



**TRAFFORD
COUNCIL**

**AGENDA PAPERS FOR
ACCOUNTS AND AUDIT COMMITTEE**

Date: Thursday, 25 September 2014

Time: 6.30 pm

**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 6 August 2014.	1 - 2
3.	BENEFIT FRAUD INVESTIGATION ANNUAL REPORT 2013/14 To consider a report of the Investigations Manager - Report to follow	
4.	THE AUDIT FINDINGS FOR TRAFFORD COUNCIL - YEAR ENDED 31 MARCH 2014 To receive a report from the Council's External Auditor - Report to follow	
5.	ANNUAL STATEMENT OF ACCOUNTS 2013/14 To consider a report of the Director of Finance - Report to follow	
6.	ANNUAL GOVERNANCE STATEMENT 2013/14 To consider a report of the Audit and Assurance Manager	3 - 46
7.	BUDGET MONITORING INVESTIGATION ACTION PLAN	47 - 56

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To consider a report of the Director of Finance - Report to follow

8. **REVENUE BUDGET MONITOR** 57 - 94
- To consider a report of the Executive Member for Finance and Director of Finance
9. **AUDIT AND ASSURANCE REPORT FOR THE PERIOD APRIL TO JUNE 2014 (Q1)** 95 - 104
- To note a report of the Audit and Assurance Manager
10. **ACCOUNTS AND AUDIT COMMITTEE WORK PROGRAMME 2014/15** 105 - 108
- To consider a report of the Audit and Assurance Manager.
11. **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 Cllr M. Whetton (Chairman), Cllr L. Evans (Vice-Chairman), Cllr J. Baugh, Cllr C. Boyes, Cllr B. Brotherton, Cllr D. Butt and Cllr T. Ross.

Further Information

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

Ian Cockill, Democratic Services Officer
Tel: 0161 912 1387
Email: ian.cockill@trafford.gov.uk

This agenda was issued on **Wednesday, 17 September 2014** by the Legal and Democratic Services Section, Trafford Council, Trafford Town Hall, Talbot Road, Stretford M32 0TH

ACCOUNTS AND AUDIT COMMITTEE

6 AUGUST 2014

PRESENT

Councillor M. Whetton (in the Chair).

Councillors Mrs. L. Evans (Vice-Chairman), C. Boyes, B. Brotherton, D. Butt and T. Ross.

In attendance

Director of Finance (Mr. I. Duncan),

Head of Financial Management (Mr. I. Kershaw),
Finance Manager (Mr. D. Muggeridge),
Democratic Services Officer (Mr. I. Cockill).

Also in attendance: Mr. M. Waite, Grant Thornton UK LLP.

APOLOGIES

An apology for absence was received from Councillor J. Baugh.

14. MINUTES

RESOLVED: That the Minutes of the meeting held on 26 June 2014 be approved as a correct record and signed by the Chairman.

15. PRE-AUDITED ACCOUNTS 2014

Further to Minute No. of the previous meeting held on 26 June 2014, the Director of Finance submitted the full pre-audited Statement of Accounts for the year ended 31 March 2014, which he had approved as the Council's 'Responsible Financial Officer'.

The Committee also received the 2013/14 Revenue Budget Monitoring Outturn report which had been considered by the Executive on 28 July 2014.

In consideration of the Accounts, the Chairman requested the Director of Finance to clarify some of the variations reflected in the financial statements, namely:

an increase in income in Housing Services; approximately £20 million of additions to the balance sheet under the heading 'other land and buildings'; and provision for bad and doubtful short term debts.

The Director of Finance also responded to specific queries relating to:

use of the Long Term Accommodation Decant Reserve and National Non-Domestic Rates Reserve; Employee rationalisation; the estimated value of the remaining Sale Waterside Private Finance Initiative contract; the joint funding

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6 August 2014

arrangement for Phase 3b of the Metrolink Scheme; and the Council's liability for the Altrincham Interchange scheme.

RESOLVED –

- (1) That the Committee notes the Statutory Financial Accounts for the Year 2013/14 (Accounts 2014), submitted to the external auditor and public inspection.
- (2) That the Committee conveys its appreciation to the Director of Finance and his team for the work which has gone in to producing a good set of Accounts.

16. EXCLUSION RESOLUTION

RESOLVED: That the public be excluded from this meeting during consideration of the remaining item of business because of the likelihood of disclosure of "exempt information" which falls within Paragraph 3 of Schedule 12A of the Local Government Act 1972, as amended.

(Note: The Head of Financial Management and the Finance Manager left the meeting.)

17. INVESTIGATION INTO BUDGET MONITORING ARRANGEMENTS AT TRAFFORD COUNCIL

The Committee considered a report on the investigation into the Council's budget monitoring arrangements.

RESOLVED: That the recommendations set out in the report be approved with the amendments now determined.

The meeting commenced at 6.30 p.m. and finished at 8.32 p.m.

TRAFFORD COUNCIL

Report to: Accounts and Audit Committee
Date: 25 September 2014
Report for: Approval
Report of: Audit and Assurance Manager

Report Title

Annual Governance Statement – 2013/14

Summary

The Committee previously received a report on the Annual Governance Statement in June 2014 which included the 2013/14 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 2013/14 Annual Governance Statement.

The final version has been updated to reflect further developments since the draft version was presented. The key updates relate to the significant governance issue which was previously highlighted in the draft version in relation to budget monitoring. This is reflected in the detail shown as part of the Governance Issue No. 5 on pages 24/25 as well as in detail referring to this issue on pages 7 and 10.

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 2013/14 Annual Governance Statement.

Contact person for access to background papers and further information:

Name: Mark Foster – Audit and Assurance Manager
Extension: 1323

Background Papers: None



TRAFFORD COUNCIL

ANNUAL GOVERNANCE STATEMENT 2013/14

Trafford Council – 2013/14 Annual Governance Statement

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5. Significant Governance Issues

1. Scope of Responsibility

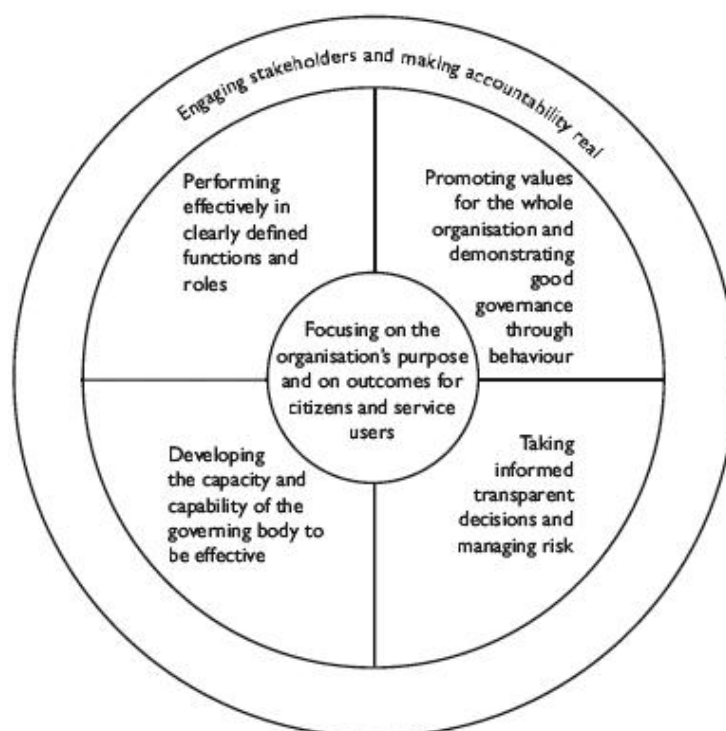
- 1.1 Trafford Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Trafford Council also has a duty under the Local Government 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.

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 2014 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 2013/14 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) • Corporate Vision and Priorities • Annual Delivery Plan • Transformation Programme • Revenue Budget Monitoring • Capital Programme
How we have delivered against the Principle in 2013/14	
<p>The Council faces significant challenges over the next few years; to save an additional £55m on top of the £75m in approved savings since 2010. During 2013/14 Reshaping Trafford Council has been recognised as a key priority and the Reshaping Trafford Council Programme 2014-17 has been developed which will create a new organisational model for the Council by 2017, based on a mixed economy of delivery models for all of our services.</p> <p>The Council continues to deliver on its financial savings and business transformation programmes. In addition to the Reshaping Trafford Council Programme, there are a significant number of other projects/programmes in the Transformation Portfolio for 2014/15. 22 of these will deliver £5.59m savings and 45 are delivering significant developments that are helping to support public service reform, health and social care reform or the Reshaping Trafford Council Programme.</p> <p>The Council has continued to deliver a dynamic Transformation Programme, delivering savings in both strategic and operational infrastructure. In 2013/14 there were 39 projects. Of those, 17 projects were tasked with delivering transformation savings of £5.431m and their progress was monitored monthly through the transformation programme governance arrangements.</p> <p>By the end of March 2014, 94.6% of all monitored Transformation savings were achieved against the original project objectives. Alternative savings of £250k were identified to offset this resulting in a net shortfall of £43k. The reasons for this are provided in the monthly exception reports and benefits realisation report. The Transformation Board, which includes all Corporate Directors, has provided close monitoring of the situation and provided challenge and support as necessary.</p> <p>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. To support this, four Locality Partnerships were established in April 2013 with the role to increase engagement and community involvement in local decision making. During 2013/14 evidence based Locality Needs Assessments have been produced which have informed the work plans for each of the Partnerships. Further details re work undertaken and planned in respect of the Locality Partnerships is set out in sections 5.2 and 5.4.</p> <p>The Council and its partners including police and health services are committed at the highest level to a collective programme of Public Service Reform (PSR). The objectives are to achieve</p>	

better outcomes for residents through integrated service development, to ensure services provide better support to residents to help them make positive choices and to live independently; and to meet the challenge of public sector austerity through reducing demand and development of new sustainable investment models. The implementation plan and new working models have been actively progressed and embedded during 2013/14. Principles of PSR are embedded in the Reshaping Trafford Programme.

The Medium Term Financial Plan has been fully reviewed and remodelled as part of the budget process to ensure it continues to meet corporate priorities and is affordable with the level of resources available. Throughout 2013/14, the CMT and Executive received regular financial reports to monitor the revenue and capital budget position. A corporate review of budget monitoring arrangements across the Council commenced after the year end (in April 2014) to follow up on issues raised at the end of the year in relation to the monthly budget monitoring reports within the Children, Families and Wellbeing Directorate (Adult Services). This is detailed further in section 5.4.

A review of the current three year Capital Investment Programme was undertaken as part of the budget review process, to ensure this continues to meet the Council priorities and remains affordable. The 2014-17 Capital Investment Programme totalling £72m was approved in December 2013.

An Annual Delivery Plan sets out the key deliverables for the coming year supported by individual Corporate Directorate plans, which connect service objectives and associated actions to the community vision and corporate priorities. Progress against the 2013/14 Annual Delivery Plan was reported quarterly through CMT and the Executive. Monthly performance reports were provided to the Executive Portfolio holder.

Trafford Town Hall, which re-opened in early 2013, has won a number of awards including the RIBA North West Regional Award and 'Sustainable Building' award (shortlisted for a National award), the Green Apple Environment Award for the Built Environment and Architectural Heritage and has received a Commendation Award in the Civic Trust Awards 2014. The Council is developing a Corporate Landlord model for integrated property management.

The Council continues to host the Association of Greater Manchester (AGMA) Procurement Hub and during 2013/14 has developed a collaborative Procurement shared service with Rochdale and Stockport Councils (STaR), with the aim to reduce overheads, increase economies of scale and provide collective expertise and resilience.

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 2013/14	
<p>The Council Constitution in place 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.</p> <p>The Constitution is reviewed and updated annually. A full review of the document took place and was reported to Council in May 2013 to reflect recent organisational changes and ensure that working practices are still relevant for the efficient operation of the Council. The arrangements for delegation of Executive and Council (non-Executive) functions and the Scheme of Delegation to Officers have been updated during 2013/14.</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>The Council has designated the Director of Finance as Chief Finance Officer in accordance with Section 151 of the Local Government Act 1972. The Authority’s financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).</p> <p>Member Officer Relations Protocols have been developed which provide guidance to assist in facilitating good working relations between members and officers.</p> <p>A review of Employee Terms and Conditions has taken place, which was subject to a formal consultation period which ended on 17 November 2013. Taking into account feedback, the final position was presented and approved by the Employment Committee on 2 December 2013 and changes were implemented from 1 April 2014. The Council’s Pay Policy is reviewed annually, last updated in April 2014.</p> <p>The Council has integrated Adult and Children’s Services to create the Children’s, Families and Wellbeing Directorate from April 2013. Responsibilities for Public Health transferred to the Council on 1 April 2013. Revised governance arrangements have been implemented to support this transition including a Public Health Delivery Group, chaired by the Director of Public Health and regular briefings with the elected member lead for Health & Wellbeing.</p> <p>In accordance with the requirements of the Health & Social Care Act 2012, a Health & Wellbeing Board has been operating since May 2012, with existing membership and working arrangements formally adopted from 1 April 2013.</p>	

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 2013/14	
<p>In response to the Localism Act 2011 requirements, a local Members Code of Conduct is in place, including protocols for disclosable pecuniary interests and personal interests. Councillors have received training in relation to the new framework.</p> <p>All staff are required to abide by an Employee Code of Conduct. Responsibility for the regulation of employee conduct is set out in the Council's Disciplinary Policy. Reminders on requirements to declare offers of gifts and hospitality were issued during the year.</p> <p>The Council has in place an Anti-Fraud & Corruption Strategy and Policy and guidance for responding to and reporting suspected fraud. The Council continues to participate in the National Fraud Initiative (NFI) data matching exercise.</p> <p>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 CMT have subsequently agreed that the e-learning course should be mandatory for all employees with a Trafford Council network account.</p> <p>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, to embed standards across the Council.</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 in place a policy, procedures and a dedicated Corporate Information Officer to provide support and guidance to employees.</p> <p>The Council's Corporate Governance Code has been reviewed and updated, reflecting guidance issued by CIPFA/SOLACE.</p> <p>The Council held its 2nd annual Employee Recognition Awards in October 2013 to appreciate the contribution of both individual employees and teams and demonstrates Council values to</p>	

staff. During 2013/14 a Long Service Award event (for those staff who have worked at the Council over 25 years) was arranged. This event was held in April 2014 attended by 36 employees.

CIPFA SOLACE Principle 4.

Key Elements of Trafford Framework

Taking informed and transparent decisions which are subject to effective scrutiny and managing risk:

- Decision Making Protocols
- Access to Information Procedure Rules
- Scrutiny Committees and Protocols
- Risk Management Strategy & Policy Statement
- Strategic Risk Register
- Internal Audit
- Accounts & Audit Committee

How we have delivered against the Principle in 2013/14

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 this is due to be taken. The modern.gov system is in place to ensure information is presented on the Council website.

The Council reviewed and streamlined its Scrutiny arrangements during 2012/13 comprising a Scrutiny Committee and a separate Health Scrutiny Committee. An Annual Impact report 2012/13 was published in September 2013 and the Authority will continue to monitor the effectiveness of the scrutiny delivery arrangements during 2014.

The Council continues to review and report its Strategic Risk Register on a quarterly basis. The March 2014 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.

The Internal Audit 2013/14 work plan incorporated coverage of key financial systems and other 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 2013/14 states that, overall, the control environment is operating to a satisfactory standard. A number of areas were identified where improvements in controls were required and in such instances, improvement plans were produced to address recommendations. Internal Audit is also providing input to the corporate review of budget monitoring arrangements which has highlighted a number of areas for future improvement in budget monitoring arrangements (see 5.4).

Following the introduction of the Public Sector Internal Audit standards in April 2013, the Council's Audit and Assurance Service has reviewed and updated the Internal Audit Charter, Strategy and Code of Ethics, Conduct and Values. 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 2012/13 presented in September 2013 provided an unqualified opinion on the financial statements and identified proper arrangements in place to secure value for money. As reported to the Accounts & Audit Committee in November 2013, an action plan has been put in place to address a control improvement required which was identified in respect of the Authority’s Payroll System. The External Auditors will report their findings in respect of 2013/14 to the September 2014 Accounts and Audit Committee.

Throughout 2013/14, the Accounts & Audit Committee received regular updates in relation to strategic risks and governance issues. The Committee operated in accordance with its remit following guidance set out in CIPFA’s “Audit Committees: Practical Guidance for Local Authorities.”

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"> • 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 2013/14	
<p>During 2013/14, the Transformation programme rolled out the RightSourcing project to provide resources, tools and information to support services to develop innovative proposals, using new delivery models, to address the budget challenge over the next 3 years. During January to March 2014, an ‘Are you ready for change’ staff survey was completed, supported by a staff group of Change Champions. Underpinning the Reshaping Trafford Council Programme, the ‘Supporting Change To Happen’ strategy will support staff to understand and accept the changes, and engage meaningfully with the process. There is also a supplementary plan which will describe how Councillors will be supported to develop in their changing role as community advocates and leaders.</p>	
<p>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 findings have also informed the development of the Reshaping Trafford Council Programme ‘Supporting Change to Happen’ Strategy. A new competency framework, PDR process and training will be rolled out during 2014/15.</p>	
<p>A Member Training Plan is in place with a training programme delivered during the year including coverage of partnership working, standards and health commissioning. During 2013, the Council was reassessed and continues to demonstrate compliance with Level 1 of the North West Employers Organisation Members Charter. As part of the Reshaping Trafford Council programme, members will receive additional support in their role as community leaders and advocates and a Leadership Development Programme will be launched during 2014. Accounts and Audit Committee members have received guidance / information updates through the year</p>	

to provide support in enabling the Committee to meet its terms of reference.

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 currently being refreshed and updated.

A new starter induction guide and checklist was introduced in June 2013, which includes a number of mandatory elements such as the employees' code of conduct, fraud awareness and the Acceptable Use Policy.

A Mentoring programme has been implemented with over forty managers across the organisation having completed training and a high proportion have been matched with internal apprentices and job seekers across the borough.

As at the end of the year, the Council's Internal Apprenticeship scheme launched in 2011 has had over seventy recruits in a broad range of disciplines and twenty five of these have secured permanent employment with the Council.

There is an established attendance management policy with supporting procedures and guidance. Attendance management training for managers was delivered during 2013/14.

A number of initiatives have been provided to staff to promote Health & Wellbeing and a positive attendance culture at work. Other staff engagement mechanisms include the six-monthly Trafford Leaders and Working Together for Trafford events.

In 2012 the Council won the North of England Excellence Award for the category of public sector organisation with over 250 employees and has entered for the 2014 award, with the assessment taking place in July 2014. The Council was shortlisted for the Personnel Today Awards in the categories of HR Professional of the Year and Youth Employment Initiative.

CIPFA SOLACE Principle 6.	Key Elements of Trafford Framework
Engaging with local people and other stakeholders to ensure robust public accountability:	<ul style="list-style-type: none"> • Customer Strategy • Trafford Council Website • Budget Consultation • Locality Partnerships • Neighbourhood Partnerships • Neighbourhood Forums • Info Trafford Website • Corporate Complaints Procedure
How we have delivered against the Principle in 2013/14	
A revised Customer Strategy 2013-17 was launched in October 2013 subject to a range of stakeholder consultation. This sets out the reason and basis for changing how the Council works and sets out five priorities for change with a range of actions to support this. The timetable for implementation is monitored at strategic level on a monthly basis.	

The Council relaunched its website in October 2013 to provide a transactional based user friendly design, which is also compatible with smartphones and tablets. A revised Telephone Policy has been launched during 2014. Other improvements underway include development of a new CRM (Customer Relationship Management) system, customer insight techniques, review of Complaints procedures and a revised Communications Strategy.

There is regular systematic updating of the Trafford Joint Strategic Needs Assessment (JSNA) which has informed the development of the Joint Health & Wellbeing Strategy approved in Autumn 2013, following an extensive, three phase public consultation involving a wide range of organisations, groups and residents. In May 2013 the North West Employers Organisation published a 'Review of Joint Health and Wellbeing Strategies in the North West' in which the three stages of consultation used to progress the Trafford strategy were highlighted as good practice.

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. Work is also underway to develop a Trafford Partnership Intelligence Hub, to provide a co-located service between partner agencies. The aim of this is to develop greater insight of Trafford residents, improve the development of comprehensive data profiles for high dependency cohorts to support the PSR programme, encourage creation of intelligence, synergies and data sharing.

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. The Trafford Partnership hosts an annual stakeholder engagement event; The 4th annual event 'Shape the Future' was held in April 2013 to formally launch the Locality Partnerships. Membership of Locality Partnerships include Councillors, partner organisations such as health services and the police and also Community Ambassadors, a broad range of people with a role to provide a community voice including local businesses, professionals, faith leaders and voluntary groups.

During 2013/14 the Locality Partnerships have developed evidence based Locality needs Assessments drawing on existing data sets to provide a basis for engaging with communities to understand needs and aspirations, and have overseen the allocation of the 2014 Voluntary Sectors Grants and Community Learning Fund.

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 2011-14. During 2013/14, performance against the delivery plan continues to meet the agreed targets.

In July 2012 the Authority signed up to a high level Armed Forces Community Covenant, a voluntary statement of mutual support between the civilian community and local armed forces community. During 2013/14 the Council has led on setting up the Trafford Community Covenant Partnership Board with the purpose to oversee the development of an Action Plan for the Covenant in Trafford. In addition, the Council has launched a Reservist Policy setting out its obligations to its employees who are also members of the Reserve Forces.

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 support the delivery of agreed outcomes for the people of Trafford. Subject to consultation, the Council launched its Sports & Leisure Strategy in October 2013.

The Council's Neighbourhood Forums continue to provide a public forum to discuss local issues and understand how the Council is working to tackle them. During 2013/14, meetings were held in relation to HS2 and Stretford Town Centre Master plan.

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 includes:

Management Controls:

Performance Management

There is regular monitoring on the achievement of corporate objectives through the Annual Delivery Plan. A monthly dashboard report is issued to Corporate Directors and Executive Portfolio holders containing performance data specific to their remit.

Financial Management

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 have also received the budget monitoring reports at its meetings through the year. Quarterly monitoring and reporting arrangements are operating for the capital budget.

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.

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.

Transformation Programme

Benefits realisation tracking and a summary of project delivery is reported monthly to the Transformation Board.

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.

Overview and Scrutiny

The Council’s Core Overview and 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 of schools.

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 2013/14 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 2012/13 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 2013/14.

2012/13 Issues and Action Taken 2013/14

1. Records Management

2012/13 Annual Governance Statement

"As part of the records management programme the Council tendered for an EDRMS solution but the initial solution identified was found not to meet the Council's requirements so the process of obtaining a suitable solution is still in progress.

This has not stopped the programme of works as work is continuing to improve business processes around managing the lifecycle of Trafford Council records, reviewing the current security model and implementing changes to meet 'best practice'. All work carried out to date on the cutover activities will be used in this next phase and therefore it has been a 'value added' activity as part of the journey to improve our records management practices.

The Information Security Governance group is now fully formed and a number of work streams are in progress including reviews of current policies and procedures, gap analysis, registration with ICT connections for working with Health teams plus a number of bespoke training packages to improve the education and understanding of employees regarding information security and information governance."

2012/13 Issues and Action Taken 2013/14

Action taken 2013/14

The Information Security Governance Board, chaired by the Corporate Director for Transformation and Resources and also including the Council's Records and Information Systems Manager and officers across each Directorate, is now fully embedded in the Council and meets regularly to discuss progress, authorise and action activities. Outside of these meetings the board members have been extremely active in virtually signing off all the new policies, procedures and guidelines required to meet Information Governance compliance.

A communications strategy and activity plan has been developed and signed off by the Board. These activities kicked off with the launch of a new Information Governance Intranet which is the central hub for employees, partners and members to go to and find all relevant documentation to assist them in meeting their responsibilities. This is a dynamic site and will be regularly updated.

The communications strategy is to address three areas as follows:-

- Informing
- Educating and;
- Enforcing

It was agreed by CMT that Information Governance training would be mandatory for all staff, partners and members. A suite of training packages has been identified to cover all roles across the Council. This package includes the following:-

- General User
- Senior Information Risk Owner
- Information Asset Owners
- Caldicott Guardian
- Specialist Information Governance roles
- Data Protection
- Freedom of Information

This training will be rolled out from early June 2014 onwards.

Further actions to address Records Management and Information Governance in 2014/15 are described in section 5.4 (Action 2. Information Governance).

2. Locality Partnerships

2012/13 Annual Governance Statement

".... the Council has set out its commitment to involve residents and devolve services to local communities. This includes the introduction of four Locality Boards from April 2013 to be launched with a role in engaging the community, understanding local needs and coordinating existing plans and activities.

2012/13 Issues and Action Taken 2013/14

The Locality Partnerships will be developed during 2013/14 and transform from shadow form to full status. During the first year, a Locality Assessment and action plan will be developed, alongside terms of reference and a code of conduct. An outcomes framework will also be developed, linked to the action plan, and will focus on not only quantitative outcomes but also qualitative outcomes and experiences.

The governance framework includes reporting to the Stronger Communities Board and the Trafford Partnership Executive.”

Action Taken in 2013/14

Trafford has established four Locality Partnerships (LPs) covering areas of Old Trafford & Stretford, South, Urmston & Partington and Sale. Membership includes Councillors, partner representatives including police, health services, council and Community Ambassadors.

Trafford launched the LPs in April 2013 when members first met to discuss their vision and values for working together. Partnership meetings first took place in June 2013 and have been well attended.

Each partnership has developed its own terms of reference setting its purpose, vision, roles and values. Partnerships are developing a common understanding of the capacity, talent, skills, knowledge, relationships and physical assets within their locality.

In the first instance the role of the LPs has been to develop an evidence based Locality Needs Assessment drawing on existing data sets including JSNA, Ward Profiles and Census data to provide a basis on which the partnerships can engage with their communities to understand needs and aspirations. Over the past nine months, the LPs have undertaken a needs assessment of their area which has led to a number of priorities being agreed and subsequent work streams developed.

Each partnership Chair and Community Ambassador attend the Stronger Communities Board to provide a link between the strategic partnership and localities. Links are being developed at Thematic Partnership level and with statutory agencies, enabling greater engagement and bringing new resources to tackle some of the most challenging issues.

Further planned development work in relation to Locality Partnerships for 2014/15 are described in section 5.4 (Action 3. Locality Partnerships).

3. Terms and Conditions

2012/13 Annual Governance Statement

“In 2012/13, the Council began a process of considering a number of options which would result in changes to staff terms and conditions as part of ongoing plans to achieve savings. The Council started a review of staff terms and conditions to try to find ways to achieve maximum savings with minimum impact on the workforce and where at all possible, without changing core employment benefits, i.e. basic pay and pensions. The Council also wants to

2012/13 Issues and Action Taken 2013/14

protect those staff on lower salaries.

In 2012/13, a number of ideas were shared with staff and trade unions to gain feedback to assist in considering any possible changes. Staff were given the opportunity to comment on the initial ideas and also provide alternative suggestions. In 2013/14, proposals for changes to terms and conditions are to be developed for formal consultation.”

Action Taken in 2013/14

Following a period of informal consultation between October 2012 and October 2013, a final package of proposals was put to the workforce and trade unions on 3 October 2013, and a statutory 45 day consultation took place which ended on 17 November 2013.

The consultation exercise comprised of a series of 11 staff information sessions, led by a Corporate Director, a member of the Human Resources Leadership Team and an Elected Member. In addition to this, communications were provided through the development of dedicated intranet pages, direct mailshots sent to all staff and formal weekly meetings with the trade unions.

Taking account of the feedback received, a final position was developed and presented to the Employment Committee for approval on 2 December 2013. Following changes to the original proposals, the savings target was an estimated £1.9m.

On 4 December 2013, letters were issued to all staff seeking individual agreement to change terms and conditions on a voluntary basis. Detailed guidance on managing the transition was cascaded to all staff in the week commencing 17 March 2014. Revised terms and conditions were implemented on 1 April 2014.

4. Public Health

2012/13 Annual Governance Statement

“Responsibility for Public Health transferred to Trafford Council on 1 April 2013.

The Council provides a lead on health and wellbeing priorities to improve local health outcomes. Plans focus on commissioning existing, new and innovative public health services, with a range of partners across public sector, private and voluntary sector partnerships. From 1 April 2013, the Council also has responsibility for ensuring areas such as emergency planning, immunisation and screening programmes, infection control, outbreaks and incidents are effectively co-ordinated to preserve and protect the lives of Trafford residents.

Following on from work undertaken in 2012/13 to prepare for the transfer of responsibility to the Council, further action will be taken to ensure effective governance arrangements are in place to support the Council meeting its responsibilities effectively. The Council's Public Health Business Delivery Group has been established which is led by the Director of Public Health. In addition, a Public Health Review Programme Board has been convened which will oversee a collaborative review of all key work streams linked to the current Public Health Programme to determine future commissioning intentions and spend. This

2012/13 Issues and Action Taken 2013/14

includes the development of a detailed risk register which will be informed by the review.”

Action Taken 2013/14

The period of April 2013-March 2014 has been of consolidation and bedding in the Public Health function into the Local Authority. Trafford Local Authority is a designated Public Health training location. A new Consultant in Public Health post has been recruited and there are two Specialist Registrars in Public Health.

Trafford Public Health continues to provide leadership in the mandated services under the Health and Social Care Act 2012 in the areas of sexual health services, NHS Health Checks, National Child Measurement Programme (NCMP), health protection and CCG core offer on population healthcare advice. Trafford Public Health together with the Greater Manchester Public Health Network have carried out a number of sector led improvement (SLI) audits on key areas of Public Health activity that will inform areas of continuous service improvement.

The Public Health Delivery Group continues to meet chaired by the Director of Public Health and a work programme has been developed for 2014/15. A Health Protection Forum has been established to oversee the assurance role in relation to immunisation, screening, infection prevention and control and emergency planning, resilience and response (EPRR). A quarterly Public Health Quality Assurance group has been established that will oversee the aspects relating to clinical quality of Public Health commissioned services. Local Public Health intelligence capacity has been maintained and a work programme developed on updating the Joint Strategic Needs Assessment (JSNA).

A statement of assurance on the 2013/14 ring fenced Public Health grant allocation will be provided by the Local Authority Chief Executive to Public Health England (PHE) to meet PHE reporting requirements to Parliament.

5. Public Service Reform in Trafford

2012/13 Annual Governance Statement

‘Partners in Trafford are committed at the highest level to a collective programme of Public Service Reform (PSR). The objectives of this programme are to ensure that residents in the Borough can benefit from future economic growth, by designing services that can better support them to make positive choices and be independent; and to meet the challenge of public sector austerity by reforming services collectively, such that outcomes for residents in the Borough are better than they would have been had reforms been undertaken solely by agencies acting alone.

There is a detailed implementation plan for the first phase of this Public Service Reform (PSR) programme in Trafford which will be progressed through 2013/14. It sets out which agencies, partnerships and individuals are currently undertaking tasks as part of the programme, and what success will look like in the future. Local agencies are currently aligning their own organisational transformation and savings programmes. There is a clear Trafford governance and accountability structure in place which is linked to the Greater

2012/13 Issues and Action Taken 2013/14

Manchester Governance and delivery model.

The detailed thematic plans consider the following:

- **new integrated services** that reduce demand on public agencies in the Borough
- **new investment models** that are able to sustain funding of these services by capturing and reallocating the resources released by this reduced demand; and
- **new approaches to evaluating our integrated services** to show where they are more effective than existing practice, and where possible, to create an evidence base that can attract future investment.

Central to the success of this programme so far has been in ensuring a clear focus on the reform of public services as a whole in Trafford. There are significant synergies between the different work streams. The benefits of many of these synergies are being captured by ensuring that there is a whole-family focus which sits at the heart of our new integrated delivery models.”

2013/14 Action Taken

The five key themes of PSR have been actively progressed with regard to new collaborative and evaluated methods of service delivery being implemented on a partnership basis, using cost benefit analysis and evidence of outcomes to plan for the future. New working models have been embedded in line with AGMA timescales and progress has been positive. For example, the Stronger Families programme has claimed over 50% of the payment by results funding available for Trafford, which puts Trafford in the top cohort of the AGMA authorities to date in terms of performance.

The work on themes has been integrated where appropriate and the enabling groups of the AGMA model have also been developed further during 2013-14, with links made to the thematic groups via a PSR leads meeting in Trafford that has clear reporting and accountability arrangements in place. The principles of PSR are embedded into the Reshaping Trafford programme.

Trafford is well represented in the AGMA PSR structure and so is able to assist with PSR developments across the ten authorities and also represents the needs of Trafford within the wider programme.

Further actions to deliver PSR during 2014/15 are described in section 5.4 (Action 4. Public Service Reform).

- 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 2014/15.

2013/14 Issues and Action Planned 2014/15

1. Reshaping Trafford

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.

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.

2013/14 Issues and Action Planned 2014/15

2. Information Governance

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 EDRMS project is ongoing 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.

3. Locality Partnerships

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:

- 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 that 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.

2013/14 Issues and Action Planned 2014/15

4. Public Service Reform (PSR)

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.

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.

5. Budget Monitoring

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.

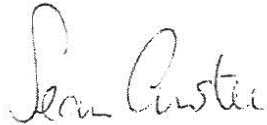
In respect of some budgets, particularly in relation to spending on care for individuals, demand can be volatile which can lead to difficulties in forecasting demand for services and hence forecasting spend. This leads to the risk that actual spend at year end is significantly greater than originally 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 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

2013/14 Issues and Action Planned 2014/15

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.

- 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 2014**



**Theresa Grant
Chief Executive
September 2014**



TRAFFORD COUNCIL

CORPORATE GOVERNANCE CODE

June 2014

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. 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. 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 developed 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. A framework for **Accountability, Governance and Performance Management** has been adopted by the Partnership.

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</i>	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><i>are what the community wants / 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>
<p><i>4.4 Using their legal powers to the full benefit of the citizens and communities in their area.</i></p>	<p>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.</p>

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
<p><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>	<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>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 Communications, Publications and Marketing 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>

	<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.</p> <p>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.</p> <p>The 3rd Sector Strategy 2011-14 sets out how the Council and its partners support the sector through capacity building and funding support.</p> <p>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.</p> <p>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.</p>
<p><i>6.3 Making best use of human resources by taking an active and planned approach to meet responsibilities to staff.</i></p>	<p>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.</p> <p>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.</p> <p>The Authority has produced a toolkit for employees and managers in Managing</p>

	<p>Organisational Change, which provides guidance for restructuring and review in accordance with statutory requirements and current best practice.</p>
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There are a range of consultation mechanism in place for Council employees including an online forum, network events, focus group and surveys.

TRAFFORD COUNCIL

Report to: Accounts and Audit Committee
Date: 25 September 2014
Report for: Information
Report of: Director of Finance

Report Title

Budget Monitoring Investigation – Action Plan

Summary

At its previous meeting on 6 August 2014, the Accounts and Audit Committee received a report setting out findings from the investigation relating to the Council's budget monitoring arrangements. The report set out the findings, conclusions and recommendations from the review.

In response to the recommendations made in the report, together with additional measures requested by Members, an Action Plan has been agreed to address specific issues raised.

For each recommendation, details are shown of the action planned, officer responsibility and associated timescales.

Monitoring of progress against this Plan will take place to ensure agreed actions are implemented and details of progress will be reported to future Committee meetings.

Recommendation

The Committee is asked to review the Action Plan and note that updates on progress against the Plan will be reported at future meetings as appropriate.

Contact person for access to background papers and further information:

Name: Ian Duncan, Director of Finance
Extension: 4238

Background Papers: None

Budget Monitoring Action Plan

RECOMMENDATION	ACTION PLANNED	RESPONSIBILITY	TIMESCALE
<p>The responsibility, accountability and control in respect of care budgets must be clearly identified as a matter of urgency and agreed with the Chief Executive, Corporate Director CFW and Director of Finance.</p>	<ul style="list-style-type: none"> • Budget managers to be realigned and documented through Business Delivery • A Finance Business Delivery Sub Group to be established to hold budget holders accountable • Monthly reporting will be presented to new Business Delivery Finance Sub Group, allowing time for comments and escalation of areas of concern to be evaluated and analyse • Above to be confirmed with Chief Executive, Corporate Director and Director of Finance 	<p>Mark Astbury/ Linda Harper/Diane Eaton</p> <p>Diane Eaton/Linda Harper</p> <p>Mark Astbury</p> <p>Diane Eaton / Linda Harper</p>	<p>Completed August 14</p> <p>Completed August 14</p> <p>To Commence Sept 14</p> <p>To be finalised Sept 14</p>

<p>The terms of reference / roles of groups and teams in CFW Adults (including Business Delivery Group and SLT) must be formally documented in terms of their respective roles in relation to managing and controlling budgets. This should include their purpose/role, who attends from both service and finance teams and the requirements of the groups/teams in terms of the content and frequency of financial information to be reviewed. There must be complete clarity and transparency in relation to who has prime responsibility for monitoring, managing financial control and providing assurance to the Corporate Director and Director of Finance.</p>	<p>Terms of reference for Business Delivery Groups across children's and adults to be aligned with SLT expectations.</p> <ul style="list-style-type: none"> • Business delivery Finance Sub Group established • Budget holders realigned • Monthly reporting process agreed with timetable of one to ones for all budget holders with finance leads prior to completion of budget report <p>All to be reviewed by Director of Finance and Audit & Assurance Manager</p>	<p>Deborah Brownlee</p> <p>Diane Eaton/ Linda Harper</p> <p>Mark Astbury</p> <p>Ian Duncan / Mark Foster</p>	<p>Completed August 14</p> <p>Completed August 14</p> <p>Completed August 14</p> <p>September 14</p>
<p>The disconnect in the monitoring of the Learning Disability recovery plan has contributed significantly to the overall position. The impact of the arrangements in place should be considered in the further investigation.</p>	<ul style="list-style-type: none"> • Investigation Terms of Reference established to include the Learning Disability Recovery Plan • New Learning Disability Sub Group to be established 	<p>Joanne Hyde /Deborah Brownlee</p> <p>Linda Harper /Diane Eaton</p>	<p>Completed</p> <p>Completed August 14</p>

	<ul style="list-style-type: none"> • Spreadsheet tracking all savings at case level to be established 	Mark Asbury /Gemma O'Connell	Complete and on-going
<p>Budget monitoring and reporting processes must be changed as a minimum to include the following improvements:</p> <ul style="list-style-type: none"> • SLT in CFW must be provided with a summary of the exact budget information reviewed by the Business Delivery Groups each month and the main assumptions used to forecast the year end position; • The monthly financial monitoring information produced by Finance must be distributed to relevant budget holders prior to Business Delivery Group meetings. When this is not possible it should be available for further review / action following the meeting; • The Business Delivery Group must ensure adequate time is provided for the monthly budget review and the minutes of this meeting must clearly set out the key points 	<ul style="list-style-type: none"> • The full budget monitoring report to be presented to Business Delivery Group including line by line accounts. Summary of findings to be presented to SLT with an audit trail to public budget monitoring report • Timetable of reporting established • Budget holder one to ones established and timetabled for Sept budget report cycle • Set agendas to be agreed • Escalation process will flow 	<p>Mark Astbury/Diane Eaton/Linda Harper</p> <p>Joyer Gibson</p> <p>Linda Harper/Diane Eaton</p> <p>Mark Astbury/Diane Eaton/Linda Harper</p>	<p>First report to be present Sept 14</p> <p>Complete</p> <p>Complete and on going</p> <p>Established and on-going</p>

<p>of the agenda item discussed, including assurances and key actions required as an outcome of that meeting;</p> <ul style="list-style-type: none"> The Business Delivery Group must also receive, review and agree information formally reported as part of the monthly revenue budget monitoring reports to ensure that there is an awareness of details reported and also to provide challenge to any assumptions being made in respect of financial forecasts. 	<p>into CFW SLT (to be tested in Sept)</p> <ul style="list-style-type: none"> Budget reporting process agreed Timetable to be tested in Sept All meetings are formally serviced and recorded 		<p>Sept 14</p>
<p>Budget holders within Adults must have adequate input into and ownership of budget planning processes, understand the compilation of the budget and have the opportunity to provide challenge in the budget setting process; this includes liaison with Finance to agree/understand the different elements of the budget e.g. changes made due to demographic factors, legislative changes and any other assumptions which are relied upon for budget forecasting.</p>	<ul style="list-style-type: none"> Training set up for budget holders Process for identifying and forecasting and allocation of assigned funds for Demographic Factors being reviewed currently Agreements made that all changes to budgets must be agreed through Business Delivery Group and SLT 	<p>Mark Astbury</p> <p>Darren Wagstaff, Diane Eaton, Mark Astbury</p> <p>Mark Astbury/Diane Eaton</p>	<p>Sept 14</p> <p>Sept 14</p> <p>Complete</p>

<p>Priority must be given to the development of the Liquid Logic IT system so that it is developed on time and the benefit of timely reports on activity and finance can be gained at the earliest opportunity. In the interim, there needs to be a short term solution to link demand with impact.</p>	<ul style="list-style-type: none"> • Monthly reporting from Liquid Logic project into SLT, Councillor Young updates in place • Exception reporting to CMT re any timeline changes in place to CMT • Historic data from IT system extracted to establish trends for monitoring with budget holders on a monthly basis. 	<p>Diane Eaton</p> <p>Deborah Brownlee</p> <p>Mark Astbury / Diane Eaton</p>	<p>In place</p> <p>In place</p> <p>In place and on-going</p>
<p>Whilst it is recognised that there may be a need for minor local variances in how staff from respective Finance Teams support budget holders, a clearly established framework must be put in place to ensure that there is a consistent approach across the Council and that budget holders are clear about the level of service that they should receive from finance staff and therefore be clear about their responsibilities and their ability to challenge Finance colleagues.</p>	<p>Guidance will be drafted and consulted upon via Departmental Management Teams</p> <p>CMT to approve final version</p>	<p>Ian Duncan / Ian Kershaw</p>	<p>In place by November 2014</p>
<p>Financial Management must ensure that staff are aware of, and operate, an escalation policy which would include both specific financial reporting arrangements and the</p>	<p>Staff will be reminded of existing whistleblowing policy and how to escalate financial concerns</p>	<p>Ian Duncan</p>	<p>September 2014</p>

Council's Whistleblowing Policy, to allow any finance related concerns to be raised at an early stage.			
<p>Current budget monitoring and reporting arrangements must be strengthened as follows:</p> <ul style="list-style-type: none"> • For demand led budgets in particular, there must be a commentary on service activity which provides a link to financial performance; • Major assumptions used to forecast the financial position to the end of year must be included in all budget monitoring reports; • Monitoring must be against gross expenditure and gross income, i.e. there must be no 'netting off' when explaining main budget variations; • Senior managers and directors must be given the time and opportunity to comment on the content of the budget monitoring reports before publication; 	<p>Already actioned in part</p> <p>All budget holders and finance staff to be advised of revised standard of reporting.</p> <p>Existing timetable for production of monitoring reports to be reviewed and agreed by CMT</p>	Ilan Duncan / Ian Kershaw	October 2014

<p>Assumptions underpinning budgets must be reviewed each year to ensure that up to date assumptions are included as part of budget setting and subject to monitoring through the year.</p>	<p>Assumptions will be stated in budget planning reports and monitored via monthly reports during the year</p>	<p>Ian Duncan / Ian Kershaw</p>	<p>September 2014</p>
<p>To ensure that budget holders are clear about their roles and responsibilities, the following actions must be taken:</p> <ul style="list-style-type: none"> • a basic checklist of budget holders' responsibilities must be documented and circulated across the Council as a reference point for all budget holders. This will ensure that relevant officers have the guidance needed, they are aware of their role and that of Finance Services within the budget monitoring process and there is adequate accountability. • as a minimum, for 'high risk' areas of the budget (to be determined by Corporate Directors and Director of Finance,) a training programme is developed and delivered as a priority. 	<p>CIPFA and external auditor to be consulted on best practice for roles and responsibilities and for training programmes</p>	<p>Ian Duncan / Ian Kershaw / Mark Foster</p>	<p>November 2014</p>
<p>Financial Management should research latest best practice on forecasting adult care demands at peer councils in considering arrangements going forward.</p>	<p>Metropolitan, Unitary and London authorities to be contacted via Society of Municipal Treasurers for examples of best practice</p>	<p>Ian Duncan</p>	<p>October 2014</p>

Financial Management should consider introducing new checks and balances to add to verifying the accuracy of budget monitoring, including all assumptions made.	Evaluation of options and benefits to be carried out	Ian Duncan / Ian Kershaw / Mark Foster	October 2014
The format of budget monitoring of CFW be changed to split it back into the three main components of Adults, Children and Public Health, with a brief overarching set of consolidated figures.	Actioned	Ian Duncan / Mark Astbury	August 2014

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TRAFFORD COUNCIL

Report to: Executive

Date: 30 July 2014

Report for: Decision

Report of: The Executive Member for Finance and the Director of Finance

Report Title:

Revenue Budget Monitoring 2014/15 – Period 3 (April to June 2014).

Summary:

The approved revenue budget for the year is £154.552m. The forecast for the end of the year, as projected following three months of activity, is £160.901m being a net overspend of £6.349m, 4.1% of the budget. **However, this is before taking into account future initiatives to finance the forecast pressure in adult social care budgets (in the region of £6.30m).** A further report will be submitted with proposals to address the resource shortfall and the forecast overspend will therefore be reduced significantly.

The main areas of budget variance are summarised as:

Activity	Forecast £m
Social Services demand led budgets	6.3
Rephased base budget savings	1.4
Vacancy management	(0.7)
Treasury Management	(0.4)
Other	(0.3)
Forecasted outturn	6.3

Reserves

The opening balance of the General Reserve was £(11.0)m, and after taking into account approved use and commitments, and the Council-Wide budgets outturn, the forecasted closing balance is £(9.3)m, which is £(3.3)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 £(4.0)m, and after taking into account planned use and commitments, and the service Directorates' outturn (excluding adults), the forecasted closing balance is £(0.9)m in surplus.

There is a deficit brought forward on the Learning Disability Pooled Fund of £3m. This will be considered with the CCG and proposals brought forward.

The reserve figures assume that proposals will be brought forward and agreed to address the budget shortfall in adults' services. If this did not happen then the reserves position would be approximately £6m less than stated. An updated position statement will be provided when the additional budget proposals are brought forward for approval.

Council Tax

The surplus brought forward of £(0.5)m, will be increased by an in-year forecasted surplus of £(1.1)m. After taking account of the planned use of £0.4m to support the base budget and another £0.3m for backdated valuation and discount appeals, the total surplus forecasted to be carried forward is £(0.9)m. This is primarily due to the pro-active interventions in unreported changes to circumstances for Council Tax Support claimants which has reduced the cost of this support. The Council's share of this surplus is £(0.8)m, and is planned to support future budgets in the MTFP.

Business Rates

It is too early to tell on the data available what the end of year position will be, and work continues to obtain clarity.

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:

Head of Financial Management

Extension: 4302

Background Papers: None

Relationship to Policy Framework/Corporate Priorities	Value for Money
Financial	Revenue expenditure to be been contained within available resources in 2014/15.
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 Services:.....JLF.....

Budget Monitoring - Financial Results

- The approved budget agreed at the 19 February Council meeting is £154.552m. Based on the budget monitoring for the first 3 months of the year, the overall forecast for the year is £160.901m, being an overspend of £6.349m, 4.1%.
- Within the above, service expenditure is currently forecast to exceed budget by £6.917m, 5.3%. **However, this does not include for any in-year additional measures to be taken to supplement the Adult Social Care budgets, which are anticipated to be in the region of £(6)m.** The additional measures will be included in a separate report in due course. 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 %	Annex
Children, Families & Wellbeing	6,908	8.5%	1
Economic Growth, Environment & Infrastructure	(246)	(0.8)%	2
Transformation & Resources	255	1.4%	3
Total Service Variances	6,917	5.3%	
Council-wide budgets	(568)	(2.3)%	4
Estimated outturn variance (period 3)	6,349	4.1%	

Table 2: Budget Monitoring results by Executive Portfolio Holder	Year end Forecast (£000's)	Percentage %
Children's Services	380	1.2%
Adult Social Services & Community Wellbeing	6,528	13.7%
Environment & Operations	(121)	(0.4)%
Economic Growth & Planning	(125)	(3.3)%
Communities & Partnerships	67	2.1%
Transformation & Resources	284	2.6%
Finance	(664)	(2.5)%
Estimated outturn variance (period 3)	6,349	4.1%

Main Variations

- The main forecast service outturn variances are:
 - The budget provision for demand-led social services, particularly in adults services, is insufficient to meet currently estimated demand by £6.270m. This does not take account of any in-year measures to supplement these budgets which are in the process of being approved and implemented.
 - There will be a delay in implementing some of the £(13.776)m base budget, or their alternative, savings in 2014/15, which will lead to a part year deficit of £1.410m. This shortfall is to be mitigated by underspends, other cash or one-off savings and/or the use of carry forward reserves as appropriate.
 - Vacancy management is forecasted to generate an in-year underspend of £(0.651)m.

- Treasury management £(0.405)m, through reduced debt charges, and increased investment income.

MTFP Savings and increased income

4. The 2014/15 base budget, or permanent budget, is based on the achievement of permanent base budget savings and increased income of £(13.776)m
5. The following table summarises the overall forecasted achievement of the total base budget savings target for 2014/15 of £(14.325)m; noting whether the saving is subject to Transformation Board governorship arrangements or not, the amount of cash savings to supplement where there has been a delay in delivery, savings that are at risk and are subject to closer monitoring arrangements, and base budget savings that are not expected to be delivered which will be an issue going forward into 2015/16:

Base budget savings	Transformation Savings (£000's)	Other Savings (£000's)	Total (£000's)
Delivered	(3,598)	(7,211)	(10,809)
In progress	(1,160)	(396)	(1,285)
Total Savings	(4,758)	(7,607)	(12,365)
Budget savings required	(5,484)	(8,292)	(13,776)
Shortfall mitigated by underspends or reserves	726	685	1,411

6. Just under 90% of base budget savings have been or are forecasted to be delivered:

There are some savings that are delayed in 2014/15 (£387k) but the full effect is still expected to be delivered in the 2015/16 budget;

There are some savings that are at significant risk of not being delivered. These will be reviewed by the Transformation Board and alternative proposals will be sought.

7. Further initiatives will be approved during the year to assist in supplementing the adult social care budgets.

Council Tax

8. The brought forward surplus on the Council Tax element of the Collection Fund has shared ownership between GM Fire & Rescue Authority and Police & Crime Commissioner, as well as the Council.
9. After three months of activity, the total Council Tax in-year surplus is forecasted at £(1.067)m, with the Council's share of this being £(0.897)m. After taking account of the planned application to support the 2014/15 budget, £0.356m, and reductions as a consequence of back-dated valuations and awards of discounts or exemptions of £0.250m, the end of year total balance is forecasted at £(0.919)m, of which the Council's share is £(0.772)m. The Medium Term Financial Plan assumes use of the Collection Fund surplus at similar levels to 2014/15 into the future.

	Overall		Trafford	
	£(000's)	£(000's)	£(000's)	£(000's)
Surplus brought forward		(458)		(385)
Changes in Band D equivalents	(186)		(157)	
Empty Homes Premium	(130)		(109)	
Council Tax Support awards	(751)		(631)	
Banding valuations & discounts	250	(817)	210	(687)
In-year application of surplus		356		300
Forecasted surplus carry forward		(919)		(772)

10. The majority of the in-year surplus has been generated from the pro-active interventions in unreported changes of circumstances, which has reduced the need for Council Tax Support. This means that the correct award of Support is made earlier and reduces the amount of overpayments that have to be collected subsequently. Work also continues on pursuing old year debt and it is anticipated that collection rates for old debt will return to the levels experienced in 2012/13, reducing the need for additional provision for bad or doubtful debts. Some of the in-year increase also relates to a growth in the tax base and the increase in empty homes premium, however, this initiative cannot be guaranteed into the future as the purpose of the policy is to discourage empty properties and to encourage bringing them into the housing market. Back dated valuations and discounts continue to be a significant issue.

Business Rates

11. 2014/15 will be the second year of operation of the new business rates retention scheme. The Government has established a target yield figure, or baseline, and 24.5% of yield above target is retained by the Council. However, 49% of any shortfall against the target is charged to the Council up to a safety net maximum cost to the Council of £2.433m.
12. The Council awaits confirmation on the treatment of the provision for valuation appeals of £36.8m in the 2013/14 accounts as part of the audit reviewing the accounts, and updated information from VOA about updating provision/appeals, at this point in the year assuming a neutral position, but being kept under review over the coming months

Reserves

13. The pre-audited General Reserve balance brought forward is £(11.0)m, against which there are planned commitments up to the end of 2014/15 of £2.3m. The addition of the Council-Wide underspend of £(0.6)m provides for a projected 31 March 2016 balance of £(9.3)m, being £(3.3)m above the approved minimum level of £(6.0)m:

Table 4 : General Reserve Movements	(£000's)
Balance 31 March 2014 (subject to audit confirmation)	(10,980)
Commitments in 2014/15:	
- Planned use for 2014/15 Budget	2,007
- Planned use for one-off projects 2014/15	279
- Council-wide budgets underspend	(568)
Balance 31 March 2015 (a)	(9,262)

Notes:

(a) this assumes proposals will be brought forward to address the in-year budget pressure in adult services. When proposals are brought forward for consideration an updated position statement on reserves will be provided

14. Service balances brought forward from 2013/14 were a net £(0.982)m. After planned use to support one-off projects and adjusting for the estimated outturn, there is a projected net deficit of £8.162m to be carried forward to 2015/16 (Table 5). However, this position will be significantly changed as a consequence of in-year initiatives to supplement adult social care budgets.

Table 5: Service balances	b/f April 2014 (£000's)	Forecast Movement in-year (£000's)	Forecast Balance (£000's)
Communities, Families & Wellbeing (a)	(871)	871	-
Economic Growth, Environment & Infrastructure	(1,155)	567	(588)
Transformation & Resources	(1,978)	1,678	(300)
Total All Services (Surplus)/Deficit	(4,004)	3,116	(888)
Learning Disability Pool (b)	3,022	-	3,022
Total (Surplus)/Deficit	(982)	3,116	2,134

Notes:

(a) movement relates to children's services only. Proposals to be considered to finance the adults' budget could have an effect on this reserve or the General Reserve;

(b) the deficit on the pooled fund will require discussion with the CCG and will require a permanent solution i.e. the deficit cannot be carried forward each year.

15. The use of reserve balances during the year are detailed in the Directorate reports attached as annexes, however highlights include :
- Supporting future efficiencies and the Reshaping Programme, £1.401m
 - Project commitments supported by ring-fenced income sources, £0.480m
 - Economic growth projects, such as the Masterplans for Old Trafford, Stretford and the Trafford Park Business Neighbourhood Plan, £0.214m
 - Essential ICT hardware and software upgrades across various systems, £0.252m

Recommendations

16. It is recommended that the latest forecast and planned actions be noted and agreed.

Report to: CFW Directorate Management Team
Date: 24 July 2014
Report for: Discussion
Report author: CFW Finance Managers

Report Title

Revenue Budget Monitoring 2014/15 – Period 3
(April 2014 to June 2014 inclusive)

1 Outturn Forecast

- 1.1 This is the first CFW Directorate Monitoring Report for 2014/15. This follows the identification of significant financial monitoring issues within Adult Social Care in 2013/14. At the time of writing, the investigation into these issues and any resulting actions required has not been completed.
- 1.2 It is likely that the Adult Social Care Budget will need to be rebased during 2014/15 but this has not happened yet. The budgets shown within the report are therefore the original 2014/15 budgets, set before the issue which highlighted a significant range of variations was identified, and as a result these budgets are likely to change through the year.
- 1.3 The approved revenue budget for the year is £80.895m. The projected outturn for the entire directorate is £87.803m which is £6.908m in excess of the approved budget (8.5%).
- 1.4 However, a report detailing additional in year savings to address the forecast Adults overspend of £6.528m is in the course of being prepared by the Corporate Management Team and the Executive and recommendations to address the resource shortfall will be made in due course.

2 Explanation of Variances

- 2.1 The forecast outturn variances are summarised below by Portfolio, with more detail at Appendix 1.

Children Services Portfolio - £380k adverse variance from budget:

1. An overspend of £430k in Children's Social Services care packages due to an inability to reduce care package costs by £370k and a net increase in children's care package costs of £60k.
2. An overspend of £220k in relation to being unable to achieve some of the savings in relation to changes in terms and conditions.
3. An underspend in Education and Early Years of £(220)k mainly as a result of an underspend in payments to the Graduate Leader Fund.
4. An underspend of £(82)k in Children's Centres as a result of a revised programme of activities.

5. Other variances amounting to a net overspend of £32k.

Adults, Public Health and LD Pool - £6.528m projected adverse variance from budget:

The projected variations relating to Adults, Public Health and the Learning Disability Pooled Budget are set out and explained in detail in Appendix 1. These are summarised below based on the key reason for the variance:

Management of Staff vacancies (See Appendix 1) - £(72)k favourable;

- Older Peoples care management - £(202)k favourable,
- Older Peoples reablement - £45k adverse,
- Older Peoples residential homes £63k adverse,
- Other Adults Direct Payments Team - £(61)k favourable
- Other Adults Generic services - £127k adverse
- Learning Disability Social Work Team - £41k adverse
- Learning Disability Reablement - £(69)k favourable
- Other variances - £(16) favourable.

Client Need - Care Packages, supported living and other contracted services for clients (See Appendix 1) - £6.057m adverse;

- Older People - £2.699m adverse, including £500k contingency provision in respect of savings at risk and variations in attrition rates,
- Physical Disabilities - £336k adverse,
- Mental Health - £426k adverse,
- Learning Disabilities - £2.436m adverse,
- Other Adults - £160k adverse.

2014/15 Savings not achieved (See Section 3.7) - £433k adverse;

- Ascot House opportunities for joint funding - £100k adverse,
- Council wide review of information and advice - £100k adverse,
- Supporting People contract saving double counted - £31k adverse,
- Terms and conditions shortfall in relation to agency cover within Supported Living schemes - £202k adverse.

Other running costs (See Appendix 1) - £110k adverse;

- Mental Health In House Services historic savings target not achieved - £59k adverse,
- Mental Health Social Workers historic income budget overstated - £33k adverse,
- Other Adults Finance Team – historic savings targets not achieved in relation to the deferred implementation of Liquid Logic - £101k adverse,
- Equalities & Diversity supplies and services underspend - £(41)k favourable,
- Learning Disability In House Day care overachievement of 2013/14 savings target - £(39)k favourable,
- Other variances - £(3)k favourable.

3. Key Assumptions made within Forecasts - Adult Social Care Portfolio & LD Pooled Fund

- 3.1 Adult CFW supports the most vulnerable people in the borough and therefore the budgets are demand led and to a certain extent unpredictable. Current Adult Social Care systems do not currently provide a sound basis for financial forecasting as the systems do not hold budgets or produce forecast commitment reports. Current care package monitoring is therefore produced based on an extract of all care packages within the system at any point in time forecast to the end of the year. Current systems, coupled with the absence of baseline budgeted activity and unit costing data, mean that it is particularly difficult to forecast the impact of in year changes arising from the implementation of savings, demographic growth and attrition.
- 3.2 In addition, the detailed analysis carried out as part of the investigation into the 2013/14 overspend has identified that there are a number of structural issues within the care packages budget which have not yet been recast.
- 3.3 The Council is currently in the process of implementing the Liquid Logic and Controcc Systems which will significantly improve the financial forecasting. However, at this stage financial forecasts have had to be based upon a number of broad assumptions which will be refined as part of financial monitoring during the year. The methodology applied in producing the current forecasts is as follows:

LD Pooled Fund

Staffing – based on detailed analysis to individual post level.

Care Packages - Detailed analysis of all service costs down to individual client level, adjusted to reflect the implementation of in-year savings with assumptions made regarding the financial impact of each client transferring from Children's Services during 2014/15.

Other budgets – detailed forecast based on 2013/14 outturn adjusted for any known variations.

Other Adults Budgets

Staffing – based on detailed analysis to individual post level.

Care Packages – All savings have been deducted from current budgets and are assumed to have been delivered. Forecasts are based on all clients with “live” care packages in June 2014 continuing for the remainder of the year. It has been assumed that the number and cost of clients exiting the service will be the same as new clients offered packages. Any net growth in the number of clients is assumed to be offset by the on-going impact of action taken to achieve in-year savings (in particular reablement and telecare),

Other budgets – detailed forecast based on 2013/14 outturn adjusted for any known variations.

Issues that have particularly impacted upon care package budgets in previous years include:

- Mild winter;
- Increased activity within the secondary care sector;
- Mild summer;
- Absence of infection e.g. flu virus, pneumonia;
- Increased number of older people receiving care due to growth in the 65+ population, and;
- The result of several years reablement resulting in older people ultimately presenting with higher levels of need.

3.4 Direct Payments Clawback

Each year the annual direct payment made to the client includes an upfront amount to support clients when they need to pay for holidays of personal assistants, overtime payments etc. In line with many other local authorities, Trafford historically included in that payment an amount for contingencies should an unforeseen situation arise which impacts on the ability of the individual to use their regular carers or support. This enables the individual to provide emergency care without need to seek additional funds from the council.

Experience in previous years has shown that a large proportion of this upfront payment was not used and was therefore returned at year end or at the point of audit. From a budget monitoring point of view this clawback is difficult to predict and, in previous financial years, has been identified at the year end with a substantial accrual put into the accounts to reflect repayments due. The effect of this was to reduce in-year expenditure and therefore reduce any overspends.

In 2013/14 the approach to contingency payments was changed and with effect from 1st April 2013, the contingency element was removed from direct payments with a centralised pot of £50k retained to be drawn down as required. This has meant that upfront direct payments have been lower throughout the year and there was less clawback to accrue at the 31st March 2014.

At this stage it has been assumed that the level of Direct Payment clawback will be broadly consistent with that received in 2013/14 and the following amounts have been netted off forecasts contained within this report:

	£000
Older People	300
Learning Disability	300
Physical Disability	200
Mental Health	50
	<hr/> 850 <hr/>

3.5 Home Care Packages

Forecast costs for those receiving Home Care are based on actual costs to date and agreed packages for the remainder of the year. However, in reality a significant number of service users for a range of reasons actually use less

than their agreed package. To reflect this, a reduction of £200k has been applied to Older Peoples Home Care Packages at this stage.

3.6 Savings

The CFW budget depends on the successful implementation and delivery of key savings totalling £(4.634)m. The following table shows the current assumptions made regarding the delivery of in-year savings targets within the forecasts set out in this report.

Adults & LD Pooled Budget Savings	Note	2014/15	Forecast
		Budget £000s	Saving £000s
Reduction in running costs equal to General Inflation		(422)	(422)
Market Management		(533)	(533)
New models of service in LD reducing placement costs		(150)	(150)
Mental Health - implement Personal Budgets		(50)	(50)
LD Transport provision - implement Personal Budgets		(200)	(200)
Ascot House - joint service with TPS resulting in efficiencies in running costs	1	(100)	-
Reduce Public Health		(850)	(850)
Telecare (a)		(400)	(400)
Reablement (a)		(500)	(500)
Commissioning Integration (Children's/Adults)		(20)	(20)
Advice & Information - Council wide review	2	(150)	(50)
Pre-payment cards		(40)	(40)
Day Centres		(50)	(50)
Carers Services		(50)	(50)
Extension of Personalisation Agenda		(25)	(25)
Supporting People	3	(399)	(368)
Terms and Conditions	4	(695)	(493)
(a) saving deducted in full from expenditure budget			
		(4,634)	(4,201)

Note:

1. Ascot House – this saving originally related to opportunities for joint funding with health. For monitoring purposes, it is currently assumed that this will not be achieved although alternative reductions are being sought in year.

2. Advice & Information – this is a Council wide initiative being led by CFW which is subject to current discussions, it is currently assumed that this will not be achieved.
3. Supporting People – the £31k shortfall relates to a specific contract also counted as part of the £850k Public Health target in error. It is currently assumed that this will not be achieved although alternative savings are being sought in year.
4. Terms and Conditions - £202k shortfall in relation to agency cover within Supporting Living Schemes.

3.7 Contingency Provision

In 2013/14 Older People's nursing & residential and home care budgets were adversely impacted by a drop in attrition rates due to the mild summer and winter and this therefore led to an overall increase in home care hours and residential & nursing placements. If this were to be repeated in 2014/15 this would equate to an additional cost on the Older Peoples budget of between £500k and £750k.

In addition, 2014/15 savings proposals relating to reablement (£500k) and telecare (£400k) have now been classified at risk, on the basis that these measures are designed to deliver cost avoidance, not necessarily in year cashable savings. At this stage it has been assumed that these savings will be delivered by avoiding any net growth in the older peoples care packages budget.

However, given the scale of the older people's budget and the risks associated with attrition rates and in-year savings, a £500k contingency provision has now been built into current projections. This provision will be reviewed through the year as part of the monthly budget monitoring process.

4. Learning Disabilities Pooled Fund

- 4.1 At the beginning of the year the LD Pool had a carry forward adverse balance of £3.022m.
- 4.2 The LD Pooled Budget Recovery Plan is currently being revised as part of a range of proposals to be considered by the Executive in order to deliver in year savings to offset the current Adult Social care overspend of £(6.528)m in 2014/15.
- 4.3 Once agreed, the updated plan will be shared with the Trafford Clinical Commissioning Group (CCG).

5. Service carry-forward reserves

- 5.1 At the beginning of April 2014 the Children, Families and Wellbeing Directorate had accumulated balances of £(871)k carried forward from previous financial years.

- 5.2 The remaining carry-forward balances at the end of the year after taking into account the outturn position are:

	DSG	CFW – Non LD Pool	CFW LD Pool
	(£000's)	(£000's)	(£000's)
Balance b/f 1 April 2014	(2,777)	(871)	3,022
Specific commitments in 2014/15	750	491	-
P3 Forecast Outturn (Children's services)	260	380	-
	(1,767)	-	3,022

6. Management Action

- 6.1 In light of the significant financial issues identified in 2013/14 and spelt out within this report, a range of proposals are currently being developed by the Corporate Management Team and the Executive to address the shortfall and will be reported in due course.

Period 3 Projected Outturn revenue expenditure and income variances

The following tables detail the main variances from the revenue budget to the forecasted outturn, 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)	P3 Outturn (£000's)	P3 Outturn variance (£000's)	Ref
Children's Services Portfolio – DSG Element				
Dedicated Schools Grant	0	260	260	CFW1
Transfer to Dedicated Schools Grant Reserve	0	(260)	(260)	CFW1
Sub-total	0	0	0	
Children's Services Portfolio – Non DSG Element				
Education Early Years' Service	6,544	6,461	(83)	CFW2
Children's Social Services	15,435	15,992	557	CFW3
Children with Complex & Additional Needs	1,943	1,943	0	CFW3
Commissioning	1,657	1,599	(58)	
Multi Agency Referral & Assessment Service (MARAS)	1,520	1,511	(9)	
Youth Offending Service	363	378	15	
Children's Centres	2,150	2,088	(62)	CFW4
Youth Service	1,389	1,409	20	
Sub-total	31,001	31,381	380	
Adult Social Services Portfolio				
Older People	19,216	21,941	2,725	CFW5
Physical Disabilities	4,232	4,496	264	CFW6
Equipment & Adaptations	801	919	118	CFW7
Mental Health	3,014	3,532	518	CFW8
Other Adult Services	629	898	269	CFW9
Strategic & Support Services	889	968	79	CFW10

Adaptations	(55)	(55)	-	
Housing Services	817	854	37	CFW11
Community Services	222	227	5	CFW12
Equalities & Diversity	184	143	(41)	CFW13
Sub-total	29,949	33,923	3,974	
Community Health & Wellbeing Portfolio				
Public Health	(868)	(868)	0	
Sub-total	(868)	(868)	0	
Total	29,081	33,055	3,974	
Learning Disabilities Pooled Fund	20,813	23,367	2,554	CFW14
Sub-total	80,895	87,803	6,908	
Adults and Learning Disability savings plan subject to approval		(6,528)	(6,528)	
Total	80,895	81,275	380	

Business Reason / Area (Subjective analysis)	P3 Outturn Children (£000's)	P3 Outturn Adults (£000's)	P3 Outturn Total (£000's)	Ref
Children, Families & Wellbeing				
Management of staff vacancies	(200)	(72)	(272)	CFW 4, 5, 6, 9, 10, 12, 14
Transport Costs	82	0	82	
Client Need	430	6,057	6,487	CFW 3, 5, 6, 7, 8, 9, 14
2014/15 Savings not achieved	220	433	653	CFW5, 9, 11, 14
Other running costs	(44)	110	66	CFW5, 7, 8, 9, 10, 13, 14
Other Income	(108)	0	(108)	
Sub total	380	6,528	6,908	
Savings to be identified	0	(6,528)	(6,528)	
Total	380	0	380	

NOTES ON VARIANCES AND PERIOD MOVEMENTS

There are a significant number of variances within this report which reflects the fact that we have now identified a fundamental issue with the 2014/15 Adult Social care Budget which will need to be rebalanced during the year.

CFW1 – DSG Reserve b/fwd.

- The brought forward DSG reserve balance is £(2,777)k. £750k of this has been allocated to schools on a one off basis and there is an expected overspend on SEN of £260k. This would leave a year end reserve of £(1,767)k.

CFW2 – Education & Early Years £(83)k favourable

- Underspend against Graduate Leader Funding totalling £(71)k and staff savings of a further £(35)k.
- Non-achievement of terms and conditions saving equals £23k.

CFW3 – Children’s Social Care £557k adverse (Includes Children with Complex & Additional Needs)

- **Client Need £430k** - Despite a number of actions to reduce demand and the cost of placements, the demand in client numbers is exceeding the budgetary provision. This is mainly in agency foster care where the placements have increased from 28 to 37.
- **2014/15 savings not achieved £127k** - non-achievement of terms and conditions saving.

CFW4 – Children’s Centres £(62)k favourable

- Staff savings as a result of slippage in staff £(53)k,
- Other running costs £(29)k.
- Non-achievement of terms and conditions saving equals £20k.

CFW5– Older People £2,725k adverse

Vacancy management - £(74)k favourable:

- Commissioning Management - £20k adverse - Additional staff costs arising from Care Act Implementation.
- Care Management - £(202)k favourable - Vacancies and savings against posts budgeted at top of grade.
- Reablement - £45k adverse - Pressure from existing establishment, offset by vacancies in 2013/14.
- Residential Homes - £63k adverse – agency costs at Ascot House due to need to cover key vacancies.

Client Needs - £2,699k adverse:

- External Daycare - £(197)k favourable - Structural budget issues.
- Other Care – £(4)k favourable - Carers Centres contractual savings.
- External Placements - £2,900k adverse - Underlying overspend from 2013/14, and variations in client numbers/needs, partly offset by structural budget issues on Daycare. This variance includes a contingency provision of £500k in respect of potential variations in attrition rates and at risk savings proposals (telecare and reablement).

Savings not achieved- £100k adverse:

- Residential Homes - £100k adverse –collaborative working saving of £100k which it is currently assumed will not be achieved.

CFW6– Physical Disabilities £264k adverse**Vacancy management - £(63)k favourable:**

- PD Reablement – £(2)k favourable - Vacancy savings £(29)k offset by agency costs £27k.
- Direct Payments Team – £(61)k favourable – Vacancy management.

Client Needs - £336k adverse:

- Telecare - £(47)k favourable - Reduced demand against budget.
- PD External Placements - £377k adverse - Underlying budget variation from previous years.
- PD External Homecare - £6k adverse - Historic budget understated for sign language.

Other running costs- £(9)k favourable:

- Other Physical Disabilities - £(9)k favourable - Minor variations against supplies and services budget.

CFW7– Equipment & Adaptations - £118k adverse**Client Needs - £118k adverse**

- ICES Equipment - £118k adverse — Demand exceeds current budget available.

CFW8– Mental Health - £518k adverse**Client Needs - £426k adverse:**

- External Contracts - £12k adverse - Loss of contribution when budget moved to Public Health.
- MH External Care Placement - £539k adverse - Underlying budget shortfall from previous years.
- MH Supported Living - £(125)k favourable - Reduction in number of properties maintained.

Other running costs- £92k adverse:

- MH In House Service - £59k adverse - Historic savings target not achieved and other minor variations.
- MH – Social Workers - £33k adverse - Loss of income and other minor variations.

CFW9 - Other Adult Services £269k adverse

Vacancy management - £127k adverse:

- Generic Services - £127k adverse - Previous year's unmet savings targets re Emergency Duty Team due to the need to maintain minimum staffing levels.

Client Needs - £42k adverse:

- Information and Advice - £40k adverse - other contract variations.
- Volunteers - £2k adverse - Minor variations in Transport Costs.

Savings not achieved- £100k adverse:

- Information and Advice Review - £100k adverse - this is a Council wide initiative being led by CFW which is subject to current discussions; it is currently assumed that this will not be achieved.

FW10- Strategic & Support Services - £79k adverse

Vacancy management - £(22)k favourable:

- Admin Support Service - £(22k) favourable - Vacancies and minor variations in other running costs.

Other running costs- £101k adverse:

- Finance Team - £101k adverse - Previous years unmet savings targets due to deferred implementation of Liquid Logic.

CFW11- Housing Services - £37k adverse

Savings not achieved- £31k adverse:

- Supporting People - £31k adverse - Double count of savings on Women's Aid contract £31k.

Other running costs- £6k adverse:

- Supporting People - £6k adverse - other minor variations.

CFW12- Community Services - £5k adverse

Vacancy management - £5k adverse:

- Other Adults – Staffing - £8k adverse - Shortfall in historic staffing budget for culture and sport administration.
- Other Adults – Drugs & Alcohol - £(3)k favourable - Minor savings in employee costs.

CFW13– Equalities & Diversity - £(41)k favourable

Other running costs- £(41)k favourable:

- Equalities & Diversity - £(31)k favourable - Supplies and services savings in line with 2013/14 spend.
- Equalities Events – £(10)k favourable - Supplies and services savings in line with 2013/14 spend.

CFW14– LD Pooled Fund – £2,554k adverse

Vacancy management - £(45)k favourable:

- Social Work Team - £41k adverse - Agency costs offset by vacancies.
- In House Supported Living - £(17) favourable – vacancy management in year.
- LD Reablement – £(69)k favourable - vacancy management in year.

Client Needs - £2,436k adverse:

- Calderstones Contract - £615k adverse - Underlying overspend carried forward from previous year.
- UBU Contract - £(4)k favourable - Variations in service users/needs
- Other Contracts - £396k adverse - Shortfall in budget for in-year transition cases.
- LD External Placements - £1,306k adverse - Underlying overspend carried forward from previous year.
- Adult Placement - £58k adverse - Underlying overspend carried forward from previous year.
- LD Transport - £65k adverse - Overspend due to cost of Transport Team.

Savings not achieved- £202k adverse:

- In House Supported Living - £202k adverse - Terms and conditions savings relating to agency staff not achieved £202k.

Other running costs- £(39)k favourable:

- LD – In House Daycare - £(39)k favourable - Overachievement of 2013/14 saving target.

TRAFFORD COUNCIL

Report to: Economic Growth, Environment and Infrastructure
Directorate Management Team

Date: 18 July 2014

Report for: Discussion

Report author: Finance Manager

Report Title

Revenue Budget Monitoring 2014/15 – Period 3 (April 2014 to June 2014)

1. Forecast Outturn for the Year

- 1.1 The approved revenue budget for the year is £32.775m. The forecast outturn is £32.529m, which is £(0.246)m under the approved budget.
- 1.2 This is the first 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 Directorate budget is also affected by external factors, such as the weather, and income streams by economic conditions and consumer behaviour.
- 1.3 The Directorate has brought forward balances of £(1.155)m from previous years (paragraph 3). These are earmarked for specific project based activity which has been re-phased from previous years, and also to mitigate specific one-off budget pressures this year, such as from the Enforcement and Groundforce reviews, if required. The remaining balance based on the projected outturn above is £(0.588)m. This will be held to mitigate any future pressures during the year, for example those arising from the weather.

2. Summary of Variances

- 2.1 The overall favourable variance of £(0.246)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 There are one-off shortfalls in approved savings relating to the Enforcement review (from 2013/14) £0.050m, and Groundforce review £0.047m. These are due to additional time taken for staff and stakeholder consultations. There is also an expected income saving shortfall of £0.020m from moving traffic offences, which is linked to the progress of the AGMA initiative supporting this. All these savings will be delivered in full from 2015/16.
- 2.3 The levy paid to Greater Manchester Waste Disposal Authority is expected to be £0.200m higher than budgeted, as a result of the weather increasing the volume of green waste being recycled. This can be partially mitigated by a negotiated one-off procurement saving in the waste collection contract of £(0.150)m.
- 2.4 Favourable one-off income variances are projected from Oakfield Road car park £(0.128)m and Urmston Town centre rent £(0.040)m. Income from the GM Road Access Permit Scheme is also expected to be £(0.070)m above budget. There are income shortfalls forecasted relating to car parking

£0.049m, planning and building control £0.060m (which is monitored weekly), capital fees £0.057m and Green Deal £0.035m.

- 2.5 There are a number of favourable variances relating to staffing budgets as a result of turnover or vacancy management £(0.284)m, including £(0.080)m from senior management restructuring. Other running cost variances include an underspend on Administrative Buildings £(0.067)m.
- 2.6 Management action will continue throughout the year to ensure that essential services are delivered within budget and to seek out opportunities for future financial benefits. This includes:
- Only essential 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 2013/14 the Directorate had a surplus on accumulated balances of £(1.155)m, which was carried forward to 2014/15. Whilst this was a result of the successful management of budget pressures over the last two financial years it also includes a number of commitments relating to projects being rephased across the year end.
- 3.2 The planned use of these balances is shown below. The current balance of £(0.588)m is being held to cover potential budget pressures from external factors, such as adverse weather or reductions in income. Any balance remaining at year end will be carried forward to support services in 2015/16 accordingly.

Utilisation of Carry forward Reserve 2014/15	(£000's)
ETO Surplus balance brought forward at 1 April 2014	(494)
EGP Surplus balance brought forward at 1 April 2014	(661)
Re-phasing of projects from 2013/14	381
Committed on 2014/15 projects	432
Period 3 forecast outturn (favourable)	(246)
Balance after known commitments	(588)

4. Savings

- 4.1 The approved Directorate budget includes 2014/15 savings of £(3.153)m as follows:

	Budget (£000's)	Outturn (£000's)	Variance (£000's)
Increased and new income	(320)	(300)	20
Efficiencies and others	(786)	(786)	0
Policy Choice	(1,920)	(1,873)	47
Mitigating action across EGEI	0	(67)	(67)
Terms and Conditions	(127)	(127)	0
Total EGEI	(3,153)	(3,153)	0

- 4.2 The income shortfall of £0.020m relates to the delay in implementing the saving relating to moving traffic offences (note EGE11 below) and £0.047m from re-phasing of savings in Groundforce (note EGE14). These are to be mitigated in full by management action and other favourable variances across the Directorate, or from the use of accumulated balances if required, and will be achieved in full from 2015/16.
- 4.3 In addition, there is currently a £0.050m shortfall in the saving associated with the review of Enforcement approved in the 2013/14 budget due to additional staff and stakeholder consultations, it is however anticipated that savings will be delivered in full from August 2014 (EGE15).

5. Recommendations

- 5.1 It is recommended that the forecast outturn be noted.

Period 3 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)	P3 Forecast Outturn (£000's)	P3 Outturn Variance (£000's)	Ref
Highway and Network Management, including Traffic & Transportation	5,246	5,233	(13)	EGEI1
School Crossing Patrols	509	459	(50)	EGEI2
Parking Services	(337)	(431)	(94)	EGEI3
Groundforce	4,274	4,321	47	EGEI4
Bereavement Services	(1,090)	(1,094)	(4)	
Sustainability & Greenspace	327	301	(26)	
Waste Management (incl. WDA levy)	18,979	19,030	51	
Public Protection	602	600	(2)	
Environmental Enforcement	89	139	50	EGEI5
Directorate Strategy & Business Support	508	428	(80)	EGEI6
Sub-total Environment & Operations Portfolio	29,107	28,986	(121)	
Asset Management	1,746	1,629	(117)	EGEI7
Planning & Building Control	(119)	(106)	13	EGEI8
Strategic Planning & Development	533	527	(6)	
Economic Growth	741	703	(38)	EGEI9
Housing Strategy	596	619	23	EGEI10
Directorate Strategy & Business Support	243	243	0	
Sub-total Economic Growth & Planning Portfolio	3,740	3,615	(125)	
Operational Services for Education	(72)	(72)	0	
Total Forecast Outturn Period 3	32,775	32,529	(246)	

Economic Growth, Environment & Infrastructure Business Reason / Area (Subjective analysis)	P3 Outturn Variance (£000's)	Ref
Highways and Network Management		
Income shortfall, including moving traffic offences	32	
GMRAPs income above budget	(70)	
Capital fee income shortfall	57	
Running costs including depot	(2)	
Energy – Street Lighting	(30)	
Sub-total	(13)	EGEI1
School Crossing Patrols - vacancies	(50)	EGEI2
Parking Services		
Additional income – Oakfield Road	(128)	
Income shortfall – other locations	49	
Staffing and running costs	(15)	
Sub-total	(94)	EGEI3
Groundforce		
Re-profiling of staff/equipment savings	47	EGEI4
Bereavement Services		
Staffing and maintenance costs	(4)	
Sustainability & Greenspace		
Vacancy, supplies & services	(26)	
Waste Management		
Staffing and general running costs	1	
GM Waste levy – additional green waste recycling	200	
Waste contract – one-off procurement saving	(150)	
Sub-total	51	EGEI5
Public Protection		
Staffing and running costs	(7)	
Income shortfalls	5	
Sub-total	(2)	
Environmental Enforcement		
Re-profiling of staff/equipment saving	50	EGEI6
Director & Business Support		
Staffing and Running costs	(80)	EGEI7
Sub-total Environment & Operations Portfolio	(121)	

Economic Growth, Environment & Infrastructure Business Reason / Area (Subjective analysis)	P3 Outturn	Ref
	Variance (£000's)	
Asset Management		
Investment Property Rental Income:		
- Urmston Town Centre – one-off surplus	(40)	
- Airport – surplus	(16)	
- Other properties - surplus	(8)	
Community buildings – income/running costs	5	
Admin Buildings running costs	(67)	
Other minor running cost variances	9	
Sub-total	(117)	EGEI8
Planning & Building Control		
Planning applications income shortfall	10	
Building Control income shortfall	50	
Staffing vacancies	(47)	
Sub-total	13	EGEI9
Strategic Planning & Development		
Staffing/running costs savings	(6)	
Economic Growth		
Staffing/running costs savings	(38)	EGEI10
Housing Strategy		
Green Deal income re-phased implementation	35	
Staffing and running cost savings	(12)	
Sub-total	23	EGEI11
Sub-total Economic Growth & Planning Portfolio	(125)	
Total Forecast Outturn Period 3	(246)	

Summary Variance Analysis Period 3

	Savings £000	Staff £000	Running Costs £000	Income £000	Total Variance £000
All Services	117	(284)	(35)	(44)	(246)

ADDITIONAL NOTES ON FORECAST OUTTURN VARIANCES

EGEI1 – Highways & Network Management - £(0.013)m (favourable)

Income generation of £(0.030)m is included as a saving in the approved budget from moving traffic offences. This is part of an AGMA initiative to improve safety and traffic flows on major routes and the project has been required to be rephased. This is expected to lead to a one-off income shortfall of £0.020m this year.

There is additional income above budget of £(0.070)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 predicted to be £0.057m below budget due to the predicted timing of capital works. This will be reviewed throughout the year as the capital programme progresses.

Street Lighting energy costs are projected to be £(0.030)m less than budgeted based on latest projected usage volumes.

EGEI2 – School Crossing Patrols – £(0.050)m (favourable)

There is a forecast underspend on staffing of £(0.050)m as a result of ongoing difficulties in filling vacancies. Staff leavers and new starters have broadly matched each other.

EGEI3 – Parking Services – £(0.094)m (favourable)

The approved budget for 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 £(0.128)m above budget, which has continued from 2013/14.

Other car parking income is broadly on target, although resurfacing work at a supermarket car park in Sale is expected to lead to a one-off income shortfall of around £0.035m this year.

EGEI4 – Groundforce - £0.047m (adverse)

Savings associated with staffing, supplies, vehicles and equipment have been re-profiled, and there is forecast one-off overspend of £0.047m this year. This relates to additional consultations with staff and other stakeholders resulting in delays to implementation of the approved budget proposals.

EGEI5 – Waste Management and Disposal - £0.051m (adverse)

Following recent notification from the Greater Manchester Waste Disposal Authority, there is an estimated additional levy cost of £0.200m this year. This is due to weather related increases in the overall tonnages of green waste being disposed of, and is adversely affecting all Councils across Greater Manchester. The level of waste is recorded at the time of disposal and the levy impact reported monthly to GM Councils by the WDA. The percentage of waste recycled as a proportion of all waste remains high (around 60%), and the budgeted savings from the introduction of food waste recycling are on course to be achieved.

The service has negotiated changes to the waste collection contract which will result in a one-off saving of £(0.150)m. This can be used to part mitigate the disposal levy

pressure above, with the balance covered by use of reserves brought forward from 2014/15, if necessary.

EGEI6 – Environmental Enforcement £0.050m (adverse)

The 2013/14 saving associated with the review of Enforcement has been re-profiled following delays in implementation due to additional staff and stakeholder consultations. This has resulted in a forecast overspend of £0.050m for the year. All changes are expected to have been implemented by August 2014 with the saving achieved in full from this date.

EGEI7 – Director & Business Support £(0.080)m (favourable)

The restructure of the ETO and EGP Directorates has led to a rationalisation of management costs which is expected to deliver a saving of £(0.086)m on current budgeted staff expenses. This will be taken forward in the Medium Term Financial Plan as appropriate.

EGEI8 – Asset Management - £(0.117)m (favourable)

The approved budget for 2014/15 included assumptions regarding Urmston Town Centre asset disposal. This is taking longer than had been assumed and rental income has continued beyond expectations giving an additional £(0.040)m one-off benefit this year.

Rental income from Manchester Airport is £(0.016)m above budget following notification from Manchester City Council of new rent levels.

Administrative building running costs are less than expected across the portfolio by £(0.062)m, including £(0.034)m relating to the catering concession at Altrincham Town Hall.

EGEI9 – Planning and Building Control – £0.013m (adverse)

There is a projected shortfall in income from planning fees of £0.010m, and building control fees of £0.050m. These fees are monitored and reported on a weekly basis and the projections are based on data from the early part of the year only.

There is a projected underspend from staffing vacancies of £(0.047)m for the year. The filling of vacant posts will be addressed by the ongoing restructure of the combined Directorate.

EGEI10 – Economic Growth Team – £(0.038)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.

EGEI11 – Housing Strategy – £0.023m (adverse)

There is a predicted shortfall in income of £0.035m from the implementation of Green Deal. Staffing and running cost savings are expected to be £(0.012)m for the year.

TRAFFORD COUNCIL

Report to: Transformation & Resources Directorate Management Team
 Date: 17 July 2014
 Report for: Discussion
 Report author: T&R Senior Accountant

Revenue Budget Monitoring 2014/15 – Period 3 (April 2014 – June 2014 inclusive)
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1 Outturn

- 1.1 The current approved revenue budget for the year is £17,724k. The forecasted outturn of £17,979k is £255k adverse and 1.4% since the budget was approved.
- 1.3 The Performance team is now part of Legal and Democratic services and the Partnerships and Performance service has been renamed Partnerships and Communities.

2 Variations to Budget

- 2.1 The following details the net £255k adverse variances, and references are made to appendix 1 at the back of the report which indicate the budgets and reasons to which the variances relate:

£320k adverse, phasing of base budget savings (discussed further in Section 3); action will be taken in year on the various initiatives to achieve £3,006k in savings within the Directorate. However, five of these will be delayed causing a part year adverse effect in 2014/15. Underspends in other areas, in-year cash savings and, if required, the carry forward reserve will be used to mitigate this loss (T&R1).

£(295)k favourable, vacancy management; there have been some delays and in recruiting to new structures in Democratic, Communication and Human Resources services that have been recently subject to reviews, and also in some other areas of the Directorate that have been subject to staff turnover. In addition, some posts are being held back for future savings. This net variance includes for £118k adverse variance in Financial Management due to the need to recruit temporary additional capacity in support of priority work, which has been offset by a £(149)k favourable variance within the Revenue & Benefits service, which is due in part to secondments and externally funded project work (T&R2).

£153k adverse, Barrister and Court fees; mainly due to an increase in childcare caseload and the cost of such legal action (T&R3).

£83k adverse, delay in telephony, voice and data upgrade; the migration of voice and data telephony lines between contractors has been delayed (T&R4).

£(6)k favourable minor variances; income £14k and running costs £(20)k.

3 MTFP Savings 2014-15

- 3.1 The council's overall budget for 2014/15 includes £(13,776)k of savings of which £(3,006)k relates to T&R. All actions to achieve the T&R full year savings are expected to be completed by 31 March 2015 although the timing of some of these will mean the cash saving in 2014/15 is forecast to be £(2,686)k, which is 89% of the target.
- 3.2 The slippage of £0.320m into the following year is in respect of the following initiatives.

Table 1 : Saving Description	Phased Savings (£000's)
Human Resources Restructure (a)	(100)
Partnerships and Communities Restructure (b)	(75)
Legal Services Restructure (a)	(36)
Design and Print (c)	(50)
ICT - Social care - licence fee (d)	(59)
Total	(320)

Notes:

- (a) As noted at Scrutiny review this is a phased implementation;
- (b) £243k achieved. Balance is due to lengthened timescale to appoint to new structure;
- (c) £107k achieved. Balance to be realised across the council;
- (d) Linked to rephased Liquid Logic ICT project.
- 3.3 The in-year shortfall against budget will be mitigated by net underspends, other cash savings and the normal management flexibility in the use of the carry forward reserve (see Section 4 below).

4 Reserves

- 4.1 The Directorate has accumulated balances of £(1,978)k brought forward from previous years. This will be used to support the delivery of the Reshaping Trafford Programme and the development of future efficiencies. Funding will be provided for an investment in ICT hardware, software and communications such as server upgrades, network connections and access to services. The carry forward reserve will also be used to cover the cost of the re-phased 2014-15 Directorate savings (see 3.2). The table overleaf summarises the projected movement during 2014-15:

Table 2: Utilisation of Carry Forward Reserve 2014/15	£000's
Balance b/f 1 April 2014	(1,978)
Delivering Reshaping Trafford and future efficiencies	696
ICT hardware and software upgrades	252
Contingencies	193
Land Charges Claim	185
Improving communications and democratic access	141
2014/15 Outturn	255
Remaining Balance at 31 March 2015	(256)

5 Main Assumptions

- 5.1 This forecast has been based on three months of actual activity in 2014/15, compared to the budgeted plan, and where appropriate to previous years. Where adjustments have been made, they have been done in consultation with the relevant manager for any known variance in plans or activity. The key assumptions and/or areas of risk in this forecast are:

It is assumed that Court and Barrister costs will remain consistent with previous years' activity. Some demand-led areas, for example Child Protection, can be volatile and such areas are monitored on a monthly basis.

The £83k adverse variance on the transfer of telephony lines to the new contractor is for the whole year. There is potential that this variance will reduce.

Period 3 Forecasted Outturn revenue expenditure and income variances

The following tables detail the main variances from the revenue budget to the forecasted outturn, 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)	P3 Forecast Outturn (£000's)	P3 Outturn variance (£000's)	Note Ref (see para 2.1)
Transformation and Resources Portfolio				
Legal & Democratic	2,491	2,647	156	T&R1,2,3
Communications & Customer Services	5,919	5,995	76	T&R1,2,4
Strategic Human Resources	2,068	2,143	75	T&R1
Corporate Leadership and Support	368	345	(23)	
sub-total	10,846	11,130	284	
Finance Portfolio				
Finance Services	3,614	3,518	(96)	T&R 2
sub-total	3,614	3,518	(96)	
Communities and Partnerships				
Partnerships & Communities	1,546	1,592	46	T&R1
Culture & Sport	1,718	1,739	21	
sub-total	3,264	3,331	67	
Total	17,724	17,979	255	

Business Reason / Area (Subjective analysis)	P3 Outturn variance (£000's)	Note ref
Delay in savings implementation	320	T&R 1
Management of Vacancies	(295)	T&R 2
Court Costs and Legal fees	153	T&R 3
ISDN line upgrade delay	83	T&R 4
Running Costs	(20)	
Income	14	
Total	255	

TRAFFORD COUNCIL

Report to: Director of Finance
 Date: 17 July 2014
 Report for: Information
 Report author: Head of Financial Management

Report Title

**Revenue Budget Monitoring 2014/15 – Period 3 Outturn - Council-Wide Budgets
 (April 2014 to June 2014 inclusive)**

1 Outturn Forecast

1.1 The current approved revenue budget for the year is £23.159m. The outturn forecast is £22.591m, which is £(0.568)m under the budget.

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: £(0.132)m relating to Manchester Airport Group dividend received above budget, £(0.119)m increased investment interest from favourable cash flows and £(0.122)m of reduced debt charges, and £(0.032)m of recovered interest from the purchase of land in support of the Urmston Town Centre development.

£(0.152)m, the Discretionary Rate Relief budget in the Council's General Fund is no longer required as the responsibility for this expenditure has transferred to the Collection Fund as a consequence of the new business rates retention scheme;

Local Government Association corporate membership has reduced by £(0.011)m.

1.3 Changes in population estimates have increased the relative share of the costs of the Coroner's service between the Council, and Stockport (lead Authority) and Tameside Councils. It is possible that the budget may be less than is needed by around £20k, however, a forecast of 2014/15 expenditure for this service has not yet been received, and there is a specific carry forward reserve of £(37)k available. Future reports will update on the situation when it becomes clearer.

2 Service carry-forward reserve

2.1 Other than for the Coroner's Service, 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 June forecast are:

Average investment rates will be 0.7% with a cash flow of £75.4m.

There will be no further Airport dividend.

The £20m Royal Bank of Scotland variable loan will be 6.01%. There is a smoothing reserve to mitigate large variations from this assumption.

Contingency budgets for bad and doubtful debts and the costs of reorganisation following the implementation of budget and other savings will be sufficient. There is a contingency reserve for reorganization 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.

Coroners budget has been discussed at paragraph 1.3.

Members allowances and equipment budgets will be fully committed during the year.

A rebate on External Audit fees of £(0.021)m is expected, however, as it has not yet been confirmed it has not been included in this forecast.

Appendix 1

Period 3 Draft Outturn revenue expenditure and income variances

The following tables detail the main variances from the revenue budget to the forecasted outturn, 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)	P3 Outturn (£000's)	P3 Draft Outturn variance (£000's)	Ref
Finance Portfolio				
Precepts, Levies & Subscriptions	17,866	17,855	(11)	
Provisions (bad debts & pensions)	1,765	1,765		
Treasury Management	8,386	7,981	(405)	C-W1
Insurance	775	775		
Members Expenses	926	926		
Grants	(6,804)	(6,804)		
Other Centrally held budgets	245	93	(152)	C-W2
Total	23,159	22,591	(568)	

Business Reason / Area (Subjective analysis)	P3 Outturn variance (£000's)	Ref
Treasury Management:		
- Investment Income	(283)	C-W1
- Debt Management cost savings	(122)	C-W1
Discretionary Rate Relief	(152)	C-W2
Subscriptions	(11)	
Total	(568)	

NOTES ON PROJECTED VARIANCES

C-W1 – Treasury Management - £(0.405)m (favourable).

Investments – £(0.283)m

This additional income has been created as a result of:

- Actual dividend from Manchester Airport Group has been announced as £(1,484)k, which is £(132)k above budget, and
- a favourable increase in cash flow, generating £(119)k of additional investment income, primarily due to capital programme rephasing and an anticipated Government contribution to their share of the 2013/14 business rates retention safety net, and
- forecasted recoverable interest receivable from the purchase of land in support of the Urmston Town Centre development is £(931)k. The majority of this, £899k, was brought into account in 2013/14 leaving £(32)k relating to 2014/15. This is subject to final legal agreement expected to be settled by early August.

Debt - £(0.122)m – Minimum Revenue Provision

The £1.785m from the sale of Northenden Road Resource Centre in 2013/14, which became surplus to operational requirements as a consequence of the Long Term Accommodation Review, has been set aside for the repayment of debt which in turn has reduced the statutory requirement to set aside in-year budget to meet debt repayment. There has also been a reduction in the planned statutory amount needed to be set aside due to the rephasing of the capital programme.

C-W2 – Other Centrally held budgets - £(0.152)m (favourable)

NNDR Discretionary Rate Relief - £(0.152)m

The liability for the cost of discretionary rate relief has been transferred from the Council's General Fund, or 'Budget', to the Collection Fund as a consequence of the introduction of the new Business Rates Retention Scheme. In effect the costs of discretionary rate relief are now shared Central Government 50%, the Council 49% and the GM Fire and Rescue Authority 1%. These new regulatory arrangements became clear after the February 2014 Budget Council, however, this saving is available for the 2015/16 budget.

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TRAFFORD COUNCIL

Report to: Accounts and Audit Committee
Date: 25 September 2014
Report for: Information
Report of: Audit and Assurance Manager

Report Title

Audit and Assurance Report for the Period April to June 2014.

Summary

The purpose of the report is:

- **To provide a summary of the work of Audit and Assurance during the period April to June 2014.**
- **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 2014

Date: 25 September 2014

1. Purpose of Report

This report summarises the work of the Audit and Assurance Service between April and June 2014. 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 2014/15.

2. Planned Assurance Work

Key elements of the 2014/15 Work Plan include:

- Fundamental Financial Systems reviews.
- Annual corporate governance review work and completion of the Annual Governance Statement for 2013/14.
- 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, including supporting the council's transformation agenda.
- School audits and other establishment audit reviews.
- Audit reviews of other areas of business risk.

3. Main areas of focus – Q1 2014/15

Work in this quarter covered a number of the main themes listed above including :

- Input to the corporate review of budget monitoring arrangements;
- Corporate Governance review work and completion of the draft 2013/14 Annual Governance Statement;
- Completion of the 2013/14 Annual Internal Audit Report;
- Commencement of some fundamental financial system reviews;
- Completion and issue of a number of school audit reports;
- Issue of a number of final reports incorporating management responses to draft reports issued in 2013/14;
- Undertaking financial appraisals of firms as part of support to the Council's Joint Venture project.

Points of information to support the report:

Audit Opinion Levels (RAG reporting) :

Opinion – General Audits

High – Very Good

Medium / High – Good

Medium – Adequate

Low / Medium - Marginal

Low – Unsatisfactory

Green

Green

Green

Amber

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.

Summary of Assurances for 1st Quarter 2014/15

Q1 – 2014/15

6 final reports and 4 draft reports

Chart 1 – Analysis of Assurance by Opinion Levels (Quarter 1)

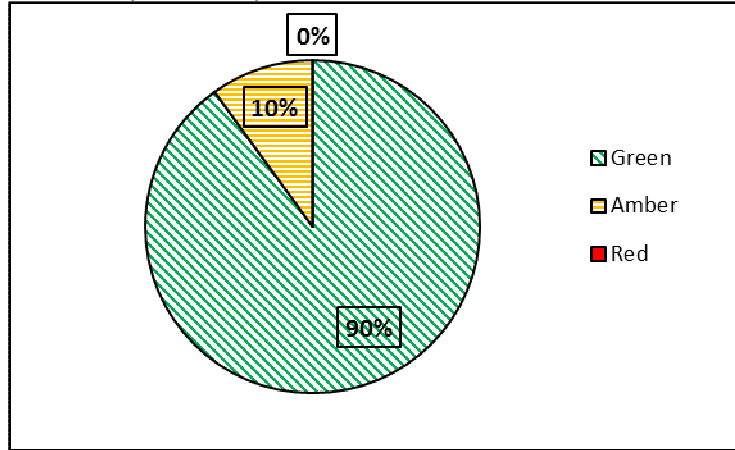


Chart 1 shows that good or at least adequate levels of control were in place for 90% of areas reviewed in the first quarter of 2013/14.

4. Overall Conclusions

Work in the period included input by Audit and Assurance to the corporate budget monitoring investigation. (The investigation report has since been shared with the Accounts and Audit Committee in August 2014).

Ten audit opinion reports were issued in the quarter, six final reports and four at draft stage.

Of the six final reports issued, all provided audit opinions of Medium or above. As reported in Section 7, 95% of all recommendations made in the final reports issued have been accepted.

Of the four draft reports issued in the period, three have provided Medium Opinions and one Low/Medium. The latter was a school audit which will be subject to an Audit follow up review in 2015.

During the period, the Audit and Assurance Service also completed the process of supporting the production of the Council’s draft 2013/14 Annual Governance Statement. (The process for completing the Statement and details within the Statement were reviewed by a designated Accounts and Audit Committee sub group and reported to the June 2014 Accounts and Audit Committee).

(A listing of all audit report opinions issued including key findings is shown in Section 5).

5. Summary of Audit & Assurance Opinions Issued – Q1: 2014/15

REPORT NAME (DIRECTORATE) / (PORTFOLIO) by Coverage Level (1-4)	-OPINION -R/A/G -Date Issued	COMMENTS
FINAL REPORTS		
Level 2 Reports:		
Street Trading (EGEI) / Environment and Operations	Medium (GREEN) (23/4/14)	Testing revealed an adequate level of compliance with controls covering many, but not all business risks. All recommendations made have been accepted and an agreed action plan is in place. Recommendations included ensuring all relevant information and guidance available on the Council website for street traders is up to date.
Public Health : Sexual Health contract (CFW) / Adult Social Services and	High (GREEN) (11/4/14)	The review identified a high level of compliance and assurance within the tender process. At the time of the audit review work, the contract had been operational for less than six months. Arrangements around transferring staff and other action points

Community Wellbeing		were taking place.
<u>Level 1 Reports :</u>		
St. Antony's Catholic College (CFW) / (Children's Services)	Medium/High (GREEN) (9/4/14)	Overall, a good standard of control was found to be in place. Some recommendations were made including the Governing Body approval of a number of school policies. All recommendations made have been accepted and an agreed action plan in place.
Kingsway Primary School (CFW) / (Children's Services)	Medium (GREEN) (30/4/14)	The audit found evidence of good practice with effective procedures in place in some of the areas reviewed. There is a need to improve the procedures and controls in relation to some aspects including inventory maintenance and the maintenance of the school fund records, reflected in a number of agreed recommendations.
Holy Family Catholic Primary School (CFW) / (Children's Services)	Medium (GREEN) (20/6/14)	The audit found evidence of good practice with effective procedures in place in some of the areas reviewed. A number of recommendations were agreed including those relating to procedures for the ordering and payment for goods and services, and procedures in respect of the collection and banking of income to ensure adequate audit trails are in place.
Stretford Grammar School (CFW) / (Children's Services)	Medium/High (GREEN) (20/6/14)	Overall, a good standard of control was found to be in place. A small number of recommendations were made, including the need to ensure an up to date inventory of equipment is in place which is subject to a regular independent check.
<u>DRAFT REPORTS</u>		
<u>Level 4 Reports:</u>		
Accounts Payable (T&R) / (Finance)	Medium (GREEN) (18/6/14)	The majority of key controls covered within the scope of this review were operating effectively. There are currently a number of issues being addressed on an Authority-wide basis to ensure that the EBP System is used effectively by Services to ensure transactions are processed promptly and in accordance with financial procedure rules. In addition, further work is being undertaken to review ICT related controls which is to be reported separately.
<u>Level 1 Reports:</u>		
St. Monica's RC Primary School (CFW) / (Children's Services)	Medium (GREEN) (1/5/14)	A draft report was issued. The opinion will be confirmed within the final report following the receipt of a management response to the recommendations made. Further details will be provided in the quarter two update.
St. Michael's C of E Primary School (CFW) / (Children's Services)	Low/Medium (AMBER) (30/6/14)	A draft report has been issued. Recommendations have been made across a number of areas including lettings, collection and banking of income and the administration of the school fund. It is noted that the school has completed an action plan to address recommendations made. A final report will be issued in quarter two and it is planned that a follow up audit will take place in 2015.
Lostock College (CFW) / (Children's Services)	Medium (GREEN) (25/6/14)	A draft report has been issued. Further details including the confirmed audit opinion will be provided in the quarter two update.

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. For the latter this has included work in relation to the Council's Joint Venture Project.

In addition to the above, other work undertaken during Q1 included:

- Input by the Audit and Assurance Service to the corporate review of budget monitoring arrangements which was in progress at the end of the quarter.
- Co-ordinating the production of the Council's draft 2013/14 Annual Governance Statement.
- Producing the 2013/14 Annual Internal Audit Report and the Annual Accounts and Audit Committee report.

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 6 final audit opinion reports issued during the quarter:

- **95% of all recommendations made (52 out of 55) have been accepted (in line with the Service annual target of 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. These include:

- Internal audit follow up reviews which specifically review progress made in implementing all recommendations in previous audit reviews.
- Requesting assurance from managers as to progress made by the completion of self assessments.
- Through reviews undertaken on an annual or cyclical basis e.g. fundamental systems reviews, assessing progress in terms of ongoing improvements in controls.

A self- assessment review was completed in relation to a previous audit of Old Hall Road Residential Unit. It was reported that eight of the nine recommendations had been implemented with the one outstanding to be completed later in 2014.

A number of other follow up reviews were progressed in quarter one and will be reported as completed as part of the quarter two update. These include work in progress at the end of the quarter in relation to follow up audits of St. Hilda's C of E Primary School, Section 17 payments (Children Act 1989), and self- assessment reviews from audits relating to Blue Badges and also Ascot House Assessment Centre.

8. Performance against Audit & Assurance Annual Work Plan

Appendix A shows an analysis of time spent to date against planned time for the 2014/15 Operational Internal Audit Plan

As at the end of quarter one, 274 audit days were spent to date (against profiled planned time of 281 days).

There are some variations to note between planned and actual time taken against particular categories of work. Due to some rescheduling of work in other areas, an increased time was spent on school audits in the quarter compared to planned although it is expected there will be reductions in planned time in later periods in this area. In terms of financial systems review work, as at the end of June this is less than planned but it is anticipated that in quarter two this will have increased to be closer aligned to that planned reflecting work undertaking audits through July to September 2014.

Time spent on completion of financial appraisals of contractors was significantly greater than planned, mainly due to the volume of work as a result of the Joint Venture PQQ process.

The Draft Annual Governance Statement was completed by the end of June as planned.

9. Planned Work for Quarter 2, 2014/15

Progress will continue to be made in completing each category of work in the audit plan. Areas of focus will include :

- Input through the quarter to the Budget Monitoring investigation.
- Facilitate the production of the finalised version of the 2013/14 Annual Governance Statement.
- Preparation for the forthcoming 2014/15 Audit Commission Data Matching exercise.
- Completion of required internal audit checks of Highways related grant claims.
- Issue of further financial system audit reports and progression / completion of a number of other audits across the audit plan.

APPENDIX A

2014/15 Operational Plan: Planned against Actual Work (as at 30 June 2014)

<u>Category</u>	<u>Details</u>	<u>Planned Days 2014/15</u>	<u>Planned Days (up to 30/6/14)</u>	<u>Actual Days (as at 30/6/14)</u>
Fundamental Systems	Completion of annual (2013/14) fundamental systems reviews and other system reviews. Planning of 2014/15 fundamental systems reviews.	230	70	54
Governance	Corporate Governance Review work and collation of other supporting evidence for the production of the 2013/14 Annual Governance Statement Audit reviews of governance arrangements for the Council's significant partnerships.	80	37	18
Corporate Risk Management	Facilitating the updating of the Council's strategic risk register and other actions to support the Council's Risk Management Strategy	30	5	3
Anti-Fraud and Corruption	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. Continued work in supporting the National Fraud Initiative. Investigation of referred cases, including if applicable those highlighted through the National Fraud Initiative.	180	40	25
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.	70	10	11
ICT Audit	Reviews to be completed in line with the ICT audit plan. Investigation of misuse of ICT and awareness raising regarding appropriate use of ICT.	90	20	13
Schools	School Audit reviews Support the Council in raising awareness with schools of the DfE Schools Financial Value Standard (SFVS).	170	25	55
Establishments	Reviewing governance and control arrangements across a range of establishments.	70	20	5
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 service areas.	170	20	37
Service Advice / Projects	General advice across all services. Support and advice to the organisation in carrying out key projects ensuring new	100	25	23

	systems, functions and procedures provide for adequate controls and good governance arrangements.			
Financial Appraisals	Financial assessments of contractors and potential providers	35	9	30
TOTAL		1225 *	281	274

*Note: There are 1325 planned available days in total but 100 days relate to contingency.

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TRAFFORD COUNCIL

Report to: Accounts and Audit Committee
Date: 25 September 2014
Report for: Information
Report of: Audit and Assurance Manager

Report Title

Accounts and Audit Committee – Work Programme – 2014/15

Summary

This report sets out the updated work plan for the Committee for the 2014/15 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 2014/15 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
26 June 2014	Agree Committee's Work Programme for 2014/15 (including consideration of training and development) Training & Development – Draft accounts (provided outside committee)					
	- 2013/14 Annual Internal Audit Report	- Audit Progress Report		- Review 2013/14 draft Annual Governance Statement - Accounts and Audit Committee 2013/14 Annual Report to Council		- Pre-audited 2013/14 accounts update - Treasury Management Annual Performance 2013/14 - Insurance Performance Report 2013/14.
6 August 2014	Special Meeting (included an item listed under Exclusion Resolution - Investigation in to Budget Monitoring Arrangements at Trafford Council).					
						- Review 2013/14 pre-audited accounts - Revenue Budget Monitoring Report Period 12 Outturn
25 September 2014						
	- Q1 Internal Audit Monitoring Report	- Audit Findings Report		- 2013/14 Annual Governance Statement (final version) - Budget Monitoring Investigation Action Plan	- Benefit Fraud Investigation 2013/14 Annual Report / Single Fraud Investigation Service update	- Approval of Annual Statement of Accounts 2013/14 - Budget Monitoring Report.

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
19 November 2014	Presentation on the STaR Procurement arrangements					
	- Q2 Internal Audit monitoring report	- Annual Audit Letter - Audit Update	- Strategic Risk Register Monitoring Report	- Consider improvement actions taken in 2014/15 in respect of 2013/14 governance issues. - Transformation programme update		- Treasury Management : mid-year review - Budget Monitoring Report.
10 February 2015						
	- Q3 Internal Audit monitoring report	- Audit Update - Grant Claims report		- Report on arrangements for 2014/15 Annual Governance Statement - Consider improvement actions taken in 2014/15 in respect of 2013/14 governance issues.		- Treasury Management Strategy - Insurance update - Reserves update - Budget Monitoring Report
24 March 2015						
	- 2015/16 Internal Audit Plan	- Audit Plan - Audit Update	- Strategic Risk Register Monitoring Report	- Consider improvement actions taken in 2014/15 in respect of 2013/14 governance issues.	- Anti Fraud & Corruption / National Fraud Initiative update	- Budget Monitoring Report.

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