

Auditor's Annual Report on Buckinghamshire Council

2022/23

FINAL INTERIM REPORT

February 2024





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.



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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.

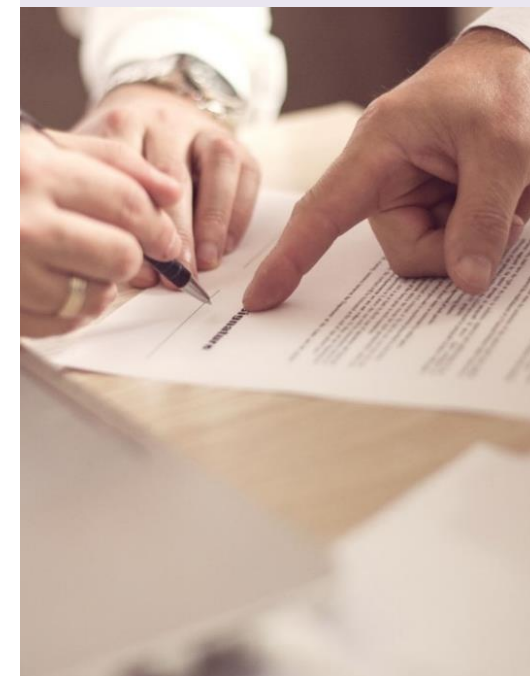
The Council underspent considerably on its capital programme in 2022/23 (29%) however this represented slippage in two major programmes rather than cancelling of projects or major project over/underspends.

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

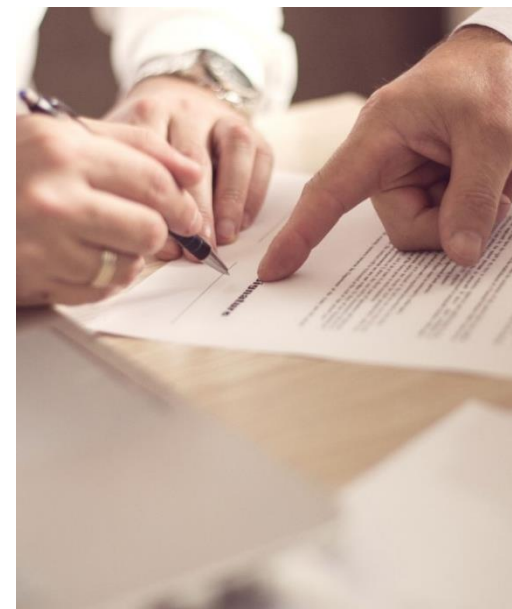
Appropriate leadership is in place. Relationships between officers and members appear good with no issues raised in our interviews with key staff and members. The Monitoring Officer is the Council's deputy Chief Executive, who, alongside the Chief Executive is responsible for ensuring legality and promoting 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)



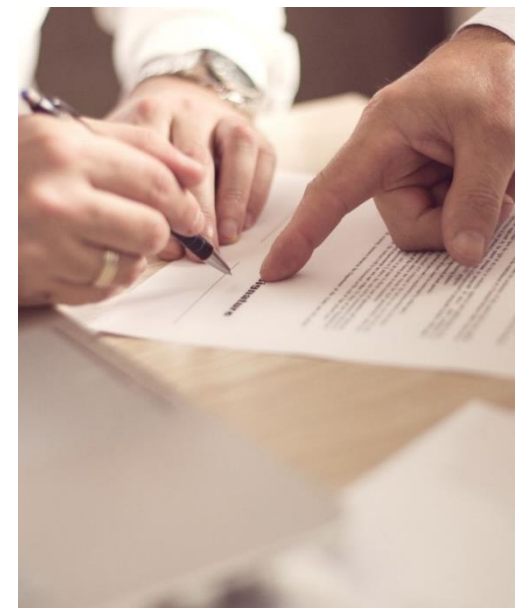
Improving economy, efficiency and effectiveness (Cont'd)

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.

Financial sustainability (continued)

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 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.

Financial sustainability (continued)

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.

Financial governance

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 pay 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 .

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.

Financial governance

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 contingences 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.

Financial governance

- 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 last 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 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.

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 2

[cont.]

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 deliver 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

Improvement Recommendation 4

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.


Improvement opportunity identified

To determine if funds can be released back to general fund

Summary findings

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.

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. 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.

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 5	External budget consultation, for example with the Buckinghamshire Business Group (BBG), should be undertaken in a timely manner to facilitate effective scrutiny and challenge.
Improvement opportunity identified	Improved scrutiny and challenge to budget proposals
Summary findings	BBG stated that they would have preferred to have received the papers in a more timely manner to aid full consideration at its meeting.
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 to the timely presentation of information for Bucks Business Group (BBG)

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 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

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 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

Improvement Recommendation 8

Risks in the Strategic Risk Register should be mapped to the Corporate Priorities.

Improvement opportunity identified

Identify all risks that could impact the Corporate Priorities

Summary findings

Risks are not currently mapped against the Corporate Priorities

Criteria impacted

 Governance

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

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

Improvement Recommendation 9

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.

Improvement opportunity identified

Ensure key risks are managed across all schools

Summary findings

A low number of audits were completed across schools in 2022/23 with common themes of issues identified

Criteria impacted



Governance

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

This recommendation is accepted. The audit plan for 2024/25 is currently in development and we will consider some thematic reviews for schools.

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 10

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.

Improvement opportunity identified

Ensure that conflicts of interest are managed effect

Summary findings

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

Criteria impacted



Governance

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

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. 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 Childrens 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.

Improving economy, efficiency and effectiveness (continued)

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%).

- 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.

Improving economy, efficiency and effectiveness (continued)

Children's Services (cont'd)

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 Children's 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.

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.

Improving economy, efficiency and effectiveness (continued)

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

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 to 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%.

Improving economy, efficiency and effectiveness (continued)

Adult Services (cont'd)

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).

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.

Improving economy, efficiency and effectiveness (continued)

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.

Improving economy, efficiency and effectiveness (continued)

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.

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.

Improving economy, efficiency and effectiveness (continued)

Procurement (cont'd)

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.

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

The Council should:

- a) consider how it can better map strategic priorities and strategic risks to KPIs
- b) KPIs for 2023/24 onwards align to Oflog reporting requirements
- c) agree a process by which the strategic risk register is updated to reflect actions and issues arising from the monitoring of performance; and
- d) Ensure that KPIs RAG rated green are reviewed for possible efficiency gains and in particular those areas of comparatively high cost.
- e) Ensure that KPIs rated red are also reviewed for comparative low cost expenditure and take appropriate action
- f) Review how it reports recruitment and retention performance in key service areas such Adult Services and Children and Education Services
- g) Include key success measures for the community boards within the KPIs

Improvement Recommendation 11

Improvement opportunity identified

To ensure there is effective feedback from performance into the management of risks, benchmarking and efficiency programs

Summary findings

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 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

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

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) & 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.

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.

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 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

Improvement Recommendation 14	The Council should review whether it wishes to provide bribery and corruption training provided to high-risk areas of the business.
Improvement opportunity identified	To ensure the Council meets legal requirements and value for money
Summary findings	There is no specific training on Bribery and Corruption for high-risk areas from a procurement perspective
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 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.

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 15

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.

Improvement opportunity identified

To ensure the Council meets legal requirements and value for money

Summary findings

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.

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 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

Key Recommendation 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.

Why/impact

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.

Auditor judgement

The Council does not have appropriate arrangements in place for the preparation of its financial statements.

Summary findings

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.

[Update – the Council have made strong progress in 2023 and are on course for completion of the 2020/21 audit in January 2024]

Management comment

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

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.

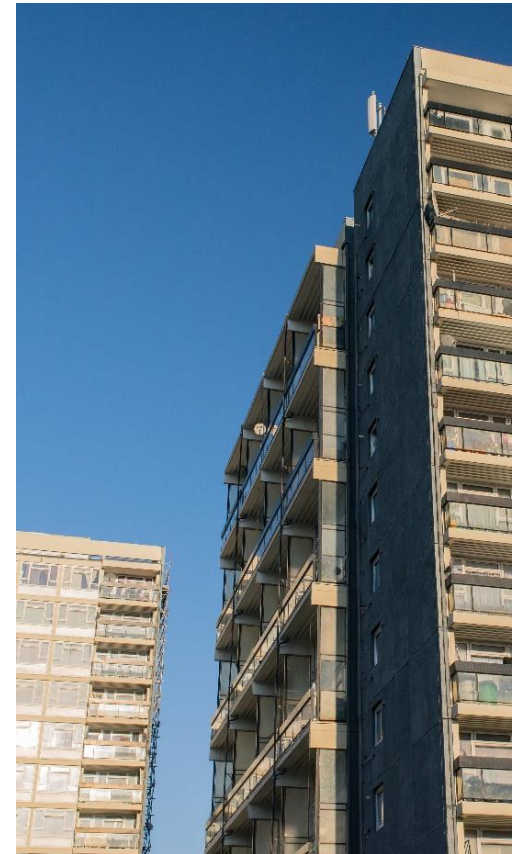
Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records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

