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TRAFFORD
COUNCIL

AGENDA PAPERS FOR

ACCOUNTS AND AUDIT COMMITTEE

Date: Thursday, 21 November 2024

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.	**DECLARATIONS OF INTEREST** Members to give notice of any interest and the nature of that interest relating to any item on the agenda in accordance with the adopted Code of Conduct.		
3.	**QUESTIONS FROM MEMBERS OF THE PUBLIC** A maximum of 15 minutes will be allocated to questions from members of the public submitted in writing to Democratic Services (democratic.services@trafford.gov.uk) by 4 p.m. on the working day prior to the meeting. Questions must be within the remit of the Committee or be relevant to items appearing on the agenda and will be submitted in the order in which they were received.		
4.	**MINUTES** To receive and if so determined, to approve as a correct record the Minutes of the meeting held on 25th September 2024.		1 - 4
5.	**2022/23 AUDIT COMPLETION REPORT - FORVIS MAZARS** To consider a report from the Council's External Auditor, FORVIS MAZARS.		5 - 50

SARA TODD
Chief Executive

Membership of the Committee

Councillors B. Brotherton (Chair), J. Lloyd (Vice-Chair), J.M. Axford, J. Brophy, G. Carter, M.J. Welton, Platt, S. Zhi, O.J. Baskerville and M. Cordingley.

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

Stephanie Ferraioli, Democratic Officer
Email: stephanie.ferraioli@trafford.gov.uk

This agenda was issued on **Wednesday, 13 November 2024** by the Legal and Democratic Services Section, Trafford Council, Trafford Town Hall; Talbot Road, Stretford, Manchester, M32 0TH

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ACCOUNTS AND AUDIT COMMITTEE

25 SEPTEMBER 2024

PRESENT

COUNCILLORS: B Brotherton (Chair), J Lloyd (Vice Chair), J Axford, O Baskerville, J Brophy, K Glenton, M Welton, S Zhi.

In attendance

Jeannie Platt	Independent Member
Alastair Newall	External Auditor, FORVIS MAZARS
Graeme Bentley	Director of Finance and Systems
Mark Foster	Audit and Assurance Manager
Helen Gollins	Public Health Director
Claire Robson	Public Health Consultant
Rhys McKavanagh	Political Assistant
Stephanie Ferraioli	Democratic Officer

1. ATTENDANCES

An apology for absence was received from Councillor Carter.

2. DECLARATION OF INTEREST

There was no declaration of interest against any of the items on the agenda for discussion tonight.

3. QUESTIONS FROM MEMBERS OF THE PUBLIC

No questions from members of the public were received.

4. MINUTES

RESOLVED – That the minutes of the meeting held on 26 June 2024 be noted as a true and correct record.

5. PUBLIC HEALTH STRATEGY RISK UPDATE

The Public Health Consultant illustrated key points from the report submitted ahead of the meeting, explaining that the Public Health team's focus is prevention. Locally, the impact of prevention can be seen in three major areas of public health such as: the National Child Measurement Programme, the Vaccination Uptake's significant improvement in North Trafford and Sexual Health.

The Public Health Consultant continued informing that the level of investment in Public Health prevention reflects the amount the government invests at national level and that the team is part of a network at Greater Manchester level aiming at learning from other authorities.

Crucially, Trafford remains one of the lowest funded Councils across the nation. Further cuts to the budget are also expected and it is not possible to know the areas that will be affected until the Chancellor's Autumn announcement next month.

RESOLVED – That the report be noted.

6. AUDIT PROGRESS REPORT

The External Auditor Forvis Mazars presented a detailed progress report of the 2022/23 audit with the focus on those areas that still require work, for Members' awareness.

He informed that the deadline for the 2023/24 audit has now been brought forward to February 2025 meaning the team now only has three months to work on both audits, 2022/23 and 2023/24.

The impact on the work with such a tight timeframe is significant and there is a real risk that the audits will not be completed on time. Resources have been redeployed to mitigate the risk.

The work on the Value for Money is complete for both audit years and an update will be presented at the meeting in November.

RESOLVED – That the report be noted.

7. TREASURY MANAGEMENT BRIEFING

RESOLVED – That the item be deferred due to operational requirements.

8. 2023/24 TREASURY MANAGEMENT ANNUAL PERFORMANCE

The Director of Finance and Systems reminded Members that this is the first of three reports that will be presented to the Committee throughout the year. This is a highly regulated area, and the Director of Finance and Systems provided some background to the activity of the Treasury Management Function during 2023/24. He also confirmed that all transactions had been undertaken in accordance with the agreed Strategy and that all Prudential Indicators were complied with.

Members queried whether the team needed to employ more members to assist with the workload in view of the governmental changes due and were informed that in the first instance this was going to be managed internally.

RESOLVED – That the report be noted.

9. BUDGET MONITORING REPORT 2024/25 PERIOD 4

The Director of Finance and Systems informed the Committee that that the report was also presented to Executive last Monday.

He informed that the Council's position has deteriorated since Period 2 and that the overspend has also increased.

More specifically, the costs incurred for Children's placements and temporary accommodation for the homeless continue to present a major impact on the budget, thus making the managing of the in-year pressures very difficult. Work with the Leadership Team is ongoing to determine how best to mitigate the demands for the current year and the future.

Members queried the increase in the Legal fees in social care cases and expressed concerned over the possibility of a shortage of funds from the ICB and were told that the contribution from the ICB are received on a support basis through negotiation. If a child requires health related assistance whilst in care then the Council determines the level of support with the ICB. Members were reassured that the risk of a reduction in financial support from the ICB is being monitored.

RESOLVED: 1) That an update be provided at Period 6.
2) That the report be noted.

10. 2024/25 AUDIT AND ASSURANCE SERVICE UPDATE REPORT APRIL TO JUNE 2024

The Audit and Assurance Manager presented the first update for the Committee covering the period from April to June 2024, stating that a number of audits were completed in Children's Services and highlighting the progress made against other areas of the Audit Plan.

He referred to Appendix one which sets out details of progress against the 2024/25 Internal Audit Plan and also referred to some key planned actions for the 2nd quarter.

The Audit and Assurance Manager informed the Committee that there are changes expected in the Public Sector Internal Audit Standards due to changes in the global internal audit standards. These will come into place from April 2025 following a consultation period.

RESOLVED – That the update be noted.

11. ACCOUNTS AND AUDIT COMMITTEE WORK PROGRAMME 2024/25

The Audit and Assurance Manager updated Members on the substantial number of new items added to the Committee's work programme,
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RESOLVED – That the report be noted.

12. URGENT BUSINESS.

There was no urgent business to be discussed.

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Audit Completion Report

Trafford Metropolitan Borough Council – year ended 31 March 2023

November 2024

Agenda Item 5

forvis mazars

Members of the Accounts and Audit Committee
Trafford Metropolitan Borough Council
Town Hall
Talbot Road
Stretford
M32 0TH

Forvis Mazars
One St Peter's Square
Manchester
M2 3DE

21 November 2024

Dear Committee Members,

Audit Completion Report – Year ended 31 March 2023

We are pleased to present our Audit Completion Report for the year ended 31 March 2023. The purpose of this document is to summarise our audit conclusions. The scope of our work, including identified significant audit risks, and other key judgement areas, was outlined in our Audit Strategy Memorandum, which we presented to you on 26 June 2024.

As a result of the legislative backstop arrangements introduced by the amendments to the Accounts and Audit Regulations 2015, we are unable to complete the audit as originally planned, in advance of the backstop date of 13 December 2024. We provide more information on the legislative backstop arrangements and its implications for the audit and our audit report, in section 1.

We will continue to work closely with you and management to take the necessary steps to rebuild assurance over future accounting periods. We will report further details to you on the rebuilding process in the coming months. In line with the guidance issued by the National Audit Office, as endorsed by the Financial Reporting Council, we hope to return to a standard audit cycle where we are able to obtain sufficient, appropriate evidence in order to issue an unmodified audit opinion in as short a period as practicable.

We would like to express our thanks for the assistance of your team during our audit.

If you would like to discuss any matters in more detail then please do not hesitate to contact me on +44 (0)161 238 9243.

Yours faithfully

Alastair Newall

Forvis Mazars LLP

Contents

Our reports are prepared in the context of the 'Statement of Responsibilities of auditors and audited bodies' and the 'Appointing Person Terms of Appointment' issued by Public Sector Audit Appointments Limited.
Reports and letters prepared by appointed auditors and addressed to the Council are prepared for the sole use of the Council and we take no responsibility to any member or officer in their individual capacity or to any third party.

01

Executive Summary

Executive summary

The scope of our audit and implications of the backstop arrangements

Our audit of the financial statements

The detailed scope of our work as your appointed auditor for 2022/23 is set out in the National Audit Office's (NAO) Code of Audit Practice ('the Code'). Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 ("the 2014 Act") and, as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards on Auditing (UK) ("auditing standards") and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

The scope of our work, including identified significant audit risks, and other key judgement areas, was outlined in our Audit Strategy Memorandum, which we presented to you on 26 June 2024.

Auditing standards require auditors to consider whether they have obtained sufficient appropriate assurance that the financial statements present a true and fair view and have been prepared, in all material respects, in line with the Code of Practice on Local Authority Accounting. Where the auditor determines they have been unable to obtain sufficient appropriate assurance, they must consider the implications of this on their audit report.

We intended to complete the audit for 2022/23 and planned resources to achieve this. Since then, The Government has introduced measures intended to resolve the local government financial reporting backlog. Amendments to the Accounts and Audit Regulations require the Council to publish its audited 2022/23 financial statements and accompanying information on or before 13 December 2024. In accordance with the Code, we are required to provide our audit report in sufficient time to enable the Council to meet these responsibilities, whether the audit is completed or not.

Page 13 outlines the progress we made towards completing our work. As a result of the backstop arrangements, we have determined there is insufficient time to complete all of our audit procedures. Significant areas of testing which will not be completed include property, plant and equipment valuations and the Council's group accounts. Consequently, we have not obtained all the assurance we require to issue an unqualified audit opinion on the Council's accounts. In our view the incomplete areas are areas which are pervasive to the financial statements as a whole, and as a result, we intend to issue a disclaimer opinion on the Council's accounts.

When an opinion is disclaimed the auditor does not express an opinion on the financial statements and no assurance is provided on the financial statements. The form and content of this report differs from the report which will have been seen in previous years. We provide more details on this in section 3.

Internal control recommendations and misstatements

Despite our intention to issue a disclaimer of opinion, where matters come to our attention through the course of our audit, we may be required to report these to you. Section 3 sets out any internal control recommendations we have made and any misstatements identified in the draft financial statements and how these have been addressed by management.

Value for Money arrangements

The amendments to the Accounts and Audit Regulations do not affect our responsibilities in relation to the Council's Value for Money arrangements. We anticipate reporting one significant weakness in arrangements in relation to the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources. Further detail on our Value for Money work is provided in section 4 of this report.

Whole of Government Accounts

As a result of the backstop arrangements and our intention to issue a disclaimer of opinion on the Council's financial statements, we anticipate reporting to the NAO that we are unable to complete the mandatory audit procedures specified in their Group Audit Instructions. We are awaiting confirmation of when and how this should be reported to the NAO.

Wider powers

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Council and to consider any objection made to the accounts. No such correspondence from electors has been received.

02

Audit Approach

Audit Approach

Changes since we issued our Audit Strategy Memorandum

Section 1 of this report explains the implications of the backstop arrangements introduced by the recent amendments to the Accounts and Audit Regulations and confirms that we intend to issue a disclaimer of opinion on the Council's financial statements.

Materiality

We are required to determine materiality and report this to you, irrespective of whether we are disclaiming our opinion.

Our Council single-entity provisional materiality at the planning stage of the audit was set at £12.5m using a benchmark of 2% of gross operating expenditure.

Our provisional group materiality at the planning stage of the audit was set at £12.65m using a benchmark of 2% of gross operating expenditure.

There have been no changes to the materiality levels we communicated in the Audit Strategy Memorandum.

Summary of Risks

There have been no changes to the risks identified which we communicated in our Audit Strategy Memorandum, issued on 26 June 2024.

Pages 8 to 12 outline the work we have completed with respect to these risks. Whilst we planned and completed work to address the risks of material misstatement we identified at the planning stage, we will not have completed our audit in advance of the backstop date and as such do not provide any assurance over individual areas of the financial statements or the financial statements as a whole, nor do we provide assurance over any of the risks we identified at the planning stage of the audit, which are summarised below.

Although we are unable to provide any assurance over the areas of risks we have identified, where matters have come to our attention during the course of the audit that we consider to be important to bring to your attention, we have reported these in section 3 of this report.

Audit Approach

Significant risks

Management override of controls

Description of the risk

This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur.

Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.

Work completed

We addressed this risk through performing audit work over:

- Accounting estimates impacting amounts included in the financial statements;
- Consideration of identified significant transactions outside the normal course of business; and
- Journal entries recorded in the general ledger and other adjustments made in preparation of the financial statements

Audit conclusion

We have not identified any matters to report to the committee.

Audit Approach

Significant risks continued

Net defined pension benefit asset valuation (Council and Group)

Description of the risk

The Council's single entity and group accounts contain material liabilities relating to the local government pension scheme administered by the Greater Manchester Pension Fund (GMPF), which had its last triennial valuation completed as at 31 March 2022.

The Council and its subsidiary rely upon an actuary, Hymans Robertson to provide an annual valuation of these liabilities in line with the requirements of IAS 19 Employee Benefits. Due to the high degree of estimation uncertainty associated with this valuation, we have determined there is a significant risk in this area.

Work completed

With respect to the Council single entity level risk, we have evaluated the design and implementation of any controls which mitigate the risk. In addition our procedures included:

- corresponding with the GMPF auditor to gain assurance on their audit of the fund;
- assessing the skill, competence and experience of the Fund's actuary, Hymans Robertson including a review of the actuary by our actuarial expert PWC;
- challenging the reasonableness of the assumptions used by the actuary as part of the annual IAS 19 valuation;
- reviewing the appropriateness of the Pension Asset and Liability valuation methodologies applied by GMPF Actuary, and the key assumptions included within the valuation. This will include comparing them to expected ranges, utilising information provided by PWC, consulting actuary engaged by the National Audit Office;
- carrying out a range of substantive procedures on relevant information and cash flows used by the actuary as part of the annual IAS 19 valuation; and
- obtaining appropriate assurance that the asset ceiling has been calculated in accordance with IFRIC 14, including reviewing the appropriateness of the assumptions and inputs used in the asset ceiling calculation.

As a result of the backstop arrangements, we have not completed our work with respect to the group level risk.

Audit conclusion

We have identified one material misstatement that has been amended within the financial statements. Additionally, we have identified one misstatement that has not been amended for in the financial statements on the basis of materiality. Further information of these misstatements can be found in section 3 of this report.

forvis mazars

Audit Approach

Significant risks continued

Valuation of property, plant and equipment (Council and Group)	**Description of the risk** The CIPFA Code requires that where assets are subject to revaluation, their year end carrying value should reflect the fair value at that date. The Council has adopted a rolling revaluation model which sees all land and buildings revalued in a five year cycle. The valuation of Property, Plant & Equipment involves the use of a management expert (the valuer), and incorporates assumptions and estimates which impact materially on the reported value. There are risks relating to the valuation process which reflect the significant impact of the valuation judgements and assumptions and the degree of estimation uncertainty. As a result of the rolling programme of revaluations, there is a risk that individual assets which have not been revalued for up to four years are not valued at their materially correct current value. In addition, as the valuations are undertaken through the year there is a risk that the fair value of the assets is materially different at the year end. Although the Council engages a valuation expert to provide information on valuations, there remains a high degree of estimation uncertainty associated with the revaluation of PP&E, as a results of the significant judgements and number of variables involved. We have therefore identified the revaluation of PP&E to be an area of significant risk.
	Work completed We commenced our work on property, plant and equipment valuations and raised some queries with management. As a result of the backstop arrangements these queries will not be resolved before the backstop date. We will resolve these with management in subsequent years.
	Audit conclusion We have raised a recommendation in section 3 with respect to property, plant and equipment valuations.

Audit Approach

Significant risks continued

Valuation of investment property (Council and Group)	**Description of the risk** The CIPFA Code requires that investment properties are subject to revaluation, their year end carrying value should reflect the current value at that date i.e. investment property shall be measured at fair value as at the balance sheet date. The valuation of investment properties involves the use of a management expert (the valuer), and incorporates assumptions and estimates which impact materially on the reported value. There are risks relating to the valuation process which reflect the significant impact of the valuation judgements and assumptions and the degree of estimation uncertainty.
	Work completed With respect to the Council single entity level risk, we have evaluated the design and implementation of controls which mitigate the risk. In addition, our procedures included: • assessing the skill, competence and experience, and objectivity and independence of the Council's internal valuer; • reviewing the instructions issued to the internal valuers by management to ensure they comply with the Code requirements; • consider whether the overall revaluation methodology used by the Council's valuers is in line with industry practice, the CIPFA Code of Practice and the Council's accounting policies • assessing the movement in market indices between the revaluation dates and the year end to determine whether there have been material movements over that time; • using relevant market and cost data to assess the reasonableness of the valuation at 31 March 2023; and • sample testing the completeness and accuracy of underlying data provided by the Council and used by the valuers as part of their valuations. As a result of the backstop arrangements, we have not completed our work with respect to the group level risk.
	Audit conclusion We have not identified any matters to report to the committee.

Enhanced risks continued

Valuation of long-term investments (Council)	**Description of the risk** The valuation of the investments incorporates assumptions and estimates which impact on the reported value. The level of estimation uncertainty creates an enhanced audit risk. The Council uses an external valuation expert to determine the value of its investment in Manchester Airport Holdings Limited at 31 March 2023. The valuation is determined according to a methodology and applying assumptions. Council officers challenge the valuation assumptions and reach judgements on the valuation to include in the financial statements
	Work completed For a sample of investments, we reviewed the methodology and key assumptions used by management's expert, considering the appropriateness of the methodology and the reasonableness of the assumptions used. Our approach to auditing the investment in Manchester Airport Holdings Limited included the involvement of the Forvis Mazars in-house valuation team.
	Audit conclusion We have not identified any matters to report to the committee.

Audit Approach

Outcome of Audit Work

This section outlines the work we have completed on the audit. It is important however to emphasise that our opinion is disclaimed consequently, no assurance is provided on the financial statements, or any area outlined in the table below.

Area	Status
Financial statement level work	🟢
Movement in Reserves Statement	🟡
Income	🟢
Expenditure	🟢
Cash flow statement	🟢
Investment properties	🟢
Property, plant and equipment	🟡
Investments	🟢
Debtors	🟢
Cash and cash equivalents	🟢
Loans and borrowings	🟢

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Area	Status
Creditors	🟢
Leases	🟢
PFI	🟢
Pensions	🟢
Financial instruments	🟢
Collection fund	🟢
Provisions	🟢
Group accounts	🔴

Status key

🔴	Not started
🟡	Started not completed
🟢	Completed

Audit Approach

Group audit approach

Group component	Planned audit approach	Key points or matters to report
Trafford Leisure CIC	●	Our audit strategy memorandum outlined the following specific procedures to be performed by the group audit team: • Audit of the company's defined benefit pension asset valuation; • Review of the group consolidation process. As outlined on page 5 of this report, as a result of the backstop arrangements, we have not completed these procedures.
Trafford Bruntwood LLP	●	Our audit strategy memorandum outlined the following specific procedures to be performed by the group audit team: • Audit of the company's investment properties; • Audit of the consolidation adjustment to the company's accounting policies to align with the Council's accounting policies • Review of the group consolidation process. As outlined on page 5 of this report, as a result of the backstop arrangements, we have not completed these procedures.
Trafford Bruntwood (Stamford Quarter) LLP	●	Our audit strategy memorandum outlined the following specific procedures to be performed by the group audit team: • Audit of the consolidation adjustment to the company's property, plant and equipment valuation to align with the Council's accounting policy; • Review of the group consolidation process As outlined on page 5 of this report, as a result of the backstop arrangements, we have not completed these procedures.
Trafford Bruntwood (Stretford Mall) LLP	●	Our audit strategy memorandum outlined the following specific procedures to be performed by the group audit team: • Audit of the company's investment properties; • Audit of the consolidation adjustment to the company's accounting policies to align with the Council's accounting policies • Review of the group consolidation process. As outlined on page 5 of this report, as a result of the backstop arrangements, we have not completed these procedures.

● **Full audit**
Performance of an audit of the component's financial information prepared for group reporting purposes using component materiality

● **Audit of balances and/or disclosures**
Performance of an audit of specific balances and/or disclosures included in the component's financial information prepared for group reporting purposes, using component materiality

● **Specific audit procedures**
Performance of specific audit procedures on the component's financial information

● **Review procedures**
Review of the component's financial information prepared for group reporting purposes using the component materiality assigned

03

Significant findings

Significant findings

Background and modification of the audit opinion

As we outlined earlier in this report, as a result of the backstop arrangements, we have not been able to complete sufficient audit procedures to enable us to provide an unmodified opinion on the Council's financial statements. As we have determined that the pervasive effects, or potential pervasive effects on the financial statements of the lack of sufficient appropriate assurance are pervasive, we will be issuing a disclaimer of opinion. This means we are expressing no opinion on the financial statements.

The audit report explains the basis of our disclaimer of opinion being the introduction of the backstop arrangements which require the Council to publish its audited 2022/23 financial statements by 13 December 2024.

The audit report does not report on other matters that would usually appear in an unmodified audit report.

These include:

- the use of the going concern assumption in the preparation of the financial statements; and
- the consistency of the other information presented with the financial statements.

Although we are disclaiming our audit opinion, auditing standards require us to report matters to you that have come to our attention during the course of our audit, which we include in this section of this report.

Wider responsibilities

Our powers and responsibilities under the 2014 Act are broad and include the ability to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to law; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not exercised any of these powers as part of our 2022/23 audit.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. No such objections have been raised.

Significant matters discussed with management

During our audit we communicated the following significant matters to management:

- Implications of the backstop arrangements

As part of our audit, we sought and obtained information from management in relation to actual or suspected non-compliance with laws and regulations, and any actual or suspected fraud which could materially impact upon the financial statements.

Based on our review of the information received, we have no matters to report in relation to fraud and the Council's compliance with laws and regulations. We have not undertaken any further work in these areas and do not provide any assurance that the financial statements are free from material error .

Significant difficulties during the audit

Other than the significant matter relating to the timing of the backstop arrangements and the consequential impact on the completion of the audit, we did not encounter any significant difficulties and we have had the full co-operation of management.

Our observations on internal control

As part of our planning procedures, we obtained an understanding of Council's internal control environment and control activities relevant to the preparation of the financial statements, which was sufficient to plan our audit and to determine the nature, timing and extent of our audit procedures. Although our audit was not designed to express an opinion on the effectiveness of Council's internal controls, we are required to evaluate any deficiencies in internal control that come to our attention, even though we intend to issue a disclaimer of opinion.

A deficiency in internal control exists if:

- a control is designed, implemented, or operated in such a way that it is unable to prevent, detect, and/ or correct potential misstatements in the financial statements; or
- a necessary control to prevent, detect, and/ or correct misstatements in the financial statements on a timely basis is missing

The purpose of our audit, as originally planned before the backstop arrangements came into force, was to express an opinion on the financial statements. The matters reported in this section of our report are limited to those deficiencies and other control recommendations that we have identified through the audit procedures we were able to complete before the backstop date. If we had performed more extensive procedures on internal control, we might have identified more deficiencies to report or concluded that some of the reported deficiencies need not in fact have been reported. Our comments in this section should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

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Significant deficiencies in internal control

A significant deficiency in internal control is one which, in our professional judgement, has the potential for financial loss, damage to reputation, or a loss of information which may have implications on the achievement of business strategic objectives. Our view is that observations categorised as a significant deficiency are of sufficient importance to merit the attention of the Accounts and Audit Committee.

We have not identified any significant deficiencies in the Counci's internal controls as at the date of this report.

Other observations on internal control

We also report to you, our observations on the Council's internal controls where, in our professional judgement, there is a need to strengthen internal control or enhance business efficiency that do not constitute significant deficiencies in internal control but which we view as being important for consideration by management.

Our other internal control observations, as at the date of this report, are set out in this section. These have been reported to management directly and have been included in this report for your information.

Whether internal control observations merit attention by the Accounts and Audit Committee and/ or management is a matter of professional judgment, taking into account the risk of misstatement that may arise in the financial statements as a result of those observations.

Our observations on internal control

Other deficiencies in internal control

In our view, there is a need to address the deficiencies in internal control set out in this section (which are not deemed to be significant deficiencies) to strengthen internal control or enhance business efficiency. Our recommendations should be actioned by management in the near future.

Description of deficiency

Our testing of the valuation of land & buildings identified some areas of valuation methodology that appeared to be inconsistent with the RICS valuation guidance.

Potential effects

The asset valuations may not be materially accurate at the balance sheet date.

Recommendation

The Council should review the valuations methodology to confirm is it in line with the RICS valuation guidance.

Management response

The Council is currently reviewing Property, plant and equipment valuation policies with an external provider who will carry out future valuations in line with RICS guidance.

Summary of amendments to the financial statements

The Council’s Director of Finance and Systems authorised the Council’s draft financial statements for issue on 30/12/2023.

Although we intend to issue a disclaimer of opinion, we still report any amendments which management have made to the draft financial statements, identified either through the audit procedures that we have undertaken, or separately by management.

This information is provided to the Accounts and Audit committee for information and to support it to discharge its responsibilities. It is important for members to note that, given we are issuing a disclaimer of opinion, we provide no assurance over the material accuracy of the amendments that have been made to the draft financial statements which are summarised in this section.

Amendments to the financial statements

Management has processed the amendments set out in the table below which exceed the trivial threshold for adjustment of £375k.

Details of adjustment	Comprehensive Income and Expenditure Statement		Balance Sheet	
	Dr (£’000)	Cr (£’000)	Dr (£’000)	Cr (£’000)
Dr Net pension asset			13,731	
Cr Net pension liability				13,731
Adjustment to reclassify the Teacher's unfunded pension liability from net pension asset to net pension liability in the balance sheet.				
DR: Place gross expenditure on net cost of services	7,014			
CR: Financing and investment expenditure		7,014		
Adjustment to reclassify service expenditure that was incorrectly shown in financing and investment expenditure.				
Aggregate effect of unadjusted misstatements	**7,014**	**7,014**	**13,731**	**13,731**

Summary of amendments to the financial statements

Unadjusted misstatements

When we issue a disclaimer of opinion as a result of the backstop arrangements, auditing standard require us to consider whether we are aware of any matter that would have otherwise required a modification to our opinion. Such matters may include, for example, material misstatements that have been identified which have not been amended by management in the final financial statements. We confirm that no such matters have come to our attention at the date of this report.

Details of adjustment	Comprehensive Income and Expenditure Statement		Balance Sheet	
	Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
Dr: Net pension asset			2,315	
Cr: Unusable reserves- pensions reserve				2,315
Trafford's allocated share of the error identified by the Greater Manchester Pension Fund (GMPF) auditor as part of testing pension assets.				
Dr: Accruals			536	
Cr: Expenditure		536		
During our testing creditors we identified one sample items that related to 2023/24 but were recognised in 22/23. Applying our audit methodology we extrapolated these, and if the error was representative of the whole population, accruals and Cost of Services expenditure would both be misstated by £536k.				
Dr: Debtors (prepayments)			1,041	
Cr: Expenditure		1,041		
During our testing of expenditure, we identified two sample items that related to 2023/24 but were recognised in 22/23. Applying our audit methodology we extrapolated these, and if the errors were representative of the whole population, prepayments and Cost of Services expenditure would both be misstated by £1,041k.				
Aggregate effect of unadjusted misstatements		**1,577**	**3,892**	**2,315**

Summary of amendments to the financial statements

Disclosure amendments

We identified the following adjustments during our audit that have been corrected by management:

- Note 1a - Expenditure and Funding Analysis- The general fund balance table has been amended to be consistent with the Movement in Reserves Statement
- Note 2 - Expenditure and Income Analysed by Nature- Various amendments have been made to correct classification misstatements due to incorrect coding. This includes amendments to the comparative 2021/22 figures
- Note 6 - Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty- Removal of Business Rates, Provisions, leases and PFI Arrangements as major sources of estimation uncertainty
- Note 6 - Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty- Inclusion of Property and investment property valuations as major sources of estimation uncertainty
- Note 8- Events after the reporting period- Inclusion of reference to the Virgin Media pension ruling as a non-adjusting event
- Note 12- Financing and investment income and expenditure- Narrative paragraph ii decrease in fair value of investment properties amended to £1.563m to be consistent with other areas of the accounts
- Note 15 - Investment properties- The note has been amended so that the brought forward figures agree to the signed prior year accounts
- Note 16- Financial Instruments- Other comprehensive income movement for MAH shares revaluation amended to £1.5m to be consistent with other areas of the accounts
- Note 17- Debtors- Long term debtors table- Various lines amalgamated in to 'other' line
- Note 19- Creditors and receipts in advance- Long term creditors table- Various lines amalgamated in to 'other' line
- Note 20- Provisions- Provisions table- Various lines amalgamated in to 'other' line
- Note 21- Usable Reserves- break down of capital grants unapplied reserve included in line with the requirements of the CIPFA code
- Note 22 - Unusable Reserves- Summary table – Capital adjustment account and pensions reserves figure amended to be consistent with the other tables in the note
- Note 22 - Unusable Reserves- Revaluation reserve table – table amended to show 'upward revaluation of assets' and 'downward revaluations' separately.
- Note 22 - Unusable Reserves- Pension reserves table- note amended to be consistent with other areas of the accounts
- Note 23 - The cash flows from operating activities- 'Depreciation/Impairment charged to I&E' figure amended to -£22.8m and 'Investment properties (Losses)/Gains' to -£1.563m to be consistent with other areas of the accounts
- Note 23c - The cash flows from operating activities- Interest received amended to £5.4m and interest paid to £8.6m to be consistent with other areas of the accounts
- Note 25- Reconciliation of liabilities table- Table amended to be consistent with the 'Cash Flow Statement- Financing Activities' note
- Note 28 (Officers' Remuneration) - officers >50k banding note- Note amended to remove senior officers from the banding table for 22/23 and 21/22 as they are shown separately in the senior officers note
- Note 28- Senior Officers Remuneration- amendments made to the senior officer figures to correct coding errors
- Note 29- External Audit Costs- current and prior year audit fees updated to show the correct fees.
- Note 31 - Grants and Other Income- Revenue Grants Credited to Services total amended to show £247m due to an adjustment of £7.2m linked to the double counting of grants within the note
- Note 32- related parties- References to the Manchester Airport Holdings Plc and MaST Liftco Limited have been removed as they are not related parties as per the CIPFA code. Reference to the Senior Leadership Team as a related party has been included in the note
- Note 34- Leases- Council as a Lessor table- Figures amended to correct the rental value used for the Manchester Airport land lease
- A number of typographical, signage, casting and spelling errors have also been corrected by management
- Removal of various immaterial notes, accounting policies and narrative throughout the accounts

04

Value for Money Arrangements

Value for Money Arrangements

Approach to Value for Money Arrangements

We are required to consider whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:

- **Financial sustainability** - How the Council plans and manages its resources to ensure it can continue to deliver its services;
- **Governance** - How the Council ensures that it makes informed decisions and properly manages its risks; and
- **Improving economy, efficiency and effectiveness** - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

At the planning stage of the audit, we undertake work to understand the arrangements that the Council has in place under each of the reporting criteria and we identify risks of significant weaknesses in those arrangements. Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest significant weaknesses in arrangements exist.

The table overleaf outlines the risks of significant weaknesses in arrangements that we have identified, the risk-based procedures we have undertaken, and the results of our work.

Where our risk-based procedures identify actual significant weaknesses in arrangements we are required to report these and make recommendations for improvement. Where such significant weaknesses are identified, we report these in the audit report.

The primary output of our work on the Council arrangements is the commentary on those arrangements that forms part of the Auditor's Annual Report. We intend to issue the Auditor's Annual Report in before 13 December 2024. We have included our draft commentary within this report see page 27 to 38.

Status of our work

We have completed our work in respect of the Council's arrangements for the year ended 31 March 2023 and have identified one significant weakness in arrangements and have made an associated recommendation. We provide further details on the identified significant weakness and our recommendation later in this section of our report.

Value for Money Arrangements

Risks of significant weaknesses in arrangements

In our Audit Strategy Memorandum we reported the risks of significant weaknesses in arrangements that we had identified as part of our planning procedures. Our responses to those identified risks is outlined in the table below.

Risk of Significant Weakness in Arrangements		Financial Sustainability	Governance	Improving the 3Es	Work Undertaken and Conclusions Reached
1	**Financial sustainability** During 2022/23, work began to update the Council's medium term financial plan for the period from 2023/24 to 2025/26. Increasing demand pressures together with inflationary pressures including in respect of good and services and payroll costs, means the budget gap for the 3 years of the strategy was £51m. This gap is offset by identified policy decisions intended to deliver savings, increases in council tax and other income and some use of reserves in 2023/24, leaving a residual budget gap of £17m for 2024/25 to 2025/26. The Council recognizes the use of reserves cannot continue in future years and requires further policy decisions in order to reduce the cost base of the Council to an appropriate and sustainable level. There is a risk that the Council will be faced with a Section 114 notice (which restricts the Council to essential spend only) if appropriate savings are not identified and the cost base reduced on a permanent basis. Our work in this area is continuing.	●			**Work undertaken** We have reviewed the arrangements the Council has in place for ensuring financial resilience, specifically that the medium-term financial plan has taken into consideration factors such as future funding sources and levels, levels of other income, salary and general inflation, demand pressures, and sensitivity analysis given the degree of variability in the above factors. We have also reviewed the arrangements in place to monitor progress delivering the 2022/23 budget and related savings plans, and how the Council proposes to address the cumulative deficit over the medium term as well as reviewing the decisions and actions taken / progress made against these plans. **Conclusions** Our overall conclusion is that there is a significant weaknesses in the Council's arrangements to deliver financial sustainability. See page 25 for further detail including our recommendation.

Value for Money Arrangements

Identified significant weaknesses in arrangements and recommendations for improvement

As a result of our work we have identified one significant weakness in the Council's arrangements to secure economy, efficiency and effectiveness it its use of resources. This identified weakness has been outlined in the table below.

	Identified significant weakness in arrangements	Financial Sustainability	Governance	Improving the 3Es	Recommendation for improvement
1	**Financial Sustainability** The Council's budget for 2022/23 was balanced through the planned use of £11.4m of reserves to bridge funding gaps. The budget also included a requirement for £5.3m of planned savings and income generation. The Council underspent its 2022/23 revenue budget by £1.1m although in year monitoring forecasted an overspend for most of the year driven by inflation and pay pressures. This underspend at the year-end was achieved by measures, which included the adoption of an updated Minimum Revenue Provision policy which reduced the revenue expenditure by £4.4m, one-off non-recurrent savings and increased investment income due to higher interest rates. The Council delivered £3.8m of savings and additional income in the year, £1.5m under budget and used £11.4m of reserves in the year. The budget for 2023/24 was balanced through the planned use of £7.4m of reserves and required £11.8m of savings and additional income. The outturn for 2023/24 shows the Council delivered £11.8m of savings and additional income in line with budget plans however £7.4m of reserves were still needed to support the budget. In addition to the above, the Council's Medium Term Financial Strategy (MTFS) for 2024/25 to 2025/26 reported a budget gap of £17.1m. The Council has £9.5m of General Fund reserves and £13.2m of reserves earmarked for Medium Term Financial Plan (MTFP) Budget Resilience and Change at 31 March 2023. The Council forecasts the 'MTFP Budget Resilience and Change' reserve to reduce to £6.5m by 31 March 2026. Based on the Council's MTFS analysis the continued use of reserves is unsustainable, and further action is required to deliver Council services within the available resources. The Council has not addressed the underlying deficit within its budget through its saving and income generation plans, so has relied on the continued use of reserves and one-off measures to balance the budget. The unsustainable use of reserves and reliance on one-off measures to bridge the budget gap is evidence of a significant weakness in the Council's arrangements for financial sustainability	●			The Council should develop sustainable financial plans to ensure services can be provided within available resources.

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VFM arrangements Commentary

Financial Sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services

Overall commentary on Financial Sustainability

Background to the Council's operating environment in 2022/23

Since March 2020 local authorities have faced a period of unprecedented challenge, both financially and economically, as they are responding to the impact of, and recovery from, the global Covid-19 pandemic. This led to significant changes in how the Council operates and delivers services to the residents and businesses of Trafford. Throughout the past three years, the Council has adapted to new ways of working in order to ensure the continuation of service delivery and the provision of new services to support the local communities through the pandemic.

The financial impact of the pandemic on the Council has been significant. During 2022/23 the Council continued to face additional costs and loss of income as a result of the pandemic, and received continued financial support from Government . The Council has continued to work to understand the longer-term impact of the pandemic, and to adapt its financial plans over the medium term.

In addition to dealing with the recovery from the Covid-19 pandemic, the war in Ukraine had an adverse impact on the UK economy, with resulting increases in energy costs, and supply chain issues. The Council faced further financial challenges in 2022/23 as a result of growing inflationary pressures within the UK economy coupled with the increasing demand for Council services. In response to these pressures it is essential the Council has timely and accurate financial reporting to members and senior management, and decision makers make prompt decisions to maintain the financial sustainability of the Council..

2022/23 Financial Performance

We have undertaken a high-level analysis of the financial statements, including the Movement in Reserves Statement and the Balance Sheet.

The Council's balance sheet saw significant movements from 2021/22. Overall, the Council's net assets increased from £356m to £752m at 31 March 2023. The most significant changes in the balance sheet relate to the Council's share of the pension fund, being in a net asset position for 2022/23 after previously being in a deficit position, and increases in the value of the Council's property, plant and equipment portfolio of £48m compared to the prior year. The material movements in the net pension position is consistent with other local authorities and is related to the significant changes in interest rates and the discount rate applied by the actuary. The movements in property values are reflective of the Council's capital programme, and changes as a result of regular asset revaluations.

The Council's useable reserves have decreased from £154m at 31 March 2022 to £101m at 31 March 2023. Significant movements in and out of reserves include the following:

Contributions to Reserves:

- £5.74m to the Budget Support Reserve of benefit from prior years Business Rates and Council Tax surpluses
-£1.75m to the Finance and Systems Reserve for replacement of the core finance system
- £1.5m to Inflation Risk Reserve to cover potential costs of higher pay award
-£1.29m related to major long term project budgets
- £1.0m to replenish Reserves as planned following COVID

Contributions from reserves:

- £4.33m from Budget Support Reserve to support the budget
-£1.30m from the Strategic Investment Programme Reserve to smooth a shortfall in income caused by adverse trading conditions
-£2.13m from the Hospital Discharge and Adults Service Earmarked Reserves to support spending plans in these areas
-£7.1m drawn down from the COVID General Reserve for budget support
-£49.45m reduction in COVID-19 related reserves related to the balances of Government COVID-19 funding being drawn down as planned in connection with rates relief

The movements in earmarked reserves are consistent with the reserves policy set by the Council in year. The Council's reserves policy identifies the purpose of each reserve, for example whether the reserve is linked to the Council's strategic priorities or to support budget resilience. The policy also sets out the approval process for drawing down reserves. The approval process is determined by the type of reserve and involves officers of sufficient seniority in the decision to draw down the reserve.

Overall commentary on Financial Sustainability - continued

Financial planning and monitoring arrangements

The budget for 2022/23 was approved at the 16th February 2022 Council meeting. It set a net budget requirement of £192.57m. The initial budget for 2022/23 identified an overall gap of £20.14m. The Council addressed this gap through a combination of the following:

- additional funding of £3.39m from council tax income
- use of reserves to cover £7.10m of COVID-19 pressures and £4.33m of "business as usual" pressures
- service savings and income generation of £5.32m .

Throughout the year the Council regularly updated and presented its budget monitoring reports to members. Budget information and performance monitoring through the year remained up-to-date despite the challenging environment and allowed the Council to identify emerging pressures during the year in a timely way.

We have reviewed the Council's budget setting papers for 2022/23 and confirmed the budget is linked to the updated Medium-Term Financial Strategy (MTFS) approved at the same meeting. It included details of key underlying assumptions including levels of inflation and pay increases alongside known changes to levies charged in respect of, transport, police and fire services.

Given the significant impact the pandemic had on the Council's financial position, officers continued to update their understanding of the financial impact and ensured members were kept updated as the year progressed. This included identifying the emerging financial pressures and the steps being taken to address any resulting financial gap. The Council's reporting included a consideration of the Council's use of central government grants and the availability of reserves which could be applied to smooth the impact if required.

During the year, the Council reported its Budget Monitoring Report to the Executive on a regular basis, and the Accounts and Audit Committee received the reports three times during the year. We have reviewed a sample of the reports presented to members. These contained appropriate detail of the significant variances against budget and provided an update on the delivery against savings targets. They also contained appropriate information on the delivery of the approved capital programme, including explanations for both over and under spends against the budget profile. Emerging pressures were explained and potential impacts noted.

The Council reported its revenue outturn position for 2022/23 as an underspend of £1.1m although in year monitoring forecasted an overspend for most of the year driven by inflation and pay pressures. This underspend at the year-end was achieved by measures, which included the adoption of an updated Minimum Revenue Provision policy which reduced the revenue expenditure by £4.4m, one-off non-recurrent savings and increased investment income due to higher interest rates. The Council delivered £3.8m of savings and additional income in the year, £1.5m under budget and used £11.4m of reserves in the year.

Arrangements for the identification, management and monitoring of funding gaps and savings

The Council's Medium Term Financial Strategy (MTFS) is a three-year plan which frames the choices the Council needs to make about the services it delivers and how it will deliver them. The MTFS underpins the organisational delivery of the Corporate Plan and helps to ensure decision making gives consideration to the future shape of the Council and its ongoing financial sustainability by setting out the resources available to deliver the Council's priorities.

A key part of the MTFS is to highlight the budget gaps that need to be addressed by the Council in each of the years covered. The Council did this by forecasting the level of available resources and budget pressures, relating to both capital and revenue spending. It also provided information on the adequacy of reserves to support the future delivery of Council services.

The budget cycle commenced in June/July to update the MTFS. Regular workshops were held (August, September, October, December and January) with Corporate Leadership Team (CLT) and Members to present the gap and to develop savings programmes which were to be delivered over the short and medium term. Budget ownership is devolved so managers are engaged early in the process of identifying savings plans. Challenge to the process was provided by the Service Delivery Group (a sub-group of senior managers) and Strategic Finance Managers to ensure it is sufficiently robust. Saving plans were consulted on with the public and scrutinised by relevant Scrutiny Committees. Details of how the budget gap was planned to be closed was presented in the MTFS as part of the draft and final budget reports.

Overall commentary on Financial Sustainability - continued

Although the budget for 2022/23 and the updated MTFS included a series of planned savings and efficiencies, they were not at a sufficient level to avoid the use of reserves to deliver current level of services. The table below outlines the level of savings made and use of reserves to support the budget in 2023/23 and 2023/24. It demonstrates that the use of reserves played a significant role in bridging the funding gap in 2022/23 and 2023/24. Using reserves to bridge funding gaps is unsustainable and exposes the Council to the risk that services cannot continue to be delivered at the current level with the resources available.

	2022/23 (£000)	2023/24 (£000)
Planned saving proposals	5,320	11,760
Savings delivered	3,820	11,730
Planned use of reserves to support budget	11,430	7,400
Actual use of reserves to support budget	11,430	7,400

Arrangements and approach to 2023/24 financial planning and the Medium-Term Financial Strategy

The arrangements for the 2023/24 budget setting process have largely followed the arrangements in place for 2022/23.

The budget for 2023/24 and MTFS for the period 2024/25 to 2025/26 was approved at the 15 February 2023 Council meeting. The MTFS for the period identified a gross budget gap for the three- years, before applying policy choices, of £51.05m of which £24.86m related to 2023/24.

Using the methodology described above, the Council was able to close this gap and to set a balanced budget for 2023/24 at £209.38m. The Council addressed the gap through a combination of the following:

- additional funding of £5.69m from council tax income
- use of reserves of £7.41m
- service savings and income generation of £11.76m .

After the application of the above policy choices a residual budget gap of £17.08m remained of which £6.95m related to 2024/25 and £10.13m to 2025/26. We have reviewed the 2023/24 budget papers and confirmed the budget assumptions are sensible, realistic and properly applied based on the circumstances at the time the budget was set.

The MTFS also referenced a number of other financial challenges and areas of uncertainty. The Council highlights that the funding available to the Council is not sufficient to deliver sustainable services and that if this is not addressed the Council will struggle to deliver meaningful services and achieve a balanced budget. The report also mentions the potential national reset of the business rate retention scheme baseline which is now expected in 2026/27. This has potential to give rise to significant financial turbulence because of the high level of reliance on funding generated through the business rate retention schemes. Furthermore, recent economic uncertainty and potential higher pay awards present risks to the MTFS.

Overall commentary on Financial Sustainability - continued

The outturn for 2023/24 was an underspend of £2.039m as the Council continued to deal with additional demand particularly for child care placements and Children's home to school transport. The effect of this increase demand was largely offset by favourable investment returns due to higher interest rates, an underspend on staff costs due to delays in recruitment and lower than budgeted energy costs.

The 2023/24 budget and MTFS report presented to Council recognises that the use of reserves to balance the budget is unsustainable in the medium term. The Council has limited reserves left to be able to support the budget in the medium term and absorb the impact of financial risks. The table below outlines the residual budget gap over the MTFS period against reserves as outlined in the budget reports. As the table shows, the Council forecasts its 'MTFP Budget Resilience and Change' reserve to be £6.54m by the end of the MTFS period. This reserve is the primary reserve available to support the budget and is insufficient to support the remaining MTFS budget gap of £17.08m. While the Council does have other useable reserves, these are earmarked for specific purposes for example to support strategic priorities and specific risks, and are less likely to be able to support the Council's overall medium-term financial position. Based on the Council's MTFS analysis the continued use of reserves is unsustainable, and further action is required to deliver Council services within the available resources.

	2022/23 budget (£000)	2023/24 budget (£000)
Residual budget gap over MTFS period	18,400	17,080
Available reserves:	**Actual at year end (31/03/23)**	**Estimate- end of MTFS period (31/03/26)**
General fund	9,500	9,500
MTFP Budget Resilience and Change reserve	13,240	6,540
Other earmarked reserves	50,970	24,110

The Council has not addressed the underlying deficit within its budget through its saving and income generation plans, so has relied on the continued use of reserves and one-off measures to balance the budget. This unsustainable use of reserves to bridge the budget gap is evidence of a significant weakness in the Council's arrangements for financial sustainability (how the Council plans to bridge its funding gaps and identify achievable savings).

Based on the above considerations we have identified a significant weakness in the Council's arrangements in relation to financial sustainability.

VFM arrangements Commentary

Governance

How the body ensures that it makes informed decisions and properly manages its risks

Overall commentary on Governance

Risk management and monitoring arrangements

The Council has an established risk management system in place, which is embedded into the governance structure of the organisation. The Accounts and Audit Committee are responsible for ensuring that risk management arrangements are in place and are regularly reviewed to ensure they are working effectively.

Each directorate maintained and updated its own risk register, which fed into the strategic risk register at the organisation level. We have reviewed an example register and confirmed it is sufficiently detailed to allow for effective risk management, with each risk having an assigned risk owner and a risk score based on a probability and impact matrix. Where mitigating actions were identified they were assigned a risk owner and due date to provide accountability and allow for effective oversight of the risk. Each risk register is accompanied by a dashboard providing an 'at-a-glance' view of the risk activities within the function.

The corporate risk register provides the Council's senior leadership team with oversight of the key risks faced by the organisation. Regular updates to it were taken to the Accounts and Audit Committee. From our attendance at these meetings, we have seen Members challenge the scores and key risk management activities to gain assurance about the effectiveness of the arrangements in place.

In order to provide assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud, the Council has a team of internal auditors, led by the Head of Internal Audit and a Counter Fraud and Enforcement Team. The annual Internal Audit plan was agreed with management at the start of the financial year and reviewed by the Accounts and Audit Committee prior to final approval. The 2022/23 Internal Audit plan was approved by the Accounts and Audit Committee on 22 March 2022.

The annual audit plans were based on an assessment of the risks the Council faces and were determined to ensure there was assurance over the overall adequacy and effectiveness of the Council's framework of governance, risk management and internal control. We have reviewed the Internal Audit Plans for 2022/23 and confirmed work is planned on a risk-based approach. The risk rating of each audit area determines the frequency of audit, with key areas such as Financial Systems, Governance, Schools, Other Business Risks being subject to annual audit procedures.

Internal Audit progress reports were presented to each Accounts and Audit Committee meeting including follow up reporting of recommendations not fully implemented by agreed due dates. This allowed the Committee to effectively hold management to account. At the end of the financial year the Head of Internal Audit provided an opinion on the overall adequacy and effectiveness of the Councils framework of governance, risk management and internal control environment.. For 2022/23 the Head of Internal Audit concluded that a reasonable level of assurance can be given that the Council's control environment encompassing internal control, risk management and governance, is operating to a satisfactory standard.

We have attended all Accounts and Audit Committee meetings. Through attendance at these meetings we have confirmed that the committee received regular updates on both internal audit progress and risk management in the form of risk registers. We have seen active member engagement from the audit committee who challenge the papers and reports which they receive from officers, internal audit and external audit.

We have also reviewed meeting minutes from both Council and Executive meetings which evidence an appropriate level of member engagement and challenge.

Overall commentary on Governance- continued

Arrangements for budget setting and budgetary control

The Council has an approved set of budget principles which were used during the budget setting process. The key budget principles are:

- Budget Holders are defined as the Chief Executive, Corporate Directors, Directors, Heads of Service and Strategic Leads, together with any other Officer with the relevant delegated authority to control and monitor budgets. Budget Holders are consulted in the preparation of the budgets for which they are responsible and held accountable;
- Budget Holders are responsible for the day-to-day control of income and expenditure against a set budget for a cost centre, or group of cost centres that make up the area for which they have operational responsibility;
- As part of the monitoring process, Budget Holders must review regularly the effectiveness and operation of revenue budget preparation and ensure that any corrective action is taken.

Saving proposals and/or additional resources (i.e. income generation) were identified by services to support the balancing of the budget. Proposals were consulted on and scrutinised by the Scrutiny Committee prior to Executive approval for inclusion in the budget as part of balancing the budget. Proposals were informed by and aligned to the Council Plan and MTFS. Government announcements linked to the Council's future funding were a key part of the process. This included Government Spending Reviews, national budget announcements and Local Government Finance Settlement announcements. In addition, Executive decided on an appropriate level of Council Tax increase, taking all of the above into account, as well as the impact this has on residents to support the balancing of the Council's budget. We have reviewed the budget assumptions which are appropriate and are consistently applied.

The Council operated within an annual budget allocation, approved when setting the overall budget. To ensure that the Council in total did not overspend, each service was required to manage its own expenditure and income within the budget allocated to it (i.e. controllable budget). For the purposes of budgetary control by Budget Holders, their budget was split into controllable and non-controllable for a service area or cost centre, with the service managers being held accountable for the controllable elements of the budget.

Following approval of the budget, progress against targets were monitored on a regular basis including the preparation of monthly management reports and challenge on key variances to agreed budgets. Reports were taken to CLT and Executives (bi-monthly) and to CLT on high risk monthly. We have reviewed a sample of the finance reports that were prepared throughout 2022/23 which evidence that an appropriate level of detail is included to keep Directors, the CLT and members informed of any actual or potential overspends, including detail on how these areas were being managed.

Budgetary control was a continuous process, enabling the Council to review and adjust its budget targets during the financial year. It also provided the mechanism to call to account managers responsible for defined elements of the budget. By continuously identifying and explaining variances against budgetary targets, the Council was able to identify changes in trends and resource requirements at the earliest opportunity, enabling remedial action to be taken, where necessary.

In addition to the above the Council's Director of Finance & Systems undertook regular reviews of the Council's Reserves Policy. In 2022/23 a key focus of the reserves policy was to mitigate the financial impact of the Covid-19 pandemic and inflationary pressures, and support the resilience of the Council's MTFS and transformation. We have reviewed the Council's reserves policy and confirmed it is based on appropriate assumptions.

Overall commentary on the Governance reporting criteria - continued

Decision making arrangements and control framework

The Council has an established governance structure in place which is set out within its Annual Governance Statement. This is supported by the Council's Corporate Governance Code, the Governance Framework, the Constitution and scheme of delegation.

The Code of Corporate Governance sets out the key principles which the Council is committed to, and which is the framework for the Council to conduct its business. It allocates to key officers' roles and responsibilities in respect of the corporate governance themes. In doing this, the framework sets out clearly the lines of accountability.

The constitution sets out that a decision is defined as a key decision if it is likely to be require expenditure or savings that are significant in the context of the Council's budget or the services provided or if it is likely to have a significant effect on communities living or working in an area comprising of two or more Council wards. Key decisions can be taken by the Executive, and Executive Member or an officer in accordance with the scheme of delegation.

The Council has an agreed Anti-Fraud and Corruption Policy and Strategy, Fraud Response Plan and Whistleblowing Policy . Details of how to report suspected fraud are included in the Council's Statement of Accounts and Annual Governance Statement. We reviewed these documents as part of our audit and confirmed they were consistent with our understanding of the Councils arrangements in place.

The system of internal financial control is based upon a framework of comprehensive financial regulations and procedures set out within the Council's Constitution. A review of The Finance Procedure Rules is undertaken annually as part of the update of the Council's Constitution. Control is based on regular management information, management supervision, and a structure of delegation and accountability. If there are fundamental failures in internal control these are subject to investigation.

Regulator reviews

We reviewed the regulatory reports issued in respect of the Council, including by OFSTED and the Care Quality Commission (CQC).

Trafford's Children's Services function was inspected by Ofsted under the Inspection Local Authority Children's Service Framework in March 2019. The report from this inspection was published in May 2019 and it assessed the Council's service as "inadequate" overall. Ofsted undertook a service reinspection in November 2022, reported in January 2023 and this confirmed the service was no longer rated as inadequate.

Based on the above considerations we are satisfied there is not a significant weakness in the Council's arrangements in relation to governance.

VFM arrangements Commentary

Improving Economy, Efficiency and Effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services

VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on Improving Economy, Efficiency and Effectiveness

Performance management

The Corporate Plan describes the Council's vision and priorities for the Borough. It includes an overview of the strategies which provide the detail of what the Council will do and how it will work with communities and partners to deliver its ambitions for Trafford. During 2022 the Council reviewed its Corporate Plan to ensure it remained appropriate to support recovery from the Covid-19 pandemic. The updated Corporate Plan 2021-2024 focusses on three overarching strategic priorities intended to help the Borough recover being 'Reducing health inequalities', 'Supporting people out of poverty' and 'Addressing our climate crisis'

Performance indicators to support the achievement of strategic priorities have been identified and are included within the Corporate Plan. The plan provides clarity about the specific tasks and performance indicators so all staff know what they have to achieve and how they contribute to the overall aims of the Council.

There was regular reporting of performance against the indicators so that the CLT and Members had a good understanding of how the Council was performing. We have reviewed the Annual performance report and a sample of the quarterly Corporate Plan reports and are satisfied these contain adequate detail to support performance management.

Arrangements for effective partnership working

The Council has a number of partnership and joint venture arrangements in place to support it in delivering services and achieving its priorities.

The Council was part of a pooled budget arrangement, with Trafford Clinical Commissioning Group and worked as part of the wider Greater Manchester health and care system to provide effective and joined up services for local people. Following the change to NHS structures and the move to a Greater Manchester Integrated Care Board, the Council continued to work constructively with the wider "system". In doing so, the Council has engaged positively to support the development of the new integrated care system, and the Council's Chief Executive has been appointed as the Place-Based Lead for the Borough. Governance arrangements for the new system continue to evolve, with the establishment of the Trafford Locality Board, to focus on the Trafford Locality Plan.

The Council has a major strategic partnership with Amey. This has been in place since 2015 when the Council's grounds maintenance, highways and street lighting services, together with some professional services were transferred to Amey as part of the "One Trafford Partnership".

The Council identified Key Performance Indicators for each of the areas within the contract, including minimum acceptable performance levels and target performance levels. Actual performance was monitored and reported on a regular basis in 2022/23. There are contractual mechanisms available to the Council to impose financial penalties where performance falls below acceptable levels and these were used in previous years.

The Council undertook a formal "seven year review" of the Amey contract. Arrangements were in place for reporting back to members throughout the period of the review. Members were informed about and agreed to the changes made to the strategic partnership which included some services coming back into the Council where this was most likely to deliver a better service outcome.

The Council also has a strategic partnership with Trafford Leisure CIC for the provision of services from Council owned facilities. 2022/23 was a challenging year but the Council remained committed to the service and agreed some significant investments in the facilities in line with its leisure strategy. The capital programme was updated and the programme of investment commenced.

The Council has three formal Joint ventures in place to support regeneration activities. These include the redevelopment of the former Kelloggs headquarters site in line with the Civic Quarter Masterplan and the redevelopments of Stretford Mall and Stamford Quarter in line with the Town Centre Masterplan.

As part of the Asset Investment Strategy the Council has an investment portfolio of investment loans, equity investments and investment property. The Council's Asset Investment Strategy is linked to the Council's corporate plan and outlines the investment requirements needed for the Council to be able to make an investment. The investment strategy is reviewed and approved each year by Executive and Council as part of the budget setting process.

Overall commentary on the Improving Economy, Efficiency and Effectiveness reporting criteria – continued

The Investment Management Board is the Council's board that sets the strategic direction and has oversight of the investment strategy. Their responsibilities include the approval of the investment strategy and investment opportunities, performance monitoring, and risk management. This process is supported by an independent external advisor who provide advice on each investment decision and monitoring reports on performance.

The Council has put in place a clear governance framework for overseeing these arrangements. This includes risk and performance management so the Council can be actively engaged in decisions on a timely basis.

Arrangements for commissioning services

The Council is open to considering all options to deliver services. This means it commissions from other organisations where it is appropriate, and where it can achieve the same or better outcomes at reduced cost. The Council actively seeks to commission jointly with other public service agencies where possible.

The Council has a well-developed Procurement Strategy and approach which ensures that it complies with all legal and regulatory requirements as well as achieving best value in procurement processes. A Procurement Policy is in place which is available to all staff via the intranet.

The Council actively seeks partnerships with other local authorities in procurement activities and awards joint contracts where appropriate. The Council is a member of STAR Procurement which is a shared procurement service with Rochdale, Tameside and Stockport Councils. STAR reported back to the Council on a regular basis and we have seen evidence that this approach is delivering financial savings and social value requirements. Other councils are now joining STAR which reflects positively on the work it does.

Based on the above considerations we are satisfied there is not a significant weakness in the Council's arrangements in relation to improving economy, efficiency and effectiveness.

Appendices

A: Draft management representation letter

B: Confirmation of our independence

Appendix A: Draft management representation letter

One St Peter's Square

Manchester

M2 3DE

Xx/xx/xx

Dear Alastair,

Trafford Metropolitan Borough Council - Audit for Year Ended 31 March 2023

This representation letter is provided in connection with your audit of the financial statements of Trafford Metropolitan Borough Council the Council and Group for the year ended 31 March 2023. I note that you intend to intend to issue a disclaimer of opinion in respect of your audit. I understand I am still required to provide the representations set out in this letter so you can complete your audit in accordance with relevant auditing standards.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that I can properly make each of the following representations to you.

My responsibility for the financial statements and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code, as amended by the Code Update and applicable law.

My responsibility to provide and disclose relevant information

I have provided you with:

- access to all information of which I am aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the Council and Group you determined it was necessary to contact in order to obtain audit evidence.

I confirm as s151 officer that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Accounting records

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Council and committee meetings, have been made available to you.

Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Council and Group’s financial position, financial performance and cash flows.

Accounting estimates, including those measured at current and fair value

I confirm that the methods, significant assumptions and the data used by the Council and Group in making the accounting estimates, including those measured at current and fair value, are appropriate to achieve recognition, measurement or disclosure that is in accordance with the applicable financial reporting framework.

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Council and Group have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code, as amended by the Code Update and applicable law.

Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

Council and Group has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

Fraud and error

I acknowledge my responsibility as s151 Officer for the design, implementation and maintenance of internal control to prevent and detect fraud and error and I believe I have appropriately fulfilled those responsibilities.

I have disclosed to you:

- all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Council and Group involving:
  - management and those charged with governance;
  - employees who have significant roles in internal control; and
  - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Council and Group's financial statements communicated by employees, former employees, analysts, regulators or others.

Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the Code, as amended by the Code Update and applicable law.

I have disclosed to you the identity of the Council and Group's related parties and all related party relationships and transactions of which I am aware.

Impairment review

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment and intangible assets below their carrying value at the balance sheet date. An impairment review is therefore not considered necessary.

Charges on assets

All the Council and Group's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

Appendix A: Draft management representation letter

Future commitments

The Council and Group's has no plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Service Concession Arrangements

I am not aware of any material contract variations, payment deductions or additional service charges in 2022/23 in relation to the Council and Group's service concession arrangements that you have not been made aware of.

Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Code, as amended by the Code Update and applicable law, require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Impacts of Russian Forces entering Ukraine

I confirm that I have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the Council and Group, including the impact of mitigation measures and uncertainties, and that the disclosure in the Annual Report and the subsequent events note 8 to the financial statements fairly reflects that assessment.

Covid-19

I confirm that I have carried out an assessment of the potential impact of the Covid-19 Virus pandemic on the business, including the impact of mitigation measures and uncertainties, and that the disclosure in the Annual Report and the subsequent events note 8 to the financial statements fairly reflects that assessment.

Brexit

I confirm that I have carried out an assessment of the impact of the United Kingdom leaving the European Union, including the impact of the Trade and Cooperation Agreement, and that the disclosure in the Annual Report fairly reflects that assessment.

Going concern

To the best of my knowledge there is nothing to indicate that the Council and Group will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Appendix A: Draft management representation letter

Annual Governance Statement

I am satisfied that the Annual Governance Statement (AGS) fairly reflects the Council Group's risk assurance and governance framework and I confirm that I am not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

The disclosures within the Narrative Report fairly reflect my understanding of the Council and Group's financial and operating performance over the period covered by the financial statements.

Arrangements to achieve economy, effectiveness and efficiency in Use of Resources (Value for Money arrangements)

I confirm that I have disclosed to you all findings and correspondence from regulators for previous and ongoing inspections of which I am aware. In addition, I have disclosed to you any other information that would be considered relevant to your work on value for money arrangements.

Yours faithfully,

Graeme Bentley

s151 officer

Appendix B: Confirmation of our independence

As part of our ongoing risk assessment we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We can confirm that no new threats to independence have been identified since issuing the Audit Strategy Memorandum and therefore we remain independent.

Contact

Forvis Mazars

Alastair Newall
Director
Tel: +44 (0)161 238 9243
Alastair.newall@mazars.com

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TRAFFORD COUNCIL

Report to: Accounts & Audit Committee
Date: 21st November 2024
Report for: Decision
Report of: Director of Finance and Systems

Report Title

Approval of the Final Accounts 2022/23 (Accounts 2023)

Summary

The pre-audited 2022/23 accounts were approved by the Director of Finance and Systems on 30th December 2023. They were submitted immediately to the Council's external auditors, Mazars, and placed on deposit for subsequent public inspection for 30 working days.

The backlog in publication of audited accounts within local government has grown significantly in recent years and as a result Government has introduced backstop dates in an attempt to clear the backlog. Amendments to the Accounts and Audit Regulations require the Council to publish its audited 2022/23 financial statements and accompanying information on or before 13 December 2024.

As a result of the backstop arrangements, the Council's external auditor has been unable to complete sufficient audit procedures to enable them to provide an unmodified opinion on the Council's financial statements and a disclaimer of opinion has been issued. When an opinion is disclaimed the auditor does not express an opinion on the financial statements and no assurance is therefore provided on the financial statements.

Due to the backstop arrangements the audit was unable to be completed in the following areas:

- Movement in Reserves Statement (audit started not completed)
- Property, Plant and Equipment (audit started not completed)
- Group accounts (audit not started)

Attached are the redrafted Final Accounts for 2022/23 with any changes made during the audit highlighted.

The following issues have also been identified during the audit and further details can be found in the Audit Completion Report (ACR) 2022/23, Item 5 on this Agenda:

Internal control recommendations (Section 3)

- One recommendation has been identified regarding improvements in internal controls relating to valuation methodology used in PPE which should be actioned in the near future. A management response has been included in the completion report.

Summary of Misstatements (Section 3)

- Two items have been adjusted for due to reclassification however these had no further impact on the accounts and included:
    - Adjustment made to the pension asset and liability to remove the Teacher's unfunded pension liability from the net asset and show it separately on the face of the balance sheet.
    - Adjustment to reclassify service expenditure incorrectly showing in financing and investment expenditure.
- Three items have been identified but not amended and include:
    - Error in the actuary report for the Greater Manchester Pension Fund £2.3m, relating to pension assets; this has impacted all Greater Manchester Authorities.
    - Two extrapolated errors totalling £1.6m in relation to expenditure included in the incorrect financial year.
- A number of "disclosure" amendments have been made to improve readability and to correct typographical errors.

Value for Money conclusion (Section 4)

- The auditor is required to consider whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The auditor has completed their work in respect of the Council's arrangements for the year ended 31 March 2023. Due to the budget pressures the Council faces they have identified one significant weakness in arrangements to deliver financial sustainability and have made an associated recommendation to develop sustainable financial plans. This position is recognised by the Council and work continues to deliver a balanced and robust financial plan. The position is also recognised in the Strategic Risk Register with the highest risk weighting given to this. The Council continues to put in place measures to improve sustainability including:
    - maintaining close control of in year monitoring
    - effective monitoring of in year savings
    - review and mitigate where possible developing pressures
    - generate maximum level of capital receipts
    - identify opportunities for further savings
    - an external assurance review by CIPFA
    - continuing to lobby Central Government to address the level of funding and its distribution across local government.

Recommendation

a) Members are requested to review and note the Accounts as they currently stand.

b) Members are requested to approve the Final Accounts for 2022/23

Contact person for access to background papers and further information:

Name: Nikki Royle, Strategic Finance Manager, Financial Accounting.
Extension: 4333

Background Papers: None

CORPORATE PRIORITIES AND GOVERNANCE CONSIDERATIONS	
The Best Start for our Children and Young People	Non arising out of this report
Healthy and Independent Lives for Everyone	Non arising out of this report
A Thriving Economy and Homes for All	Non arising out of this report
Address the Climate Crisis	Non arising out of this report
Culture, Sport and Heritage for Everyone	Non arising out of this report
Relationship to GM Policy or Strategy Framework	Non arising out of this report
Financial Considerations	Failure to approve the accounts in a proper format would be contrary to the Accounts and Audit Regulations.
Legal Implications:	None arising out of this report
Equality/Diversity Implications	None arising out of this report
Sustainability Implications	None arising out of this report
Resource Implications e.g. Staffing / ICT / Assets	Not applicable
Risk Management Implications	Not applicable
Health & Wellbeing Implications	Not applicable
Health and Safety Implications	Not applicable
Socioeconomic duty Implications	Not applicable

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TRAFFORD COUNCIL

Statement of accounts

2023

Contents

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS:

GROUP ACCOUNTS STATEMENTS:

Narrative Report

This document provides the detail behind the Council's financial performance for the year 1 April 2022 to 31 March 2023.

The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015. The regulations require the accounts to be prepared in accordance with proper accounting practices and these primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom in 2022/23 (the Code) and the Update to the Code and Specifications for Future Codes for Infrastructure Assets (Nov 22), which are supported by International Financial Reporting Standards (IFRS).

The Department for Levelling Up Housing and Communities (DLUHC) introduced the Accounts and Audit (Amendment) Regulations 2021, which changed the statutory audit deadlines for all Local Authorities as a result of the pandemic. The deadline for draft accounts to be presented for public inspection for 2020/21 and 2021/22 was the first 10 working days in August of the year in question with the publication date for the final audited accounts extended from 30 September to the 30 November.

The Accounts and Audit (Amendment) Regulations 2022 came into force on 22 July 2022 and reinstated the date by which draft accounts are required for public inspection to the first 10 working days of June and brought forward the date for final completion from 30 November to 30 September.

However, due to national challenges impacting on the completion of Local Authority audits, the publication and audit of the 2022/23 Accounts have not been completed in accordance with the deadline.

The Council's External Auditor Mazars LLP kept the Accounts and Audit Committee updated on reasons for the delay in completing the 2021/22 audit, which was largely due to sector wide technical accounting issues relating to the valuation of infrastructure assets (roads, bridges etc). A temporary resolution was reached in December 2022 with the introduction of a statutory override which applied to the Accounts for 2021/22 and the accounting periods to 31 March 2025.

The Council's 2021/22 financial statements have been updated to incorporate the relevant changes and the 2022/23 accounts have also been prepared to comply with the requirements of the statutory override. The second issue for the delay has two elements, one national issue and one local, which relate to the valuation of pension fund assets. This involves the Greater Manchester Pension Fund (GMPF) which administers the Local Government Pension Scheme for Trafford and the other Councils in Greater Manchester. Guidance was issued in June 2023 and an up to date GMPF valuation was provided which was subsequently reflected in the 2021/22 accounts and allowed the audit for 2021/22 to be completed. The audit was completed for the Statement of Accounts 2021/22 on the 15 November 2023 and these can be found on the council's website.

The above issues have consequently delayed the production of the draft statements for 2022/23 and public inspection will now commence on 30 November (update when known) for ten working days.

In complying with the requirements and standards of the Chartered Institute of Public Finance and Accountancy (CIPFA) in preparing the accounts, they aim to provide all stakeholders including partners, elected councillors and residents of the Borough and other interested parties with an understanding of the financial position of the Council in 2022/23, confidence that public money has been accounted for correctly and that the financial position of the Council is robust.

This Narrative Report provides information about Trafford, its objectives and achievements whilst also providing a summary of the financial position at 31 March 2023 and key issues that have affected the accounts during the year.

Trafford the Borough

Trafford Council is one of ten local authorities in Greater Manchester and covers an area of approximately 40 square miles to the south-west of the region.

Trafford has a robust economy with approximately 14,000 businesses, ranging from cutting edge digital and creative companies to advanced manufacturing and green technology. The 235,100 strong population is one of the most highly skilled and educated in the North West of England with those qualified at NVQ4 and above being significantly higher compared to the North West Average. The population is projected to increase by around 8.3% to 254,500 by 2040. Reflecting the national trend, the highest rates of population growth will be seen within the older age groups. The number of people aged 65 and over is projected to increase by 29%, whilst those aged 85 and over will increase by 44% bringing even greater challenges to the health and social care system; it is these older groups who are most likely to need support from these services.

Trafford has a significant number of visitors per year, mainly due to the prestigious attractions that reside here including the Trafford Centre, one of the largest indoor shopping centres in the UK and visited by over 40 million people per year. Trafford Wharfside is a leading visitor destination, home to Manchester United FC, Lancashire County Cricket Club, Coronation Street and the award winning Imperial War Museum North.

The Council's Corporate Plan (see later for details) is a prime document setting out the Council's strategic vision, outcomes and priorities for the borough, with the focus being centred around three key outcomes of Reducing Health Inequalities, Support People out of Poverty and Addressing our Climate Crisis.

Some of the key achievements worthy of note during the year are:

On Reducing Health Inequalities

We commissioned our young people's substance misuse provider to deliver an under-18 alcohol outreach and prevention service which includes street-based outreach and drop-in sessions in targeted areas so more young people are aware of harm reduction support and of the specialist support services available.

We continued to work closely with our health partners including NHS Greater Manchester Integrated Care Board to achieve tangible improvements in this area, this included working with the Centre for Mental Health to understand better how we can tackle mental health inequalities in Trafford. This has enabled us to take a system wide approach and map ways to intervene in the system to reduce mental health inequalities.

Trafford was successfully awarded £82k to provide a mobile health unit for the next two years. The funding will enable the Council to provide a mobile outreach service to those recognised as homeless, as well as rough sleepers and will be based around providing medical and health advice remotely.

The Council handed over the centre on Moss Lane, Partington, to the Greater Manchester Youth Federation for use as a local youth centre.

Developing leisure centres - to improve health and wellbeing opportunities - Trafford Council was successful in securing £18m for the redevelopment of Partington Sports Village.

Falls prevention service - provided by Age UK Trafford and Trafford Leisure is supporting older people at risk of falling to improve their strength and balance through specialist classes.

Stop smoking - working with Trading Standards to reduce the prevalence of vapes being sold locally to young people, as well as Limelight to explore support options to those in sheltered accommodation who smoke and with schools to offer stop smoking education sessions in schools.

On Supporting People Out of Poverty

By providing the necessary skills, opportunities, information and advice we will work with partners to give people the choices and power to make best use of their income and prevent and reduce poverty. The Trafford Poverty Action Group is working in partnership to help coordinate activity and make the borough a place where no-one is marginalised or discriminated against due to their financial or material circumstances. In 2022/23, the Trafford Poverty Truth Commission continued with the aim of bringing groups together to bring about the change that will impact positively on the lives of those living in poverty in the borough. In April 2023 the Poverty Truth Commission published a report with recommendations which will inform the review of the Trafford Poverty Strategy 2022/2025.

Key Achievements during the year included:

- **Real Living Wage** – formal application to become Real Living Wage Accredited was submitted which would cover RLW for contracts with a combined value of £10m.
- **Council Tax Support Schemes** - helped approximately 13,400 people on low income and was extended in 2023/24 such that 80% of the group will not have any council tax to pay.
- **Trafford Assist Scheme** - administering support in excess of £3.2m from the Household Support Fund.
- **1,393 fuel grants** were made in Trafford in January 2023. The average fuel grants made in the previous six months was 733 per month.
- **Free School Meals** - provision of support to families during school holidays.

- **3,000 Winter Wellbeing packs** - issued to Trafford's most vulnerable residents to help them get through the winter and cost-of-living crisis. Delivered 1,000 packs to residents and 2,000 via Trafford Community Hubs and charity partners including the British Red Cross.
- The cost-of-living crisis made our commitment to raise people out of poverty particularly relevant. To that end, we worked with partners to set up 50 Warm Spaces so that residents struggling to heat their homes could keep warm.

Housing Options Service Trafford (HOST) has helped to prevent 347 households from becoming homeless in 2022/23 whilst also providing housing advice to 81,908 households/individuals which is an increase of 10,142 from the previous year.

Trafford has seen 977 new build homes developed in 2022/23 with 266 units receiving planning permission.

On climate change

Being in lockdown showed just how important our local environment, green spaces and parks are for our physical health, our mental health and wellbeing. The Trafford Climate Change and Clean Air Commission is working in partnership to enable more residents to be environmentally responsible in their daily lives and encouraging our workforce and partners to adopt more measures which will reduce our impact on the environment and help towards our carbon reduction targets.

We are continuing to make progress with measures that will support the borough as well as reducing our own operational carbon footprint - putting us on a pathway to carbon neutrality by 2038. In doing so, we will help to improve the health and wellbeing of our communities, our environment and our economy. The impact of climate change affects us all but the most disadvantaged communities are often those that are most vulnerable and most severely impacted.

Our commitment to address the climate crisis saw us lead on a number of strategic activities to help reduce carbon emissions. This included completion of feasibility studies for a Net Zero Trafford Park and a delivery plan is now being developed and a Local Area Energy Plan which sets out a high-level blueprint for transforming the borough towards Net Zero.

Making Your Home Better - 'Willing to Pay' Home Energy Improvements scheme was launched during the year and in addition Be.EV Electric Vehicle charging infrastructure has seen 17 charge points installed with a further 30 planned in 2023.

We are part way through the redevelopment of Altrincham Leisure Centre which includes a focus on fully decarbonising the existing building through the removal of all gas services alongside the installation of photovoltaic panels and air source heat pumps as well as heat recovery on air systems.

Town Centres

Our plans for the redevelopment of our town centres are progressing well, and Trafford Council and our development partners, Bruntwood, were excited to announce that work has started on site to deliver the transformation of Stretford's King Street - the first phase of the wider Stretford Masterplan. The proposals include reinstating the historic King Street as a vibrant high street, where existing businesses will be joined by new shops, cafes and bars, including independent and well known brands. A new covered market hall is also planned, which will provide a home for retailers and eateries, bar areas and outdoor seating to boost the local evening economy.

Children's Services

Children's services in Trafford are no longer rated 'inadequate' by Ofsted following an inspection in December 2022 by the regulator. The inspection found an overall 'improvement in the quality of social work in Trafford' with 'significant political and corporate support and commitment to the improvement of outcomes for children and young people in Trafford'.

Trafford Council the Organisation

Trafford is made up of 21 wards each comprising of three councillors with a political make up at the start of 2023/24 as follows:-

- 39 Labour
- 13 Conservative
- 5 Liberal Democrats

- 4 Green Party
- 1 Independent
- 1 Vacancy

The Council's political structure is that of a Leader and Executive model, with the Leader of the Council having responsibility for Members of the Executive, the allocation of portfolios and the delegation of executive functions. A system of scrutiny also exists to hold Members to account.

The management structure, headed by the Corporate Leadership Team was last reviewed in April 2022 following the retirement of the Corporate Director of Governance and Community Strategy; (Monitoring Officer). The post was replaced by the Director of Legal and Governance (Monitoring Officer) and some responsibilities were transferred to the Deputy Chief Executive and Corporate Director, Strategy and Resources. The current senior management structure comprises the Chief Executive (the Head of the Paid service), a Deputy Chief Executive and three corporate directors and two directors

- Deputy Chief Executive and Corporate Director, Strategy and Resources
- Corporate Director, Place
- Corporate Director, Children's Services
- Corporate Director, Adults & Wellbeing
- Director of Legal & Governance (Monitoring Officer)
- Director of Finance and Systems (S151 officer)

Trafford is one of the lowest spending councils in the UK and is proud to be delivering effective high quality services through both direct service delivery and effective partnership working.

The Council provides a broad range of services including schools, children's and adult's social care provision, economic regeneration, environmental and highway services and leisure and cultural services. A number of different delivery vehicles are used to supply some council services for example leisure centres are run by Trafford Leisure, a wholly owned Community Interest Company, some services are delivered through collaborative working, e.g. a shared service for the delivery of some back-office functions whilst others are contracted out to external providers for example waste collection, street cleansing and highway maintenance.

As at April 2022 the Council employed 1,933 full time equivalent staff (excluding school based staff); this figure stayed the same at 31 March 2023. Employee health and well-being is a key priority and during the year the Employee Health and Wellbeing Strategy organised numerous on-line events to support workforce wellbeing and work life balance. Performance and development reviews and an appropriate range of blended learning and development opportunities supported our staff to undertake their roles throughout the year.

The Corporate Plan

At the heart of the Council's vision, as set out in The Corporate Plan, is a common cause and long term vision to make Trafford a better borough; **"a place where all our residents, communities & businesses prosper"**.

The corporate plan, "Our Trafford, Our Future" describes Trafford Council's strategic vision, outcomes and priorities for the borough, with the priorities being key to its delivery. It includes an overview of what the council will do and how we will work with our residents, communities, businesses and other partners to deliver change to Trafford in line with these commitments.

As an overarching plan, it will shape activity within the council, help prioritise resources and assist our financial planning. Importantly, the success of the plan can be monitored through target setting and outcomes that can be measured.

It is also intended as a guide for our partner organisations to help identify shared objectives so we can work together more effectively to achieve far more for Trafford than we ever could working alone.

Through our vision we will meet the opportunities and challenges that lie ahead and work together to deliver for our residents, communities, businesses and partners.

To achieve this we are focused on three outcomes:

1. All our residents will have access to quality learning, training and jobs

2. All our communities will be happy, healthy and safe

3. All our businesses and town centres will be supported to recover and flourish in an inclusive way

This focus on outcomes, rather than just on the services we provide, will help the Council and our partners work together towards shared goals, rather than as individual service providers.

We will focus on three priorities to help us achieve these outcomes, these priorities set out our ambitions for our people, place and communities.

The refreshed priorities for 2021-2024 are described as 'better health, better jobs, greener future' as outlined below:

1. **Reducing Health Inequalities**
   - *Working with people, communities, and partners, particularly in deprived areas, to improve the physical and mental health of our residents.*
2. **Supporting people out of poverty**
   - *Tackling the root causes to prevent people from falling into poverty and raising people out of it.*
3. **Addressing our Climate Crisis**
   - *Leading the way in our region's response, reducing our carbon footprint and tackling the impact of climate change.*

To deliver on the plan it is also necessary to develop the way we work, given the years of austerity that the Council has been through, and we continue to improve the way services are delivered by thinking differently and fundamentally reshaping the Council and its services. There is a need to work smarter, make use of digital technology and collaborate with partners where it can. The Council takes a leading role in shaping how joined up services across the sector can best support the local area and people and is continuously shaping our culture, practices, processes and business models to respond to people's changing needs and expectations.

We continue to hold focus groups, workshops and create opportunities for discussions with staff and partners to input to and help determine the change projects that will be delivered so that the way services are delivered meets the needs of a modern Trafford.

Progress against the Corporate Plan is reported on a quarterly basis to the Executive and the Corporate Leadership Team and an Annual Report is presented to Executive which summarises key achievements during the year.

Key performance indicators monitor outcomes related to the three priorities and also include some general performance indicators for council services. The indicators cover a number of economic, social and environmental measures including, but not limited to, housing completions, affordable housing, healthy life expectancy, apprenticeships, waste/recycling, residential/nursing care, homelessness, planning applications and council tax collected.

The Annual report for 2022/23 is now available on our website at Report (trafford.gov.uk).

Risk Management and Opportunities

The Council's corporate approach to risk management ensures that we have robust processes in place to support the delivery of our strategic goals. Ongoing risk management is undertaken to identify the risks that could affect the delivery of key priorities and objectives, determining appropriate ways of mitigating the risk. A Strategic Risk Register (SRR), which articulates the risk, quantifies its likelihood and potential impact, names the responsible officer who owns the risk, and articulates how the risk is managed and any mitigating actions.

The SRR is updated on a quarterly basis and was considered by the Accounts and Audit Committee at their meeting held on 14th March 2023 for the 2022/23 financial year. By the end of 2022/23 there were 16 risks which was an increase of one from 2021/22, covering a risk associated with statutory inspections across the Council primarily because of the major statutory reforms around adult social care charging. One risk was also revised in terms of its description to reflect the cost of living crisis with the change in risk heading from "Economic Impact of Brexit and COVID-19" to "Economic Uncertainty".

Risk levels were reduced in four areas, the most significant in relation to Business Continuity, the delivery of services/savings through a partnership with Amey, reflecting developments during the year and the Medium-Term Financial Plan, which although still considered a high risk, was lowered slightly to reflect the additional resource directed towards social care during the 2023/24 settlement.

The key issues with the greatest impact that will affect the operational and financial environment of the Council are:

- The continuing uncertainty regarding the Council's medium term financial position – this risk represents one of the highest for the Council and represents financial uncertainty arising from issues regarding the uncertainty about future levels of Government support including possible changes to the grant funding regime, financial pressures caused by the escalating levels of inflation, wider economic uncertainty and fallout from the pandemic and Brexit. The resilience of the Council will be stretched over the medium term because of its relatively low level of reserves to support the financial consequences of these events and the uncertainty surrounding the Government review of local government financing including business rates, fairer funding and social care.
- The impact of climate change is considered to have a very high likelihood, in that all available indicators suggest that climate change is already occurring and will, if anything, become more prominent. The consequence of climate change could give rise to unpredictable and severe weather events – and events that occur with increasing regularity. These will in turn have significant impacts on our environment, economy and society which are wide ranging and cross cutting in character. The Council has prepared a Carbon Neutral Action Plan as a means of establishing actions to reduce emissions in Trafford. These will contribute to wider Low Carbon targets across Greater Manchester. Work has been ongoing on two studies for the greening of Trafford Park, the first phase of feasibility on the Civic Quarter Heat Network has been completed along with a programme of active travel schemes.
- The appropriate handling of personal/sensitive and commercial data to comply with legal and regulatory requirements, avoid reputational and financial damage has been highlighted as a significant risk. Existing controls focus on reviewing physical storage, retention of electronic records, investment in digital technology, staff training and awareness and focused recruitment to address backlogs in SAR and FOI requests.
- Children's Service demand - In many planning areas schools are operating to full capacity. School Places and Capital Group and Place Shaping Board have oversight of school place planning and school expansion projects and key activities to mitigate risk are being actioned. This includes new permanent capacity being brought on stream through the capital programme. Data on forecast demand continues to be updated reviewing most recent GP data, planned housing developments and links with DfE Place Planning Teams to monitor impact of inbound migration.
- Leisure Services - The provision of Leisure services operated by Trafford Leisure Community Interest Company has been challenging over the last number of years, initially due to the prolonged closures due to the pandemic and more recently the energy crisis and the knock on impact on trading caused by the major refurbishment programme of several buildings. The revenue budget approved by Council in February 2022 included support to Trafford Leisure (CIC), for a full range of leisure provision for 2022/23 and over the medium term. This also includes the identification and funding of revenue costs to support business disruption during the leisure centre refurbishment programme. To mitigate the financial risk, the Council is working to reduce the ongoing subsidisation of Trafford Leisure through a revised Operating Agreement between Trafford Leisure and the Council. The revised operating agreement will ensure the necessary governance and reporting mechanisms are in place including, legal and financial agreements, property leases and service standards.
- Economic Uncertainty – The uncertainty regarding the fragile state of the wider economy and impact this can have on the wider business community and communities is recognised as a major risk in progressing the three new corporate policy themes. As such there has been a requirement to amend the Inclusive Economy and Recovery Plan to reflect the new Corporate Priorities. The new Plan maintains the Council's commitment to support businesses to grow and for communities to develop and become resilient. The new Plan has a strong focus on addressing the causes and effects of poverty on residents and seeks to strengthen support for the VCFSE Sector in their support for the most vulnerable residents. As part of supporting businesses within the borough, a bid has been made under the UK Shared Prosperity Fund Communities and Place Intervention this will enable a range of projects to be delivered within Trafford that support both businesses and communities during the cost of living crisis.

Governance

Each year the Council prepares an Annual Governance Statement which is approved annually at the same time as these Accounts and is available on the Council's website. The Annual Governance Statement sets out how the Authority has complied with the systems and processes, culture and values in the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' and also how it meets the Accounts and Audit Regulations.

The effectiveness of the Governance Framework is also required to be undertaken on an annual basis. The review is informed by the work of the Council's executive managers, the Head of Internal Audit's annual report, by the external auditor's comments, and the results of reviews and inspections. The Accounts and Audit Committee approved the Governance Statement at their meeting on 27 September 2023.

The governance framework comprises the systems and processes, culture and values by which the Authority is directed and controlled. The framework covers the Council's activities through which; it is accountable to, engages with, and leads its communities. It also enables the Authority to monitor performance against strategic objectives and evaluate whether those objectives are fit for purpose.

The 2022/23 municipal year has seen great changes in leadership nationally with the passing of Her Majesty Queen Elizabeth II. In addition to this national change Trafford went through a local change in leadership following the election of Andrew Western as Member of Parliament. Councillor Tom Ross was appointed as Leader by full Council in January 2023.

There were also large changes in leadership within the local health system with the dissolution of Trafford CCG and the creation of the Integrated Care System. This transition saw Trafford Council's Chief Executive Sara Todd named as the Place Based Lead for the Trafford Locality which will greatly strengthen the relationships between the leadership of the Council and its partners within the health service.

The year saw a large amount of work around leisure services across Trafford come to fruition. This work included the successful award of levelling up funding for the refurbishment of Partington Sports Village, the approval to move forward with consultation to implement a new operating model for tennis courts in parks, the adoption of the Council's strategy for Physical Activity called "Trafford Moving", and the approval of the new Walking, Wheeling, and Cycling Strategy.

Trafford Finances have continued to present a challenge for the whole Council. In addition to the usual budgeted pressures, during 2022/23 the Council faced nearly £6m of unbudgeted pressures caused mainly by the impacts of inflation and rising demand. Through vacancy and Treasury management those additional pressures were able to be subsumed within the Council's 2022/23 budget with minimal impact upon service delivery.

The Annual Governance Statement saw the removal of the Ofsted report from the significant governance issues for the first time since Trafford Council was found to be inadequate in May 2019. The Council had a full inspection by Ofsted in December 2022 and received a grade of "Requires improvement to be good", which shows significant improvement achieved within the service since 2019, but also shows that the Council has work to do to achieve its ambition of being outstanding.

The Budget Process 2022/23

On 16 February 2022 the Executive recommended the Council approve an overall net revenue budget of £192.57m. When preparing the Council's Medium Term Financial Strategy (MTFS) the Council makes provisional spending plans for future financial years ensuring these are balanced against the expected funding from Government, Council Tax payers and Business Rate payers. The MTFS is a three year incremental process that builds on the work and achievements of previous years, taking into account demographic, legislative and other pressures; mitigated by a series of savings proposals to ensure a balanced budget can be achieved in the coming year, and that there is financial sustainability for future years. To meet the needs of the community, the budget is divided into a number of key service areas as shown in Table 2 below.

In determining the budget for 2022/23 an overall budget gap of £20.14m was addressed by a combination of additional funding from Council Tax of £3.39m, use of reserves of £11.43m and £5.32m of service savings and additional income. This means that since 2010 the Council has addressed an overall budget gap over the period of £263m.

There was a 1.99% increase in Council Tax in April 2022 for Trafford services and a 1% increase was made in respect of the adult social care precept specifically to support adult social care costs. This increased the Band

D Council Tax to £1,453.01. Band D Council Tax increased to £1,784.26 when precepts for the GMCA Mayoral Police and Crime Commissioner and GMCA Mayoral General Precept (including Fire Services) are added; ensuring Trafford had one of the lowest council tax levels in the country.

At the time of setting the budget for 2022/23 the overall gross budget gap for the next three years stood at £38.59m taking into account rising demand for adult and children's social care services and updated funding announcements.

The major factors contributing to the future budget shortfall continue to be the anticipated reductions in central government funding coupled with a reset of the business rate baselines and cost pressures which include demographic pressures in social care, national living wage and the continuing high levels of inflationary pressures. In addition, the downturn in the aviation sector, initially triggered by the pandemic and subsequently compounded by uncertainty in the wider economy has resulted in a significant loss of dividend income from investments in Manchester Airport Holdings.

The Council has successfully delivered a balanced budget in previous years by prioritising an approach of growth in new funding and income streams which have reduced the requirement to make savings through reshaping services. Local income sources from council tax and retained business rates have remained relatively buoyant despite the pandemic and cost of living crisis and have helped to support the budget in recent years through a continued focus on economic regeneration. This approach will be a key component of our budget strategy in future years. Despite this the future requirement to make savings remains a major issue particularly in the context of the savings made since 2010. As a consequence the continuing uncertainty regarding the Council's medium term financial position remains a key risk within the Council's strategic risk register.

Overall Performance

This section provides details on the:-

a) Performance Monitoring

b) The management accounts position

c) The statutory accounts

Performance Monitoring

There are many wide-ranging and existing strategies and programmes of work underpinning the Corporate Plan and strategic priorities and all of these work together to deliver for the benefit of the residents and businesses of Trafford. The Council's Corporate Plan focuses on Reducing Health Inequalities, Supporting People out of Poverty and Addressing Our Climate Crisis. Work was also continued on the delivery of a number of other key areas including the Inclusive Economic Recovery Plan, Equalities Strategy, Carbon Neutral Action Plan, Economic Growth Framework, Poverty Strategy, and Trafford Locality Plan amongst others.

Each of the three strategic priorities has a number of key performance indicators (KPIs) with annual and/or quarterly targets which are monitored and reported, using performance dashboards at a service directorate and council priority level, some examples are given below in Table 1. In addition, Council Service metrics are also included in the regular reports, as although they are not included in the priorities, they provide a performance update for a range of services the Council provides.

Table 1

Priority Area	**Sample Measure**
Reducing Health Inequalities	Reduce the under 75 mortality rate from causes considered preventable (per 100,000 population)
	Reduce the proportion of five-year-old children with experience of visually obvious dental decay
Supporting People Out of Poverty	Number of people prevented from becoming homeless
	Reduce % of households fuel poverty levels
Addressing Our Climate Crisis	Percentage of household waste which is collected for recycling
	Reduce Corporate CO2 emissions (tonnes)
General Council Services	Number of Libraries loans (physical)
	Percentage of council tax collected
	Maintain rate of admissions to permanent residential nursing in over 65+

Performance is monitored by individual service directorates, the Corporate Leadership Team, Executive Members and Scrutiny Committee.

Any performance concerns are shared by Corporate Directors with Executive Members and where necessary a detailed improvement plan is put in place to address these.

A red-amber-green (RAG) direction of travel rating is provided to give an indication of whether performance is improving or declining based on the target although some indicators do not have a target (for example, due to being a new indicator developed under the new Corporate Plan outcomes) and therefore have no target RAG rating. Similarly, some of our indicators are new and we do not have any previous data to compare our performance to or it is not appropriate to compare to previous data.

There are 39 key performance indicators, and many continue to be effected by the ongoing effects of COVID-19. For some indicators benchmarking or comparisons with the previous year is difficult. For some indicators factors outside of Trafford's control have had an impact on current performance. For example, the ongoing effect from the rising cost of living cannot be directly influenced by organisations in Trafford and this will impact on measures such as the reduction in fuel poverty.

In addition to the measurable outcomes, the Council has incorporated case studies in its performance reports showing how the outcomes of the Corporate Plan are making a real difference to resident's lives. An example of which includes Supporting People out of Poverty which outlines the work of the Poverty Truth Commission and highlights how the community hubs have provided support on energy costs and food.

Of the key performance indicators, the majority were met to a satisfactory level, however as mentioned above the impact of the pandemic continues to impact on targets such as a shortfall in the number of housing completions caused by delays on site. There are however good examples where Trafford has maintained a good standard of performance, such as increase in recycling rates for the year and the percentage take-up of funded childcare for two year olds, where Trafford ranks 1st nationally.

Full details of the quarterly reports can be found on the Council's website. An interactive dashboard of the three corporate priorities and associated targets is also available and can be accessed on the Trafford Data Lab website: https://trafforddatalab.shinyapps.io/corporate-plan/

Performance against budget

The Council's net service revenue expenditure was £191.516m a saving of £1.056m against budget. However, the Council's net revenue funding budget of £191.572m was £1.0m less than budget, giving a net Revenue outturn saving of £56k; a specific report on the draft outturn position is available on the Council's web site, which contains more details on the financial performance against budget.

It is fair to say that projecting the financial outturn during the year was challenging with the implications of the pandemic giving way to the uncertainty in the economy from the conflict within Ukraine and the continuing high levels of inflation. The additional pressures caused by inflation during 2022/23 at £5.89m were significantly higher than the provisions included in the approved budget, largely due to the impact of the higher pay award and energy costs. A review of the Council's policy relating to debt repayments, which was initially proposed as a budget saving for 2023/24, and agreed at the February 2023 Budget Council, was also applied in 2022/23 and released a significant benefit which helped to offset the burden of higher inflation. Further details of major movements are detailed below.

The revenue outturn against budget is summarised in Table 2 and a reconciliation between the revenue outturn (also known as the management accounts) and the statutory accounts is shown in a later section.

Table 2

Revenue Budget	Budget £m	Actual Exp. £m	Variance £m	%
Children's Services	44.978	46.074	1.096	2.44%
Adult Services (excl. Public Health)	57.485	56.688	(0.797)	(1.39)%
Public Health	12.918	12.414	(0.504)	(3.90)%
Place	31.317	34.674	3.357	10.72%
Strategy and Resources	9.715	9.050	(0.665)	(6.85)%
Finance & Systems	8.482	8.340	(0.142)	(1.67)%
Legal and Governance	2.724	3.003	0.279	10.24%
Directorate Budgets	**167.619**	**170.243**	**2.624**	**1.57%**
Council-wide Budgets	24.953	21.273	(3.680)	(14.75)%
Net Service Expenditure Outturn	**192.572**	**191.516**	**(1.056)**	**(0.55)%**
Financed by:				
Business Rates	(68.540)	(67.540)	1.000	1.46%
Council Tax	(112.601)	(112.601)	-	
Collection Fund Surplus	(4.334)	(4.334)	-	
Reserves	(7.097)	(7.097)	-	
Funding variance	**(192.572)**	**(191.572)**	**1.000**	**0.52%**
Net Revenue Outturn	**-**	**(0.056)**	**(0.056)**	**(0.03%)**

With regard to the net outturn position, the following issues are worthy of being highlighted:-

Favourable Outturn Movements

- **Treasury Management – a favourable outturn of £6.97m** resulted from a favourable £4.38m from a revision to the Minimum Revenue Provision (MRP) policy as agreed at 15th February 2023 Council and from higher than expected returns on short-term investments due to increase in interest rates which resulted in a favourable £2.7m above budget. A contribution has been made towards the Interest Rate Smoothing Reserve of £500k to absorb a potential increase in borrowing costs over the short-term.
- **Staffing budgets** across all service areas have **underspent by £3.22m**. This is an area of significant underspend, largely due to difficulties in recruitment and the management controls introduced in the year.
- **COVID-19 contingency** - The balance of the centrally held COVID-19 contingency budget of **£1.50m was not required** during the year.
- **Release of Remaining General Contingency of £1.67m and bolstering Finance and Systems Reserve –** An unused contingency balance of £1.67m was released at year end. This one off amount has been redirected towards the Finance and Systems Reserve to be utilised towards the impending upgrade or replacement of our core finance system.
- **Historic Enhanced Pension and Review of Provisions – a favourable outturn of £429k** related to a year-end review of provisions and enhanced pension costs. It is likely that these areas will deliver recurrent savings and will be reflected in our budget plans for 2024/25.
- **Additional Grants** – Expenditure has been charged up to additional grants rather than base budget relating to the Hospital Discharge Programme and Ukrainian Refugee Support, **a favourable movement at year end of £620k.**

Adverse Outturn Movements

- **Inflation – total adverse pressure of £5.89m during the year (£1.28m Place and £4.6m Council Wide) –** local government pay award for 2022/23 £3.11m above budget (Council Wide), plus £1.28m for energy (Place). The Inflation Risk Reserve was increased by £1.5 m (Council Wide) in order to help smooth the impact of the pressure caused by the 2023/24 pay award.
- **Strategic Investment Programme** – The Strategic Investment Property Portfolio has delivered a net benefit to the revenue budget in 2022/23 of £5.72m. This is **£1.50m lower** than budget due to economic factors affecting some of the income particularly from the town centre investments.
- **Home to School Transport** pressures have increased **to £1.408m** due to the continued increase in demand in passenger numbers, additional costs for fuel and complexity of cases.
- **Children's placements** - **£701k** overspend due to an increase in the number and complexity of cases. Savings of £1.36m included in the budget have been achieved in full.
- **Other net adverse movements** of **£1.76m across all areas** (£1.32m Service areas £432k Council Wide). This includes pressure on delivery of some aspects of the savings programme from 2021/22 of £200k relating to estates and business rate reviews, shortfalls in income from parking £230k and pressure relating to Housing Benefit subsidy £530k.
- **Funding -** Pressures relating to funding of £1.0m were largely related to uncertainty in rates income due to delays in major retail refurbishments at the Trafford Centre.

Reserves

The total balance of earmarked reserves reduced from a balance of £154.12m to £99.64m and consisted of the following group balances:-

Usable Reserves	Opening Balance 1/4/2022 £m	Closing Balance 31/03/2023 £m	Change £m
Budget Support Reserve	11.65	13.51	1.86
Smoothing and Business Risk	18.85	21.94	3.09
Strategic Priority	11.60	10.77	(0.83)
Corporate	1.00	1.88	0.88
Corporate - General Reserve	9.50	9.50	0.00
Service Area Priorities	16.49	16.38	(0.11)
Earmarked Reserves (exc COVID-19)	**69.09**	**73.98**	**4.89**
COVID-19 Accounting Reserves	48.14	(8.41)	(56.55)
Capital Related Reserves	22.65	22.46	(0.19)
School Related Reserves	14.30	13.09	(1.21)
Total Usable Reserves	**154.18**	**101.12**	**(53.06)**

A full review of all reserves was completed as part of the 2023/2024 budget preparations and was reported in detail in the final budget report presented to Council in February 2023.

The year end close down provides an opportunity for a further review of reserves to address evolving pressures and issues since the final budget report was agreed. As previously mentioned, the headline rate of inflation poses a significant risk for the Council. As such the Council has utilised the favourable outturn to bolster the Inflation Risk Reserve by £1.5m and also the Finance and Systems Reserve by £1.75m for replacement of the core finance system which will be due a major upgrade or full replacement in the near future.

Usable reserves, excluding COVID-19, have increased from a balance brought forward of £69.09m to £73.98m at year end. The table above shows the movements by category with details of all reserve movements shown in Note 10.

The key movements of £4.89m include contributions to Reserves of £13.82m and contributions from Reserves of £8.93m.

Contributions to Reserves of £13.82m includes :-

- **£5.74m** to the Budget Support Reserve of benefit from prior years Business Rates and Council Tax surpluses which will be released to support our budget plans
- **£1.75m** to the Finance and Systems Reserve for replacement of the core finance system which will be due a major upgrade or full replacement in the near future
- **£1.5m** to the Inflation Risk Reserve to cover potential costs of higher inflation (23/24 pay award)
- **£0.96m** to Budget Support Reserve from surplus reserves from Greater Manchester Combined Authority
- **£0.54m** to the Interest Rate Smoothing Reserve to cover potential higher borrowing costs over the medium term
- **£0.73m** to the Leisure Centre Risk Reserve representing the underspend in 2022/23 carried forward to support trading over the medium term as the leisure investment programme progresses
- **£1.29m** related to major long term project budgets crossing the financial year end eg Homelessness Prevention, Homes for Ukraine, held within the Economic Development Reserve, Earmarked Service Reserves and Housing Benefit Risk Reserve

- **£1.0m** to replenish Reserves as planned following COVID-19 (£0.5m Budget Support and £0.5m Council Tax Risk)
- **£0.06m** Favourable Outturn to Budget Support Reserve
- Other movements **£0.25m**

Contributions from reserves of £8.93m includes :-

- **£4.33m** from Budget Support Reserve to support the budget as planned. (note a further £7.1m has been drawn down from the COVID-19 General Reserve for budget support as planned)
- **£0.59m** from the Budget Support Reserve to support Transformation and Change activities
- **£0.50m** net draw down from the Business Rate Risk Reserve to smooth the impact of timing differences from the receipt of income
- **£1.30m** from the Strategic Investment Programme Reserve to smooth a shortfall in income caused by adverse trading conditions
- **£2.09m** from the Hospital Discharge and Adults Service Earmarked Reserves to support spending plans in these areas

Transfers within Reserves (neutral impact for info only)

- **£0.40m** transfers to Budget Support Reserve from various earmarked reserves following review during budget preparation for 2023/24.
- **£0.15m** transfer from Budget Support to the ICT Development Reserve to support the Digital Strategy Transformation and Change projects.

The movements in the other earmarked reserves is explained by :-

- **£56.55m reduction in COVID-19 related reserves** related to the balances of Government COVID-19 funding being drawn down as planned in connection with rates relief, collection fund support and budget support. Plus a transfer of £7.1m to support the budget as planned. The balance carried forward is shown as overdrawn at £8.41m, which largely relates to a timing difference on business rates deficit of £9.9m which will be cleared in 2023/24;
- **£0.19m reduction in Capital Reserves** consisting of additional capital grant income received in year and yet to be drawn down to support the future programme.
- **£1.313m reduction in Schools Reserves** .

Capital Investment

The Capital Programme for 2022/23 was initially approved at the Council meeting of 16th February 2022 and provided the framework within which the Council's capital investments plans were to be delivered. Capital resources are allocated based on a process which affords priority to:-

- Schemes of a statutory nature
- Schemes which protect our asset base
- Invest to save projects

The value of the three year Capital Programme, covering 2022/23 to 2024/25, was set at £417.38m in February 2022. Of this, £209.71m was originally programmed for 2022/23, consisting of £79.56m for the General Programme and £130.15m for the Asset Investment Portfolio.

Financing of the investment proposals was made up of grants and contributions of £104.31m relating to specific areas of investment, e.g. schools and highways, a requirement for capital receipts of £16.49m generated from the disposal of assets, revenue and reserves contributions £3.03m, and prudential borrowing of £293.55m which is only undertaken where the investment is linked to revenue savings or the asset investment programme and it is affordable and sustainable to do so. In setting the 3 year programme all potential resources were fully utilised and the Programme included £3.38m of over-programming

Investment across the 3 years included addressing specific Council priorities:

- Leisure Centre Strategy;
- Investment in Highways;
- Cycling and Walking Initiatives;
- School places and condition works;
- One Public Estate, particularly relating to new health related provision and best use, including rationalisation of public sector assets;
- Decarbonisation of Council Buildings;
- Affordable Housing;
- Regeneration of Strategic Locations including, Stretford Civic Quarter, Sale Town Centre and the development of the Stretford Town Centre Masterplan;
- Major infrastructure schemes to support new housing development, including Carrington Relief Road - A1 Route;
- Asset Investment Strategy, including the acquisition of commercial properties, provision of senior development or investment debt and direct development of council owned sites.

In October 2018 the Council approved an updated Investment Strategy. The objective of this being to stimulate economic development and to support the Council's financial resilience over the next few years, whilst offering an alternative solution that can be used to address future budget gaps. An increase to the Fund was made in February 2020 of £100m meaning that the total Fund is £500m, supported by prudential borrowing.

By the end of 2022/23 a total amount of £311.45m had been made or committed to by the Investment Management Board, leaving a balance for further investment of £188.55m. This investment has provided a net benefit to support the revenue budget in 2022/23 of £5.72m, which is £1.50m less than the budgeted target for the year.

- To mitigate the risks of the approach, nationally recognised investment advisors are being used as part of the due diligence process with emphasis placed on securing investments in low risk assets;
- As part of this Strategy, the Council has set up three joint ventures with Bruntwood Development Holdings Ltd. These entities will be responsible for the ownership and redevelopment of three key sites in Trafford; the Stretford Mall, Stretford, the Stamford Quarter, Altrincham, and Lumin Village, Old Trafford. These entities form part of the Council's group accounts.

The Council spent £101.21m on its Capital Programme in 2022/23 compared to a significantly rephased programme with a revised budgeted spend of £118.58m. The capital expenditure incurred during the year and financing of this expenditure is shown in the table below.

Capital Programme	Budget 2022/23 £m	Actual Exp 2022/23 . £m	Variance £m
Schools Investment	14.20	12.27	(1.93)
Supporting Infrastructure	3.62	3.11	(0.51)
Regeneration Projects	6.89	7.69	0.80
Highways / Transport Improvements	16.97	16.15	(0.82)
Social Services	3.30	3.01	(0.29)
ICT Investment	1.91	1.46	(0.45)
Recreation & Culture	5.50	5.18	(0.32)
General Programme	**52.39**	**48.87**	**(3.52)**
Investment Programme	66.19	52.34	(13.85)
Total Programme	**118.58**	**101.21**	**(17.37)**
FINANCED BY:			
Grants and Contributions	(39.36)	(38.71)	0.65
Capital Receipts	(4.43)	(4.92)	(0.49)

Earmarked Reserves	(0.35)	(0.15)	0.20
Borrowing	(74.44)	(57.43)	17.01
	(118.58)	**(101.21)**	**17.37**

The variance between the budgeted capital expenditure and the final outturn for the year was £17.37m and this will require re-profiling into 2023/24 and later years along with the associated financing.

More details of the variance can be found at: https://www.trafford.gov.uk/about-your-council/budgets-and-accounts/downloadable-documents.aspx .

Treasury Management

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

Throughout 2022/23 the Council complied with its legislative and regulatory requirements, including compliance with all treasury management prudential indicators.

Debt - at 31 March 2023 the Council's total external level of debt was £318.1m compared to £322.4m at 1 April 2022. During 2022/23 the Council did not undertake any new borrowing. The net reduction of £4.3m is due to a planned repayment of debt at term maturity.

The Council continues to maintain a deliberate policy of being under borrowed, debt interest continues to be saved as a result of this action.

The external rate of interest payable at the end of the year was 2.62%, which compares with 2.68% at the start of the year. The following table provides further details.

	as at 31.3.22	as at 31.3.23
Average weighted maturity of long term loans (in years)	32.68	32.56
Number of loans	26	23
Value of loans (Principal)	£322.4m	£318.2m
Loan rate	2.68%	2.62%

Investments

The Council operates its own trading function for the investment of any temporary surplus cash. The Council's money market investments, excluding cash at bank, totalled £70.6m as at 31 March 2023 and this compares to £113.0m as at 31 March 2022. In 2022/23 an average investment rate of 2.28% was achieved, which is 0.13% lower than the average 1 month SONIA rate of 2.41% in the same period, which is used by the Council as a benchmark. For 2021/22, the equivalent average return of the Council's investments was 0.35%.

Impact of the COVID-19 pandemic and Cost of Living Crisis

There is no doubt that the COVID-19 pandemic has had a widespread and long term impact on society and its implications on both the local and national economy will continue to be felt for a long time to come.

There was an impact on income streams, especially the significant dividend receipts from our strategic investments in the Manchester Airport Holdings and increasing uncertainty in income from our Investment Programme and business rates. These will have implications on the Council's resources into the medium term, which coupled with other recurrent impacts will place a strain on balancing budgets in the next few years.

The pressures from COVID-19 were replaced by the cost of living crisis as the major factor impacting the economy in 2022/23, resulting in households facing pressures causing reductions in living standards and an increase in calls on the Council for financial assistance, advice and support.

Government initiatives continued to be offered for COVID-19 and additional ones were aimed at the cost of living crisis and were both supported by additional funding during 2022/23 and use by the Council of the residual COVID-19 government grant funding brought forward from 2021/22 during the 2022/23 financial year.

Support can be split into general grants, specific grants, and grants for businesses.

General Grants

Emergency funding for local government
Between 2019/20-2021/22 Trafford Council received general funding grants to support local authorities to manage pressures on social care, to support vulnerable people and to help deal with pressures on other public services. £7.097m was carried forward into 2022/23 via a ringfenced reserve to continue to fund longer term COVID-19 pressure and was fully utilised in the year to support the budget.

Specific Grants

Contain Outbreak Management Fund (COMF)
Between 2019/20-2021/22 Trafford Council received a total of £9.334m of COMF funding. £1.394m was carried forward into 2022/23 to support a variety of schemes in line the eligibility criteria, to mitigate the known and potential impacts of the pandemic. This fund was fully utilised in year.

COVID-19 Recovery Premium
The COVID-19 Recovery Premium grant is a time-limited grant providing over £1 billion of additional funding for state-funded schools across the 2022/23 and 2023/24 academic years. Trafford Council's allocation for 2022/23 was £1.023m. The funding is focused on pupils who are eligible for pupil premium and pupils in specialist settings to help with the additional impact of the pandemic on these students.

Grants for Businesses

Business Rates Retail, Hospitality & Leisure Relief
Government funding to offer a Business Rates discount scheme to provide support to eligible retail, hospitality, and leisure businesses in England. The financial impact of the additional relief given for the Council is £9.980m in 2022/23, which has been offset by Government Section 31 grant funding.

COVID-19 Additional Relief Fund (CARF)
A £3.915m share of £1.5 billion funding, available to support those businesses affected by the pandemic who were ineligible for other support linked to Business Rates. The discount related to 2021/22 Business Rates liability only and was allocated to eligible businesses in 2022/23. Any discount given has been fully offset by government Section 31 grant funding.

Government Economic Support
In 2022/23 there were a number of Government initiatives to help support households through the Cost of Living Crisis.

Council Tax Rebate Grant
Trafford Council received £12.592m share of £3.069bn total funding which was allocated to the Council in March 2022. This was to provide £150 non-repayable rebate for households in England in council tax bands A to D to help offset the significant increase in the cost of energy. Expenditure on the Core scheme totalled £12.160m, and Discretionary scheme expenditure is £372k. The balance of £60k will be repaid to BEIS in 2023/24.

Energy Bills Support Grant Alternative Funding
In February 2023 the Council received £552k (80% of the total allocation upfront) of government funding to provide a rebate to households in England with a domestic electricity connection who were not eligible to receive the Council Tax Rebate Grant. In 2022/23 a total of £93k of payments were made. Payments are continuing to be made in 2023/24 until the revised deadline of 31st August 2023 to eligible applicants.

Alternative Fuel Payment scheme
In March 2023 the Council received £31k (80% of the total allocation upfront) of government funding to provide a rebate to households in England who are either not connected to the mains gas grid or use alternative fuels as their main form of heating and were not eligible to receive the Council Tax Rebate Grant. No payments were made against this grant in 2022/23. However payments are currently being made in 2023/24 until the revised deadline of 11 August 2023 to eligible applicants.

Household Support Grant
Trafford Council received £3.246m of funding in 2022/23 to provide support to households, who would otherwise struggle to buy food or pay essential utility bills, or meet other essential living costs or housing costs, to help them with significantly rising living costs.

Homes for Ukraine Scheme
As a result of Russia invading Ukraine in February 2022, the Government set up a Homes for Ukraine Scheme which allowed residents of the Ukraine to apply for a Visa to come to the UK. Those eligible were sponsored by a UK resident to live and work in the UK for up to 3 years and access benefits, healthcare, employment, and other support.

Returns are submitted quarterly to the Department for Levelling Up, Housing and Communities (DLUHC) and funding is allocated based on the numbers submitted.

Local Authority Tariff Grant
The purpose of the Homes for Ukraine tariff grant is to provide a per-person tariff to support local authorities to provide wrap-around support to individuals and families to rebuild their lives and fully integrate into communities. The tariff amount is £10,500 for guest arrivals on or prior to 31 December 2022, and £5,900 for arrivals on or after 1 January 2023.

Sponsor Thank You Grant
The purpose of the Homes for Ukraine thank you grant is to provide support to local authorities to make monthly thank you payments directly to sponsoring households within the scheme for 2 years.

Education and Childcare Grant
The government also provided additional funding to councils in 2022/23 to provide education and childcare services for children from families arriving from Ukraine under this scheme.

The financial impact of all of the above grants is included within the outturn and Statement of Accounts depending on whether the Council was acting as an agent on behalf of the Government or principal.

Where the Council acted as principal, it was able to use its own discretion when allocating the amount of grant payable and subsequently all grant income and related expenditure is shown within the Council's Comprehensive Income and Expenditure Statement (CIES) in either Cost of Services or Tax and Non-Specific Grant Income. Unspent grant allocations where there are conditions attached to the grant have been carried forward on the Council's Balance Sheet as a Grant Receipt in Advance under current liabilities.

Where the Council was acting as agent the following conditions applied:
• It was acting as an intermediary between the recipient and the Government Department;
• It did not have "control" of the grant conditions and there was no flexibility in determining the level of grant payable.

Where acting as agent, the grant income and expenditure was not processed through the Council's CIES. Unspent grant allocations are however shown on the Council's Balance Sheet as a Receipt in Advance under current liabilities.

Statutory Accounts

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

Comprehensive Income & Expenditure Statement (CIES):

- The deficit on the provision of services on the CIES is £16.91m (deficit of £10.41m at 21/22). However, the management accounts declare an outturn underspend of £(1.056)m (2021/22 £(1.530)m underspend). The differences between these two statements of financial performance relate to the differences in accounting practices applied, which are adjusted for in the MiRS, and a summary reconciliation between the two outturns is provided later in the Narrative Report;
- The total balance on the CIES has moved from a surplus of £(217.70)m to £(395.31)m surplus. The movement in the CIES of £(177.61)m primarily relates to;
- Changes in pension charges of £(212.82)m;
- A net change on financial assets measued at fair value of £(0.96)m;
- Changes in Net (Gains)/Losses on asset revaluations including PPE and Investment assets £29.66m;
- Changes in Other Operating Expenditure of £0.60m largely relating to improvement in the profit on disposal of assets;
- A net change in financing and investment income and expenditure between 2021/2022 and 2022/2023 of £6.13m, mainly relating to reductions in the fair value of financial assets of £5.31m; reductions in trading and investment income of £3.54m, offset by an increase in interest income from our strategic investments of £(2.61)m;
- A net change in tax and non-specific grant income £(19.05)m largely related to expected annual increases in Council Tax £(3.8)m and Non-Domestic Rates of £(8.37)m, increase in capital grants received of £(11.67)m, further analysis can be seen in note 31;
- A change in the cost of provision of services of £18.82m, which includes reduction related to pension charges of £(5.0)m, which if excluded results in an increase in other charges of £23.79m, consisting of an increase in general expenditure and service grants of approximately £15.66m, a £8.27m increase in capital related adjustments such as depreciation, revenue related capital items and asset revaluations, £4.92m reduction in Adults Social Care funding, £(4.24)m increase in grants related to Dedicated schools funding and other reductions of £(0.83)m.

Balance Sheet:

Net assets have increased from £356.49m to £751.80m, an increase of £395.31m or 111% in the value of the balance sheet, with the key movements being:

- An increase in the value of long-term assets of £171.44m from £877.1m to £1.049bn. There has been a significant increase in Property Plant and Equipment of £48.36m largely due to upward revaluations and an increase in Assets Under Construction as several capital schemes are still being delivered at year end. An increase in Long Term Debtors of £15.13m largely relates to several new loans for strategic investment programme, partially offset by loans due for repayment in the next 12 months, which have been moved to Short Term Debtors. An increase has been seen in the value of our equity investments in the Manchester Airport Holdings of £1.0m plus within Long Term Debtors a further £1.83m of deferred interest debtors related to loan support to the group. The value of our holding in the strategic investments in our Joint Ventures and the CCLA property fund has increased by £3.1m. Following actuarial assessment, the historic pension liability has swung to a net pension asset of £97.89m.
- A reduction in current assets of £(27.78)m from £207.73m to £179.95m. £(54.2)m reduction in Short Term Investments of which c£25m relates to cash being used to fund capital debtors, £4m relates to repayment of PWLB loans and the remainder mostly relates to spending grants that were received in advance in 21/22. A decrease in Assets Held for Sale of £(5.31)m mainly related to the sale of Brown Street £4.69m. Short Term Debtors increased by £22.68m of which £11.75m relates to an increase in the number of capital loans including £6.5m for Castle Irwell and £3.82m for Hale Library. A further £2.57m relates to an increase in Capital Debtors as a result of an increase in the value of grants not yet received. Cash and cash equivalents increased by £7.68m.
- A reduction in current liabilities of £(7.47)m from £143.45m to £135.98m. A review of business rate appeals was carried out in year which identified a number of appeals that have now been settled resulting in a £(11.3)m drawn down from the provision. There was a reduction in Short Term Creditors of £(2.3)m. Income in Advance increased by £4.35m due to receiving an increase in the number of business rates and

council tax prepayments. There was a £1.59m increase in the number of revenue and capital grants received in advance.

- A reduction in long term liabilities of £(244.19)m from £584.90m to £340.71m primarily due to a reduction in pension liability of £(235.67)m, following actuarial assessment and caused by investment returns being greater than expected, a change in assumptions in discount rates (the expected rates of returns on investments) and CPI. Long Term Borrowing reduced by £(4.35)m due to repayments. Long Term Provision for business rate appeals reduced by £(3.39)m following the in-year review as mentioned above.
- The bottom part of the balance sheet reflects the increase of £395.31m mirrored by the change in net assets above. Usable Reserves have reduced by £(53.08)m from £154.19m to £101.11m. The largest reduction relates to £(47.86)m related to the Business Rates Exceptional Deficit Reserve, which held the balance of government grants used to cover losses from COVID-19 rates reliefs. Details of reserve movements are shown in Note 10.
- Unusable Reserves have increased by £448.39m from £202.3m to £650.69m of which the largest movement relates to the increase in the Pension Reserve of £347.88m relating to the reduction in the Pension Liability as mentioned above. Other significant increases relate to the increase in the Collection Fund Adjustment Accounts of £54.2m, as a result of collection of the prior year surplus in the Collection Fund. In addition, an increase in the Revaluation Reserve of £29.34m representing the changes in property revaluations as described above.

Collection Fund – Council Tax

The Council collected Council Tax in 2022/23 on behalf of itself, the Greater Manchester Combined Authority (Mayoral, Police and Fire), Partington, Carrington and Warburton Parish Town Councils.

Details of the Collection Fund can be found on page 160, which shows there was an in-year deficit of £1.917m (surplus £(5.10)m in 2021/22) of which £2.535m related to the distribution of prior years' balances (£(2.0)m collection in 2021/22), leaving a surplus of £(618)k (£(3.10)m surplus in 2021/22) relating to 2022/23.

Trafford's share of the surplus relating to 2022/23 consisted of:

- £(672)k improvement in cash collection - The collection of debt for both in year and prior year was better than expected, largely due to a release from the amount set aside for the expected credit loss.
- £486k shortfall in tax base income. Increasing trends in claims for discounts and reliefs (such as Single Person Discount) and delays in new properties coming online, placed further pressure on our business as usual activity resulting in a shortfall in the core tax base;
- £(308)k positive variance over budget due to lower take up of the Local Council Tax Support Scheme;

The in-year deficit of £1.917m was offset by an accumulated surplus balance brought forward of £(2.092)m, to arrive at a year-end accumulated surplus balance of £(175)k.

This accumulated surplus is apportioned to the Council, the GMCA Mayoral Police and Crime Commissioner and the GMCA Mayoral General Precept (including Fire Service) on a proportionate basis. Trafford's share of the surplus is £(144)k (£(1.718)m surplus in 2021/22) which will be distributed over the next two financial years in line with Government regulations.

Collection Fund - Business Rates

The Council collected business Rates in 2022/23 on behalf of itself and the Greater Manchester Combined Authority (including Fire Services).

Details of the Collection Fund can be found on page 160, which shows there was an in-year surplus of £(56.337)m (surplus £(51.503)m in 2021/22) of which £(44.316)m related to the collection of prior years' balances (£(86.102)m collection in 2021/22), leaving a surplus of £(12.021)m relating to 2022/23 (£34.599m deficit in 2021/22).

Trafford's share of the surplus relating to 2022/23 consisting of:

- a shortfall in gross rates of £14.05m largely due to the temporary removal of several large redevelopments at the Trafford Centre and delays in new sites being registered on the rating list.

- a significant reduction in the amount of COVID-19 reliefs, resulting in a benefit of £(5.16)m to the Collection Fund when compared to budget.
- A benefit of £(20.52)m of accounting adjustments, predominantly due to the release of historic business rates appeals provision, following several large cases being dismissed by the VOA.

The in-year surplus of £(56.337)m was offset by an accumulated deficit balance brought forward of £36.308m to arrive at a year-end accumulated surplus balance of £(20.029)m.

This accumulated surplus is apportioned to the Council and the GMCA Mayoral General Precept (including Fire Service) on a proportionate basis of 99% and 1% respectively. Trafford's share of the surplus is £(19.829)m (£35.945m deficit in 2021/22) which will be distributed over the next two financial years in line with Government regulations.

The Council continues to participate in the 100% business rates pilot, along with the remaining GM districts. The pilot results in the Government's share of business rates growth being retained within Greater Manchester, the current sharing agreement enables the Council to retain 75% of the benefit of its growth with 25% going to Greater Manchesert Combined Authority.

Reconciliation between Statutory Accounts and Management Accounts

The Council's management accounts outturn position is an underspend of £(0.056)m (analysed above), whereas the (Surplus)/Deficit on the Provision of Services in the CIES on pages 31 to 32 shows an overspend of £16.9m.

The differences between the CIES and the Council's management accounts are adjusted for in the Movement in Reserves Statement (MiRS) (pages 35 to 36) and further analysed in the Expenditure and Funding Analysis (page 38). The MiRS statement reconciles the surplus on provision of services in the CIES to the movement in the General Fund and Earmarked Balances (first two columns of the MiRS, with detail in note 9).

The net increase in the General Fund and Earmarked Reserves is £(54.6)m, as detailed below:

CIES account reconciled to outturn	£m
CIES Account (Surplus)/Deficit on Service Provision	**16.9**
Accounting adjustments in MiRS:	
- Capital charges and Capital Grants	9.7
- Pensions	(26.7)
- Collection Fund and Other Adjustments	54.6
Total Accounting adjustments	**37.6**
Net Transfers to/(from) reserves	
-Net transfer to/(from) schools reserves	(1.2)
-Net transfer to/(from) schools DSG Deficit reserve	(1.4)
-Net transfer to/(from) Other earmarked reserves	(52.0)
-Net transfer to/(from) General Reserve	0
Total Net transfers to/(from) earmarked reserves	**(54.6)**
Total Management Outturn (under)/Overspend	**(0.1)**

Schools

At the end of 2022/23 the Council maintained 52 primary schools, 5 secondary schools and 3 special schools (60 in total) for which the year-end balances were included within the Council's balance sheet. Nine of the Council's schools carried over deficit revenue balances at the end of the year. Schools may carry forward any surplus/deficit in expenditure for the year from one financial year to the next. School revenue balances for 2022/23 decreased by £1.327m when compared to 2021/22, from £(14.371)m to £(13.044)m. School capital balances increased by £(113)k from a deficit of £50k to a surplus of £(63)k. Other deficit balances remained the same at £18k.

Schools with balances that exceed the recommended maximum (8% primary and special schools, 5% secondary schools) are requested to submit information detailing how they have accrued balances and how they intend to utilise them. No schools transferred to Academy status during 2022/23.

The net DSG position at the end of 2022/23 was a deficit of £1.475m (a deficit of £0.068m in 21/22). The DSG deficit is included within the Movement in Reserves Statement as an unusable reserve. This is the result of the introduction on 29 November 2020 of a new Statutory Instrument to amend the Local Authorities (Capital Finance and Accounting) Regulations 2003 by establishing new accounting practices in relation to the treatment of schools' budget deficits. The aim is to ensure that DSG deficits are ringfenced and held separately from General Fund resources so that specific measures can be put in place to address the deficits without placing pressure on resources required for other essential services.

Outlook

The pressures on the Council and its finances remain challenging with the consequences of the Coronavirus being replaced by the impact of the cost of living crisis and now supplemented by the ongoing high levels of inflation. Inflation was predicted by the Bank of England to reduce towards its target of 2% towards the first quarter of 2024, however the headline rate at June 2023 remains at 8.7% with the measure of core inflation, once food and energy prices are removed, on an upward trajectory. This not only poses a significant risk to the 2023/24 budget but also an impact on the Medium Term Financial Plan and increase in the budget gap in future years.

The Government direction on local government finance has been unclear for some time, largely due to major policy decisions being delayed due to the pandemic, such as the resetting of the business rates retention schemes and the fair funding review of the relative need of authorities, which will result in a redistribution of resources nationally through updated baseline funding levels.

Single year settlements were issued for the 2021/22 and 2022/23, with resources being redirected to those front line services impacted by the pandemic, such as the extra resource released in the autumn of 2021 and spring 2022 towards the hospital discharge programme, enabling patients to be routinely discharged into a home environment and releasing hospital capacity.

In September 2021, the government announced plans to reform adult social care and later released the Social Care white paper in December 2021. As a result of these reforms, local authorities would incur additional costs due to changes in the contribution an individual will make towards their costs. This means that local authorities will have to fund a greater proportion of care costs that are currently paid for by self-funders.

To compensate local authorities for these additional costs, a number of new grants were announced as part of the settlement at the time and Social Care white paper totalling £5.4bn over the next three years. £3.6bn was aimed at covering the cost of the cap and means testing and provision for market sustainability by reviewing the fair cost of care, the balance of £1.7bn was to be used to improve the wider social care system, including the quality and integration of care, such as integrated housing and distribution of Disabled Facilities Grants.

In the announcements made in the Autumn Statement 2022, as a result of the cost of living crisis following the invasion of Ukraine, the roadmap set out in the Social Care White paper relating to the cap and means testing has now been delayed by 2 years, with the additional resources redirected towards the priorities of hospital discharge and providing a fair cost of care to ensure the care market remained stable. Resources were announced for both the 2023/24 and 2024/25 financial years, with adult social care funding also increased, to continue towards paying a more sustainable rate for care and balancing this with the wider objectives to support capacity and discharge.

The adequacy of the original resource allocation of £5.4bn for the original social care reforms remains to be a significant unknown that will only become clear as the programme evolves.

The additional social care resources announced in the Autumn Statement 2022 for the 2023/24 and 2024/25 financial years and the ability to raise Council Tax levels above those previously anticipated were welcome news and helped the Council close a widening budget gap. Recent sector level briefings from Government Departments have provisionally confirmed that no further resource will be available in 2024/25, which is cause for concern given the continued high levels of inflation.

There also remains a great deal of uncertainty regarding the next Business Reset and the mechanism how the accumulated benefits will be tapered down. This is a particularly high risk to the Council given the approximate £10.0m of benefits above baseline it receives. The Spring Budget 2023, set out a commitment to allow local authorities to retain 100% of business rates growth and announced details of devolution deals with Greater Manchester and West Midlands Combined Authorities to set the blueprint for deeper devolution across the rest of England. As part of the deals, government has committed to give Greater Manchester and West Midlands Combined Authorities single multi-year funding settlements at the next Spending Review. In addition to potential additional business rates through Growth Zones which will be retained locally.

Trafford, like many Councils is experiencing significant pressure within the High Needs Block of the Dedicated School Grant. The Department for Levelling Up, Housing and Communities (DLUHC) has made regulations which ring-fence DSG deficits from councils' wider financial position in their statutory accounts. DSG deficits can no longer be paid off from general funds without requesting permission from the Secretary of State. As it stands, this ring-fence is due to end after 2024/25, at which point LAs will need to demonstrate their ability to cover DSG deficits from their future available reserves. Discussions are continuing with the Department for Education on a deficit management plan, however it is increasingly becoming apparent that resources are insufficient to meet the escalating level of high needs demand.

Future Budgets

The Authority approved its budget for 2023/24 at the Full Council Meeting on 15 February 2023. The scale of the challenges faced by the Council in managing demand within the available resources remains the single biggest strategic risk for the Council.

Whilst I, the Director of Finance and Systems, made it clear in the budget report that the proposals can secure a robust budget for 2023/24, supplemented by the short-term use of one-off reserves, the use of reserves to balance the budget is not sustainable and cannot be used to avoid the requirement for permanent savings.

The Council embarked on a bold and ambitious Innovation and Change Programme in 2022 to identify substantial and permanent savings and investment in further transformational delivery of our services. Significant savings of £11.76m were identified as part of the 2023/24 budget, however it must be stated that the over £7.33m were made from corporate level savings such as the review of debt repayments, meaning that future programmes will need to be more service focused.

Further information on the planned future expenditure and the financial environment of the Council can be found in the Council's 2023/24 Budget and 2023/26 Capital Investment Programme and Prudential Indicators Reports, which can be found on the Council's website.

Receipt of Further Information

If you would like to receive further information about these accounts then please do not hesitate to contact me at Financial Management, Finance and Systems Directorate, Trafford Council, Town Hall, Talbot Road, Stretford M32 0TH.

Graeme Bentley CPFA
Director of Finance and Systems
21st November 2024

Explanation of the Financial Statements

Please note that a glossary of terms can be found on page 184.

A description of the responsibilities of the Council regarding the Accounts 2023 is provided at page 29, and the Audit Report can be found on page 30.

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

There can be choices in accounting conventions and/or treatment that would be more practical for a given organisation in order for it to show a truer reflection of economic activity or value. The Council's choices are outlined in detail in the Accounting Policies (note 3) on pages 49 to 65.

The main financial statements that make up the Accounts (pages 31 to 36) are: the Comprehensive Income and Expenditure Statement (CIES); Balance Sheet; Movement in Reserves Statement (MiRS) and, Cash Flow Statement. These are explained in summary below, with a full explanation included with each statement in the main accounts.

The Comprehensive Income and Expenditure Statement (page 31 to 32) shows the Council's financial performance for the year, measured in terms of the resources consumed and generated, as defined in the Code, over the period 1 April 2022 to 31 March 2023. However, the Council is required to set its budget and raise Council Tax on a different accounting basis than the Code, the main differences being:

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

The variations in accounting treatment between the Council's management accounts and (financial) Accounts 2023 are adjusted for within the Movement in Reserves Statement on pages 35 to 36, with more detail in note 9 on pages 71 to 78. A summary reconciliation between the CIES net gain and the management accounts net declared underspend position is provided in the narrative report.

The MiRS (pages 35 to 36) also shows the movements in reserves of the Council for the year split between usable and unusable reserves. Unusable reserves relate to accounting adjustments for the differences between management and financial accounting treatment and are not 'cash backed' and cannot be used to support service activity.

The total net worth of the Council, total assets less total liabilities, as a statement of value is listed on the Balance Sheet on pages 33 to 34.

The Cash Flow statement (page 37) provides summary figures on the total movements in cash for the year and how it has been applied on three types of financial activity: inflows and outflows caused by core business operations, changes in equipment, assets or investments related to investing activities and changes in debt, loans or dividends from financing activities.

Explanatory notes to the primary statements are provided on pages 38 to 166. These notes expand on the figures, providing greater detail and information as prescribed or as necessary. Included within these notes is a statement on 2022/23 capital expenditure and how this was financed on pages 142.

The Council has the responsibility for collecting all Council Tax due in the Borough on behalf of itself, the GMCA Mayoral Police and Crime Commissioner, the GMCA Mayoral General Precept (including Fire Services) and Parish Councils. It also has the responsibility for collecting all Non-Domestic Rates (Business Rates) on behalf of itself and the GMFRA. The financial activity relating to local taxation is contained in the Collection Fund statement, pages 160 to 161.

Main Changes to the Core Statements and Significant Transactions in 2022/23

Pension Valuation and Advance Pension Payment

In April 2020 the Council made a payment of £42.96m to the Greater Manchester Pension Fund to cover three years of employer related pension payments which had the impact of reducing the annual contribution rate by 1.1% per year over the period 2020/21 to 2022/23 and reducing the overall pension liability on the balance sheet over the three year period.

At 31 March 2023 the Council had an asset of £97.89m, which compares with a net liability of £235.67m at 31 March 2022, an increase of £334.56m. This net liability at 31 March 2022 includes a figure of £14.32m relating to the balance of the three year advanced pension contribution, which is yet to be utilised (i.e. one year remaining). If the cash advance balance is excluded for comparison, this would have resulted in a net liability of £221.35m and a movement of £228.92m from 2021/22 as advised by the pension fund Actuary (Hymans-Robertson).

The pension movements shown within the CIES are £32.08m in Cost of Services, £6.86m Financing and Investment Income and Expenditure and £374.6m in Other Comprehensive Income and Expenditure. These significant charges are the result of changes in the financial assumptions related used by the pension fund Actuary (Hymans-Robertson). These assumptions are determined by the Actuary and represent the market conditions at the reporting date. The Council relies and places assurance on the professional judgement of the Actuary and the assumptions used to calculate this actuarial valuation.

New Debt and purchase of investment properties

In October 2018 the Council agreed an updated investment strategy with the objective of supporting the Council's resilience over the next few years, offering an alternative solution to address future funding gaps, while investing in opportunities which support the Council's Priorities. This strategy was reviewed in February 2020, and it was agreed for the Council to continue to grow its investment with the fund value limit increased to a potential £500m. During 2022/23 a number of new investments were made, in addition to a continuation of funding for existing investment assets, at a total value of £52.32m. In addition a number of investments were repaid in year, with a total value of £57.08m. Total net investments at 31st March 2023 had a value of £268.44m.

MAH shares valuation

A firm of financial experts and valuers have been engaged by the Council to provide an independent valuation which includes reviewing the financial performance, stability and business assumptions of the Manchester Airport Holdings. As at 31 March 2023 the Council's valuers advised of a n increase of £1m in the fair value Council share from £23.4m to £24.4m which has been reflected in the financial statements.

There are two elements to the valuation as follows:

- The main shares in MAH have been revalued upwards by £1.5m from £18.6m to £20.1m;
- An equity investment in Manchester Airport Car Park (Project Apollo) made by the Council (along with the other nine Greater Manchester District Councils) who have each invested £5.61m which was used to assist in funding the capital build of a car park in return for the issue of 3 C Shares in Manchester Airport Car Park Limited. An initial payment of £1.87m was made in 2019/20 and further payments totalling £3.74m made in 2020/21. No further payments have been made. The shares are valued on an annual basis and in in 2022/23 there was a downward revaluation of £0.5m from £4.80m to £4.30m.

MAH Interest on Loans

Along with the MAH share holdings mentioned above, the Council also holds a number of investment loans which were advanced over a number of years to support the long term development of the airport.

All MAH loans attract interest which is included in the CIES under Financing and Investment Income and Expenditure. Interest of £1.8m has been accrued for 2022/23. Since 2020, due to the impact of the pandemic, the collection of all interest payments has been reduced with the accumulated interest held as a Long Term Debtor with a balance of £9.16m as at 31st March 2023.

Land and Property Revaluations

There has been a significant increase in Property Plant and Equipment of £58.0m largely due to revaluations upwards. There has been a significant increase in the Building Cost Information Servi ce (build rates index which is an average of 7.7% reflecting increases in material and labour costs) that are applied to the valuations that represent the current market conditions. In addition, certain areas within the borough there has been a more active disposals market which has given better comparable land values which where relevant have been applied.

The increase in revaluations has been reflected in an opposite movement the Revaluation Reserve of £29.55 and in addition a net credit to the CIES of £0.29m, reflecting the writing back of downward revaluations previously held in this reserve.

Borrowing

At 31 March 2023 the Council's total external level of debt was £318.1m compared to £322.4m at 1 April 2022. During 2022/23 the Council did not undertake any new borrowing. The net reduction of £4.3m is due to of planned repayment of debt at term maturity.

Academy School Transfer of Assets

No schools transferred to Academy status during 2022/23.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Council's Responsibilities

The Council is required to:

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

Responsibilities of the Chief Finance Officer

The Chief Finance Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code) and the Update to the Code and Specifications for Future Codes for Infrastructure Assets (Nov 22).

In preparing this Statement of Accounts, the Chief Finance Officer has:

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

The Chief Finance Officer has also:

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

Certification

By the Chief Finance Officer

I certify that the Statement of Accounts set out on the following pages gives a true and fair view of the financial position of Trafford Borough Council at 31 March 2023, and its expenditure and income for the year ended 31 March 2023.

Graeme Bentley CPFA
Director of Finance and Systems
21st November 2024

Audit opinion

These accounts are subject to audit and the External Auditor's Certificate and Opinion will be shown on this page once completed.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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About this Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2021/22			**Year ended 31 March**	**2022/23**			
Gross Expenditure £000	**Gross Income £000**	**Net Expenditure £000**	**Service**	**Note**	**Gross Expenditure £000**	**Gross Income £000**	**Net Expenditure £000**
241,456	(181,092)	60,364	Children's Services		258,722	(192,802)	65,920
131,330	(66,307)	65,023	Adults Services		128,013	(53,515)	74,498
53,145	(23,454)	29,691	Place		62,419	(19,266)	43,153
9,426	(2,002)	7,424	Legal and Governance		4,348	(746)	3,602
16,169	(5,321)	10,848	Finance and Systems		16,984	(4,560)	12,424
13,449	(4,460)	8,989	Strategy and Resources and Traded Services		18,634	(7,779)	10,855
52,956	(47,154)	5,802	Council-wide		51,356	(47,833)	3,523
517,931	**(329,790)**	**188,141**	**Cost of Services**		**540,476**	**(326,501)**	**213,975**
39,005	(7,534)	31,471	Other Operating Expenditure	11	37,564	(5,494)	32,070
42,024	(41,872)	152	Financing and Investment Income and Expenditure	12	47,332	(48,063)	(731)
0	(209,353)	(209,353)	Taxation and Non-Specific Grant Income and Expenditure	13/40	0	(228,404)	(228,404)

Comprehensive income and expenditure statement (continued)

2021/22			Year ended 31 March	2022/23			
Gross Expenditure £000	**Gross Income £000**	**Net Expenditure £000**	**Service**	**Note**	**Gross Expenditure £000**	**Gross Income £000**	**Net Expenditure £000**
		10,411	**(Surplus) or Deficit on Provision of Services**				**16,910**
			Items that will not be subsequently classified in the Deficit on Provision of Services				
		(161,807)	Re-measurement of Net Defined Pension Asset Benefit / Liability	22(iv)			**(374,624)**
		(66,261)	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets	14			**(36,596)**
			Items that will be subsequently classified in Deficit on Provision of Services				
		(40)	(Surplus) or deficit on financial assets measured at fair value through other comprehensive income	22(i)			**(1,000)**
		(228,108)	**Other Comprehensive (Income) and Expenditure**				**(412,220)**
		(217,697)	**Total Comprehensive (Income) and Expenditure**				**(395,310)**

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BALANCE SHEET

About this Statement

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

31 March 2022 £000		Notes	31 March 2023 £000
422,934	Property, Plant & Equipment	14	471,298
174,193	Infrastructure Assets	14a	181,368
979	Heritage Assets		973
108,873	Investment Property	15	107,166
4,466	Intangible Assets		4,904
66,253	Long Term Investments	16	70,351
99,406	Long Term Debtors	17	114,586
-	Net Pension Asset	37	111,624
877,104	**Long Term Assets**		**1,062,270**
76,348	Short Term Investments	16	22,423
7,316	Assets Held for Sale		2,010
81	Inventories		94
76,483	Short Term Debtors	17	100,252
47,504	Cash and Cash Equivalents	18	55,175
207,732	**Current Assets**		**179,954**
(5,949)	Short Term Borrowing	16	(5,994)
(95,708)	Short Term Creditors	19	(97,600)
(29,424)	Short Term Provisions	20	(18,436)
(3,778)	Grants Receipts in Advance (Revenue)	31	(4,625)
(8,587)	Grants Receipts in Advance (Capital)	31	(9,326)
(143,446)	**Current Liabilities**		**(135,981)**

Balance sheet (continued)

31 March 2022 £000		Notes	31 March 2023 £000
(36)	Long Term Creditors		(36)
(13,325)	Provisions	20	(9,666)
(318,952)	Long Term Borrowing	16	(314,606)
(113)	Capital Grants & Contributions – Long Term Receipts in Advance (REFCUS)	31	(113)
(10,493)	Grant Receipts in Advance (Capital)	31	(10,228)
(235,666)	Other Long Term Liabilities – Pensions	37	(13,731)
(6,314)	Other Long-term liabilities – Deferred	19	(6,063)
(584,899)	**Long Term Liabilities**		**(354,443)**
356,491	**Net assets**		**751,800**
(9,500)	General Fund Balance	10	(9,500)
(123,041)	Earmarked General Fund Reserves	10	(69,890)
(403)	Capital Receipts Reserve	21	(629)
(360)	Revenue Grants Unapplied (REFCUS)		(461)
(20,885)	Capital Grants Unapplied	21	(20,632)
(154,189)	**Usable Reserves**	**21**	**(101,112)**
(202,302)	**Unusable Reserves**	**22**	**(650,688)**
(356,491)	**Total Reserves**		**(751,800)**

Graeme Bentley CPFA
Director of Finance and Systems
21st November 2024

MOVEMENT IN RESERVES STATEMENT

About this Statement

This statement shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Movement in Reserves Statement shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Capital Receipts Reserve £000	Revenue Grants Unapplied £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
Balance as at 31 March 2022	**(9,500)**	**(123,041)**	**(132,541)**	**(403)**	**(360)**	**(20,885)**	**(154,190)**	**(202,302)**	**(356,493)**
MOVEMENT IN RESERVES DURING 2022/23									
(Surplus) or deficit on the provision of services	16,910	-	16,910	-	-	-	16,910	-	16,910
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	(412,220)	(412,220)
Total Comprehensive Income and Expenditure	**16,910**	**-**	**16,910**	**-**	**-**	**-**	**16,910**	**(412,220)**	**(395,310)**
Adjustments between accounting basis & funding basis under regulations (note 9)	37,648	-	37,648	(227)	(101)	254	37,575	(37,575)	-
Net (Increase)/Decrease before transfers to Earmarked Reserves	**54,558**	**-**	**54,558**	**(227)**	**(101)**	**254**	**54,485**	**(449,795)**	**(395,310)**
Transfers (to)/from Earmarked Reserves (note 10)	(54,558)	53,151	(1,407)	-	-	-	(1,407)	1,407	-
(Increase)/Decrease in 2022/23	**-**	**53,151**	**53,151**	**(227)**	**(101)**	**254**	**53,078**	**(448,388)**	**(395,310)**
Balance as at 31 March 2023	**(9,500)**	**(69,890)**	**(79,390)**	**(629)**	**(461)**	**(20,632)**	**(101,112)**	**(650,691)**	**(751,800)**

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	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Capital Receipts Reserve £000	Revenue Grants Unapplied £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
Balance as at 31 March 2021	**(8,000)**	**(174,355)**	**(182,355)**	**(281)**	**(64)**	**(17,648)**	**(200,348)**	**61,553**	**(138,795)**
MOVEMENT IN RESERVES DURING 2021/22									
(Surplus) or deficit on the provision of services	10,411	-	10,411	-	-	-	10,411	-	10,411
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	(228,108)	(228,108)
Total Comprehensive Income and Expenditure	**10,411**	**-**	**10,411**	**-**	**-**	**-**	**10,411**	**(228,108)**	**(217,697)**
Adjustments between accounting basis & funding basis under regulations (note 9)	39,471	-	39,471	(122)	(297)	(3,237)	35,815	(35,815)	-
Net (Increase)/Decrease before transfers to Earmarked Reserves	**49,882**	**-**	**49,882**	**(122)**	**(297)**	**(3,237)**	**46,226**	**(263,924)**	**(217,697)**
Transfers (to)/from Earmarked Reserves (note 10)	(51,382)	51,314	(68)	-			(68)	68	-
(Increase)/Decrease in 2021/22	**(1,500)**	**51,314**	**49,814**	**(122)**	**(297)**	**(3,237)**	**46,158**	**(263,856)**	**(217,697)**
Balance as at 31 March 2022	**(9,500)**	**(123,041)**	**(132,541)**	**(403)**	**(360)**	**(20,885)**	**(154,190)**	**(202,302)**	**(356,493)**

CASH FLOW STATEMENT

About this Statement

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

2021/22 £000	Year Ended 31 March	2022/23 £000
10,411	Net (surplus) or deficit on the provision of services	16,910
(103,447)	Adjustments to net surplus or deficit on the provision of services for non-cash movements **(Note 23a)**	(32,546)
26,418	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities **(Note 23b)**	36,365
(66,618)	**Net cash flows from Operating Activities (Note 23c)**	**20,729**
17,512	Investing Activities (Note 24)	(21,960)
59,019	Financing Activities (Note 25)	7,881
(14,321)	Cash flows from Advanced Pension Contribution (Note 23d)	(14,321)
(4,408)	**Net (increase) or decrease in cash and cash equivalents**	**(7,671)**
43,097	Cash and cash equivalents at the beginning of the reporting period	47,505
47,505	**Cash & cash equivalents at the end of reporting period (Note 18)**	**55,175**

Notes to the accounts

1. Expenditure and Funding Analysis

About this Statement

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax payers how the funding available to the authority (i.e. government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's directorates [services or departments]. Income and expenditure accounted for under generally accepted accounting pr actices is presented more fully in the Comprehensive Income and Expenditure Statement.

1. (a) Expenditure and Funding Analysis

2022/23	As reported for Management Accounts Outturn £000	Adjustments to arrive at the net amount chargeable to the General Fund (note 1b) £000	Net Expenditure Chargeable to General Fund Balances £000	Adjustments between the Funding and Accounting Basis (note 1b) £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Children's Services	46,074	2,452	48,526	17,394	65,920
Adults Services	69,289	2,680	71,969	2,528	74,497
Place	34,489	(568)	33,920	9,232	43,152
Legal and Governance	3,003	335	3,338	264	3,602
Finance and Systems	8,340	1,573	9,913	2,512	12,425
Strategy and Resources and Traded Services	9,049	118	9,168	1,687	10,855
Council-wide	21,272	(22,215)	(942)	4,465	3,522
Net Cost of Services	**191,516**	**(15,624)**	**175,892**	**38,083**	**213,975**
General Fund Financing	(191,572)	191,572	0	0	0
Other Operating Expenditure	0	31,580	31,580	490	32,070
Financing & Investment Income & Expenditure	0	(10,091)	(10,091)	9,360	(731)
Taxation and Non Specific Grant Income	0	(142,823)	(142,823)	(85,581)	(228,403)
Total Other Income and Expenditure	**(191,572)**	**70,238**	**(121,334)**	**(75,730)**	**(197,064)**
(Surplus) or Deficit	**(56)**	**54,615**	**54,558**	**(37,648)**	**16,910**

The table below shows the comparative information for 2021/22

2021/22	As reported for Management Accounts Outturn £000	Adjustments to arrive at the net amount chargeable to the General Fund (note 1b) £000	Net Expenditure Chargeable to General Fund Balances £000	Adjustments between the Funding and Accounting Basis (note 1b) £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Children's Services	44,126	1,074	45,200	15,164	60,364
Adults Services	63,101	(1,560)	61,541	3,481	65,022
Place	32,174	(7,422)	24,752	4,939	29,691
Legal and Governance	6,367	(9)	6,358	1,066	7,424
Finance and Systems	7,882	287	8,169	2,679	10,848
Strategy and Resources and Traded Services	5,173	2,179	7,352	1,637	8,989
Council-wide	19,117	(9,902)	9,215	(3,413)	5,802
Net Cost of Services	**177,940**	**(15,353)**	**162,587**	**25,553**	**188,140**
General Fund Financing	(179,472)	179,472	-	-	-
Other Operating Expenditure	-	31,976	31,976	(505)	31,471
Financing & Investment Income & Expenditure	-	(10,198)	(10,198)	15,011	4,813
Taxation and Non Specific Grant Income	-	(134,483)	(134,483)	(74,870)	(209,353)
Total Other Income and Expenditure	**(179,472)**	**66,767**	**(112,705)**	**(60,364)**	(173,069)
(Surplus) or Deficit	**(1,532)**	**51,414**	**49,882**	**(34,811)**	**15,071**

The table below reconciles between the opening and closing balances of the General Fund (including earmarked reserves). Additional information on the movement in General Fund balances can be found on the Movement in Reserves Statement.

Movement in General Fund	2021/22 £000	2022/23 £000
Opening General Fund as at 1 April	(182,355)	(132,541)
(Surplus) or Deficit on the General Fund in year	49,814	53,151
Need Closing General Fund as at 31 March	**(132,541)**	**(79,390)**

1. (b) Note to the Expenditure and Funding Analysis

This note provides a reconciliation of the main adjustments to net expenditure chargeable to the General Fund balance to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The relevant transfers between reserves are explained in the Movement in Reserves Statement.

2022/23 Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement	**Levies and Precepts reported at Directorate Level/ GF Financing £000**	**Interest Payable, receivable, Other Investment Income and Trading profit reported at Directorate Level £000**	**Tax and Non Specific Grants and general funding reported at Directorate Level/ GF Financing £000**	**Investment Property Income and Expenditure reported at Directorate Level £000**	**Reserve Movements reported at Directorate Level/ GF Financing £000**	**Total Adjustments to arrive at the net amount chargeable to the General Fund £000**
Children’s Services	-	(33)	51	-	2,434	2,452
Adults Services	-		136	-	2,545	2,680
Place	(15,275)	8,150	38	6,243	276	(568)
Legal and Governance	-	-	-	-	335	335
Finance and Systems	-	-	1,597	-	(23)	1,573
Strategy and Resources and Traded Services	-	(598)	-	-	716	118
Council-wide	(16,206)	(3,671)	4,095	-	(6,432)	(22,215)
Net Cost of Services	**(31,481)**	**3,848**	**5,916**	**6,243**	**(150)**	**(15,624)**
General Fund Financing	(99)	-	136,907	-	54,764	191,572
Other Operating Expenditure	31,580	-	-	-	-	31,580
Financing & Investment Income & Expenditure	0	(3,848)	-	(6,243)	-	(10,091)
Taxation and Non Specific Grant Income	0	0	(142,823)	0	-	(142,823)
Total Other Income and Expenditure	**31,481**	**(3,848)**	**(5,916)**	**(6,243)**	**54,764**	**70,238**
Difference between General Fund (surplus) or deficit and Comprehensive Income and Expenditure Statement (surplus) or deficit	**-**	**-**	**-**	**-**	**54,614**	**54,614**

	Adjustments between Accounting Basis and Funding Basis 2022/23			
2022/23 Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement	**Adjustments for capital purposes £000 (i)**	**Net change for pension adjustment £000 (ii)**	**Other differences £000 (iii)**	**Total adjustments between accounting & funding basis £000**
Children's Services	6,755	10,587	52	17,393
Adults Services	216	2,497	(185)	2,528
Place	7,741	1,542	(50)	9,233
Legal and Governance	3	401	(141)	264
Finance and Systems	1,021	1,559	(69)	2,512
Strategy and Resources and Traded Services	199	1,508	(20)	1,687
Council-wide	2,679	1,787	(1)	4,465
Net Cost of Services	**18,614**	**19,882**	**(414)**	**38,083**
General Fund Financing	-	-	-	-
Other Operating Expenditure	490	-	-	490
Financing & Investment Income & Expenditure	2,498	6,862	-	9,360
Taxation and Non Specific Grant Income	(31,381)	-	(54,200)	(85,581)
Total Other Income and Expenditure	(28,393)	6,862	(54,200)	(75,730)
Difference between General Fund (surplus) or deficit and Comprehensive Income and Expenditure Statement (surplus) or deficit	**(9,778)**	**26,744**	**(54,613)**	**(37,648)**

2021/22 Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement	Levies and Precepts reported at Directorate Level/ GF Financing £000	Interest Payable, receivable, Other Investment Income and Trading profit reported at Directorate Level £000	Tax and Non Specific Grants and general funding reported at Directorate Level/ GF Financing £000	Investment Property Income and Expenditure reported at Directorate Level £000	Reserve Movements reported at Directorate Level/ GF Financing £000	Total Adjustments to arrive at the net amount chargeable to the General Fund £000
Children's Services	-	(33)	23	-	1,084	1,074
Adults Services	-	(4)	136	-	(1,692)	(1,560)
Place	(15,625)	4,487	-	5,997	(2,282)	(7,422)
Governance and Community Strategy	-	-	-	-	(9)	(9)
Finance and Systems	-	-	1,054	-	(767)	287
Strategy and Resources and Traded Services	-	2,017	-	-	162	2,179
Council-wide	(16,257)	(2,267)	9,453	-	(832)	(9,902)
Net Cost of Services	**(31,882)**	**4,200**	**10,666**	**5,997**	**(4,336)**	**(15,353)**
General Fund Financing	(94)	-	123,816	-	55,750	179,472
Other Operating Expenditure	31,976	-	-	-	-	31,976
Financing & Investment Income & Expenditure	-	(4,201)	-	(5,997)	-	(10,198)
Taxation and Non Specific Grant Income	-	-	(134,483)	-	-	(134,483)
Total Other Income and Expenditure	**31,882**	**(4,201)**	**(10,667)**	**(5,997)**	**55,750**	**66,767**
Difference between General Fund (surplus) or deficit and Comprehensive Income and Expenditure Statement (surplus) or deficit	**-**	**(1)**	**(1)**	**-**	**51,414**	**(51,414)**

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	Adjustments between Accounting Basis and Funding Basis 2021/22			
2021/22 Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement	**Adjustments for capital purposes £000 (i)**	**Net change for pension adjustment £000 (ii)**	**Other differences £000 (iii)**	**Total adjustments between accounting & funding basis £000**
Children's Services	2,439	12,739	(13)	15,165
Adults Services	255	3,175	52	3,482
Place	3,089	1,792	58	4,939
Governance and Community Strategy	31	1,044	(9)	1,066
Finance and Systems	850	1,832	(4)	2,678
Strategy and Resources and Traded Services	94	1,506	37	1,637
Council-wide	(6,177)	2,762	1	(3,413)
Net Cost of Services	**581**	**24,850**	**122**	**25,554**
General Fund Financing	-	-	-	-
Other Operating Expenditure	(505)	-	-	(505)
Financing & Investment Income & Expenditure	2,937	7,414	-	10,351
Taxation and Non Specific Grant Income	(19,710)	-	(55,161)	(74,871)
Total Other Income and Expenditure	**(17,278)**	**7,414**	**(55,161)**	**(65,025)**
Difference between General Fund (surplus) or deficit and Comprehensive Income and Expenditure Statement (surplus) or deficit	**(16,696)**	**32,264**	**(55,039)**	**(39,471)**

(i) Adjustments for Capital Purposes

Depreciation, impairment charges and revaluation gains and losses are included within the net cost of services. In addition,

- **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets;

- **Finance and investment income and expenditure** – the statutory charges for capital financing, i.e. Minimum Revenue Provision (MRP) and other revenue contributions, are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices (GAAP);

- **Taxation and non-specific grant income and expenditure –** capital grants are adjusted for income not chargeable under GAAP. Revenue grants are adjusted from those receivable during the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied within the year.

(ii) Net Change for Pension Adjustments

The removal of pension contributions and the addition of the IAS 19 *Employee Benefits* pension related expenditure and income are reflected as follows:

- **For the net cost of services –** the removal of the employer pension contributions made by the Council as determined by statute and their replacement with current service costs and past service costs;

- **For financing and investment income and expenditure –** the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement (CIES).

(iii) Other Differences

Other differences between amounts debited/credited to the CIES and amounts payable/receivable to be recognised under statute are set out below:

- **For financing and investment income and expenditure -** the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts;

- **For taxation and non-specific grant income -** the charge represents the difference between what is chargeable under statute for Council Tax and Business Rates that was forecast to be received at the start of the year, and the income recognised under GAAP. This is a timing difference as any difference is brought forward in the surpluses or deficits on the Collection Fund.
- For the movement of Dedicated Schools deficit – the other difference column recognises the adjustment to earmarked reserves in recognition of statute requiring Dedicated Schools deficit to be included in a separate unusable reserve

2. Expenditure and Income Analysed by Nature

The authority's expenditure and income is analysed as follows:

	2021/22 £000	Restated 2021/22	2022/23 £000
Expenditure			
Employee benefit expenses	208,038	208,038	213,575
Other service expenses	311,251	300,591	303,534
Depreciation, amortisation & impairment	9,301	9,301	23,367
Interest and investment expenditure	9,486	17,048	13,692
Precepts and levies	31,976	31,976	31,580
Loss on the disposal of assets	(505)	(505)	490
Pension interest costs	24,976	24,976	32,077
Change in fair value of investment property	-	-	1,563
Total expenditure	**594,524**	**591,425**	**619,878**
Income			
Fees, charges and other service income	(38,438)	(38,438)	(43,227)
Interest and investment income	(12,517)	(22,342)	(22,848)
Income from Council Tax and Business Rates	(182,103)	(178,977)	(191,106)
Government grants and contributions	(301,669)	(301,669)	(302,784)
Other grants and contributions	(29,856)	(20,059)	(17,788)
Change in fair value of investment property	(1,968)	(1,968)	-
Pension expected return on assets	(17,562)	(17,562)	(25,215)
Total income	**(584,113)**	**(581,014)**	**(602,968)**
(Surplus) or Deficit on the Provision of Services	**10,411**	**10,411**	**16,910**

3a. Accounting Concepts

The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its position at the year-end 31 March 2023. The Council is required to prepare an Annual Statement of Accounts by the Accounts and Audit Regulations 2015 which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (The Code) and the Update to the Code and Specifications for Future Codes for Infrastructure Assets (Nov 22). These are issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 21(2) of the Local Government Act 2003.

As local authorities need to reflect statutory conditions, specific statutory adjustments are complied with so that the Council's accounts present a true and fair view of the financial position and transactions of the Council. All accounting policies are disclosed where they are material.

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

Underlying Assumptions

Going Concern

The Accounting Code, (standard IAS 1) requires management to make an assessment of an entity's ability to continue as a going concern and to disclose any material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern. The authority discloses that the accounts have been prepared on a going concern basis and that the functions of the authority will continue in operational existence for the foreseeable future.

This assumption is made because local authorities carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising at the discretion of central government). If an authority were in financial difficulty, the prospects are that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. The Code is clear that transfers of services under combinations of public sector bodies (such as local government reorganisation) do not negate the presumption of going concern.

Primacy of Legislation Requirements

In accordance with the Code, where an accounting treatment is prescribed by law then it has been applied, even if it contradicts accounting standards. The following are examples of legislative accounting requirements which have been applied when compiling these accounts:

- Capital receipts from the disposal of property, plant and equipment are treated in accordance with the provisions of the Local Government Act 2003.

- The Local Government Act 2003 requires the Council to set aside a minimum revenue provision.

3b. Accounting Policies

(a) Accruals of Income and Expenditure

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

- Revenue is defined as income arising as a result of the Council's normal operating activities and where income arises from contracts with service recipients it is recognised when or as the Council has satisfied a performance obligation by transferring a promised good or service to the service recipient. Revenue is measured as the amount of the transaction price which is allocated to that performance obligation. Where the Council is acting as an agent of another organisation the amounts collected for that organisation are excluded from revenue;
- supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet;
- expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;
- interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;
- where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

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

Non Domestic Rates (NDR)

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

Council Tax

- Council Tax income included in the Comprehensive Income & Expenditure Statement for the year will be treated as accrued income. Both NDR and Council Tax income will be recognised in the Comprehensive Income & Expenditure Statement in the line Taxation & Non-Specific Grant Income. As a billing authority the difference between the NDR and Council Tax included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund shall be taken to the Collection Fund Adjustment Account and reported in the Movement in Reserve Statement. Each major preceptor's share of the accrued NDR and Council Tax income will be available from the information that is required to be produced in order to prepare the Collection Fund Statement. The income for Council Tax and NDR is recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the authority, and the amount of the revenue can be measured reliably.

- Revenue relating to such things as Council Tax and NDR shall be measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non- exchange transactions and there can be no difference between the delivery and payment dates.
- The Balance Sheet includes the authority's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Accounting for Business Improvement District

- A Business Improvement District (BID) scheme applies to Altrincham Town Centre from 1 April 2016. The scheme is funded by a BID levy paid by Business Rates ratepayers. The Council acts as an agent for the scheme. It collects the BID levy on behalf of the scheme and pays this to the BID body, without bearing any of the risks or rewards of the scheme.

(c) Cash and Cash Equivalents

Cash is represented by cash in hand and demand deposits with financial institutions repayable without penalty on notice of 3 months or less from date of acquisition. Demand deposits will include accounts where additional funds may be deposited and withdrawn at any time without prior notice e.g. a bank current account.

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

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

(d) Exceptional Items

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

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

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

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

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

(f) Charges to Revenue for Non-Current Assets

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

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

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

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses, and amortisation are replaced by Minimum Revenue Provision (MRP). This adjusting transaction is done through the Movement in Reserves Statement with the Capital Adjustment Account charged with the difference between the two amounts.

(g) Employee Benefits

Benefits Payable During Employment

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

Termination Benefits

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

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

Post-Employment Benefits

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

- the Teachers' Pension Scheme, administered nationally by Capita plc on behalf of the Department for Education (DfE);
- The Greater Manchester Pensions Fund (part of the Local Government Pension Scheme), administered by Tameside Metropolitan Borough Council.

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

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

The Local Government Pension Scheme

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

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

Liabilities are discounted to their value at current prices, using a discount rate of 2.7% (based on the indicative rate of return on a basket of high quality corporate bonds, Government gilts and other factors).

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

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

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

Service cost comprising:

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Council Wide Costs;

- net interest on the net defined benefit liability i.e. net interest expense for the Council - the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement - this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period - taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

Remeasurement comprising:

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

Contributions paid to the Greater Manchester Pension Fund:

- cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

Discretionary Benefits

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

(h) Events After the reporting Period

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

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

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

(i) Financial Instruments

Financial Liabilities (Debt and Interest Charges)

Financial liabilities are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

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

Where premiums and discounts have been charged to the CIES, regulations allow the impact on the General Fund Balance to be spread over future years. The authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the CIES to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets e.g. investments (excluding those in companies included in the Council's group accounts) are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI).

Where the authority's business model is to hold investments to collect contractual cash flows the Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument), i.e. where assets are held to sell or receive dividends.

Financial Assets Measured at Amortised Cost

Financial assets, including simple deposits, treasury bills and gilts, money market funds, measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Expected Credit Loss Model

The authority recognises expected credit losses on all of its financial assets held at amortised cost [or where relevant FVOCI], either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

The authority has grouped the loans into four groups for assessing loss allowances:
Loans

- Group 1 – the Council has previously made three loans to Manchester Airport Holdings
    - £8.7m in 2009/10 set to expire in 2055,
    - £11.3m in 2018/19, in two tranches of £5.6m for repayment in 2056 and 2057, and
    - £9.7m in 2020/21 set to expire in 2058.

- Group 2 – Loans made under Investment Strategy – The scope of the Council's investment strategy covers direct investment in properties (see policy covering investment property) as well as loans made to third party developers. The Council has made a number of developer loan advances in respect of redevelopment purposes. Loss allowances for this type of loan will be assessed on an individual basis using common industry-related risk characteristics and the financial health of the companies.

- Group 3 – Town Centre Loans – The Council offers an interest-free loan scheme for businesses that want to occupy ground floor, vacant premises in Altrincham, Sale, Urmston or Stretford town centres to part-fund works, overheads and marketing costs that are needed to bring a vacant unit back into use. The loans are advanced in two instalments and the first instalment is made within Long Term Debtors and Prepayments. Once the second instalment is made, the debt is transferred into our debtor collection system and appears in Short Term Debtors. Due to the immaterial value of these loans, Credit losses will be calculated under the simplified approach adopted for all Trade Debtors.

- Group 4 - Homestep Loans – these are loans provided to first time buyers to assist key workers to purchase a home. The amount advanced has been included as a long term debtor and is repayable when the property is sold. Credit losses are considered, but the council has assessed there to be no potential loss implications.

Financial Assets Measured at Fair Value through Profit and Loss (FVPL)

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction

between market participants at the measurement date. The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

The Council has one investment, the CCLA Property Investment Fund, which is currently classified as Fair Value through Profit and Loss. Subsequently, any Fair Value gains and losses should be recognised as they arrive in the Surplus or Deficit on the Provision of Services, thus impacting on the Council's General Fund balance. However, investments in CCLA property funds fall under the category of "pooled investment funds" as defined in Statutory Instrument SI 2018/1207. This means that until 31 March 2024, English Local Authorities are prohibited from charging to a revenue account fair value gains or losses, unless the gain or loss relates to an impairment or the sale of the asset.

The Statutory override will allow the gain or losses to be reversed via the Movement in Reserves to the Financial Instruments Revaluation Reserve.

Fair Value through Other Comprehensive Income (FVOCI)

Financial assets that are measured at FVOCI are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in other comprehensive income.

The Council has a number of equity instruments, which by definition would automatically fall under the category of FVPL, meaning that changes in fair value would impact on the General Fund.

Due to the strategic and regional economic development nature associated with the following non-tradeable equity holdings, the Council elected to designate them as FVOCI.

- Manchester Airport Holding Limited - Main Shareholding
- Manchester Airport Holding Limited Class - C Shareholding (used to part fund a new car parking facility).

The impact of this election in relation to these equity instrument is to post gains/losses in fair value to other comprehensive income to the Surplus or Deficit on the Provision of Services as they arise with such movements being reversed via the Movement In Reserve account and accumulated in the Financial Instruments Revaluation Reserve until the asset is derecognised, at which point the net gain or loss would be transferred to the General Fund Balance.

(j) Government Grants and Contributions

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

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

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

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

(k) Heritage Assets

Heritage assets are assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical value. They are therefore held by the Council in relation to the maintenance of heritage. The Council’s separate policy on Heritage Assets includes details of the records maintained by the Authority of its collection of assets.

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

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

Trafford Town Hall Collection

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

Historic Buildings

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

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

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

Heritage Assets not reported on the balance sheet

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

(l) Interests in Companies and Other Entities

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

In addition, two community interest companies (CIC's) were established during 2015/16 for the provision of leisure and youth services.
Trafford Council also has interests in three Joint Venture Companies, Trafford Bruntwood LLP is a Joint Venture Company with K Site Ltd (a wholly owned Subsidiary of Bruntwood Development Holdings Ltd) and Trafford Bruntwood (Stretford Mall) and Trafford Bruntwood (Stamford Quarter) are joint venture companies with Bruntwood Development Holdings Ltd with each investor owning a 50% share in each of the companies.

In the Council's single-entity accounts the interests in Trafford Leisure CIC and the three joint ventures are recorded as long term investments at cost.

As a subsidiary, Trafford Leisure CIC Ltd. has been consolidated on a line by line basis with all intra-group transactions and balances removed.

As Joint Ventures, Trafford Bruntwood LLP, Trafford Bruntwood (Stretford Mall) and Trafford Bruntwood (Stamford Quarter) have been consolidated on an equity basis with the group accounts. The investment is shown under a separate line in the group balance sheet and adjusted by the Council's share (50%) in the joint venture's net asset movement since acquisition. The Council's share of the joint venture's operating results for the year is included within the group income and expenditure account.

(m) Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. Statutory arrangements do not allow any gains or losses from a change in fair value to have an impact on the General Fund Balance and are therefore reversed out through the Movement in Reserves Statement to the Capital Adjustment Account.

The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

(n) Joint Ventures

On 20 March 2018 the Council set up a joint venture with Bruntwood (K Site Ltd) called Trafford Bruntwood LLP. The entity will deliver a new university campus on the former Kelloggs headquarters site at Talbot Road Stretford. From 2018/19 the entity forms part of the Council's group accounts and will be treated as a Joint Venture and consolidated on an equity basis.

On 4th July 2019 the Council set up two more joint venture companies with Bruntwood Development Holdings Ltd called Trafford Bruntwood (Stretford Mall) and Trafford Bruntwood (Stamford Quarter) as part of its master plans for town centre regeneration. From 2019/2020 these entities form part of the Council's group accounts and will be treated as a Joint Venture and consolidated on an equity basis.

(o) Leases

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

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

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

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

The Council as Lessee

Operating Leases

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

The Council as Lessor

Operating Leases

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

(p) Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service. The main basis of apportionment is by estimation of time spent on the various services. The cost of administrative buildings has been recharged on the basis of floor area occupied. The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received.

(q) Property, Plant and Equipment (PPE)

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

Recognition

Expenditure in excess of £10k on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis. Expenditure on assets is capitalised, provided that the item yields benefits to the Council for a period of more than one year and can be measured reliably. Routine repairs and maintenance of PPE are charged direct to service revenue accounts.

Measurement

Assets are initially measured at cost comprising:

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

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

- infrastructure, community and assets under construction – depreciated historical cost;
- surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective;
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use.

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

Assets are revalued with sufficient regularity by a qualified valuer to ensure that the carrying amount is not materially different from their current value at year end and as a minimum at least every five years. Increases in asset value are matched by a credit to the Revaluation Reserve to represent the unrealised gain. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement for a particular asset where the Comprehensive Income and Expenditure Statement have previously been charged with an impairment loss for that asset. Losses on revaluation are written off to the Revaluation Reserve, or if no Revaluation Reserve exists for that asset, charged to the Comprehensive Income and Expenditure Account.

Depreciation

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

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

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

- vehicles, plant and equipment between 3 and 8 years;
- all other property, including infrastructure and community assets between 10 and 60 years;

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

Revaluation and Impairment Losses

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

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

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

Disposals and Non-current Assets Held for Sale

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

When assets are disposed of or decommissioned the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal and matched against any capital receipt from the disposal. Any revaluation gains on the asset held in the Revaluation Reserve are transferred to the Capital Adjustment Account. Resultant gains or losses following the transfer of schools to academy status are included under financing and investment income and expenditure.

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

Capital Receipts

Capital receipts from the disposal of assets are treated in accordance with provisions of the Local Government Act 2003. They can be used to fund capital expenditure in the year, to meet debts or other liabilities, or used to cover payments to the Secretary of State under receipts pooling arrangements.

(r) Schools

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

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

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

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

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

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

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

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

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

- current value of the services received during the year - debited to the relevant service in the Comprehensive Income and Expenditure Statement;

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

(t) Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

Contingent Liabilities

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

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

Contingent Assets

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

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

(u) Reserves

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

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

Insurance

The Council essentially self-insures on its major risk areas and operates with significant excess levels, for example liability insurance policies carry an excess of £0.275m and property insurance £0.250m. A provision is maintained to cover costs for which it is responsible for liability claims and a reserve is maintained for property related costs. Further details can be found in note 10 and 21.

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

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

(aa) VAT

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

(ab) Fair Value Measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

a) in the principal market for the asset or liability, or

b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date;

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3 – unobservable inputs for the asset or liability.

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

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard which has been issued but is yet to be adopted by the 2022/23 Code.

Changes that will be introduced by the 2023/24 Code are:

- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021;
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021;
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021; and
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

The Council is working on implementing these changes to the code with the full impact of these changes is yet unknown. However these changes are not expected to have a material impact on the Council's single entity statements or group statements.

5. Critical Judgements in Applying Accounting Policies

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

- Leases - lease agreements have been reviewed and a determination made on whether these are finance or operating leases. This judgement has been based upon the degree to which the lease transfers the risks and rewards of ownership to the Council in accordance with IAS 17. It has been determined that all current lease arrangements are operating leases, with the exception of the PFI arrangements for Sale Waterside.

- Group accounts - arrangements with partners and third party bodies have been reviewed to assess the extent to which the Council is able to influence decisions or exert control over their operations. The CIPFA Code of Practice requires that where a Council has material financial interests and a significant level of control over one or more entities, it should prepare Group Accounts. From October 2015 the services provided by Trafford Community Leisure Trust were transferred into a Community Interest Company (CIC), Trafford Leisure CIC Ltd, wholly owned by the Council. Due to the material size of the CIC turnover, the Council has produced Group Accounts from 2016/17. Please see pages 167 to 175 for the core group statements and relevant disclosure notes. The Council has entered into three joint ventures, with Trafford Bruntwood, and all entities forms part of the Council's group accounts and have been consolidated on an equity basis. Whilst two of the joint ventures could be excluded from the consolidation on the ground of immateriality, the Council has included them as part of the group accounts for completeness.

- Accounting for Schools – Balance Sheet Recognition of Schools - The Council recognises schools in line with the provisions of 'the Code'. It states that property used by local authority maintained schools should be recognised in accordance with the asset recognition tests relevant to the arrangements that prevail for the property. The Council recognises the school's land and buildings on its Balance Sheet where it directly owns the assets, the school or school Governing Body own the assets or rights to use the assets that have been transferred from another entity.

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

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

Type	Number
Community schools	35
Voluntary Controlled (VC) schools	1
Voluntary Aided (VA) schools	21
Foundation schools	3
Sub-Total Maintained Schools	**60**
Academies	28
Total Number of Schools	**88**

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

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

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

- Investment properties have been assessed using the identifiable criteria under the international accounting standards and are being held for rental income or for capital appreciation. Properties have been assessed using these criteria, which is subject to interpretation to determine if there is an operational reason for holding the property such as regeneration.

  The Council has a 3.22% shareholding in Manchester Airport Holdings Limited (MAHL) and an equity investment relating to strategic car park infrastructure developments at the airport. Following the adoption of accounting standard IFRS 9 Financial Instruments which came into effect on 1 April 2018, the default valuation method of the Council's equity holdings would be Fair Value through Profit and Loss. However, the shareholdings are strategic investment and not held for trading and therefore the Council has designated the investment as fair value through other comprehensive income. It is the Council's view that this is a reasonable and reliable accounting policy for the investment.

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, especially in the current climate, certain estimates cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. Treasury management risk is considered in note 40.

The following items are considered in further detail as potential risk:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions liability	The pensions liability is based on assumptions relating to discount rates used, future changes in salaries, changes in retirement ages, mortality rates and expected returns on pension fund assets. These assumptions are reviewed regularly. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	Changes in liability are actuarially measured every three years, and increases in contributions spread over the following three years. The pension contribution is a key financial assumption in the medium term financial plan. During 2022/23 the net pension liability had decreased by £333.56m to a surplus position of £97.89m. In line with the Code of Practice, the Council requested the actuary provide an Asset Ceiling calculation. The Asset Ceiling was calculated to be greater than the net pension asset and therefore the full value of £97.89m has been included in the Councils balance sheet.
Long Term Assets – Manchester Airport Holdings	The Council's shareholding in the Manchester Airport Group is 3.22% as at 31 March 2023. The asset is valued using the earnings based method resulting in the asset being valued at fair value rather than historic cost, therefore requiring an annual valuation. A firm of financial experts and valuers have been engaged by the Council to provide an independent valuation which includes reviewing the financial performance, stability and business assumptions of the MAHL. The valuation provided is based on estimations and assumptions and therefore should the Council sell its shareholding the value held in these statements may not be realised. The Council also holds a 10% holding in Manchester Airport Car Park (1) Limited which is valued on the updated financial forecast, taking into account the continuing recovery from the impact of COVID-19 on earnings at Manchester Airport as evidenced in the Council valuation of its shareholding in MAHL. The data is then adjusted by discount factors to allow for the fact that the shares are not publicly traded	As at 31 March 2023 the Council's valuers advised of an increase of £1m in the fair value of the Council's share from £23.4m to £24.4m which has been reflected in the financial statements.

	and that the Council holds a minority interest with no voting rights.	
Investment Property	The valuation of the fair value of the Council's investment properties has been based on the market approach using comparable market data, including income streams, tenure, lease terms and other relevant information for similar assets in the local authority area. As such all of the Council's directly held investment assets have been assessed as Level 2 in the fair value hierarchy.	Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible, judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. Changes in assumptions used could affect the fair value of the Council's assets and liabilities. As an example, the impact of a 10% change in the market values of the council's investment property (carrying value as of 31 March 2023 - £107.17m) would be £10.72m. Note 15, Investment Property, to the accounts sets out the council's approach to valuation of its Investment Property.
Property, Plant and Equipment	The valuation of the council's Property, Plant and Equipment (PPE) is a significant area of estimation uncertainty. This includes Community Assets, Other Land and Buildings and Surplus Assets. The council's valuer uses a combination of methodologies to value these operational assets for example, Depreciated Replacement Cost (DRC). These methods can cause estimation uncertainty due to the indices and inputs that must be used to applying valuations. If the actual values differ from the assumptions used to value PPE, there is a risk of material adjustment to the carrying value of PPE within the next financial year. A reduction in estimated valuation would result in a reduction to the Revaluation Reserve and/or a loss recorded in the Comprehensive Income and Expenditure Statement. An increase in estimation valuation would result in an increase in the Revaluation Reserve and/or gain recorded in the Comprehensive Income and Expenditure Statement.	As an example, the impact of a 10% change in the valuation of the council's PPE (carrying value as of 31 March 2023 – £471.30m) would be £47.13m. Note 14, Property, Plant and Equipment, to the accounts sets out the council's approach to valuation of its PPE.

7. Material Items of Income and Expense (Comprehensive Income & Expenditure Statement page 31)

This note identifies material items of income and expenditure that are not disclosed on the face of the Comprehensive Income and Expenditure Statement.

There are some significant items in the Comprehensive Income and Expenditure Statement related to revenue expenditure funded from capital under statute (REFCUS); these items are detailed within Note 33 Capital Expenditure and Capital Financing.

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

8. Events After the reporting Period

The Director of Finance and Systems authorised The Statement of Accounts for issue on 30 November 2023. Events taking place after this date are not reflected in the financial statements or notes. Events taking place before this date where information about conditions existed at 31 March 2023, are adjusted in all material aspects in the financial statements and notes.

There was one non-adjusted event after the Balance Sheet date. In June 2023 the High Court ruled in the case of Virgin Media Limited v NTL Pension Trustees that certain pension scheme rule amendments were invalid if they were not accompanied by the correct actuarial confirmation. At the date of issuing the Statement of Accounts an estimate of the impact on the Local Government Pension Scheme cannot be made.

9. Adjustments between Accounting Basis and Funding Basis under Regulations

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

2022/23		Usable Reserves 2022/23							2022/23
	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Revenue Grants Unapplied £000	Capital Grants Unapplied £000		Movements in Unusable Reserves £000
ADJUSTMENTS PRIMARILY INVOLVING THE CAPITAL ADJUSTMENT ACCOUNT:									
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:									
Charges for depreciation, impairment and downward revaluations of non-current assets.	(20,616)	-	(20,616)	-	-	-	-		**20,616**
Revaluation losses on Property, Plant & Equipment.	(2,751)	-	(2,751)	-	-	-	-		**2,751**
Movements in the fair value of Investment Properties.	(1,563)	-	(1,563)	-	-	-	-		**1,563**
Revenue expenditure funded from capital under statute.	(139)	-	(139)	-	-	-	-		**139**
Amounts of non-current assets and current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	(490)	-	(490)	(5,475)	-	-	-		**5,965**
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:-									
Statutory provision for the financing of capital investment.	4,272	-	4,272	-	-	-	-		**(4,272)**
Voluntary provision above MRP	17,428	-	17,428	-	-	-	-		**(17,428)**
Capital expenditure charged against the General Fund balance.	238	-	238	-	-	-	-		**(238)**

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

		Usable Reserves 2022/23 (continued)						2022/23
2022/23	**General Fund Balance £000**	**Earmarked General Fund Reserves £000**	**Total General Fund Balance £000**	**Capital Receipts Reserve £000**	**Major Repairs Reserve £000**	**Revenue Grants Unapplied £000**	**Capital Grants Unapplied £000**	**Movements in Unusable Reserves £000**
Adjustments primarily involving the Capital Grants Unapplied Account:								
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement.	31,381	-	31,381	-	-	-	(31,381)	-
Application of grants to capital financing transferred to the Capital Adjustment Account.	-	-	-	-	-	(101)	31,635	**(31,534)**
Adjustments primarily involving the Capital Receipts Reserve:								
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	-	-	-	-	-	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure.	-	-	-	4,920	-	-	-	**(4,920)**
Use of the Capital Receipts Reserve to repay Debt.	(17,756)	-	(17,756)	328	-	-	-	**17,428**
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals.	-	-	-	-	-	-	-	-
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	-	-	-	-	-	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash.	-	-	-	-	-	-	-	-
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	-	-	-	-	-	-	-	-

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

2022/23	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Revenue Grants Unapplied £000	Capital Grants Unapplied £000	Movements in Unusable Reserves £000
		Usable Reserves 2022/23 (continued)						2022/23
ADJUSTMENT PRIMARILY INVOLVING THE MAJOR REPAIRS RESERVE:								
Reversal of Notional Major Repairs Allowance credited to the HRA.	-	-	-	-	-	-	-	-
Use of the Major Repairs Reserve to finance new capital expenditure.	-	-	-	-	-	-	-	-
ADJUSTMENT PRIMARILY INVOLVING THE FINANCIAL INSTRUMENTS ADJUSTMENT ACCOUNT:								
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements.	710	-	710	-	-	-	-	**(710)**
ADJUSTMENTS INVOLVING THE FINANCIAL INSTRUMENTS REVALUATION RESERVE								
Gain/loss on revaluation of Financial Instruments charged to FVPL	(935)	-	(935)	-	-	-	-	**935**
ADJUSTMENTS PRIMARILY INVOLVING THE PENSION RESERVE:								
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 37).	(46,633)	-	(46,633)	-	-	-	-	**46,633**
Employer's pension contributions and direct payments to pensioners payable in the year.	19,889	-	19,889	-	-	-	-	**(19,889)**
ADJUSTMENTS PRIMARILY INVOLVING THE COLLECTION FUND ADJUSTMENT ACCOUNT:								
Amount by which council tax and non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements: Council Tax	(1,575)	-	(1,575)	-	-	-	-	**1,575**
NDR	55,774	-	55,774	-	-	-	-	**(55,774)**

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

		Usable Reserves 2022/23 (continued)						2022/23
2022/23	**General Fund Balance £000**	**Earmarked General Fund Reserves £000**	**Total General Fund Balance £000**	**Capital Receipts Reserve £000**	**Major Repairs Reserve £000**	**Revenue Grants Unapplied £000**	**Capital Grants Unapplied £000**	**Movements in Unusable Reserves £000**
ADJUSTMENTS PRIMARILY INVOLVING THE EQUAL PAY ADJUSTMENT ACCOUNT:								
Amount by which amounts charged for Equal Pay claims to the Comprehensive Income and Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements.	-	-	-	-	-	-	-	-
ADJUSTMENTS PRIMARILY INVOLVING THE ACCUMULATED ABSENCES ACCOUNT:								
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.	414	-	414	-	-	-	-	**(414)**
Total Adjustments	**37,648**	**-**	**37,648**	**(227)**	**-**	**(101)**	**254**	**(37,575)**

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

2021/22		Usable Reserves 2021/22						2021/22
	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Revenue Grants Unapplied £000	Capital Grants Unapplied £000	Movements in Unusable Reserves £000
ADJUSTMENTS PRIMARILY INVOLVING THE CAPITAL ADJUSTMENT ACCOUNT:								
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:								
Charges for depreciation, impairment and downward revaluations of non-current assets.	(18,140)	-	(18,140)	-	-	-	-	**18,140**
Revaluation losses on Property, Plant & Equipment.	8,838	-	8,838	-	-	-	-	**(8,838)**
Movements in the fair value of Investment Properties.	1,968	-	1,968	-	-	-	-	**(1,968)**
Amortisation of intangible assets.	-	-	-	-	-	-	-	**-**
Capital grants and contributions applied.	-	-	-	-	-	-	-	**-**
Movement in the Donated Assets Account.	-	-	-	-	-	-	-	**-**
Revenue expenditure funded from capital under statute.	(136)	-	(136)	-	-	-	-	**136**
Amounts of non-current assets and current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	505	-	505	(7,313)	-	-	-	**6,808**
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:-								
Statutory provision for the financing of capital investment.	8,401	-	8,401	-	-	-	-	**(8,401)**
Voluntary provision above MRP	66,248	-	66,248	-	-	-	-	**(66,248)**
Capital expenditure charged against the General Fund balance.	224	-	224	-	-	-	-	**(224)**

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

		Usable Reserves 2021/22 (continued)						2021/22
2021/22	**General Fund Balance £000**	**Earmarked General Fund Reserves £000**	**Total General Fund Balance £000**	**Capital Receipts Reserve £000**	**Major Repairs Reserve £000**	**Revenue Grants Unapplied £000**	**Capital Grants Unapplied £000**	**Movements in Unusable Reserves £000**
Adjustments primarily involving the Capital Grants Unapplied Account:								
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement.	19,710	-	19,710	-	-	-	(19,710)	-
Application of grants to capital financing transferred to the Capital Adjustment Account.	-	-	-	-	-	(296)	16,473	**(16,177)**
Adjustments primarily involving the Capital Receipts Reserve:								
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	-	-	-	-	-	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure.	-	-	-	6,863	-	-	-	**(6,863)**
Use of the Capital Receipts Reserve to repay Debt.	(66,575)	-	(66,575)	328	-	-	-	**66,247**
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals.	-	-	-	-	-	-	-	-
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	-	-	-	-	-	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash.	-	-	-	-	-	-	-	-
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	-	-	-	-	-	-	-	-

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

		Usable Reserves 2021/22 (continued)							2021/22
2021/22	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Revenue Grants Unapplied £000	Capital Grants Unapplied £000		Movements in Unusable Reserves £000
ADJUSTMENT PRIMARILY INVOLVING THE MAJOR REPAIRS RESERVE:									
Reversal of Notional Major Repairs Allowance credited to the HRA.	-	-	-	-	-	-	-		-
Use of the Major Repairs Reserve to finance new capital expenditure.	-	-	-	-	-	-	-		-
ADJUSTMENT PRIMARILY INVOLVING THE FINANCIAL INSTRUMENTS REVALUATION RESERVE:									
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements.	(5,194)	-	(5,194)	-	-	-	-		**5,194**
ADJUSTMENTS INVOLVING THE FIRR									
Gain/loss on revaluation of Financial Instruments charged to FVPL	847	-	847	-	-	-	-		**(847)**
ADJUSTMENTS PRIMARILY INVOLVING THE PENSION RESERVE:									
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 37).	(50,298)	-	(50,298)	-	-	-	-		**50,298**
Employer's pension contributions and direct payments to pensioners payable in the year.	18,033	-	18,033	-	-	-	-		**(18,033)**
ADJUSTMENTS PRIMARILY INVOLVING THE COLLECTION FUND ADJUSTMENT ACCOUNT:									
Amount by which council tax and non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements: Council Tax	4,173	-	4,173	-	-	-	-		**(4,173)**
NDR	50,988	-	50,988	-	-	-	-		**(50,988)**

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

		Usable Reserves 2021/22 (continued)						2021/22
2021/22	**General Fund Balance £000**	**Earmarked General Fund Reserves £000**	**Total General Fund Balance £000**	**Capital Receipts Reserve £000**	**Major Repairs Reserve £000**	**Revenue Grants Unapplied £000**	**Capital Grants Unapplied £000**	**Movements in Unusable Reserves £000**
ADJUSTMENTS PRIMARILY INVOLVING THE EQUAL PAY ADJUSTMENT ACCOUNT:								
Amount by which amounts charged for Equal Pay claims to the Comprehensive Income and Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements.	-	-	-	-	-	-	-	-
ADJUSTMENTS PRIMARILY INVOLVING THE ACCUMULATED ABSENCES ACCOUNT:								
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.	(122)	-	(122)	-	-	-	-	**122**
Total Adjustments	**39,471**	**-**	**39,471**	**(122)**	**-**	**(297)**	**(3,237)**	**(35,815)**

10. *Transfers to/from Earmarked Reserves (Balance Sheet page 33)*

This note sets out the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2022/23.

	Balance as at 1 April 2021 £000	Movements Out 2021/22 £000	Movements In 2021/22 £000	Balance at 31 March 2022 £000	Movements Out 2022/23 £000	Movements In 2022/23 £000	Balance at 31 March 2023 £000
General Fund	**(8,000)**	-	(1,500)	**(9,500)**	-	-	**(9,500)**
Earmarked Reserves:							
Balances held by schools under a scheme of delegation	**(13,414)**	13,432	(14,322)	**(14,304)**	14,322	(13,107)	**(13,089)**
Other Earmarked Reserves:							
Synthetic Pitch Replacement Reserve							
This will be used towards replacing one synthetic pitch within the Borough.	**(93)**	-	(15)	**(108)**	-	(15)	**(123)**
Insurance Reserve							
Funds earmarked for future claims and to carry out various risk management initiatives.	**(1,700)**	250	(89)	**(1,539)**	-	(161)	**(1,700)**
Delegated Service Budgets							
Revenue budget under/overspends to be carried forward as part of the Council's Medium Term Financial Plans.	**(6,620)**	2,512	(2,978)	**(7,086)**	2,559	(4,037)	**(8,564)**
ICT Development							
Investment in new ICT to improve efficiency Council-wide.	**(589)**	241	(911)	**(1,259)**	697	(796)	**(1,358)**
Dedicated Schools Grant (DSG)							
Government grant specifically for the funding of schools and schools' related services.	**(1,753)**	1,821	(68)	**-**	97	(97)	**-**

10. Transfers to/from Earmarked Reserves (continued)

	Balance as at 1 April 2021 £000	Movements Out 2021/22 £000	Movements In 2021/22 £000	Balance at 31 March 2022 £000	Movements Out 2022/23 £000	Movements In 2022/23 £000	Balance at 31 March 2023 £000
Elections Reserve							
To smooth the elections budget across the 4 year Municipal cycle.	**(308)**	50	(5)	**(263)**	159	(1)	**(105)**
Transformation Reserve							
Money set aside to pump prime the achievement of the next stage of efficiencies through the Transformation Programme.	**(306)**	-	-	**(306)**	235	-	**(71)**
Interest Rate Reserve							
To smooth the effect on the Council's budget of volatile movements in interest rates.	**(2,161)**	213	(619)	**(2,567)**	-	(540)	**(3,107)**
Waste Levy Reserve							
To smooth the effects on the Council's budget of movements in the waste levy over the medium term.	**(571)**	-	(780)	**(1,351)**	-	(133)	**(1,484)**
Long Term Accommodation Decant Reserve							
To cover the cost of accommodation changes arising from the Long Term Accommodation Project.	**(758)**	130	(132)	**(760)**	152	(116)	**(724)**
Employment Rationalisation Reserve							
To cover the cost of rationalising the employment of staff by the Council.	**(1,166)**	366	-	**(800)**	-	-	**(800)**

10. Transfers to/from Earmarked Reserves (continued)

	Balance as at 1 April 2021 £000	Movements Out 2021/22 £000	Movements In 2021/22 £000	Balance at 31 March 2022 £000	Movements Out 2022/23 £000	Movements In 2022/23 £000	Balance at 31 March 2023 £000
Capital Reserve							
Investment in disabled facility schemes.	**(1,000)**	-	-	**(1,000)**	-	-	**(1,000)**
Winter Maintenance Reserve							
To provide emergency funds to cover the costs of highway & footway maintenance during periods of adverse weather conditions.	**(120)**	-	-	**(120)**	-	-	**(120)**

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10. Transfers to/from Earmarked Reserves (continued)

	Balance as at 1 April 2021 £000	Movements Out 2021/22 £000	Movements In 2021/22 £000	Balance at 31 March 2022 £000	Movements Out 2022/23 £000	Movements In 2022/23 £000	Balance at 31 March 2023 £000
Economic Development Reserve							
Reserve set aside to earmarked grant specifically for economic development related projects (previously held within Service Earmarked Reserve).	**(704)**	58	(792)	**(1,438)**	543	(799)	**(1,694)**
Manchester Airport Dividend Smoothing Reserve							
Dividends received above budget to be used to support future years' Revenue Budgets.	-	-	-	-	-	-	-
Budget Support Reserve							
To smooth out potential volatility in Revenue Budget funding and the significant level of savings required over the medium term.	**(6,347)**	7,303	(12,607)	**(11,651)**	5,336	(6,929)	**(13,244)**
Business Rates and NDR deficit Reserve							
The business rate risk reserve was established to be used to offset any fluctuation in the significant level of business rate income that will be supporting the budget in 2018/19 and later years. It is also used to meet Trafford's share of the NDR Deficit.	**(90,118)**	88,192	(42,162)	**(44,088)**	50,333	(2,313)	**3,932**
Transformation Fund Reserves							
Monies allocated from Greater Manchester Health and Social Care Partnership for the transforming of health and social care services, in addition to monies set aside by the Council to match fund expenditure in the Transformation Fund.	**(4,282)**	2,458	-	**(1,824)**	237	-	**(1,587)**
Strategic Investment Property Risk Reserve							
The strategic investment property risk reserve was established to be used to offset any fluctuations in investment property	**(6,201)**	946	(1,054)	**(6,309)**	1,683	(379)	**(5,005)**
Council Tax Risk Reserve							

	Balance as at 1 April 2021 £000	Movements Out 2021/22 £000	Movements In 2021/22 £000	Balance at 31 March 2022 £000	Movements Out 2022/23 £000	Movements In 2022/23 £000	Balance at 31 March 2023 £000
Reserve to manage risk of shortfall in Council Tax Income due to uncertainty in take up of LCTSS/Hardship	**-**	-	-	**-**	-	(500)	**(500)**
COVID-19 General Reserve							
New Reserve created to support local COVID-19 pressures	**(20,672)**	13,575		**(7,097)**	7,097	-	**-**
Council Tax Collection Fund Reserve							
To smooth the timing difference in Trafford's shortfall of estimated Council Tax Surplus	**(285)**	285	-	**-**	-	(940)	**(940)**
Bus Reform Reserve							
Potential contribution to the Bus reform in 2021	**(1,500)**	-	-	**(1,500)**	-	-	**(1,500)**
Other Reserves							
Other amounts earmarked for specific purposes.	**(6,714)**	1,582	(8,137)	**(13,269)**	3,927	(4,864)	**(14,206)**
SALE PFI RESERVE							
Reserve set aside to fund the final bullet payment	**(1,086)**	-	(146)	**(1,232)**	-	(87)	**(1,319)**
Council Tax Hardship reserve							
Unspent grant set aside to pay for future costs of the scheme	**(1,131)**	1,131	-	**-**	-	-	**-**
Council Tax Income Guarantee Grant COVID-19 reserve (*)							
75% Tax income guarantee grant used to offset the deficit over the next 3 financial years	**(767)**	258	-	**(509)**	257	-	**(252)**
Business Rates Tax Income Guarantee Grant COVID-19 reserve (*)							
75% Tax income guarantee grant used to offset the deficit over the next 3 financial years	**(3,990)**	1,330	-	**(2,660)**	1,330		**(1,330)**
Total Other Earmarked Reserves	**(160,942)**	**122,700**	**(70,495)**	**(108,737)**	**74,642**	**(22,707)**	**(56,801)**
Total Earmarked Reserves (incl. Schools)	**(174,356)**	**136,132**	**(84,817)**	**(123,041)**	**88,964**	**(35,814)**	**(69,890)**
Total Reserves	**(182,355)**	**136,132**	**(86,317)**	**(132,541)**	**88,964**	**(35,814)**	**(79,390)**

11. Other Operating Expenditure (Comprehensive Income & Expenditure Statement page 31)

2021/22 £000		2022/23 £000
94	Parish council precepts	99
31,881	Levies (i)	31,479
6,808	Amount written off on disposal of non-current assets	5,965
(7,533)	Sale proceeds from disposal of non-current assets	(5,492)
221	Cost of disposal of non-current assets	19
31,471	**Total**	**32,070**

(i) Included are levies as follows:

2021/22 Expenditure £000		2022/23 Expenditure £000
146	Flood Defence	151
15,625	Waste Disposal Authority	15,273
16,110	GM Combined Authority	16,055
31,881	**Total**	**31,479**

12. Financing and Investment Income and Expenditure (Comprehensive Income & Expenditure Statement page 31)

2021/22 £000		2022/23 £000
9,486	Interest payable and similar charges	8,941
(17,562)	Interest income on plan assets (pensions)	(25,215)
24,976	Interest cost on defined benefit obligation (pensions)	32,077
(2,529)	Interest receivable and similar income (i)	(5,169)
(7,965)	Income and expenditure in relation to investment properties and changes in their fair value (ii)	(4,680)
(847)	Gains and losses arising from the revaluation of financial assets measured at fair value through profit and loss	935
(2,017)	Residual (Surplus)/deficit on trading undertakings (iii)	598
5,751	Other Charges (iv)	-
(9,141)	Other investment income (v)	(8,218)
-	(Profit)/Loss on Disposal of Academy non-current assets	-
152	**Total**	**(731)**

(i) During 2022/23 the average amount invested in the money market was £119.6m, at an average interest rate of 2.28%. Investment interest generated for the year was £6.00m, including £3.14m of interest receivable from Manchester International Airport following the renegotiation of loan debt held by each of the Greater Manchester Authorities in February 2010 and additional loan debt issued in 2018. For 2021/22 the average amount invested was £122.0m at an average rate of 0.35%, producing £3.585m of investment interest, including £2.171m from the Airport.

(ii) Includes increase/(decrease) in the fair value of investment properties £(1.563)m 22/23 (£1.968m in 2021/22). Net expenditure/(income) on investment properties is £771k, (£(5.997)m in 2021/22), also included in Note 15.

(iii) Details on the financial activity of trading operations are included in note 25.

(iv) The early repayment of a PWLB loan in 2021/22 incurred an early repayment premium of £5.75m.

(v) This includes Strategic Property Investment income of £(8.218)m in 2022/23 (£(9.141)m in 2021/22).

13. Taxation and Non-Specific Grant Income (Comprehensive Income & Expenditure Statement page 31)

2021/22 £000		2022/23 £000
(109,593)	Council Tax income	(113,358)
(69,383)	Non domestic rates*	(77,749)
(10,667)	Non ring-fenced government grants*	(5,916)
(19,710)	Capital grants and contributions*	(31,381)
(209,353)	**Total**	**(228,404)**

** Further detail on grants is shown in note 31.*

14. Property, Plant and Equipment (Balance Sheet page 33) Movements on Balances 2022/23:

	Other land & buildings £000	Vehicles, plant & equipment assets £000	Community assets £000	Surplus assets £000	Assets under construction £000	Total £000
As at 1 April 2022	**413,121**	**25,160**	**23,889**	**24,166**	**12,284**	**498,620**
Additions	6,806	875	2,185	2	21,232	**31,100**
Disposals (incl. adj. for academy school transfers)	(619)	(19)	-	-	-	**(638)**
Accumulated depreciation written out on revaluation	(11,634)	-	-	-	-	**(11,634)**
Reclassification to Assets Held for Sale	-	-	-	-	-	**-**
Other Reclassifications	1,277	847	31	-	(2,931)	**(776)**
Revaluation increases/(decreases) recognised in the revaluation reserve	36,495	-	-	101	-	**36,596**
Revaluation increases/(decreases) recognised in the surplus/deficit on the provision of services	-	-	-	-	-	**-**
As at 31 March 2023	**445,446**	**26,863**	**26,105**	**24,269**	**30,585**	**553,268**

14. Property, Plant and Equipment (continued):

	Other land & buildings £000	Vehicles, plant & equipment assets £000	Community assets £000	Surplus assets £000	Assets under construction £000	Total £000
As at 1 April 2022	**(42,107)**	**(21,384)**	**(6,418)**	**(5,774)**	**-**	**(75,683)**
Depreciation charged to CIES (ii)	(14,135)	(795)	(372)	-	-	**(15,302)**
Revaluation downwards charged to CIES	-	-	-	-	-	**-**
Impairment written off to Revaluation Reserve	-	-	-	-	-	**-**
Revaluation Reserve	-	-	-	-	-	**-**
Disposals	127	6	-	-	-	**133**
Reclassifications	-	-	-	-	-	**-**
Accumulated depreciation and impairment written out on revaluation adj.	11,634	-	-	-	-	**11,634**
Revaluations	(2,749)	-	-	(2)	-	**(2,749)**
As at 31 March 2023	**(47,230)**	**(22,173)**	**(6,790)**	**(5,776)**	**-**	**(81,969)**
Balance Sheet amount as at 31 March 2023	**398,216**	**4,690**	**19,315**	**18,493**	**30,585**	**471,299**
Nature of Asset Holding	**-**	**-**	**-**	**-**	**-**	**-**
Owned	392,170	4,690	19,315	18,493	30,585	**465,253**
Finance Lease	-	-	-	-	-	**-**
PFI (i)	6,046	-	-	-	-	**6,046**
Total	**398,216**	**4,690**	**19,315**	**18,493**	**30,585**	**471,298**

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

2021/22 £000	Movement in PFI Asset Value	2022/23 £000
11,549	**Opening Value 1 April**	**11,792**
117	Additions	225
(237)	Less Depreciation	(249)
363	Less Impairment	(5,722)
11,792	**Closing Value 31 March**	**6,046**

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

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

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

Asset Category	Useful Life
Vehicles, plant and equipment	Between 3 and 8 years
Intangibles	Between 5 and 20 years
Infrastructure and Community assets	Between 10 and 40 years
Buildings	Between 15 and 60 years

There are no changes to depreciation methods used between 2021/22 and 2022/23.

Comparative Movements in 2021/22:

	Other land & buildings £000	Vehicles, plant & equipment assets £000	Community assets £000	Surplus assets £000	Assets under construction £000	Total £000
COST OR VALUATION:						
As at 1 April 2021	**357,747**	**24,340**	**23,383**	**20,038**	**12,853**	**438,361**
Additions	8,066	657	485	25	7,862	**17,095**
Disposals (incl. adj. for academy school transfers)	(6,157)	-	-	-	-	**(6,157)**
Accumulated depreciation written out on revaluation	(11,939)	-	-	-	-	**(11,939)**
Reclassification to Assets Held for Sale	-	-	-	1,300	-	**1,300**
Other Reclassifications	1,945	163	21	-	(8,431)	**(6,302)**
Revaluation increases/(decreases) recognised in the revaluation reserve	63,459	-	-	2,803	-	**66,262**
Revaluation increases/(decreases) recognised in the surplus/deficit on the provision of services	-	-	-	-	-	**-**
As at 31 March 2022	**413,121**	**25,160**	**23,889**	**24,166**	**12,284**	**498,620**

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Comparative Movements in 2021/22 (Continued):

	Other land & buildings £000	Vehicles, plant & equipment assets £000	Community assets £000	Surplus assets £000	Assets under construction £000	Total £000
As at 1 April 2021	**(53,581)**	**(20,820)**	**(6,057)**	**(5,552)**	**-**	**(86,010)**
Depreciation charged to CIES (ii)	(11,443)	(564)	(361)	-	-	**(12,368)**
Revaluation downwards charged to CIES	9,060	-	-	(222)	-	**8,838**
Impairment written off to Revaluation Reserve	-	-	-	-	-	**-**
Revaluation Reserve	-	-	-	-	-	**-**
Disposals	1,915	-	-	-	-	**1,915**
Reclassifications	-	-	-	-	-	**-**
Accumulated depreciation and impairment written out on revaluation adj.	11,939	-	-	-	-	**11,939**
Revaluations	-	-	-	-	-	**-**
As at 31 March 2022	**(42,110)**	**(21,384)**	**(6,418)**	**(5,774)**	**-**	**(75,686)**
NET BOOK VALUE:						
Balance Sheet amount as at 31 March 2022	**371,011**	**3,776**	**17,471**	**18,392**	**12,284**	**422,934**
Nature of Asset Holding						
Owned	359,219	3,776	17,471	18,392	12,284	411,142
Finance Lease	-	-	-	-	-	**-**
PFI (i)	11,792	-	-	-	-	**11,792**
Total	**371,011**	**3,776**	**17,471**	**18,392**	**12,284**	**422,934**

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Valuation of Non-Current Assets held at current value

This statement shows the progress of the Council's rolling programme for the revaluation of non-current assets. The valuations were carried out by Nigel MacDonald MRICS, Registered Valuer. The basis for valuation is set out in the statement of accounting policies.

	Other land & buildings £000	Vehicles, plant & equipment £000	Surplus assets) £000	Total £000
Held at historic cost		**4,690**		**4,690**
Valued at current value in:				
Current Year (31 March 2023) *	291,749		18,493	**310,242**
Previous Year (1 April 2022)	59,690			**59,690**
Two years ago (1 April 2021)	28,706			**28,706**
Three years ago (1 April 2020)	8,410			**8,410**
Four years ago (1 April 2019)	9,661			**9,661**
Total	**398,216**	**4,690**	**18,493**	**421,399**

* **Surplus assets** - All surplus property has been valued in accordance with IFRS13 under the fair value hierarchy which has been based on the market approach using comparable market data, including income streams, tenure, lease terms, sales prices and other relevant information for similar assets in the local authority area. As such all of the Council's directly held surplus assets have been assessed as Level 2 in the fair value hierarchy. Additionally, there have been no transfers between levels during the year.

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

Significant commitments under capital contracts as at 31 March 2023

As at 31 March 2023 the Council was contractually committed to capital expenditure which amounted to approximately £7.80m. Major contracts included the following schemes:

	£000
Moorlands Junior School - Expansion works	2,751
Templemoor Primary School - Expansion works	2,093
The Willows Primary School - Expansion works	1,607
Altrincham TC - Public Realm Works	1,348
Total at 31 March 2023	**7,799**

14a. Infrastructure Assets

In accordance with the temporary relief offered by the Update to the Code on Infrastructure Assets introduced through the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position of the Council to the users of the financial statements.

The authority has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

The authority has determined in accordance with Regulation 30M England of the Local Authorities (Capital Finance and Accounting) (England/Wales) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

Net Book Value (modified historic cost)	**2021/22 £000**	**2022/23 £000**
Balance at 1 April	**173,058**	**174,193**
Additions	5,561	11,183
Depreciation	(5,247)	(4,783)
Transfers	821	776
Net Book Value Balance at 31 March	**174,193**	**181,367**

Depreciation is provided on the parts of the highways network infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives. Depreciation is charged on a straight-line basis. Useful lives of the various parts of the highways network are assessed by the Chief Highways Engineer using industry standards where applicable as follows.

Asset description	**Useful Life**
HIGHWAYS	40
STREET LIGHTING	40
BRIDGES	40
TRAFFIC MANAGEMENT & ROAD SAFETY	40
CULVERTS & W'COURSES	25
LANDFILL GAS EXPEND.	25
HIGHWAYS - MAINTENANCE WORKS	10

15. Investment Properties (Balance Sheet page 33)

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

	2021/22 £000	2022/23 £000
Balance at start of year	**108,124**	**108,873**
Additions:		
Purchases		
Construction		
Subsequent expenditure	-	11
Disposals		(155)
Net gains/(losses) from fair value adjustments	1,968	(1,563)
Transfers:		
to/from Inventories		
to/from Property, Plant & Equipment	(1,219)	
Other changes		
Balance at end of year	**108,873**	**107,166**

The fair value for the investment properties has been based on the market approach using comparable market data, including income streams, tenure, lease terms and other relevant information for similar assets in the local authority area. As such all of the Council's directly held investment assets have been assessed as Level 2 in the fair value hierarchy. Additionally, there have been no transfers between Levels during the year.

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

	2021/22 £000	2022/23 £000
Rental income from investment property	(7,807)	(9,461)
Direct operating expenses arising from investment	1,810	3,218
Net (gain)/loss	**(5,997)**	**(6,243)**

16. Financial Instruments

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

Financial Assets

	Long Term				Short Term				
	Investments		Debtors		Investments		Debtors		Total
	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2023 £000
Fair value through profit and loss									
Church Commissioner Local Authority Fund - Principal	5,674	4,739	-	-	-	-	-	-	4,739
Sub-total – Fair value through profit and loss	**5,674**	**4,739**	**-**	**-**	**-**	**-**	**-**	**-**	**4,739**
Amortised Cost									
Other Investments									
Principal (i)	-	-	-	-	76,199	21,999	-	-	**21,999**
Accrued Interest (i)	-	-	-	-	95	366	-	-	**366**
Cash and cash equivalent:									
Cash at Bank	-	-	-	-	16,743	23,842	-	-	**23,842**
Principal	-	-	-	-	30,740	31,280	-	-	**31,280**
Accrued interest	-	-	-	-	20	53	-	-	**53**
Other Financial Instruments									
MAH Loans (included within Long term debtors)	-	-	29,650	29,650	-	-	-	-	**29,650**
MAH Loans (included within Long term debtors)- Accrued Interest	-	-	7,329	9,160	-	-	-	-	**9,160**
Homestep Loans (included within Long term debtors)	-	-	586	544	-	-	-	-	**544**
Capital Loans (included within Long term debtors)	-	-	47,738	61,039	-	-	46,776	59,303	**120,342**
Treasury Asset Investments (included within Long term debtors)	-	-	11,934	11,934	-	-	-	-	**11,934**
Trafford Leisure CIC	-	-	1,140	1,180	-	-	-	-	**1,180**
Trafford Leisure CIC Accrued Interest	-	-	27	67	-	-	-	-	**67**

	Long Term				Short Term				
	Investments		Debtors		Investments		Debtors		Total
	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2023 £000
Trade Debtors (included within Short term debtors)	-	-	-	-	-	-	10,407	13,036	**13,036**
Church Commissioner Local Authority Fund – Accrued Interest (i)	-	-	-	-	54	58	-	-	**58**
Sub-total – amortised cost	**-**	**-**	**98,404**	**113,573**	**123,851**	**77,598**	**57,183**	**72,339**	**263,510**
Fair value through other comprehensive income –designated equity instruments									
Manchester Airport Holdings (MAH) Shareholding (See note on "Interest in Companies" on page 58	18,600	20,100	-	-	-	-	-	-	**20,100**
Manchester Airport Holdings (MAH) Shareholding Car Park (iii)	4,800	4,300	-	-	-	-	-	-	**4,300**
Sub-total – Fair value through other comprehensive income	**23,400**	**24,400**	**-**	**-**	**-**	**-**	**-**	**-**	**24,400**
Total financial Instruments (included in Financial Assets)	**29,074**	**29,139**	**98,404**	**113,573**	**123,851**	**77,598**	**57,183**	**72,339**	**292,649**
Other Financial Assets:									
Investments included in Group Accounts (ii)									
Equity - Trafford Bruntwood LLP – K site	11,308	11,825	-	-	-	-	-	-	**11,825**
Equity - Trafford Bruntwood LLP – Stamford & Stretford Malls	25,871	29,387	-	-	-	-	-	-	**29,387**
Sub-total – amortised cost	**37,179**	**41,212**	**-**	**-**	**-**	**-**	**-**	**-**	**41,212**
Other (ii)									

	Long Term				Short Term				Total
	Investments		Debtors		Investments		Debtors		
	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2023 £000
Section 106 debtors (included within Short term debtors)	-	-	-	-	-	0	1,026	1,850	1,850
Total Financial Assets	**66,252**	**70,351**	**98,404**	**113,573**	**123,851**	**77,598**	**58,209**	**74,190**	**335,713**

(i) The sum Short Term Investment Principal (£21.999m), Accrued Interest (£0.366m) and (£0.058m) equals Short Term Investments and as per the balance sheet (£22.423m).

(ii) The Equity Investment in Trafford Bruntwood LLPs is not classified as a financial instrument under IFRS9 on the basis that the investment is included in the authority' group accounts

(iii) The MAH shareholding has been designated at cost to Fair Value through Other comprehensive Income on the basis that the MAH Shareholding is regarded as a Strategic investment and is not held for trading purposes. The shares originated through a policy initiative with the other Greater Manchester authorities to promote economic generation and tourism.

Financial Liabilities

	Long Term				Short Term				
	Borrowings		Creditors		Borrowings		Creditors		Total
	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2023 £000
Amortised Cost									
Principal	(318,167)	(313,837)	-	-	(4,256)	(4,331)	-	-	(318,167)
Accrued Interest	-	-	-	-	(1,693)	(1,663)			(1,663)
Market loans EIR adjustments	(785)	(769)	-	-	-	-	-	-	(769)
Trade Creditors (included within short term creditors)	-	-	-	-	-	-	(5,146)	(14,898)	(14,898)
Sub-total amortised cost - (per balance sheet)	**(318,952)**	**(314,606)**	**-**	**-**	**(5,949)**	**(5,994)**	**(5,146)**	**(14,898)**	**(335,497)**
Market loans EIR adjustments	-	-	-	-	(15)	(16)	-	-	(16)
PFI and finance lease liabilities	(4,104)	(3,753)	-	-	(328)	(351)	-	-	(4,104)
Sub-total – Other (included in long term liabilities and short term creditors)	**(4,104)**	**(3,753)**	**-**	**-**	**(343)**	**(367)**	**-**	**-**	**(4,120)**
Total financial liabilities	**(323,056)**	**(318,359)**	**-**	**-**	**(6,292)**	**(6,361)**	**(5,146)**	**(14,898)**	**(339,618)**

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

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

	2022/23		2021/22	
	Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000	Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000
Net gains/losses on:				
Financial assets measured at fair value through profit or loss				
- CCLA share revaluation	935		(847)	
- CCLA Interest	(236)		(217)	
Investments in equity instruments designated at fair value through other comprehensive income				
- MAH Share revaluation		(1,500)		(940)
- MAH Shares (project Apollo)		500		900
- MAH Share dividend		0		0
Total net (gains)/losses	**699**	**(1,000)**	**(1,064)**	**(40)**
Interest revenue:				
Financial assets measured at amortised cost				
- Investment interest	(2,261)		(197)	
Total interest revenue	**(2,261)**		**(197)**	
Interest expense				
Financial assets measured at amortised cost				
- Loan interest payable	8,610		9,400	
Total interest expense	**8,610**		**9,400**	

Fair values

IFRS 13, paragraphs 76–90 stipulates that the Council must ensure consistency and comparability in the way it reports its Financial Assets and Liabilities and in order to be able to do so the following 3 techniques have been used:

Level 1 Inputs – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.

Level 2 Inputs – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 Inputs – unobservable inputs for the asset or liability.

Fair Value of Financial Assets

Some of the authority's financial assets are measured in the balance sheet at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

Financial assets measured at fair value				
Recurring fair value measurements	**Input level in fair value hierarchy**	**Valuation technique used to measure fair value**	**As at 31/3/23 £000**	**As at 31/3/22 £000**
Church Commissioners Local Authority Property Fund	Level 1	Unadjusted quoted prices in active markets for identical shares	4,739	5,674
Manchester Airport Holdings *	Level 2	Earning Based	20,100	18,600
Manchester Airport Holdings	Level 2	Initial investment at cost	4,300	4,800
Total			29,139	29,074

Fair value hierarchy for financial assets and financial liabilities that are not measured at fair value

31 March 2023	Other significant observable inputs (Level 2) £000	Total £000
Financial liabilities		
Financial liabilities held at amortised cost:		
- PWLB	175,558	175,558
- Non-PWLB	36,419	36,419
- Trade Creditors	14,898	14,898
PFI and finance lease liability	3,307	3,307
Total	**230,182**	**230,182**
Financial assets		
Financial assets held at amortised cost:		
- Investments	54,111	54,111
- Cash at Bank	23,842	23,842
MAH loans	29,649	29,649
Homestep loans	544	544
Capital Loans	117,496	117,496
Treasury Asset Investment	11,934	11,934
Trafford Leisure CIC	1,180	1,180
Trade debtors	13,036	13,036
Total	**251,792**	**251,792**

Comparator year

31 March 2022	Other significant observable inputs (Level 2) £000	Total £000
Financial liabilities		
Financial liabilities held at amortised cost:		
- PWLB	346,495	346,495
- Non-PWLB	55,519	55,519
- Trade Creditors	5,146	5,146
PFI and finance lease liability	5,317	5,317
Total	**412,477**	**412,477**
Financial assets		
Financial assets held at amortised cost:		
- Investments	107,108	107,108
- Cash at Bank	16,743	16,743
MAH loans	36,978	36,978
Homestep loans	586	586
Capital Loans	94,514	94,514
Treasury Asset Investment	11,934	11,934
Trafford Leisure CIC	1,140	1,140
Trade debtors	10,407	10,407
Total	**279,410**	**279,410**

The fair value for financial liabilities and financial assets that are not measured at fair value included in Level 2 in the table above have been arrived at using a discounted cash flow analysis with the most significant inputs being the discount rate.

The fair value for financial liabilities and financial assets that are not measured at fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, primarily for financial liabilities the fair value is arrived at by applying the discounted cash flow calculations based on the PWLB premium/discount calculations.

Equity shareholding

Manchester Airport Holdings & Car Park shareholding: shares in this company originated through a policy initiative with other Greater Manchester Local Authorities to promote economic generation and tourism. In addition to this on 28 January 2019 the Council committed to a further equity investment of £5.61m relating to strategic car park infrastructure developments at the airport (project Apollo). The shares for these 2 holdings are not traded in an active market and their fair value has been calculated on an analysis of the assets and liabilities in the Company's latest audited accounts by an independent accountancy firm BDO to be £20.1m and £4.3m respectively. The method involves the application of a price earnings ratio to maintainable or prospective earnings or post tax profits and draws on data from comparable quoted companies. The data is then adjusted by discount factors to allow for the fact that the shares are not publically traded and that the Council holds a minority interest with no voting rights. These unobservable inputs have been developed using the best information about the assumptions that the market participants would use when pricing the asset.

The valuation has been made using annual audited accounts of Manchester Airport Holdings for 2020, 2021, and 2022 along with interim 6 month reports for the period ending 30 September 2022. These shares are subject to an annual valuation and in 2022/23 increased in value by £1.50m for the main shareholding and a reduction of £0.5m for the car park shareholding (project Apollo).

The valuation provided is based on estimations and assumptions and therefore, should the Council sell its shareholding, the value held in these statements may not be realised.

Trafford Bruntwood LLP;-
Ksite: Trafford Council has a 50% equity shareholding in Trafford Bruntwood LLP with the remaining 50% being held by Bruntwood (K Site Ltd). The entity holds assets in the form of the former Kelloggs headquarters site at Talbot Road, which was purchased in April 2018 for £11.9m. The site has been redeveloped in line with the Civic Quarter Masterplan and hosts the University of Lancaster and Education 92 Limited (UA92). The shares in this company are not traded in an active market and for the financial year 2022/23 the fair value of the shares are £11.83m compared to £11.31m in 2021/22. The fair value of these shares has been calculated based on the initial price of the land and building plus an uplift based on the expenditure incurred on the building refurbishment up to 31st March 2023.

Trafford Bruntwood (Stretford Mall) LLP
The Council owns a 50% equity shareholding in Trafford Bruntwood (Stretford Mall) LLP which was set up to purchase the Stretford Mall. This LLP holding is key in the Council's regeneration masterplan for the town of Stretford due to the Mall's importance and prime location. Redevelopment is currently underway to aid with the redevelopment of the area, as part of the Stretford Masterplan. The shares in this company are not traded in an active market and for the financial year 2022/23 the fair value of the shares are £9.30m, compared to £8.68m in 2021/22. The fair value of these shares has been calculated based on the initial price of the land and building plus an uplift based on the expenditure incurred on the site redevelopment up to 31st March 2023.

Trafford Bruntwood (Stamford Quarter) LLP
The Council owns a 50% equity shareholding in Trafford Bruntwood (Stamford Quarter) LLP which was set up to purchase the Stamford Quarter and Clarendon House in Altrincham. The Council deems these assets important for the continued regeneration of Altrincham Town Centre. The shares in this company are not traded in an active market and for the financial year 2022/23 the fair value of the shares are £20.00m, compared to £16.91m in 2021/22. The fair value of these shares has been calculated based on the initial price of the land and building plus an uplift based on the expenditure incurred on the site redevelopment up to 31st March 2023.

Transfers between Levels of the Fair Value Hierarchy
There were no transfers between input levels 1 and 2 during the year.

Changes in the Valuation Technique
There has been no change in the valuation technique used during the year for the financial instruments.

Fair value of Assets and Liabilities carried at Amortised Cost

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

- For loans from the PWLB and other loans payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures as these are considered the most appropriate basis. As the Debt Management Office provides a transparent approach allowing the exit cost to be calculated without undertaking a repayment or transfer it is appropriate to disclose the exit price.
- For investments the prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the principal outstanding or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount;

The fair values calculated are as follows:

Liabilities							
	31 March 2022		31 March 2023				
	Carrying Amount £000	Fair Value £000	Principal £000	Add EIR adjustment £000	Add accrued Interest £000	Carrying Amount £000	Fair Value £000
Financial Liabilities (Long and Short Term) – Measured at amortised cost							
PWLB	287,624	346,494	282,167	-	1,421	283,588	175,558
Market	37,277	55,519	36,000	(769)	242	35,473	36,419
Trade creditors (included within short term creditors)	5,146	5,146	14,898	-	-	14,898	14,898
Sub total	**330,047**	**407,159**	**333,065**	**(769)**	**1,663**	**333,959**	**226,875**
PFI & finance lease	4,434	5,317	4,104	0	0	4,104	3,307
Sub total	**4,434**	**5,317**	**4,104**	**0**	**0**	**4,104**	**3,307**
Total	**334,481**	**412,476**	**337,169**	**(769)**	**1,663**	**338,063**	**230,182**

Assets						
	31 March 2022		31 March 2023			
	Carrying Amount £000	Fair Value £000	Principal £000	Add accrued Interest £000	Carrying Amount £000	Fair Value £000
Loans & Receivables						
Cash & Cash equivalents						
- Cash at bank	16,743	16,743	23,842	-	23,842	23,842
- Deposits	30,760	30,760	31,280	53	31,333	31,333
Sub total	**47,503**	**47,503**	**55,122**	**53**	**55,175**	**55,175**
Financial Instruments						
Deposits over 1 year	-	-	-	-	-	-
Deposits under 1 year	76,294	76,294	21,999	367	22,366	22,366
CCLA Property Fund	5,728	5,728	4,739	58	4,797	4,797
MAH Loans (included within Long term debtors)*	36,978	33,590	29,649	9,160	38,809	52,654
Homestep Loans (included within Long term debtors)	586	586	544	-	544	544
Capital Loans(included within Long term debtors	94,514	81,782	120,342	-	120,342	119,881
Treasury Asset Investment (included within Long term debtors	11,934	18,606	11,934	-	11,934	11,705
Trafford Leisure CIC	1,167	1,167	1,180	67	1,247	1,247
Trade Debtors (included within short term debtors)	10,407	10,407	13,036	-	13,036	13,036
Sub total	**237,608**	**228,160**	**203,423**	**9,652**	**213,075**	**226,230**

Assets						
	31 March 2022		31 March 2023			
	Carrying Amount £000	Fair Value £000	Principal £000	Add accrued Interest £000	Carrying Amount £000	Fair Value £000
Other Financial Instruments						
MAH Shareholding	18,600	18,600	20,100	-	20,100	20,100
MAH Shareholding Car Park	4,800	4,800	4,300	-	4,300	4,300
Sub total	**23,400**	**23,400**	**24,400**	**-**	**24,400**	**24,400**
Total	**308,511**	**299,063**	**282,945**	**9,705**	**292,650**	**305,805**

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

The authority has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. Should the Council choose to repay its loans, then the exit price including principal, accrued interest and the penalty charge or discount for PWLB loans would be £225.5m and for Market loans £41.4m.

17. Debtors (Balance Sheet page 33)

Long Term Debtors & Prepayments

2021/22 £000		2022/23 £000
36,978	Manchester Airport Holdings (i)	38,809
59,672	Capital Loans (ii)	72,973
2,756	Other	2,804
99,406	**Total**	**114,586**

(i) the Council has made three loans to Manchester Airport Holdings, to finance capital expenditure, to a total value of £29.6m:

- £8.7m in 2009/10 set to expire in 2055,
- £11.3m in 2018/19, in two tranches of £5.6m for repayment in 2056 and 2057, and
- £9.7m in 2020/21 set to expire in 2058

Since 2020, due to the impact of the pandemic the collection of interest payments on all loans has been reduced with the accumulated interest held as a Long Term Debtor. The balance on the accumulated loan interest deferred debtor is £9.2m as at 31st March 2023 (£7.3m 2021/22).

(ii) Capital loans – there has been a number of new schemes have been approved during the year, including the provision of a £21.5m and a £12.0m loan falities for a commercial redevelopment in Broadheath and Trafford Park respectively. The Council has also committed to provide a £27.0m facility for an office led redevelopment in Manchester City Centre.

Short Term Debtors and Payments in Advance		
2021/22 £000	Amounts falling due within one year	2022/23 £000
8,689	Council Tax	9,396
12,435	Business Rates	11,053
12,675	Other Government Departments	10,949
5,588	Payments in advance	5,998
46,777	Capital loans (i)	59,304
16,104	Other (ii)	28,658
102,268	**Sub Total**	**125,358**
(25,785)	Less Impairment for Expected Credit Loss	(25,106)
76,483	**Total**	**100,252**

(i) Capital Loans – the 2022/23 balance reflects development loans and deferred interest on four loan schemes, due for repayment in 2023/24. The figure in 2021/22, represents two loans and accrued interest, of which one was repaid, whereas the other (£36.0m) was partially repaid in 2022/23 by £1.8m and the balance of £34.2m is included in the 2022/23 figure.

(ii) Other Debtors – Includes Debtors relating to Housing Benefit Overpayment £3.9m, Adults Social Care Debtors £5.36m, General System Debtors and Manual Accruals £12m, Capital Debtors and Section 106 of £7.09m.

18. Cash and Cash Equivalents (Balance Sheet page 33)

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

2021/22 £000		2022/23 £000
16,744	Cash held by the Council/Bank current accounts	23,842
30,740	Short-term deposits	31,280
20	Short-term deposits - Accrued Interest	53
47,504	**Total Cash and Cash Equivalents**	**55,175**

19. Creditors and Receipts in Advance (Balance Sheet page 33)

Long Term Creditors

Long-Term Liabilities – Deferred		
2021/22 £000		**2022/23 £000**
(4,104)	Sale PFI – Finance Lease liability (i)	(3,753)
(2,209)	Other	(2,310)
(6,313)	**Total**	**(6,063)**

(i) This relates to the lease liability on the Sale Waterside PFI scheme (note 38).

	Short Term Creditors	
2021/22 £000		**2022/23 £000**
(3,427)	HM Revenue and Customs	(3,435)
(38,240)	Other Government Departments	(17,991)
(33,579)	Sundry Creditors	(51,773)
(5,724)	Employees – accumulated absences	(5,310)
(3,641)	Receipts in Advance – Council Tax	(4,412)
(8,232)	Receipts in Advance – NDR	(11,811)
(2,865)	Other Receipts in Advance	(2,868)
(95,708)	**Total**	**(97,600)**

20. Provisions (Balance Sheet page 33)

The Council has the following total provisions at 31 March 2023:

Total Provision	Balance 1 April 2021 £000	Net Movement in Year £000	Balance 1 April 2022 £000	Net Movement in Year £000	Balance 31 March 2023 £000
Short Term Provisions					
NDR Appeals (ii)	(30,546)	2,373	(28,173)	11,301	(16,872)
Other	(1,483)	231	(1,252)	(312)	(1,564)
Subtotal - short term	**(32,029)**	**2,604**	**(29,425)**	**10,989**	**(18,436)**
Long Term Provisions					
Insurance (i)	(3,217)	(108)	(3,325)	534	(2,791)
NDR Appeals (ii)	(9,774)	759	(9,015)	3,391	(5,624)
Other	(588)	(396)	(984)	(267)	(1,251)
Subtotal – long term	**(13,579)**	**255**	**(13,324)**	**3,658**	**(9,666)**
Total	**(45,608)**	**2,859**	**(42,749)**	**14,647**	**(28,102)**

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

(i) Insurance £3.317m – The Council is effectively self-insured with high excesses on most insurance policies. The Council mitigates its insurance risk with the use of reserves, provisions and catastrophe cover from an insurance company, which for 2022/23 was primarily Zurich Municipal. The Council is therefore obliged to make a provision each year in respect of potential claims, most of which are received in future years. The level of provision is assessed annually. In 2022/23, from a starting balance of £3.325m net contributions of £0.549m were made to the provision, £0.557m of claims were paid, leaving a balance on the provision of £3.317m which is deemed an appropriate balance to cover any outstanding liabilities. This balance includes the outstanding claims estimate under Municipal Mutual Insurance Scheme of Arrangement, as shown in note 38(a).

(ii) In 2013/14, the administration of NDR changed following the introduction of a business rates retention scheme which aims to give Councils a greater incentive to grow businesses but also increases the financial risk due to volatility, caused by for example new appeals and changes in reliefs, and non-collection of rates. Authorities are expected to finance an element of appeals made in respect of rateable values as defined by VOA as at 31 March 2023. As such, authorities are required to make a provision for these amounts. Appeals are charged and provided for in proportion of the precepting shares. The total provision charged/(credited) to the collection fund for 2022/23 has been calculated at £14.839m, of which Trafford's share at 99% is £14.691m.

Movement in provisions at 31 March 2023 is summarised as follows:

	Outstanding Legal Cases £000	Injury and Damage Compensation Claims £000	Business Rates Appeals £000	Other Provisions £000	Total £000
Balance at 1 April 2022	**(457)**	**(3,779)**	**(37,188)**	**(1,326)**	**(42,750)**
Additional provisions made		(601)	-	(898)	(1,499)
Amounts used		548	14,692	907	16,147
Balance as at 31 March 2023	**(457)**	**(3,832)**	**(22,496)**	**(1,317)**	**(28,102)**

21. Usable Reserves (Balance Sheet page 33)

Movement in the Council's usable reserves are detailed in the Movement in Reserves Statement and in note 9. The following additional information is provided relating to reserves held by schools.

2021/22 £000	Usable reserves	2022/23 £000
(9,500)	General Fund	(9,500)
(14,303)	Schools Reserves (i)	(13,089)
(108,738)	Earmarked Reserves (ii)	(56,801)
(403)	Capital receipts Reserve (iii)	(629)
(360)	Revenue Grants Unapplied	(461)
(20,885)	Capital Grants Unapplied	(20,632)
(154,189)		**(101,112)**

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

In accordance with the Council's approved scheme for delegating budgets to schools, the amount of any budget not spent in the year is carried forward. These reserves are not available to the Council for general use, it is for each school to determine how they are spent. The net surplus revenue balances at 31 March 2023 were £(13.044)m (£(14.371)m at 31 March 2022).

At 31 March 2023 there were 9 schools with a deficit balance on their revenue reserves, amounting to £303k, whilst 51 schools had surplus balances amounting to £(13.347)m.

In addition, there are unspent devolved formula capital balances of £(1.357)m, which are included within Capital Grants and Contributions on the balance sheet (Note 31).

(ii) Earmarked Reserves

Details of all earmarked reserves and movements are shown in Note 10. The balance at 31st March 2023 was £56.801m.

(iii) Capital Receipts Reserve

2021/22 £000	Capital Receipts Reserve	2022/23 £000
(281)	**Balance carried forward at 1 April**	**(404)**
(73,782)	Capital receipts in the year from sale of assets	(22,942)
221	Disposal costs	41
4,118	Amount used to finance capital expenditure in year	5,248
69,320	Use of Capital Receipts to reduce CFR	17,428
(404)	**Balance carried forward at 31 March**	**(629)**

The balance is held in the Capital Receipts Reserve to meet new capital expenditure, debts or other liabilities.

(iv) Capital Grants Unapplied Reserve

2021/22 £000	Capital Grants Unapplied Reserve	2022/23 £000
(14,819)	Schools Basic Need Programme	(6,198)
(1,933)	Schools Condition and Modernisation	(2,569)
(1,599)	Schools - SEND & High Needs Provision	(7,212)
0	Highways - Key Route Network	(2,269)
(374)	PFI Lifecycle Grant	(486)
(2,004)	Community Infrastructure Levy	(1,760)
(156)	Other Grants and Contributions	(138)
(20,885)	**Capital Grants Unapplied Sub-total**	**(20,632)**

22. Unusable Reserves (Balance Sheet page 33)

Total unusable reserves balances and movements are shown in the Movement in Reserves Statement and in note 9. The following notes give an explanation by individual reserve.

2021/22 £000	Unusable Reserves	2022/23 £000
(174,758)	Revaluation Reserve (i)	(204,098)
(8,250)	Financial Instruments Revaluation Reserve (ii)	(8,315)
(329,543)	Capital Adjustment Account (iii)	(346,729)
20,242	Financial Instruments Adjustment Account (iv)	19,531
249,988	Pensions Reserve (v)	(97,890)
34,227	Collection Fund Adjustment Account (vi)	(19,972)
68	DSG Adjustment Account (vii)	1,475
5,724	Accumulated Absences Account (viii)	5,310
(202,302)	**Total Unusable Reserves**	**(650,688)**

(i) Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from the increases in the value of its Property, Plant and Equipment (and Intangible Assets). The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired;
- used in the provision of services and the gains are consumed through depreciation, or;
- disposed of and the gains are realised

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

2021/22 £000	Revaluation Reserve	2022/23 £000
(116,112)	**Balance as at 1 April**	**(174,758)**
(71,215)	Upward revaluation of assets	(39,092)
4,954	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	2,496
(182,373)	**Sub-Total**	**(211,354)**
4,187	Difference between fair value depreciation and historical cost depreciation	7,043
3,428	Accumulated gains on assets sold or scrapped	213
7,615	**Amount written off to the Capital Adjustment Account**	**7,256**
(174,758)	**Balance as at 31 March**	**(204,098)**

Financial Instruments Revaluation Reserve

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

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

In 2022/23 the Council revalued its shareholding in Manchester Airport which resulted in an increase in value from £23.4m to £24.4m and the original investment of £10.214m together with £5.61m in respect of the car park forms part of the Capital Adjustment Account balance.

The Council during 2015/16 invested £5m in the Church Commissioners Local Authority Property fund and this enabled 1,643,872 units to be purchased. The value of these units decreased from an opening position of £5.7m at 1 April 2022 to close at £4.7m at 31 March 2023 and it is expected that this investment will be in place for a minimum period of 5 years.

2021/22 £000	Financial Instruments Revaluation Reserve	2022/23 £000
(7,363)	**Balance as at 1 April**	**(8,250)**
(40)	Downward / (Upward) revaluation of investment - Airport	(1,000)
(847)	Downward / (Upward) revaluation of investment - CCLA	935
(8,250)	**Balance as at 31 March**	**(8,315)**

(ii) *Capital Adjustment Account*

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

2021/22 £000	Capital Adjustment Account	2022/23 £000
(304,540)	**Balance as at 1 April**	**(329,543)**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
17,616	- Charges for depreciation and impairment of non-current assets	20,091
(8,838)	- Revaluation losses on Property, Plant and Equipment	2,751
523	- Amortisation of intangible assets	525
136	- Revenue expenditure funded from capital under statute	139
6,808	- Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	5,965
16,244		**29,471**
(7,615)	Adjusting amounts written out of the Revaluation Reserve	(7,256)
8,629	**Net written out amount of the cost of non-current assets consumed in the year**	**22,215**
	Capital financing applied in the year:	
(6,863)	- Use of the Capital Receipts Reserve to finance new capital expenditure	(4,920)
(16,176)	- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(31,534)
(8,401)	- Statutory provision for the financing of capital investment charged against the General Fund Balance	(4,272)
(224)	- Capital expenditure charged against the General Fund Balance	(238)
(31,664)		**(40,964)**
(1,968)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	1,562
(329,543)	**Balance as at 31 March**	**(346,730)**

(iii) Financial Instruments Adjustment Account

The financial instruments adjustment account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. Trafford uses the account to manage premiums paid on the early redemption of loans. Premiums are debited to the comprehensive income and expenditure statement when they are incurred, but reversed out of the general fund balance to the account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund balance in accordance with statutory arrangements for spreading the burden on council tax. In the authority's case, this period is the unexpired term that was outstanding on the loans when they were redeemed.

2021/22 £000	Financial Instruments Adjustment Account	2022/23 £000
15,048	**Balance as at 1 April**	**20,242**
5,194	Less annual charge for premiums incurred in previous financial years and stepped loan EIR adjustment (*)	(711)
20,242	**Balance at 31 March**	**19,531**

(*) Includes an early repayment premium of £5.75m relating to the repayment of a £27.8m PWLB loan in 2021/22. As a result, the balance on the account at 31 March 2022 was charged to the general fund, with the final charge made in 38 years in 2059/60, should no further premiums be incurred.

(iv) Pensions Reserve/Liability

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

Any difference between the IAS19 values and the statutory pension fund contributions is accounted for in the Movement in Reserves Statement via a transfer to the Pensions Reserve. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2021/22 £000	Pensions Reserve	2022/23 £000
379,528	**Balance as at 1 April**	**249,988**
(161,805)	Re-measurements of the net defined benefit (liability)/asset	(374,624)
50,298	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	46,633

(18,033)	Employer's pension contributions and direct payments to pensioners payable in the year	(19,890)
249,988	**Balance as at 31 March**	**(97,893)**

(v) Collection Fund Adjustment Account

Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2021/22 £000	Collection Fund Adjustment Account	2022/23 £000
89,388	**Balance as at 1 April**	**34,227**
(4,173)	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	1,575
(50,988)	Amount by which non domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from non-domestic rates income calculated for the year in accordance with statutory requirements	(55,774)
34,227	**Balance as at 31 March**	**(19,972)**

(vi) Dedicated Schools Grant (DSG) Adjustment Account

On 6 November 2020, the Secretary of State for the Department of Levelling Up, Housing and Communities previously the Ministry of Housing, Communities and Local Government laid before Parliament a statutory instrument (the instrument) to amend The Local Authorities (Capital Finance and Accounting) Regulations (the 2003 Regulations). The provisions came into effect from 29 November 2020. The instrument amends the 2003 Regulations by establishing new accounting practices in relation to the treatment of local authorities' schools budget deficits such that where the Council has a deficit on its schools budget relating to its accounts for a financial year beginning on 1 April 2020, 1 April 2021 or 1 April 2022, it must not charge the amount of that deficit to a revenue account. The Council must record any such deficit in a separate account established solely for the purpose of recording deficits relating to its school's budget. The new accounting practice has the effect of separating schools budget deficits from the Councils' General Fund for a period of three financial years. This issue can only be fully resolved by closing the deficits. Therefore, the accounting treatment introduced by this regulation is limited to the financial reporting periods 2020/21, 2021/22 and 2022/23 to provide time for Government and the Council to look at budgetary and financial management strategies to reduce the deficit.

2021/22 £000	Dedicated Schools Grant Adjustment Account	2022/23 £000
-	**Balance as at 1 April**	**68**
68	In year DSG over/under spend	1,407
68	**Balance as at 31 March**	**1,475**

(vii) Accumulated Absences Account

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

2021/22 £000	Accumulated Absences Account	2022/23 £000
5,603	**Balance as at 1 April**	**5,724**
(5,603)	Settlement or cancellation of accrual made at the end of the preceding year	(5,724)
5,724	Amounts accrued at the end of the current year	5,310
121	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(414)
5,724	**Balance as at 31 March**	**5,310**

23. Cash Flow Statement – Operating Activities (page 37)

The cash flow from Operating Activities includes the following:

23a - Adjustments to net surplus or deficit on the provision of services for non-cash movements		
2021/22 £000		**2022/23 £000**
(8,778)	Depreciation/Impairment charged to I and E	(22,842)
(523)	Amortisation of Intangible Assets	(525)
(22,274)	(Increase)/Decrease in Creditors	(2,761)
(37,643)	Increase/(Decrease) in Debtors	13,677
3	Increase/(Decrease) in Inventories	13
(32,265)	Pensions Liability	(26,744)
2,858	Contributions to/(from) Provisions	14,648
(6,808)	Carrying value on disposal of Property, Plant and Equipment, Investment Property and Intangible Assets	(5,965)
1,968	Investment Properties (Losses)/Gains	(1,563)
15	Other non-cash adjustments	(484)
(103,447)		**(32,546)**

23b - Adjustments for items included in the net surplus or deficit on the provision of services that are investing or financing activities		
2021/22 £000		**2022/23 £000**
19,433	Capital Grants credited to the surplus or deficit on the provisions of services	31,218
6,985	Proceeds from the sale of non-current assets	5,146
26,419		**36,365**

23c - The cash flows for operating activities include the following items:		
2021/22 £000		**2022/23 £000**
(3,740)	Interest received	(5,417)
3,613	Interest paid	8,625

23d - The cash flows relating to the Advanced Pension Contribution		
2021/22 £000		**2022/23 £000**
(14,321)	1/3 Drawn down	(14,321)
(14,321)		**(14,321)**

24. Cash Flow Statement – Investing Activities (page 37)

The cash flows for investing activities include the following items:

2021/22 £000		2022/23 £000
22,301	Purchase of property, plant and equipment, investment property and intangible assets	38,226
27,692	Purchase of short-term and long-term investments	4,034
(2,283)	Other payments for investing activities	26,930
(6,985)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(5,146)
-	Proceeds from short-term and long-term investments	(54,200)
(23,213)	Other receipts from investing activities – Capital Grants Received	(31,803)
(17,512)	**Net cash flows from investing activities**	**(21,960)**

25. Cash Flow Statement – Financing Activities (page 37)

The cash flows for financing activities include the following items:

2021/22 £000		2022/23 £000
327	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	328
59,594	Repayments of short and long-term borrowing	4,156
(901)	Other payments for financing activities – Net Cash inflow from NDR Agency arrangements	3,397
59,020	**Net cash flows from investing activities**	**7,881**

Reconciliation of liabilities arising from Financing Activities:

			Non-cash Changes		
	BALANCE AT 1ST APRIL 2022	Financing Cash Flows	Acquisition	Other non-cash changes	BALANCE AT 31ST MARCH 2023
	£000s	£000s	£000s	£000s	£000s
Long Term Borrowing	318,952	(8,175)		3,828	314,606
Short term borrowing	5,949	44			5,994
Deferred Liabilities:					
Sale PFI – Finance Lease liability	(4,104)	351			(3,753)
Environmental Surcharge Crematoria	(839)	(108)			(947)
Trafford Park Development Corporation	(57)	7			(50)
Commuted sums/S106 agreements	(1,313)	-			(1,313)
Total liabilities from financing activities	**318,589**	**(7,881)**	-	**3,828**	**314,536**

			Non-cash Changes		
	BALANCE AT 1ST APRIL 2021	Financing Cash Flows	Acquisition	Other non-cash changes	BALANCE AT 31ST MARCH 2022
	£000s	£000s	£000s	£000s	£000s
Long Term Borrowing	351,019	(33,508)		1,442	318,952
Short term borrowing	31,795	(25,845)			5,949
Deferred Liabilities:					
Sale PFI – Finance Lease liability	(4,434)	330			(4,104)
Environmental Surcharge Crematoria	(831)	(8)			(839)
Trafford Park Development Corporation	(64)	7			(57)
Commuted sums/S106 agreements	(1,318)	5			(1,313)
Total liabilities from financing activities	**376,167**	**(59,020)**	-	**1,442**	**318,589**

26. Pooled Budgets

Learning Disability Pooled Budget

Trafford has operated a pooled fund for Learning Disability Services in conjunction with NHS Greater Manchester Integrated Care Board (GM ICB). Trafford MBC acts as the lead accounting officer for the pooled fund, which is managed jointly by the Council and the ICB to support joint working arrangements. The pool provides a wide variety of services to Learning Disability adults in Trafford, including a joint community team, extensive specialist residential provision, a range of supported placements, support in the home and external and in-house day care.

The gross 2022/23 budget was £33.214m, which after grant income and fees of £3.009m left net planned expenditure of £30.205m to be funded jointly by the Council and the GM ICB. The net budget was underspent by £1.982m in year and is included in the Adults Services outturn figure.

As the Council acts as the lead role in making the key decisions regarding commissioning and service delivery, with minimal operational input from the ICB, the Council's accounts reflect the total pool expenditure with the contribution from NHS GM ICB shown as income.

	2021/22 £000	2022/23 £000
Funding provided to the pooled budgets:		
the Council	(25,337)	(29,125)
NHS GM ICB	(2,359)	(1,080)
Total funding	**(27,696)**	**(30,205)**
Expenditure met from the pooled budget:	27,497	28,223
Net (surplus)/deficit arising on the pooled budget during the year	**(199)**	**(1,982)**
Contribution (to)/from Service Outturn	(199)	(1,982
Previous year's (surplus)/deficit carried forward	-	-
Contribution to Reserve	-	-

Balance to be carried forward	-	-

Better Care Pooled Fund Account

The Better Care Pooled Fund Account is a joint pooled account with NHS GM ICB (formerly known as Trafford Clinical Commissioning Group (CCG)) and Trafford Council's Adult Care service to jointly commission services in line with Government requirements under section 75 of the Health Act 2006. The fund is hosted by NHS GM ICB and commenced on 1st April 2015. Trafford Council's accounts reflect only the Council's share of the overall budget and exclude the share(s) attributable to the ICB.

The Better Care Fund creates a local single pooled budget to incentivise the NHS and local government to work more closely together around people, placing their well-being as the focus of health and care services. Locally, the primary aims of the fund are:

- Reducing non-elective admissions and reducing residential admissions by providing the right care and support within the community
- Facilitating earlier hospital discharge
- Supporting Carers in their caring role
- Supporting people to remain independent in the community

Financial performance in the year to 31st March 2023 was as follows:

	2021/22 £000	2022/23 £000
Total Allocation	**(33,202)**	**(32,320)**
Funding provided to the pooled budgets:		
Trafford Council	(10,453)	(11,483)
GM ICB	(22,749)	(20,837)
Total Funding	**(33,202)**	**(32,320)**
Expenditure met from the pooled budget:		
Trafford Council	16,442	18,551
GM ICB	16,054	13,769
Total Expenditure	**32,496**	**32,320**
Net (surplus)/deficit arising on the pooled budget during the year	**(706)**	**-**

On 11 February 2021, the Secretary of State for Health and Social Care presented to Parliament, Integration and Innovation: Working Together to Improve Health and Social Care for All, setting out legislative proposals for a Health and Care Bill. The Bill received Royal Assent on 28 April 2022 becoming the Health and Care Act 2022, a consequence of which was that Clinical Commissioning Groups (CCG's) ceases to exist after June 2022. The functions of NHS Trafford CCG have continued to be carried out by the NHS, and a new body, Greater Manchester Integrated Care Board (ICB) was created effective from 1st July 2022 to undertake these functions, both in Trafford and in the other localities across Greater Manchester.

27. Members' Allowances

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

	2021/22 £000	2022/23 £000
Basic Allowances	452	460
Special Responsibility Allowances	323	301
Expenses	2	1
Total	**777**	**762**

The Council consists of 63 elected Members (Councillors) and 8 co-opted/independent Members to whom £0.762m was paid in allowances in the year (£0.777m in 2021/22).

28. Officers' Remuneration

The number of employees whose remuneration, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 in 2021/22 and 2022/23 was:

2021/22		Remuneration Band	2022/23	
Schools Staff	Other Staff		Schools Staff	Other Staff
-	-	£145,000 - £149,999	-	-
-	-	£140,000 - £144,999	-	-
-	-	£135,000 - £139,999	-	-
-	-	£130,000 - £134,999	-	-
-	-	£125,000 - £129,999	-	-
-	-	£120,000 - £124,999	-	-
-	-	£115,000 - £119,999	-	-
-	-	£110,000 - £114,999	-	-
-	-	£105,000 - £109,999	-	1
-	-	£100,000 - £104,999	-	-
-	-	£95,000 - £99,999	1	6
1	9	£90,000 - £94,999	3	5
4	4	£85,000 - £89,999	2	1
4	3	£80,000 - £84,999	7	4
5	1	£75,000 - £79,999	6	7
10	6	£70,000 - £74,999	8	2
7	9	£65,000 - £69,999	8	8
14	11	£60,000 - £64,999	11	16
17	16	£55,000 - £59,999	23	18
27	24 (1)	£50,000 - £54,999	26	42
89	**83 (1)**	**Total**	**95**	**110**

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

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

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

28. Officers' Remuneration (Continued)

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

(a) R&ER package cost band (including special payments)	(b) Number of compulsory redundancies		(c) Number of other departures agreed		(d) Total number of R&ER packages by cost band [(b) + (c)]		(e) Total cost of R&ER packages in each band £		(f) Number of pension strain costs agreed		(g) Total cost of pension strain in each band £	
	2021/22	**2022/23**	**2021/22**	**2022/23**	**2021/22**	**2022/23**	**2021/22**	**2022/23**	**2021/22**	**2022/23**	**2021/22**	**2022/23**
£0 - £20,000	2	-	33	15	35	15	277,150	87,849	19	4	139,825	17,441
£20,001 - £40,000	-	-	4	2	4	2	118,018	43,577	6	1	184,753	39,489
£40,001 - £60,000	-	-	-	-	-	-	-	-	5	-	223,879	-
£60,001 - £80,000	-	-	-	1	-	1	-	70,050	1	-	60,003	-
£80,001 - £100,000	-	-	-	-	-	-	-	-	-	1	-	88,008
£100,001 - £120,000	-	-	-	-	-	-	-	-	-	-	-	-
£120,001 - £140,000	-	-	-	-	-	-	-	-	-	-	-	-
Total	**2**	**-**	**37**	**18**	**39**	**18**	**395,168**	**201,476**	**31**	**6**	**608,460**	**144,938**

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

Senior Officers Remuneration

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

(i) £150,000 per year or more; or

(ii) less than £150,000 but equal to or more than £50,000 per year and who meet at least one of the following criteria:

- Statutory chief officers (per section 2(6) of the Local Government and Housing Act 1989 as amended), e.g. head of paid service, director of children's services, section 151 officer etc.

- a person who has responsibility for the management of the authority, to the extent that the person has power to plan, direct or control the major activities of the authority (in particular activities involving expenditure of money), whether solely or collectively, in accordance with accounting regulations.

28. Officers' Remuneration (Continued)

Senior Officers Salary 2022/23 Postholder	Note	Salary. fees & allowances £	Compen-sation for loss of office £	Bonuses £	Expense allowances £	Benefits in kind (e.g. Car allowance) £	Employers Pension contributions £	Total £
S Todd, Chief Executive	1	182,527	-	-	61	-	37,436	220,024
Acting Chief Executive/Deputy Chief Executive/Corporate Director of Strategy and Resources	2	147,070	-	-	-	-	-	147,070
Director of Finance and Systems (Section 151 Officer)	3	101,384	-	-	83	-	19,873	121,340
Corporate Director of Governance & Community Strategy (Monitoring Officer)	4	15,344	70,050	-	-	-	2,699	88,093
Director of Legal and Governance Services (Monitoring Officer)	5	92,439	-	-	-	-	18,939	111,378
Corporate Director of Children's Services	6	132,290	-	-	-	-	27,160	159,450
Corporate Director of Adults and Wellbeing	7	123,636	-	-	87	-	24,418	148,141
Corporate Director of Adults and Wellbeing	8	30,587	-	-	23	-	6,240	36,850
Corporate Director of Place	9	123,679	-	-	201	-	25,392	149,272
Director of Public Health	10	101,002	-	-	-	-	20,814	121,816

Notes:

(1) The Chief Executive was also paid Returning Officer fees of £5,040 for the 5 May 2022 Local Election and £5,750 for the 15 December 2022 Stretford & Urmston By-Election.
(2) The Acting Chief Executive/Corporate Director of Strategy and Resources was appointed as the Deputy Chief Executive/Corporate Director of Strategy and Resources on 1/3/2023. They were also paid Deputy Returning Officer fees of £2,520 for the 5 May 2022 Local Elections and £2,875 for the 15 December 2022 Stretford & Urmston By-Election.
(3) The Director of Finance and Systems was also paid Accountant fees of £625 for the 5 May 2022 Local Election and £400 for the 15 December 2022 Stretford & Urmston By-Election.
(4) The Corporate Director of Governance & Community Strategy left the Council under the voluntary severance scheme on 7 May 2022. They were also paid Deputy Returning Officer Fees of £2,520 for the 5 May 2022 Local Election.
(5) The Head of Governance was appointed to the new role of Director of Legal and Governance Services on 18 April 2022. They were also paid Deputy Returning Officer fees of £2,520 for the 5 May 2022 Local Elections and £2,875 for the 15 December 2022 Stretford & Urmston By-Election.
(6) The Corporate Director of Childrens Services was also paid Operational Deputy Returning Officer fees of £625 for the 5 May 2022 Local Elections and Supervisor fees of £200 for the 15 December 2022 Stretford & Urmston By-Election.
(7) The Corporate Director of Adults and Wellbeing was also paid Operational Deputy Returning Officer fees of £625 for the 5 May 2022 Local Elections and Supervisor fees of £200 for the 15 December 2022 Stretford & Urmston By-Election. They also retired from the Council on 7 April 2023.
(8) The new Corporate Director of Adults and Wellbeing was appointed on 2 January 2023 in order to facilitate a two month handover period, whilst the previous Corporate Director was focusing on preparation for a Care Quality Commission Inspection.
(9) The Corporate Director of Place was also paid Operational Deputy Returning Officer fees of £1,250 for the 5 May 2022 Local Elections and Supervisor fees of £200 for the 15 December 2022 Stretford & Urmston By-Election.
(10) The Director of Public Health was also paid Supervisor fees of £200 for the 15 December 2022 Stretford & Urmston By-Election.

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

28. Officers' Remuneration (Continued)

Senior Officers Salary 2021/22 Postholder	Note	Salary. fees & allowances £	Compen-sation for loss of office £	Bonuses £	Expense allowances £	Benefits in kind (e.g. Car allowance) £	Employers Pension contributions £	Total £
S Todd, Chief Executive	1	172,505	-	-	-	-	35,191	207,696
Acting Chief Executive/Corporate Director of Strategy and Resources	2	140,292	-	-	-	-	-	140,292
Director of Finance and Systems (Section 151 Officer)	3	96,663	-	-	-	-	20,059	116,722
Corporate Director of Governance & Community Strategy (Monitoring Officer)	4	122,054	-	-	-	-	24,899	146,953
Director of Public Health	5	101,571	-	-	-	-	20,625	122,196
Corporate Director of Adults and Wellbeing	6	122,064	-	-	19	-	23,944	146,027
Corporate Director of Place	7	122,054	-	-	-	-	24,899	146,953
Corporate Director of Children's Services		130,686	-	-	-	-	26,660	157,346
Director of Integrated Health and Social Care Strategy/ Shared Accountable Officer Trafford Council & NHS Trafford Clinical Commissioning Group (CCG)	8	-	-	-	-	-	-	-

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Notes:

(1) The Chief Executive was also paid Returning Officer fees of £6,520 for the 6 May 2021 Local election and £6,520 as Local Returning Officer for the 6 May 2021 GMCA Mayoral Election.
(2) The Corporate Director of Strategy and Resources was appointed as Acting Chief Executive on 28 June 2021 due to the Chief Executive having to take a period of planned sick leave. They were also paid Deputy Returning Officer fees of £3,260 for the 6 May 2021 Local Elections and £3,260 as Deputy Local Returning Officer for the 6 May 2021 GMCA Mayoral Elections.
(3) The Director of Finance and Systems was also paid Accountant fees of £275 for the 6 May 2021 Local Elections and £275 for the 6 May 2021 GMCA Mayoral Elections.
(4) The Corporate Director of Governance & Community Strategy was also paid Deputy Returning Officer Fees of £3,260 for the 6 May 2021 Local Elections and £3,260 as Deputy Local Returning Officer for the 6 May 2021 GMCA Mayoral Elections.
(5) The Director of Public Health was also paid Senior Count Supervisor fees of £175 for the 6 May 2021 Local Elections and £175 for the 6 May 2021 GMCA Mayoral Elections.
(6) The Corporate Director of Adults and Wellbeing was also paid Senior Count Supervisor fees of £175 for the 6 May 2021 Local Elections and £175 for the 6 May 2021 GMCA Mayoral Elections.
(7) The Corporate Director of Place was also paid Deputy Returning Officer fees of £1,375 for the 6 May 2021 Local Elections and £1,375 as Deputy Local Returning Officer for the 6 May 2021 GMCA Mayoral Elections.
(8) The Director of Integrated Health and Social Care Strategy stepped up in to the role of Shared Accountable Officer with Trafford Council & NHS Trafford Clinical Commissioning Group (CCG) and was not recharged to the Council in 2021/22.

All remuneration figures above include back pay for the 2021/22 pay award of 1.75% backdated to 1 April 2021, and paid in April 2022.

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

29. External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts and statutory inspections provided by the Council's external auditors:

	2021/22 £000	2022/23 £000
Fees payable to Mazars with regard to external audit services carried out by the appointed auditor	144	134
Total	**144**	**134**

30. Dedicated Schools Grant

The council's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). An element of DSG is recouped by the Department to fund academy schools in the council's area. DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2011. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school. Details of the deployment of DSG receivable for 2022/23 are as follows:

2021/22	Dedicated Schools Grant		2022/23		
			Central Expenditure £000	ISB £000	Total £000
(238,153)	A	Final prior year DSG before Academy and high needs recoupment			(250,798)
89,810	B	Academy and high needs figure recouped			93,663
(148,343)	C	Total DSG after Academy and high needs recoupment			(157,135)
(1,753)	D	Brought forward from prior year			-
-	E	Carry forward to next year agreed in advance			-
(150,096)	**F**	**Agreed initial budgeted distribution**	**(31,443)**	**(125,692)**	**(157,135)**
-	G	In year adjustments	(106)	(29)	(135)
(150,096)	H	Final budgeted distribution	(31,549)	(125,721)	(157,270)
28,918	I	Less: actual central expenditure	32,956	-	32,956
121,246	J	Less: actual ISB deployed to schools	-	125,721	125,721
-	K	Local authority contribution	-	-	-
68	**L**	**In year carry forward to next year**	**1,407**	**-**	**1,407**
-	M	Plus: Carry-forward to next year agreed in advance			-
-	N	Carry forward to next year			-
-	O	DSG unusable reserve adjustment at the end of prior year			68
68	P	Addition to DSG unusable reserve at the end of prior year			1,407
68	Q	Total of DSG unusable reserve at the end of year			1,475
68	**R**	**Net DSG position at the end of year**	**-**	**-**	**1,475**

A. DSG unusable reserve adjusted at the end of 2021/22.
B. Addition to DSG unusable reserve at the end of 2022/23.
C. Total of DSG unusable reserve at the end of 2022/23.
D. Net DSG position at the end of 2022/23

31. Grant and Other Income (Comprehensive Income & Expenditure Statement page 31, Balance sheet page 33)

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

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

2021/22 £000	Grants	2022/23 £000
	Credited to Taxation and Non Specific Grant Income	
(109,594)	**Council Tax**	**(113,359)**
(109,594)	**Council Tax Income**	**(113,359)**
	Non Domestic Rates	
(151,541)	NDR Income	(137,722)
95,552	NDR Tariff Payment	95,023
7,374	GM Pool No Detriment Payment	10,669
(5,530)	GM Pool No detriment Rebate	(8,002)
-	NDR Levy Rebate from GM Pool	(305)
5,928	CAP grant Tariff adjustment	11,628
(55,337)	Section 31 Compensation Grants	(37,055)
(83)	Renewable Energy Disregard	(83)
(50,988)	NDR Collection Fund (Surplus)/Deficit	(55,774)
87,591	Local Share Contribution to Accumulated Deficit	43,954
(4,124)	Local Share of Collection Fund Surplus	(1,855)
1,773	NDR 1/3rd Deficit	1,773
(69,385)	**Non-Domestic Rates Sub-total**	**(77,749)**
	Revenue Grants:	
(1,077)	New Homes Bonus	(1,291)
(1,651)	Council Tax Support Grant	-
(538)	Housing Benefit Admin Grant	(551)
(266)	Lower Tier Service Grant	(286)
(136)	Local Reform & Community Voices Grant	(136)
(455)	NDR Cost of Collection Grant	(450)
(62)	DWP Housing Welfare Reform Grant	(84)
(6,450)	COVID-19 Support Grants (*)	(127)
(31)	Other Grants	(2,990)
(10,666)	**Revenue Grants Sub-total**	**(5,915)**

2021/22 £000	Grants	2022/23 £000
	Capital Grants :	
(3,896)	Schools Primary Capital Programme	-
(329)	Schools Devolved Formula Capital Grant	(479)
(2,244)	Schools Condition and Modernisation	(2,477)
(1,622)	Schools – Send and Healthy Pupils Grants	(6,248)
(3,924)	Highway Structural Maintenance	(8,019)
(1,740)	Integrated Transport Grant – TfGM	(179)
(917)	Future High Streets Fund Grant	(2,075)
(2,110)	Greater Manchester Combined Authority	(1,075)
-	Public Sector Decarbonisation Grant	(4,313)
-	Levelling Up Fund	(97)
-	Homes England (HIF)	(3,844)
(2,928)	Other Grants and Contributions	(2,575)
(19,710)	**Capital Grants Sub-total**	**(31,381)**
(209,355)	**Total Credited to Taxation & Non Specific Grant Income**	**(228,404)**

Contributions and Donations

Large items of Income included in Other Contributions and Donations:

2021/22 £000	Grants	2022/23 £000
	Grants Credited to Services	
	Revenue Grants Credited to services:-	
(147,851)	Dedicated School Grant (DSG) incl. EY allocation	(157,135)
(41,588)	Rent Allowances and Rent Rebate Subsidy	(40,279)
(5,926)	Other Education Grants	(6,368)
(7,983)	Improved better care fund	(8,863)
(1,265)	Learning Skills Council Grant	(1,466)
(658)	Sale PFI Grant	(658)
(467)	Tackling Troubled Families Grant	(707)
(102)	Section 106 Other Capital Maintenance Grants	(18)
(6,516)	Adult Social Care Grant	(8,989)
(1,006)	PE & Sport Grant	(1,000)
(239)	Local Council Tax support Admin Grant	(237)
(2,541)	Universal Infants Free School Grant	(2,492)
(361)	Independent Living Fund Grant	(361)
(88)	Techers Pay Grant	(71)
(379)	Asylum Seekers Grant	(1,116)
(1,048)	Homelessness Prevention Grant	(794)
(433)	Domestic Abuse Services Grant	(447)

(1,133)	Adult Social Care Winter Grant and Discharge Grant	(1,660)
(321)	Serious Violence Grant	(222)
(24,437)	COVID-19 Grants (for breakdown see table in Narrative Report)	(7,765)
(1,944)	Other Grants	(6,849)
(246,286)	**Revenue Grants Credited to Services Sub-total**	**(247,497)**
	Capital Grants Credited to services (Funding of REFCUS):-	
(3,946)	Schools Basic Need Expansion Programme	(92)
(12)	Schools Devolved Formula Capital Grant	-
(1)	Schools Capital Maintenance Grants	-
(54)	Schools - SEND & Healthy Pupils Grants	(601)
(1,764)	Disabled Facilities Grants	(2,427)
(974)	DLUHC - Estates Regeneration Fund : Sale West	-
-	Homes England - Trafford Waters	(4,055)
(378)	Other Grants and Contributions	-
(7,129)	**Capital Grants Credited to Services Sub-total**	**(7,175)**
(253,415)	**Total Grants Credited to Services**	**(254,672)**

(ii) Grant Income included in the Balance Sheet

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

2021/22 £000	Grants	2022/23 £000
	Short Term Liabilities:-	
	Capital Grants & Contributions Receipts in Advance:-	
(706)	Devolved Formula Capital	(1,357)
(1)	Personal Social Care Grant	(1)
(191)	S278 Contributions	(238)
	Local Authority Housing Fund	(890)
-	PSDS - Leisure Centres	(132)
(798)	Brownfield Fund Grant	(798)
(5,177)	Future High Street Fund	(4,092)
(10)	Other Grants and Contributions	(163)
(6,883)	**Sub-total**	**(7,671)**
	Capital Grants & Contributions Receipts in Advance (funding of REFCUS):-	

(178)	Schools Primary Capital Programme	(86)
(1,463)	Disabled Facilities Grant	(1,507)
(63)	Other Grants and Contributions	(62)
(1,704)	**Sub-total**	**(1,655)**
(8,587)	**Total Capital Grants Receipts in Advance**	**(9,326)**

2021/22 £000	Grants	2022/23 £000
	Other Revenue Grants Receipts in Advance:-	
(372)	Council Tax Rebate – Discretionary scheme	-
(250)	Cyber Resilience Grant	(201)
(160)	Design Code Grant	(56)
(68)	Future High Street Fund Grant	(67)
(76)	Children in Need Grant	(74)
(87)	Homeless Prevention Grant	(105)
(105)	Levelling Up Fund	-
(90)	Custom Build Grant	(52)
(76)	Community Accommodation Service Grant	(87)
(99)	A Bed Every Night Grant	(106)
(1,610)	COVID-19 Support Grants	-
-	Homeless Families lease Grant	(306)
-	UK Shared Prosperity Fund	(485)
-	Homes for Ukraine Grant	(1,958)
(785)	Other	(1,128)
(3,778)	**Total Short Term Grants Receipts in Advance (Revenue)**	**(4,625)**

2021/22 £000	Grants	2022/23 £000
	Long Term Liabilities	
	Capital Grants & Contributions Receipts in Advance:-	
(10,493)	S106 and S278 Contributions	(10,228)
(10,493)	**Total Capital Grants**	**(10,228)**
	Revenue Grants & Contributions Receipts in Advance (funding of REFCUS):-	
(113)	S106 & S111 Contributions	(113)

(113)	**Total funding of REFCUS**	**(113)**
(10,606)	**Total Long Term Grants Receipts in Advance**	**(10,341)**

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

Included in the balance of Capital Grants & Contributions is £8.31m (£9.39m in 2021/22) of contributions received from developers, as part of their obligation under Section 106 of the Town & Country Planning Act 1990. The amounts are received as a result of the granting of planning permission where works are required to be carried out or new facilities provided as a result of that permission. The contributions are restricted to being spent only in accordance with the agreement concluded with the developer. The major balances of Section 106 receipts held by the Council during the year were as follows:

	Balance at 1 April 2022 £000	Receivable in year £000	Contributions applied £000	Balance at 31 March 2023 £000
Open Space schemes	1,702	150	(344)	1,508
Education Schemes	5	-	-	5
Affordable Housing schemes	1,902	192	-	2,094
Highways/Transport schemes	5,777	306	(1,376)	4,707
Total	**9,386**	**648**	**(1,720)**	**8,314**

32. Related Parties

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

Central Government has effective control over the general operations of the Council. Details of transactions with Government departments are set out in note 31, with outstanding government debtors and creditors included in notes 17 and 19.

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

There are no material related party transactions identified between the entities disclosed by Chief Officers as interests/related parties during the 2022/23 financial year.

During the year a number of transactions were made to other public sector bodies. Payments to the Teachers' Pensions Agency and Tameside MBC in respect of pension contributions are disclosed in the notes to the accounts (notes 36 & 37) and precept payments are shown in the collection fund accounts.

The Council also has pooled budget arrangements with GM ICB in relation to Learning Disability Services and the Better Care Fund (BCF). Transactions are detailed in Note 26.

A transport levy of £16.055m (£16.110m in 2021/22) and a waste levy of £15.275m (£15.625m in 2021/22) were paid to the Greater Manchester Combined Authority (GMCA).

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

The Council no longer provides services directly through its leisure centres. These leisure centres were leased to Trafford Community Leisure Trust (TCLT) who provided relevant leisure services direct to the public until September 2015. The Council made service payments to the Trust to help ensure the provision of some services at a discounted rate to particular population demographics of the community. From October 2015 the services provided by TCLT were transferred into a Community Interest Company (CIC), Trafford Leisure CIC Ltd, wholly owned by the Council. For the years 2019/20 and 2020/21, the Council made no service payments to the CIC. During 2019/20 and 2020/21 the Council has agreed a loan agreement with Trafford Leisure CIC to provide finance to mitigate liquidity issues experienced by the CIC due to trade deficits during the redevelopment of the leisure centre estate. To date a total of £1.205m has been advanced under this agreement.

Trafford Council also has interests in three Joint Venture Companies, Trafford Bruntwood LLP is a Joint Venture Company with K Site Ltd (a wholly owned Subsidiary of Bruntwood Development Holdings Ltd) and Trafford Bruntwood (Stretford Mall) and Trafford Bruntwood (Stamford Quarter) are joint venture companies with Bruntwood Development Holdings Ltd with each investor owning a 50% share in each of the companies. In 2022/23 £100k in dividends have been received by Trafford Council, with a deferment of other distributions. In 2021/22, Trafford Council received a share of profits in the form of dividends totalling £302k.

The CIPFA Code of Practice requires that where a Council has material financial interests and a significant level of control over one or more entities, it should prepare Group Accounts.

The three Trafford Bruntwood Joint Ventures have been included in group accounts in 2022/23

The Council has paid grants to voluntary organisations for 2022/23 as follows:

2021/22 £	Organisation	2022/23 £
2,098	Carrington Parish Council	2,098
5,845	Dunham Massey Parish Council	5,845
26,569	Partington Town Council	26,569
2,098	Warburton Parish Council	2,098
36,610	**Total Grants**	**36,610**

In addition to the above grants, as detailed in Note 11, the Council also collected and paid over a Parish precept for Partington TC of £86,855 (£82,119 in 2021/22). The Council also agreed to provide grant of £10,000 to Partington Town Council to support the 2022/23 precept, the same as in 2021/22, in addition to the Parish Council grant of £26,569 above.

The Council also collected and paid over a Parish precept for Carrington TC of £4,320 (£3,780 in 2021/22), and for Warburton TC of £8,150 (£8,250 in 2021/22). There are no debtors or creditors relating to these transactions at year end or income received from these bodies by the Council.

In 2022/23 Trafford Council administered the fifth year of its main Voluntary Sector Grant scheme, the Inclusive Neighbourhoods Grant scheme, which made £133,562 available to support community projects and events; £128,757 of the grants supported 59 events and projects. The underspend has been reallocated to the Community Hubs.

In 2022/23 we allocated grants to 10 projects over three rounds that met the 'Standing Together' priorities around keeping people safe, reducing harm and offending, and strengthening communities in places. The types of projects that were supported in 2022/23 had aims to tackle anti-social behaviour, support victims and families of domestic abuse, prevent gender-based violence, improve personal safety, tackle racism and support community cohesion.

The Council also made payments totalling £0.194m (£0.193m in 2021/22) to Trafford Centre for Independent Living, under a Service Level Agreement within Adult Social Services, for an advocacy service.

33. Capital Expenditure and Capital Financing

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

	2021/22 £000	2022/23 £000
Opening Capital Financing Requirement Capital Investment	**423,488**	**376,353**
Capital Investment:		
Property, Plant and Equipment	22,656	42,282
Investment Properties	-	11
Intangible Assets	239	962
Capital Debtors	27,319	46,611
Equity Shareholding	492	4,034
Revenue Expenditure Funded from Capital under Statute	7,265	7,314
Sources of finance:		
Capital receipts	(3,790)	(4,920)
Government Grants and other Contributions	(23,305)	(38,709)
Sums set aside from revenue:		
Direct revenue contributions	(224)	(151)
MRP	(8,074)	(3,943)
Use of Capital Receipts to reduce CFR	(69,321)	(17,429)
Other Adjustments (including Probation)	(392)	(393)
Closing Capital Financing Requirement	**376,353**	**412,022**
Explanations of movements in the year:		
Increase/(decrease) in underlying need for borrowing (unsupported by government financial assistance)	(47,135)	35,669
Increase/(decrease) in Capital Financing Requirement	**(47,135)**	**35,669**

34. Leases

Operating Leases

Council as Lessee

Vehicles, Plant, Furniture and Equipment - the Council uses vehicles financed under the terms of an operating lease. The amount charged under these arrangements in 2022/23 was £20,540 (£19,300 in 2021/22).

Land and Buildings - the Council leases numerous buildings which have been accounted for as operating leases. The rentals payable in 2022/23 were £54,648 (£117,648 in 2021/22).

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

	2021/22 £000	2022/23 £000
Not later than one year	135	61
Later than one year and not later than five years	221	210
Later than five years	1,319	1,273
	1,675	**1,544**

* The Council's grounds maintenance, highways and street cleaning services were transferred to Amey on 4th July 2015 as part of the One Trafford Partnership. As an interim measure, the Council continued to lease vehicles to maintain service provision until such point Amey had completed the implementation of their own fleet solution. Costs were recoverable from Amey and the final remaining vehicle leased by the Council associated with the One Trafford Partnership was terminated on 27 March 2019. Only a small number of vehicles are now leased for use directly by the Council.

Council as Lessor

The Council leases out property under operating leases for the following purposes:

- to assist organisations in the provision of services in support of the Council's policy objectives in respect of sports facilities, community centres, scout groups, and various third sector charitable and voluntary bodies.
- to generate rental income from assets held for investment.

The Council also has six lease agreements for commercial development schemes under which a "participation" rent is payable to the Council, determined annually by reference to the profitability of the investment asset. These rents are classed as contingent rents and are not included in the minimum lease payments receivable. In 2022/23 these rents were £0.367m (£0.378m in 2021/22).

Total rents receivable in 2022/23 were £2.373m (£2.408m in 2021/22).

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

35. PFI and Similar Contracts

The Council occupies premises at Sale Waterside under a PFI arrangement. Annual rental payments are made to the private sector provider, ENGIE, and are partially offset by PFI grant from the Government.

	2021/22 £000	2022/23 £000
Not later than one year	2,030	1,983
Later than one year and not later than five years	7,530	7,343
Later than five years	107,432	107,280
	116,992	**116,606**

The PFI grant received from MHCLG is £0.658m per annum, over 25 years. This income is included within the accommodation charges in the Net Cost of Services.

Under such arrangements the responsibility for operating the facilities rests with the private sector partner. A number of surplus assets were transferred to the private sector partner at the commencement of the scheme in 2003, the value of which contributed to a reduction in the annual Unitary Service Payment to ENGIE.

ENGIE can sell its interest to another company who can then seek to negotiate a new contract, subject to agreement with the Council.

An analysis of the payments due under the contract is shown in the table below. As all the payments under PFI & similar contracts are linked in full or in part to the Retail Price Index, the figures below are estimates of the cash amounts that will be paid. Lifecycle replacement costs have been included in the Service charges element

	Payment for services £000	Reimbursement of Capital Expenditure £000	Interest £000	Total £000
Payable in 2023/24	930	351	282	1,563
Payable within two to five years	3,944	1,662	869	6,475
Payable within six to ten years	544	2,092	144	2,780
Total	**5,418**	**4,105**	**1,295**	**10,818**

Note – the amounts above are based on the PFI contractor's financial model and updated during 2020/21 following an amendment to the PFI contract affecting the end of contract bullet payment. The actual amount paid can vary as a result of availability and performance deductions.

The estimated value of the remaining PFI payments is £10.818m. At the end of the initial period, the Council will have a number of courses of action available to it:

- walk away from the contract;
- take control of the facilities and purchase the building for a payment of £1.4m;
- negotiate with ENGIE for an extension to the contract.

The liability outstanding to pay any final sums to the contractor for capital expenditure is as follows:

	2021/22 £000	2022/23 £000
Balance outstanding as at start of year	(4,760)	(4,433)
Payments during the year	327	328
Adjustment for in year variation to contract	-	-

Balance outstanding at year-end	**(4,433)**	**(4,105)**
Split on Balance Sheet (see also note 24):		
Short term liability (creditor)	(328)	(351)
Long term liability – deferred	(4,105)	(3,754)
Balance outstanding at year-end	**(4,433)**	**(4,105)**

The fair value of the PFI liability is shown in note 16.

36. Pension Schemes Accounted for as Defined Contribution Schemes

Pension costs included in the Income & Expenditure Account

Teachers' Pensions Scheme

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE). It provides teachers with defined benefits upon their retirement, and the Council contributes towards the cost by making contributions based on a percentage of members' pensionable salaries.

The scheme is a multi-employer defined benefit scheme. Although the scheme is unfunded, the Department for Education use a notional fund as the basis for calculating the employers' contribution rate applied to all scheme employees. Valuations of the notional fund are undertaken every four years.

It is not possible to identify each authority's share of the underlying liabilities in the scheme attributable to its own employees. For the purpose of the Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2022/23 the Council paid £12.348m (£11.782m in 2021/22) in respect of teachers' retirement benefits. This was based on 23.68% of the teachers' pensionable pay (23.68% in 2021/22).

In addition, the Council is responsible for added years and premature enhancement benefits which it has awarded to teachers at its discretion, together with the related annual increases. In 2022/23, these amounted to £1.232m, representing 2.36% of pensionable pay (£1.258m or 2.53% in 2021/22). These benefits are fully accrued in the pension liability described below.

The total contributions expected to be made to the Teachers' Pension Scheme by the Council in the year to 31 March 2024 are £13.01m.

37. Defined Benefit Pension Schemes

Other Employees

The majority of other employees of the Council participate in the Greater Manchester Pension Fund administered by Tameside Metropolitan Borough Council. The scheme provides its members with defined benefits relating to pay and service.

The actual contribution rates to maintain the solvency of the fund vary by employing authority, reflecting the differing profiles of members, and in Trafford's case are phased in over the three years the actuarial valuation relates to. The Council's employer's contribution rate was 19.3% in 2022/23 (19.3% 2021/22), reflecting a reduction due to the advance payment to cover three years of pension contributions. In 2022/23, the Council paid an employer's contribution of £17.773m (£15.831m in 2021/22) into the Greater Manchester Pension Fund, representing 19.3% of pensionable pay (19.3% in 2021/22). The Council is also responsible for pension payments relating to the historic award of added years, together with related increases. In 2022/23 these amounted to £0.884m, which is 0.9% of pensionable pay (£0.944m or 1.1% in 2021/22).

Further information regarding the Pension Fund and its accounts can be obtained from the Pensions Office, Guardsman Tony Downes House, 5 Manchester Road, Droylsden, M43 6SF (Helpline: 0161 301 7000). www.gmpf.org.uk

Transactions Relating to Retirement benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment / retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

2021/22 £000		2022/23 £000
	COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	
	Cost of Services:	
	Service Cost comprising:	
41,834	• current service cost	39,178
1,050	• past service costs	593
-	• (gain)/loss from settlements	-
	Financing and Investment Income and Expenditure:	
7,414	• net interest cost	6,862
50,298	***Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services***	**46,633**
	Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	
	Re-measurement of the net defined benefit liability comprising:	
(80,945)	• Return on plan assets (excluding the amount included in the net interest cost)	8,802
(11,256)	• Actuarial gains and losses arising on changes in demographic assumptions	(7,908)
(77,756)	• Actuarial gains and losses arising on changes in financial assumptions	(442,829)
8,150	• Other	67,311
(111,509)	**Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement**	**(327,991)**
	Movement in Reserve Statement	
(50,298)	• reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(46,633)
	Actual amount charged against the General Fund Balance for pensions in the year:	
16,774	• employers' contributions payable to scheme	18,657
1,259	• retirement benefits payable to pensioners	1,232

Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the authority's obligation in respect of its defined benefit plans is as follows:

2021/22 £000		2022/23 £000
(1,180,886)	Present value of the defined benefit obligation	(845,582)
945,220	Fair value of plan assets	943,475
(235,666)	**Net Asset/(Liability) arising from defined benefit obligation**	**97,893**

Reconciliation of the Movements in the Fair Value of Scheme Assets

2021/22 £000		2022/23 £000
889,701	Opening fair value of scheme assets	945,220
17,562	Interest income	25,215
	Re-measurement gain/(loss):	
58,877	• The return on plan assets, excluding the amount included in the net interest expense • Other	(8,802)
3,712	Contributions from employer	5,568
5,224	Contributions from employees into the scheme	5,824
(29,856)	Benefits paid	(29,550)
945,220	**Closing fair value of scheme assets**	**943,475**

Reconciliation of the Present Value of the Scheme Liabilities (Defined Benefit Obligation)

2021/22 £000		2022/23 £000
1,240,588	Opening present value of scheme liabilities	1,180,886
41,834	Current service costs	39,178
24,976	Interest costs	32,077
5,224	Contributions from scheme participants	5,824
	Re-measurement (gains) and losses:	
(11,256)	• Actuarial gains/losses arising from changes in demographic assumptions	(7,908)
(77,756)	• Actuarial gains/losses arising from changes in financial assumptions	(442,829)
(13,918)	• Other	67,311
1,050	Past service cost	593
(29,856)	Benefits paid	(29,550)
1,180,886	**Closing present value of scheme liabilities**	**845,582**

Pension Scheme Assets comprised:

	Period ended 31 March 2023				Period ended 31 March 2022			
Asset category	Quoted prices in active markets £000	Scheme Asset Values not from quoted active markets £000	Total £000	Per-centage of total asset %	Quoted prices in active markets £000	Scheme Asset Values not from quoted active markets £000	Total £000	Per-centage of total asset %
Equity Securities:								
Consumer	56,688	-	56,688	6%	62,556	-	62,556	7%
Manufacturing	52,159	-	52,159	6%	61,716	-	61,716	7%
Energy & Utilities	46,574	-	46,574	5%	51,077	-	51,077	5%
Financial Institutions	80,494	-	80,494	9%	93,433	-	93,433	10%
Health & Care Information	47,254	-	47,254	5%	49,459	-	49,459	5%
Technology	66,590	-	66,590	7%	46,160	-	46,160	5%
Other	10,727	-	10,727	1%	10,569	-	10,569	1%
Debt Securities:								
Corporate Bonds (investment grade)	37,600	-	37,600	4%	36,299	-	36,299	4%
Corporate Bonds (non-investment grade)	-	-	-	0%	-	-	-	0%
UK Government	22,547	-	22,547	2%	17,610	-	17,610	2%
Other	28,083	-	28,083	3%	29,937	-	29,937	3%
Private Equity:								
All	-	70,573	70,573	7%	-	69,145	69,145	7%
Real Estate:								
UK Property	-	36,707	36,707	4%	-	42,860	42,860	5%
Overseas Property	-	-	-	0%	-	-	-	0%
Investment Funds and Unit Trusts:								
Equities	50,397	-	50,397	7%	59,144	-	59,144	6%
Bonds	83,723	-	83,723	10%	92,717	-	92,717	10%
Hedge Funds	-	-	-	0%	-	-	-	0%
Commodities	-	-	-	0%	-	-	-	0%
Infrastructure	-	75,395	75,395	6%	-	63,316	63,316	7%
Other	23,000	131,031	154,031	13%	17,145	110,744	127,889	13%
Derivatives:								
Inflation	-	-	-	0%	-	-	-	0%
Interest Rate	-	-	-	0%	-	-	-	0%
Foreign Exchange	-	-	-	0%	-	-	-	0%
Other	-	-	-	0%	(5,256)		(5,256)	(1)%
Cash & Cash Equivalents:								
All	23,934	-	23,934	3%	36,589	-	36,589	4%
Totals	**629,770**	**313,705**	**943,475**	**100%**	**659,155**	**286,065**	**945,220**	**100%**

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.

Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been estimated by Hymans Robertson LLP, an independent firm of actuaries, estimates being based on the latest full valuation of the scheme as at 31 March 2023.

The significant assumptions used by the actuary have been:

2021/22	Mortality assumptions:	2022/23
	Longevity at 65 for current pensioners:	
20.6 years	• men	20.6 years
23.7 years	• women	23.9 years
	Longevity at 65 for future pensioners:	
21.8 years	• men	21.5 years
25.4 years	• women	25.4 years
3.65%	Rate of inflation	3.20%
3.98%	Rate of increase in salaries	3.75%
3.2%	Rate of increase in pensions	2.95%
2.7%	Rate for discounting scheme liabilities	4.75%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant.

The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Change in assumptions at 31 March 2023:	Approximate % increase to Employer Liability	Approximate monetary amount £000
0.1% decrease in real discount rate	2%	14,687
0.1% increase in the salary increase rate	0%	1,509
0.1% increase in the pension increase rate	2%	13,395

Pensions – Summary

Prior to 2022/23 there has always been a Pension Liability (21/22 £235.67m) however, following the pensions valuation by the Council's actuary in 2022/23 there was a Net Pension Asset for the first time of £97.890m.

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. Funding levels are monitored on an annual basis. The next triennial valuation will take effect from 1 April 2026.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the act, the Local Government Pension Scheme in England and Wales and other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits.

The Council made a three-year advance payment of employer contributions on 14 April 2020 amounting to £42.96m. The Council anticipated paying £14.32m contributions to the scheme in 2022/23, however as a result of applying 1/3 of the advanced cash payment, no further payments were made in 2022/23 other than any adjustment based on the difference between the actuals and estimated 1/3 draw down of the advance.

The Council anticipates paying £16.716m contributions to the scheme in 2023/24. The weighted average duration of the defined benefit obligation for scheme members is 18 years as per the actuary report.

38. Contingent Liabilities

(a) Municipal Mutual Insurance

In January 1994 the Council's former insurer, Municipal Mutual Insurance, made a scheme of agreement with its creditors. Under this scheme, claims are initially paid out in full, but if the eventual winding up of the company results in insufficient assets to meet all liabilities a clawback clause will be triggered which could affect claims already paid.

The scheme of arrangement was triggered during 2012/13 and a provision was made based on an initial levy of 15%, equating to £0.419m which was paid during 2013/14. By way of a second notice the levy was subsequently increased to 25% as from 1 April 2016, equating to an additional £0.281m which was met from insurance reserves. A contingent liability still exists if the proceeds from the initial levy are not sufficient to cover the cost of future claims. In the event that an additional levy becomes payable then this will be met from the insurance reserve.

(b) Trafford Housing Trust

A number of warranties were provided to Trafford Housing Trust (THT) and related stakeholders as a consequence of the housing stock transfer agreement entered into on 14 March 2005.

A brief summary of the salient points of the major warranties follows – complete details are available from the Director of Legal and Democratic Services.

i) Warranties of Truth; the Council has made a number of statements and assertions within the transfer agreement, such as land ownership, value of assets, and the right to exercise certain legal powers. The Council has indemnified THT against any liability should any of those statements prove to be untrue. This risk will also diminish, but over a much longer time frame.

ii) Unadopted Drains; The Council has indemnified THT for maintenance and repair works relating to unadopted drainage systems. Should a liability arise it is likely to be of small amounts and will be paid out of the Council's revenue budget in the year of occurrence.

iii) There are a number of Environmental warranties that the Council in aggregate has indemnified THT up to £90m and an unlimited indemnification to THT's funders, the Prudential Trustee Company Ltd. The risk of these warranties is partially off-set by VAT receipts from works done by THT on the Council's behalf. The liabilities and risks of the warranties will be kept under constant review.

iv) Asbestos; The Council has given THT a 30 year indemnification against any cost of works arising from asbestos above an excess in any one year of £308,500. This is a rolling excess in that should any excess in one year be unused, it will roll over into the next financial year.

v) Pollution and Contaminated Land; The Council has extended a 30 year indemnification for any pollution clear up on land transferred where the pollution occurred before the transfer date.

NB. Trafford Housing Trust were acquired by L&Q in 2019. THT are now a self-managed subsidiary of L&Q and all previous agreements are unchanged

(c) Timperley Sports Club

The Council has a lease agreement with Timperley Sports Club for an artificial sports pitch which was previously the responsibility of the Council.

In the event that the Club constructs a further replacement full size sports pitch with artificial turf or other artificial playing surface at any time during the demised term after 2016 and has given not less than 6 months' notice to the Landlord of the proposed timetable for construction of such new pitch, the Landlord undertakes to pay to the Club (within 28 days after the construction of such pitch and all lighting and ancillary services and access has been practically completed to the reasonable satisfaction of an independent chartered surveyor) £250,000 indexed from the date hereof until the date of payment.

The Council is however, negotiating a variation to the lease whereby the outstanding amounts due will be paid prior to the new agreement being signed and there will no longer be a financial liability for the Council.

(d) Athletics Track

There are 3 athletics stadiums in the borough, all of which Trafford pays a management fee to the clubs to run the stadium. Under the terms of the management agreements the Council has an obligation to replace the tracks at the end of life. The costs of the tracks are approximately £350,000. The clubs may be able to pay a contribution towards the cost of a new track through fundraising and applying for grants, however any shortfall in meeting the Council's obligations will be prioritised within the Council's Capital Programme at the appropriate time.

(e) Section 106 Agreements

A number of agreements in accordance with Section 106 of the Town and Country Planning Act 1990 exist between the Council and developers associated with the planning conditions attached to new developments. In respect of contributions received to date, should the conditions in the agreement not be met by the Council then amounts would become repayable to developers, these total £3.97m.

(f) AMEY Contract – Warranties, Indemnities – TUPE and Pension

A number of warranties, guarantees and indemnities are provided for within the Partnership Agreement covering the One Trafford partnership with AMEY Plc. Complete details are available from the Director of Legal and Democratic Services, however the most significant one relates to TUPE, whereby the Council has agreed to indemnify AMEY Plc against any liability which arises, partly as a result of any omission by the Council before or after the Service Commencement, in relation to any Transferring Employee who transfers in accordance with TUPE.

(g) Litigation Claims

The Council has three potential high value litigation claims which due to their confidentiality nature cannot be disclosed in detail at this stage. Although any settlements are likely to be an insurance matter, however any excess or uninsured costs will be need to be met by the Council and will be drawn down from the specific reserve for this purpose should the need arise.

39. Contingent Assets

(a) Section 106 Agreements

A number of agreements in accordance with Section 106 of the Town and Country Planning Act 1990 exist between the Council and developers associated with the planning conditions attached to new developments. In respect of contributions received to date, should the conditions in the agreement not be met by the Council then amounts would become repayable to developers and these are included under contingent liabilities. Should developments proceed and conditions within agreements be met then the estimated value of contri butions the Council will receive is £7.41m.

40. Nature and Extent of Risks Arising from Financial Instruments

Key Risks

The Council provides statutory services to the local population on a not-for-profit basis and as such the few financial instruments used are to manage the risks arising from holding substantial levels of assets and liabilities and not for trading or speculative purposes.

The Council's activities expose it to a variety of financial risks, the key risks are:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council;
- Re-financing risk – the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms;
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments;
- Market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements or stock market movements.
- Amounts arising from Expected Credit Losses - The council has assessed its short and long-term investments using historical default tables provided by Link Asset Services to consider expected losses. The exercise concluded that the expected credit loss is immaterial and therefore no allowances have been made.

Overall Procedures for Managing Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets, and seeks to minimise potential adverse effects on the resources available to fund services. The procedures for risk management are set out through a legal framework based on the Local Government Act 2003 and the associated regulations. As directed by the Act, the Council has formally adopted the CIPFA Treasury Management Code of Practice and complies with the CIPFA Prudential Code. As part of the adoption of the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year to which it relates which sets out the parameters for the management of risks associated with financial instruments.

The annual treasury management strategy which incorporates the policies to be adopted covering both debt and investments together with the prudential indicators for 2022/23 was approved by Council on 16 February 2022 and is available on the Council website. The strategy also includes the Annual Investment Strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance.

Risk management is carried out by the Council's in-house treasury management team in accordance with policies approved by the Council in the annual Treasury Management strategy which includes Interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised through the Annual Investment Strategy which is incorporated within the annual treasury management strategy and this stipulates that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors Credit Ratings Services.

The Council uses the creditworthiness service provided by Link Group which uses a sophisticated approach incorporating;

- Credit ratings from all three rating agencies,
- Credit watches and credit outlooks from credit rating agencies,
- Credit Default Swaps spreads to give an early warning of likely changes in credit ratings,
- Sovereign ratings to select counterparties from only the creditworthy countries.

The following analysis summarises the Council's maximum exposure to credit risk on other financial assets, based on experience of default, adjusted to reflect current market conditions.

Deposits with banks and financial institutions	**Amount at 31 March 2023 £000**	**Historical experience of default* %**	**Estimated maximum exposure to default £000**	**Expected Credit Losses £000**
AAA rated counterparties	26,280	0.00	-	-
AA rated counterparties	-	0.00	-	-
A rated counterparties	22,355	0.01	2	16
Non rated counterparties	21,749	n/a	-	-
Trade debtors **	13,036	Local experience	500	597
Total	**83,420**		**502**	**613**

* The historical default rates used are Moody's average cumulative issuer-weighted global default rates 1983-2021

** The estimated maximum exposure to default for trade debtors of £0.5m is based on the gross debt raised rather than debt outstanding at one particular date. There is no adjustment to be made for market conditions from the balance sheet date of 31 March 2023.

The Council's maximum exposure to credit risk in relation to its investments in financial institutions of £2k cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of non-recoverability applies to all of the Council's deposits, but there was no evidence at the 31 March 2023 that this was likely to crystallise.

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to its investments.

The Council does not generally allow credit for its trade debtors, such that £13.0m of the £83.42m balance is past its due date for payment. The past due amount can be analysed by age as follows:

	2021/22 £000s	2022/23 £000s
Less than one year	9,769	12,044
More than one year	638	992
Total	**10,407**	**13,036**

Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when it is needed.

The Council has ready access to borrowings from the Money Markets to cover any day to day cash flow need, and for longer term funds these can be accessed from both the PWLB and Money Markets. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Refinancing & Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved prudential indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk.

The Council's approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of financial assets based on original principal lent excluding the Manchester airport loan and sums due from customers;

Period	2021/22 £000	2022/23 £000
Instant access	30,740	26,280
Up to 3 Months	22,700	27,355
3 to 6 Months	27,870	-
6 to 9 Months	18,500	-
9 to 12 Months	7,500	-
Over 1 Year	23,274	17,010
Total	**130,584**	**70,645**

The analysis of financial liabilities is based on both the carrying amount and original maturity date – all trade and other payables due to be paid in less than one year are not shown in the table below:

Period	2021/22 £000	2022/23 £000
Under 1 Year	6,293	6,362
1 year to 2 years	4,698	542
2 years to 5 years	29,275	34,873
5 years to 10 years	16,729	10,800
10 years to 20 years	17,434	33,468
20 years to 30 years	19,072	3,152
30 years to 40 years	148,768	148,873
40 years and above	86,573	86,145
Total	**328,842**	**324,215**

Risks associated with these different types of instruments are impacted by their maturity dates and in the case of LOBOs, the frequency of option dates. In the event of a LOBO lender exercising its option to propose an increase in the interest rate at each set date, should this happen then the Council can either accept the new interest rate or repay the loan at no additional cost. Whilst it is unlikely lenders will exercise this option in the current low interest rate environment, there remains a possibility that this could occur. In accordance with the Council's policy should this situation arise then the Council will exercise its borrower's option and repay the loan.

The Council's treasury management strategy considers the whole of its borrowing and investment portfolios, not just individual transactions. At the time of entering into each subsequent new borrowing, the strategy has been for funds to be taken which offered, at the time of take up, the best financial option to the Council.

Market Risk

Interest rate risk - The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- borrowings at fixed rates – the fair value of the borrowing liability will fall (no impact on revenue balances);
- investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Maturity risk - Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the surplus or deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the surplus or deficit on the Provision of Services or Other Comprehensive Income and Expenditure and affect the General Fund Balance, subject to influences from Government grants. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The Council's treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer-term fixed rates borrowing would be postponed.

If all interest rates had been 1% higher as at 31 March 2023 with all other variables held constant, the financial effect would be calculated as follows:

2021/22 £000		2022/23 £000
(361)	Increase in interest receivable on variable rate investments	(410)
76,614	Decrease in fair value of fixed rate borrowings liabilities (no impact on Comprehensive Income & Expenditure Statement)	28,387

The Council's loans are all held at fixed rates of interest and consequently a movement in interest rates of +/-1% would have no impact on its financial resources.

Price risk - The Council, excluding the pension fund, does not invest in equity shares but does have shareholdings to the value of £24.4m in Manchester Airport Holdings and £4.7min Church

Commissioners Property Fund. Whilst these holdings are generally illiquid, the Council is exposed to losses arising from movements in the price of shares.

All movements in the share values will impact on gains and losses and a general shift of 5% in the price of shares (positive or negative) would have resulted in a £1.46m gain or loss however any movements in price will not impact on the General Fund balance as regulations are in force to amend the impact of fair value movements.

Foreign exchange risk - The Council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

Collection Fund

Collection Fund Statement

About this account

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and Non-Domestic Rates (NDR) and its distribution to local authorities and the Government.

2021/22					2022/23		
Business Rates £000	**Council Tax £000**	**Total £000**	**Year ended 31 March**	**Notes**	**Business Rates £000**	**Council Tax £000**	**Total £000**
			INCOME				
	(133,046)	(133,046)	Income from Council Tax Payers	2		(140,344)	(140,344)
	(1,170)	(1,170)	Contribution from General Fund (Hardship Fund)	2		-	-
(117,586)		(117,586)	Income from Non-Domestic Rate Payers	3	(139,288)		(139,288)
(90,267)	(2,000)	(92,267)	Contribution towards previous years' estimated Collection Fund Deficit/ Overpaid Surplus. Including 1/3 share of estimated 2020/21 COVID-19 Deficit	2	(46,189)	(1,654)	(47,843)
(207,853)	**(136,216)**	**(344,069)**	**TOTAL INCOME**		**(185,477)**	**(141,998)**	**(327,475)**
			EXPENDITURE				
			Council Tax Precept Demands :				
	107,058	107,058	- Trafford Council			112,854	112,854
	16,551	16,551	- GMCA Mayoral Police and Crime Commissioner			17,716	17,716
	6,895	6,895	- GMCA Mayoral General Precept (including Fire Services)			7,989	7,989
1,531		1,531	- GMCA Mayoral General Precept (including Fire Services)		1,391		1,391
151,541		151,541	- Trafford Council		137,722		137,722

Collection fund statement (continued)

2021/22					2022/23		
Business Rates £000	Council Tax £000	Total £000	Year ended 31 March	Notes	Business Rates £000	Council Tax £000	Total £000
			Charges to Collection Fund:				
2,793	294	3,087	- Write offs of uncollectable amounts		1,511	377	1,888
(1,539)	318	(1,221)	- Increase/(Decrease) in Expected Credit Losses		(700)	790	90
(3,163)		(3,163)	- Increase/(Decrease) in Provision for Appeals		(14,840)		(14,840)
455		455	- Costs of Collection		450		450
83		83	- Disregarded Amounts		83		83
484		484	Transitional Protection Payments Payable		1,650		1,650
			Contributions :				
4,165		4,165	- Distribution of previous years' estimated Collection Fund Surplus		1,873	1,889	3,762
			Distribution of previous years' overpaid contribution Collection Fund Deficit			2,300	2,300
156,350	**131,116**	**287,466**	**TOTAL EXPENDITURE**		**129,140**	**143,915**	**273,055**
34,599	(3,100)	31,499	(Surplus)/Deficit for the year		(12,021)	(618)	(12,639)
(86,102)	(2,000)	(88,102)	Contributions to prior year balances		(44,316)	2,535	(41,781)
(51,503)	**(5,100)**	**(56,603)**	**Total (Surplus) / Deficit for year (including contributions to prior year balances)**	**2/3**	**(56,337)**	**1,917**	**(54,420)**
87,811	**3,008**	**90,819**	**Balance brought forward as 1 April**		**36,308**	**(2,092)**	**34,216**
(51,503)	**(5,100)**	**(56,603)**	Deficit/(Surplus) for the Year (as above)		**(56,337)**	**1,917**	**(54,420)**
36,308	**(2,092)**	**34,216**	**(Surplus) / Deficit as at 31 March**	4	**(20,029)**	**(175)**	**(20,204)**
			Allocated to:				
35,945	(1,718)	34,227	- Trafford		(19,829)	(144)	(19,973)
	(266)	(266)	- Police and Crime Commissioner for GM/ GMCA Mayoral Police and Crime Commissioner			(23)	(23)
363	(108)	255	- GMCA Mayoral General Precept (including Fire Services)		(200)	(8)	(208)
36,308	**(2,092)**	**34,216**			**(20,029)**	**(175)**	**(20,204)**

Notes to the collection fund statement

1. General

As a Billing Authority, the Council has a statutory requirement to operate a Collection Fund as a separate account to the General Fund. The purpose of the Collection Fund therefore, is to isolate the income and expenditure relating to Council Tax and Non-Domestic Business Rates. The administrative costs associated with the collection process are charged to the General Fund.

The Collection Fund Statement shows the transactions of the Billing Authority in relation to the collection from taxpayers of Council Tax and from businesses of Business Rates for the financial year.

The Statement also shows the distribution of these income streams to the relevant precepting authorities during the financial year. Any Collection Fund surpluses or deficits declared by the billing authority in relation to Council Tax are apportioned to the relevant precepting bodies in the subsequent financial year.

For Trafford, the Council Tax precepting authorities are the GMCA Mayoral Police and Crime Commissioner and the GMCA Mayoral General (including Fire Services). For Business Rates, the precepting authority is the GMCA Mayoral General (including Fire Services).

Council Tax surpluses or deficits are distributed in proportion to the precepts levied. Business rates surpluses or deficits are distributed in accordance with the relevant proportions set out in the localised Business Rate regulations. From 1 April 2017/18 onward, the Council has taken part in the Greater Manchester 100% business rates retention pilot, therefore for 2022/23 the Trafford Council share is 99% with the remainder paid to the GMCA for the Mayoral General Precept (including Fire Service).

The national code of practice followed by Local Authorities in England stipulates that a Collection Fund Income and Expenditure account is included in the Council's accounts. The Collection Fund balance sheet meanwhile is incorporated into the Council's consolidated balance sheet.

Impact of COVID-19 and cost of living crisis and Government Support
Over the last three financial years the challenges faced by COVID-19 and the cost of living crisis has placed considerable pressure on both the Council Tax and Business Rates Collection Fund components. Adjustments had been made in the base budget to reflect lower collection rates, delays in properties coming on line and higher expected levels of Council Tax Support.

The outturn position on Council Tax was positive when compared with budget due to better collection rates of historic debt and lower levels of Council Tax Support. The Tax base was lower than expected due to an increase in discounts and exemptions (e.g. single person discount) and also a delay in new developments coming online. However, there was an overall surplus relating to 2022/23 when compared to budget of £0.618m (£3.10m 2021/2022).

In order to support businesses with the impacts of COVID-19, the Government continued to provide various rate relief packages in 2022/23 for retail and hospitality businesses. The relief has been accounted for in the Collection Fund and Council has been compensated for the loss in rates income via a Section 31 within its General Fund.

The outturn position on Business Rates was positive when compared with budget and there an overall surplus relating to 2022/23 of £12.021m. This was largely as a result of a one off review of the level of provisions held for historic appeals but also included a reduction in gross rates due to delays in major refurbishments at the Trafford Centre.

Altrincham Town Centre Business Improvement District (BID)

In addition to the Council Tax and Business Rates Collection Fund , the Council also operates a separate collection account for Altrincham Town Centre BID. Altrincham Town Centre's BID commenced on 1 April 2016. The BID is a business led partnership by businesses within Altrincham Town Centre with the aim to deliver improvements including:

- Experience Altrincham – Giving more reasons to visit, more often; creating a strong and stylish consumer identity for Altrincham; promoting the breadth of retail.
- Business Altrincham - Improving working life for businesses in Altrincham; creating a responsible business community that is able to affect long term change in the town through proactive leadership; connecting and collaborating with local people and groups.
- Rediscover Altrincham - Putting the heart back into Altrincham to ensure that shoppers and local residents feel welcome in the town and to provide them with reasons to keep coming back.

To do this a BID levy is added to each of the participating businesses annual Business Rates bill. The income raised by the BID levy is managed by a separate and unrelated organisation to the Council, Altrincham BID Ltd. BID legislation requires the Council to collect and recover the BID Levy as part of the annual Business Rates billing process. As such the Council is acting as an agent and simply passing the income collected through the BID levy to Altrincham BID Ltd. The collected income is not accounted for in the Council's Statement of Accounts.
The BID legislation does allow for the Council to recover administrative costs of collecting the BID Levy on behalf of Altrincham BID Ltd.

2. Council Tax

This tax was introduced on 1 April 1993 with all domestic properties placed in one of eight valuation bands. Council Tax income derives from charges raised against residential dwellings within the Borough based on their valuation banding (A to H). Council Tax charges are calculated by estimating the total amount of Council Tax income required by the Council and the precepting authorities for the forthcoming financial year. This is divided by the Council Tax Taxbase (i.e. the number of Band D equivalent dwellings) to calculate the Council Tax charge for a Band D dwelling.

The Government has determined that the Council Tax payable in each band will be a specified fraction of the middle valuation band, known as band D.
Each year, the Council must estimate the equivalent number of band D properties, The Council Taxbase, after allowing for discounts, exemptions, losses on collection etc. For 2022/23, the calculation was as follows:

	Total No. Dwellings (i)	**Specified Fraction**	**Band 'D' Equivalent**
Band A (disb)	20	X5/9	11
Band A	16096	x6/9	10,731
Band B	19635	x7/9	15,271
Band C	24918	x8/9	22,149
Band D	14258	x9/9	14,258
Band E	7322	x11/9	8,949
Band F	4367	x13/9	6,308
Band G	3953	x15/9	6,588
Band H	985	x18/9	1,969
	91,554		**86,234**
Less allowance for losses on collection			(1,250)
Adjustment for Annexes estimate			(58)
Less cost of Council Tax Support Scheme			(7,558)
Add Empty Home Premium			233
Council Tax Base			**77,601**

The actual number of properties was 101,993, and after adjusting for single person discounts, empty properties etc., the notional number of dwellings is 91,554.

The Band D Council Tax levied for the year was £1,784.26 (£1,720.08 in 2021/22).

The Council Tax shares payable to the Council and the precepting authorities were estimated as part of the 2022/23 budget setting process and totalled £138.559m, shared £112.854m Trafford Council, £17.716m GMCA Mayoral Police and Crime Commissioner Share and £7.989m Mayoral General (inc. Fire Services) Share. These sums have been paid in 2022/23 and charged to the collection fund in year.

A total of £139.54m of Council Tax was collected in respect of 2022/23 (£132.18m 2021/22), an in year performance of 97.4% (97.5% in 2021/22) against a target of 97.2% (97.2% 2021/22).

There was an in year deficit of £1.917m, which included £2.535m distribution of prior years' balances, leaving a surplus of £0.618m relating to 2022/2023. The 2022/23 in year surplus was largely due to better than expected collection of historic debt and lower levels of Council Tax Support.

The in-year deficit of £1.917m was offset by an accumulated surplus balance brought forward of £2.092m to arrive at a year-end surplus balance of £0.175m.

3. Non-Domestic Rates

In 2013/14, the local government finance regime was revised with the introduction of the retained business rates scheme. The main aim of the scheme was to give Councils a greater incentive to grow businesses in the Borough. It does, however, also increase the financial risk due to non-collection and the volatility of the NDR tax base.

Central Government set a baseline level for each authority identifying the expected level of retained business rates and a top up or tariff amount to ensure that all authorities receive their baseline amount. As Trafford is able to collect Business Rates income above its baseline, the Council is required to pay a tariff to Central Government each financial year. The total amount of tariffs collected nationally are used by Central Government to fund the Top-up grants to those Authorities who cannot achieve their baseline funding levels. In this respect Trafford paid a tariff from the General Fund in 2022/23 to the value of £95.023m (£95.551m 2022/23) (see Grant and Other Income note 31).

The retained rates scheme allowed the Council to retain a proportion of business rate growth after the payment of a 50% levy to Central Government. When the scheme was introduced Trafford's share of rates above baseline was 49% with the remainder paid to precepting bodies. For Trafford the NDR precepting bodies were Central Government (50% share) and GMCA Mayoral General (including Fire Services) (1% share).

From 1st April 2015, the Greater Manchester & Cheshire East (GM&CE) Business Rates pool was established, consisting of the ten Greater Manchester councils plus Cheshire East. The aim of pool was to maximise the retention of locally generated business rates and to ensure that it further supports the economic regeneration of the region. The Pool is not liable to pay any levy on business rate growth to central government and retains this locally because in aggregate the Pool is a net top-up area.

Manchester City Council act as the lead pool authority with responsibility for all accounting and administration of the Pooled Fund including distributing top up funding, collecting tariff payments and all auditing and financing requirements as set out in relevant legislation.

2017/18 saw the introduction of the Greater Manchester 100% Business Rates Retention pilot, which resulted in the Government's share of business rates growth being retained within Greater Manchester. The respective shares of the business rates income and expenditure and balance sheet items, previously allocated on a percentage split of 50/49/1 between Central Government, Trafford Council and GMCA Mayoral General (including Fire Services) was updated to 99/1 between Trafford

Council and GMCA Mayoral General (including Fire Services) . The 100% Business Rates Retention pilot has continued to operate in each financial year since 2017/18.

As a consequence, of the 100% Business Rates Retention Pilot, the amount of levy Trafford would have paid to the GM Pool has been replaced with a payment designed to ensure that the Council was no better or worse off when compared with the previous sharing arrangements. The 'No Detriment' agreement guarantees that the resources available to the Council under the previous 50% retention scheme will be the same under the 100% Pilot.

This 'No Detriment' payment payable to Greater Manchester Combined Authority (GMCA) which represented the overall benefit from being in the 100% pilot was £10.669m in 2022/23 (£7.374m in 2021/22) and attracted a rebate at 75% of £8.002m. The Council retained the no detriment payment net of rebate of £2.667m (£5.53m 2021/2022).

The business rates shares payable for 2022/23 were estimated before the start of the financial year as £1.391m to GMCA Mayoral General (including Fire Services) and £137.722m to Trafford Council which were in line with the percentage shares under the 100% Rates Retention Scheme. These sums have been paid in 2022/23 and charged to the collection fund in year.

The total income from business rate payers after discounts, reliefs and allowance for expected credit losses and appeals in 2022/23 was £151.134m (£118.473m in 2021/22). This sum includes £1.650m (£0.484m in 2021/22) relating to transitional protection payments from ratepayers, which under Government regulation should have a neutral impact on the business rate retention scheme. This sum has to be repaid to Central Government.

A total of £143.39m of Business Rates was collected in respect of 2022/23 (£116.94m 2021/22), an in year performance of 98.3% (97.0% in 2021/22) against a target of 98.3% (no target due to COVID-19 in 2021/22).

Authorities are expected to finance appeals made in respect of rateable values as defined by VOA as at 31 March 2023. As such, authorities are required to make a provision for these amounts. Appeals are charged and provided for in proportion of the precepting shares.

During 2022/23 the provision for appeals has been reassessed to take into account settled appeals in addition to potential new cases for major infrastructure projects. The net impact has been a reduction in the provision for appeals of £14.840m, (£3.163m increase in 2020/21).

The movement and balance c/fwd. on the provision is as follows:-

Value of Provision £000 31.03.22		Value of Provision £000 31.03.23
40,727	Balance at 1 April	37,564
(6,663)	Amount of appeals paid/released during the year	(19,591)
3,500	In year contributions to the provision	4,751
(3,163)	Net Increase/(Decrease)	(14,840)
37,564	**Balance at 31 March**	**22,724**

The overall outturn position on the Non Domestic Rates element of the Collection Fund is an in year surplus of £56.337m against a surplus of £51.503m in 2021/22. The surplus of £56.337m includes £44.316m collection of prior years' balances, leaving a surplus of £12.021m relating to 2022/23.

The prior years' balances includes the 1/3 collection of the estimated 2020/21 exceptional deficit caused by COVID-19 of £1.791m; this amount will continue to be collected in 2023/24.

The 2022/23 surplus was largely due to :-

- a shortfall in gross rates of £14.05m largely due to the temporary removal of several large redevelopments at the Trafford Centre and delays in new sites being registered on the rating list.
- a significant reduction in the amount of COVID-19 reliefs, resulting in a benefit of £5.16m to the Collection Fund when compared to budget.
- A benefit of £20.52m of accounting adjustments, predominantly due to the release of historic business rates appeals provision, following several large cases being dismissed by the VOA.

This 2022/23 surplus will be distributed proportionately to the two precepting bodies, Trafford and Greater Manchester Fire and Rescue. Trafford's share of the in-year surplus is £11.901m.

The in-year surplus of £56.337m was offset by an accumulated deficit balance brought forward of £36.308m to arrive at a year-end surplus balance of £20.029m

The Council's Business Rates Taxbase is based on the rateable value of individual business properties within the Borough as assessed by the Valuation Office Agency (VOA).The total rateable value at 31 March 2023 for the Trafford area was £354.94m (£359.23m at 31 March 2022). The rateable value of each property, as assessed by the VOA, is multiplied by the Uniform Business Rate determined annually by Central Government to determine the collectable Business Rates income. For 2022/23 this was 51.2p in the pound (51.2p in 2021/22) and relief of 1.3p (1.3p in 2021/22) in the pound was given to small business properties resulting in a Small Business Rate multiplier of 49.9p (49.9p in 2021/22).

4. Year End Surplus/Deficit 2022/23

Council Tax

In the Balance Sheet at 31 March 2023, the Council has included the accumulated surplus of £0.175m on a consolidated basis, showing the shares of the GMCA – Mayoral Police and Crime Commissioner and the GMCA – Mayoral General Precept (including Fire Services) as a creditor to the value of £0.031m (creditor of £0.374m 2021/22), and a £0.144m attributable surplus (£1.718m surplus 2021/22) on the Council Tax Collection Fund balance alongside the General Fund.

Non Domestic Rates

In the Balance Sheet at 31 March 2023, the Council has included the £20.029m surplus on a consolidated basis, showing the share from the GMCA – Mayoral General Precept (including Fire Services) as a creditor to the value of £0.200m (debtor of £0.363m 2021/22), and a £19.829m attributable surplus (£35.945m deficit 2021/22) to the NDR Collection Fund balance alongside the General Fund.

Group Accounts

Introduction

The CIPFA Code of Practice requires that where an Authority has material financial interests and a significant level of control over one or more entities, it should prepare group accounts. The aim of these statements is to give an overall picture of the Council's financial activities and the resources employed in carrying out those activities.

Before group accounts can be produced, the following actions need to be carried out:

• Determine whether the Council has any form of interest in an entity

• Assess the nature of the relationship between the Council and the entity

Classification of Group Entities

The Council has relationships with a number of entities over which it has varying degrees of control or influence. The Code of Practice requires these to be classified into the categories of subsidiaries, associates and joint ventures. The meanings of these are outlined below.

Subsidiary

An entity is a subsidiary of the reporting Council, if the Council is able to exercise control over the operating and financial policies of the entity and the Council is able to gain benefits from the entity or is exposed to the risk of potential losses arising from this control

Associates

An entity is an associate of the reporting Council, if the Council has significant influence over the entity.

Joint Venture

An entity in which the reporting Council has an interest on a long term basis and which is jointly controlled by the reporting Council and one or more other entities under a contractual or other binding arrangement.

Inclusion within the Group Accounts

The following entities are classified as subsidiaries of the Council:

Trafford Leisure CIC

The Council has a business relationship with one entity over which it has significant control or influence. From October 2015 the services provided by Trafford Community Leisure Trust were transferred into a Community Interest Company (CIC), Trafford Leisure CIC Ltd., wholly owned by the Council.

The following entities have has been deemed to be classified as a Joint Venture of the Council, as it is jointly controlled with one or more entities under a contractual or other binding agreement.

Trafford Bruntwood LLP

As part of its investment Strategy, on 20 March 2018 the Council set up a Limited Liability Partnership, joint venture with K Site Ltd called Trafford Bruntwood LLP. The entity will be responsible for the redevelopment of the former Kelloggs headquarters site at Talbot Road, Stretford in line with the Civic Quarter Masterplan for the wider area. K Site Ltd is a wholly owned subsidiary of Bruntwood Development Holdings Ltd.

On 9th April 2018, the LLP purchased the former Kelloggs site and shortly after refurbishment work commenced to transform the site into a suitable building to host the University of Lancaster and Education 92 Limited (UA92) university, focussing on sports, media and management.

Trafford Bruntwood (Stretford Mall) and Trafford Bruntwood (Stamford Quarter)

On 4th July 2019 the Council set up two more joint venture companies with Bruntwood Development Holdings Ltd called Trafford Bruntwood (Stretford Mall) and Trafford Bruntwood (Stamford Quarter) as part of its master plans for town centre regeneration.

All three Joint Ventures operate on the same framework with both Trafford Council and K Site Ltd/Bruntwood Development Holding Ltd being issued with 1 share each in each JV. Each party has a total of three directors on the management board, with resolutions requiring to be passed by a majority vote.

Group Comprehensive Income and Expenditure Statement

This statement sets out the income and expenditure relating to the Council and its subsidiary, as a whole, together with any appropriations to reserves.

2021/22			Year ended 31 March	2022/23			
Gross Expenditure £000	**Gross Income £000**	**Net Expenditure £000**	**Service**	**Note**	**Gross Expenditure £000**	**Gross Income £000**	**Net Expenditure £000**
241,456	(181,092)	60,364	Children's Services		258,722	(192,802)	65,920
131,330	(66,307)	65,023	Adults Services		128,013	(53,515)	74,498
59,559	(29,636)	29,923	Place		69,650	(25,976)	43,674
9,426	(2,002)	7,424	Legal and Governance		4,348	(746)	3,602
16,169	(5,321)	10,848	Finance and Systems		16,984	(4,560)	12,424
13,449	(4,460)	8,989	Strategy and Resources and Traded Services		18,634	(7,779)	10,855
52,956	(47,154)	5,802	Council-wide		51,356	(47,833)	3,523
524,345	**(335,972)**	**188,373**	**Cost of Services**		**547,707**	**(333,211)**	**214,496**
39,005	(7,534)	31,471	Other Operating Expenditure		37,564	(5,494)	32,070
42,175	(41,423)	752	Financing and Investment Income and Expenditure		47,527	(47,379)	148
	(209,353)	(209,353)	Taxation and Non-Specific Grant Income and Expenditure			(228,403)	(228,403)
		11,243	**(Surplus) or Deficit on Provision of Services**				**18,311**
		(1,620)	Share of operating results of Joint Ventures	G4			(516)
		250	Tax expense/(Deferred Tax) of subsidiary				525
		-	Tax expenses of Joint Ventures	G4			-
		9,873	**Group (Surplus) or Deficit**				**18,320**
		(66,261)	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets				(36,596)
		(40)	(Surplus) or Deficit on Revaluation of Financial Instruments				(1,000)
		(161,807)	Re-measurement of Net Defined Benefit Asset / (Liability)				(374,624)

2021/22			Year ended 31 March	2022/23			
Gross Expenditure £000	**Gross Income £000**	**Net Expenditure £000**	**Service**	**Note**	**Gross Expenditure £000**	**Gross Income £000**	**Net Expenditure £000**
		(989)	Share of Other comprehensive Income and Expenditure of Subsidiaries				(2,550)
		160	Share of Other comprehensive Income and Expenditure of Associates and Joint Ventures				323
		(228,937)	**Other Comprehensive (Income) and Expenditure**				**(414,447)**
		(219,064)	**Total Comprehensive (Income) and Expenditure**				**(396,129)**

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Group Balance Sheet

The Group Balance Sheet summarises the financial position of the Council and its subsidiary as a whole. It shows the value of group assets and liabilities at the end of the financial year.

2021/22 £000		Note	2022/23 £000
597,368	Property, Plant & Equipment		652,814
979	Heritage Assets		973
108,873	Investment Property		107,166
4,466	Intangible Assets		4,904
29,074	Long Term Investments		29,139
31,961	Long-term investments in Joint Ventures	G5	35,045
98,253	Long Term Debtors		113,381
-	Net Pension Asset		99,676
870,974	**Long Term Assets**		**1,043,099**
76,348	Short Term Investments		22,423
7,316	Assets Held for Sale		2,010
91	Inventories		99
76,751	Short Term Debtors		100,466
48,703	Cash and Cash Equivalents		56,269
209,209	**Current Assets**		**181,267**
(5,949)	Short Term Borrowing		(5,994)
(96,977)	Short Term Creditors		(99,026)
(29,424)	Short Term Provisions		(18,436)
(3,778)	Grants Receipts in Advance (Revenue)		(4,625)
(8,587)	Grants Receipts in Advance (Capital)		(9,326)
(144,715)	**Current Liabilities**		**(137,407)**
(36)	Long Term Creditors		(36)
(13,325)	Provisions		(9,666)
(318,966)	Long Term Borrowing		(314,606)

2021/22 £000		Note	2022/23 £000
(113)	Revenue Grants & Contributions – Long-Term Receipts in Advance (REFCUS)		(113)
(10,493)	Grant Receipts in Advance (Capital)		(10,228)
(236,326)	Other Long Term Liabilities – Pensions		-
(6,448)	Other long-term liabilities – Deferred		(6,723)
(585,707)	**Long Term Liabilities**		**(341,372)**
349,761	**Net assets**		**745,586**
(9,500)	General Fund Balance		(9,500)
(123,041)	Earmarked General Fund Reserves (*)		(69,890)
(403)	Capital Receipts Reserve		(629)
(360)	Revenue Grants Unapplied (REFCUS)		(461)
(20,885)	Capital Grants Unapplied		(20,632)
(154,189)	**Usable Reserves**		**(101,112)**
(174,758)	Revaluation Reserve		(204,092)
(8,250)	Financial Instruments Revaluation Reserve		(8,315)
68	DSG adjustment account		1,475
(329,543)	Capital Adjustment Account		(346,729)
20,242	Financial Instruments Adjustment Account		19,531
249,987	Pensions Reserve		(97,983)
34,227	Collection Fund Adjustment Account		(19,972)
5,724	Accumulated Absences Account		5,310
(202,303)	**Unusable Reserves**		**(650,685)**
6,730	**Council's Share of Reserves of Subsidiary and Joint Ventures**	**G6**	**6,211**
(349,761)	**Total Reserves**		**(745,586)**

Group Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Group, analysed into usable reserves (i.e. those that can be applied to fund expenditure) and other reserves. The 'Surplus or Deficit on the Provision of Services' line shows the true economic cost of providing the Group's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund for Council Tax setting and dwellings rent setting purposes.

	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Capital Receipts Reserve £000	Revenue Grants Unapplied £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Council's Share of Subsidiaries and Joint Ventures £000	Total Group Reserves £000
Balance as at 31 March 2022	**(9,500)**	**(123,041)**	**(132,541)**	**(403)**	**(360)**	**(20,885)**	**(154,189)**	**(202,302)**	**6,731**	**(349,761)**
MOVEMENT IN RESERVES DURING 2022/23										
Realignment of Trading Period of JV (see Note G4)									298	298
(Surplus) or deficit on the provision of services	16,910	-	16,910	-	-	-	16,910	-	1,409	18,318
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	(412,220)	(2,227)	(414,447)
Total Comprehensive Income and Expenditure	**16,910**	**-**	**16,910**	**-**	**-**	**-**	**16,910**	**(412,220)**	**(520)**	**(395,830)**
Adjustments between accounting basis & funding basis under regulations	37,648	-	37,648	(227)	(101)	254	37,575	(37,575)	-	-
Net (Increase)/Decrease before transfers to Earmarked Reserves	**54,559**	**-**	**54,559**	**(227)**	**(101)**	**254**	**54,485**	**(449,795)**	**(520)**	**(395,830)**
Transfers (to)/from Earmarked Reserves	(54,559)	53,152	(1,407)	-	-	-	(1,407)	1,407	-	-
(Increase)/Decrease in 2022/23	**-**	**53,152**	**53,152**	**(227)**	**(101)**	**254**	**53,078**	**(448,389)**	**(520)**	**(395,830)**
Balance as at 31 March 2023	**(9,500)**	**(69,889)**	**(79,389)**	**(630)**	**(461)**	**(20,631)**	**(101,111)**	**(650,690)**	**6,211**	**(745,586)**

	General Fund Balance £000	Earmarked Collection Fund Reserves £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Capital Receipts Reserve £000	Revenue Grants Unapplied £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Council's Share of Subsidiaries and Joint Ventures £000	Total Group Reserves £000
Balance as at 31 March 2021	**(8,000)**	**(174,355)**		**(182,356)**	**(281)**	**(64)**	**(17,649)**	**(200,350)**	**61,553***	**7,691**	**(131,104)**
MOVEMENT IN RESERVES DURING 2021/22											
Realignment of Trading Period of JV (see Note G4)										408	408
(Surplus) or deficit on the provision of services	10,411	-		10,411	-	-	-	10,411	-	(539)	9,872
Other Comprehensive Income and Expenditure	-	-		-	-	-	-	-	(228,108)	(829)	(229,097)
Total Comprehensive Income and Expenditure	**10,411**	**-**		**10,411**	-	-	-	**10,411**	**(228,108)**	**(960)**	**(218,657)**
Adjustments between accounting basis & funding basis under regulations	39,471	-		39,471	(122)	(297)	(3,237)	35,815	(35,815)	-	-
Net (Increase)/Decrease before transfers to Earmarked Reserves	**49,882**	**-**		**49,882**	**(122)**	**(297)**	**(3,237)**	**46,226**	**(263,924)**	**(960)**	**(218,657)**
Transfers (to)/from Earmarked Reserves	(51,382)	51,314		(68)	-	-	-	(68)	68	-	-
(Increase)/Decrease in 2021/22	**(1,500)**	**51,314**		**49,814**	**(122)**	**(297)**	**(3,237)**	**46,158**	**(263,856)**	**(960)**	**(218,657)**
Balance as at 31 March 2022	**(9,500)**	**(123,041)**		**(132,541)**	**(403)**	**(360)**	**(20,885)**	**(154,190)**	**(202,303)**	**6,731**	**(349,761)**

Group Cash Flow Statement

The Group Cash Flow Statement summarises the cash flows of the Council and its subsidiary during the year.

2021/22 £000	Year Ended 31 March	2022/23 £000
11,492	Net (surplus) or deficit on the provision of services	11,709
(104,398)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	(26,358)
25,921	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	52,951
(66,986)	**Net cash flows from Operating Activities**	**38,302**
17,548	Investing Activities	(39,427)
59,020	Financing Activities	7,881
(14,321)	Net Cash flows from Advanced Pension Contribution	(14,321)
(4,739)	**Net (increase) or decrease in cash and cash equivalents**	**(7,565)**
(43,964)	Cash and cash equivalents at the beginning of the reporting period	(48,704)
(48,703)	**Cash & cash equivalents at the end of reporting period**	**(56,269)**

Explanatory Notes to the Group Accounts

Where figures in the group accounts differ materially from the Council's accounts, the relevant explanatory notes have been prepared on a consolidated basis. The notes below give information on the areas that have materially changed on consolidation of the group entities into the Council's accounts.

G1. Group Accounting Policies

The Accounting Policies of the Council's subsidiary and Joint Venture companies have been aligned with the Council's Accounting Policies contained in Note 3. Any statutory adjustments between accounting basis and funding basis included in the Council's Accounting Policies do not apply to the subsidiary company or Joint Venture. Notes within the group accounts have not been provided except where there are material differences to those provided in Note 3.

As a subsidiary, Trafford Leisure CIC Limited has been consolidated on a line by line basis with all intra-group transactions and balances removed.

Further information and full financial statements for Trafford Leisure CIC Ltd. can be found through the Companies House website, company registration number 9764023.

As Joint Ventures, Trafford Bruntwood LLP, Trafford Bruntwood (Stretford Mall) and Trafford Bruntwood (Stamford Quarter) have been consolidated using the equity method. The investments are shown under a separate line in the group balance sheet and adjusted by the Council's share (50%) in the joint venture's net asset movement since acquisition. The Council's share of the joint ventures' operating results for the year are included within the Group Comprehensive Income and Expenditure Statement.

Further information and full financial statements for Trafford Bruntwood LLP, company registration number OC421552. Trafford Bruntwood (Stretford Mall) company registration OC427924 and Trafford Bruntwood (Stamford Quarter) company registration OC427930, can be found through the Companies House website.

All three JV's operate on a financial year ending on 30th September which coincides with the reporting period of Bruntwood Development Holdings Limited who have taken the lead role in the preparation of the statutory accounts. Accounting practice dictates that where the accounting period is more than three months before or three months after 31 March, then it will be mandatory for interim statements to be prepared as a basis for the group accounts.

For all three LLP's, the statutory accounts for the year to 30th September 2022 have been combined with the interim management accounts for the period 1st October 2022 to 31st March 2023 to give an 18 month trading period for the Group CIES, with the interim management accounts balance sheet being used for the period ending 31st March 2023.

The assets of Trafford Bruntwood have been valued using a fair value based on an estimated open market valuation, provided by appropriately qualified professionals, using fair value principals. The members valuation panel comprises the following:

- C G Oglesby, Chief Executive, Bruntwood Limited, qualified Chartered Surveyor with over 30 years experience in the property investment industry;
- K J Crotty, Chief Financial Officer, Bruntwood Limited, Chartered Accountant with over 18 years experience in the property investment industry.

G2. Bodies Not Consolidated

All bodies have been consolidated in the Group Accounts.

G3. Group Defined Benefit Pension Schemes

Transactions Relating to Post-employment Benefits

The following transactions have been made in the Group Comprehensive Income and Expenditure Statement and the General Fund Balance through the Group Movement in Reserves Statement during the year: Further details relating to the Council's pension schemes can be found in Notes 36 and 37.

2021/22 £000		2022/23 £000
COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT		
	Cost of Services:	
	Service Cost comprising:	
42,047	• current service cost	39,339
1,070	• past service costs	593
-	• (gain)/loss from settlements	-
	Financing and Investment Income and Expenditure:	
7,446	• net interest cost	6,881
50,563	***Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services***	**46,813**
-	*Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement*	-
	Re-measurement of the net defined benefit liability comprising:	
(81,346)	• Return on plan assets (excluding the amount included in the net interest cost)	8,834
(11,815)	• Actuarial gains and losses arising on changes in demographic assumptions	(8,121)
(77,795)	• Actuarial gains and losses arising on changes in financial assumptions	(445,516)
8,160	• Other	67,629
(112,233)	**Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement**	**(330,361)**
	Movement in Reserve Statement	
(50,563)	• reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(46,813)
	Actual amount charged against the General Fund Balance for pensions in the year:	
16,774	• employers' contributions payable to scheme	757

1,259	• retirement benefits payable to pensioners	1,232

Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Group's obligation in respect of its defined benefit scheme is as follows:

2021/2022 £000		2022/23 £000
(1,187,278)	Present value of the defined benefit obligation	(849,702)
950,952	Fair value of plan assets	949,378
(236,326)	**Net Asset/(Liability) arising from defined benefit obligation**	**99,676**

Reconciliation of the Movements in the Fair Value of Scheme Assets

2021/22 £000		2022/23 £000
894,869	Opening fair value of scheme assets	950,952
17,668	Interest income	25,373
	Re-measurement gain/(loss):	
59,278	• The return on plan assets, excluding the amount included in the net interest expense • Other	(8,834)
3,798	Contributions from employer	5,641
5,251	Contributions from employees into the scheme	5,850
(29,912)	Benefits paid	(29,622)
950,952	**Closing fair value of scheme assets**	**949,360**

Reconciliation of the Present Value of the Scheme Liabilities (Defined Benefit Obligation)

2021/22 £000		2022/23 £000
1,247,226	Opening present value of scheme liabilities	1,187,278
42,047	Current service costs	39,339
25,114	Interest costs	32,254
5,251	Contributions from scheme participants	5,850
	Re-measurement (gains) and losses:	
(11,815)	• Actuarial gains/losses arising from changes in demographic assumptions	(8,121)
(77,795)	• Actuarial gains/losses arising from chang • es in financial assumptions	(445,516)
(13,908)	• Other	67,629
1,070	Past service cost	593
(29,912)	Benefits paid	(29,622)
1,187,278	**Closing present value of scheme liabilities**	**849,684**

Pension Scheme Assets

	31 March 2022 £000	31 March 2023 £000
Equities	69%	70%
Bonds	13%	14%
Property	8%	8%
Cash	10%	8%
Total	**100%**	**100%**

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the Council and Trafford Leisure CIC Ltd. have engaged Hymans Robertson LLP, an independent firm of actuaries to assess their respective pension schemes, estimates being based on the latest full valuation of the scheme as at 31 March 2023 for both Trafford Leisure CIC Ltd. and Trafford Council.

The significant assumptions (for Trafford Leisure CIC Ltd.) used by the actuary have been:

2021/22	Trafford Leisure CIC Ltd. - Mortality assumptions:	2022/23
	Longevity at 65 for current pensioners:	
20.3 years	• men	16.9 years
23.2 years	• women	23.6 years
	Longevity at 65 for future pensioners:	
21.6 years	• men	21.8 years
25.1 years	• women	25.2 years
3.15%	Rate of inflation	2.95%
3.90%	Rate of increase in salaries	3.75%
2.75%	Rate of increase in pensions	4.75%
2.0%	Rate for discounting scheme liabilities	1.75%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below is based on possible changes to the assumptions occurring at the end of the reporting period and assumes for each assumption change all other assumptions remain constant.

The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit cost method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in 2019/20.

Trafford Leisure CIC Ltd. - Change in assumptions at 31 March 2023:	Approximate % increase to Employer Liability	Approximate monetary amount £000
0.1% decrease in real discount rate	2%	92
0.1% increase in the salary increase rate	0%	16
0.1% increase in the pension increase rate (CPI)	2%	77

The significant assumptions used to assess the Council's Pension scheme assets and liabilities can be found in Note 37, along with an associated sensitivity analysis.

G4 Surplus/(Deficit) Attributable to Joint Ventures

This figure represents the total surplus/deficit attributable for the three JV's Bruntwood LLP, Stretford Mall and Stamford Quarter. Due to the differing year ends of single entity and group accounts, for the period 2022/23 the statutory accounts as at 30th September 2022 were combined with the management accounts to 31st March 2023 and a 12 month average was used to derive the surplus/ deficit values. This method subsequently required a small manual adjustment made to the closing reserves as stated on the management accounts balance sheet as at 31st March 2023 to align to the accumulated reserves to those using the average method.

Due to the materiality of the transactions relating to the revaluations of non-current assets taking place between September 2022 and March 2023, an 18 month trading period has been used for the 2022/23 trading values. This has allowed the closing balance sheets as at 31st March 2023 as stated in the three LLP's management accounts to be used and avoid making significant manual adjustments if the average trading method was used. This will give the reader a more transparent understanding of the actual figures in the reserve balances of the three LLP's as at 31st March 2023.

2021/22 £000	2021/22 Trafford Council Share at 50% £000		2022/23 £000	2022/23 Trafford Council Share at 50% £000
9,832		Turnover	8,343	
(5,479)		Cost of Sales	(6,042)	
4,353		**Gross Profit/(Loss)**	**2,301**	
(1,113)		Administrative Expenses	(1,269)	
-		Other Operating Income	-	
3,240	**1,620**	**Profit/ (Loss) before Taxation**	**1,032**	**516**
-		Taxation	-	
3,240	**1,620**	**Profit/ (Loss) for the Period after Taxation**	**1,032**	**516**
		Other Comprehensive Income		
(320)	**(160)**	Surplus or Deficit on revaluation of non-current assets	(646)	**(323)**
2,920	**1,460**	**Total Comprehensive income for the period**	**386**	**193**

G5. Investments in Joint Ventures

2021/22 £000		2022/23 £000
	Investment in Joint Ventures	
11,308	Trafford Bruntwood LLP	11,825
8,678	Trafford Bruntwood (Stretford Mall)	9,178
17,193	Trafford Bruntwood (Stamford Quarter)	20,209
37,179	Total Investment	**41,212**
(5,217)	Share of Accumulated profit/(loss)	(6,167)
31,962		**35,045**

Summary balance sheet of Joint Ventures

2021/22 £000		2022/23 £000
65,154	Fixed Assets	74,156
5,486	Current Assets	8,710
(6,720)	Creditors : Amounts falling due within one year	(12,459)
63,920	**Net Assets/ (Liabilities)**	**70,407**
	Reserves :-	
37,177	Members Capital – Bruntwood Holdings/ K Site	41,211
37,177	Members Capital – Trafford	41,211
(3,796)	Other Reserves (Dividend Distribution)	(5,167)
(10,821)	Other Reserves	(11,153)
4,183	Profit/(Loss) Reserve	4,305
63,920	**Total Reserves**	**70,407**

G6. Group Reserves

2021/22 £000		2022/23 £000
	Usable Reserves	
(154,189)	Trafford Council (i)	(101,112)
	Unusable Reserves	
(202,301)	Trafford Council (i)	(650,691)
(356,492)	**Sub-Total Trafford Reserves**	**(751,801)**
	Group Reserves	
1,512	Trafford Leisure CIC	46
5,217	Trafford Bruntwood	6,167
6,729	**Sub-Total Group Reserves**	**6,213**
(349,763)	**Total Reserves**	**(745,586)**

(i) Further detail can be found in the Council's accounts Notes 21 and 22

Glossary

Actuarial Gains and Losses

Over a reporting period, these consist of:

(A) Experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred, including reflection of any funding valuation which has taken place since the last report); and

(B) The effects of changes in actuarial assumptions (split between financial and demographic).

Better Care Fund

The BCF was announced by the Government in the June 2013 spending round to ensure a transformation in health and social care. The BCF creates a pooled budget between the Council and GM ICB.

Capital Financing Charges

The annual charge to the revenue accounts in respect of interest and principal repayments of borrowed money together with leasing rentals.

Capital Financing Requirement

This reflects the Council's underlying need to borrow for a capital purpose. It forms a basis for calculating the minimum revenue provision (MRP), which is the amount required to be set aside as provision to repay debt.

Capital Grants

Grants received towards capital outlay on a particular service or project.

Capital Receipts

Money received from the sale of surplus assets such as land or buildings that is used for new capital expenditure or to repay debt.

Carrying Amount

This equates to the level of principal outstanding on loans and investments together with any accrued interest.

CIPFA/LASAAC

The Chartered Institute of Public Finance and Accountancy/Local Authority (Scotland) Accounts Advisory Committee is the body responsible for preparing, maintaining, developing and issuing the Code of Practice on Local Authority Accounting for the United Kingdom.

Collection Fund

The Collection Fund records transactions in respect of the council tax, community charge and non-domestic rates receipts and illustrates the way in which these have been distributed.

Community Assets

Non-current assets that an authority intends to hold in perpetuity and have no determinable useful life.

Coupon Rate

The interest rate stated, expressed as a percentage of the principal (face value).

Creditors

Amounts owed by the Council for work done, goods received or services rendered but for which payment has not been made at the date of the balance sheet.

Current Service Cost (Pensions)

The increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Curtailment

For a defined benefit scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service.

Curtailments include:

Termination of employees' service earlier than expected, for example as a result of closing a factory or discontinuing a segment of a business, and termination of, or amendment to the terms of, a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

DfE (Department for Education)

This is the Government department responsible primarily for schools. It administers the majority of funding for schools including Dedicated Schools Grant, the major form of financial support.

Debtors

Sums of money due to the Council but which are unpaid at the date of the balance sheet

Deferred Debtors/Deferred Capital Receipts

Corresponding entries relating to sums due at some time in the future, for example from the sale of council houses purchased with the help of mortgages granted by the Council.

Defined Benefit Scheme

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

Defined Contribution Scheme

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Depreciation/Amortisation

An amount charged to revenue accounts to represent the wearing out of non-current assets.

Direct Service Organisation (DSO)

The in-house team which has won a contract to carry out work, or provide a service following a competitive tendering process.

Discretionary Benefits

Retirement benefits which the employer has no legal, contractual or constructive obligation to award and which are awarded under the authority's discretionary powers.

Effective Interest Rate

The rate at which debt charges are applied to the comprehensive income and expenditure statement.

Financial Instruments

The term covers both financial assets and liabilities. The borrowing, service concession arrangements (PFI & finance leases) and investment transactions are classified as financial instruments.

General Fund

The main revenue account of the Council into which the Council's precept from the Collection Fund and specific Government grants are paid and from which is met the cost of providing services.

Greater Manchester Combined Authority (GMCA)

Created by the Local Government, Economic Development and Construction Act, the Greater Manchester Combined Authority (GMCA) assumed its powers and duties on 1 April 2011. It took over the functions previously the responsibility of the Greater Manchester Integrated Transport

Authority (GMITA), which it replaced. It also took over responsibility for transport planning, traffic control and wide loads, assumed responsibility for the transportation resources allocated to the Greater Manchester region and regional economic development functions.

Greater Manchester Waste Disposal Authority (GMWDA)

This is a levying Authority that provides waste disposal strategy, policy and services to nine of the AGMA Councils.

Heritage Assets

Heritage assets are assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical value.

Impairment

A reduction in the recoverable amount of a non-current asset. An impairment charge can be caused by a clear consumption of economic benefits or by a general fall in prices.

Income

Amounts which an authority receives, or expects to receive, from any source. Income includes fees, charges, sales and Government grants. The term "income" implies that the figures concerned relate to amounts due in a financial year irrespective of whether or not money was actually received during that year (i.e. on an accruals basis).

Indemnified

To protect against damage, loss or injury; insure.

Infrastructure Assets

Those non-current assets from which benefit can be obtained only by continued use of the asset created e.g. highways, footpaths and bridges.

Interest Costs (Pensions)

For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

Investments (Pension Fund)

The investments of the Pension Fund will be accounted for in the statements of that fund. However authorities (other than town parish and community councils and district councils in Northern Ireland) are also required to disclose, as part of the transitional disclosures relating to benefits, the attributable share of pension scheme assets associated with their underlying obligations.

DLUHC (Department for Levelling Up, Housing and Communities)

This is the Government department which has the main responsibility for Local Government. (Formerley known as MHCLG).

NDR

The form of local taxation charged on non-residential premises at a level set by the Government. As part of the grant distribution system (the Business Rates Retention Scheme) business rates are collected and a share retained by the local authority and the balance paid to the local preceptor.

Business Rate Pool

Trafford continues to be part of the Greater Manchester & Cheshire business rates pool, consisting of the ten Greater Manchester councils plus Cheshire East, Cheshire West and Chester.

Past Service Cost

The change in present value of the defined benefit obligation for employee service in prior periods resulting from a plan amendment (the defined benefit plan) or a curtailment (a significant reduction by the entity in the number of employees covered by the plan).

Precept

The amount levied by one authority which is collected on its behalf by another.

Present value of defined benefit obligation

The present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

Private Finance Initiative

An agreement with the private sector to design, build and operate facilities specified by an authority in return for an annual payment.

Projected Unit Method

An accrued benefits valuation method in which the scheme liabilities make allowances for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to the benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases, and the accrued benefits for members in service on the valuation date.

Provisions

Sums set aside for losses or liabilities which are certain to arise but cannot be quantified with certainty.

Reserves

Amounts set aside to meet future costs.

Retirement Benefits

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either (i) an employer's decision to terminate an employee's employment before the normal retirement date, or (ii) an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

Revenue Expenditure Funded from Capital under Statute (REFCUS)

Capital expenditure which does not produce a tangible asset (e.g. improvement grants or other expenditure on assets the authority does not own). These are charged directly to revenue in the year expenditure is incurred but are treated as capital for control purposes.

Revenue Contributions

Refers to the financing of capital expenditure directly from revenue in one year rather than from loan or other sources.

Revenue Expenditure

Recurring expenditure on day to day expenses such as employees, running expenses of buildings, equipment and capital financing costs.

Scheme Liabilities

The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflects the benefits that the employer is committed to provide for service up to the valuation date.

Settlement

Occurs when an entity enters into a transaction that eliminates all further legal or constructive obligation for part or all of the benefits provided under a defined benefit plan, for example, when a lump- sum cash payment is made to, or on behalf of, plan participants in exchange for their rights to receive specified post-employment benefits.

Soft Loan

This is where loan is either given to or received from an external organisation or individual at conditions which are more favourable than market rates.

Stepped Interest Rate Loans

A loan agreement where one rate of interest applies for the primary period of the loan and another rate for the remainder, or secondary period.

Trust Funds

Funds administered by the Council on behalf of others, for purposes such as prizes, charities, specific projects, and on behalf of minors.

Unsupported Borrowing

Borrowing undertaken to finance capital expenditure where the related debt costs are paid for by the authority or from other income.

Vested Rights

In relation to a defined benefit scheme, these are:

- for active members, benefits to which they would unconditionally be entitled on leaving the scheme:
- for deferred pensioners, their preserved benefits:
- for pensioners, pensions to which they are entitled

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TRAFFORD COUNCIL

Report to: **Accounts & Audit Committee – 21st November 2024**
Executive – 18th December 2024

Report for: **Information**

Report of: **The Executive Member for Finance, Change and Governance and the Director of Finance and Systems**

Report Title

Treasury Management 2024-25 Mid-Year Performance Report

Summary

This report gives Members a summary of the Treasury Management activities undertaken for the first half of 2024/25 as follows;

Debt Activity:

- The level of external debt remained unchanged at £332.8m from 31 March to 30 September 2024,
- Gross loan interest costs totalling £8.9m are to be contained within the current year budget provision,

Investment Activity:

- The level of investments reduced from £47.8m at 31 March to £21.5m at 30 September 2024,
- Estimated external investment interest to be earned for 2024/25 of £2.12m is £1.28m above the £0.84m current year budget requirement,
- The average rate of return achieved during the period April to September 2024 was 5.17%, or 0.06% above the average comparable performance indicator 1 Month Sterling Overnight Index Average (SONIA) interest rate of 5.10%.

Prudential indicators:

- The Council complied with its legislative and regulatory requirements and
- There were no breaches of prudential indicators.

Recommendations

That the Accounts & Audit Committee & Executive be requested to:

1) Note the Treasury Management activities undertaken in the first half of 2024/25.
2) Note the amended Minimum Revenue Provision Statement attached in Appendix C, to be ratified and approved by Council in February 2025.

Contact person for background papers and further information:

Name: Frank Fallon

Background papers: None

CORPORATE PRIORITIES AND GOVERNANCE CONSIDERATIONS	
The Best Start for our Children and Young People Healthy and Independent Lives for Everyone A Thriving Economy and Homes for All Address the Climate Crisis Culture, Sport and Heritage for Everyone	The Treasury Management function ensures that the Council has sufficient financing available to fund the activities which support the Council's Corporate Priorities. Further any additional net interest income derived from Treasury activities can be used to support the revenue budget and front line services.
Relationship to GM Policy or Strategy Framework	Not applicable
Financial Considerations	Treasury Management impacts on the Council's budget in terms of borrowing costs and investment returns. As part of the Council's bi-monthly Revenue monitor reports, the P6 monitor reported an estimated underspend for 2024/25 of £0.96m against the original budget of £1.89m. This surplus will contribute towards the Council's overall budget position.
Legal Implications:	Treasury Management activities are subject to requirements detailed in legislation, Ministry of Housing, Communities and Local Government (MHCLG) guidance, Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code and Treasury Management Code of Practice. The report sets out details of compliance in respect of these requirements.
Equality/Diversity Implications	All treasury management transactions undertaken by the Council are carried out with institutions with no known direct links to any illegal regimes or which promote the use of forced labour
Sustainability Implications	The Investment Strategy was updated in February 2024 to confirm that the Council will only place funds with institutions which are signatories to the UN Principles for Responsible Banking, or are UK Government or Local Government bodies. The UN Principles for Responsible Banking are a unique framework for ensuring that signatory banks' strategy and practice align with the vision society has set out for its future in the Sustainable Development Goals and the Paris Climate Agreement.
Resource Implications e.g. Staffing/ICT/Assets	Not applicable
Risk Management Implications	The monitoring and control of risk underpins all treasury management activities and these factors have been incorporated into the systems and procedures for this function which are independently tested on a regular basis. Failure to properly manage and monitor the Council's loans and investments could lead to service failure and a loss of reputation. No Treasury Management activity is without risk and the Council's in-house team continually monitor risks to ensure that security of

	capital sums is maintained at all times and adverse fluctuations in interest rates are avoided.
Health & Wellbeing Implications	Not applicable
Health and Safety Implications	Not applicable
Socioeconomic duty Implications	Not applicable

Executive Summary

- This report provides Members with a summary of the treasury management activities undertaken during the first half year of 2024/25.

Economic position (Section 2)

- There has been some modest economic growth in the UK. In Q2 2024, the economy expanded by 0.5%.
- CPI Inflation fell to 1.7% in September 2024 from 2.3% in April.
- The Monetary Policy Committee (MPC) decreased the Bank Rate in August 2024 from 5.25% to 5.00%, with a further reduction to 4.75% in November 2024.

Debt (Section 5)

- Total loan debt remained unchanged at £332.8m from 31.03.2024 to 30.09.2024
- There were no new loans taken during this period.
- Total external loan interest of £8.9m is forecasted to be paid in the year based on current debt levels. Of this, £2.7m relates to the Council's Asset Investment Strategy and is funded from investment income received.
- The average rate of interest payable at 31.03.2024 to 30.09.24 was 2.67%

Investments (See Section 6)

- The level of investments reduced from £47.8m at 31.03.2024 to £21.5m at 30.09.2024 a net movement of £26.3m.
- The Rate of Return for all investments during the first half of 2024/25 was 5.17% which is above the recognised performance indicator of the 1 month SONIA which was 5.10%.
- Estimated external investment interest to be earned for 2024/25 of £2.12m is £1.28m above the £0.84m current year target.
- All investments were repaid on time without issue and placed in accordance with the Council's approved strategy.

Prudential Indicators and limits (Section 8)

- No breaches to any of these limits occurred during this period.

1. BACKGROUND

1.1. This report has been produced in accordance with the requirements of the CIPFA Code of Practice on Treasury Management (2017) which stipulates that the Council receives 3 separate Treasury Management reports on an annual basis as follows;

- 3 year Strategy Statement including the Annual Investment Strategy and Minimum Revenue Provision Policy (issued February),
- Mid-year Review (this report) and
- Performance update, covering activities undertaken during the previous financial year

1.2. The treasury management operation ensures;

- The Council's cash flows are well planned and funded,
- That all surplus monies are invested in low risk counterparties, providing sufficient liquidity before considering investment return,
- All new borrowing required for managing the financing of the Council's multi-million pound capital programme is taken in the form of either long or short term loans or using longer term cash flow surpluses and
- That debt previously taken is restructured when opportunities arise to meet Council risk or cost objectives.

1.3. The Treasury Management Strategy Statement, for 2024/25 was approved by Council on 15 February 2024.

2. MAJOR ECONOMIC HEADLINES

2.1. A summary of the main economic headlines which occurred during the first half of 2024/25 are outlined below:

- CPI Inflation fell to 1.7% in September 2024 from 2.3% in April, and 2.2% in August. The largest downward contribution to the monthly change in both CPIH and CPI annual rates came from transport, with larger negative contributions from air fares and motor fuels; the largest offsetting upward contribution came from food and non-alcoholic beverages.

- The Bank of England's Monetary Policy Committee cut its Bank Rate in August 2024 by 0.25%, from 5.25% to 5.00%, and did so again to 4.75% at its meeting in November 2024. Further cuts are likely, although market expectations for the Bank Rate in 2025 have ranged from 3.6 to 4.7 per cent, underscoring the continued uncertainty around the monetary policy outlook.

- UK GDP grew by 0.5% in Q2 (April to June) 2024, with a growth of 0.4% expected for Q3. Having stagnated last year, the economy is expected to grow by 1.0% in 2024, rising to 1.5% in 2025, and 1.25% in 2026.

- Gilt yields have remained consistent throughout the year, with limited movement from the position in April 2024. Current rates at 30/09/2024: 5 Year 3.76%, 10 year 4.03%, 20 year 4.48%

- The UK employment rate (for people aged 16 to 64 years) was 75.0% in June to August 2024, above estimates of a year ago, and increased in the latest quarter.

3 INTEREST RATES

3.1. The Council's treasury management advisors Arlingclose, provide interest rate forecasts periodically through-out the year and the table below outlines the latest average forecasted rates, as issued in September 2024, for the periods stated:

	2024-25 Original Forecast %	2024-25 Revised Forecast %	2025-26 Latest Forecast %	2026-27 Latest Forecast %
Bank Rate	5.06	4.81	3.25	3.00
Investment Rates 3 month	5.16	4.84	3.31	3.14
PWLB Loan Rates				
5 Year	4.50	4.45	4.21	4.28
10 Year	4.60	4.65	4.51	4.56
20 Year	5.00	5.09	5.00	5.08
50 Year	4.69	4.73	4.60	4.68

3.2. Arlingclose, maintained its central view that Bank Rate would steadily fall from the 5.25% peak, with the first cut in August being followed by a series of further cuts, taking Bank Rate down to around 3% by the end of 2025/26.

3.3. Gilt yields and subsequently PWLB rates are expected to stabilise with slow reduction over the next few years.

4. TREASURY POSITION

4.1. The Council's investment and debt positions at the beginning and mid-way through the current financial year are listed in the table below;

	31 March 2024		30 September 2024	
	Principal £m	**Average Interest Rate %**	**Principal £m**	**Average Interest Rate %**
DEBT				
Short term (payable before 31.03.25)				
PWLB[1]	0.1	2.80	0.1	2.80
Market	0.0	0.00	0.0	0.00
Sub-total	**0.1**	**2.80**	**0.1**	**2.80**
Long term (payable after 31.03.25)				
PWLB	311.7	2.53	311.7	2.53
Market	21.0	4.79	21.0	4.79
Sub-total	**332.7**	**2.67**	**332.7**	**2.67**
Total debt[2]	**332.8**	**2.67**	**332.8**	**2.67**
INVESTMENTS				
Short term (less than 1 year duration)				
- Instant access	31.2	5.26	13.2	4.99
- Call accounts	0.0	0.00	0.0	0.00
- Term deposit	0.0	0.00	0.0	0.00
Sub-total[3]	**31.2**	**5.26**	**13.2**	**4.99**
Long term (greater than 1 year duration)				
- CCLA	4.6	5.34	4.5	5.09
- Asset Investment Strategy (AIS)[4]	12.0	n/a	3.8	n/a
Sub-total	**16.6**	**5.34**	**8.3**	**5.09**
Total Investments	**47.8**	**4.89**	**21.5**	**4.79**

[1]PWLB Annuity payment

[2]Excludes accrued interest at year end.

[3]Information in the above table reflects the level of funds available on a temporary basis for investment purposes which fluctuate daily due to the timing of precept payments, receipt of grants, spend progress on the capital programme and the repayment of monies borrowed.

[4]Albert Estate; non-capital AIS investment

5. BORROWING POSITION

5.1. At 31 March 2024, the level of external debt was £332.8m, which was lower than the Capital Financing Requirement (CFR) at £419.4m and reflects that the Council was under borrowed by the difference of £86.6m as at that date. In effect the Council had used surplus cash balances to finance capital expenditure to the value of £86.6m.

5.2. This level of under borrowing is not considered sustainable due to the impact on the Council's cash balances. Therefore, external debt will be used to finance in-year borrowing requirements and when asset strategy investments are repaid these will be replaced by external debt facilities at the time.

This externalisation of this debt will be funded by existing provisions within the Treasury Management and Asset Investment Strategy revenue budgets. The situation will be continued to be monitored, with considerations given to movements in interest rates and future capital plans. The decision to borrow will be taken by the Director of Finance and Systems per delegated powers, and in accordance with the approved Treasury Management and Debt Strategies.

5.3. During the first half of 2024/25, loans to the value of £0.1m were repaid relating to the PWLB Annuity loan with no new loans being taken. As a result of this the Council's external loans has maintained a balance of £332.8m as per the table below:

Loans	31 March 2024 £m	Borrowed £m	Repaid £m	30 September 2024 £m
Short Term – (less than 1 Year duration)*	0.1	0.0	0.1	0.1
Long Term – (more than 1 Year duration)	332.7	0.0	0.0	332.7
Total	**332.8**	**0.0**	**0.1**	**332.8**

*Includes quarterly repayments of annuity loan

5.4. The table below provides an outline of the Council's loan portfolio at 30th September 2024;

Lender	No. of Loans	Interest rate range	Maturity	Total Principal £m
PWLB	18	1.88% to 9.00%	Oct 2026 to Oct 2069	311.8
Market (long term)	3	4.41% to 4.99%	Aug 2042 to Dec 2067	21.0
Total	**21**			**332.8**

5.5. As highlighted in the above table the Council holds £21.0m of Market loans, which are held at fixed rates of interest.

5.6. Based on current debt levels, the total loan interest costs for 2024/25 are currently forecasted to be £8.9m. Of this, £2.7m is funded by returns generated from the Council's Asset Investment Strategy.

5.7. No new borrowing has been undertaken during the first half of the year.

5.8. The below table shows the maturity of loans against the limits set by the Council in its Debt Strategy for 2024/25.

Maturity structure of all external loan debt as at 30th Sep 2024	**Lower limit %**	**Upper limit %**	**Actual %**
Under 12 months	0	40	0
12 months to 2 years	0	40	0
2 years to 5 years	0	40	20
5 years to 10 years	0	40	3
10 years to 20 years	0	40	5
20 years to 30 years	0	40	1
30 years to 40 years	0	70	45
40 years and above	0	90	26

6. INVESTMENT POSITION

6.1. Whenever the in-house treasury management team places any temporary surplus funds with an external institution, it does so in compliance with the Council's Annual Investment Strategy, approved by Council in February 2024.

6.2. The table below highlights the level of investment transactions carried out during the first half of 2024/25:

Investments	**31 March 2024 £m**	**New £m**	**Repaid £m**	**30 Sept. 2024 £m**
Instant Access	31.2	273.6	291.6	13.2
Call Accounts	0.0	0.0	0.0	0.0
Term Deposit	0.0	0.0	0.0	0.0
CCLA*	4.6	0.0	0.0	4.5
Strategic Investment programme	12.0	0.0	8.2	3.8
Total	**47.8**	**273.6**	**299.8**	**21.5**

*Estimated movement in valuation of the funds invested at that date.

6.3. The movement in the level of investments 31 March 2024 to 30 September 2024 reflects the day-to-day cash flow activities, including balances applied to fund short term capital spend thereby enabling loan servicing costs to be kept to a minimum.

6.4. All the Council's investments maturing during the first half of the financial year were repaid on time without any difficulties.

6.5. A breakdown of the Council's investments as at 31 March 2024 compared to 30 September 2024 per each classification of institution is provided below for reference:

Sector	31 March 2024 £m	30 September 2024 £m
UK Banks	1.3	1.8
Non UK Banks	0.0	0.0
Building Societies	0.0	0.0
Money Market Funds	29.9	11.4
Local Authority	0.0	0.0
Other - CCLA	4.6	4.5
Strategic Investment programme	12.0	3.8
Total	**47.8**	**21.5**

The maturity structure of the investment portfolio was as follows:

Period	31 March 2024 £m	30 September 2024 £m
Instant Access	31.2	13.2
Call Accounts	0.0	0.0
Up to 3 Months	0.0	0.0
3 to 6 Months	0.0	0.0
6 to 9 Months*	0.0	0.0
9 to 12 months	0.0	0.0
Over 1 year	16.6	8.3
Total	**47.8**	**21.5**

*Investments in the Instant Access period reflect the current cash flow requirements.

6.6. The table below highlights the results of the short term investment activities and shows the Council performance against the 1 month SONIA benchmark, a recognised market performance indicator.

Average level of short term investments (up to 1 yr.) 1 Apr to 30 Sep £m	Average interest rate earned %	Average 1 month SONIA (*) rate %	Over achieved interest against SONIA £k
44.9	5.17	5.10	14

*SONIA (Sterling Overnight Index Average) is administered and published by the Bank of England and is based on actual transactions and reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions and other institutional investors.

6.7. With regards to the Council's two long term investments totalling £8.3m, details of these investments are provided below:

- **Church Commissioners Local Authority (CCLA)** - In September 2015, the Council invested £5m, for a minimum period of 5 years in the Local Authority Property Investment fund, managed by CCLA. At 31 March 2024 the Council's investment was valued at £4.55m and by 30th September 2024 this had reduced to £4.54m. The level of dividends received for the first half of 2024/25 generated an annualised return of 5.58%.

  From April 2018, local authorities were required to comply with the new standard International Financial Reporting Standard 9 (IFRS 9): Financial Instruments. Changes brought by IFRS 9 meant that more financial assets, such as the Council's CCLA investment, would be required to have any annual changes in value (known as "fair value movements") recognised as profit or loss, whereas before movements for such instruments may have been held in a reserve with any movement in value only affecting general fund balances when sold.

  Due to the nature of these losses in value being required to be recognised in the revenue accounts of Local Authorities, the government introduced a statutory override to allow for any losses to be reversed out to a reserve. This statutory override will expire in March 2025. Prior to the expiry of this override the Council will need to decide whether it should disinvest from the CCLA to mitigate the risk of negative valuations. This decision will be taken by the Director of Finance and Systems in due course, in accordance with delegated powers and the approved Treasury Management Strategy.

- **Strategic Investment Programme** - In August 2019 the Council entered into a £17.6m 5 year loan facility agreement with Queens Holding Limited secured on four prominent income producing properties known as Albert Estate within Manchester City Centre. In April 2022 an early repayment instalment of £5.6m was received reducing the value to £12.0m, and in July 2024 a further £8.2m was received with an extension of the facility granted to March 2023. The balance is currently £3.8m. All interest repayments on the facility have been made in full and on time.

6.8. Estimated external investment interest to be earned for 2024/25 of £2.12m is £1.28m above the £0.84m current year budget requirement.

6.9. As shown by the interest rate forecasts in section 3, investment return rates are decreasing and are expected to further reduce over the next 2 years. The Councils investment return over the next three years will be determined on these rates and the levels of cash that is available to invest.

6.10. For reference Appendix A details the Council's investments, as at 30 September 2024.

7. RISK BENCHMARKING

7.1. In accordance with the Code and MHCLG Investment Guidance, appropriate security and liquidity benchmarks are used by the in-house treasury management team to monitor the current and future potential risk conditions enabling any corrective action to the strategy to be applied if required.

7.2. These benchmarks are simple guides to maximum risk (not limits) and so may be breached from time to time, depending on movements in interest rates and counterparty criteria.

7.3. During the first half of 2024/25 it can be reported that no benchmarks, which were set in the Strategy report in February 2024, were breached as shown from the table below.

Indicator	Target	Actual
Security – potential default rate of the Council's investment portfolio based on rates issued by the 3 main credit rating agencies.	Max 0.03%	Max 0.00% (AAA MMF - S&P)
Liquidity – investments available within 1 week notice	£5m min.	Achieved
Liquidity – Weighted Average Life of investments (ex CCLA Property Fund)	6 months	This was not breached and as at 30 September was 1 day.
Yield – Investment interest return to exceed 1 month SONIA rate	5.10% (Avg. 1 Month SONIA)	5.17% (All Investments 1 April to 30 Sept)
Origin of investments placed - maximum investments to be directly placed with non-UK counterparties.	Non UK institutions 40%	Achieved

8. PRUDENTIAL AND PERFORMANCE INDICATORS

8.1 In accordance with MHCLG Guidance and the Prudential Code, a number of prudential indicators are in place ensuring that the Council's capital expenditure plans and borrowing remain robust, prudent and sustainable.

8.2 These indicators as set out in the Council's Treasury Management Strategy report for 2024/25 were approved by Council in February 2024 and are monitored and reported through the Council's bi-monthly monitoring reports. During the half year ended 30th September 2024, the Council has operated within these indicators and no breaches occurred. Further information can be found in Appendix B

8.3 Due to the nature of the treasury management function the Council's in-house team processes multi-million pound transactions on a daily basis and to ensure the Council's finances are protected and all associated risk kept to a minimum, robust systems and procedures have been put into place. These systems and procedures are continually reviewed by the in-house team to ensure they remain fit for purpose.

9. RELATED TREASURY ISSUES

9.1. Following three rounds of consultation, the Ministry of Housing, Communities and Local Government (MHCLG) published its final consultation response, amendment regulations and revised statutory guidance on Minimum Revenue Provision (MRP). There are three main changes:

- Local authorities cannot exclude any amount of their Capital Financing Requirement (CFR) from their MRP calculation, unless by an exception set out in law.
- Capital receipts cannot be used to directly replace, in whole or part, the prudent charge to revenue for MRP, with specific exceptions for capital loans and leased assets.
- For capital loans given on or after 7th May 2024, sufficient MRP must be charged so that the outstanding CFR in respect of the loan is no higher than the principal outstanding minus any expected credit loss.

  This change will result in any adverse movements in valuations (Expected Credit Losses) relating to capital loans made for investment purposes being charged to the General Fund in the financial year the credit loss is recognised removing the ability to spread any losses over the life of the asset as previously.

  This is a significant change in the Prudential Code designed to provide focus on investment risk and the implications of which will need to be considered as part of the Capital Strategy.

9.2. Changes will take effect from the 2025/26 financial year, except in respect of expected credit losses which take effect from the 2024/25 year.

9.3. The Council's MRP Statement has been changed accordingly, with the updated policy found in Appendix C. This Statement will be provided for approval by Council in the 2025/26 Treasury Strategy in February 2025, to be effective from 1st April 2024.

10 OUTLOOK 2024/25

10.1. The Bank of England (BOE) expects CPI inflation to increase to around 2.75% by the second half of 2025 as weakness in energy prices falling out of the annual comparison will be offset by the impacts of the announcements in the recent Autumn Budget Statement largely relating to the increase in Employers National Insurance and National Living Wage.

10.2. The Bank of England (BOE) cut interest rates to 4.75% at the November committee but signalled that a further move is unlikely before early 2025,due to the revised forecasts for CPI inflation.

10.3. Growth in the UK economy is expected to pick up from 1 per cent this year to 1.5 per cent in 2025, before easing back to 1.25 per cent in 2026.

10. RECOMMENDATIONS

10.1 That the Accounts & Audit Committee & Executive be requested to;

1) Note the Treasury Management activities undertaken in the first half of 2024/25.
2) Note the amended Minimum Revenue Provision Statement attached in Appendix C, to be ratified and approved by Council in February 2024.

Other Options

This report is a mandatory report which has been produced in order to comply with Financial Regulations, relevant legislation and provides an overview of transactions undertaken during the first half of 2024/25. There are no other options to consider.

Consultation

There are no applicable consultation requirements in respect of this report.

Reasons for Recommendation

The report is a mandatory report which has been produced in order to comply with the requirements of the Council's Financial Procedure Rules which incorporate the requirements of both the CIPFA Prudential Code for Capital Finance and the CIPFA Code of Practice on Treasury Management.

Finance Officer Clearance DM

Legal Officer Clearance EM

DIRECTOR'S SIGNATURE GB

APPENDIX A

Breakdown of Investments as at 30 September 2024

Counterparty	Amount (31 March 2024)	Amount (30 Sept 2024)	Long Term Credit Rating
	£	£	
Money Market Fund – instant access			
Aberdeen	4,150,000	1,550,000	aaa
CCLA	4,150,000	2,070,000	aaa
Federated Investors	4,790,000	1,550,000	aaa
Insight Liquidity	4,150,000	1,550,000	aaa
Invesco Aim	4,250,000	1,550,000	aaa
Legal & General	4,290,000	1,550,000	aaa
Morgan Stanley	4,150,000	1,550,000	aaa
Sub total	**29,930,000**	**11,370,000**	
Call Accounts			
Lloyds Bank	1,320,000	1,800,000	a+
Sub total	**1,320,000**	**1,800,000**	
Term Deposit			
Sub total	**0**	**0**	
Property Funds			
Church Commissioners Local Authority	4,553,854	4,537,744	n/r
Sub total	**4,553,854**	**4,537,744**	
Other			
Strategic Investment Programme	12,010,000	3,761,133	-
Sub total	**12,010,000**	**3,761,133**	
Total	**47,813,854**	**21,468,877**	

Prudential Indicators – 2024/25

The Prudential Code for Capital Finance in Local Authority was reviewed and updated following a consultation with Local Authorities in November 2021. The Code requires that the Council report and monitor Prudential Indicators on at least a quarterly basis during the financial year. The objectives of the Prudential Code and indicators are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable and to support and record local decision making in manner that is publicly accountable.

The prudential indicators cover the three areas in which the Council is required to report and monitor: Capital Expenditure, External Debt, and Affordability. The indicators are approved and set by the Council in February each year as part of the wider budget setting process. These indicators are then reviewed and restated during the year as part of the periodical budget monitoring.

Summary as at Mid-Year

Capital Expenditure Indicators

Since February, the updated indicators for Capital Expenditure show a decrease £24.17m in capital spend in 2024/25. This is in-line with the reprofiling of spend within the programme, as detailed within the Period 6 Capital Monitoring Report, as certain schemes will now incur costs in later years. The expenditure for the Investment Strategy has been reprofiled to match the cashflows of ongoing property developments which the Strategy is funding, which have expenditure in the later years of the programme.

External debt indicators

The External Debt indicators for Period 6 are confirmations that the Council are operating within the agreed boundaries for Treasury Management activity as set by Council in February. The debt levels are forecast to increase due to the anticipation that the Council will borrow funds before the end of the financial year to address the level of internal borrowing.

Affordability indicators

The ‘Finance Costs to Net Revenue Stream’ forecast for 2024/25 is 0.1% above the forecast included in the budget. This is due to reduced levels of interest income forecast in year.

Capital expenditure indicators:

- **Estimates of capital expenditure**; Actual total capital expenditure for previous financial year and estimates of spend for the following three years. Variances found here from the approved indicator level to the current forecast level are due to revisions to the programme, reported through the regular Capital Budget Monitoring and approved by the Executive.
- **Estimates of capital financing requirement;** this reflects the estimated need to borrow for capital investment (i.e., the anticipated level of capital expenditure not financed from capital grants and contributions, revenue or capital receipts).

Prudential Indicators – Capital Expenditure	2024/25			2025/26	2026/27
Period 6 2024/25	Original Forecast	Current Forecast	Variance	Forecast	Forecast
	£m	£m	£m	£m	£m
Capital Expenditure					
Capital expenditure - General Programme	74.89	69.19	(5.70)	73.67	50.76
Capital expenditure - Investment Strategy	77.31	58.85	(18.46)	150.09	7.82
Capital expenditure - Total	**152.20**	**128.04**	**(24.16)**	**223.76**	**58.59**
Capital Financing Requirement (CFR)	**519.41**	**461.55**	**(57.86)**	**567.01**	**592.88**

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External debt indicators

- **Authorised limit for external debt;** This is a key prudential indicator and represents a control on the maximum level of external debt that the Council will require for all known potential requirements. It includes headroom to cover the risk of short-term cash flow variations that could lead to temporary borrowing and any potential effects arising from bringing "off balance sheet" leased assets onto the balance sheet in compliance with IFRS 16.
- **Operational boundary for external debt;** calculated on a similar basis as the authorised limit but represents the likely level of external debt that may be reached during the course of the year and is not a limit.
- **Gross debt and the capital financing requirement;** The Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2024/25 and the following two financial years.

Prudential Indicators -	2024/25			2025/26	2026/27
Period 6 2024/25	Approved Limit	Current Forecast	Variance to Limit	Approved Limit	Approved Limit
	£m	£m	£m	£m	£m
External Debt					
Authorised limit for external debt - Capital Programme	280.00	128.82	(151.18)	310.0	310.0
Authorised limit for external debt - Investment Strategy	370.00	260.00	(110.00)	420.0	500.0
Authorised limit for external debt - Other long-term liabilities	3.40	3.38	(0.02)	3.0	2.6
Authorised limit for external debt - Total	**653.40**	**392.20**	**(261.20)**	**733.0**	**812.6**
Operational boundary for external debt - Capital Programme	260.00	128.82	(131.18)	290.0	290.0
Operational boundary for external debt - Investment Strategy	370.00	260.00	(110.00)	420.0	500.0
Operational boundary for external debt - Other long-term liabilities	3.40	3.38	(0.02)	3.0	2.6
Operational boundary for external debt - Total	**633.40**	**392.20**	**(241.20)**	**713.0**	**792.6**
Forecast capital financing requirement (CFR)		**461.55**			
Actual external debt (£m): at 30/09/24		**332.80**			
Other long-term liabilities (PFI)		**3.38**			
Over-borrowed/(Under-borrowed)		(125.37)			
Forecast Over-borrowed/(Under-borrowed)		(69.37)			
Is Actual Debt below the CFR?		**YES**			

Affordability indicators

- **Estimates of financing costs to net revenue stream;** this indicator shows the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the Council's net revenue stream. This demonstrates the affordability and proportionality of that borrowing by comparing it to the Council's net revenue stream as a whole.
- **Estimates of net income from commercial and service investments to net revenue stream;** This indicator compares income from commercial investments to the Council's net revenue stream. As before, this comparison allows for consideration for the Council reliance on that income and its proportionality.

Prudential Indicators - Period 6 2024/25	2024/25			2025/26	2026/27
	Original Forecast	Current Forecast	Variance	Forecast	Forecast
	%	%	%	%	%
Affordability					
Financing Costs to net revenue stream	1.0%	1.1%	0.1%	1.8%	2.7%
Net Income for commercial and service investments to net revenue stream	8.0%	7.1%	(0.5%)	7.8%	7.2%

Affordability - Financing Costs to Net Revenue Stream (Detailed Table)	2024/25 P6 Forecast £000
Net Revenue Stream (£k)	214,039
Net Financing Costs * (£k)	2,247
Net Financing Costs to NRS	1.1%
Gross Financing Costs (£k)	16,935
Gross Investment Interest Income (£k)	(14,688)
Net Financing Costs (£k)	**2,247**
Using **Gross** Financing Costs to NRS	7.91%

The prudential indicator requires a comparison between Net Financing Costs and the Net Revenue Budget, however this does not demonstrate fully the risk due to the high levels of investment income that the Council generates. The Gross Investment Interest Income and Gross Financing Costs are more appropriate measure of risk as this is the amount of exposure the council needs to meet.

Local indicators

Local Indicators are indicators that are not statutorily required but are included in the Council's suite of capital indicators to provide additional transparency and reporting information. The indicators below relate to forecast activity and performance in the Council's Asset Investment Strategy (AIS). The rolling investment nature of the AIS means that income is forecast to decrease in later years as investments mature, to be replaced by new investments within the pipeline yet to be agreed.

The Council has previously used income from its investments to contribute to a Risk Reserve, which had a balance of £11.31m at the end of 2023/24.

Local Indicators 2024 to 2025	**2024/25 £m**	**2025/26 £m**	**2027/28 £m**
Asset investment Strategy			
Gross Income	13.3	14.5	13.1
Financing Costs	9.48	10.6	10.2
Risk Reserve			
Net contributions to/(from) Risk Reserve	(6.5)	(1.6)	(1.3)
Forecast Risk reserve balance at year end	4.8	3.1	1.7

MINIMUM REVENUE PROVISION

In accordance with the current MHCLG Guidance, The Local Authorities (Capital Finance and Accounting) Regulations 2008, and Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, the Council shall determine an amount of minimum revenue provision that it considers to be prudent and submit to Council for approval an annual MRP Statement which sets out its policy.

The following MRP Statement has been reviewed and prepared in accordance with the Council's accounting procedures and is recommended for approval to be effective from 1st April 2024:

- **Capital expenditure financed by Supported Borrowing:** MRP will be calculated on the Asset Life Method (up to 50 years), using an annuity calculation in accordance with MHCLG guidance;
- **Capital expenditure financed by Prudential Borrowing:** MRP will be based on either the estimated life of the assets once operational and charged on a straight line or annuity basis in accordance with MHCLG guidance;
- **PFI schemes and leases shown on the balance sheet:** MRP will be based on the amount of the principal element within the annual unitary service payment and financed from the provision set-up to cover the final bullet payment. Capital receipts are to be used to replenish this provision to ensure any final bullet payment can still be made in 2028/29;
- **Expenditure that does not create an asset:** this is where the Council through the Strategic Asset Investment Strategy has made equity investment with Joint Venture companies with MRP being provided and calculated on a straight line basis for periods up to 50 years or annuity basis in accordance with MHCLG guidance.
- **Use of a Capitalisation Direction:** Expenditure incurred in response to the issuance of a Capitalisation Direction by Central Government, MRP will be made over a period not exceeding 20 years, in accordance with the 2018 Guidance;
- **Equity** – MRP for the acquisition of share capital will be calculated on a straight line basis for a period up to 20 years or annuity basis in accordance with MHCLG guidance. The Council will consider on a case by case basis the appropriateness of the application of this period against any equity investments it undertakes.
- **Lending to a third party**: In instances where the Council lends funds to a third party for non-commercial purposes, such as regeneration, the Council will treat the advance as "Serviced debt" and therefore no MRP will be set-aside providing there is an agreed repayment date. MRP would be set aside should the Council issue a commercial capital loan, i.e. a loan for a primarily financial return.
- **Expected Credit Loss (ECL):** Should an ECL or impairment be recognised for a capital loan issued or agreed, after the 7th May 2024, then the Council will make an MRP charge equivalent to the ECL in the year in which the impairment is recognised.

Per the updated 2003 regulations, no element of the Council's CFR is excluded from consideration in the calculation of the Council's annual MRP charge save for those which are exempt per regulations. This exemption is inclusive of the provision of non-commercial capital loans.

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TRAFFORD COUNCIL

Report to: Accounts & Audit Committee
Date: 21st November 2024
Report of: Director of Finance and Systems

Insurance Performance Report 2023/24

Summary

This report provides a summary of insurance performance for 2023/24:

- The insurance budget overspent by £727k largely as a result of setting aside additional provision for several high value claims. A contribution of £440k was made from the Insurance Risk Reserve following a review of the amount of levy provision set aside relating to historical claims previous administered by Municipal Mutual Insurance, resulting in a net overspend of £287k at year end.
- The provision for outstanding liability claims was £4.059m at 31 March 2024, compared to £3.316m at 31 March 2023, an increase of £743k.
- Claim numbers increased in 2023/24, 312 new claims across all policy years compared to 246 in 2022/23.
- There was an increase in claims repudiation rates at 80% in 2023/24 compared to 75% in 2022/23.

Recommendations

That the report be noted.

Contact for access to background papers and further information:
Name: Dave Muggeridge
Extension: 4534
Background Papers: None

1. Introduction

1.1 This report updates the Committee on the Council's insurance activities for 2023/24, focusing on:

- **Section 2** – Cost of Insurance
- **Section 3** – Claims Performance
- **Section 4** – Market Update/Outlook

2. Cost of Insurance

2.1 The insurance programme covers a wide range of insurable risks; a summary of policies together with appointed insurers are detailed **Annex 1.**

2.2 Premium and claims costs are the main items of expenditure for the insurance budget with an annual provision to cover the estimated cost of claims. The Insurance Risk Reserve is used to absorb and smooth out any significant claims pressures during years where claims costs may exceed the net revenue budget.

2.3 The insurance budget is held within Council Wide and is reported in detail at year end due to the evolving nature of the way claims histories develop. **Table 1** shows details of the budget and actuals, the 2023/24 net budget of £880k consisted of insurance premiums at £600k, provision for claims of £670k, provision for self-insured loss claims of £95k (largely property related) and income from recharges to schools and trading functions at £485k.

2.4 The Insurance budget for 2023/24 resulted in an overspend of £287k, due to financial pressure stemming from several high value claims. As a result, the council's appointed Actuary advised an increase within the insurance provision of £740K. A review of the MMI levy, allowed the release of £440k from the Insurance Risk Reserve to help offset this increase. Small underspends due to reduced premiums and property claims costs helped to reduce the overspend to £287k.

Table 1 – Insurance Expenditure for 2023/2024	Budget £000	Actual £000	(Under)/ Over Spend £000
Premiums	600	588	(12)
Provision for Claims	670	1,418	748
Self-insured Loss Claims	95	89	(6)
Income	(485)	(488)	(3)
Sub-Total	**880**	**1,607**	**727**
Contribution to/(from) reserves	0	(440)	(440)
Net Cost	**880**	**1,167**	**287**

2.5 **Insurance Provision** - The Council's Insurance Provision is the amount the Council sets aside to meet claims costs which fall within the Council's elected policy excesses (detailed in **Annex 1**) and is reviewed by an independent Actuary on a biennial basis. The level of the provision was £4.1m as at 31st March 2024. The review assesses the likely growth of the cost of current claims alongside forecasting potential claims costs; those claims which have happened (incurred) but are yet to be reported (IBNR).

2.6 **Insurance Risk Reserve** - The Council also maintains an earmarked Insurance Risk Reserve in the event of a catastrophic insurance loss or if we receive many high value claims. This reserve is used to balance any fluctuation in the overall provision level and additional costs associated with historical Municipal Mutual Insurance claims (MMI).

2.7 The level of reserve is reviewed on an annual basis and provides sufficient funding to cover the Council's excess of £275k/£250k in relation to three large claims: £750k and £260k to cover new and emerging claims. The balance brought forward also included £500k relating to MMI claims, and as a result of falling values of these historic claims and advice from the Actuary an amount of £440k was released to support the overspend in the revenue budget. A review at year end allowed a further £200k to be transferred to the budget support reserve to help address the Council's wider budget pressures. The above movements resulted in a net reduction of £640k in the reserve.

2.8 Insurance Provision and the Insurance Risk Reserve balances at the end of 2023/24 are:-

Table 2 – Provision and Reserve Balances			
Provision	**£000:**	**Insurance Risk Reserve**	**£000:**
Balance as at 01/04/2023	**(3,316)**	**Balance as at 01/04/2023**	**(1,700)**
Less Claims Paid	675		
Reassessed Provision	(1,418)	Transfers and Contribution from Reserve	640
Balance as at 31/03/2024	**(4,059)**	**Balance as at 31/03/2024**	**(1,060)**

3. Claims

3.1 Activity

Financial Year	Amount Paid in Claims Across All Policy Years (01/04/1992 to 31/03/2024) £000	Number of New Claims Received and Processed in Year
2023/2024	**675**	**312**
2022/2023	556	246
2021/2022	582	209

3.2 Claim payments of £675k were made in 2023/24, an increase of 21% when compared to 2022/23**.** One large highway claim represented 32% of the £675k.

3.3 Our repudiation rate stands at 80% which is a 5% increase from last year (see table in paragraph **3.11 Defence Rates**). Repudiating an insurance claim means that we have been successful in denying liability and demonstrates the claims investigation work undertaken by the Insurance team. However, claims inflation acts as the primary influencer on rates and we are experiencing increasing costs of claims alongside an increase in the number of large loss claims received. We define a large loss as those valued over £50,000.

3.4 **Annex 2** provides a five-year overview of the claims profile by policy year (01/04/2019 – 31/03/2024) split by the following risks; Employer's Liability, Highway Injury, Highway Property, Highway Trees and Public Liability.

3.5 **Employer's Liability** claims numbers remain low with only 1 new claim received in 2023/24.

3.6 Although Employers Liability claims numbers are low, claims costs can be high and are driven by claims inflation such as the cost of living. At present, there are 3 outstanding claims with an estimated provision in excess of £600,000. We work closely with our specialist Solicitors to ensure Trafford is well represented and to ensure the best possible financial outcome for the Council.

3.7 **Highway Injury** - This risk remains the largest insurable financial risk to the Council. A new claim with a reserve of £5m was received in 2023/24, relating to a serious incident which occurred in 2021/22. Due to the serious nature of this claim, the Council appointed specialist Solicitors who, together with the Insurance team, are working in collaboration with Highway colleagues and One Trafford Partnership to best represent Trafford.

3.8 **Highway Property Damage** claims such as damage to vehicles due to potholes represent the highest volume of claims we receive. Typically, these claims are low in value, however, the insurance we adopt the same strict approach to defending them as we do with claims for personal injury. We work alongside our Highways Inspectors to ensure inspection regimes are risk assessed and repairs carried out within the specified timeframes, this work is reflected in our claims repudiation rate which has increased from 75% to 77%.

3.9 **Highway Trees** - 35 new claims were received in 2023/24, against a yearly average of 49 over the previous five-year period. A high-profile fatality claim was received in 2022 and extensive work was undertaken with our in-house Legal team, specialist Solicitors and the Council's Tree Unit to ensure that Trafford were best represented in a recent coroner's inquest. The coroner's finding was one of accidental death and no criticism of the Council was raised by the coroner or the Jury.

3.10 **Public Liability** insurance protects the Council against claims made by third parties (such as members of the public) in respect of injury, death, disease and damage arising from Council activities. Claims numbers are low; 15 claims received for 2023/24, across all departments including schools. These types of claims carry a large financial risk, the total claims reserve of £472k relates to 20 claims.

3.11 **Defence Rates**

Category of Claim	No of Closed Cases between 01/04/2019 and 31/03/2024	No of Closed Cases Defended between 01/04/2019 and 31/03/2024	Defence Rate
Employer's Liability	12	9	75%
Highway – Injury	230	206	90%
Highway – Property	580	446	77%
Highway - Tree	208	167	80%
Public Liability	68	46	68%
Total	**1,098**	**874**	**80%**

4 Achievements / update

4.5 Cyber

Underwriting cyber security risk continues to be difficult with many suppliers requiring focus on maintaining high data security controls as a condition of cover.

Trafford Council has undertaken a review of internal and outsourced IT security and cyber risk management, the details of which has allowed us to deliver a positive message to the insurance market, in turn creating a good understanding of the Council's exposure to risk.

Thanks to the help of the IT Security team, it has been possible to understand and articulate the current and future cyber security and IT infrastructure and risk management across services.

Whilst capacity within the market has improved, the benefits have largely been seen in smaller district Councils, who hold smaller amounts of data. The challenges remain for larger organisations such as Trafford, given the increased exposure they bring.

The cost of Cyber cover has increased significantly over recent years, however cover tends to be limited and low limits imposed within received quotations; further restricting cover. Insurers strict underwriting requirements: cyber security protocols such as multi-factor authentication are now mandatory.

Therefore, for now and as over the past 6 years, Cyber risk continues to be managed from the insurance risk reserve balance.

4.6 Insurance Tender 2024

A full programme tender was carried out this year, as the previous five-year agreement came to an end.

The insurance market has seen unprecedented volatility in recent years, factors such as rate increases, loss of insurer capacity, foreign wars, COVID 19, re-insurance costs, increased energy prices, inflation and natural disasters due to climate change have all contributed to changes in market conditions.

However, collaborative work with our Insurance Brokers and engagement with all Council services helped to best showcase Trafford's risks to the insurance industry and achieve positive responses from all Local Authority insurers, which resulted in our insurance programme coming in within budget, which is an excellent result.

The Insurance Team remain committed to working alongside the Estates Team to ensure Trafford's property risks are fully protected. This is achieved by ensuring the adequacy of sums insured; ensuring that valuations are up to date and that we hold detailed narrative on the risks we transfer to insurers, such as unoccupied buildings, RAAC and cladding issues, transparency is key.

Trafford Council
Current Insurance Programme

Policy	Property Damage / Business Interruption	Employers' Liability / Officials Indemnity	Public Liability	Motor	Personal Accident / School Journey	Money	Crime	Professional Negligence	Commercial Investment Properties
Limit of Indemnity	**Declared Value** **Business Interruption Max Indemnity Period 36 months**	**£50m Employers Liability** **£2m Officials Indemnity**	**£50m**	**Unlimited Third Party Injury** **£5m Third Party Damage**	**Accidental bodily injury, death, disablement or the incurring of Medical Expenses, Travel cancellation**	**Various** **Physical loss of money**	**£5m** **Financial loss sustained as a result of a criminal act**	**£5m**	**Declared Value**
Insurer	Zurich Municipal	Zurich Municipal	Zurich Municipal	Zurich Municipal	Zurich Municipal	Zurich Municipal	Zurich Municipal	Zurich Municipal	Zurich Commercial via Marsh
Excess	**£250,000**	**£275,000**	**£275,000**	**£1,000**	**Various**	**£250**	**£10,000**	**£100,000**	£250
Aggregate Stop Loss*	**£750,000** **£1m for BI**	**£2M**	**£2M**						

* Provides budget certainty – Trafford's claims exposure is capped per policy year. Once the ASL is breached, insurers pay all claims thereafter, no excess required.

Claims History by Policy Year as at 31/03/2024

Annex 2

Class of Business	2019/2020			2020/2021			2021/2022			2022/2023			2023/2024		
	No of Claims	Paid £000	Res £000	No of Claims	Paid £000	Res £000	No of Claims	Paid £000	Res £000	No of Claims	Paid £000	Res £000	No of Claims	Paid £000	Res £000
Employer's Liability 	4	19	193	5	24	99	6	22	324	2	0	7	1	0	5
Highway Injury 	68	163	64	56	93	234	49	104	5,016	62	7	223	58	11	367
Highway Property 	212	23	0	97	17	0	74	10	0	134	7	1	183	4	57
Highway Tree 	61	59	10	53	42	17	63	14	10	31	65	122	35	27	66
Public Liability 	26	503	4	10	15	96	16	11	58	21	41	271	15	6	43
Total	**371**	**767**	**271**	**221**	**191**	**446**	**208**	**161**	**5,408**	**250**	**120**	**624**	**292**	**48**	**538**

TRAFFORD COUNCIL

Report to: **Executive**
Date: **18th November 2024**
Report for: **Discussion**
Report of: **Executive Member for Finance, Change and Governance and the Director of Finance and Systems**

Report Title:

Budget Monitoring 2024/25 Period 6 (April 2024 to September 2024)

Summary:

The purpose of this report is to inform Members of the 2024/25 projected outturn figures relating to both Revenue and Capital budgets.

It also summarises the projected outturn position for Council Tax and Business Rates.

The report is divided into three parts:

- **Part 1** – Provides at "At a Glance" high level summary of the key aspects of the budget monitoring position.
- **Part 2** – An Executive Narrative of the Projected Outturn and Outlook
- **Part 3** – A list of annexes containing specific detail on the individual directorate positions, capital programme, savings programme and schools' budgets.

Recommendation(s)

It is recommended that the Executive:

a) Note the report and the estimated revenue outturn position showing a budget overspend of £3.56m, a favourable movement of £652k from Period 4.
b) Note the update on the three-year Capital Programme as detailed in Section 6 and Annex 3.
c) Note the expected funding shortfall in capital receipts for the 2024/25 Capital Programme and the proposed work of the Capital Programme Board in managing this shortfall.
d) Note the management actions and mitigating actions as detailed in Paragraph 2 of Part 2 in the delivery of a balanced budget and effective financial management.

Contact person for access to background papers and further information:

Name: David Muggeridge, Head of Financial Management
Extension: 4534

Background Papers: None

CORPORATE PRIORITIES AND GOVERNANCE CONSIDERATIONS	
The Best Start for our Children and Young People	Non arising out of this report
Healthy and Independent Lives for Everyone	Non arising out of this report
A Thriving Economy and Homes for All	Non arising out of this report
Address the Climate Crisis	Non arising out of this report
Culture, Sport and Heritage for Everyone	Non arising out of this report
Relationship to GM Policy or Strategy Framework	Expenditure is aligned to meet the priorities with the Corporate Plan which is aligned to the GM policy and strategy where required.
Financial Considerations	It is the responsibility of the Executive to operate within the budgetary framework set by the Council when it agreed the budget for 2024/25 at the Council Meeting on 21 February 2024. Revenue and capital expenditure to be contained within available resources in 2024/25.
Legal Implications:	Non arising out of this report
Equality/Diversity Implications	None arising out of this report
Sustainability Implications	None arising out of this report
Resource Implications e.g. Staffing / ICT / Assets	Not applicable
Risk Management Implications	Not applicable
Health & Wellbeing Implications	Not applicable
Health and Safety Implications	Not applicable
Socioeconomic duty Implications	Not applicable

PART 1 - At a Glance Executive Summary

This Period 6 report provides an "At a Glance Executive Summary" which focuses on a high level summary of the estimated outturn. Supporting annexes provide detailed explanations and movements.

At a Glance Sections

- Section 1 - Revenue Service Budget Outturn and Variance
- Section 2 - Revenue Funding General Fund Budget Outturn and Variance
- Section 3 - Collection Fund – Business Rates and Council Tax
- Section 4 - Earmarked Reserve movements
- Section 5 - Delivery of in-year savings programme
- Section 6 - Capital and Asset Investment Programme and Prudential Indicators
- Section 7 - Dedicated Schools Grant Outturn

Total Revenue Budget 2024/25

Approved Revenue Budget	Projected Outturn at Period 6
£217.99m (*)	**£3.56m Overspend**

Movement since Prior Period

£652k Favourable

(*) The Net Revenue Budget increased since that agreed in February 2024 at Council from £217.83m to £217.99m as a result of a late notification of an increase in the Public Health Grant allocation of £157k. Full Council also approved delegated authority to the Director of Finance and Systems to vary the net Revenue Budget for any changes in the assumed level of this grant.

Section 1- Revenue Service Budget

Revenue Service Budget 2024/25

Approved Revenue Service Budget	Projected Outturn at Period 6
£217.99m	**£3.56m Overspend**

Comprising of

Overspend on Directorate Budgets	Overspend on Council Wide
£3.40m	**£0.16m**

Movement since Prior Period

£652k Favourable

Revenue Service Totals	2024/25 Budget £000	Projected Outturn £000	Full Year Variance £000	Change from Prior Period £000
Children's Services	55,833	57,409	1,576	1,204
Adults & Well Being	59,342	60,686	1,344	40
Public Health	13,690	13,481	(209)	(33)
Place	37,933	38,489	556	(1,254)
Strategy & Resources	10,783	10,702	(81)	(100)
Finance & Systems	10,474	10,351	(123)	(11)
Legal & Governance	4,047	4,383	336	9
Total Directorate	**192,102**	**195,501**	**3,399**	**(145)**
Council-wide budgets	25,888	26,046	158	(507)
Total Budget	**217,990**	**221,547**	**3,557**	**(652)**

Directorate Budgets	Variance £000	Movement from Prior Period
Children's placements	2,032	1,352
Children's Home to School Transport	(95)	31
Running costs – S17 payments (Childrens)	187	33
Children's income	(251)	(17)
Adults' demand	534	399
Adults' running costs	214	(103)
Staffing (Childrens, Adults, Public Health)	(678)	(521)
Staffing (all other areas)	(1,275)	(222)
General efficiency target (Place and Central)	1,009	0
Strategic Property	0	(1,090)
Energy costs	(199)	(100)
Planning income	149	(98)
Building control income	221	(3)
Projected underachievement of savings	1,094	12
Other	457	182
Directorate Budget Sub-Total	**3,399**	**(145)**
Council Wide		
Treasury Management	(962)	(216)
Inflation 24/25 pay award	48	0
Contribution from Inflation Risk Reserve	(48)	0
Housing Benefit/Temporary Accommodation	1,603	0
Contribution from Housing Benefit Risk Reserve	(403)	0
Release of general contingency	(300)	(300)
Council Wide Other	220	9
Council Wide Sub-Total	**158**	**(507)**
Net Service Budgets	**3,557**	**(652)**

Further details on individual directorate positions are included at **Annex 1**.

A summary of major variances is included in the Executive Summary in **Part 2**.

Section 2 – Revenue Funding Budget – General Fund

Revenue Funding Budget 2024/25

Approved Revenue Funding Budget	Outturn at Period 6
Business Rates £84.18m	Business Rates on budget
Council Tax £128.23m	Council Tax on budget
Reserves £5.58m	Reserves on budget
Total **£217.99m**	**Nil Variance**

Movement since prior Period

Nil

The Revenue Funding General Fund Budget comprises of income from Business Rates, Council Tax and Reserves.

The General Fund budgets for Business Rates and Council Tax are fixed at the beginning of the year. In-year income from Business Rates and Council Tax is monitored through the Collection Fund (see next section). Any surplus or deficit on the Collection Fund is either distributed or collected in the following financial year. The Business Rate and Council Tax Risk Reserves are available to smooth the impact if a deficit is forecast.

Section 3 – Collection Fund Business Rates and Council Tax

Business Rates and Council Tax

Total Budget

Business Rates £84.18m
Council Tax £128.23m

Business Rates	Council Tax
Outturn **£0.16m deficit**	Outturn **£0.66m surplus**
Underlying Outturn Themes	**Underlying Outturn Themes**
Overall reduction in rates income of £0.16m due to flagship stores at the Trafford Centre re-entering the rating list with a lower than anticipated rateable value.	Tax base surplus **£0.20m**
A surplus in the Collection Fund due to lower award of rates reliefs, offset by shortfall in Relief Grants in the General Fund.	Favourable lower level of Council Tax Support **£0.56m**
	Adverse pressure from backdated claims **£0.10m**

Council Tax

- There is a favourable outturn forecast of £0.66m of which Trafford's share is £0.53m (see Annex 4 for a breakdown of Trafford's share).

- In April 2024 the 100% premium charge on long term empty homes was reduced from 2 years to 1 year. An estimate of additional income was budgeted, however collection is slightly better than anticipated resulting in an estimated £0.20m surplus in the tax base.

- There is a favourable variance of £0.56m in Council Tax Support due to a lower number of claims for awards, however cases are being assessed and this surplus may reduce.

- There is a £0.1m pressure in anticipated backdated claims (changes in banding appeals etc).

- **Outlook -** The government have released legislation regarding long term empties which includes a large number of exemptions applicable from April 2025. Although this will not impact 2024/25, work is being undertaken to assess the impact in 2025/26.

- In line with accounting policy, the in-year surplus will be released in 2025/26, however it may be transferred to the Council Tax risk reserve to smooth the impact of reductions in income as a result of the changes to legislation discussed above.

Business Rates

Period 6 has seen an adverse movement of £0.16m. This consists of a surplus in the collection fund of £2.62m and a deficit in the general fund of £2.78m. The overall shortfall is due to a flagship store at the Trafford Centre re-entering the rating system with a lower than anticipated Rateable Value. Work is ongoing with the VOA to assess if the rateable values impacted by this flagship store need to be reevaluated bringing them back in line with budget.

The use of the Business Rate Risk Reserve will be used to mitigate the impact of the in-year net pressure. The ongoing impact of the lower Rateable Value will be considered during the preparation of the Final budget for 2025/26.

Outlook – As in previous years, there is a significant risk in forecasting the temporary pressures caused by major refurbishments, changes, and new sites at the Trafford Centre. The Business Rate Risk Reserve will be utilised to smooth any timing issues in the delivery of benefits. Work is ongoing to look at the future health of rateable value and how ongoing developments may impact this.

Section 4 – Earmarked Reserves

Earmarked Reserves	
Opening Balance April 2024	Estimated Balance March 2025
£79.90m	**£53.12m**

Estimated decrease in the year

£26.78m

A detailed review of reserves was undertaken in preparation of the draft 2025/26 budget and a further review will be completed as part of the final 2025/26 budget.

The decrease is largely due to the planned use of Budget Support Reserve, Strategic Investment Reserve, Service Area priorities and planned smoothing of benefits from Business Rates for 2024/25.

Section 5 – Delivery of in-year savings programme

Savings Programme 2024/25

Savings Target	Forecast Savings
£6.55m	**£5.45m (83%)**

Forecast Outturn Below Target by

£1.09m

Further details in **Annex 2**

There are 24 savings schemes with a savings target of £6.55m. Within the Period 6 budget monitor £1.09m (17%) of savings are red rated and £2.59m (40%) amber rated. Those classified as amber rated still require management action to achieve delivery of the saving. Exception reports have been presented to Finance and Change Board but at this point there are still some concerns about the deliverability of the full extent of the savings programme.

At this stage a prudent assumption is that approximately £1.09m of the programme is unlikely to be delivered in 2024/25; as part of the exception reporting, consideration continues to be focused on what mitigating actions can be implemented.

Period 6 forecasts indicate 6 schemes will fall short of this target by £1.09m (17%):

- Place - Strategic Estates - £212k (positive movement of £18k)
- Adults - Bad debt provision - £50k
- Adults - Reduction in demographic growth budget - £200k
- Adults - Living your best life - £290k
- Adults - Reablement review - £200k
- Adults - Carer resilience - £142k (adverse movement of £30k)

Section 6 – Capital Programme

Capital Programme 2024/2027

Capital Programme 2024/27 at P4
£193.24m

Revised Capital Programme 2024/27 at P6
£193.62m

Increase in 2024/27 programme
£380k

- City Region Sustainable Transport Settlement Funding from TfGM for Trafford Red Routes of £380k

2024/25 Performance to Date and Funding

	2024/25 P6 Revised Budget £m	2024/25 P6 Actuals £m	Performance Against Budget £m
Children's Services	10.99	2.57	23.38%
Adult Social Care	3.76	1.57	41.75%
Place	51.30	18.99	37.01%
Governance and Community	0.11	0.00	0.00%
Finance & Systems	3.03	1.17	38.61%
General Programme Total	**69.19**	**24.30**	**35.12%**
Grants	41.92		
External Contributions	4.77		
Revenue and Reserves	1.75		
Prudential Borrowing	11.82		
Forecast Capital Receipts	2.29		
Deficit (in year)/Overprogramming	6.64		
Overall Funding	**69.19**		

Specific Scheme Update

- Planned works at Sale West Youth and Community Centre programmed for 2025/26 totalling £270k has been bought forward due to boiler failure with a new system needing to be installed before winter.
- Adaptations for foster carers originally on five Registered Social Landlord Properties is now only scheduled to take place at two with three connected carers being identified to replace these so resources are being reprioritised to these.
- The contractor appointed for works at Altrincham College has gone into administration which has delayed start on site until new contractor is found a process that is already well underway. As a result, £1.5m of the current year's budget will be reprofiled to the 2025/26.
- The Mayors Challenge Fund programme of works requires a realignment of budget of £2.8m. Although the overall allocation for the programme is known, there is a staged approach to the delivery where individual tranches of work are subject to its own approval process through TfGM.

General Programme Update

There is an in-year forecast funding shortfall of £6.64m as a result of capital receipts not being realised within original timescales or at the level previously assumed. The Capital Programme Board will undertake an exercise to mitigate the impact of the funding shortfall to identify the potential to rephase as many schemes as possible which are financed from capital receipts to 2025/26. This will be reported to Executive in period 8.

Prudential Indicators

Currently the Council are operating within the approved boundaries agreed by Council in February, with further details on the specific Prudential indicators within Annex 3

Section 7 – Schools Related Expenditure

Dedicated Schools Grant

Schools, Central and Early Years Blocks - Forecast **Underspend £304k**
High Needs Block - Forecast **Overspend £10.67m**

Total Outturn
£10.37m adverse

DSG Reserve
Combined Deficit brought forward April 2024 overdrawn £9.72m
Of which High Needs overdrawn £11.16m
Estimated combined deficit at year end £20.09m
Of which High Needs overdrawn £21.84m

Details in **Annex 1**

Schools Related Expenditure (Dedicated Schools Grant is a separate ring-fenced account and not part of general outturn detailed above) – There is a net in year overspend across all four grant blocks of £10.37m. An overspend of £10.67m in the High Needs Block has been offset by an underspend of £304k on the remaining blocks.

The overspend in 2024/25 will result in a year end accumulated DSG deficit of £20.09m, consisting of a High Needs deficit of £21.84m, offset by a surplus on other blocks of £1.75m.

It is expected that LA's balance their in-year spending by 2025/26, however Trafford will not be able to do that. In addition, it is not sustainable for the Council to carry the deficit as it is having significant impact on the Council's cash flow. It is estimated to cost the Council £1m in lost interest/additional borrowing costs.

The statutory override for the accumulated DSG ends from 1st April 2026, which means that if this is not extended, the deficit will transfer back to the Council's total General Fund Earmarked Reserves. This situation cannot go unresolved and positive action is needed to provide a solution to this growing national problem.

Work continues to take place on the DSG deficit management plan with proposals and options being discussed with the DfE. Work continues with the High Needs sub-group on a range of mitigations. There will be a dedicated finance session in November 2024 where learnings from Delivering Better Value and Safety Valve Authorities will be used to challenge our deficit management plan.

PART 2 – Executive Narrative Summary of Estimated Outturn and Outlook

Revenue Outturn Summary

1. There is a net projected outturn overspend of £3.56m for the year, a favourable variance of £0.65m from Period 4.

1.1. Although there is a favourable variance of £0.65m from Period 4, there are a number of significant underlying adverse pressures, the key movements include:

- £1.35m adverse movement in Children's placements, due to new placements, increase in complexity and delays in step downs to lower cost placements.
- £0.4m adverse movement in adults demand largely due to an increase in demand and complexity, a single high needs Mental Health client and a children's placement transitioning to adult's care.
- £0.74m further savings in staffing budgets as a result of the vacancy management controls and difficulties in recruitment.
- A reduction in the contribution to the Strategic Investment Fund Risk Reserve of £1.1m to offset in-year pressures in this programme.
- Other favourable movements of £0.52m largely due to £0.22m in Treasury Management as a result of careful cash management and £0.3m release of general contingency.

1.2. Any adverse outturn will need to be met from unallocated earmarked reserves and given that these have already been written down to prudent levels, it is imperative that further mitigating actions are considered.

1.3. This mid-year monitor can be used with more certainty of the potential final outturn and to give a general direction of travel. In addition, it can highlight any significant areas of concern which may not just impact on the current year, but also when preparing future budgets. The draft budget for 2025/26 included additional growth of £2.5m to reflect some of the recurrent pressures identified during the Period 4 monitor, with £1.0m relating to Children's placements, £1.0m for Housing Benefit/Temporary Accommodation and £0.5m for unachieved savings in the Adult's 2024/25 programme.

1.4. With regard to the net outturn position, the main areas of concern identified in the Period 6 monitor are:

- £1.09m projected underachievement of savings
- £2.03m Children's adverse pressures in placements
- £1.20m Housing Benefit/Temporary Accommodation Pressure
- £0.53m Adults demand

1.5. A projection of £1.09m for underachievement of savings is a significant concern as it not only causes financial pressure in 2024/25 but the pressure is also likely to cascade into future years. In addition, a further £2.60m of savings are classified as Amber in terms of risk of delivery. It is crucial that the delivery of savings continues to be monitored, and robust actions continue to be progressed to ensure all savings are delivered in full. To aid the delivery of savings detailed progress and exception reports are presented on a regular basis to the Finance & Change Board.

1.6. The fact that Children's placements forecast has deteriorated since period 4 and the unachieved savings remains at £1.09m suggests additional resource in 2025/26 may be required. The final budget will be considered by the Executive in February 2025 and will reflect any changes to assumptions informed by this and future monitors.

1.7. In addition to the above, the increasing deficit on the High Needs Block within the schools DSG budget continues to be an area of particular concern. Combining the estimated in year overspend of £10.67m with the brought forward deficit of £11.16m results in an estimated High Needs Block deficit of £21.84m. It is expected that LA's balance their in-year spending by 2025/26 however this is something that Trafford will not be able to do. This is a national issue and work continues to take place on the DSG deficit management plan with proposals and options being discussed on a regular basis with the DfE. Although it is currently treated as an issue held outside of the Council's General Fund until 1st April 2026, the fact that the Council has been required to direct its own cash resources to make up the shortfall in grant is having an adverse impact on cashflow and investment returns.

1.8. Regarding the net outturn position, the following issues are worthy of being highlighted along with issues to consider on their impact on future plans:

Service underspends include:

- **Treasury Budget - £962k underspend,** £216k favourable variance from Period 4**.** The Council has managed its cash balances to delay the need to borrow while investing any surplus cash to generate investment income to support the revenue budget.
- **Staffing budgets** net forecast **underspend of £1.95m**, £743k favourable variance from Period 4. This is due to some management controls on non-frontline service recruitment and service restructures. This underspend has been a significant factor in the overall favourable outturn in the recent financial years. Typically, this figure increases further as the year progresses due to difficulties in recruitment. However, it is expected that the year-on-year trend of difficulties in recruitment has been reflected in the forecast. Whilst significant underspends on staffing budgets are welcomed from a finance perspective, they should not become a recurrent theme if the recruitment exercises are successful.
- **Home to School Transport - £95k underspend,** £31k adverse variance from Period 4 due to increased cost of casual staff covering absences. Following a significant overspend in 2023/24 £1.5m was added to the 2024/25 budget. At this stage of the year, it appears the additional budget is sufficient to cover forecasted costs.

- **Children's Income - £251k favourable,** £17k favourable variance from Period 4. It is worth noting that there is £563k of income built into the projections from the Integrated Care Board (ICB), however there is a risk this may not be received due to pressures on ICB budgets.
- **Energy costs - £199k underspend,** £100k favourable movement. £99k of the underspend relates to property energy costs and £100k relates to street lighting energy. The underspends reflect the ongoing success of the revised purchasing strategy adopted from April last year. There are also the continuing effects of energy saving measures to reduce consumption.
- **Release of the general contingency - £300k favourable outturn.** The Council-wide budget includes a general contingency of £1.14m used to offset a number of commitments currently totalling £0.54m, leaving an uncommitted balance of £0.6m. It is therefore considered prudent at this stage in the financial year to release a proportion of this contingency to the value of £0.30m.

Pressures include:

- **Children's placements £2.03m overspend**, £1.35m adverse movement mainly due to an increase in new placements and additional costs of existing placements. It is worth noting the £500k saving in the savings programme associated with the existing cohort of children has been met. Each placement is reviewed monthly at a High-Cost Placement Clinic to ensure that expected savings will be made, RAG ratings are reviewed and reflected in the monitoring position. The remaining contingency for new placements for the remainder of the year is £211k.

- **Running costs – S17 payments (Childrens) - £187k overspend,** £33k adverse movement from Period 4**.** There was a £772k overspend in this budget in 2023/24 and consequently £500k was added to the 2024/25 budget. Managers have been instructed to ensure that authorisation is sought for essential spend only within this area of the budget and close analysis of the spend continues.
- **Adults demand - £534k overspend,** £399k adverse variance from Period 4 mainly due to a Children's placement transitioning to adult social care and one individual with Mental Health needs. This budget remains high in complexity and volatility as it is in part driven by wider system pressures in health in addition to direct adult social care demands. Within this projection there is a contingency of £445k to mitigate rising costs because of increasing complexity of existing clients and demand from new clients.
- **Adults running costs - £214k overspend**, a £103k favourable movement from Period 4 due to an improvement in minor variations across the service budget.
- **General efficiency target - £1.01m.** There is a general service budget efficiency target of £1.01m across Place and Central Services. This efficiency target is to reflect a general expectation that services will underspend in all areas because of vacancy management and reductions in general administration such as travel and stationery supplies.

- **Local Government Pay Award –** The local government pay award negotiations for 2024/25 have been finalised. The cost of the 2024/25 pay award is 4.01% compared with a 4.0% budget assumption and results in a **£48k budget pressure which will be met from the Inflation Risk Reserve.** This is in line with what was reported at Period 4.
- **Planning and Building Control Income - £149k** (£98k favourable movement) **and £221k** (£3k favourable movement) **overspend respectively** due to a shortfall in planning and building control applications.

- **Savings not met - £1.09m adverse,** £12k adverse movement from Period 4**.** Estates savings have been rephased across the next two years with an anticipated shortfall of £212k this year (£18k favourable movement). Work is ongoing to mitigate this pressure, such as from several ongoing business rate appeals. £0.88m (£30k adverse movement) of Adult Social Care savings are not forecast to be met and no mitigating action has been identified at this stage. See Annex 2 for more detail.

- **Housing benefit - £1.20m pressure, no movement**. The pressure is largely due to the significant costs associated with B&Bs and temporary accommodation. On average the volume of B&B accommodation is forecast to be c40% higher since the budget was set for 2024/25. To compound the pressure on the budget other accommodation is being sourced to ensure residents do not remain in B&B units longer than 6 weeks; exceeding this duration gives risk of legal challenge. Current forecasting indicates that the budget will be exceeded by £1.2m, after the application of £400k from the Housing Benefit Risk Reserve but this position is extremely volatile. To control costs a temporary accommodation strategy has been developed which has looked at opportunities to source cheaper accommodation either through leasing, direct property acquisition using prudential borrowing and by utilising external funding, for example the Local Authority Housing Fund. As a result of this pressure, £1.0m was added to the 2025/26 Draft Budget.

- **Other net adverse movements of £457k across all areas**, £182k adverse movement from Period 4**.** £271k of this pressure is from additional legal fees particularly relating to caseload demand from Social Care.

- **Council Wide Other - £220k overspend,** £9k adverse movement from Period 4. The projected cost of Trafford's share of the South Manchester Coroners' service is currently expected to be £145k higher than budget. This includes a projected one-off cost to Trafford of £77k relating to the planned refurbishment of the Coroner's building in Stockport later this financial year. The remaining pressure of £75k relates to other minor net variances.

Other considerations

- **Strategic Investment Programme – nil variance, £1.09m favourable movement.** The investments made through the Council's Asset Investment Strategy are forecast to generate a net benefit to the revenue budget in 2024/25 of £5.16m, which is a shortfall of £0.88m against the net budget of £6.04m. This deficit is mainly attributable to the early repayment of the debt facility at Sunlight House, which had been expected to provide £0.72m of net income in year. This facility was repaid early, and in full, after the borrower's option to do so was exercised. To offset the forecast deficit, the Council will now make reduced contributions to its Risk Reserve, which will increase the net income to the £6.04m target, with a nil variance to budget.

- **Contingency Budgets -** Within the estimated outturn there are several contingency budgets held back to absorb any unforeseen changes in demand for the remainder of the year. Contingency budgets of £211k and £445k remain in Children's and Adults client placement budgets. £300k remains of the general Council Wide contingency after commitments and a partial release have been made.

Revenue Budget Funding and Collection Fund

1.1. Council Tax

1.1.1. There is an estimated in year surplus of £0.66m of which Trafford's share is £0.53m. This is largely due to better than budgeted collection of the introduction of 100% premium for long term empties after 1 year. In addition, there is lower levels of Council Tax Support, however this surplus may reduce at Period 8 following a detailed analysis of cases.

1.1.2. The in-year surplus will be released in 2025/26, however may be transferred to the Council Tax risk reserve to smooth the impact of reductions in income as a result of the changes to legislation from April 2025 regarding empty properties.

1.2. Business Rates

1.2.1. As at period 6 there is an estimated in year deficit of £0.16m. This is due to a flagship store at the Trafford Centre having a Rateable Value lower than anticipated. The Valuation Office Agency are responsible for setting the Rateable Values of businesses and discussions are ongoing with them to assess if the Rateable Values of all businesses impacted by this flagship store are at an appropriate level given the increased footfall in the area.

1.2.2. As in previous years, there is a significant risk in forecasting the temporary pressures caused by major refurbishments, changes, and new sites at the Trafford Centre. The Business Rate Risk Reserve will be utilised to smooth any timing issues in the delivery of benefits. Work is continuing to look at the future health of rateable value and how ongoing developments may impact this.

1.3. Earmarked Reserves

1.3.1. A full review of all reserves was completed as part of the 2025/26 draft budget and a further update will be provided at the time of the final budget.

2. Summary

2.1. The forecast adverse outturn of £3.56m has potential to impact on the financial sustainability of the Council, given the low level of unallocated reserves. It is therefore imperative that further mitigating action is identified to avoid what would be an unplanned use of reserves of £3.56m. The current management action, which includes a policy on vacancy management and restrictions on all non-essential spend, undoubtedly has had a positive effect in managing services within the budget. The fact that an adverse outturn is forecast in 2024/25 and there is a substantial budget gap faced over the medium term would indicate that these policies should remain in place for the foreseeable future.

2.2. The recommended management actions are as follows:

- The current management action, which included a policy on vacancy management and restrictions on all non-essential spend will remain in place for the foreseeable future.
- Significant staffing underspends have been evident in the last two financial years and the vacancy factor/general budget efficiency factor was increased to reflect this. As the staffing vacancies are filled, attention needs to be paid on the adverse impact this has on the delivery of the wider vacancy factor.
- As part of the work being undertaken by the Finance and Change Board in the preparation of the 2025/26 budget, to identify if any savings plans which can be brought forward to the current financial year.
- To continue to provide additional focus and challenge on recurrent pressures within demand led budgets, such as Children placements and Home to School Transport. This will include a review of alternative delivery models.

2.3. In addition to the above, the Council's Corporate Leadership Team will identify further mitigating actions that will be reviewed at the Finance and Change Board on 13 November. Also, the Finance & Change Board will continue to monitor the delivery of the in-year savings programme closely including identification of further mitigations to offset the non-delivery of savings.

Recommendations

It is recommended that the Executive:

a) Note the report and the estimated revenue outturn position showing a budget overspend of £3.56m.
b) Note the update on the three-year Capital Programme as detailed in Section 6 and Annex 3.

c) Note the expected funding shortfall in capital receipts for the 2024/25 Capital Programme and the proposed work of the Capital Programme Board in managing this shortfall.
d) Note the management actions and mitigating actions as detailed in Paragraph 2.2 in the delivery of a balanced budget and effective financial management.

Other Options

No Applicable.

Consultation

Not Applicable

Reasons for Recommendation

To inform Members of the 2024/25 projected outturn figures relating to both Revenue and Capital budgets and summarise the projected outturn position for Council Tax and Business Rates.

Key Decision: No

Finance Officer Clearance *……GB/DM…………*
Legal Officer Clearance *……EM……….*

DIRECTOR'S SIGNATURE ……… G. Bentley …

To confirm that the Financial and Legal Implications have been considered and the Executive Member has cleared the report.

PART 3 - Annexes

Annex 1

Main variances, changes to budget assumptions and key risks

The main variances contributing to the projected overspend of £3.56m, any changes to budget assumptions and associated key risks are highlighted below:

Table: Main variances	Forecast Variance (£000's)	Explanation/Risks
Children's Services	1,576	**Projected outturn variance £1.576m adverse, adverse variance of £1.204m.** Below is the projected position on children's placements and other budget areas. • £1.621m over budget on children's placements (note 1) • £312k under budget on staffing (note 2) • £95k under budget on home to school transport (note 3) • £362k over budget on other running costs and income across the service (note 4) **<u>Note 1</u>** Children's placements are expected to overspend by £1.621m. This is an adverse movement of £1.310m. The reasons for this variance are as follows: • £426k new placements • £742k new step-up • £788k step-down delayed • £94k move did not take place These are offset by £740k step downs, moves not taking place, children leaving care and also includes £464k contingency. The remaining contingency for new placements for the remainder of the year is £211k. Each placement is reviewed monthly at a High Cost Placement Clinic to ensure that expected savings and those reductions anticipated from step downs above the formal savings programme will be made, RAG ratings are reviewed and reflected in the monitoring position. The expected savings programme of £500k has been met in full. There is a risk that the income received from health that has been built into the projections (£530k) will not be received due to pressures on ICB budgets. This risk is also being monitored at the High Cost Placement Panel. The numbers of children as at the end of September compared to those at the end of July are as follows:

		• children in care 355, a decrease of 2
		• child protection 198, an increase of 22
		• children in need 602, a decrease of 116
		
		Note 2
		The favourable variance in staffing is £312k, this is a favourable movement of £223k from Period 4 due to delays in recruitment to the Early Help restructure, slippage on recruitment to posts being filled in Provider Services, the Children's Admin Team and Vulnerable Adolescent Services, and recruitment to vacant posts being on hold in Cared for and Care Experienced Service due to an impending restructure.
		
		Note 3
		
		The projected underspend on Home to School Transport is £95k. This is an adverse variance of £31k from P4 due to increased cost of casual staff covering absences.
		
		Note 4
		The adverse variance in running costs and income across the service is £362k, an adverse variance of £87k from Period 4 as outlined below:
		• £15k adverse variance on Partington & Sanyu nurseries, an adverse variance of £29k from P4 due to increased running costs;
		• £598k adverse variance in running costs, an adverse movement of £75k due to:
		  ➢ S17 costs £187k adverse, an adverse movement of £33k since P4. The reasons for the overspend are:
		    ▪ Payments required for support at home to prevent entry in to care;
		    ▪ Accommodation costs for 2 families with no recourse to public funds; and
		    ▪ Support worker costs for a young person with complex mental health needs whilst in hospital.
		  ➢ Other costs £411k adverse, an adverse movement of £42k since P4 – this overspend is due to increased cost of placements required for 2 young people on remand being placed in the community and an increase in legal/expert costs.
		• £251k favourable variance on income, a favourable movement of £17k.

Adult's & Well Being	1,344	**Projected outturn variance £1.344m adverse an adverse movement of £40k from period 4.** Below is the projected position on adult clients and other budget areas. • £1.366m adverse variance on Adults Clients a £429k adverse movement from period 4 (note 1). • £22k favourable variance on staffing and running costs a favourable movement of £389k from period 4 (note 2). **<u>Note 1</u>** Adults Clients £1.366m adverse variation. This budget remains high in complexity and volatility as it is in part driven by wider system pressures in health (including across Greater Manchester ICB) in addition to direct adult social care demands: Packages of Care – The projected outturn position is a £534k adverse variance and an adverse movement of £399k from period 4. Within this projection is a contingency of £445k to mitigate rising costs because of increasing complexity of existing clients and demand from new clients. Key reasons for the adverse movement are as follows: • Cost of a Children's placement transitioning to Adult Social care at a projected £261k per annum. • One individual with Mental Health needs entering the service with a cost of £279k per annum. • £186k increase to the cost projection due to new demand and increasing cost of existing clients. • Mitigations applied £327k through review of provisions and application of grant funding. Savings – The savings target for 24/25 is £1.714m and it is anticipated that only £882k of this target will be achieved in this financial year resulting in an in-year budget pressure of £832k. The projected savings to be achieved are significantly less than originally anticipated due to delays in the implementation of the projects linked to the targets. The projected achievement of savings is closely monitored throughout the financial year and updates will be provided in future monitoring reports. The service is actively working on revised business cases for 25/26 incorporating slippage from 24/25 savings proposals. Discharge to Assess – The Hospital Discharge fund presents risks to the Local Authority in this financial year, this is due to commitments in the BCF being included against the ICB element of

the funding that are incurred by the LA in the first instance. The Council is expected to receive £423k from the ICB discharge fund to cover the costs of reablement, however this could be subject to change if ICB costs exceed what has been included in the Hospital Discharge plan.

Any reduction in monies received from the ICB discharge fund will result in a pressure on the Adult Social Care budget for which mitigation will be required.

The demand for Discharge to Assess beds has reduced in 24/25 as a result of successful reablement, meaning that more individuals are returning home following a hospital discharge. The Council currently have 18 block beds however average occupancy in this financial year is 65%. Capacity will therefore be reviewed to ensure the most effective use of the hospital discharge funding.

Note 2
The projected outturn position for staffing and running costs is a £22k favourable variance. The breakdown of the variance is as follows:

- £263k adverse variance in the DOLS service due to increasing demand for external Best Interest Assessments £214k and the cost of additional agency support £49k.
- £85k favourable variance due to vacancy savings and minor variations across the service budget.
- £250k favourable adjustment to staffing projections to account for optimum bias on recruitment assumptions.
- £50k adverse variance due to projected underachievement of savings.

The £1.010m vacancy factor included within the budget will be achieved in full by the end of the financial year.

Savings – The savings target for 24/25 is £50k. It is assumed that the savings target will not be achieved in this financial year as Adults Social Care debt levels continue to rise in this financial year.

Potential Mitigations in year

- Accelerate the step down of individuals from high cost LD/MH placements and undertake a review of 1-1 support.
- Potential release of monies held in provision for Dowries.

Potential Mitigations 25/26

- Review of contributions made to health services.
- Review of Our Place.
- Review of services provided to partner organisations, ensuring full cost recovery.

		<u>Risks/Issues</u> <u>Continuing Healthcare</u> Adult Social Care is experiencing a significant increase in individuals requiring financial support for care packages who were previously deemed eligible for Continuing Health Care funding from the NHS. The 24/25 financial impact on the Council is being assessed along with the impact upon the Council's 25/26 and future years budget assumptions. This issue is affecting Local Authorities nationwide and regional responses are being collated to Integrated Care Boards. <u>Our Place (Residential care home)</u> The Council owns the 39-bed residential care home situated in Sale. The service delivery at the property is provided by an independent provider. Due to fire safety issues and restrictions on admissions the occupancy is currently at 16 beds. The Council continues to pay the provider for the full value of the contract as the enforced restrictions on admissions are of no fault of the provider. The Council are therefore sourcing residential beds from other provision in the market as the beds at Our Place are not accessible. <u>Intermediate Care</u> The consultancy review referenced in previous monitoring reports has now been concluded and the findings report is in the process of being finalised.

Public Health	(209)	Public Health is forecasting a £209k favourable variance as at period 6 a favourable movement of £33k from period 4. This is due to projected expenditure on staffing below budget of £80k and £129k favourable variance on running costs.
Place	556	**Total forecast outturn variance £556k adverse, a favourable movement of £1.25m.** **Place Revenue Budget £556k adverse, favourable movement of £164k:** • There are projected shortfalls in income of £243k in Parking Services (due to the now open Regent Road car park being later than expected) (increased by £51k), and £221k Building Control (reduced by £3k). Public Protection income is also £43k below budget (increased by £24k). • The Planning service is a ringfenced account and has a shortfall in income of £149k, which is offset by an underspend of £81k in staffing, running costs and reserve contributions. This is a forecast net overspend of £68k for the year (reduced by £106k following a review of major applications). • Property costs are £179k above budget which includes for ongoing security at Trafford Town Hall and Sale Waterside (increased by £40k). The timeframe for introducing enforcement of moving traffic offences has taken longer than originally anticipated leading to a forecast budget pressure of £175k this year. Sport and leisure contracts and business rates are £35k above budget (unchanged). Other running costs are £9k underspent (adverse movement £8k). • Property energy costs are forecast to be £99k below budget (unchanged) and there is forecast underspend of £100k in street lighting energy reported this period. The underspends reflect the ongoing success of the revised purchasing strategy adopted from April last year. There are also the continuing effects of energy saving measures to reduce consumption. • Estates savings have been rephased across the next two years with an anticipated shortfall of £212k this year (reduced by £18k). Work is ongoing to mitigate this pressure, such as from a number of ongoing business rate appeals. • There is additional projected income above budget for Altair £120k, airport rent £98k, other let estate £38k and outdoor media advertising £53k (reduced by £34k). • Staff vacancies for the year are currently estimated at £449k (excluding the ringfenced Planning account) (increased by £94k) which is approximately 4.4% of the staffing budget.

		This is offset by the Directorate-wide efficiency saving of £346k. **Strategic Investment Programme – nil variance, £1.09m favourable movement from Period 4.** The investments made through the Council's Asset Investment Strategy are forecast to generate a net benefit to the revenue budget in 2024/25 of £5.16m, which is a shortfall of £0.88m against the net budget of £6.04m. This deficit is mainly attributable to the early repayment of the debt facility at Sunlight House, which had been expected to provide £0.72m of net income in year. This facility was repaid early, and in full, after the borrower's option to do so was exercised. To offset this deficit, the Council will make reduced contributions to its Risk Reserve, which will increase the net income to the £6.04m target, with a nil variance to budget.
Strategy & Resources	(81)	**Total forecast outturn variance £(81)k favourable, a favourable movement of £(100)k.** • Staff costs are estimated to be £461k less than budget across the Directorate based on actual and forecast vacancies across the whole year (increased by £114k), which is 4.6% of the total staffing budget. • Running costs are forecast to be £55k overspent. This has increased by £33k due to contract costs and ICT costs. • Income is projected to be £89k above budget (increased by £19k). This mainly relates to trading services and includes net £69k Bereavement Services (increased by £40k), and £34k from the Music Service (increased by £22k), offset by a shortfall of £26k in Catering and Cleaning (£55k adverse movement). Other income is £12k above budget including from libraries (£12k favourable movement). These are offset by the budgeted Directorate-wide efficiency saving target of £414k.
Finance & Systems	(123)	**Total forecast outturn variance £(123)k favourable, a favourable movement of £(11)k.** • Staff costs are estimated to be £389k less than budget across the Directorate based on actual and forecast vacancies for the whole year (increased by £37k), which is 3.7% of the total staffing budget. • Running costs are forecast to be underspent by £1k (favourable movement of £13k). • Income is projected to be £18k below budget. This is an adverse movement of £39k and includes reduced estimated levels of grants in Exchequer Services.

		These are offset by the budgeted Directorate-wide efficiency saving target of £249k.
Legal and Governance	336	**Total forecast outturn variance £336k adverse, adverse movement of £9k.** • Staff costs are estimated to be £24k above budget (adverse movement of £23k) and includes for agency costs covering vacancies and service demand. • Running costs are projected to be overspent by £271k, which has reduced by £17k. This relates to additional legal fees, particularly relating to caseload demand from social care. • There is a projected shortfall in income of £41k compared to budget (increased by £3k). This includes £81k in land charges (increased by £7k) and £22k in capital fee income which is related to staff vacancies. This is offset by SLA and other income of £20k above budget assumptions (reduced by £5k) and £42k from Registration Services (£9k increase).
Council-wide	158	**Projected Outturn variance, £158k adverse, a favourable movement of £507k since Period 4.** **Treasury Management** Due to the continuing high interest environment, the Council has managed its cash balances to delay the need to borrow while investing any surplus cash to generate investment income to support the revenue budget. This careful cash management is forecast to provide a saving of £962k in treasury costs in 2024/25, a favourable movement since period 4 of £216k. **Pay Award** The local government pay award negotiations for 2024/25 have been finalised. The cost of the 2024/25 pay award is 4.01% compared with a 4.0% budget assumption and results in a **£48k budget pressure which will be met from the Inflation Risk Reserve.** This is in line with what was reported at Period 4. **Housing Benefit** In 2023/24 there was a £497k overspend which was neutralized by a draw down from the Housing Benefit Risk Reserve. As a result of this and in anticipation of ongoing increases to the number of Bed and Breakfast (B&B) and other temporary accommodation cases £400k was added to the 2024/25 budget. The pressure within the Housing Benefit Subsidy budget is continuing to increase in 2024/25. This is largely as a result of the continuing and increasing costs of B&B accommodation, where

		rents paid are significantly higher than the Government's Local Housing Allowance (LHA) rate. Since the start of 2024/25 the average rents in the Private Sector have increased by over 7% whereas the level of rent at which the Council can claim subsidy is still fixed at the 2011 Government rate. The actual volume and length of such claims has also increased significantly in 2024/25 compared to 2023/24. As a result of this the Council is currently striving to increase the portfolio of temporary accommodation both in and outside the borough to reduce the cost pressures and numbers in B&B accommodation. In terms of the overall projected outturn the net cost (payments made, less subsidy and overpayment recovery) is estimated to be £1.6m. After using the remaining Housing Benefit Risk Reserve of £403k this overspend reduces to £1.2m. **Coroner's Budget** The projected cost of Trafford's share of the South Manchester Coroners' service is currently expected to be £145k higher than budget (£4k adverse movement). This includes a projected one-off cost to Trafford of £77k relating to the planned refurbishment of the Coroner's building in Stockport later this financial year. **Contingency** The Council holds a contingency of £1.14m which includes a reduction of £500k from 2023/24 as part of our budget plans. There are a number of commitments totaling £536k including a £200k shortfall in digital savings accumulated from 2022/23 and 2023/24 following a delay of savings associated with the ICT strategy. There is a remaining balance of £600k. It is therefore considered prudent at this stage in the financial year to release a proportion of this contingency to the value of £300k.It is assumed the remaining £300k balance will be fully committed. Other minor net variances of £75k.

<table>
<tr>
<td>Dedicated Schools Budget</td>
<td>10,370</td>
<td>

Projected Outturn variance - £10.37m adverse.

<table>
<tr><th>P6 monitoring</th><th>Grant £000</th><th>Forecast outturn £000</th><th>P6 Variance £000</th></tr>
<tr><td>Schools Block</td><td>215,423</td><td>215,189</td><td>(234)</td></tr>
<tr><td>Central Schools Services Block</td><td>1,496</td><td>1,426</td><td>(70)</td></tr>
<tr><td>High Needs Block</td><td>42,618</td><td>53,291</td><td>10,674</td></tr>
<tr><td>Early Years Block</td><td>29,853</td><td>29,853</td><td>0</td></tr>
<tr><td>TOTAL DSG</td><td>289,389</td><td>299,759</td><td>10,370</td></tr>
</table>

The DSG is expected to overspend by £10.370m, this is an adverse movement of £63k from Period 4.

The Schools Block is expected to underspend by £234k, this is an adverse variance of £92k from Period 4. This is due to the redundancy costs for schools with deficit budgets.

The Central School Services Block (CSSB) is expected to underspend by £70k, this is an adverse movement of £18k.

The High Needs Block is expected to overspend on the budget set by £310k however, the budget set was £10.363m more than the grant allocation received, therefore the in year over spend is £10.674m, a favourable movement of £48k.

The variances to budget are as follows:

- Education Health Care Plans (EHCPs) £459k overspend. The number of EHCPs is 4% higher than anticipated when the budget was set. No variance from P4.
- Small Specialist Classes £232k underspend. There was a plan to open 20 extra primary SSC places from September 24 but the project timeline slipped and the 2 schools have since withdrawn. Another round of expressions of interest has been run to identify new partners. A secondary project has also slipped with expected delivery now September 26. No variance from P4.
- Behaviour and Attendance & other central SEN budgets £136k under spend, favourable variance of £65k.

</td>
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</table>

		• Special Schools - £73k overspend, an adverse variance of £17k from P4 due to additional top-up payments. • Further education placements (Trafford College) - £146k overspend due to more places being funded for out of borough pupils than we have received in the import/export adjustment – this is lagged and if the additional 50 pupils are there in the new academic year from September, the funding will be received next financial year. There is a negative high needs block reserve of £11.164m, leaving an overall deficit of £21.838m.

DSG Reserve	1 April 2024 £000	P6 Forecast outturn £000	31 March 2025 Projection £000
Schools Block (SB)	(1,045)	(234)	(1,279)
Central Schools Services Block (CSSB)	(400)	(70)	(470)
High Needs Block (HNB)	11,164	10,674	21,838
Early Years Block (EYB)	1	0	1
TOTAL DSG Reserve (surplus)/deficit	**9,720**	**10,370**	**20,090**

The annual cost to the Council of servicing this debt is approximately £1.0m.

There is the risk that the number of EHCPs will continue to grow and dependence on costly out of borough places will increase as capacity in borough isn't sufficient, which will impact on our ability to reduce the deficit.

The mitigations that have been identified to address these risks are as follows:

- Develop support in schools through the Local Authority SEND Inclusion Service which is made up of Educational Psychology Service (EPS), SEN Advisory Service (SENAS) and Sensory Impairment Support Service (TSISS);

		• Prioritise inclusive practice in Trafford to reduce the demand for EHCPs and build parental confidence through the development of high quality training, self-evaluation materials and an evidence-based design process; • Review the effectiveness of existing LA commissioned contracts, develop a SEND Commissioning strategy that is overseen through a joint commissioning steering group, ensure strong connectivity with the integrated care board; • Roll out the Graduated Approach to SEND across EY settings and schools aimed at the early identification of children's needs and delivery of appropriate support to manage demand for EHCPs; • Ensure the staffing structure for SEND casework is appropriate; • Ensure robust sufficiency & placement planning through the use of the High Needs Capital Provision allocation to provide places in both primary and secondary settings in the future. There will be a dedicated finance session in the Autumn where learnings from Delivering Better Value and Safety Valve Authorities will be used to challenge our deficit management plan. The F40 Group (of which Trafford is a member) works on behalf of the 43 lowest funded Authorities to highlight education funding issues and lobby government on their behalf. They recently held a briefing session for MP's in Westminster presenting the current inequities in educational funding and SEND funding crisis. Separately the National Audit Office (NAO) has recently issued a report highlighting both lack of funding and poor value for money in SEND funding and the need for reform. https://www.nao.org.uk/reports/support-for-children-and-young-people-with-special-educational-needs/

Theme/Title	Service Area	Budget 2024/25 £000's	Outturn Projection 2024/25 £000's	Gross Variance 2024/25 P6 £000's	Mitigating action undertaken in year £000's	Overall net variance in year after mitigating action £000's	Description of Saving	Financial RAG 24/25	Financial RAG 25/26	Financial RAG comments
Children Placements	Children's	(500)	(500)	0	0	0	Continuation of demand management approaches and review of placements for looked after children	GREEN	AMBER	Although the saving is expected to be achieved in 24/25, it will be difficult to continue to make further savings from this budget in future years.
Children's Services – Investing in our Children – Family Help Savings Proposal	Children's	(50)	(50)	0	0	0	Continuation of the service redesign	GREEN	AMBER	The payment of this grant depends on meeting clear performance measures against 10 outcomes and 34 criteria being implemented alongside regression checks. Grant funding for future years is reliant on the achievement of the outcomes and is therefore not guaranteed. Rigorous monitoring against the measures is in place.

Re-shaping of Directorate Management Team	Children's	(104)	(104)	0	0	0	Review of Directorate Management Team structure	GREEN		Saving has been identified - no saving in 25/26
Youth Engagement Service/Youth Justice	Children's	(97)	(97)	0	0	0	Complete a review of the service as part of the service re-design programme	GREEN		Saving has been identified - no saving in 25/26
Sub-Total Children's		**(751)**	**(751)**	**0**	**0**	**0**				
Weight Management	Adults	(28)	(28)	0		0	Reduce the prevalence of community obesity and thereby reduce long-term health conditions that result and the support required.	AMBER	AMBER	There are no concerns on the achievement of this saving, it will be achieved across the financial year.
Bad debt provision - Adults Social Care	Adults	(50)	0	50		50	Review level of contribution to bad debt provision	RED	AMBER	The achievement of this saving is dependant upon the level of ASC debt at the end of the financial year. An in year review has identified it is highly unlikely this saving will not be met due to a significant

										increase in the level of debt.
Reduction in demographic growth budget	Adults	(200)	0	200		200	Reduction in demographic growth budget	RED	AMBER	The achievement of this saving is contingent on achieving a minimum of break even outturn position on the Adults clients budget. The position is currently reporting an overspend position therefore it is not expected that this will be achieved.
Living Your Best Life	Adults	(300)	(10)	290		290	Transformation of services for people with a learning disability and people with Autism with strengthened links to transitions.	AMBER	AMBER	Minimal savings have been achieved to date however there is a dependance on the Community Learning Disability team to carry out assessments of client needs in order to faciltate step downs. It is very likely the remaining saving will not be met owing to a delay in the transfer of support to commissioned provision for one scheme and challenges in finding alternative solutions for two further schemes.

Improving Lives Everyday	Adults	(250)	(250)	0		0	Review of low cost care packages	AMBER	AMBER	This project has seen delays in implementation but has now commenced.
Reablement Review	Adults	(600)	(400)	200		200	Review of externally commissioned reablement services.	AMBER	AMBER	Data shows that there has been an improvement in performance in this area however this needs to remain constant throughout the financial year in order to achieve the outcomes required to reach the savings target.
Carer Resilience	Adults	(336)	(194)	142		142	The project proposes the developing of an intensive evidence-based model of support for carers of people with dementia, in order to improve the experience of being carer for someone with dementia and delay residential care	AMBER	AMBER	This project requires management action throughout the financial year.
Sub-Total Adults		**(1,764)**	**(882)**	**882**	**0**	**882**				

Strategic Investment Income	Place	(370)	(370)	0		0	Investment Programme - Recycling of receipts to maintain net income at achievable levels	AMBER	AMBER	Savings were delivered in 2023/24. Programme remains at risk in 24/25 given the wider economic uncertainty.
Review of operational and strategic estates	Place	(390)	(178)	212		212	Efficiency review of operational estate and lease/rent reviews to ensure full cost recovery across the Council's estate	AMBER	AMBER	Some savings have been re-profiled to 2025/26. There is potential to reduce the shortfall in 24/25 from other measures such as business rate appeals.
Sale Water Park	Place	(10)	(10)	0		0	Review service provision and cost recovery	GREEN	GREEN	
Investment Income	Place	(450)	(450)	0		0	Dividend income from LLP with Bruntwood (Lumina)	GREEN	AMBER	Will be achieved in 24/25. 25/26 will depend on the ongoing commercial performance.
Waste Reserves	Place	(500)	(500)	0		0	Review of Waste reserves	GREEN	GREEN	
Amey 7 year review	Place	(100)	(100)	0		0	Income generated through contract	GREEN	GREEN	

							changes following the Amey 7 year review			
Sub-Total Place		**(1,820)**	**(1,608)**	**212**	**0**	**212**				
Traded Services - Star	Finance & Systems	(50)	(50)	0		0	Traded Services income - increase in contributions to offset pay and cost inflation.	GREEN	GREEN	
Sub-Total Finance & Systems		**(50)**	**(50)**	**0**	**0**	**0**				
Traded Services - Catering & Cleaning	Strategy & Resources	(498)	(498)	0		0	Review Traded Services income - increase in charges to offset pay and cost inflation.	AMBER	AMBER	Currently on target although net income can fluctuate during the year due to external factors such as inflation and trading performance
Review of Sale Waterside Arts Centre	Strategy & Resources	(75)	(75)	0		0	Improve effective use of asset and business development	AMBER	AMBER	Currently on target although net income can fluctuate during the year due to external factors such as inflation and trading performance
Review Music Service	Strategy & Resources	(187)	(187)	0		0	Continue to remove the remaining Corporate overhead	AMBER	AMBER	Currently on target although net income can fluctuate during the year due to external factors such

							subsidy and continue with expansion of offer with a view to broadening reach			as inflation and trading performance
Sub-Total Strategy & Resources		**(760)**	**(760)**	**0**	**0**	**0**				
Smart Working	All	(400)	(400)				To be achieved by a combination of measures associated with smart working	AMBER	AMBER	The majority of the saving will be from the management vacancy pause. It is assumed the saving will be made in full
Release of Treasury Smoothing Reserve	All	(500)	(500)				Release of Treasury Smoothing Reserve	GREEN	GREEN	Saving met from the release of smoothing reserve
Reduction in central contingency	All	(500)	(500)				Reduction in central contingency	GREEN	GREEN	Sufficient capacity within the central contingency to meet this saving in full
Sub-Total Council Wide		**(1,400)**	**(1,400)**	**0**	**0**	**0**				
TOTAL SAVINGS AND INCOME PROPOSALS		**(6,545)**	**(5,451)**	**1,094**	**0**	**1,094**				

Approved Budget

1. The overall value of the indicative capital programme for 2024/25 to 2026/27 is £193.62m an increase of £0.38m on the position as reported at P4. This relates to additional CRSTS Funding from TfGM for Trafford Red Routes of £0.38m.

   The table below details the change in the original approved budget to the current position reported as part of this monitoring report:

	Budget £m's
Approved Three Year Capital Programme (February 2024)	**154.56**
Reprofiled Budget (Reported in 2023/24 Outturn)	30.50
Increase in funding	7.75
Revised P2 Budget	**192.81**
Increase in funding	0.43
Revised P4 Budget	**193.24**
Increase in funding	0.38
Revised P6 Budget	**193.62**

2. Since previous reporting, there have been significant changes to two specific schemes: Altrincham College and the Mayors Challenge Fund programme. This has required the forecast of delivery in 2024/25 to be adjusted. Details of the issues are detailed in the specific scheme update section later in this report (paragraphs 8 to 11). As a result of these changes and the additional CRSTS funding detailed above, the revised budget for the financial year 2024/25 is now £69.19m.

	Budget £m's
Revised 2024/25 Budget (P4)	**73.11**
New Funding:	

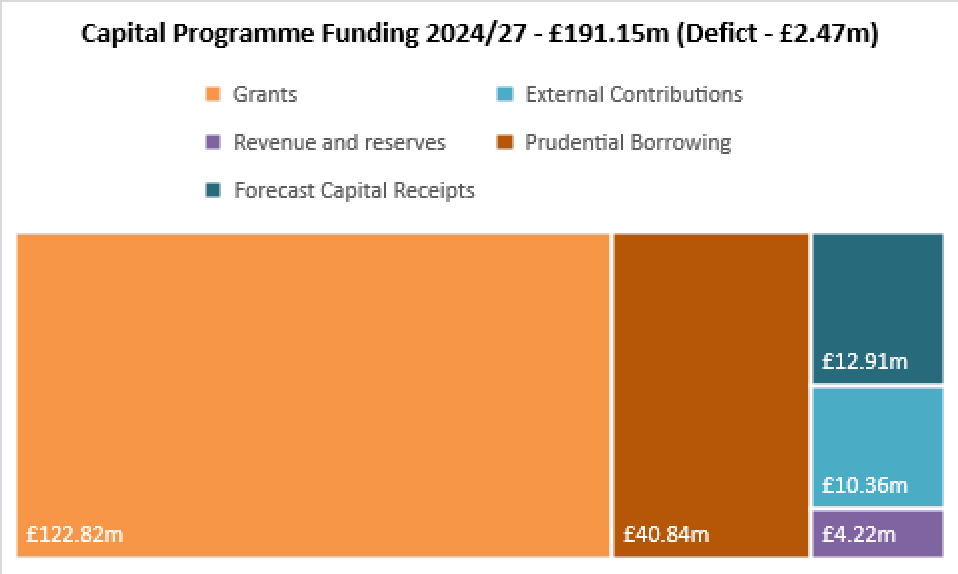
Trafford Red Routes - CRSTS	0.38
Budget Adjustments:	
Altrincham College	(1.50)
Mayors Challenge Fund	(2.80)
Revised 2024/25 Budget (P6)	**69.19**

3. The revised delivery phasing of three-year capital programme is detailed in the following table:

	2024/25 Revised Budget	**2025/26 Revised Budget**	**2026/27 Revised Budget**	**TOTAL BUDGET**
Service Analysis:	£m	£m	£m	£m
Children's Services	10.99	28.68	16.88	56.55
Adult Social Care	3.76	3.09	2.70	9.55
Place	51.30	39.56	29.37	120.23
Governance and Community	0.11	0.25	0.00	0.36
Finance & Systems	3.03	2.09	1.81	6.93
General Programme Total	**69.19**	**73.67**	**50.76**	**193.62**

Approved Programme Funding

4. The general capital programme is resourced by a combination of both internal and external funding, detailed in the table below. The overall funding of the three-year capital programme includes a deficit of £2.47m, a level of deficit approved by Council in February 2024 (this is deemed a prudent level of overprogramming by the Council's s151 officer, given the likelihood of some slippage in the overall programme).



5. The overall shortfall in the programme over three years is £2.57m of which £6.64m is the in-year shortfall, which is the result of the Council's land sales programme being rephased to later years. Any shortfall will need to be met by short-term borrowing, which will be repaid by receipts in future years. At this level there is an associated revenue cost to the borrowing of c.£330k per annum until receipts are realised.

To avoid adding a revenue pressure to the Council, a cessation of expenditure would be required on those areas funded through capital receipts, the key areas of which are below:

- Highways spend above grant funding levels targeting additional highways and integrated transport work, and the programme of works for both street lighting and bridges.
- Works on the Council's property estate to relating to health and safety, building improvements and accessibility issues.
- Supporting and upgrading the Council's ICT infrastructure.

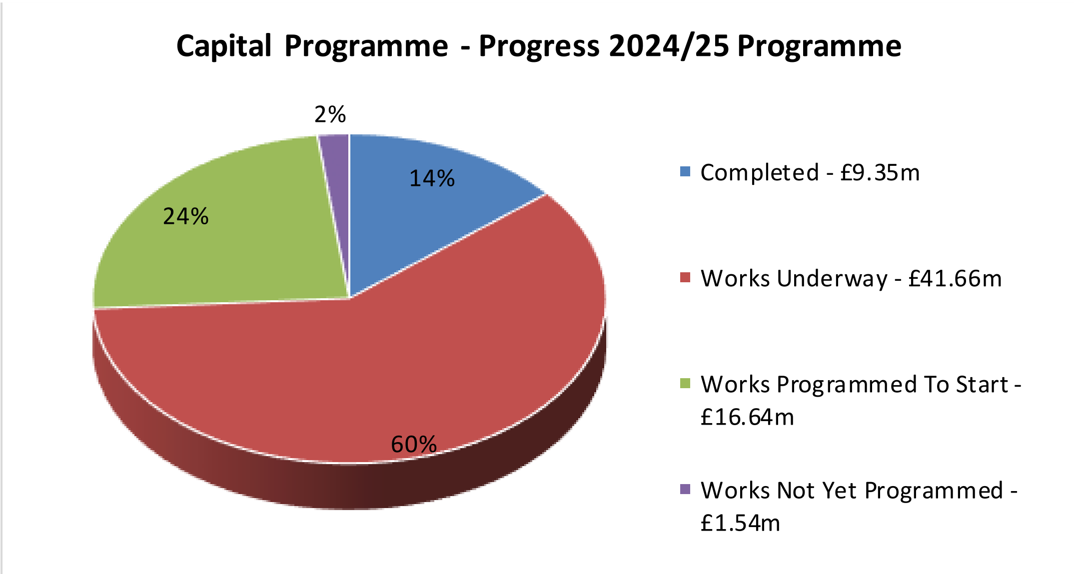
Any cessation of expenditure will come with risk where contracts are already committed, as there may be legal and financial penalties. Any delays in delivery may also result in cost increases, which would mean previously approved resources may not be sufficient to carry out original programmes of work.

The Capital Programme Board will undertake an exercise to mitigate the impact of the funding shortfall to identify the potential to rephase as many schemes as possible which are financed from capital receipts to 2025/26. This will be reported to Executive in period 8.

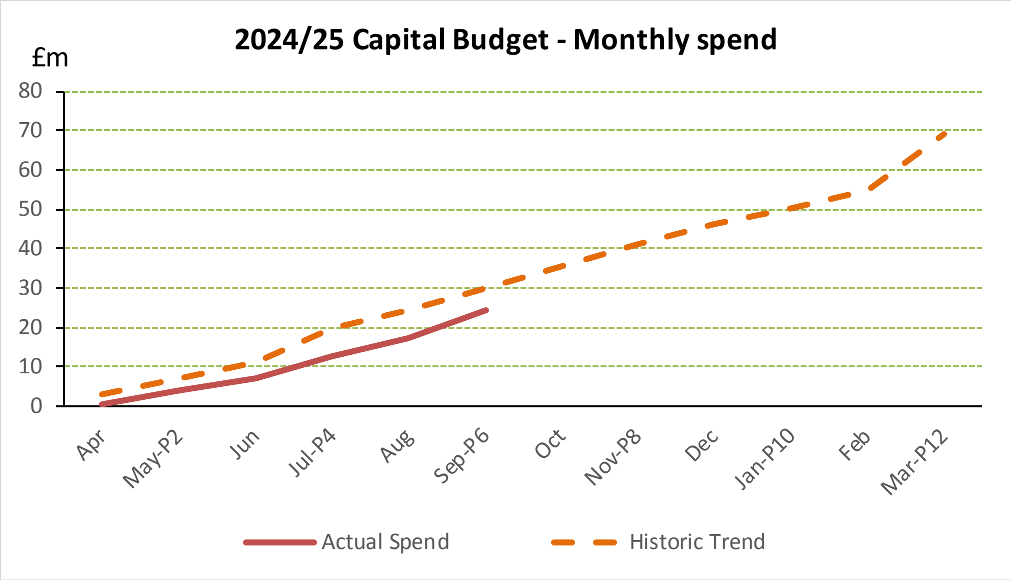
Scheme Performance

6. Capital schemes by their very nature are delivered over extended periods of time (often over multiple financial years), with stages that can include design and planning, procurement and appointment of contractors, delivery stage, and completion.

   Each scheme included in the programme has a progress status assigned for monitoring purposes. The following graphic illustrates the overall percentage of schemes within each stage of progress.



7. To date this financial year there has been spend of £24.30m which is an increase of £11.21m from the previously reported position of £13.09m at P4. There will be an element of lag excluded from this figure with works being undertaken but invoices not yet received, paid or subject to verifications. The table below shows the spend to date against a historically trended cost projection.



Specific schemes are detailed, in Appendix 3(a) with profiling of remaining budgets, spend to date and progress status.

Specific Scheme Comments

8. The planned allocation of the Corporate Landlord budget for works at Sale West Youth and Community Centre of £270k was due to be spent in 2025/26. The boiler system of the site, however, has failed and as a result urgent repairs need to be undertaken to install a new system before the winter period to ensure there is no impact on services. Under the delegated authority of the Director of Place and the Director of Finance and Systems this work has been advanced to the current financial year. To ensure that the approved budget for Corporate Landlord for the current year remains unchanged, resources currently not committed within the programme have been realigned to 2025/26.

9. The proposal for adaptations works at Registered Social Landlord properties for foster carers was originally for five properties. Now work is only scheduled to take place at two. Alternative works for three connected carers homes have been identified and are currently awaiting approval so the uncommitted resources on this scheme will be reallocated still under the heading of foster care adaptations.
10. The contractor appointed to carry out works at Altrincham College has gone into administration which has led to delay in the start on site. This means that £1.5m of works initially planned for this financial year will need rephasing to 2025/26. Work is being undertaken through the relevant framework to procure a new contractor to deliver this scheme. The desired outcome from this process is to ensure that we have a delivery partner that can see the scheme built within the original approved budget and within the same timescales.

11. The Mayors Challenge Fund programme of works requires a realignment of budget of £2.8m. Although the overall allocation for the programme is known,

there is a staged approach to the delivery where individual tranches of work are subject to its own approval process through TfGM. Within the programme there has been elements of the scheme that have identified cost savings, and there is a revised programming of works which has been agreed with TfGM.

Asset Investment Fund

12. Asset Investment Fund currently stands at a maximum approved limit of £500m, supported by prudential borrowing, to support the Council's Investment Strategy. The transactions that have been agreed by the Investment Management Board (IMB) to date have a total current committed cost of £371.8m, of which £278.8m has currently been expended. The balance of the approved £500m which is available for further investment is £128.2m.

Asset Investment Fund	Prior Years Spend £m	Repayments £m	Actual Spend 2024/25 £m	Future Years Commitment £m	Total £m
Property Purchase	62.5	0.0	0.0	0.0	62.5
Property Development	12.3	0.0	0.2	0.9	13.4
Equity	45.7	0.0	0.3	8.1	54.1
Development Debt	154.7	(27.1)	26.1	84.1	237.8
Total Capital Investment	**275.2**	**(27.1)**	**26.6**	**93.1**	**367.8**
Treasury Investments	17.6	(13.6)	0.0	-	4.0
Total Investment	**292.9**	**(40.7)**	**26.6**	**93.1**	**371.8**

13. The forecast net income level is £5.16m, which is a shortfall of £0.88m against the targeted net income of £6.04m. This deficit is mainly attributable to the early repayment of the debt facility at Sunlight House, which had been expected to provide £0.72m of net income in year. This facility was repaid early, and in full, after the borrower's option to do so was exercised.

    To offset this deficit, the Council will make reduced contributions to its Risk Reserve, which will increase the net income to the £6.04m target.

14. At the end of 2023/24, the AIS Risk Reserve had a balance of £11.31m. This is expected to reduce to £6.5m by the end of the year due to the reserve being utilised to support the net income position, and revenue costs associated with AIS capital schemes in 2024/25.

Issues / Risks

15. A key risk is the ability to deliver the revised capital programme in 2024/25, and this will continue to be closely monitored and reported throughout the year and as any significant issues may arise.

16. In addition, there is the risk that the level of capital receipts that will be realised in the year and in future will be insufficient to fund the relevant schemes in the capital programme. A prudent approach to estimating these asset receipts and development returns will continue to be taken with only receipts that have a significant level of certainty being included in the resource forecasts.

Appendix 3(a)

This Appendix details individual programs of work and provides details about the progress of schemes. The total approved budget is that for the delivery for the whole scheme not just that detailed as part of the three-year capital programme.

SCHOOLS

SCHEMES	TOTAL APPROVED SCHEME BUDGET £000's	PREVIOUS YEARS SPEND £000	CURRENT YEARS SPEND £000	REVISED BUDGET 2024/25 £000	REVISED BUDGET 2025/26 £000	REVISED BUDGET 2026/27 £000	EST COMP DATE	SCHEME COMMENTS
SCHOOLS								
Basic Need - School Places	10,197	-	149	560	4,037	5,600	Rolling	Programme of works currently being developed for known allocations. A report will be brought to the Executive in the new year.
Altrincham College	12,776	124	170	1,000	7,652	4,000	Mar-27	The Awarded contractor has been placed into administration. Schools Capital Projects Team and Procurement working with other contractors to get new delivery partner.
Broadoak School (PAN increase of 60)	6,800	-	40	200	4,600	2,000	Sep-26	Dean Trust have commented on the Funding Agreement and this now currently being finalised with Legal.
Devolved Formula Capital	2,075	-	227	804	649	622	Rolling	Resources managed by schools
Capital Maintenance Grant	11,863	-	1,182	3,760	5,441	2,662	Rolling	Majority of schemes completed as planned over the summer holidays. A small number planned for October or February half-terms holidays
High Needs Send Grant	5,670	-	137	369	3,301	2000	Rolling	Programme of works currently being developed for known allocations and will be subject to report to Executive in the near future.

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Brentwood School - SEND	6,550	207	665	3,843	2,500	-	Sep-25	The main works on the scheme have now started with an expected completion in line with school requirements.
Childcare Grant	561	-	-	361	200	-	-	A number of providers have submitted Expressions of Interest and will soon be submitting full applications
Sub-total	**56,492**	**331**	**2,570**	**10,897**	**28,380**	**16,884**		

CHILDREN'S SERVICES

SCHEMES	TOTAL APPROVED SCHEME BUDGET £000's	PREVIOUS YEARS SPEND £000	CURRENT YEARS SPEND £000	REVISED BUDGET 2024/25 £000	REVISED BUDGET 2025/26 £000	REVISED BUDGET 2026/27 £000	EST COMP DATE	SCHEME COMMENTS
CHILDRENS SERVICES								
Hayeswater Centre - Improving outdoor provision	29	-	-	29	-	-	Dec-24	On Target to be spent this year
Liquid Logic - Children's & Delegation Portals	135	127	-	8	-	-	-	Complete – Awaiting final costs
Foster Carers – Adaptations	350	-	-	50	300	-	Mar-26	Works have been identified at two Registered Social Landlord properties and three connected carers.
Sub-total	**514**	**127**	**-**	**87**	**300**	**-**		
TOTAL CHILDRENS SERVICES	**57,006**	**458**	**2,570**	**10,984**	**28,680**	**16,884**		

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ADULTS SERVICES

SCHEMES	TOTAL APPROVED SCHEME BUDGET £000's	PREVIOUS YEARS SPEND £000	CURRENT YEARS SPEND £000	REVISED BUDGET 2024/25 £000	REVISED BUDGET 2025/26 £000	REVISED BUDGET 2026/27 £000	EST COMP DATE	SCHEME COMMENTS
Disabled Facility Grants	8,783	-	1,575	3,295	2,794	2,694	Rolling	Ongoing programme of home adaptations, there are pressures on this budget with a number of high value and complex cases.
Right Care for You	102	-	-	102	-	-	Mar-25	On Target to be spent this year
Our Place, Sale (Kara House) - Safety Works	570	-	-	270	300	-	Sep-25	Programme of works now agreed with urgent works to be undertaken this year with the remaining works programmed to be completed in 2025/26
Liberty Protection Safeguards (Liquidlogic updates)	97	26	-	71	-	-	Mar-25	On Target to be spent this year
Shawe Road, Urmston - Refurbishment works	100	82	-	18	-	-	-	Complete - Awaiting final costs
Liquid Logic - Updates	70	67	2	3	-	-	-	Complete - Awaiting final costs
TOTAL ADULT SERVICES	**9,722**	**175**	**1,577**	**3,759**	**3,094**	**2,694**		

PLACE – CORPORATE LANDLORD

SCHEMES	TOTAL APPROVED SCHEME BUDGET £000's	PREVIOUS YEARS SPEND £000	CURRENT YEARS SPEND £000	REVISED BUDGET 2024/25 £000	REVISED BUDGET 2025/26 £000	REVISED BUDGET 2026/27 £000	EST COMP DATE	SCHEME COMMENTS
Public Building Repairs & Compliance Prog - Appendix 3	1,209	-	145	844	325	40	Rolling	Ongoing programme of work with main element of works being undertaken at Tatton House.
Sale Waterside/ Trafford Town Hall Improvements	193	57	20	86	50	-	Mar-26	Ongoing programme of works

Altrincham Market House Improvements	100		-	-	100	-	-	This allocation is held for any potential works needed.
Watling Gate - Preservation/Conservation	122	4	-	18	100	-	-	The requirement for these resources are currently being assessed.
Estates Savings Requirements	645		-	-	645	-	-	Resources allocated for works at School Road and Market Street - these are currently delayed as linked to LAHF phase 3 which still requires approval.
De-Carbonisation Programme	3,962	3,550	67	412	-	-	Dec-24	The main works are now finished but there has been an element of snagging that required sorting, we now awaiting confirmation that works are complete and final invoicing for remaining costs.
Claremont Centre Works	70		-	-	70	-	-	Works still to be identified.
Corporate Building Security Review	272	2	176	220	50	-	Nov-24	Works Underway
Clarendon House, Altrincham - Development works	120		-	120	-	-	-	Complete – Awaiting final costs
TOTAL	**6,693**	**3,613**	**408**	**1,700**	**1,340**	**40**		

PLACE – REGENERATION AND STRATEGIC PLANNING

SCHEMES	TOTAL APPROVED SCHEME BUDGET £000's	PREVIOUS YEARS SPEND £000	CURRENT YEARS SPEND £000	REVISED BUDGET 2024/25 £000	REVISED BUDGET 2025/26 £000	REVISED BUDGET 2026/27 £000	EST COMP DATE	SCHEME COMMENTS
Town Centre Loans Fund	276	-	-	100	100	76	Rolling	Loans payable when applications are submitted.
9/11 Market Street, Altrincham – Redevelopment	239	-	-	-	239	-	-	Development of commercial areas of building (which this budget is for) to be linked with LAHF funded residential developments.
Altrincham Town Centre - Public Realm Works	6,684	6,663	47	21	-	-	-	Additional works were programmed in to take advantage of contractors being onsite, budget will be identified from current Highways allocation to fund this overspend.
UK Shared Prosperity Fund Programme	654	5	30	649	-	-	Mar 25	A number of initiatives are being delivered throughout the year including: Greening Trafford Park, public realm works in Stretford and Sale, installation of outdoor gyms,Shop Improvement Grants
Future High Street Fund	19,133	12,953	4,174	5,680	500	-	Nov 24	The majority of works being undertaken utilising these resources have now been completed with the remaining works being undertaken by Bruntwood on the elements around Stretford town centre.
TOTAL	**26,986**	**19,621**	**4,251**	**6,450**	**839**	**76**		

PLACE – BEREAVEMENT SERVICES

SCHEMES	TOTAL APPROVED SCHEME BUDGET £000's	PREVIOUS YEARS SPEND £000	CURRENT YEARS SPEND £000	REVISED BUDGET 2024/25 £000	REVISED BUDGET 2025/26 £000	REVISED BUDGET 2026/27 £000	EST COMP DATE	SCHEME COMMENTS
Altrincham Crematorium - Replacement cremator	710	-	568	710	-	-	Aug-24	Works complete – minor snagging issues being resolved by contractor.
TOTAL	**710**	**-**	**568**	**710**	**-**	**-**		

PLACE – LEISURE AND SPORT

SCHEMES	TOTAL APPROVED SCHEME BUDGET £000's	PREVIOUS YEARS SPEND £000	CURRENT YEARS SPEND £000	REVISED BUDGET 2024/25 £000	REVISED BUDGET 2025/26 £000	REVISED BUDGET 2026/27 £000	EST COMP DATE	SCHEME COMMENTS
Altrincham Leisure Centre	23,100	14,045	4,635	9,055	-	-	Dec- 24	On target to be spent this year
Partington Sports Village - Levelling Up Fund	22,705	1,606	334	3,491	17,608	-	Mar-26	Work on the main element of the scheme is anticipated to start imminently with completion in line with current grant approvals of March 26.
Leisure Strategy - Refurbishment and Essential Works	28,218	339	30	538	1,341	26,000	-	The use of these resources is still being developed, to meet the requirements of the leisure strategy.
Football Facility Provision	2,294	904	1,233	1,390	-	-	Sep-24	On target, works nearing completion.
Timperley Sports Club - Artificial Pitch	638	132	506	506	-	-		Complete
Longford Park Sports - Track Replacement	532		357	532	-	-	Mar-25	Awaiting update on progress of this scheme
Altrincham Golf Course	100	28	-	72	-	-	Mar-25	On target to be spent this year
Parks - Tennis Courts Programme	466		113	200	266	-	Sep-25	Works is currently taking place and Longford Park and Ashton Park, Sale.
TOTAL	**78,053**	**17,054**	**7,208**	**15,784**	**19,215**	**26,000**		

PLACE – HOUSING SERVICES

SCHEMES	TOTAL APPROVED SCHEME BUDGET £000's	PREVIOUS YEARS SPEND £000	CURRENT YEARS SPEND £000	REVISED BUDGET 2024/25 £000	REVISED BUDGET 2025/26 £000	REVISED BUDGET 2026/27 £000	EST COMP DATE	SCHEME COMMENTS
Assistance to Owner Occupiers	26		-	16	10	-	Rolling	Grants payable when bids are submitted
Housing Standards / Empty Property Initiatives	30		-	20	10	-	Rolling	Grants payable when bids are submitted
Local Authority Housing Fund	5,815	3,272	1,133	2,543	-	-	Mar-25	On target to be spent this year
TOTAL	**5,871**	**3,272**	**1,133**	**2,579**	**20**	**-**		

PLACE – INTERGRATED TRANSPORT

SCHEMES	TOTAL APPROVED SCHEME BUDGET £000's	PREVIOUS YEARS SPEND £000	CURRENT YEARS SPEND £000	REVISED BUDGET 2024/25 £000	REVISED BUDGET 2025/26 £000	REVISED BUDGET 2026/27 £000	EST COMP DATE	SCHEME COMMENTS
Integrated Transport Schemes	1,349		156	1,349	-	-	Rolling	Ongoing programme of works
Mayors Cycling and Walking Challenge Fund	20,000	4,757	2,104	5,943	8,960	340	Rolling	There are a number of individual elements of work being funded through this funding steam, work this year is expected to be undertaken on the A56, Chester Road and Seymour grove
Residents Parking Scheme	500	395	-	105	-	-	Mar-25	On target to be spent this year
Boroughwide - Boundary / Village Entry Signs	105	20	2	85	-	-	Mar-25	On target to be spent this year
Electric Vehicle Charging Points	500	54	28	246	200	-	Sep-25	Works have commenced on this scheme
TfGM funded CRSTS Projects	919	89	108	830	-	-	Mar-25	On target to be spent this year
Moving Traffic Offences - Boroughwide Cameras	465		27	-	465	-	-	Scheme elements still to be developed
TOTAL	**23,838**	**5,315**	**2,425**	**8,558**	**9,625**	**340**		

PLACE – PARKING SERVCIES

SCHEMES	TOTAL APPROVED SCHEME BUDGET £000's	PREVIOUS YEARS SPEND £000	CURRENT YEARS SPEND £000	REVISED BUDGET 2024/25 £000	REVISED BUDGET 2025/26 £000	REVISED BUDGET 2026/27 £000	EST COMP DATE	SCHEME COMMENTS
Parking Services	289	224	19	65	-	-	Mar-25	On target to be spent this year
TOTAL	**289**	**224**	**19**	**65**	**-**	**-**		

PLACE – COMMUNITY SAFETY

SCHEMES	TOTAL APPROVED SCHEME BUDGET £000's	PREVIOUS YEARS SPEND £000	CURRENT YEARS SPEND £000	REVISED BUDGET 2024/25 £000	REVISED BUDGET 2025/26 £000	REVISED BUDGET 2026/27 £000	EST COMP DATE	SCHEME COMMENTS
CCTV Transformation Programme - Phase 2	563	427	68	136	-	-	Mar-25	On target to be spent this year
CCTV Cameras - Fly-tipping Prevention	160	-	-	-	160	-	-	No progress has been made on this scheme
TOTAL	**723**	**427**	**68**	**136**	**160**	**-**		

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PLACE – STRUCTURAL MAINTENANCE

SCHEMES	TOTAL APPROVED SCHEME BUDGET £000's	PREVIOUS YEARS SPEND £000	CURRENT YEARS SPEND £000	REVISED BUDGET 2024/25 £000	REVISED BUDGET 2025/26 £000	REVISED BUDGET 2026/27 £000	EST COMP DATE	SCHEME COMMENTS
Highways Structural Maintenance	9,206	-	1,106	3,682	2,612	2,912	Rolling	Delivery of in excess of 51 projects planned throughout the year with 22 already completed so far.
Surface Dressing & Treatment Programme	1,000		424	500	500		Rolling	Work on this element of the programme is now nearing completion.
Additional Pot Hole Funding	515	437	3	78			Mar-25	On target to be spent this year

Network North Additional Maintenance	738		199	738			Feb- 25	New grant allocations for 23/24 and 24/25 - programme agreed to deliver 13 projects this year.
CRSTS - Key Route Network Programme	4,501	4,193	-		308		Jul-25	Remaining works scheduled to be undertaken early in the next financial year.
Street Lighting	1,130		242	830	300		Rolling	Ongoing programme of works
Bridge Assessments and Strengthening	963	250	163	713			Rolling	Ongoing programme of works
Carrington Junction and Relief Road	15,071	4,361	503	7,710	3,000		Rolling	Option are being assessed around the delivery of the rationalisation element of the scheme.
TOTAL	**33,124**	**9,241**	**2,640**	**14,251**	**6,720**	**2,912**		

PLACE – ENVIRONMENTAL SERVICES AND GREENSPACES

SCHEMES	TOTAL APPROVED SCHEME BUDGET £000's	PREVIOUS YEARS SPEND £000	CURRENT YEARS SPEND £000	REVISED BUDGET 2024/25 £000	REVISED BUDGET 2025/26 £000	REVISED BUDGET 2026/27 £000	EST COMP DATE	SCHEME COMMENTS
Parks Infrastructure	526	67	76	359	100	-	Rolling	Work is being undertaken across multiple sights delivering a programme of works on drainage, surface repairs, patching and potholes and lighting, there has been a delay with design works to enable certain elements of the schemes to start.
Play Area Refurbishment	536	139	171	297	100	-	Rolling	There a number of schemes currently underway Stamford Park, Hullard Park and Lostock with work at Ashton Park complete.
Countryside Infrastructure	63	46	-	17	-	-	Mar-25	On target to be spent this year
Longford Park (HLF BID)	1,099	209	-	300	590	-	-	The scheme is awaiting confirmation of award of Heritage Lottery Funding Grant, once confirmed this will be reflected in

								the programme and a programme of delivery will be developed.
Parks Mandatory Signage	60	57	-	3	-	-	Mar-25	On target to be spent this year
Wilding Trafford	77	72	2	5	-	-	Mar-25	On target to be spent this year
Allotments - Infrastructure Programme	40	6	5	34	-	-	Mar-25	On target to be spent this year
Rainwater Harvesting	45		14	5	40	-	-	Works still to be undertaken.
Gorse Hill Park, Stretford - Improvements	50	-	-	-	50	-	Oct-26	It is not anticipated that these works will commence until into the next financial year
Marje Kelly Park, Stretford - Improvements	50	-	-	-	50	-	Oct-26	It is not anticipated that these works will commence until into the next financial year
Outdoor Sports - S106 Funded	53	-	-	-	53	-	-	Schemes being developed
Green Infrastructure S106 Funded	323	68	-	-	255	-	-	Proposed uses of this funding are being developed with schemes that have green infrastructure elements being considered to utilise these resources.
Food Waste Collection Programme	449	-	-	49	400	-	-	Implementation plan being drawn up. Report to Executive in November to approve.
TOTAL	**3,371**	**664**	**268**	**1,069**	**1,638**	**0**		
TOTAL PLACE SERVCIES	**179,658**	**59,431**	**18,988**	**51,302**	**39,557**	**29,368**		

GOVERNANCE AND COMMUNITY STRATGEY

SCHEMES	TOTAL APPROVED SCHEME BUDGET £000's	PREVIOUS YEARS SPEND £000	CURRENT YEARS SPEND £000	REVISED BUDGET 2024/25 £000	REVISED BUDGET 2025/26 £000	REVISED BUDGET 2026/27 £000	EST COMP DATE	SCHEME COMMENTS
Customer Services								
Sale Library – A Cultural Hub	357	-	1	108	249	-	Jul-25	This scheme is currently going through the procurement process and once complete a programme of works will be finalised.
TOTAL GOVERNANCE AND COMMUNITY	**357**	**-**	**1**	**108**	**249**	**-**		

FINANCE AND SYSTEMS – ICT

SCHEMES	TOTAL APPROVED SCHEME BUDGET £000's	PREVIOUS YEARS SPEND £000	CURRENT YEARS SPEND £000	REVISED BUDGET 2024/25 £000	REVISED BUDGET 2025/26 £000	REVISED BUDGET 2026/27 £000	EST COMP DATE	SCHEME COMMENTS
SAP Systems Landscape – Upgrades	250	28	-	72	150	-	-	Work is currently being undertaken to get cost certainty and update the profiling of resources.
CRM - Update/Replacement	2,097	915	465	1,182	-	-	Oct-24	Work on this scheme is progressing well with October being the go live date.
Device Replacement Programme	1,150	-	204	350	400	400	Rolling	A significant order for 400 laptops has just been placed with the requirement for more being needed
Content Management System	140	-	-	40	100	-	Mar -26	Scheme rephased with work not yet commenced.
Unsupported Server O/S Migration	134	51	24	21	62	-	-	Work is currently being undertaken to get cost certainty and update the profiling of resources.
Network Replacement	551	263	26	288	-	-	Mar-25	On target to be spent this year
ITrent Replacement	270	13	257	257	-	-	Mar-25	Work on this scheme has been completed
Info Management Services for Regulatory Serv	610	195	3	215	200	-	Mar-25	On target to be spent this year
Cloud and Data Centre Strategy	510	-	-	-	510	-	-	Requirements for this allocation are being reassessed an update will be provided at P6
Cloud Telephony and Unified Communications	110	-	15	40	70	-	-	Requirements for this allocation are being reassessed an update will be provided at P6
Security Infrastructure - Perimeter Firewall	240		121	240	-	-	Mar-25	On target to be spent this year
SAP - ERP Replacement Project	2,000	-	-	30	560	1,410	Mar-27	Work has not yet started on this scheme, but it is anticipated that it will go live in April 27.
RFC - ContrOcc Direct Debits system	20	9	-	11	-	-	Mar-25	On target to be spent this year
Systems & Data Architecture	85	-	-	85	-	-	Mar-25	On target to be spent this year
Business Intelligence - Data Warehouse Solution	200	128	-	72	-	-	Mar-25	On target to be spent this year
Digital Inclusion / Digital Skills	50	32	18	18	-	-	Mar-25	On target to be spent this year
Development / Low Code Solution	301	237	34	64	-	-	-	Work is currently being undertaken to get cost certainty and update the profiling of resources.
IT and Digital Service Transformation	40	-	-	-	40	-	Mar-25	On target to be spent this year

Telephony System / Disaster Recovery (initial Phase)	50	-	-	50	-	-	-	Complete – Awaiting final costs
TOTAL FINANCE AND SYSTEMS	**8,808**	**1,871**	**1,167**	**3,035**	**2,092**	**1,810**		
TOTAL CAPITAL PROGRAMME	**255,551**	**61,935**	**24,303**	**69,188**	**73,672**	**50,756**		

Prudential Indicators – 2024/25 **Annex 3(b)**

The Prudential Code for Capital Finance in Local Authority was reviewed and updated following a consultation with Local Authorities in November 2021. The Code requires that the Council report and monitor Prudential Indicators on at least a quarterly basis during the financial year. The objectives of the Prudential Code and indicators are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable and to support and record local decision making in manner that is publicly accountable.

The prudential indicators cover the three areas in which the Council is required to report and monitor: Capital Expenditure, External Debt, and Affordability. The indicators are approved and set by the Council in February each year as part of the wider budget setting process. These indicators are then reviewed and restated during the year as part of the periodical budget monitoring.

Summary as at Period 6

Capital Expenditure Indicators

Since February, the updated indicators for Capital Expenditure show a decrease £24.17m in capital spend in 2024/25. This is in-line with the reprofiling of spend within the programme, as detailed within this report, as certain schemes will now incur costs in later years. The expenditure for the Investment Strategy has been reprofiled to match the cashflows of ongoing property developments which the Strategy is funding, which have expenditure in the later years of the programme.

External debt indicators

The External Debt indicators for Period 6 are confirmations that the Council are operating within the agreed boundaries for Treasury Management activity as set by Council in February. The debt levels are forecast to increase due to the anticipation that the Council will borrow funds before the end of the financial year to address the level of internal borrowing.

Affordability indicators

The ‘Finance Costs to Net Revenue Stream’ forecast for 2024/25 is 0.1% above the forecast included in the budget. This is due to reduced levels of interest income forecast in year.

<u>Capital expenditure indicators:</u>

- **Estimates of capital expenditure**; Actual total capital expenditure for previous financial year and estimates of spend for the following three years. Variances found here from the approved indicator level to the current forecast level are due to revisions to the programme, reported through the regular Capital Budget Monitoring and approved by the Executive.
- **Estimates of capital financing requirement;** this reflects the estimated need to borrow for capital investment (i.e., the anticipated level of capital expenditure not financed from capital grants and contributions, revenue or capital receipts).

Prudential Indicators – Capital Expenditure	2024/25			2025/26	2026/27
Period 6 2024/25	**Original Forecast**	**Current Forecast**	**Variance**	**Forecast**	**Forecast**
	£m	**£m**	**£m**	**£m**	**£m**
Capital Expenditure					
Capital expenditure - General Programme	74.89	69.18	(5.70)	73.67	50.76
Capital expenditure - Investment Strategy	77.31	58.85	(18.46)	150.09	7.82
Capital expenditure - Total	**152.20**	**128.04**	**(24.16)**	**223.76**	**58.59**
Capital Financing Requirement (CFR)	**519.41**	**461.55**	**(57.86)**	**567.01**	**592.88**

External debt indicators

- **Authorised limit for external debt;** This is a key prudential indicator and represents a control on the maximum level of external debt that the Council will require for all known potential requirements. It includes headroom to cover the risk of short-term cash flow variations that could lead to temporary borrowing and any potential effects arising from bringing "off balance sheet" leased assets onto the balance sheet in compliance with IFRS 16.
- **Operational boundary for external debt;** calculated on a similar basis as the authorised limit but represents the likely level of external debt that may be reached during the course of the year and is not a limit.
- **Gross debt and the capital financing requirement;** The Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2024/25 and the following two financial years. This allows some flexibility for limited early borrowing for future years **but ensures that borrowing is not undertaken for revenue or speculative purposes.**

Prudential Indicators -	2024/25			2025/26	2026/27
Period 6 2024/25	Approved Limit	Current Forecast	Variance to Limit	Approved Limit	Approved Limit
	£m	£m	£m	£m	£m
External Debt					
Authorised limit for external debt - Capital Programme	280.00	128.82	(151.18)	310.0	310.0
Authorised limit for external debt - Investment Strategy	370.00	260.00	(110.00)	420.0	500.0
Authorised limit for external debt - Other long-term liabilities	3.40	3.38	(0.02)	3.0	2.6
Authorised limit for external debt - Total	**653.40**	**392.20**	**(261.20)**	**733.0**	**812.6**
Operational boundary for external debt - Capital Programme	260.00	128.82	(131.18)	290.0	290.0
Operational boundary for external debt - Investment Strategy	370.00	260.00	(110.00)	420.0	500.0
Operational boundary for external debt - Other long-term liabilities	3.40	3.38	(0.02)	3.0	2.6
Operational boundary for external debt - Total	**633.40**	**392.20**	**(241.20)**	**713.0**	**792.6**
Forecast capital financing requirement (CFR)		**461.55**			
Actual external debt (£m): at 30/09/24		**336.20**			
Over-borrowed/(Under-borrowed)		(125.35)			
Forecast Over-borrowed/(Under-borrowed)		(69.35)			
Is Actual Debt below the CFR?		**YES**			

Affordability indicators

- **Estimates of financing costs to net revenue stream;** this indicator shows the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the Council's net revenue stream. This demonstrates the affordability and proportionality of that borrowing by comparing it to the Council's net revenue stream as a whole.
- **Estimates of net income from commercial and service investments to net revenue stream;** This indicator compares income from commercial investments to the Council's net revenue stream. As before, this comparison allows for consideration for the Council reliance on that income and its proportionality.

Prudential Indicators - Period 6 2024/25	2024/25			2025/26	2026/27
	Original Forecast	Current Forecast	Variance	Forecast	Forecast
	%	%	%	%	%
Affordability					
Financing Costs to net revenue stream	1.0%	1.1%	0.1%	1.8%	2.7%
Net Income for commercial and service investments to net revenue stream	8.0%	7.1%	(0.5%)	7.8%	7.2%

Affordability - Financing Costs to Net Revenue Stream (Detailed Table)	2024/25 P6 Forecast
Net Revenue Stream (£k)	214,039
Net Financing Costs * (£k)	2,247
Net Financing Costs to NRS	**1.1%**
Gross Financing Costs (£k)	16,935
Gross Investment Interest Income (£k)	(14,688)
Net Financing Costs (£k)	**2,247**
Using **Gross** Financing Costs to NRS	7.91%

The prudential indicator requires a comparison between Net Financing Costs and the Net Revenue Budget, however this does not demonstrate fully the risk due to the high levels of investment income that the Council generates. The Gross Investment Interest Income and Gross Financing Costs are more appropriate measure of risk as this is the amount of exposure the council needs to meet.

Local indicators

Local Indicators are indicators that are not statutorily required but are included in the Council's suite of capital indicators to provide additional transparency and reporting information. The indicators below relate to forecast activity and performance in the Council's Asset Investment Strategy (AIS). The rolling investment nature of the AIS means that income is forecast to decrease in later years as investments mature, to be replaced by new investments within the pipeline yet to be agreed.

The Council has previously used income from its investments to contribute to a Risk Reserve, which had a balance of £11.31m at the end of 2023/24.

Local Indicators	2024/25	2025/26	2027/28
2024 to 2025	£m	£m	£m
Asset investment Strategy			
Gross Income	13.3	14.5	13.1
Financing Costs	9.48	10.6	10.2
Risk Reserve			
Net contributions to/(from) Risk Reserve	(6.5)	(1.6)	(1.3)
Forecast Risk reserve balance at year end	4.8	3.1	1.7

COUNCIL TAX

In year Council Tax movements	Council Tax Collection Fund P6 (£000)	Trafford's Share P6 (£000)
Tax Base	(197)	(160)
Local Council Tax Support Scheme	(558)	(453)
Other Movements (Backdated discounts etc.)	100	81
Total In Year Position (Surplus)/Deficit	**(655)**	**(532)**

TRAFFORD COUNCIL

Report to: Accounts and Audit Committee
Date: 21 November 2024
Report for: Discussion
Report of: Audit and Assurance Manager

Report Title

Strategic Risk Register 2024/25 (November 2024 update)

Summary

The Accounts and Audit Committee is asked to consider this report which provides an update on the strategic risk environment, setting out developments relating to the management of each of the Council's strategic risks.

Recommendation

The Accounts and Audit Committee is asked to consider this report which provides an update on the strategic risk environment, setting out developments relating to the management of each of the Council's strategic risks.

Contact person for access to background papers and further information:

Mark Foster – Audit & Assurance Manager. Email: mark.foster@trafford.gov.uk
Peter Morris – Senior Audit & Assurance Officer. Email: peter.morris@trafford.gov.uk

Background Papers:
None

1. INTRODUCTION

1.1 The Council's Strategic Risk Register (SRR) contains the strategic risks the Council is likely to face in achieving its high-level corporate objectives.

1.2 In accordance with the Council's Risk Management Policy, the Corporate Leadership Team (CLT) provides regular periodic updates on the strategic risk environment and in particular performance in managing the specific risks incorporated within the SRR.

1.3 This report is based on information provided by risk owners in October and early November 2024 for each risk unless otherwise stated.

2. THE STRATEGIC RISK ENVIRONMENT – RISK EXPOSURE AND PERFORMANCE MANAGEMENT

2.1 CLT agree the risks to be included in the strategic risk register and provide updates on risks under their remit.

2.2 This report contains an update on each of the strategic risks, including recent developments, progress made in managing each risk and further plans.

2.3 The strategic risks have also been updated to include the Council's new Corporate Priorities for 2024/27.

2.4 In terms of changes since the last strategic risk update there has been two changes in the risk scores, with further details provided in the relevant risk updates in Section 3:

- Risk 1 (Medium Term Financial Strategy) has increased from 20 (High) to 25 (High).
- Risk 5 (Information Governance) has decreased from 20 (High) to 15 (Medium).

2.5 The risk charts in section 2.7 show an analysis of the current strategic risks. The charts analyse the levels of risk exposure in terms of impact and likelihood. The number of strategic risks for each risk level is shown. There are 16 strategic risks which are set out in Section 3. (It should be noted since the last strategic risk update, one of the risks, Risk 10, now incorporates the management of safeguarding risks in relation to both children and also adults, which were previously reported as part of separate risk updates).

2.6 A further review and update of the strategic risk register in the final quarter of 2024/25 will be reported to the Accounts and Audit Committee at its meeting in March 2025.

2.7 Comparison of Risk Levels June 2024 and November 2024

Risk Levels – June 2024

IMPACT	Very Low (1)	Low (2)	Med. (3)	High (4)	Very High (5)
Very High(5)		2	8	2	
High (4)				2	1
Medium (3)			1	1	
Low (2)					
Very Low (1)					

LIKELIHOOD

Risk Levels – November 2024

IMPACT	Very Low (1)	Low (2)	Med. (3)	High (4)	Very High (5)
Very High(5)		1	9		1
High (4)				2	1
Medium (3)			1	1	
Low (2)					
Very Low (1)					

LIKELIHOOD

High Risk
Medium Risk
Low Risk

3. Strategic Risks (November 2024)

Red (High Risk)	Amber (Medium Risk)	Green (Low Risk)

Risk Number 1	**Likelihood (L)**	**Impact (I)**	**Risk Score (L x I) High Medium Low**	**Change in Risk Score**
Continuing uncertainty regarding the Council's medium term financial position given the reliance that exists on support from Central Government, cost pressures within the existing budget driven by increasing demand in Children's and Adults services and major changes that are planned concerning the reform of local government funding (Review of Relative Needs and Resources previously Fair Funding) and the review of the business rate retention system with a planned reset potentially in 2026/27 and uncertainty of the sharing arrangements of the 100% GM retention scheme. (Finance & Systems / Finance, Change and Governance).	**5**	**5**	**25 High**	**⬆ Increase in Risk Score**
Corporate Priorities	All			
Existing Controls and Risk Mitigation	Regular budget bi-monthly monitoring to the Executive, covering all aspects of the Council's budget, including revenue, capital programme and investment strategy, prudential indicators, reserves, collection fund and school budgets. A Finance and Change Programme established (2022) to enhance our structured response to the significant budget issues and to provide strategic direction and proactive governance around the management of our Finance and Change programme. Recurrent pressures (circa £3.0m) identified from in-year budget monitoring are fed into the Medium Term Financial Strategy (MTFS) and as such are reflected within the 2025/26 draft budget and later years. Implementation and compliance of CIPFA Financial Management Code. A robust Medium Term Financial Strategy and Plan covering a detailed period of 3 years and plus 2 at high level to accommodate a time period of 5 years to highlight the longer term uncertainty and delays in the Fairer Funding review and business rates reset. The MTFP is updated on a regular basis throughout the year and is a key tool in preparation of the draft and final budget papers. Review of earmarked reserves on a triannual basis (draft and final budget preparation and closedown). Review covers adequacy and robustness of each reserve.			

Update (October 2024) (Recent actions, performance updates, developments, emerging issues etc).	The Draft Budget for 2025/26 and MTFS for 2026/28 presents a budget gap of £25.59m in 2025/26 which is proposed to be bridged by £6.4m increase in Council Tax, £3.2m use of reserves and £6.1m of savings, leaving a remaining gap of £9.84m. The combined gap for the three financial years 2025/28 stands at £33.2m. The Council continues to face an increase in demand in children's and adult's placements which is in the form of both an increase in the number and added complexity of cases. Whilst the council has early intervention strategies in place to mitigate additional burdens and is working at a regional level to bolster provision, the increased demand is outstripping the resources available. In addition, the Council is facing increased pressures in associated with providing Bed & Breakfast and temporary accommodation. On average the volume of B&B accommodation is forecast to be c40% higher since the budget was set for 2024/25. To compound the pressure on the budget other accommodation is being sourced to ensure residents do not remain in B&B units longer than 6 weeks; exceeding this duration gives risk of legal challenge. To control costs a temporary accommodation strategy has been developed which has looked at opportunities to source cheaper accommodation either through leasing or direct property acquisition. The latest published monitor (P4) in respect of 2024/25 estimated an outturn pressure of £4.2m due to the significant demand pressures as mentioned above along with an under achievement of savings and a shortfall in income from the Asset Investment Programme. The Local Government Association has recently responded to a Treasury budget consultation request, which highlighted the "systemic" risk of failure across local government and urged the government to take immediate steps to stabilise council finances. It highlighted that English councils face a £2.3bn funding gap in 2025/26, rising to £3.9bn in 2026/27 – **a £6.2bn shortfall across the two years**. This is due to inflation and wage pressures alongside cost and demand pressures. The Director of Finance is required by law to report independently to the Executive and Council his own opinion as to the robustness of the budget estimates and the adequacy of the financial reserves. In his opinion the budget gap cannot be addressed through transformational savings alone and therefore the Council needs to lobby for fairer funding for low council tax and low funded authorities like Trafford to help bridge this budget deficit. Given the size of the remaining gap at the time of agreeing the 2024/25 budget, the Executive agreed to engage with CIPFA to conduct an external assurance review as a prudent next step to look at the Council's financial management and governance arrangements. Initial findings have been positive, to the extent that they have concluded that there is strength in the current financial management and governance and reporting arrangements. Inevitably though the Council is faced with several key challenges which include its difficult low funding position and capacity challenges to achieve its ambition for the Borough. CIPFA were clear though that to address the budget

	challenge that difficult decisions would need to be made and some of these have been considered in the draft budget report. The new Government has indicated that difficult decisions will need to be made to balance the public sector deficit. They have confirmed that overall funding totals for 2025/26 will be confirmed at the Autumn Statement on 30 October 2024, and a multi-year Spending Review covering three years will then conclude in spring 2025. There is clearly a scenario that, if the budget gap is too large to bridge even after using remaining available reserves that the Council could be in a position of having to approach MHCLG to look at other opportunities to support future budget planning. This will be a consideration of the Executive that will need to be taken in the run up to setting the final budget for 2025/26. In respect of the school budgets and the Dedicated Schools Grants, whilst these are kept separate from the Council's budget, they are showing a growing High Needs deficit position, such that by the end of 2024/25 the accumulated deficit could be as high as £20.0m, and as high as £44m by 2028/29. Without new interventions the high needs deficit is forecast to continue to increase over the MTFS period and is not financially sustainable. This creates a significant and unresolved financial risk to the Council. The Council is actively engaged with the Department for Education and is part of the Northwest SEND Change Programme Partnership to identify mitigations which may reduce the growth in costs. With the above in mind, the Risk Score has been increased to 25, following an increase in the likelihood of a deterioration in the council's financial position from the previous update.
Further Actions Required / Planned	All existing management action needs to continue for the foreseeable future in managing the adverse outturn position in the current financial year. It is essential that the Council preserves its limited earmarked reserves to maintain a cushion to support the financial planning for 2025/26 onwards. **Looking Forward** Whilst there will be a further national budget announcement on the 30th October 2024 and the provisional local government finance settlement in December 2024, it is not prudent to rely on these to provide an answer to the budget position. Although good progress has been made towards reaching a balanced budget position for 2025/26 there is still a significant amount of work to do to achieve this. The Executive have already identified plans to make further progress to do this and these will need developing before the final budget is presented to Council for approval in February 2025. These include a review of: ➢ the contributions made to other local authorities to ensure best value is being achieved. ➢ the scope to accelerate dividends from Manchester Airport Holdings Ltd.

	➢ several other savings identified by CIPFA from work they have done with other authorities. ➢ accelerate work on policy savings options not yet costed. ➢ complete further review of service earmarked reserves to identify if any uncommitted balances can be release, although there is limited opportunity given the extensive exercise undertaken in preparation of 2024/25 budget. ➢ explore the outcome of the CIPFA review with Ministry of Housing, Communities and Local Government (MHCLG) and opportunities for a different approach to authorities in Trafford's position which are well run but face substantial pressures in demand outside of their control. ➢ progress the lobbying strategy to address the shortcomings in the current model to distribute resources. Officers need to continue to work with the DfE and regional partners to identify solutions to control the rising DSG deficit.

Risk Number 2	**Likelihood (L)**	**Impact (I)**	**Risk Score (L x I)** **High** **Medium** **Low**	**Change in Risk Score**
Climate Change Emergency **(Place / Sustainability and Climate Change)**	**5**	**4**	**20** **High**	**⬅➡** **No Change**

Corporate Priorities	Address the Climate Crisis
Existing Controls and Risk Mitigation	Climate change can be addressed firstly through adaptation - actions that are designed to promote greater resilience to more extreme weather events. Secondly it can be addressed through mitigation – actions that are intended to slow or avoid the more severe climatic impacts by reducing our greenhouse gas emissions. It should be noted that the UK accounts for around 2% of global emissions and Trafford will be a small fraction of that. Alone Borough actions cannot possibly hope to affect Climate change – however our effectiveness will come via influencing and leadership to affect wider change. There are also a host of other co-benefits from climate action, such as lower air pollution levels, healthy and active lifestyles, more comfortable homes, reduced energy bills.
Update (October 2024)	The Trafford Park Bee Net Zero Partnership was successfully launched in March. Working with GMCA and the Growth Company, the Partnership is now offering businesses on Trafford Park support to decarbonise. To date, 59 businesses on Trafford Park have been contacted, with 16 currently engaging, and 8 receiving tailored support.

(Recent actions, performance updates, developments, emerging issues etc).	Outside of Trafford Park, an additional 26 businesses in Trafford were engaged, with 18 taking up support. Trafford Council and the Growth Company have held initial discussions on possible decarbonisation support to SMEs and town centre businesses, with a plan to trial some support in Altrincham in the first instance (first workshop planned for January). The detailed project development of the potential Trafford Civic Quarter Heat Network has developed a draft outline business case for a preferred option for the network. The Council has submitted an application to the Government's Green Heat Network Fund and is waiting to hear back. If successful, the project will move into the commercialisation phase, which will involve procuring a third-party delivery partner. Work has continued across Trafford to publicise the Energy Company Obligation phase 4 funded Home Energy Improvements for vulnerable and low-income households. Trafford Borough have a single installer for ECO4: Improveasy. As of September 2024, work has been completed on 172 Trafford properties saving over 1,450 tonnes of CO2 per year. The Council is working with one school in Trafford that want to install rooftop solar PV, as part of GMCA's Powering our Schools programme which is engaging with 35 schools across GM. Under the programme, participating schools are to receive quotations and designs by March 2025, and installations are to commence no later than April 2025. Trafford Council are staying in close contact with the school to support throughout the process. The Council worked with partners across the VCFSE sector in Trafford to develop and submit a bid to the National Lottery for a project aiming to increase engagement with climate action in areas of regeneration. However, the bid was unsuccessful. The Council's own carbon emissions have fallen by 25% since we started estimating them in 2018/19. However, after emissions in 2019/20 fell by almost 12%, progress has been much slower with annual reductions between 2% and 6%. Emissions in 2023/24 fell by just over 2% from 2022/23. The Council has been working closely with GMCA and other GM districts in the development of a GM-wide adaptation strategy and action plan. A first climate change risk assessment at the GM level was produced in September, listing a range of climate risks and their rating for GM as a city region. The GM LNRS sets out a 'Nature Network' for Greater Manchester and in turn Trafford as one of the 10 districts. This nature network includes two main layers: 'Core Local Nature Sites' – designated/protected sites at the local, national and international level along with irreplaceable habitats plus 'Nature Recovery Opportunity Areas' where action to enhance, restore or create different types of habitat would expand and connect our core sites. Working with GMCA colleagues, Trafford Officers have developed a nature network for Trafford that will form part of a public consultation on the LNRS in late 2024 along with a consultation event in Trafford in early 2025.

	Approval of Longford Park NLHF Delivery Phase bid including Longford Brook de-culverting and SUDS scheme, with further work alongside UU and EA, plus successful Defra/Natural England 'Lost Wetlands' feasibility funding for Natural Flood Management and Nature Recovery at the former William Wroe Golf Course site. Defra annual grant allocation has been utilised to survey sites in Trafford identified as Biodiversity Opportunity Areas in the draft Local Plan, including the former William Wroe Golf Course and Longford Park. Long term Habitat Management and Monitoring Plans are also being developed, linked to the potential for establishing habitat banks at these sites. Engaged with residents on planned allotment strategy, via online consultation and four listening events across the borough.
Further Actions Required / Planned	Planned actions include: Develop and begin delivery of a One Trafford Partnership Decarbonisation Plan – plan now in progress but awaits full completion. Local area Energy Plan to be developed further - GMCA is leading the Net Zero Accelerator project which seeks to encourage private sector finance to be directed towards low carbon activities in GM. Trafford will continue to engage with GMCA on this project. Deliver Public Sector Decarbonisation Scheme on Altrincham Leisure Centre – works nearing completion. Prepare a pipeline of projects to decarbonisation the corporate estate - Partington Leisure centre decarbonisation is a priority and seeking PSDS 4 capital support. Reach more businesses on Trafford Park for decarbonisation support through the Bee Net Zero Trafford Park Partnership. Deliver workshop at the GM Green Summit on Industrial Decarbonisation. Continue engaging residents regarding ECO4 through postal campaigns, social media marketing, and field sales engagement. Meeting Powering Our School milestones and commence installations by April 2025. Carry out further surveys of biodiversity opportunity areas on Council land, for example Sale Water Park and/or the Devisdale. Prepare allotments strategy.

	If successful in application to Green Heat Network Fund, procure commercialisation consultants and agree approach to procuring delivery partner.				
Risk Number 3		**Likelihood (L)**	**Impact (I)**	**Risk Score (L x I)** **High Medium Low**	**Change in Risk Score**
Economic Uncertainty affecting residents and businesses. (Place / Authority-wide)		**4**	**4**	**16 High**	**⬅➡ No Change**
Corporate Priorities	All				
Existing Controls and Risk Mitigation	Due to the trend of interest rates and inflation rises, increased utility costs and Covid-lag and its effects on the workforce, there remains a high degree of economic uncertainty impacting on residents and business. This issue is led by the bigger global and national economic picture and therefore trickles down at the local level. However, there are a number of measures in place to try and support residents and businesses. The Trafford Inclusive Economy Delivery Plan (approved by the Executive in February 2023) is a focused and longer-term plan to complement Corporate and Directorate Priorities. The actions contained within the Plan are ultimately aimed at delivering the Council's Strategic Vision ie. 'Trafford – where all our residents, businesses and communities prosper.' The Plan has been produced to clearly set out a number of key themes and related projects/activities in a delivery orientated approach. The Plan contains six themes as follows: • Business Support • Town Centres -Regeneration-Shared Prosperity Fund • Employment and Skills • Communities, Social Value and VCFSE Support • Climate Change/Green Economy • Development Framework				

	To support delivery of the Plan, the Council was awarded c£1.8m of UK Shared Prosperity fund monies (to utilise by March 2025) which is a cross-Council approach to support communities and businesses in the borough. The areas of activity include: • Inclusive and Vibrant Town Centres • Greening Trafford Park • Social Value Co-ordination • Creative Trafford • Active Trafford • Cycle Hubs • Trafford Heritage Programme • Public Health in Art • Libraries Community Engagement programme				
Update (October 2024) (Recent actions, performance updates, developments, emerging issues etc).	The focus continues on delivery of the IEDP and the UK SPF projects which are monitored on a monthly basis. Employment and skills initiatives to support residents are being delivered, such as through the comprehensive job clubs programme and digital inclusion project. Wider activity is being co-ordinated by the GMCA, such as utilisation of the Adult Education Budget and the commissioning of an In Work Progression Programme. A Business Relationship Programme is now being delivered, in partnership with GM Business Growth Hub and Midas, to develop closer links with key businesses in the borough, what support is required and to gain first-hand knowledge of 'on the ground issues'. As part of the SPF Inclusive and Vibrant Town Centres project, a Shop improvement Grant has been launched to support businesses in the borough's four town centres to help their growth and sustainability and we are currently awarding the grant which will achieve full spend and maximise outcomes.				
Further Actions Required / Planned	The successful delivery against the IEDP actions will assist in mitigating against the risks around economic uncertainty. The IEDP is a 'live' document however it will be fully updated in the new year 2025 to reflect new priorities based on the new Corporate Plan.				
Risk Number 4		**Likelihood (L)**	**Impact (I)**	**Risk Score (L x I)** **High** **Medium** **Low**	**Change in Risk Score**

There is a risk that rising thresholds of acute population health needs (for example mental health, BMI etc) lead to system efforts being increasingly focussing on short term, 'downstream' action (responding to presenting need). This detracts from protecting proportionate investment upstream which is necessary for putting in place, embedding and sustaining longer term, more cost-effective approaches for early intervention and prevention to improve population health and wellbeing outcomes. **(Authority-Wide)**	**4**	**4**	**16 High**	**⬅➡ No Change**

Corporate Priorities	Healthy and independent lives for everyone
Existing Controls and Risk Mitigation	Ringfencing investment of Public Health grant to ensure it is spent on prevention and early intervention. Development of system wide prevention strategy Working as a system (local authority, ICB and VCFSE) to protect investment in, and delivery and evaluation of, cross cutting functions that enable prevention and early intervention such as community engagement, community hubs and neighbourhood networks.
Update (October 2024) (Recent actions, performance updates, developments, emerging issues etc).	*Recent actions* Presentation to Accounts and Audit Committee highlighting return on investment from prevention, examples of local impact, overview of grant conditions linked to public health budget expenditure. Review of PH grant allocation to ensure alignment with grant conditions. Contract monitoring to ensure services commissioned by Public Health are cost effective. Public Health six monthly review of business plan and linking public health impact measures with corporate plan KPIs. Work begun on Business Case for the maximisation of Trafford Council's public health grant highlighting risk associated with disinvestment. *Emerging issues*: 1. Managing capacity and efficiencies with providers including pressures on demand led prevention budgets (eg Long Acting Contraception, Health Checks, Detox) 2. Uncertainty re inflationary uplifts linked to the Public Health Grant (not known until February (last quarter) of the funding year)

	3. Embedding and sustaining system wide prevention work such as Neighbourhood Programme and social prescribing including agreeing approaches to valuing impact. *Developments* Dedicated workshop is being held on 23 October 2024 facilitated by ARC-GM to look at Neighbourhood Programme Evaluation. Social prescribing steering group has been established. Clearly defined outcomes and standardised approaches to recording and reporting social prescribing data identified as medium term priority.
Further Actions Required / Planned	Strengthening Service Level Agreements to enable clearer feedback on measures of impact linked to identified public health outcomes. Paper on social prescribing to be taken to the October Locality Board to raise awareness of risks and mitigations.

Risk Number 5	**Likelihood (L)**	**Impact (I)**	**Risk Score (L x I)** **High** **Medium** **Low**	**Change in Risk Score**
Trafford Council must ensure that it and 3rd parties acting on their behalf are handling personal/ sensitive and commercial data securely both in technology and physical terms and in accordance with legislation and Trafford Council's policies and procedures. **The following areas of risk have been identified:** • **Compliance risks** • **SAR delays** • **FOI compliance** • **Data breaches** • **Mandatory Training** **(Legal and Governance) / Finance, Change and Governance)**	**3**	**5**	**15** **Medium**	**↓** **Decrease in risk score**

Corporate Priorities	All
Existing Controls and Risk Mitigation	• Reviews of data incidents: to identify problem areas; and to implement controls to mitigate against reoccurrence. • Active engagement with Children's Services (key area from which data breaches arise) to develop and roll out bespoke training.

	• Enhanced reporting capabilities to maintain greater oversight of FOI/SAR workloads and compliance. • Mandatory Data Protection and Information Security training modules are in place. • 'Basic' data protection training is in place for staff who do not process personal data in the course of their roles. • DSP Toolkit submission for 2024. This annual activity forms part of the IG annual work plan. • The Council has a Senior Information Risk Owner (SIRO) and Data protection Officer (DPO) to provide independence on the effectiveness of the Council's data protection controls. • A revised security incident management policy to account for the legislative changes has been produced and available to staff on the IG intranet.
Update (October 2024) (Recent actions, performance updates, developments, emerging issues etc).	• Reviews of data incidents: to identify problem areas; and to implement controls to mitigate against reoccurrence. o Data breach reports will be reviewed and authorised by the Data Protection Officer to ensure overview and consistency of outcomes and recommendations. o The service will meet with internal audit in the coming weeks to plan the work to address problem areas and strengthen the controls in place. o We are planning to provide targeted training to the service area with the highest number of data breaches, we have plans to deliver this in Q3 2024. • Mandatory Data Protection and Information Security training modules are in place. • 'Basic' data protection training is in place for staff who do not process personal data in the course of their roles. o The service continues to work with the Workforce and Core Strategy to maximise engagement and overall compliance with the mandatory training across the Council. o HR now includes compliance data in the monthly workforce report and dashboard. The reporting is reviewed by CLT and DMT, providing greater oversight and accountability across the Council. The compliance rate has been consistently high (89/90%) throughout the year. o The Council is procuring a new eLearning system for implementation in November 2024. The aspiration is that this will interact with existing systems, drawing through live data which will enable compliance to be more accurately monitored and promoted. o The service has been working with Workforce and Core Strategy to understand and identify responsibility for the training requirements of shared NHS and school staff in respect of data security matters.

	- DSP Toolkit submission for 2024. This annual activity forms part of the IG annual work plan. - The Council's 2024 submission was prompt and within timescale. - The Council was assessed as meeting standards, indicating that the minimum legal standards were met. - Resources and structure of the team has been reviewed with a view to improving resilience and support for the service. - The IG team is now fully resourced following the implementation of a service redesign and associated recruitment activity, which has strengthened the team particularly at management and administrative levels. This has provided a more robust structure for the team and increased resource and capacity to meet the Council's demands. - A further review is underway to consider the functions of the team in the context of current and future demand. - The Board that will oversee Information Governance across the Council to be reviewed in respect of role and remit and to be re-established. - The Information Governance Team is working jointly with the Business Intelligence Team to create and implement a Board that can oversee both Data Governance and IG, and also to align this with IT and Digital and the Digital Strategy in place. - From an Information Governance perspective, the purpose will be to empower individuals, teams, services and Directorates to take ownership of, and accountability for, data security in their own areas with a mechanism to ensure regular reporting in to the Corporate Leadership Team for management at the most senior level of the Council. - Timeliness of FOI requests in 2023-2024 against the annual target of 95% set by the ICO: - Q1 - 70% - Q2 - 73% - Q3 – 72% - Q4 – 62% - Timeliness of FOI requests in 2024-2025 against the annual target of 95% set by the ICO: - Q1 – 68% - Q2 – 81% (not finalised and subject to change) - We have seen the compliance rate increase to an average of 81% in this last quarter (85% for July, 75% for August and 82% for September although this is not yet finalised) as we have implemented a number of processes to improve the FOI compliance rate, including a halfway reminder and chasers at days 15 and 18. The number of overdue FOIs has come down from over 100 to 15. We will continue our efforts and expect that this will continue to rise.

FOI Received 2023/24	2023									2024		
	Apr	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**
Allocated	0	0	0	0	0	0	0	0	0	0	1	1
Completed within 20 w/d	65	76	75	75	81	69	89	88	64	112	80	76
Completed outside 20 w/d	37	26	30	25	34	28	38	31	20	63	49	40
% Completed within 20 w/d	64%	75%	71%	75%	70%	71%	70%	74%	76%	64%	62%	65%
Completed	102	102	105	100	115	97	127	119	84	175	129	116
Completion Rate	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	99%	99%
Total Received	**102**	**102**	**105**	**100**	**115**	**97**	**127**	**119**	**84**	**175**	**130**	**117**

FOI Received 2023/24	2024									2025		
	Apr	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**
Allocated	1	0	1	0	4	18	48	-	-	-	-	-
Completed within 20 w/d	97	90	75	109	82	94	27	-	-	-	-	-
Completed outside 20 w/d	50	46	26	19	23	2	0					
% Completed within 20 w/d	66%	66%	74%	85%	75%	82%	36%	-	-	-	-	-
Completed	147	136	101	128	105	96	27	-	-	-	-	-
Completion Rate	99%	100%	99%	100%	96%	84%	36%	-	-	-	-	-
Total Received	**148**	**136**	**102**	**128**	**109**	**114**	**75**	**0**	**0**	**0**	**0**	**0**

- Not all SAR and FOI requests are processed centrally by the IG team. The Place and Children's Social Care Directorates process their own enquiries which are sent out in the name of individual Directors. The individual requests and supporting information are not held centrally but are held on the systems used by those directorates. Whilst oversight of these processes remains with those directorates, the Team has strong working relationships with the coordinators which allows us to proactively address any barriers to responding on time.
    - The next area of focus will be on improving compliance rates for subject access requests, as well as maintaining and improving the current FOI compliance rate.
    - As part of the Microsoft 365/Dynamics 365 migration process, discussions are underway between key stakeholders across the Council and as part of those discussions, digital solutions are being explored to improve and automate processes where possible to accurately measure and improve performance.
    - A process has now been agreed with Children's Social Care to change how SARs from care leavers are processed. We will disclose in the first instance a bundle of key records that provides a summary of key events, as this will cut down on the waiting times often involved and therefore improve outcomes but also ease some pressure in dealing with often voluminous cases.

- Records management.

	○ As part of the Microsoft 365/ Dynamics 365 migration process, discussions were undertaken between key stakeholders across the Council in respect of retention policies and data archiving policies insofar as they relate to digital data. ○ The ICT service captured SharePoint retention requirements from services across the Council as part of this ongoing work. ○ The Council engaged an external consultant to refresh the Corporate Retention Policy and maintains this engagement to ensure timely and accurate updates. ○ Work has commenced in reviewing the position with archived hard copy records so that actions can be put in place to ensure that we can manage this risk and that we have a cost effective solution in place. ○ Information Asset Management will be reviewed and refreshed in conjunction with re-establishing the board that will oversee Information Governance.
Further Actions Required / Planned	• Mandatory Data Protection and Information Security training modules – work continues to maximise compliance across the Council as identified above. The Information Governance Team will work with the Learning and Development Team to monitor and review the impact of the new eLearning system on compliance rates. • DSP Toolkit submission for 2025 – work has not yet commenced but prompt compliance with the 2025 submission will be ensured. • Consideration of the functions of the team in the context of current and future demand continue and will be supported by an Annual Service Plan, which will link in with the refresh of the Directorate Plan following the launch of the new Corporate plan. • The service must develop the review of the IG team function and monitor this on a regular basis. • The service must explore the creation of IG champions across the Council to emulate the function of the board that will oversee Information Governance and the merits of its reestablishment. • Work is ongoing in connection with the Microsoft 365/ Dynamics 365 migration process as identified above. • Quarterly reporting on Data matters to CLT to be restarted. Targeted bespoke training to be delivered. • Analysis and improvement plan around SAR compliance rates to be delivered.

Risk Number 6		Likelihood (L)	Impact (I)	Risk Score (L x I) High Medium Low	Change in Risk Score
Leisure Services – The Leisure Investment Programme including: - • **Progress of Leisure Centre refurbishments** • **Councils ongoing subsidy levels for Trafford Leisure.** **(Place/ Authority wide)**		3	5	15 Medium	⬅➡ No Change
Corporate Priorities	Culture, sport and heritage for everyone. Healthy and independent lives for everyone. Addressing the climate crisis.				
Existing Controls and Risk Mitigation	In February 2022, Executive approved £52.1m into the capital programme to cover the costs of the proposed refurbishment of Altrincham, Sale and Stretford Leisure Centres. The programme was subsequently increased to £74.65m by Executive in February 2023 across all centres to include Partington LUF and additional Sport England funding for Altrincham. The revenue budget approved by Council in February 2022 included support to Trafford Leisure (CIC) of £1.1m for a full range of leisure provision for 2022/23 and over the medium term. The 2024/25 approved budget includes for support of £0.7m. The Council has an annual base budget of £715k for Trafford Leisure (CIC) support and holds a CIC reserve to smooth the impact of in-year Trafford Leisure deficits over the expected 5-year refurbishment period, to P&L maturity at end of March 2024. This will also be utilised to support the ongoing borrowing costs over the long term. To further mitigate this risk, the Council is working to reduce the ongoing subsidisation of Trafford Leisure through developing a revised operating agreement that will ensure the necessary governance and reporting mechanisms are in place including, legal and financial agreements, property leases and service standards. Service outcomes will be aligned to the wider strategic objectives of the Council.				

Update (October 2024) (Recent actions, performance updates, developments, emerging issues etc).	Sport England (SE) have confirmed £1.3m of grant funds for Altrincham. In October 2023 SE were approached for a further £300k to improve additional out of scope items including reverberation issues at Altrincham Leisure Centre. KIER (construction partners) are reporting that works will be completed by December 2024. In 2023 The Department for Levelling Up confirmed £18.3m of grant funding to support the refurbishment of Partington Sports Village. Sport England also confirmed an additional £2m of grant funds, and £86k revenue to assist with capacity was received from DHCLG. An additional £37,000 capital match funding was secured via Prosperity Fund for outdoor gym equipment, with revenue budget to support activation. A programme extension to March 26 has been approved by DHCLG. In October 2024 the Community Use Agreement (CUA) and Biodiversity Net Gain plan were submitted to planning, discharging the two remaining pre commencement conditions for Partington Leisure Centre redevelopment. A planning application was submitted for the changing rooms at Cross Lane. In October 2024 the Executive approved the Community Asset Transfer of Old Trafford Sports Barn. Work is ongoing to achieve the milestones required for the asset to be transferred by September 2025. PSDS applications for Leisure sites including Stretford and Partington were submitted to support the Council's investment and carbon reduction savings and outcomes but were unsuccessful. The council will be reviewing the application and resubmitting a revised application focusing on Partington Leisure Centre as part of PSDS round 4 now open for applications as of 9th October 2024. In February 2023, the Council executive approved Stretford Leisure Centre to follow Altrincham Leisure centre in the phasing of the leisure investment programme. The business case has been reviewed and options appraisals prepared for further consideration. The project is currently under review. Work to progress a new full Operating Agreement between Trafford Leisure and the council is ongoing with engagement of TL board. In October, Trafford Leisure submitted a performance monitoring report based on the new performance framework and KPIs within the draft Operating Agreement A performance report is currently being developed to communicate current performance. In November 2023, HMRC issued revised guidance on the status of VAT for Leisure Services. To ensure that the council can fully realise any benefits (c£300k) from these changes, legal and finance services have commissioned expert external advice to consider the legal, contractual, procurement and subsidy implications. A full report on progress of the Operating agreement is scheduled for Executive in December 2024. The council has agreed a deficit budget of £765k (including Real Living Wage) with Trafford Leisure for 2024/25 to deliver leisure services on its behalf.

Further Actions Required / Planned	A key risk across the investment period has been the financial impact on Trafford Leisure and the ability to maintain business continuity of service provision during the works through a robust displacement programme. With phasing on the Leisure Investment programme now confirmed and using the 2024/25 agreed budget position, an independent Leisure Consultant (Max Associates) have completed a 5-year business plan across the leisure estate. This has and will continue to help provide assumptions on the subsidy required over this period.				
Risk Number 7		**Likelihood (L)**	**Impact (I)**	**Risk Score (L x I)** **High Medium Low**	**Change in Risk Score**
Demand for school places under-estimated and/ or additional school places are not delivered to satisfy increased demand. **(Children's Services / Children's Services).**		**3**	**5**	**15 Medium**	**⬅➡ No Change**
Corporate Priorities	The best start for our children and young people				
Existing Controls and Risk Mitigation	• Thorough review based on GP population data is undertaken each year taking into account migration, recent and planned housing developments. • The Education and Early Years Capital Report, giving the analysis of and projecting the increased demand for school places is now being implemented and is updated annually. • Briefings to Leader, Portfolio Holder and Corporate. • Tailored application advice is provided for parents in areas of high demand to help secure Y7 places for Trafford residents, with a robust communication strategy implemented. • Regular meetings with DfE Place Planning Teams to monitor sufficiency are in place.				
Update (October 2024) (Recent actions, performance updates, developments, emerging issues etc).	**Primary Places:** In the normal admissions round for entry into reception in September 2023 and 2024 there were sufficient places for our residents with surplus places in all areas. The most significant surpluses are in the Altrincham planning area and the Stretford planning area. The volume of in-year applications, which was previously high, reduced significantly in school year 2023/24 where there were a total of 974 primary applications from families new to Trafford, down 22% on the previous school year. There continues to be ongoing pressure in upper year groups linked to families moving into Trafford towards the end				

	of their primary education, ready to access the selective secondary education system. This is the assessed position at the 17 October 2024: • In Sale East there are limited vacancies in some year groups - only 1 vacancy in Y4, 4 in Year 5, 8 in Year 6. • In Sale West there are limited vacancies in some year groups - only 4 vacancies in Y3, 1 in Year 4, 1 in Year 5 and none in Year 6. • In Urmston there are limited vacancies in some year groups - only 2 vacancies in Y3 and 6 in Year 5. • After implementation of a range of measures to increase capacity, Sale and Altrincham now have vacancies in other year groups. • Places above the admission number will continue to be allocated through the appeals process and fair access protocol in line with Trafford's determined admission arrangements. **Secondary Places:** In the normal admissions round for entry into Y7 in September 2023 there was just enough capacity to offer a place to everyone who applied. However, 191 Trafford children, predominantly resident in Altrincham and Sale, could not be allocated places at any of their preferred schools and were allocated places at the nearest school with a vacancy. 110 of these places were in other areas of Trafford. At the end of the allocation every secondary school in Trafford was full and many schools allocated places above their published capacity. In the normal admissions round for entry into Y7 in September 2024, there was enough capacity to offer a place to everyone who applied. However, 74 Trafford children could not be allocated places at any of their preferred schools and were allocated places at the nearest school with a vacancy. 31 of these places were in other areas of Trafford. At the end of the allocation every secondary school in Trafford was full and many schools allocated places above their published capacity. The latest forecasts indicate there will be a small projected shortfall of places for entry into Y7 in September 2025. School in Partington able to take one additional class of pupils within existing accommodation to meet the additional demand. Through the various mitigations and the declining birth rate we have successfully managed to meet our sufficiency requirements. The governance, systems and processes that are in place mean the position is continuously monitored and action taken.

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Further Actions Required / Planned	Actions School Places & Capital Board and Place Shaping Board have oversight of school place planning and school expansion projects. Key activity to mitigate risk: • Capital scheme underway at Altrincham College to create an additional 60 places per year group. This was originally scheduled to deliver places from September 2024, project challenges mean this has slipped to 2026/27. • School rebuild monies secured for Sale High School and Stretford Grammar School. • Additional 30 temporary places continue for school year 2024/25 in Y6 bulge class at Broomwood Primary School in Altrincham. • Additional 30 temporary places continue for school year 2024/25 in Y5/Y6 bulge class at Woodheys Primary School in Sale West. • Feasibility study underway for permanent expansion proposal at Broadoak School in Partington to create 60 additional places per year group to meet future demand from new housing. • Continue to update and review the most recent GP registration data, taking into account recent and planned housing development and pupil flows to the independent sectors and non-Trafford schools. • Annually review catchment areas for primary schools to ensure that the available places are targeted most effectively. • There is currently an overprovision of places in some planning areas for future reception cohorts in primary school and work is underway to identify options to reduce provision. Headteachers, governors and trade unions engaged to coproduce approach. Some applications to reduce PAN for 2025 have been submitted to the Office of the Schools Adjudicator (OSA). LA consultation to commence in November 2024 on proposals to reduce PAN in some schools from September 2026. • Additional regular monitoring of movement from the independent sector to the state funded sector is underway, linked to introduction of VAT on independent school fees. Potential to create primary sufficiency pressure in upper primary year groups in Altrincham. Once available places are filled, pupils will be placed through Fair Access Protocol (FAP) and if required, additional classes can be opened within existing spare classrooms.

Risk Number 8	Likelihood (L)	Impact (I)	Risk Score (L x I) High Medium Low	Change in Risk Score
Impact of Statutory Inspections (Authority-wide) **Children's Social Care services continue to be subject Inspections of Local Authority Children Services (ILACS) by Ofsted. A further visit has been undertaken in July which is not a judgement inspection and this highlighted some strengths and areas for development.** **A robust Ambitions for Children plan is in place and provides the framework for improvement activity. In addition Area SEND inspections for Local Areas (in respect of children and young people with Special Educational Needs and Disability including Alternative Provision for education) were introduced in April 2023. Trafford as a Local Area Partnership were subject to this inspection in October 2023 and similarly a full improvement plan is in place. The inspection recognised a number of strengths as well as areas for development and as such the inspection was broadly positive.** **Local Authority Adult Social Care Departments are also subject to an inspection regime from the Care Quality Commission (CQC). Trafford is yet to be subject to this new inspection framework and to support our readiness we have undertaken a number of external reviews facilitated by the LGA. This work has identified a number of areas that need to be strengthened.** **Although these inspections are carried out independently of each other, there is natural overlap between them. Should the outcome of a statutory inspection deem a service to be rated inadequate, then it can have significant reputational risk for the Council (and health partners). It will also have significant financial impact on the Council's Medium Term Financial Plan if additional resources are required to rectify areas identified as requiring immediate improvement by the inspection regime.** **Ultimately, if the inspections identify systemic failings in service delivery and practice, then the Government has, in certain circumstances, powers to mandate that appointed Commissioners are sent into the Council to directly oversee the functions identified as being inadequate.**	3	5	15 Medium	⬅➡ No Change

Corporate Priorities	All
Existing Controls and Risk Mitigation	• Significant experience of the Ofsted and SEND inspection framework in Children and Young People Services. Systems and processes in place to embed service improvement and management of inspection processes, including dedicated Ambitions plans for Children and SEND.

	• Governance in place to ensure traction and oversight at the highest level takes place to demonstrate compliance and continuous improvement in all areas of Children's services. • The risks will be monitored and covered in future budget setting and monitoring reports. • In respect of Adults Social Care, a dedicated Improving Lives Every Day Board has been established with an independent chair who is an expert in the field. (Appointed in April 2024). In addition a dedicated programme of work is in place to take forward the overarching planning and areas of improvement.
Update (October 2024) (Recent actions, performance updates, developments, emerging issues etc).	• In respect of Adult's Social Care, work continues to be progressed under the Improving Lives Every Day Board. This has a dedicated focus of the improvement work that is required and there is good engagement from across the whole workforce. • The Chair of the Board will be holding clinics in December to ensure that the actions are sequenced and prioritised in a way that will enable greatest improvement. This work will build upon a development session that has already been facilitated. • The overarching strategy and vision for Adult Services is in development and this will provide the frame for the whole Directorate. • Improvements have been made to the data systems and processes through the development of dashboards. • Inspection readiness meetings for the CQC have been established to ensure that the inspection process is well managed and sufficient resource is available at the point at which the inspection takes place.
Further Actions Required / Planned	Finalise the Adult Care Vision and Strategy. Continue to progress the agreed programme of work under the Improving Lives EveryDay programme. Strengthen the access points for residents with care and support needs in line with the progression of neighbourhood work so that help is easy to navigate and accessible. Relaunch and refresh QA systems to support our Improvement activity.

Risk Number 9	**Likelihood (L)**	**Impact (I)**	**Risk Score (L x I)** **High** **Medium** **Low**	**Change in Risk Score**
Breach of health and safety legislation leading to prosecution under the Corporate Manslaughter Act and other Health and Safety Regulations. **(Strategy and Resources / Finance, Change and Governance)**	**3**	**5**	**15 Medium**	**⬅➡ No Change**

Corporate Priorities	All

Existing Controls and Risk Mitigation	• Corporate Health and Safety Management System in place • Corporate Health and Safety Policy and guidance • 'Your Safety, Your Wellbeing' health and safety initiative in place to support effective health and safety management. • Six month and annual report to CLT/ JCP and Council. Quarterly JCC reports • Health and Safety Improvement Plan reviewed annually • Robust incident monitoring and investigation • Competent HSU advisory service • Proactive services and school audit programme • Specialist fire safety and moving and handling support in place. • Ongoing programme of staff training • Monitoring arrangements for contractors including the One Trafford Partnership • Delivery of employee health and wellbeing.
Update (October 2024) (Recent actions, performance updates, developments, emerging issues etc).	• The Trafford Internal Security Review Group has completed an assessment (including incident data analysis) of physical security measure improvements at Trafford Town Hall and Sale Waterside. A report made recommendations for a number of physical improvements at both locations which have now been agreed. The programme of works includes improvements at TTH Multistorey car park, TTH Reception turnstiles, TTH Staff entrance, Sale Waterside reception desk, interview rooms at both sites, improved CCTV provision at both sites and access pass system upgrades. • The Schools Capital Team have coordinated extensive surveys of the potential presence of RAAC (Reinforced Autoclaved Aerated Concrete) in schools where the Council is the responsible body with programmes of investigation in 2019, 2021 and recently in 2023 following the DfE communications. No schools, where Trafford is the responsible body for the school building, have been identified with confirmed or suspected RAAC. • The HSU have recently held meetings with the Estates team at Trafford MBC, where it was discussed that the Estates team will notify the HSU of up-coming projects where the HSU can provide H&S support/advice to the Estates team who will manage the projects. • The HSU have a new Schools SLA which incorporates 2 separate packages for schools, Gold and Silver. Gold package includes a Full H&S Audit (year 1) A Fire risk Assessment (year 2), and then the option to purchase the cheaper silver package (year 3) that provides full contact for advice with on demand the HSU and all resources. The silver option allows schools to have a year of SLA cost savings. This allows the schools to have a 3-year rolling programme of Health and Safety/ Fire Advice and this also allows the HSU to have resource available to work within our services to carry out Health and Safety Audits internally.
Further Actions Required / Planned	• Continued delivery of the schools' health and safety SLA audit programme and service audits as prioritised under the 'Your Safety, Your Wellbeing' initiative. • Delivery of the programme of security physical improvements works at TTH and Sale Waterside as highlighted through the Trafford Internal Security Review Group.

Risk Number 10		Likelihood (L)	Impact (I)	Risk Score (L x I) High Medium Low	Change in Risk Score
The Council does not fulfil its statutory duties and all accompanying policy requirements in terms of identifying and safeguarding vulnerable children and vulnerable adults with care and support needs. **(Children's Services / Children and Young People)**		**3**	**5**	**15 Medium**	**⬅➡ No Change**
Corporate Priorities	The best start in life for children and young people. Healthy and independent lives for everyone.				
Existing Controls and Risk Mitigation	Ambitions for Children Board and Ambitions Plan continues to be in place Chief Executive and Lead Member Assurance Meetings taking place quarterly TSSP Governance strengthened, separation of Adults and Children's agreed as we move into Multi-Agency Safeguarding Arrangements (MASA) Policy, Procedures and Guidance in Place and continually reviewed/updated Performance Management, Quality Assurance & Supervision Framework in place Investing in Our People Strategy being continually reviewed In respect of adults the soon to be launched Safeguarding Adults Board (SAB) will ensure that there is a dedicated focus on the safeguarding of vulnerable adults. The SAB will go live in Jan 2025. The recent external validation work has highlighted that there is a need to strengthen our collective Adult safeguarding activity. An independent chair and scrutineer for the SAB is in place and this is providing challenge and assurance to our work. A dedicated development session for partnership to determine the priorities for the SAB has taken place, (Nov 2024). In addition, within the Improving Lives Every Day there is a dedicated work stream in respect of the Local Authority safeguarding activity and strengthening the pathways, processes and practice in respect of formal safeguarding activity.				

Update (October 2024) (Recent actions, performance updates, developments, emerging issues etc).	The OFSTED ILAC inspection took place over 3 weeks in November and December 2022 across the range of Early Help & Children' Social Care services judged that the service was no longer Inadequate. In February 2023 the Improvement Notice was lifted as a result Trafford are no longer subject to statutory intervention and our year of support from Department for Education has now been completed. A subsequent Focus Visit took place in July 2024 which again highlighted some areas that had improved as well as those that needed strengthening. Plans have been progressed in respect of the Multi-agency Safeguarding Arrangements for Children (MASA) in accordance with statutory guidance and this is inclusive of a Safeguarding Effectiveness Group that ensures a line of sight on partnership activity. From a Local Authority perspective there is strong governance and oversight of all safeguarding activity through a series of performance arrangements and data arrangements as well as practice learning. Our social work academy approach is providing a framework for ensuring that all policies, procedures and practice guidance are compliant with statutory responsibility. A detailed safeguarding audit facilitated by Partners in Care Health (DASS and LGA) has been undertaken and this provided a benchmark in respect of adult safeguarding activity. The findings of the audit have been reported to the Improving Lives Everyday Board and a dedicated plan and response to the findings of the audit has been developed (and is embedded within existing plans) Work is ongoing to strengthen our formal response to safeguarding concerns and practice guidance is being developed. The line of sight and reporting of adult safeguarding concerns has been strengthened with dedicated dashboards being in place. We are now linking this to our improvement activity. Work is ongoing to strengthen to strengthen our response to concerns that are raised out of normal working hours and a review of this through the children's lens has taken place.
Further Actions Required / Planned	• Quality of Out of Hours provision (Emergency Duty Team) – Service Development Plan in place, findings from external review to be progressed. • Refreshed adult safeguarding pathways to be formally launched and cascaded across the partnership. • Revised partnership safeguarding arrangements to be formally launched – SAB and MASA to become fully operational.

Risk Number 11		Likelihood (L)	Impact (I)	Risk Score (L x I) High Medium Low	Change in Risk Score
A successful Cyber Security Attack could lead to sensitive data being compromised, denial of access to the Council's computing services or severe degradation or loss of control of those services. **(Finance & Systems / Finance, Change and Governance)**		**3**	**5**	**15 Medium**	**⬅➡ No Change**
Corporate Priorities	All				
Existing Controls and Risk Mitigation	• The Council has partnered with an experienced security provider (The Networking People (TNP)) who provide consultation, strategy, and technical steer on all aspects of ICT Security. TNP have detailed processes for data security which are accredited to ISO27001. Their Information Security Management System (ISMS) is audited annually to ensure continuing compliance. • The Council continues to maintain its compliance to data and cyber security frameworks such as the Payment Card Industry (PCI) Framework and the Data Security and Protection Toolkit. • All Desktop Services are now running Windows 10 which is locked down to a Trafford standard build to avoid further deployment of non-standard software. • Encryption defence is installed on all devices. • Use of memory sticks and external devices is restricted, and any device will be encrypted. • Enforcement of an Acceptable Use Policy across the Council. • The Council continues to maintain the best practices set out by Central Government and keeps abreast of current Security trends via 3rd party consultancy and membership of external bodies e.g., Northwest Warning, Advice and Reporting Point (WARP). • The Council has partnered with an external company to provide online mandatory training courses that all staff must take and pass within a given time frame. These courses include but are not limited to: Data Protection Act 1998; Fraud Awareness; Freedom of Information Act 2000 & Information Security. • An internal cyber security group meets monthly to review and manage the Council's cyber defences and processes. Progress against the audit review recommendations is monitored at the meetings. • IT Managers have attended the National Cyber Security Centre / iNetwork Cyber Resilience Training Programme.				

	• A phishing awareness campaign began during 2021 to provide employees and Councillors with ongoing security awareness training. The campaign has successfully raised awareness of phishing risks and continues to run as phishing is one of the main threats. • The IT & Digital Service have undertaken a cyber audit on the Trafford IT environment in conjunction with the Department for Levelling Up, Housing and Communities (DLUHC). A Cyber Treatment Plan has been agreed following the audit, with planned improvement supported by funding. One of the main improvements is a Cloud backup storage solution which was procured in August 2022. This provides offsite secure backups to allow recovery in the event of a cyber-attack and ensure our M365 hosted data is also backed up. We are in the final stages of implementation with the majority of the Council's data now being backed up via the cloud solution. • Audits have identified applications exist on the Trafford network that are no longer supported by the software vendor. The unsupported applications are therefore not protected from the latest security threats. Work continues upgrading, replacing, or decommissioning unsupported applications but this will be an ongoing activity. • Creation of an internal Cyber Security Team and recruitment to the two posts was completed in December 2022.
Update (October 2024) (Recent actions, performance updates, developments, emerging issues etc).	Windows Auto Patching is now live across the Trafford Estate. Windows Auto patching automates the process of rolling out Windows updates and provides stronger governance and resilience of council devices. The Cyber/IT Risk Register has been reviewed and updated. The risk register is aligned to the ISO 31000 standard for managing and mitigating risk which creates a strong foundation for managing Trafford's estate and improving the council's long-term security posture. A Cyber Incident Response Plan (CIRP) has been developed. This was identified as an area for improvement during the Cyber Assessment Framework Review in April 2024 and should dramatically reduce the potential disruption caused by a cyber-attack. In addition, playbooks that allow us to simulate potential incidents and test our current response have been created. They also enable key personnel to become familiar with the process so that if an incident occurs, we are prepared to respond in a controlled and efficient manner. Additional Conditional Access policies have been reviewed to improve cyber security controls. These policies use elements of machine learning to detect when users may be being impersonated by unauthorised attackers. These policies also detect abnormal user behaviour and flags this to the IT Security team to be investigated.
Further Actions Required / Planned	The plan to enable a feature within the council's current security stack, enforcing user acceptance of business policies such as Acceptable Use Policy (AUP), will be progressed. Staff will be prompted at log on to read, acknowledge, and sign policies before they can access the network. Staff will be initially prompted to read the policy two weeks prior to enforcement, and reminders will be sent in due course. Staff can dispute a policy if they require further information around what the policy entails. A Proof of Concept will be progressed and the outcome reviewed before the feature is introduced for all staff.

	Annual access management audits are to be actioned and reviewed. Role Based Access Controls (RBAC) are to be created based on roles, this ensures that staff are only given the access they need to complete their jobs. Stronger enforcement of Privileged Access Management is to be established, to confirm that identity and duration of access is monitored thoroughly, and an audit trail of access is recorded. Additional licenses for the council's Security Incident and Event Management (SIEM) solution are being implemented which will increase coverage from 40% to 100% of the server estate and will dramatically improve monitoring capabilities. The additional licences will enable the monitoring of specific assets in more granular detail and closely monitor the likelihood of a potential attack.				
Risk Number 12		**Likelihood (L)**	**Impact (I)**	**Risk Score (L x I)** **High Medium Low**	**Change in Risk Score**
Asset Investment Strategy **(Finance & Systems / Finance, Change and Governance).**		**3**	**5**	**15 Medium**	**⬅➡ No Change**
Corporate Priorities	All				
Existing Controls and Risk Mitigation	Approval of acquisitions, senior debt lending and other capital investments are made by the Investment Management Board following technical due diligence by external property advisors CBRE, supplemented by cost consultants, valuers and legal advice. Performance monitoring is undertaken for all investments on a regular basis, looking at the current market conditions, tenant strength and also an annual valuation of the asset. Monitoring is reported to both the Executive and the Investment Management Board. Annual provision will be set aside from the rental income for repayment of debt, together with an element transferred to a risk reserve. In the event of an adverse movement in asset values then consideration will be given to make further charges to the revenue budget. Compliance with the Prudential Code and adherence to statutory guidance. The Council has four joint ventures with Bruntwood and governance arrangements have been developed for these. A Partnership Board exists with equal representation from the Council and JV partner. Cashflow and business plan				

	information is also regularly reported to the Board. Information is also provided separately to the Council's Executive on the trading performance of each Company.
Update (October 2024) (Recent actions, performance updates, developments, emerging issues etc).	As part of the annual budget setting an updated Investment Strategy was approved by the Council in February 2023 and this strategy will continue to be adopted during 2024/25. The latest budget monitoring report (Period 4) presented to Executive in September identified total committed investments of £372m, with forecast net income of £4.9m for 2024/25. Security of the Council's investments remains the overriding priority and is why the Strategy focussed on lower-risk assets. The investment properties were acquired for longer term income stream stability and whilst this remains strong there are a small number of properties which are currently the subject to rent reviews in line with lease agreements. The post-Covid working environment, interest rate rises and economic uncertainty have combined to increase the risk environment for the Asset Investment Strategy over the last 12 months. The overall risk score remains currently unchanged given the existing controls but this could change. Each year a review of asset values is undertaken across the portfolio and the outcome of this is reported in the annual accounts and year-end budget monitoring reporting. The income streams from the investment, with the Council's joint venture partner Bruntwood, in Stretford Town Centre is impacted by the town centre regeneration scheme and therefore borrowing costs related to the acquisition of the asset are being financed from the earmarked risk reserve and will be for a temporary period until the redevelopment is completed. In July the Executive agreed the creation of a new joint venture with Bruntwood which would have the objective of developing new homes and jobs at Stretford Town Centre, The Stamford Quarter and Lumina Village.
Further Actions Required / Planned	To continue to review the impact the range of investments is having on the Council's cashflows and borrowing strategy, particularly in light of increases in the Council's borrowing rates from the PWLB over the last 12 months. To continue to review the risk position with regard to each investment asset in light of the wider economic environment. To continue to seek new opportunities to support further regeneration and to provide additional income to achieve budget targets. A number of potential investment opportunities are currently subject to due diligence and final approval for a number of schemes will be sought from Investment Management Board over the next few months.

Risk Number 13		Likelihood (L)	Impact (I)	Risk Score (L x I) High Medium Low	Change in Risk Score
Loss / absence and retention of staff within the organisation. **(Strategy and Resources / Finance and Governance).**		**3**	**5**	**15** **Medium**	**⬅➡** **No Change**
Corporate Priorities	All				
Existing Controls and Risk Mitigation	▪ People Strategy framed around employee journey and 4 pillars, Attract & Recruit, Engage & Sustain, Grow & Develop and Sustain. ▪ CLT Monthly Workforce Report. ▪ HRBP continuous review of leadership structure and creation of new senior management roles and interim arrangements to ensure sufficient breadth of leadership capacity and succession. ▪ Executive Search Framework in place. ▪ Succession planning strategy implemented for business critical & senior posts. ▪ Strengthening of the senior leadership team- introduction of new Corporate and Directorate level posts to strengthen leadership capacity. ▪ Opportunity for permanent recruitment for critical posts, with relocation available to ensure the widest candidate base. ▪ Smart working styles and flexible working. ▪ Recognition of high performers through various schemes (Cheers for Peers, EPIC Star & Time to Shine Awards) ▪ Access to SOLACE development programme for rising stars to aid succession planning and talent management. ▪ Access to Executive Coaching if identified for personal development. ▪ Fully funded Senior Leadership and management development/qualification available. ▪ Health & Well-being strategy in place. ▪ 'Your Safety, Your Wellbeing', campaign launched to refocus on the steps we should all be taking to finish the working day, safe and well every day. ▪ Robust wellbeing offer with tools support in place, which is a current review and refresh is being undertaken. ▪ Coaching strategy & offer in place to support personal and professional development with one to one development and wellbeing coaching available to senior managers alongside executive coaching. ▪ b- Heard Engagement Survey and analysis of results at senior leadership level supports to identify areas of attention and focus.				

	▪ Leaders Let's Talk Sessions relaunched in face to face to support senior leadership engagement alongside annual leadership summit. ▪ Performance Management framework in place (Check-in's) supporting conversations around wellbeing, performance and career development.
Update (October 2024) (Recent actions, performance updates, developments, emerging issues etc).	▪ Refresh of our People Plan and engagement with partners and stakeholders concluded. People Plan due to launch in November/December 2024. ▪ Work undertaken to formalise our succession planning approach, with the aim of identifying critical roles in the first phase and potential successors with development plans in place. ▪ Post approval of succession and talent approach a leadership behaviour framework is to be developed to help support objective identification of potential alongside performance. ▪ Planning for our next b-Heard survey has started. The survey will take place in April/May 2025 and outcomes and results will help shape further actions. ▪ HR toolkit Training for Managers is being developed focusing on supporting and developing training around some of the key policies e.g. attendance management, investigatory skills, Fixed term Contract Training. ▪ Leadership Summit to take place on 02 December 2024 with wellbeing featuring as one of the workshops/sessions. Wellbeing continues to feature in all our Let's Talk events alongside updates on work being undertaken across the organisation to support the achievement of our Corporate Priorities. ▪ Introduction of a new Level 7 Executive Leadership Programme (supported through the apprenticeship levy) with a Public and North-West Focus to support those wishing to Leap into executive leadership.
Further Actions Required / Planned	▪ Pilot Cohort (Level 7 Executive leadership programme) to take place with colleague volunteers starting in 2024. 4 Colleagues have signed up to cohort 1 and 2 and a further potential 6 colleagues have expressed an interest in attending the next programme due to commence over the next couple of months. Feedback to date from those colleagues on cohort 1 has been positive. ▪ Relaunch of People strategy. Planned November/December 2024. ▪ Sign off and approval of succession and talent approach and actions to be implemented. ▪ Career development pathways from entry level to more senior level to be developed (pending approval from CLT). ▪ Leadership Behaviour Framework to be designed and developed and approach to broader talent management to be promoted and further embedded. ▪ Continued focus on wellbeing at Leaders Let's Talk Events and Leadership Summit. ▪ Corporate induction and onboarding to be developed to support colleagues to get off to the best start possible at Trafford.

Risk Number 14		Likelihood(L)	Impact(I)	Risk Score (L x I) High Medium Low	Change in Risk Score
Disruption to core public health business due to increased health protection response requirements. **(Authority-Wide)**		**4**	**3**	**12 Medium**	**⬅➡ No Change**
Corporate Priorities	Healthy and independent lives for everyone				
Existing Controls and Risk Mitigation	UKHSA manage health protection incidents, Trafford Council Public Health Team and DPH are accountable at a place level.				
Update (October 2024) (Recent actions, performance updates, developments, emerging issues etc).	Emerging issues: Winter will see increased seasonal health protection (infectious disease) activity. 2024 has already seen significant increases in rates of some infectious diseases nationally and in GM, notably measles and pertussis (whooping cough). Reduced vaccination rates since covid nationally, add to the likelihood of larger outbreaks of vaccine-preventable disease. Avian and seasonal flu risk have both been identified this year and are on the increase earlier than usual for flu season. ICB changes and GP collective action have resulted in some complications in responding to incidents and outbreaks. UKHSA have not indicated any specific capacity issues currently. Increased contact with UKSHA due to new lead for Trafford with historical relationship. Recent actions: Flu preparedness table-top exercise with system partners though some follow up with specific colleagues was required. This exercise reviewed and tested the Local Outbreak Management Plan. Fortnightly health protection public health management meeting. Quarterly Health Protection Board chaired by Director of Public Health. Regular attendance from Public Health at ICB SLT. Regular attendance at GM Immunisation and Health Protection meetings to understand emerging risks and mitigations. Escalation of GP Collective action impact and on-going monitoring through Public Health SLT				

	Targeted vaccination and information programmes working with voluntary sector community groups and IPC team and primary care to increase uptake in under-served populations. Additional funds secured through GM for MMR are being delivered now.				
Further Actions Required / Planned	New RSV vaccine should prevent future illness but needs on-going support to roll out. Public Health to be included in winter planning to take account of preventative opportunities and risks surrounding additional pressures from health protection incidents which are more likely during winter.				
Risk Number 15		**Likelihood(L)**	**Impact(I)**	**Risk Score (L x I)** **High** **Medium** **Low**	**Change in Risk Score**
The One Trafford Partnership fails to deliver services to the required standard or fails to deliver required efficiency savings. **(Place / Highways, Environment and Traded Services)**		**2**	**5**	**10 Medium**	**⬅➡ No Change**
Corporate Priorities	All				
Existing Controls and Risk Mitigation	• Contract commenced on 4th July 2015. • Task and Finish Working Group reported to Exec in Feb 2019. • Appraisal into future service delivery models conducted in July 2019 • Review of all council governance on the contract has been undertaken. • Governance structure in place to oversee service delivery at a strategic and operational level. • Business Continuity Plan in place.				
Update (October 2024) (Recent actions, performance updates, developments, emerging issues etc).	• 7-year review of all contract services to improve systems, processes and communication within the contract – Update to Council presented September 2023, met with support from all sides. Completion of the legal documents is now imminent. • Uplift in performance noted as part of the 7-year Review particularly in waste. • Take over of Amey has lessened the risk of parent company changes. New management showing commitment to invest and commitment to the leader and senior officers. • Reviewed the work programme which includes service improvement plans, cyclical plans for all transactional services, health and safety risk assessments and methods of working. refresh of all business continuity plans to ensure services are maintained in the event of planned or unplanned events.				

	• Reorganisation of Client team has been completed. This has strengthened resilience and knowledge base and increased capacity to deliver projects. Some changes may be expected as we have some key personnel pressures this year. • As part of 7-year review complete reorganisation by TUPE of recycling team back from Amey on June 1st 2023. • In September 2023 moved likelihood of risk down to 2 from 3, This reflects the improved relations between the Council and Amey.				
Further Actions Required / Planned	7-year review to be finished with improved governance for the contract taking into account improved working relationship. Rebate mechanism now finalised for Capital and legal agreement and was due to be ratified by end of financial year 2023/4 (however this has been subject to a slight delay due to legal negotiations and drafting, this is now imminent, with final drafting having been sent to Amey).				
Risk Number 16		**Likelihood(L)**	**Impact(I)**	**Risk Score (L x I)** **High Medium Low**	**Change in Risk Score**
Delay in completing the Business Continuity (BC) Programme Project, resulting in an increased risk that the Council may fail to deliver Council services in the event of significant disruption. (Authority-wide)		**3**	**3**	**9 Medium**	**⬅➡ No Change**
Corporate Priorities	All				
Existing Controls and Risk Mitigation	Corporate Business Continuity Plan and Policy in place, updated 2022. All services provided a Business Continuity Service Lead (BCSL) as a Single Point of Contact. BCSL's offered and received a one to one session to complete Business Impact Analyses (BIAs) and Business Continuity Plans (BCPs). CLT sighted on all work undertaken and have full agreement. Testing of plans undertaken, and recommendations shared with BCSL's. Business continuity shared portal established, and all plans and documents stored on a SharePoint.				
Update (October 2024) (Recent actions, performance updates, developments, emerging issues etc).	Emergency Planning Manager's CBCI course completed in March and exam taken and passed in April 2024. Design of new simplified Business Impact Analysis (BIA) created and currently undergoing trial with several services for feedback and update, due at end of June 2024. Once trial completed and any amendments made, the updated BIA will be shared across the organisation, with BIA workshops and One to One sessions, starting in Q2 offered. Once returned, the BIAs data will allow compilation of a Priority 1, 2, and 3 list with timescales of maximum permitted disruption times.				

	New Business Impact Analysis (BIA) trial with several services now completed with feedback and update/amendments made. The New Business Continuity Plans for internal services has also been trialled and both documents are due to be reported on at CLT in October. Once CLT approve, both the new documents will be shared across the organisation, and dates with invites to workshops will begin immediately. As the BIAs are returned, their data will allow compilation of a Council Priority 1, 2, and 3 list with timescales of maximum permitted disruption times to be included in the Crisis Management Team response plan and also provide response direction for IT's Disaster Recovery Plan
Further Actions Required / Planned	Further consideration regards progressing action plan in respect of audit recommendations made. Annual review of all BIAs and BCPs will need to be completed and signed off by relevant senior officers.

TRAFFORD COUNCIL

Report to:	**Accounts and Audit Committee**
Date:	**21 November 2024**
Report for:	**Information**
Report of:	**Audit and Assurance Manager**

Report Title

Audit and Assurance Report for the Period July to September 2024.

Summary

The purpose of the report is:

- **To provide a summary of the work of Audit and Assurance during the period above.**
- **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
Email: mark.foster@trafford.gov.uk

Background Papers: None

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TRAFFORD
COUNCIL

Audit and Assurance Service Report July to September 2024

Date: **November 2024**

1. Purpose of Report

This report summarises the work of the Audit and Assurance Service between July 2024 and September 2024 and highlights progress against the 2024/25 Internal Audit Plan to date. At the end of the year, these update reports will be brought together in the Annual Head of Internal Audit Report which will give the opinion on the overall effectiveness of the Council's control environment during 2024/25.

2. Planned Assurance Work

Key elements of the 2024/25 Work Plan, produced in March 2024, include:

- Fundamental Financial Systems reviews.
- Input to the Annual Governance Statement.
- Continued input to and review of risk management arrangements and provision of guidance.
- Review of corporate procurement and value for money arrangements.
- Audit reviews in respect of ICT and information governance.
- Anti-fraud and corruption work, including the National Fraud Initiative.
- School audits and other establishment audit reviews.
- Grant claim certification work.
- Audit reviews of other areas of business risk including audits of services and functions.
- Provision of guidance and advice to services across the Council.

3. Main areas of focus – July to September 2024

Work in the quarter included issuing a number of final audit reports across various service areas. There was also work completed in respect of Internal Audit input to the sign-off of 2 grant claims. Follow-up reviews were also undertaken of previous work. All audit reports completed in the period are listed in Section 5 and other key areas of audit work undertaken referred to in Sections 6 and 7.

4. Summary of Assurances July to September 2024

There were 6 internal audit reports produced in the period (5 final audit opinion reports and 1 draft advisory report). In addition, there were checks completed in relation to 2 grant claims providing assurance from the Council that the grant conditions had been complied with.

In respect of the 5 final reports issued, 1 provided a "Substantial" level of assurance and the other 4 provided "Reasonable" Levels. (See Appendix 2 for an explanation of audit opinion levels).

(See Section 5 for a listing of reports issued, together with a summary of findings).

5. Summary of Audit & Assurance Opinions Issued – July to September 2024
(See Appendix 2 for details of Audit opinion levels, report levels and report status)

REPORT NAME (DIRECTORATE) / (PORTFOLIO) by Coverage Level (1-4)	-OPINION R/A/G (Date Issued)	COMMENTS
FINAL REPORTS ISSUED		
Level 4 Reports:		
IT Service Management (Finance and Systems) / (Authority-Wide)	Reasonable (12/8/24)	Trafford Council's ICT and Digital team provides IT services and associated support across the Council. The main point of contact for service users to report incidents and make requests is the Council's ICT service desk. The objective of this review was to verify whether there were appropriate controls in place to minimise key risks associated with the operation of the Service Desk. Overall, it was found that key risks are being managed to an acceptable level. A new service management system, Freshservice, was implemented in 2022, which alongside updated procedures, support the operation of the service desk. Some recommendations were made to enhance existing processes including the development of performance metrics and key performance indicators for the IT Service Desk. There should also be a review of the classifications on the system of incidents reported together with associated guidance to ensure various incidents and requests are prioritised effectively.
Level 3 Reports:		
Adult Services – Direct Payments (Adult Services) / (Healthy and Independent Lives)	Reasonable* (3/9/24)	Direct Payments are monetary payments made to individuals to meet all or some of their eligible care and support needs. Following a previous audit reported in August 2022, a further review was undertaken to assess recent developments. Overall, it was found that there are generally sound controls in place. There was evidence of progress being made with each of the previous 15 recommendations although in relation to each area reviewed, further actions are planned to improve processes further. A Direct Payments policy is being developed with associated guidance. Work is ongoing in the development of performance management and quality assurance processes.
Level 2 Reports:		
Catering Services (Strategy and Resources) / (Highways, Environmental and Traded Services)	Reasonable (22/8/24)	Catering Services forms part of Operational Services for Education. Services are provided to schools as well as the Terrace Restaurant at Trafford Town Hall. The review covered performance management arrangements, financial management arrangements including budget monitoring; the arrangements for the use of purchase cards, including monitoring and control of expenditure; income monitoring and stock control. Overall, sound controls were found to be in place. Areas for improvement identified included processes for the raising of debtor invoices by Catering Services, including introducing independent checks for accuracy. In addition, for improved stock control, a recommendation was made to ensure that more regular stock-takes are carried out by the various school kitchens.
Level 1 Reports:		

Victoria Park Infants School (Children's Services) / (Children and Young People)	**Substantial** (22/7/24)	A good standard of governance and internal control arrangements were found to be in place. The school has a detailed financial procedures manual setting out its processes. Relevant school policies are reviewed on a regular basis. A small number of recommendations were made which included ensuring the school's charging policy is published on its website and ensuring there is an adequate inventory of school equipment.
All Saints Catholic Primary School (Children's Services) / (Children and Young People)	**Reasonable** (22/7/24)	Overall, a good standard of internal control and governance was found to be in place across most areas covered by the audit. A number of recommendations were made to improve processes supporting the ordering of goods and services including in some instances in relation to recording evidence of quotes and authorisation of orders made.
DRAFT REPORTS		
Care Leaver Payments (Children's Services) / (Children and Young People)		By the end of September, draft findings had been shared with management. A final report is to be issued, and outcomes will be reported in the October to December 2024 Audit and Assurance update.
OTHER REPORTS	**DATE COMPLETED**	**DESCRIPTION / COMMENTS**
GRANT CERTIFICATION: Disabled Facilities Grant (Adults' Services) / (Healthy and Independent Lives)	(19/9/24)	The purpose of the grant is to enable funding for providing adaptations to disabled people who qualify under the scheme. The grant allocation for 2023/24 was over £2.4m. Further to audit checks being undertaken, Audit and Assurance submitted a declaration to the Department for Levelling Up, Housing and Communities to state based on work undertaken that the conditions attached to the 2023/24 Disabled Facilities Grant had been complied with.
GRANT CERTIFCATION: Local Transport Capital Block Funding (Pothole Fund) (Place) / (Highways, Environmental and Traded Services)	(18/9/24)	Greater Manchester Combined Authority (GMCA) is the accountable body for Government funding awarded through the Pothole and Challenge Fund for Highways Maintenance of over £4.4m in 2023/24. There is a requirement for the GMCA to certify to the Department for Transport (DfT) that funds have been spent in compliance with grant conditions and requested each of the GM authorities to provide assurance. For Trafford Council the allocation amounted to £369k. Audit confirmed that based on work undertaken, the opinion given was that in all significant respects, the conditions stated in the grant award letter in relation to Local Transport Capital Block Funding (Pothole Fund) have been complied with.
**Denotes this final report is a follow up audit – i.e. the main focus of the review was a follow up of recommendations made as part of a previous internal audit review.*		

6. Other Audit and Assurance Work

In addition to the progression of internal audit reviews, other work undertaken during the period has included the following:

- Commencing work to support the 2024/25 National Fraud Initiative, preparing for the submission of data through liaison with all services that are required to provide information. (Update on work completed to be included in the October to December 2024 Audit and Assurance update).
- Ongoing support to facilitate the review of the Council' strategic risk register (an update report is due to be provided to CLT and the Accounts and Audit Committee in November 2024).
- Liaison with Legal and Governance to provide some advice and input to the production of the final version of the 2022/23 Annual Governance Statement, to be published alongside the 2022/23 accounts.
- Ad hoc advice to services including in respect of administration of imprest accounts in Children's Services and advice on some IT data security issues provided by Salford Internal Audit Services to the IT and Digital team.

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 final audit opinion reports produced and issued by the Audit and Assurance Service during the quarter, all 24 recommendations made have been accepted. For the year to date up to 30 September 2024, all 40 recommendations made have been accepted. A number of other audits were in progress during the period and levels of acceptance of recommendations made in the subsequent final reports will be reflected in the next Audit and Assurance update.

Implementation of Audit Recommendations

Internal audit reports are followed up to assess progress in implementing improvement actions identified through audit recommendations.

See Section 5 regards the final audit report in respect of Adult Services Direct Payments.

In respect of 2 other audits previously completed, the relevant services were requested to provide an update on progress in implementing audit recommendations made. The following details were reported:

- Corporate Health and Safety (Strategy and Resources) – Both previous recommendations made had been implemented.
- Broadheath Primary School (Children's Services) - All of the 5 previous recommendations had been implemented.

In the year to date, of 54 recommendations followed up, 22 have been fully implemented, 31 recommendations have been implemented in part or are in progress with 1 yet to be implemented.

8. Performance against Audit & Assurance Annual Work Plan

Progress to date:

Appendix 1 shows a summary of work completed as at 30 September 2024 against planned in respect of the 2024/25 Operational Internal Audit Plan.

It was planned that a target of 6 reports (comprising opinion reports, advisory reports and grant sign-offs) were to be completed in Q2 of 2024/25 to final or draft stage. As referred to in Section 5, 6 reports were actually produced. It is planned for the remainder of the year that at least 6 reports per quarter are produced.

The next update on progress against the 2024/25 Internal Plan, including reports issued, will be included in an update for Quarter 3 to be shared with CLT and the Accounts and Audit Committee in February 2025.

9. Planned Work for October to December 2024

Areas of focus include:

- Issue of audit opinion reports for the following audits – Housing Standards, Budgetary Control, Building Control and Bowdon Church School.
- Finalised advisory reports to be shared in respect of reviews covering Care leaver payments and Accounts Receivable.
- Submission of data to the Cabinet Office by October 2024 as required as part of deadlines set for the 2024/25 National Fraud Initiative.
- In liaison with CLT, report on a further update of the strategic risk register with an update report due to be shared with the Accounts and Audit Committee in November 2024.
- As part on ongoing internal audit planning, in liaison with relevant Directorates, consider timing for some of the remaining reviews in the Internal Audit Plan.
- Continue to consider developments in relation to changes in Internal Audit Standards. CIPFA have issued a consultation regards the replacement of the Public Sector Internal Audit Standards following changes to Global Internal Audit Standards. Expected changes are due to come in to effect from 1 April 2025. It is planned that the Council's Internal Audit Charter and Strategy will be reviewed and updated and shared for review by CLT and the Accounts and Audit Committee by March 2025 to reflect any changes.

APPENDIX 1

2024/25 Operational Plan: Planned against Actual Work (as at 30 September 2024)

Category	Planned work	Work completed (as at 30/9/24)	2024/25 IA Plan
Financial Systems	**Audits of fundamental financial systems reviews and advice in relation to systems and procedures.** **Audit Reports planned to be issued in 2024/25 include the following:** **- Children's Social Care Payments (Children's Services)** **- Accounts Receivable (Finance and Systems)** **- Payroll (Strategy and Resources)** **- Budgetary Control (Finance and Systems/Authority-wide)** **- Purchase Cards (Finance and Systems)** **Other audits to commence in 2024/25 include:** **-Accounts Payable (Finance and Systems)** **-Council Tax (Finance and Systems)**	 -Final report issued 10/5/24 -Draft advisory report shared - -In progress - - -	 -Completed -Final report to be issued Q3 -Planning to commence Q3/4 -Draft report to be issued Q3 -Planning to commence Q3/4 -Planning to commence Q4 -Planning to commence Q4
Governance	**Corporate Governance / AGS (Legal and Governance) – to liaise with Legal and Governance, including providing comment on processes supporting the AGS, and its content with reference to the CIPFA/SOLACE Governance framework and guidance.** **Advice / assurance in respect of governance issues and ongoing liaison with services to consider further audit reviews.**	Work to date has included: -Liaising with Legal and Governance providing feedback on, and input to, the content of the 2023/24 Draft AGS issued in June 2024. -Advice regards the process for finalising the 2022/23 AGS.	-Support to Legal and Governance regards the process for finalising the AGS for 2022/23 and 2023/24 alongside the audited accounts and in respect of planning for the collation of the 2024/25 AGS.
Corporate Risk Management	**Facilitating, and reviewing the effectiveness of, the maintenance of the Council's strategic risk register.** **Actions to support the Council's Risk Management Strategy including provision of guidance, independent review of existing risk management arrangements and, where applicable, recommend areas for development.** **Follow-up of previous audit reviews to include:**	-Facilitated strategic risk update report presented to Accounts and Audit Committee in June 2024. Commenced a further update in September 2024	-Strategic risk register update report to be shared with CLT/Accounts and Audit Committee in November 2024.

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	- Business Continuity (Place/Authority-wide) **- Health and Safety (Strategy and Resources)**	- -Follow-up update completed	-Follow-up audit update to be requested in Q4 - Completed
Anti-Fraud and Corruption	**Co-ordinate the Council's activity in respect of the National Fraud Initiative in accordance with Cabinet Office requirements.** **Contributing to investigations of referred cases of suspected theft, fraud or corruption. Other work to support the Anti-Fraud and Corruption Strategy, including working with other relevant services to review existing strategy, policies and guidance.**	-Reporting of outcomes from the National Fraud Initiative exercise completed, with details reported as part of the 2023/24 Annual Head of Internal Audit Report at the June 2024 Accounts and Audit Committee. Above reporting included reference to Internal Audit support to investigation work undertaken in 2024. -Preparations commenced for the 2024/25 National Fraud Initiative exercise	- Submission of required data for the 2024/25 National Fraud Initiative exercise completed by October 2024 with matches due to be released by December 2024 for subsequent follow up.
Procurement / Contracts/ Value for money	**Review of procurement / contract management arrangements including systems in place and associated arrangements to secure value for money (Work will include liaison with the STAR Procurement Service and partner authority auditors).** **Audit Opinion Reports to include:** **STAR:** **- Social Value** **Other:** **- Parking Enforcement contract** **- Joint Ventures (Bruntwood)**	- - Review in progress re leases and rent collection (Altrincham).	-Review deferred given planned introduction of new IT system. -Planning to commence Q4 -Initial findings to be shared in Q3
Information Governance / Information, Communications and Technology	**ICT Audit reviews and advice.** **Planned audits to include:** **- IT Service Management (issue of final report)** **- Access Management** **- Vulnerability Management** **- IT Disaster Recovery** **- Asset Management** **Information governance reviews and advice. To include:** - **Audit of processes to support management of risk in relation to data**	-Final report issued 12/8/24 - - - - -	-Completed -Liaison with IT and Salford during November 2024 to review planned work and agree timing. -Planned to commence Q3

	breaches.		
Schools	**Providing assurance on the control environment within schools, supporting schools in ensuring awareness of requirements within the DfE Schools' Financial Value Standard.** **Audit reviews of schools: At least 8 school audits to be completed during the year (Children's Services). Final audit opinion reports expected to be issued include:** **- All Saints Catholic Primary** **- Victoria Park Infants School** **- Bowdon Church School** **- Woodheys Primary School** **- Altrincham C of E Primary School** **- Templemoor Infants** **- Seymour Park Community Primary** **- Moss Park Primary** **Follow-up of progress for all school audits completed in 2023/24 with updates to be obtained from management.**	-Final report issued 22/7/24 -Final report issued 22/7/24 -In progress - - - - - -Follow-up completed: Broadheath Primary School	-Completed -Completed -Final report to be issued Q3 Planning to commence Q3 Planning to commence Q4 Planning to commence Q4 Planning to commence Q4 Planning to commence Q4 -Follow up completed for Broomwood Primary School October 2024. (5 other school audit follow-ups to be completed in Q3/4)
Assurance – Other Strategic and Service Risks	**Audits selected on the basis of risk from a number of sources including senior managers' recommendations, risk registers and internal audit risk assessments. Reviews include authority wide issues and areas relating to individual services, establishments and functions. Includes new audit reviews, follow up audits and gaining assurance from service updates.** **Audits to commence in 2024/25 with reports to be issued during 2024/25 or Q1/2 of 2025/26:** - **Catering Services (Strategy and resources)** - **Blue Badges (Strategy and Resources)** - **Libraries Service (Strategy and Resources)** - **Complaints (Strategy and Resources / Authority-wide)** - **Recruitment (Strategy and Resources)** - **Supporting Families (Children's Services)** - **Home to School Transport (Children's Services)** - **Schools Admissions (Children's Services)**	-Final report issued 22/8/24 - - - - - Final report issued 11/6/24 - -	-Completed -Planning to commence Q3 -Timing to be agreed -Planning to commence Q4 -Planning to commence Q4 -Completed -Planning to commence Q3 -Planning to commence Q3

	- **Hayeswater Contact Centre (Children's Services)** - **Care Leaver payments (Children's Services)** - **Section 17 payments (Children's Services)** - **Deprivation of Liberty Safeguards (Adult Services)** - **Adaptations (Adult Services)** - **Direct Payments (Adult Services)** - **Let Estates (Place)** - **Building Control (Place)** - **Housing Standards (Place)** - **Tree Unit (Place)** - **Section 106 / Community Infrastructure Levy (Place)** **Follow-up of previous audit reviews where internal audit reports have been issued in 2023/24 to include:** - **Bereavement Services (Strategy and Resources)** - **Cleaning Services (Strategy and Resources)** - **Sale Waterside Arts Centre (Strategy and Resources)** - **Outdoor Advertising (Place)** - **Safety at Sports Grounds (Place).** - **Waste Services (Place)**	- Ongoing liaison with service - Draft advisory report produced - Ongoing liaison with service - - -Final report issued 3/9/24 - -in progress -In progress - - - Follow-up update completed - -Follow-up update in progress - Follow-up update completed - - Follow-up update completed	-To progress in Q3 -Final report to be issued Q3 -To progress in Q3 -To commence Q4 -Follow-up to be planned in Q3 -Completed -Planning to commence Q3 -Draft report to be issued Q3 -Draft report to be issued Q3 -Timing to be agreed -Planning to commence Q4 -Completed -Update to be requested Q3 -Update to be completed Q3 -Completed -Update to be requested Q3 -Completed
Grant claims checks / Data Quality	**Internal audit checks of grant claims / statutory returns and other checks as required.** **Audit and Assurance to be advised through the year of grant claims, review work and other returns to be checked/signed off. To include:** **- Disabled Facilities Grant (Adult Services)** **- Local Transport Capital Block Funding (Pothole Fund) 2023/24 (Place)** **- Food Waste Collections-Capital Transitional Grant (Place)**	 -Grant check/sign off completed 19/9/24 -Grant check/sign off completed 18/9/24 -	 - Completed - Completed -Timing to be confirmed
Service Advice / Projects	**General advice and guidance, both corporately and across individual service areas. Support and advice to the organisation in contributing to working groups and projects in relation to governance, risk and control issues.**	Work undertaken up to 30/9/24 includes: -Guidance as noted in the Q1 Audit and Assurance update report regards the Employee Code of Conduct -Advisory reports issued as listed in the Q1 Audit and	

		Assurance update. -Ad hoc advice as listed in Section 6 of this report.	

APPENDIX 2

POINTS OF INFORMATION TO SUPPORT THE REPORT:

Audit Opinion Levels (RAG reporting):

Opinion – General Audits

An opinion is stated in each audit report to assess the standard of the control environment.

Substantial Assurance - A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Reasonable Assurance - There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

Limited Assurance - Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.

Low or No Assurance - Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

Report Status:

Draft reports:
These are issued to managers prior to the final report to provide comments and finalise agreed responses to audit recommendations.

Final reports:
These incorporate management comments and responses to audit recommendations, including planned improvement actions.

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.

TRAFFORD COUNCIL

Report to:	**Accounts and Audit Committee**
Date:	**21 November 2024**
Report for:	**Information**
Report of:	**Audit and Assurance Manager**

Report Title

Accounts and Audit Committee – Work Programme – 2024/25

Summary

This report sets out the work plan for the Committee for the 2024/25 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 2024/25 work programme.

Contact person for access to background papers and further information:

Name: Mark Foster – Audit and Assurance Manager
Email: mark.foster@trafford.gov.uk

Background Papers: None

Committee Meeting Dates	Areas of Responsibility of the Committee					
	Internal Audit	**External Audit**	**Risk Management**	**Governance (including Annual Governance Statement)**	**Anti- Fraud & Corruption Arrangements**	**Accounts / Financial Management**
26 June 2024	Agree Committee’s Work Programme and consider training in 2024/25					
	- 2023/24 Head of Internal Audit Annual Report	- External Audit Strategy Memorandum	- Strategic Risk Register Report	- 2023/24 Draft Annual Governance Statement - Accounts and Audit Committee 2023/24 Annual Report to Council	- Counter Fraud Team Update Report	-2023/24 Revenue Budget Monitoring Outturn and Capital Investment Programme Outturn Reports (circulated to Members in July 2024 after the report shared with the Executive)
25 September 2024						
	- Internal Audit Monitoring Report (Q1 2024/25)	- External Audit Progress Report	- Strategic risk update: Public Health Investment			-Treasury Management update (Annual Performance Report 2023/24) - 2024/25 Budget Monitoring, project updates and Prudential Indicator Reports (Period 4)

Committee Meeting Dates	Areas of Responsibility of the Committee					
	Internal Audit	**External Audit**	**Risk Management**	**Governance (Including Annual Governance Statement)**	**Anti- Fraud & Corruption Arrangements**	**Accounts/Financial Management**
21 November 2024	- Internal Audit Monitoring Report (Q2 2024/25)	-2022/23 Audit Completion Report	- Strategic Risk Register Report.			-Annual Statement of Accounts 2022/23 - Treasury Management: 2024/25 Mid-Year Performance Report - 2024/25 Budget Monitoring, project updates and Prudential Indicator Reports (Period 6) -2023/24 Insurance Performance Report (to be circulated outside of the meeting)

Committee Meeting Dates	Areas of Responsibility of the Committee					
	Internal Audit	**External Audit**	**Risk Management**	**Governance (Including Annual Governance Statement)**	**Anti- Fraud & Corruption Arrangements**	**Accounts/Financial Management**
5 February 2025	Training briefing to be arranged before meeting - Treasury Management					
	- Internal Audit Monitoring Report (Q3 2024/25)	- 2023/24 Auditor's Strategy Memorandum and Audit Completion Report	-Strategic risk update: Cyber Security	- 2023/24 Final Annual Governance Statement	(National Fraud Initiative update, within Internal Audit monitoring report)	-Annual Statement of Accounts 2023/24 - Treasury Management Strategy - 2024/25 Budget Monitoring, project updates and Prudential Indicator Reports (Period 8) - Procurement update (STAR)
19 March 2025						
	- 2025/26 Internal Audit Plan / Internal Audit Charter and Strategy / Audit Standards Update.	- External Audit Progress Report	- Strategic Risk Register Report - Strategic risk update: Climate change emergency			- 2024/25 Budget Monitoring, project updates and Prudential Indicator Reports (Period10) -Financial Management Code update -Accounting Policies