



**AGENDA PAPERS FOR
ACCOUNTS AND AUDIT COMMITTEE**

Date: Thursday, 24 September 2015

Time: 6.30 p.m.

**Place: Committee Rooms 2 and 3, Trafford Town Hall,
Talbot Road, Stretford, M32 0TH**

A G E N D A	PART I	Pages
1.	ATTENDANCES To note attendances, including Officers and any apologies for absence.	
2.	MINUTES To receive and if so determined, to approve as a correct record the Minutes of the meeting held on 30 June, 2015.	1 - 6
3.	BENEFIT FRAUD INVESTIGATION ANNUAL REPORT 2014/15 To receive a report of the Counter Fraud and Enforcement Manager.	7 - 28
4.	AUDIT FINDINGS REPORT 2014/15 To receive a report of the Council's External Auditor.	29 - 64
5.	APPROVAL OF ANNUAL STATEMENT OF ACCOUNTS 2014/15 To receive a report of the Director of Finance.	65 - 202
6.	ANNUAL GOVERNANCE STATEMENT 2014/15 To receive a report of the Audit and Assurance Manager.	203 - 258

7. **BUDGET MONITORING ACTION PLAN - SUMMARY OF ACTIONS AND IMPROVEMENTS**
- To receive a report of the Acting Corporate Director Transformation and Resources. 259 - 266
8. **STRATEGIC RISK REGISTER UPDATE SEPTEMBER 2015**
- To consider a report of the Audit and Assurance Manager. 267 - 306
9. **AUDIT AND ASSURANCE SERVICE 2015/16 QUARTER ONE UPDATE**
- To receive a report of the Audit and Assurance Manager. 307 - 316
10. **REVENUE BUDGET MONITORING 2015/16 - PERIOD 4 (APRIL TO JULY 2015)**
- To receive a report of the Executive Member for Finance and the Director of Finance. 317 - 372
11. **ACCOUNTS AND AUDIT COMMITTEE - WORK PROGRAMME - 2015/16**
- To consider a report of the Audit and Assurance Manager. 373 - 376
12. **URGENT BUSINESS (IF ANY)**
- Any other item or items which by reason of special circumstances (to be specified) the Chairman of the meeting is of the opinion should be considered at this meeting as a matter of urgency.

THERESA GRANT

Chief Executive

Membership of the Committee

Councillors J. Baugh, C. Boyes, B. Brotherton, D. Butt (Vice-Chairman), N. Evans, A. Mitchell (Chairman) and T. Ross.

Further Information

For help, advice and information about this meeting please contact:

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This agenda was issued on **Tuesday, 15 September 2015** by the Legal and Democratic Services Section, Trafford Council, Trafford Town Hall, Talbot Road, Stretford, M32 0TH.

Accounts and Audit Committee - Thursday, 24 September 2015

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ACCOUNTS AND AUDIT COMMITTEE

30 JUNE 2015

PRESENT

Councillor A. Mitchell (in the Chair).

Councillors J. Baugh, C. Boyes, B. Brotherton, D. Butt, N. Evans and T. Ross.

In attendance

Director of Finance (Mr. I. Duncan),

Audit and Assurance Manager (Mr. M. Foster),

Technical Finance Manager (Mr. G. Bentley),

Finance Manager (Mr. D. Muggeridge),

Children's Family and Wellbeing Client Finance Manager (Mr. P. Herd),

Principal Audit and Assurance Team Leader (Mr. J. Miller),

Insurance Officer (Ms. C. Whyte),

Senior Democratic and Scrutiny Officer (Mr. I. Cockill).

Also in attendance: Mr. M. Thomas and Ms. H. Stevenson, Grant Thornton UK LLP.

1. **MEMBERSHIP OF THE COMMITTEE 2015/16, INCLUDING CHAIRMAN, VICE-CHAIRMAN AND OPPOSITION SPOKESPERSON**

The Chairman welcomed Councillor Nathan Evans to his first meeting as a Member of the Committee and advised that, after an absence of a few years, he was returning to serve on the Accounts and Audit Committee.

RESOLVED: That the Membership of the Committee for the 2015/16 Municipal Year, as appointed at the Annual Meeting of the Council held on 28 May 2015 and set out below, be noted:

Councillors Baugh, Boyes, Brotherton, Butt (Vice-Chairman), Evans, Mitchell (Chairman) and Ross (Opposition Spokesperson).

2. **VARIATION IN THE ORDER OF THE AGENDA**

The Committee consented to vary the order of the agenda and consider Agenda Item 9 – Insurance Report following Agenda Item 4 - Minutes.

Note: These minutes are set out in the order of the agenda.

3. **TERMS OF REFERENCE**

RESOLVED: That the Committee's Terms of Reference, as agreed at the Annual Meeting of the Council held on 28 May 2015, be noted.

4. **MINUTES**

RESOLVED: That the Minutes of the meeting held on 24 March 2015, be approved as a correct record and signed by the Chairman.

5. PRESENTATION ON SCHOOLS FUNDING

The Committee received a presentation from the Children's Family and Wellbeing Client Finance Manager providing an overview of the Dedicated Schools Grant for Trafford and a comparison of funding arrangements against other authorities.

Members also received an explanation of the Pupil Premium Grant which provided extra funding for every child who had been on Free School Meals at some point over the last 6 years. Councillor Baugh asked how many pupils this equated to and the Finance Manager agreed to advise on the numbers.

The Committee was grateful for the provision of such comprehensive and useful information on this matter and given the probable financial constraints to schools, suggested that the presentation document be circulated to Head Teachers and Chairs of Governors. The Director of Finance informed Members that the Council would consult with the Schools Forum on the most appropriate way of sharing this information. In addition, an electronic version of the presentation would be circulated to Members of the Committee.

RESOLVED: That the presentation be noted and the Finance Manager be thanked for providing the Committee with really helpful information.

6. PRE-AUDITED ACCOUNTS 2014/15

The Director of Finance submitted the full pre-audited Statement of Accounts for the year ended 31 March 2015. The Committee also received the 2014/15 Revenue Budget Monitoring Outturn and Capital Investment Programme Outturn reports which had been presented to the Executive on 29 June 2015.

The Director of Finance outlined the key features in the Accounts and highlighted that the outturn for the year was £3.925 million below the original budget set in February 2014. The Committee was also advised that the final surplus on the Business Rate Retention scheme for 2014/15 was largely due to the approach taken by the Council when the new arrangements were introduced.

RESOLVED –

- (1) That the Committee notes the Accounts 2015, prior to submission to the external auditor and public inspection.
- (2) That the Director of Finance be thanked for the production of the Accounts and that the Committee conveys appreciation for all the hard work and effort of his team.

7. TREASURY MANAGEMENT ANNUAL PERFORMANCE 2014/15

The Executive Member for Finance and the Director of Finance submitted a joint report reviewing treasury activities for the past financial year, in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice as adopted by the Council.

RESOLVED: That the Committee advises the Council:

- (i) of the Treasury Management activities undertaken in 2014/15;
- (ii) that no prudential limits were breached during 2014/15; and
- (iii) that both the CIPFA Code of Practice on Treasury Management and CIPFA Prudential Code for Capital Finance were fully complied with.

8. TREASURY MANAGEMENT STRATEGY - THE LOCAL AUTHORITIES' PROPERTY INVESTMENT FUND

The Executive Member for Finance and the Director of Finance submitted a joint report proposing a new investment instrument be added to those currently permitted to be used, as outlined in the Council's Treasury Management Strategy approved 18 February 2015.

RESOLVED: That the Committee recommends to Council the following elements for approval:

- inclusion of the Local Authorities Property Investment fund into the current Investment strategy;
- maximum duration funds can be placed in an investment instrument be extended from 3 years to 10 years however this extension only applies to monies placed in this fund;
- maximum level of funds to be placed into this fund be set at £10 million;
- the Prudential indicator for Upper limit for sums invested over 364 days be amended from £60 million 2015/16, £60 million 2016/17 and £50 million 2017/18 to £70 million 2015/16, £70 million 2016/17 and £60 million 2017/18 and a new category be incorporated under the existing Investment criteria, as detailed at Appendix A to the report.

9. INSURANCE REPORT 2014/15

The Director of Finance submitted a report providing a summary of insurance performance for 2014/15. The report provided an update on performance in respect of the major classes of insurance, the current budget position and the insurance profile after the Joint Venture contract for services previously provided by the Highways Team.

Members asked whether the Joint Venture could increase the risk of claims and were reassured that the contract would be managed by a series of Key Performance Indicators and contained a penalty mechanism if these were not met. Ultimately, the annual fee could be adjusted should the claims experience deteriorate.

Questioned about the 9 outstanding high value claims, as at 31 March 2015, the Insurance Officer agreed to confirm to Councillor Boyes how many were highway tripping claims.

RESOLVED: That the report be noted.

10. AUDIT PROGRESS REPORT

Members received a report from Grant Thornton UK LLP on the progress at June 2015, in delivering its responsibilities as the Authority's external auditor.

The report also highlighted key emerging national issues and developments and a number of challenge questions in respect of the emerging issues.

The Committee acknowledged the key messages from Grant Thornton's second welfare report 'Easing the burden: The impacts of welfare reform on local government and social housing sector' and requested an assessment from the Trafford perspective.

RESOLVED: That the Committee notes the report and that the Director of Finance will prepare a report on the issues and risks of the welfare reform agenda in the context of Trafford.

11. ANNUAL INTERNAL AUDIT REPORT 2014/15

The Audit and Assurance Manager submitted a report providing an opinion on the standard of internal controls during 2014/15 and a summary of the work of the Audit and Assurance Service during the period.

RESOLVED: That the report be noted.

12. DRAFT ANNUAL GOVERNANCE STATEMENT 2014/15

The Audit and Assurance Manager submitted a report setting out the Draft 2014/15 Annual Governance Statement (AGS) following its review by the Corporate Management Team (CMT) and a sub-group of the Accounts and Audit Committee, namely, the Chairman (Councillor Mitchell), Vice-Chairman (Councillor Butt) and Opposition Spokesperson (Councillor Ross).

The report advised that the AGS would take into account any feedback or further developments through June to September 2015. The final version, signed off by the Leader of the Council and Chief Executive, would be presented for approval by the Committee in September 2015 to accompany the Council's Accounts.

RESOLVED: That the Committee notes that:

- (a) the delegated Sub-Group of the Accounts and Audit Committee has reviewed the content of the 2014/15 Annual Governance Statement and also the additional detail added within the Corporate Governance Code; and
- (b) the final version of the Annual Governance Statement, signed off by the Chief Executive and Leader, will be presented for approval by the Accounts and Audit Committee in September 2015.

13. ANNUAL ACCOUNTS AND AUDIT COMMITTEE REPORT 2014/15

The Committee considered the draft Accounts and Audit Committee Annual Report for 2014/15 prepared by the 2014/15 Chairman and Vice-Chairman for submission to the Council.

RESOLVED: That the 2014/15 Annual Report of the Accounts and Audit Committee be noted and presented to the Council for information.

14. ACCOUNTS AND AUDIT COMMITTEE - WORK PROGRAMME - 2015/16

The Audit and Assurance Manager submitted a report setting out the Committee's proposed work plan for the 2015/16 Municipal Year, outlining the areas to be considered by the Committee at each of its meetings over the period of the year. The work plan would help to ensure that the Committee met its responsibilities under its Terms of Reference and maintained focus on key issues and priorities, as defined by the Committee.

The transfer of Children's Health Services to the local authority in October 2015 was suggested as a possible work area, in terms of the budget value to Trafford of the services and any areas of risk. Members were advised that this would be raised with Health Scrutiny and subject to that discussion may be added to the work programme.

RESOLVED –

- (1) That the 2015/16 work programme be approved.
- (2) That the Committee notes that the Public Health issue relating to the transfer of Children's Health Services to the local authority from October 2015 shall be considered as a potential item for either the Health Scrutiny Committee or its own work programme.

The meeting commenced at 6.30 p.m. and finished at 8.28 p.m.

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TRAFFORD COUNCIL

Report to: Accounts and Audit Committee
Date: 24 September 2015
Report for: Information
Report of: Counter Fraud & Enforcement Manager

Report Title

Fraud Investigation Service (FIS) : 2014/15 Annual Report

Summary

The report:

- outlines the Councils' responsibilities towards tackling benefit related fraud that has been perpetrated against it; provides details of the teams' performance during the period April 2014 – March 2015;
- provides details of the outcomes of activity over this period; and
- outline the teams' plans for 2015/16 and beyond.

It is intended that this report will be presented to the Accounts and Audit Committee on the 24th September 2015.

Recommendation

The Committee is asked to note the report.

Contact person for access to background papers and further information:

Name: David Wright – Counter Fraud & Enforcement Manager

Extension: 2228

Background Papers:

None



TRAFFORD COUNCIL

Fraud Investigation Service (FIS)

Annual Report

2014-2015

Fraud Investigation Service Annual Report – 2014/2015

INSIDE THIS REPORT

1. Introduction
2. Responsibilities & approach to dealing with benefit fraud
3. Team Performance & statistics
 - 3.1 Planning
 - 3.2 Performance / Outcomes
 - Fraud Investigation
 - Financial Investigation
4. Planned activity for 2015/16

Appendices

Appendix A – Tackling Benefit Fraud Policy Statement

1. Introduction

The purpose of this report is to:

- Outline the Council's responsibilities towards tackling fraud that has been perpetrated against it
- Provide details of the team's performance during the period April 2014 to March 2015
- Provide details of the outcomes of action that was taken over this period
- Outline the team's plans for 2015/16.

2. Responsibilities and Approach to Dealing With Benefit Fraud

2.1 Local Authorities have a statutory duty under section 151 of the Local Government Finance Act 1972 to make arrangements for the proper administration of their financial affairs. This obligation includes a duty to have effective controls and procedures in place to prevent, detect and investigate fraud and error in Housing & Council Tax Benefit and Council Tax Support.

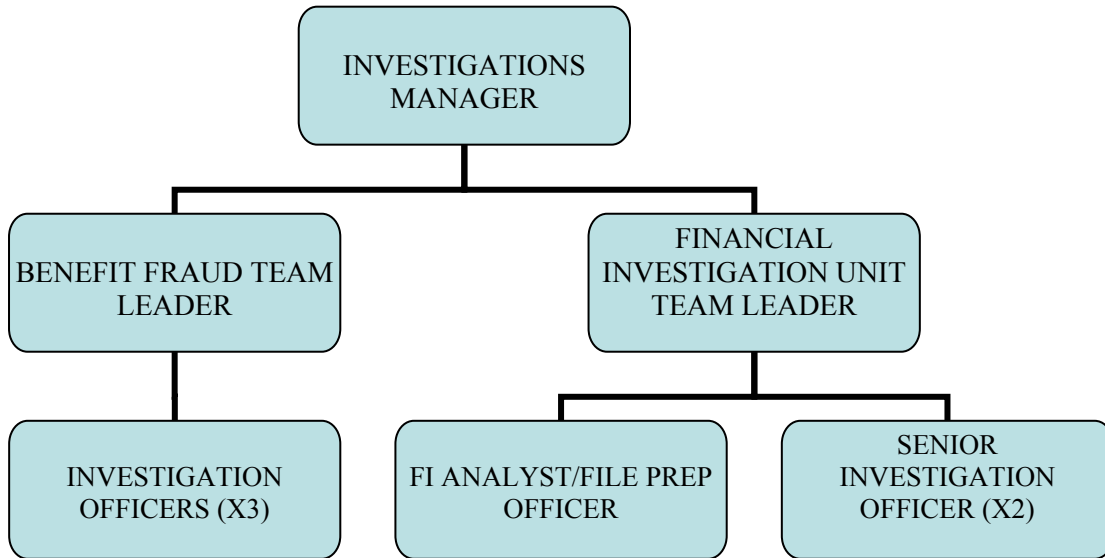
2.2 Preliminary statistics from the Department for Work and Pensions (DWP) estimate that during the period from April 2014 – March 2015, £1.1bn of total state benefits were overpaid to claimants as a result of fraud, which shows the extent of the abuse of the benefits system that is taking place. This shows a slight reduction from the estimated £1.2bn that was lost through fraud in 2013/14. It equates to 0.7% of the total amount of benefits paid. Of this amount, nationally, approximately £470m related to Housing Benefit. This equates to 1.9% of the £24.3 bn total expenditure for this benefit.

(Source: DWP report - Fraud & Error in the Benefits System – Published May 2015 – Updated July 2015)

2.3 The Council has a dedicated Fraud Investigation Service that seeks to address the problem by tackling benefit fraud in various ways. Further details, including methods used are outlined in the attached Appendix A. The level of staffing on the team remained at the same level since March 2012. The 9 people working within the team also remained the same. The Fraud Investigation team has been located within Stretford Police station since April 2012 as part of the Operation Bank project which sees a number of agencies working alongside GMP to tackle organised crime. This project is discussed in further detail later in this report.

2.4 The Service, in addition to a fraud investigation function, also contains a Financial Investigation Unit (FIU), which conducts Financial Investigations in accordance with Proceeds of Crime Act legislation.

In 2014/15 the team was structured as shown below:



To meet with the requirements of the team, some of the posts entail the post holder having roles that cover both areas of work that we carry out. For example the 2 Senior Investigators share their time between carrying out benefit fraud investigations and conducting financial investigations.

3. Team Performance 2014/15

3.1 Planning

The objective of the Fraud Investigation Service **is to prevent, deter, investigate and detect fraud in order to significantly reduce benefit fraud in Trafford**. The service plan sets detailed tasks and objectives against which progress is monitored against each month. Each investigator also has individual targets set at the beginning of each year, and progress against their targets is monitored on a monthly basis. The Financial Investigation Unit has a target linked to the level of income it is able to generate as a result of Court Orders obtained due to action taken against those persons who have been convicted of benefit fraud.

3.2 Performance / Outcomes

Fraud Investigation Team

3.2.1 A key role of the Fraud Investigation team is to tackle benefit fraud by acting on referrals received from numerous sources, conducting investigations with the purpose of identifying where offences have taken place that have resulted in benefit being claimed incorrectly and enabling the Council to recover such overpaid monies. Appropriate action will be taken against those parties that deliberately defraud the Council in this way. The following section of this report outlines the achievements of the team in dealing with this area of work and compares it to performance of previous years.

Performance statistics April 2010– March 2015

3.2.2 Source of fraud referrals

Referrals come from a wide variety of sources and the seven most common types are listed in Table 1. Last year saw a slight increase in the number of referrals received compared to 2013/14 (9.5%). It did, however, see a significant increase in the number of referrals from the Benefits Service, largely as a result of the introduction of 'Real Time Information' referrals that use data supplied by HMRC that indicate where the claimants had failed to report changes in their wage details – or even that they had started work at all. There also was a noticeable increase in the number of referrals that arose from data matching exercises along with a continuing number of referrals received from the public.

Table 1 – Source of Fraud Referrals

	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Housing benefit and council tax benefit staff (HB/CTB)	22.83%	19.86%	33.99%	38.29%	43.37%
Department for Work and Pension staff (DWP)	8.23%	5.79%	6.31%	4.96%	2.96%
Housing Benefit Matching Service (HBMS)	22.41%	30.9%	20.31%	2.05%	17.94%
Proactive work	5.67%	5.38%	4.46%	4.79%	4.68%
Anonymous calls/letters	29.23%	25.1%	22.92%	30.59%	21.22%
National Fraud Initiative	3.69%	3.86%	0	8.03%	0.15%
Police	n/a	2.76%	6.61%	6.66%	3.74%
Other Sources	7.94%	6.35%	5.4%	4.63%	5.94%
Total Received	705	725	650	585	641

3.2.3 Preventing, Detecting and investigating fraud

The statistics in Tables 2 and 3 show the success that the fraud team has had in detecting fraud and identifying amounts of benefit that have been fraudulently claimed in the last 5 years. Figures for last year show an increase in the number of investigations completed (12.8%) and once again there was a further significant increase in the total overpayments identified than in the previous year. **The level of fraud overpayments identified as a result of investigations undertaken was the highest amount since the team was set up, (£1,100,775.80)** exceeding the previous highest figure set in 2013-14. This once again proves the success in conducting more complex and in depth investigations which are consequently identifying higher levels of overpayments in many cases. This is a trend that has continued for the last few years.

The Audit Commission 'Protecting the Public Purse Fraud Briefing 2014' refers to the average levels of overpayments amongst Metropolitan District authorities in 2013/14. Their statistics showed that the average fraud identified in relation to Housing & Council Tax Benefit was just over £2.9k. The average level of overpayment that Trafford has identified for council administered benefits alone (Housing Benefit & Council Tax Benefit/Support) came to £6.1k – showing further evidence of the team's ability to cover more serious offences rather than target low value / high volume cases. The average level of overpayment per case that is successfully concluded has risen over the years and was £9173.13 compared to £5958.30 back in 2010/11. There were 16 cases where the level of overpayment identified exceeded £20k.

All benefit overpayments follow a robust recovery cycle. The legislation allows for recovery to be deducted from on-going cases at a maximum rate of £11.10 and, if the overpayment occurred due to Fraud that maximum rate increases to £18.50. Trafford currently applies 64 high rate deductions, in addition to recovery via the issue of sundry debt accounts in cases where the claimant is no longer receiving benefit from the authority

It is the Council's policy to issue press releases in relation to all prosecutions successfully completed. These are then published on the Council's website and in the local media. They are issued to give confidence to the public that the Council is serious in tackling benefit fraud. These releases, coupled with the overpayment recovery procedure that the Council employs, act as a deterrent to members of the public who may be engaged in such activity. It is not uncommon for claimants who have been found to have been claiming falsely to show more concern about having their names published on conviction than the sentence that any court may impose against them. The press releases also contain a hotline number for people to call if they wish to report any members of the public that they believe may be claiming benefits to which they are not entitled.

At the beginning of the year the team was set a target to identify overpayments to a total value of £750k (this includes all national benefits), which the team managed to achieve. Once identified, the Council always

seeks to recover any fraud overpayments from the claimant, as well as imposing sanctions as appropriate. The Authority is able to claim a 40% subsidy on all such overpayments, which, if recovered, provides an income stream. Housing and Council Tax Benefit related benefits accounted for £718.914k of the £1.1m identified as being fraudulently obtained. This means that, providing full recovery of these amounts are made, the Council would be able to claim an additional subsidy income of £287.5k. Details are shown in Tables 2 and 3.

Table 2 – No. Of Completed Investigations

	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Number of cases investigated	611	448	498	461	520

Table 3 – Value of Fraud Identified

	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Value of fraud identified	£512,413.54	£619,052.82	£643,891.77	£890,238.19	£1,100,775.86
Average overpayment per sanction/prosecution	£5958.30	£7836.11	£8255.02	£10,002.67	£9,173.13

3.2.4 Applying sanctions

Once an investigation has been conducted, and it has been established that fraud has taken place, as well as recovering any overpaid benefits from the claimant, the Authority has the power to impose a further sanction against them. This can either be in the form of:

- a written formal caution (similar to a police caution).
- the imposition of a financial penalty (known as an Administrative Penalty) or,
- in more serious cases the Authority will take legal action.

Action is taken in accordance with our Benefit Fraud Sanctions Policy. Table 4 sets out the number of sanctions imposed by the team over the last 5 years.

Table 4- Number of Sanctions Achieved

	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Total cautions accepted	23	25	18	11	29
Total admin penalties accepted	21	14	14	16	32
Total prosecutions achieved	42	40	46	62	59
Total No of Sanctions	86	79	78	89	120

The statistics in Table 4 show a 34.8% increase in sanctions in 2014/15, which was the highest total achieved since the team was set up. The last 12 months has seen a continuation in the pattern from previous years of more serious benefit fraud offences being identified. There was a small reduction in the level of prosecutions completed. However at year end, there were a large number of cases that were with the legal services team which have been carried over to 2015/16.

3.2.5 Ensuring that resources are available to tackle fraud

Table 5- Number of Counter Fraud Specialists

	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Number of counter fraud specialists employed on the team	4.5	4.5	4.5	4.5	4.5

The figures in Table 5 show the position at year end, and show that the FTE level of staff investigating benefit fraud has remained the same. At year end there were 3 dedicated benefit fraud investigators in post– the remainder of the figure shown is accounted for by other staff who are also part of the Financial Investigations Unit or who have other responsibilities within the team.

3.2.6 Types of fraud

Table 6- Analysis by Type of Fraud

	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Percentage of working and claiming cases	45.4%	57%	30.8%	19.1%	45.0%
Percentage of living together as husband and wife cases	14.0 %	10.1%	20.5%	18.0%	16.67%
Percentage of undeclared income cases	17.4 %	12.7%	12.8%	30.3%	8.31%
Undeclared Non-dependants	1.2%	2.5%	1.3%	3.4%	0.85%
Non Residency	9.3%	6.3%	11.5%	10.1%	8.31%
Tenancy Fraud	3.5%	1.3%	7.7%	10.1%	6.68%
Undeclared capital	9.2%	7.6%	15.4%	7.9%	14.18%
Other	0%	2.5%	0%	1.1%	0%

The figures in Table 6 show the most common types of fraud uncovered by the team over the last 5 years. These figures show a major increase in the last 12 months in the number of claimants who have been found to have failed

to declare their true earnings. This reflects the cases which identified that claimants had either failed to declare that they were working, or had failed to declare changes in their circumstances which had resulted in their earnings increasing. These cases came to light as a result of the introduction of 'Real Time Information' referrals that came from HMRC that highlighted the fact that wage details that were being used (as provided by claimants) to assess entitlement were, in a number of cases, now out of date. This type of fraud led to the highest amount of overpayments being uncovered.

The highest overpayment identified resulted in a total overpayment (including DWP benefits) of £86,621.71 being created. This case, which only came to light as a result of an investigation into her daughter, related to a lady who had been claiming Housing/Council Tax benefit as well as Income Support, Employment Support Allowance and Job seekers allowance for a number of years. The investigation identified that she had actually married in 2002 but continued to claim on the basis that she was a single parent for a further ten years. At interview the claimant declined to answer any questions but pleaded guilty before a trial could be set. She was given a 9 month custodial sentence suspended for 2 years and given a 2 month curfew order.

Another significant overpayment was identified in the case of a female who had been claiming Housing and Council Tax benefit on the basis that she was unemployed, and for large periods unfit to work, had been running a cleaning business since 2004. This case was also only identified following an investigation into a completely separate claim. A total overpayment of £80,982.32 was identified in this case. The subsequent prosecution resulted in her being given a 10 month custodial sentence, suspended for 18 months, and her being given a 6 month curfew.

Table 7 shows the values of the overpayments identified for each of the main types of fraud uncovered in 2014/15.

Table 7 - Value of Overpayments by Type of Fraud (2014/15)

Type of Fraud	Value of Overpayment Identified
Undeclared Partner	£293,373
Tenancy Fraud	£103,739
Undeclared Capital	£254,551
Undeclared Income	£ 61,276
Working/Undeclared Earnings	£329,516
Other	£ 58,318
Total	£1,100,773

3.2.7 Performance Targets

The Fraud investigation team had 2 main performance indicators which related to the number of sanctions or prosecutions achieved and the overall level of overpayments that these cases attracted.

This was done to ensure adequate focus on more serious abuse of the benefits system.

Table 8 shows performance in these 2 areas in relation to the targets set:

Table 8- Performance Indicators 2014/15

Performance Measure	2014/15 Target	2014/15 Actual Performance
No. of Sanctions/Prosecutions achieved	80	120
Level of benefit fraud overpayments identified	£750k	£1,100,775

Both of these targets were met due to the continued efforts of the fraud investigation team and the support of the Council's Legal Services who prosecute the majority of the cases identified as being suitable for such action.

3.2.8 Financial Investigation Unit (FIU)

The Financial Investigation Unit has been in operation since April 2006, and was set up with the aim of providing a real deterrent by removing the financial incentive from fraud. An additional benefit to this is the fact that the Council is able to claim back the proceeds of crime.

Officers working within this unit are tasked with conducting in depth financial investigations into claimants who have already been identified as committing benefit fraud with a view to uncovering the fraudster's assets and identifying the extent to which they have benefited financially from their criminal activity.

The financial investigators also carry out benefit fraud investigations, with the emphasis put on cases that are most likely to lead to financial investigations being carried out as well.

The Financial Investigator uses powers granted under the Criminal Justice Act 1988 or Proceeds of Crime Act 2002 and is able to obtain court orders from any financial institution (banks/building societies etc) or public body (e.g. solicitors) which is believed to hold documentary evidence that would assist the investigation. This enables the investigator to obtain material that will help

them to uncover previously hidden assets (property/capital etc) that may have been obtained from criminal activity – not just benefit fraud.

At the end of the investigation, an order can be obtained from the courts that will require the criminal to repay any such assets back to the Treasury, a proportion of which is passed on to the prosecuting authorities.

In terms of income generation, 2014/15 was the most productive year to date for the Unit, with a number of cases that had been ongoing for some time reaching a conclusion.

One case alone, which arose from the ongoing partnership between the authority and GMP, saw a Confiscation Order of £221,163 being granted against a defendant who had already been prosecuted and given a custodial sentence in relation to a £44k Housing Benefit/ Income Support fraud in 2013. In addition to ensuring full recovery of the overpayment, this case alone, once the order has been settled, will generate income of £82.9k for the authority.

Any work undertaken for other Local Authorities is done so on a fee basis that is dependant on the size of the confiscation order obtained as a result of the investigation we have undertaken on their behalf – thus generating further income for the Council. A set fee is charged for all Compensation Orders obtained on behalf of another authority.

A financial investigation can be a lengthy process – as are the legal procedures that follow the completion of such an investigation. Table 9 shows details of the Unit's performance in the last five years:

Table 9- Financial Investigation Unit

Year	No of Cases Concluded	No of Confiscation orders Obtained	No of Compensation Orders Obtained	Total Value of Orders	Amount due to unit from Orders	Costs Awarded to Unit	Total Income Achieved
2010/11	41	5	2	£167,566	£5427	£11,810	£17,237
2011/12	32	2	1	£105,000	£7009	£10,435	£17,444
2012/13	19	3	2	£108,748	£10,500	£26,107	£36,607
2013/14	24	4	4	£381,453	£60,433	£18,600	£79,033
2014/15	29	7	5	£693,825	£141,603	£51,737	£193,340

The income generated from the Confiscation Orders is split between HM Treasury, the Magistrates Court (who are responsible for enforcing the order) and the prosecuting authorities involved. The income from the Compensation Orders obtained are paid direct to the prosecuting authority with Trafford receiving a fee for obtaining the order on their behalf.

Work undertaken by the FIU is done in accordance with the Council's Financial Investigation Policy. As with the other policies relating to this service area, this will be reviewed on a regular basis.

3.2.9 Partnership Working

Over the last 12 months the team has continued to build on the closer working partnership that was set up in 2011 between various departments within Trafford Council (e.g. Fraud Investigations, Trading Standards, Licensing, Environmental Health, Community Safety) and Greater Manchester Police together with support from external agencies such as the DWP, HMRC, Probation Service & Immigration Services.

The project was set up under the name Operation Bank with the aim of working together, sharing intelligence & working practices to target & disrupt known criminals and their gangs living within the Borough.

The team has continued to share an office with the GMP officers, and a team of DWP investigators involved in the project within Stretford Police station, where it has been located since 2012.

Both elements of the Fraud Investigations team have been heavily involved in this and as a result there have been some high value cases identified that would not otherwise have come to the Council's attention, and similarly, suspected offenders that GMP were seeking to target have been able to be arrested and convicted for benefit fraud and/or trading standards offences that they would not otherwise have been able to take action against.

During the last 12 months the team completed 4 benefit fraud convictions that can be identified as arising from the partnership with defendants being prosecuted for a variety of frauds that resulted in overpayments of £43.26k. In addition to these cases, the assistance provided by GMP in the form of further intelligence provided from them, and the ability to support investigations by enabling the team to execute warrants to gather evidence that would otherwise have been unobtainable, has proven invaluable during the course of the partnership working.

It is anticipated that further cases will be completed during the course of 2015-16.

4. Planned Activity for 2015/16 / Single Fraud Investigation Service Update

It is acknowledged that this is currently a very challenging period for the Fraud Investigation Service. In addition to carrying out its roles to investigate benefit fraud, and seek to recover profits from crime that have been obtained, the service needs to take account of forthcoming changes in national fraud investigation arrangements.

As part of the Government's policies on welfare reform, a single fraud investigation service commenced operation at a number of sites in the country from July 2014 to tackle all types of welfare benefit fraud, at the same time taking away that responsibility from Local Authorities.

This will lead to investigations staff currently employed by local authorities & the DWP being tasked with the duties of investigating all range of benefits/tax credits under the banner of a single organisation rather than as separate entities as they have been previously. Staff involved in benefit fraud investigations will transfer to the DWP under 'TUPE-like' arrangements. It is not clear at this stage where they will be located.

A scheduled roll out of all local authorities joining up to this service was announced last year. This confirmed that Trafford will be in the last group of authorities to become enrolled and are due to join up in March 2016.

After March 2016, the Council will have no authority to prosecute Benefit fraud. However, there will still be some areas of work that councils will be responsible for investigating (eg Council Tax Support scheme fraud, Council Tax Discount fraud, Business Rates fraud and Social Care fraud).

To prepare for this, the Authority secured funding from central government to set up a small Counter Fraud & Enforcement team which began operation in April 2015, comprising of 4 officers to work in these areas. This team is based within the Exchequer Service offices at Sale Waterside, and works closely with the respective teams based there, with effective results being shown already.

Until the transfer in March 2016, the Fraud Investigation Service & Counter Fraud & Enforcement teams are both committed to continuing to prevent, deter, detect and investigate benefit fraud in Trafford, through effective working across the Council and other agencies and the appropriate application of related legislation. The priorities for both fraud teams are to:-

- **Continue to measure performance against targets in relation to benefit fraud investigation.**
- **Conduct Quality Assurance on investigations being conducted.**
- **Continue pro-active working both internally and with external agencies.**

- **Continue to ensure that an anti fraud, security aware culture is developed.**
- **Continue the work of the FIU and obtain further Confiscation and Compensation Orders in respect of Investigations undertaken.**
- **Work closely with Internal Audit and Exchequer Services to use our joint expertise to help combat other types of fraud being perpetrated against the Authority.**
- **Continue to develop the work of the Operation Bank project that is aimed at tackling serious organised crime in the borough.**

An update regarding the transfer of the existing Investigations team in March 2016 and the future of continuing fraud investigation operation within the Authority following the transfer will be provided to the Committee later in the financial year.



TRAFFORD
COUNCIL

**Transformation
& Resources
Directorate**

**Tackling Benefit
Fraud Policy**

August 2014

1. Introduction

This document sets out Trafford Council's policy for countering benefit fraud.

This policy links closely to the Council's overall strategy for tackling fraud and corruption and should be read in conjunction with the Council's Anti Fraud and Corruption Policy.

Under the provisions of the *Local Government Act 1972 (s.151)* there is a statutory responsibility for Local Authorities to protect public funds and ensure the proper administration of them.

- **What is benefit fraud?**

If, when claiming benefit, a person deliberately provides false information or deliberately withholds information needed to decide the correct benefit payable, this constitutes a fraud.

Fraud enters the system by claimants or landlords or both failing to disclose or fabricating information, which in turn, affects the amount of benefit they receive.

- **Levels of benefit fraud**

Benefit fraud currently costs the taxpayer over a billion pounds each year. Improved prevention and detection will enable more resources to become available for Government and local authority spending programmes.

- **Where does it occur**

There are many types of benefit fraud, however, it is very often the case that these types of fraud do not exist in isolation and you find a number of different types of fraud combined in a single case. The following are the main types of benefit fraud:

- Tenancy fraud – false or artificial tenancy, overstating rent payable, claim by homeowner, claimant and landlord working together to defraud.
- Household fraud – undeclared partner in the property, claimant claims partner has left, undeclared non – dependants in the household.
- Earnings fraud – working and claiming, failure to declare earnings correctly.
- Income fraud – non-declaration of occupational or private pension, failure to declare receipt of other benefits and/or tax credits.

- Change of circumstance fraud – failure to notify a change of address, failure to notify a change of income or capital, failure to notify a change of household.
- Savings or Capital fraud – non-disclosure of property or savings.

2. Trafford's Approach

The ultimate aim of all our counter fraud work is to support improved Council services. Stopping the theft of public money by fraudster's means that as an organisation we are able to see that money deployed is as the taxpayer intended.

In order to tackle national and local issues of benefit fraud Trafford Council will endeavour to prevent, detect, deter and investigate fraud and make available appropriate resources in the form of a benefit fraud investigation team

- **Tackling Benefit Fraud**

Trafford Council's benefit counter fraud work will be in tune with, and directly support, the aims of the Council where we will:

- resource a benefit fraud investigation team within the Transformation and Resources Directorate to deliver the Council's responsibility to tackling benefit fraud:
- work with other departments to aim for the highest standards of stewardship of public funds, and of efficiency in the best possible use of Council resources;
- make the most use of all available information & intelligence and always seek to harness improvements in information technology and other developments in our professional standards;
- have secure systems in place and, where types of benefit fraud occur, we are able to identify them quickly and feed the knowledge of how they are perpetrated back into the process of preventing them occurring again; and
- will use all available legal remedies to take action against benefit fraudsters; and
- where appropriate, apply further legislation in accordance with Proceeds of Crime Act 2002 to identify the extent of other possible criminality and recover assets via the Courts.

- **Management Responsibilities**

In order to succeed in achieving our aims and objectives, we need support from all management levels within the Council. Managers need to ensure the appropriate culture and measures are in place in order to reduce fraud.

We also need to work closely with other departments of the Council to ensure a zero tolerance approach to fraud is taken. This will be done by working to ensure that strong and effective disciplinary action is taken against any member of staff who has been found to be involved in falsely claiming benefits from the Authority.

Managers, particularly those with accountability for services providing benefits or connected services have a responsibility for ensuring delivery of appropriate counter fraud controls and procedures and for ensuring the appropriate counter fraud culture.

Our aim is to ensure managers within the Council with responsibility relating to all types of benefits, associated systems and payments see responsibility for counter fraud awareness and initiatives as an integral part of their roles.

3. Purpose

The purpose of this policy is:

- To put in place formal arrangements which, once implemented, will further increase the professionalism and effectiveness of the Fraud Investigation Team in combating benefit fraud. This will also ensure there are formal arrangements for the Authority to operate a professional, effective function to combat benefit fraud.”
- To continue with a range of initiatives aimed at significantly reducing and ultimately preventing and eliminating benefit fraud in Trafford. In order to do this the Council has set itself a series of objectives.

4. Objectives

The objectives of this Council in tackling benefit fraud are:

- the **creation of an anti-fraud culture**;
- develop effective **prevention** controls;
- maximum **deterrence** of fraud;
- professional **investigation** of detected fraud;
- effective **sanctions**; and
- effective methods for seeking **redress**;

5. Tackling Benefit Fraud

To assist in achieving the above objectives the Fraud Investigation Team will:

- Employ investigation officers who have gained or are willing to gain the Professionalism In Security (PINS) qualification and who have agreed to adhere to the investigators' code of conduct as well as the corporate one.
- Ensure that investigators are competent, appropriately trained and fully aware of all legislative procedures and any subsequent changes, and Council policy requirements.
- Conduct all investigations in accordance with the relevant legislation such as the *Police and Criminal Evidence Act 1984 (PACE)*, the *Criminal Procedures Investigations Act 1996 (CPIA)* as well as adhering to the file quality and investigations procedures laid down by the Council.
- To act with honesty, professionalism and integrity when dealing with all the Council's Members and officers and with all claimants (whether fraudulent or not) and other customers.
- Record all fraud referrals on a case management database.
- Conduct a risk assessment on all fraud referrals within 10 working days and make a considered decision as to whether investigation of the case is viable.
- Where appropriate, notify all referrers within 10 working days the outcome of any risk assessment and whether a decision has been made to investigate. Start all investigations within 10 days of a positive risk assessment.
- Record all actions on a case in the prescribed manner and maintain case files to the prescribed standard.
- To raise a separate fraud file on each investigation.
- Undertake all and any investigation(s) with due consideration to relevant legislation, with particular regard to the *Human Rights Act 1998*, the *Regulation of Investigatory Powers Act 2000*, the *Data Protection Act 1998*, *Freedom of Information Act 2004* and in particular race equality issues.
- Make correct use of all Authorised Officer powers granted under *s.109 of the Social Security Administration Act 1992 (as amended 1997, 2000 and 2001)* and in accordance with the restrictions of any warrants issued on behalf of the Secretary of State under *s.110A* of the act.

- Conduct all investigations, with particular regard to investigations involving taped interviews, with due consideration for the guidelines contained in the code of practice drawn up under the provisions of the *Police and Criminal Evidence Act 1984*.
- Conduct taped interviews utilising officers who have completed training in the *PEACE* (Plan, Engage, Account, Closure, and Evaluation) style of undertaking interviews.
- Conduct surveillance in an appropriate manner, duly approved by the Investigations manager, and authorized by a Magistrate utilising the prescribed forms.
- Notify the Benefits section of the outcome of any fraudulent investigation and subsequent course of action recommended by the investigation manager or investigator.
- In cases where an overpayment occurs, the Fraud Investigation Team will ensure the correct classification is made. If the overpayment is fraudulent the investigation manager will consider whether further action up to and including prosecution is required.
- Prosecute, or apply a sanction, in accordance with the Trafford Council Benefit Fraud Sanctions Policy, all persons who have or have attempted to defraud the benefits system (subject to certain criteria).
- Ensure maximum publicity is obtained on all appropriate cases. This acts as a deterrent to fraudsters and helps reinforce the message that fraud is unacceptable. This also encourages members of the public to inform the authority of persons they believe may be defrauding the benefits system.
- Continue to participate in the Department for Work and Pensions (DWP) Housing Benefit Matching Service. Under the scheme individual claims are checked with those from other authorities and agencies to identify fraudulent or duplicate/multiple claims.
- Participate in the National Fraud Initiative (NFI), which allows comparison of a range of data against other data sources.
- Continue to work closely with Council Tax and Housing Benefits to deter, prevent and detect benefit fraud.
- Maintain a repository of up to date information pertaining to legislation, procedures, intelligence and relevant documentation for the purpose of facilitating the investigation process.
- All cases where it is considered that prosecution is appropriate will also be considered for referral to the Council's Financial Investigation Unit for

action to be taken in accordance with the Criminal Justice Act 1998 or Proceeds of Crime Act 2002.

With regards to service delivery the team will consider the Council's Equality & Diversity Policy i.e. treat everyone equal regardless of race, colour, creed, sex, disability or religion and act with honesty, professionalism and integrity when dealing with all customers. The team will also make sure that all documentation is handled in a secure and safe manner especially those documents and processes which are deemed to be confidential.

The Fraud Investigation Team is keen to work in partnership to combat fraud. Officers will work to strengthen links, both internally and with a view to carrying out joint operations. Organisations involved include Her Majesty's Revenue & Customs, Police, Immigration, and the Department for Work and Pensions (Jobcentre Plus) plus other Local Authorities.

To ensure that the team keeps abreast of the latest information, the Council subscribes to publications both printed and electronic concerning fraud and benefits. In addition, the team subscribes to organisations dedicated to the fight against benefit fraud and fraud such as the National Anti-Fraud Network (NAFN).

6. Review of Policy

The Tackling Benefit Fraud Policy will be reviewed by the Investigations Manager on a regular basis

It will be approved by the Audit and Assurance Manager with referral also being made to CMT/Executive if any significant changes to the policy are required.

The Audit Findings for Trafford Council

DRAFT

This version of the report is a draft. Its contents and subject matter remain under review and its contents may change and be expanded as part of the finalisation of the report.

Year ended 31 March 2015

24 September 2015

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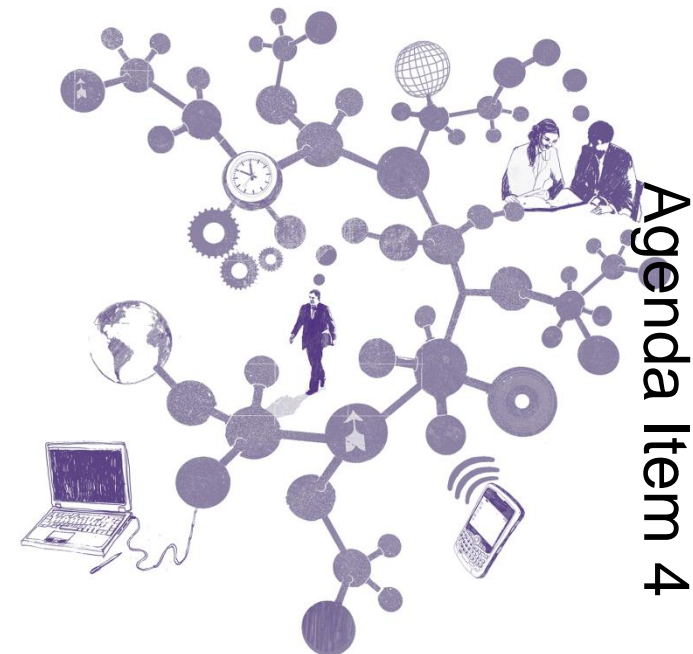
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Agenda Item 4



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 Dear Theresa

Audit Findings for Trafford Council for the year ending 31 March 2015

This Audit Findings report highlights the significant findings arising from the audit for the benefit of those charged with governance (in the case of Trafford Council, the Accounts and Audit Committee) , as required by International Standard on Auditing (UK & Ireland) 260. Its contents will be discussed with the Accounts and Audit Committee.

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

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 primarily for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose defalcations or other irregularities, or to include all possible improvements in internal control 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.

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

Yours sincerely

Mike Thomas
 Engagement Lead

Chartered Accountants

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Appendices

A Audit opinion

Section 1: Executive summary

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- 01. Executive summary
- 02. Audit findings
- 03. Value for Money
- 04. Fees, non-audit services and independence
- 05. Communication of audit matters

Executive summary

Purpose of this report

This report highlights the key matters arising from our audit of Trafford Council's (the Council) financial statements for the year ended 31 March 2015. It is also used to report our audit findings to management and those charged with governance in accordance with the requirements of International Standard on Auditing 260 (ISA UK&I).

Under the Audit Commission's Code of Audit Practice we are required to report whether, in our opinion, the Council's financial statements present a true and fair view of the financial position and expenditure and income for the year and whether they have been properly prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting. We are also required to reach a formal conclusion on whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources (the Value for Money conclusion).

Introduction

In the conduct of our audit we have not had to alter or change our planned audit approach, which we communicated to you in our Audit Plan dated 24 March 2015.

Our audit is substantially complete although we are finalising our work in the following areas:

- review of the final version of the financial statements
- review of responses to outstanding queries

- obtaining and reviewing the final management letter of representation
- review of final version of the Annual Governance Statement and
- updating our post balance sheet events review, to the date of signing the opinion
- Whole of Government Accounts

We received draft financial statements and accompanying working papers at the start of our audit, in accordance with the agreed timetable.

Key issues arising from our audit

Financial statements opinion

We anticipate providing an unqualified opinion in respect of the financial statements by 30 September 2015. We have worked closely with the Council's finance team and are pleased to report that:

- as last year, the draft accounts were prepared to a good standard and were supported by comprehensive working papers
- we were able to commence our audit as previously planned and agreed with the Council
- there are no significant amendments to the accounts as a result of our audit.

We have not identified any adjustments affecting the Council's reported financial position. The Council delivered an underspend of £5.5m on its service income and expenditure and the audited financial statements for the year ended 31 March 2015 record net cost of services expenditure of £152.4m.

We have agreed a small number of adjustments to improve the presentation of the financial statements. Further details are set out in section two of this report

Value for Money conclusion

We are pleased to report that, based on our review of the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources, we propose to give an unqualified VfM conclusion.

Further detail of our work on Value for Money is set out in section three of this report.

Whole of Government Accounts (WGA)

We will complete our work in respect of the Whole of Government Accounts in accordance with the national timetable.

Controls

Roles and responsibilities

The Council's management is responsible for the identification, assessment, management and monitoring of risk, and for developing, operating and monitoring the system of internal control.

Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we report these to the Council.

Findings

We draw your attention to a number of areas where segregation of duties in financial processes within the SAP system should be reviewed. We have shared our findings with management and we will follow up as part of our 2015/16 audit.

Further details are provided within section two of this report.

The way forward

Matters arising from the financial statements audit and review of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources have been discussed with the Director of Finance.

Acknowledgment

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff during our audit.

Grant Thornton UK LLP
September 2015

Section 2: Audit findings

- 01. Executive summary
- 02. Audit findings**
- 03. Value for Money
- 04. Fees, non-audit services and independence
- 05. Communication of audit matters

Audit findings

In this section we present our findings in respect of matters and risks identified at the planning stage of the audit and additional matters that arose during the course of our work. We set out on the following pages the work we have performed and the findings arising from our work in respect of the audit risks we identified in our audit plan, presented to the Accounts and Audit Committee on 24 March 2015.

We also set out the adjustments to the financial statements arising from our audit work and our findings in respect of internal controls.

Changes to Audit Plan

We have not made any changes to our Audit Plan as previously communicated to you on 24 March 2015.

Audit opinion

Our proposed audit opinion is set out in Appendix B.

Audit findings against significant risks

"Significant risks often relate to significant non-routine transactions and judgemental matters. Non-routine transactions are transactions that are unusual, either due to size or nature, and that therefore occur infrequently. Judgemental matters may include the development of accounting estimates for which there is significant measurement uncertainty" (ISA (UK&I) 315).

In this section we detail our response to the significant risks of material misstatement which we identified in the Audit Plan. As we noted in our plan, there are two presumed significant risks which are applicable to all audits under auditing standards.

	Risks identified in our audit plan	Work completed	Assurance gained and issues arising
Page 37	<p>1. Improper revenue recognition</p> <p>Under ISA (UK&I) 240 there is a presumed risk that revenue may be misstated due to improper recognition</p>	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at Trafford Council, we determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of local authorities, including Trafford Council, mean that all forms of fraud are seen as unacceptable. <p>We therefore do not consider this to be a significant risk for Trafford Council.</p> <p>As part of our audit work we have;</p> <ul style="list-style-type: none"> • reviewed your revenue recognition policies • tested material revenue streams 	<p>Our audit work has not identified any issues in respect of revenue recognition.</p>
	<p>2. Management override of controls</p> <p>Under ISA (UK&I) 240 there is a presumed risk of management over-ride of controls</p>	<p>We have undertaken work to:</p> <ul style="list-style-type: none"> • review accounting estimates, judgements and decisions made by management • test journal entries • review unusual significant transactions 	<p>Our audit work has not identified any evidence of management override of controls. In particular the findings of our review of journal controls and testing of journal entries has not identified any significant issues.</p> <p>We set out later in this section of the report our work and findings on key accounting estimates and judgements.</p>

Audit findings against other risks

In this section we detail our response to the other risks of material misstatement which we identified in the Audit Plan. Recommendations, together with management responses, are attached at Appendix A.

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
<p>Operating expenses</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 38</p>	<p>Creditors understated or not recorded in the correct period</p>	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> • documented our understanding of processes and key controls over the transaction cycle • undertaken walkthrough of the key controls to assess the whether those controls are in line with our documented understanding • tested the year-end reconciliation of the accounts payable system to the general ledger • tested operating expenses including sample testing of expenditure, year end accruals and creditor balances 	<p>Our audit work has not identified any significant issues in relation to the risk identified</p>
<p>Employee remuneration</p>	<p>Employee remuneration accrual understated</p>	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> • documented our understanding of processes and key controls over the transaction cycle • undertaken walkthrough of the key controls to assess the whether those controls are designed effectively • tested the year-end reconciliation of the payroll system to the general ledger • completed a month-by-month trend analysis on payroll costs to identify any unusual fluctuations • substantive testing of sample of 24 salary payments to employees 	<p>Our audit work has not identified any significant issues in relation to the risk identified</p>



Audit findings against other risks continued

In this section we detail our response to the other risks of material misstatement which we identified in the Audit Plan. Recommendations, together with management responses, are attached at Appendix A.



Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
<p>Welfare Expenditure</p>	<p>Welfare benefit expenditure improperly computed</p>	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> • reconciled welfare benefits expenditure system to the general ledger and financial statements • reconciled welfare benefit income to grant claim and cash received • substantively tested a sample of welfare benefit payments • substantively tested to ensure the welfare benefits system is operating the correct parameters and rates • completed an analytical review. 	<p>Our audit work has not identified any significant issues in relation to the risk identified.</p> <p>Substantive testing of a sample of 10 welfare benefit payments confirmed the accuracy of the benefit entitlement assessments completed by the Council and the payments made to claimants.</p>

Accounting policies, estimates & judgements

In this section we report on our consideration of accounting policies, in particular revenue recognition policies, and key estimates and judgements made and included with the Council's financial statements.




Accounting area	Summary of policy	Comments	Assessment
<p>Revenue recognition</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 40</p>	<ul style="list-style-type: none"> Revenue from the provision of services is recognised when the council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the council. Council Tax and Non Domestic Rate income is recognised in the Collection Fund on an accruals basis, when it is due from the Council Tax or Non Domestic Rate payer. The Council's share of this income is recognised in the CIES. Government grants are recognised when there is reasonable assurance that the Council will comply with any conditions attached to the payments, and the grants or contributions will be received. 	<ul style="list-style-type: none"> The Council's policy is appropriate and consistent with the relevant accounting framework – the CIPFA Code of Practice on Local Authority Accounting (the CIPFA Code). The main elements of the Council's revenues are predictable and there is minimal judgement required from the Council. The accounting policy is appropriately disclosed in note 1 to the financial statements. 	
<p>Estimates and judgements</p>	<p>Key estimates and judgements include:</p> <ul style="list-style-type: none"> useful lives of property, plant and equipment pension fund valuations and settlements revaluations and impairments provisions and accruals. 	<ul style="list-style-type: none"> The Council's accounting policies for key estimates and judgements are appropriate and consistent with the relevant accounting framework – the CIPFA Code of Practice on Local Authority Accounting (the CIPFA Code). The accounting policies are appropriately disclosed in note 1 to the financial statements. Our audit testing of key estimates and judgements has considered the extent of judgement involved, the potential impact of different assumptions and the range of possible outcomes. We are satisfied that the key estimates and judgements are appropriate and adequately disclosed and reliance on experts is taken where appropriate The Council has appropriately relied on the work of experts for asset revaluations, pension fund valuations, financial instrument fair values, and the valuation of its investment in the Manchester Airport Group. 	

Assessment

-  Marginal accounting policy which could potentially attract attention from regulators
-  Accounting policy appropriate and disclosures sufficient


-  Accounting policy appropriate but scope for improved disclosure

Accounting policies, estimates & judgements continued

Accounting area	Summary of policy	Comments	Assessment
Judgements - local authority maintained schools premises	The Council's recognition criteria for schools non-current assets is determined by ownership and the rights of the legal owner. All Community and Foundation Schools are recognised on the Council's balance sheet. Voluntary Controlled, Voluntary Aided and Academy Schools are not recognised on the Council's balance sheet.	<ul style="list-style-type: none"> The Council has considered the content of the CIPFA Code of Practice and supplementary guidance, and has documented its judgement with supporting evidence. The Council's accounting policy for schools non-current assets is clearly and fully disclosed in accounting policy note w to the financial statements, and has been consistently applied. Our review of the accounting policy, accounting treatment and evidence to support the Council's judgement has not identified any issues which we wish to bring to your attention. 	
Going concern Page 41	The Directors have a reasonable expectation that the services provided by the Council will continue for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.	We have reviewed management's assessment and related financial plans and forecasts and are satisfied that the going concern basis is appropriate for the preparation of the 2014/15 financial statements.	
Other accounting policies	We have reviewed the Council's policies against the requirements of the CIPFA Code and accounting standards.	Our review of accounting policies has not highlighted any issues which we wish to bring to your attention	

Assessment

 Marginal accounting policy which could potentially attract attention from regulators

 Accounting policy appropriate but scope for improved disclosure

 Accounting policy appropriate and disclosures sufficient

Accounting policies, Estimates & Judgements– review of issues raised in prior year

	Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
<p>1.</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 42</p>	<p style="text-align: center; color: red;">✓</p>	<p>Estimates and judgements - Property, Plant & Equipment</p> <p>In previous years the Council carried out a rolling programme of revaluations, with the date of the valuations varying between 31 March 2010 and 31 March 2014. This approach was similar to many other authorities and we were satisfied that the Council had satisfied itself that the carrying amount of Property, Plant and Equipment (based on these valuations) did not differ materially from the fair value at 31 March 2014.</p> <p>However, in our view this rolling programme did not meet the Code's requirement to value items within a class of property , plant and equipment simultaneously, as this Code requirement, which is based on IAS 16 Property, Plant and Equipment, only permits a class of assets to be revalued on a rolling basis provided that:</p> <ul style="list-style-type: none"> • the revaluation of the class of assets is completed within a 'short period' • the revaluations are kept up to date. <p>In our view, we would normally expect this 'short period' to be within a single financial year. This is because the purpose of simultaneous valuations is to 'avoid reporting a mixture of costs and values as at different dates'. This purpose is not met where a revaluation programme for a class of assets straddles more than one financial year.</p>	<p>The Council has continued with its policy of revaluing land and buildings assets on a rolling basis over a five year period as set out in note 12 to the financial statements. We have reviewed the revaluations completed for 2014/15 and have reviewed management's consideration of the reasonableness of the valuations for those assets in a class that have not been re-valued this year. We are satisfied that there is no indication that the carrying value of these assets is materially different from their fair value.</p>

Assessment

- ✓ Action completed
- X Not yet addressed

Other communication requirements

We set out below details of other matters which we are required by auditing standards to communicate to those charged with governance.

	Issue	Commentary
1.	Matters in relation to fraud	<ul style="list-style-type: none"> We have previously discussed the risk of fraud with the Accounts and Audit Committee. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit.
2.	Matters in relation to laws and regulations	<ul style="list-style-type: none"> We are not aware of any significant incidences of non-compliance with relevant laws and regulations.
3.	Written representations	<ul style="list-style-type: none"> A letter of representation has been requested from the Council.
4.	Disclosures	<ul style="list-style-type: none"> Our review found no non-trivial omissions in the financial statements.
5.	Matters in relation to related parties	<ul style="list-style-type: none"> We are not aware of any related party transactions which have not been disclosed.
6.	Confirmation requests from third parties	<ul style="list-style-type: none"> We obtained positive direct confirmations from PWLB, and other banks for loans and short term investment balances. All requested confirmations were provided.

Internal controls

The purpose of an audit is to express an opinion on the financial statements.

Our audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

As part of our planned programme of work, our information system specialist team undertook a high level review of the general Information Technology (IT) control environment at the Council. This was undertaken as part of the review of the internal controls system. We identified a number of areas where segregation of duties in financial processes within the SAP system needs to be reviewed. We have shared our findings with management and we will follow up as part of our 2015/16 audit.

Internal controls – review of issues raised in prior year

	Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
1.	✓	<p>Budget monitoring</p> <p>There were serious weaknesses in arrangements to monitor and manage the budget within adult social care services (ASC) during 2013/14 , which involved misreporting by an officer, and late identification of an ASC service deficit of £3.7m . The Council carried out a thorough review of the events and circumstances, and agreed a clear action plan to address the control weaknesses identified. The review, confirmed that The misreporting and failings in budget management were not symptomatic of wider problems across the Council's services. Our own forensic review of the Council's investigation confirmed the conclusions and recommendations reached. The Council agreed an action plan to address the weaknesses identified.</p>	<p>The Council have closely monitored and regularly reported progress made against the revised budget monitoring arrangements introduced as part of the agreed action plan produced in 2014/15.</p> <p>Work is continuing in 2015/16 to ensure that revised budget monitoring arrangements are maintained and to ensure there continues to be on-going improvements within arrangements in Adult Services and on a Council-wide basis.</p>

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Assessment

- ✓ Action completed
- X Not yet addressed

Adjusted misstatements

A number of adjustments to the draft financial statements have been identified during the audit process. We are required to report all non-trivial misstatements to those charged with governance, whether or not the financial statements have been adjusted by management. The table below summarises the adjustments arising from the audit which have been processed by management.

Impact of adjusted misstatements

All adjusted misstatements are set out below along with the impact on the primary statements and the reported financial position.

Detail	Comprehensive Income and Expenditure Account £'000	Balance Sheet £'000	Impact on total net expenditure £000
Page 46 1) Cash flow and supporting notes 1) Note 26b (adjustments for items included in the net surplus or deficit on the provision of services that are investing or financing activities) shows capital grants of £20,908k. This figure includes in error REFCUS grants totalling £5,354k. Should not have been included as not capital grants. 2) Note 27 (investing activities) shows receipts from capital grants received of £22,867k. REFCUS grants included. Compensating error of £5,354k with note 26b (see point 1 above). Main cash flow and supporting notes amended for the above points.	Nil	Nil	Nil

Unadjusted misstatements

The table below provides details of adjustments identified which we request be processed but which have not been made within the final set of financial statements. The Accounts and Audit Committee is required to approve management's proposed treatment of all items recorded within the table below:

Detail	Comprehensive Income and Expenditure Account £'000	Balance Sheet £'000	Reason for not adjusting
1 None arising			

Misclassifications & disclosure changes

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

Adjustment type	Value £'000	Account balance	Impact on the financial statements
<p>1 MIRS 2013/14</p> <p>MIRS 2013/14 other CI&E line has been restated to include prior year adjustment for academy schools brought in at 1 April 2013. This adjustment should have been made against the opening revenue balances on the statement. MIRS 2013/14 has been amended for this issue.</p>			
<p>2 There were a number of other minor disclosure amendments made to the financial statements. These have been agreed with officers and amended accordingly.</p>			

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Section 3: Value for Money

- 01. Executive summary
- 02. Audit findings
- 03. Value for Money**
- 04. Fees, non-audit services and independence
- 05. Communication of audit matters

Value for Money

Value for money conclusion

The Code of Audit Practice 2010 (the Code) describes the Council's responsibilities to put in place proper arrangements to:

- secure economy, efficiency and effectiveness in its use of resources;
- ensure proper stewardship and governance; and
- review regularly the adequacy and effectiveness of these arrangements.

We are required to give our VfM conclusion based on two criteria specified by the Audit Commission which support our reporting responsibilities under the Code.

These criteria are:

The Council has proper arrangements in place for securing financial resilience - the Council has robust systems and processes to manage effectively financial risks and opportunities, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.

The Council has proper arrangements for challenging how it secures economy, efficiency and effectiveness - the Council is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

Key findings

Securing financial resilience

We have undertaken a review which considered the Council's arrangements against the three expected characteristics of proper arrangements as defined by the Audit Commission:

- Financial governance;
- Financial planning; and
- Financial control.

Overall our work highlighted that the Council has sufficient arrangements in place for securing financial resilience. The medium term financial strategy is subject to regular review and challenge by members and there is sufficient engagement with stakeholders in its development. There is appropriate challenge and support from members, who understand the financial risks the Council is facing.

There remain significant financial challenges ahead, with further savings to deliver in order to maintain a balanced budget in each of the next three years. The Council's track record to date provides a good level of confidence that it will meet these challenges.

Over the next three years to 2017/18, the Council forecasts a budget gap totalling £57 million. The Council has implemented an ambitious programme to redesign and transform all areas of the Council to help deliver the future savings required.

Challenging economy, efficiency and effectiveness

We have considered the Council's arrangements to challenge economy, efficiency and effectiveness against the following themes:

- Prioritising resources
- Improving efficiency & productivity

Overall our work highlighted that the Council has good arrangements in place to develop financial priorities and redesign services within available resources, to ensure they are used effectively.

The Council has a good understanding of its costs and this enables it to make informed decisions based on accurate information. Regular budget monitoring also ensures that the latest available information is used to assess delivery against savings targets and identify risks and any mitigating actions required.

Value for Money

As well as being involved in the Greater Manchester devolution agenda, with public and private sector partners, the Council is also working specifically with its health partners to develop an integrated all age locality based health & social care service. Work is also underway with Trafford Clinical Commissioning Group to respond to the opportunities provided through the recently agreed devolution deal which will see £6bn of the health economy devolved to Greater Manchester from April 2016.

It is clear that the Council is in a period of significant change in the way it fulfils its responsibilities and delivers its services. The Council will need to ensure effective partnership working, project and risk management, and governance arrangements are maintained to assure itself that the changes deliver its service reform, performance and savings targets in accordance with its strategic objectives.

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Overall VfM conclusion

On the basis of our work, and having regard to the guidance on the specified criteria published by the Audit Commission, we are satisfied that in all significant respects the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2015 .

We set out below our detailed findings against six risk areas which have been used to assess the Council's performance against the Audit Commission's criteria. We summarise our assessment of each risk area using a red, amber or green (RAG) rating, based on the following definitions:

Green	Adequate arrangements
Amber	Adequate arrangements, with areas for development
Red	Inadequate arrangements

The table below and overleaf summarises our overall rating for each of the themes reviewed:

Theme	Summary findings	RAG rating
Key indicators of performance Page 52	<p>The Council achieved a planned underspend on revenue activity of £5.5m and has a general fund reserve balance of £7.87m at 31 March 2015. The general fund reserve balance as at 31 March 2015 was above the Council's approved risk assessed minimum level of £6m approved by the Council on the 18 February 2015. The latest budget report for 2015/16 shows the Council is planning to use £1.2m of general fund reserves to support the budget.</p> <p>The final capital outturn for 2014/15 was £26.5m against a revised budget of £42.9m. Underspend of £16.4m was mainly due to slippage with significant re-profiling of schemes to 2015/16.</p> <p>The Council manages long term loans and both long and short term investments to minimise the interest payable on external borrowings, and to generate as high an income levels as possible on cash deposits relative to risk. The Council's borrowings at 31 March 2015 was £98.3m (31 March 2014: £100.7m) with £2.7m due within a year. The Council's long term borrowings (including PFI liabilities) at 31 March 2014 as a percentage of long term assets was 19%. This compares to a Greater Manchester average of 33% at 31 March 2014 and was the second lowest of ten Councils at the date.</p> <p>The Council complied with treasury management and prudential indicators and benchmarks for 2014/15.</p> <p>In-year collection rate for Council Tax in 2014/15 was higher than planned for, and for the sixth year running was the highest amongst the Greater Manchester Authorities. A total of £94m of Council Tax was collected in respect of 2014/15, a performance of 97.8% (2013/14: 97.7%). The collection rate for Business rates for 2014/15 was 97.4% which was on target.</p> <p>In 2014/15 the average number of days lost by the Council due to sickness was 10.77 days (2013/14: 10.26 days). This is above the average of 8.8 days for local government in 2012/13.</p>	Green

We set out below our detailed findings against six risk areas which have been used to assess the Council's performance against the Audit Commission's criteria. We summarise our assessment of each risk area using a red, amber or green (RAG) rating, based on the following definitions:

Green	Adequate arrangements
Amber	Adequate arrangements, with areas for development
Red	Inadequate arrangements

The table below and overleaf summarises our overall rating for each of the themes reviewed:

Theme	Summary findings	RAG rating
Strategic financial planning Page 53	<p>The Council agreed its 2015/16 budget in February 2015 after consultation with stakeholders and staff on key decisions and approval by the Executive. The 2015/16 budget is supplemented with medium term planning projected through to 2018-19 using latest economic projections on funding and cost pressures. The Plan sets out a requirement to balance a budget gap of £21.5 million with a combination of efficiencies and income and policy choices.</p> <p>The Council recognises it requires transformational change to managing its budget pressures. Its Reshaping Trafford Council Programme will deliver a new organisational model for the Council from 2017/18 by using a mix of different delivery models. This programme has identified £21.5m of savings and additional income for 2015/16. All services will be subject to comprehensive service reviews to identify further opportunities for optimising resources and prioritising services for delivery.</p> <p>Future budgets remain challenging with further austerity reductions and increasing demand and costs. The Council estimates that in the period to 2017/18 it will need to address a gross budget deficit of £57m.</p>	Green
Financial governance	<p>The Council has a well established approach to financial governance and a good track record of delivering performance in line with budgets. There is a good understanding of the financial environment and the challenges facing the Council at all levels within the organisation. Members provide a robust challenge on financial matters. The Council has engaged with staff and stakeholders as part of the service and financial planning process to receive their input on the proposals and priorities of the Council.</p> <p>During 2014/15 the Council have acted to address particular governance issues in relation to budget monitoring and management, and financial reporting arising from the review into the budget overspend in Adult Social Care Services during 2013/14. The Council has made significant progress against the agreed action plan and the majority of recommendations have been fully completed.</p>	Green

We set out below our detailed findings against six risk areas which have been used to assess the Council's performance against the Audit Commission's criteria. We summarise our assessment of each risk area using a red, amber or green (RAG) rating, based on the following definitions:

Green	Adequate arrangements
Amber	Adequate arrangements, with areas for development
Red	Inadequate arrangements

The table below and overleaf summarises our overall rating for each of the themes reviewed:

Theme	Summary findings	RAG rating
Financial control	<p>The Council's main financial systems provide reliable and timely financial monitoring information to enable the Council to identify and manage financial risks.</p> <p>The Council has a robust and effective business planning and budget setting process and maintaining spend within the overall budget is seen as a priority. The Council has successfully delivered savings in previous years but needs to continue to carefully monitor savings being delivered to allow appropriate action for slippage or under achievement.</p> <p>Through the business planning and budget setting process, the Council has a good understanding of its costs and performance and considers different ways of bridging the funding gap either through service redesign or additional income generating schemes.</p> <p>The Council has an effective in-house internal audit function which complies with the standards within the CIPFA Code of Practice for Internal Audit. Internal Audit is working with other North West authorities to agree an approach for an external assessment of the Service against the Standards to take place by 2016/17.</p> <p>Internal Audit plans are approved by the Accounts and Audit Committee with regular progress reports against the Plan being presented.</p> <p>The Council has a strategic risk register in place and Directors and the Accounts and Audit Committee have reviewed the associated arrangements in place for improving control and mitigating risks faced by the Council. Quarterly strategic risks monitoring is reported to the Transformation, Performance and Resources Group, Corporate Management Team and the Accounts & Audit Committee.</p>	Green

We set out below our detailed findings against six risk areas which have been used to assess the Council's performance against the Audit Commission's criteria. We summarise our assessment of each risk area using a red, amber or green (RAG) rating, based on the following definitions:

Green	Adequate arrangements
Amber	Adequate arrangements, with areas for development
Red	Inadequate arrangements

The table below and overleaf summarises our overall rating for each of the themes reviewed:

Theme	Summary findings	RAG rating
<p>Prioritising resources</p> <p>Page 55</p>	<p>The Executive and Senior Management demonstrate clear leadership and challenge to prioritise the Council's resources. The Council is prepared to challenge the way services are delivered as demonstrated by its current transformation programme for the redesign of services.</p> <p>Changes to local government responsibilities across Greater Manchester (GM) are planned following the signing of the devolution agreement in November 2014 which will see Greater Manchester take on new powers and responsibilities for public spending from April 2016 for health and social care and in 2017 on transport, strategic planning and housing.</p> <p>The Council has strong relationships with both healthcare providers and the Clinical Commissioning Group in Trafford. The Council is continuing to work with the Trafford Clinical Commissioning Group to ensure it is aligned to benefit from the advantages and opportunities to be gained from the new place based health economy and plans are underway to develop a collective Place Based Plan for Trafford.</p>	Green
Improving efficiency & productivity	<p>The Council has a proven track record of delivering savings to contain expenditure within available resources. It has recognised however that with demand for services still increasing and declining support from government it will need to do more. The Reshaping Trafford Council programme aims to maximise income generation and improve innovation to create future business and operational choice.</p> <p>Other major initiatives impacting on future strategic capacity are Public Sector Reform and Health and Social Care Integration. The Council is making further progress to develop new ways of working and delivering integrated services to ensure greater effectiveness, productivity and create sustainability going forward.</p> <p>The Greater Manchester devolution agenda will also bring further change and challenges. Each locality within GM has now formally signed up to the GM Devolution agreement through their relevant locality governance arrangements. Progress is being made on the development of the detailed implementation plans within each area of the agreement.</p> <p>The Council will need to ensure effective partnership working, project and risk management, and governance arrangements are maintained to assure itself that the changes deliver its service reform, performance and savings targets in accordance with its strategic objectives.</p>	Green

Section 4: Fees, non-audit services and independence

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Fees, non-audit services and independence

We confirm below our final fees charged for the audit and provision of non-audit services.

Fees

	Per Audit plan £	Actual fees £
Council audit	*156,119	157,589
Grant certification on behalf of Audit Commission	15,330	15,330
Total audit fees	171,449	172,919

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards.

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*£156,119 per fee letter 7 May 2014 plus £1,470
supplementary fee approved by the Audit Commission for audit
work required on business rates.

Fees for other services

Service	Fees £
Audit related services	
Teachers' pension return 2013/14	£4,200
Non audit related services	Nil

Section 5: Communication of audit matters

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Communication of audit matters to those charged with governance

International Standard on Auditing ISA (UK&) 260, as well as other (UK&I) ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

The Audit Plan outlined our audit strategy and plan to deliver the audit, while this Audit Findings report presents the key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

Respective responsibilities

The Audit Findings Report has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission (www.audit-commission.gov.uk).

We have been appointed as the Council's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice (the Code) issued by the Audit Commission and includes nationally prescribed and locally determined work. Our work considers the Council's key risks when reaching our conclusions under the Code.

It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issues arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged Details of safeguards applied to threats to independence	✓	✓
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Compliance with laws and regulations		✓
Expected auditor's report		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern		✓

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Appendices

Appendix A: Audit opinion

We anticipate we will provide the Council with an unmodified audit report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRAFFORD COUNCIL

We have audited the financial statements of Trafford Council for the year ended 31 March 2015 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

This report is made solely to the members of Trafford Council, as a body, in accordance with Part II of the Audit Commission Act 1998 and as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Director of Finance and auditor

As explained more fully in the Statement of the Director of Finance's Responsibilities, the Director of Finance is responsible for the preparation of the Statement of Accounts, which includes 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 2014/15, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards also require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Director of Finance; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited

financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Trafford Council as at 31 March 2015 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and applicable law.

Opinion on other matters

In our opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We are required to report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998; or
- we designate under section 11 of the Audit Commission Act 1998 a recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

Respective responsibilities of the Authority and the auditor

The Authority 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.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission in October 2014.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2014, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2014, we are satisfied that, in all significant respects, Trafford Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the authority's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.

Mike Thomas

for and on behalf of Grant Thornton UK LLP, Appointed Auditor

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TRAFFORD COUNCIL

Report to: Accounts & Audit Committee
Date: 24 September 2015
Report for: Decision
Report of: Director of Finance

Report Title

Approval of the Final Accounts 2014/15 (Accounts 2015)

Summary

The pre-audited 2014/15 accounts were considered by the Committee on 30 June 2015. On 1 July 2015 the accounts were submitted to the Council's external auditors, Grant Thornton, and placed on deposit for public inspection for four weeks.

Attached are the redrafted Final Accounts for 2014/15, accommodating changes agreed with Grant Thornton following their audit, which Members are requested to review and approve. All changes are highlighted in grey. Most changes are cosmetic in nature such as formatting, enhancements to improve readability and typographical errors. There are however the following changes which affect the main statements and primary supporting notes.

- Cash Flow Statement – adjustment to the face of the Cash Flow statement and supporting notes 26b and Note 27 due to REFCUS Grants being included in Investing Activities with all other capital grants, however should be treated as Operating activity as they are general revenue grants.
- Movement In Reserves Statement for prior year (2013/14) adjusted to include restated balance as at 1st April 2013 in line with the restated balance sheet.
- Note 3 – Critical Judgements in Applying Accounting Policies, expanded to include the numbers of the different types of school and wording simplified to aid understanding.
- Note 12 – Property Plant and Equipment – Prior Year Comparative Movements table updated to show balance as at 31 March 2013.

Recommendation

Members are requested to approve the Final Accounts for 2014/15.

Contact person for access to background papers and further information:

Name: Dave Muggerridge, Finance Manager, Financial Accounting.
 Extension: 4534

Background Papers: None

Relationship to Policy Framework/Corporate Priorities	Value for Money
Financial	Failure to approve the accounts in a proper format would be contrary to the Accounts and Audit Regulations.

Legal Implications:	None arising out of this report
Equality/Diversity Implications	None arising out of this report
Sustainability Implications	None arising out of this report
Staffing/E-Government/Asset Management Implications	Not applicable
Risk Management Implications	Not applicable
Health and Safety Implications	Not applicable



TRAFFORD
COUNCIL

ACCOUNTS

2015

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foreword by the director of finance

Introduction

The Accounts 2015 contains a summary of the Council's financial performance for the financial year 1 April 2014 to 31 March 2015.

The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011. The regulations require the accounts to be prepared in accordance with proper accounting practices and these primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom in 2014/15 (the Code) and the Service Reporting Code of Practice (SeRCOP) 2014/15, supported by International Financial Reporting Standards (IFRS).

Major Changes Reflected in the Accounts

Changes affecting the Primary Statements:

There have been a number of changes affecting the accounting for local authority maintained schools which emanate from work undertaken by CIPFA/LASAAC on new accounting standards for group accounts and consolidation.

The updated Code confirmed that all maintained schools are capable of being treated as entities for control and financial reporting purposes. As such where control exists, then all income, expenditure, assets, liabilities, reserves and cash-flows are recognised in the Council's single entity accounts.

As a result of this the land and buildings used by schools have been reviewed to determine whether they are controlled by the school. This exercise has identified that a number of foundation schools need to be brought back on to the Council's balance sheet, whilst those assets used by Voluntary aided/controlled schools remain off balance sheet.

In addition other non-current assets such as school funds have been assessed but are not considered of material value for inclusion in the Council's financial statements.

In respect of academy schools they continue to be treated as off balance sheet as they are controlled usually by a charitable trust. When a school converts to

academy status the resulting gain or loss on transfer is recognised within the Comprehensive Income and Expenditure Statement (CIES).

The Local Authority Accounting Panel (LAAP) Bulletin 103 has confirmed this amount should now be included under the Financing and Investment Income & Expenditure rather than Other Operating Expenditure section within the CIES. The Council's core statements have been restated to reflect this change in accounting policy and as a result three Foundation Schools have been included on the balance sheet and a further two schools have converted to academy status during the year.

Brief Guide to Accounts Contents:

Please note that a glossary of terms can be found on page 128.

A description of the responsibilities of the Council regarding the Accounts 2015 is provided at page 9, and the Audit certificate can be found on page 10.

The Accounts are drawn from systems which in themselves must operate satisfactorily in order for the figures to be true and dependable. More information on the effective operation of the Council's systems, governance arrangements and control environment can be found in the Annual Governance Statement (AGS). The AGS does not form part of the Accounts, but it is published alongside so that it can be read in conjunction.

There can be choices in accounting conventions and/or treatment that would be more practical for a given organisation in order for it to show a truer reflection of economic activity or value. The Council's choices are outlined in detail in the Accounting Policies (note 1) on pages 18 to 31.

The main financial statements that make up the Accounts (pages 11-17) are: the Comprehensive Income and Expenditure Statement (CIES); Balance Sheet; Movement in Reserves Statement (MiRS) and, Cash Flow Statement. These are explained in summary below, with a full explanation included with each statement in the main accounts.

The Comprehensive Income and Expenditure Statement (page 11-12) shows the Council's financial performance

for the year, measured in terms of the resources consumed and generated, as defined in the Code, over the period 1 April 2014 to 31 March 2015. However, the Council is required to set its budget and raise Council Tax on a different accounting basis than the Code, the main differences being:

- Capital investment is accounted for as it is financed, rather than when the assets are consumed (e.g. cash is paid out when an asset is purchased, however it is charged to CIES as it depreciates);
- Regulation and the Council's management accounts make distinction between capital and revenue income. Under the Code all income is treated the same and is accounted for in the CIES where required;
- Retirement benefits are charged as amounts become payable to pension funds and pensioners, rather than as future benefits are earned and become committed.

The variations in accounting treatment between the Council's management accounts and (financial) Accounts 2015 are adjusted for within the Movement in Reserves Statement on pages 15 to 16, with more detail in note 7 on pages 36 to 44. A summary reconciliation between the CIES net gain and the management accounts net declared underspend position is provided later in this foreword.

The MiRS (pages 15-16) also shows the movements in resources of the Council for the year split between usable and unusable reserves. Unusable reserves relate to accounting adjustments for the differences between management and financial accounting treatment and are not 'cash backed' and cannot be used to support service activity.

The total net worth of the Council, total assets less total liabilities, as a statement of value is listed on the Balance Sheet on pages 13 to 14.

The Cash Flow statement (page 17) provides summary figures on the total movements in cash for the year and how it has been applied on three types of financial activity: inflows and outflows caused by core business operations, changes in equipment, assets or

investments related to investing activities and changes in debt, loans or dividends from financing activities.

Explanatory notes to the primary statements are provided on pages 18 to 122. These notes expand on the figures, providing greater detail and information as prescribed or as necessary. Included within these notes is a statement on 2014/15 capital expenditure and how this was financed on pages 98 to 99.

The Council has the responsibility for collecting all Council Tax due in the Borough on behalf of itself, the Police and Crime Commissioner for Greater Manchester, the GM Fire and Rescue Authority and Partington Town Council. It also has the responsibility for collecting all National Non-Domestic Rates (Business Rates) on behalf of itself, the GMFRA and the Government. The financial activity relating to local taxation is contained in the Collection Fund statement, pages 123 to 127.

Key Features in the Accounts

The following key matters are listed to quickly identify and summarise the salient features of the Accounts.

Comprehensive Income & Expenditure Statement (CIES):

- the deficit on the provision of services on the CIES is £21.2m (2013/14 at £20.7m). However, the management accounts declare an outturn underspend of £(5.5)m (2013/14 £(3.7)m). The differences between these two statements of financial performance relate to the differences in accounting practices applied, which are adjusted for in the MiRS, and a summary reconciliation between the two outturns is provided later in the foreword;
- the total balance on the CIES has moved from a £(16.8)m surplus to a £71.4m deficit. The movement in the CIES of £88.2m primarily relates to:
- changes in the valuation of net pension liability of £95.7m.
- loss on the disposals of non-current assets £6.0m (£9.9m in 2014/15) compared to £3.9m in 2013/14).
- revaluation of property, plant and equipment (PPE) assets £(11.1)m

(£(2.0)m in 2013/14 compared to £(13.1)m in 2014/15).

- a reduced one-off benefit from the revaluation of Manchester Airport Shares of £3.1m (£7.4m in 2013/14 compared to £4.3m in 2014/15).
- plus the change in management accounts' outturn of £(1.8)m and other net movements of £(3.7)m.

Balance Sheet:

There has been a net £(71.4)m or 32% reduction in the value of the balance sheet, with the key movements being:

- Increase in pension liability £(77.8)m.
- Increase valuation in the Manchester Airport Group shareholding of £4.3m
- Increase in net current assets £6.6m, including a reduction in provisions (mainly in respect of the Council's share of business rate appeals and equal pay).
- A net reduction in the value of assets of £(3.4)m relating to new capital expenditure, depreciation, revaluation adjustments and disposals.
- £(1.1)m other net movements.

Collection Fund – Council Tax:

- Council Tax collection rates were strong and for the sixth year running the Council has the highest collection rate in Greater Manchester. In year collection rates were marginally better than expected at 97.84% compared to a target of 97.8%. However the collection of older debt has not been as successful as in previous years and as a consequence there has been a prudent increase in the provision for doubtful debts of £0.193m.
- The introduction of the Council Tax Support Scheme, now in its second year continues to progress well, with a significant drop in the number of claimants resulting in costs being lower than budget by £(1.1)m.
- The benefit of reduced CTSS, has been offset to some extent by on-going successful council tax property valuation appeals resulting in reduced council tax of £0.231m.

- After taking into account the brought forward collection fund surplus of £(0.458)m, the net impact of the above has resulted in a year end surplus of £(0.773)m. Of this £0.357m is committed to support the 2015/16 budgets of all precepting authorities.

Collection Fund - Business Rates

- The level of business rate income for the year after discounts, reliefs, cost of collection and provisions was £(158.111)m; which is £(3.524)m in excess of the baseline target of £(154.587)m. The figure for 2013/14 was £(119.936)m
- The major adjustment in 2013/14 included a provision for current and future rating valuation appeals of £36.8m and this has reduced to £28.6m at the end of 2014/15.
- The surplus on the collection fund for the year was £(19.4m), giving an accumulated deficit carried forward of £12.1m and this will be charged to the relevant precepting bodies (Central Government 50%, GM Fire and Rescue Authority 1%) in 2015/16 (the Council's share (49%) was £5.9m.) See page 127.

General Fund

The budget was set by the Council on 19 February 2014 in the sum of £154.552m. In September 2014 the Council agreed a revised budget of £156.134m following a major budget monitoring investigation when it became apparent that the adult social care budget was insufficient to meet the demands being placed upon the Council. Additional in-year savings and other resources, including a temporary use of the general reserve were used to meet the in-year pressure of £6.95m. The on-going budget implications have been addressed when setting the 2015/16 budget.

There was no increase in Council Tax for Trafford services, keeping the Band D Council Tax at £1,105.23 for the fourth consecutive year. This Band D Council Tax increased to £1,315.17 when precepts for the Police and Crime Commissioner for Greater Manchester and Greater Manchester Fire and Rescue Authority are included, making Trafford the 19th lowest in the country.

Outturn of Financial Performance

Reference is made to the Council Revenue Outturn, available on the Council's web site, which contains more detail on financial performance against budget which was an overall underspend of £(5.5)m, and also to the reconciliation between the revenue outturn, or management accounts, and the statutory accounts in the next section:

- The budget was based on the delivery of £(13.7)m of budget savings, of which £(12.6)m were delivered in year, the shortfall being met by Directorate carry forward reserves.
- The Learning Disability Pooled budget released £(1.6)m of provision, previously set up for additional costs arising as children transition into Adult Services between the ages of 18 and 25, which was not required during the year.
- Investment interest rates continued to remain low. This was mitigated by increased cash balances, and additional dividend from Manchester Airport of £(1.0)m.
- Vacancy management and cost control as part of general austerity measures generated £(0.9)m.
- New and increased income was £(1.1)m above budget and additional Government grants received was another £(0.9)m.

The budget of £156.134m was financed as follows:-

	£m
Government RSG	40.3
Redistributed Business Rates	32.3
Council Tax	79.9
Reserves	3.6
	156.1

Monitoring against actual activity was conducted on a monthly basis from June 2014. The actual spending in the year was £150.626m, representing an underspend on overall planned activity of £(5.508)m:

	Budget £m	Actual £m
Trafford provided services:		
- Children, Families & Wellbeing	84.8	83.7
- Economic Growth, Environment & Infrastructure	18.9	17.8
- Transformation & Resources	17.5	16.9
- Council-Wide	2.5	(0.1)
Levies to other organisations:		
- Combined Authority (Transport)	16.8	16.8
- Waste Disposal	14.6	14.5
- Other levies	1.0	1.0
Total	156.1	150.6

Reconciliation between Statutory Accounts and Management Accounts

The Council's management accounts outturn position is an underspend of £(5.5)m (analysed above), whereas the Surplus/Deficit on the Provision of Services in the CIES on pages 11 to 12 shows an overspend of £21.2m.

The differences between the CIES and the Council's management accounts are adjusted for in the Movement in Reserves Statement (pages 15-16). This statement reconciles the surplus on provision of services in the CIES to the movement in the General Fund Balance (first column of the MiRS, with detail in note 7). The General Fund Balance reflects the overall financial activity of the Council on the same basis on which the budget was set and taxation planned to be raised.

The decrease in the General Fund Balance is £(3.0)m, as detailed below, and also contained in the Revenue Budget Outturn report available on the Council's website.

CIES account reconciled to outturn	£m
CIES Account Deficit on Service Provision	21.2
Accounting adjustments in MiRS:	
- Capital charges	(22.4)
- Capital Grants	15.3
- Pensions	(10.2)
- Collection Fund	9.6
- Net transfers to/(from) earmarked reserves to revenue	(8.8)
- Net transfer from schools reserves	(1.2)
- Other	(0.5)
Total adjustments	(18.2)
(Increase)/Decrease in GF Balance	3.0
Add back:	
Budgeted support for GF	(3.6)
Write-off of Learning Disability historical deficit	(3.0)
Transfers (to)/from earmarked reserves to General Reserve	(0.1)
Transfer from service reserves*	(1.8)
Outturn Variance	(5.5)

* The transfer to service reserves is the net underspend for EG&I and T&R Directorates only in 2014/15 (Table 1 of the Revenue Budget Outturn report) and will be carried forward into 2015/16. The CFW net underspend of £(1.067)m has been transferred back to the General Reserve.

General Reserve

The General Reserve represents the aggregate of net under spends from past financial years of monies that have not been specifically allocated to reserves for specific future purposes. It is used as a working balance and to allow for a cushion against unforeseen or emergency expenditure.

The balance at the start of the year was £(10.980)m and following a number of authorised transfers to support projects and initiatives (see Table 6 of the Revenue Budget Outturn Report – the Management Accounts), and including the 2014/15 net underspend, the balance at the end of the year is £(7.871)m.

On 18 February 2015 the Council agreed to maintain a minimum reserve of £6m for the year 2015/16, and £1.000m is planned to support the 2015/16 base budget, plus a further £0.200m committed to support one-off projects. This leaves an uncommitted balance at 31 March 2015 of £(6.671)m.

Trading Operations

The Council maintains a number of trading operations (see note 31 page 82), which made a surplus in the year on normal activity of £(0.400)m.

Capital Investment

Capital expenditure for the year amounted to £26.5m, details of which can be found on pages 98 to 99:

Expenditure	£m
Schools investment	13.2
Supporting infrastructure	0.6
Regeneration Projects	1.5
Highways improvements	6.6
Social Services	3.0
ICT Investment	0.7
Recreation & Culture	0.9
	26.5

Major projects included the completion of major school basic need schemes to address capacity and condition issues, investment in highways and regeneration projects.

The expenditure was financed by:

	£m
Grants and Contributions	20.2
Capital Receipts	6.0
Earmarked Reserves	0.3
	26.5

The Council has approved a Capital Strategy and an Asset Management Plan which are in place to identify priorities for capital investment. The strategy and plan are supported by the three year capital programme, which is the budget year plus two additional years of proposed spend. The programme is reviewed every year in the light of available resources, and during the year schemes can be moved (deferred or accelerated) in the programme dependent upon the progress to either maximise capital investment spend or avoid overspending.

During the year a number of surplus assets were disposed of which were written out of the Council's asset register, with net proceeds of £10.1m, of which

£6.0m was used to support capital expenditure in 2014/15. The unused balance will support capital expenditure in future years or applied to the repayment of debt.

Treasury Management

The Council proactively manages long term loans and both long and short term investments to minimise the interest payable on external borrowing, and to generate as high an income level as possible on cash deposits commensurate with the risk to the principal invested.

Throughout 2014/15 the Council complied with its legislative and regulatory requirements, including compliance with all treasury management prudential indicators.

Debt Summary

At 1 April 2014 the Council's total level of debt was £97.4m and as a result of planned debt repayments of £2.4m to the Public Works Loans Board (PWL) this decreased to £95.0m as at 31 March 2015. The Council continues to remain in a deliberate position of being under borrowed in order to counteract the continuing uncertain economic climate and as a result of this action debt interest has been saved.

The average external rate of interest payable during the year was 6.07%, which compares with 5.22% in 2013/14. This increase reflects the full year effect of a proportion of the Council's debt switching from fixed to variable rates of interest and low debt maturing. The following table provides further details, including the interest loan rate at 31 March 2014 and 2015.

	as at 01.04.14	as at 31.03.15
Average weighted maturity of long term loans (in years)	26.0	25.6
Number of loans	34	32
Value of loans	£97.4m	£95.0m
Loan rate	5.95%	6.05%

Further details can be found in note 51 on page 111.

Investments Summary

The Council operates its own trading function for the investment of surplus cash deposits. The Council's money market

investments, excluding cash at bank, totalled £77.6m as at 31 March 2015 and this compares to £50.9m as at 31 March 2014. In 2014/15 an average investment rate of 0.70%, 0.36% above the market benchmark (London Inter-bank BID 7day rate), was achieved. This compares with an average return of 0.74%, in 2013/14 which was 0.38% above the LIBID 7day rate. Further details can be found in note 16 page 60.

Collection of Council Tax and Business Rates

The Council collects Council Tax on behalf of itself, the Police and Crime Commissioner for GM, the GM Fire and Rescue Authority, and Partington Town Council. It also collects business rates and shares this revenue in a prescribed manner with the Government and GMFRA.

A total of £94m of Council Tax was collected in respect of 2014/15, a performance of 97.8% (97.7% in 2013/14). Details of the Collection Fund can be found on page 123, which shows an overall surplus of £(0.772)m. This surplus is apportioned to the Council, the Police and Crime Commissioner for GM and the GM Fire and Rescue Authority on a proportionate basis. Trafford's share of the surplus is £(0.649)m which is shown in note 25 (vi) (page 75).

£160m of NNDR was collected, at an in-year collection performance of 97.4% (97.6% in 2013/14).

Net Pensions Asset / Liability

The Council participates in three pension schemes: the Local Government Pension Scheme, administered by Tameside Metropolitan Borough Council; the Teachers' Pension Scheme, administered by the Department for Education (DfE) and; the NHS Pension Scheme (since 1 April 2013), administered by NHS Pensions. At 31 March 2015 the Council had a net liability for pensions of £284.2m, which compares with £206.4m at 31 March 2014. This increase in net liability of £77.8m is mainly due to less favourable financial assumptions, particularly relating to a lower real net discount rate, 3.2% compared to 4.3% in 2013/14. The impact of this change has partly been offset by a greater than expected return on assets in the same period.

Further details on the Council's overall net pensions asset/liability are included in notes 47 and 48 on pages 102 to 107.

Provisions and write-offs

Total income due to the Council which was written off as uncollectable during 2014/15 included, £1.6m of NNDR, £0.4m of Council Tax and £0.1m of other debts. These were within expectations and the Council continues to review and provide for bad and doubtful debts as appropriate.

The Provision to settle Equal Pay and related legislation claims which had an opening balance of £(2.9)m, was reduced during the year by £1.0m following a reassessment of outstanding obligations and a number of claims were settled at a total of £1.4m, leaving a balance at year end of £(0.5)m. (see note 23 on page 68).

The Public Liability Insurance provision has been reduced by £0.4m reflecting a number of high value claims being successfully repudiated.

Contingent Liabilities

There are a number of changes in the Council's contingency liabilities which are discussed on page 108:

- In November 2014 an Employment Appeal Tribunal ruled that non-guaranteed overtime must now be included when calculating an employee's holiday pay. However, at the time of writing the scope of any potential claim cannot be determined with any certainty or if the ruling will be overturned at appeal, and has therefore been included as a contingent liability;
- It is recognised that there remains a potential for further claw-back on the settlement of insurance claims relating to the period that the Council was covered by Municipal Mutual Insurance.

Events after the Balance Sheet Date

The Council has entered into a contract with Amey to commence on 4 July 2015 for the provision of a range of Council services including maintenance of highways and professional property services over the next 15 years.

With effect from 1 October 2015 the responsibility for the management and running of the Council's leisure facilities

will return to the Council for a temporary period until such time that a new operator can be identified.

Future Budgets

Information on the planned future expenditure and the financial environment of the Council can be found in the Council's 2015/16 Revenue Budget and 2015/18 Capital Programme Report, which can be found on the Council's website. The Council has also launched a web site dedicated to the Reshaping Trafford project agenda which endeavours to creatively review the Council's business operations to identify future savings in an ever more challenging environment.

Future Developments

The main issue facing the Council into the medium term will be to find ways of delivering essential public services whilst meeting the continuing austerity demand. In addition:

- The Greater Manchester area is successfully developing programmes of work around reforming the delivery of services through a wide ranging Public Sector Reform Programme. This, coupled with the GM devolution programme will have far reaching implications on the way public services are delivered and financed in future years.
- From April 2016, the Care Act 2014 will introduce a cap on care costs and an extended means test for people in receipt of care, which will have significant implications on costs from 2016/17 and beyond.
- Under the Greater Manchester Devolution agreement, a memorandum of understanding for Health and Social Care devolution has been signed by CCGs and Councils in Greater Manchester, which will take control of combined health and social care resources of £6bn on an integrated basis across the area from April 2016.
- The Health and Social Care Act introduces substantial changes to the way the NHS in England is organised and run, with responsibility for public health having transferred to Local Authorities including the Better Care Fund. With the new accounting standards (IFRS 10, 11 and 12)

pooled budgets may meet the definition of a joint operation.

- In response to these many changes to services, funding, and overarching environment, and the requirements of the Localism Act 2011, the Council will continue to review how it will organise itself and how it will work with partners and all relevant agencies to commission and deliver public services into the future.
- The Government continues to encourage schools to become academies, after which such schools become independent of the Council. Furthermore, Schools funding is also more restricted than it has been in the past causing schools to identify cost saving measures. A mix of Academies and a harder trading market with schools could have a consequential impact on service delivery and the recovery of overheads with non-schools trading services, as well as changes to funding distribution.

Ian Duncan CPFA
Director of Finance
24th September 2015

statement of responsibilities for the statement of accounts

The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Director of Finance;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

Responsibilities of the Director of Finance

The Director of Finance is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Director of Finance has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the local authority Code.

The Director of Finance has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certification

By the Director of Finance

I certify that the Statement of Accounts set out on the following pages gives a true and fair view of the financial position of Trafford Borough Council at 31 March 2015, and its income and expenditure for the year ended 31 March 2015.

Ian Duncan CPFA
Director of Finance
24th September 2015

audit opinion

These accounts have been audited and the External Auditor's Certificate and Opinion is shown on the following pages.

comprehensive income and expenditure statement

About this Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement. A restated position is shown for 2013/14 due to changes in accounting policies relating to accounting for schools detailed in Note 53, page 119.

Restated 2013/14			Year ended 31 March		2014/15		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Service	Note	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
4,400	(1,532)	2,868	Central services to the public		6,963	(2,390)	4,573
13,459	(1,050)	12,409	Cultural & Related Services		9,256	(1,156)	8,100
15,899	(4,296)	11,603	Environmental & Regulatory Services		14,362	(3,851)	10,511
7,330	(1,711)	5,619	Planning Services		4,247	(2,122)	2,125
181,763	(143,116)	38,647	Children's and Education Services		193,581	(146,957)	46,624
13,455	(2,605)	10,850	Highways and Transport Services		13,649	(3,651)	9,998
72,812	(67,672)	5,140	Housing Services		72,966	(68,931)	4,035
72,802	(14,648)	58,154	Adult social care		74,908	(18,172)	56,736
10,360	(10,247)	113	Public Health		9,913	(10,555)	(642)
6,889	(3,195)	3,694	Corporate and Democratic Core		5,231	(2,605)	2,626
8,606	0	8,606	Non Distributed Costs		7,803	(71)	7,732
407,775	(250,072)	157,703	Cost of Services		412,879	(260,461)	152,418
30,418	0	30,418	Other operating expenditure	9/53	32,971	0	32,971
44,635	(30,462)	14,173	Financing and investment income and expenditure	10/53	45,061	(29,448)	15,613
0	0	0	Surplus or deficit of discontinued operations				
0	(181,631)	(181,631)	Taxation and non-specific grant income and expenditure	11/39		(179,802)	(179,802)
		20,663	(Surplus) or Deficit on Provision of Services				21,200

comprehensive income and expenditure statement (continued)

Restated 2013/14			Year ended 31 March		2014/15		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Service	Note	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
		20,663	(Surplus) or Deficit on Provision of Services				21,200
		(2,035)	(Surplus) or deficit on revaluation of Property, Plant and Equipment assets	12			(13,051)
		(7,400)	(Surplus) or deficit on revaluation of available for sale financial assets	25(ii)			(4,300)
		(28,077)	Re-measurement of net defined benefit / liability	25(v)/53			67,584
		(37,512)	Other Comprehensive (Income) and Expenditure	53			50,233
		(16,849)	Total Comprehensive (Income) and Expenditure				71,433

balance sheet

About this Statement

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category is usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category is those that the Council is not able to use to provide services. This category of reserves includes those that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold: and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'. A restated position is shown for 2013/14 due to changes in accounting policies relating to accounting for schools detailed in Note 53, page 119.

Restated 1 April 2013 £000	Restated 31 March 2014 £000		Notes	31 March 2015 £000
437,814	436,513	Property, Plant & Equipment	12	428,933
1,011	1,025	Heritage Assets	13	1,019
28,707	28,341	Investment Property	14	30,497
2,398	2,067	Intangible Assets	15	2,159
0	0	Assets Held for Sale	21	0
29,300	41,700	Long Term Investments	16	46,000
13,903	14,733	Long Term Debtors	19	14,637
513,133	524,379	Long Term Assets		523,245
32,513	21,918	Short Term Investments	16	34,954
990	3,242	Assets Held for Sale	21	5,198
370	398	Inventories	17	338
24,318	34,250	Short Term Debtors	19	21,614
28,351	34,017	Cash and Cash Equivalents	20	46,593
86,542	93,825	Current Assets		108,697
(4,110)	(3,260)	Short Term Borrowing	16	(2,689)
(37,222)	(41,677)	Short Term Creditors	22	(54,723)
(5,425)	(17,861)	Short Term Provisions	23	(12,582)
(1,210)	(886)	Grants Receipts in Advance (Revenue)	39	(1,941)
(3,897)	(2,888)	Grants Receipts in Advance (Capital)	39	(2,926)
(51,864)	(66,572)	Current Liabilities		(74,861)

balance sheet (continued)

Restated 1 April 2013 £000	Restated 31 March 2014 £000		Notes	31 March 2015 £000
(36)	(36)	Long Term Creditors	22	(36)
(2,544)	(7,316)	Provisions	23	(6,286)
(99,330)	(97,439)	Long Term Borrowing	16	(95,647)
(2,754)	(3,580)	Revenue Grants & Contributions – Long-Term Receipts in Advance (REFCUS)	39	(2,725)
(7,095)	(6,268)	Grant Receipts in Advance (Capital)	39	(9,335)
(222,381)	(206,405)	Other Long Term Liabilities – Pensions	25/48	(284,188)
(10,214)	(10,280)	Other long-term liabilities – Deferred	22	(9,990)
(344,354)	(331,324)	Long Term Liabilities		(408,207)
203,457	220,308	Net assets		148,874
(10,644)	(10,980)	General Fund Balance	7/8	(7,871)
(32,580)	(45,782)	Earmarked General Fund Reserves	7/8/24	(35,780)
(10,011)	(7,526)	Capital Receipts Reserve	7/24	(11,540)
(271)	(9)	Revenue Grants Unapplied (REFCUS)	7	(36)
(24,916)	(16,999)	Capital Grants Unapplied	7	(17,389)
(78,422)	(81,296)	Usable Reserves	24	(72,616)
(18,119)	(18,170)	Revaluation Reserve	25	(29,050)
(19,086)	(26,486)	Available For Sale Financial Instruments Reserve	25	(30,786)
(319,773)	(325,255)	Capital Adjustment Account	25	(315,874)
6,180	5,934	Financial Instruments Adjustment Account	25	5,670
222,381	206,405	Pensions Reserve	25/48	284,188
(5)	15,003	Collection Fund Adjustment Account	25	5,296
3,387	3,557	Accumulated Absences Account	25	4,298
(125,035)	(139,012)	Unusable Reserves		(76,258)
(203,457)	(220,308)	Total Reserves		(148,874)

These financial statements replace the unaudited financial statements approved at the meeting of the Accounts and Audit Committee on 30th June 2015

Ian Duncan CPFA
Director of Finance
24 September 2015

movement in reserves statement

About this Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund Balance for council tax setting. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Movement in Reserves during 2014/15

	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Revenue Grants Unapplied £000	Capital Grants unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
Balance as at 31 March 2014	(10,980)	(45,781)	(7,527)	(8)	(17,000)	(81,296)	(139,011)	(220,307)
Movement in reserves during 2014/15								
Surplus or (deficit) on the provision of services	21,201	0	0	0	0	21,201	0	21,201
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	50,233	50,233
Total Comprehensive Income and Expenditure	21,201	0	0	0	0	21,201	50,233	71,434
Adjustments between accounting basis & funding basis under regulations (note 7) *	(8,089)	0	(4,013)	(28)	(390)	(12,520)	12,518	(2)
Net Increase/(Decrease) before transfers to Earmarked Reserves	13,112	0	(4,013)	(28)	(390)	8,681	62,751	71,432
Transfers to/(from) Earmarked Reserves (note 8) **	(10,003)	10,003	0	0	0	0	0	0
Increase/(Decrease) in 2014/15	3,109	10,003	(4,013)	(28)	(390)	8,681	62,751	71,432
Balance as at 31 March 2015	(7,871)	(35,778)	(11,540)	(36)	(17,390)	(72,615)	(76,260)	(148,875)

* lines in notes 7 & 8 do not sum in total due to accumulated roundings.

movement in reserves statement (continued)

Movement in Reserves during 2013/14 - Comparative Statement (Restated)

	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Revenue Grants Unapplied £000	Capital Grants unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
Restated Balance as at 1 April 2013	(10,643)	(32,579)	(10,012)	(271)	(24,917)	(78,422)	(125,035)	(203,457)
Movement in reserves during 2013/14								
Surplus or (deficit) on the provision of services	20,662	0	0	0	0	20,662	0	20,662
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	(37,512)	(37,512)
Total Comprehensive Income and Expenditure	20,662	0	0	0	0	20,662	(37,512)	(16,850)
Adjustments between accounting basis & funding basis under regulations (note 7) *	(30,702)	(3,499)	2,485	263	7,917	(23,536)	23,536	0
Net Increase/(Decrease) before transfers to Earmarked Reserves	(10,040)	(3,499)	2,485	263	7,917	(2,874)	(13,976)	(16,850)
Transfers to/(from) Earmarked Reserves (note 8) **	9,703	(9,703)	0	0	0	0	0	0
Increase/(Decrease) in 2013/14	(337)	(13,202)	2,485	263	7,917	(2,874)	(13,976)	(16,850)
Balance as at 31 March 2014	(10,980)	(45,781)	(7,527)	(8)	(17,000)	(81,296)	(139,011)	(220,307)

* lines in notes 7 & 8 do not sum in total due to accumulated roundings.

** Includes movement in Capital Receipts Reserve of £3.499m which is not included in Note 8 which shows a net movement of £(13.201)m.

cash flow statement

About this Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

2013/14 £000	Year Ended 31 March	2014/15 £000
20,663	Net (surplus) or deficit on the provision of services	21,201
(41,472)	Adjustments to net surplus or deficit on the provision of services for non-cash movements (note 26a)	(57,545)
21,035	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (note 26b)	25,613
226	Net cash flows from Operating Activities (note 26c)	(10,731)
(157)	Investing Activities (note 27)	4,030
(5,735)	Financing Activities (note 28)	(5,875)
(5,666)	Net increase or decrease in cash and cash equivalents	(12,576)
(28,351)	Cash and cash equivalents at the beginning of the reporting period	(34,017)
(34,017)	Cash & cash equivalents at the end of reporting period (note 20)	(46,593)

notes to the accounts

1. Accounting Policies

(a) General Principles

The Statement of Accounts summarises the Council's transactions for the 2014/15 financial year and its position at the year-end of 31 March 2015. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011, and those regulations require them to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom in 2014/15 (the Code) and the Service Reporting Code of Practice (SeRCOP) for Local Authorities 2014/15, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted is historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

(b) Accruals of Income and Expenditure

Economic activity is accounted for in the year that it relates, not simply when cash payments are made or received. In particular:

- revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council;
- revenue from the provision of services is recognised when the Council can measure reliably the percentage of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council;
- supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet;
- expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;
- interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;
- where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

(c) Accounting for Non Domestic Rates (NDR) and Council Tax

Non Domestic Rates (NDR)

- Retained Business Rate income included in the Comprehensive Income & Expenditure Statement for the year will be treated as accrued income.
- Tariff Payments included in the Comprehensive Income & Expenditure Statement for the year will be treated as accrued expenditure.

Council Tax

- Council Tax income included in the Comprehensive Income & Expenditure Statement for the year will be treated as accrued income. Both NDR and Council Tax income will be recognised in the Comprehensive Income & Expenditure Statement in the line Taxation & Non-Specific Grant Income. As a billing authority the difference between the NDR and Council Tax included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund shall be taken to the Collection Fund Adjustment Account and reported in the Movement in Reserve Statement. Each major preceptor's share of the accrued NDR and Council Tax income will be available from the information that is required to be produced in order to prepare the Collection Fund Statement. The income for Council Tax and NDR is recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the authority, and the amount of the revenue can be measured reliably.
- Revenue relating to such things as Council Tax and NDR shall be measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.

(d) Acquisitions and Discontinued Operations

There are no acquisitions or discontinued operations to report.

(e) Cash and Cash Equivalents

Cash is represented by cash in hand and demand deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Demand deposits will include accounts where additional funds may be deposited and withdrawn at any time without prior notice e.g. a bank current account.

Cash equivalents are investments instantly repayable to the Council on demand which are readily convertible to known amounts of cash with insignificant risk of change in value. These will be balances held in Call Accounts and Money Market Funds with associated accrued interest.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

(f) Exceptional Items

When exceptional items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are due to an understanding of the Council's financial performance.

(g) Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

(h) Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service;
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off;
- amortisation of intangible non-current assets attributable to the service.

Charges are based on the opening balance sheet value of the asset. Where assets are revalued during the year charges are based on the revaluation amount.

(i) Employee Benefits

Benefits Payable During Employment

Short term employee benefits are those due to be settled within 12 months of the year-end. They include benefits such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave e.g. time off in lieu) earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. Termination Benefits are charged on an accrual's basis to the appropriate service line within Cost of Services in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

Post Employment Benefits

Employees of the Council are members of three separate pension schemes:

- the Teachers' Pension Scheme, administered nationally by Capita Teachers' Pensions;
- the NHS Pension Scheme, administered by NHS Pensions;

- the Greater Manchester Pensions Fund (part of the Local Government Pension Scheme), administered by Tameside MBC.

These schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees working for the Council.

However, the arrangements for the Teachers' and NHS schemes mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. These schemes are therefore accounted for as if they are a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children's and Education Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year. The Public Health Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to NHS Pensions in the year.

The Local Government Pension Scheme

The Greater Manchester Local Government Pension Scheme is accounted for as a defined benefits scheme.

The liabilities of the Greater Manchester Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of future earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate of 3.2% (based on the indicative rate of return on a basket of high quality corporate bonds, Government gilts and other factors).

The assets of the Greater Manchester Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:

- quoted securities – current bid price
- unquoted securities – professional estimate
- unitised securities – current bid price
- property – market value.

The change in the net pensions liability is analysed into the following components:

Service cost comprising:

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
- net interest on the net defined benefit liability i.e. net interest expense for the Council - the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement - this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period - taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

Re-measurements comprising:

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

Contributions paid to the Greater Manchester Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners, and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

(j) Events After the reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of event can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events;
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

(k) Financial Instruments

Financial Liabilities (Debt and Interest Charges)

Financial Liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. For many of the borrowings that the Council has this means that the annual charges to the Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability multiplied by the Effective Interest Rate.

For stepped Lender Option Borrower Option loans the effective interest rate has been calculated over the life of the loan. This is an average and differs from the amounts actually paid in the year. The difference between the calculated interest charge and the interest paid has been adjusted in the carrying amount of the loan and the amount charged in the Comprehensive Income and Expenditure Statement is the effective interest rate for the life of the loan rather than the amount payable per the loan agreement.

Gains or losses arising on the repurchase or early settlement of borrowing are required to be recognised in the Comprehensive Income and Expenditure Statement in accordance with the Code in the period during which the repurchase or early settlement is made. Statutory guidance, effective from 1 April 2007 allows for the spreading of premium/discount to be taken over the unexpired life of the original loan or the life of the replacement loan.

However, where the repurchase of borrowing was coupled with a refinancing or restructuring of borrowing with substantially the same overall economic effect when viewed as a whole, gains or losses have been reflected in the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement over the life of the loan using the Effective Interest Rate.

Premiums incurred in various debt restructuring exercises undertaken before 1 April 2007 are charged to the revenue account over the life of the replacement loan, in accordance with DCLG regulations (SI2007/573).

Financial Assets

Financial Assets are classified into three types:

- Loans and Receivables – these are assets that have fixed or determinable payments but are not quoted in an active market, examples being direct investments and trade debtors.

Accounting treatment: these assets are initially measured at fair value and carried at their amortised cost, where any interest receivable is spread evenly over the life of the investment. Credits to the CIES for interest receivable up to and including 31 March are based on the balance sheet amount multiplied by the effective interest rate. For most of the investments that the Council has made, the amount shown in the Balance Sheet is the outstanding principal plus the accrued interest up to and including 31 March.

- Available for Sale Assets – are those which have a quoted market price and/or do not have fixed or determinable payments, the primary example being the Council's shares in Manchester Airport Group.

Accounting treatment: assets that have a quoted market price are shown at that price, and those assets that do not have a fixed or determinable payment are initially measured and carried at fair value. Where dividends are received rather than a fixed amount of interest, income is credited to the CIES when it becomes receivable by the Council, i.e. the dividend is declared.

Changes in fair value are balanced by an entry in the Available for Sale Reserve and the gain or loss is recognised in the Surplus or Deficit on Revaluation of Available for Sale Financial Assets. The exception is where impairment losses are incurred, in which case these are debited to the CIES along with any net gain or loss for the asset accumulated in the Available for Sale Reserve. Any gains and losses that arise on derecognition of the asset are credited or debited to the CIES, along with any accumulated gains or losses previously recognised in the Available for Sale Reserve.

- Unquoted Equity Instruments – are those assets not quoted at a market price, the Council currently has no such assets.

Accounting treatment: such assets would generally be carried at cost less impairment.

(l) Foreign Currency Translation

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are re-converted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

(m) Government Grants and Contributions

Government grants and other contributions are accounted for on an accruals basis and are recognised when there is reasonable assurance that;

- the Council will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

The grants are recognised in the Comprehensive Income and Expenditure Statement once any conditions, which stipulate how the grant is to be used to avoid repayment, are satisfied. Where they have not been satisfied they are carried on the Balance Sheet as creditors. Where grants are recognised in the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where a grant has yet to be used to finance capital expenditure it is posted to the Capital Grants Unapplied Reserve, or Revenue Grants Reserve where they support revenue expenditure funded from capital under statute. Where it has been applied it is posted to the Capital Adjustment Account.

Where capital expenditure is classified as Revenue Expenditure Funded from Capital under Statute then any related grants or contributions are transferred to the service account in the Comprehensive Income and Expenditure Statement.

New Homes Bonus and Education Services Grant are general grants allocated by central government directly to local authorities as additional revenue funding. They are all non-ringfenced and are credited to Taxation and Non-specific Grant Income in the Comprehensive Income and Expenditure Statement.

(n) Heritage Assets

In accordance with FRS 30, the Council is required to recognise and measure Heritage Assets at fair valuation in the accounts. Heritage assets are assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical value. They are therefore held by the Council in relation to the maintenance of heritage. The Council's separate policy on Heritage Assets includes details of the records maintained by the Authority of its collection of assets.

Heritage Assets are recognised and measured in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. The de-minimis threshold for a heritage asset is set at £10,000 in order to remain consistent with the Council's capitalisation policy. Where valuations or historic cost figures are available, the assets will be recognised on the Balance Sheet.

As there are no council-owned museums or galleries, the majority of the Council's heritage assets are retained for historical and cultural importance but not for public display. The heritage assets held by the Council include silver, paintings, furniture, statues, civic regalia, artefacts, sculptures and historic buildings. Where it is disproportionately expensive to obtain valuations, the Code allows authorities to exclude such items from the Balance Sheet. Many of the assets are therefore not recognised on the Balance Sheet as valuations are not cost effective.

Trafford Town Hall Collection

The collection of silver, statues, paintings, furniture and other miscellaneous items are held at Trafford Town Hall due to their historical and cultural importance. These items are reported in the Balance Sheet at insurance valuations provided by Vivienne Milburn FRICS (Independent Antiques Valuer and Auctioneer) in July 2011. These assets are deemed to have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation.

Historic Buildings

The historic buildings were valued by the Council's Asset Manager – Estates and Valuations who is a member of the Royal Institute of Chartered Surveyors as part of the five year rolling programme. These buildings are non-operational and held for their cultural and historical value.

Depreciation on historic buildings will be charged in accordance with the Council's policy on property, plant and equipment.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment. Proceeds from the disposal of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

Heritage Assets not reported on the balance sheet

Trafford owns 25 listed assets that have heritage status per the National Planning Framework, e.g. Trafford Town Hall, Stretford Public Hall and numerous war memorials. Listed buildings like the Town Hall are used in the delivery of services and as such are included in the balance sheet as Property Plant and Equipment. In respect of other listed assets e.g. war memorials no valuation is available and cannot be obtained at a cost which is commensurate with the benefits to users of the financial statements; those assets have not been included on the balance sheet.

(o) Intangible Assets

Intangible assets do not have physical substance but are controlled by the Council, for example software licences. Intangible assets are capitalised when it is expected that the future economic benefits or service potential will flow to the Council.

(p) Interests in Companies and Other Entities

The Council owns minority interests in a small number of companies, mainly arising from the dissolution of the former Greater Manchester County Council. In the Council's accounts, the interest in companies and other entities are recorded as financial assets at cost, less any provisions for losses.

(q) Inventories and Long-Term Contracts

Inventories are included in the Balance Sheet at the lower of cost or net realisable value. The cost of inventories is assigned using the weighted average costing formula.

Work in progress on capital projects is included in the Balance Sheet within Assets Under Construction at historic cost.

(r) Investment Property

Investment property assets are held solely for revenue gain or capital appreciation and are not held to facilitate the delivery of Council services.

They are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties in an arm's length transaction. These properties are not depreciated but assessed annually for changes in fair value with any change being recognised in the Financing and Investment section of the Comprehensive Income and Expenditure Statement. Statutory arrangements do not allow any gains or losses to have an impact on the General Fund Balance and are therefore reversed out through the Movement in Reserves Statement to the Capital Adjustment Account.

(s) Jointly Controlled Operations and Jointly Controlled Assets

The Council does not have any joint venture arrangements with third parties.

(t) Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

Leases and lease-type arrangements have been reviewed. No reclassification has been required under the Code. The Council has no finance leases.

The Council as Lessee

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Council as Lessor

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained on the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

(u) Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2014/15 (SeRCOP). The main basis of apportionment is by estimation of time spent on the various services. The cost of administrative buildings has been recharged on the basis of floor area occupied. The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

Corporate and Democratic Core – costs relating to the Council's status as a multi-functional, democratic organisation;

Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

(v) Property, Plant and Equipment (PPE)

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

All expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis. Expenditure on assets is capitalised, provided that the item yields benefits to the Council for a period of more than one year and can be measured reliably. Routine repairs and maintenance of PPE are charged direct to service revenue accounts.

Measurement

Assets are initially measured at cost comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

Assets are carried in the Balance Sheet using the following measurement bases:

- infrastructure, community and assets under construction – depreciated historical cost;
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use.

Depreciated replacement cost is used as an estimate of fair value when there is no market based evidence of fair value because of the specialist nature of the asset.

Assets are revalued with sufficient regularity to ensure that the carrying amount is not materially different from their fair value at year end and as a minimum at least every five years. Increases in asset value are matched by a credit to the Revaluation Reserve to represent the unrealised gain. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement for a particular asset where the Comprehensive Income and Expenditure Statement have previously been charged with an impairment loss for that

asset. Losses on revaluation are written off to the Revaluation Reserve, or if no Revaluation Reserve exists for that asset, charged to the Comprehensive Income and Expenditure Account.

These revaluations are undertaken by a qualified internal valuer, with the exception of land relating to Manchester Airport, which is included in the accounts from a valuation provided by Manchester City Council's Valuer in 2012/13, based on the market value of the land.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment with a finite useful life, which can be determined at the time of acquisition or revaluation, according to the following policies :-

- Freehold land, Investment Properties and Assets Held For Sale are not depreciated;
- newly acquired assets are not depreciated in the year of acquisition, and assets in the course of construction are not depreciated until they are brought into use.

For all other assets depreciation is calculated using the straight line method over the estimated useful life of the asset and are as follows:

- vehicles, plant and equipment between 3 and 8 years;
- all other property, including infrastructure and community assets between 10 and 55 years;
- intangible assets 20 years.

Where an asset value exceeds £1m a review is undertaken to determine whether any major components comprising plant, equipment and services exist and these components are depreciated separately.

The capitalised costs of organisational pay restructuring are written down over 20 years.

Revaluation and Impairment Losses

Assets are reviewed annually at each year end for any impairment or revaluation loss. Where a loss has occurred on an asset used by the service these are written off to the Revaluation Reserve, where a balance exists, or charged to the service revenue account where there is no remaining balance on the Revaluation Reserve.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Any charges for the use of Property, Plant and Equipment with the exception of external interest payments have a neutral impact on the amount to be raised from local taxation and are reversed from service revenue accounts through the Movement in Reserves Statement to the Capital Adjustment Account.

Disposals and Non-current Assets Held for Sale

When it becomes probable that an asset will be sold then it is reclassified as an Asset Held For Sale. These assets are then carried at a value of the lower of its carrying amount and fair value less costs to sell.

When assets are disposed of or decommissioned the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal and matched against any capital receipt from the disposal. Any revaluation gains on the asset held in the

revaluation reserve are transferred to the Capital Adjustment Account. Resultant gains or losses following the transfer of schools to academy status are included under financing and investment income and expenditure.

Individual asset disposal proceeds in excess of £10,000 are categorised as capital receipts.

Capital Receipts

Capital receipts from the disposal of assets are treated in accordance with provisions of the Local Government Act 2003. They can be used to fund capital expenditure in the year, to meet debts or other liabilities, or used to cover payments to the Secretary of State under receipts pooling arrangements. Changes to the capital finance regulations were made during 2012/13 and regulations were introduced allowing the use of capital receipts raised from 2012/13 to fund outstanding equal pay claims.

Minimum Revenue Provision

In accordance with the Capital Finance & Accounting Regulations 2008, the Council is required to set aside a prudent Minimum Revenue Provision for repayment of debt. This is based on a prescribed formula and charged to the General Fund Balance in accordance with Council policy. This includes the amortisation of capitalisation directions for pay restructuring from the Secretary of State over 20 years.

(w) Schools

In accordance with the Code of Practice the Council includes all maintained schools under its control in the single entity accounts and where control exists includes all income, expenditure, assets, liabilities, reserves and cash-flows is recognised in the Council's single entity accounts. Other assets and funds under the control of the school such as school funds are also included in the Council's accounts where material.

Community and Foundation schools are owned by the Council and are recognised on the balance sheet.

Voluntary aided and controlled schools are owned by the respective diocese with no formal rights to use the assets passed onto the school or governing body, therefore these are not included on the balance sheet.

(x) Private Finance Initiative (PFI) and Similar Contracts

PFI contracts are agreements to receive services where the responsibility for making available the assets needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes, and as the Council controls the residual interest in the asset at the end of the contract, the Council carries the assets used under the contract on the Balance Sheet.

The Council has entered into a Private Finance Initiative (PFI) contract for the provision of new office and community facilities in Sale Town Centre. The contract commenced in October 2003 with the initial period ending in 2028/29.

The original recognition of these assets was balanced by the recognition of a liability for the amounts due to the scheme operator to pay for the assets.

Assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

The amounts payable to the PFI operators each year are analysed into five elements:

- fair value of the services received during the year - debited to the relevant service in the Comprehensive Income and Expenditure Statement;
- finance cost - an interest charge on the outstanding Balance Sheet Liability, debited to Interest Payable and Similar Charges in the Comprehensive Income and Expenditure Statement;
- contingent rent - increases in the amount to be paid for the property arising during the contract, debited to Interest Payable and Similar Charges in the Comprehensive Income and Expenditure Statement;
- payment towards liability - applied to write down the Balance Sheet liability towards the PFI operator;
- lifecycle replacement costs - recognised as Property, Plant and Equipment on the Balance Sheet.

(y) Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain. Provisions are charged to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up on the balance sheet. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Provision for Back Pay Arising from Unequal Pay Claims

The Council has made a provision for the costs of settling claims for back pay arising from discriminatory payments incurred before the Council implemented its equal pay strategy. However, statutory arrangements allow settlements to be financed from the General Fund in the year that payments actually take place, not when the provision is established.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed in the future by events not wholly within the control of the Council. Contingent liabilities can also arise where it is either not probable economic benefits will flow out from the Council or the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but are disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable there will be an inflow of benefits or service potential to the Council.

(z) Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. In line with the Code, expenditure is charged to revenue and not directly to any reserve.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

Insurance

The Council essentially self-insures on its major risk areas and operates with significant excess levels, for example liability insurance policies carry an excess of £275,000 and property insurance £250,000. A provision is maintained to cover costs for which it is responsible for liability claims and a reserve is maintained for property related costs. Further details can be found in note 8 and 23.

(aa) Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account is made. This reverses out the amounts charged so there is no impact on the level of Council Tax.

(ab) VAT

VAT payable is included as an expense only to the extent that it is irrecoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

2. Accounting Standards that have been issued but have not yet been adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change as a result of a new standard that has been issued but not yet adopted. The 2015/16 Code includes:-

- **IFRS 13 Fair Value Measurement.** This standard provides a consistent definition of fair value and enhanced disclosure requirements. It is designed to apply to assets and liabilities covered by those IFRS standards that currently permit or require measurement at fair value (with some exceptions). The adoption of this standard will require surplus assets (assets that are not being used to deliver services, but which do not meet the criteria to be classified as either investment properties or non-current assets held for sale) to be revalued to market value rather than value in existing use as at present. Operational property, plant and equipment assets are outside the scope of IFRS 13. Overall this standard is not expected to have a material impact on the Statement of Accounts, due to the low value of surplus assets held by the Council.
- **IFRIC 21 Levies.** This standard provides guidance on levies imposed by government in the financial statements of entities paying the levy. The IFRIC specifies the obligating event as the activity that triggers the timing of the payment of the levy. The amount payable may be based on information relating to a period before the obligation to pay arises or the levy is payable only if a threshold is reached, or both. This standard will not have a material impact on the Statement of Accounts.
- **Annual Improvements to IFRSs (2011 – 2013 Cycle).** These improvements are minor, principally providing clarification and will not have a material impact on the Statement of Accounts. The Code requires implementation from 1 April 2015 and there is therefore no impact on the 2014/15 Statement of Accounts.

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of future changes in levels of service provision;
- Leases - lease agreements have been reviewed and a determination made on whether these are finance or operating leases. This judgement has been based upon the degree to which the lease transfers the risks and rewards of ownership to the Council in accordance with IAS 17. It has been determined that all current lease arrangements are operating leases, with the exception of the PFI for Sale Waterside;
- Group accounts - arrangements with partners and third party bodies have been reviewed to assess the extent to which the Council is able to influence decisions or exert control over their operations. It has been determined that no group relationships exist with such bodies;
- Liabilities – liabilities have been reviewed and the appropriate accounting treatment applied based on a determination on the ability to estimate the amount, and also the level of certainty. Liabilities have been included accordingly in the accounting statements as either accruals, provisions or contingent liabilities;
- Transfer of Schools to Academy Schools - When a school that is held on the Council's balance sheet transfers to Academy status the Council accounts for this as a disposal for nil consideration, on the date that the school converts to Academy

status, rather than as an impairment on the date approval was granted. Where the Council has entered into construction contracts for replacement schools on behalf of an Academy, the Council charges the cost of construction against Revenue Financed from Capital Under Statute (REFCUS) in the year in which costs are incurred.

- Component assets - where an asset value exceeds £1m a review is undertaken to determine whether any major components comprising plant, equipment and services exist and these components are depreciated separately.
- Accounting for Schools – Balance Sheet Recognition of Schools - The Council recognises schools in line with the provisions of 'the Code'. It states that property used by local authority maintained schools should be recognised in accordance with the asset recognition tests relevant to the arrangements that prevail for the property. The Council recognises the schools land and buildings on its Balance Sheet where it directly owns the assets, the school or school Governing Body own the assets or rights to use the assets have been transferred from another entity.

Where the land and building assets used by the school are owned by an entity other than the Council, school or school Governing Body then it is not included on the Council's Balance Sheet.

The Council has completed a school by school assessment across the different types of schools it controls within the Borough. Judgements have been made to determine the arrangements in place and the accounting treatment of the land and building assets. The types of schools that have been assessed are shown below:

Type	Number
Community schools	45
Voluntary Controlled (VC) schools	1
Voluntary Aided (VA) schools	23
Foundation schools	3
Sub-Total Maintained Schools	72
Academies	19
Total Number of Schools	91

All Community schools are owned by the Council and the land and buildings used by the schools are included on the Council's Balance Sheet.

Foundation schools were created to give greater freedom to the Governing Body responsible for school staff appointments and who also set the admission criteria. For a Foundation school, the school Governing Body has legal ownership of the land and buildings and thus are included on the Council's Balance Sheet.

The legal ownership of Voluntary Controlled, Voluntary Aided and Academy schools buildings belong to a charity, normally a religious body or Trust in the case of Academy schools, therefore the Council does not recognise these non-current assets on the Balance Sheet, however the adjoining school playing fields remain in Council ownership and are therefore included on the Council's Balance Sheet.

- Accounting for Schools **Consolidation** – Recognition of Income and Expenditure, Current Assets, Current Liabilities and Reserves – all maintained schools (Community schools, Voluntary Controlled, Voluntary Aided and Foundation schools) are all funded by the DSG and fall under the umbrella of Trafford's Scheme for Financing Schools in the same way. The financial relationship between the Council and these schools is the same across all types. Transactions for all of these schools are recorded in the Income and Expenditure Account in line with the Council's Accounting Policies applied to other service areas. Year end balances for current assets, liabilities and revenue reserves are also recorded on the Council's Balance Sheet.

4. Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. Treasury management risk is considered in note 51.

There are no items in the Council's Balance Sheet at 31 March 2015 for which there is considered a significant risk of material adjustment in the forthcoming financial year. The following items are considered in further detail as potential risk:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Business Rates	Following the introduction of the Business Rate Retention Scheme in April 2013, the Council is now responsible for a share of the cost of successful appeals by businesses against their rateable value. A provision has therefore been included for the cost of appeals as at 31 March 2015 based on VOA office data on appeals.	If the cost of appeals settled exceeds the provision then this will be charged against future business rate income and the cost of which will be financed, in part, 49% by the Council.
Provisions	<p>Equal Pay: The Council has made a provision of £0.5m for the settlement of claims relating to equal pay. There is some certainty over the payments required on current claims as negotiations with the legal representatives for most claimants are at an advanced stage. However, there remains the potential for future claims, particularly as this area of law is new and could allow for claims on grounds not yet foreseen. The legislation is retrospective covering employment going back to 2001, however, the Council has taken steps to limit liability and a senior team of officers maintain a careful watching brief.</p> <p>Insurance Claims: Annually the Council reassesses the amount to be set aside to cover the cost of outstanding liability claims. As at 31 March 2015 the provision stands at £3.624m.</p>	<p>Based on the experience of other Councils it is anticipated that the current provision should prove sufficient.</p> <p>In the event that the cost of insurance claims exceeds this amount then the excess will be met from the insurance reserve.</p>
Pensions liability	The pensions liability is based on assumptions relating to discount rates used, future changes in salaries, changes in retirement ages, mortality rates and expected returns on pension fund assets. These assumptions are reviewed regularly. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	Changes in liability are actuarially measured every three years, and increases in contributions spread over the following three years. The pension contribution is a key financial assumption in the medium term financial plan.

Arrears	At 31 March 2015, the Council had a balance on trade debtors of £3.6m. Impairment of doubtful debts was reviewed and an appropriate provision determined.	If collection rates were to deteriorate by 5%, this would require an estimated additional provision of £0.2m
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5. Material Items of Income and Expense (Comprehensive Income & Expenditure Statement page 11)

During 2012/13, Manchester Airport Group acquired Stansted Airport, resulting in a change of structure. The Council's shareholding in Manchester Airport Group (MAG) reduced from a 5% holding to 3.22% capital as a result of the restructure. This change in structure has enabled the shareholding to be subject to a valuation using the earnings based and discounted cash flow methods and the figure as at 31 March 2015 is shown at fair value. The Council at this point in time is to retain these shares. The value of the shareholding as at 31 March 2015 is £41.0m representing an increase of £4.3m and this increase is reflected in the Available for Sale Financial Instruments Reserve. The valuation provided is based on estimations and assumptions and therefore should the Council sell its shareholding, the value held in these statements may not be realised. In addition a share dividend of £2.484m was received (£(2.323)m in 2013/14).

The Comprehensive Income and Expenditure Statement includes a net loss of £9.917m on the sale of assets. This comprises gains on the sale of a number of assets of £(3.617)m and losses of £13.354m. Included in this figure is a loss of £8.4m relating to the disposal of two schools that transferred to academy status during the year.

There are some significant items in the Comprehensive Income and Expenditure Statement related to revenue expenditure funded from capital under statute (REFCUS); these items are detailed within Note 41 Capital Expenditure and Capital Financing.

There are no material items of income and expense not otherwise disclosed in the financial statements or accompanying notes.

6. Events After the reporting Period

The Statement of Accounts was authorised for issue by the Director of Finance on 24th September 2015. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2015, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

The financial statements and notes have not been adjusted for the following events which took place after 31 March 2015 as they provide information that is relevant to an understanding of the Authority's financial position but do not relate to conditions at that date:

- The Greater Manchester Devolution Agreement provides for a Housing Investment Fund of £300m over a 10 year lifetime, to be invested in the form of recoverable loans and equity into property investments to deliver the growth ambitions of Greater Manchester (GM). The Fund was set-up on 1st April 2015 and will be administered by Manchester City Council as accountable body. In return for GM receiving this Fund it must guarantee that 80% (£240m) of the Fund will be repaid to Her Majesty's Treasury (HMT) at the end of the Fund life. The Department of Communities and Local Government (DCLG) will underwrite the first £60m of the Fund. Each GM District will indemnify a proportion of the Fund based on its percentage of GM population. For Trafford Council the maximum indemnity will be £20.348m which is 8.48% of the total indemnity. This will be disclosed as a contingent liability in the Council's 2015/16 Financial Statements.
- The Council has entered into a contract with Amey to commence on 4 July 2015 for the provision of a range of Council services including maintenance of highways and professional property services over the next 15 years.
- With effect from 1 October 2015 the responsibility for the management and running of the Council's leisure facilities will return to the Council for a temporary period until such time that a new operator can be identified.

7. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year (see following tables). This is in accordance with proper accounting practice to the resources that are specified by statutory provision as being available to the Council to meet future capital and revenue expenditure.

7. Adjustments between Accounting Basis and Funding Basis under Regulations

2014/15	Usable Reserves 2014/15						2014/15
	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Revenue Grants Unapplied £000	Capital Grants Unapplied £000	Movements in Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:							
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:							
Charges for depreciation, impairment and downward revaluations of non-current assets.	(13,145)	0	0	0	0	0	13,145
Revaluation losses on Property, Plant & Equipment.	(4,675)	0	0	0	0	0	4,675
Movements in the fair value of Investment Properties.	2,114	0	0	0	0	0	(2,114)
Amortisation of intangible assets.	(330)	0	0	0	0	0	330
Capital grants and contributions applied.	0	0	0	0	0	0	0
Movement in the Donated Assets Account.	0	0	0	0	0	0	0
Revenue expenditure funded from capital under statute.	(1,452)	0	0	0	0	0	1,452
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	(9,917)	0	(10,048)	0	0	0	19,965
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:							
Statutory provision for the financing of capital investment.	4,776	0	0	0	0	0	(4,776)
Voluntary provision above MRP	0	0	0	0	0	0	0
Capital expenditure charged against the General Fund balance.	249	0	0	0	0	0	(249)

7. Adjustments between Accounting Basis and Funding Basis under Regulations (continued)

2014/15	Usable Reserves 2014/15 (continued)						2014/15 Movements in Unusable Reserves £000
	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Revenue Grants Unapplied £000	Capital Grants Unapplied £000	
Adjustments primarily involving the Capital Grants Unapplied Account:	0	0	0	0	0	0	0
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement.	15,262	0	0	0	0	(15,262)	0
Application of grants to capital financing transferred to the Capital Adjustment Account.	0	0	0	0	(28)	14,872	(14,844)
Adjustments primarily involving the Capital Receipts Reserve:							
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	0	0	0	0	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure.	0	0	6,031	0	0	0	(6,031)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals.	0	0	0	0	0	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	(4)	0	4	0	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash.	0	0	0	0	0	0	0
Adjustments primarily involving the Deferred Capital Receipts Reserve:							
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	0	0	0	0	0	0	0

7. Adjustments between Accounting Basis and Funding Basis under Regulations (continued)

2014/15	Usable Reserves 2014/15 (continued)						2014/15 Movements in Unusable Reserves £000
	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Revenue Grants Unapplied £000	Capital Grants Unapplied £000	
Adjustment primarily involving the Major Repairs Reserve:							
Reversal of Notional Major Repairs Allowance credited to the HRA.	0	0	0	0	0	0	0
Use of the Major Repairs Reserve to finance new capital expenditure.	0	0	0	0	0	0	0
Adjustment primarily involving the Financial Instruments Adjustment Account:							
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements.	264	0	0	0	0	0	(264)
Adjustments primarily involving the Pension Reserve:							
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 48).	(27,043)	0	0	0	0	0	27,043
Employer's pension contributions and direct payments to pensioners payable in the year.	16,845	0	0	0	0	0	(16,845)
Adjustments primarily involving the Collection Fund Adjustment Account:							
Amount by which council tax and non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements:							
Council Tax	265	0	0	0	0	0	(265)
NDR	9,443	0	0	0	0	0	(9,443)

Adjustments between Accounting Basis and Funding Basis under Regulations (continued)

2014/15	Usable Reserves 2014/15 (continued)						2014/15 Movements in Unusable Reserves £000
	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Revenue Grants Unapplied £000	Capital Grants Unapplied £000	
Adjustments primarily involving the Equal Pay Adjustment Account: Amount by which amounts charged for Equal Pay claims to the Comprehensive Income and Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements.	0	0	0	0	0	0	0
Adjustments primarily involving the Accumulated Absences Account: Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.	(740)	0	0	0	0	0	740
Total Adjustments	(8,088)	0	(4,013)	0	(28)	(390)	12,519

7. Adjustments between Accounting Basis and Funding Basis under Regulations (continued)

2013/14	Usable Reserves 2013/14						2013/14
	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Revenue Grants Unapplied £000	Capital Grants Unapplied £000	Movements in Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:							
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:							
Charges for depreciation, impairment and downward revaluations of non-current assets.	(12,520)	0	0	0	0	0	12,520
Revaluation losses on Property, Plant & Equipment.	(5,844)	0	0	0	0	0	5,844
Movements in the fair value of Investment Properties.	(436)	0	0	0	0	0	436
Amortisation of intangible assets.	(331)	0	0	0	0	0	331
Capital grants and contributions applied.	0	0	0	0	0	0	0
Movement in the Donated Assets Account.	0	0	0	0	0	0	0
Revenue expenditure funded from capital under statute.	(3,603)	0	0	0	0	0	3,603
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	(3,902)	0	(5,245)	0	0	0	9,147
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:							
Statutory provision for the financing of capital investment.	4,964	0	0	0	0	0	(4,964)
Voluntary provision above MRP	1,899	(1,899)	1,899	0	0	0	(1,899)
Capital expenditure charged against the General Fund and HRA balances.	161	0	0	0	0	0	(161)

7. Adjustments between Accounting Basis and Funding Basis under Regulations (continued)

2013/14	Usable Reserves 2013/14 (continued)						2013/14 Movements in Unusable Reserves £000
	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Revenue Grants Unapplied £000	Capital Grants Unapplied £000	
Adjustments primarily involving the Capital Grants Unapplied Account: Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement.	15,963	0	0	0	0	(15,963)	0
Application of grants to capital financing transferred to the Capital Adjustment Account.	0	0	0	0	263	23,880	(24,143)
Adjustments primarily involving the Capital Receipts Reserve: Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	0	0	0	0	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure.	0	(1,600)	5,814	0	0	0	(4,214)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals.	0	0	0	0	0	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	(17)	0	17	0	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash.	0	0	0	0	0	0	0
Adjustments primarily involving the Deferred Capital Receipts Reserve: Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	0	0	0	0	0	0	0

Adjustments between Accounting Basis and Funding Basis under Regulations (continued)

2013/14	Usable Reserves 2013/14 (continued)						2013/14 Movements in Unusable Reserves £000
	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Revenue Grants Unapplied £000	Capital Grants Unapplied £000	
Adjustment primarily involving the Major Repairs Reserve:							
Reversal of Notional Major Repairs Allowance credited to the HRA.	0	0	0	0	0	0	0
Use of the Major Repairs Reserve to finance new capital expenditure.	0	0	0	0	0	0	0
Adjustment primarily involving the Financial Instruments Adjustment Account:							
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements.	245	0	0	0	0	0	(245)
Adjustments primarily involving the Pension Reserve:							
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 48).	(27,568)	0	0	0	0	0	27,568
Employer's pension contributions and direct payments to pensioners payable in the year.	15,466	0	0	0	0	0	(15,466)
Adjustments primarily involving the Collection Fund Adjustment Account:							
Amount by which council tax and non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements:							
Council Tax	379	0	0	0	0	0	(379)
NDR	(15,388)	0	0	0	0	0	15,388

Adjustments between Accounting Basis and Funding Basis under Regulations (continued)

2013/14	Usable Reserves 2013/14 (continued)						2013/14 Movements in Unusable Reserves £000
	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Revenue Grants Unapplied £000	Capital Grants Unapplied £000	
Adjustments primarily involving the Equal Pay Adjustment Account: Amount by which amounts charged for Equal Pay claims to the Comprehensive Income and Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements.	0	0	0	0	0	0	0
Adjustments primarily involving the Accumulated Absences Account: Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.	(170)	0	0	0	0	0	170
Total Adjustments	(30,702)	(3,499)	2,485	0	263	7,917	23,536

8. Transfers to/from Earmarked Reserves (Balance Sheet page 13)

This note sets out the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2014/15.

	Balance as at 1 April 2013 £000	Movements Out 2013/14 £000	Movements In 2013/14 £000	Balance at 31 March 2014 £000	Movements Out 2014/15 £000	Movements In 2014/15 £000	Balance at 31 March 2015 £000
General Fund	(10,644)	3,879	(4,215)	(10,980)	7,691	(4,582)	(7,871)
Earmarked Reserves:							
Balances held by schools under a scheme of delegation	(8,979)	6,911	(8,406)	(10,474)	9,169	(7,960)	(9,265)
Other Earmarked Reserves:							
Synthetic Pitch Replacement Reserve This will be used towards replacing one synthetic pitch within the Borough.	(105)	0	(15)	(120)	0	(15)	(135)
Training Reserve To undertake corporate training across the Council.	(512)	98	(67)	(481)	0	(106)	(587)
Insurance Reserve Funds earmarked for future claims and to carry out various risk management initiatives.	(3,922)	507	(5)	(3,420)	736	(385)	(3,069)

Transfers to/from Earmarked Reserves (continued)

	Balance as at 1 April 2013 £000	Movements Out 2013/14 £000	Movements In 2013/14 £000	Balance at 31 March 2014 £000	Movements Out 2014/15 £000	Movements In 2014/15 £000	Balance at 31 March 2015 £000
Delegated Service Budgets Revenue budget under/overspends to be carried forward as part of the Council's Medium Term Financial Plans.	(2,096)	3,592	(2,480)	(984)	2,079	(4,739)	(3,644)
ICT Development Investment in new ICT to improve efficiency Council-wide.	(911)	134	0	(777)	35	0	(742)
Community Safety Investment in Community Safety initiatives.	(22)	0	0	(22)	0	0	(22)
Dedicated Schools Grant (DSG) Government grant specifically for the funding of schools and schools' related services.	(2,305)	2,305	(2,777)	(2,777)	2,777	(1,326)	(1,326)

	Balance as at 1 April 2013 £000	Movements Out 2013/14 £000	Movements In 2013/14 £000	Balance at 31 March 2014 £000	Movements Out 2014/15 £000	Movements In 2014/15 £000	Balance at 31 March 2015 £000
Economy Contingency Reserve To cover potential adverse effects of economic conditions on the Council's finances, such as reduced income streams.	(53)	33	0	(20)	0	0	(20)
Elections Reserve To smooth the elections budget across the 4 year Municipal cycle.	0	0	(187)	(187)	0	(37)	(224)
Transformation Reserve Money set aside to pump prime the achievement of the next stage of efficiencies through the Transformation Programme.	(1,820)	347	0	(1,473)	613	0	(860)
Communities Families and Wellbeing Money set aside to pump prime to manage the delivery of savings programme within CFW	0	0	0	0	39	(500)	(461)
Interest Rate Reserve To smooth the effect on the Council's budget of volatile movements in interest rates.	(1,108)	1,001	(48)	(155)	32	(27)	(150)
Waste Levy Reserve To smooth the effects on the Council's budget of movements in the waste levy over the medium term	(3,365)	1,086	0	(2,279)	1,276	0	(1,003)
Long Term Accommodation Decant Reserve To cover the cost of accommodation changes arising from the Long Term Accommodation Project	(673)	586	(244)	(331)	116	(139)	(354)
Employment Rationalisation Reserve To cover the cost of rationalising the employment of staff by the Council	(2,155)	586	(846)	(2,415)	873	(1,564)	(3,106)

Transfers to/from Earmarked Reserves (continued)

	Balance as at 1 April 2013 £000	Movements Out 2013/14 £000	Movements In 2013/14 £000	Balance at 31 March 2014 £000	Movements Out 2014/15 £000	Movements In 2014/15 £000	Balance at 31 March 2015 £000
Capital Reserve Investment in disabled facility schemes	(2,106)	435	0	(1,671)	1,486	0	(185)
LAA Performance Reward Grant Reserve Revenue element of grant to be allocated to schemes via the Trafford Partnership	(915)	250	0	(665)	255	0	(410)
Manchester Airport Debt Restructure Reserve Smoothing of airport debt restructure costs over the medium term	(708)	0	(213)	(921)	921	0	0
Prepaid Revenue Grants Reserve To hold revenue grants included in the Comprehensive Income and Expenditure Statement which are paid in advance and which no conditions for	(289)	289	(400)	(400)	0	(354)	(754)
Winter Maintenance Reserve To provide emergency funds to cover the costs of highway & footway maintenance during periods of adverse weather conditions.	(120)	0	0	(120)	0	0	(120)
NDR Deficit Reserve Reserve established towards meeting Trafford's share of the NDR Deficit	0	0	(15,461)	(15,461)	7,860	(71)	(7,672)

Transfers to/from Earmarked Reserves (continued)

	Balance as at 1 April 2013 £000	Movements Out 2013/14 £000	Movements In 2013/14 £000	Balance at 31 March 2014 £000	Movements Out 2014/15 £000	Movements In 2014/15 £000	Balance at 31 March 2015 £000
NDR Levy Reserve Reserve established to manage the timing differences between accounting for and payment of NDR Levy on business rates growth (Levy is payable immediately, however growth is only released based on prior year estimate)	0	0	0	0	863	0	863
Local Welfare Assistance Reserve Smoothing reserve established from prior year under commitments of Local Welfare Assistance grant ring fenced to meet future costs.	0	0	(238)	(238)	0	(165)	(403)
Economic Development Reserve Reserve set aside to earmarked specifically for economic development related projects (previously held within Service Earmarked Reserve)	0	0	0	0	0	(444)	(444)
Troubled Families Reserve Reserve set aside to strengthen the team and provide an opportunity for Partner agencies to develop integrated services.	0	0	0	0	0	(468)	(468)
Better Care Fund Reserve established to accommodate potential financial risks within the Better Care Fund	0	0	0	0	0	(400)	(400)
Other Reserves Other amounts earmarked for specific purposes.	(416)	91	(64)	(389)	28	(457)	(818)
Total Earmarked Reserves (incl. Schools)	(32,579)	18,250	(31,451)	(45,780)	29,158	(19,158)	(35,780)
Total Reserves	(43,223)	22,129	(35,666)	(56,760)	36,849	(23,740)	(43,651)

9. Other Operating Expenditure (Comprehensive Income & Expenditure Statement page 11)

2013/14 £000	2014/15 £000
57 Parish council precepts (i)	58
30,956 Levies (ii)	31,393
17 Payments to the Government Housing Capital Receipts Pool (iii)	4
4,633 Amount written off on disposal of non-current assets (iv)	11,564
(5,245) Sale proceeds from disposal of non-current assets (iv)	(10,048)
30,418 Total	32,971

(i) Partington Town Council at its meeting on 12 November 2013 elected to keep the level of Band D Council Tax at £42.50, the same as in 2013/14. With a 2014/15 Parish Tax Base of 1,354 (1,331 in 2013/14) the precept was £57,545 (£56,568 in 2013/14). The Council also agreed to provide grant of £10,000 to support the 2014/15 precept, in addition to the Council grant of £24,792, both of which are contained within the Cost of Services.

(ii) Included are levies as follows:

2013/14 Expenditure £000	2014/15 Expenditure £000
133 Flood Defence	134
14,071 Waste Disposal Authority	14,511
16,752 GM Combined Authority	16,748
30,956 Total	31,393

(iii) In accordance with the Local Authority (Capital Finance and Accounting) Regulations 2003, from 1 April 2004 75% of capital receipts from the sale of council houses, after costs and mortgage repayments, are required to be paid to the Department for Communities and Local Government. This replaces the previous regulations whereby 75% of such receipts were required to be set aside by the Local Authority for the repayment of its own debt.

CIPFA guidance requires any amount paid to the pool to be disclosed as expenditure in the Comprehensive Income & Expenditure Statement within Net Operating Expenditure, but wholly offset in the Statement of Movement on the General Fund Balance.

The amount paid to the pool in 2014/15 was £0.004m (£0.017m in 2013/14), and has a neutral effect on the Council's General Fund Balance.

(iv) This note has been restated in 2014/15 as result of the profit and loss on disposal of academy school non-current assets now being required to be shown within Financing and Investment Income and Expenditure (see Note 10 and Note 53 for further details). During 2014/15 a net loss on the disposal of assets was realised of £1.516m (£0.612m gain in 2013/14). This arises where the value of proceeds received is less than the value of those assets held on the balance sheet.

Gains and losses on the disposal of assets are reflected in the Comprehensive Income and Expenditure Statement and cancelled out in the Movement in Reserves Statement as there is no impact on the General Fund Balance of the Council.

10. Financing and Investment Income and Expenditure (Comprehensive Income & Expenditure Statement page 11)

2013/14 £000	2014/15 £000
6,116 Interest payable and similar charges	6,183
(22,965) Interest income on plan assets (pensions)	(22,566)
33,029 Interest cost on defined benefit obligation (pensions)	31,491
(2,556) Interest receivable and similar income (i)	(1,757)
(1,458) Income and expenditure in relation to investment properties and changes in their fair value (ii)	(3,255)
(185) Residual (Surplus)/deficit on trading undertakings (iii)	(400)
(2,323) Other investment income (iv)	(2,484)
4,514 (Profit)/Loss on Disposal of Academy non-current assets (v)	8,401
14,172 Total	15,613

(i) During 2014/15 the average amount invested in the money market was £79.3m, at an average interest rate of 0.70%. Investment interest generated for the year was £(1.757)m, including £(1.043)m of interest receivable from Manchester International Airport following the renegotiation of loan debt held by each of the Greater Manchester Authorities in February 2010. For 2013/14 the average amount invested was £71.5m at an average rate of 0.74%, producing £(2.556)m of investment interest, including £(1.043)m from the Airport.

(ii) Includes increase/(decrease) in the fair value of investment properties £(2.114)m (£0.436m in 2013/14). Net expenditure/(income) on investment properties is £(1.141)m, £(1.894)m in 2013/14, also included in note 14.

(iii) Details on the financial activity of trading operations are included in note 31.

(iv) During 2014/15 a share dividend of £(2.484)m was received from Manchester International Airport (£(2.323)m in 2013/14).

(v) This note has been restated in 2014/15 as result of the profit and loss on disposal of academy school non-current assets now being required to be shown within Financing and Investment Income and Expenditure (see Note 9 and Note 53 for further details). During 2014/15 a net loss on the disposal of assets was realised of £8.401m (£4.514m loss in 2013/14). This arises where the value of proceeds received, which is zero in the case of school academy transfers, is less than the value of those assets held on the balance sheet.

11. Taxation and Non-Specific Grant Income (Comprehensive Income & Expenditure Statement page 11)

2013/14 £000	2014/15 £000
(78,897) Council Tax income	(80,133)
(29,502) Non domestic rates*	(34,505)
(57,269) Non ring-fenced government grants*	(49,902)
(15,963) Capital grants and contributions*	(15,262)
(181,631) Total	(179,802)

* Further detail on grants is shown in note 39.

12. **Property, Plant and Equipment (Balance Sheet page 13)**
Movements on Balances 2014/15:

	Other land & buildings £000	Vehicles, plant & equipment assets £000	Infrastructure assets £000	Community assets £000	Surplus assets £000	Assets under construction £000	Total £000
Cost or Valuation:							
As at 1 April 2014	304,806	21,747	191,668	19,902	15,971	6,018	560,112
Additions	8,813	487	4,885	872	432	3,356	18,845
Disposals (incl. adj. for academy school transfers)	(15,536)	(1,617)			(4,724)		(21,877)
Reclassification to Assets Held for Sale					(3,500)		(3,500)
Other Reclassifications	3,927	30	602	53	(31)	(4,628)	(47)
Accumulated depreciation and impairment written out on revaluation adjustment	(12,021)				(1,797)		(13,818)
Revaluation increases/(decreases) recognised in the revaluation reserve	8,575				4,476		13,051
Revaluation increases/(decreases) recognised in the surplus/deficit on the provision of services							
As at 31 March 2015	298,564	20,647	197,155	20,827	10,827	4,746	552,766
Depreciation and Impairments:							
As at 1 April 2014	(52,336)	(17,351)	(47,175)	(3,755)	(2,982)		(123,599)
Depreciation charged to CIES (ii)	(7,488)	(1,279)	(3,961)	(405)			(13,133)
Revaluation downwards charged to CIES	(4,425)				(250)		(4,675)
Impairment written off to Revaluation Reserve							
Revaluation Reserve							
Disposals	2,338	1,418					3,756
Reclassifications							
Accumulated depreciation and impairment written out on revaluation adj.	12,021				1,797		13,818
Revaluations							
As at 31 March 2015	(49,890)	(17,212)	(51,136)	(4,160)	(1,435)		(123,833)
Net Book Value:							
Balance Sheet amount as at 31 March 2015*	248,674	3,435	146,019	16,667	9,392	4,746	428,933
Balance Sheet amount as at 1 April 2014*	252,470	4,396	144,493	16,147	12,989	6,018	436,513
Nature of Asset Holding							
Owned	236,408	3,435	146,019	16,667	9,392	4,746	416,667
Finance Lease PFI (i)	12,266						12,266
Total	248,674	3,435	146,019	16,667	9,392	4,746	428,933

(i) Analysis of movement in the value of the PFI asset is as follows:

Movement in PFI Asset Value	£000
Opening Value 1 April 2014	12,403
Additions	50
Less Depreciation	(187)
Less Impairment	-
Closing Value 31 March 2015	12,266

(ii) Depreciation is provided for on all non-current assets, with the exception of freehold land, investment property and assets held for sale. New assets are not depreciated in the year of acquisition and assets under construction are not depreciated until they become operational.

All other assets, including components, are written down using the straight line method over the estimated useful life of the asset, or in the case of intangible assets (software licences), the length of the licence.

The estimated useful lives of the assets are shown below:-

Asset Category	Useful Life
Vehicles, plant and equipment	Between 3 and 8 years
Intangibles	20 years
Infrastructure and Community assets	Between 10 and 40 years
Buildings	Between 15 and 60 years

There are no changes to depreciation methods used between 2013/14 and 2014/15.

Comparative Movements in 2013/14:

	Other land & buildings £000	Vehicles, plant & equipment assets £000	Infra - structure assets (ii) £000	Community assets (iv) £000	Surplus assets £000	Assets under construc- tion £000	Total £000
Cost or Valuation:							
As at 31 March 2013	255,280	20,078	185,561	19,428	15,804	31,733	527,884
Restatement for Foundation Schools	27,810						27,810
Restatement Opening Balances as at 1 April 2013	283,090	20,078	185,561	19,428	15,804	31,733	555,694
Additions	14,853	863	5,470	388	15	4,914	26,503
Disposals	(10,961)				(480)		(11,441)
Accumulated depreciation and impairment written out on revaluation	(10,145)						(10,145)
Revaluation increases/(decreases) recognised in the revaluation reserve	725				1,310		2,035
Reclassification to Assets Held for Sale					(2,197)		(2,197)
Other Reclassifications	27,242	806	637	86	1,519	(30,629)	(337)
Revaluations							
As at 31 March 2014	304,804	21,747	191,668	19,902	15,971	6,018	560,110
Depreciation and Impairments:							
As at 31 March 2013	(51,560)	(15,965)	(43,412)	(3,363)	(2,946)		(117,246)
Restatement for Foundation Schools	(634)						(634)
Restated Opening Balances as at 1 April 2013	(52,194)	(15,965)	(43,412)	(3,363)	(2,946)		(117,880)
Accumulated depreciation and impairment written out on revaluation							
Accumulated depreciation and impairment adjustment	10,087						10,087
Depreciation charged to CIES	(6,960)	(1,386)	(3,763)	(392)			(12,501)
Impairment charged to CIES	(5,808)				(36)		(5,844)
Impairment written off to Revaluation Reserve							
Revaluation Reserve							
Disposals	2,539						2,539
Reclassifications							
Revaluations							
As at 31 March 2014	(52,336)	(17,351)	(47,175)	(3,755)	(2,982)		(123,599)

Comparative Movements in 2013/14 (continued):

	Other land & buildings £000	Vehicles, plant & equipment assets £000	Infra - structure assets (ii) £000	Community assets (iv) £000	Surplus assets £000	Assets under construc- tion £000	Total £000
Net Book Value:							
Restated Balance Sheet amount as at 1 April 2013	230,896	4,113	142,149	16,065	12,858	31,733	437,814
Balance Sheet amount as at 31 March 2014*	252,468	4,396	144,493	16,147	12,989	6,018	436,511
Nature of Asset Holding							
Owned	240,065	4,396	144,493	16,147	12,989	6,018	424,108
Finance Lease PFI(i)	12,403						12,403
Total	252,468	4,396	144,493	16,147	12,989	6,018	436,511

Valuation of Non-Current Assets held at fair value

This statement shows the progress of the Council's rolling programme for the revaluation of non-current assets. The valuations are carried out by the Council's own internal valuer - qualified staff working for the Corporate Director of Economic Growth, Environment and Infrastructure. The basis for valuation is set out in the statement of accounting policies.

	Other land & buildings £000	Vehicles, plant & equipment £000	Surplus assets £000	Total £000
Held at historic cost		3,435		3,435
Valued at current value in:				
Current Year (1 April 2014)	92,579	0	1,939	94,518
Previous year (1 April 2013)	70,521	0	2,103	72,624
Two years ago (1 April 2012)	50,365	0	3,542	53,907
Three years ago (1 April 2011)	8,909	0	202	9,111
Four years ago (1 April 2010)	26,300	0	1,606	27,906
Total	248,674	3,435	9,392	261,501

Assets have been revalued within a five year period by the Council's internal valuation service, except for the valuation of land at Manchester Airport which has been provided by the valuation service of Manchester City Council. All assets are reviewed during the year to ensure that the carrying amount of the asset on the balance sheet does not differ materially from that which would be determined using the fair value at the end of the reporting period.

Significant commitments under capital contracts as at 31 March 2015

As at 31 March 2015 the Council was contractually committed to capital expenditure which amounted to approximately £8.5m. Major contracts included the following schemes:

	£000
Oldfield Brow Primary School – Additional Places	3,962
Bowdon CofE Primary School – Additional Places	3,608
Willows Primary School - Additional Places	928
Total at 31 March 2015	8,498

13. Heritage Assets (Balance Sheet page 13)

In accordance with FRS 30, the Council is required to recognise and measure Heritage Assets at fair valuation in the 2014/15 accounts. Heritage assets are assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical value.

The heritage assets held by the Council include silver, paintings, furniture, statues, civic regalia, artefacts, sculptures and historic buildings. The movement in asset values is shown below:-

Movement in Heritage Asset Value	2013/14 £000	2014/15 £000
Opening Value 1 April	1,011	1,025
Additions	13	
Reclassifications	7	
Disposals		
Less Depreciation	(6)	(6)
Less Impairment		
Closing Value 31 March	1,025	1,019

14. Investment Properties (Balance Sheet page 13)

The following table summarises the movement in fair value of investment properties over the year:

	2013/14 £000	2014/15 £000
Balance at start of year	28,707	28,341
Additions:		
Purchases		
Construction		
Subsequent expenditure		
Disposals	(36)	
Net gains/losses from fair value adjustments	(436)	2,114
Transfers:		
to/from Inventories		
to/from Property, Plant & Equipment	120	48
Other changes	(14)	(6)
Balance at end of year	28,341	30,497

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure statement:

	2013/14 £000	2014/15 £000
Rental income from investment property	(2,433)	(2,241)
Direct operating expenses arising from investment	539	1,100
Net (gain)/loss	(1,894)	(1,141)

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

15. Intangible Assets (Balance Sheet page 13)

The Council accounts for its software as intangible assets, to the extent that software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licenses and internally generated software.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to the major software suites used by the Council are:

Useful Life	Other Assets
5 years	Telephony Software System – Voice over IP
7 years	Payroll System
10 years	Easy Software Upgrade
20 years	SAP - Finance System Council Tax System

None of the software are internally generated.

The carrying amounts of intangible assets is amortised on a straight-line basis. The amortisation of £0.330m charged to revenue in 2014/15 was charged to the IT Administration cost centre and then absorbed as an overhead across all the service headings in the Net Expenditure of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

The movement on Intangible Asset balances during the year is as follows:

	2013/14			2014/15		
	Internally Generated Assets £000	Other Assets £000	Total £000	Internally Generated Assets £000	Other Assets £000	Total £000
Balance at start of year:						
Gross carrying amounts	-	3,299	3,299	-	3,300	3,300
Accumulated amortisation	-	(902)	(902)	-	(1,233)	(1,233)
Net carrying amount at start of year	0	2,397	2,397	0	2,067	2,067
Additions:						
Internal development	-	(5)	(5)	-	-	0
Purchases	-	-	0	-	722	722
Acquired through business combinations	-	-	0	-	-	0
Assets reclassified as held for sale	-	-	0	-	-	0
Other disposals	-	-	0	-	(299)	(299)
Revaluations increases or decreases	-	-	0	-	-	0
Impairment losses recognised or reversed directly in the Revaluation Reserve	-	-	0	-	-	0
Impairment losses recognised in the Surplus/Deficit on the Provision of Services	-	-	0	-	-	0
Amortisation for the period	-	(331)	(331)	-	(331)	(331)
Other changes	-	6	6	-	-	0
Net carrying amount at end of year	0	2,067	2,067	0	2,159	2,159
Comprising:						
Gross carrying amounts	-	3,300	3,300	-	3,456	3,456
Accumulated amortisation	-	(1,233)	(1,233)	-	(1,297)	(1,297)
	0	2,067	2,067	0	2,159	2,159

Intangible assets relate to software licences acquired as part of the development of the Council's Integrated Business Information System (IBIS) and HR/Payroll System.

There are no items of capitalised software that are individually material to the financial statements.

16. Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

	Long Term 31 March 2014 £000	Short Term 31 March 2014 £000	Long Term 31 March 2015 £000	Short Term 31 March 2015 £000
FINANCIAL ASSETS				
Available For Sale Financial Assets				
Manchester Airport Group (MAG) Shareholding (See note on "Interest in Companies" on page 62)	36,700	0	41,000	0
Loans & Receivables – Other Investments				
Principal	5,000	21,900	5,000	34,900
Accrued Interest	0	18	0	54
Sub-total – Other Investments	5,000	21,918	5,000	34,954
Sub-Total Investments	41,700	21,918	46,000	34,954
Loans & Receivables - Cash and cash equivalent:				
Cash at Bank	0	9,903	0	8,886
Principal	0	24,040	0	37,690
Accrued interest	0	74	0	17
Sub-total Cash and Cash equivalent	0	34,017	0	46,593
Loans & Receivables – Other Financial Instruments				
MAG Loans (included within Long term debtors)	8,693	0	8,693	0
Homestep Loans (included within Long term debtors)	1,268	0	1,226	0
Local Authority Mortgage Scheme (included within Long term debtors)	3,019	0	3,073	39
Section 106 debtors (included within Short term debtors)	0	1,413	0	1,015
Trade Debtors (included within Short term debtors)	0	4,412	0	3,609
Sub-total	12,980	5,825	12,992	4,663
TOTAL FINANCIAL ASSETS	54,680	61,760	58,992	86,210
FINANCIAL LIABILITIES				
Financial Liabilities at Amortised Cost - Borrowings				
Principal	(94,992)	(2,424)	(93,222)	(1,769)
Accrued Interest	0	(836)	0	(920)
Market loans EIR adjustments	(2,447)	0	(2,425)	0
Sub-total	(97,439)	(3,260)	(95,647)	(2,689)
Financial Liabilities at Amortised Cost - Other Financial Instruments				
Trade Creditors (included within short term creditors)	0	(6,067)	0	(3,576)
Sub-total	0	(6,067)	0	(3,576)
Other Long Term Liabilities				
PFI and finance lease liabilities	(6,183)	(184)	(5,987)	(196)
Sub-total	(6,183)	(184)	(5,987)	(196)
TOTAL FINANCIAL LIABILITIES	(103,622)	(9,511)	(101,634)	(6,461)

Under accounting requirements the carrying value of the financial instrument value is shown in the balance sheet which includes the principal amount borrowed or lent and further adjustments for breakage costs or stepped interest loans (measured by an effective interest rate calculation) including accrued interest. Accrued interest is shown separately in current assets and/or liabilities where the payments and/or receipts are due within one year. The effective interest rate is effectively accrued interest receivable under the instrument, adjusted for the amortisation of any premiums or discounts reflected in the purchase price.

During 2014/15, the Council advanced £106k of soft loans in accordance with its Town Centre Regeneration scheme at an interest rate of 0% repayable over a maximum period of 3 years.

Fair value of Assets and Liabilities carried at Amortised Cost

Financial liabilities and financial assets represented by loans and receivables are carried on the balance sheet at amortised cost (in long term assets / liabilities with accrued interest in current asset / liabilities). Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB and other loans payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures;
- For investments the prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the principal outstanding or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

Liabilities

	31 March 2014		31 March 2015				
	Carrying Amount	Fair Value	Principal	Add EIR adjustment	Add accrued Interest	Carrying Amount	Fair Value
	£000	£000	£000	£000	£000	£000	£000
Financial Liabilities (Long and Short Term) – Measured at amortised cost							
PWLB	42,009	53,519	38,991	0	550	39,541	54,424
Market	58,690	64,622	56,000	2,425	370	58,795	84,370
Trade creditors (included within short term creditors)	6,067	6,067	3,576	0	0	3,576	3,576
Sub total	106,766	124,208	98,567	2,425	920	101,912	142,370
Other Long and Short Term Liabilities							
PFI & finance lease	6,367	8,364	6,183	0	0	6,183	8,662
Sub total	6,367	8,364	6,183	0	0	6,183	8,662
Total	113,133	132,572	104,750	2,425	920	108,095	151,032

Assets

	31 March 2014		Principal	31 March 2015		Fair Value
	Carrying Amount	Fair Value		Add accrued Interest	Carrying Amount	
	£000	£000	£000	£000	£000	£000
Loans & Receivables						
Cash & Cash equivalents						
- Cash at bank	9,903	9,903	8,886	0	8,886	8,886
- Deposits	24,114	24,114	37,690	17	37,707	37,707
Sub total	34,017	34,017	46,576	17	46,593	46,593
Deposits over 1 year	5,000	5,005	5,000	0	5,000	5,172
Deposits under 1 year	21,918	21,949	34,900	54	34,954	34,991
MAG Loans (included within Long term debtors)	8,693	8,693	8,693	0	8,693	8,693
Homestep Loans (included within Long term debtors)	1,268	1,268	1,226	0	1,226	1,226
Local Authority Mortgage Scheme & Town Centre loans (included within Long term debtors)	3,019	3,019	3,073	0	3,073	3,073
Section 106 debtors (included within Short term debtors)	1,413	1,413	1,015	0	1,015	1,015
Trade Debtors (included within Short term debtors)	4,412	4,412	3,609	0	3,609	3,609
Sub total	45,723	45,759	57,516	54	57,570	57,779
Available For Sale Financial Assets						
MAG Shareholding	36,700	36,700	41,000	0	41,000	41,000
Sub total	36,700	36,700	41,000	0	41,000	41,000
Total	116,440	116,476	145,092	71	145,163	145,372

The fair value is greater than the carrying amount because the Council's portfolio of liabilities and assets includes a number of fixed rate instruments where the interest rate payable and receivable are higher than the rates available for similar transactions in the market at the balance sheet date. This increases the fair value of financial liabilities and raises the value of Investments.

The fair values for both financial liabilities and assets have been determined by reference to the Public Works Loan Board (PWL) redemption rules which provide a good approximation for the fair value of a financial instrument and includes accrued interest. The comparator market rates have been taken from indicative investment rates at each balance sheet date. In

practice rates will be determined by the size of the transaction and counterparty, but it is impractical to use these figures, and the differences are immaterial.

The Authority's shareholding in Manchester Airport Group are not traded in an active market and fair value of £41.0m has been made on an analysis of the assets and liabilities in the Company's latest audited accounts by an independent accountancy firm BDO.

Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments and referred to in note 10 are made up as follows;

	2013/14			2014/15		
	Financial Liabilities measured at amortised cost £000	Financial Assets: Loan & Receivables £000	Total £000	Financial Liabilities measured at amortised cost £000	Financial Assets: Loans & Receivables £000	Total £000
Interest Expense	6,116		6,116	6,182		6,182
Total expense in Surplus or Deficit on the Provision of Services	6,116		6,116	6,182		6,182
Interest income		(4,879)	(4,879)		(4,241)	(4,241)
Total income on Surplus or Deficit on the Provision of Services		(4,879)	(4,879)		(4,241)	(4,241)
Net gain/(loss) for the year	6,116	(4,879)	1,237	6,182	(4,241)	1,941

Note – The share dividend received from Manchester Airport Group is included within interest income.

In addition to the above Gains and Losses, in 2014/15 the Council revalued its shareholding in Manchester Airport which resulted in an increase in value from £36.7m to £41.0m (£19.1m to £26.5m in 2013/14), the increase of £4.3m (£7.4m 2013/14) has been included in the CIES within Other Comprehensive (Income) and Expenditure.

- (i) The Council has the following financial instruments that are classed as Available for Sale

31.03.13 £000	31.03.14 £000		31.03.15 £000
29,300	36,700	Shareholdings in MAG	41,000
29,300	36,700	Total	41,000

17. Inventories (Balance Sheet page 13)

The Council held the following inventories at 31 March 2014 and 2015. All are related to consumable stores.

	Consumable Stores	
	31.3.14 £000	31.3.15 £000
Balance outstanding at start of year	370	398
Purchases	2,470	2,573
Recognised as an expense in the year	(2,435)	(2,631)
Written off balances	(7)	(2)

Balance outstanding at year-end	398	338
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18. Work in Progress (Construction Contracts)

This refers to work in progress, but not yet complete, that the Council is undertaking on behalf of other organisations on a fee basis. There are no such contracts to report.

19. Debtors (Balance Sheet page 13)

Long Term Debtors & Prepayments

Restated 31.3.14 £000		31.3.15 £000	(i) The
30	Council Houses (Mortgages)	20	
983	Probation Service (i)	916	
8,693	Manchester Airport Plc. (ii)	8,693	
608	Sale PFI – lifecycle replacement (iii)	649	
120	MUFC Deferred Debtor (iv)	60	
1,280	Homestep Loans (v)	1,226	
3,019	Local Authority Mortgage Scheme (vi)	3,073	
14,733	Total	14,637	

Council acts as 'lead' authority in providing loans to the Greater Manchester Probation Service (GMPS) to assist in the financing of their capital programme. These advances are repaid with interest over varying periods finishing in 2031/32.

- (ii) The Council together with the other nine Greater Manchester authorities is a shareholder in Manchester Airport plc. During 2009/10, in exchange for a greater level of coupon rate receivable, all ten councils agreed to restructure the long term loans that had previously been made to the Airport to finance capital expenditure. As a result of this, these loans which were previously classed as secure loans have become unsecured loans. The revised loan agreement is due to expire in 2055.
- (iii) Private Finance Initiative (PFI) – The Council has a PFI scheme for the provision of new office and community facilities in Sale Town Centre. Amounts payable under the arrangement to the PFI operator in respect of lifecycle costs are included as prepayments. These amounts will be written down to the asset when lifecycle works are undertaken.
- (iv) MUFC Deferred Debtor – A Section 106 agreement was entered into with Manchester United Football Club in March 2005 relating to stadium improvements completed in 2006. The agreement provides for the funding of works on transport infrastructure improvements, match day improvements measures and improvements to sporting facilities in the borough. In addition to £0.400m received in 2006/07, an amount of £0.600m is due over the next ten years in annual instalments of £0.060m per year. The £0.060m instalment due in 2015/16 is included within short-term debtors in the Balance Sheet.
- (v) Homestep Loans – these are loans provided to first time buyers to assist key workers to purchase a home. The amount advanced has been included as a long term debtor and is repayable when the property is sold.

- (vi) Local Authority Mortgage Scheme – as part of the scheme launched in May 2012, the Council provides an indemnity to Lloyds TSB to allow suitable first time buyers to access the housing market with a 5% deposit instead of a usual 25% deposit. In effect, the Council provides a 'cash backed' indemnity to Lloyds TSB to cover the 20% of the mortgage price in the event of a default within the first 5 years of the mortgage period. Following the success of the original £2m advanced in 2012/13, a further £1m was provided to Lloyds TSB in 2013/14. The fair value of the debtor remains at £3m due to no defaults occurring in 2014/15.

Short Term Debtors and Payments in Advance

Restated 31 March 2014 £000	Amounts falling due within one year	31 March 2015 £000
8,315	Council Tax	8,363
3,076	Business Rates	4,545
13,245	Other Government Departments	5,729
3,107	Payments in advance	2,120
21,813	Other	20,205
49,556	Sub Total	40,962
(15,307)	Less Provision for Bad and Doubtful Debts	(19,348)
34,249	Total	21,614

Short-term debtors are also analysed by the party to which they relate, in accordance with the Code:

Restated 31 March 2014 £000		31 March 2015 £000
13,245	Central Government Bodies	1,408
462	Other Local Authorities	741
1,539	National Health Service Bodies	5,077
41	Public Corporations and Trading Funds	0
18,962	Bodies External to General Government	14,388
34,249	Total	21,614

20. Cash and Cash Equivalents (Balance Sheet page 13)

The balance of Cash and Cash Equivalents is made up of the following elements:

31 March 2014 £000		31 March 2015 £000
9,903	Cash held by the Council/Bank current accounts	8,886
24,114	Short-term deposits	37,707
34,017	Total Cash and Cash Equivalents	46,593

21 Assets Held for Sale (Balance Sheet page 13)

All assets held for sale are classified as current as they are expected to be sold within the next financial year; there are no long term assets held for sale.

	Current assets	
	2013/14 £000	2014/15 £000
Balance at start of year	990	3,242
Assets newly classified as held for sale:		
Property, Plant and Equipment	2,403	3,500
Intangible Assets		
Other assets/liabilities in disposal group		
Revaluation losses		
Revaluation gains		
Impairment losses		
Assets held as declassified for sale:		
Property, Plant and Equipment		
Intangible Assets		
Other assets/liabilities in disposal group		
Assets sold	(210)	(1,544)
Transfers from non-current to current (Other movements)	59	
Balance at year-end	3,242	5,198

Strict criteria restricts what assets can be classed as held for sale and the Council's surplus property included within Property, Plant and Equipment (note 12) has been reviewed by the Council's valuers and reclassified where necessary to this category.

22 Creditors and Receipts in Advance (Balance Sheet page 13)

Long Term Creditors

This includes £(0.036)m (£(0.036)m in 2013/14) for the maintenance of graves at cemeteries.

Long-Term Liabilities – Deferred

31 March 2014 £000	31 March 2015 £000
(6,181) Sale PFI – Finance Lease liability (i)	(5,986)
(1,377) Sale PFI liability (ii)	(1,423)
(87) Environmental Surcharge Crematoria (iii)	(183)
(919) Greater Manchester Debt Administration Fund – MIA (iv)	(807)
(18) Council house mortgages (v)	(10)
(175) Trafford Park Development Corporation (vi)	(100)
(1,523) Commuted sums/S106 agreements (vii)	(1,481)
(10,280) Total	(9,990)

- (i) This relates to the lease liability on the Sale Waterside PFI scheme (note 43).
- (ii) Sale PFI liability – amount set aside to cover the final bullet payments due at the end of the PFI contract (note 43).

- (iii) Since 2007 the Council has included an Environmental Surcharge within its Crematoria fees associated with works required to comply with statutory mercury abatement guidance issued by DEFRA at that time. The sum is either spent on essential works in-year or carried forward as a liability to fund works in future years as required.
- (iv) This is the deferred long term liability relating to Manchester Airport debt (see note 49b).
- (v) £(0.010)m is due from the sale of council houses and other dwellings where buyers have entered into a mortgage agreement with the Council. Therefore the repayments will be received in instalments over a number of years.
- (vi) Prior to its wind up on 31 March 1998 the Trafford Park Urban Development Corporation paid the sum of £1.3m in recognition of the Council agreeing to pay some of the corporation's outstanding liabilities and carrying out certain works. There is a remaining balance of £(0.100)m as at 31 March 2015.
- (vii) The Council has also received commuted sums from developers, in particular for the development and maintenance of open spaces. This will be released to the revenue account when the cost of providing these services falls due.

Short Term Creditors

31 March 2014 £000		31 March 2015 £000
(3,535)	HM Revenue and Customs	(3,406)
(5,069)	Other Government Departments	(15,810)
(21,678)	Sundry Creditors	(23,696)
(267)	Carbon Reduction Commitment *	0
(3,557)	Employees – accumulated absences	(4,298)
(3,462)	Receipts in Advance – Council Tax	(3,463)
(2,415)	Receipts in Advance – NDR	(2,517)
(1,694)	Other Receipts in Advance	(1,533)
(41,677)	Total	(54,723)

* The Council was required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme but since 1 April 2014 is no longer part of the scheme.

Short-term creditors and receipts in advance are also analysed by the party to which they relate, in accordance with the Code:

31 March 2014 £000		31 March 2015 £000
(8,604)	Central Government Bodies	(19,216)
(886)	Other Local Authorities	(1,338)
(1,522)	National Health Service Bodies	(205)
(134)	Public Corporations and Trading Funds	(183)
(30,531)	Bodies External to General Government	(33,781)
(41,677)	Total	(54,723)

23 Provisions (Balance Sheet page 13)

The Council has the following total provisions at 31 March 2015:

	Balance 1 April 2013 £000	Net Movement in Year £000	Balance 1 April 2014 £000	Net Movement in Year £000	Balance 31 March 2015 £000
Total Provision					
Insurance (i)	(3,306)	(453)	(3,759)	135	(3,624)
Equal Pay (ii)	(3,835)	979	(2,856)	2,364	(492)
S117 Mental Health Act (iii)	(118)	118	0	0	0
VAT on Parking income (iv)	(135)	(37)	(172)	0	(172)
Employee Rationalisation (v)	(156)	(190)	(346)	(233)	(579)
MMI Clawback	(419)	419	0	0	0
NDR Appeals (vi)	0	(18,043)	(18,043)	4,042	(14,001)
Total	(7,969)	(17,207)	(25,176)	6,308	(18,868)

- (i) Insurance £(3.624)m – The Council is effectively self-insured with high excesses on most insurance policies. The Council mitigates its insurance risk with the use of reserves, provisions and catastrophe cover from an insurance company, which for 2014/15 was primarily Zurich Municipal. The Council is therefore obliged to make a provision each year in respect of potential claims, most of which are received in future years. The level of provision is assessed annually. In 2014/15, from a starting balance of £(3.759)m contributions of £(0.612)m were made to the provision, £0.747m of claims were paid, leaving a balance on the provision of £(3.624)m which is deemed an appropriate balance to cover any outstanding liabilities. This balance includes the outstanding claims estimate under Municipal Mutual Insurance Scheme of Arrangement, as shown in note 49(a)
- (ii) Liabilities arising from claims under Equal Pay legislation from employees who may have been disadvantaged under the Council's previous pay scheme operating up to 31 December 2008 have been estimated at £(0.492)m. The movements in year have been £2.364m comprising payments of £1.364m in respect of 183 settled claims and a decrease in the provision of £1.000m following a reassessment of outstanding obligations. The Council is actively engaged in trying to settle the majority of claims in the next period.
- (iii) The Provision of £(0.118)m in respect of charges which were incorrectly levied under S117 of the Mental Health Act 1983 which were due for repayment with accumulated interest has been fully written back to the revenue account as it is now considered unlikely that any future payments will be made. The remaining small risk of a payment being required is recognised in the Contingent Liabilities note 49, with the expectation that any such payment will be made from the existing budgets and/or the General Reserve.
- (iv) VAT on car parking of £(0.172)m (£(0.172)m in 2013/14). These monies are held pending the outcome of outstanding litigation affecting all local authorities in respect of the VAT liability for off-street car parking.
- (v) Employee Rationalisation – the Council has severance agreements with a number of staff which may or may not be taken up pending the rationalisation of employment within the Council. The estimated cost of these agreements is £0.579m (£0.346m in 2013/14).

- (vi) In 2013/14, the administration of NNDR changed following the introduction of a business rates retention scheme which aims to give Councils a greater incentive to grow businesses but also increases the financial risk due to volatility, caused by for example new appeals and changes in reliefs, and non-collection of rates. Authorities are expected to finance an element of appeals made in respect of rateable values as defined by VOA as at 31 March 2015. As such, authorities are required to make a provision for these amounts. Appeals are charged and provided for in proportion of the precepting shares. The total provision charged to the collection fund for 2014/15 has been calculated at £(28.573)m, of which Trafford's share at 49% is £(14.001)m.

Movement in provisions at 31 March 2015 is summarised as follows:

	Outstanding Legal Cases £000	Injury and Damage Compensation Claims £000	Other Provisions £000	Total £000
Balance at 1 April 2014	(3,028)	(3,759)	(18,389)	(25,176)
Additional provisions made		(612)	(1,412)	(2,024)
Amounts used	2,364	747	5,178	8,289
Unused amounts reversed			43	43
Unwinding of discounting				
Balance as at 31 March 2015	(664)	(3,624)	(14,580)	(18,868)

An element of the above provisions have been classified as short-term on the balance sheet based on the assumption that there is a high likelihood that they will be used within 12 months of the balance sheet date:

Balance 31 March 2014 £000	Provisions	Balance 31 March 2015 £000
(1,127)	Insurance	(1,010)
(2,856)	Equal Pay	(492)
(346)	Employee Rationalisation	(579)
(13,532)	NDR Appeals	(10,501)
(17,861)	Total Short Term	(12,582)
(2,632)	Insurance	(2,614)
(172)	VAT on Parking income	(172)
(4,511)	NDR Appeals	(3,500)
(7,315)	Total Long Term	(6,286)
(25,176)	Total	(18,868)

24. Usable Reserves (Balance Sheet page 13)

Movement in the Council's usable reserves are detailed in the Movement in Reserves Statement and in note 7. The following additional information is provided relating to reserves held by schools.

(i) Reserves & Balances held by Schools under Delegated Schemes

In accordance with the Council's approved scheme for delegating budgets to schools, the amount of any budget not spent in the year is carried forward. These reserves are not available to the Council for general use, it is for each school to determine how they are spent. The surplus balances at 31 March 2015 were £(9.105)m (£(10.401)m at 31 March 2014), which includes £(9.232)m of revenue balances and £0.127m of capital balances.

The capital balance overdrawn of £0.127m relates to one school and is a one off arrangement. Templemoor Infants School have borrowed money from the Council in order to finance a capital scheme which is expected to cost £0.150m in total, £0.023m to be spent in 2015/16. This will be repaid by the school over a 3 year period and will simultaneously enable this deficit to be written down.

At 31 March 2015 there were 3 schools with a deficit balance on their revenue reserves, amounting to £0.163m, whilst 69 schools had surplus balances amounting to £(9.395)m.

In addition, there are unspent devolved formula capital balances of £(0.623)m, which are included within Capital Grants and Contributions on the balance sheet (note 39).

(ii) Capital Receipts Reserve

The Local Government Act 2003 requires that a percentage of housing capital receipts be paid over to the Government under the pooling regulations. The balance, is held in the Capital Receipts Reserve to meet new capital expenditure, debts or other liabilities.

2014	2015
£000	£000
(10,011) Balance carried forward at 1 April	(7,526)
(5,244) Capital receipts in the year from sale of assets(net of disposal costs)	(10,049)
(15,255) Sub-total	(17,575)
16 Less amount payable to Government re pooling liability	4
4,214 Amount used to finance capital expenditure in year	6,031
1,899 Amount used to repay debt	
1,600 Amounts used to cover the increase in the Equal Pay provision	
(7,526) Balance carried forward at 31 March	(11,540)

25. Unusable Reserves (Balance Sheet page 13)

Total unusable reserves balances and movements are shown in the Movement in Reserves Statement and in note 7. The following notes give an explanation by individual reserve.

Restated 31 March 2014 £000	Unusable Reserves	31 March 2015 £000
(18,170)	Revaluation Reserve (i)	(29,050)
(26,486)	Available for Sale Financial Instruments Reserve (ii)	(30,786)
(325,255)	Capital Adjustment Account (iii)	(315,874)
5,934	Financial Instruments Adjustment Account (iv)	5,670
206,405	Pensions Reserve (v)	284,188
15,003	Collection Fund Adjustment Account (vi)	5,296
3,557	Accumulated Absences Account (vii)	4,298
(111,835)	Total Unusable Reserves	(76,258)

(i) Revaluation Reserve

- The Revaluation Reserve contains the gains made by the Council arising from the increases in the value of its Property, Plant and Equipment (and Intangible Assets). The balance is reduced when assets with accumulated gains are:
 - revalued downwards or impaired;
 - used in the provision of services and the gains are consumed through depreciation, or;
 - disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2013/14 £000		2014/15 £000
(18,119)	Balance as at 1 April	(18,170)
(4,528)	Upward revaluation of assets	(13,050)
2,493	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	
(2,035)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	(13,050)
513	Difference between fair value depreciation and historical cost depreciation	734
1,471	Accumulated gains on assets sold or scrapped	1,436
1,984	Amount written off to the Capital Adjustment Account	2,170
(18,170)	Balance as at 31 March	(29,050)

(ii) Available for Sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserve contains the gains made by the Council arising from the increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:-

- revalued downwards or impaired and the gains are lost;
- disposed of and the gains are realised.

In 2014/15 the Council revalued its shareholding in Manchester Airport which resulted in an increase in value from £36.7m to £41.0m, the increase of £4.3m is reflected in the Available for Sale Financial Instruments reserve and the original investment of £36.7m forms part of the Capital Adjustment Account balance.

2013/14		2014/15
£000		£000
(19,086)	Balance as at 1 April	(26,486)
(7,400)	Upward revaluation of investment	(4,300)
0	Downward revaluation of investments not charged to the Surplus/Deficit on the Provision of Services	
(7,400)		(4,300)
0	Accumulated gains on assets sold and maturing assets written out to the Comprehensive Income and Expenditure Statement as part of Other Investment Income	
(26,486)	Balance as at 31 March	(30,786)

(iii) Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Capital Adjustment Account contains amounts required by statute to be set aside from capital receipts and Government grants together with the amount set aside from revenue accounts for the repayment of debt. It also contains the amounts used from revenue, capital receipts and grants to finance the capital programme. The reserve is not available to supplement spending programmes of the Council. A credit balance on this account reflects that capital finance has been set aside at a faster rate than non-current assets have been consumed.

2013/14		2014/15
£000		£000
(292,597)	Balance as at 1 April	(325,255)
(27,176)	Restatement for Foundation Schools included on Balance Sheet	
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
12,520	- Charges for depreciation and impairment of non-current assets	13,145
5,844	- Revaluation losses on Property, Plant and Equipment	4,675
331	- Amortisation of intangible assets	330
3,603	- Revenue expenditure funded from capital under statute	1,452
9,148	- Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	19,965
<u>31,446</u>		<u>39,567</u>
(1,984)	Adjusting amounts written out of the Revaluation Reserve	(2,170)
-	Net written out amount of the cost of non-current assets consumed in the year	
	Capital financing applied in the year:	
(4,214)	- Use of the Capital Receipts Reserve to finance new capital expenditure	(6,031)
(24,142)	- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(14,845)
(1,898)	- Voluntary provision for debt repayment	-
(4,964)	- Statutory provision for the financing of capital investment charged against the General Fund Balance	(4,774)
(160)	- Capital expenditure charged against the General Fund Balance	(249)
<u>(35,378)</u>		<u>(25,899)</u>
436	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(2,114)
	- Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement	
(2)	Other Adjustments	(3)
(325,255)	Balance as at 31 March	(315,874)

(iv) **Financial Instruments Adjustment Account**

2013/14		2014/15
£000		£000
6,180	Balance as at 1 April	5,934
0	Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	0
0	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with Statutory requirements	0
(246)	Less annual charge for premiums incurred in previous financial years and stepped loan EIR adjustment	(264)
0	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	
5,934	Balance at 31 March	5,670

The above table details the transactions generated in accordance with the Code and includes outstanding premium incurred from past debt restructuring exercises on which the replacement loan does not meet one of following criteria;

- Replaced on same day;
- Replaced with same lender;
- Net Present Value of future cash flows of the repaid loan compared to the replacement loan does not produce a saving of less than 10%.

In addition to this, the equalisation of interest on the two stepped interest rate market loans calculated over their full life was transferred into this account with the annual recharge to the Comprehensive Income & Expenditure Statement changing from that actually incurred to one calculated on an Effective Interest Rate basis. The balance on the account at 31 March 2015 will be charged to the General Fund in accordance with statutory arrangements over the next 28 years.

(v) **Pensions Reserve**

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2013/14		2014/15
£000		£000
(222,381)	Balance as at 1 April	(206,406)
28,077	Re-measurements of the net defined benefit liability/(asset)	(67,584)
(27,568)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(27,043)
15,466	Employer's pension contributions and direct payments to pensioners payable in the year	16,845
(206,406)	Balance as at 31 March	(284,188)

(vi) Collection Fund Adjustment Account

Fund Adjustment Account manages the differences arising from the recognition of council tax and national non domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund. As a result of the introduction of the business rates retention scheme, the Collection Fund Adjustment Account includes adjustments for national non domestic rate from 2013/14.

2013/14		2014/15
£000		£000
(5)	Balance as at 1 April	15,003
(379)	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(265)
15,387	Amount by which non domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from non-domestic rates income calculated for the year in accordance with statutory requirements	(9,442)
15,003	Balance as at 31 March	5,296

(vii) Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2013/14		2014/15
£000		£000
3,387	Balance as at 1 April	3,557
(3,387)	Settlement or cancellation of accrual made at the end of the preceding year	(3,557)
3,557	Amounts accrued at the end of the current year	4,298
170	Amount by which amounts officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	741
3,557	Balance as at 31 March	4,298

26. Cash Flow Statement – Operating Activities (page 17)

The cash flow from Operating Activities includes the following:

26a - Adjustments to net surplus or deficit on the provision of services for non-cash movements

2013/14 £000		2014/15 £000
(12,520)	Depreciation/Impairment charged to I and E	(13,145)
(331)	Amortisation of Intangible Assets	(330)
113	(Increase)/Decrease in Creditors	(4,951)
16,146	Increase/(Decrease) in Debtors	(12,666)
28	Increase/(Decrease) in Inventories	(60)
(12,102)	Pensions Liability	(10,198)
(17,207)	Contributions to/(from) Provisions	6,309
(5,844)	Revaluation Losses	(4,675)
	Carrying value on disposal of Property, Plant and Equipment,	
(9,131)	Investment Property and Intangible Assets	(19,965)
(435)	Investment Properties Losses (Gains)	2,114
(188)	Other non-cash adjustments	22
(41,472)		(57,545)

26b - Adjustments for items included in the net surplus or deficit on the provision of services that are investing or financing activities

2013/14 £000		2014/15 £000
15,963	Capital Grants credited to the surplus or deficit on the provisions of services	15,553
5,072	Proceeds from the sale of non-current assets	10,060
21,035		25,613

26c - The cash flows for operating activities include the following items:

2013/14 £000		2014/15 £000
(1,628)	Interest received	(2,657)
5,408	Interest paid	5,688
(2,323)	Dividends received	(2,484)

27. Cash Flow Statement – Investing Activities (page 17)

The cash flows for investing activities include the following items:

2013/14 £000		2014/15 £000
28,533	Purchase of property, plant and equipment, investment property and intangible assets	18,633
(5,595)	Purchase / (proceeds) of short-term and long-term investments	13,035
0	Other payments for investing activities	(66)
(5,245)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(10,060)
(17,850)	Other receipts from investing activities – Capital Grants Received	(17,512)
(157)	Net cash flows from investing activities	4,030

28 Cash Flow Statement – Financing Activities (page 17)

The cash flows for financing activities include the following items:

2013/14 £000		2014/15 £000
0	Cash receipts of short and long-term borrowing	0
0	Other receipts from financing activities	0
173	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	184
4,110	Repayments of short and long-term borrowing	2,424
(10,018)	Other payments for financing activities – Net Cash inflow from NDR Agency arrangements	(8,483)
(5,735)	Net cash flows from investing activities	(5,875)

29 Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice. However, decisions about resource allocation are taken by the Council's Executive on the basis of budget reports analysed across directorates. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement);
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year;
- expenditure on support services is reported in the directorate in which the direct costs and income relate, and not on a recharged basis.

The income and expenditure of the Council's principal directorates recorded in the budget reports for the year is as follows:

Directorate Income and Expenditure 2014/15	Children's Services £000	Adult Services £000	Economic Growth, Environment & Infrastructure £000	Transformation & Resources £000	Council Wide £000	Total £000
Fees, charges & other service income	(23,106)	(12,267)	(15,307)	(8,484)	(15,176)	(74,340)
Government grants	(132,841)	(16,567)	(1,176)	(4,703)	(75,923)	(231,210)
Total income	(155,947)	(28,834)	(16,483)	(13,187)	(91,099)	(305,550)
Employee expenses	112,083	14,224	9,118	18,603	3,803	157,831
Other service expenses	73,726	67,818	39,657	11,474	104,980	297,655
Support service recharges	688					688
Total expenditure	186,497	82,042	48,775	30,077	108,783	456,174
Net expenditure	30,550	53,208	32,292	16,890	17,684	150,624

Directorate Income and Expenditure 2013/14	Children's Services £000	Adult Services £000	Economic Growth, Environment & Infrastructure £000	Transformation & Resources £000	Council Wide £000	Total £000
Fees, charges & other service income	(18,375)*	(12,510)	(16,564)	(9,730)	(14,943)	(72,122)
Government grants	(131,449)	(15,181)	(866)	(3,203)	(87,370)	(238,069)
Total income	(149,824)	(27,691)	(17,430)	(12,933)	(102,313)	(310,191)
Employee expenses	110,846*	14,177	9,637	18,959	4,856	158,475
Other service expenses	68,975*	66,989	39,949	13,393	117,071	306,376
Support service recharges	666	0	0	0	0	666
Total expenditure	180,486	81,166	49,586	32,352	121,927	465,517
Net expenditure	30,662	53,475	32,156	19,419	19,614	155,326

* Figures relating to budget shares allocated to fully advanced cheque book schools have been re-aligned to the appropriate subjective heading, previously included under 'other service expenses'

Reconciliation of Directorate Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of the directorate income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	2013/14 £000	2014/15 £000
Net expenditure in the Directorate Analysis	155,326	150,624
Net expenditure of services and support services not included in the Analysis	0	0
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	17,398	16,649
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	(11,636)	(14,854)
Cost of Services in Comprehensive Income and Expenditure Statement	161,088	152,419

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of the directorate income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

	2014/15							
	Directorate Analysis £000	Services and Support Services not in Analysis £000	Amounts not reported to management for decision making £000	Amounts not included in I&E £000	Allocation of recharges £000	Cost of services £000	Corporate Amounts £000	Total £000
Fees, charges and other service income	(71,039)			10,166	(20,552)	(81,425)	(2,641)	(84,066)
Surplus or deficit on associates and joint ventures						0		0
Interest and investment income	(3,301)			4,241		940	(4,241)	(3,301)
Income from council tax Government grants and contributions	(231,210)		(5,281)	11,291		(225,200)	(80,133) (99,670)	(80,133) (324,870)
Total income	(305,550)	0	(5,281)	25,698	(20,552)	(305,685)	(186,685)	(492,370)
Employee expenses	157,832		2,014			159,846	8,925	168,771
Other service expenses	258,452		6,542	(1,349)		263,645	(1,014)	262,631
Support Service recharges	688	20,552				21,240		21,240
Depreciation, amortisation and impairment			13,374			13,374		13,374
Interest Payments	6,182			(6,182)		0	6,182	6,182
Precepts & Levies	33,021			(33,021)		0	31,450	31,450
Payments to Housing Capital Receipts Pool						0	4	4
Gain or loss on Disposal of Non-Current Assets						0	9,917	9,917
Total expenditure	456,175	20,552	21,930	(40,552)	0	458,105	55,464	513,569
Surplus or deficit on the provision of services	150,625	20,552	16,649	(14,854)	(20,552)	152,420	(131,221)	21,200

2013/14	Directorate Analysis £000	Services and Support Services not in Analysis £000	Amounts not reported to management for decision making £000	Amounts not included in I&E £000	Allocation of recharges £000	Cost of services £000	Corporate Amounts £000	Total £000
Fees, charges and other service income	(67,243)*			(4,539)	(22,450)	(94,232)	(2,619)	(96,851)
Surplus or deficit on associates and joint ventures						0		0
Interest and investment income	(4,879)			4,879		0	(4,879)	(4,879)
Income from council tax						0	(78,897)	(78,897)
Government grants and contributions	(238,069)		(2,366)	22,411		(218,024)	(102,734)	(320,758)
Total income	(310,191)	0	(2,366)	22,751	(22,450)	(312,256)	(189,129)	(501,385)
Employee expenses	158,475*		2,208			160,683	10,065	170,748
Other service expenses	269,304*		5,724	(700)		274,328	975	275,303
Support Service recharges	666	22,450	0	0		23,116	0	23,116
Depreciation, amortisation and impairment			11,832	0		11,832	0	11,832
Interest Payments	6,116			(6,116)		0	6,116	6,116
Precepts & Levies	30,956			(30,956)		0	31,013	31,013
Payments to Housing						0	17	17
Capital Receipts Pool						0		
Gain or loss on Disposal of Non-Current Assets						0	3,903	3,903
Total expenditure	465,517	22,450	19,764	(37,772)	0	469,959	52,089	522,048
Surplus or deficit on the provision of services	155,326	22,450	17,398	(15,021)	(22,450)	157,703	(137,040)	20,663

* Figures relating to budget shares allocated to Fully Advanced cheque book Schools have been re-aligned to the appropriate subjective heading, previously included under 'other service expenses'

30. Acquired and Discontinued Operations

None to report.

31 Trading Operations (See also note 10)

		2012/13 £000	2013/14 £000	2014/15 £000
Building Cleaning	Turnover	(2,247)	(2,154)	(2,094)
	Expenditure	2,102	2,074	2,072
	(Surplus)/Deficit	(145)	(80)	(22)
Cumulative Surplus over last three financial years was £(247)k				
Education Catering	Turnover	(5,735)	(5,762)	(6,720)
	Expenditure	5,617	5,657	6,342
	(Surplus)/Deficit	(118)	(105)	(378)
Cumulative Surplus over last three financial years was £(601)k				
Net (surplus)/deficit on trading operations		(263)	(185)	(400)

All the above figures are inclusive of depreciation.

Trading operations are incorporated into the Comprehensive Income and Expenditure Statement. Some are an integral part of one of the Council's services to the public whilst others are support services to the Council's services to the public (e.g. Schools Catering and Cleaning). The expenditure of these operations is allocated or recharged to headings in the Net Operating Expenditure of Continuing Operations. Only a residual amount of the net surplus on trading operations is charged as Financing and Investment Income and Expenditure (see note 10):

	2013/14 £000	2014/15 £000
Net surplus on trading operations	(185)	(400)
Services to the public included in Expenditure of Continuing Operations	0	0
Support services recharged to Expenditure of Continuing Operations	0	0
Net surplus credited to Other Operating Expenditure	(185)	(400)

32 Agency Services

The Code determines that billing authorities act as agent when collecting local taxes, as follows:

- Council tax – the billing authority acts as the agent of its major preceptors when collecting council tax on their behalf. In Trafford, the two major preceptors are the Police and Crime Commissioner for Greater Manchester and the Greater Manchester Fire and Rescue Authority. No fee is chargeable for this service;
- National Non-Domestic Rates (NNDR) – the billing authority acts as agent for Central Government and Greater Manchester Fire and Rescue Authority in collecting NNDR. The Government paid Trafford an allowance for the cost of this collection in 2014/15 of £0.457m (£0.452m in 2013/14).

The Council has not acted in an agency capacity for any other external bodies in the 2014/15 financial year.

33. Road Charging Schemes

The Council does not operate any such schemes.

34 Pooled Budgets

Trafford has operated a pooled fund for Learning Disability Services in conjunction with Trafford Clinical Commissioning Group (CCG) (previously Trafford Primary Care Trust (PCT)) since 1 April 2003. Trafford MBC acts as the lead accounting officer for the pooled fund, which is managed jointly by the Council and the CCG. The pool provides a wide variety of services to Learning Disability adults in Trafford, including a joint community team, extensive specialist residential provision, a range of supported placements, support in the home and external and in-house day care.

The gross 2014/15 budget was £26.181m, which after grant income and fees of £(1.353)m left net planned expenditure of £24.828m to be funded jointly by the Council and the CCG. The net budget was underspent by £(2.234)m in year, which followed the Council's budget rebasing exercise undertaken during 2014/15. The previous year's deficit carried forward of £3.022m left a potential deficit on the fund of £0.788m. A net contribution from General Reserve was made of £(0.788)m which brought the balance carried forward on the fund to £Nil.

	2013/14 £000	2014/15 £000
Funding provided to the pooled budgets:		
the Council	(20,022)	(22,707)
Trafford CCG	(2,106)	(2,121)
	(22,128)	(24,828)
Expenditure met from the pooled budget:		
the Council	21,572	20,473
Trafford CCG	2,106	2,121
	23,678	22,594
Net (surplus)/deficit arising on the pooled budget during the year	1,550	(2,234)
Contribution from General Reserve		(788)
Previous year's (surplus)/deficit carried forward	1,472	3,022
Balance to be carried forward	3,022	0

35 Members' Allowances

The Council paid the following amounts to members of the council during the year.

	2013/14	2014/15
	£000	£000
Basic Allowances	399	401
Special Responsibility Allowances	307	288
Expenses	1	2
Total	707	691

The Council consists of 63 elected Members (Councillors) and 7 co-opted/independent Members to whom £0.691m was paid in allowances in the year (£0.707m in 2013/14).

36 Officers' Remuneration

The number of employees whose remuneration, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 in 2013/14 and 2014/15 was:

2013/14		Remuneration Band	2014/15	
Schools Staff	Other Staff		Schools Staff	Other Staff
-	-	£160,000 - £164,999	-	1
-	-	£155,000 - £159,999	-	-
-	1	£150,000 - £154,999	-	-
-	-	£145,000 - £149,999	-	-
-	-	£140,000 - £144,999	-	-
-	-	£135,000 - £139,999	-	-
-	-	£130,000 - £134,999	-	-
-	-	£125,000 - £129,999	-	-
-	1	£120,000 - £124,999	-	1 (1)
-	-	£115,000 - £119,999	-	-
-	-	£110,000 - £114,999	-	-
-	-	£105,000 - £109,999	-	1
-	2	£100,000 - £104,999	-	1 (1)
-	3	£95,000 - £99,999	-	2 (1)
-	2	£90,000 - £94,999	-	1
2	1	£85,000 - £89,999	2	1
2	4	£80,000 - £84,999	-	2
2	-	£75,000 - £79,999	2	4 (2)
3	-	£70,000 - £74,999	3	-
8 (1)	5 (2)	£65,000 - £69,999	6	5
11	10	£60,000 - £64,999	11 (1)	11 (1)
13	11 (2)	£55,000 - £59,999	17	8 (2)
27	19	£50,000 - £54,999	21 (1)	24 (1)
68 (1)	59 (4)	Total	62 (2)	62 (9)

Note : The number of leavers included in the main figures are shown in (brackets).

Remuneration includes gross taxable pay, including expenses (chargeable to income tax), plus benefits in kind and compensation payments. It excludes employer's pension contributions.

The above table excludes employees from Academy, Foundation and Voluntary Aided Schools as these staff are not employed by the Council.

The numbers of redundancy/early retirement (R&ER) packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

(a) R&ER package cost band (including special payments)	(b) Number of compulsory redundancies		(c) Number of other departures agreed		(d) Total number of R&ER packages by cost band [(b) + (c)]		(e) Total cost of R&ER packages in each band £		(f) Number of pension strain costs agreed		(g) Total cost of pension strain in each band £	
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15
£0 - £20,000	21	24	75	92	96	116	667,481	794,851	44	24	307,223	148,493
£20,001 - £40,000	0	1	6	6	6	7	153,300	191,236	5	11	147,825	326,577
£40,001 - £60,000	0	0	1	3	1	3	45,000	134,898	1	4	40,419	208,854
£60,001 - £80,000	0	0	0	0	0	0	0	0	3	0	216,328	0
Total	21	25	82	101	103	126	865,781	1,120,986	53	39	711,795	683,923

Pension Strain costs - occur where an employee is permitted by the employer to take pension benefits without actuarial reduction. This subsequently gives rise to the pension strain cost being met by the employer. The employee derives a benefit from the difference between the pension actually received and what the pension would have been had the actuarial reduction taken effect. The benefit therefore needs to be included in the R&ER packages disclosure above. However, these are **not payments to employees** but are costs written down against the Council's annual allowance for the early payment of pension benefits and are therefore shown separately in the above table. The numbers of pension strain costs agreed above relate to employees already included in the total number of R&ER packages shown in column (d) and are not in addition to them.

Senior Officers Remuneration

The following tables set out the remuneration disclosures for Senior Officers (**excluding** teachers), identified by job title, whose **salary** is:

- (i) £150,000 per year or more; or
- (ii) less than £150,000 but equal to or more than £50,000 per year and who meet at least one of the following criteria:
 - statutory chief officers (per section 2(6) of the Local Government and Housing Act 1989 as amended), e.g. head of paid service, director of children's services, section 151 officer etc.
 - a person who has responsibility for the management of the authority, to the extent that the person has power to direct or control the major activities of the authority (in particular activities involving expenditure of money), whether solely or collectively, in accordance with accounting regulations.

Senior Officers Salary 2014/15								
Postholder	Note	Salary (incl. fees & allowances)	Compen-sation for loss of office	Bonuses	Expense allowances	Benefits in kind (e.g. Car allowance)	Pension contributions	Total
		£	£	£	£	£	£	£
Chief Executive	(1)	162,209	0	0	584	0	25,890	188,683
Corporate Director (Children, Families & Wellbeing)	(2)	120,304	0	0	0	0	22,670	142,974
Corporate Director (Environment, Transport & Operations)	(3)	1,633	0	0	0	(45)	309	1,897
Deputy Chief Executive	(4)	108,239	0	0	290	0	20,419	128,948
Corporate Director (Transformation & Resources)	(5)	57,416	0	0	0	0	11,106	68,522
Director of Finance (Chief Financial Officer)		94,232	0	0	464	1,806	17,753	114,255
Director of Legal & Democratic Services (Monitoring Officer)	(6)	79,534	0	0	0	0	14,982	94,516
Director of Public Health		80,692	0	0	0	0	11,353	92,045
Acting Corporate Director (Transformation & Resources)	(7)	38,088	0	0	0	0	5,991	44,079

Notes :

- (1) The Chief Executive also received fees from the Council as Returning Officer for the May 2014 elections of £6,396 (European) and £5,040 (Local).
- (2) The Corporate Director (Children, Families & Wellbeing) left the authority on 29/3/15.
- (3) The Corporate Director (Environment, Transport & Operations) left the authority on 6/4/14.
- (4) The previous Corporate Director (Economic Growth & Prosperity) was appointed Corporate Director (Economic Growth, Environment & Infrastructure) on 1/8/14 and then Deputy Chief Executive on 1/3/15.
- (5) The Corporate Director (Transformation & Resources) left the authority on 10/11/14.
- (6) The Director of Legal & Democratic Services also received fees from the Council as Deputy Returning Officer for the May 2014 elections of £2,490 (European) and £2,898 (Local).
- (7) The Director of HR was appointed as Acting Corporate Director (Transformation & Resources) on 11/11/14 and also received fees from the Council as Deputy Returning Officer for the May 2014 elections of £2,490 (European) and £2,898 (Local).

Where individual Senior Officers were 'Acting' or 'Interim' during the year, the amounts shown represent the total remuneration received for the period they were acting in that capacity

Senior Officers Salary 2013/14								
Postholder	Note	Salary (incl. fees & allowances)	Compen-sation for loss of office	Bonuses	Expense allowances	Benefits in kind (e.g. Car allowance)	Pension contributions	Total
		£	£	£	£	£	£	£
Chief Executive	(1)	147,436	0	0	0	2,463	23,961	173,860
Corporate Director (Children, Families & Wellbeing)	(2)	122,000	0	0	0	2,463	21,838	146,301
Corporate Director (Environment, Transport & Operations)		98,000	0	0	493	2,021	17,542	118,056
Corporate Director (Economic Growth & Prosperity)		99,989	0	0	367	0	17,898	118,254
Corporate Director (Transformation & Resources)		98,000	0	0	0	0	17,542	115,542
Director of Finance (Chief Financial Officer)		94,500	0	0	0	2,067	16,916	113,483
Director of Legal & Democratic Services (Monitoring Officer)	(3)	79,167	0	0	0	963	0	80,130
Director of Public Health	(4)	81,480	0	0	0	6,158	11,323	98,961

Notes :

- (1) The Chief Executive also received fees from the Council of £240 plus £10.50 travel expenses as Returning Officer for the January 2014 Broadheath by-election.
- (2) The previous Corporate Director (Children & Young People's Service) was appointed as the new Corporate Director (Children, Families & Wellbeing) on 1/4/13.
- (3) The previous Acting Director of Legal & Democratic Services was appointed as Director of Legal & Democratic Services on 23/07/2013. The Director of Legal & Democratic Services also received fees from the Council of £120 as Deputy Returning Officer for the January 2014 Broadheath by-election.
- (4) Public Health services were transferred from Primary Care Trusts (PCT) to local authorities on 1/04/13.

Where individual Senior Officers were 'Acting' or 'Interim' during the year, the amounts shown represent the total remuneration received for the period they were acting in that capacity.

37 External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims, statutory inspections and to non-audit services provided by the Council's external auditors:

	2013/14 £000	2014/15 £000
Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor	156	158
Fees payable to Grant Thornton for the certification of grant claims and returns	20	27
Fees payable to Grant Thornton in respect of other services provided during the year	2	21*
Fees payable to the Audit Commission in respect of other services provided during the year	2	4
Total	180	210

* The fees for other services payable to Grant Thornton in 2014/15 related to specialist advice on a number of claims to HM Revenue & Customs for the refund of VAT of £11,050 and a forensic review of the Council's investigation report into budget monitoring arrangements of £10,000.

38 Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education (DfE), the Dedicated Schools Grant (DSG). An element of DSG is recouped by the DfE to fund academy schools in the Council's area. DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2011. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school. There are also some specific grants (e.g. Pupil Premium Grant) that support schools budgets, but these are excluded as this note is DSG only.

DSG allocations to:-

	Central Expenditure £000	ISB £000	Total £000
Final DSG 2014/15 before Academy recoupment			(173,448)
Academy figure recouped for 2014/15			56,173
Total DSG 2014/15 after Academy recoupment			(117,275)
Brought forward from 2013/14			(2,777)
Early Years late allocation re 2013/14			(111)
Carry forward to 2015/16 agreed in advance			0
Agreed initial budgeted distribution in 2014/15	(20,190)	(99,973)	(120,163)
In year adjustments	1,737	(1,737)	0
Final budgeted distribution for 2014/15	(18,453)	(101,710)	(120,163)
Less actual central expenditure	16,839	0	16,839
Less actual ISB deployed to schools	0	101,998	101,998
Local authority contribution for 2014/15	0	0	0
Carry forward to 2015/16	(1,614)	288	(1,326)

**39. Grant Income (Comprehensive Income & Expenditure Statement page 11,
Balance sheet page 13)**

**(i) Grant Income included in the Comprehensive Income and Expenditure
Statement**

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement:

	2013/14 £000	2014/15 £000
Credited to Taxation and Non Specific Grant Income		
Revenue Grants:		
Revenue Support Grant	(47,821)	(40,301)
New Homes Bonus	(1,616)	(1,880)
Council Tax Compensation Grant	(894)	(899)
Benefits Admin Grant	(1,441)	(1,036)
Education Services Grant	(3,517)	(3,408)
Extended Rights to Travel Grant	(63)	(32)
Local Reform & Community Voices Grant	(166)	(171)
Council Tax New Burdens Grant	(114)	(114)
Higher Education Funding Council Payments Grant	(9)	(84)
NNDR Costs of Collection Grant	(452)	(457)
Local Welfare Assistance Grant	(553)	(554)
New Burdens Zero based review Adult Social Care Grant	(59)	-
Foster Carer Recruitment & Training Grant	(75)	(100)
Capitalisation Grant 13/14	(252)	-
DWP Housing Benefit Reform Grant	(27)	(56)
DWP Housing Welfare Reform Grant	(7)	(135)
NGP Grant from Manchester City Council	-	(101)
Care Bill Implementation Grant	-	(125)
Other	(203)	(449)
Revenue Grants Sub-total	(57,269)	(49,902)
Non Domestic Rates		
Levy payable on 2014/15 business rate growth	-	1,628
Non Domestic Rates Income	(74,301)	(75,748)
NDR Tariff Payment	42,486	43,314
NNDR Safety Net Receipt	(12,136)	(70)
Section 31 Compensation Grants	(939)	(1,898)
Renewable Energy Disregard Amount	(73)	(75)
NDR Collection Fund (Surplus)/Deficit	15,461	(9,516)
Local Share Contribution to Accumulated Deficit	-	7,860
Non-Domestic Rates Sub-total	(29,502)	(34,505)
Capital Grants :		
Primary Capital Programme	(7,989)	(6,573)
Schools Devolved Formula Capital Grant	(671)	(586)
Schools Condition and Modernisation	(1,617)	(2,002)
Social Care Grants	(483)	(499)
Integrated Transport Grant/Highway Structural Maintenance	(2,954)	(3,517)
Other Grants and Contributions	(2,249)	(2,085)
Capital Grants Sub-total	(15,963)	(15,262)
Total Credited to Taxation & Non Specific Grant Income	(102,734)	(99,669)

	2013/14 £000	2014/15 £000
Grants Credited to Services		
Revenue Grants Credited to services:-		
Dedicated School Grant (DSG) incl. EY allocation	(120,297)	(117,386)
Rent Allowances, Rent Rebates and Council Tax Benefit Subsidy	(65,138)	(65,527)
Other Education Grants	(6,339)	(6,987)
Send Pathfinder Grant	(150)	(479)
Magistrates Court Grant	(104)	(40)
Public Health Grant	(10,171)	(10,456)
Learning Skills Council Grant	(1,651)	(1,800)
Intensive Fostering Grant	(227)	(148)
Children Services Adoption Grant	(550)	(197)
Sale PFI Grant	(658)	(658)
Tackling Troubled Families Grant	(360)	(1,142)
Arts Grant	(126)	(30)
Section 106 Other Capital Maintenance Grants	(112)	(39)
Adult Social Care Grant	(3,385)	(4,334)
Pothole Funding Grant	-	(149)
Individual Electoral Registration Grant	-	(112)
PE & Sport Grant	-	(566)
Local Council Tax support Admin Grant	-	(258)
Universal Infants Free School Grant	-	(1,569)
Other	(576)	(746)
Revenue Grants Credited to Services Sub-total	(209,844)	(212,623)
Capital Grants Credited to services (REFCUS):-		
BSF One School Pathfinder	(19)	-
Primary Capital Programme	(442)	(3,046)
Disabled Facilities	(749)	(776)
Devolved Formula Capital	(139)	-
TfGM – Local Sustainable Transport Funds	(241)	(1,119)
Schools Maintenance Grants (DfE)	(591)	(91)
Other	(185)	(322)
Capital Grants Credited to services (REFCUS) Sub-total	(2,366)	(5,354)
Total Grants Credited to Services	(212,210)	(217,977)

(ii) **Grant Income included in the Balance Sheet**

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. These are included in the balance sheet at the year-end as follows:

2013/14		2014/15
£000		£000
Short Term Liabilities:-		
Capital Grants & Contributions Receipts in Advance:-		
-	Primary Capital Programme	-
(181)	14-19 Diploma Funding	-
(846)	Devolved Formula Capital	(623)
(523)	Basic Need	-
(24)	School Travel Plans	(24)
-	Demographic Growth	(218)
-	Infant Free School Meals	(145)
	Highways – Altrincham Town Centre	(118)
(86)	Highways – Severe Weather Recovery Grant	(503)
(361)	S106 & S278 Contributions	(664)
(48)	Other Grants and Contributions	(59)
(2,069)	Total	(2,354)
2013/14		2014/15
£000		£000
Revenue Grants & Contributions Receipts in Advance (REFCUS):-		
(758)	BSF One School Pathfinder	(518)
(61)	Other Grants and Contributions	(55)
(819)	Total REFCUS	(573)
2,888	Total Capital Grants Receipts in Advance	2,926

2013/14 £000	2014/15 £000
Other Revenue Grants Receipts in Advance:-	
- NCB Independent Support Phase 1 & 2	(23)
- Pupil Premium Grant	(40)
- Winter Pressures Funding	(293)
- Families Coaching – Through the Gate	(35)
- Public Health Grant	(847)
- Magistrate Court Grant	(32)
- Sustainable Drainage Systems (DEFRA)	(24)
- DHP Grant	(23)
- New Burdens Transparency Grant 14/15 c/f	(11)
- Community Covenant Grant 14/15 c/f	(17)
- Community Development Grant 14/15 c/f	(33)
- Manchester Airport	(7)
- AGMA various	(53)
- AGMA Shared Services AGMA E-Recruitment	(17)
- ICD Grant	(130)
- Staff Awards	(4)
- LA Rebates	(5)
- IER Grant	(46)
- Council Tax Support Scheme	(185)
(149) Pothole Funding	-
(32) Bikeability Grant	-
(10) Road Safety Grant	-
(54) Arts Council Grant	(1)
(8) Section 31 Grant	-
(11) Welcome Trust Funding	(1)
(520) Stronger Families PBR Grants	-
(5) S106 Monitoring fee	-
(24) New Economy Grant	-
(65) Big Lottery Grant	(113)
(8) Youth Justice Board Grant	-
(886) Total Short Term Grants Receipts in Advance (Revenue)	(1,941)

2013/14 £000		2014/15 £000
	Long Term Liabilities	
	Capital Grants & Contributions Receipts in Advance:-	
(6,210)	Section 106 and S278 Contributions	(9,335)
(58)	Other Grants and Contributions	
(6,268)	Total Capital Grants	(9,335)
	Revenue Grants & Contributions Receipts in Advance (REFCUS):-	
(3,580)	S106 & S111 Contributions	(2,725)
(3,580)	Total REFCUS	(2,725)
0	Other Revenue Grants & Contributions Receipts in Advance (Long Term) : -	0
0	Total Other	0
(9,848)	Total Long Term Grants Receipts in Advance	12,060

The capital grants and contributions are used to assist in the financing of capital projects. They are carried forward until such time that they are required for specific schemes.

Included in the balance of Capital Grants & Contributions is £11.8m of contributions received from developers, as part of their obligation under Section 106 of the Town & Country Planning Act 1990. The amounts are received as a result of the granting of planning permission where works are required to be carried out or new facilities provided as a result of that permission. The contributions are restricted to being spent only in accordance with the agreement concluded with the developer. The major balances of Section 106 receipts held by the Council during the year were as follows:

	Balance at 1 April 2014 £000	Receivable in year £000	Contributions applied £000	Balance at 31 March 2015 £000
Open Space schemes	2,121	156	(395)	1,882
Education Schemes	171	104	(7)	268
Affordable Housing schemes	979			979
Highways/Transport schemes	6,519	2,414	(261)	8,672
Total	9,790	2,674	(663)	11,801

40 Related Parties

The Code requires the Council to disclose material transactions with related parties. These are organisations or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central Government has effective control over the general operations of the Council. Details of transactions with Government departments are set out in note 39, with outstanding government debtors and creditors included in notes 19 and 22.

Members of the Council have direct control over the Council's financial and operating policies. All Members' pecuniary interests and non-financial interests which could conflict with those of the Council are available for public inspection and on the Council's website. There were no material transactions with any bodies where a Member has a controlling interest in the organisation. Similarly there were no material transactions to disclose with respect to senior officers of the Council.

During the year a number of transactions were made to other local authorities. Payments to Tameside MBC in respect of pension contributions are disclosed in the notes to the accounts (notes 47 & 48) and precept payments are shown in the collection fund accounts.

The Council also has pooled budget arrangements with Trafford CCG in relation to Learning Disability Services. Transactions are detailed in Note 34.

A transport levy of £16.748m (£16.752m in 2013/14) was paid to the Greater Manchester Combined Authority (GMCA) and a waste levy of £14.511m (£14.623m gross levy less rebates of £(0.112)m) (£14.071m in 2013/14) to Greater Manchester Waste Disposal Authority.

There were no other material related party transactions with the Council. However, the following notes are provided for information purposes only.

The Council no longer provides services directly through its leisure centres. These leisure centres have been leased to Trafford Community Leisure Trust (TCLT) who provide relevant leisure services direct to the public. The Council makes payments to the Trust to help ensure the provision of some services at a discounted rate to particular population demographics of the community. For the year 2014/15 the Council paid £0.903m (£1.103m in 2013/14) to TCLT under a Partnership Delivery Plan agreement. Other than minor ICT maintenance support, CCTV monitoring and pest control contracts the Council has no other formal business contracts with the TCLT.

The Council has paid grants to voluntary organisations for 2014/15 as follows:

2014 £	Organisation	2015 £
2,210	Carrington Parish Council	1,957
5,294	Dunham Massey Parish Council	5,453
24,070	Partington Town Council	24,792
1,900	Warburton Parish Council	1,957
33,474	Total Grants	34,159

Voluntary Sector Grants are allocated through Participatory Budget events, whereby those applications which have been shortlisted present their project to residents and residents vote for their preferred project. Adopting this approach ensures no group is reliant on funding from the Council to remain financially viable. A total of £0.160m (£0.200m in 2013/14) of grants were awarded in 2014/15 to 69 projects (47 in 2013/14) at these events, of which payments totalling £0.160m (£0.244m in 2013/14) were made during the year.

The Council also makes payments to Citizens Advice Trafford for advice services, managed under a Service Level Agreement within Adult Social Services. The payment in 2014/15 was £0.180m (£0.180m in 2013/14). It also provides free accommodation to Citizens Advice Trafford.

Shareholdings

Manchester Airport Group plc.

Restated 31.03.14 £m	<i>Manchester Airport Consolidated Profit and Loss Account and Balance Sheet (Extract)</i>	31.03.15 * £m
80.8	Profit/(Loss) before Tax	90.3
108.9	Profit/(Loss) after Tax	68.6
1,588.1	Net Assets	1,554.6

Note: The Group have chosen to account under International Financial Reporting Standards from the financial year ended 31 March 2006 onwards.

* Draft unaudited figures.

Dividends of £(2.484)m were received in the year 2014/15 (£(2.323)m in 2013/14). Further information on these accounts can be obtained from the Head of Financial Accounting, Manchester Airport Group plc., 6th Floor Olympic House, Manchester Airport, Manchester M90 1QX (telephone no. 0161 489 2766).

MaST LIFT Co Ltd

The Council has a 2% shareholding of £200 (200 £1 equity shares) in MaST LIFT Co Ltd. This is a cross-sector partnership company, set up with the intent of improving primary health care facilities. Further information and details of the financial statements of MaST LIFT Co Ltd. can be obtained from: 4th Floor, Anchorage 1, Anchorage Quay, Salford Quays, Manchester M50 3YJ.

41. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that is financed from borrowing. The CFR is analysed in the second part of this note.

	2013/14 £000	2014/15 £000
Opening Capital Financing Requirement Capital Investment	147,595	143,242
Capital Investment:-		
Property, Plant and Equipment	26,516	18,846
Intangible Assets	(5)	722
Long Term Debtors	1,019	105
Revenue Expenditure Funded from Capital under Statute	5,969	6,806
Sources of finance		
Capital receipts	(4,214)	(6,031)
Government Grants and other Contributions	(26,509)	(20,199)
Sums set aside from revenue:		
Direct revenue contributions	(160)	(249)
MRP/loans fund principal	(6,863)	(4,774)
Other Adjustments (including Probation)	(106)	(229)
Closing Capital Financing Requirement	143,242	138,239
Explanations of movement in the year		
Increase in underlying need for borrowing (supported by government financial assistance)		
Increase in underlying need for borrowing	(4,353)	(5,003)
Assets acquired under finance leases		
Assets acquired under PFI/PPP contracts		
Increase/(decrease) in Capital Financing Requirement	(4,353)	(5,003)

This statement shows the amount of capital expenditure during the year and how it was financed.

Year ended 31 March	2013/14	2014/15
	£000	£000
Service:		
Children, Families and Wellbeing	21,002	16,196
Economic Growth, Environment & Infrastructure	12,318	9,540
Transformation and Resources	179	743
Total	33,499	26,479
The main items of capital expenditure during the year included:		
Schools - Primary Capital Programme (* in part)		9,649
Highways Structural Maintenance (incl. bridges & street lighting & S278 schemes)		4,037
Traffic & Transport Schemes (incl. Integrated Transport)		2,525
Schools – Capital Maintenance Programme (* in part)		1,951
Housing Grants (Disabled Facility, Owner Occupier & Housing Standards Grants) (*Refcus)		1,529
ICT Initiatives		1,043
Parks, Playgrounds and Greenspace Improvements		912
Town Centre Regeneration Initiatives		883
Old Trafford Extra Care – Housing Development (*)		675
Schools – Devolved Formula Capital (* in part)		632
Altrincham Historic Market Quarter Improvements		583
Infant Schools – Free School Meals : Kitchen Upgrades		561
Public Buildings – DDA Compliance, Repairs & Refurbishment		517
Schools – Other Capital Investment		396
Telecare System		381
Other general infrastructure investment (*in part)		205
Total		26,479
(*) REFCUS		

The type of capital expenditure in the year and how it was financed was as follows:

	£000		£000
Fixed Assets	19,568	Borrowing	0
Revenue Expenditure Funded from Capital under Statute (i)	6,806	Grants and Contributions	20,199
(**) Long Term Debtor	105	Revenue Contributions & Reserves	249
		Capital Receipts	6,031
Total Capital Expenditure on an accruals basis	26,479		26,479

Revenue Expenditure Funded from Capital under Statute (REFCUS)

This represents expenditure which is classified as revenue under the Code, but which is permitted to be funded from capital under statute, e.g. capital spending where there is no tangible asset, such as grants awarded for economic development purposes.

This expenditure, and any offsetting capital grants, is now charged directly to the appropriate service in the Comprehensive Income and Expenditure Statement, with the effect on council tax neutralised by an equivalent compensating entry in the MIRS and Capital Adjustment Account.

The deficit on the Comprehensive Income and Expenditure Statement includes revenue costs of £6.806m under this category, offset by £(5.354)m of Government grants applied. This amounts to a net cost of £3.603m, offset by a corresponding credit entry in the MIRS. These amounts are still treated as capital for control purposes and are hence included in the Capital Expenditure Statement above.

Provision for Debt Repayment

The Council is required to set aside a minimum revenue provision (MRP) for the redemption of external debt. The annual provision is primarily based on 4% of the opening Capital Financing Requirement. Services are charged depreciation for the use of capital assets that amount to more than the minimum requirement. Therefore an adjustment is made in the Movement in Reserves Statement to the Capital Adjustment Account.

42. Leases

a) Council as Lessee – Finance Leases

The Council does not have any finance lease arrangements.

Operating Leases

Vehicles, Plant, Furniture and Equipment - the Council uses vehicles financed under the terms of an operating lease. The amount charged under these arrangements in 2014/15 was £776,487 (£1,025,049 in 2013/14).

Land and Buildings - the Council leases numerous buildings which have been accounted for as operating leases. The rentals payable in 2014/15 were £200,463 (£269,335 in 2013/14).

The future minimum lease payments due under non-cancellable leases in future years are:

	31 March 2014 £000	31 March 2015 £000
Not later than one year	1,149	628
Later than one year and not later than five years	1,490	934
Later than five years	990	842
	3,629	2,404 *

* The reduction since March 2014 reflects the lower number of vehicles on lease and relates to the continued restructure of the Council's Groundforce and Streetscene Teams during 2014/15. Following a procurement exercise, these teams will be transferred to a contractor from 4th July 2015 and all related leases will either be terminated or transferred to the contractor at this date.

Council as Lessor – Finance Leases

The Council does not have any finance lease arrangements.

Operating Leases

The Council leases out property under operating leases for the following purposes:

- to assist organisations in the provision of services in support of the Council's policy objectives in respect of sports facilities, community centres, scout groups, and various third sector charitable and voluntary bodies.
- to generate rental income from assets held for investment.

The Council also has six lease agreements for commercial development schemes under which a "participation" rent is payable to the Council, determined annually by reference to the profitability of the investment asset. These rents are classed as contingent rents and are not included in the minimum lease payments receivable. In 2014/15 these rents were £0.496m (£0.659m in 2013/14). The Council also receives rent in respect of its joint ownership of Manchester International Airport of £0.431m (£0.427m in 2013/14).

Total rents receivable in 2014/15 were £2.418m (£2.591m in 2013/14).

The future minimum lease payments receivable under non-cancellable leases in future years are:

	31 March 2014	31 March 2015
	£000	£000
Not later than one year	1,484	1,453
Later than one year and not later than five years	4,509	4,310
Later than five years	84,228	83,259
	90,221	89,022

43. PFI and Similar Contracts

The Council occupies premises at Sale Waterside under a PFI arrangement. Annual rental payments are made to the private sector provider, Cofely GDF-Suez, and are partially offset by PFI grant from the Government.

The PFI grant received from DCLG is £0.658m per annum, over 25 years. This income is included within the accommodation charges in the Net Cost of Services.

Under such arrangements the responsibility for operating the facilities rests with the private sector partner. A number of surplus assets were transferred to the private sector partner at the commencement of the scheme in 2003, the value of which contributed to a reduction in the annual Unitary Service Payment to Cofely GDF-Suez.

Cofely GDF-Suez can sell its interest to another company who can then seek to negotiate a new contract, subject to agreement with the Council.

An analysis of the payments due under the contract is shown in the table below. As all the payments under PFI & similar contracts are linked in full or in part to the Retail Price Index, the figures below are estimates of the cash amounts that will be paid. Lifecycle replacement costs have been included in the Service charges element.

	Payment for services	Reimbursement of Capital Expenditure	Interest	Total
	£000	£000	£000	£000
Payable in 2015/16	716	196	398	1,310
Payable within two to five years	3,085	920	1,457	5,462
Payable within six to ten years	4,392	1,524	1,447	7,363
Payable within eleven to fifteen years	3,493	3,542	765	7,800
Total	11,686	6,182	4,067	21,935

Note – the amounts above are based on the PFI contractor's financial model. The actual amount paid can vary as a result of availability and performance deductions.

The estimated value of the remaining PFI payments is £22m. At the end of the initial period, the Council will have a number of courses of action available to it:

- walk away from the contract;
- take control of the facilities and purchase the building for a payment of £0.750m;
- negotiate with Cofely GDF-Suez for an extension to the contract.

The liability outstanding to pay any final sums to the contractor for capital expenditure is as follows:

	2013/14	2014/15
	£000	£000
Balance outstanding as at start of year	6,540	6,367
Payments during the year	(173)	(184)
Capital expenditure incurred in the year	0	
Balance outstanding at year-end	6,367	6,183
Split on Balance Sheet (see also note 22):		
Short term liability (creditor)	184	196
Long term liability – deferred	6,183	5,987

The fair value of the PFI liability is shown in note 16.

44. Impairment Losses

These are disclosed in note 12.

45. Capitalisation of Borrowing Costs

The Council has not capitalised any borrowing costs in the accounting periods reported.

46. Termination Benefits

The Council has terminated the contracts of a number of employees in 2014/15. These are included in the Comprehensive Income and Expenditure Statement as paid, or accrued where appropriate. Provision has been made for outstanding payments to employees where agreed but subject to final payment.

47. Pension Schemes Accounted for as Defined Contribution Schemes

Pension costs included in the Income & Expenditure Account

Teachers' Pensions Scheme

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE). It provides teachers with defined benefits upon their retirement, and the Council contributes towards the cost by making contributions based on a percentage of members' pensionable salaries.

The scheme is a multi-employer defined benefit scheme. Although the scheme is unfunded, the Department for Education use a notional fund as the basis for calculating the employers' contribution rate applied to all scheme employees. Valuations of the notional fund are undertaken every four years.

The scheme had approximately 6,000 participating employers including 174 local authorities. However, it is not possible to identify each authority's share of the underlying liabilities in the scheme attributable to its own employees. For the purpose of the Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2014/15 the Council paid £6.594m (£6.649m in 2013/14) in respect of teachers' retirement benefits. This was based on 14.1% of the teachers' pensionable pay (14.1% in 2013/14).

In addition, the Council is responsible for added years and premature enhancement benefits which it has awarded to teachers at its discretion, together with the related annual increases. In 2014/15, these amounted to £1.364m, representing 2.92% of pensionable pay (£1.375m or 2.92% previously). These benefits are fully accrued in the pension liability described below.

NHS Pension Scheme

A number of Public Health staff were transferred from the NHS to the Council on 1 April 2013 and have continued their membership of the NHS Pension Scheme, administered by NHS Pensions. The scheme provides these Public Health staff with defined benefits upon their retirement, and the Council now contributes towards the cost by making contributions based on a percentage of members' pensionable salaries.

In 2014/15 the Council paid £0.076m (£0.064m in 13/14) in respect of retirement benefits for these Public Health staff. This was based on 14.0% (14.0% in 13/14) of their pensionable pay.

The NHS Pension Scheme is a defined benefit scheme. Although the scheme is unfunded, NHS Pensions use a notional fund as the basis for calculating the employers' contribution rate paid by the local authority. However, it is not possible to identify each authority's share of the underlying liabilities in the scheme attributable to its own employees. For the purpose of the Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

48. Defined Benefit Pension Schemes

Other Employees

The majority of other employees of the Council participate in the Greater Manchester Pension Fund administered by Tameside Metropolitan Borough Council. The scheme provides its members with defined benefits relating to pay and service.

The actual contribution rates to maintain the solvency of the fund vary by employing authority, reflecting the differing profiles of members, and in Trafford's case are phased in over the three years the actuarial valuation relates to. The Council's employer's contribution rate was 18.9% in 2014/15 and will be 19.7% in 2015/16. In 2014/15, the Council paid an employer's contribution of £14.329m (£12.968m in 2013/14) into the Greater Manchester Pension Fund, representing 18.9% of pensionable pay (17.9% in 2013/14). The Council is also responsible for pension payments relating to the historic award of added years, together with related increases. In 2014/15 these amounted to £1.015m, which is 1.3% of pensionable pay (£1.002m or 1.4% in 2013/14).

Further information regarding the Pension Fund and its accounts can be obtained from the Pensions Office, Concord Suite, Manchester Road, Droylsden , M43 6SF (Helpline: 0161 301 7000). www.gmpf.org.uk

Transactions Relating to Retirement benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment / retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

Restated 2013/14 £000		2014/15 £000
Comprehensive Income and Expenditure Statement		
	Cost of Services:	
	<i>Service Cost comprising:</i>	
16,751	• current service cost	17,354
753	• past service costs	764
-	• (gain)/loss from settlements	-
	<i>Financing and Investment Income and Expenditure:</i>	
10,064	• net interest cost	8,925
27,568	Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	27,043
-	Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	-
	Re-measurement of the net defined benefit liability comprising:	
5,767	• Return on plan assets (excluding the amount included in the net interest cost)	(38,324)
967	• Actuarial gains and losses arising on changes in demographic assumptions	-
6,487	• Actuarial gains and losses arising on changes in financial assumptions	111,208
(41,298)	• Other	(5,300)
(509)	Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement	94,627
	Movement in Reserve Statement	
(12,102)	• reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(10,198)
	Actual amount charged against the General Fund Balance for pensions in the year:	
13,034	• employers' contributions payable to scheme	14,405
2,432	• retirement benefits payable to pensioners	2,440

Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the authority's obligation in respect of its defined benefit plans is as follows:

2013/14 £000		2014/15 £000
(733,269)	Present value of the defined benefit obligation	(869,861)
526,327	Fair value of plan assets	584,849
(206,942)	Net Liability arising from defined benefit obligation	(285,012)

Reconciliation of the Movements in the Fair Value of Scheme Assets

2013/14 £000		2014/15 £000
512,200	Opening fair value of scheme assets	526,327
22,965	Interest income	22,566
	Re-measurement gain/(loss):	
(5,767)	• The return on plan assets, excluding the amount included in the net interest expense	38,324
-	• Other	
12,845	Contributions from employer	14,138
4,610	Contributions from employees into the scheme	4,781
(20,526)	Benefits paid	(21,287)
526,327	Closing fair value of scheme assets	584,849

Reconciliation of the Present Value of the Scheme Liabilities (Defined Benefit Obligation)

2013/14 £000		2014/15 £000
734,900	Opening present value of scheme liabilities	733,269
16,751	Current service costs	17,354
33,029	Interest costs	31,491
4,610	Contributions from scheme participants	4,781
	Re-measurement (gains) and losses:	
967	• Actuarial gains/losses arising from changes in demographic assumptions	-
6,487	• Actuarial gains/losses arising from changes in financial assumptions	111,208
(41,298)	• Other	(5,300)
753	Past service cost	764
(22,930)	Benefits paid	(23,706)
733,269	Closing present value of scheme liabilities	869,861

Pension Scheme Assets comprised:

Asset category	Period ended 31 March 2015				Period ended 31 March 2014			
	Quoted prices in active markets £000	Quoted prices not in active markets £000	Total £000	Per-centage of total asset	Quoted prices in active markets £000	Quoted prices not in active markets £000	Total £000	Per-centage of total asset
Equity Securities:								
Consumer	58,792	-	58,792	10%	55,450	-	55,450	11%
Manufacturing	54,715	-	54,715	9%	50,869	-	50,869	10%
Energy & Utilities	48,926	-	48,926	8%	46,501	-	46,501	9%
Financial Institutions	69,289	-	69,289	12%	64,272	-	64,272	12%
Health & Care	27,637	-	27,637	5%	22,514	-	22,514	4%
Information	-	-	-	-	10,238	-	10,238	2%
Technology	11,772	-	11,772	2%	-	-	-	-
Other	7,356	-	7,356	1%	8,017	-	8,017	2%
Debt Securities:								
Corporate Bonds (investment grade)	34,463	-	34,463	6%	31,286	-	31,286	6%
Corporate Bonds (non-investment grade)	0.1	-	0.1	0%	-	-	-	0%
UK Government	5,442	-	5,442	1%	8,774	-	8,774	2%
Other	28,921	-	28,921	5%	18,245	-	18,245	3%
Private Equity:								
All	-	16,250	16,250	3%	-	12,995	12,995	2%
Real Estate:								
UK Property	-	16,192	16,192	3%	-	15,504	15,504	3%
Overseas Property	-	-	-	0%	-	-	-	0%
Investment Funds and Unit Trusts:								
Equities	107,986	-	107,986	18%	100,939	-	100,939	19%
Bonds	32,434	-	32,434	6%	27,846	-	27,846	5%
Hedge Funds	-	-	-	0%	-	-	-	0%
Commodities	-	-	-	0%	-	-	-	0%
Infrastructure	-	6,418	6,418	1%	-	3,718	3,718	1%
Other	7,574	28,905	36,479	6%	-	21,208	21,208	4%
Derivatives:								
Inflation	-	-	-	0%	-	-	-	0%
Interest Rate	-	-	-	0%	-	-	-	0%
Foreign Exchange	-	-	-	0%	-	-	-	0%
Other	6,526	-	6,526	1%	7,191	-	7,191	1%
Cash & Cash Equivalents:								
All	15,250	-	15,250	3%	20,760	-	20,760	4%
Totals	517,084	67,765	584,849	100%	472,902	53,425	526,327	100%

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.

Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been estimated by Hymans Robertson LLP, an independent firm of actuaries, estimates being based on the latest full valuation of the scheme as at 31 March 2015.

The significant assumptions used by the actuary have been:

2013/14	Mortality assumptions:	2014/15
21.4 years 24.0 years	Longevity at 65 for current pensioners: <ul style="list-style-type: none"> • men • women 	21.4 years 24.0 years
24.0 years 26.6 years	Longevity at 65 for future pensioners: <ul style="list-style-type: none"> • men • women 	24.0 years 26.6 years
2.8%	Rate of inflation	2.4%
3.9%	Rate of increase in salaries	3.6%
2.8%	Rate of increase in pensions	2.4%
4.3%	Rate for discounting scheme liabilities	3.2%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Change in assumptions at 31 March 2015:	Approximate % increase to Employer Liability	Approximate monetary amount £000
0.5% decrease in real discount rate	10%	88,002
1 year increase in member life expectancy	3%	26,096
0.5% increase in the salary increase rate	3%	26,614
0.5% increase in the pension increase rate	7%	59,712

Pensions - Summary

The overall Pension deficit at 31 March 2015 in the Balance Sheet is £284.2m. This is £(0.8)m lower than the actuarial report figures above as the actuary requires information to be provided in advance of the final year end position.

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 90.5% over the next 3 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed 31 March 2016.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the act, the Local Government Pension Scheme in England and Wales and other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits.

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The total liability of £285.012m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy:

- the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary; and;
- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The Council anticipates paying £14.788m contributions to the scheme in 2015/16. The weighted average duration of the defined benefit obligation for scheme members is 18.2 years.

49. Contingent Liabilities

(a) Municipal Mutual Insurance

In January 1994 the Council's former insurer, Municipal Mutual Insurance, made a scheme of agreement with its creditors. Under this scheme, claims are initially paid out in full, but if the eventual winding up of the company results in insufficient assets to meet all liabilities a clawback clause will be triggered which could affect claims already paid.

The scheme of arrangement was triggered during 2012/13 and a provision was made based on an initial levy of 15%, equating to £0.419m which was paid during 2013/14. An outstanding claims estimate of £0.009m has been included in the insurance provision as shown in note 23 (1). A contingent liability still exists if the proceeds from the initial levy are not sufficient to cover the cost of future claims. In the event that an additional levy becomes payable then this will be met from the insurance reserve.

(b) Manchester Airport

The Council has made loans to Manchester Airport plc. as disclosed in the long term debtors note. In 2009/10 these loans, which were previously secured, were restructured. The loans are no longer secured but to compensate the Council receives a higher rate of interest. A reserve is being built up to cover any potential losses on this agreement, up to the point at which all the loans have matured in 2055.

(c) Modesole Ltd

The Council's shares in Modesole were sold on 26 March 2010 to Destination Manchester Ltd. Under the Share Purchase Agreement the Council is entitled to additional payment if the shares are sold on at a profit before 29 July 2015. In addition, the Council is covenanted to pay a percentage of losses, should they occur, associated with the Midland Hotel purchase. This liability is capped at £1,016,716 and expires on 29 July 2015, unless notice of any claim has been given by that date.

(d) Trafford Housing Trust

A number of warranties were provided to the Trafford Housing Trust (THT) and related stakeholders as a consequence of the housing stock transfer agreement entered into on 14 March 2005.

A brief summary of the salient points of the major warranties follows – complete details are available from the Director of Legal and Democratic Services.

- i) Warranties of Truth; the Council has made a number of statements and assertions within the transfer agreement, such as land ownership, value of assets, and the right to exercise certain legal powers. The Council has indemnified THT against any liability should any of those statements prove to be untrue. This risk will also diminish, but over a much longer time frame.
- ii) Pension Fund Guarantor; The Council has underwritten any outstanding pension liability to the Pensions Authority for staff transferring under the TUPE regulations to THT, should THT be unable to meet those liabilities. To mitigate this risk THT has taken out a £3.5m bond, which can only be accessed with the permission of the Council. The liability and the level of bond will be actuarially assessed every five years.
- iii) Unadopted Drains; The Council has indemnified THT for maintenance and repair works relating to unadopted drainage systems. Should a liability arise it is likely to be of small amounts and will be paid out of the Council's revenue budget in the year of occurrence.
- iv) Street Lighting on unadopted roads; a joint survey will be undertaken to identify the condition of street lighting on unadopted roads. On completion of this the Council will pay to THT, as a capital lump sum, the estimated repair and maintenance costs of such street lighting for a 30 year period above a total of £85,000. Although no payment is anticipated to be made, any such sum will come from either capital or revenue sources in later years.
- v) Outstanding works; the Council retains liability for £187.7m worth of qualifying works to bring the housing stock to standard. However, the Council has engaged THT as their agent to undertake these works and has paid THT up front in that the cost of the transfer was reduced by that amount.
- vi) There are a number of Environmental warranties that the Council in aggregate has indemnified THT up to £90m and an unlimited indemnification to THT's funders, the Prudential Trustee Company Ltd. The risk of these warranties is partially off-set by VAT receipts from the works done by THT on the Council's behalf (see above) over ten years amounting to £19.3m and this concluded on 31 March 2015. The liabilities and risks of the warranties will be kept under constant review, and monies put aside from the VAT receipts as appropriate.
- vii) Asbestos; The Council has given THT a 30 year indemnification against any cost of works arising from asbestos above an excess in any one year of £308,500. This is a rolling excess in that should any excess in one year be unused, it will roll over into the next financial year.
- viii) Pollution and Contaminated Land; The Council has extended a 30 year indemnification for any pollution clear up on land transferred where the pollution occurred before the transfer date.

(e) Timperley Sports Club

The Council has a lease agreement with Timperley Sports Club for an artificial sports pitch which was previously the responsibility of the Council. Under the terms of the agreement the Council, as landlord, agreed to make an initial capital payment towards the improvement costs of the current pitch of £0.080m, £0.020m and £0.020m on 31 March 2006, 2007 and 2008 respectively. In acknowledgement of the Tenant's repair obligations in respect of the pitch, a further sum of £0.100m (index linked from the date of the agreement) is due to be paid on 31 March 2016 by the Council. An amount has already been set aside which is held in an Earmarked Reserve and further amounts will continue to be set aside annually up to 2016, to cover this liability.

In the event that the Club constructs a further replacement full size sports pitch with artificial turf or other artificial playing surface at any time during the demised term after 2016 and has given not less than 6 months notice to the Landlord of the proposed timetable for construction of such new pitch, the Landlord undertakes to pay to the Club (within 28 days after the construction of such pitch and all lighting and ancillary services and access has been practically completed to the reasonable satisfaction of an independent chartered surveyor) £250,000 indexed from the date hereof until the date of payment. The obligation to make the payment under this Clause shall not arise earlier than 1 April 2018.

(f) Kier (previously May Gurney)

The Council no longer operates vehicle fleet management directly having contracted during 2007/08 for the supply of vehicles and maintenance thereof with a private company. Existing Council staff were transferred under the TUPE regulations, and minor warranties in relation to those staff have been provided to the contractor, Kier (previously May Gurney). At the time of writing, a new arrangement is being put in place for fleet management between Trafford, Kier and Amey; these warranties will be reviewed as part of this agreement.

(g) Non-Guaranteed Overtime on Holiday Pay

In November 2014 an Employment Appeal Tribunal ruled that non-guaranteed overtime must be included when calculating holiday pay. Non-guaranteed overtime refers to overtime which employers are not obliged to offer but a worker has to work if it is offered. A Northwest Employers Group has been established to review the implications of the ruling, however at the time of writing, the scope of the potential claim cannot be determined with any certainty or if the ruling will be overturned at appeal.

(h) Section 106 Agreements

A number of agreements in accordance with Section 106 of the Town and Country Planning Act 1990 exist between the Council and developers associated with the planning conditions attached to new developments. In respect of contributions received to date, should the conditions in the agreement not be met by the Council then amounts would become repayable to developers. Should developments proceed and conditions within agreements be met then the estimated value of contributions the Council will receive is £30.6m.

(i) Significant Legal and Insurance Claims

- The Council is currently in negotiations with its insurers over recompense for losses in respect of a major insurance claim under its Fidelity Guarantee Policy. At this stage the final settlement figure is being negotiated.

(j) Altrincham Interchange

An element of the financing for this major infrastructure scheme is to come from developer contributions from developments in the vicinity of the Interchange. The Council has underwritten this funding such that if after a period of six years after commencement of the works the contributions are not available then the Council will provide the funding to Transport for Greater Manchester of up to £650,000.

(k) Greater Manchester Loan Fund

On 13 May 2013 the Council agreed to enter into an indemnity agreement to support the Greater Manchester Loan Fund which has been set up to provide loan finance for new and growing businesses in Greater Manchester. The indemnity was provided to Manchester City Council in case loans could not be repaid, alongside other Greater Manchester Authorities, to underwrite the initial £12-£14m capital. An assessment of advances has been made as at 31 March 2015 and the risk of the indemnity being called is low.

(l) S117 of the Mental Health Act 1983

A provision of £(0.118)m in respect of repayment due to clients incorrectly charged for services under s117 of the Mental Health Act 1983 was fully written back to the revenue account in 2013/14. However, there remains a possibility of claims being made which would, in future, be met from existing budgets and/or balances.

(m) Housing Investment Fund

The Greater Manchester Devolution Agreement provides for a Housing Investment Fund of £300m over a 10 year lifetime, to be invested in the form of recoverable loans and equity into property investments to deliver the growth ambitions of Greater Manchester (GM). The Fund was set-up on 1st April 2015 and will be administered by Manchester City Council as accountable body. In return for GM receiving this Fund it

must guarantee that 80% (£240m) of the Fund will be repaid to Her Majesty's Treasury (HMT) at the end of the Fund life. The Department of Communities and Local Government (DCLG) will underwrite the first £60m of the Fund. Each GM District will indemnify a proportion of the Fund based on its percentage of GM population. For Trafford Council the maximum indemnity will be £20.348m which is 8.48% of the total indemnity. The risk of default will be assessed regularly, but in any event is deemed low given that the first £60m will be underwritten by DCLG. Any liability for the Council will be met from a future Capital Programme

50. Contingent Assets

The Council has contingent assets in relation to Modesole Ltd. (note 49 (c)), Section 106 Agreements (note 49 (i)) and Insurance Claim (note 49(j)).

Ref	Title	Description	Value
49 (c)	Modesole Ltd	Profit from future sale of shares	Unknown
49 (j)	Section 106 Agreements	Developers meeting the agreement conditions.	Estimated value £30.6m
49 (l)	Insurance Claim	Major Fidelity Guarantee Policy Claim	Unknown

51. Nature and Extent of Risks Arising from Financial Instruments

Key Risks

The Council provides statutory services to the local population on a not-for-profit basis and as such the few financial instruments used are to manage the risks arising from holding substantial levels of assets and liabilities and not for trading or speculative purposes.

The Council's activities expose it to a variety of financial risks, the key risks are:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council;
- Re-financing risk – the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms;
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments;
- Market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements.

Overall Procedures for Managing Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework based on the Local Government Act 2003 and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and Investment Guidance issued through the Act. Overall these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- by the adoption of a Treasury Policy Statement and treasury management clauses within its Financial Procedure rules;
- by approving annually in advance prudential and treasury indicators for the following three years limiting:
 - The Council's overall borrowing;
 - Its maximum and minimum exposures to fixed and variable rates;

- Its maximum and minimum exposures to the maturity structure of its debt;
- Its maximum annual exposures to investments maturing beyond a year.
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance.

These are required to be reported and approved at or before the Council's annual Council Tax setting budget or before the start of the year to which they relate. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported semi-annually to Members.

The Council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed periodically

The annual treasury management strategy which incorporates the policies to be adopted covering both debt and investments together with the prudential indicators for 2014/15 was approved by Council on 19 February 2014 and is available on the Council website. A summary of the policies and key indicators together with the actual outcomes are shown in the tables below;

Approved policy	Activity undertaken
Debt	
No new long term debt to be taken in accordance with information obtained from the Council's advisors.	This was fully complied with in 2014/15.
Debt restructuring exercises to be undertaken which produce revenue savings.	No opportunities arose during 2014/15 presenting significant revenue savings to be obtained.
Investment	
All investments placed in the continuation of previous year's practice of Security, Liquidity & Yield.	This was fully complied with in 2014/15.
In compliance with CLG Investment Guidance the maximum amount of investments which could be placed in Non-specified investments was set at £50m.	This limit was not exceeded and at 31 March 2015 Non Specific Investments consisted of a £5m Investment maturing on 22 August 2016 with the Greater Manchester Waste Disposal Authority and £41.0m for Manchester International Airport shares which are not tradable in any market.

Prudential Indicators for 2014/15

Indicator	2014/15 Indicator set by Council	2014/15 Actual
<p style="text-align: center;">Authorised Borrowing Limit</p> <p>Maximum level of external debt & other long term liabilities (PFI & leases) undertaken by the authority including any temporary borrowing – this is statutory limit under section 3(1) of the Local Government Act 2003.</p>	£127m	£101m
<p style="text-align: center;">Operational Boundary</p> <p>Calculated on a similar basis as the Authorised limit & represents the expected level of external debt & other long term liabilities (PFI & leases) excluding any temporary borrowing - it is not a limit.</p>	£107m	£101m
<p style="text-align: center;">Upper limits on fixed interest rates</p> <p>Maximum limit of fixed interest rate exposure – debt less investment</p>	£3.2m	£2.8m
<p style="text-align: center;">Upper limits on variable interest rates</p> <p>Maximum limit of fixed interest rate exposure – debt less investment</p>	£3.1m	£2.8m
<p style="text-align: center;">Gross debt and Capital Financing Requirement</p> <p>This highlights all gross external borrowing is prudent for capital purposes and does not exceed the capital financing requirement. Figures reflect amount of capital financing requirement which exceeds gross external borrowing.</p>	£33m	£37m
<p style="text-align: center;">Maturity structure of fixed rate borrowing</p> <p>These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing – these are required for upper as shown and lower limits which were set at 0%.</p>		
Under 1 year (this includes the next call date for Market loans)	70%	55.6%
1 year to 2 years	25%	3.9%
2 years to 5 years	25%	14.2%
5 years to 10 years	25%	14.6%
10 years to 20 years	25%	0.4%
20 years to 30 years	25%	6.1%
30 years to 40 years	25%	0.0%
40 years and above	25%	5.3%
<p style="text-align: center;">Maximum principal funds invested exceeding 364 days (including Manchester Airport shares with a value of £41.0)</p> <p>These limits are set to reduce the need for early sale of an investment</p>	£50m	£46m

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised through the Annual Investment Strategy which is incorporated within the annual treasury management strategy and this stipulates that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors Credit Ratings Services.

The Council uses the creditworthiness service provided by Capita Treasury Services Limited which uses a sophisticated approach incorporating;

- Credit ratings from all three rating agencies,

- Credit watches and credit outlooks from credit rating agencies,
- Credit Default Swaps spreads to give an early warning of likely changes in credit ratings,
- Sovereign ratings to select counterparties from only the creditworthy countries.

The Annual Investment Strategy also imposes maximum amount and time limits with a financial institution located within each category. The credit criteria in respect of financial assets held by the Council are detailed below;

Financial Asset Category	Minimum credit rating (Fitch or equivalent)	Maximum investment	Maximum period
Banks & Building Societies	Short Term: F1 Long Term: AA	£20m	3 Years
	Financial Strength: C Support: 3		
Banks & Building Societies	Short Term: F1 Long Term: A-	£5m	1 Year
	Financial Strength: C Support: 3		
Money Market Funds	AAA	£20m	3 Years
UK Government including Local Authorities & Debt Management Office	N/A	£20m	3 Years
UK Banks – part nationalised	N/A	£20m	1 Year
The Council's own bank if the bank falls below the above criteria for transactional purposes only	N/A	n/a	1 Day

The following analysis summarises the Council's maximum exposure to credit risk on other financial assets, based on experience of default, adjusted to reflect current market conditions.

Deposits with banks and financial institutions	Amount at 31 March 2015	Historical experience of default*	Estimated maximum exposure to default
	£000	%	£000
AAA rated counterparties	34,960	0.00	0
AA rated counterparties	12,000	0.02	2
A rated counterparties	30,900	0.09	28
Trade debtors **	3,609		500
Total	81,469		530

* The historical default rate has been calculated by using the average 1 year default rates from all three main rating agencies at March 2014

** The estimated maximum exposure to default for trade debtors of £0.5m is based on the gross debt raised rather than debt outstanding at one particular date. There is no adjustment to be made for market conditions from the balance sheet date of 31 March 2015

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of £30k cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of non-recoverability applies to all of the Council's deposits, but there was no evidence at the 31 March 2015 that this was likely to crystallise.

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to its investments.

All the Council's deposits are made through the London Money markets and the allocation of investments between institutions domiciled in foreign countries were as follows:

Country	31 March 2014	%	31 March 2015	%
	£000		£000	
Singapore	2,300	5	0	0
Sweden	6,750	13	3,000	4
UK	41,890	82	71,590	92
United Arab Emirates	0	0	3,000	4
Total	50,940	100	77,590	100

The Council does not generally allow credit for its trade debtors, such that £3.6m of the £81.5m balance is past its due date for payment. The past due amount can be analysed by age as follows:

	31 March 2014	31 March 2015
	£000s	£000s
Less than one year	3,900	3,242
More than one year	512	367
Total	4,412	3,609

Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when it is needed.

The Council has ready access to borrowings from the Money Markets to cover any day to day cash flow need, and for longer term funds these can be accessed from both the PWLB and Money Markets. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Refinancing & Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved prudential indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk.

The Council's approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and

- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of financial assets based on original principal lent is as follows, and excludes the Manchester airport loan, Section 106 debtors and sums due from customers;

Period	31 March 2014 £000	31 March 2015 £000
Instant access	24,040	37,690
Up to 3 Months	3,500	4,000
3 to 6 Months	2,300	9,500
6 to 9 Months	2,200	0
9 to 12 Months	13,900	21,400
Over 1 Year	5,000	5,000
Total	50,940	77,590

The maturity analysis of financial liabilities based on the carrying amount – all trade and other payables due to be paid in less than one year are not shown in the table below:

Period	31 March 2014 £000	31 March 2015 £000
Under 1 Year	3,465	2,909
1 year to 2 years	1,988	3,982
2 years to 5 years	9,752	9,272
5 years to 10 years	18,644	15,527
10 years to 20 years	10,452	10,136
20 years to 30 years	31,877	31,837
30 years to 40 years	490	511
40 years and above	30,397	30,343
Total	107,065	104,517

Market Risk

Interest rate risk - The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- borrowings at fixed rates – the fair value of the borrowing liability will fall;
- investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- investments at fixed rates – the fair value of the assets will fall.

Maturity risk - Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the surplus or deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the surplus or deficit on the Provision of Services or Other Comprehensive Income and Expenditure and affect the General Fund Balance, subject to influences from Government grants. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer-term fixed rates borrowing would be postponed.

If all interest rates had been 1% higher as at 31 March 2015 with all other variables held constant, the financial effect would be calculated as follows:

	<u>£000</u>
Increase in interest receivable on variable rate investments	(377)
Decrease in fair value of fixed rate borrowings liabilities (no impact on Comprehensive Income & Expenditure Statement)	18,092

The Council's loans are all held at fixed rates of interest and consequently a movement in interest rates of +/-1% would have no impact on its financial resources.

Price risk - The Council, excluding the pension fund, does not invest in equity shares but does have shareholdings to the value of £41.0m in Manchester Airport Group. Whilst these holdings are generally illiquid, the Council is exposed to losses arising from movements in the price of shares.

All movements in the share values will impact on gains and losses recognised in the Available for Share reserve. A general shift of 5% in the price of shares (positive or negative) would have resulted in a £2.05m gain or loss being recognized in the Available for Sale Reserve.

Foreign exchange risk - The Council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

52. Trust Funds

The Council administers a number of Trust Funds. The values of these funds, which are not included in the Balance Sheet, were £0.444m at 31 March 2015 and are listed below.

Value of Fund £ 31.03.14		Value of Fund £ 31.03.15
1,935	J Birkhead Trust Fund	1,939
390,590	Del Panno Trust	391,855
14,561	Miss Muckley Dec'd Legacy	10,321
39,409	Clifford Wilcox	39,549
446,495	Sub-total	443,664
0	Monies held in Criminal Injuries Compensation Scheme Trust	0
446,495	Total monies held in Trusts	443,664

53 Effect of Prior Period Adjustments

Prior period adjustments have been made to the Council's 2013/14 published financial statements relating to:-

- (i) The profit/(loss) relating to the adjustment in respect of academy schools has been included as a financing and investment income and expenditure item rather than other operating expenditure;
- (ii) The inclusion of foundation schools on the balance sheet;
- (iii) Minor change between long and short term debtors relating to council mortgages;
- (iv) Minor adjustment relating to a number of capital grants receipts in advance misclassified as revenue receipts in advance.

Extract for restated items only comprehensive income and expenditure statement

2013/14	Gross Expenditure 31 March 2014 £000	Gross Income 31 March 2014 £000	Net Expenditure 31 March 2014 £000
Other operating expenditure	34,933	0	34,933
Restatement (i)	(4,515)	0	(4,515)
Restated Other operating expenditure	30,418	0	30,418
Financing and investment income and expenditure	40,120	(30,462)	9,658
Restatement (i)	4,515	0	4,515
Restated Financing and investment income and expenditure	44,635	(30,462)	14,173

balance sheet

	1 April 2013 £000	Restate- ments £000	Restated 1 April 2013 £000	31 March 2014 £000	Restate- ments £000	Restated 31 March 2014 £000
Property, Plant & Equipment	410,638	27,176 (ii)	437,814	409,337	27,176 (ii)	436,513
Heritage Assets	1,011		1,011	1,025		1,025
Investment Property	28,707		28,707	28,341		28,341
Intangible Assets	2,398		2,398	2,067		2,067
Assets Held for Sale	0		0	0		0
Long Term Investments	29,300		29,300	41,700		41,700
Long Term Debtors	13,903		13,903	14,706	27 (iii)	14,733
Long Term Assets	485,957	27,176	513,133	497,176	27,203	524,379
Short Term Investments	32,513		32,513	21,918		21,918
Assets Held for Sale	990		990	3,242		3,242
Inventories	370		370	398		398
Short Term Debtors	24,318		24,318	34,277	(27) (iii)	34,250
Cash and Cash Equivalents	28,351		28,351	34,017		34,017
Current Assets	86,542		86,542	93,852	(27)	93,825
Short Term Borrowing	(4,110)		(4,110)	(3,260)		(3,260)
Short Term Creditors	(37,222)		(37,222)	(41,677)		(41,677)
Short Term Provisions	(5,425)		(5,425)	(17,861)		(17,861)
Grants Receipts in Advance (Revenue)	(1,921)	711 (iv)	(1,210)	(1,705)	819 (iv)	(886)
Grants Receipts in Advance (Capital)	(3,186)	(711) (iv)	(3,897)	(2,069)	(819) (iv)	(2,888)
Current Liabilities	(51,864)	0	(51,864)	(66,572)	0	(66,572)
Long Term Creditors	(36)		(36)	(36)		(36)
Provisions	(2,544)		(2,544)	(7,316)		(7,316)
Long Term Borrowing	(99,330)		(99,330)	(97,439)		(97,439)
Revenue Grants & Contributions – Long-Term Receipts in Advance (REFCUS)	(2,754)		(2,754)	(3,580)		(3,580)
Grants Receipts in Advance (Capital)	(7,095)		(7,095)	(6,268)		(6,268)
Other Long Term Liabilities – Pensions	(222,381)		(222,381)	(206,405)		(206,405)
Other long-term liabilities – Deferred	(10,214)		(10,214)	(10,280)		(10,280)
Long Term Liabilities	(344,354)	0	(344,354)	(331,324)	0	(331,324)
Net Assets	176,281	27,176	203,457	193,132	27,176	220,308

balance sheet (continued)

	1 April 2013 £000	Restate- ments £000	Restated 1 April 2013 £000	31 March 2014 £000	Restate- ments £000	Restated 31 March 2014 £000
General Fund Balance	(10,644)		(10,644)	(10,980)		(10,980)
Earmarked General Fund Reserves	(32,580)		(32,580)	(45,782)		(45,782)
Capital Receipts Reserve	(10,011)		(10,011)	(7,526)		(7,526)
Revenue Grants Unapplied (REFCUS)	(271)		(271)	(9)		(9)
Capital Grants Unapplied	(24,916)		(24,916)	(16,999)		(16,999)
Usable Reserves	(78,422)	0	(78,422)	(81,296)		(81,296)
Revaluation Reserve	(18,119)		(18,119)	(18,170)		(18,170)
Available For Sale Financial Instruments Reserve	(19,086)		(19,086)	(26,486)		(26,486)
Capital Adjustment Account	(292,597)	(27,176) (ii)	(319,773)	(298,079)	(27,176) (ii)	(325,255)
Financial Instruments Adjustment Account	6,180		6,180	5,934		5,934
Pensions Reserve	222,381		222,381	206,405		206,405
Collection Fund Adjustment Account	(5)		(5)	15,003		15,003
Equal Pay Adjustment Account	0		0	0		0
Accumulated Absences Account	3,387		3,387	3,557		3,557
Unusable Reserves	(97,859)	(27,176)	(125,035)	(111,836)	(27,176)	(139,012)
Total Reserves	(176,281)	(27,176)	(203,457)	(193,132)	(27,176)	(220,308)

Extract for restated items only

Movement in reserves statement

	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Revenue Grants Unapplied £000	Capital Grants unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
Movement in reserves during 2013/14								
Balance as at 31st March 2013	(10,643)	(32,579)	(10,012)	(271)	(24,917)	(78,422)	(97,859)	(176,281)
Restatement to opening balance (ii)							(27,176)	(27,176)
Balance as at 1st April 2013	(10,643)	(32,579)	(10,012)	(271)	(24,917)	(78,422)	(125,035)	(203,457)
Balance as at 31 March 2014	(10,980)	(45,781)	(7,527)	(8)	(17,000)	(81,296)	(111,835)	(193,131)
Restatement (ii)							(27,176)	(27,176)
Restated Balance as at 31 March 2014	(10,980)	(45,781)	(7,527)	(8)	(17,000)	(81,296)	(139,011)	(220,307)

collection fund

About this account

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and National Non-Domestic Rates (NNDR) and its distribution to local authorities and the Government.

2013/14			2014/15				
Business Rates	Council Tax	Total £000	Year ended 31 March	Notes	Business Rates	Council Tax	Total £000
INCOME							
-	(94,921)	(94,921)	Income from Council Tax Payers	2	-	(96,260)	(96,260)
(159,886)	-	(159,886)	Income from Non-Domestic Rate Payers	3	(159,161)	-	(159,161)
-	-	-	- Transitional Protection Payments Receivable		-	-	-
-	-	-	- Contributions towards previous years' estimated Collection Fund Deficit		(16,041)	-	(16,041)
(159,886)	(94,921)	(254,807)	TOTAL INCOME		(175,202)	(96,260)	(271,462)
EXPENDITURE							
Council Tax Precept Demands :							
	78,518	78,518	- Trafford Council			79,568	79,568
	10,601	10,601	- Police and Crime Commissioner for GM			10,956	10,956
	4,092	4,092	- GM Fire & Rescue Authority			4,147	4,147
Non-domestic Rates :							
75,817	-	75,817	- Payment to Central Government		77,294	-	77,294
1,516	-	1,516	- GM Fire & rescue Authority		1,546	-	1,546
74,301	-	74,301	- Trafford Council		75,748	-	75,748
Charges to Collection Fund:							
1,824	373	2,197	- Write offs of uncollectable amounts		1,554	424	1,978
148	886	1,034	- (Increase)/Decrease in Bad Debt Provision		3,887	494	4,381
36,823	-	36,823	- (Increase)/Decrease in Provision for Appeals		(8,249)	-	(8,249)
452	-	452	- Costs of Collection		457	-	457
73	-	73	- Disregarded Amounts		75	-	75
485	-	485	Transitional Protection Payments Payable		3,470	-	3,470
Contributions :							
-	-	-	- Distribution of previous years' estimated Collection Fund Surplus	4	-	356	356
191,439	94,470	285,909	TOTAL EXPENDITURE		155,782	95,945	251,727
31,553	(451)	31,102	(Surplus) / Deficit for year		(19,420)	(315)	(19,735)
31,553	(451)	31,102	Balance brought forward as 1 April		31,553	(457)	31,096
31,553	(451)	31,102	Deficit/(Surplus) for the Year (as above)		(19,420)	(315)	(19,735)
31,553	(457)	31,096	(Surplus) / Deficit as at 31 March	5	12,133	(772)	11,361
Allocated to:							
15,461	(384)	15,077	- Trafford		5,945	(649)	5,296
-	(53)	(53)	- Police and Crime Commissioner for GM		0	(89)	(89)
316	(20)	296	- GM Fire & Rescue Authority		121	(34)	87
15,776	-	15,776	- Central Government		6,067	0	6,067
31,553	(457)	31,096			12,133	(772)	11,361

notes to the collection fund

1. General

The Council has a statutory requirement to operate a Collection Fund as a separate account to the General Fund. The purpose of the Collection Fund therefore, is to isolate the income and expenditure relating to Council Tax and National Non-Domestic Business Rates. The administrative costs associated with the collection process are charged to the General Fund.

Collection Fund surpluses declared by the billing authority in relation to Council Tax are apportioned to the relevant precepting bodies in the subsequent financial year. Deficits likewise are proportionately charged to the relevant precepting bodies in the following year. For Trafford, the Council Tax precepting bodies are the Police and Crime Commissioner for Greater Manchester (PCCGM) and the Greater Manchester Fire and Rescue Authority (GMFRA).

In 2013/14, the local government finance regime was revised with the introduction of the retained business rates scheme. The main aim of the scheme is to give Councils a greater incentive to grow businesses in the Borough. It does, however, also increase the financial risk due to non-collection and the volatility of the NNDR tax base.

The scheme allows the Council to retain a proportion of the total NNDR received. The Trafford share is 49% with the remainder paid to precepting bodies. For Trafford the NNDR precepting bodies are Central Government (50% share) and GMFRA (1% share).

NNDR surpluses declared by the billing authority in relation to the Collection Fund are apportioned to the relevant precepting bodies in the subsequent financial year in their respective proportions. Deficits likewise are proportionately charged to the relevant precepting bodies in the following year.

The national code of practice followed by Local Authorities in England stipulates that a Collection Fund Income and Expenditure account is included in the Council's accounts. The Collection Fund balance sheet meanwhile is incorporated into the Council's consolidated balance sheet.

2. Council Tax

This tax was introduced on 1 April 1993 with all domestic properties placed in one of eight valuation bands. The Government has determined that the Council Tax payable in each band will be a specified fraction of the middle valuation band, known as band D.

Each year, the Council must estimate the equivalent number of band D properties, after allowing for discounts, exemptions, losses on collection etc. For 2014/15, the calculation was as follows:

	Total No. Dwellings (i)	Specified Fraction	Band 'D' Equivalent
Band A (disb)	16	X5/9	9
Band A	15,092	x6/9	10,062
Band B	18,416	x7/9	14,323
Band C	23,985	x8/9	21,320
Band D	13,337	x9/9	13,337
Band E	7,098	x11/9	8,675
Band F	4,131	x13/9	5,967
Band G	3,897	x15/9	6,495
Band H	901	x18/9	1,802
	86,873		81,990
Less allowance for losses on collection			(672)
Adjustment for Annexes estimate			(9)
Less cost of Council Tax Support Scheme			(9,369)

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The actual number of properties was 97,079, after adjusting for single person discounts, empty properties etc., the notional number of dwellings is 86,873.

The Band D Council Tax levied for the year was £1,315.17 (£1,312.20 in 2013/14).

3. Non-Domestic Rates

The business rates shares payable for 2014/15 were estimated before the start of the financial year as £77.294m to Central Government, £1.546m to GMFRA and £75.748m to Trafford Council. These sums have been paid in 2014/15 and charged to the collection fund in year.

When the scheme was introduced, Central Government set a baseline level for each authority identifying the expected level of retained business rates and a top up or tariff amount to ensure that all authorities receive their baseline amount. Tariffs due from authorities payable to Central Government are used to finance the top ups to those authorities who do not achieve their targeted baseline funding. In this respect Trafford paid a tariff from the General Fund in 2014/15 to the value of £43.314m (see note 11 and 39).

The total income from business rate payers collected in 2014/15 was £175.202m (£159.886m in 2013/14). This sum includes £3.326m of transitional protection payments from ratepayers, which under Government regulation should have a neutral impact on the business rate retention scheme. This sum has to be repaid to Central Government and therefore increases payments to Central Government to £80.620m.

In addition to the top up and tariff payment, a 'safety net' figure is calculated at 92.5% of baseline amount which ensures that authorities are protected to this level of Business Rates income. For Trafford the value of safety net figure is £30.002m. The comparison of business rate income to the safety net, uses the total income collected from business rate payers and adjusts for losses in collection, losses on appeal, transitional protection payments, the cost of collection and the revision to Small Business Rate Relief (announced in the Autumn Statement 2013) not allowed for when the safety net was set.

Authorities are expected to finance appeals made in respect of rateable values as defined by VOA as at 31 March 2015. As such, authorities are required to make a provision for these amounts. Appeals are charged and provided for in proportion of the precepting shares. The total provision charged to the collection fund for 2014/15 has been calculated at £28.573m (£36.823m in 2013/14). The movement on the provision is as follows:-

Value of Provision £ 31.03.14		Value of Provision £ 31.03.15
	- Balance at 1 April	36,823
	Amount of appeals paid during the year	(9,948)
36,823	In year contributions to the provision	1,698
	Net Increase/(Decrease)	
36,823	Balance at 31 March	28,573

The total non-domestic rateable value at 31 March 2015 is £380.0m (£383.1m 2013/14), and the national multipliers applicable for 2014/15 were 47.1p for qualifying Small Businesses, and the standard multiplier being 48.2p for all other businesses (46.2p and 47.1p respectively in 2013/14).

Estimated Surplus and Deficits

Regulations require the Council to make estimates in January each year of the surplus or deficit likely to arise at the year end, and to transfer these amounts into or out of the collection fund in the following financial year.

Council Tax Estimated Surplus/Deficit

In January 2014 it was estimated that the council tax element of the collection fund would have a surplus of £(0.356)m (£Nil in January 2013) . This was distributed to the relevant precepting bodies as shown below, with Trafford's element utilised to support General Fund expenditure during the year.

2013/14 £000	Distribution of Council Tax (Surplus) on Collection Fund	2014/15 £000
0	Trafford	(300)
0	Police and Crime Commissioner for GM	(40)
0	Greater Manchester Fire & Rescue Authority	(16)
	0 Estimated Collection Fund (Surplus)/Deficit	(356)

NDR Estimated Surplus/Deficit

In January 2014 it was estimated that the NDR element of the collection fund would have a deficit of £(16.041)m (£Nil in January 2013) . This was collected from the relevant precepting bodies as shown below.

2013/14 £000	Collection of NDR Deficit on Collection Fund	2014/15 £000
0	Trafford	7,860
0	Central Government	8,021
0	Greater Manchester Fire & Rescue Authority	160
	0 Estimated Collection Fund (Surplus)/Deficit	16,041

4. Year End Surplus/Deficit 2014/15

Council Tax

The opening balance for the Collection Fund for 2014/15 regarding Council Tax was £(0.457)m surplus. The £(0.772)m surplus which had accrued at the year-end in respect of Council Tax transactions will be distributed in subsequent years to the Council's General Fund, the Police and Crime Commissioner for GM and the GM Fire and Rescue Authority.

2013/14 £000	Allocation of year-end (Surplus)/Deficit on Collection Fund	2014/15 £000
(384)	Trafford	(649)
(53)	Police and Crime Commissioner for GM	(89)
(20)	Greater Manchester Fire & Rescue Authority	(34)
	(457) Estimated Collection Fund (Surplus)/Deficit	(772)

In the Balance Sheet at 31 March 2015, the Council has included the £(0.772)m surplus on a disaggregated basis as a Creditor to the Police and Crime Commissioner for GM and the GM Fire & Rescue Authority to the value of £(0.123)m, and a £(0.649)m attributable surplus on the Council Tax Collection Fund balance alongside the General Fund.

National Non Domestic Rates

The opening balance for the Collection Fund for 2014/15 regarding NNDR was £31.553m. and is collected in subsequent years from the Council's General Fund, the GM Fire and Rescue Authority and Central Government.

2013/14	Allocation of year-end (Surplus)/Deficit on Collection Fund	2014/15
£000		£000
15,461	Trafford	5,945
316	Greater Manchester Fire & Rescue Authority	121
15,776	Central Government	6,067
31,553	Estimated Collection Fund (Surplus)/Deficit	12,133

In the Balance Sheet at 31 March 2015, the Council has included the £12.133m deficit on a disaggregated basis as a debtor from the GM Fire & Rescue Authority and Central Government to the value of £6.188m, and a £5.945m attributable deficit on the NNDR Collection Fund balance alongside the General Fund.

glossary

Actuarial Gains and Losses

Over a reporting period, these consist of:

- (A) Experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred, including reflection of any funding valuation which has taken place since the last report); and
- (B) the effects of changes in actuarial assumptions (split between financial and demographic).

Capital Financing Charges

The annual charge to the revenue accounts in respect of interest and principal repayments of borrowed money together with leasing rentals.

Capital Financing Requirement

This reflects the Council's underlying need to borrow for a capital purpose. It forms a basis for calculating the minimum revenue provision (MRP), which is the amount required to be set aside as provision to repay debt.

Capital Grants

Grants received towards capital outlay on a particular service or project.

Capital Receipts

Money received from the sale of surplus assets such as land or buildings that is used for new capital expenditure or to repay debt.

Capital Receipts Pooling

New regulations came into force on 1 April 2004 which required authorities to pay over to the Government a proportion of the proceeds from the disposal of housing assets.

Carrying Amount

This equates to the level of principal outstanding on loans and investments together with any accrued interest.

CIPFA/LASAAC

The Chartered Institute of Public Finance and Accountancy/Local Authority (Scotland) Accounts Advisory Committee is the body responsible for preparing, maintaining, developing and issuing the Code of Practice on Local Authority Accounting for the United Kingdom.

Collection Fund

The Collection Fund records transactions in respect of the council tax, community charge, non-domestic rates and revenue support grant receipts and illustrates the way in which these have been distributed.

Community Assets

Non-current assets that an authority intends to hold in perpetuity and have no determinable useful life.

Coupon Rate

The interest rate stated, expressed as a percentage of the principal (face value).

Creditors

Amounts owed by the Council for work done, goods received or services rendered but for which payment has not been made at the date of the balance sheet.

Current Service Cost (Pensions)

The increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Curtailment

For a defined benefit scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments include: termination of employees' service earlier than expected, for example as a result of closing a factory or discontinuing a segment of a business, and termination of, or amendment to the terms of, a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

DCLG (Department for Communities & Local Government)

This is the Government department which has the main responsibility for Local Government.

DfE (Department for Education)

This is the Government department responsible primarily for schools. It administers the majority of funding for schools including Dedicated Schools Grant, the major form of financial support.

Debtors

Sums of money due to the Council but which are unpaid at the date of the balance sheet

Deferred Debtors/Deferred Capital Receipts

Corresponding entries relating to sums due at some time in the future, for example from the sale of council houses purchased with the help of mortgages granted by the Council.

Defined Benefit Scheme

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

Defined Contribution Scheme

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Depreciation/Amortisation

An amount charged to revenue accounts to represent the wearing out of non-current assets.

Direct Service Organisation (DSO)

The in-house team which has won a contract to carry out work, or provide a service following a competitive tendering process.

Discretionary Benefits

Retirement benefits which the employer has no legal, contractual or constructive obligation to award and which are awarded under the authority's discretionary powers.

Effective Interest Rate

The rate at which debt charges are applied to the comprehensive income and expenditure statement.

Financial Instruments

The term covers both financial assets and liabilities. The borrowing, service

concession arrangements (PFI & finance leases) and investment transactions are classified as financial instruments.

General Fund

The main revenue account of the Council into which the Council's precept from the Collection Fund and specific Government grants are paid and from which is met the cost of providing services.

Heritage Assets

Heritage assets are assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical value.

Impairment

A reduction in the recoverable amount of a non-current asset. An impairment charge can be caused by a clear consumption of economic benefits or by a general fall in prices.

Income

Amounts which an authority receives, or expects to receive, from any source. Income includes fees, charges, sales and Government grants. The term "income" implies that the figures concerned relate to amounts due in a financial year irrespective of whether or not money was actually received during that year (i.e. on an accruals basis).

Indemnified

To protect against damage, loss or injury; insure.

Infrastructure Assets

Those non-current assets from which benefit can be obtained only by continued use of the asset created e.g. highways, footpaths and bridges.

Interest Costs (Pensions)

For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

Investments (Pension Fund)

The investments of the Pension Fund will be accounted for in the statements of that fund. However authorities (other than town parish and community councils and district councils in Northern Ireland) are also required to disclose, as part of the transitional disclosures relating to benefits,

the attributable share of pension scheme assets associated with their underlying obligations.

Large Scale Voluntary Transfer (LSVT)

This is the name given to the process of transferring the Council housing stock out of Council ownership into another not for profit social housing organisation, such as a housing association.

NNDR

National non-domestic rates, payable by businesses.

NNDR Pool

A fund administered by the DCLG into which are paid business rates collected by local authorities. The DCLG pay out of the fund a per capita amount to all local authorities.

Pay and Reward Improving Services (PARIS)

Comprehensive pay and grading review to ensure a fair and equal pay structure across the Council.

Past Service Cost

The change in present value of the defined benefit obligation for employee service in prior periods resulting from a plan amendment (the defined benefit plan) or a curtailment (a significant reduction by the entity in the number of employees covered by the plan).

Precept

The amount levied by one authority which is collected on its behalf by another.

Present value of defined benefit obligation

The present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

Private Finance Initiative

An agreement with the private sector to design, build and operate facilities specified by an authority in return for an annual payment.

Projected Unit Method

An accrued benefits valuation method in which the scheme liabilities make allowances for projected earnings. An accrued benefits valuation method is a

valuation method in which the scheme liabilities at the valuation date relate to: the benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases, and the accrued benefits for members in service on the valuation date.

Provisions

Sums set aside for losses or liabilities which are certain to arise but cannot be quantified with certainty.

Reserves

Amounts set aside to meet future costs.

Retirement Benefits

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either (i) an employer's decision to terminate an employee's employment before the normal retirement date, or (ii) an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

Revenue Expenditure Funded from Capital under Statute (REFCUS)

Capital expenditure which does not produce a tangible asset (e.g. improvement grants or other expenditure on assets the authority does not own). These are charged directly to revenue in the year expenditure is incurred but are treated as capital for control purposes.

Revenue Support Grant (RSG)

A grant paid by Central Government to aid local authority expenditure generally.

Revenue Contributions

Refers to the financing of capital expenditure directly from revenue in one year rather than from loan or other sources.

Revenue Expenditure

Recurring expenditure on day to day expenses such as employees, running expenses of buildings, equipment and capital financing costs.

Scheme Liabilities

The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflects the benefits that the employer is committed to provide for service up to the valuation date.

Settlement

Occurs when an entity enters into a transaction that eliminates all further legal or constructive obligation for part or all of the benefits provided under a defined benefit plan, for example, when a lump-sum cash payment is made to, or on behalf of, plan participants in exchange for their rights to receive specified post-employment benefits.

Soft Loan

This is where credit is given to an external organisation or individual at conditions which are more favourable than market rates.

Stepped Interest Rate Loans

A loan agreement where one rate of interest applies for the primary period of the loan and another rate for the remainder, or secondary period.

Trust Funds

Funds administered by the Council on behalf of others, for purposes such as prizes, charities, specific projects, and on behalf of minors.

Unsupported Borrowing

Borrowing undertaken to finance capital expenditure where the related debt costs are paid for by the authority or from other income.

Vested Rights

In relation to a defined benefit scheme, these are:

- for active members, benefits to which they would unconditionally be entitled on leaving the scheme:
- for deferred pensioners, their preserved benefits:
- for pensioners, pensions to which they are entitled.

TRAFFORD COUNCIL

Report to: Accounts and Audit Committee
Date: 24 September 2015
Report for: Approval
Report of: Audit and Assurance Manager

Report Title

Annual Governance Statement – 2014/15

Summary

The preparation and publication of an Annual Governance Statement is necessary to meet the statutory requirement set out in Regulation 4 of the Accounts and Audit Regulations 2011 (with updated Regulations to be effective from April 2015).

The Committee previously received a report on the Annual Governance Statement in June 2015 which included the 2014/15 draft Annual Governance Statement which had been reviewed and agreed by a sub-group of the Accounts and Audit Committee. This report provides the final version of the 2014/15 Annual Governance Statement.

The final version has been updated to reflect further developments since the draft version was presented in June 2015. This is in respect of additional detail included in the Statement to reflect issues in relation to the provision of leisure services in the Borough going forward. (See Pages 35 & 36 in respect of Governance Issue No 7: Leisure Services).

The Council's Corporate Governance Code, as presented to the Accounts and Audit Committee in June 2014, is also included in this report.

Recommendation

The Committee is asked to approve the 2014/15 Annual Governance Statement.

Contact person for access to background papers and further information:

Name: Mark Foster – Audit and Assurance Manager
Extension: 1323

Background Papers: - CIPFA) /SOLACE – “Delivering Good Governance in Local Government” – Framework, Guidance Note, Briefing Note and Addendum (2012).



TRAFFORD COUNCIL

ANNUAL GOVERNANCE STATEMENT 2014/15

Trafford Council – 2014/15 Annual Governance Statement

Contents

1. Scope of Responsibility
2. The Purpose of the Governance Framework
3. The Governance Framework
4. Review of Effectiveness
5. Significant Governance Issues

1. Scope of Responsibility

- 1.1 Trafford Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Trafford Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regards to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, Trafford Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.
- 1.3 Trafford Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. A copy of the Authority's code is on our website at: <http://www.trafford.gov.uk/about-your-council/budgets-and-accounts/downloadable-documents.aspx>. This statement explains how Trafford Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2011, regulation 4 (3), which requires all relevant bodies to prepare an annual governance statement. (Note: Accounts and Audit Regulations 2015 are effective from 1 April 2015).

2. Purpose of the Governance framework

- 2.1 The governance framework comprises the systems and processes, culture and values by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Trafford Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at Trafford Council for the year ended 31 March 2015 and up to the date of approval of the statement of accounts.

3. The Governance Framework

- 3.1 The Authority has adopted a local governance framework which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. It is reviewed and updated periodically to ensure it remains fit for purpose. The Trafford Council Corporate Governance Code sets out in detail how the Authority meets the requirements of the framework. The Framework is based on 6 principles of good governance as follows:



- 3.2 The key elements of the system and processes that comprise the Authority's governance framework are outlined in this Annual Governance Statement, describing how the Authority can demonstrate the effectiveness of governance arrangements during 2014/15 with reference to each of the six governance principles.

CIPFA SOLACE Principle 1.	Key Elements of Trafford Framework
Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area:	<ul style="list-style-type: none"> • Sustainable Community Strategy (Trafford Vision 2021: A Blueprint) • Reshaping Trafford 2014-17: Blueprint • Annual Delivery Plan • Transformation Programme • Revenue Budget Monitoring • Capital Programme

How we have delivered against the Principle in 2014/15

The Reshaping Trafford programme has been established to deliver a new operating model for the Council by 2017/18 in the context of delivering services with increasing demand for complex care and support with reduced government support. The programme will allow the Council to maximise opportunities for revenue generation and innovative solutions whilst making the commitment to preserve quality. The Reshaping Trafford 2014-17: a Blueprint published in 2014 sets out the strategic vision of the programme to.

- Have a greater understanding of our communities.
- Be more effectively managing demand and customer expectations.
- Be keeping things simple for customers, providers and staff.
- Be working as one team in Trafford, for Trafford.
- Have supported residents to take more responsibility for themselves and their communities.

Given the strategic importance of the Reshaping Trafford programme, an independent assurance review was undertaken by Local Partnerships in July 2014. Their comprehensive report and findings have been incorporated into the programme, strengthening it, and ensuring that best practice from both the public and private sectors is utilised at all times.

Initially the 2014/15 portfolio consisted of 67 projects with 22 projects aimed at delivering a budget saving through a transformational approach. An additional 16 projects were identified in year. In 2014/15 it was planned that the Transformation Portfolio would yield savings of £5.484m of the scheduled £13.776m savings for 2014/15. As at the 2014/15 financial year end a total of £12.647m, or 91.8%, of savings have been delivered in cash terms. Of the overall figure, Transformation savings are £4.988m, which is a 91.0% achievement. There are five Transformation savings which have not delivered their in-year savings targets and one over achievement, resulting in the year end shortfall of £0.496m. Further detail of the work to date and planned developments within the Reshaping Trafford programme are set out in Section 5 of this report.

The Council has balanced and approved the 2015/16 net revenue budget of £148.914m which represents a £5.638m (3.6%) reduction on 2014/15 and a gross deficit of £21.5m. Of this, 44% (£9.5m) is to be met through efficiencies and additional income streams and 56% (£12m) through policy choice savings. Alongside this the annual review of the Capital Programme 2015-18 and Prudential Indicators was approved by the Executive in February 2015.

This has included making some difficult decisions, including the closing of some libraries, children's centres and reducing the number of school crossing patrols. A full schedule of public consultation regarding these proposals was conducted, allowing the Council to fully understand the public's concerns surrounding these changes and helping to shape policy and the final outcomes.

The Council has entered into an agreement for a joint venture contract with Amey LG to manage a range of in house services delivered through the Economic Growth, Environment and Infrastructure (EGEI) Directorate and also to take on the previously outsourced domestic and commercial waste contract, which will deliver a minimum £2.25m efficiency savings in 2015/16. The contract was awarded in March 2015 following a 12-month competitive tender process and is due to go live on 4th July 2015. Around 250 staff from the existing in-house services will move over to Amey under the same terms and conditions.

Programme ambitions have been further cemented with commitment from Trafford Clinical Commissioning Group (TCCG) and Pennine Care Foundation Trust, in partnership, to develop an integrated all age locality based health & social care service and further strengthen commissioning arrangements through development of an all age education, health & social care team. Work is also underway with TCCG to respond to the opportunities provided through the recently agreed Devolution Deal for Greater Manchester, which will see £6bn of the health economy devolved to Greater Manchester from April 2016. In responding to these opportunities, the Council and TCCG are taking a broader view and considering how processes can be better aligned to drive better outcomes for Trafford residents.

The Trafford Approach to Trading project will deliver £1.8m in savings in 2015/16 through reviewing and reshaping a range of back-office functions.

With a target to deliver £700,000 savings in 2015/16 which equated to approximately one third of the overall budget, a two stage public consultation on the future delivery of the Trafford Library & Information Service has been undertaken. This has resulted in seven proposals being developed including working with third sector and other local authority partners to retain library services, implementing technology to improve accessibility whilst releasing capital assets through rationalisation. During 2015/16 these changes will be implemented

During 2014/15 serious weaknesses were identified in the arrangements to monitor and manage the Adult Social care budget including misreporting and late identification of a £3.6m deficit. The Council carried out a thorough investigation which was also subject to forensic review by the External Auditor, Grant Thornton. Following the issue of the review findings, an Action Plan was subsequently agreed which included planned improvements in budget monitoring both within Adult Services and also Authority-wide. Action has been taken to implement improvements through 2014/15, details of which have been reported through the year to CMT and the Accounts and Audit Committee. Further detail on the Budget Monitoring work to date and planned improvements are detailed in Section 5.

In recognition of the significant levels of savings to be made by the Children Families and Wellbeing (CFW) Directorate and risks attached, a discrete CFW Transformation Programme has now been established to provide the rigour and governance required to deliver savings and implement the all age integrated delivery model.

The Council continues to lead and support the development of the Trafford Partnership vision for locality working, setting out how through developing robust partnerships it will achieve the best possible outcomes based on the collective resource available. (See Principle 6 for further detail on the role of Locality Partnerships).

Trafford Council has continued to support the delivery of the Public Service Reform (PSR) programme launched in January 2013 and is established as one of the leading change programmes in Trafford. Key advancements have continued to be made around developing and embedding the new delivery models into a multi-agency delivery approach. Over the last 12 months a series of significant milestones have been achieved, and Trafford continues to meet all GM and local requirements. Section 5 of this report includes further detail on the PSR programme and planned improvements.

The Council Leader is the lead for Skills, Employment & Worklessness for Greater Manchester and the Chief Executive is the lead for the same portfolio. Both have been instrumental in driving the Devolution agenda around Work and Skills and continue to play a major role in its delivery across Greater Manchester. Prior to the Devolution Deal, the Chief Executive was the Greater Manchester lead on the Working Well Programme, which focused on getting long-term unemployed back into the workforce. This pilot was the fore-runner for much of the devolution agreements.

The Council continues to host the Association of Greater Manchester (AGMA) Procurement Hub and has established a collaborative Procurement shared service organisation with Rochdale and Stockport Councils (STaR), with the aim to reduce overheads, increase economies of scale and provide collective expertise and resilience.

STaR was established on 1st February 2014 and is now a fully functioning shared service servicing all procurement activity across the three Councils. Whilst the service is hosted and staff are employed by Trafford, the cost of the service and the governance arrangements reflect a wholly shared arrangement between the three Councils. The STaR Board monitors operational performance of STaR and the Director of Procurement on a monthly basis and there is a quarterly Executive group, the Joint Committee where Executive Members from each of the three Councils are equally represented. There is an annual rotational arrangement for the appointment of Chair of the Committee.

The Council agreed its 2014/15 Annual Delivery Plan in March 2014, which set out the key deliverables for the year, supported by individual Corporate Directorate plans, connecting service objectives and associated actions to the community vision and corporate priorities. Progress against this was reported quarterly through CMT and the Executive.

CIPFA SOLACE Principle 2.	Key Elements of Trafford Framework
Members and officers working together to achieve a common purpose with clearly defined functions and roles:	<ul style="list-style-type: none"> • Constitution • Executive Terms of Office • Scheme of Delegation to Officers • Member Officer Relations Protocols • Employment Procedure Rules • Pay Policy Statement • Members Allowance Scheme
How we have delivered against the Principle in 2014/15	
<p>The Council Constitution sets out how the Council operates, how decisions are made, and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people. The Constitution is reviewed and updated annually.</p> <p>A full review of the document took place and was reported to Council in June 2014 to reflect recent organisational changes and ensure that working practices are still relevant for the efficient operation of the Council.</p> <p>During 2014/2015 there will be an amendment to the Constitution to incorporate the harmonised Contract Procedure Rules (CPRs) for the three partner Councils involved in the STaR Shared Procurement Service. In order to harmonise processes, deliver an effective and consistent procurement service it is essential that Stockport Trafford and Rochdale have a single set of CPRs. Legal officers from Trafford have led on the development of the new CPRs and they are currently going through Trafford’s governance processes to incorporate them into the Constitution.</p> <p>The Head of Paid Service is the Council’s Chief Executive. The Council’s Director of Legal & Democratic Services is designated as “Monitoring Officer”. It is the function of the Monitoring Officer to oversee and monitor compliance with legislation and the Council’s established policies and procedures.</p> <p>To ensure a fit for purpose structure, aligned to new service delivery models, the Council’s senior management arrangements have been reviewed and restructured during 2014. This has led to merging of the previous Environment, Transport and Operations (ETO) and Economic Growth & Prosperity (EGP) Directorates, to form the Economic Growth & Infrastructure Directorate (EGEI). Remuneration arrangements for the re-designated Corporate Director EGEI role were approved by Employment Committee in June 2014.</p> <p>The Council has designated the Director of Finance as Chief Finance Officer in accordance with Section 151 of the Local Government Act 1972. During 2014/15 the Authority’s financial management arrangements continue to conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010). A proposal was reported to the Employment Committee and Council in February 2015 to further streamline senior management structures through the realignment of the Corporate Director – Transformation & Resources role to incorporate increased and robust responsibility directly for the Council’s financial management arrangements. The proposal includes aligning the Chief</p>	

Finance Officer Section 151 responsibilities directly to the Corporate Director post or revised Head of Financial Management arrangements and the disestablishment of the Director of Finance post.

The Council's Pay Policy is reviewed annually and was last updated in April 2015. Following the 2013/14 review of Employee Terms and Conditions a number of agreed changes came into effect from 1st April 2014 including the Critical User Car Allowance scheme, changes to the Sickness Allowance scheme and introduction of an additional 3 days mandatory unpaid leave, the latter for a two-year period. This is due to be reviewed during 2015/16.

The Council operates a Members Allowance scheme, last reviewed in 2007. An Independent Remuneration Panel was set up in March 2014 with the purpose to review existing Members allowance payments compared to neighbouring councils and those with similar responsibilities nationally, and ensure payment rates were not a barrier to future aspiring councillors. An independent person was commissioned to provide research and advice, with the recommendations reported to the Chief Executive in Sept 2014. To ensure transparency all Member allowance payments are published on the Council website.

CIPFA SOLACE Principle 3.	Key Elements of Trafford Framework
Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour:	<ul style="list-style-type: none"> • Employee Code of Conduct • Members Code of Conduct • Disciplinary Policy • ICT Acceptable Use Policy • Anti-Fraud & Corruption Strategy • Whistle blowing Policy • Corporate Complaints Procedure • Standards Committee • Corporate Governance Code
How we have delivered against the Principle in 2014/15	
<p>In response to the Localism Act 2011 requirements, a local Members Code of Conduct is in place, including protocols for disclosing pecuniary interests and personal interests. Training has been made available to both new and existing Councillors. All declarations of interest for Members are recorded online.</p>	
<p>The Council operates a Standards Committee which deals with any complaints against Councillors or co-opted Members. The membership includes five non-voting co-optees, two of whom are parish members and three independent members. During 2014/15 no formal complaints were raised. The Committee met twice during the year (November 2014 and March 2015) and the Director of Legal & Democratic attended both meetings to provide verbal updates on local issues and presentations were made on Social Media and Committee for Standards in Public Life reports.</p>	
<p>All Council employees are required to abide by an Employee Code of Conduct which they are required to sign up to as part of the Corporate Induction Procedure. Responsibility for the regulation of employee conduct is set out in the Council's Disciplinary Policy. Reminders on</p>	

requirements to declare offers of gifts and hospitality were issued during the year.

The Council has in place an Anti-Fraud & Corruption Strategy and Policy and guidance for responding to and reporting suspected fraud. Whistleblowing policy and procedures are currently under review due to be updated in 2015/16.

An e-learning tool: "Fraud Awareness for Local Government" was made available for employees from May 2013. Initially this was targeted at managers across the Council and subsequently became mandatory for all employees with a Trafford Council network account. It is now a requirement for all new employees to complete the training as part of the Corporate Induction process.

During 2014/15 internal capacity has been put in place to address the changes resulting from the creation of the DWP Single Fraud Investigation Service which will result in Benefit Fraud Investigation staff transferring over to the DWP from March 2016. The remit of the new fraud investigation team is initially focussing primarily on revenues related fraud relating to Council tax and Business rates.

The Audit Commission's Protecting Public Purse national benchmarking and reporting survey identified during 2014/15 total fraud losses reported by Trafford Council of £564,333 compared to the average for metropolitan authorities of £869,753.

The Council continues to participate in the National Fraud Initiative (NFI) data matching exercise. The NFI 2012/13 results as at February 2015 identified for the matches reviewed, the detection of 15 fraud cases (benefit related) with 5 prosecutions to date. In relation to this £208,204 overpayments are being recovered and there is also ongoing weekly payments reduction of £63,388 per annum.

To ensure the Authority meets best practice and legislative requirements, an Information Security Governance Board has been established and Senior Information Risk Officer assigned, to oversee and review information governance issues and risk, and to embed standards across the Council.

Users of the Trafford ICT network are required to sign up to the authority's Acceptable Use Policy to confirm acceptance of agreed responsibilities and standards to prevent misuse of equipment or networks.

During 2014/15 work has progressed to develop internal capacity and skills including the establishment of an Information Governance Team and roll out of mandatory Information Governance e learning training for Council employees. See Section 5 for further detail on work to date and planned improvements in 2015/16.

As part of the Reshaping Trafford programme, the Supporting Change to Happen Strategy 2014-17 (see Principle 5) incorporates a set of additional values which will complement the existing Core values. New organisational competencies have been developed to underpin these values and have been incorporated into the refreshed personal development review process. The Council held its 3rd annual Employee Recognition Awards in October 2014 to appreciate the contribution of both individual employees and teams and demonstrates Council values to staff.

CIPFA SOLACE Principle 4.	Key Elements of Trafford Framework
Taking informed and transparent decisions which are subject to effective scrutiny and managing risk:	<ul style="list-style-type: none"> • Decision Making Protocols • Access to Information Procedure Rules • Scrutiny Committees and Protocols • Risk Management Strategy & Policy Statement • Strategic Risk Register • Internal Audit Strategy • Accounts & Audit Committee
How we have delivered against the Principle in 2014/15	
<p>The Council has adopted the requirements of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) Regulations which came into effect during Sept 2012. Details of key decisions must be published at least 28 days before these are due to be taken.</p> <p>The modern.gov system is in place to ensure all relevant information is presented on the Council website. During 2014 Council meetings can now be viewed online through live webcasts or on demand through the Public – i website.</p> <p>To improve compliance with agreed reporting schedules, there has been on-going monitoring and reporting to the Corporate Management Team on the timeliness of committee reports submitted for publication, which has led to improved performance in meeting the required deadlines.</p> <p>The Council previously reviewed and streamlined its Scrutiny arrangements during 2012/13 comprising a Scrutiny Committee and a separate Health Scrutiny Committee. In addition a Joint Health Scrutiny committee is established for the purposes of responding to consultations about significant changes to health services that affect more than one local authority area.</p> <p>Key pieces of work undertaken by Scrutiny during 2014/15 included the annual Budget Scrutiny exercise, and engagement in the joint venture and health integration work streams. In relation to the joint venture project, briefings were held in October 2014 and February 2015, with a report produced by the Scrutiny Committee during March 2015 outlining areas for the Executive to consider, and for which the Committee will continue to monitor progress during 2015/16.</p> <p>The Council operates an Accounts & Audit Committee which operates in accordance with its remit following guidance set out in CIPFA’s “Audit Committees: Practical Guidance for Local Authorities. Throughout 2014/15 the Committee received regular updates in relation to strategic risks and governance issues.</p> <p>The Council continues to review and report on its Strategic Risk Register on a regular basis. The March 2015 report identified 21 strategic risks faced by the Council, each risk being managed by nominated staff / groups within the Council. At this date, overall, it is considered that the strategic risk environment is stable and performance in managing the risks has been stable or shown improvement.</p> <p>The Internal Audit 2014/15 work plan incorporated coverage of key financial systems and other</p>	

business risks. Quarterly updates of work undertaken were provided to the Corporate Management Team and the Accounts and Audit Committee through the year. The Annual Internal Audit Report for 2014/15 states that for the majority of areas reviewed, the control environment is operating to a satisfactory standard. There were, however, a number of areas where significant required improvements in controls were required and in such instances, recommendations were made to improve the controls in place. Internal Audit has also provided input to the corporate review of budget monitoring arrangements which highlighted a number of required actions for improvement. (See Section 5).

The Internal Audit function operates in general conformance with the Public Sector Internal Audit Standards and is working with other North West authorities to agree an approach for an external assessment of the Service against the Standards to take place by 2016/17. The Council's assurance arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010).

The External Auditor's Annual Governance Report 2013/14 was presented to Accounts & Audit Committee in September 2014 providing an unqualified opinion on the financial statements and identified that proper arrangements were in place to secure value for money. The External Auditor's Report included a recommendation that there is close monitoring and reporting of actions agreed to address weaknesses in budget monitoring. (See Section 5 re Budget Monitoring).

During 2014/15 the Council received OFSTED inspections of its Youth Offending Service and Children's Service which both received positive outcomes. The Children's Service review published in May 2015 rated Trafford overall 'Good with outstanding features' and rated them joint highest in the country. The Youth Offending Service also maintained high standards receiving a 'Good' rating in November 2014.

CIPFA SOLACE Principle 5.	Key Elements of Trafford Framework
Developing the capacity and capability of members and officers to be effective:	<ul style="list-style-type: none"> • Supporting Change to Happen Strategy 2014-17 • Member Development Strategy • Members' Training Plan • Members' Induction Process • Employee Training & Development Plan • Corporate Induction Procedure • Employees Personal Development Review (PDR) • Absence Management Strategy • Apprenticeship Scheme • Managing Organisational Change Toolkit
How we have delivered against the Principle in 2014/15	
Following on from the 'Are you ready for Change Survey' undertaken last year, the feedback received was used to inform the development of the Reshaping Trafford Programme 'Supporting Change to Happen Strategy 2014-17' which identifies areas of good practice and sets out further improvements required through use of technology, training and leadership support. To deliver	

this during 2014/15, a range of learning & development interventions and engagement activities have been developed to support employees. A further survey will be undertaken in 2015 to assess how we have supported staff to manage through the changes.

An action plan has been implemented to address the findings of the 2012 Employee Survey and 2013 Employee Value Proposition survey (undertaken in partnership with the Local Government Association) and continues to be monitored and actions achieved.

An engagement week with staff took place in June 2014 where road shows were held to promote the Reshaping Trafford programme across a number of sites in the Borough culminating in a Trafford Leaders event in June 2014 and a Working Together for Trafford event in September 2014 hosted by the Corporate Management Team.

A suite of management development sessions were delivered in Autumn 2014 to equip managers with a range of leadership and change management skills and the programme of training and development and e-learning opportunities remains available for all staff. A new competency framework, Personal Development Review (PDR) process and training to support the new process was developed and rolled out in 2014.

A supplementary Member Development Strategy describes how Councillors will be supported to develop in their changing role as community advocates and leaders. A Member Training Plan is in place with a training programme delivered during the year including safeguarding, legislative changes and financial management. A Leadership Development Programme was launched during 2014 that delivered a range of community based leadership interventions. The Council continues to demonstrate compliance with Level 1 of the North West Employers Organisation Members Charter.

Trafford Council is the lead authority on the AGMA training procurement framework and a partner in the AGMA e-learning framework. Training and Development Plans are in place at directorate level and cross council, which are refreshed and updated annually.

A new starter induction guide and checklist is in place which includes a number of mandatory elements such as the employees' code of conduct, fraud awareness and the Acceptable Use Policy.

As at the end of the year, the Council's Internal Apprenticeship scheme launched in 2011 has had over eighty recruits in a broad range of disciplines and thirty-five of these have secured permanent employment with the Council. At the Trafford College Apprentice Awards 2014 the Council won the 'Apprentice of the Year' and 'Advanced Apprentice of the Year' along with the Skills for Business Awards 2014 – 'Apprentice of the Year'.

Trafford in partnership with Pure Innovations, Trafford College and CMFT (Central Manchester Foundation Trust) has implemented a Learning Disability Internship scheme, with the aim to train cohorts of 10 learning disabled young people resulting in City & Guilds qualification and the minimum of one year paid employment with one of the scheme partners. The scheme is now in its second year of operation, having secured seven employment opportunities for young people.

There is an established attendance management policy with supporting procedures and

guidance. Attendance management training for managers was delivered during 2014.

In 2014 the Council entered the North of England Excellence Award for the category of public sector organisation with over 250 employees, having won in 2012 and won a further commendation. The Council was shortlisted for the MJ Awards 2014 - 'Innovation in Social Care' and 'Children's Services', the CIPD Awards 2014 'Best Employee Relations Initiative' and the APSE Service Awards 2014 'Best Employment and Equality Initiative'.

CIPFA SOLACE Principle 6.

Key Elements of Trafford Framework

Engaging with local people and other stakeholders to ensure robust public accountability:

- Customer Strategy
- Trafford Council Website
- Budget Consultation
- Locality Partnerships
- Neighbourhood Forums
- Info Trafford Website
- Corporate Complaints Procedure

How we have delivered against the Principle in 2014/15

A revised Customer Strategy 2013-17 and supporting action plan was launched in October 2013 which sets out the reason and basis for changing how the Council works and sets out the priorities for change with a range of actions to support this.

During 2014/15 developments have focussed on increasing the digital take up with customers across Trafford including launch of the Trafford element of the Get Digital Faster programme in December 2014 (a £15m programme to give 45,000 businesses and residents across Greater Manchester access to superfast broadband by March 2016). Also, the Council, in collaboration with Trafford Housing Trust, provided support to secure funding to provide IT equipment for the digital inclusion project in Partington and Old Trafford.

Events took place as part of Go Online week in addition to the weekly drop-in sessions providing advice on how to use Tablet, Smartphone and E-readers, and Wi-Fi was introduced at all Trafford libraries. In January 2015 a new system Open Access was launched which enables residents and businesses to track Council Tax, Housing Benefits and NDR billing and payments online.

Trafford Council ran a successful tender process for the Customer Relationship Management (CRM) project and a contract was awarded to implement a Customer Contact Platform (CCP). In line with the tender process, the Council will make the decision whether to progress with the implementation. In 2015/16 work will take place as part of the CRM to enable better communication with customers.

The Council has committed to undertake annual public and stakeholder consultation in relation to its budget proposals. Consultation on the 2015/16 budget commenced in October 2014, using a range of methodologies including external consultants, targeted activities including surveys, focus groups, through the neighbourhood forums and web based communications. A summary report was presented to the Executive in February 2015 which provides further detail on the

methodologies and outcomes. Additional consultation exercises in relation to Libraries and the Joint Venture were published in March 2015.

The Council continues to demonstrate compliance with Open Data requirements, publishing a range of financial and performance data on its website. The InfoTrafford website continues to be developed, and through participation in the Greater Manchester Data Synchronisation Programme, the Council is developing a collaborative approach with the objective to overcome the barriers local authorities face in making data available in properly open formats.

The Trafford Partnership Data Innovation and Intelligence Lab was officially launched in October 2014 as a multi-agency, multi-discipline, co-located service which currently has seconded staff time from Trafford Council, Trafford Housing Trust, STaR Procurement, Public Health and access to data from the Leisure Trust, Greater Manchester Fire and Rescue Service and Trafford College. The overarching objectives of the Lab are to support the (re)design of services, reduction and reshaping of demand on services, informing people and organisations in Trafford and attracting investment into the Borough.

The Council has led the response to the Localism Agenda and through its Vision 2015, has set out its commitment to involve residents and devolve services to local communities. Four Locality Partnerships were established in April 2013 with the role to increase engagement and community involvement in local decision making. A review of the Partnerships was undertaken in the middle of 2014 which has led to the development of a more comprehensive locality working programme being rolled out from early summer 2015.

The Trafford Partnership hosts an annual stakeholder engagement event; The 5th annual event 'Shape the Future' was held in April 2014 to introduce asset based community development, review the progress of the Shape the Future projects, launch the "40 faces of Trafford" campaign in celebration of the Borough's anniversary, and refresh the Community Strategy.

During 2014/15 the Locality Partnerships have continued to meet to progress the priorities they set in July 2014 and have overseen the allocation of £120,000 of 2014 Voluntary Sector Grants through participatory budgeting community engagement events. The partnerships have forged links with those organisations awarded funds to network, mentor and monitor their progress.

Pulse Regeneration and Trafford Housing Trust work in partnership to deliver the Trafford Council's Third Sector Infrastructure Development and Support Service, to support the delivery of the Trafford 3rd Sector Strategy. During 2014/15, performance against the delivery plan continues to meet the agreed targets.

The Council is supportive of both the Regular and Reserve Forces and working in partnership with them through the Trafford Armed Forces Community Covenant, a voluntary statement of mutual support between the civilian community and local armed forces community. During 2014/15 the Trafford Community Covenant Partnership Board has developed an action plan which to date has led to the adoption of a Council Reservists Policy in May 2014 and the Council signing a Corporate Armed Forces Covenant. In recognition of this support and commitment towards Defence, the Council was awarded the Silver Award in the Defence Employer Recognition Scheme in November 2014.

The Trafford First World War centenary commemorations launched in August 2014 with the 'Our Heroes' exhibition at Sale Waterside Arts Centre (researched by volunteers at Sale Local Studies Library as part of a Greater Manchester libraries volunteer project) and various other events have taken place included participating in the national 'Lights Out' event where the Council coordinated the participation of Manchester United, Lancashire Cricket Club and the Imperial War Museum North, in dimming their lights to mark the outbreak of the war. Over the next year other events will take place to mark the major battles and events of 1915.

The Trafford Strategic Sporting Partnership Framework was launched in Spring 2013 with the aim to galvanise the major sporting stakeholders in the Borough to develop better working relationships and deliver the strategic aim of getting more people, more active, more often. Investment has been secured through Agreements with Lancashire County Cricket Club, Transport for Greater Manchester and British Cycling with projects underway to support Park runs, cycling etc.

4. Review of effectiveness

- 4.1 Trafford Council's Corporate Governance Code sets out the Authority's responsibility to undertake a review of the effectiveness of its governance framework on an annual basis. The review of effectiveness is informed by the work of the executive managers within the Authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and the results of other reviews / inspections.
- 4.2 The processes applied and sources of assurance obtained in maintaining and reviewing the effectiveness of governance arrangements and, as part of that, the system of internal control include:

Management Controls:

Financial Management

The budget setting process has taken into consideration the assessment by the Director of Finance of the robustness of the budget estimates and adequacy of the general reserve, Executive responses to the scrutiny review, outcome of staff and Trade Union consultation and Equality Impact Assessment in relation to each proposal.

Monthly financial monitoring and reporting, on the revenue budget, to the Corporate Management Team and the Executive has been operating during the year. The Accounts and Audit Committee has also received the budget monitoring reports at its meetings through the year. Quarterly monitoring and reporting arrangements are operating for the capital budget.

Transformation Programme

Programme governance is delivered by the Transformation Board, supported by the Transformation, Performance and Resources Group and the Transformation Team. The Transformation Board and the Executive have monitored the development of the Reshaping Trafford Council Programme business cases and will continue to do so as implementation of these progresses.

There are defined governance arrangements in place: there is an Executive Member assigned to all projects; each project has a Corporate Management Team lead, Senior Responsible Officer (SRO), Project Manager (PM) and steering group/project board. Benefits realisation tracking and a summary of project delivery is reported monthly to the Transformation Board.

Performance Management

There is regular monitoring on the achievement of corporate objectives through the Annual Delivery Plan which is reported quarterly to the Corporate Management Team and the Executive.

Risk Management

The Council has a strategic risk register in place and Directors and the Accounts and Audit Committee have reviewed the associated arrangements in place for improving control and mitigating risks faced by the Council. Quarterly strategic risks monitoring is reported to the Transformation, Performance and Resources Group, Corporate Management Team and the Accounts & Audit Committee.

Legal

The Director of Legal & Democratic Services (the “Monitoring Officer”) has a duty to monitor and review the operation of the constitution to ensure its aims and principles are given full effect, and to recommend amendments to the Council, as necessary, on an ongoing basis.

Internal assurance:

Internal Audit

The Internal Audit function is responsible for monitoring the quality and effectiveness of systems of internal control. The section works to a risk based audit plan which is reviewed and approved by the Corporate Management Team and the Accounts and Audit Committee.

Scrutiny

The Council’s Scrutiny Committees can “call in” decisions made by the Executive, or on their behalf with delegated authority, to challenge whether the decision has been made appropriately and ask the Executive to reconsider it if necessary.

Health and Safety

The Council's Health and Safety Unit provide regular updates to the Corporate Management Team and produce six monthly updates for the Executive.

External assurance:

External Audit

The Council is subject to external audit. The External Auditor's Annual Governance Report and Annual Audit Letter comment on the performance of the Council and the adequacy of financial and governance arrangements.

Other Inspection

There are inspection arrangements within particular service areas / functions e.g. OFSTED inspections.

Sector Led Improvement: Following the reduction in external inspection, the Council has committed to participate in a number of sector led improvement initiatives, for example the North West Employers Organisation Charter for Member Development and in partnership with the Local Government Association, a benchmarking project through the Employee Value Proposition Survey.

- 4.3 These governance functions are described in more detail within the Council's Corporate Governance Code and specific assurances or improvements delivered during 2014/15 are detailed in Sections 3 and 5 of this Statement.
- 4.4 **We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Accounts and Audit Committee, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are set out in Section 5.**

5. Significant Governance issues

- 5.1 The Council takes seriously its responsibilities and duties with regard to ensuring continuous improvement in the way its functions are exercised and in consideration of economy, efficiency and effectiveness.
- 5.2 In response to the 2013/14 review of the internal control environment and the identification of a number of control issues, the Council has taken significant action to address those issues and implement appropriate improvement actions through 2014/15. Detailed below are the significant governance issues highlighted in the 2013/14 Annual Governance Statement followed by action taken in 2014/15.

2013/14 Issues and Action Taken 2014/15

1. Reshaping Trafford

2013/14 Annual Governance Statement

“We are immensely proud of our borough and those we serve and support, and we want to continue to provide high quality services to meet local needs and improve quality of life and community well-being. However, we are unable to do this in the way we do things now and must ‘re-shape’ to adapt to the increasing financial pressures and demands on our services.

The Reshaping Trafford Programme consists of four core projects which will deliver new delivery models for our traded services, a Trust for our sports, recreation, leisure, arts, culture, and libraries provision; a joint venture contract for our environmental and technical services and a well-being ‘hub’ for our early intervention and prevention services. Together, this structural remodelling will manage/shape demand, reduce the financial burden on the Council but ensure good quality and local public service provision is retained. We aim to do this in collaboration with partners to provide a common approach and end goal. In addition, a fifth project ‘managing budget pressures’ is reviewing the Council budgets to identify further opportunities for efficiencies.

The Transformation Board and the Executive have very closely monitored the development of the Reshaping Trafford Council Programme business cases and will continue to do so as implementation of these progresses. There are robust governance arrangements in place: there is an Executive Member assigned to all projects; each project has a Corporate Management Team lead, Senior Responsible Officer (SRO), Project Manager (PM) and steering group/project board. The Transformation, Performance & Resources (TPR) group has now extended to include these SROs and PMs and meets monthly to monitor programme delivery. There is also dedicated programme direction and management in place. In July 2014, Local Partnerships will be undertaking an independent assurance review of the Reshaping Trafford Council Programme to ensure it is appropriately structured and supported for success.

2013/14 Issues and Action Taken 2014/15

The Reshaping Trafford Council Programme milestones for all projects are planned into an overall process for 2014/15 which includes the budget planning and consultation process.

Delivery of the 'Supporting Change to Happen' action plan was developed in response to the 'Are you ready for change?' survey in February 2014. This plan includes the launch of a revised PDR process supported by Council wide training for all managers. Staff engagement with the Reshaping Trafford Council Programme will start in earnest by means of a market stall road show in June 2014 with ongoing communications via a responsive website, text alerts, newsletter and other events to encourage engagement/awareness thereafter. The plan also involves the rollout of a leadership development training programme to Members.

In addition, the Transformation Board will continue to closely monitor the delivery of the wider Transformation Programme, in particular the 22 projects responsible for delivering the savings. At 1 April 2014, £1,580k (28.42%) of the £5.59m savings had already been achieved."

Action Taken 2014/15

The Reshaping Trafford Council programme has been a significant venture over the past year. The programme continues to progress and change due to a number of factors, including changes to our financial position, adjustments in priorities, new legislation and new ideas. The programme is exploring and bringing new delivery models to the Council to assist in meeting the rising demand for services.

During the last twelve months we have transformed with most services being restructured and downsized, processes redesigned to reduce waste and spending reviewed. We have introduced smarter technology, more online services, paperless and agile working and we are also trading some of our services, mainly with schools.

We have an on-going programme of modernisation and a review of our Children's Families and Wellbeing directorate has allowed us to meet the increasing financial pressures, coupled with an ageing population and increased demand. Together, this structural remodelling will help to manage the demands on our services, and reduce the financial burden on the Council. It will also ensure that good quality and local public service provision is retained. We aim to do this in collaboration with partners to provide a common approach and end goal, by changing the way we work, and developing new income opportunities. As a result we require help from our partners and want to increase their involvement in Council business, so we can re-shape together.

Reshaping Trafford Council is within the portfolio of projects and programmes under the Transformation Programme umbrella, and governance for this is delivered by the Transformation Board, supported by the Transformation, Performance and Resources Group and the Transformation Team.

The Transformation Board and the Executive have monitored the development of the

2013/14 Issues and Action Taken 2014/15

Reshaping Trafford Council Programme business cases and will continue to do so as implementation of these progresses. There are robust governance arrangements in place: there is an Executive Member assigned to all projects; each project has a Corporate Management Team lead, Senior Responsible Officer (SRO), Project Manager (PM) and steering group/project board.

The Transformation, Performance & Resources (TPR) group has a remit to examine any project, and is there to assist with knowledge and guidance if problems do occur. Given the strategic importance of the Reshaping Trafford programme, an independent assurance review was undertaken by Local Partnerships in July 2014. Their comprehensive report and findings have been incorporated into the programme, strengthening it, and ensuring that best practice from both the public and private sectors is utilised at all times.

Delivery of the 'Supporting Change to Happen' action plan was developed in response to the 'Are you ready for change?' survey conducted in February 2014. This plan included the launch of a revised Personal Development Plan (PDR) process supported by Council wide training for all managers. This programme has been on-going, and in 2015/16 it is planned to conduct a second staff survey to establish the progress of the project to date.

Staff engagement with the Reshaping Trafford Council Programme began in June 2014 with on-going communications to them via a responsive website, text alerts, newsletters and other events to encourage engagement/awareness. Staff have been regularly updated on key projects and decisions, and the Council's need for change.

A supplementary Member Development Strategy describes how Councillors are supported to develop in their changing role as community advocates and leaders and training on asset based community leadership has been rolled out to them in this regard.

2. Information Governance

2013/14 Annual Governance Statement

"An Information Security Governance Action Plan has been developed which will form an annual work programme to ensure that the Council continue to be compliant with Information Governance requirements.

As part of the 2013/14 plan a project was developed to meet the requirements of the NHS Information Governance Toolkit to gain N3 Connection. This connection allows our health staff to access NHS data securely over a secure connection. This project was completed satisfactorily and the N3 connection has now been ordered. This is an annual submission and will be managed throughout the 2014/15 period.

The Electronic Document & Records Management system (EDRMS) project is ongoing

2013/14 Issues and Action Taken 2014/15

with a Project Executive overseeing the plan. Currently, the project is gathering requirements to ensure that any new solution meets the requirements of the business but also the requirements for Information Governance and Security including access to records, transport of records and storage/destruction when records come to the end of their lifecycle. It is planned to go out to tender later in 2014.

A new role of Information Governance Manager is currently being developed to manage the programmes of work and risks to the Council in order to protect the Council's reputation, safeguard citizens records and mitigate against possible fines from the Information Commissioner's Office."

Action taken 2014/15

Following a review of Information Governance requirements across the Council, CMT approved proposals for the establishment of an Information Governance team with the role to deliver Central Government's Information Governance agenda and meet the legal / statutory obligations placed on the Council encompassing Information Security, training and awareness raising, Data Protection, Freedom of Information and Environmental Information Agenda.

An Information Governance Action Plan was developed and formed the annual work programme to ensure the Council remained compliant with Information Governance requirements. A Communications Plan and Mandatory E learning Information Governance training have been rolled out across the Council and incorporated into corporate induction.

The EDRMS project was on-going with a Project Executive overseeing the plan. The project was gathering requirements to ensure that any new solution meets the requirements of the business but also the requirements for Information Governance and Security including access to records, transport of records and storage and destruction when records come to the end of their lifecycle. It was planned to go to tender late in 2014 but this has been delayed whilst a decision is made on the EDRMS system requirements.

3. Locality Partnerships

2013/14 Annual Governance Statement

"Wider engagement with the community is essential for the Locality Partnerships (LP) to be successful. LPs need to engage interested stakeholders in their work to enable increased co-production of innovative solutions and local actions, using engagement to understand the opportunities and challenges which will influence future priorities.

The shift from 'shadow' to open format is underway, however to ensure transparency and openness, further clarity is required on how the LP will communicate, engage and work with local people. During 2014/15 further improvements will be addressed to improve communications and engagement including:

2013/14 Issues and Action Taken 2014/15

- A webpage for each Locality Partnership will be created on the Trafford Partnership website to support communication and upon which 'pen' profiles of LP members, agendas, presentations, actions, updates etc. can be held.
- The agenda will be published in advance allowing wider local contribution via LP members.
- Membership of sub groups will come from a wider audience than just the LP members (which is already the case in some areas).
- Each LP will develop an Engagement Plan and in doing so should consider development of engagement events, social media presence, developing engagement channels between individual LP members, organisations and networks and how to engage all LP members in the work of the LP."

Action Taken 2014/15

The Chair and Community Ambassador of each LP now attend the Strong Communities Board, ensuring a link between the strategic partnership and localities and there is one community representative on the Trafford Partnership Executive. In addition to their identified themes, the Partnerships have considered strategic issues such as the Trafford 2021 Vision, Trafford's Homelessness strategy and the delivery plans for the Third Sector Infrastructure contract.

Locality Partnerships have continued to engage local communities through a variety of events which have included the Spring into Sale town centre family fun and activity day and several Networking events for local community groups and organisations. Over 1000 residents attended the Voluntary Sector Grants Participatory Budgeting events in July 2014.

During the summer 2014 a review was undertaken exploring the roles and responsibilities of Locality Partnerships aligned with the development of a strategic approach to locality working. Through conversations with key stakeholders from across the sectors, the review recognised progress to date and identified challenges and opportunities moving forward.

The positive observations:

- Locality Partnerships provide the bridge between statutory partners and communities and can encourage innovation and co-production.
- Community Ambassadors have benefited from seeing the bigger picture and their contributions ensure different perspectives are fed into what have been traditionally strategic (and often public sector) conversations.
- Strong value placed on the benefits of working in partnership.

2013/14 Issues and Action Taken 2014/15

Issues and Challenges identified with Locality Partnerships:

- There needs to be greater connectivity between the strategic partnerships, the third sector and neighbourhood and community partnerships (and therefore local action on the ground), using Locality Partnerships and Locality Plans as a vehicle to achieve this.
- There is a degree of confusion about the role of the Locality Partnerships with a perception, by some, that their defined membership means they are meetings making significant decisions behind closed doors.
- Elected Members need clearer guidance on the roles and responsibilities of Locality Partnerships and their role within them.

One of the key recommendations from the review was the Development of evidenced-based, outcome focussed locality plans, which have the buy in of all stakeholders across the Trafford Partnership and are owned by the community but are held in trust by the Locality Partnerships. They should not singularly be either top-down or bottom up but a representation of both.

Since the end of 2014 work has begun with the LPs to develop a locality working programme. This includes mapping assets in communities, engagement with key partners and strategic partnerships, a refresh of data and analysis of needs and the production of thematic profiles for each locality to ensure locality plans reflect strategic priorities and projects.

4. Public Service Reform (PSR)

2013/14 Issues

“PSR will be critical in 2014/15. The PSR programme in AGMA is being scaled up and the success achieved with specific cohorts in the current programmes will be widened and deepened post 2015, with two key themes around complex dependency and health and social care already being progressed, linked to a continued focus on sustained economic growth. The planning for this work is happening in 2014, with pilot work proposed around complex dependency. The aim is for investable propositions to be available and operational during 2015-16 on an AGMA wide basis in respect of the programmes already underway.

In Trafford, PSR will be a critical focus of the Reshaping Trafford programme and future partnership service planning for 2015 and beyond. The work of the enabling groups around competencies and skills and behaviour change at both a Greater Manchester and local level, plus sustainable financial proposals and investable propositions will develop further, plus the principles of new working models built on collaborative and sustainable working, with evidence based outcomes on a cost benefit basis will be a strong focus.

2013/14 Issues and Action Taken 2014/15

Sustainability planning is starting in Trafford for those programmes where funding may change post 2015, linked to plans around future priorities and evidence of impact and work on investable propositions. It will be important for Trafford to remain actively involved in the AGMA work programme in order to contribute to the future plans during this time of resource challenge. It will also be important to maximise the use of PSR methodology across all service planning and future change.”

Action taken 2014/15

Public Service Reform has now been in progress in Trafford since January 2013 and is established as one of the leading change programmes in Trafford, fully linked into the Greater Manchester Public Service Reform programme. The work commenced around five key themes:

- The national Troubled Families programme (Stronger Families in Trafford)
- Transforming Justice
- Health and Social Care integration
- Development of work and skills
- Early years assessment and support pathway

The principles of Public Service Reform centre around finding new, collaborative and evaluated methods of service delivery that are effective and productive on a cost benefit analysis basis, in order to create sustainability by the development of investable propositions for future service delivery. Work on this basis has been undertaken in relation to each of the identified work streams including:

1. Interventions chosen on the strength of an evidence base
2. Integrated and bespoke packages of support, with cost benefit analysis work to explain the impact
3. A family based approach where appropriate
4. Options for new investment models and involvement of partners investing across boundaries from mainstream budgets

Key advancements have continued to be made around developing and embedding the new delivery models into a multi-agency delivery approach. Over the last 12 months a series of significant milestones have been achieved, and Trafford continues to meet all GM and local requirements.

In addition to implementing and embedding the final stages of the four PSR work streams, in some cases the remit of the PSR agenda has also been expanded to include additional modules of working, including the widening of the cohorts and adding supplementary objectives.

Most prevalent would be the inclusion of Trafford in the Troubled Families 2 Pilot (Greater Manchester was selected as an Early Starter), the Partington Pledge expanding its remit to become the Trafford Wide Pledge, and the allocation of the ‘Go Faster, Further’ funding, to pump prime the Early Years delivery model.

2013/14 Issues and Action Taken 2014/15

Running parallel to the delivery of the PSR work streams has been the involvement of the Greater Manchester wide Complex Dependency Agenda. Although significant progress has been made to improve the integration and coordination of services via PSR, it has been recognised that many individuals and families do not fit neatly into these work streams and exhibited behaviours and needs that meant they required interventions to address a multiplicity of issues simultaneously; for example, requiring help to address addiction or mental health problems prior to being in a position to address offending behaviour, improve their parenting or embark upon a journey back into work.

Additionally it was recognised that programmes of work demonstrating principles of PSR and engaging high demand or complex groups of people have developed that sit outside the original PSR work streams. These include Phoenix (addressing Child Sexual Exploitation), Challenger (Serious and Organised Crime) and partnership interventions to tackle Domestic Abuse.

The creation of the 'Complex Dependency' cohort was therefore necessary to give greater momentum and clarity to the strategic ambition to re- design public services, to drive forward effective information sharing, joint assessment and integration and coordination of interventions. The purpose of this was to improve outcomes for and reduce dependency of individuals and families but also, importantly, to maximise opportunities to remove waste and duplication of effort within public service organisations and across organisational boundaries. It is this move toward Complex Dependency and how it shall be integrated locally into the Reshaping Trafford Programme that will be the focus of the PSR work programme at Trafford over the next 12 months.

5. Budget Monitoring

2013/14 Annual Governance Statement

"Since the year-end, a review has been carried out to examine existing budgetary control processes across the Council including arrangements for reporting on the budget position through the year. This commenced initially to follow up on issues raised in relation to the effectiveness of processes in respect of the Community, Families and Wellbeing Directorate (Adult Services) which have predominantly demand led budgets. Issues related to the forecasting of year end spend and reporting on this through the year in the budget monitoring reports did not accurately reflect the actual level of care costs.

In respect of some budgets, particularly in relation to spending on care for individuals, demand can be volatile which can lead to difficulties in forecasting demand for services and hence forecasting spend. This leads to the risk that actual spend at year end is significantly greater than originally planned for or forecast during the year which places a pressure on Council resources as a whole. The incorrect assumptions on demand for care made during 2013/14 were also reflected in the process for preparing the

2013/14 Issues and Action Taken 2014/15

budget which was set in February 2014 so a subsequent review of savings has been required to be undertaken in 2014/15.

As part of the subsequent budget monitoring investigation, a review of budget monitoring arrangements is taking place to consider existing practice and, where applicable, identify areas for improvement or development. This covers arrangements both within services and the Council's financial management function. A report detailing findings was presented to the Council's Accounts and Audit Committee on 6th August 2014. Further to that, a number of action plans are being agreed to address the required improvements with details of these and progress against them to be reported to the Accounts and Audit Committee through 2014/15."

Action Taken 2014/15

During 2014 serious weaknesses were identified in the arrangements to monitor and manage the Adult Social care budget including misreporting and late identification of a £3.6m deficit. The Council carried out a thorough investigation of the events and circumstances and this was also subject to forensic review by the external Auditor, Grant Thornton. The forensic review concluded that the conclusions reached from the review and recommendations made were reasonable.

Following the issue of the review findings, an Action Plan was subsequently agreed and presented to Accounts and Audit Committee on 25 Sept 2014. This included recommendations in respect of processes both within Adult Services and Authority-wide. Work was also undertaken to consider the performance management, cultural and training & development actions which should arise and an Organisational Development Recovery Action Plan was compiled.

The Corporate Management Team has received regular progress updates on actions undertaken and planned and details of this were also reported to the Accounts and Audit Committee in November 2014 and February 2015. Progress has been made in relation to each agreed action and the majority of recommendations have been fully completed.

Significant progress has been made in the CFW Directorate (Adult Services) to improve accountability & budget reporting. Budget holders assigned to individual cost centres have been reviewed to ensure clear accountability for individual budgets. Reporting structures have been revised including the creation of a Finance Business Delivery group to ensure adequate resource is provided to monitoring the budgets at Directorate level. A new Adult Social Care system (Liquid Logic / ContrOCC) has been introduced and is in the process of being fully implemented to further improve financial reporting capability.

At corporate level, the existing budget service guidance has been updated and shared with budget holders. Training sessions for budget holders have taken place and further training sessions aimed at budget holders in individual Directorates have commenced in 2015/16.

2013/14 Issues and Action Taken 2014/15

Arrangements in respect of the monthly budget monitoring reporting process have been reviewed and the format of reports has been revised to improve the quality of monitoring information provided.

- 5.3 The Council is committed to achieving its objectives through good governance and continuous improvement. Going forward, the Council will continue to transform service delivery arrangements, to ensure the Council effectively delivers its objectives and manages its resources to meet the ongoing financial challenges being faced.
- 5.4 Detailed below are significant governance issues and a summary of the actions planned to address these in 2015/16

2014/15 Issues and Action Planned 2015/16

1. Reshaping Trafford

Moving forward into 2015/16, we have several key programmes coming to fruition which are due to deliver savings or strategic change to the business. Our Joint Venture Contract programme is scheduled to 'go-live' in July 2015 with our chosen partner Amey LG. This partnership will deliver savings of approximately £2.25m in 2015/16 – whilst continuing to deliver high quality and value for money services. We are also working with the Greater Manchester Police force to review a shared Human Resources service that will benefit both organisations by sharing best practice, technology and other synergies.

Our key programme for 2015/16 is the review of our Children's Families and Wellbeing Directorate. This programme will need to deliver the majority of the Council's savings target for the year – some £17.6m. Given the strategic importance of this programme, it has its own dedicated project team and a separate programme board, chaired by the Chief Executive, and consisting of senior Council staff, and individual project managers. The Board meets monthly to review progress and ensure strong governance and leadership to ensure that this programme remains on-track and will meet its planned full-year savings target.

Key elements of the Children Families & Wellbeing Programme Plan will include delivery of the agreed 2015/16 saving target and development of savings proposals for 2016/17 and 2017/18; design of the specification and governance arrangements to underpin Pennine Care Foundation Trust delivery of the all age delivery model from 1 Apr 2016 (including integrated commissioning arrangements); and preparation for Greater Manchester health devolution at local level, whilst ensuring delivery of the Greater Manchester Public Service Reform agenda (see Action 4).

As part of the new Early Help Model commitment has been given by the Council and Trafford Partnership to develop a Youth Trust. The vision is: "To develop, with all partners including young people and providers a nationally recognised and innovative youth trust. A body which

2014/15 Issues and Action Planned 2015/16

provides all young people across Trafford access to a diverse range of opportunities and activities which meets their needs and aspirations and which supports them to maximise their full potential and make a positive contribution to their local communities and society.”

A mapping exercise of all current provision for young people has been undertaken alongside an early help needs assessment. A partnership steering group has been set up and a project plan is under development with a view to creating a shadow Trust by September 2015 and the full legal entity by April 2016, ready to commission services from 1st April 2016. The Council will be a significant investor into the Trust and as such will be represented by individuals on the Board of Trustees.

2. Information Governance

The newly established Information Governance team is now in place and have developed a work plan including the following priority areas.

- Annual NHS Information Governance Toolkit accreditation required to gain connection to access NHS records
- Continue to roll out Corporate Information Governance mandatory training to all employees, Members and contractors
- Development of Information Sharing protocols with partners, voluntary organisations and contractors
- Communicate the purpose and aim of the team and the responsibilities of Information Asset Owners (IAO) and other custodians of Trafford Council’s information assets.
- Develop an Information Asset Register to identify all corporate assets and their uses
- Implement the recently developed retention and disposal policy on all historic, current and future records
- To streamline Freedom of Information and Subject Access Request to ensure compliance with the legal framework and improve processes to strengthen current practice
- Introduce Privacy Impact Assessments for all new projects that collect personal / sensitive data initially, and roll out retrospectively to existing projects to ensure personal/ sensitive data has not been collected unnecessarily and that the Council are operating within the guidelines of the Data Protection Act.

Work on these activities is underway and alongside these priorities an annual work plan has been developed to pick up on other work associated with the Information Governance Agenda.

This team will also deliver business as usual including Freedom of information, Subject Access Requests and day to day delivery of the Information Governance service.

3. Locality Working

A Steering Group led by the Executive Member for Partnerships and Communities and the independent Chair of the Strong Communities Board has been leading the project to implement locality working across Trafford, working with Locality Partnerships, Ward Members and key stakeholders. Each Directorate has appointed a senior manager as a lead for Locality Working.

2014/15 Issues and Action Planned 2015/16

As the project has developed, the emphasis has widened from the development of Locality Plans, to focus on Locality Working, a new culture of working together across sectors and with residents and communities that makes the best use of all assets and resources within localities, driving innovative service delivery, shaping demand and enabling resident action. The Locality Plans and Locality Partnerships are tools to coordinate and govern Locality Working. The principles of Locality Working are set out in the refreshed Community Strategy and support delivery against the Reshaping Trafford and PSR agendas.

Engagement of thematic partners and organisations is essential if quality plans are to be produced, and to ensure that strategic partners align services and resources as set out in the plans. All thematic partnerships and key partner organisations have had introductory presentations on locality working, and this is being followed up by more detailed discussions on the strategic mapping and structural changes required to influence and respond to locality working. Senior leaders have been asked to lead, support and challenge their own organisation, middle managers must have the mandate and confidence to work innovatively and creatively with partners and residents, and front-line staff must be able to encourage and enable local people to take action, signposting and connecting to support from agencies. Community Builders (frontline staff working within communities) are being identified across agencies.

From June 2015 Locality Working will 'go-live'. Each Locality Partnership will hold a stakeholder event; inviting representatives from all sectors to an interactive workshop to kick start the community conversation, explore the data and intelligence and the asset mapping and start to shape the key themes for locality plans.

At the same time, a large-scale borough-wide campaign, "Be Bold, Be the Difference", will also be launched. This will encourage residents to get involved in their local community, take action and make a difference, and highlight the support that is available to them from agencies. Front-line staff will have a key role in this campaign, acting as 'Community Builders', on the ground signposting and connecting local people.

Community Builders are being identified across agencies. Training will be commissioned for LP members, Ward Councillors and identified community builders on community engagement and the role of a community builder.

During the summer of 2015 LPs will lead more community engagement activities to help shape and consult on the emerging locality plans.

Once drafted, task and finish groups will be established to tackle key outcome focused objectives, bringing together public services, the voluntary and community sector, and residents to co-produce and deliver solutions to local issues.

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4. Public Service Reform

In December 2013, the PSR Leadership group widely shared its vision for the next phase of Public Service Reform accelerating the pace and scale of progress over the next two years. Focus would be on two big ticket items, which are linked – tackling issues of complex dependency, and integration of health and social care.

Complex dependency involves scaling up the Troubled Families ways of working that are now demonstrating evidence of success, to broader and deeper cohorts, and with a sharper focus on employment. This shall be done alongside the existing Greater Manchester (GM) work on growth, with the overall ambition of sustainable economic growth, where all residents contribute to and benefit from sustained prosperity.

A set of core GM standards will act as a 'checklist' for delivery models with local flexibility that allows for innovation and varied needs of residents :

- The delivery model will align to PSR core principles (integration of public services, key worker model, focus on whole family, evidence based interventions)
- Joint design of delivery models with all key partners, communities and service users
- Delivery by a wider range of partners, with existing front-line staff acting as 'key workers' providing specialist interventions, making use of the full range of resources in a place.
- Aligned with existing local integration arrangements and building these into genuine multi-agency approaches

GM has proposed a whole system approach to delivering services for complex dependency, which builds on the existing GM Spine, put local authorities in a position to deliver the significant numbers we have committed to work with under the umbrella of complex dependency and through Troubled Families - 50,000 families over three years across GM with a focus on work and skills and 27,000 over five years under the Troubled Families Programme- and to do so in a manner which supports fundamental transformation of public services.

The purpose of a whole system approach is to improve outcomes for individuals and families, and to re-shape and shrink our organisational structures by removing waste and duplication of effort across departmental and organisational boundaries. In order to improve outcomes and reduce demand it is essential that our approach to complex dependency encompasses those that already exhibit complex need but also those who are at risk of doing so.

The overarching principle is that regardless of the point at which a service user enters the system, consideration will be made in every instance as to whether further assessment and triage should take place to determine whether a coordinated multi-agency response is required to address underlying causes of problems, where appropriate with a whole family approach. The adoption of the above model is currently being considered by the PSR Leads groups.

As part of Manchester's recent Devolution Agreement, it has been proposed that during the transition period i.e. over the next 2 years, that the Greater Manchester Combined Authority will receive additional powers for certain parts of public service reform, specifically on business support, skills, complex dependency and health and social care. The GM Agreement includes

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a range of reforms across the work and skills landscape, enabling GM to directly control or influence over £500m of funding. These are:

- The staged expansion of the “Working Well” programme from summer 2015. By the time it is fully rolled out, the programme will cover 50,000 individuals and have a £100m budget.
- A one-off pilot supporting older workers with long-term health conditions back to work.
- Reshaping and restructuring Further Education (post 19 skills) provision worth £150m (including Apprenticeships) within GM and aligning to £170m of EFA spend.
- Government designing the Work Programme in a way that allows GM to be a joint commissioner. Work Programme contracts across GM are worth around £100m.

As Trafford is an exemplar Local Authority within Greater Manchester, under the current Public Service arrangements, we are keen to play a pivotal role in the transition toward full Devolution within Greater Manchester in 2017. Public Service Reform and in particular the integration of Complex Dependency within the local All Age Front Door model, will be pivotal in assisting in this process, and ensuring Trafford remains a GM trailblazer.

5. Devolution

This area has a clear link with Public Service Reform and the Devolution Agreement for Greater Manchester (GM) focuses on the two strands of the GM Strategy (Stronger Together) of Growth and Reform.

The Devolution Agreement signed in November 2014 devolves powers and opportunities in a number of areas including; Housing, Skills, Work Programme, Business Support and Health.

The Trafford Leader and Chief Executive are the GM leads for Skills, Employment and Worklessness. Both have been key drivers in the Devolution negotiations on this agenda and continue to play a leading role in the delivery of the Work & Skills agenda for Greater Manchester. The programme includes the redesign of the Further Education System for GM; the co-design and co-commissioning of the Work Programme to be renewed in 2017; up-scaling of the Working Well Pilot from 5,000 to 50,000 and devolution of responsibility for the Apprenticeship Grant for Employers.

Other elements of the Devolution Agreement include devolving the total health economy of £6bn to GM from April 2016. The Council has been, and will continue to work with the Trafford Clinical Commissioning Group to ensure we are aligned to benefit from the advantages and opportunities to be gained from the new place based health economy and plans are underway to develop a collective Place Based Plan for Trafford to be completed in July this year.

Trafford Council have been working with Greater Manchester’s regeneration team to maximise the benefits from the devolved £300m housing fund, designed to get stalled housing developments moving through providing low cost loans to developers.

6. Budget Monitoring

Work is continuing in 2015/16 to ensure that revised budget monitoring arrangements introduced as part of the Action Plan produced in 2014/15 are maintained and there continues to be ongoing improvements both within arrangements in Adult Services and on a Council-wide

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basis. Within the Children, Families and Wellbeing Directorate, work is ongoing in fully implementing the new Adult Social Care system (Liquid Logic/ContrOCC). The system includes functionality for financial commitments, monitoring and reporting, which is currently in the process of going-live through a phased approach.

Across the Council, a package of measures has been introduced to support budget holders, including an updated budget holder guide and the roll out in 2015/16 of a comprehensive training programme. To complement the training programmes a new Council intranet page is to be finalised which consolidates a number of useful resources that will assist budget holders. These measures will improve the strength of the financial management discipline across the organisation.

Supporting the above, actions will continue to be progressed to provide further support to managers through actions identified in the agreed Organisational Development Recovery Action Plan. Management Guidance has been developed that sets out the key roles and responsibilities expected of a Trafford Manager, including the financial responsibilities where managers are budget holders and it is anticipated that this will be launched in 2015. A mandatory e-learning module for budget holders regarding their financial management responsibilities is being developed to support and compliment the financial management training being rolled out by Finance specialists.

7. Leisure Services

The contract with Trafford Community Leisure Trust will come to an end on 30th September 2015. The existing Leisure Trust Board has informed the Council that it no longer wishes to operate leisure services in the Borough under contract to the Council beyond this date.

In order to put in place an alternative provider the Council would need to go through a procurement process. At best this would take 9 months through a closed procurement process. However, due to potential opportunities for the development of leisure facilities and leveraging models of investment and partnerships, the best procurement route is through an 'Open Dialogue' process. Whilst this is the best route likely to achieve the best outcomes for Trafford residents, it is a process that takes longer than traditional procurement processes, possibly up to 2 years. Also, it is not financially viable to bring these services back in to the Council, mainly because the Council will not be able to access the VAT exemption and the business rates relief.

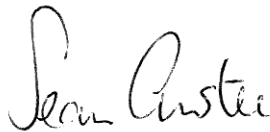
For these reasons, the only option is to create a new company set up to provide leisure services. This new entity will operate from 1st October as a Community Interest Company (CIC) with the existing management team and staff from the Trust transferring in to the company with the exception of the Chief Executive. The Council will initially be the only shareholder. All current arrangements in the Trust for the provision of back office services will remain in-tact ensuring minimal disruption. The CIC will remain VAT exempt and the Council will be able to grant business rate relief. The assets of the trust will transfer, for no consideration, under an 'asset lock' to be used by the new company for the benefit of the community. An interim business plan is being developed as a basis for the first year of operation and it is likely that the Council will need to provide working capital to fund the cash flow requirements initially. This will be provided on a commercial basis through an interest bearing loan by the Council to the

2014/15 Issues and Action Planned 2015/16

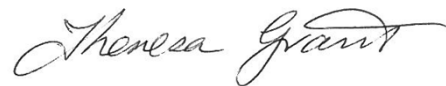
Company.

The Council will then contract with the company to provide leisure services. The Council will appoint a board of directors responsible for the governance of the company. Its first task will be to approve the interim business plan. Once the initial transfer is complete work will start on the development of a vision and blueprint for leisure in the borough and determine appropriate routes to access investment to develop the physical infrastructure.

- 5.5 We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.



Councillor Sean Anstee
Leader of the Council
September 2015



Theresa Grant
Chief Executive
September 2015



TRAFFORD
COUNCIL

CORPORATE GOVERNANCE CODE

June 2015

Trafford Council Corporate Governance Code

1. What do we mean by governance?

Governance is about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

It comprises the systems and processes, and cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with, and where appropriate, lead their communities.

2. Trafford's commitment

Trafford Council, as a public organisation, is committed to ensuring the highest possible standards of governance in order to fulfil its responsibilities:

1. To engage in effective partnerships and provide leadership for and with the community.
2. To ensure the delivery of high quality local services whether directly or in partnership or by commissioning.
3. To perform a stewardship role which protects the interests of local people and makes the best use of resources.
4. To develop citizenship and local democracy.

Openness, inclusion, integrity and accountability are fundamental principles by which the Council operates.

3. The Governance Framework

In order to ensure the fulfilment of its commitment, the Council operates a governance framework which provides a structure to support the Council's approach to governance.

Trafford Council has based its governance framework on the guidance produced in the publication 'Delivering Good Governance in Local Government' produced by the Chartered Institute of Public Finance & Accountancy (CIPFA) and the Society of Local Authority Chief Executives & Senior Managers (SOLACE). In addition, further related guidance documents issued by CIPFA such as "the Role of the Chief Financial Officer" and the "Role of the Head of Internal Audit" are also applied.

The CIPFA / SOLACE framework sets out 6 core principles for good governance.

- Focusing on the purpose of the authority and on the outcomes for the community and creating and implementing a vision for the local area.
- Members and officers working together to achieve a common purpose with clearly defined functions and roles.
- Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.

- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
- Developing the capacity and capability of members and officers to be effective.
- Engaging with local people and other stakeholders to ensure robust public accountability.

Section 7 of the Code sets out in detail how the Authority is committed to meet the requirements of this framework.

4. How we will ensure that we deliver on these principles of good governance

Maintain a local code of corporate governance

In accordance with best practice requirements Trafford Council maintains a local code of corporate governance which sets out the key systems, policies and procedures that comprise the Authority's governance framework. This document will be reviewed and updated regularly as required, and approved by the Corporate Management Team and Accounts and Audit Committee, to reflect any changes in governance arrangements.

Undertake an annual review of governance arrangements

The Audit and Assurance Service is responsible for undertaking an annual review to evaluate the position against the commitments set out in the Council's Corporate Governance Code, the effectiveness of governance arrangements and to ensure continuing compliance with best practice.

Where appropriate, action plans will be produced to ensure any significant weaknesses identified are addressed and there is continuous improvement in the system of corporate governance.

Findings and recommendations from this exercise will be reported via the Corporate Management Team. This will be used to inform the production of the Annual Governance Statement, with significant issues reported publicly through this process.

Report publicly on compliance with governance arrangements in the Annual Governance Statement

The Authority will produce an Annual Governance Statement (AGS) in accordance with the Accounts and Audit Regulations 2011 (Accounts and Audit Regulations 2015 effective from 1 April 2015). This will be published and will accompany the Council's Annual Statement of Accounts. It will state what arrangements the Council has in place to ensure the effectiveness of its governance framework and how the Council has followed its stated governance principles. It will also highlight any areas the Council considers to require significant improvement; and outline the actions planned to address them.

The Accounts and Audit Committee (through an appointed working group) will review the robustness of the AGS. The Chief Executive and the Leader are required to sign off the AGS.

5. Responsibilities

Every Council officer and member has a responsibility to ensure their personal conduct and the organisation's governance arrangements are always of the highest standard possible.

Senior managers have a responsibility for reviewing governance standards in their areas of responsibility and for identifying and implementing any necessary improvement actions. Improvement actions should be reflected in the appropriate business plans.

The Chief Executive and Leader will ensure that an annual review is completed of corporate governance arrangements and give assurances on their adequacy in the published Annual Governance Statement, accompanying the Statement of Accounts.

The Corporate Management Team will ensure that the Corporate Governance Code is reviewed regularly to reflect ongoing developments and planned improvements to the framework; and authorise any amendments. Significant changes will be referred to the Council's Executive for approval.

6. Communication

The Corporate Governance Code and Annual Governance Statement will be reported publicly with a copy available on the Authority's website.

7. Trafford Council's Governance Framework

Principle 1 Focusing on the purpose of the authority and on the outcomes for the community and creating and implementing a vision for the local area.	
Supporting Principle	How the Council meets the requirements
<p><i>1.1 Exercising strategic leadership by developing and clearly communicating the authority's purpose and vision and its intended outcome for citizens and service users</i></p>	<p>The Council, as the lead partner in the Trafford Partnership, has supported the development of the long term vision for Trafford as set out in the Sustainable Community Strategy "Vision 2021: a blueprint. This document describes the key objectives which underpin the work of the partnership.</p> <p>The Council reviews its priorities and implications for its governance arrangements on a regular basis. In response to the Localism Agenda, the Council has updated its Vision 2015 aligning it to the changing way services will be delivered in localities and through partnership working.</p> <p>Reshaping Trafford 2014-17: a Blueprint sets out the Council's vision and aims to have a new operating model by 2017 to enable the delivery of minimum statutory requirements, ensure directly funded services are monitored for quality and performance whilst continuing to provide a place shaping role for the borough.</p> <p>The Council's corporate priorities are reviewed annually and incorporated within the Annual Delivery Plan.</p> <p>The Council publishes details of its strategy, financial position and performance on its website trafford.gov.uk. Information in relation to partnership activity and performance is reported through the Trafford Partnership website traffordpartnership.org.uk</p>

1.2 Ensuring that users receive a high quality of service whether directly, in partnership, or by commissioning.

The Authority has put arrangements in place to measure and review the quality of service for users including mechanisms to identify and deal with failure in service delivery. Robust management information is available to enable monitoring of service quality effectively and regularly.

The Council operates a defined **Performance Management Framework**. The **Annual Delivery Plan** sets out the key deliverables for the coming year supported by individual Directorate and Service business plans, which connect service objectives and associated actions to the community vision and corporate priorities.

The **Corporate Management Team (CMT)** and **Executive** receive regular monitoring and exception reports on the achievement of corporate objectives. In addition, a monthly performance report is issued to Corporate Directors and Executive Portfolio holders containing performance data specific to their remit.

The **Transformation, Performance & Resources Group** is responsible for driving the Transformation Programme, and to ensure successful realisation of all savings, the performance of the programme is monitored by the **Transformation Board** on a monthly basis; this board also receives regular monitoring and exception reports relating to the achievement of project deliverables and benefits.

The Council has implemented a **Customer Strategy 2013-17** which describes its approach to delivering customer services, sets out the reasons and basis for change and proposes how current and future needs will be managed. The Council has an approved **Corporate Complaints Policy** and guidance.

The Council's **Contract Procedure Rules** set out the agreed protocols for procurement and tendering for contracts including post contract arrangements.

1.3 Ensuring that the authority makes best use of resources and that tax payers and service users receive excellent value for money.

Low Council Tax and Value For Money is one of the Council's Corporate priorities. Trafford was one of the first councils to introduce a **Medium Term Financial Plan** and Strategy, highlighted by CIPFA as good practice. The Authority consults annually on its budget proposals and these are subject to scrutiny review.

The Council has implemented a **Transformation Programme** which is supporting the organisation to review and re-design existing functions and service areas to improve service delivery, achieve savings and establish the infrastructure required to manage the future financial challenges.

The Council has a defined **Procurement Strategy** and in addition to hosting the AGMA Procurement Hub, has implemented a collaborative **Procurement Shared Service (STaR)** with Rochdale and Stockport Councils, with the aim to reduce overheads, increase economies of scale and provide collective expertise and resilience.

The Authority has defined **Budgetary Control Procedures** in place. **Revenue Budget Monitoring** reports are reported to the Corporate Management Team and the Executive on a monthly basis to enable monitoring of income and expenditure levels, to ensure that commitments are within available resource levels and corrective action is taken when necessary.

The Council's financial framework keeps its commitments in balance with available resources. There are arrangements in place to ensure compliance with **CIPFA's Prudential Code for Capital Finance in Local Authorities** and **CIPFA's Treasury Management Code**. The Council has a clearly defined **Capital Programme** and **Treasury Management Strategy**. The capital budget is monitored and reported to the CMT and Executive each quarter.

Principle 2 Members and officers working together to achieve a common purpose with clearly defined functions and roles.	
Supporting Principle	How the Council meets the requirements
<i>2.1 Ensuring effective leadership throughout the authority and being clear about the executive and non-executive functions and the roles and responsibilities of the scrutiny function.</i>	<p>The Council has adopted a Constitution which provides a clear statement of how it operates, defining the respective roles and responsibilities of the Executive and non-Executive members.</p> <p>Article 15 of this document sets out the protocols and the role of the Monitoring Officer to monitor and review the operation of the constitution. The Council reviews elements of the Constitution each year at its annual meeting.</p>
<i>2.2 Ensuring a constructive working relationship exists between elected members and officers and that the responsibilities of authority members and officers are carried out to a high standard.</i>	<p>Part 3 of the Constitution sets out responsibility for carrying out the Council's functions, at committee level and delegation to individual executive members. Part 4 sets out the Scheme of Delegation to Officers. The sections on delegated authority are reviewed and approved annually.</p> <p>The Council has appointed a Chief Executive responsible and accountable to the Authority for all aspects of operational management. The functions of the Head of Paid Service, Monitoring Officer and Chief Financial Officer are set out in Article 12 of the Constitution.</p> <p>The Council has designated the Director of Finance as Chief Finance Officer, in accordance with Section 151 of the Local Government Act 1972. Periodic assessment is undertaken to ensure compliance with the governance standards as set out in the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).</p> <p>The Council's Director of Legal & Democratic Services is designated as "Monitoring Officer". It is the function of the Monitoring Officer to oversee and monitor compliance with legislation and the Council's established policies and procedures.</p>

2.3 Ensuring relationships between the authority and its partners and the public are clear so that each know what to expect of each other.

The Authority has adopted **Member Officer Relations Protocols** which provide guidance to help build good working relations between members and officers.

The **Officer Employment Procedure Rules** set out the terms and conditions for remuneration of employees. A **Pay Policy Statement** has been published which provides transparency regarding the Council's approach to setting pay for its employees.

The Council has agreed a **Members Allowance Scheme** setting out the level of financial allowance that members may receive.

When working in partnership, members are clear about their roles and responsibilities individually and collectively in relation to the partnership and the authority. The Council Leader is the Chair of the **Trafford Partnership Executive** which has defined Terms of Reference in place.

Four **Locality Partnerships** have been set up, core membership of which includes Councillors, Partner Agencies and Community Ambassadors. Representation on the Trafford Partnership **Stronger Communities Board** ensures a link between the strategic partnership and localities. Each partnership has its own terms of reference, setting out their vision, purpose, roles and values.

In accordance with the requirements of the Health & Social Care Act 2012, a **Health & Wellbeing Board** has been established. Supporting this, the Council has in place a number of strategic partnership arrangements governed through **Section 75 Partnership Agreements**.

Principle 3 Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.	
Supporting Principle	How the Council meets the requirements
<p><i>3.1 Ensuring authority members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance.</i></p>	<p>In accordance with requirements of the Localism Act 2011, the Council has reviewed and adopted its Members Code of Conduct incorporating procedures for notification of disclosable pecuniary interests and hearing procedures. Protocols set out the arrangements for dealing with complaints about the code of conduct for members.</p> <p>All staff are required to abide by an Employee Code of Conduct. It is a requirement for all new employees to read and sign up to this as part of the staff induction procedure.</p> <p>Responsibility for the regulation of employee conduct is set out in the Council's Disciplinary Policy. A range of Human Resource policies in place are designed to help ensure the proper conduct of staff and to ensure the workforce is appropriately skilled to deliver the Council's aims and objectives.</p> <p>Arrangements are in place requiring members and employees of the Authority to not be influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders.</p> <p>The authority has an Anti-Fraud & Corruption Strategy and procedures for the reporting of suspected fraudulent activities.</p> <p>To ensure the Authority meets best practice and legislative requirements, an Information Security Governance Board has been established. A Senior Risk Information Officer is assigned to oversee and review information governance issues and risk.</p> <p>Users of the Trafford ICT network are required to sign up to the authority's Acceptable Use Policy to confirm acceptance of agreed responsibilities and standards to prevent misuse of equipment or networks.</p>

	<p>To ensure compliance with Data Protection and Freedom of Information legislation, the Council has adopted a policy, procedures and a dedicated Corporate Information Officer to provide support and guidance to employees.</p>
<p><i>3.2 Ensuring that organisational values are put into practice and are effective.</i></p>	<p>The Council has adopted a set of Corporate Values embedded within its policies, procedures and strategies. The Council's competency framework outlines the organisation's values and the behaviours expected of employees when fulfilling their roles.</p> <p>The organisation's shared values act as a guide for decision making and as a basis for developing positive and trusting relationships within the Authority.</p> <p>The Authority has implemented arrangements to ensure that systems and processes are designed in conformity with appropriate ethical standards, and for monitoring their continuing effectiveness in practice.</p> <p>The Council has adopted a "Local Code of Corporate Governance" in accordance with the CIPFA/SOLACE framework for Corporate Governance. The Council undertakes an annual review of the Code of Corporate Governance and associated arrangements.</p> <p>The Standards Committee, with an independent Chairman, has within its role, the promotion and maintenance of high standards of conduct of members and the responsibility to oversee the effective operation of the Code of Conduct for Members.</p> <p>The financial management of the Council is conducted in accordance with the Financial Procedure Rules and Contract Procedure Rules incorporated within Part 4 of the Constitution.</p> <p>Systems and processes for financial administration, financial control and protection of the Authority's resources and assets are designed in conformity with appropriate ethical standards and monitor their continuing effectiveness in practice.</p>

Principle 4 Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.	
Supporting Principle	How the Council meets the requirements
<i>4.1 Being rigorous and transparent about how decisions are taken and acting on the outcome of constructive scrutiny.</i>	<p>The Council has developed detailed procedures for political decision making. There are clear processes for recording and monitoring executive decisions in order to ensure compliance with legislation, internal policies and procedures, and that expenditure is lawful. The Executive has to make decisions in line with the Council's overall policies and budget. Any decisions to be made outside this framework must be referred to full Council.</p> <p>The Scrutiny Committees provide the scrutiny of decisions made, policy development and implementation and can "call in" decisions made by the Executive, or on their behalf with delegated authority, to challenge whether the decision has been made appropriately and ask the Executive to reconsider it if necessary.</p> <p>The Council has an Internal Audit function which is required to operate in conformance with the Public Sector Internal Audit Standards. The Internal Audit function is responsible for monitoring the quality and effectiveness of systems of internal control.</p> <p>The Council has an Accounts and Audit Committee whose terms of reference require it to monitor and evaluate the Council's corporate governance and internal control arrangements. The Committee operates in accordance with CIPFA guidance for Audit Committees.</p>
<i>4.2 Having good quality information, advice and support to ensure that services are delivered effectively and are what the community wants</i>	<p>Part 4 of the Constitution sets out the Access to Information Procedure Rules including the rights to attend meetings and access summons, agenda and reports. Where major 'key' decisions are to be discussed or made, these are set out in a notice published at least 28 days before a decision is made.</p>

<p><i>/ needs.</i></p>	<p>Those making decisions, whether for the Authority or in partnership, are provided with information that is fit for purpose – clear, timely, relevant, accurate and complete and gives clear explanations of issues and implications on both a financial and non-financial basis.</p> <p>The Authority seeks timely professional advice on matters that have legal or financial implications, which is recorded in advance of decision making and used appropriately.</p>
<p><i>4.3 Ensuring that an effective risk management system is in place.</i></p>	<p>Risk management is embedded into the culture of the organisation. The Council has a Risk Management Policy Statement, Strategy and protocol for monitoring and reporting risk. These explain the methodology which provides a comprehensive framework for the management of risk throughout the Council.</p> <p>The Council's Strategic Risk Register sets out the key risks the Council is likely to face in achieving its high level corporate objectives. In accordance with the Council's Risk Management Policy Statement, the Corporate Management Team (CMT) provides regular quarterly updates on the strategic risk environment and, in particular, performance in managing the specific risks.</p> <p>The Council has adopted a Confidential Reporting Code and supporting guidance, which sets out the whistle blowing protocols for reporting, responding to and monitoring of issues of concern.</p>

4.4 Using their legal powers to the full benefit of the citizens and communities in their area.

The **Constitution** sets out how the Council will operate to deliver services and perform its functions within the wider legal framework. Part 3 sets out Responsibility for Functions at committee and executive portfolio level. It also sets out the proper officer arrangements for delivering specific legislative requirements.

The Authority actively recognises the limits of lawful activity placed on it but also strives to utilise powers to the full benefit of communities. It recognises the limits of lawful action and observes both the specific requirements of legislation and the general responsibilities placed on authorities by public law.

The **Monitoring Officer** will, after consulting with the Head of Paid Service and the Chief Finance Officer, report to the full Council or to the Executive, in relation to an Executive function, if she considers that any proposal, decision or omission would give rise to unlawfulness or has given rise to maladministration. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered.

The Director of Finance, as the **Council's Chief Finance Officer**, has responsibility for the legality of the Council's financial transactions.

Directors and Heads of Service are responsible for ensuring that they establish and maintain effective standards of governance, complying with legislation, the Council's Constitution, Standing Orders and Financial Procedure Rules.

Principle 5 Developing the capacity and capability of members and officers to be effective.	
Supporting Principle	How the Council meets the requirements
<i>5.1 Making sure that members and officers have the skills, knowledge, experience and resources they need to perform well in their role.</i>	<p>The Authority provides induction programmes tailored to individual needs and opportunities for members and officers to update their knowledge on a regular basis.</p> <p>Member Induction Training is undertaken each year. Member training needs are regularly reviewed and a Training & Development Plan for Members is in place. The Council has committed to the re-assessment of the North West Level 1 Charter for Elected Member Development.</p> <p>The Supporting Change to Happen Strategy 2014-17 sets out the additional set of values to support the Reshaping Trafford programme underpinned by a set of competencies to enable change to be delivered, and to complement and strengthen the Council's Core values. It is supported by a programme of learning & development interventions for Members and staff so that they can adapt successfully to new ways of working and changed delivery models.</p> <p>All new employees are required to complete a Corporate Induction Module. The Council has developed Directorate and cross-council Training & Development Plans supported by a suite of e-learning solutions available to meet the organisational skills development needs.</p> <p>The Authority puts arrangements in place to ensure that statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the organisation.</p> <p>The ongoing Transformation Programme is also taking into account consideration of training and development needs across the Council and individual service areas for change management and adopts a skills transfer approach to support colleagues to develop project management and business analysis skills.</p>

<p><i>5.2 Developing the capability of people with governance responsibilities and evaluating their performance as individuals and as a group.</i></p>	<p>The Authority assesses the skills required by members and officers and makes the commitment to develop these skills to enable roles to be carried out effectively. Skills are developed on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed.</p> <p>There is a behavioural based competency framework and staff appraisal process in place which supports the cascade of corporate objectives and values through to individual employee targets. All staff are required to complete a Personal Development Review annually.</p> <p>Members are requested to complete a Personal Development Review which is used to inform the development of their training plan.</p> <p>The Council has taken a strategic approach to Absence Management. Ongoing performance is monitored as part of the Authority's Annual Delivery Plan.</p>
<p><i>5.3 Encouraging new talent for membership of the authority so that best use can be made of the individual's skills and resources in balancing continuity and renewal.</i></p>	<p>The Council operates an Internal Apprenticeship Scheme providing training and mentoring opportunities for Trafford residents.</p> <p>There are effective arrangements in place designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the Authority including recruitment of a number of Community Ambassadors with a role in identifying and prioritising local needs and representing residents on Locality Boards.</p>

Principle 6 Engaging with local people and other stakeholders to ensure robust public accountability.	
Supporting Principle	How the Council meets the requirements
<i>6.1 Exercising leadership through a robust scrutiny function which effectively engages local people and local institutional stakeholders, including partnerships and developing constructive accountability relationships.</i>	<p>The Constitution sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. The public have a number of rights in their dealings with the Council. These are set out in more detail in Article 3.</p> <p>The Council has implemented detailed guidance and procedures for staff to ensure that an Equality Impact Assessment is undertaken in relation to all proposed changes in policy, strategy, functions and internal structures.</p> <p>Scrutiny Function – See supporting principle 4.1</p>
<i>6.2 Taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the authority, in partnership or by commissioning.</i>	<p>The Authority as a whole is open and accessible to the community, service users and its staff and has made a commitment to openness and transparency in all its dealings, subject only to those specific circumstances where it is proper and appropriate to do so.</p> <p>Council decisions are based on public consultation including annual review of the budget proposals. Meetings where key decisions are made and scrutinised are open to the public, except where exempt information is disclosed.</p> <p>There are clear channels of communication in place with all sections of the community and other stakeholders e.g. through the Council website, social media channels and publications distributed to each household in the borough. The Council has a corporate Marketing & Communications function in place to oversee internal and external communication and ensure these arrangements are operating effectively.</p> <p>The Council's Neighbourhood Forums provide a public forum to discuss local issues and understand how the Council is working to tackle them.</p>

The Council is the lead organisation of the **Trafford Partnership**, which provides a key role engaging with residents and the community to ensure that priorities and actions at strategic level reflect the needs of local people.

Four **Locality Partnerships** have been established, with membership including Councillors, partner agency representation and **Community Ambassadors**. These will build upon existing forums and networks to encourage effective engagement of local communities in decision making, provide a coordinated approach to identify and address local priorities, increasing community ownership of issues and developing innovative solutions.

The **3rd Sector Strategy** sets out how the Council and its partners support the sector through capacity building and funding support.

The Council is compliant with the Freedom of Information Act 2000 requirements and has a **Publication Scheme** in place. In accordance with the government's **Open Data** requirements, details of all invoice payments to suppliers, senior officer salaries and details of members' expense claims are published online.

The **InfoTrafford** website provides free public access to view statistical data about the borough with the aim to provide a tool for community empowerment, decision making and policy development.

6.3 Making best use of human resources by taking an active and planned approach to meet responsibilities to staff.

The Council has in place **Joint Consultative Committee** arrangements to establish a regular method of consultation between the Council and the Trade Unions enabling input into human resource issues including proposed organisational and policy changes.

The Council operates an **Employment Committee** responsible for determining collective and corporate terms and conditions of employment and approving any changes in human resources policies.

As part of the Reshaping Programme, the **Supporting Change to Happen Strategy 2014-17** sets out how the Council will support employees to understand, adapt and successfully move to the new operating arrangements. The Authority has produced a toolkit for employees and managers in **Managing Organisational Change**, which provides guidance for restructuring and review in accordance with statutory requirements and current best practice.

There are a range of consultation mechanism in place for Council employees including an online forum, network events, focus group and surveys.

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TRAFFORD COUNCIL

Report to: Accounts and Audit Committee
Date: 24th September 2015
Report for: Information
Report of: Joanne Hyde, Acting Corporate Director – Transformation and Resources

Report Title

A Summary of Actions and Improvements following the Investigation Report into Budget Monitoring Arrangements (July 2014)

Summary

Following the completion of the report setting out findings from the investigation into the Council's budget monitoring arrangements in July 2014, an action plan was developed and presented to the Accounts and Audit Committee on 25th September 2014.

Further reports setting out progress against the action plan were presented to the Committee in November 2014 and February 2015 and a further summary of progress was provided in the 2014/15 draft Annual Governance Statement on 30th June 2015. In addition, regular updates have been provided to the Corporate Management Team.

Over the past 12 months, significant activity has been undertaken to implement improvements both in accordance with the recommendations from the investigation and in response to further learning identified throughout the implementation process.

This paper summarises the actions and improvements to-date and provides a final update in respect of this position.

Recommendation

That the Accounts and Audit Committee note the contents of this report which are provided as a final update

Contact person for access to background papers and further information:

Name: Deborah Lucas, Head of HR Business Partnering
Extension: 4095

Background Papers

Investigation into Budget Monitoring Arrangements at Trafford Council – 2014 (redacted)

Budget Monitoring Action Plan (submitted to Accounts & Audit Committee in September 2014)

Budget Monitoring Action Plan Update (submitted to Accounts & Audit Committee in November 2014)

Budget Monitoring Action Plan Update (submitted to Accounts & Audit Committee in February 2015)

1.0 Background

- 1.1 Further to the findings and recommendations set out in the “Investigation into Budget Monitoring Arrangements at Trafford Council – July 2014”, an action plan was developed which was presented to the Accounts and Audit Committee on 25th September 2014. This action plan set out key activities that needed to take place in order to achieve the recommendations from the report, within agreed timescales.
- 1.2 Since the development of the action plan, significant activity has been undertaken with respect to implementing improvements in budget monitoring arrangements and also in relation to the wider cultural, performance management and training and development issues that were identified during the investigation.
- 1.3 Regular updates on progress against this action plan have been provided to both the Corporate Management Team (CMT) and the Accounts and Audit Committee.
- 1.4 This report summarises the actions to-date, identifying where improvements have been made and providing a final update on this matter.

2.0 Adults’ Services

- 2.1 A key finding in the budget monitoring investigation report related to a lack of clarity with respect to roles and responsibilities, in particular in relation to the Business Delivery Group (BDG) within Adults’ Services. A critical factor in this was the lack of explicit terms of reference for the group, which resulted in a lack of understanding from group members about their roles and responsibilities, especially in relation to financial matters; this in turn led to a lack of accountability for the control of adult social care budgets.
- 2.2 In addition, the report found that there was a disconnect between groups such as the BDG and SLT, which meant that there was no clear escalation process for matters of concern; it also found that there was a disconnect in relation to the monitoring of the Learning Disability Recovery Plan.
- 2.3 Immediate action was taken to rectify these issues; this included a fundamental review of the BDG, including its membership, purpose and terms of reference.

- 2.4 Following on from this and in order to ensure that the group has a clear understanding of their financial responsibilities, BDG members received specific briefings from members of the Finance Service; these briefings provided information on the compilation of their budgets and the different elements of those budgets so that the group are equipped to challenge any assumptions being made. In addition, the group now receive a detailed monitoring report each month, in advance of the BDG meeting; this gives group members sufficient time to consider the data, provide feedback and present challenge before the monitoring report is produced for Members. In addition, a summary of the exact budget information reviewed by the BDG is subsequently presented to SLT, with a clear audit trail to the publicised budget monitoring report.
- 2.5 These actions have resulted in a significant improvement in the performance and accountability of the BDG. For example, this group now has an agreed membership (which includes the CFW Corporate Director where budget matters are discussed); it has clear and explicit terms of reference; it receives clear and regular financial information which members of the group are trained to challenge and scrutinise; it has a standard agenda, which includes an item entitled "Items for Escalation to SLT" - this ensures that there is a clear and transparent connect between Business Delivery Group and SLT - and there is visibility of all decisions that the group make.
- 2.6 Furthermore, in order to ensure that standards of performance are maintained and that financial matters remain a priority, the Director of Finance and the Audit and Assurance Manager attend BDG meetings on an unplanned and ad hoc basis.
- 2.7 In response to the specific concerns that the investigation report raised about the Learning Disability Recovery Plan, its related budget and governance arrangements, action has been taken to shift the management of these to the CFW Programme, which is led by the Commissioning Senior Responsible Officer; this arrangement is a significant improvement and strengthens financial monitoring and accountability in what is typically a volatile area.
- 2.8 As well as the concerns about the BDG, the investigation report also highlighted concerns in relation to managers not having input into the budget process and managers lacking ownership of their budgets, with a heavy reliance being placed on finance staff.
- 2.9 Whilst a number of improvements have been made to address these concerns at a Council-wide level (see section 4), in terms of Adults' Services, specific action has been taken to ensure that there is a comprehensive list of named budget holders which clearly identifies which budget headings and cost centres they have responsibility for. This means that managers in Adults' Services are clear about their areas of responsibility and can take ownership of their budgets.

2.10 Finally, the investigation report also identified that priority needed to be given to implementing the Liquid Logic system, so that the impact of demand and activity relating to care packages would be available in real time. Action was taken to support this critical improvement and the Liquid Logic system went live in December 2014, with a further financial module to assist in budget forecasting and payments (Controcc) going live in April 2015. The outputs from this system are currently being monitored, reviewed and refined to ensure that they continue to meet business needs. Furthermore, the system has additional functionality which is being developed; this will deliver future improvements in joining up activity and spend.

3.0 Finance Service

3.1 With respect to the Finance Service, the investigation report highlighted that there needed to be improvements in performance management systems across the Finance Service to ensure that mechanisms such as regular one-to-ones and PDR's are in place to enable support and challenge at all levels.

3.2 The actions taken to address this point have extended wider than the Finance Service as it was recognised that as an organisation, we must ensure that support and challenge mechanisms are in place not just within a single service but Council-wide.

3.3 In this respect, significant improvements have taken place to improve performance management across the organisation. For example, the PDR process and related documentation were reviewed and refreshed at the end of 2014 to incorporate a new competency framework, including specific reference to the financial responsibilities of budget holders. This new process was cascaded to managers and staff via drop-in sessions and is now being fully embedded into the organisation, with the current cycle of PDR's taking place now, across the Council. Moreover, managers in CFW and Finance were specifically targeted and as well as the general PDR training, they also received mandatory training on 'Effective PDRs using a coaching approach'. In terms of making improvements to general supervision across the Council, a standard one-to-one template has been developed, supplemented by management guidance; this will ensure that there is a consistent approach to supervision at all levels.

3.4 Work has also been undertaken to develop guidance on the "Trafford Manager". This guidance sets out clear roles, responsibilities and standards that Trafford Council expects of its managers, with finance identified as one of the key responsibilities. The documentation supporting this, including the documentation referred to in paragraph 3.3 is currently being finalised and will be rolled out to managers by the end of September.

3.5 Specifically in relation to improving the performance of Finance staff, a skills audit has been undertaken and a number of professional qualification

requests are currently being progressed, together with a range of generic training requirements.

- 3.6 Finally, the investigation report also highlighted the need to better communicate the Whistleblowing Policy to Finance staff so that they are clear about reporting matters of concern. Whilst this action was undertaken as a priority by the Director of Finance at a whole service briefing, again, it was recognised that it is a matter that should be improved across the organisation and the opportunity is being taken to refresh and relaunch the Whistleblowing Policy, Council-wide; the aim is to simplify the existing policy, making it more accessible. The revised policy will be communicated to all staff by the end of October, ensuring that they clear about how to raise any concerns that they may have at the earliest opportunity.

4.0 Council-wide matters

- 4.1 In the investigation report, significant emphasis was placed upon general improvements in budget monitoring processes across the organisation. Over the past 12 months, significant work has been undertaken in this area and significant improvements have been made. These improvements are summarised below:
- a) New budget monitoring timelines have been established; these timelines extend the window of time available between the development of the budget monitor and the production of the outturn report for Members; this improvement ensures that sufficient time is available for robust financial scrutiny and challenge to take place. This new arrangement will be reviewed to assess the impact of the timing changes and make further improvements, where necessary;
 - b) All budgets across the Council have been thoroughly assessed and have been assigned a RAG (Red; Amber and Green) rating based on a number of criteria/factors, including the level of complexity and the size and the nature of the budget i.e. demand-led. These ratings have been agreed at Directorate Team Meetings with the relevant Corporate and Service Directors. This new system gives visibility of high risk budget areas and enables resources to be targeted where they are most needed. For example, budget holders whose budgets have been rated as Red have received a more intensive level of training and receive a greater level of support from Finance in completing their budget monitors, which includes monthly one-to-ones with Finance leads prior to the completion of the budget report.
 - c) A comprehensive list of budget holders has been established and agreed between Corporate Directors and Finance and all budget holders have attended two mandatory phases of robust financial management training. This training covered accountability, ownership, decision-making and forecasting and will ensure that there is now a consistent understanding and approach to financial management across the organisation;

- d) A reference guide for budget holders detailing their financial responsibilities has been developed and cascaded to CMT, senior management teams and all budget holders; this guide supplements the training that has been delivered and will ensure that managers continue to have documented support on financial management going forward;
 - e) In terms of new starters, a mandatory e-learning module for budget holders, which sets out their financial management responsibilities is currently being developed, with a planned rollout date of the end of October; this will form part of the Council's mandatory induction process for new managers; .
 - f) Excel training has been provided to support budget holders across the Council in completing their budget monitors and making accurate forecasts.
 - g) As well as Council wide budget monitoring improvements that have taken place, there have also been a number of improvements made with respect to budget and accounting/technical practices. For example, budgets are now monitored against gross expenditure and gross income so that 'netting off' does not occur when explanations are provided in respect to main budget variations; assumptions underpinning budgets are now monitored monthly and reviewed annually as part of the budget setting process.
- 4.2 Finally, as more robust budget monitoring arrangements and practices have been introduced, a number of key principles have emerged; these key principles will underpin the budget monitoring process going forward and include:
- a) all service managers/budget holders must have clear sight of all assumptions made and confirm their agreement to and ownership of these;
 - b) budget monitors will be prepared and presented in such a way that they can be easily interpreted and should be tailored as appropriate to the target audience;
 - c) data that underpins forecasts must be accurate - confidence is required in the integrity of the data at all times and it is critical that appropriate preventions and monitoring controls are in place to continue to maintain the integrity of the data going forward.

5.0 Conclusion

- 5.1 Significant activity and improvements have taken place across the organisation over the past 12 months to ensure that all the recommendations from the July 2014 investigation report have been fully addressed.
- 5.2 Furthermore, as a learning organisation, the Council has identified additional actions and interventions to further improve and enhance the way in which it

and its workforce operate and as a result, wider improvements have also been made.

- 5.3 Whilst it will take time to fully embed the range of technical, behavioural and cultural changes, we are already seeing the clear benefits of the improvements that have been made to date. We will continue to monitor and evaluate the effectiveness of the changes through a range of mechanisms, including supervision, staff surveys, PDR's and observation, and the Council will continue to drive forward its journey of continuous improvement.
- 5.4 The Accounts and Audit Committee is recommended to note the summary of actions and improvements that have been made to date, which is provided as a final update in respect of this matter.

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TRAFFORD COUNCIL

Report to: Accounts and Audit Committee
Date: 24 September 2015
Report for: Information
Report of: Audit and Assurance Manager

Report Title

Strategic Risk Register 2015/16 (September 2015 update)

Summary

The Accounts and Audit Committee is asked to consider this report which contains an update on the strategic risk environment. This includes arrangements in place to manage each of the strategic risks.

Recommendation

The Accounts and Audit Committee reviews this report.

Contact person for access to background papers and further information:

Name: Mark Foster – Audit & Assurance Manager. **Extension:** 1323
Susan Price – Senior Audit & Assurance Officer **Extension:** 1325

Background Papers:

None

1. INTRODUCTION

- 1.1 The Council's Strategic Risk Register (SRR) contains the strategic risks the Council is likely to face in achieving its high level corporate objectives.
- 1.2 In accordance with the Council's Risk Management Policy, the Corporate Management Team (CMT) provides regular periodic updates on the strategic risk environment and in particular performance in managing the specific risks incorporated within the SRR.
- 1.3 This report is based on information provided by risk owners through June to early September 2015.

2. THE STRATEGIC RISK ENVIRONMENT – RISK EXPOSURE AND PERFORMANCE MANAGEMENT

- 2.1 The Council continues to review and monitor its strategic risks. Given the challenges faced by the Council going forward, it is acknowledged that it will need to continue to review its approach to risk and risk management as risks change and potentially higher risks arise.
- 2.2 Progress has continued to be made in addressing the strategic risks as detailed in Sections 3 and 4 of this report.
- 2.3 The Audit & Assurance Service requested current strategic risk owners to provide an update on the strategic risks that are under their remit including progress in managing these risks. Section 3 of this report contains a summary listing of the highest strategic risks identified. Section 4 contains the risk registers for each strategic risk.
- 2.4 Since the previous strategic risk report update to CMT in June 2015, the risk exposure scores have been revised for three existing risks:
 - SR11 - New Joint Venture partner fails to deliver services to the required standard or fails to deliver required efficiency savings reduced from a medium risk of 10 to a low risk of 8.
 - SR15 – Implementation of the Special Educational Needs and Disabilities (SEND) reforms set out in the Children and Families Act 2014 reduced from a medium risk of 15 to a medium risk of 12.
 - SR16 – Adult Social Care Budget 2015/16: Ability to implement approved savings proposals in the current economic conditions reduced from a high risk of 25 to a medium risk of 15.
- 2.5 Since the last update, four risks have been removed from the strategic risk register. The relevant associated risks and issues will continue to be managed at a Directorate level within the Community, Families and Wellbeing Directorate. These risks are:

- Ability of partnership working in relation to vulnerable adults and older people (formerly Strategic Risk 6 per the previous update).
- Demand for eligible services outstrips resources in adult social care (formerly Strategic Risk 8 per the previous update).
- Performance targets relating to Adult Social Care services are not met (formerly Strategic Risk 12 per the previous update).
- Impact and implementation of the Care Act (formerly Strategic Risk 18 per the previous update).

2.6 The risk chart on page 4 shows an analysis of the current strategic risks. The chart analyses the levels of risk exposure in terms of impact and likelihood. The number of strategic risks for each risk level is shown. There are 17 strategic risks (four of which are considered high level). The highest risk relates to the Council's medium term financial position (SR4).

Comparison of Risk Levels June 2015 and September 2015

IMPACT **Risk Levels – June 2015**

Very High(5)	4	5	2	3	
High (4)	2	2	1		
Medium (3)			1	1	
Low (2)					
Very Low (1)					
	Very Low (1)	Low (2)	Med. (3)	High (4)	Very High (5)

LIKELIHOOD

IMPACT **Risk Levels – September 2015**



Very High(5)	2	5	2	1	
High (4)	3	2	1		
Medium (3)			1		
Low (2)					
Very Low (1)					
	Very Low (1)	Low (2)	Med. (3)	High (4)	Very High (5)

LIKELIHOOD



High Risk
Medium Risk
Low Risk

3. Summary Table –Strategic Risks (September 2015)


Red	Amber	Green
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Risk	Strategic Risk Title / (Directorate) / (Portfolio)	Risk Level	Management of Risk - Direction of Travel *	Comments
1	<p>Major regeneration projects, including Altair, Altrincham Strategic Framework delivery, Old Trafford Master Plan (OTMP) and Carrington development do not proceed due to economic and financial constraints.</p> <p>(EGEI)/(Economic Growth and Planning)</p>	8 Low		<p>All project risks contained and detailed within individual project plans. Overall, all projects are within tolerance.</p> <ul style="list-style-type: none"> • Altair outline planning consent granted. Revised Development Agreement complete (April 2015). Detailed planning application for phase 1 due autumn 2015 with start on site late 2016. • Funding has been approved for the OTMP, and Land Pooling Agreement approved by the Executive March 2014. • Altrincham public realm strategy agreed and phase 1 on site with the first areas complete. • Proposals for new Altrincham Library approved at Executive. Agreement for lease in place, and pre-planning discussions underway. • New operator for Altrincham market appointed and Operating Agreement and Agreement for lease completed (November 2013). • Stretford Masterplan approved (January 2014). Advisers for Lacy Street in place and report produced. Public realm study complete. • Altrincham Strategy approved. • Sale of Carrington by Shell to Langtree completed, with further transfer to Himor also completed. Project governance structure being reviewed and proposals for support by the Growth Team agreed.
2	<p>The OFSTED Inspection Report published in May 2015 judged our services to be Good with Outstanding areas. The TSCB was also rated as Good. However Safeguarding children this is an area of Council responsibility that requires constant high levels of vigilance to guard against the risk of harm or abuse to children that could have</p>	12 Medium		<ul style="list-style-type: none"> • OFSTED conducted a full Inspection of services for Children in Need, Children in Need of Protection and Looked after children and the report was published on 12th May 2015. At the same time OFSTED conducted an inspection of the Trafford Safeguarding Children’s Board (TSCB) and the report of their performance was also published on 12th May 2015. • Services for children in need and children in need of protection were judged to be Good. • Services for Looked After Children were judged to be Good. • Adoption Service was judged to be Good. • Aftercare was judged to be Outstanding.


<p>been prevented through early help, identification, assessment and support of services. It is therefore imperative that the Local Authority maintains high levels of compliance with legislation, procedures and follows good practice principles in its delivery of statutory services to children and that compliance is consistently monitored and quality assured.</p> <p>The TSCB also must maintain the capacity and support to ensure practice is delivered at the highest level, compliance with standards and targets is closely monitored and deficiencies or concerns are suitably challenged and addressed.</p> <p>(CFW)/(Children's Services)</p>			<ul style="list-style-type: none"> • Leadership & Management was judged to be Outstanding. • The TSCB Was judged to be Good. • There were no areas of immediate action required. • The LA report listed 6 Areas for Improvement. An Action Plan has been developed to address these and sent to OFSTED in August. Progress against this action plan is monitored at the monthly Director of Children Services Safeguarding Meeting. • The TSCB remains independently chaired and completed progress against its 2014/15 business plan and has developed its 15/16 Business Plan. The TSCB sub-groups are monitoring and quality assuring safeguarding outcomes for children. • OFSTED described Multi-agency preventative work with children in need as well developed and effective. The number of new children coming into care has recently increased which is largely due to changes in procedures and young people staying in care for longer, however the children in care numbers are rigorously monitored and each child independently reviewed by the IRO's. The number of child protection plans have reduced while child in need plans have increased, this was seen as positive by OFSTED. Quality of Child in Need Plans is monitored by the IRO's and quality of Child in Need Plans is now supported by the permanent Child in Need IRO. • Partnership working and communication in safeguarding services are good, both within the CYPS and between the CYPS, health partners and other agencies. Guidance and direction for staff are good and staff report experiencing professional challenge and support, with accessible managers and clear decision making. • The CYPS has recruited to a number of posts in recent months. The number of high quality applicants was high indicating Trafford's good reputation as an employer. They are settling into Trafford well and are very positive about their early experiences here. • Caseloads are high but manageable and the workload management system is helping to promote balanced workloads in line with the capability of staff and their level of experience. • Training and support for staff are of consistently high quality, especially the multi-agency training arranged by the TSCB for which take-up is good. • The Singe Assessment process is now well
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				<p>embedded in Trafford and the quality of our assessments were seen as good by OFSTED.</p> <ul style="list-style-type: none"> • Children Sexual Exploitation (CSE) and children who go missing are monitored through the SEAM Panel. The Phoenix Risk Assessment tool is fully utilised and there is strong joint work with the Police through Phoenix Trafford. <p>Responsibility for this risk is multi-agency and dependant on all parties to achieve successful outcomes and sustained improvement.</p>
3	<p>Demand for school places under-estimated and/ or additional school places are not delivered to satisfy increased demand.</p> <p>(CFW)/(Children's Services)</p>	<p>15 Medium</p>		<ul style="list-style-type: none"> • All children have been allocated places for the 2015/16 academic year. • The demand for primary and secondary school places continues to be monitored and capital resources allocated to ensure sufficient places are provided to meet our statutory duty. • A two year resource allocation has now been received from Department for Education (DfE) and a Capital Programme is planned in line with projections. • A secondary sufficiency review to plan for 2017 and beyond has been completed with schools and academies to manage the projected increases working through from the primary sector. An implementation plan is being developed following approval of the outcomes by the Council Executive and Secondary Schools. • Capital implications of the SEN review are also being implemented to meet additional demand for places.
4	<p>Continuing uncertainty regarding the Council's medium term financial position given the reliance that exists on support from Central Government, cost pressures within the existing budget and major changes in the administration of Business Rates resulting in a greater risk being transferred to local government.</p> <p>(T&R)/(Finance)</p>	<p>25 High</p>		<p>The budget for 2015/16 has been agreed by Council on 18 February 2015. The budget for 2015/16 of £148.914m included for:-</p> <ul style="list-style-type: none"> • Budget pressures in the form of reduced government funding of £10.1m and additional cost pressures of £14.6m. • Additional one-off income of £3.2m from an increase in the council taxbase, additional dividend from the Manchester Airport Group and an increase in retained business rates. It is not certain that these last two sources will continue in the future. • Savings of £21.5m - the highest single year for savings yet and the expectation is that the requirement to make savings will continue over the next few years. This will be demanding on the capacity of both managers and staff. To part mitigate this, a dedicated transformation team has been set up to look at the delivery of the CFW savings which make up the major part of the overall budget savings.

			<ul style="list-style-type: none"> • There are some significant risks impacting on the delivery of the 2015/16 budget, namely the delivery of the savings above, new emerging cost pressures from demand led services and also from the prospect of in year funding reductions. The former two issues are being monitored through the Transformation Board and will also be included in monthly monitoring reports to the Executive. • The Government announced a first wave of funding reductions on 4 June 2015 and whilst not affecting the overall local government settlement will have an impact on the level of Public Health funding the Council will receive and the impact on the budget is being assessed. • A further national Budget was announced in July and subsequently “non-protected” departments have been asked to prepare for funding reductions of between 25% and 40% over the next few years. The outcome of this will be announced in the spending review on 25 November 2015. • At this stage the Council is due to commence public consultation on its 2016/17 budget plans where, at this stage, a further £20m budget gap is projected. This does not include the impact of the new Living Wage, although there is an expectation of new burdens funding to cover an element of this cost. <p>To mitigate against the risks a minimum reserve level of £6m has been maintained.</p>
5	<p>Loss / absence and retention of senior managers to the organisation.</p> <p>(T&R)/(Finance)</p>	<p>20 High</p>	<ul style="list-style-type: none"> • A number of interim senior posts and an acting up arrangement in the Adults Neighbourhood structure have been put in place to assist with senior capacity and professional leadership to Social Workers whilst the CFW Directorate transforms. An internal candidate has been appointed into one of the posts and an internal act-up will secure additional succession planning and aid retention of key senior Officers. • An assessment process was undertaken in January 2015 for the post of Corporate Director – Children, Families and Wellbeing and an internal appointment made on an acting-up basis, aiding succession planning. • Proposals on revised and strengthened Corporate Management Team arrangements were approved at Council on 18th February 2015; the realignment of the post of Corporate Director – Resources to incorporate increased



				<p>and robust responsibility directly for the Council's financial management arrangements and the formal appointment of a deputy for the Chief Executive, together with the Directors of Legal and HR attending CMT meetings.</p> <ul style="list-style-type: none"> • Interim internal arrangements are in place, again aiding succession planning, pending permanent appointments. • A leadership development programme is in place for all managers/senior managers across the organisation, to support them in leading and engaging their staff through transformational change. In addition, a 360 degree appraisal process will be undertaken initially with a small cohort of managers, with the potential to roll out wider. All of this activity supports individuals' personal development and aids retention. • A new linear pay structure was implemented in April 2015 that introduced a new grade to span the gap at the former top of the NJC pay spine and the Senior Manager pay structure. This will enable the recognition of increased levels of responsibility as the organisation reshapes.
6	<p>Trafford Council must ensure that information held about citizens, employees, partners, contractors, members and organisations in Trafford is safe in their hands. To be able to assure its partners and the public that this is the case they need to demonstrate that they are handling personal/sensitive and commercial data securely both in technology and physical terms. They also need to ensure that 3rd parties acting on their behalf are handling their data sets in accordance with Trafford Council's policies and procedures. This is a corporate risk and the risk to the Council is reputational, financial,</p>	<p>15 Medium</p>		<ul style="list-style-type: none"> • Citizens and businesses have a right to expect data held about them to be treated in a secure manner and only shared on a need to know basis. • Employees, Partners, Contractors and members have the right to expect data held about them to be treated in a secure manner. • Trafford Council have a responsibility to protect their data and information. • The annual work plan is being delivered. Information Asset Owners are progressing the embedding of information in the Council's day to day activities. • Corporate Information Governance Groups are assisting in embedding information governance in the culture of the Council by using team meetings and 1:1 supervision as their forum. • A dedicated Information Governance (IG) Team has been established comprised of an IG Manager, 2 x IG Officers and an IG Apprentice.

	adverse publicity and could ultimately be a breach of the Data Protection Act. (T&R)/ (Transformation and Resources).			
7	The Reshaping Trafford Council Programme doesn't progress to plan and/or deliver its expected outcomes. (T&R) /(Transformation and Resources)	15 Medium	↔	<ul style="list-style-type: none"> • The governance arrangements in place are mature and effective with appropriate senior level representation and authority to provide the support, challenge, advice and decision making required. • From April 2015, the Transformation Programme became the 'Reshaping Trafford Council Programme' and the budget consultation process and proposals for 2016/18 are being built around the Reshaping Trafford Council Blueprint. • The lessons learnt from the previous budget process have been incorporated into the process for 2016/18. • Workshops with CMT and Members are underway for the 2016/18 budget proposals and timelines relating to the process are under review. This takes into account the development and financial review of the business cases as well as providing the opportunity to challenge the business cases. • A specialist company is being selected to assist with the public consultation events (leading/facilitating events and analysing the feedback). The public events are being arranged for September and November with the latter involving service specific proposals. • Briefings are being arranged with the Executive, Conservative Group, Labour Group and Liberal Democrat Group prior to the public consultation events going live. • In recognition of the significant level of savings to be made by CFW, the potential risk to these being delivered and the consequential impact on the CFW service user population and the Council, a discrete transformation programme was established within CFW in November 2014. This is providing the level of rigour and governance required to deliver the savings, the all age integrated delivery model for CFW and manage all risks/issues associated with this work. • A regular review of the Transformation resourcing programme is undertaken to monitor how the team are deployed. This ensures that the programme resource is utilised effectively on



				the high priority activities to ensure the outcomes of the Reshaping Trafford programme are delivered.
8	<p>Failure or delay to implement new Adult Social Care System (Liquid Logic).</p> <p>(CFW)/(Adult Social Services and Community Wellbeing)</p>	<p>20 High</p>		<ul style="list-style-type: none"> • Business continuity plan is updated to include an interim non Adult Social Care Review System for new and existing business. • The implementation phase one went live 9th December as planned. Phase 2 implementation for the Control OCC System went live on 1st April 15. (Its modules include: Contracts, Payments and Charging which can work together to provide a personalised framework for managing individual budgets). • Liquid Logic (LL) and Oxford Computer. Consultants (OCC) Risks, Assumptions, Issues and Dependencies (OCC RAID) Log updated weekly during project to identify problems and provide solutions. Escalation process established to communicate issues and risks. • Softbox will be used until phase 2 is completed and a period of embedding has occurred. • Manuals written to support key parts of the system and regular meetings held with users to address specific process issues. Member of HR provided support with training up to the end March 2015. • Review the work packages against the proposed “Go Live” and extend if possible. • Version 6 is being tested to accommodate changes required for the implementation of the Care Act in April 2015. • Programme Board meets weekly to monitor progress post-implementation. • Ensure the correct level of resource is available in order to meet the project deadlines. Additional staff in place to clear backlog generated during the four weeks when there was no access immediately prior to Go Live. • Work is progressing to identify and build reports, this will ensure accurate reporting and closer alignment between activity and finance. This will allow more accurate planning. • Performance is measured against national and local performance data in line with the directorate performance framework. • The revision and development of performance data has commenced 30/07/2015. • Monitoring is in place and a range of weekly, monthly and quarterly reports are overseen by Business Delivery Programme Board and the Business Delivery Finance Board. A weekly activity to finance update has been added to the

				<p>reporting schedule to give an early indication of potential spending pressures.</p> <ul style="list-style-type: none"> • Ensure that the roll out of the new operating model/ integration of health and social care continues to address key personalisation/ integration performance indicators. • Final phase of finance system (Controcc) completed 30/07/15. <p>Planning commenced and project groups developed for the all age and children's developments, children's controcc, single view, ICS upgrade (children), new releases for information and advice, social care and financial self-assessment processes etc. social care and financial self-assessment processes etc.</p>
9	<p>Failure of the Adult Safeguarding Service.</p> <p>(CFW)/(Adult Social Services and Community Wellbeing)</p>	<p>12 Medium</p>		<ul style="list-style-type: none"> • Refresh of the Safeguarding Policy and procedures are due to commence in March 2015. • Adult Safeguarding Board has been refreshed and a revised governance process in place, introducing a strategic operational board which is jointly chaired. • An Independent Chair is to be appointed. • Joint Children's and Adult safeguarding committee now in place. • Senior Learning and Development post vacant. Impact on sustaining competency in relation to implementation of practice both internal and external agencies. • The Clinical Safeguarding Nurse is currently not in work, this is being covered two days a week by the CCG. • Serious Case Review Panel reviewed and in place. • Recent court judgements lowering the threshold for Deprivation of Liberty Orders. Increased resources agreed. • Additional Capacity agreed. • Annual Safeguarding Plan completed. Serious Case Review Plan is in place. Annual Report completed. • Work commencing re – independent chair of Adult Safeguarding Board. • New safeguarding development manager post being advertised. • Policy & procedure reviews completed. • SAR working group is in place and operational.
10	<p>Breach of health and safety legislation leading to prosecution under the Corporate</p>	<p>10 Medium</p>		<ul style="list-style-type: none"> • Refreshed Health & Safety Policy and comprehensive arrangements available via the intranet. • Compliance Audit programme in place across all

	<p>Manslaughter Act and other Health and Safety Regulations.</p> <p>(T&R)/(Transformation and Resources)</p>			<p>Directorates and schools. This programme includes proactive monitoring of health & safety law and internal H&S management arrangements.</p> <ul style="list-style-type: none"> • Policy, arrangements, protocols and guidance updated to reflect legislative changes (in addition, a three year rolling programme is ongoing). • Arrangements for Construction and Contractor Management have been amended following changes to the CDM Regulations in April 2015. • Training calendar in place – to support managers ensure staff are competent to undertake tasks/role. • HSU continue to assist procurement in vetting and selection of contractors. • The H & S service will be monitoring and auditing the health and safety provisions in place at Amey LG under the contract performance management arrangements.
11	<p>New Joint Venture partner fails to deliver services to the required standard or fails to deliver required efficiency savings.</p> <p>(EGEI)/(Environment and Operations)</p>	<p>8 Low</p>	<p>↑</p>	<ul style="list-style-type: none"> • The effectiveness of controls and performance will only be fully tested when new contract in operation and governance arrangements established. • Contract signed on 7th May. • Contract commenced on 4th July 2015. • First 5 weeks of contract operated successfully across all services. No service standard issues. • First payment application due in August.
12	<p>The Transformation Programme savings will not be delivered in full.</p> <p>(T&R)/ (Transformation and Resources)</p>	<p>15 Medium</p>	<p>← →</p>	<ul style="list-style-type: none"> • The governance arrangements in place are mature and effective with appropriate senior level representation and authority to provide the support, challenge, advice and decision making required. • The Transformation Portfolio savings target are reviewed and monitored monthly. • For 2015/16 the revenue budget requires a further £(21.584) million to be saved, which is the largest savings target in a single year in the Council's history. • Unlike previous years, savings have not been categorised into Transformation or Other Business as the achievement of the entire savings programme is crucial to the financial base of the Council. • The largest risk is with the extent of CFW savings. In recognition of this a team has been assembled to ensure delivery of the savings programme and to identify further opportunities as part the Council's MTFP. Progress on the

				<p>achievement of savings is reported regularly to the CFW Programme Board which is chaired by the Chief Executive.</p> <ul style="list-style-type: none"> • From September 2015 the Transformation and CFW Programme Boards will merge so that the entire savings programme involves all of CMT. • Another important element of the Reshaping Trafford programme is the Council's Joint Venture arrangement with Amey LG. A total of £(2.250)m is expected to be delivered in the current year (£3.0)m in a full year). The client team to manage this contract is being assembled and the project has its own governance arrangements to ensure delivery of the expected outcomes including savings. • The savings are being monitored via the usual monthly monitoring arrangements.
13	<p>Major event leading to inability to deliver critical services to vulnerable people.</p> <p>(CFW)/(Adult Social Services and Community Wellbeing)</p>	<p>16 High</p>		<ul style="list-style-type: none"> • Consideration has been given to events which could stretch the capacity of the Service. This has included plans for monitoring and responding to winter pressures. All CFW Services have business continuity plans in place within the Directorate with supporting action plans actively monitored. These are due to be reviewed further. • Contractual requirements on external providers to have business continuity plans in place. • Business continuity review (Adult Social care) commenced following integration of ASC with Pennine Care. • Business Continuity Plans exist for emergency/front-line children's services. MARAT/Children in Care staff have lap-tops and mobiles so can maintain a basic service working from home. Emergency Duty Team in place for out of hours provision. Council emergency plan enacted in case of total emergency/critical event.
14	<p>Failure to complete the Business Continuity (BC) Programme Project, resulting in an increased risk that the Council may fail to deliver Council services in the event of significant disruption.</p> <p>(T&R)/(Transformation and Resources)</p>	<p>10 Medium</p>		<ul style="list-style-type: none"> • The Council's Audit and Assurance Service completed an audit of the Business Continuity function in March 2015. An action plan was developed and a report was submitted to CMT in May 2015. The report was referred to the TPR meeting in late May. An action plan was agreed to help improve our business resilience and drive forward the business continuity agenda. Also approved was a new Corporate Business Continuity Policy and a draft Corporate Business Continuity plan. (The Plan can be finalised when all Services identify their priorities.) • In the summer of 2013 the Business Impact

				<p>Analysis (BIA) and the Business Continuity Plan (BCP) templates were completely revised; and have since been issued with other guidance, as a <i>BC Toolkit</i> hosted on the Council's Intranet site. The Emergency Planning Manager, the Principal Audit and Assurance Officer and the Head of ICT have met to discuss a review of the BIA in order to obtain further details about the service ICT requirements and how the service would be affected by a business interruption. A revised BIA is being researched and prepared; and forms part of the action plan referred to above. Once this is complete the Head of ICT will be better prepared to examine what is required in order to develop an ICT Disaster Recovery (BC) plan.</p> <ul style="list-style-type: none"> • The Council's web pages are kept up to date with further information and guidance and continue to comply with the Civil Contingencies Act in regard to providing advice to the public and businesses. • Amendments to the Intranet and web-site pages are completed as necessary by the Emergency Planning Manager and are currently up to date. • The Emergency Planning Manager has through HR and AGMA, gained agreement to use an on-line learning package developed by Risk and Resilience at Manchester City Council. Currently HR are looking at placing this on their work programme, but no date has currently been set for completion. (This is now included in the action plan referred to above.) • Under the Reshaping Trafford banner the Council will need to ensure that outsourced Council Services have robust BCPs. As part of the JVC, Amey have provided the Council with their 'Contingency and Back-Up arrangements. • Over the past few months all BIAs, and where necessary BC plans, have been under review. This is fully complete across a large proportion of the Council, but some services are waiting until their structural changes embed and others are yet to engage. (This all forms part of the action plan referred to above.) Once the BIA has been amended in line with ICT requirements, services will need to undertake a further review of their BIAs. • A spread sheet outlining the structure of the Council highlights the current status of business continuity planning across the Authority, using the Red, Amber and Green (RAG) system.
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15	<p>Implementation of the Special Educational Needs and Disabilities (SEND) reforms set out in the Children and Families Act 2014.</p> <p>(CFW)/(Children's Services)</p>	<p>12 Medium</p>		<ul style="list-style-type: none"> • Well established governance arrangements. • Local offer and Policies designed and implemented. • EHC conversion plan in place • New SEN Policy Approved and published • New 0 – 25 EHC Team being developed. • Additional staff resources approved to support conversion process.
16	<p>Adult Social Care Budget 2015/16: Ability to implement approved savings proposals in the current economic conditions.</p> <p>(CFW)/ (Adult Social Services and Community Wellbeing).</p>	<p>15 Medium</p>		<ul style="list-style-type: none"> • The ASC budget has now been completely realigned to remove historic structural budget issues. This has meant that an additional £6.5M has been built into the 2015/16 CFW budget (before savings). This rebasing will ensure that savings proposals are now developed and implemented based on robust financial information. • Regular monitoring of budget at SLT and service level. • CFW Transformation Programme Board to monitor delivery of savings proposals on a monthly basis. • CFW Transformation Team in place including Benefits Realisation Manager, including detailed action plans developed to deliver all budget savings proposals. • Updated benefits realisation monitoring process is being implemented based on regular highlight reports and tracking of savings achievements. • Performance data required to identify trends in take up of service. There are some issues regarding production of data which are currently being addressed. • Market management and intelligence role of CWF Commissioning Officers. • The Budget Monitoring Investigation Action Plan arising from the 2013-14 accounts investigation is in place and being monitored regularly and reported to Accounts and Audit Committee. • 2015-16 budgets have been realigned to reflect the national Zero Based Review reporting arrangements. • Controcc –the financial part of liquid logic went live at the end of July 2015 and regular client care cost reports are now available to support management of the care package budgets. Cleansing work continues within the controcc system as the Directorate develops its understanding of the system capability. • Work is underway to further develop client cost forecasting from Liquid Logic /Controcc to exploit the benefits of the new system.

				<ul style="list-style-type: none"> • Monthly Budget period monitoring reports now contain up to date information on client costs and details of assumptions made in forecasting in year • The Monitoring report for Month 4 2015-16 shows a projected underspend of £450k and a forecast that the overall savings target for Adults will be achieved. • Managing demand is a critical part of the delivery of a balanced budget and the actions below are the ways in which this is being addressed. • Front door programme work commenced to manage demand and reduce duplication. • Managing demand strategy work is underway with public health. • Reshaping Trafford Social Care Programme commenced April 2015.
17	<p>Inability to meet Trafford residents' requests to have burials within the local area due to insufficient land.</p> <p>(EGEI)/(Environment and Operations)</p>	<p>8 Low</p>	<p>← →</p>	<ul style="list-style-type: none"> • Terms agreed to purchase additional land from the National Trust at Whitehouse Lane Dunham Massey. • Executive Member decision taken on 05 May 2015. • The anticipated final purchase date is subject to obtaining a change of use consent. Planning application is anticipated in the first week in September 2015.

* Note: This indicates the direction of travel in respect of performance in managing the risk and not direction of travel of the risk level.

4. STRATEGIC RISK REGISTER (September 2015)

STRATEGIC RISK REGISTER 2015/16			Risk Number			1		
Corporate Priorities		Value for money Fighting crime Economic Growth and Development	Link(s) to Community Strategy Key Objectives			Positive environmental impact Better homes Health and improved quality of life for all Strong economy		
RISK		Major regeneration projects, including Altair, Altrincham Strategic Framework delivery, Old Trafford Master Plan (OTMP) and Carrington development do not proceed due to economic and financial constraints.						
Consequences		<ul style="list-style-type: none"> • Failure to deliver on promise to community. • Negative impact on reputation. • Adverse impact on urban regeneration. • Failure to deliver the Core Strategy housing and employment growth targets. • Negative impact on economic and housing growth in the borough. 						
Controls		<ul style="list-style-type: none"> • Lead officers identified. • Consultants in advisory role where appropriate. • Officer/ member steering groups in place. • Regular performance meetings with developer/ key stakeholders. • Detailed project plans in place. • Altrincham Forward. 						
Risk Assessment	Likelihood	Altair = 2 Altrincham = 2 OTMP = 2 Carrington = 2	Impact	Altair = 4 Altrincham = 4 OTMP = 4 Carrington = 4	Exposure	Altair = 8 Altrincham = 8 OTMP = 8 Carrington = 8 Average = 8		
RISK LEVEL			Low Risk (Average)					
Risk Performance Indicators		<p>Altair</p> <ul style="list-style-type: none"> • CPO confirmed, developer proposals being finalised. • Funding strategy dependent upon pre-letting key parts of development. • Outline planning consent granted and development agreement signed. <p>Altrincham</p> <ul style="list-style-type: none"> • Altrincham Forward Board reviews – quarterly. • Delivery of pipeline developments, including Graftons (on site), new hospital complete, interchange complete, and planning application received for old hospital site and Altair (see above). • Support of local traders/ organisations/residents. • Altrincham Town Team in place (July 2013). • Altrincham Strategy approved. <p>OTMP</p> <ul style="list-style-type: none"> • Essex Way development complete. • Tamworth refurbishment and demolition works complete. • Hullard refurbishments complete. • HCA funding for Shrewsbury Street scheme approved. Project governance structure agreed and in place. • Land Pool Agreement approved by Council Executive. • Soft market testing undertaken for developer for Tamworth site. <p>Carrington</p> <ul style="list-style-type: none"> • Sale of site by Shell to developer complete (2013), with further sale to Himor complete. 						

	<ul style="list-style-type: none"> • Outline of spatial concepts being developed. • Engagement with key stakeholders' on-going. • Flixton Road junction improvements complete. • New project governance structure in place and partnership agreement signed with Himor. 				
Effectiveness of controls and performance indicators	Altair = 3 Altrincham = 4 OTMP = 3 Carrington = 3				
Improvement Actions (ref to action plans)	Regular performance meetings with developers/ key stakeholders to ensure project times and delivery of key mile stones.				
Person or Group Responsible for management of risk	Economic Growth, Environment and Infrastructure (EGEI)				
Previous risk reviews completed:					
<ul style="list-style-type: none"> • G Pickering, Corporate Director PPD. April 2009 • J Valentine, Head of Asset Management. October 2009 • P Harvey, Director of Environment. February 2010 and July 2010 • D Smith/ J Valentine, Head of Strategic Planning & Houses/ Head of Asset Management. May 2010 and January 2011 • D Challis, Asset manager. June 2011 • N Gerrard, Corporate Director EGP & Steph Everett, Growth Delivery Manager. September 2011; and February 2012 • R Haslam, Acting Strategic Planning Manager and J Steward, Interim Economic Growth Lead. August 2012. • S James, Economic Growth Manager. February 2013. • H Jones, Corporate Director EGP. August 2013. 					
Risk Review Date	January 2014	Completed By	Richard Roe	Designation	Head of Growth.
Risk Review Date	September 2014	Completed By	Richard Roe	Designation	Director of Growth and Regulatory Services.
Risk Review Date	February 2015	Completed By	Richard Roe	Designation	Director of Growth and Regulatory Services
Risk Review Date	August 2015	Completed By	Richard Roe	Designation	Director of Growth and Regulatory Services

STRATEGIC RISK REGISTER 2015/16			Risk Number	2
Corporate Priorities	Services focused on the most vulnerable people.	Link(s) to Community Strategy Key Objectives	Bright Futures	
RISK	<p>The OFSTED Inspection Report published in May 2015 judged our services to be Good with Outstanding areas. The TSCB was also rated as Good. However Safeguarding children this is an area of Council responsibility that requires constant high levels of vigilance to guard against the risk of harm or abuse to children that could have been prevented through early help, identification, assessment and support of services. It is therefore imperative that the Local Authority maintains high levels of compliance with legislation, procedures and follows good practice principles in its delivery of statutory services to children and that compliance is consistently monitored and quality assured.</p> <p>The TSCB also must maintain the capacity and support to ensure practice is delivered at the highest level, compliance with standards and targets is closely monitored and deficiencies or concerns are suitably challenged and addressed.</p>			

Consequences		<ul style="list-style-type: none"> • Harm or abuse of children. • Sanctions/penalties against Service. • Legal liability claims. • Negative impact on reputation. 				
Controls		<ul style="list-style-type: none"> • Monthly meetings of the Director of Children’s Services Safeguarding Group. • Rigorous Performance management and Quality Assurance • Experienced Independent Chair of TSCB in place with Safeguarding Development Manager supporting a rigorous TSCB Business Planning and monitoring process. 				
Risk Assessment	Likelihood	4	Impact	3	Exposure	12
RISK LEVEL			Medium Risk			
Risk Performance Indicators		<ul style="list-style-type: none"> • Responsibilities for the risks are multi-agency and depend on all parties to achieve successful outcomes and sustained improvement. 				
Effectiveness of controls and performance indicators		<ul style="list-style-type: none"> • OFSTED conducted a full Inspection of services for children in Need, children in Need of Protection and Looked after children and the report was published on 12th May 2015. At the same time OFSTED conducted an inspection of the TSCB and the report of their performance was also published on 12th May 2015. • Services for children in need and children in need of protection were judged to be Good • Services for Looked After Children were judged to be Good. • Adoption Service was judged to be Good. • Aftercare was judged to be Outstanding. • Leadership & Management was judged to be Outstanding. • The TSCB Was judged to be Good. • There were no areas of immediate action required. • The LA report listed 6 Areas for Improvement. An Action Plan is being developed to address these and this will be sent to OFSTED before the deadline of 18th August. • The Trafford Safeguarding Children’s Board (TSCB) remains independently chaired and made good progress against its 2014/15 business plan and is developing its 15/16 Business Plan. The work of the TSCB sub-groups is robust and they are monitoring and quality assuring safeguarding outcomes for children. • OFSTED described Multi-agency preventative work with children in need as well developed and effective. The number of new children coming into care has recently increased which is largely due to changes in procedures and young people staying in care for longer, however the children in care numbers are rigorously monitored and each child independently reviewed by the IRO’s. The number of child protection plans have reduced while child in need plans have increased, this was seen as positive by OFSTED. Quality of Child in Need Plans is monitored by the IRO’s and quality of Child in Need Plans is now supported by the permanent Child in Need IRO. • Partnership working and communication in safeguarding services are good, both within the CYPS and between the CYPS, health partners and other agencies. Guidance and direction for staff are good and staff report experiencing professional challenge and support, with accessible managers and clear decision making. • The CYPS has recruited to a number of posts in recent months. The number of high quality applicants was high indicating Trafford’s good reputation as an employer. They are settling into Trafford well and are very positive about their early experiences here. • Caseloads are high but manageable and the workload management system is helping to promote balanced workloads in line with the capability of staff and their 				

	<ul style="list-style-type: none"> level of experience. Training and support for staff are of consistently high quality, especially the multi-agency training arranged by the TSCB for which take-up is good. The Single Assessment process is now well embedded in Trafford and the quality of our assessments were seen as good by OFSTED. CSE and children who go missing are monitored through the SEAM Panel. The Phoenix Risk Assessment Tool is fully utilised and there is strong joint work with the Police through Phoenix Trafford.
Improvement Actions (ref to action plans)	<ul style="list-style-type: none"> An Action Plan is now being developed following the recent OFSTED Inspection and will be sent to OFSTED before the deadline of 18th August.

Person or Group Responsible for management of risk | CFW Senior Leadership Team

Previous risk reviews completed:

- C Pratt, Corporate Director CYPS. April 2009 and October 2009
- M Woodhouse, Interim Corporate Director CYPS. March 2010 and July 2010
- D Brownlee, Corporate Director CYPS. January, April, July, September 2011, January 2012, August 2012, February 2013 and August 2013.
- CFW SLT (D Brownlee, L Harper, J Pearce, C Ramsden & C Baker-Longshaw). February 2014.
- CFW SLT May 2015.

Risk Review Date	October 2014	Completed By	Deborah Brownlee	Designation	Corporate Director CFW
Risk Review Date	February 2015	Completed By	Deborah Brownlee	Designation	Corporate Director CFW
Risk Review date	May 2015	Completed by	Cathy Rooney	Designation	Acting Joint Director – Children’s Social Care
Risk Review date	August 2015	Completed by	Cathy Rooney	Designation	Acting Joint Director – Children’s Social Care

STRATEGIC RISK REGISTER 2015/16			Risk Number		3	
Corporate Priorities		Excellence in Education		Link(s) to Community Strategy Key Objectives		Bright Futures
RISK		Demand for school places underestimated and/ or additional school places are not delivered to satisfy increased demand.				
Consequences		<ul style="list-style-type: none"> Statutory duty not discharged. Negative impact on reputation. Ad hoc expensive provision required. Disruption to pupils’ education. 				
Controls		<ul style="list-style-type: none"> Thorough review based on most recent birth rates undertaken each year taking into account recent and planned housing developments. The comprehensive plan, giving the analysis of and projecting the increased demand for school places considered by the Executive in June 2014 is now being implemented. Secondary School Sufficiency Review completed and reported to the Council Executive to plan for 2017 and beyond. 				
Risk Assessment	Likelihood	3	Impact	5	Exposure	15
RISK LEVEL			Medium Risk			
Risk Performance Indicators		All children are offered a place at school.				

Effectiveness of controls and performance indicators	The direction of travel remains stable. Planning for school places continues to be an area of risk. All pupils have been placed in schools for the 205/16 academic year, though not necessarily in the preferred choice of parents. A Capital Programme is in place to address priority areas for expansion in the primary sector up to 2016. Secondary Sufficiency Review has identified options for managing the future projected demand from 2017.
Improvement Actions (ref to action plans)	<ul style="list-style-type: none"> • Continue to update the review undertaken on most recent birth rates and taking into account recent and planned housing developments. • Monitor the pupil's flows to the independent sectors and non-Trafford schools. • A two year resource allocation has now been received from the Department for Education (DfE) and a Capital Programme is planned in line with projections. • Capital implications of the SEN Review are also being implemented to meet additional demand for places. • Continue to monitor the demand for primary and secondary school places; produce a plan for meeting these; secure the necessary capital resources and deliver the plan. Current projections suggest that from 2017 the number of secondary school places will be a major issue. An implementation Plan is being developed following approval of outcomes by the Council Executive and Secondary Schools. • Fragmentation of governance arrangements makes it increasingly difficult to plan places in the secondary sector. Trafford is the Admissions Authority for only one of its 18 secondary schools and, therefore, has limited direct powers in relation to place planning and admissions policies. • Update the Executive when Spending Review allocations are published. • Subject to approval, implement the Comprehensive Plan.

Person or Group Responsible for management of risk | CFW Senior Leadership Team

Previous risk reviews completed:

- C Pratt, Corporate Director CYPS. April 2009 and October 2009
- M Woodhouse, Interim Corporate Director CYPS. March 2010 and July 2010
- D Brownlee, Corporate Director CYPS. January, April, July, September 2011, January 2012, August 2012, February 2013 and August 2013.
- CFW SLT (D Brownlee, L Harper, J Pearce, C Ramsden & C Barker-Longshaw). February 2014.

Risk Review Date	October 2014	Completed By	Deborah Brownlee	Designation	Corporate Director CFW
Risk Review Date	February 2015	Completed By	Deborah Brownlee	Designation	Corporate Director CFW
Risk Review Date	August 2015	Completed By	John Pearce	Designation	Corporate Director CFW

STRATEGIC RISK REGISTER 2015/16		Risk Number	4
Corporate Priorities	All Corporate Priorities	Link(s) to Community Strategy Key Objectives	
RISK	<p><u>Continuing uncertainty regarding the Council's medium term financial position given the reliance that exists on support from Central Government, cost pressures within the existing budget and major changes in the administration of Business Rates resulting in a greater risk being transferred to local government.</u></p> <p>In June the outturn performance for 2014/15 was reported to the Executive showing that for the 11th successive year the Council contained expenditure within its budget. Outturn expenditure of £150.627m was incurred compared to an adjusted budget of £156.134m.</p>		

The Council has agreed the 2015/16 budget at £148.914m, a reduction of £5.638m or 3.6% on 2014/15. This included a requirement to make £21.5m savings and it is important the Council has a firm financial footing to allow it to confidently construct its 2016/17 budget plans. At this stage of the year delivery of the savings target is broadly in line with those expectations.

Since the general election the new Government has set out an approach to extinguish the structural deficit by 2020 and this means further austerity for local government. There continues to be uncertainty regarding the Council's medium term financial position given the reliance that exists on support from Central Government and that public expenditure reductions are now expected to continue for the next few years.

The Chancellor has asked "non-protected" departments like local government to prepare for funding reductions of between 25% and 40% over the next few years. The outcome will be included in the comprehensive spending review which is due to be announced on 25 November 2015. As a consequence the Council won't know its overall financial position until mid-December 2015.

The Council cannot wait for this announcement therefore is due to launch a public consultation on its high level budget options in September with firm propositions to follow in November. It is currently forecast the Council will need to bridge a funding gap of £20m in 2016/17 rising to £32m in the following year. These figures do not include any allowance for the new Living Wage which is due to be introduced in April 2016.

In addition to reducing funding there continues to be cost pressures and demands on the budget which will be considered when setting the 2016/17 budget including:

- Increased demand on services including social care.
- Changes in legislation and new regulations.
- Pressure from Transport and Waste Disposal levies.
- Employee costs – potential risks in this area include for national pay award, national insurance and pension changes, and the continuing effects of job evaluation.
- Organisational change costs.

Since 2010 the Council has had to find savings of £96m and after five years of austerity budgets are becoming more difficult to find. This will be demanding on the capacity of both managers and staff. To part mitigate this, a dedicated transformation team has been set up to look at the delivery of the CFW savings which make up the major part of the overall budget savings.

To offset these pressures resources have been identified from a combination of increase in the council taxbase, dividend from the Manchester Airport Group and increase in retained business rates and in drafting budget proposals for 2016/17 it is assumed that these latter two will be recurring income streams.

In respect of business rates there remains a number of forecasting and other issues such as:

- The variability of the local economy.
- Annual review of the appeals provision.
- The unknown impact of the 2017 valuation, including associated appeals.

Consequences		<ul style="list-style-type: none"> Reducing level of services across the Authority. Adverse perception of the Authority. Negative impact on reputation. Potential political impact. 				
Controls		<ul style="list-style-type: none"> Likely gross deficit based on best data available for 2016/17 budget year and 2016/19 MTFP period has been updated. Budget and financial management information systems in place. Regular budget monitoring reports including a Council Tax and Business Rate projections. Government safety net will limit any losses on business rates in a particular year (current annual maximum liability is £2.4m). Reshaping projects widening the scope of realising potential efficiencies through income generation, sharing overheads, introducing technology and investment through partner or contract arrangements. Provisions maintained for anticipated costs of organisational change (employment rationalisation). Smoothing reserves established where necessary for such items as, Treasury Management to avoid changes in the external markets impacting on the budget, and to equalise the costs of the Waste Disposal PFI over the medium term. Minimum level of reserves established to provide short term cover for losses. 				
Risk Assessment	Likelihood	5	Impact	5	Exposure	25
RISK LEVEL			High Risk			
Risk Performance Indicators		<ul style="list-style-type: none"> Director of Finance monitoring Council's current year budget. Regular budget/ financial monitoring (Directorates). Business Delivery Group established to review and challenge CFW budget monitoring TPR monitoring transformation and all other savings. 				
Effectiveness of controls and performance indicators		3				
Improvement Actions (ref to action plans)		<ul style="list-style-type: none"> Improvements to robustness and monitoring processes being actioned. Financial management training of budget holders fully rolled out to all budget holders between February and July 2015. Savings areas for 2015/16 have been subject to public, staff and business consultation, equality impact assessment and a rigorous business case development and robustness review. Variations in both resource levels and savings will be reviewed regularly for CMT and Executive to take remedial action. Consultation on the 2016/17 budget proposals to commence in September. 				
Person or Group Responsible for management of risk			Director of Finance			
Previous risk reviews completed: <ul style="list-style-type: none"> I Duncan, Director of Finance. April 2009; October 2009; February 2010; July 2010, January 2011, September 2012, February 2013 and March 2014. I Kershaw, Head of Financial Management. August 2011 and January 2012. D Muggerridge, Finance Manager. August 2013. 						
Risk Review Date	October 2014	Completed By	Ian Duncan	Designation	Director of Finance	
Risk Review Date	February 2015	Completed By	Graeme Bentley	Designation	Interim Head of Financial Management	

Risk Review Date	August 2015	Completed By	Ian Duncan	Designation	Director of Finance
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STRATEGIC RISK REGISTER 2015/16			Risk Number	5	
Corporate Priorities	Reshaping Trafford Council	Link(s) to Community Strategy Key Objectives	Strong Economy		
RISK	Loss / absence and retention of senior managers to the organisation.				
Consequences	<ul style="list-style-type: none"> • Adverse impact on the delivery of the Reshaping Trafford Council programme. • Lack of direction / leadership. • Negative impact on reputation. • Increased demand on those managers remaining in the organisation. • De-motivated workforce / low morale. 				
Controls	<ul style="list-style-type: none"> • Executive Search Framework in place, enabling the prompt sourcing of experienced interims. • Opportunity for permanent recruitment for critical posts, with relocation available to ensure the widest candidate base. • Further senior interim posts created to support transition to new delivery models in CFW. • Investment in skills development, through the 'Supporting Change to Happen' programme / change strategy. • Recognition of high performers through the Employee Recognition Awards and SOLACE development programme for rising stars to aid succession planning and talent management. • Organisational Development (OD) recovery plan in place, providing additional skills development. • Further employee survey to assess levels of engagement. 				
Likelihood	4	Impact	5	Exposure	20
RISK LEVEL			High Risk		
Risk Performance Indicators	<ul style="list-style-type: none"> • Turnover • Absence • Employee survey results 				
Effectiveness of controls and performance indicators	3				
Improvement Actions (ref to action plans)	<ul style="list-style-type: none"> • Robust monitoring of the OD recovery plan through monthly CMT meetings. • Change Strategy Steering Group in place and the Year 2 strategy in development, with a focus on succession planning and talent management. • Phase 2 (coaching, negotiating and commercial skills training) of the 'Supporting Change to Happen' development programme delivered January - June 2015. • Employee Survey conducted and feedback being analysed and feeding into further workforce development initiatives – Phase 3 'Supporting Change to Happen' programme in development. • Executive Search Framework due to be re-tendered, providing the opportunity to select providers that meet the changing demands of the organisation. • Appointment made (on an acting basis) to the Corporate Director, Children, Families and Wellbeing post. • Proposals on revised and strengthened Corporate Management Team arrangements approved at 18th February 2015 Council 				
Person or Group Responsible for management of	Lisa Hooley, Acting Director of HR				

risk					
Risk Review Date	March 2015	Completed By	Lisa Hooley	Designation	Acting Director of HR
Risk Review Date	August 2015	Completed By	Lisa Hooley	Designation	Acting Director of HR

STRATEGIC RISK REGISTER 2015/16		Risk Number	6 (Previously Risk 19)			
Corporate Priorities	<ul style="list-style-type: none"> • Services focused on the most vulnerable people • Reshaping Trafford Council 	Link(s) to Community Strategy Key Objectives				
RISK	<p>Trafford Council must ensure that information held about citizens, employees, partners, contractors, members and organisations in Trafford are safe in their hands. To be able to assure its partners and the public that this is the case they need to demonstrate that they are handling personal/ sensitive and commercial data securely both in technology and physical terms. They also need to ensure that 3rd parties acting on their behalf are handling their data sets in accordance with Trafford Council's policies and procedures. This is a corporate risk and the risk to the Council is reputational, financial, adverse publicity and could ultimately be a breach of the Data Protection Act. (T&R)/(T&R).</p>					
Consequences	<ul style="list-style-type: none"> • Statutory duty not discharged. • Negative impact on reputation. • Unforeseen financial implications • Emotional damage to service users • The risk is a mixture of reputational, financial, adverse publicity and could ultimately be a breach of the Data Protection Act resulting in a fine or multiple fines up to £500k. 					
Controls	<ul style="list-style-type: none"> • Reviews of data breaches are continually carried out to identify problem areas, these areas have been given priority to implementing controls to mitigate against reoccurrence. • We are suggesting quarterly reporting to CMT on data breaches is carried out with mitigating measures to address these. • Mandatory training is being rolled out to all staff and is being reviewed to ensure compliance. This process is on-going and with the aim of procuring further IG training for Council staff. • Specific role related training is being rolled out to specialist staff. • N3 accreditation through the IG Toolkit. (Access to NHS records) has been completed, this is a yearly accreditation activity and forms part of the IG Annual workplan. • An annual work plan has been developed to improve on current processes and to monitor and enforce best practice with completion dates for all activities. • An IG team was established in March 2015 to deal with IG activities both across the Council and with external partners and contractors. • Monthly meetings with other AGMA authorities to discuss current IG issues. 					
Risk Assessment	Likelihood	3	Impact	5	Exposure	15
RISK LEVEL			Medium Risk			
Risk Performance Indicators						
Effectiveness of controls and performance	<ul style="list-style-type: none"> • An Information Governance Project Board has been set up to oversee the Information Governance work. 					

indicators	<ul style="list-style-type: none"> • The project to develop policies and procedures has been completed. • Training Needs Assessments have been carried out to identify the training requirements of staff, partners, consultants and members. • A communications plan has been developed and a communications campaign took place focusing on protecting information, employees' responsibilities, mandatory training and guidelines and toolkits to enable 'best practice' information governance. • An IG team has been established with a full complement of staff by the end of March 2015. 				
Improvement Actions (ref to action plans)	<ul style="list-style-type: none"> • Continue to update the Information Governance Board on progress. • Communication will take the form of informing, education and enforcing over the coming 12 months. • Monitoring of the effectiveness of the campaign will be carried out through system audits, data protection audits, reviews of data flows and reviews/updates of all contracts with 3rd parties and data sharing partners. • The Senior Information Risk Owner (SIRO) will regularly update CMT on the progress of the work plans. 				
Person or Group Responsible for management of risk	Wendy Marston – Corporate Director of Transformation & Resources				
Risk Review Date	25 February 2014	Completed By	Paula Titterington	Designation	Records & Information Systems Manager
Risk Review Date	24 September 2014	Completed By	Paula Titterington	Designation	Records & Information Systems Manager
Risk Review Date	18 February 2015	Completed By	Paula Titterington	Designation	Records & Information Systems Manager
Risk Review Date	25 August 2015	Completed By	Paul Fox	Designation	Information Governance Manager

STRATEGIC RISK REGISTER 2015/16			Risk Number	7
Corporate Priorities	<ul style="list-style-type: none"> • Low Council Tax. • Value for Money. • Reshaping Trafford Council. 	Link(s) to Community Strategy Key Objectives		
RISK	The Reshaping Trafford Council Programme doesn't progress to plan and/or deliver its expected outcomes.			
Consequences	<ul style="list-style-type: none"> • Reshaping Trafford is not delivered. • Adverse impact on reputation. • Increased pressure on budgets as a result of securing additional, sustainable savings immediately or in the subsequent year via new initiatives. • Unplanned budget and service impact adversely affecting service provision levels, quality and performance. • Adverse impact on other programme activity, due to the significant interdependencies across the programme. • Reshaping Trafford is not underpinned by a shaping demand strategy. 			
Controls	<ul style="list-style-type: none"> • Transformation Board/CMT. • Transformation, Resources and Performance Group. • Transformation Programme monthly monitoring, exception reporting and benefits realisation monitoring. • Supporting Change to Happen Steering Group/Change Management Group. • Resource planning. • Provision of sufficient budget to resource the programme. 			

		• CFW Programme Board.				
Risk assessment	Likelihood	3	Impact	5	Exposure	15
RISK LEVEL				Medium Risk		
Risk Performance Indicators	<ul style="list-style-type: none"> Budget monitoring. Project monitoring. Executive key decision 1 September 2014. Executive key decision 18 February 2015. 					
Effectiveness of controls and performance indicators	<ul style="list-style-type: none"> The governance arrangements in place are mature and effective with appropriate senior level representation and authority to provide the support, challenge, advice and decision making required. The programme is still on track to deliver its objectives and is routinely monitored by TPR, CMT and Members. From April 2015, the Transformation Programme became the 'Reshaping Trafford Council Programme' and all projects actively planned links to it. Workshops with CMT and Members are underway for the 2016/18 budget proposals and timelines relating to the process are under review. This takes into account the development and financial review of the business cases as well as providing the opportunity to challenge the business cases. The public consultation events for the general public, residents and local businesses are arranged for September and November. In recognition of the significant level of savings to be made by CFW, the potential risk to these being delivered and the consequential impact on the CFW service user population and the Council, a discrete transformation programme has now been established within CFW. This will provide the level of rigour and governance required to deliver the savings, the all age integrated delivery model for CFW and manage all risks/issues associated with this work. From September 2015, the CFW and Transformation Boards are merging and governance has been put in place. 					
Improvement Actions (ref to action plans)	<ul style="list-style-type: none"> CMT to continue to support understanding of and engagement in the programme, to secure support for it to continue to the original plan with minimal disruption. Work closely with Senior Responsible Officers to identify risk to projects at the earliest opportunity and identify appropriate and considered mitigations plans. Escalation of exceptions to plan to CMT/Transformation Board at the earliest opportunity. 					
Person or Group Responsible for management of risk			Joanne Hyde – Acting Corporate Director of Transformation and Resources.			
Risk Review Date	2 October 2014	Completed By	Sarah Maynard	Designation	Transformation Programme Manager	
Risk Review Date	17 February 2015	Completed By	Dianne Geary	Designation	Acting Transformation Programme Manager	
Risk Review Date	17 August 2015	Completed By	Dianne Geary	Designation	Acting Transformation Programme Manager	

STRATEGIC RISK REGISTER 2015/16			Risk Number	8 (Previously Risk 20)
Corporate Priorities	Services focused on the most	Link(s) to Community	Health and Improved	

	vulnerable people.	Strategy Key Objectives	Quality of Life
RISK	Failure or delay to implement new Adult Social Care System (Liquid Logic (LL))		
Consequences	<ul style="list-style-type: none"> • Impact on service provision, payment to providers, billing, care assessments and reviews. • Major capacity issues and increase the risk to service users as the processes would be manual and paper based rather than electronic. • Negative impact on the delivery of the Council's Corporate Priorities and the Community Strategy. 		
Controls	<ul style="list-style-type: none"> • Business Continuity Plan (BCP) is updated to include an interim non Adult Social Care Review System for new and existing business. • Next data migration round (DM6) will be a full data push and will confirm the length of the data freeze. • LL and Oxford Computer Consultants Risks, Assumptions, Issues and Dependencies Log updated weekly during project to identify problems and provide solutions. Escalation process established to communicate issues and risks. • Softbox will be used until Phase 2 has been completed and a period of embedding has occurred. • Liquid Logic IT System went live in December 2014. On-site support from the Performance Team will continue to be available until the end of March 2015. • Communicate regularly with supplier to minimise risks and identify issues early. • Manuals written to support key parts of the system and regular meetings held with users to address specific process issues. Member of HR providing support with training until end March 2015. • Review the work packages against the proposed "Go Live" and extend if possible. Go Live of ContrOCC delayed until April 2015. • Version 6 is being tested to accommodate changes required for the implementation of the Care Act in April 2015. • Programme Board meets weekly to monitor progress post-implementation. • Ensure the correct level of resource is available in order to meet the project deadlines. Additional staff in place to clear backlog generated during the four weeks when there was no access immediately prior to Go Live. • Project Plan in place to deliver Phase 2 of the implementation. • Governance changed to reflect the children's and adults liquid logic changes in phase 2. Board now to be chaired by Corporate Director. 		
Risk assessment	Likelihood	4	Impact 5 Exposure 20
RISK LEVEL		High Risk	
Risk Performance Indicators	Detailed project plan and periodical milestones.		
Effectiveness of controls and performance indicators	This risk will be closely monitored. An action plan will be developed to ensure business readiness.		
Improvement Actions (ref to action plans)	<ul style="list-style-type: none"> • Develop plan and milestones. • Share and shape plans with stakeholders. • Coproduce delivery. • Monitor capacity of Project Team. • Monitor milestones and risk. 		
Person or Group Responsible for management of risk	Identified members of Operational Services and Project Team		

Risk Review Date	October 2014	Completed By	Deborah Brownlee	Designation	Corporate Director CFW
Risk Review Date	February 2015	Completed By	Deborah Brownlee	Designation	Corporate Director CFW
Risk Review Date	August 2015	Completed By	John Pearce	Designation	Corporate Director CFW

STRATEGIC RISK REGISTER 2014/15			Risk Number		9	
Corporate Priorities	Services focussed on the most vulnerable people.	Link(s) to Community Strategy Key Objectives	<ul style="list-style-type: none"> • Strong Communities • Health & Improved Quality of Life for All 			
RISK	Failure of the Adult Safeguarding Service.					
Consequences	<ul style="list-style-type: none"> • Potential harm to vulnerable individuals. • Legal action against the Council. • Adverse impact on reputation. 					
Controls	<ul style="list-style-type: none"> • Updated Safeguarding strategy in place. • Discrete Safeguarding team. • Training provided to all key staff. • Working with a wide range of partners. • Robust management information and quarterly monitoring in place • Regular multi-agency safeguarding management meeting in place. • Additional capacity agreed. • Safeguarding management post created and in process in recruitment. • Changes to management within DOLS team agreed. 					
Risk Assessment	Likelihood	3	Impact	4	Exposure	12
RISK LEVEL			Medium Risk			
Risk Performance Indicators	<ul style="list-style-type: none"> • SMT reporting. • Reports to Safeguarding Board. 					
Effectiveness of controls and performance indicators	3					
Improvement Actions (ref to action plans)	<ul style="list-style-type: none"> • Multi-agency review re: extending safeguarding role and responsibilities completed. • Reports on safeguarding incidents, by individual provider, to be introduced. • Implement quality assurance arrangements. • Re-launch communications with public and partners. • Annual Safeguarding plan completed. • Annual report completed. • Serious case review plan in place. • Operational safeguarding group in place. • Increased resources agreed for deprivation of Liberty activity. • New reports from liquid logic now built and available for use by the board. 					
Person or Group Responsible for management of risk	CFW Senior Leadership Team					
Previous risk reviews completed:						
<ul style="list-style-type: none"> • D Hanley, Deputy Director CWB. April 2009; October 2009; July 2010 and January 2011 • J Walker, Performance & Partnerships Manager. February 2010 and August 2011 • D Wagstaff, Senior Business Relationship Partner. January 2012 						

- CWB SMT (A Higgins, J Wilmott, J Kay & M Grimes). August 2012 and CWB SMT (D Brownlee, L Harper, J Wilmott & J Kay). February 2013 & August 2013.
- CFW SLT (D Brownlee, L Harper, J Pearce, C Ramsden & C Baker-Longshaw). February 2014.

Risk Review Date	October 2014	Completed By	Deborah Brownlee	Designation	Corporate Director CFW
Risk Review Date	February 2015	Completed By	Deborah Brownlee	Designation	Corporate Director CFW
Risk Review Date	August 2015	Completed By	John Pearce	Designation	Corporate Director CFW

STRATEGIC RISK REGISTER 2015/16				Risk Number	10	
Corporate Priorities	Value for Money	Link(s) to Community Strategy Key Objectives				
RISK	Breach of health and safety legislation leading to prosecution under the Corporate Manslaughter Act.					
Consequences	<ul style="list-style-type: none"> • Possible personal conviction of Officers and/ or Members. • Adverse impact on reputation. • Financial consequences of fines/ legal claims. 					
Controls	<ul style="list-style-type: none"> • Health and Safety Policy. • Procedures in place to ensure legal compliance. • Risk assessments and safe systems of work. • Health and Safety Advisors aligned to each Directorate to provide expertise and support. • Member awareness. • Management and staff training. • Support to schools provided via SLA. • Audit and Assurance review of the Council's corporate health and safety arrangements. 					
Risk Assessment	Likelihood	2	Impact	5	Exposure	10
RISK LEVEL			Medium Risk			
Risk Performance Indicators	<ul style="list-style-type: none"> • Health and Safety team track all accidents/ near misses. • Six month report to CMT/ Executive and Annual Report to Council. • Targets set for accident reduction. • Corporate Health and Safety Improvement Plan reviewed annually. 					
Effectiveness of controls and performance indicators	2					
Improvement Actions (ref to action plans)	<p>Delivery of work plan to implement recommendations in the corporate improvement plan.</p> <p>The following Corporate health and safety guidance has been reviewed and up dated: risk assessment, display screen equipment, lone working, health and safety monitoring, violence and aggression, selection and monitoring of contractors/service providers. Training is ongoing for staff involved in manual handling, working at height, risk assessment and first aid.</p>					
Person or Group Responsible for management of risk	All					
Risk reviews completed:	<ul style="list-style-type: none"> • G Pickering, Corporate Director PPD. April 2009 • P Valentine, IBU Manager. October 2009 • C Hay, Workforce & Core Strategy Officer. August 2012 • J Arnold, Health & Safety Manager. February 2010; July 2010, January 2011, August 2011, February 2013, 					

September 2013 and February 2014. • L Hooley, Acting Director of HR. February 2015					
Risk Review Date	October 2014	Completed By	J Arnold	Designation	Health & Safety Manager
Risk Review Date	February 2015	Completed By	L Hooley	Designation	Acting Director of HR
Risk Review Date	August 2015	Completed By	L Hooley	Designation	Acting Director of HR

STRATEGIC RISK REGISTER 2015/16				Risk Number	11
Corporate Priorities		Economic Growth and Development Reshaping Trafford Council	Link(s) to Community Strategy Key Objectives	Positive Environment Impact Better homes Strong economy	
RISK	New Joint Venture partner fails to deliver services to the required standard or fails to deliver required efficiency savings				
Consequences	<ul style="list-style-type: none"> Failure to deliver key front line services, including domestic waste collection, street cleaning, grounds maintenance, highway maintenance and street lighting maintenance Negative impact on reputation Failure to meet budget savings targets Negative impact on economic growth and environmental and public health 				
Controls	<ul style="list-style-type: none"> Award of contract(s) subject to Executive approval on the 16th March 2015 Robust procurement exercise followed External legal advisers appointed New Contracts Director appointed and contract management team have been / are being recruited Governance structure is agreed to oversee service delivery at a strategic and operational level Business Continuity Plan provided by Service Provider in place prior to Go Live date Local authority has retained control of strategy and policy approval Performance and payment mechanisms in place Contract commenced on 4th July 2015 				
Likelihood	2	Impact	4	Exposure	8
RISK LEVEL			Low Risk		
Risk Performance Indicators	<ul style="list-style-type: none"> Performance Indicator suite adopted covers all services delivered through the contract Price Performance Mechanism links performance to payments to the service provider 				
Effectiveness of controls and performance indicators	3 (will only be fully tested when new contract in operation and governance arrangements established) First 5 weeks of the contract have gone smoothly with no impact on service delivery.				
Improvement Actions (ref to action plans)	<ul style="list-style-type: none"> Governance provisions agreed as per the contract and being established 				
Person or Group Responsible for management of risk			Economic Growth, Environment and Infrastructure (EGEI)		
Risk Review Date	February 2015	Completed By	Richard Roe	Designation	Director of Growth and Regulatory Services

Risk Review Date	27 July 2015	Completed By	C Hindle	Designation	Contracts Director
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STRATEGIC RISK REGISTER 2015/16				Risk Number	12 (Previously 21)	
Corporate Priorities		<ul style="list-style-type: none"> • Low Council Tax • Value for Money • Reshaping Trafford Council 	Link(s) to Community Strategy Key Objectives			
RISK		The Transformation Programme savings will not be delivered in full				
Consequences		<ul style="list-style-type: none"> • Increased pressure on budgets as a result of securing additional, sustainable savings immediately or in the subsequent year. • Unplanned budget and service impact adversely affecting service provision levels, quality and performance. • Adverse impact on reputation. • In year revision of other project activity which may have adverse consequences. 				
Controls		<ul style="list-style-type: none"> • Transformation Board/CFW Programme Board/CMT. • Transformation, Resources and Performance Group. • Transformation Programme monthly monitoring, exception reporting and benefits realisation monitoring. 				
Risk assessment	Likelihood	3	Impact	5	Exposure	15
RISK LEVEL				Medium Risk		
Risk Performance Indicators		<ul style="list-style-type: none"> • Budget monitoring. • Project monitoring. 				
Effectiveness of controls and performance indicators		<p>The governance arrangements in place are mature and effective with appropriate senior level representation and authority to provide the support, challenge, advice and decision making required.</p> <ul style="list-style-type: none"> • The Transformation Portfolio savings target are reviewed and monitored monthly. • For 2015/16 the revenue budget requires a further £(21.584) million to be saved, which is the largest savings target in a single year in the Council's history. • Unlike previous years, savings have not been categorised into Transformation or Other Business as the achievement of the entire savings programme is crucial to the financial base of the Council. • At June 2015, the current forecast is that £(21.9092) million, which is 97.7% of target, will be achieved in the year with the shortfall being met from either service carry forward reserves, alternative savings or progressed through the Directorates' medium term financial plan. 				
Improvement Actions (ref to action plans)		<ul style="list-style-type: none"> • Work closely with Senior Responsible Officers to identify risk to savings at the earliest opportunity and identify appropriate and considered mitigation plans. • Escalate exceptions to the Transformation Board accordingly. 				
Person or Group Responsible for management of risk			Joanne Hyde – Programme Director			
Risk Review Date	21 May 2014	Completed By	Sarah Maynard	Designation	Transformation Programme Manager	
Risk Review Date	2 October 2014	Completed By	Sarah Maynard	Designation	Transformation Programme Manager	
Risk Review Date	17 February 2015	Completed By	Dianne Geary	Designation	Acting Transformation	

					Programme Manager
Risk Review Date	17 August 2015	Completed By	Dianne Geary	Designation	Acting Transformation Programme Manager

STRATEGIC RISK REGISTER 2015/16				Risk Number		13
Corporate Priorities		Services focused on the most vulnerable people		Link(s) to Community Strategy Key Objectives		Health & Improved Quality of Life for All
RISK		Major event leading to inability to deliver critical services to vulnerable people.				
Consequences		<ul style="list-style-type: none"> • Interruption to service provision to vulnerable people. • Financial loss to the organisation. 				
Controls		<ul style="list-style-type: none"> • Consideration has been given to events which could stretch the capacity of the Service. This has included plans for monitoring and responding to winter pressures. Business continuity plans are in place within the Directorate with supporting action plans actively monitored. • Contractual requirements on external providers to have business continuity plans in place. • Plan development with providers. • Business continuity plans under review for ASC. • Two Events dealt with effectively. 				
Risk Assessment	Likelihood	4	Impact	4	Exposure	16
RISK LEVEL			High Risk			
Risk Performance Indicators		Action plan to test and monitor business continuity plans.				
Effectiveness of controls and performance indicators		2 – Full suite of business continuity plans in place. Plans to be reviewed.				
Improvement Actions (ref to action plans)		Review of existing plans and establish programme for testing business continuity plans.				
Person or Group Responsible for management of risk			CFW Senior Leadership Team			
Previous risk reviews completed:						
<ul style="list-style-type: none"> • D Hanley, Deputy Director CWB. April 2009; July 2010 and January 2011 • J Walker, Performance & Partnerships Manager. October 2009, February 2010 and August 2011 • D Wagstaff, Senior Business Relationship Partner. January 2012 • CWB SMT (A Higgins, J Wilmott, J Kay & M Grimes). August 2012 and CWB SMT (D Brownlee, L Harper, J Wilmott & J Kay). February 2013 and August 2013. • CFW SLT (D Brownlee, L Harper, J Pearce, C Ramsden & C Baker-Longshaw). February 2014. 						
Risk Review Date	October 2014	Completed By	Deborah Brownlee	Designation	Corporate Director CFW	
Risk Review Date	February 2015	Completed By	Deborah Brownlee	Designation	Corporate Director CFW	
Risk Review Date	August 2015	Completed By	John Pearce	Designation	Corporate Director CFW	
STRATEGIC RISK REGISTER 2015/16			Risk Number		14	
Corporate Priorities		All corporate priorities		Link(s) to Community		• Health & Improved Quality

		Strategy Key Objectives	of Life for All • Better Homes • Positive Environmental Impact • Strong Economy
RISK	Failure to complete the Business Continuity (BC) Programme Project, resulting in an increased risk that the Council fails to deliver Council services in the event of significant disruption.		
Consequences	<ul style="list-style-type: none"> • Failure to meet requirements of the Civil Contingencies Act, good practice and Use of Resources Assessment criteria. • Failure to have sufficient plans in place at a service and corporate level to respond effectively to local and widespread disruption, including that caused by emergencies. • Failure to continue the delivery of critical Council services including those vital to human welfare during disruption. • Failure to ensure that services commissioned under Reshaping Trafford, have robust BC plans. • Impact on Council reputation. 		
Controls	<ul style="list-style-type: none"> • A set of templates are available on the council's Intranet pages, together with Business Continuity guidance and tips, under the 'Business Continuity Toolkit'. • There is a Council wide Resilience Forum in place, which includes partner agencies, and shares information and best practice in relation to planning for emergencies and service disruption in order to monitor the effectiveness of the plans. • This forum fulfils civil protection duties under the Civil Contingencies Act in relation to Business Continuity, the sharing of information and co-operation with other local responders. • The Emergency Planning Manager offers support to individual services to review plans if required. 		
Risk Assessment	Likelihood	2	Impact 5 Exposure 10
RISK LEVEL		Medium Risk	
Risk Performance Indicators	<ul style="list-style-type: none"> • All services to undertake a BIA and where the risk level is a one or two, they must complete a BC plan. • Annual Reviews of BIAs and BC plans. • Corporate BC Plan is in draft form. • Service level and Corporate BC Plans to be tested. 		
Effectiveness of controls and performance indicators	<ul style="list-style-type: none"> • In late 2013 BIAs were conducted across service areas and BC plans written where necessary. • These are now due for review and an updated 'RAG' spreadsheet has been updated to reflect the current position. • Some of the services reviewed their BC plans and BIAs during 2014 and 2015. Not all services have complied. • BIAs and BC plans are the responsibility of individual service areas. • The Emergency Planning Manager updates the BC Intranet Site as necessary and maintains a spread sheet of the status of service planning. 		
Improvement Actions (ref to action plans)	<ul style="list-style-type: none"> • The BC policy has been updated with some minor amendments and also to reflect service structural changes across the council. This now needs to be agreed by CMT. • The Emergency Planning Manager has through HR and AGMA, gained agreement to use 		

	<p>an on-line learning package developed by Risk and Resilience at Manchester City Council. Currently HR is looking at placing this on their work programme.</p> <ul style="list-style-type: none"> • CMT has directed that TPR will deal with Business Continuity. • Following the Business Continuity Audit in March 2015, an action plan was agreed by TPR to help improve our business resilience and drive forward the business continuity agenda. (The action above for HR is included in the action plan.) • TPR have approved a new Corporate Business Continuity Policy and a draft Corporate Business Continuity Plan. (This can be finalised when all services identify their priorities.) • The Emergency Planning Manager, the Principal Audit and Assurance Officer and the Head of ICT have met to discuss a review of the BIA in order to obtain further details about the service ICT requirements and how the service would be affected by a business interruption. A revised BIA is being researched and prepared and forms part of the action plan referred to above.
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Person or Group Responsible for management of risk	Head of Partnerships and Communities
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Previous risk reviews completed:
<ul style="list-style-type: none"> • A Harrison, Temporary Business Continuity Lead. February 2010; May 2010; July 2010 and January 2011. • J Stephenson, Head of Partnerships & Performance. August 2011, August 2012, February 2013, August 2013 and February 2014.

Risk Review Date	October 2014	Completed By	David Hooley	Designation	Emergency Planning Manager
Risk Review Date	February 2015	Completed By	David Hooley	Designation	Emergency Planning Manager
Risk Review Date	August 2015	Completed By	David Hooley	Designation	Emergency Planning Manager

STRATEGIC RISK REGISTER 2015/16			Risk Number	15		
Corporate Priorities			Link(s) to Community Strategy Key Objectives			
RISK	Implementation of the Special Educational Needs and Disabilities (SEND) reforms set out in the Children and Families Act 2014.					
Consequences	<ul style="list-style-type: none"> • Lack of integrated planning leading to a failure to meet the needs of children and young people. • Unable to meet statutory duties set out in the Special Educational Needs (SEN) Code of Practice. • Financial impact on the Dedicated Schools Grant (DSG) High Needs Block. • Potential legal/tribunal challenge to Education, Health and Care (EHC) Plans. • Political and reputational damage to the Council. 					
Controls	<ul style="list-style-type: none"> • Trafford has been a Special Educational Needs and Disabilities Pathfinder since 2011. • Well established governance arrangements. • Local offer and Policies designed and implemented. • EHC conversion plan in place. • New SEN Policy Approved. • New 0 – 25 EHC Team being developed. • Additional staff resources approved to support conversion process. 					
Risk Assessment	Likelihood	3	Impact	4	Exposure	12
RISK LEVEL			Medium Risk			
Risk Performance Indicators	<ul style="list-style-type: none"> • Measures monitored through governance arrangements with headlines to Business Development Group and SLT. • Number of EHC Plans. • Number of conversions. 					

	<ul style="list-style-type: none"> • Number of dispute resolutions and mediations. • Number of tribunals. 				
Effectiveness of controls and performance indicators	<ul style="list-style-type: none"> • Conversions plan on target. • Local Offer available from September 2014. • New SEN Policy approved. • Good engagement from parents and other stakeholders in governance arrangements. • Independent mediation service commissioned from April 2015 				
Improvement Actions (ref to action plans)	<ul style="list-style-type: none"> •0-25 EHC assessment to be established from April 2015. •Progress against all key actions identified in the implementation plan. 				
Person or Group Responsible for management of risk	CFW SLT				
Previous risk reviews completed:					
Risk Review Date	October 2014	Completed By	D Brownlee	Designation	Corporate Director CFW
Risk Review Date	February 2015	Completed By	Deborah Brownlee	Designation	Corporate Director CFW
Risk Review date	May 2015	Completed by	Cathy Rooney	Designation	Acting Joint Director – Children’s Social Care
Risk Review date	August 2015	Completed by	Cathy Rooney	Designation	Acting Joint Director – Children’s Social Care

STRATEGIC RISK REGISTER 2015/16				Risk Number		16	
Corporate Priorities		Services focussed on the most vulnerable people		Link(s) to Community Strategy Key Objectives		Health & Improved Quality of Life for all	
RISK		Adult Social Care Budget 2015/16: Ability to implement approved savings proposals in the current economic conditions.					
Consequences		<ul style="list-style-type: none"> •Difficulty of implementing wide range of budget savings proposals destabilises provision with potential that people may not receive the services they are eligible for. •Not delivering budget savings within agreed timescales leading to an overspend. •Potential risk to destabilising the social care market in Trafford arising from implementing wide range of budget savings proposals. 					
Controls		<ul style="list-style-type: none"> •Regular monitoring of budget at SLT and service level. •CFW Transformation Programme Board to monitor delivery of savings proposals on a monthly basis. •CFW Transformation Team in place including Benefits Realisation Manager. •Detailed action plans developed to deliver all budget savings proposals. •Updated benefits realisation monitoring process being implemented based on monitoring of key actions linked to activity and unit costs. •Business Delivery Programme Board to monitor and manage savings delivery. •Performance data in place to identify trends in take up of service. •Market management and intelligence role of CWF Commissioning Officers. 					
Risk Assessment	Likelihood	3	Impact	5	Exposure	15	
RISK LEVEL				Medium Risk			
Risk Performance Indicators		<ul style="list-style-type: none"> •Budget monitoring. •SLT reporting. •Business Delivery Programme Board’s role in monitoring and managing savings proposals delivery. 					

Effectiveness of controls and performance indicators	<p>3</p> <ul style="list-style-type: none"> • Each proposal has agreed business case and risk rating. • Consultation exercise was completed. • Delivery plan developed for each savings proposal. • Benefits realisation/ savings proposals being closely monitored. • Performance data being collected on an on-going basis. 				
Improvement Actions (ref to action plans)	<p>The delivery of CFW 2015/16 savings and the identification of proposals for 2016/17 have been identified as a key risk to the Council. To address this a CFW Transformation Team has been established. This Team has reviewed all business cases and has added resources to support delivery. The governance arrangements in respect of this Team are through a new CFW Programme Board, the Transformation Board and the Reshaping Trafford Portfolio Holders Board. These boards meet monthly and will manage the delivery and benefits realisation of all savings proposals.</p> <p>The CFW Adults Budget has now been completely realigned to remove historic structural budget issues. This has meant that an additional £6.5m has been built into the 2015/16 CFW Budget (before savings). This rebasing will ensure that savings proposals are now developed and implemented based on robust financial information.</p> <p>A Budget Monitoring Investigation Action Plan has been developed setting out the findings, conclusions and recommendations following the review and was presented to the Accounts and Audit Committee (25 September 2014). Continued monitoring of progress against this Plan is taking place to ensure agreed actions are implemented.</p> <p>A new operating process is being developed for CFW to be fully implemented by 1st April 2016:</p> <ul style="list-style-type: none"> • <u>Phase 1</u> (1st February to 30th April) will focus on reviewing and realigning existing budgets and data to establish a clear baseline in terms of cost and activity and then developing a CFW benefits realisation process for 2015/16. • <u>Phase 2</u> (1st May to 31st July) will focus on the development of an outcome focused CFW operating process for the future. Key activity will include developing: <ul style="list-style-type: none"> - Medium term forecasts of costs and activity - Restructured budgets based on commissioning: provider split, and - Robust monitoring processes linking activity, cost and performance developed. 				
Person or Group Responsible for management of risk	CFW Senior Leadership Team				
Previous risk reviews completed:					
<ul style="list-style-type: none"> • J Kay, Finance Manager and D Wagstaff, Senior Business Relationship Partner. March 2012 • CWB SMT (A Higgins, J Wilmott, J Kay & M Grimes). August 2012 and CWB SMT (D Brownlee, L Harper, J Wilmott & J Kay). February 2013 and August 2013. • CFW SLT (D Brownlee, L Harper, J Pearce, C Ramsden & C Baker-Longshaw). February 2014. 					
Risk Review Date	October 2014	Completed By	Deborah Brownlee	Designation	Corporate Director CFW
Risk Review Date	February 2015	Completed By	Deborah Brownlee	Designation	Corporate Director CFW
Risk Review Date	August 2015	Completed By	John Pearce	Designation	Corporate Director CFW

STRATEGIC RISK REGISTER 2015/16			Risk Number	17		
Corporate Priorities		<ul style="list-style-type: none"> • Low Council Tax and Value for Money • Economic Growth and Development 	Link(s) to Community Strategy Key Objectives	Positive Environmental Impact		
RISK		Inability to meet Trafford residents' requests to have burials within the local area due to insufficient land.				
Consequences		<ul style="list-style-type: none"> • Impact on MTFP. • Reputational damage to the Council. • Council does not acquire the required additional burial land. 				
Controls		<ul style="list-style-type: none"> • On-going negotiations to acquire new land. • Effective project management of land acquisition and development. • Capital monies available for purchase. 				
Risk Assessment	Likelihood	2	Impact	4	Exposure	8
RISK LEVEL			Low Risk			
Risk Performance Indicators		<ul style="list-style-type: none"> • Project deadlines for land re-aligned. • Compliance with development plan deadlines (to be established). • Monitor available burial space in all Council cemeteries. 				
Effectiveness of controls and performance indicators		2				
Improvement Actions (ref to action plans)		<ul style="list-style-type: none"> • Agreement in principle reached to purchase additional land. • Decision on acquisition made May 15. • Final purchase date dependent on planning approval. • Additional possibilities also being looked at adjacent Urmston Cemetery. • Layout and design worked up. • Planning application to be submitted in first week of September 2015. 				
Person or Group Responsible for management of risk			T&R (Traded Services)			
Previous risk reviews completed:						
Phil Valentine, Environment Strategic Business Manager. August 2013 and February 2014.						
Risk Review Date	September 2014	Completed By	Dave Jennings	Designation	Bereavement Services Manager	
Risk Review Date	27 Jan 15	Completed By	Phil Valentine	Designation	Senior transformation manager	
Risk Review Date	27 July 15	Completed By	C Hindle	Designation	Contracts Director	

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TRAFFORD COUNCIL

Report to: Accounts and Audit Committee
Date: 24 September 2015
Report for: Information
Report of: Audit and Assurance Manager

Report Title

Audit and Assurance Report for the Period April to June 2015.

Summary

The purpose of the report is:

- **To provide a summary of the work of Audit and Assurance during the period April to June 2015.**
- **To provide ongoing assurance to the Council on the adequacy of its control environment.**

Recommendation

The Accounts and Audit Committee is asked to note the report.

Contact person for access to background papers and further information:

Name: Mark Foster – Audit and Assurance Manager
Extension: 1323

Background Papers: None



TRAFFORD COUNCIL

Audit and Assurance Service Report April to June 2015

Date: 24 September 2015

1. Purpose of Report

This report summarises the work of the Audit and Assurance Service between April and June 2015. At the end of the year, these quarterly reports will be brought together in the Annual Internal Audit Report which will give the Audit and Assurance Service's opinion on the overall effectiveness of the Council's control environment during 2015/16.

2. Planned Assurance Work

- Key elements of the 2015/16 Work Plan include:
- Fundamental Financial Systems reviews.
 - Annual corporate governance review work and completion of the Annual Governance Statement for 2014/15.
 - Audits of Council partnership arrangements.
 - Continued review of risk management arrangements and provision of guidance.
 - Review of corporate procurement and value for money arrangements.
 - ICT audit reviews.
 - Anti fraud and corruption work.
 - Ongoing advice to services and input / advice in respect of key projects across the Council.
 - School audits and other establishment audit reviews.
 - Audit reviews of other areas of business risk.

3. Main areas of focus – Q1 2015/16

- Work in this quarter included the following :
- Issue of a number of final audit reports incorporating management responses to draft audit reports.
 - Progression of a number of fundamental financial system reviews and other reviews including a report issued on Let Estates and progression of a number of reviews to be reported in Quarter two. (Work in progress in quarter one included reviews relating to Income Control, Payroll, Planning Control, Sale Waterside Arts Centre and Business Continuity).
 - Work in compiling the Draft Annual Governance Statement.
 - Input to the monitoring of the Budget Monitoring Action Plan.

Points of information to support the report:

Audit Opinion Levels (RAG reporting) :

Opinion – General Audits

- | | |
|--------------------------------|--------------|
| High – Very Good | Green |
| Medium / High – Good | Green |
| Medium – Adequate | Green |
| Low / Medium - Marginal | Amber |
| Low – Unsatisfactory | Red |

Report Status:

Draft reports:

These are issued to managers prior to the final report to provide comments and a response to audit recommendations.

Final reports:

These incorporate management comments and responses to audit recommendations, including planned improvement actions.

An opinion is stated in each audit report to assess the standard of the control environment.

Breadth of coverage of review (Levels 1 to 4)

Provides an indication as to the nature / breadth of coverage of the review in terms of which aspects of the organisation's governance and control environment it relates to. Levels are as follows:

- **Level 4 : Key strategic risk or significant corporate / authority wide issue** - Area under review directly relates to a strategic risk or a significant corporate / authority wide issue or area of activity.
- **Level 3 : Directorate wide** - Area under review has a significant impact within a given Directorate.
- **Level 2 : Service wide** - Area under review relates to a particular service provided or service area which comprises for example a number of functions or establishments.
- **Level 1 : Establishment / function specific** - Area under review relates to a single area such as an establishment.

4. Summary of Assurances for 1st Quarter 2015/16

Five internal audit opinion reports were issued in the quarter, four final reports and one at draft stage.

Work was in progress in relation to six other audits in the period which will result in an audit opinion and these are listed at the end of Section 5 (details of findings from these reviews will be

At least "Adequate" Opinions (Medium or above) were given in relation to three of the reviews (Works Management system and two establishment audits- Pathways Day Centre and Seymour Park Community Primary School).

Less than adequate opinions were given in relation to Let Estates (Low Opinion) and Schools Catering (Low/Medium). Audit follow up reviews will be planned to assess progress in implementing audit recommendations made.

(A listing of audit report opinions issued including key findings is shown in Section 5).

included in the Quarter Two Audit and Assurance update).

Work in the period included continued input by Audit and Assurance to a number of other areas, including ongoing monitoring of the budget monitoring investigation action plan. (These are referred to in Section 6).

The Audit and Assurance Service undertook a recruitment exercise during the quarter and appointed two audit staff who will be starting work in August and September 2015 respectively. One vacancy remains at the time of this update report and a recruitment exercise is currently in progress.

5. Summary of Audit & Assurance Opinions Issued – Q1: 2015/16

REPORT NAME (DIRECTORATE) / (PORTFOLIO) by Coverage Level (1-4)	-OPINION -R/A/G -Date Issued	COMMENTS
FINAL REPORTS		
Level 4 Reports:		
Works Management System (EGEI) / Environment and Operations)	Medium (GREEN) (8/6/15)	The Works Management System (WMS) was a key system used by a number of departments to request, record and charge for works undertaken. At the time of the review, given the introduction of the Joint Venture arrangement the scope of the audit focussed on gaining assurance on the adequacy of information feeding in to the financial ledger through review of a sample of transactions, to ensure appropriate information was recorded on the WMS with consistent supporting information as an audit trail. The majority of transactions selected and sampled for this review were found to have sufficient supporting evidence available directly from interrogation of the WMS. However, a small number of works orders required examination of archived paper records in order to review the associated inputs and outputs. This prompted a recommendation to be made to be considered in light of the introduction of the Joint Venture with the aim that monitoring by the Council as the client is undertaken through ready access to systems without recourse to paper records or other archived material. In response to this recommendation, Audit was advised that the ability to have such access has been included in the contract specification.
Level 2 Reports :		
School Catering (EGEI) / Environment and Operations)	Low/Medium (AMBER) (17/6/15)	The review covered processes operated by the Schools Catering Service, including monitoring of expenditure, income and stocks. A number of recommendations were made to improve existing controls including : <ul style="list-style-type: none"> • Retaining evidence of regular reconciliation of income received to supporting records, including till receipts to ensure funds are fully accounted for. • The monitoring of invoices raised to schools to ensure payments are received promptly. • Considering the usage of available information to monitor and control direct costs, primarily food costs. A follow up review will be undertaken in 2016/17 to consider progress in implementing the recommendations made.
Level 1 Reports :		
Pathways Day Centre (CFW) / (Adult Social	Medium/High (GREEN)	An audit of the Pathways Day Centre was completed. Overall, adequate and effective controls were found to be in place for most areas reviewed. A small number of

Services and Community Wellbeing	(12/6/15)	recommendations were made. These included the need to ensure an up to date business continuity plan was in place. All recommendations made were agreed by the Service.
Seymour Park Community Primary School (CFW) / (Children's Services)	Medium (GREEN) (18/6/15)	Overall governance arrangements and the systems and controls for financial planning, budgetary control and income and banking were found to be effective. In respect of payroll arrangements, the school needs to ensure that all payments to staff are made through the payroll system to ensure the appropriate statutory deductions are made. A number of incorrect payments to staff had been made by the school relating to services provided to other schools. These have been identified and the Council's Payroll Section is working with the school to ensure the correct deductions are made.

DRAFT REPORTS

Level 4 Reports:

Let Estates (EGEI) / (Economic Growth and Planning)	LOW (RED) (9/6/15)	Let Estates has been subject to regular audits as a key financial system and a review was completed prior to the Joint Venture arrangement being implemented. Let estates income is generated from a number of properties across the Borough, with annual income received of over £2m. Audit testing found that property records were not up to date and a significant number of updates to the property database were required. Since the review work was undertaken, the Let Estates function is now managed by Amey as part of the Joint Venture. Audit has been advised that Amey are to compile a Technical Services Plan by January 2016. This will include an agreed approach to ensure records are brought up to date which will be agreed with client officers from the Council. (The final report has since been issued in quarter two with an agreed action plan and Audit and Assurance will follow up the findings from the review and progress with the Action Plan in 2016).
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Other Audits in Progress at the end of Quarter One 2015/16

It should be noted that a number of other audits were also in progress in quarter one and draft/final reports from these reviews will be issued in Quarters 2 and 3. These relate to the following:

- Planning Control (since issued as a draft report in July 2015- Medium /High Opinion).
- Income Control (issued as a draft report in August 2015 - Medium/High Opinion).
- Business Continuity follow up audit (issued as a final report in July 2015 - Low/Medium Opinion).
- Sale Waterside Arts Centre (issued as a final report in August 2015 - Medium Opinion)
- Springfield Primary School follow up audit (issued as a final report in August 2015 – Low/Medium Opinion).
- Payroll system audit (in progress)

Details for the above reports will be reflected in the 2015/16 Quarter Two update report.

6. Other Assurance Work

There is a significant amount of work undertaken by the Service that does not result in an audit opinion report being issued.

There has been ongoing work such as the provision of advice; conducting investigation work; co-ordinating the update of the Council's Strategic Risk Register and undertaking financial appraisals of contractors.

In addition to the above, other significant work undertaken during Q1 included:

- Facilitating the production of the 2014/5 Draft Annual Governance Statement.
- Input to ongoing discussions between the STaR Shared Procurement Service and Finance and audit staff in Rochdale and Stockport Councils in respect of reviewing existing procedures for the financial vetting of contractors.
- Ongoing input by the Audit and Assurance Service to the monitoring of the Budget Monitoring Action Plan following the corporate review in 2014/15.

7. Impact of Audit Work – Improvements to the Control Environment

Key indicators of the impact of Audit and Assurance are: (a) Acceptance of Recommendations (b) Implementation of them.

Acceptance of Recommendations

From the 4 final audit opinion reports issued during the quarter:

- **92% of all recommendations made in the Quarter (34 out of 37) have been accepted. (Service annual target is 95%).**

Implementation of Audit Recommendations

Final audit reports are followed up to assess progress in implementing improvement actions identified through audit recommendations. Recommendations made by the Audit and Assurance Service are followed up by a number of means.

It is planned that a number of follow up reviews of reports issued in 2014/15 will be completed as indicated in the Internal Audit Plan. These are due to be undertaken between July 2015 and March 2016 and reported on in future quarterly updates.

8. Performance against Audit & Assurance Annual Work Plan

Appendix A shows an analysis of time spent to date against planned time for the 2015/16 Operational Internal Audit Plan

As at the end of quarter one, 160 audit days were spent to date against 200 planned days. Available Internal Audit resources were less than originally planned for at the start of 2015/16. During the quarter the Service was in the process of recruiting to fill vacancies. An appointment has since been made to the post of Senior Audit and Assurance Officer (the officer commenced in post on 5 August 2015). Another appointment has been made to the post of Audit and Assurance Officer (the officer is due to commence on 7 September 2015). There is one remaining vacancy at Audit and Assurance Officer level which has recently been re-advertised.

A further update on staffing resources will be included in the Quarter Two update. At present, all areas included within the agreed 2015/16 Audit Plan remain and in the event any rescheduling of work is required, this will be advised in further updates.

9. Planned Work for Quarter 2, 2015/16

Areas of focus will include :

- Issue of further financial system audit reports and progression / completion of a number of other audits across the audit plan including Business Continuity, Income Control, Planning Control, Payroll, Let Estates and Sale Waterside Arts Centre.
- Commencement of a number of reviews relating to cash control, initially covering services / establishments across the Council maintaining the highest levels of petty cash.
- Commencement of other financial system reviews including Benefits and Accounts Payable towards the end of the quarter.
- Continue to contribute to the corporate process of monitoring the Budget Monitoring Investigation Action Plan.
- Facilitate the production of the finalised version of the 2014/15 Annual Governance Statement.

- Co-ordination of the Strategic Risk Register update (to be presented to the Accounts and Audit Committee in September 2015).
- Internal Audit checks of a number of grant claims expected to be required to be completed during the quarter.

APPENDIX A

2015/16 Operational Plan: Planned against Actual Work (as at 30 June 2015)

<u>Category</u>	<u>Details</u>	<u>Planned Days 2015/16</u>	<u>Planned Days (up to 30/6/15)</u>	<u>Actual Days (as at 30/6/15)</u>
Fundamental Systems	Completion of fundamental financial systems reviews	160	40	40
Governance	Corporate Governance Review / Collation of supporting evidence and production of the 2014/15 Annual Governance Statement. Reviews of governance arrangements for the Council's significant partnerships.	60	20	16
Corporate Risk Management	Facilitating the updating of the Council's strategic risk register and other actions to support the Council's Risk Management Strategy	25	5	4
Anti-Fraud and Corruption	Investigation of referred cases. Work in co-ordinating the reporting of the Council's NFI data matching exercise. Work supporting the Anti- Fraud and Corruption Strategy, including raising awareness of supporting guidance to promote measures to prevent, deter or detect instances of fraud and corruption.	140	35	15
Procurement / Value for money	Review of procurement / contract management arrangements across the Council including systems in place and associated arrangements to secure value for money. (This will include liaison with the STaR Procurement Service and partner authority auditors).	50	5	3
ICT Audit	Audit reviews to be completed in line with the ICT audit plan. Investigation of misuse of ICT.	60	12	11
Schools	School Audit reviews Support the Council in raising awareness with schools of the DfE Schools Financial Value Standard (SFVS).	120	20	16
Assurance – Other Key Business Risks	Selected on the basis of risk from a number of sources including senior managers' recommendations, risk registers and internal audit risk assessments. Reviews will include authority wide issues and areas relating to individual services, establishments and functions.	155	30	36
Grant claims checks / Data Quality	Internal audit checks of grant claims / statutory returns as required. This includes verification checks of data submitted by the Council as part of its Stronger Families programme.	30	5	3
Service Advice / Projects	General advice across all services. Support and advice to the organisation in	80	20	12

	carrying out key projects ensuring new systems, functions and procedures provide for adequate controls and good governance arrangements.			
Financial Appraisals	Financial assessments of contractors and potential providers	30	8	4
TOTAL		910 *	200	160

*Note: There are 960 planned available days in total but 50 days relate to contingency.

TRAFFORD COUNCIL

Report to: Executive

Date: 21 September 2015

Report for: Information

Report of: The Executive Member for Finance and the Director of Finance

Report Title:

Revenue Budget Monitoring 2015/16 – Period 4 (April to July 2015).

Summary:

The approved revenue budget for the year is £148.914m. The forecast for the end of the year, as projected following four months of activity, is £148.129m being a net underspend of £(0.785)m, (0.5)% of the budget, a favourable movement of £(1.074)m since the last report.

Members are directed to the CFW report at Annex 1, paragraph 2.3, which makes reference to further work undertaken to refine the forecasts for client costs generated from the Liquid Logic/ContrOCC system. This has identified further adjustments to the previous Period 3 position to the value of £(0.740)m relating to client care costs. Therefore the adjusted Period 3 forecast would have been £(0.451)m favourable compared to the reported position of an adverse £0.289m.

The main areas of budget variance are summarised as follows:

Activity	Forecast £m	Movement £m
Children’s client care packages	1.0	-
Adults client care packages	0.7	(0.5)
Rephased base budget savings	0.4	0.1
Vacancy management	(1.1)	(0.2)
Running costs	(0.9)	(0.2)
Treasury Management	(0.7)	-
Housing & Council Tax Benefits	(0.1)	(0.1)
Business Rates (Council-wide budget)	(0.2)	-
Income	0.1	(0.2)
Forecasted outturn	(0.8)	(1.1)

Reserves

The opening balance of the General Reserve was £(7.9)m, and after taking into account approved use and commitments, and the Council-Wide budget outturn, the forecasted closing balance is £(7.7)m, which is £(1.7)m above the Council established minimum level of £(6.0)m.

In addition, the net service carry forward reserves at the beginning of the year was £(3.6)m, and after taking into account planned use and commitments together with the service Directorates’ outturn, the forecasted closing balance is £(1.3)m in surplus.

Council Tax

The surplus brought forward of £(0.8)m, will be increased by an in-year forecast surplus of £(1.0)m. After taking account of the planned use of £0.4m to support the base budget and another £0.1m for backdated valuation and discount appeals, the total surplus forecasted to be carried forward is £(1.3)m. The Council's share of this surplus is £(1.1)m, and is planned to support future budgets in the MTFP.

Business Rates

The latest projection as at 31 July 2015 shows an overall reduction in retained business rates for 2015/16 of £0.016m, representing an improvement since period 3 of £(0.068)m. This includes an in-year business rate growth shortfall of £0.186m, which will impact on the Council's resources (that pays for the budget), partly offset by an increase in income within the Council-wide budget of £(0.170)m (see paragraph 12 below).

Recommendation(s)

It is recommended that:

- a) the latest forecast and planned actions be noted and agreed.

Contact person for access to background papers and further information:

David Muggeridge, Finance Manager, Financial Accounting

Extension: 4534

Background Papers: None

Relationship to Policy Framework/Corporate Priorities	Value for Money
Financial	Revenue expenditure to be been contained within available resources in 2015/16.
Legal Implications:	None arising out of this report
Equality/Diversity Implications	None arising out of this report
Sustainability Implications	None arising out of this report
Staffing/E-Government/Asset Management Implications	Not applicable
Risk Management Implications	Not applicable
Health and Safety Implications	Not applicable

Director of Finance:.....ID.....

Director of Legal & Democratic ServicesJLF.....

DIRECTOR'S SIGNATURE *Appended in hard copy*

Budget Monitoring - Financial Results

- The approved budget agreed at the 18 February 2015 Council meeting is £148.914m. Based on the budget monitoring for the first 4 months of the year, the overall forecast for the year is £148.129m, being an underspend of £(0.785), (0.5)%, a favourable movement of £(1.074)m since the last report.
- The details of service variances can be found in Annexes 1 to 3, and for Council-Wide, Annex 4:

Table 1: Budget Monitoring results by Directorate	Year end Forecast (£000's)	Percentage %	Period Movement (£000's)	Annex
CFW – Children's Services	1,086	3.9%	52	1
CFW – Adult Social Services	(446)	(0.9)%	(879)	1
CFW – Public Health	0	0.0%	0	1
Economic Growth, Environment & Infrastructure	(273)	(0.9)%	(28)	2
Transformation & Resources	(125)	(0.7)%	(41)	3
Total Service Variances	242	0.2%	(896)	
Council-wide budgets	(1,027)	(4.3)%	(178)	4
Estimated outturn variance (period 4)	(785)	(0.5)%	(1,074)	

CFW – Children, Families & Wellbeing

Table 2: Budget Monitoring results by Executive Portfolio Holder	Year end Forecast (£000's)	Percentage %	Period Movement (£000's)
Children's Services	1,086	3.9%	52
Adult Social Services	(446)	(0.9)%	(879)
Community Health & Wellbeing	0	0.0%	0
Environment & Operations	(151)	(0.6)%	24
Economic Growth & Planning	(122)	(2.6)%	(52)
Communities & Partnerships	76	2.8%	31
Transformation & Resources	(27)	(0.3)%	(4)
Finance	(1,201)	(4.3)%	(246)
Estimated outturn variance (period 4)	(785)	(0.5)%	(1,074)

Key month on month variations

- The key variances contributing to the period movement of a favourable £(1.074)m are:
 - Adult Services – a reduction in Long Term and Short Term Support client costs due to an improvement in the forecast position from the new Liquid Logic client recording system, (0.490)m;
 - Reduction in running costs across all Adult Services, £(0.256)m;
 - Children's Services – a shortfall in the delivery of savings within the Early Help Delivery Model, £0.137m;

- £(0.203)m further net savings relating to vacancy management across all Directorates;
- £(0.181)m reduction in income shortfall across all Directorates;
- Housing and Council Tax Benefits overpayment recovery net variance of £(0.122)m;
- Other net variances of £0.041m.

MTFP Savings and increased income

4. The 2015/16 base budget, or permanent budget, was based on the achievement of permanent base budget savings and increased income of £(21.584)m.
5. This saving target includes £(15.612)m within the CFW Directorate which is being programme managed by a dedicated CFW Transformation Team. For the Month 4 report the savings targets for individual initiatives within CFW have been updated to reflect the targets which have been agreed at the CFW Programme Board. This has meant some slight amendments to individual targets, though the overall total savings target for the CFW directorate remains the same. The original and revised savings targets are included in Appendix 2 of Annex 1 of this report. Performance is assessed against the revised targets:

Table 3: Base budget savings	Total (£000's)	Total (£000's)
Total Savings delivered or in progress	(21,364)	
Budget savings required (revised)	(21,584)	
Total Net Shortfall		220
Shortfall Detailed by Directorate		
Shortfall against savings target within T&R		
• Libraries (as measured against original target see Note 1)	214	
• ICT Procurement	68	
• ICT Other	61	
Total shortfall within T&R		343
Shortfall/(Over recovery) against savings target within CFW		
• Education Early Years – Early Help	137	
• Ordinary Residence	35	
• Other Adults Savings	156	
• Children with Complex Needs	(58)	
• Home to School Transport	(25)	
• Older People Reablement	(368)	
Total (Over recovery) within CFW		(123)
Total Net Shortfall		220

Gross shortfall to be met by :-		
Contribution from Treasury Management Budget towards libraries slippage (note 1)		(50)
T&R reserve or mitigated by in year savings in 15/16		(293)
Total		(343)

Note 1 - The savings target for T&R originally included £0.550m in respect of the libraries rationalisation but this figure was revised down by £0.050m when the second phase of consultation was reported to Executive in March 2015. This reduction has been met from savings in the Treasury Management budget as a consequence of re-phasing of the capital programme in 2014/15.

6. The original budget for 2015/16 included a one off allowance of £0.700m as a general contingency to cushion against possible slippage in the delivery of the significant savings programme in 2015/16. As at the previous period (Period 3) £0.085m had been released to cover a projected savings slippage related to Market Management. As a result of the realignment of the CFW savings targets, the budget variance on Market Management is now shown as zero.
7. Approximately 98.98% of base budget savings have been or are forecasted to be delivered:
 - Of the £0.220m net shortfall, there is a gross shortfall of £0.343m relating to T&R and £0.328m to CFW; the CFW figure has been reduced by £(0.451)m as a result of over achievements in other savings targets;
 - For clarity, the above figures also include a contribution of £0.085m from the savings contingency for Market Management as described in para 6. The net shortfall of £0.293m within T&R will be met from either service carry forward reserves or alternative in year savings.

Council Tax

8. The brought forward surplus on the Council Tax element of the Collection Fund of £(0.773)m has shared ownership between GM Fire & Rescue Authority and Police & Crime Commissioner, as well as the Council.
9. After four months of activity, the total Council Tax in-year surplus is forecasted at £(0.980)m, with the Council's share of this being £(0.823)m. After taking account of the planned application to support the 2015/16 budget, £0.357m, and reductions as a consequence of back-dated valuations and awards of discounts or exemptions of £0.100m, the end of year total balance is forecasted at £(1.296)m, of which the Council's share is £(1.088)m.

Table 4: Council Tax surplus	Overall		Trafford	
	£(000's)	£(000's)	£(000's)	£(000's)
Surplus brought forward		(773)		(649)
Changes in Band D equivalents	(390)		(327)	
Empty Homes Premium	(127)		(106)	
Council Tax Support Scheme	(463)		(390)	
In Year Surplus		(980)		(823)
Banding valuations & discounts	100		84	
Increase in Bad Debt Provision	0	100	0	84
In-year application of surplus		357		300
Forecasted surplus carry forward		(1,296)		(1,088)

10. The numbers of those in receipt of Council Tax Support continues to fall with a 1.2% reduction in the first four months of the financial year. In addition, in an effort to attract incentive funding from DWP, several targeted pro-active interventions on unreported changes of circumstances are continuing, reducing Council Tax Support.
11. There has also been a growth in the tax. Back dated valuations and discounts continue to be an issue but levels have reduced considerably relative to the same period in 2014/15.

Business Rates

12. The Business Rate Retention Scheme established in April 2013, whereby local authorities can retain a share of growth (and losses), is a technically complex subject. The table below gives an indication of the complexity as well as an updated assessment compared to assumptions made in the budget:

Table 5: Calculation of Business Rates Income 2015/16	Original Estimate £000's	Projection £000's	Variance £000's
Net Yield	(161,238)	(160,859)	379
Local Share (49%)	(79,007)	(78,821)	186
Less Tariff (Set by Government)	44,142	44,142	-
Retained Rates	(34,865)	(34,679)	186
Government Baseline	(33,054)	(33,054)	-
In Year Growth	(1,811)	(1,625)	186
Add: Section 31 Grants	(1,663)	(1,825)	(162)
Estimated surplus 2014/15	(1,710)	(1,710)	-
Total Income subject to Levy	(5,184)	(5,160)	24
Deduct Levy @ 50%	2,592	2,580	(12)
Net Income	(2,592)	(2,580)	12
Add: Levy Rebate from GM Pool	(579)	(575)	4
Increased grant for 2% cap	(136)	(136)	-
Renewable Energy (retained in full)	(77)	(77)	-
Net Retained Income	(3,384)	(3,368)	16

13. The forecast of business rate yield included on the NNDR1 form 2015/16 submitted to DCLG in January included for a net yield of £161.238m, which represents an increase over the baseline target, set by the Government, of

£3.696m. Trafford nominally retains 49% of this growth, with 50% paid to the Government and 1% paid to the Fire and Rescue Authority. The Council is normally required to pay a levy to the Government of 50% of any growth; however in 2015/16 the Council agreed to join a business rate pool with the other AGMA districts and Cheshire East which means any levy payments are retained within the pool for the benefit of the area. In respect of any levy paid by the Council (into the Pool) it has been agreed with the other Pool members that the Council can retain one third for its own use.

14. Business rates are monitored during the course of the year and take into consideration quarterly updates from the Valuation Office Agency on outstanding and settled appeals. The calculation of retained business rates is both complex and volatile due to the amount of variables, including impact of settled appeals, take up of discounts and other changes to overall rateable values and as the year progresses more reliable projections can be made.
15. The latest projections as at 31 July 2015 are shown in the table above and show an overall reduction in retained business rates for 2015/16 of £0.016m compared to budget and this is summarised as:
 - a) In year business rate growth forecasted to be down by £0.186m at £(1.625)m. This is a small improvement since the last monitor due a positive movement in the level of empty property exemptions in the month. Empty property exemptions tend to be cyclical in that they last for three or six months and this position will be monitored throughout the year. The accounting arrangements require that any variation in the forecast of business rates must be carried forward to later years' budgets i.e. no impact in 2015/16;
 - b) Increase in Section 31 grant income of £(0.162)m to £(1.825)m due to additional costs of the small business rate and retail reliefs. This has a benefit to the 2015/16 budget because S31 grants are accrued during the financial year to which they relate;
 - c) Overall reduction in the cost of the levy due to the updated growth forecast £(0.012)m;
 - d) Reduction in the AGMA pool rebate £0.004m;
 - e) Impact on 2015/16 is the sum of items (b) – (d), £(0.170)m, but this needs to be retained to make good the adverse variance identified in (a) above. This is included in the Council-wide budget monitoring projection in Annex 4.

Public Health

16. The Government announced on 4 June 2015 that it was seeking in-year public expenditure reductions of £3.1 billion. This included an amount of £200 million in respect of Public Health. In July the Department of Health issued a consultation paper on how to achieve these savings. The illustration provided in that paper was for a reduction of 6.2% shared equally across local authorities, which if implemented would result in an in-year reduction of £0.773m for Trafford. We are awaiting the outcome of the consultation process.
17. If the in-year reduction of £0.773m is confirmed, scope has been identified within the Public Health budget to manage this on a one off basis for the 2015/16 financial year. Following the completion of the recent commissioning

exercise we believe this will be achieved without any detrimental impact on services in 2015/16 through unallocated funding and slippage on contractual arrangements. If the in-year reduction becomes recurrent, a plan to reduce expenditure by £0.773m will need to be incorporated into the 2016/17 budget planning cycle.

18. This is based on the current Public Health grant plus additional 0-5 funding which is being transferred in October 2015. Funding of £1.642m will be transferred to the Council on 1st October 2015 relating to the national transfer of responsibilities relating to Health Visiting and Family Nurse Partnership services. This will increase the gross funding for Public Health to £12.471m in 2015/16.

Leisure Services

19. On 30 July 2015 The Executive Member for Communities and Partnerships approved that a Community Interest Company (CIC) be established to run the leisure services, currently provided by Trafford Community Leisure Trust, from 1 October 2015. Progress is being made to achieve this and to support the Council expert legal and financial advice has been procured, the latter to provide specific advice on taxation. Any further financial implications will be included in future budget monitoring reports.

Reserves

20. The pre-audited General Reserve balance brought forward is £(7.9)m, against which there are planned commitments up to the end of 2015/16 of £1.2m. The addition of the Council-Wide underspend of £(1.0)m provides for a projected 31 March 2016 balance of £(7.7)m, being £(1.7)m above the approved minimum level of £(6.0)m:

Table 6 : General Reserve Movements	(£000's)
Balance 31 March 2015 (subject to audit confirmation)	(7,871)
Commitments in 2015/16:	
- Planned use for 2015/16 Budget	1,000
- Planned use for one-off projects 2015/16	200
- Council-wide budgets underspend	(1,027)
Balance 31 March 2016	(7,698)

21. Service balances brought forward from 2014/15 were a net £(3.642)m. After planned use to support one-off projects and adjusting for the estimated outturn, there is a projected net surplus of £(1.404)m to be carried forward to 2016/17 (Table 7).

Table 7: Service balances	b/f April 2015 (£000's)	Forecast Movement in-year (£000's)	Forecast Balance (£000's)
Communities, Families & Wellbeing	(403)	837	434
Economic Growth, Environment & Infrastructure	(1,738)	1,239	(499)
Transformation & Resources	(1,501)	262	(1,239)
Total (Surplus)/Deficit	(3,642)	2,338	(1,304)

Recommendations

22. It is recommended that the latest forecast and planned actions be noted and agreed.

TRAFFORD COUNCIL

Report to: CFW Senior Leadership Team
 Date: 27th August 2015
 Report for: Discussion
 Report author: CFW Finance Managers

Report Title:

Revenue Budget Monitoring 2015/16 – Period 4 (April 2015 to July 2015).

1. Forecast Outturn for the Year

- 1.1 The approved revenue budget for the year is £75.841m (See Para 2.5 for budget adjustments since the last report) and the projected outturn is currently forecast to be £76.481m, which exceeds the budget by £0.640m (0.8%). The current projected overspend includes £1.086m on Children Services and an underspend of £(0.446)m on Adults.
- 1.2 The forecast variance for Period 3 was £1.467m and this represents a favourable movement of £(0.827)m since last reported. Whilst the variance seems significant Para 2.3 makes reference to work undertaken to refine the forecasts which are now being generated from the Liquid Logic/Controcc system. In Period 3 in-house staff costs were duplicated in the forecast leading to an over projection of client costs in year. A correction to that forecasting error would have reduced the variance to give an actual period on period movement of £(0.087)m against a total budget of £75.841m.
- 1.3 The savings target for CFW in 2015/16 is £(15.612)m. For the Month 4 report the savings targets for individual initiatives have been updated to reflect the targets which have been agreed at the CFW Programme Board. This has meant some slight amendments to individual targets, though the overall total of savings target for the CFW directorate remains the same. The original and revised reduction targets are included in Appendix 2. In this report performance against target is assessed against the revised targets.
- 1.4 At this stage of the year it is a major achievement to be on track to overachieve against the target of £(15.612)m and provides a high level of assurance about the robustness of financial planning and effective delivery of transformation projects within the Directorate.

2. Summary of Variances

- 2.1 The main forecast outturn variances are summarised below, with more detail at Appendix 1.

2.2 CHILDRENS SERVICE

The overall variance for Children's Services is an adverse £1.086m and is analysed below.

(a) Children's Social Services (including Children with Complex Needs) - £1.125m adverse variation from budget

- There is a forecast overspend of £1.000m, on client care packages as analysed in the table below. The main variances are in respect of external children's homes and agency foster care. The increases in cost are due to a combination of demographic growth and the complexity of need of children in care with more children requiring high cost specialist placements. £0.907m of the projected variance relates to external children's homes even though this is as a result of only an increase of 5.1 placements over the year which illustrates the volatility of this particular budget. There is also an adverse variance of £0.139m on agency foster placements which equates to 4.9 placements; this reflects a national trend following high profile reports into major failings in the system e.g. Rotherham.

- The CAN Personalisation saving is overachieving by £(0.071)m. Home from Home Carers underspend is £(0.080)m which is a result of fewer bed nights being supplied because of parental choice.

- Robust management action is in place to scrutinise each individual placement to ensure it is appropriate to meet needs. We are also exploring collaborative ways of managing the external market as costs have increased substantially due to the increased demand for places. We have implemented an 'Edge of Care Strategy' that supports children and young people to remain at home and developing that into a broader project as part of the CFW transformation programme.

- Actions in place to manage Children in Care placements are outlined in more detail in Appendix 3.

Service	Budget Service Users	Budget Average weekly cost	Gross Budget	Actual Service Users	Average weekly cost	Actual Gross Forecast	Variance Service Users	Variance Gross Forecast
	No.	£	(£000's)	No.	£	(£000's)	No.	(£000's)
Welfare secure	0.3	5,054	90	1.0	1,904	101	0.7	11
External Children's Homes	5.6	3,002	879	10.7	3,210	1,786	5.1	907
Agency foster care	32.9	880	1,513	37.8	841	1,652	4.9	139
In-house foster care	94.7	317	1,570	89.1	321	1,486	(5.6)	(84)
Family and friend foster care	112.0	217	1,271	109.5	234	1,332	(2.6)	61
Asylum seekers	0.0	0	0	0.0	0	0	0.0	0
Special Guardianship	29.0	151	229	29.1	148	224	0.1	(5)
Assisted Residence Allowances	24.0	106	133	21.7	107	121	(2.3)	(12)
Aftercare	n/a		381	n/a		474	n/a	93
Supported Lodges	n/a		325	n/a		339	n/a	14
Youth Homeless	n/a		193	n/a		264	n/a	71
Adoption	13.0		923	13.0		912	0.0	(11)
CAN respite	2.5	1,920	251	2.2	2,079	240	(0.3)	(11)
CAN long term care	4.4	2,423	553	4.2	2,449	531	(0.2)	(22)
CAN Home from Home	n/a		239	n/a		159	n/a	(80)
CAN Direct payments/personalisation	n/a		389	n/a		318	n/a	(71)
Total			8,939			9,939		1,000

- Adoption - There is a projected shortfall in adoption income of £0.182m. It has now become apparent that in the North West the number of recruited adopters is exceeding the number of children awaiting adoption. This resulted from a legal judgement that placed a greater emphasis on a child returning home or to family members prior to consideration of adoption. We are currently developing an expression of interest with neighbouring authorities for a Regional Adoption Agency in line with national policy.
- Income - There has been additional income within CAN from Health for Continuing Health Care of £(0.076)m.
- Running costs - General running cost expenses variance of £0.019m

(b) Staff Management of vacancies, favourable variance £(0.039)m

The £(0.039)m variance is due to Education and Early Years £(0.058)m and Youth Offending £0.019m.

(c) Home to School Transport – favourable variance £(0.025)m

The new contractual arrangements for the 2015/16 academic year are projected to save an additional £(0.025)m on the revised target saving of £(0.400)m, in addition to recent savings targets and demographic pressures.

(d) Running Costs Across Children's Services £(0.111)m favourable

This relates to a projected saving in commissioned services.

(e) Slippage on Savings re Early Help Delivery Model – Adverse Variance £0.137m.

There are some premises costs relating to centres that have been incurred since 1st April 2015 as part of the transition to the new model and timescales for asset transfer.

Movement from previous period

The main reasons for the movement in the forecast for CFW Children of £0.052m are as follows:

- Education Early Years – increase in projected overspend of £0.022m.
- Children Social Services – increase in projected overspend on client care packages (excluding complex needs) of £0.176m.
- Children with complex and additional needs – reduction in forecast spend of £(0.250)m.
- Commissioning – reduction in forecast spend of £(0.052)m.
- Youth Offending – forecast overspend of £0.019m.
- Early Help Delivery Model – Premises costs as a result of transitional arrangements of £0.137m.

2.3 ADULTS SERVICE

The Period 3 monitoring position included a forecast adverse variance of £0.433m for 2015/16. In the last monitor the Executive were advised that there was a new basis of reporting with forecasts for client costs generated from Liquid Logic/ContrOCC system. Further work has been undertaken to ensure that the estimated cost of care packages accurately reflected savings still to be achieved and this is a complex process for client costs.

A review of the forecasting information for Period 3 identified that the cost of in-house provided services had not been excluded from the forecast of client care costs and this was therefore duplicated in the last monitoring position.

Subsequently adjustments have now been made to the financial forecast report from Liquid Logic/Controcc to separately identify this cost and ensure it cannot be duplicated in future. Adjusting for these costs the variance on Adult Services would have reflected a £(0.307)m surplus and this would have translated to an overall service variance of £0.727m deficit as opposed to the position last reported of £1.467m deficit, a change of £(0.740)m.

A process is also being developed to validate the financial projections of care costs derived from the new system by using the SAP ledger system as a further safeguard.

The overall variance for Adults' Services is £(0.446)m favourable and is analysed below:

- Long Term and Short Term client costs - £0.706m adverse. There is a projected gross pressure of client costs of £1.612m compared to budget. This projection is based on the current portfolio client recorded on the Liquid Logic system, plus expected Transition costs in year of £1.8m. This will be offset by expected savings of £(0.906)m to be made against client costs over the course of the year based on Transformation projections. The schedule of assumed savings to be realised for the remainder of the year is included in Appendix 2.
- Social Support (Carers and Adult Placement) – favourable projection of £(0.058)m following renegotiation of a contract.
- Assistive Technology and Equipment – £0.036m adverse, though this will be offset by application of Winter Pressures funding.
- Social Care Activities – Care Management - £(0.721)m favourable. The favourable variance is due to vacant posts across Care Management and other teams across the service.
- Information and Early Intervention - £(0.066)m favourable. Forecast underspends in Extra Care due to delay in implementation of Old Trafford scheme part offset by residual contract costs in CAB.
- Commissioning and Service Delivery – net £(0.083)m favourable following Commissioning restructure.
- Non-Adult Care - £(0.009)m favourable. Forecast reduction in spend on Supporting People.
- Other variations. £(0.253)m favourable across other areas of the service.

Further details on the above variances are included in Appendix 1.

Movement from previous period

The period 4 variance compared to that last reported is £(0.879)m. Of this £(0.740)m is explained above. The additional change of £(0.139)m is included below:-

- Client costs –improvement in the forecast position of £(0.490)m reflecting a revised assessment of the impact of savings, an adjustment for in-house costs in the forecast, and a contingency for winter demand of £0.300m.
- Social support – improvement of £(0.103)m arising from renegotiation of a contract £(0.068)m and improvement in Adult Placement forecast £(0.035)m.
- Assistive Technology – adverse movement of £0.066m, though overall projection in line with budget, after winter pressures funding.
- Social Care Activities (Care Management teams) – improvement of £(0.359)m resulting mainly from additional savings in Reablement staffing.
- Information & Early Intervention and Commissioning Service Delivery – adverse movement of £0.035m following revised forecast for vacancies.
- Non-Adult Social Care (Supporting People) – improvement of £(0.030)m following review.

2.4 Public Health

The Public Health budget is financed by a ring-fenced grant. Under the terms and conditions of the grant this must be used for defined Public Health purposes and the current projection is spend will be in line with budget. Any underspend on the grant, should it arise, would be carried forward to 2016/17 for use on Public Health related services.

An announcement of a proposed in-year budget reduction for Public Health was made by the Government in June 2015. The reduction of £200m nationally is being proposed and currently subject to consultation. A range of options are being proposed, though an across the board reduction of 6.2% would result in a potential reduction for Public Health in year of £0.773m.

If the in-year reduction of £0.773m is confirmed, scope has been identified within the Public Health budget to manage this on a one off basis for the 2015/16 financial year. Following the completion of the recent commissioning exercise we believe this will be achieved without any detrimental impact on services in 2015/16 through unallocated funding and slippage on contractual arrangements. If the in-year reduction becomes recurrent, a plan to reduce expenditure by £0.773m will need to be incorporated into the 2016/17 budget planning cycle.

This is based on the current Public Health grant plus additional 0-5 funding which is being transferred in October 2015. Funding of £1.642m will be transferred to the Council on 1st October 2015 relating to the national transfer of responsibilities relating to Health Visiting and Family Nurse Partnership services. This will increase the gross funding for Public Health to £12.471m in 2015/16.

2.5 Budget Virements in 2015/16

- Previous budget virements were reported in Period 3. There have been further net budget virements out of CFW Adults in Period 4 of £0.115m. This relates to a transfer of £0.170m from CFW to Transformation and Resources in respect of a Transformation Capacity fund. This is offset by a virement into the service of £0.055m relating to the transfer of administrative staff to Sale Waterside.
- The re-structure of teams under Adults Integration will lead to a further virement which will be actioned for Period 5 on the basis of information which has been recently provided by the Joint Director of Adult Social Care and Heads of Service.
- The current budget for CFW Adults after the above virements is £47.792m.
- Since the budget was set, the Children's Services budget has also been increased by a one off amount of £0.055m, to support the transition of
- the Gorse Hill Studios provision to a Community Interest Company. This has been financed from the central provision to assist with slippage in savings. Other virements within Children's Services represent transfers of responsibilities between Directorates of £(0.017)m.
- The current budget for CFW Children Services is £28.049m.

3. Forecasting, Assumptions and Risk

3.1 2015/16 Base Budget Savings

The Council's overall budget for 2015/16 includes £(21.584)m of savings of which £(15.612)m relates to CFW. The table in Appendix 2 shows the current assumptions made regarding the delivery of in-year savings targets within the forecasts set out in this report.

The savings targets for 2015/16 have been re-aligned to reflect the specific targets which project managers are working to. The overall target is in line with the total agreed in the Medium Term Financial Plan and 2015/16 budget.

The current projection is that against the target of £(15.612)m, savings of £(15.735)m will be made. The forecast saving for 2015/16 includes savings of £(0.771)m, which were generated by actions undertaken in 2014/15. The breakdown of the projections for individual initiatives is included in Appendix 2.

At this stage of the year it is a major achievement to be on track to overachieve against the target of £15.612 and provides a high level of assurance about the robustness of financial planning and effective delivery of transformation projects within the Directorate.

Savings to a value of £(0.906)m which have still to be realised are reflected in the forecast and comprise savings against the LD Care Package Review £(0.301)m, Reshaping Trafford £(0.575)m and savings from other schemes of £(0.030)m. Any shortfall in the delivery of these savings will have an adverse effect on the forecast position.

3.2 Good Practice Examples

In relation to the savings programme, there are a number of examples of management interventions that are having a substantial impact on the financial position of the Directorate. These include;

3.2.1 Reshaping Social Care; The Directorate is driving down commitments against care packages in line with the reshaping social care policy change agreed by the Council. The implementation of reshaping principles is being applied as each new case is presented and as all cases go through their reassessment during the year. This has led to an increase in complaints and appeals, but each case is being considered according to individual needs and options available to meet that need. The reshaping programme is supporting the directorate to review the commissioning requirements going forward, as we drive the promotion of independence and self-care. The work is underpinning the development of 2016/17 savings options and we are already seeing a significant impact since the new policy was implemented in April 2015.

3.2.2 Panel Reviews: Cases are being reviewed through the Panel process and annual reviews in the context of the objectives of Reshaping Trafford. This is generating savings which are contributing to the savings initiatives relating to client costs. This area looks likely to over achieve in year. This also forms part of savings in 2016/17 and over achievements in 2015/16 will support the larger saving requirements against care budget lines next year.

3.2.3 Ordinary Residence: Savings of £(1.047)m are expected from these actions which were reported at Month 3. Learning from the project will be embedded in the Panel Review and Reshaping work undertaken by the service.

3.2.4 Home to School Transport; A complete reorganisation of the co-ordination of transport provision for children with special educational needs was undertaken from September 2014. A single team was created that were able to clearly map and tender new routes to ensure efficiency of provision and a substantial reduction in contract values. In addition to the substantial financial saving achieved through this process the development of a new procurement approach and service standards has led to improvements in the quality and safeguarding elements of the service. There was a substantial overachievement of savings in the last financial year £(0.225)m and against the revised target of a further £(0.400)m for 2015/16 we are currently projecting an overachievement of £(0.025)m. This is now reflected in the revised target for this scheme.

3.2.5 Debt Recovery: The approval of the new Debt Management and Recovery policy at the end of March 2015 has enabled the Council to take a robust approach to debt recovery whilst ensuring the Council manages its risks effectively through the addition of a debt panel chaired by the Joint Director for Adults before cases proceed to Legal litigation. This new approach has already resulted in improved collection of historical debt to the authority and has had a positive impact on engagement of debtors, with a number of payment plans being arranged for in-year collection as well as payment in full in large debt cases. The new robust timely debt recovery process also ensures new debt is identified at the earliest stage and fed back to the Joint Director for Adults for an overall review of the case. Debt is also now a key factor in funding panel decisions.

3.2.6 Direct Payments: Some clients receive payments directly to purchase their own care packages to meet their needs. Experience shows that at the year end the annual audit identifies a number of instances where the totality of the funds provided has not been disbursed and can be reclaimed by the Council.

3.3 Care Packages

This is the second monitoring report of the financial year and follows two important changes in relation to the reporting of client care package activity. The first change is the full adoption of the national changes in reporting of client costs under the Zero Base Review. This means familiar heading such as Older People, Learning Disability etc. will not appear in this high-level monitoring report. Details of the changes were reported at Period 3 and are summarised in Appendix 4. The original client cost budgets for 2015/16 have been translated into the new Zero Base Review budgets, albeit the overall quantum of client cost budget is as originally set.

The second change is that a new basis of financial reporting has been introduced following the implementation of the Liquid Logic client record system and the associated financial modules under Controcc. This was one of the recommendations made in the budget monitoring investigation report. A considerable amount of effort has been made to bring the system into being and it is a major change for budget holders and other staff involved in the budget monitoring process. There are already benefits arising from the system

although in these early days the main focus is on ensuring the information and reporting is robust following the data migration process.

The total budget for Long Term and Short Term client costs is £39.5m which represents 83% of the total CFW Adults budget of £47.8m. The total number of on-going services provided to clients is around 3,743, though this will fluctuate on a monthly basis. Details of these are shown in Appendix 5.

The Liquid Logic / Controcc system will give speedier and more flexible reporting and its potential will be developed over the coming months.

3.4 Transition Costs

Transition is the movement of clients from Children's services into Adults and the main costs are in respect of the Learning Disability service. The additional budgetary provision for transition for 2015/16 was £0.876m. In addition unused provision carried forward in the budget from 2014/15 was circa £1.54m, which leaves a total provision for 2015/16 of £2.416m. A review of expected transition has been undertaken and for Period 4, the assessment is that Transition costs for 2015/16 will be £(0.600)m underspent in year. The forecast reflects likely decisions made regarding extended education funding. The position on transition is however, volatile and will continue to be monitored monthly and any revision to this assumption will be reported.

3.5 Continuing Health Care

Where a client becomes eligible for Continuing Health Care a robust process is in place to ensure the relevant actions are completed. The CCG have notified the Council that they have over 60 historical claims for CHC logged by families. This will lead to some retrospective claims for CHC costs potentially being repaid to the client or the Council, which will improve the client cost monitoring forecast in year. Each claim will need to be assessed on a case by case basis, therefore it is not possible to estimate the potential impact, though this will be reported as the outcome of assessments are confirmed.

3.6 Homecare packages

The cost of homecare packages, like other care line items, is calculated by reference to the number of clients in receipt of that service at the time of producing the monitoring report. However, experience shows that in a number of cases, the planned package will not be required for the full year and as a result a reduction in costs of 2% is allowed for.

3.7 Care Act

The first phase of changes under the Care Act was introduced in April 2015. A Care Act implementation grant was made available to all upper tier authorities and the Council's grant was £(1.227)m. A schedule of proposed use of this funding was agreed by SLT and subsequently CMT and the planned usage of funding is attached at Appendix 6. It is relatively early in the year to project costs, the assumption for Period 4 is that spend will be in line with the Care Act implementation grant allocation. Work is on-going to understand the implications of the recent announcement to delay phase 2 implementation until 2020 and the impact will be reported to a future meeting. There is also a possibility that the Government may seek to recover some of the grant which has been allocated in 2015/16.

3.8 Winter Pressures Funding

Two amounts of Winter pressures funding were carried over from 2014/15 equating to £(0.393)m and £(0.187)m for DH and CCG funding respectively. Detailed plans are in place for the use of this funding and the assumption is that the funding will be fully utilised in 2015/16.

3.9 Better Care Fund

Under the terms of the Better Care Fund agreement with the CCG, the Council secured £(2.0)m for the protection of social care services. A national condition of the funding allocated for the Better Care Fund is that collectively the CCG and Council should achieve targeted reductions of at least 3.5% in non-elective admissions. Should these reductions not be achieved, then funding allocated in respect of performance would not be released by NHS England and the CCG would be obliged to transfer this to the Acute sector. The amount of BCF funding in the BCF agreement relating to performance is £(1.319)m and the Council carries the risk of 30% of funding based on the agreed risk share of 70/30 between the CCG and the Council; this equates to circa £0.400m in 2015/16. Early information on non-elective admissions indicates these are increasing, compared to baseline, rather than decreasing and as such there is a risk to £0.400m of the BCF funding. This potential shortfall has been set aside as an earmarked reserve, therefore the full £2.0m transfer of funding to the Council is reflected in the forecast.

4. Learning Disabilities (LD) Pooled Fund

4.1 The LD Pooled fund deficit was cleared at the end of 2014/15. The fund is therefore in balance at the start of the year and spend is expected to be in line with respective contributions from the Council and the CCG.

5. Reserves

5.1 At the beginning of April 2015 the Children, Families and Wellbeing Directorate has accumulated balances of £(1.729)m carried forward from previous financial years.

5.2 The carry-forward balances and expected end of the year position is as follows:

	DSG	CFW
	(£000's)	(£000's)
Balance b/f 1 April 2015	(1,326)	(403)
Troubled Families Grant		(468)
Troubled Families Commitments 15/16		468
Specific commitments in 15/16		197
P4 Forecast Outturn 15/16	700	640
	(626)	434

The DCLG provided a grant for Troubled Families in 2014/15, which was not ring-fenced or spent. However, there are commitments made to partners for 2015/16.

There are also specific commitments originally made in 2014/15 that will now be spent in this financial year. These were reported in the period 12 2014/15 monitoring report.

6. Management Action

6.1 Business Delivery Programme Board

Following the investigation into budget monitoring arrangements, the Business Delivery Programme Board refreshed the way it works. These arrangements will continue in 2015/16, subject to the merging of the Business Delivery Core group into a single All Age Board for Children and Adults.

Due to the scope and complexity of the budgets the separate reporting of Adults and Children's budget position will continue through respective Finance sub-groups of the Business Delivery Programme Boards.

6.2 Financial Awareness Training

In order to strengthen financial management, a comprehensive programme of training has been delivered to service managers. All budgets have undergone a RAG assessment approach to determine the level of risk, complexity and volatility. The results determined the level of support each budget and budget holder would receive from the Finance Team.

New budget monitoring templates were issued to create a more streamlined and consistent approach across each service area. The input from the budget holders means that the information and projections for each service are up-to-date and there will be greater control of the budget throughout the year.

Period 4 is the second time that monitoring of some budgets is reliant on forecasts made entirely by budget holders. The ability of budget holders to carry out these forecasts has been mixed, as would be expected when introducing such a fundamental change. Drop in sessions have been held by Finance teams for Period 4 monitoring to offer assistance to budget holders where required and these will continue to be held for the next two months then reviewed. Where budget holders have had difficulty in forecasting, the Finance team has made assumptions for this monitoring report.

Period 4 Projected Outturn revenue expenditure and income variances

The following tables detail the main variances from the revenue budget to the forecasted outturn, and the movements since the last monitoring report, in both Management Accounts (“Budget Book”) format and by cause or area of impact of the variance.

Budget Book Format (Objective analysis)	Full Year Revised Budget (£000's)	P4 Forecast Outturn (£000's)	P4 Outturn variance (£000's)	P3 Outturn variance (£000's)	Period Movement (£000's)	Ref
Children's Services Portfolio – DSG Element						
Dedicated Schools Grant	0	700	700	700	0	CFW1
Transfer to Dedicated Schools Grant Reserve	0	(700)	(700)	(700)	0	CFW1
Sub-total – DSG	0	0	0	0	0	
Children's Services Portfolio – Non DSG Element						
Education Early Years' Service	4,971	4,828	(143)	(165)	22	CFW3
Children's Social Services	17,039	18,343	1,304	1,199	105	CFW2
Children with Complex & Additional Needs	1,593	1,414	(179)	0	(179)	CFW2
Commissioning	1,503	1,451	(52)	0	(52)	CFW3
Multi Agency Referral & Assessment Service (MARAS)	1,601	1,601	0	0	0	CFW3
Youth Offending Service	254	273	19	0	19	CFW3
Early Help Delivery Model	1,088	1,225	137	0	137	CFW3
		0	0			CFW3
Sub-total – Non DSG	28,049	29,135	1,086	1,034	52	
CFW Children's Total	28,049	29,135	1,086	1,034	52	

Budget Book Format (Objective analysis)	Full Year Revised Budget (£000's)	P4 Forecast Outturn (£000's)	P4 Outturn variance (£000's)	P3 Outturn variance (£000's)	Period Movement (£000's)	Ref
Adult Social Services Portfolio						
Long Term Support – client costs	38,955	39,498	543	1,024	(481)	CFW4
Short Term Support – client costs	557	720	163	172	(9)	CFW5
Social Support – Adult Placement / Carers Commissioned services	931	874	(57)	45	(102)	CFW6
Assistive Equipment & Technology	1,473	1,509	36	(30)	66	CFW7
Social Care Activities – Care Management (See Note 1)	11,734	11,013	(721)	(362)	(359)	CFW8
Information and Early Intervention – Preventative Services	942	877	(65)	(89)	24	CFW9
Commissioning and Service Delivery	760	677	(83)	(94)	11	CFW10
Non-Adult Social Care – Supporting People	390	381	(9)	20	(29)	CFW11
DH Funding and un-allocated savings (Note 1)	(7,083)	(7,336)	(253)	(253)	0	
CFW Adults Total	48,659	48,213	(446)	433	(879)	
Community Health & Wellbeing Portfolio						
Public Health	(867)	(867)	0	0	0	CFW12
CFW Public Health Total	(867)	(867)	0	0	0	
CFW Total	75,841	76,481	640	1,467	(827)	

Note 1 – Budget previously included in Social Care Activities.

Business Reason / Area (Subjective analysis)	P4 Outturn Variance (£000's)	P3 Outturn Variance (£000's)	Period Movement (£000's)	Ref
Children's				
Management of staff vacancies	(39)	0	(39)	CFW2, CFW3
Transport Costs	(26)	(100)	74	CFW3
Client Need	1,000	1,041	(41)	CFW2
Income	106	155	(49)	CFW2
Other running costs	45	(62)	107	CFW2, CFW3
Total Children's	1,086	1,034	52	
Adults				
Management of staff vacancies	(887)	(615)	(272)	CFW8
Client Need	706	1,196	(490)	CFW4, CFW5
2015/16 Savings not achieved	10	37	(27)	CFW6
Other running costs	(275)	(185)	(90)	CFW7,9,10, CFW11
Total Adults	(446)	433	(879)	
Public Health	0	0	0	
Total CFW	640	1,467	(827)	

NOTES ON VARIANCES AND PERIOD MOVEMENTS

CHILDREN'S SERVICES

CFW1 – DSG Reserve b/fwd.

- The brought forward DSG reserve balance is £(1.326)m. There are significant pressures within DSG which mean that there is an anticipated overspend of £0.700m, leaving a forecast reserve at the year-end of only £(0.626)m. The greatest pressure on the DSG is increasing numbers in SEN and the High Needs Block of the DSG being frozen. In previous years there has been an underspend on primary de-delegated budgets. However, Primary School budgets are under significant pressure and a central budget for Schools in financial difficulty (£0.400m) will be spent in 15/16.

CFW2 – Children's Social Services (Including CAN) £1.125m adverse variance

- There is a projected overspend of £1.000m, on client care packages as analysed in the table under 2.1. The main variances are in respect of external children's homes and agency foster care. The increases in costs are due to a combination of demographic growth and the complexity of need of children in care with more children requiring high cost specialist placements. £0.907m of the projected variance relates to external children's homes although this is only based on an increase of 5.1 placements over the year which indicates the volatility of the budget. This reflects a national trend following high profile reports into major failings in the system i.e. Rotherham.
- There is a projected shortfall in adoption income of £0.182m. It has now become apparent that in the North West the number of recruited adopters is exceeding the number of children awaiting adoption. This resulted from a legal judgement that placed a greater emphasis on a child returning home or to family members prior to consideration of adoption. We are currently developing an expression of interest with neighbouring LA's to for a Regional Adoption Agency in line with national policy.
- There is additional income for CAN placements of £(0.076)m as a result of Continuing Health Care assessments that have identified eligible expenditure for children with complex health needs,
- General running costs adverse variance £0.019m

CFW3 - Various

Children's Home To School Transport- £(0.025)m favourable.

- A favourable variance due to the reorganisation of transport contracts compared to the revised savings target of £0.400m.

Running Costs Across Children's Services excluding social care £(0.111)m favourable

- This relates to a projected saving in commissioned services.

Staff Management of vacancies, Management of staff vacancies excluding social care £(0.039)m favourable

- This is from Education and Early Years £(0.058)m and Youth Offending £0.019m.

Early Help Delivery Model

- Shortfall in delivery of savings £0.137m.

ADULT SOCIAL SERVICES

CFW4/5 – Long/Short term Support – Client Costs £0.706m adverse

Long Term and Short Term client costs - £0.706m adverse. There is a projected gross pressure of client costs of £1.612m compared to budget. This projection is based on the current portfolio client recorded on Liquid Logic adjusted for expected Transition costs in year of £1.8m. An offset has been made of £0.906m for savings which are expected to be made against client costs based on Transformation projections. The forecast is based those clients currently within the Liquid Logic system and will become more robust as the year progresses.

CFW6 – Social Support – Adult Placement / Carers £(0.058)m favourable

- Contract saving following renegotiation £(0.068)m
- Adult Placement saving not achieved £0.010m. Saving reflected in CFW8.

CFW7 – Assistive Equipment & Technology £0.036m adverse

- Forecast adverse position of £0.036m, though this will be brought in line after application of Winter Pressures funding.

CFW8 – Social Care Activities – Care Management teams £(0.721)m favourable

Vacant posts and other staffing related savings across the following teams:

- Reablement £(0.368)m – Overachievement of saving from restructure
- Pathways and Network £(0.114)m;
- Screening Teams (Core and TGH) £0.030m adverse
- Ascot House £(0.064)m;
- Community MH Organic team £(0.063)m;

- Community Learning Disability team £(0.038)m;
- Community Mental Health team £(0.107)m;
- Community Social Work team South £(0.133)m;
- Review and Assessment team £(0.026)m;
- UHSM costs to be funded through Winter pressures funding £0.166m;
- Other variances £(0.004)m

CFW9 – Information and Early Intervention £(0.065)m favourable

- Extra Care Housing – underspend due to delay in Old Trafford scheme £(0.094)m;
 - Reduction in IMCA costs £(0.016)m;
 - Residual contract costs £0.040m;
 - Other variances £0.005m.

CFW10 – Commissioning & Service Delivery £(0.083)m

- Commissioning Restructure – additional saving £(0.086)m;
- Admin team £0.003m.

CFW11 – Non-Adult Social Care £(0.009)m

- Supporting People – additional contribution £(0.009)m;

CFW12 – Public Health £Nil

- Overall spend is projected to be in line with Public Health grant.

DH Funding and un-allocated savings £(0.253)m

- Winter pressures funding to be allocated.

Appendix 2

CFW Rebased Savings 2015/16		2015-16 Original Reduction	2015/16 Revised Reduction	Forecast Saving	Variance
		(£000's)	(£000's)	(£000's)	(£000's)
Children with Complex Needs – use of personalisation	CS	(100)	(200)	(271)	(71)
Children in Care – expansion of in-house Children's home	CS	(100)	(50)	(37)	13
Home to School Transport	CS	(300)	(400)	(425)	(25)
Market Management	CS	(200)	(200)	(200)	-
Music Service	CS	(30)	(30)	(30)	-
Educational Psychology	CS	(100)	(100)	(100)	-
Governor Services	CS	(5)	(5)	(5)	-
Commissioning – reduction in multi-agency contracts	CS	(126)	(126)	(126)	-
Education Early Years – Early Help	CS	(3,077)	(3,079)	(2,942)	137
Education Early Years – Re-organisation	CS	(377)	(377)	(377)	-
Youth Offending Service	CS	(130)	(130)	(130)	-
Sub-total Children Services		(4,545)	(4,697)	(4,643)	54
Older People – Reablement	AS	(700)	(700)	(1,068)	(368)
LD - Re-negotiation of Contracts	AS	(300)	(13)	(13)	-
LD – Supported Living	AS	(206)	(203)	(203)	-
LD – Acceleration of Re-tendering	AS	(790)	(942)	(942)	-
PD – Telecare	AS	(116)	(116)	(116)	-
LD – Void Management	AS	(32)	(32)	(32)	-
Continuing Health Care	AS	(389)	(389)	(389)	-
Better Care Fund	AS	(2,000)	(2,000)	(2,000)	-
Voluntary and Community Sector	AS	(97)	(59)	(59)	-
LD – Ordinary Residence	AS	(1,066)	(1,082)	(1,047)	35
LD - Care Package Review	AS	-	(411)	(411)	-
LD – Development Fund	AS	(40)	(45)	(45)	-
LD – Review of Building Based Support	AS	(71)	(72)	(72)	-
Reshaping Trafford	AS	(1,100)	(682)	(682)	-
Mental Health – review of packages	AS	(100)	-	-	-
Floating Support Service	AS	(230)	(230)	(230)	-
Market Management	AS	(1,000)	(915)	(915)	-
Integrated Health & Social Care	AS	(500)	(500)	(500)	-
Commissioning – all age structure	AS	(830)	(830)	(830)	-
Commissioning – review of non-mandatory services	AS	(1,500)	(1,538)	(1,538)	-
Sub-total Adult Social Care		(11,067)	(10,759)	(11,092)	(333)
Other Adult Social Care savings TBC		-	(156)	-	156
Total		(15,612)	(15,612)	(15,735)	(123)

Children in Care – Management Actions

1.0 Context: There were the 325 children who were in the care of Trafford on the 30th June 2015 of which only 10 children were placed in external residential children's home and 35 children are placed with foster carers from independent fostering agencies. The weekly unit cost of a placement in an external residential children's home is £3,210 and the weekly unit cost of a placement with a carer from an independent fostering agency £841

1.1 Demographic Pressures: The number of children in care has continued to steadily increase from 295 in April 2013 to the children in care and by July 31st 2015 this figure had increased to 325. The increase in the numbers of children in care in part reflects an increase in the Trafford children population but is also associated with young people being encouraged to remain in the care of their foster carers until they are older and have reached an age when they are better equipped to manage the transition to independent living. In addition the complexity of need of young people in the care system has increased reflected in the growing number of high cost external placements.

1.2 Children Who Enter Care: There is a robust gateway to agree admissions into care is overseen by senior managers. All children who enter care do so as an outcome of a needs led assessment which is completed by a social worker from area family support team. Wherever possible, children are placed with extended family members who are assessed and approved to become family and friends carers. Trafford have proactively encouraged the development of a strong, integrated and supported network of family and friends carers and currently 32% of the Trafford children in care population are placed with family and friends carers. Trafford's strategic drive to place children with family and friends carers is driven by a view that family and friends carers:

- Achieve positive outcomes for children
- Are often the placement of choice for children who experience separation from their families
- Have a record of providing long-term permanent placements for children

The high percentage of children in family and friends placements also had a positive impact on reducing Trafford's dependency on placements with high cost independent fostering agency placements.

1.3 Edge of Care Strategy: Trafford have a robust range of services to support children who are identified as being at risk of being admitted into care. These services are integral components of Trafford's Edge of Care strategy. The narrative below describes the services that are in place to support children who are at risk of entering the care system:

1.3.1 Multi-systemic Therapy (MST) - this is an intensive family and community based treatment programme for young adolescents between the ages of 11 and 17 whose antisocial behaviours are placing them at risk of family breakdown. MST is a time-limited (three to five months), intensive and therapeutic programme that provides services in the family's home or at other

locations such as the young person's school. It is an evidence-based specialist intervention for children who are at high risk of entering care.

- 1.3.2 Outreach Service provides dedicated and targeted support to children on the, "edge of care" who are aged 4yrs to -17yrs. The team provide bespoke and tailored packages of support to children who are at risk of entry into care. The service delivers flexible and intensive programmes of support to children inclusive of weekend and out of hours support and the service is open 365 days of the year.
- 1.3.3 Stronger Families which is grant funded by the Department for Communities and Local Government (DCLG). The programme applies a nationally defined, whole family model of service delivery, to families who present with prescribed categories of presenting problems. The Trafford model provides a different approach to working with those families where results have not previously been achieved through business as usual models of support.
- 1.3.4 The Me2 is an evidence based programme for young people aged 11yrs to 17yrs providing a raft of support from a range of professionals. Young people who enter the programme progress through a points and levels process until they achieve graduation. It is a time limited programme which lasts approximately nine months and young people who graduate from the programme either return home or move onto long term placements. It is particularly positive in preventing escalation for complex young people into external placements.

1.4 Market Management: The major pressure within the budget is created by increased demand on high cost external placements. This is an exceptionally challenge market as the increasing numbers of young people requiring places nationally has significantly outstripped available capacity. To ensure we are able to maximise value for money a clear commissioning approach has been developed to liaise directly with providers. Collaborative work with other LA's is also in place to try to expand our influence over providers.

- 1.4.1 The costs and quality of external placements is controlled by the use of two frameworks of providers:
 - The Greater Manchester Residential Framework of Providers has been developed by commissions across the region to deliver residential placements which are underpinned by a framework of costs and quality standards. The average unit cost of an external residential placement is currently £3073(this is lower than the average unit that was seen in 2014-15 which was £3403).
 - The Northwest Fostering Contract is a framework of independent fostering providers who deliver foster placements which like the residential framework are underpinned by a framework of costs and quality standards. In 2015-16, there has been an increase in the number of children with very complex needs and this as contributed to an increase in the weekly unit costs of external placement which have risen from £850 in 2014-15 to the current figure of £884

1.4.2 In response to the increase in the numbers of children in care and Trafford's increased dependency on external high cost providers Trafford have implemented the following strategic initiatives:

- In November 2015, Trafford will close an existing two bedded Children's home and re-open it, at a different location, as a three bedded home. This action will provide an opportunity for one additional child to reside in a small group living environment and will reduce the unit costs of the provision. The additional placement will be reserved for children with complex and challenging needs and will reduce dependency on high costs external residential placements
- Trafford will continue to rollout an on-going and successful fostering marketing and recruitment strategy. This Strategy will be targeted at the recruitment of carers for older children who are at higher risk of being placed with external providers. The strategy has to date been a successful one and in 2014-15, Trafford recruited 8 foster placements for teenage children and in 2015-16 we are on target to recruit 14 foster placements for teenage children.

1.5 Trafford Placement Panel

All requests to place children in either external residential or fostering placements are initially considered by Trafford's Placements Panel which meets each Monday morning. This panel is chaired by a Head of Service and includes a range of key officers.

The panel considers all requests for external placements and:

- Assesses the suitability of the request
- Considers whether any in-house placements can be identified which might meet the needs of the child

The panel works proactively and innovatively to try to identify any in-house placement which might offer an alternative placement to a high cost external placement. Where the panel identify that there are no in-house placements available, the panel make a recommendation for the approval of an external agency to the Director for approval.

The placement panel is also used to:

- Track previously agreed timescales for the return of children who are placed, in external provision to internal provisions
- Track budget projections so as to ensure that financial monitoring reports are accurate
- Develop innovative alternative packages of care which offer a direct alternative to the use of external placement
- Ensure that when an external placement is required that it is both time limited, cost effective, high quality and suitably matches the needs of the child.
- Ensures that any joint funding arrangements are explored inclusive of those placements which meet the threshold for funding contributions from health partners

Zero Base Review – Budget Changes

Summary of main changes

In 2014 the Government introduced changes to the basis of reporting Adult Social Care to more appropriately reflect the move to more personalised and preventative services in social care.

Under the changes a new hierarchy of reporting was introduced based on the following structure:

FR001 – Long Term Support

- Age 18-64 years
- Age 65-74 years
- Age 75-84 years
- Age 85+

FR002 – Short Term Support

- Age 18-64 years
- Age 65-74 years
- Age 75-84 years
- Age 85+

FR003 – Social Support

FR004 – Assistive Equipment and Technology

FR005 – Social Care Activities

FR006 – Information and Early Intervention

FR007 – Commissioning & Service Delivery

With each range services are further split according to Primary Support Reasons (PSR) which are: Physical, Sensory, Memory & Cognition, Learning Disability, and Mental Health.

These replace the former client categories of Older People, Learning Disability, Physical Disability and Mental Health.

Reporting on the new basis is mandatory for financial and performance reporting from April 2015 and 2015/16 budgets have been reviewed to re-allocate them according to the new ZBR reporting requirements.

This basis of reporting will be used for all future national financial and performance statutory reporting. Further details of budget virements are available if required.

CFW Budget Monitoring : 2015-16

Client Cost Data table - Month 4

Client Cost Category	Services	Unit	Budget	Forecast	Variance
	users	Cost *	2015-16	Month 4	
Learning Disability	523	31,701	19,549,662	18,759,862	-789,800
Mental Health	985	4,874	5,374,607	5,547,141	172,534
Physical Support	1,614	7,845	12,697,592	13,535,679	838,087
Memory Support	13	4,943	64,254	204,636	140,382
Sensory Support	127	6,500	825,506	998,968	173,462
Social Support	99	4,480	443,562	452,050	8,488
Short-term services	0	0	557,064	720,178	163,114
Total	3,361		39,512,247	40,218,514	706,267

* Unit cost adjusted for certain contracts not reflected in client numbers

Proposed use of funding 2015/16

Area of Spend	Forecast Cost 2015/16	Type of cost
Self-funders additional assessments and reviews in 2015/16 – 4 x social worker and 4 x social work assessors	£290,710	Staffing
Financial Assessments – Exchequer Services support officer	£21,375	Staffing
Carer costs – includes assumed £200k contribution to Carers Centre	£361,183	Commissioned service, carer payments.
Information and advice	£48,448	TBC
Prevention		
Independent financial advice		
Access to advocacy	£50,500	Commissioned services and service user support
Safeguarding Boards	£30,000	
Market oversight regime – quality management – Market Relationship Officer	£44,348	Staffing
National eligibility – continuity of care between areas	£70,000	Package costs contingency
National eligibility – transition		
Eligibility Threshold – Recurring costs		
Legal Reform – Transition costs	£50,000	Contingency
Implementation of legal reform		
Training and development – Training Officer	£31,293	Staffing
Communications	£10,000	Publicity materials
ICT – ICT Project Manager (P/T)	£29,760	Staffing
ICT – system support costs	£57,240	
Project Management	£125,000	Staffing
Contingency	£7,143	Contingency
Total	£1,227,000	

TRAFFORD MBC

Report to: Economic Growth, Environment and Infrastructure
Directorate Management Team

Date: 27 August 2015

Report for: Discussion

Report author: Finance Manager

Report Title

Revenue Budget Monitoring 2015/16 – Period 4 (April 2015 to July 2015)

1. Forecast Outturn for the Year

- 1.1 The approved revenue budget for the year is £32.298m. This includes a contribution from the Transformation & Resources directorate towards the Joint Venture Contract (JVC) overheads. The forecast outturn is £32.025m, which is £(0.273)m under the approved budget, which is a favourable movement of £(0.028m) since last reported.
- 1.2 Key movements in the forecasts relate to additional income for planning application fees £(0.061)m, building control fees £(0.038)m, Bereavement Services £(0.028)m, and other minor income £(0.013)m. This is offset by a reduction in the underspend across the Directorate for staff vacancies £0.080m and running costs £0.032m.
- 1.3 The approved budget for 2015/16 includes savings of £(2.814)m and all are projected to be delivered in full (paragraph 4). Savings include £(2.250)m from the Joint Venture Contract (JVC) with Amey LG for Environmental, Highways, Street Lighting, Technical and Property Services.
- 1.4 The JVC contract commenced on 4th July 2015 for 15 years, and will be monitored through the payment and performance mechanism agreed with Amey as part of the procurement process. The budget monitoring reported for services in-scope of the JVC for 2015/16 will reflect actual and forecast economic activity both before and after the contract start date.
- 1.5 For traded services (catering and cleaning) there is a forecast net traded surplus of £(0.150)m at the end of March 2016. The service manages its costs and income over school terms and academic years rather than financial years and any surplus at the end of March is expected to be required to continue investment in the service and in particular improve readiness for the new academic year in September 2016.
- 1.6 The Directorate has brought forward balances of £(1.738)m from previous years (paragraph 3). This will be utilised for one-off budget pressures in 2015/16 and also to support initiatives to protect services and deliver future efficiencies and income generation. The balance after known commitments and the forecast outturn is £(0.499)m.
- 1.7 This is the second monitoring report of the financial year and, hence, the information available to produce the forecast outturn will be refined and subject to change as the year progresses. The main assumptions included in the financial forecasts are listed in paragraph 5.

2. Summary of Variances

- 2.1 The overall favourable variance of £(0.273)m reflects a number of individual under and overspends across the diverse areas of the Directorate, as detailed in Appendix 1 and summarised below.
- 2.2 A favourable one-off income variance is projected from Oakfield Road car park £(0.120)m. Income from other fees and charges is higher than budgeted for the GM Road Access Permit Scheme £(0.010)m, airport rent £(0.021)m and planning fees £(0.179)m. There are income shortfalls forecast relating to building control £0.062m, parking enforcement (one-off) £0.056m, bulky and commercial waste £0.010m, public protection (licencing & pest control) £0.027m. In addition, fee income from capital schemes is £0.132m lower than budgeted for the pre-JVC period. Total income is forecast to be £(0.043)m above budget. This is a favourable movement of £(0.140)m which relates in particular to increased planning fees £(0.061)m, building control fees £(0.038)m, Bereavement Services income £(0.028)m.
- 2.3 There are a number of favourable variances relating to staffing budgets as a result of turnover or vacancy management £(0.048)m. There is an adverse movement of £0.080m from last report, which includes £0.039m relating to temporary posts in planning and building control which help generate the additional income above. In addition, £0.046m of the movement relates to school crossing patrols which follows recent success in the filling of posts.
- 2.4 Other running cost are projected to be £(0.182)m underspent. This includes administrative buildings £(0.060)m, contracts £(0.062)m (e.g. waste and parking, street lighting energy costs £(0.060)m. There is an adverse movement of £0.032m for last reported across a number of service areas.
- 2.5 Management action will continue over the financial year end period and into 2015/16 to ensure that essential services are delivered within budget and to seek out opportunities for future financial benefits. This includes:
- Only necessary spending on supplies and services to be approved;
 - Systematic monitoring and evaluation of existing and potential new income streams;
 - Analysis of rechargeable work for both revenue and capital schemes;
 - Additional improvements to efficiency through service redesign and better procurement;
 - Potential to accelerate future savings proposals.

3. Reserves

- 3.1 At the end of 2014/15 the Directorate had a surplus on accumulated balances of £(1.738)m, which was carried forward to 2015/16. This was a result of the successful management of budget pressures and additional income generation in the last three years. .
- 3.2 The remaining balance on the EGEI Directorate Reserve after the forecast outturn for 2015/16, future known commitments and re-phasing of projects is £(0.499)m (table below). The EGEI Reserve will be utilised on initiatives to generate future savings and income generation to support service provision within the on-going revenue budget constraints. In addition, there is some acceleration of one-off costs (e.g. stock write offs) associated with the mobilisation of the JVC contract which commenced on 4th July 2015. The reserve may also be required for other one-off budget pressures arising during the year.

Utilisation of Carry forward Reserve 2015/16	(£000's)
EGEI Surplus balance brought forward at 1 April 2015	(1,738)
Commitments	1,512
Period 4 forecast outturn (favourable)	(273)
Balance after known commitments	(499)

4. Savings

- 4.1 The approved Directorate budget includes 2015/16 savings of £(2.814)m, and all are projected to be achieved in full over the financial year, as follows :

	Budget (£000's)	Forecast (£000's)	Variance (£000's)
Efficiencies and others	(2,336)	(2,336)	0
Increased and new income	(324)	(324)	0
Policy Choice	(154)	(154)	0
Total EGEI	(2,814)	(2,814)	0

5. Forecasting and Risk

- 5.1 There are key assumptions and/or areas of risk in producing the forecast outturn. These are listed below but will generally reduce as the financial year progresses as data becomes confirmed.
- Joint venture contract – the budget monitoring for services in-scope of the JVC reflects economic activity both before and after the contract start date of 4th July 2015. A number of activities and works cross cut the contract start date (e.g. works in progress), plus a number of temporary arrangements are in place to ensure business continuity during the cut over period (e.g. continued collection of income on behalf of Amey). All related financial transactions will be allocated and recharged between the Council and Amey over the coming weeks. It is also likely there will be residual pre-contract related transactions throughout the financial year.
 - The JVC contract will be monitored using the payment and performance mechanism agreed as part of the procurement process. This is designed to incentivise performance to the standards agreed and the Council has the ability to deduct fees in cases of non-performance. This will form part of the monthly billing and review process.
 - Fee income from capital works varies depending on the progress of delivering the approved capital programme during the year. The full year budget assumption from fees is £(2.000)m and this risk has effectively been transferred to Amey from July 2015 for services in-scope of the JVC (e.g. Highways and Property). The JVC contract is structured in a way which incentivises Amey to progress in delivering the programme on time. However, the charging of capital fee income will still need to be monitored against the profile for both the pre and post contract budgets as capital works progress.
 - Demand led fees and charges income, such as from Parking, Licencing, Planning and Building Control, will vary based on economic conditions and customer behaviour. All fees and charges are monitored weekly or monthly,

with trends and previous profiles used to inform forecasts. For services in-scope of the JVC, fee income is guaranteed in the contract price. The Council will also share in any additional income generated by Amey under the contract. Adjustments and recharges will need to be actioned in the accounts for any income collected on behalf of Amey during the transition period.

- Investment property income – this varies depending on economic factors, and includes income from shopping centres (e.g. Stretford Mall) where lettings and rents are the responsibility of the owners of the properties. This can include backdated rent income notified by managing agents later in the year. Property will be managed by Amey under the JVC contract.
- Weather related incidents impact on costs and income, particularly during the winter months. This includes increased winter maintenance costs (gritting etc.), pot hole damage to highways, tree and other infrastructure damage. These services are largely in-scope of the JVC and this risk has been transferred to Amey under the contract as the service fee payable is fixed for the year in advance. The Directorate has £0.120m in a Winter Maintenance reserve to smooth any pressures across financial years, if required.
- GM Waste Disposal Authority levy – each month the WDA notifies GM Councils of variances in the actual tonnages of waste delivered compared to that assumed when setting the levy at the start of the year. This results in an additional cost or rebate per Council. Actual tonnages can be affected by weather and also customer behaviour, for example levels of recycling. The latest notification from the WDA indicates disposal costs are in line with budget.

6. Recommendations

- 6.1 It is recommended that the forecast outturn be noted.

Period 4 Forecast Outturn revenue expenditure and income variances.

The following tables detail the main variances from the revenue budget to the forecast outturn, and the movements since the last monitoring report, in both Management Accounts (“Budget Book”) format and by cause or area of impact of the variance.

Economic Growth, Environment & Infrastructure Budget Book Format (Objective analysis)	Full Year Budget (£000's)	P4 Forecast Outturn (£000's)	P4 Forecast Variance (£000's)	P3 Forecast Variance (£000's)	Period Movement (£000's)	Ref
Highway and Network Management, including Traffic & Transportation	3,395	3,340	(55)	(39)	(16)	EGE11
Groundforce	4,201	4,267	66	52	14	EGE12
Sustainability & Greenspace	352	300	(52)	(30)	(22)	
Bereavement Services	(1,127)	(1,129)	(2)	14	(16)	
Waste Management (incl. WDA levy)	19,562	19,559	(3)	(21)	18	EGE13
Public Protection & Enforcement	762	805	43	25	18	
Parking Services	(537)	(656)	(119)	(122)	3	EGE14
School Crossing Patrols	403	399	(4)	(50)	46	EGE15
Strategic Support Services	511	486	(25)	(4)	(21)	
Sub-total Environment & Operations Portfolio	27,522	27,371	(151)	(175)	24	
Property and Development	2,654	2,664	10	10	0	EGE16
Economic Growth	739	683	(56)	(67)	11	EGE17
Housing Strategy	571	515	(56)	(59)	3	EGE18
Strategic Planning & Development	542	519	(23)	(8)	(15)	
Planning & Building Control	(149)	(146)	3	54	(51)	EGE19
Directorate Strategic Management	420	420	0	0	0	
Sub-total Economic Growth & Planning Portfolio	4,777	4,655	(122)	(70)	(52)	
Operational Services for Education (Catering & Cleaning Traded Service)	(1)	(1)	0	0	0	
Total Forecast Outturn Period 4	32,298	32,025	(273)	(245)	(28)	

Economic Growth, Environment & Infrastructure Business Reason / Area (Subjective analysis)	P4 Outturn Variance (£000's)	P3 Outturn Variance (£000's)	Period Movement (£000's)	Ref
Highways and Network Management incl. Traffic & Transportation				
Income shortfall, including moving traffic offences	6	13	(7)	
GMRAPs income above budget	(10)	(13)	3	
Capital fee income shortfall	75	75	0	
Staff vacancies	(12)	(12)	0	
Running costs	(40)	(27)	(13)	
Energy – Street Lighting	(60)	(60)	0	
Depot & Business Support				
Supplies & Services	(14)	(15)	1	
Sub-total	(55)	(39)	(16)	EGEI1
Groundforce				
Staffing and Transport costs	55	40	15	
Other running costs – contractors, plant hire, fuel	11	12	(1)	
Sub-total	66	52	14	EGEI2
Sustainability & Greenspace				
Vacancy, supplies & services	(41)	(30)	(11)	
Income above budget	(11)	0	(11)	
Sub-total	(52)	(30)	(22)	
Bereavement Services				
Staffing and running costs	6	(6)	12	
Income shortfall (surplus)	(8)	20	(28)	
Sub-total	(2)	14	(16)	
Waste Management and Disposal				
Staffing and running costs	(13)	(32)	19	
Income – bulky and commercial waste	10	11	(1)	
Sub-total	(3)	(21)	18	EGEI3

Economic Growth, Environment & Infrastructure Business Reason / Area (Subjective analysis)	P4 Outturn Variance (£000's)	P3 Outturn Variance (£000's)	Period Movement (£000's)	Ref
Public Protection & Enforcement				
Staffing costs	22	17	5	
Running costs	(6)	(15)	9	
Income shortfalls including licensing	27	23	4	
Sub-total	43	25	18	
Parking Services				
Staffing & running costs	(55)	(59)	4	
Oakfield Road car park remaining open	(120)	(120)	0	
Income – other locations	56	57	(1)	
Sub-total	(119)	(122)	3	EGEI4
School Crossing Patrols - vacancies	(4)	(50)	46	EGEI5
Director & Business Support				
Staffing and Running costs	(25)	(4)	(21)	
Sub-total Environment & Operations Portfolio	(151)	(175)	24	
Property and Development				
Investment Property Rental Income:				
- Urmston Town Centre – one-off surplus	(11)	(8)	(3)	
- Airport – surplus	(21)	(21)	0	
- Other properties - surplus	24	21	3	
Community buildings – income/running costs	29	29	0	
Admin Buildings running costs	(60)	(60)	0	
Facilities Management staffing vacancies	(21)	(21)	0	
Other running cost variances	13	13	0	
Major projects capital fee income	57	57	0	
Sub-total	10	10	0	EGEI6
Economic Growth				
Staffing vacancies	(58)	(68)	10	
Other running costs	2	1	1	
Sub-total	(56)	(67)	11	EGEI7

Economic Growth, Environment & Infrastructure Business Reason / Area (Subjective analysis)	P4 Outturn Variance (£000's)	P3 Outturn Variance (£000's)	Period Movement (£000's)	Ref
Housing Strategy				
Staffing	(36)	(36)	0	
Running costs	(20)	(23)	3	
Sub-total	(56)	(59)	3	EGEI8
Strategic Planning & Development				
Staffing/running costs savings	(23)	(8)	(15)	
Planning & Building Control				
Planning applications income	(179)	(118)	(61)	
Building Control income shortfall	62	100	(38)	
Staffing including interim support	89	50	39	
Other running costs	31	22	9	
Sub-total	3	54	(51)	EGEI9
Sub-total Economic Growth & Planning Portfolio	(122)	(70)	(52)	
Total Forecast Outturn EGEI Period 4	(273)	(245)	(28)	

Summary Variance Analysis Period 4

All Services	Savings £000	Staff £000	Running Costs £000	Income £000	Total Variance £000
Period 3	0	(128)	(214)	97	(245)
Period 4	0	(48)	(182)	(43)	(273)
Period Movement	0	80	32	(140)	(28)

ADDITIONAL NOTES ON FORECAST OUTTURN VARIANCES

EGEI1 – Highways & Network Management - £(0.055)m (favourable)

Income generation of £(0.030)m is included in the budget from moving traffic offences. This is part of an AGMA initiative to improve safety and traffic flows on major routes and the project timeline has been re-phased to later in 2015/16.

Running costs are expected to be £(0.040)m under budget over a number of service areas, which is a favourable movement of £(0.013)m since last reported. This mainly

reflects forecasts of maintenance costs in highways and street lighting up to the 4th July 2015 commencement date of the JVC with Amey.

Staffing is £(0.012)m underspent for the pre JVC period.

There is additional income above budget of £(0.010)m from the Greater Manchester Road Access Permit Scheme, which was implemented during 2013/14.

Fee income from technical and consultancy work charged to capital schemes is projected to be £0.075m below budget due to the timing of capital works up to the commencement of the JVC contract.

Street Lighting energy costs are projected to be £(0.060)m less than budgeted based on latest projected usage volumes and the contract prices from April 2015. The wholesale price of energy which the Council procures influences only around 50% of the Council's energy bill. The remainder is influenced by transmission and distribution costs – for example Distribution Use of System Charges are passed on to us by the Distribution Network Operator, and are unavoidable. There is hence a risk of future cost increases not bound by the Council's contracted prices.

EGEI2 – Groundforce - £0.066m (adverse)

Staffing, plant, contractor and transport costs are £0.066m overspent for the period up to the commencement of the JVC contract, an adverse movement of £0.014m since last reported.

EGEI3 – Waste Management and Disposal - £(0.003)m (favourable)

There is an underspend in staffing and contract costs of £(0.013)m for the period prior to the commencement of the JVC contract. This is £0.019m lower than last reported as final bills from the previous waste provider have now been received. Bulky waste and commercial waste income is £0.010m less than expected for this period.

EGEI4 – Parking Services – £(0.119)m (favourable)

The approved budget from 2013/14 included assumptions regarding the partial, then full closure of Oakfield Road car park during the year as part of the regeneration of Altrincham Town Centre. The re-phasing of the town centre project has resulted in forecast income being £(0.120)m above budget, which has continued from last year.

Other car parking income is projected to be £0.056m under budget, which includes for the period of relaxed enforcement shortly after the recent change in prices.

The parking enforcement contract and other running costs are expected to be £(0.055)m underspent.

EGEI5 – School Crossing Patrols – £(0.004)m (favourable)

There is a small forecast underspend on staffing. This is £0.046m less than the previous report due to recent successes in filling vacant posts.

EGEI6 – Property and Development - £0.010m (adverse)

Manchester Airport rent is £(0.021)m above budget following notification from Manchester City Council of new rent levels.

Other let estate rental income is expected to be below budget across the property portfolio totalling £0.013m

Forecast fee income from capital and external projects is £0.057m less than budgeted for the period up to the commencement of the JVC contract which reflects the phasing of capital works.

Administrative building running costs are less than expected across the portfolio by £(0.060)m. This includes a £(0.053)m underspend relating to the catering concession at Altrincham Town Hall.

EGEI7 – Economic Growth Team – £(0.056)m (favourable)

There is an underspend in staffing and running costs of the Altrincham Town Team as service review and potential re-design is implemented in this area. There is an adverse movement of £0.011m from last reported due to revised forecasts of vacant posts.

EGEI8 – Housing Strategy – £(0.056)m (favourable)

Staffing costs are forecast to be £(0.036)m underspent due to secondments, with running costs including the housing options contract £(0.020)m underspent.

EGEI9 – Planning and Building Control – £0.003m (adverse)

Projected income from planning fees is £(0.179)m higher than budgeted which is a trend continuing from last financial year. This is a favourable movement of £(0.061)m based on latest income forecasts. There is a projected shortfall in income from building control fees of £0.062m, which is also a continuation of difficult trading conditions and external competition. The shortfall had reduced by £(0.038)m since last reported as the service reviews its business plan to improve its financial position. Both fees are monitored regularly.

There is a projected overspend on staffing of £0.089m which reflects the appointment of interim staff to cover vacancies and address the resulting capacity issues. These posts contribute to the achievement of the additional planning income above and is £0.039m higher than last reported. The permanent filling of vacant posts will be addressed by the on-going restructure of the combined Directorate. Running costs are £0.031m higher than budget.

EGEI10 – Traded Services (Catering and Cleaning)

There is a net traded surplus forecast for the end of March 2016 of £(0.150)m.

However, the service manages its costs and income over school terms and academic years rather than financial years and any surplus at the end of March is earmarked to continue the investment in the service. This is particularly to improve readiness for the new academic year in September 2016.

TRAFFORD MBC

Report to: Transformation and Resources Directorate Management Team
Date: 27 August 2015
Report for: Discussion
Report author: Finance Manager

Report Title

Revenue Budget Monitoring 2015/16 – Period 4 (April 2015 to July 2015)

1. Forecast Outturn for the Year

- 1.1 The approved revenue budget for the year is £17.059m with a forecast outturn of £16.934m which is £(0.125)m less than the approved budget. This is a favourable movement of £(0.041)m since last reported. The key variances and movements are shown in section 2 below and Appendix 1.
- 1.2 The variance of £(0.125)m and £(0.041)m movement from last report can be summarised as follows:
- Management of vacancies £(0.333)m, a favourable movement of £(0.088)m;
 - Cost control in running expenses £(0.113)m, adverse movement of £0.024m;
 - Reduction in forecast level of savings £0.293m, adverse movement of £0.010m;
 - Reduced income £0.028m, adverse movement of £0.013m.
- 1.3 The Directorate has brought forward balances of £(1.501)m from previous years (section 3). This will be utilised to support initiatives to reshape Trafford and deliver future efficiencies and income generation. The balance after known commitments and the forecast outturn is £(1.239)m.

2. Summary of Variances

- 2.1 The overall favourable variance of £(0.125)m reflects a number of individual under and overspends across the Directorate, with comments on the main variances from budget and movements from the last report shown below.

Staffing

- 2.2 Forecast staffing costs based on actual and projected vacancies are £(0.333)m less than budget across the Directorate. Vacancy levels are projected to be approximately 1.8% higher than assumed in the setting of the 2015/16 budget, and is a consequence of a delay in appointing to a number of vacancies on some service restructures. Vacancies are forecast on a post by post basis each month and the projected underspend has increased by £(0.088)m from the last report.

Running Costs

- 2.3 Overall running costs are forecast to be £(0.038)m less than budgeted, This is a result of cost control across all services in order to keep the overall Directorate spend within budget for the year. There is an adverse movement of £0.019m since last reported relating to minor variations across the Directorate. In addition a one-off saving will be realised of £(0.075)m as a result of a settlement of a claim in relation to supplier performance in ICT where liability has been acknowledged, which is £0.005m less than previously reported.

Savings

- 2.4 The £0.293m shortfall in savings relates to Library Service and ICT proposals for 2015/16 of £0.164m and £0.129m respectively. Further details are listed below in paragraph 4.

Income

- 2.5 The £0.028m net shortfall in external income includes £0.060m from CCTV services. Work is on-going to redesign the CCTV service delivery model which will address the budget pressure, which has been continued from 2014/15, and will deliver sustainable benefits going forward.
- 2.6 Additional income shortfalls are reported this month relating to legal land charges £0.011m, council tax liability order income £0.025m, and internal legal costs charged to capital schemes £0.022m. These income streams are affected by external factors and levels of staff vacancies, and the aim is to mitigate these in line with budget for the remainder of the year.
- 2.7 These income shortfalls are offset in the main by £(0.048)m of additional income from grants in the Revenues and Benefits Service. The Revenue and Benefits Service has had a number of grants awarded in-year and rolled forward from 2014/15 to support spending, leading to the favourable variance from the budget. Projected additional income is also included in this month's report relating to events and advertising £(0.023)m and Human Resources external agency work £(0.015)m.

3. Reserves

- 3.1 At the end of 2014/15 the Directorate had a surplus of £(1.501)m in its reserve, which has been carried forward to 2015/16. This was a result of the successful management of the budget in previous years.
- 3.2 The remaining balance on the T&R Directorate Reserve after the forecast outturn for 2015/16, future known commitments and re-phasing of projects is £(1.239)m (table below). The T&R Reserve will be utilised on initiatives and project based activity in support of Reshaping Trafford and also to generate future savings and income generation. Commitments will be underpinned by business cases and will be reviewed each month as the financial year progresses.

Utilisation of Carry forward Reserve 2015/16	(£000's)
T&R Surplus balance brought forward at 1 April 2015	(1,501)
Commitments 2015/16 (*)	387
Period 4 forecast outturn (favourable)	(125)
Balance after known commitments	(1,239)

(*) these are under review

4. Savings

- 4.1 The T&R budget for 2015/16 includes savings of £(2.848)m. This originally included £0.550m in respect of the libraries rationalisation but this figure was revised down by £0.050m when the outcome of the second phase of consultation was reported to Executive in March 2015. This reduction has been met from savings in the Treasury Management budget as a consequence of rephasing of the capital programme in 2014/15. The updated T&R savings target for 2015/16 is therefore £(2.798)m and

actual savings of £(2.566)m are forecast to be achieved with £0.232m of savings re-phased and £0.061m requiring alternative solutions.

Saving Description	Savings Shortfall (£000's)
Libraries re-phased saving (a)	164
ICT re-phased procurement savings (b)	68
ICT savings not able to be realised (b)	61
Total	293

4.2 The shortfall in savings delivery is reflected in the forecast outturn and are summarised below:

(a) Libraries – an overall £(0.500)m saving is included in the approved revenue budget. This includes both staffing and property cost reductions. Due to additional consultations and re-phasing of delivery plans, £(0.336)m is expected to be achieved in 2015/16 with a shortfall of £0.164m with the full year impact delivered during 2016/17. This shortfall is due to a delay in the closure of libraries; Bowfell, Davyhulme and Lostock, and the redevelopment of Hale and Timperley Libraries and following changes to in-year delivery at Coppice as part of the consultation process. The shortfall is £0.010m higher than last reported due to revised forecasts of property costs. Sustainable mitigation with regard to the overall shortfall is under consideration.

(b) ICT savings of £(0.750)m are included in the approved budget. This includes staffing and contract procurement reductions. Savings of £(0.621)m are forecast to be achieved in 2015/16; a shortfall of £0.129m. £0.068m of the shortfall relates to procurement processes which have taken longer than planned, but are currently due to be delivered at the latest, in January 2016, although work is currently underway to potentially bring this position forward, by two months by reducing the tender period, subject to Procurement approval, which would give additional benefits in this financial year. Savings of £0.061m will not be achieved following a further technical assessment of individual proposals. This relates mainly to the installation of new back up arrangements where realisation of the saving is now unlikely and alternative measures are being sought, including a plan to identify all third party spend for review, with the aim of looking for additional opportunities to aggregate to less suppliers and re tender contracts.

4.3 The corporate design and print saving target of £(0.113)m is due to be delivered in 2015/16. The contract has been awarded and is currently being implemented and savings directly in relation to the contract will be realised for the remainder of the year. This budget saving is forecast to be achieved in full and will include savings from a general reduction in print as the 'digital first' strategy is rolled out. The overall saving will be distributed as a virement across all relevant Council budgets accordingly, before the next monitoring report.

4.4 The shortfall in savings against budget is forecast to be fully mitigated by in year net underspends from the management and monitoring of the whole Directorate budget (e.g. through vacancies, running costs, income generation).

5. Forecasting and Risk

5.1 The key assumptions and areas of risk in the forecast outturn are:

- Court costs and Barrister fees are volatile, with the quantity of cases being determined in-year and the costs of the individual cases being highly variable.
- The approved budget and forecasts include assumptions around staff turnover and vacancies – this is approximately 3.5% of the staffing costs on average. The actual level and timing of vacancies is difficult to predict on a service by service basis but trends from recent years indicate overall underspend projections will increase as the year progresses.
- External income can relate to external factors which are difficult to predict, such as customer behaviour, and can also be affected by unexpected changes in levels of staff vacancies.

6. Recommendations

6.1 It is recommended that the forecast outturn be noted.

Period 4 Forecast Outturn revenue expenditure and income variances.

The following tables detail the main variances from the revenue budget to the forecast outturn, and the movements since the last monitoring report, in both Management Accounts (“Budget Book”) format and by cause or area of impact of the variance.

Transformation and Resources Budget Book Format (Objective analysis)	Full Year Budget (£000's)	P4 Forecast Outturn (£000's)	P4 Forecast Variance (£000's)	P3 Forecast Variance (£000's)	Period Movement (£000's)
Legal and Democratic Services	2,557	2,543	(14)	(91)	77
Access Trafford	2,546	2,680	134	124	10
ICT Services	2,041	2,069	28	1	27
Communications	143	69	(74)	(57)	(17)
Finance Services	4,527	4,353	(174)	(106)	(68)
Partnerships and Communities	1,543	1,619	76	45	31
Culture and Sport	1,160	1,160	0	0	0
Human Resources	1,977	1,876	(101)	0	(101)
Executive	372	372	0	0	0
Transformation	193	193	0	0	0
Total Forecast Outturn Period 4	17,059	16,934	(125)	(84)	(41)

Transformation and Resources Business Reason / Area (Subjective analysis)	P4 Outturn Variance (£000's)	P3 Outturn Variance (£000's)	Period Movement (£000's)
Legal and Democratic Services			
Staff vacancies net of agency costs	(43)	(87)	44
Income shortfall – land charges	11	0	11
Fee income from capital schemes - shortfall	22	0	22
Additional income – StaR Procurement	(4)	(4)	0
Sub-total	(14)	(91)	77
Access Trafford			
Re-phased Library savings	164	154	10
Staff vacancies – contact centre	(30)	(30)	0
Sub-total	134	124	10
ICT Services			
Re-phased savings – contact procurement	68	68	0
Other savings shortfall	61	61	0
Staff vacancies	(26)	(48)	22
One-off contract refund	(75)	(80)	5
Sub-total	28	1	27
Communications			
Staffing and running costs	(51)	(57)	6
Events and advertising income	(23)	0	(23)
Sub-total	(74)	(57)	(17)
Finance Services			
Staff vacancies	(151)	(64)	(87)
Government Grants – Revenue and Benefits	(48)	(42)	(6)
Council tax liability order income - shortfall	25	0	25
Sub-total	(174)	(106)	(68)
Partnerships and Communities			
CCTV income shortfall	60	61	(1)
Staff Vacancies	3	(16)	19
Running costs	13	0	13
Sub-total	76	45	31

Transformation and Resources Business Reason / Area (Subjective analysis)	P4 Outturn Variance (£000's)	P3 Outturn Variance (£000's)	Period Movement (£000's)
Human Resources			
Staff vacancies	(86)		(86)
External agency income	(15)		(15)
Sub-total	(101)	0	(101)
Total Forecast Outturn T&R Period 4	(125)	(84)	(41)

Summary Variance Analysis Period 4

All Services	Savings £000	Staff £000	Running Costs £000	Income £000	Total Variance £000
Period 3	283	(245)	(137)	15	(84)
Period 4	293	(333)	(113)	28	(125)
Period Movement	10	(88)	24	13	(41)

TRAFFORD COUNCIL

Report to: Director of Finance
Date: 27 August 2015
Report for: Information
Report author: Interim Head of Financial Management

Report Title

Revenue Budget Monitoring 2015/16 – Period 4 Outturn - Council-wide Budgets (April 2015 to July 2015 inclusive)
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1 Outturn Forecast

- 1.1 The current approved revenue budget for the year is £23.717m. The outturn forecast is £22.690m, which is £(1.027)m under the budget, a favourable movement of £(0.178)m since the last report.
- 1.2 Appendix 1 details by variance area the projected outturn as compared to the approved revenue budget, with the main variances being;
- Treasury Management: £(0.648)m relating to Manchester Airport Group (MAG) dividend received above budget, £(0.034)m increased investment interest from favourable cash flows and a reduction in loan interest payable of £(0.011)m .
 - Business Rates - favourable impact on the Council-wide budget, £(0.170)m (see paragraphs 12 to 15 of the covering report);
 - Housing and Council Tax Benefits overpayment recovery net variance of £(0.122)m;
 - Members expenses – full year effect of the savings as a result of changes to the Members Allowances Scheme in September 2014, £(0.036)m and the new Government pension regulations which came into effect on 1 April 2014, £(0.014)m.
 - Other minor variances of £0.008m.

2 Service carry-forward reserve

- 2.1 Council-wide budgets do not have their own carry forward reserve, and the above underspend will be transferred to the General Reserve, as detailed in the summary report.

3 Forecasting and Risk

- 3.1 This forecast has been based on three months of actual activity. The activity covered by Council-wide budgets is varied, and the key assumptions in the July forecast are:
- Average investment rates will be 0.7% with a cash flow of £94m.

- There will be no further Airport dividend.
- The £20m Royal Bank of Scotland variable loan will be 7.0%. There is a smoothing reserve to mitigate large variations from this assumption.
- Contingency budgets for doubtful debts and the costs of re-organisation following the implementation of budget and other savings will be sufficient. There is a contingency reserve for re-organisation costs should budgets prove insufficient.
- Council error in the award of housing benefit will be within threshold limits, and recovery of benefit overpayments will continue at previous activity levels.
- The in-year increase for the provision for bad and doubtful debts will be in line with budget.

3.2 The original budget for 2015/16 included a one off allowance of £0.700m as a general contingency to cushion against possible slippage in the delivery of the significant savings programme in 2015/16. The budget will be released during the year, with the approval of the Director of Finance, to alleviate any unforeseen slippage. The original budget was held within Council-wide and for the purposes of budget monitoring has been assumed to be fully committed. However to date, £0.085m has been released to cover budget pressures regarding Market Management and £0.055m for Gorse Hill Studios, leaving an unallocated balance of £0.560m.

Period 4 Outturn revenue expenditure and income variances

The following tables detail the main variances from the revenue budget to the forecasted outturn, and the movements since the last monitoring report, in both Management Accounts (“Budget Book”) format and by cause or area of impact of the variance.

Budget Book Format (Objective analysis)	Full Year Budget (£000's)	P4 Forecast Outturn (£000's)	P4 Outturn variance (£000's)	P3 Outturn variance (£000's)	Period Movement (£000's)	Ref
Finance Portfolio						
Precepts, Levies & Subscriptions	17,695	17,686	(9)	(8)	(1)	
Provisions (bad debts & pensions)	2,480	2,480	0	0		
Treasury Management	7,869	7,176	(693)	(693)		C-W1
Insurance	875	875	0	0		
Members Expenses	904	854	(50)	0	(50)	C-W2
Grants	(6,645)	(6,640)	5	5		
Business Rates	350	180	(170)	(165)	(5)	C-W3
Other Centrally held budgets	189	79	(110)	12	(122)	C-W4
Total	23,717	22,690	(1,027)	(849)	(178)	

Business Reason / Area (Subjective analysis)	P4 Outturn variance (£000's)	P3 Outturn variance (£000's)	Period Movement (£000's)	Ref
Treasury Management:				
- MAG Dividend	(648)	(648)		C-W1
- Investment Income	(34)	(34)		C-W1
- Debt Management	(11)	(11)		C-W1
Members Allowances	(50)	0	(50)	C-W2
Business Rates	(170)	(165)	(5)	C-W3
Housing & Council Tax benefits	(122)	0	(122)	C-W4
Flood Defence levy	(8)	(8)		
Council Tax compensation grant	5	5		
Payment Card Industry (PCI) compliance	2	2		C-W4
VAT claims - legal fees	10	10		C-W4
Subscriptions	(1)	0	(1)	
Total	(1,027)	(849)	(178)	

NOTES ON PROJECTED VARIANCES

C-W1 – Treasury Management - £(0.693)m (favourable), £nil movement

Investments – £(0.682)m

This additional income has been created mainly as a result of:

- the dividend from Manchester Airport Group (MAG) has recently been announced as £(2.0)m, which is £(0.648)m above budget;
- a favourable increase in cash flow, generating £(0.034)m of additional investment income, primarily due to capital programme rephasing and grant monies received ahead of schedule.

Debt – £(0.011)m

- lower than anticipated loan interest payable £(0.011)m.

C-W2 – Members Expenses - £(0.050)m (favourable), £(0.050)m favourable movement

Changes to the Members Allowances Scheme were approved at the Council meeting on 17 September 2014 following a report from the Independent Remuneration Panel (IRP). The changes have generated annual savings of approximately £(0.036)m.

Government legislation, effective from 1 April 2014, has removed the access to a Local Government Pension Scheme for Councillors. This is on a phased basis and will be applied to those Councillors re-elected in the May local elections over 3 years. The budget saving in 2015/16 will be £(0.014)m.

C-W3 – Business Rates - £(0.170)m (favourable), £(0.005)m favourable movement

See notes and table in paragraphs 12 to 15 in the covering report.

C-W4 – Other Centrally held budgets - £(0.110)m (favourable), £(0.122)m favourable movement

- **Housing & Council Tax Benefits - £(0.122)m (favourable)**

The Council Tax Benefit Scheme ceased in 2013 and was replaced by the Council Tax Support Scheme. Any recovery of overpaid Council Tax Benefit from previous years is retained by the Council and the outturn for 2015/16 is £(0.015)m. The credit from the recovery of overpaid Council Tax Benefit is difficult to predict and will eventually taper off.

There is a net variance of £(0.107)m within the Housing Benefit budget, as a consequence of a reduction in the net amount of Housing Benefit being paid out.

- **Other minor variances £0.012m.**

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TRAFFORD COUNCIL

Report to: Accounts and Audit Committee
Date: 24 September 2015
Report for: Information
Report of: Audit and Assurance Manager

Report Title

Accounts and Audit Committee – Work Programme – 2015/16

Summary

This report sets out the updated work plan for the Committee for the 2015/16 municipal year.

It outlines areas to be considered by the Committee at each of its meetings, over the period of the year. The work programme helps to ensure that the Committee meets its responsibilities under its terms of reference and maintains focus on key issues and priorities as defined by the Committee.

The work programme is flexible and can have items added or rescheduled if this ensures that the Committee best meets its responsibilities.

Recommendation

The Accounts and Audit Committee is asked to note the 2015/16 work programme.

Contact person for access to background papers and further information:

Name: Mark Foster – Audit and Assurance Manager
Extension: 1323

Background Papers: None

Committee Meeting Dates	Areas of Responsibility of the Committee					
	Internal Audit	External Audit	Risk Management	Governance (including Annual Governance Statement)	Anti- Fraud & Corruption Arrangements	Accounts / Financial Management
30 June 2015	Agree Committee's Work Programme for 2015/16 (including consideration of training and development – Proposed training on procurement/contracts issues to be held during the year).					
	Training & Development/Presentations (June) - Draft accounts (provided outside committee) - School Funding					
Page 374	- 2014/15 Annual Internal Audit Report	- Audit Progress Report		- Review 2014/15 draft Annual Governance Statement - Accounts and Audit Committee 2014/15 Annual Report to Council		- Pre-audited 2014/15 accounts - Treasury Management update (including Annual Performance Report 2014/15) - Insurance Performance Report 2014/15.
	24 September 2015	- Q1 Internal Audit Monitoring Report	- Audit Findings Report	- Strategic Risk Register Monitoring Report	- 2014/15 Annual Governance Statement (final version) - Budget Monitoring Action Plan Update	- Benefit Fraud Investigation 2014/15 Annual Report / Single Fraud Investigation Service update.

Committee Meeting Dates	Areas of Responsibility of the Committee					
	Internal Audit	External Audit	Risk Management	Governance (Including Annual Governance Statement)	Anti- Fraud & Corruption Arrangements	Accounts/Financial Management
25 November 2015	- Q2 Internal Audit monitoring report	- Annual Audit Letter - Audit Update		- Consider improvement actions taken in 2015/16 in respect of 2014/15 governance issues.		- Treasury Management : mid-year review - Budget Monitoring Report. - Procurement update (STaR Shared Procurement Service)
9 February 2016	- Q3 Internal Audit monitoring report	- Audit Update (including Grant Claims summary)		- Report on arrangements for 2015/16 Annual Governance Statement - Consider improvement actions taken in 2015/16 in respect of 2014/15 governance issues.		- Treasury Management Strategy - Budget Monitoring Report
22 March 2016	- 2016/17 Internal Audit Plan / Public Sector Internal Audit Standards update	- Audit Update - Audit Plan	- Strategic Risk Register Monitoring Report	- Consider improvement actions taken in 2015/16 in respect of 2014/15 governance issues.	- Anti Fraud & Corruption / National Fraud Initiative update	- Budget Monitoring Report.

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