exactly what might occur each time a meeting with a CHIS takes place, or the CHIS meets the subject of an operation. There may be occasions when unforeseen action or undertakings occur. When this happens, the occurrence must be recorded as soon as practicable after the event, followed by an assessment as to whether the existing authorisation covers the unforeseen action or undertaking. Where initial assessment indicates the existing authorisation may be insufficient, a review should be submitted so that the Authorising Officer can decide whether the existing authorisation is sufficient or whether a new authorisation is required.~~  
[REPLACED WITH UPDATED PARAGRAPH FROM THE GUIDANCE]

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

##### Security and welfare

Any public authority deploying a CHIS should take into account the safety and welfare of that CHIS when carrying out actions in relation to an authorisation or tasking, and the foreseeable consequences to others of that tasking.

Before authorising the use or conduct of a CHIS, the authorising officer should ensure that a risk assessment is carried out to determine the risk to the CHIS of any tasking and the likely consequences should the role of the CHIS become known. This should consider the risks relating to the specific tasking and circumstances of each authorisation separately, and should be updated to reflect developments during the course of the deployment, as well as after the deployment if contact is maintained.

The ongoing security and welfare of the CHIS, after the cancellation of the authorisation, should also be considered at the outset and reviewed throughout the period of authorised activity by that CHIS.

Consideration should also be given to the management of any requirement to disclose information which could risk revealing the existence or identity of a CHIS. For example this could be by means of disclosure to a court or tribunal, or any other circumstances where disclosure of information may be required, and strategies for minimising the risks to the CHIS or others should be put in place.

Additional guidance about protecting the identity of the CHIS is provided at paragraphs [9.26 to 9.29](#) ~~8.22 to 8.25~~ of the Home Office CHIS guidance. [\[UPDATED PARAGRAPH NUMBERS IN NEW GUIDANCE\]](#)

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

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

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

## APPENDIX D

### LIST OF FORMS IN USE FOR COVERT SURVEILLANCE

[Available via RIPA forms \[LINK INSERTED FOR EASE\]](#)

- Form D1: [Application for use of ~~d~~irected ~~S~~surveillance ~~Application~~](#)
- Form D2: [Directed Surveillance Cancellation ~~of use of directed surveillance form~~](#)
- Form D3: [Renewal form for ~~d~~irected ~~S~~surveillance ~~Renewal~~](#)
- Form D4: [Directed Surveillance Review ~~of use of directed surveillance~~](#)
- Form D5: [CHIS Application for the use of covert human intelligence sources \(CHIS\)](#)
- Form D6: [CHIS Cancellation ~~of covert human intelligence sources \(CHIS\)~~](#)
- Form D7: [CHIS Renewal ~~of authorisation to use covert human intelligence sources~~](#)
- Form D8: [CHIS Review ~~ing the use of covert human intelligence sources \(CHIS\)~~](#)

[\[NAMES OF FORMS CHANGED TO REFLECT WHAT IS ON THE GOVERNMENT WEBSITE\]](#)

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## **APPENDIX E**

### **GUIDANCE ON ACCESSING COMMUNICATIONS DATA**

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

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

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

Comprehensive guidance on the application process is also available via the National Anti-fraud Network website at [www.nafn.gov.uk](http://www.nafn.gov.uk).

**APPENDIX F**

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

Local authority: Buckinghamshire Council

Local authority department:.....

Offence under investigation:.....

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

Covert technique requested: (tick one and specify details)

<b>Directed Surveillance</b>	
<b>Communications Data</b>	
<b>Covert Human Intelligence Source</b>	

Summary of details

.....  
.....  
.....  
.....  
.....

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

Investigating Officer:.....

Authorising Officer/Designated Person:.....

Officer appearing before JP:.....

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

Contact telephone number:.....



Contact email address (optional).....

Local authority reference:.....

Number of pages.....

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

Magistrates' court.....

Having considered the application, I (tick one):

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

Notes.....  
.....  
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.....  
.....

Reasons.....  
.....  
.....  
.....

Signed:.....

Date:.....

Time:.....

Full name:.....

Address of magistrates' court:.....

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## Report to Audit and Governance Committee

<b>Date:</b>	6 March 2024
<b>Title:</b>	<b>Anti-Fraud and Corruption and Anti-Money Laundering Policies</b>
<b>Relevant councillor(s):</b>	<b>N/A</b>
<b>Author and/or contact officer:</b>	Maggie Gibb, Head of Business Assurance (& Chief Auditor)
<b>Ward(s) affected:</b>	<b>N/A</b>
<b>Recommendations:</b>	<b>Members are recommended to APPROVE the policies</b>
<b>Reason for decision:</b>	<b>N/A</b>

### 1. Executive summary

- 1.1 The Anti-Fraud and Corruption Policy (Appendix 1) sets out Buckinghamshire Council's commitment to tackling fraud and corruption.
- 1.2 Buckinghamshire Council has a zero-tolerance stance to all forms of fraud, corruption, bribery, and theft, both from within the Council and from external sources.
- 1.3 Money Laundering is the process by which criminally obtained money or other criminal property is exchanged for "clean" money or other assets with no obvious link to their criminal origins.
- 1.4 The Anti-Money Laundering Policy (Appendix 2) should be read in conjunction with the Council's Anti-Fraud and Corruption Policy.

### 2. Content of report

- 2.1 The Anti-Fraud and Corruption and Anti-Money Laundering Policies have been reviewed and updated to reflect current legislation/guidance and structure changes.

2.2 The policies have been reviewed and agreed by the Governance and Assurance Board on 16 February 2024.

### **3. Other options considered**

3.1 N/A.

### **4. Legal and financial implications**

4.1 None

### **5. Corporate implications**

5.1 None

### **6. Communication, engagement & further consultation**

6.1 N/A.

### **7. Next steps and review**

7.1 The policies will be reviewed on a triennial basis (next review February 2027 or sooner should there be a change in the relevant legislation).

### **8. Background papers**

8.1 None.

### **9. Your questions and views (for key decisions)**

9.1 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](mailto:democracy@buckinghamshire.gov.uk).



## APPENDIX 1

Buckinghamshire Council

# Anti-Fraud and Corruption Policy

**Prepared by:** Maggie Gibb, Head of Business Assurance (& Chief Internal Auditor)

Date: February 2024

Next review: February 2027

## Version Control

Version	Date	Sign Off	Action	Responsible Officer
1.0	14/11/2019	Resources Board	Agreed. Minor changes to reflect structures	Maggie Gibb
1.1	26/11/2019	Chief Executive's Implementation Group	Agreed. Minor changes to reflect structures	Maggie Gibb
1.2	11/12/2019	Informal Shadow Exec	Agreed	Maggie Gibb
1.3	01/06/2021	Head of Business Assurance (& Chief Internal Auditor)	Agreed. Minor changes	Maggie Gibb
1.4	14/06/2021	Audit Board	Agreed	Maggie Gibb
1.5	22/06/2021	Audit and Governance Committee	Agreed	Maggie Gibb
FINAL			Publication	
2.0	16/02/2023	DCE Board	Agreed. Key change is the inclusion of Social Housing related offences, additional sections on Sanction and Redress.	Maggie Gibb
2.1	23/02/2023	CMT	Agreed	Maggie Gibb
2.2	20/03/2023	Audit Board	Agreed	Maggie Gibb
	29/03/2023	Audit and Governance Committee		
2.3	13/02/2024	Governance and Assurance Board	Minor changes (job titles etc) and update of training section.	Maggie Gibb

# Anti-Fraud and Corruption Policy

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## **1. Introduction/Policy Statement**

1.1 This policy sets out Buckinghamshire Council's commitment to tackling fraud and corruption.

Buckinghamshire Council has a zero-tolerance stance to all forms of fraud, corruption, bribery, and theft, both from within the Council and from external sources, which it recognises can:

- undermine the standards of public service that the Council is attempting to achieve;
- reduce the level of resources and services available for the residents of Buckinghamshire; and
- result in consequences which reduce public confidence in the Council.

1.2 The Council is one of the largest business organisations in Buckinghamshire. In administering its responsibilities, the Council has a duty to prevent fraud and corruption, whether it is attempted by someone outside or within the Council such as another organisation, a resident, an employee, or Councillor. The Council is committed to an effective Anti-Fraud and Corruption culture, by promoting high ethical standards and encouraging the prevention and detection of fraudulent activities.

1.3 Any proven fraud will be dealt with in a consistent and proportionate manner. Appropriate sanctions and redress will be pursued against anyone perpetrating, or seeking to perpetrate fraud, corruption, or theft against the Council.

1.4 The Council is committed to the highest possible standards of openness, probity, honesty, integrity, and accountability. The Council expects all staff, Councillors, and partners to observe these standards which are defined within the Code of Conduct.

1.5 The Service Director - Finance, as the "Section 151 Officer" has a statutory responsibility under section 151 of the Local Government Act 1972 to ensure the proper arrangements for the Council's financial affairs and has developed financial regulations and accounting instructions. The Service Director - Finance (S.151 Officer) exercises a quality control on financial administration through delegation of responsibilities to the Assistant Director of Finance (Procurement, Pensions & Revenue & Benefits).

1.6 The Deputy Chief Executive, as the "Monitoring Officer" has a statutory responsibility to advise the Council on the legality of its decisions and to ensure that the Council's actions do not give rise to illegality or maladministration. It is therefore essential for employees to follow the Council's policies and procedures to demonstrate that the Council is acting in an open and transparent manner.



## 2. Definitions

2.1 **FRAUD:** Is defined by The Fraud Act 2006 as follows:

A person is guilty of fraud if he is in breach of any of the following:

**Fraud by false representation;** that is if a person:

- (a) dishonestly makes a false representation; and
- (b) intends, by making the representation:
  - (i) to make a gain for themselves or another, or
  - (ii) to cause loss to another or to expose another to a risk of loss.

**Fraud by failing to disclose information;** that is if a person:

- (a) dishonestly fails to disclose to another person information which they are under a legal duty to disclose; and
- (b) intends, by failing to disclose the information:
  - (i) to make a gain for themselves or another, or
  - (ii) to cause loss to another or to expose another to a risk of loss.

**Fraud by abuse of position;** that is if a person:

- (a) occupies a position in which they are expected to safeguard, or not to act against, the financial interests of another person;
- (b) dishonestly abuses that position; and
- (c) intends, by means of the abuse of that position:
  - (i) to make a gain for themselves or another, or
  - (ii) to cause loss to another or to expose another to a risk of loss.

The Fraud Act 2006 repeals certain offences that are detailed in the Theft Acts of 1968 and Theft (Amendment) Act 1996. The term “fraud” is usually used to describe depriving someone of something by deceit, which might either be misuse of funds or other resources, or more complicated crimes like false accounting or the supply of false information. In legal terms, these activities include deception, forgery, extortion, corruption, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion.

In addition, the Fraud Act deals with offences relating to the possession of articles for use in fraud, making or supplying articles for use in frauds, participation by a sole trader in fraudulent business and obtaining services dishonestly, personally or for another.

For social housing related offences, the Council has powers pursuant to the Prevention of Social Housing Fraud Act (PoSHFA) 2013 to take action to prevent, detect and deter social housing fraud in partnership with Local Housing Providers, who do not have prosecution powers under PoSHFA. The fraudulent misuse of social housing may be any of the following:

- Non-occupation by the tenant(s) as their only or principal home.
- Wrongly claimed succession – retention of a tenancy following the death of the tenant(s).

- Unauthorised assignment of the tenancy – mutual exchange or transfer of tenancy without permission from the Housing Provider.
- Key selling, this is where the tenant leaves the property and passes on the keys in return for a one of lump sum payment or favour.
- Fraudulently obtaining a social housing tenancy by misrepresentation of identity or circumstances.
- Fraudulent Right to Buy and Right to Acquire applications.
- Unauthorised sub-letting:
  - a) Sub-letting the whole property to other individuals or;
  - b) Sub-letting part of the property without the prior consent of the Housing Provider.

2.2 **CORRUPTION:** is the deliberate use of one’s position for direct or indirect personal gain. Corruption often includes acts of bribery, which cover the offering, giving, soliciting or acceptance of an inducement or reward, which may influence the action of any person to act inappropriately.

2.3 **THEFT:** is the physical misappropriation of cash or other tangible assets. A person is guilty of “theft” if he or she dishonestly appropriates property belonging to another with the intention of permanently depriving the other of it. Theft offences are covered by the Theft Act 1968 and Theft (Amendment) Act 1996.

2.4 **MONEY LAUNDERING:** is any process used by criminals to conceal the origins of illegally obtained gains (including money and other assets), through criminal activities, so that they appear to have come from legal and legitimate sources.

All employees are instructed to be aware of the increasing possibility of receiving requests that could be used for money laundering and illicit requests for money through e-mails. Detailed guidance is set out in the Council’s Anti-Money Laundering Policy.

2.5 Any service that receives money from an external person or body is potentially vulnerable to a money laundering operation. The need for vigilance is vital and if there is any suspicion concerning the appropriateness of the transaction, then advice must be sought from the Council’s Money Laundering Reporting Officer (MLRO): Service Director - Finance (S.151 Officer). To report any incidents, please see the guidance notes detailed on the Council’s intranet page.

2.6 Legal Services also have their own professional guidance in relation to money laundering which places a duty on solicitors to report any suspicions and these may override their legal professional privilege and confidentiality. All such suspicions must be reported to the Monitoring Officer (Deputy Chief Executive) and the MLRO.

2.7 **BRIBERY:** The Bribery Act 2010 came into force in the UK on 1st July 2011. It amends and reforms the UK criminal law and provides a modern legal framework to combat bribery in the UK and internationally. Staff need to be aware of their obligations under this Act, which sets out the

criminality of accepting and giving of bribes. This applies to both individual staff and the Council corporately. The Bribery Act 2010 introduces four main offences, simplified as the following:

- **bribing another person:** a person is guilty of an offence if he/she offers, promises, or gives a financial or other advantage to another person;
- **offences relating to being bribed:** a person is guilty of an offence if he/she requests, agrees to receive, or accepts a financial or other advantage. It does not matter whether the recipient of the bribe receives it directly or through a third party, or whether it is for the recipient's ultimate advantage or not;
- **bribery of a foreign public official:** a person who bribes a foreign public official is guilty of an offence if the person's intention is to influence the foreign public official in their capacity, duty, or role as a foreign public official; and
- **failure of commercial organisations to prevent bribery:** organisations, which include the Council, must have adequate procedures in place to prevent bribery in relation to the obtaining or retaining of business.

Note: A 'financial' or 'other advantage' may include money, assets, gifts, or services.

2.8 Prior to entering into any business arrangements, all Council officers and/or business units should ensure that they have taken all reasonable steps to identify any potential areas of risk relating to bribery or corruption.

### 3. Scope

3.1 This document applies to:

- All Council Employees (including volunteers, agents, and agency staff) and Councillors;
- Staff and Committee Members of Council funded voluntary organisations;
- Partner organisations;
- Schools;
- Council Suppliers, Contractors and Consultants;
- Service Users;
- General Public; and
- Assisting with external investigations (see 5.4).

### 4. Aims and Objectives

4.1 The aims and objectives of the Anti-Fraud and Corruption Policy are to:

- ensure that the Council is protected against fraud and loss;
- protect the Council's valuable resources by ensuring they are not lost through fraud but are used for improved services to Buckinghamshire residents and visitors;

- create an “anti-fraud” culture which highlights the Council’s zero tolerance of fraud, bribery, corruption, and theft, which defines roles and responsibilities and actively engages everyone (the public, Councillors, staff, managers, and policy makers); and
- provide a best practice “counter-fraud” service which:
  - proactively deters, prevents, and detects fraud, corruption and theft;
  - investigates suspected or detected fraud, bribery, corruption and theft;
  - enables the Council to apply appropriate sanctions and recovery of losses; and
  - provides recommendations to inform policy, system, and control improvements, thereby reducing the Council’s exposure to fraudulent activity.

## 5. Principles

5.1 The Council will not tolerate abuse of its services or resources and has high expectations of propriety, integrity and accountability from all parties identified within this Policy. The Council will ensure that the resources dedicated to “counter-fraud” activity are sufficient and all those involved are trained to deliver a professional “counter-fraud” service to the highest standards.

5.2 All fraudulent activity is unacceptable and will result in consideration of legal action being taken against the individual(s) concerned. The Council will also pursue the repayment of any financial gain from individuals involved in malpractice and wrongdoing. The Council will ensure consistency, fairness, and objectivity in all its “counter-fraud” work and ensure that everyone is treated equally.

5.3 This Policy encourages those detailed in section 3.1 to report any genuine suspicions of fraudulent activity. However, malicious allegations or those motivated by personal gain will not be tolerated and, if proven, disciplinary or legal action will be taken. Sections 8.3 and 8.4 detail the reporting arrangements in relation to incidents of fraud or irregularity.

5.4 The Council will work with its partners to strengthen and continuously improve its arrangements to prevent fraud and corruption. The Council has a variety of arrangements in place with other agencies to encourage and facilitate the exchange of information and investigations in relation to the detection and prevention of fraud and corruption. These include, but are not limited to, arrangements with the following:

- External Auditor;
- Department for Work & Pensions (DWP);
- The Police;
- National Anti-Fraud Network; and
- Social Housing Landlords.

The Council expects all its partners to operate to the same high standards as itself with relation to Anti-Fraud and Corruption.

5.5 This policy is aligned to the best practice counter fraud strategy for local government: Fighting Fraud and Corruption Locally – A Strategy for the 2020s. It focuses on five pillars of activity that are deemed necessary to develop and enhance a counter fraud response. These pillars are:

- **Govern:** settings out the executive support for anti-fraud measures to be embedded throughout the organisation and describing the roles and responsibilities of key stakeholders.
- **Acknowledge:** focusing on a general approach to tackling fraud, with acknowledgement of the various fraud risks to which the Council could be exposed. Fraud can be perpetrated both by staff or others who work within the organisation (internal fraud) or by contractors or members of the public who unlawfully take advantage of the many services that the Council provides (external fraud). Examples of the types of fraud risk to which the Council is exposed, are listed in Appendix D. This identifies 21 different types of fraud and corruption, of which 20 could be external in nature.
- **Prevent:** focusing on preventing and detecting fraud.
- **Pursue:** committing to deterrence from sanctions if perpetrators are caught, including prosecution, disciplinary action, and restitution.
- **Protect:** recognizing the harm that fraud can cause the Council and the community and protecting against future frauds.

## 6. Responsibilities

Stakeholder	Specific Responsibilities
<b>Chief Executive</b>	Ultimately accountable for the effectiveness of the Council’s arrangements for countering fraud and corruption.
<b>Deputy Chief Executive (Monitoring Officer)</b>	To advise Councillors and Officers on ethical issues, standards, and statutory responsibility to ensure that the Council operates within the law and statutory Codes of Practice.
<b>Service Director - Finance (S.151 Officer and Money Laundering Reporting Officer)</b>	To ensure the Council has adopted an appropriate Anti-Fraud Policy, there is an effective internal control environment in place and there is an adequately resourced and effective Internal Audit service to deliver “counter-fraud” work.
<b>Audit and Governance Committee</b>	To monitor the Council’s strategies and policies and consider the effectiveness of the arrangements for Raising Concerns at Work, Confidential Reporting Procedures, Anti-Fraud and Corruption and the Complaints Process.
<b>Councillors</b>	To comply with the Code of Conduct and related Council policies and procedures, to be aware of the possibility of fraud, corruption, and theft, and to report any genuine concerns accordingly.
<b>External Audit</b>	Statutory duty to ensure that the Council has adequate arrangements in place for the prevention and detection of fraud, corruption, and theft.
<b>Internal Audit</b>	Responsible for developing and implementing the Anti-Fraud and Corruption Policy and monitoring the investigation of any reported issues. To ensure that all suspected or reported irregularities are dealt with promptly and in accordance with this Policy and that action is identified to improve controls and reduce the risk of recurrence.
<b>Corporate Directors, Service Directors, Heads of Finance and Managers</b>	To promote staff awareness and ensure that all suspected or reported irregularities are immediately referred to Internal Audit or via the Confidential Reporting Policy. To ensure that there are mechanisms in place within their service areas to assess the risk of fraud, corruption, and theft and to reduce these risks by implementing strong internal controls.
<b>Staff</b>	To comply with Council policies and procedures, to be aware of the possibility of fraud, corruption, and theft, and to report any genuine concerns to management, Internal Audit or via the Confidential Reporting Policy and Procedure.

Stakeholder	Specific Responsibilities
Public, Partners, Suppliers and Contractors	To be aware of the possibility of fraud and corruption against the Council and report any genuine concerns / suspicions.

## 7. Approach to Countering Fraud

- 7.1 Buckinghamshire Council will fulfil its responsibility to reduce fraud and protect its resources by completing work in each of the following key areas, which are aligned to the five pillars of the counter fraud strategy for local government: Fighting Fraud and Corruption Locally – A Strategy for the 2020s:
- 7.2 **DETERRENCE (Govern and Protect):** The Council will promote and develop a strong “counter-fraud” culture, raise awareness, and provide information on all aspects of its “counter-fraud” work. This includes dedicated fraud web pages, guidance, publicising the results of proactive work, investigating fraud referrals, and seeking the recovery of any losses due to fraud.
- 7.3 **PREVENTION (Prevent, Acknowledge and Protect):** The Council will strengthen measures to prevent fraud. Internal Audit will work with managers and policy makers to ensure new and existing systems, procedures and policy initiatives consider any fraud risks. Audit activity will also consider fraud risks as part of each review.
- 7.4 **DETECTION (Prevent, Acknowledge and Protect):** Internal Audit maintains a log of all fraud referrals. The log helps to establish those areas within the Council most vulnerable to the risk of fraud. This also enables a Council wide fraud profile to be created which then informs any detailed work in areas throughout the Council aimed at detecting existing and new types of fraudulent activity.
- Internal controls are established for financial and other systems within the Council. They are designed to discourage fraud and provide indicators of any fraudulent activity. The Council also relies on employees, Councillors, and the public to be alert and to report suspicion of fraud and corruption.
- Managers should pay particular attention to circumstances which may require additional and sensitive monitoring or supervision. Examples of Fraud Indicators are detailed in Appendix C.
- 7.5 **INVESTIGATION (Acknowledge):** The Council will investigate all reported incidents of fraud or irregularity. Please see Appendix A for the Protocol for Investigating Irregularities.
- 7.6 **SANCTIONS (Pursue):** The Council will apply realistic and effective sanctions for individuals or organisations where an investigation reveals fraudulent activity. This will include legal action in addition to criminal and disciplinary action, where appropriate.
- 7.7 **REDRESS (Pursue):** A crucial element of the Council’s response to tackling fraud is seeking financial redress and the recovery of defrauded monies will be pursued, where appropriate.

7.8 In addition to the above, Internal Audit also prepares an annual Counter-Fraud Work Plan that details the key objectives and areas of work for the year and when actions are due to be completed. The work plan is agreed and monitored by the Regulatory and Audit Committee and Section 151 Officer.

## **8. Reporting, Advice and Support**

8.1 The Council's expectation is that Councillors and managers will lead by example and that employees at all levels will comply with the Constitution, Council Policies, Financial Regulations and Contract Standing Orders.

8.2 The Council recognises that the primary responsibility for the prevention and detection of fraud rests with management. It is essential that employees of the Council report any irregularities, or suspected irregularities to their line manager and if this is not appropriate then to the Corporate Director or Service Director/Manager. The Council will provide all reasonable protection for those who raise genuine concerns in good faith, in accordance with the Whistleblowing Policy and Procedure.

8.3 The line manager, Service Manager, Director, or Corporate Director who receives the allegation (whether from a Councillor or a Council employee) must refer the matter to the following people, to determine how the potential irregularity will be investigated:

- Head of Business Assurance (& Chief Internal Auditor);
- Service Director - Finance (Section 151 Officer);
- Deputy Chief Executive (Monitoring Officer);
- Corporate Director;and
- Service Director - HR.

8.4 Where appropriate, the Monitoring Officer should inform the Leader, Deputy Leader, and relevant portfolio holder where the irregularity is material and/or could affect the reputation of the Council. The Section 151 Officer will liaise with the Cabinet Member for Resources, as appropriate. The Media Team should also be informed if the matter is likely to be communicated externally.

8.5 The investigating officer will follow the 'Guidelines for Managers on Investigating Allegations' as well as the 'Protocol for Investigating Irregularities' (Appendix A), which includes the need to:

- deal promptly with the matter;
- record all evidence received;
- ensure that evidence is sound and adequately supported;
- ensure security of all evidence collected;
- contact other agencies if necessary e.g. Police;
- notify the Council's insurers;
- implement Council disciplinary procedures where appropriate; and
- recover monies lost, whether through error or fraud.



8.6 The Council will also work in co-operation with the following bodies that will assist in scrutinising our systems and defences against fraud and corruption:

- Local Government Ombudsman;
- External Audit – Relationship Manager;
- National Fraud Initiative and related Audit and Counter Fraud Networks;
- Central Government Departments;
- HM Revenue and Customs;
- UK Border Agency;
- Department for Work and Pensions; and
- Police.

8.7 Any concerns or suspicions reported will be treated with discretion and in confidence. Key contacts include:

- Head of Business Assurance (& Chief Internal Auditor) – Tel: 01296 387327
- Audit, Assurance and Fraud Manager (Fraud Lead) – Tel: 01296 383717
- Confidential Reporting Facility - Tel: 01296 382237
- Confidential e-mail - [investigations@buckinghamshire.gov.uk](mailto:investigations@buckinghamshire.gov.uk)

8.8 Other Council means for raising concerns:

<ul style="list-style-type: none"> <li>▪ Chief Executive</li> </ul>	<p>Write to:</p> <p><b>Buckinghamshire Council</b></p> <p>The Gateway</p> <p>Aylesbury</p> <p>Buckinghamshire</p> <p>HP20 1UA</p>
<ul style="list-style-type: none"> <li>▪ Deputy Chief Executive (Monitoring Officer)</li> <li>▪</li> </ul>	
<ul style="list-style-type: none"> <li>▪ Service Director - Finance (S.151 Officer)</li> </ul>	
<ul style="list-style-type: none"> <li>▪ Corporate Director</li> </ul>	
<ul style="list-style-type: none"> <li>▪ Service Director/Manager</li> </ul>	
<ul style="list-style-type: none"> <li>▪ Head of Business Assurance (&amp; Chief Internal Auditor)</li> </ul>	
<ul style="list-style-type: none"> <li>▪ Audit and Governance Committee Chairman</li> </ul>	

8.9 External means of raising concerns:

<ul style="list-style-type: none"> <li>▪ External Audit (Grant Thornton)</li> </ul>	020 7728 3328
<ul style="list-style-type: none"> <li>▪ Citizens Advice Bureau</li> </ul>	Website: <a href="http://www.citizensadvice.org.uk">www.citizensadvice.org.uk</a>
<ul style="list-style-type: none"> <li>▪ Police</li> </ul>	Website: <a href="http://www.thamesvalley.police.uk">www.thamesvalley.police.uk</a>

8.10 Attached are the following Appendices:

- Appendix A: The Protocol for Investigating Irregularities
- Appendix B: The Council’s Fraud Response Plan
- Appendix C: Examples of Fraud Indicators

## **9. Further Information**

9.1 Further information on Council policy can be found in the following documents:

- The Constitution;
- Codes of Conduct (Councillors and Officers);
- Whistleblowing Policy;
- Commercial Practices, Gifts and Hospitality;
- Financial Procedure Rules and Instructions;
- Contract Procedure Rules and Exemptions;
- Anti-Money Laundering Policy; and
- Investigatory Powers Act (IPA).

## **10. Policy Review**

10.1 The Audit and Governance Committee will continue to review and amend this Policy as necessary to ensure that it continues to remain compliant and meets the requirements of the Council.

Responsible Officer:	Head of Business Assurance (& Chief Internal Auditor)
Date:	February 2024
Next Review Date:	February 2027

## **APPENDIX A**

### **Protocol for Investigating Irregularities**

#### **a) Fraud Referral / Allegation**

The primary responsibility for the prevention and detection of fraud, corruption and theft rests with Corporate Directors, Directors, and Service Managers. Internal controls have been established for financial and other systems within the Council. They are designed to discourage fraud and provide indicators of any fraudulent activity. Employees, Councillors, and other groups are encouraged to report suspected irregularities in accordance with the Council's Confidential Reporting Policy and Procedure.

When a referral or allegation is received, the Corporate Director, Director or Service Manager will report the incident to the key contacts and officers detailed in section 8.3 above, as well as any other relevant contacts, to determine the course of action.

All referrals will be risk-assessed to determine the requirement for further investigation. In some cases, an allegation may be of a routine or minor nature that can be dealt with by service management without the need for a formal investigation. If this is the outcome, a record of the decision and who made it must be kept enabling the course of action to be justified. Alternatively, if the matter is of a nature that requires immediate Police involvement, please refer to section f) below on reporting issues to the Police.

All investigations should be reported to Internal Audit, who will monitor the investigation, ensuring action is initiated, effectively managed, and brought to a proper conclusion.

If it is agreed that an internal investigation is required, this protocol details the stages that should be followed. It is the Corporate Director, Service Director, and Head of Services' responsibility to initiate the investigation of potential cases of fraud, corruption, or theft, and to agree the approach with the Head of Business Assurance (Chief Auditor) and/or the Audit, Assurance and Fraud Manager.

#### **b) The Investigation**

The Corporate Director, Service Director or Head of Service will agree with the Head of Business Assurance (Chief Auditor) and/or the Audit, Assurance and Fraud Manager who should lead on the investigation, they must be independent of the activity. The investigation team will take specialist professional advice and investigation skills from Internal Audit, Human Resources, and a legal adviser from Legal Services. The team will also have open access to service management to ensure all appropriate enquiries can be undertaken. The Corporate Director or Service Director should arrange for regular briefing meetings from the investigation team.

The team will agree a plan for the investigation having regard to the initial evidence and/or allegation. The investigation plan should be kept under regular review whereby the scope of the case is considered, progress against the plan and the costs of the investigation are evaluated with key relevant officers. Investigation progress will be reported to the Corporate Director, Service Director, Head of Service and other relevant officers on a regular basis. Where any key decisions are required i.e. whether to stop an investigation due to

costs or other external factors; agreement will be obtained from the Corporate Director, Service Director and Head of Service; with final approval of the decision required from the Statutory Officers (Chief Executive, Monitoring Officer, Section 151 Officer and Chief Auditor).

### **c) Evidence**

All evidence gathered will be regarded as strictly confidential and will be the property of the investigation team. It will only be made more widely available on agreement with the necessary officers. The team will be responsible for gathering all evidence, whether verbal, written or electronic, which may include the need to interview individuals, including employees, councillors, service users etc.

If it is necessary to interview employees, the Corporate Director, Service Director, or Head of Service should be informed. HR should also be contacted to ensure the interview is arranged, conducted, and managed correctly to ensure the employee is supported and the investigation is not compromised. Interviews with employees must be conducted in accordance with the relevant Council standards and procedures, with allowances for proper representation. Advice should also be obtained from Internal Audit as to the overall approach in undertaking the interview.

When obtaining written evidence, the source version of any documentation should be obtained. Electronic evidence will be stored on a PC, laptop, tablet, mobile phone, etc. When obtaining electronic evidence, the main issue is how to capture the evidence before it is changed. To do this, the equipment should be secured at the earliest opportunity to ensure evidence is not altered. This is a specialist activity and should be undertaken under the supervision of an IT specialist on which Internal Audit can advise.

Some investigations may require either covert surveillance or a covert operation to obtain information. If this is required, formal authorisation will need to be obtained under the Investigatory Powers Act 2016 (IPA). Authorising any action under IPA regulation needs to be obtained from the Monitoring Officer and Head of Legal Services.

The conduct of interviews and gathering of evidence which may subsequently be used as criminal evidence is governed by specific rules and acts. In this respect, the following statutes are relevant:

- Police and Criminal Evidence Act 1984 (PACE);
- Investigatory Powers Act 2016 (IPA);
- Human Rights Act 1998; and
- General Data Protection Regulation. Data Protection Act 2018.

Specialists trained in investigation and interviewing could be made available to the investigation team. Legal Services and Business Assurance may be able to assist if this is required. The need for specialist advice would be a part of the discussion when an investigation is initiated.

The investigation team should ensure that a fully referenced investigation file is maintained, which includes all documentation, records and notes collated during the investigation. Advice on the best approach to

referencing investigation files can be obtained from Internal Audit. Any evidence obtained will be recorded and retained in line with relevant legislation and take into account regulatory and legal considerations.

Potential avenues of investigation may include gathering digital evidence, surveillance, financial investigations, search and seizure and arrest.

#### **d) Reporting**

Once the investigation work has been concluded, the team will prepare a written report detailing the initial referral or allegation, the work completed (including documents obtained and interviews conducted) and an opinion or conclusion on the outcome of the investigation. Depending on the severity of the investigation outcome, the report may lead to a disciplinary hearing or prosecution. Police referral will be made as soon as possible if there is well-founded concern about criminal activity, particularly if reasonable evidence is uncovered to support a case for prosecution.

The report should also highlight any breakdown in management, operational or financial controls to the Corporate Director, Service Director, or Head of Service, who will agree the necessary actions to address the issues.

The investigation team, in consultation with the Corporate Director or Service Director/Head of Service, should make arrangements for the Service Director - Finance (S.151 Officer), Monitoring Officer, Head of Business Assurance (& Chief Internal Auditor) and Head of HR Operations to be informed of the investigation outcome. Other officers should be notified on a strictly confidential, need to know basis.

#### **e) Disciplinary and Criminal Proceedings**

Corporate Directors and Service Directors/Managers will be expected to take action in accordance with the Council's Conduct and Disciplinary Policy, where the outcome of the investigation indicates improper behaviour. School Governors are also required to take similar action where the outcome of the investigation indicates improper behaviour.

If an investigation requires that an employee is suspended, this must be done in accordance with the Disciplinary Policy and Procedure. The procedure states that the suspension period should be as short as is reasonably practical. Senior employees (Corporate/Service Directors) should record in writing a decision to suspend and any subsequent review of that decision, setting out the reasons for the decision and whether alternative options have been considered.

The Corporate Director or Service Director/Head of Service should ensure, normally through the investigation team, that the relevant written reports are available timely, for disciplinary and criminal proceedings. Necessary members of the investigation team may be required to give written evidence and attend at hearings to give verbal evidence and answer questions.

Normally the line manager will make the complaint at the disciplinary hearing, but in exceptional circumstances and with the Corporate Director and HR's agreement, it may be made by a member of the investigation team.

Where there is a possibility of criminal proceedings, the investigation team should ensure that any relevant evidence, including witness statements, is gathered, and reported in such a way that it could be admissible in court. Legal Services will advise on a case by case basis as appropriate.

#### **f) Police Involvement**

Reporting incidents to the Police must be considered on an individual basis. If criminal activity is suspected, the matter should be promptly reported to the Police by the Corporate Director or Service Director. Approval to report the matter to the Police must be obtained from the Service Director - Finance (S.151 Officer), Monitoring Officer and/or Head of Legal Services. Advice should be sought from Internal Audit on how the matter should be reported and who would be best placed to meet with the Police and discuss the details of the investigation. In the unlikely event that none of the above officers are immediately available, the Corporate Director, Director and Service Manager must judge how quickly the matter should be reported to ensure any Police investigation is not affected.

Continuous liaison with the Police is vital as there may be parallel enquiries undertaken by the Police in addition to those by the in-house team. Also, the Police have specialist skills to interview under caution that will be needed if evidence is to be used in court. Normally, any internal disciplinary process can take place at the same time as the Police investigation. However, this should be agreed in advance by both the Police and the Council to ensure both investigations are not compromised.

#### **g) Investigation Costs**

Internal Audit plans a small contingency for anti-fraud work. The Head of Business Assurance (& Chief Internal Auditor) will determine whether the contingency should be used for undertaking work on a specific investigation. Where resources are not directly available through Internal Audit, any contribution may disrupt planned work so there may be an additional direct charge to the service concerned. If external specialist advice is required, this will only be after agreement both in terms of scope and cost, with the Corporate Director or Service Director. Charges for Legal Services advice will be in accordance with the normal service agreements with Directorates.

#### **h) Post Investigation**

The Council wishes to see that following an investigation, action is taken to minimise future occurrence. This may involve improvements in control, changes to systems and procedures, employee training or promoting "lessons learnt" advice.

Any publicity arising from an investigation will be co-ordinated by the Council's Media Team. It is the responsibility of the Corporate Director or Service Director to ensure that the Media Team is informed of developments following completion of an investigation.

## **i) Training**

The Council acknowledges that the continuing success of its Anti-Fraud and Corruption Policy and its general credibility will depend largely on the effectiveness of programmed training and responsiveness of employees and Councillors throughout the organisation.

Investigation of fraud and corruption may require specialist training, not only for the Council's Internal Audit Service, but also employees within Directorates. A programme of Fraud Awareness training will be delivered across the organisation and the training will reflect the key fraud risks relevant to the service. Effectiveness of the training and attendance will be monitored and reported to the Audit and Governance Committee.

## **j) Sanction and Redress**

The Council will seek financial redress whenever possible to recover losses to fraud, bribery, and corruption. Redress can take the form of confiscation and compensation orders, a civil order for repayment, or a local agreement between the organisation and the offender to repay monies lost.

Each matter will be considered individually on its own facts and merits. However, applying a consistent and thorough approach in all cases will ensure that:

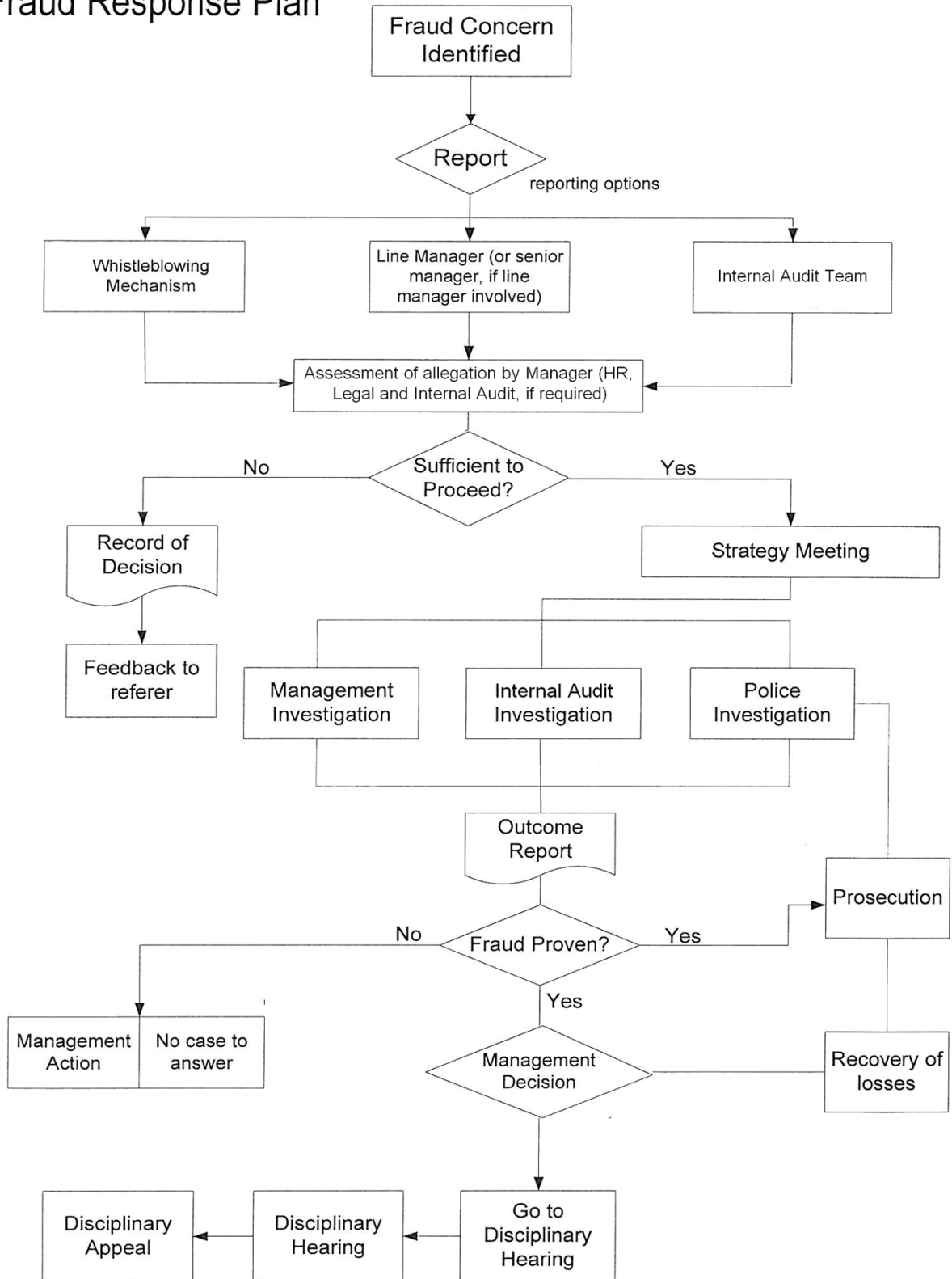
- Investigations are undertaken in the most effective manner, including the gathering and assessment of all relevant material which may form evidence of fraud, bribery, corruption or related misconduct;
- The most appropriate sanction or combination of sanctions is sought where fraud, bribery, corruption, or related misconduct is identified.

An outline of the types of sanction which the Council may apply when an offence has occurred:

- Civil – civil sanctions can be taken against those who commit fraud, bribery, and corruption to recover money and/or assets which have been fraudulently obtained, including interest and costs.
- Criminal – the investigation team will work in partnership with the police and/or the Crown Prosecution Service to bring a case to court against an alleged offender. Outcomes can range from a criminal conviction to fines and imprisonment, community penalty, confiscation and / or compensation order).
- Disciplinary – the Council's disciplinary procedures will be initiated where an employee is suspected of being involved in a fraudulent or illegal act.
- Professional body disciplinary – If warranted, staff may be reported to their professional body following a successful investigation/prosecution.
- Recovery of losses – individuals will be required to repay monies that they have gained in error or through irregular/fraudulent activity. If the case is not taken to court, this will be pursued by the HR contact for the investigation with advice from the investigation team.

The range of available sanctions, which may be pursued by the Council, following approval of the Service Director - Finance (S.151 Officer), Monitoring Officer and/or Head of Legal Services, includes one or a combination of any sanctions listed above.

# Fraud Response Plan





## APPENDIX C

### *Fraud Indicators*

A number of frauds can come to light because of suspicions aroused by, for instance, the behaviour of certain individuals. It is impossible to give a definitive list of fraud indicators or warning signs. The following are types of risk factors that may, either alone or cumulatively with other factors, suggest the possibility of fraud and may therefore warrant further investigation or enquiry.

- **Unusual employee behaviour:** Refusal to comply with normal rules and practices, fails to take leave, refusing promotion, managers by-passing subordinates, subordinates by-passing managers, living beyond means, regularly working long-hours, job dissatisfaction/unhappy employee, secretiveness, or undue defensiveness.
- **Financial irregularities:** Key documents missing (e.g. invoices, contracts); absence of controls and audit trails; missing expenditure vouchers and official records; general ledger out of balance; bank and ledger reconciliations are not maintained or cannot be balanced; excessive movements of cash or transactions between accounts; numerous adjustments or exceptions; constant overdue pay or expense advances; duplicate payments; ghost employees on the payroll; large payments to individuals; excessive variations to budgets or contracts; multiple payments under authorisation thresholds.
- **Bad procurement practice:** Too close a relationship with suppliers/contractors; suppliers/contractors who insist on dealing with only one particular member of staff; unjustified disqualification of any bidder; lowest tenders or quotes passed over with minimal explanation recorded; defining needs in ways that can be met only by specific contractors; single vendors; vague specifications; splitting up requirements to get under small purchase requirements or to avoid prescribed levels of review or approval; missing documents/contracts.
- **Disorganisation:** Understaffing in key control areas; consistent failures to correct major weaknesses in internal control; inadequate or no segregation of duties; frequent complaints.
- **Inadequate supervision:** Policies not being followed; lack of senior management oversight; inadequate monitoring to ensure that controls work as intended (periodic testing and evaluation); low staff morale; weak or inconsistent management.
- **Lax corporate culture:** Management frequently override internal control; climate of fear; employees under stress without excessive workloads; new employees resigning quickly; crisis management coupled with a pressured business environment; high employee turnover rates in key controlling functions.
- **Poor work practices:** Lack of common sense controls; work is left until the employee returns from leave; post office boxes as shipping addresses; documentation that is a photocopy or lacking essential information; lack of rotation of duties; unauthorised changes to systems or work practices.

## APPENDIX D

### *Fraud risks relevant to Buckinghamshire Council*

Research for the Fighting Fraud and Corruption Locally – A strategy for the 2020s highlighted the following types of fraud risks that are relevant to local authorities, indicating whether they are most likely to be perpetrated from inside the Council (internal) or from outside (external):

<b>Fraud type</b>	<b>Description of fraud</b>	<b>Internal / External</b>
Social care fraud: personal budgets and direct payments	Overstatement of needs through false declaration, multiple claims across authorities, third party abuse by carer, family or organisation, posthumous continuation of claims	External
Right to buy	Fraudulent applications under the right to buy/acquire	External
Money laundering	Exposure to suspect transactions	External
Commissioning of services	Including joint commissioning, joint ventures, commercial services, third sector partnerships – conflicts of interest, collusion	Both
Tenancy	Fraudulent applications for housing or successions of tenancy, and subletting of the property	External
Procurement	Tendering issues, split contracts, double invoicing	Both
Payroll	False employees, overtime claims, expenses	Internal
Identity fraud	False identity/fictitious persons applying for services/payments	Both
Council tax	Discounts and exemptions, council tax support	External
Blue Badge	<ul style="list-style-type: none"> <li>Use of counterfeit/altered badges, use when disabled person is not present, use of a deceased person's badge.</li> <li>Badges issued to institutions being misused by employees</li> </ul>	<ul style="list-style-type: none"> <li>External</li> <li>Internal</li> </ul>
Grants	Work not carried out, funds diverted, ineligibility not declared	External
Business rates	Fraudulent applications for exemptions and reliefs, unlisted properties	External
Insurance fraud	False claims including slips and trips	External
Disabled facility grants	Fraudulent applications for adaptations to homes aimed at the disabled	External
Concessionary travel schemes	Use of concession by ineligible person, including freedom passes	External
No recourse to public funds	Fraudulent claims of eligibility	External
New responsibilities	Areas that have transferred to local authority responsibility	External
Local Enterprise Partnerships	Partnerships between local authorities and businesses. Procurement fraud, grant fraud. All LEPs should now be incorporated, with a local authority as accountable body, in a more formal and regulated relationship. Key issues are LEP governance, procedures for allocating/prioritising grants	External
Immigration	Sham marriages. False entitlement to services and payments	External
Cyber-dependent and cyber-enabled	Enables a range of fraud types resulting in diversion of funds, creation of false applications for services and payments.	Both
Schools	Many fraud types listed above are also issues for schools	Both



## **Buckinghamshire Council**

### **Anti-Money Laundering Policy**

**A guide to the Council's anti-money laundering safeguard and reporting arrangements.**

**Prepared by:** Maggie Gibb, Head of Business Assurance (& Chief Internal Auditor)

DRAFT VERSION 2.3– February 2024

Review Date: February 2027

<b>Version</b>	<b>Date</b>	<b>Sign Off</b>	<b>Action</b>	<b>Responsible Officer</b>
1.0	14/11/2019	Resources Board	Agreed. Minor changes to reflect structures	Maggie Gibb
1.1	26/11/2019	Chief Executive's Implementation Group	Agreed. Minor changes to reflect structures	Maggie Gibb
1.2	11/12/2019	Informal Shadow Exec	Agreed.	Maggie Gibb
1.3	01/06/2021	Head of Business Assurance (& Chief Auditor)	Agreed. Minor changes	Maggie Gibb
1.4	14/06/2021	Audit Board	Agreed.	Maggie Gibb
1.5	22/06/2021	Audit & Governance Committee		
FINAL			PUBLICATION	
2.0	16/02/2023	DCE Board	Agreed. Minor changes	Maggie Gibb
2.1	23/02/2023	CMT	Agreed	Maggie Gibb
2.2	20/02/2023	Audit Board	Agreed	Maggie Gibb
	29/03/2023	Audit and Governance Committee	Agreed	Maggie Gibb
2.3	13/02/2024	Governance and Assurance Board	Minor changes (job titles etc) and updated high risk countries section	Maggie Gibb

# Anti-Money Laundering Policy

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## **1. Introduction**

- 1.1. Money Laundering is the process by which criminally obtained money or other criminal property is exchanged for “clean” money or other assets with no obvious link to their criminal origins. The term is used for a number of offences involving the integration of “dirty money” (i.e., the proceeds of crime) into the mainstream economy. The aim is to legitimise the possession of such monies through circulation, and this effectively leads to “clean” funds being received in exchange.
- 1.2. The Buckinghamshire Council is committed to establishing and maintaining effective arrangements to prevent and detect attempts to launder money using Council services. The Council requires all Members and employees to demonstrate the highest standards of honesty and integrity, and this includes compliance with appropriate legislation. The Council is committed to working constructively with the Police and other relevant agencies in relation to combating money laundering and ensuring compliance with the legislation.
- 1.3. This policy should be read in conjunction with the Council’s Anti-Fraud and Corruption Policy. The Council will seek to ensure the corporate stance on money laundering is widely publicised and that employees and Members have access to the appropriate guidance. A breach of these procedures may lead to disciplinary and/or criminal action being taken.

## **2. Scope of the policy**

- 2.1. This Policy applies to all employees whether permanent or temporary and Members of the Council. Its aim is to enable employees and Members to respond to a concern they have in the course of their dealings for the Council. Individuals who have a concern relating to a matter outside of work should contact the Police.
- 2.2. Failure by a member of staff to comply with the procedures set out in the Policy should be escalated for appropriate action to be taken.
- 2.3. All employees are required to follow the procedure set out in the Policy and in this way the Council will properly discharge its obligations under the money laundering regime.

### **3. What is money laundering?**

3.1. Money Laundering describes offences involving the integration of the proceeds of crime, or terrorist funds, into the mainstream economy. Activities and offences relating to money laundering are covered by the following acts:

- The Proceeds of Crime Act 2002 (as amended by the Crime and Courts Act 2013, Serious Crime Act 2015, and the Criminal Finances Act 2017)
- Terrorism Act 2000 (as amended by the Criminal Finances Act 2017)
- Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (as amended by the Money Laundering and Terrorist Financing (amendment) Regulations 2019)

3.2. Money Laundering offences are defined under The Proceeds of Crime Act 2002 as the following prohibited acts:

- concealing, disguising, converting, transferring, or removing criminal property from the UK (s.327);
- becoming involved in an arrangement which an individual knows, or suspects facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person (s.328);
- acquiring, using, or possessing criminal property (s.329);
- doing something that might prejudice an investigation e.g. falsifying a document (s.333);
- failure to disclose one of the offences listed above where there are reasonable grounds for knowledge or suspicion (s.330-332); and/or
- tipping off a person(s) who is suspected of being involved in money laundering in such a way as to reduce the likelihood of or prejudice an investigation (s.333).

3.3. The Terrorism Act 2000 made it an offence for money laundering to become concerned in an arrangement relating to the retention or control of property likely to be used for the purposes of terrorism or resulting from acts of terrorism.

3.4. Money laundering activity may range from a single act, for example being in possession of the proceeds of one's own crime, to complex and sophisticated schemes involving multiple parties and multiple methods of handling and transferring criminal property as well as concealing it and entering into arrangements to assist others to do so. Council employees need to be alert to the risks of clients, their counterparties and others laundering money in any of its many forms.

3.5. It is important to note that anyone, Council employee or not, can commit any of the above offences. However, in addition to these offences, there are a series of obligations

imposed on the Council by the 2007 Money Laundering Regulations, breach of which can also amount to an offence by the Council.

#### **4. Key Principles**

4.1. The main requirements of the legislation are:

- To appoint a Money Laundering Reporting Officer (MLRO);
- Maintain client identification procedures in certain circumstances;
- Implement a procedure to enable the reporting of suspicions of money laundering; and
- Maintain record keeping procedures.

4.2. The aim is to enable employees and Members to respond to any concerns they have in the course of their dealings for the Council, and to place a duty upon them to report suspicious activity and money laundering to the MLRO.

#### **5. What are the obligations on the council?**

5.1. Whilst Local Authorities are not directly covered by the requirements of the Money Laundering Regulations 2019, guidance from finance and legal professions, including the Chartered Institute of Public Finance and Accountancy (CIPFA), indicates that public service organisations should comply with the underlying spirit of the legislation and regulations and put in place appropriate and proportionate anti-money laundering safeguards and reporting arrangements.

5.2. The regulations apply to “relevant persons” acting in the course of business carried out by them in the UK. Relevant persons must check beneficial ownership registers of legal entities in scope of the People with Significant Control (PSC) requirements before establishing a business relationship. Not all of the Council’s business is relevant for the purposes of the Regulations; it could include accountancy and audit services carried out by Financial Services and the financial, company and property transactions undertaken by Legal Services. Nevertheless, the safest way to ensure compliance with the regime is to apply its requirements to all of the Council’s areas of work and to ensure that all staff comply with the reporting procedure set out in the Policy.

5.3. The obligations on the Council are to establish and maintain appropriate and risk-sensitive evidence of the following:

- assessing the risk of Buckinghamshire Council being used by criminals to launder money;
- checking the identity of our customers in high risk activities;



- checking the identity of 'beneficial owners' of corporate bodies and partnerships;
- monitoring our customers' business activities and reporting anything suspicious to the National Crime Agency (NCA);
- making sure we have the necessary management control systems in place; keeping all documents that relate to financial transactions, the identity of our customers, risk assessment and management procedures and processes;
- making sure our employees are aware of the regulations and have had the necessary training;
- monitoring and management of compliance with, and the internal communication of, policies and procedures; and
- ensuring that relevant persons have policies to ensure they undertake risk assessments prior to the launch or use of new products or business practices, as well as new technologies.

## **6. Customer Due Diligence**

- 6.1. Customer due diligence (CDD) means that the Council must know its clients and understand their businesses. This is so that the Council is in a position to know if there is suspicious activity that should be reported, as clearly it is only by the Council knowing its clients and their businesses that it can recognise abnormal and possibly suspicious activity.
- 6.2. The obligations imposed on the Council must, of course, be brought into effect by its individual employees. Employees must therefore be familiar with these obligations.
- 6.3. The 2017 Regulations and 2019 (as amended) require that the Council identifies its customers and verifies their identity based on documents, data or information obtained from a reliable source. Where there is a beneficial owner who is not the customer, then the Council must identify that person and verify the owner's identity and where the beneficial owner is a trust or similar, then the Council must understand the nature of the control structure of that trust.
- 6.4. The Council must obtain information on the purpose and intended nature of the business relationship. Under the UK's Money Laundering Regulations (regulation 33(1)(b)), enhanced due diligence (EDD) is mandated for any business relationship with a person established in a high-risk third country.
- 6.5. From 1 January 2021, the UK maintains its own standalone list of high-risk countries, which is aligned with the Financial Action Task Force (FATF) practices. The list of high-risk countries is regularly reviewed and most recently it was amended in November 2022 by

regulation 2 of the Money Laundering and Terrorist Financing (Amendment) (No 2) (High-Risk Countries) Regulations 2022. The high-risk countries are:

Barbados, Bulgaria, Burkina Faso, Cameroon, Croatia, Democratic People's Republic of Korea (DPRK), Dominican Republic of Congo, Gibraltar, Haiti, Iran, Jamaica, Mali, Morocco, Mozambique, Myanmar, Nigeria, Philippines, Senegal, South Africa, South Sudan, Syria, Tanzania, Turkey, Uganda, United Arab Emirates, Vietnam and Yemen.

- 6.6. This guidance is reviewed by the Government on a regular basis. For an up to date list of such jurisdictions an officer should seek advice from the MLRO, or visit <https://www.gov.uk/government/publications/money-laundering-advisory-notice-high-risk-third-countries--2>
- 6.7. The checks described above must be undertaken by the Council before it establishes a business relationship or carries out an occasional transaction, or if it suspects money laundering or terrorist funding or doubts the veracity of any information obtained for the purposes of identification or verification. However, the Council is not required to undertake these checks if its customer is another public authority, unless it suspects money laundering or terrorist funding.
- 6.8. The Council is also obliged to maintain ongoing monitoring of its business relationships which means it must scrutinise transactions throughout the course of the relationship to ensure that the transactions are consistent with the Council's knowledge of the customer and keep the information about the customer up to date.
- 6.9. Where property transactions are carried out using externally appointed agents on behalf of the Council, the agent will be required to perform and evidence the "know your client checks (KYC)" and these should be shared and retained by the Council.
- 6.10. Where the Council is unable to apply the CDD measures set out above, it must not carry out a transaction with or for a customer through a bank account, it must not establish a business relationship or carry out an occasional transaction with the customer, it must terminate any business relationship with the customer and consider whether to make a disclosure.

## **7. Enhanced Customer Due Diligence and Ongoing Monitoring**

- 7.1. It will in certain circumstances be necessary to undertake what is known in the Regulations as Enhanced Customer Due Diligence. In summary, this will be necessary as follows:
  - the customer has not been physically present for identification purposes; or
  - in any other situation, which by its nature can present a high risk of money laundering

or terrorist financing.

- 7.2. Where this applies, the Council will need to take adequate measures to compensate for the higher risk. For example, this will mean ensuring that the customer's identity is established by additional documents, data, or information.
- 7.3. Similarly, where the Council is in an ongoing "business relationship" with a customer, the Regulations impose a special obligation to carry out ongoing monitoring. This means that the Council must:
  - scrutinise transactions undertaken throughout the course of the relationship to make sure that these transactions are consistent with the Council's knowledge of the customer, his/her business, and risk profile; and
  - keep documents, data or information obtained for the purpose of applying Customer Due Diligence measures.
- 7.4. The regulations require that enhanced customer due diligence measures are taken to manage and mitigate the risks exposed by politically exposed persons (PEPs). The term PEPs refers to people who hold high public office. The Council is required to have appropriate risk-management systems and procedures to identify when the customer is a PEP and to manage the enhanced risks arising from having a relationship with that customer. Business relationships with the family and known close associates of a PEP are also subject to greater scrutiny.

## **8. Internal Clients**

- 8.1. Appropriate evidence of identity for Council departments will be: signed, written instructions on Council headed notepaper or an e-mail on the internal system at the outset of a particular matter. Such correspondence should then be placed on the Council's client file along with a prominent note explaining which correspondence constitutes the evidence and where it is located.

## **9. External Clients**

- 9.1. The MLRO will maintain a central file of general client identification and verification information about the Council's external clients to whom the Council provides professional services.
- 9.2. In practice the Council can fulfil its obligations if employees complete the Customer Due Diligence Pro-Forma attached in **Appendix 1**.

## 10. Record Keeping

- 10.1. The information gathered by the Council in pursuance of its CDD obligations and described above must be kept for a period of five years from either the completion of the transaction or the end of the business relationship. Each Department or Section of the Council should nominate an officer who is to be responsible for the secure storage of these records.

## 11. Reporting any suspicions to the Money Laundering Reporting Officer (MLRO)

- 11.1. Where you know or suspect that money laundering activity is taking/has taken place, or you are concerned that your involvement in the matter may amount to a prohibited act under the legislation, you must disclose to the MLRO this suspicion or concern as soon as practicable. The disclosure should be made within hours rather than days or weeks of the information coming to your attention.
- 11.2. **The legislation determines that a single cash transaction or a series of linked transactions totaling over €15,000 (approximately £13,000 at the time of the legislation) should be treated as suspicious.** However, vigilance also needs to be maintained in respect of all other possibilities such as a series of smaller payments in cash.

### **IF YOU FAIL TO DO SO YOU MAY BE LIABLE TO PROSECUTION.**

- 11.3. Your disclosure for suspicious transaction(s) should be made to the MLRO on the Pro-Forma attached (refer to **Appendix 2**). The report must include as much detail as possible, for example:
- full details of the people involved (including yourself if relevant) e.g. name, date of birth, address, company names, directorships, phone numbers etc.;
  - the types of money laundering activity involved.
  - the date of such activities, including whether the transactions have happened, are on-going or are imminent;
  - where they took place;
  - how they were undertaken;
  - the (likely) amount of money/assets involved;
  - why, exactly, you are suspicious;
  - any other information to enable the MLRO to make a sound judgment as to whether there are reasonable grounds for knowledge or suspicion of money laundering; and
  - to prepare a report to the NCA, where appropriate. You should also enclose any copies of relevant supporting documentation.

- 11.4. Note that you will need consent from the National Crime Agency (NCA) or relevant successor body, through the MLRO, to take any further part in the transaction. This is the case even if the client gives instructions for the matter to proceed before such consent is given. You should therefore make it clear in the report to MLRO if such consent is required and clarify whether there are any deadlines for giving such consent e.g. a completion date or court deadline.
- 11.5. As soon as you have reported the matter to the MLRO you must follow any directions they give to you. **You must NOT make any further enquiries into the matter yourself.**
- 11.6. Any necessary investigation will be undertaken by the NCA or relevant successor body as appropriate. All members of staff will be required to co-operate with the MLRO and the authorities during any subsequent money laundering investigation.
- 11.7. Similarly, at no time and under no circumstances should you voice any suspicions to the person(s)/organisation you suspect of money laundering, otherwise you may commit the criminal offence of “tipping off”.
- 11.8. Do not, therefore, make any reference on a client file to a report having been made to the MLRO. Should the client exercise his/her right to see the file then such a note would obviously tip them off to the report having been made. Again, you would be at risk of prosecution for tipping off. The MLRO will keep the appropriate records in a confidential manner.

## **12. Consideration of the report by the Money Laundering Reporting Officer**

- 12.1. Upon receipt of a disclosure report, the MLRO must note the date of receipt on their section of the report and acknowledge receipt of it. For proforma template refer to **Appendix 3**. They should also advise you of the timescale within which they expect to respond to you.
- 12.2. The MLRO will consider the report and any other available relevant internal information, for example:
- other transaction patterns and volumes;
  - the length of any business relationship involved;
  - the number of any one-off transactions and linked one-off transactions; and
  - any identification evidence held.
- 12.3. The MLRO will undertake such other reasonable and appropriate enquiries to ensure that all available information is taken into account in deciding whether a report to the NCA is required (such enquiries being made in such a way as to avoid any appearance of tipping off those involved). The MLRO may also need to discuss the report with you.

- 12.4. Once the disclosure report and any other relevant information has been evaluated, the MLRO must make a timely determination as to whether:
- there is actual or suspected money laundering taking place; or
  - there are reasonable grounds to know or suspect that is the case; and
  - whether they need to seek consent from the NCA for a particular transaction to proceed.
- 12.5. Where the MLRO does so conclude, the matter must be disclosed as soon as practicable to the NCA on their standard report form and in the prescribed manner, unless there is a reasonable excuse for non-disclosure to the NCA (for example, if you are a lawyer and you wish to claim legal professional privilege for not disclosing the information).
- 12.6. Where the MLRO suspects money laundering but has a reasonable excuse for non-disclosure, the report must be annotated accordingly; following which, consent can be given for any ongoing or imminent transactions to proceed.
- 12.7. In cases where legal professional privilege may apply, the MLRO must liaise with the Council's Legal Department to decide whether there is a reasonable excuse for not reporting the matter to the NCA.
- 12.8. Where consent is required from the NCA for a transaction to proceed, then the transaction(s) in question must not be undertaken or completed until the NCA has specifically given consent, or there is deemed consent through the expiration of the relevant time limits without objection from the NCA.
- 12.9. Where the MLRO concludes that there are no reasonable grounds to suspect money laundering, the report must be annotated accordingly, and consent given for any ongoing or imminent transaction(s) to proceed.
- 12.10. All disclosure reports referred to the MLRO and reports made to the NCA must be retained by the MLRO in a confidential file kept for that purpose, for a minimum of five years.
- 12.11. The MLRO commits a criminal offence if he/she knows or suspects or has reasonable grounds to do so through a disclosure being made, that another person is engaged in money laundering, and does not disclose this as soon as practicable to the NCA.

### **13. Sanctions**

- 13.1. Staff who breach this policy may face disciplinary action, which could result in dismissal for misconduct or gross misconduct.
- 13.2. Under the Public Contracts Regulations 2015, contracting authorities shall exclude a supplier from participation in a procurement where they have established that the supplier has been

convicted of certain offences, including bribery and corruption.

#### **14. Monitoring**

- 14.1. In accordance with best practice, the Council has nominated a suitably senior officer as Compliance Officer, to oversee activities that fall within the scope of the money laundering regulations. The Compliance Officer is responsible for ensuring that appropriate due diligence arrangements are operating effectively in relevant services where there is significant exposure to the risk of money laundering. This officer shall be the Head of Business Assurance (& Chief Internal Auditor).

#### **15. Money Laundering Reporting Officer**

- 15.1. The officer nominated to receive disclosures about money laundering activity within the Council is the Service Director - Finance (S151 Officer), who can be contacted as follows:

Service Director - Finance (S.151 Officer)  
Buckinghamshire Council  
The Gateway  
Aylesbury  
Buckinghamshire  
HP20 1UA  
01296 383120

David.Skinner@buckinghamshire.gov.uk

In the absence of the MLRO the Monitoring Officer, the Corporate Director of Resources, is authorised to deputise. They can be contacted at the above address or on telephone 01296 303986.

## Appendix 1. Customer Due Diligence Pro-Forma

SECTION A: PRELIMINARY	
NAME OF CUSTOMER	
Is this customer another public authority (e.g. a local authority)?	If “Yes”, the due diligence measures below in Sections B and C do not need to be applied.
Does the Council suspect the customer of money laundering or terrorist financing?	If “Yes”, the suspicion <b>MUST</b> always be reported to the MLRO immediately.
SECTION B: DUE DILIGENCE MEASURES	
<p>These measures are to be applied where the Council:</p> <ol style="list-style-type: none"> <li>1) establishes a business relationship with a customer <sup>2</sup> ;</li> <li>2) carries out an occasional transaction <sup>3</sup> ;</li> <li>3) doubts the veracity or adequacy of documents, data or information previously obtained from the customer for the purposes of identification or verification.</li> </ol> <p>To apply the due diligence measures, please answer as fully as possible the questions below.</p>	
1.	Can the Council identify this customer?
2.	How has the identity of this customer been established? [attach documents, data or information establishing identity]
3.	Are these documents, data or information from an independent and reliable source?
4.	Can the Council verify the identity of the customer?

<sup>2</sup> **“business relationship”** means a business, professional or commercial relationship which the Council expects, at the time the contact is established, to have an element of duration.

<sup>3</sup> **“occasional transaction”** means a transaction, carried out other than as part of a business relationship, amounting to 15,000 Euro or more, whether a single operation or several operations which appear to be linked. [Sterling equivalent at date of final document]



	[Through the documents referred to in Questions 2 and 3]	
5.	Is there a beneficial owner involved with the customer who is a different person or entity to the customer identified above?	
6.	What is the identity of the beneficial owner?	
7.	Can the Council verify the identity of the beneficial owner?	
8.	Does the Council doubt the veracity or adequacy of documents, data or information obtained for the purposes of identification or verification?	
9.	When were the documents, data or information obtained for the purposes of identification or verification of this customer last updated?	
10.	When will the documents, data or information obtained for the purposes of identification or verification of this customer next be updated?	
11.	What is the ownership and control structure of the beneficial owner?	
12.	Does the Council wish to establish a business relationship with this customer?	<b>If “No”, go straight to Section C.</b>
13.	What is the purpose and intended nature of the business relationship?	

**SECTION C: OUTCOME OF DUE DILIGENCE MEASURES**

Is the Council unable to answer any of the above questions because the customer has been unable or unwilling to provide information?

If so, please give full details.

**If the answer is “Yes”, the Council must not establish a business relationship or carry out an occasional transaction with this customer; it must not carry out any transaction with or for the customer through a bank account; it must terminate any business relationship with the customer AND the suspicion must be reported immediately to the MLRO.**

**NOTE**

This pro-forma must be kept for 5 years from the end of the business relationship or occasional transaction with this customer.

## Appendix 2. Report to the Money Laundering Reporting Officer template

To: The Money Laundering Reporting Officer

From: Officer reporting suspected activity

<b>Name:</b>	
<b>Position:</b>	
<b>Business Unit:</b>	
<b>Email address:</b>	
<b>Telephone numbers:</b>	

**Do not discuss the content of this report with anyone, especially the person you believe to be involved in the suspected money laundering activity you describe. To do so may constitute a tipping off offence.**

### Details of suspected offence:

Name(s) and address(es) of person(s) involved: (Please also include date of birth, nationality, national insurance numbers- if possible) (If a company please include details of nature of business, type of organisation, registered office address, company registration number, VAT registration number):
Nature, value, and timing of activity involved: (Please include full details e.g. what, when, where and how. Confirm whether the transactions have happened, are ongoing or are imminent)
Nature of suspicions regarding such activity
Has any investigation been undertaken (as far as you are aware), If yes, please include details below: <b>Yes / No</b>

Have you discussed your suspicions with anyone else? If yes, please specify below, explaining why such discussion was necessary: **Yes / No**

Have you consulted any supervisory body guidance regarding money laundering (e.g. the Law Society)? If yes, please specify below: **Yes / No**

Do you feel you have reasonable grounds for not disclosing the matter to the NCA? (e.g. are you a lawyer and wish to claim legal professional privilege?) If yes, please set out full details below: **Yes / No**

Are you involved in a transaction which might be a prohibited act under sections 327- 329 of the Proceeds of Crime Act 2002 or Regulations 86 – 88 of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and which requires appropriate consent from the NCA? If yes, please enclose details below: **Yes / No**

Please detail below any other information you feel is relevant:

**Retention period: 5 years**

### Appendix 3. Proforma for Completion by the Money Laundering Reporting Officer

<b>Date report received:</b>	
<b>Date receipt of report acknowledged:</b>	

<b>Are there reasonable grounds for suspecting money-laundering activity?</b>	
<b>If there are reasonable grounds for suspicion, will a report be made to NCA? Yes / No</b>	
<b>If yes, date of report to NCA:</b>	
<b>Details of liaison with NCA regarding the report:</b>	
<b>Is consent required from the NCA for any ongoing or imminent transactions that would otherwise be prohibited acts? If yes, please confirm full details; Yes / No</b>	
<b>Date consent received from NCA:</b>	
<b>Date receipt of report acknowledged:</b>	
<b>Date consent given by you to employee:</b>	
<b>Date consent given by you to employee for any prohibited act transactions to proceed:</b>	
<b>If there are reasonable grounds to suspect money laundering, but you do not intend to report the matter to the NCA, please set out below the reason(s) for non-disclosure:</b>	

Other relevant information:	
..... Signed	..... Dated

**Retention period: 5 years**



## Report to Audit and Governance Committee

<b>Date:</b>	6 March 2024
<b>Title:</b>	<b>Risk Management Group Update</b>
<b>Relevant councillor(s):</b>	N/A
<b>Author and/or contact officer:</b>	Maggie Gibb, Head of Business Assurance (& Chief Auditor)
<b>Ward(s) affected:</b>	<b>N/A</b>
<b>Recommendations:</b>	<b>Members are recommended to note the report.</b>
<b>Reason for decision:</b>	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 18 December 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 18 December 2023, the group considered the Children's Services Register. This was presented by the Corporate Director for Children's Services, the Assistant Director for Strategy and Performance and the Head of Finance for Children's Services.
- 2.2 The key risk themes were as follows:
- 2.3 **CS-CSC-03 Recruitment & Retention** - IF we are unable to attract, retain and develop a workforce that is competent, confident, motivated and works together in business-critical roles THEN children will not receive the support they need leaving vulnerable

children at greater risk of poorer outcomes. In addition, capacity to improve services will be compromised and may hinder our ambition to be good.

- 2.4 **CS-CSC-14 Unaccompanied Asylum-Seeking Children** - IF the government continues to direct the Council through the mandated National Transfer Scheme, THEN this will place further pressure on our children in care and leaving care teams and as a result will hinder our ambition to be good.
- 2.5 **CS-E-04 SEND Placements** - If we do not reduce the demand for out of county special educational needs and disabilities (SEND) placements THEN we will create an unsustainable budget pressure on the Dedicated Schools Grant and we will not be supporting young people to remain within their local community and close to their families. If this is not addressed young people could become isolated and dependent on support when they enter adulthood.
- 2.6 **CS-E-13 School attendance responsibilities** - IF we do not increase the capacity of our school attendance team THEN this will mean that we are unable to meet relevant duties within the DfE's school attendance framework, additionally this will affect our ability to deliver and monitor in accordance with the legislation leading to poorer outcomes for our children. This lack of oversight of pupil attendance is likely to result in an increase in persistent and severe absence rates, increase in associated risk and safeguarding factors and the likelihood of children and young people needing more specialist and expensive intervention in future.
- 2.7 **CS-KF-01 Debt Management** - If there is an inability to implement efficient debt recovery then this will create a pressure on service budgets. This includes debts that are incorrectly raised to the wrong debtor or for incorrect amounts and debts raised with other public sector agencies such as other LAs and the CCG.
- 2.8 **CS-KF-02 Children's Social Care increased demand and unit costs** - If increased demand for Children's Services continues at a rate which outstrips demand growth built into future budgets, then this will create additional budget pressures leading to requirements to reduce services in other areas. Increased costs may arise due to increases in demand and/or increases in average unit costs.
- 2.9 **CS-KF-03 SEND increased demand and unit costs** - Numbers of pupils needing Education, Health and Care Plans (EHCPs) are projected to increase over the medium term. If demand for placements in specialist provision continues to increase, there is a risk that the High Needs Budget will continue to overspend and the DSG deficit will increase.
- 2.10 **CS-KF-05 Maintained schools' financial issues** - If schools get into financial difficulty, then there is a risk that the LA will need to write off any deficits for schools that are



rated Inadequate by Ofsted and are required to convert to academy status with a sponsor.

- 2.11 **CS-KF-06 Financial Management Culture** - If a strong financial management culture is not in place within Children's Services, then there is increased risk of overspend.
- 2.12 **CS-KF-09 Payment Performance** - If invoice payments are not made in a timely way there will be an increase in complaints and reduced reputation with external suppliers.
- 2.13 **CS-KF-10 Agency Staffing Costs** - IF we are unable to attract and retain permanent staff THEN our reliance on agency staff will continue to create pressures within staffing budgets.
- 2.14 **CS-KF-11 Loss of School Improvement Monitoring and Brokerage Grant** - IF the council is unable to agree de-delegation of funds from maintained schools, THEN there is a risk that the council will not be able to fund core school improvement activity.
- 2.15 **CS-KF-12 Unaccompanied Asylum-Seeking Children** - IF the government continues to direct the council under the National Transfer Scheme, THEN this will increase the financial burden on the council.
- 2.16 The risks were discussed in detail, as well as the mitigating actions being challenged by the members.
- 2.17 Strategic risks relating to Children's Services, new risks, risks which had been de-escalated or closed and a sample of non-escalated risks were included in the report from Children's Services.
- 2.18 The Group also received an update on the Secondary Transfer Test (11+) Results Release Feedback from Children's Services. This followed the group having discussed at length the transfer results system failure that had occurred in 2021. The group were assured that lessons had been learnt from the previous failure and that the leadership team had put the appropriate measures in place to ensure a robust system for issuing results was now in place.
- 2.19 The Group also received an update on emerging risks, noting the process for identifying and considering risks as they emerged. Emerging risks include: Climate Change; Large Scale Involuntary Migration; Terrorism or large scale violent / target criminal activity; Artificial Intelligence; Office for Local Government (OFLOG); Social Care; Extension to free childcare for working parents; and UK National Policy Reforms and Changes.

### **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 next meeting of the Risk Management Group is to be held on 11 March 2024. An update from this meeting 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](mailto:democracy@buckinghamshire.gov.uk).



## Report to Audit and Governance Committee

<b>Date:</b>	6 March 2024
<b>Title:</b>	<b>23/24 Business Assurance Strategy Update (incl. Internal Audit Plan)</b>
<b>Relevant councillor(s):</b>	<b>N/A</b>
<b>Author and/or contact officer:</b>	Maggie Gibb, Head of Business Assurance (& Chief Auditor)
<b>Ward(s) affected:</b>	<b>N/A</b>
<b>Recommendations:</b>	<b>Members are recommended to note the report.</b>
<b>Reason for decision:</b>	<b>N/A</b>

### 1. Executive summary

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

### 2. Content of report

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

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

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

### **3. Other options considered**

- 3.1 N/A

### **4. Legal and financial implications**

- 4.1 None.

### **5. Corporate implications**

- 5.1 None

### **6. Local councillors & community boards consultation & views**

- 6.1 N/A

### **7. Communication, engagement & further consultation**

- 7.1 N/A

## **8. Next steps and review**

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

## **9. Background papers**

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

## **10. Your questions and views (for key decisions)**

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

March 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.

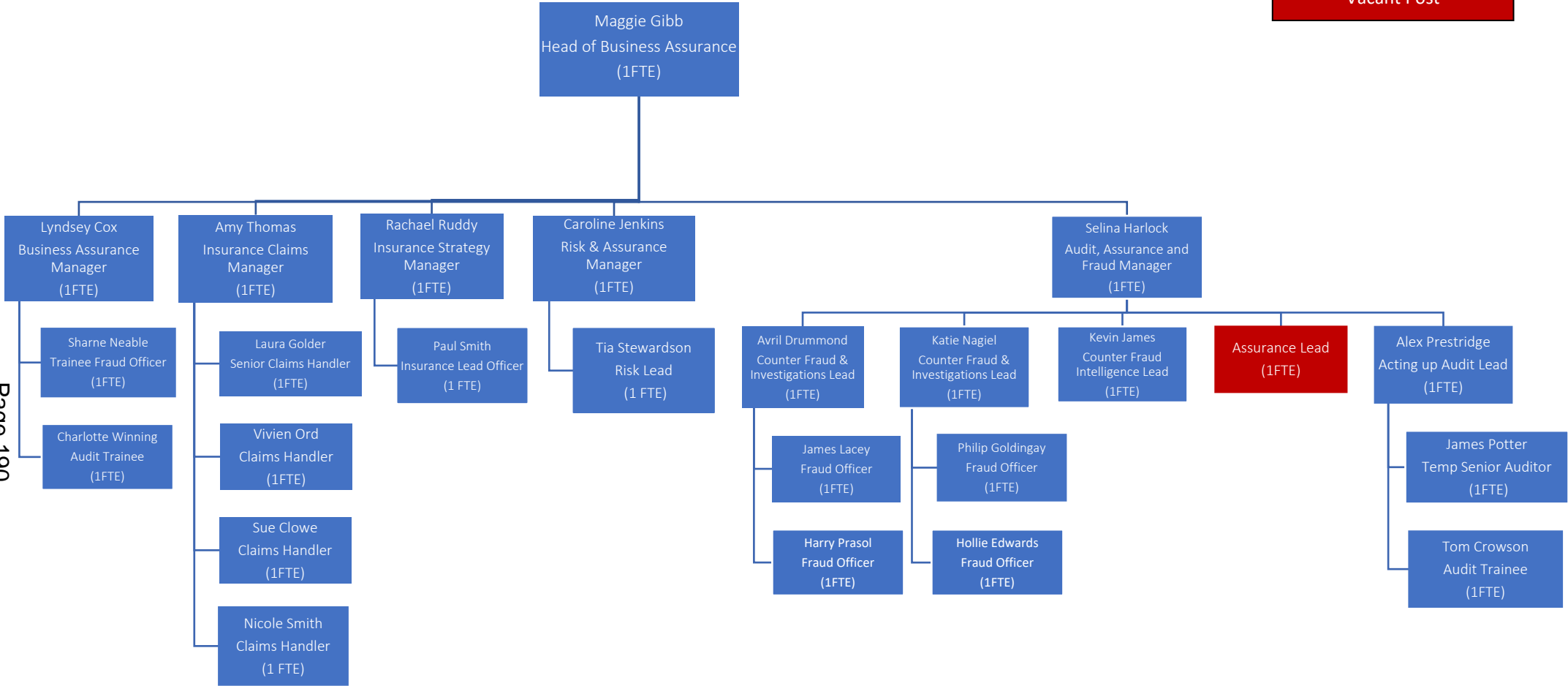
## 2. Resources

- 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

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### 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.
- 3.2 We continue to promote and deliver our risk management training sessions across the organisation, to ensure that officers continue to be aware of their roles and responsibilities in relation to risk management. As well as having a basic risk management e-learning module, which all officers can access at any time, we also deliver more detailed risk management training to officers which sessions are available on a monthly basis. For 2023/24 to date (as of 9 February 2024), the team has trained 171 staff members across the organisation:

<b>Officer Level</b>	<b>Risk Management</b>	<b>Risk Management System</b>
Service Director	1	1
Head of Service	10	9
Manager	25	19
Officer	64	42
Total	100	71

- 3.3 Members of the Audit and Governance committee were also provided with risk management training on 29 January 2024.
- 3.4 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.
- 3.5 We have re-introduced the Risk Champions Network with the first meeting taking place on 7 February 2024. This is a meeting of all risk champions across the organisation to share best practice and gain a better understanding of the risk profile of Buckinghamshire Council as a whole.

- 3.6 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 manage risks effectively. This will ensure that appropriate measures are put in place to either prevent or minimise the impact of any event occurring.
- 3.7 The Risk Management Group was last held on 18 December 2023. An update on December meeting has been provided in a separate report to the Audit and Governance Committee meeting.

#### **4. Internal Audit**

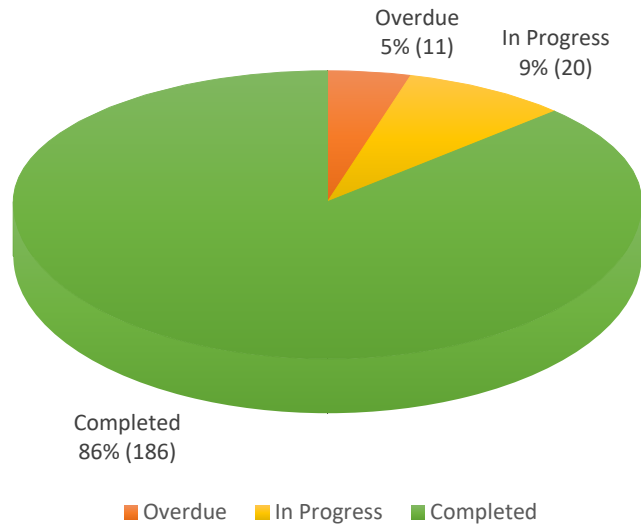
- 4.1 The Internal Audit Function, supported by Mazars (through the APEX London Audit Framework) has been progressing with the delivery of the approved 2023/24 audit engagements. The Internal Audit plan was produced with reference to the Strategic and Directorate Risk Registers and prepared using a risk-based 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 and presented to the schools Forum 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 seven weeks since the last meeting. There are four reports that have been finalised, nine reports at a draft stage and a further nine engagements that are currently in progress. In addition, five grant certification reviews have been completed.
- 4.6 The Institute of Internal Auditors (IIA) has recently issued the revised International Professional Practices Framework (IPPF), which includes the new Global Internal Audit Standards (GIAS). The new standards aim to enhance the quality, consistency, and professionalism of internal audit practices across the world. They also reflect the evolving role and expectations of internal auditors in the dynamic and complex business environment.
- 4.7 CIPFA has not yet clarified whether the Public Sector Internal Audit Standards (PSIAS) will be amended to reflect the new GIAS.

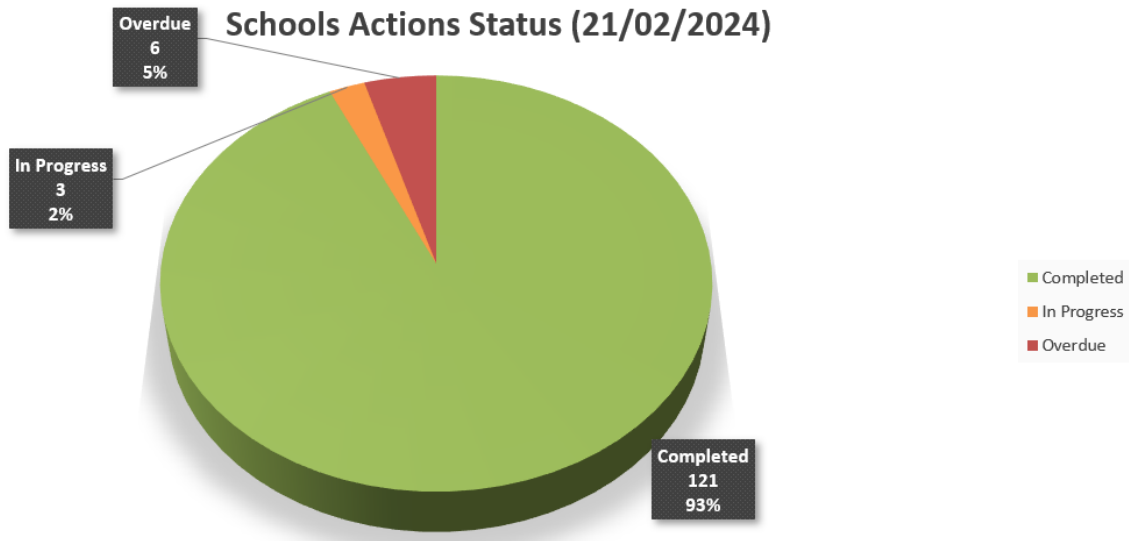
- 4.8 The Business Assurance Team has recently carried out a self-assessment against the PSIAS and confirmed that we still conform with the standards. Full details of the self-assessment will be detailed in the Annual Report later in 2024.
- 4.9 A summary of the key changes to the GIAS are included at Appendix 3 for information.
- 4.10 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 (excluding Schools)**



**Schools Actions Status (21/02/2024)**



4.11 As at 21 February 2024, there are 5 out of 217 (5%) 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 6 out of 130 (5 %) which are overdue for implementation and 3 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 March 2024.

4.12 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.

4.13 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 agreed audit plan for BMKFA has been delivered ahead of schedule with the final reports being presented to the Overview and Audit Committee on 13 March 2024. The team continues to progress with the delivery of the agreed audit activity for IAT with regular updates being presented to senior management.

4.14 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.

4.15 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 started on 15 January 2024 with the Adults and Health Directorate.

## 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.
- 6.2 Delivery of the Fraud Awareness training programme continues across the organisation with content tailored to key fraud risks within the various services. Training is also being delivered to housing associations through Service Level Agreements.

## 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	On-going
	Project/Programme Support	To ensure that there is a framework in place to effectively and efficiently deliver projects/ programmes across the organisation.	HIGH	Q4
	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 Assurance Review	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	Fieldwork in progress
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 / Monitoring Officer & A&G Jan 24)
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	FINAL REPORT Reasonable Assurance
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	<b>Charging Policy Assurance Review</b>	To provide assurance that the Council's Charging Policy is being effectively applied, this will include evaluating income maximisation.	<b>HIGH</b>	<b>Draft Report with Service</b>
Adult Social Care/ Integrated Commissioning	<b>Continuing Health Care:</b>	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.	<b>HIGH</b>	<b>Q4</b>
Adult Social Care	<b>Direct Payments</b>	Review of financial controls (monitoring protocols) for all the payment methods within the Direct Payments, including use of virtual wallet.	<b>HIGH</b>	<b>Q4</b>
Integrated Commissioning	<b>Commissioning and Financial Management of Spot Contracts</b>	End to end process reviewing adequacy and effectiveness of controls in place – Carry Forward	<b>HIGH</b>	<b>Fieldwork in progress</b>
Integrated Commissioning	<b>E-brokerage</b>	End to end process reviewing adequacy and effectiveness of controls in place – Carry Forward	<b>HIGH</b>	<b>Fieldwork in progress</b>
Finance	<b>A&amp;H Debt Recovery (Secured Debt)</b>	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.	<b>HIGH</b>	<b>Q4</b>
Finance	<b>Financial Controls Review</b>	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.	<b>HIGH</b>	<b>Scope agreed starting in March</b>

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"> <li>• Millbrook and Castlefield Schools COMPLETED</li> <li>• Bedgrove Infant – COMPLETED</li> <li>• Bledlow Ridge School – DRAFT Report</li> <li>• Marsh School – DRAFT report</li> <li>• Brookmead School – Fieldwork in progress</li> </ul>
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	Scoping being drafted starting in March
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	<b>Waste Fees &amp; Charges</b>	Review will consider all cash and income collection income financial control arrangements across waste management.	<b>HIGH</b>	<b>Fieldwork in progress</b>
Neighbourhood Services	<b>Household Recycling Centres</b>	Carry forward	<b>HIGH</b>	<b>FINAL REPORT Substantial Assurance</b>
Highways & Technical Services	<b>Major Infrastructure Projects</b>	Review the adequacy and effectiveness of the governance and risk management framework in place to manage major infrastructure projects.	<b>HIGH</b>	<b>Scope agreed starting March</b>
Highways & Technical Services	<b>Streetworks</b>	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.	<b>HIGH</b>	<b>Draft Report</b>
Culture, Sports & Leisure	<b>Tree Management</b>	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.	<b>HIGH</b>	<b>Scope agreed starting March</b>
Highways & Technical Services	<b>New Highways Contract Assurance</b>	Post go-live assurance on the new contract arrangements, ensuring there are adequate financial management, contract management, risks management and governance controls in place.	<b>HIGH</b>	<b>Draft Report with the service</b>
N/A	<b>Grant Certification</b>	Grant certification work within Public Transport Services and Highways	<b>N/A</b>	<b>N/A</b>

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	Fieldwork 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 being drafted
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 as part of Major Projects audit which sits within Communities.	HIGH	Scope agreed starting March
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	Deferred due to HMRC
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	FINAL REPORT Substantial Assurance
	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"> <li>• Feeder systems</li> <li>• Treasury Management (<b>Draft Report</b>)</li> <li>• Pensions (<b>Draft Report</b>)</li> <li>• CTax &amp; NNDR (Including Income Reconciliations)</li> <li>• CTax Reduction Scheme</li> <li>• Housing Benefits</li> <li>• Purchasing Cards</li> <li>• Account Payables</li> <li>• Account Receivables (invoicing and debt recovery)</li> <li>• Suspense and Control Accounts</li> <li>• Budget Monitoring and Reporting</li> <li>• General Ledger</li> </ul>	HIGH	Fieldwork 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	<b>Disaster Recovery and Backups – Per Audit Needs Assessment</b>	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.	<b>HIGH</b>	<b>FINAL REPORT Reasonable Assurance</b>
IT	<b>Change/Patch Management</b>	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.	<b>HIGH</b>	<b>FINAL REPORT Substantial Assurance</b>
*New Audit*	<b>Expenses</b>	Sample testing.	<b>HIGH</b>	<b>Fieldwork in progress</b>



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

## Appendix 3 – New Global Internal Audit Standards

A brief overview of the main changes and implications

### 1 Introduction

The Institute of Internal Auditors (IIA) has recently issued the revised International Professional Practices Framework (IPPF), which includes the new Global Internal Audit Standards. The new standards aim to enhance the quality, consistency, and professionalism of internal audit practices across the world. They also reflect the evolving role and expectations of internal auditors in the dynamic and complex business environment.

The standards underpin the UK Public Sector Internal Audit Standards (PSIAS) which are mandated by CIPFA for local government bodies in the UK, alongside other Relevant Internal Audit Standard Setters for the UK public sector.

### 2 Key changes

The new standards introduce several changes to the existing framework, such as:

- A new mission statement for the internal audit profession: "To enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight."
- A new set of core principles for the professional practice of internal auditing, which describe the characteristics of an effective internal audit function.
- A new definition of internal audit: "Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes."
- A revised Code of Ethics, which clarifies the principles and rules of conduct for internal auditors.
- A revised Standard 1000 on the purpose, authority, and responsibility of the internal audit activity, which emphasizes the alignment with the organization's strategic objectives and the need for a risk-based audit plan.
- A revised Standard 2000 on managing the internal audit activity, which requires the chief audit executive (CAE) to establish and maintain a quality assurance and improvement program (QAIP) and to communicate the results to senior management and the board.
- A revised Standard 2600 on communicating the acceptance of risks, which requires the CAE to report to senior management and the board on the organization's significant risk exposures and control issues.
- A new Standard 1130.A3 on impairments to independence or objectivity, which requires the CAE to disclose and mitigate any impairments that may affect the internal audit activity's ability to perform its work objectively.
- A new Standard 2060 on reporting to senior management and the board, which requires the CAE to report periodically on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan, as well as on its conformance with the Code of Ethics and the Standards.
- A new Standard 2120.A1 on risk management, which requires the internal audit activity to evaluate the effectiveness and contribute to the improvement of the organization's risk management processes.
- A new Standard 2210.A3 on engagement objectives, which requires the internal audit activity to consider the probability of significant errors, fraud, noncompliance, and other exposures when developing the engagement objectives.

- A new Standard 2450 on overall opinions, which requires the CAE to deliver an annual opinion on the adequacy and effectiveness of the organization's governance, risk management, and control processes.

### 3 Implications

The new standards have significant implications for the internal audit profession and the organizations that rely on its services. They require the internal audit activity to:

- Align its activities with the organization's strategic objectives and risk appetite.
- Demonstrate its value and impact by providing assurance, advice, and insight on the organization's governance, risk management, and control processes.
- Enhance its professionalism and credibility by adhering to the Code of Ethics and the Standards, and by maintaining a QAIP.
- Communicate effectively and transparently with senior management and the board on the internal audit activity's performance, results, and conformance.
- Collaborate and coordinate with other assurance and consulting providers to ensure a comprehensive and holistic coverage of the organization's risks and controls.

### 4 Conclusion

The new Global Internal Audit Standards represent a significant milestone for the internal audit profession and the organizations that it serves. They provide a clear and consistent framework for the practice of internal auditing and reflect the current and future challenges and opportunities that internal auditors face. They also reinforce the internal audit activity's role as a trusted advisor and a catalyst for positive change in the organization.



## Report to Audit & Governance Committee

<b>Date:</b>	6 March 2024
<b>Title:</b>	<b>Farnham Park Sports Fields charitable trust - update</b>
<b>Author:</b>	Sophie Payne
<b>Recommendations:</b>	<b>To note the work to develop recommendations to secure the future sustainability of the Farnham Park Sports Fields charitable trust.</b>

### 1. Background

- 1.1 At the Audit & Governance Committee meeting on 27 September 2023, when reviewing the Farnham Park Sports Fields charitable trust's 2022/23 annual report and statement of accounts, the Committee raised its ongoing concerns around the declining assets of the charitable trust (the Trust).
- 1.2 The Committee therefore asked Cllr Clive Harriss, Cabinet Member for Culture and Leisure, to provide an update report to its March 2024 meeting on the plans to secure the Trust's future financial sustainability, so that when the subsequent year's accounts were presented there would be clear mitigating actions put forward.
- 1.3 The work to develop the plans for future financial sustainability is progressing well but as further due diligence is required in order to present the Committee with conclusive recommendations, Cllr Harriss wrote to the Audit & Governance Committee Chairman to request that his attendance be deferred to a future meeting when more information could be provided.
- 1.4 This request was agreed by the Chairman, with the proviso that a report and the letter from Cllr Harriss (see Appendix 1) be provided by way of an update for Members. This report sets out the work in progress, including target dates for decision making and implementation, noting that the latter will be determined by the route selected.

### 2. Progress to date

- 2.1 Given the complexity of VAT treatment, the requirements of charity legislation and the specific Act of Parliament governing the Trust assets – and following discussion

with the Council's s151 Officer and Director of Legal and Democratic Services – officers have commissioned specialist advice to support the development of an appropriate recovery plan. This includes charity law and tax specialists to advise on legal requirements, governance and VAT implications and support from specialist consultants in the sport and leisure market (Max Associates) to help advise on the best model to secure future financial sustainability.

- 2.2 In the immediate term, the Trust's expenditure is being contained wherever possible to support the cashflow position (for example through holding vacancies and all non-essential expenditure; plus further actions which will be completed by the date of the Committee meeting, including implementation of joint employment contracts to support the VAT position and an application for full business rates relief) as well as mitigatory actions taken within Culture and Leisure to assist with cashflow. Additionally, all fees and charges have been reviewed to maximise income whilst ensuring the offering remains accessible and competitive.
- 2.3 In parallel, specialist leisure industry consultants, Max Associates, are working with officers to develop recommendations for a future operating model which will be both financially viable and commensurate with the requirements of the Eton Rural District Council Act which governs the assets.
- 2.4 Max Associates have recently completed a comprehensive review of the existing operating arrangements for the golf course and playing fields and are using this information to develop recommendations for the future, comparing:
- The level of financial improvement that is achievable through adjustments to the current operating model (such as changes to the Food and Beverage model, staffing structures) – **draft report received; currently under review to confirm short-term actions to be implemented - by w/c 18 March**
  - Outsourcing arrangements to a specialist leisure operator to maintain and manage the facilities – **site visit completed; proposals due w/c 22 February, review/further clarifications if needed - by w/c 11 March**
  - Leasing arrangements i.e. long-term lease of the golf course to a specialist golf operator to deliver an income – **discussions with specialist agents complete and the initial indications are that there would be appetite for such an opportunity;** and the feasibility of securing anchor tenants for the playing fields – **discussions ongoing; expected to complete by w/c 11 March, subject to availability of key stakeholders.**

2.5 For all models there will be consideration of the need to maintain appropriate levels of community access to the facilities; and by necessity, modelling of the associated VAT implications and consideration of the outstanding debt to the Council.

2.6 The above work is being overseen by the Council's Corporate Director – Communities, supported by a Project Team of colleagues from the Council's Leisure, Finance and Legal Services, representatives from Max Associates and external law and tax experts as set out above.

### **3. Legal and financial implications**

3.1 Not applicable (report for information purposes).

### **4. Next steps and review**

4.1 Target dates for next steps:

- Max Associates' review complete and draft recommendations provided - end March 2024
- Implementation of short-term adjustments to current operating model - April 2024 onwards
- Completion of due diligence and decision-making process to agree longer-term recommendations - April-June 2024
- Implementation of recommendations - June 2024 onwards (implementation anticipated to take 3-6 months, dependent on route selected).

4.2 Cllr Harriss has been invited to attend the Audit & Governance Committee on 8 May 2024 to share with the Committee the latest position and way forward.

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## Cabinet Member Culture and Leisure

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Councillor Newcombe  
Chairman of Audit & Governance Committee

31 January 2024

**Ref:**

Dear Councillor Newcombe

### **Farnham Park Sports Fields Charity**

I am writing in response to your letter dated 14 November 2023 inviting me to attend the Audit and Governance Committee meeting on 6 March 2024 to provide an update report on the actions being taken regarding the ongoing sustainability of the Trust.

As you are aware, revised VAT treatment advice coupled with rising staff/supplies costs, have created significant additional pressures which have further impacted the Trust's financial position. I fully understand and appreciate the concerns you raised again at the recent Budget Scrutiny meeting and have set out below an update on the progress being made and the work that is currently being progressed:

- Given the complexity of VAT treatment, the requirements of charity legislation and the specific Act of Parliament governing the Trust assets - and following discussion with the Council's s151 Officer and Director of Legal and Democratic Services - we have commissioned specialist advice to support the development of an appropriate recovery plan.
- This includes charity law and tax specialists to advise on legal requirements, governance and VAT implications and support from specialist consultants in the sport and leisure market (Max Associates) to help advise on the best model to secure future financial sustainability.
- In the immediate term, we are containing spending wherever possible to address the cashflow position. This includes holding vacancies and all non-essential expenditure; seeking to establish joint contracts of employment to address the VAT issues; an application for full business rate relief for Trust facilities; and exploring options around the clubhouse loan arrangements with the Council.
- All fees and charges have been reviewed to maximise income whilst ensuring the offering remains attractive, accessible and competitive.

- In parallel, Max Associates are working with us to develop recommendations for a future operating model which will be both financially viable and commensurate with the requirements of the Eton Rural District Council Act which governs the assets. This includes reviewing the current governance arrangements with a view to achieving improvements to the financial position.
- Max Associates have recently completed a comprehensive review of the existing operating arrangements for the golf course and playing fields and are using this information to develop recommendations for the future, comparing:
  - The level of financial improvement that is achievable through adjustments to the current operating model (such as changes to the Food and Beverage model, staffing structures)
  - Outsourcing arrangements to a specialist leisure operator to maintain and manage the facilities
  - Leasing arrangements i.e. long-term lease of the golf course to a specialist golf operator to deliver an income (initial indications are that there would be strong appetite for such an opportunity); and the feasibility of securing anchor tenants for the playing fields.
- For all models there will be consideration of the need to maintain appropriate levels of community access to the facilities; and by necessity, modelling of the associated VAT implications and consideration of the outstanding debt to the Council.
- The above work is being overseen by Richard Barker, Corporate Director – Communities, supported by a Project Team involving colleagues from the Council’s Leisure, Finance and Legal Services, representatives from Max Associates and external law and tax experts as set out above.

We are expecting Max Associates to report with recommendations in March; however, these will clearly need some further due diligence and discussions to reach an agreed way forward. Therefore, to avoid prejudicing any potential commercial discussions with interested parties, and mindful of the sensitivities of our staff and stakeholders, it would I believe be preferable to avoid discussions in a public forum at that juncture. However, I would welcome being invited to a later meeting when I will be in a position to confirm my recommendation on the best way forward.

I hope the above provides some reassurance to you and the Committee that we absolutely understand the seriousness of the position that the Trust finds itself in and are progressing various options to mitigate the situation and to consider its long-term future.

Please feel free to share this update on the work currently underway with the Committee on 6 March.

Yours sincerely



Councillor Clive Harriss  
Cabinet Member for Culture & Leisure



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## Report to Audit & Governance

<b>Date:</b>	6 <sup>th</sup> March 2024
<b>Title:</b>	<b>Contract Procedure Rules – Waivers &amp; Breaches</b>
<b>Cabinet Member(s):</b>	Cabinet Member for Accessible Housing and Resources
<b>Contact officer:</b>	Simon Davis, Head of Strategic Procurement
<b>Ward(s) affected:</b>	None specific
<b>Recommendations:</b>	<b>Note this report and the work of the Strategic Procurement Team.</b>
<b>Reason for decision:</b>	Not applicable

### 1. Executive summary

- 1.1 This report provides a quarterly summary in relation to compliance with the Council's Contract Procedure Rules (CPR's), compliance with the Public Contracts Regulations 2015 as well as summarising waivers and breaches. It also provides a quick summary of the current procurement culture in the Council.

### 2. Content of report

- 2.1 This report covers the second and third quarter of financial year 2023/24, July to December 2023. The Council is subject to Procurement Legislation when entering contracts with suppliers. These laws must be followed regardless of the type of goods, services or works contract.
- 2.2 A summary table of contract waivers over the last 12 months is provided at Appendix 1.

### 3. Contract Procedure Rules relating to Contracts, Waivers and Breaches

- 3.1 The Contract Procedure Rules (CPRs) state that Corporate Directors are responsible for procurement exercises and contract management activities. This responsibility is then delegated to Service Directors and Heads of Service through formal schemes of delegation.
- 3.2 The Procurement Team provide a monthly report of all contracts on CMA that are coming up for renewal over a 2-year timescale. CMA sends automated alerts to Contract Managers when a contract review date is approaching and when a contract is due to expire as a prompt for them to consider next steps and take appropriate actions.
- 3.3 The team also issue a monthly report of live contracts with an end date in the past, requiring action to each directorate to ensure that staff are taking necessary action and keeping CMA up to date. In addition, when a waiver is requested, service areas are required to complete mandatory actions to reduce both the risk of future waivers and breaches. Compliance checking is undertaken to ensure these actions are followed up and that those members of staff involved in purchasing activity are both adequately trained and ensuring contracts are up to date.
- 3.4 Rules 6.31 to 6.37 of the CPRs state that all purchases over £25K (inc. VAT) must be subject to competition. Where the estimated whole life cost of a contract is:

<b>Up to and including £25,000 for Goods, Services and Works:</b>	A minimum of <b>1 written quotation</b> is required. This can be a written confirmation by an officer of an oral quotation. Where possible local suppliers should be given the opportunity to bid.
<b>Over £25,000 and up to the <u>Procurement Threshold</u> for Goods &amp; Services (including the Light Touch Regime):</b>	A minimum of <b>3 written quotations</b> must be requested. Where possible local suppliers should be given the opportunity to bid.
<b>Over £25,000 and up to the <u>Procurement Threshold</u> for Works:</b>	A minimum of <b>4 written tenders</b> must be requested. Where possible local suppliers should be given the opportunity to bid.
<b>Relevant <u>Procurement Threshold</u> and over:</b>	Full Tender Process or compliant Framework Agreement.

**Table1: Internal Thresholds – All thresholds inclusive of VAT**

- 3.5 Rule 6.18 of CPRs allows a Waiver to the requirement for competition and allows a contract to be placed by direct negotiation with one supplier. This needs to be

agreed and documented in advance. Waivers under this Rule, however, cannot be granted if they are over the relevant legal procurement thresholds shown below.

<b>£214,904</b>	The goods and services threshold
<b>£5,372,609</b>	The works threshold
<b>£663,540</b>	The Light Touch Regime (LTR) threshold (This is a procurement regime for social and other specific services such as social care; education services; healthcare)

**Table 2: Relevant Legal Procurement Thresholds effective Jan 2024 (including VAT)**

3.6 If a direct award is made which is above the relevant procurement threshold (if a legal alternative such as a Framework is not used) or a contract has rolled on after its end date then a breach has occurred, and officers are obliged to report this to the S151 Officer and Monitoring Officer (statutory officers). In some instances, there may be legally permitted changes within the Public Contracts Regulations 2015, for instance to cover emergency provisions.

#### **4. Waivers Summary July 2023 – December 2023**

4.1 Appendix 1 sets out the number of waivers and contract values over the last four quarters to analyse any trends over the last 12-month period. The Procurement Team is continuing to work closely with each of the Directorates through the monthly Directorate Budget Boards with a more granular level of data provided including the forward-looking procurement pipeline timelines, encouraging better planning and procurement preparation and facilitate a reduction in the number of waivers coming through. The forthcoming changes to CPRs and related procurement guidance will also help to support a reduction in waivers and breaches which have arisen due to a lack of adequate planning.

4.2 Tables 3 and 4 shows the number of waivers granted in Quarter 2 2023/24 and Quarter 3 2023/24 including the value and the risk rating.

	QUARTER 2 - 23/24		
	NO. REGISTERED	WAIVER VALUE (inc. VAT)	WAIVER RISK RATING
<b>ADULTS &amp; HEALTH</b>			
Home Independence	1	£164,725	Low
Integrated Commissioning	1	£10,498,841 <sup>(1)</sup>	Low
Prevention in the Community Team	1	£805,451 <sup>(2)</sup>	In progress
Public Health	1	£22,500	Low
<b>ADULTS &amp; HEALTH Total</b>	<b>4</b>	<b>£11,491,517</b>	

<b>CHILDRENS SERVICES</b>			
<b>CHILDRENS SERVICES Total</b>	<b>0</b>	<b>0</b>	
<b>COMMUNITIES</b>			
Cemeteries & Crematoria Services	1	£87,230	Low
Client Transport	1	£12,349	Low
Highways & Technical Services	1	£168,845	Low
North Waste Collection and Street Scene Services	1	£192,000 <sup>(3)</sup>	Low
Strategic Waste Management and Enforcement	1	£317,548 <sup>(4)</sup>	Low
Transport Service, Public Transport	3	£131,307	Low
Transport Services	1	£76,799	Low
<b>COMMUNITIES Total</b>	<b>9</b>	<b>£986,077</b>	
<b>DEPUTY CHIEF EXECUTIVE</b>			
Policy Partnerships and Comms - Digital	1	£54,360	Low
<b>DEPUTY CHIEF EXECUTIVE Total</b>	<b>1</b>	<b>£54,360</b>	
<b>PLANNING, GROWTH &amp; SUSTAINABILITY</b>			
	0	0	0
<b>PLANNING, GROWTH &amp; SUSTAINABILITY Total</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>RESOURCES</b>			
Business Operations	1	£28,800	Low
<b>RESOURCES Total</b>	<b>1</b>	<b>£28,800</b>	
<b>GRAND TOTAL</b>	<b>15</b>	<b>£12,560,753</b>	<b>Low 14 In progress 1</b>

**Table 3: Summary of Waivers for Q2 23/24**



	QUARTER 3 - 23/24		
	NO. REGISTERED	WAIVER VALUE (inc. VAT)	WAIVER RISK RATING
<b>ADULTS &amp; HEALTH</b>			
Adult Social Care	1	£82,667	Low
Public Health	1	£105,172	In progress
<b>ADULTS &amp; HEALTH Total</b>	<b>2</b>	<b>£187,839</b>	
<b>CHILDRENS SERVICES</b>			
Education	1	£14,688,000 <sup>(5)</sup>	Low
Education	1	£45,600	In progress
<b>CHILDRENS SERVICES Total</b>	<b>2</b>	<b>£14,733,600</b>	
<b>COMMUNITIES</b>			
Highways & Technical Services	1	£94,080	Low
Parking Services	1	£673,879 <sup>(6)</sup>	Low
<b>COMMUNITIES Total</b>	<b>2</b>	<b>£767,959</b>	
<b>DEPUTY CHIEF EXECUTIVE</b>			
Legal and Democratic Services	1	£147,210	Low
Legal Services	1	£43,461	Low
<b>DEPUTY CHIEF EXECUTIVE Total</b>	<b>2</b>	<b>£190,671</b>	
<b>PLANNING, GROWTH &amp; SUSTAINABILITY</b>			
Economic Growth & Regeneration	1	£99,000	Low
Housing	1	£195,180	Low
Property & Assets	1	£120,000	In progress
<b>PLANNING, GROWTH &amp; SUSTAINABILITY Total</b>	<b>3</b>	<b>£414,180</b>	
<b>RESOURCES</b>			
	0	0	0
<b>RESOURCES Total</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>GRAND TOTAL</b>	<b>11</b>	<b>£16,294,249</b>	<b>Low 6 In progress 3</b>

**Table 4: Summary of Waivers for Q3 23/24**

4.3 The 6 high value waivers were in respect of:

- 1. Adults & Health – Integrated Commissioning - The Provision of Buckinghamshire Help to Live at Home.  
Suppliers: Primecare Support Ltd; All Care; Westminster Home Care**

This waiver was in respect of three block home care contracts, which originally commenced on 1<sup>st</sup> April 2016 with an initial 5+2 year term, due to expire on 30<sup>th</sup> September 2023. All extension options had been utilised. The waiver was requested to align the end dates with the launch of the new home care Dynamic Purchasing

Vehicle (DPV) which will launch in April 2024 and further extend these contracts by a further 12 months to April 2025 to ensure Value for Money and remove the need to use spot purchasing. Legal advised that this is legally compliant with Regulation 72(1)(c) of the Public Contracts Regulations 2015 (PCRs) permitted modifications to contracts procured pursuant to the PCRs. From April 2024 the DPV will be the primary mechanism for purchasing home care.

**2. Adults & Health - Community Prevention Service.**

***Supplier: Connection Support***

This waiver was for the Community Prevention Service contract, which aims to support people to live independently and prevent the need for formal care. The waiver was needed to allow time for the development of a new model for front-end delivery for Adult Social Care (I-ASC) that aligns with the government's direction for social care and the local prevention landscape. This was requested for a period of 18 months to allow sufficient time to complete a robust recommissioning project and procurement process, with the new service starting on 1<sup>st</sup> October 2025

**3. Communities - North Waste Collection and Street Scene Services**

***Supplier: Chambers Engineering***

The existing contract was coming to an end on 31/08/2023 after a 1-year extension. The mechanical & engineering services being bought were complex and needed specific conditions, so the directorate was unable to reprocure before the current contract expired. A full competitive tender exercise is underway.

**4. Communities - Strategic Waste Management and Enforcement**

***Supplier: Mott MacDonald Limited***

The waiver was requested for the Capital Biowaste Project at High Heavens Waste Facility due to project delays relating to material supply challenges, on-site ground risk conditions materialising, and a delay in meeting certified completion requirements. There had been a previous waiver approved for this contract which was rescinded. This waiver sought approval to direct award using the negotiated procedure (Public Contract Regulations 2015) to Mott MacDonald Limited. This was a one-off requirement to be able to complete the project, there are no further works planned of this nature.

**5. Childrens Services - Education - Kingsbrook Secondary School 2 FE Extension - Design and Build Services Contractor [CAPITAL]**

***Supplier: Morgan Sindall Construction & Infrastructure Ltd***

The waiver was to procure the Contractor via the Southern Construction Framework Direct Appointments process, which is permitted under the Southern Construction Framework. This ensured no loss of critical site and building design knowledge as well as avoiding a duplication of costs for the Council and a loss of extensive and pertinent stakeholder knowledge of the Kingsbrook School.

**6. Communities – Parking Services – Security - multi-storey car parks  
Supplier: Risk Management Security Services**

This waiver was for an interim contract for new car park security arrangements and new response time requirements. This is to be followed by a scoping exercise, and to then run a fully compliant procurement process.

**5. Breaches to Public Contracts Regulations 2015**

- 5.1 No breaches have been reported to the Statutory Officers in the period since the last report. Grant Thornton raised a query about a potential breach due to the cumulative spend on Purchasing Cards for one supplier relating to white goods due mainly in response to emergency support to residents as part of the Helping Hand programme. Although these items were individually less than the procurement thresholds, and less than the internal Contract Procedure Rule limit of £25k, requiring a single quote.
- 5.2 With Procurement Team purchasing card analysis we have seen that the cumulative spend adds up to a much larger amount and for this reason we have taken the proactive steps of moving white goods spend onto a central contract which provides for better planning and value.

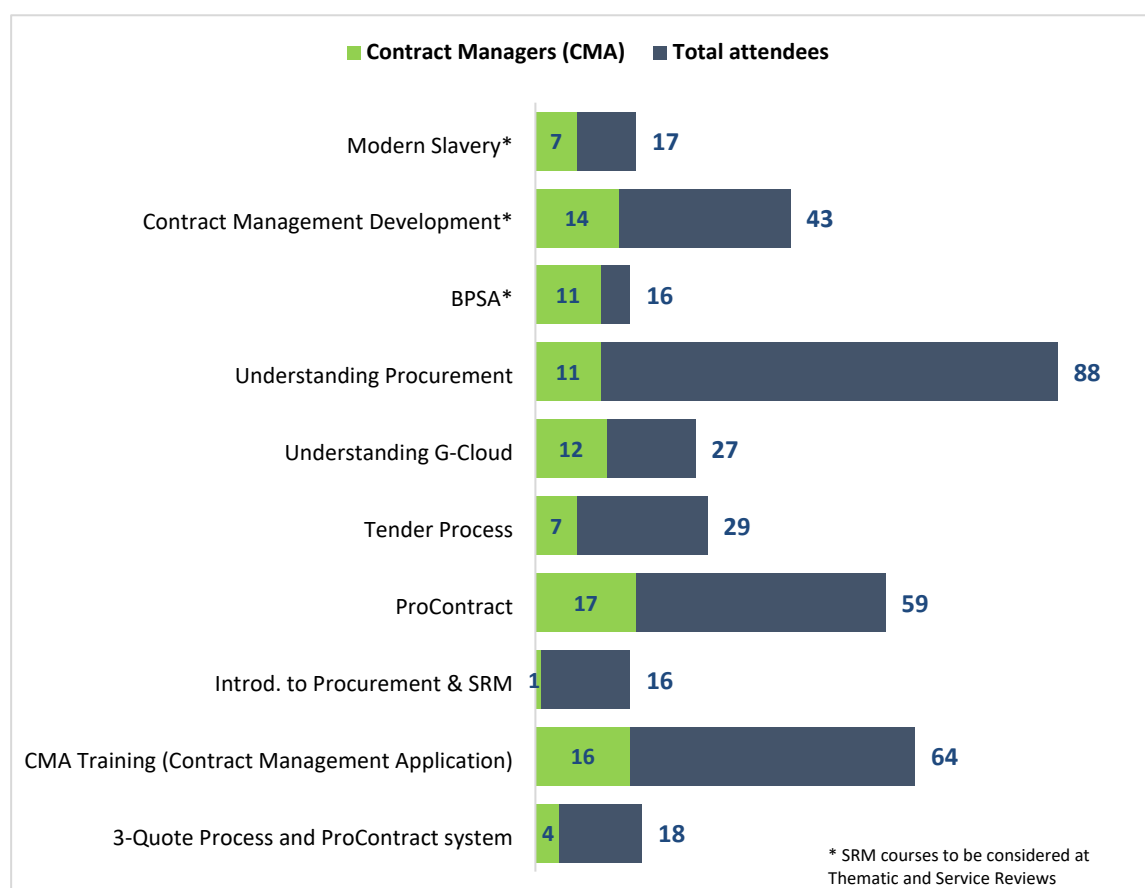
**6. Publication of Opportunities and Award Notices**

- 6.1 The Public Contracts Regulations 2015 require Local Authorities to publish contract opportunities and award notices on the Government website Contracts Finder where the value is above their own quotation threshold. Over the relevant legal procurement threshold these must be advertised on the 'Find a Tender Service'.
- 6.2 The Local Government Transparency Code 2015 requires all contracts with a value of £5K and higher to be published. The Council meets this requirement and uploads all contracts to its internal Contract Management Application (CMA) to ensure it has oversight and governance on all procured contracts.
- 6.3 The Cabinet Office monitors potential breaches raised by suppliers via a Procurement Review Service (previously the Mystery Shopper Service). Procurement

Review Service will contact public bodies to investigate any potential breach and ask for any evidence. The Procurement Review Service shall then make a ruling on the proposed course of action including any lessons for the future. The Council has not been subjected to any investigation by the Cabinet Office Procurement Review Service for this period.

## 7. Procurement & Contract Management Training

- 7.1 We have made changes to rationalise our training programme and 3 courses\* will no longer delivered by the team. Instead, we have adopted the Contract Management Capability Programme 2022/23 provided by the Government Commercial Function. Modern Slavery is an existing corporate training session and the BPSA training will be incorporated within the existing CMA session. This will allow the additional capacity to develop new sessions to deliver the requirements of the new Procurement Act in early 2024.
- 7.2 At the Audit and Governance meeting in July a request was made for training data to incorporate the number of Contract Managers who have undertaken training. Out of 210 contract managers registered on CMA, 100 have undertaken training in the last 12 months. The table below summarises the training sessions delivered in the past 12 months including the number of CMA Contract Managers.



**Table 5: Summary training courses and attendance 01 January 23 to 31 December 23 including no. of Contract Managers (CMA)**

- 7.3 Prior to a Procurement exercise taking place a check is made to ensure that contract manager training is up to date. Going forward the procurement team are developing the training offer so that there is a clear requirement about the training that is required through the probation/induction/promotion period for new starters or first time management roles where they are a contract manager and the on going training, where people will need to demonstrate their continued compliance.

## **8. Procurement Legislation Changes**

### **The new Procurement Act is expected to go live in October 2024**

- 8.1 Any procurement activity that commences after Go Live will follow the new regime. We are already monitoring the Councils projects and will be engaging with contract managers to consider the impact of this change to the required procurement approach for new contracts and re-procurement activities.
- 8.2 The Procurement Team have developed an implementation plan to respond to the changes included in the Act. The implementation of the plan is reliant to a certain degree on the outputs from the secondary legislation and guidance, which will set out the detailed requirements of the new Act.
- 8.3 There will be updates to the procurement courses offered by the Procurement team between April and October and these will be mandatory for all contract managers. This is an opportunity also to establish mandatory refresher training for all contract managers with regular monitoring to ensure that training is up to date.

### **Changes to commissioning of health and care services in England.**

- 8.4 From January 2024, the Department of Health and Social Care (DHSC) introduced a new provider selection regime (PSR) for the commissioning of health and care services in England.
- 8.5 The PSR will replace the current procurement rules that are based on the Public Contracts Regulations 2015 (PCR 2015). The new regime aims to simplify and streamline the process of selecting providers, reduce bureaucracy and legal challenges, and promote collaboration and integration among service providers.
- 8.6 Commissioners will have more flexibility and discretion to decide whether to use a competitive or a non-competitive process, depending on the circumstances and the best interests of service users.
- 8.7 The Integrated Commissioning team are reviewing their contracts to establish which contracts coming to an end will need to be procured using the new regime. The PSR

regulations apply to those contracts with a health service provision to them, but social care contracts will still need to use the procurement regulations.

## **9. Next steps and review**

9.1 This report will be going to Audit & Governance Committee on 6<sup>th</sup> March 2024.

## **10. Background papers**

10.1 None

## **11. Your questions and views (for key decisions)**

11.1 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 email to [democracy@buckinghamshire.gov.uk](mailto:democracy@buckinghamshire.gov.uk)

## Waivers Summary Table

	Quarter 4 FY 22/23		Quarter 1 FY 23/24		Quarter 2 FY 23/24		Quarter 3 FY 23/24	
Directorate	No. of Waivers registered	Total Value	No. of Waivers registered	Total Value	No. of Waivers registered	Total Value	No. of Waivers registered	Total Value
ADULTS & HEALTH	3	£1,428,504	4	£2,352,385	4	£11,491,517	2	£187,839
CHILDRENS SERVICES	2	£1,865,179	4	£1,165,332			2	£14,733,600
COMMUNITIES	2	£112,000	2	£160,755	9	£986,077	2	£767,959
DEPUTY CHIEF EXECUTIVE					1	£54,360	2	£190,671
PLANNING, GROWTH & SUSTAINABILITY	9	£1,857,091	2	£211,898			3	£414,180
RESOURCES	1	£110,400	2	£199,303	1	£28,800		
<b>TOTAL</b>	<b>17</b>	<b>£5,373,174</b>	<b>14</b>	<b>£4,089,673</b>	<b>15</b>	<b>£12,560,753</b>	<b>11</b>	<b>£16,294,249</b>

*Waivers over the last 12 months*

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**Audit and Governance Committee Action Log**

Last updated: 23 February 2024

No.	Action required	Lead	Date raised	Due date	Action taken	Date resolved (grey when resolved)	Status
1	<b>Local Member Engagement</b> 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	<p><b>Update March 24:</b> Consulted with the Service Director Legal and Democratic Services who advised that the nature of member engagement with Cabinet and Cabinet Member Decisions is a matter for Cabinet to determine in the first instance. Recommend removal from the A&amp;G committee actions.</p> <p><b>Update September 2023:</b> this falls to Cabinet for consideration.</p> <p><b>Update Sept 22:</b> Work to be progressed as part of Corporate Governance review being undertaken by Principal Governance Advisor.</p> <p><b>Update Nov 22:</b> 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</p>		To be closed
2	<b>Buckinghamshire Statement of Accounts 20/21 (1)</b> 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	<p><b>Update March 24:</b> No further updates</p> <p><b>Update December 23:</b> Lessons Learned report to be considered upon completion of 2020/21 accounts. No further actions required at this time</p> <p><b>Update November 23:</b> No further update since Sept 23.</p> <p><b>Update September 23:</b> Lessons Learned report to be considered upon completion of 2020/21 accounts. No further actions required at this time</p> <p><b>Update July 23:</b> 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.</p> <p><b>Update March 23:</b> 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.</p>		Ongoing
3	<b>External Auditors Annual Report</b> 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	<p><b>Update March 24:</b> Annual review of company governance to be considered by the Committee in March 2024.</p> <p><b>Update December 23:</b> 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 &amp; Governance Committee will reflect both of these.</p> <p><b>Update November 23:</b> 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</p> <p><b>Update September 23:</b> The Audit &amp; 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</p> <p><b>Update July 23:</b> The Audit &amp; 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</p>		Ongoing
4	<b>General</b> 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	<p><b>Update March 24:</b> The Committee has now received specific training on the areas of treasury management, fraud, and risk management. Further training will be arranged specifically around the annual accounts as needed.</p> <p><b>Update November 23:</b> The training will be arranged to coincide with the other member training in Q3/beginning Q4</p> <p><b>Update July 23:</b> 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.</p> <p><b>Update March 23:</b> Planning for this session is underway and session will be scheduled in April/May.</p> <p><b>Update 29 March 23:</b> This training will be arranged for a date after the Council AGM in May so that any Membership changes can be picked up</p>		Ongoing

No.	Action required	Lead	Date raised	Due date	Action taken	Date resolved (grey when resolved)	Status
5	<b>Statement of Accounts 2020/21 (2)</b> To circulate figures of bad debt to the Committee	Dave Skinner	29-Mar-23	10-May-23	<b>Update March 24:</b> A report on debt and performance will be brought to the 8th May Audit & Governance Committee, providing an update on the end of year position. The Debt Performance and Improvement Board will be established before the 8th May meeting. <b>Update November 23:</b> A report on Debt and performance including bad debt to be suggested for consideration at Finance & Resources Select Committee. <b>Update September 23:</b> Bad debt report to be considered at future meeting <b>Update May 23:</b> Further thought being given as to how to present the figures to Members		Ongoing
6	<b>Anti-Money Laundering Policy</b> To present statistics on funds recovered at a future meeting	Maggie Gibb / Selina Harlock	29-Mar-23	10-May-23	<b>Update March 2024:</b> This will be part of the Chief Internal Auditors Annual Opinion which will be presented to the committee at the July meeting. <b>Update September 23:</b> To be included in 23/24 Annual Fraud Report in March 2024.		Ongoing
7	<b>2022/23 Business Assurance Strategy Update</b> To provide further information and statistics on Risk Management Training delivery.	Maggie Gibb	10-May-23	05-Jul-23	<b>Update March 24:</b> Risk Management Training information and stats provided in the Business Assurance Update paper. <b>Update November 23:</b> Basic stats included in November update report, to be developed further in new year. <b>Update September 23:</b> to be provided to November meeting		Ongoing
8	<b>Buckinghamshire Pension Fund - 22/23 Audit Plan and Fee Letter</b> To amend references in document from 'Audit Committee' to 'Audit and Governance Committee'	Mark Stocks	27-Sep-23	17-Jan-24	<b>Update December 23:</b> Mark Stock confirmed that these amendmetns have been completed.		To be closed
Page 230	<b>Farnham Park Sports Fields Charity Annual Report and Financial Statements (1)</b> 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	<b>Update December 23:</b> Letter sent to Councillor C Harriss, along with an invite to March's Committee meeting		Ongoing
10	<b>Farnham Park Sports Fields Charity Annual Report and Financial Statements (2)</b> 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	<b>Update March 24:</b> A land revaluation is due to be completed as part of this year's audit activities. <b>Update November 23:</b> 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
11	<b>Farnham Park Sports Fields Charity Annual Report and Financial Statements (3)</b> 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	<b>Update March 24:</b> Risk around Governance of Trusts has been escalated to the Communities Leadership Team DirectorateRisk Register. This will be included in the report from Communities to RMG in March. <b>Update November 23:</b> To be discussed with Communities Risk Champion at next review.		Ongoing
12	<b>Local Code of Governance (1)</b> To arrange an all Member briefing on the Local Code of Governance	Glenn Watson	27-Sep-23	17-Jan-24	<b>Update March 24:</b> Under consideration by the Member Development Working Group for scheduling <b>Update December 23:</b> 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. <b>Update November 23:</b> Liaising with Legal & Democratic Services and Member Development Working Group to arrange this as part of the Member Development programme for early 2024.		Ongoing
13	<b>Local Code of Governance (2)</b> To include the Local Code of Governance in the internal audit activity programme	Maggie Gibb	27-Sep-23	17-Jan-24	<b>Update March 24:</b> To be included in 24/25 Internal Audit Programme. <b>Update November 23:</b> To be included in 24/25 Internal Audit Programme.		Ongoing
14	<b>Buckinghamshire Pension Fund - 22/23 Audited Statement of Accounts (1)</b> 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	<b>Update March 24:</b> To be discussed at the Risk Management Group meeting in April.		Ongoing

No.	Action required	Lead	Date raised	Due date	Action taken	Date resolved (grey when resolved)	Status
15	<b>Buckinghamshire Pension Fund - 22/23 Audited Statement of Accounts (3)</b> To provide a breakdown of the illiquid funds held within the pension fund to Councillor Carington	Julie Edwards	27-Nov-23	17-Jan-24	<b>Update December 23:</b> Breakdown of illiquid funds held within the pension fund have been provided to Councillor R Carington.		To be closed
16	<b>Treasury Management 2023/24 mid-year update (2)</b> 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
17	<b>23/24 Business Assurance Strategy (1)</b> 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	<b>Update March 24:</b> To be included in the 23/24 Annual Report.		Ongoing
18	<b>Annual RIPA and data communications data report</b> 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	<b>March 2024 Update:</b> List reviewed and the role of Head of Legal Services (non-contentious) added. <b>December 2023 Update:</b> awaiting update		To be closed
19	<b>Treasury Management Strategy 2024-25 to 2026-27</b> To consider the inclusion of a dashboard in future years Treasury Management Strategy Statement's along with benchmarking investment data, with an update on both to be considered during the mid-year update.	Hasina Shah	17-Jan-23	01-Jul-24			Ongoing
20	<b>Preparations for 2025 Council - Constitutional arrangements</b> To update the terms of reference to reflect a quorum of 4 and the provision of substitutes	Glenn Watson	17-Jan-23	06-Mar-24	<b>Update March 24:</b> Standards & General Purposes Committee similarly agreed the suggested revision to the terms of reference (quorum of four and provision of substitutes). Task and Finish Group approved. First meeting scheduled for 12 March 2024.		Ongoing
21	<b>Whistleblowing Policy (1)</b> To check consistency of grammar throughout document.	Maggie Gibb	17-Jan-23	06-Mar-24	<b>March 2024 Update:</b> Whistleblowing Policy has been reviewed and amended accordingly.		Ongoing
22	<b>Whistleblowing Policy (2)</b> To liaise with Legal and DS Service Director and circulate guidance to Members around Member whistleblowing processes.	Maggie Gibb	17-Jan-23	06-Mar-24	<b>March 2024 Update:</b> This matter has been discussed at the statutory officers meeting and guidance is in the process of being drafted.		Ongoing

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Date	Items	Note
6 March 24	<ol style="list-style-type: none"> <li>1. Buckinghamshire Council Statement of Accounts 2020/21 and update</li> <li>2. External Auditors Annual Report 2022/23</li> <li>3. External Audit findings report 2020/21 – ISA260</li> <li>4. 2023/24 Business Assurance Strategy Update (incl. Internal Audit Plan)</li> <li>5. Annual Governance Statement Action Plan</li> <li>6. Anti-Fraud and Corruption Policy</li> <li>7. Anti-Money Laundering Policy</li> <li>8. Companies Governance update</li> <li>9. Risk Management Group update</li> <li>10. Farnham Park Sports Field Charitable Trust update</li> <li>11. Contract Procedure Rules - Waivers &amp; Breaches</li> <li>12. Annual RIPA and Data Communications report</li> <li>13. Work Programme</li> <li>14. Action Log</li> <li>15. 22/23 Business Assurance Strategy Update: Completed Audits and Audit Actions Summary Report (confidential)</li> </ol>	
8 May 24	<ol style="list-style-type: none"> <li>1. Buckinghamshire Council Statement of Accounts Update</li> <li>2. 2023/24 Business Assurance Strategy Update (incl. Internal Audit Plan)</li> <li>3. 2024/25 Internal Audit Plan Update</li> <li>4. Audit &amp; Governance Committee Annual Report to Council</li> <li>5. Audit Committee – Review of Effectiveness Action Plan six-month update</li> <li>6. Annual Governance Statement Action Plan</li> <li>7. Farnham Park Sports Field Charitable Trust</li> <li>8. Action Log</li> <li>9. 23/24 Business Assurance Strategy Update: Completed Audits and Audit Actions Summary Report (confidential)</li> <li>10. 22/23 Fraud Cases Update (confidential)</li> </ol>	

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