

ACCOUNTS AND AUDIT COMMITTEE

21 NOVEMBER 2024

PRESENT

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

In attendance

Jeannie Platt	Independent Member
Alastair Newall	External Auditor
Graeme Bentley	Director of Finance and Systems
Dave Muggeridge	Head of Financial Management
Frank Fallon	Strategic Finance Manager
Mark Foster	Audit and Assurance Manager
Stephanie Ferraioli	Democratic Officer

1. ATTENDANCE

An apology for absence was received from Councillor Zhi.

2. DECLARATION OF INTEREST

No declaration was disclosed against any of the items on the Agenda.

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 25 September 2024 be noted as a correct record.

5. 2022/23 AUDIT COMPLETION REPORT- FORVIS MAZARS

The Council's External Auditor updated the Committee on the audit work completed to date, stating that there was no significant issues to report on, other than two classification amendments the Council made on the report: one an internal control recommendation and one related to the valuation of Property, Plant and Equipment; however, these are not a matter for concern.

He stated that the Value for Money arrangements work is completed and section 4 of the report identifies one weakness relating to the Council's financial sustainability which is a reflection of the challenges the Council is facing with limited resources in the current financial climate.

However, the valuations and group accounts are two large and complex areas of the audit work requiring more time to be completed and an update on both areas will be available at the meeting in February.

Members enquired about the increase in asset value for the Stretford Mall and the partnership with Bruntwood over the acquisition of the precinct area.

RESOLVED – That the report update be noted.

6. 2022/23 ACCOUNTS

The Director of Finance and Systems explained the update report on the 2022/23 accounts was for noting and once approved by the Committee and signed off then they can be considered complete.

The difficulties in achieving the completion of the audits work due to the changing national deadlines, has been challenging and has a reputational impact on the Council.

Members enquired whether it was possible to obtain further funding through grants in the future.

RESOLVED:

- 1) That the Committee approve the 2022/23 Accounts
- 2) That the report update be noted.

7. TREASURY MANAGEMENT 2024/25 MID-YEAR PERFORMANCE REPORT

The Strategic Finance Manager reported on the activities and performance related to the Treasury Management function. He reminded the Committee of the changes in

regulations that came into effect back in April 2024 and informed of the amended Minimum Revenue Provisions (MRP).

RESOLVED:

- 1) That the Committee note the amended Minimum Revenue Provision (MRP) as per Appendix C of the mid-year report.
- 2) That the Treasury Management 2024/25 report update be noted.

8. ANNUAL INSURANCE REPORT 2024

The Head of Financial Management provided an overview of the Annual Insurance report guiding Members to page 277 of the report where a complete list of the type of insurance and liability covered can be found and informing of the Insurance activities for 2023/24.

Concerns were expressed about Tree claims and the damage to residents' walls particularly if the damage was caused by highway trees and the resulting claims.

Tree claims are brought under the Tort of nuisance and therefore, strict liability applies. In short, the owner (or controller) of a tree whose roots can be shown to have encroached on neighbouring land/property is liable to the owner of that property for the resultant damage.

Trafford undertook a tree liability review in 2020/21 and this led to revisions of policy and investment into new software to support risk mitigation. The Council is aware that external factors such as extreme weather, now being experienced in the UK, and climate change will always contribute to an increase in risk exposure.

The Committee discussed the recent report that speed limits imposed in Wales had shown a reduction in insurance claims with the insurance company Esure seeing a 20% fall in claims for car accidents in Wales since the 20mph speed limit was introduced.

However, the report does not refer to a correlation to lower speed limits and lower insurance payments made by Welsh Local Authorities for third party damage caused by highway defects. The Council's Actuary evaluates our current financial risks only and has made no reference to potential reductions in insurance liability as a result of policy decisions on changes to speed limits.

Members also expressed concerns over the possibility of residents tripping over EV chargers across pavements and queried whether there was an appropriate model recommended by the Council.

Trafford Council collaborated with BE.EV supplier who provides a service across the borough and beyond and are working to increase the number of on-street charging options such as through connections to lamp posts.

Trafford Council does not provide trail cables across the footway or footpath nor recommends a specific type: -

- It is the users' responsibility to ensure it is done safely and that they consider legislation.
- It is advised that the user contacts their home insurer to confirm that any existing policy covers trailing cables to their car.
- Trailing cables can cause obstruction problems for all – the Council can remove cables that are inappropriately used.
- Any liability for trailing a cable is the users responsibility.
- Users should deploy a fit for purpose cable protector, robust enough to take the weight of any cross-over movements which can easily be demarked from the footway (e.g. inclusive of yellow strips). Note – these can still cause a tripping hazard and obstructions.
- Consideration must be given by the user to ensure its safe deployment.

Semi-permanent options – such as cable gullies

- The Council does not permit cable gullies at present.
- If any position is approved any licensing agreement would have to be agreed prior.

RESOLVED – That the update report be noted.

9. BUDGET MONITORING REPOT 2024/25 - PERIOD 6

The Director of Finance and Systems ran through the mid-year projection of the Council's budget position highlighting key parts: the main table on page 282 of the report showing the projected overspend for the year at £3.6m and the table on page 283 listing the items that contributed to the position which have been previously reported to Committee, such as the continued pressures on Children's placements, Adults Social Care demands increasing again and the cost of temporary accommodation.

The Director of Finance and System explains that in particular, the cost of temporary accommodation is a cause for concern. Although this is a common factor for most authorities, it does present a challenge for Trafford Council.

Senior Leadership and the Finance and Change Board are monitoring the spending and identifying ways to mitigate the position.

In terms of the school budgets as can be seen on page 291 of the report, there are huge pressures forecasted at year end with a deficit of £20m and the team is working with other authorities and the DfE around mitigation strategies.

Members expressed concerns relating to the possibility of recovering the forecast £3.6 m overspend in years to come and were informed that conversations are already ongoing for the children's budget for 2025/26 with measures in place to mitigate costs.

Concerns were expressed relating to the lower than expected income for Trafford Leisure. However, the Leisure income is largely in line with budget. Trafford Council and Trafford Leisure are aware of competing offers and the ability to maintain business continuity and membership levels whilst also considering the disruption and displacement of activity during our leisure investment programme. Informed by phasing of the Leisure Investment programme, competing offers and using latest budget positions, an independent Leisure Consultant has now completed a 5-year business plan across the leisure estate which helps forecast the income and expenditure across Trafford Leisure estate.

It was reported that some complex mental health needs in adults are costing a much higher proportion than other mental health needs.

The costs for extremely complex mental health needs can be excessively high and at present Trafford Council has only one such case and work is being carried out with colleagues in Public Health to assess eligibility for Health Funding.

Members queried the transitioning costs from Children's Placements and were informed that each transition from Children's Services is managed under the Preparing For Adulthood workstream and that the Directorates work closely together to ensure a smooth transition into Adult Social care. Each transition is managed on a case by case basis and there are individual agreements on the cost share between the Directorates depending on what is right for the individual.

Members also queried whether there were any plans to close Sale Waterside Town Hall with staff moving from Sale to Trafford Town Hall to reduce property costs and whether the plans to close the Trafford Town Hall on Fridays as discussed previously were still being considered, especially given that a lot of employees work from home on occasion.

The utilisation of Sale Waterside and Trafford Town Hall is being reviewed with Passive Infrared Sensors installed across both buildings that will provide a clearer picture on capacity requirements by the end of December. The data gathered will inform decisions about the amount of space that is occupied.

Sale Waterside is financed through a PFI contract which does not end until 2028. This impacts on the savings that can be achieved in the short term. The Council is however looking at short term options to reduce costs at Sale Waterside including the consolidation of staff onto fewer floors to reduce utility costs.

The use of Trafford Town Hall on Fridays was also reviewed. Front line services utilise the Town Hall, including NHS staff which are not able to work fully remotely and therefore closing the building on a Friday would have a material impact on service delivery.

RESOLVED:

- 1) That a detailed report on the cost of temporary accommodation be provided at a future meeting.
- 2) That the update report be noted.

10. STRATEGIC RISK REGISTER – NOVEMBER 2024 UPDATE

The Audit and Assurance Manager updated the Committee on key changes to the Risk Register based on information collated from officers during the month of October and November 2024.

Risk 1, we can see this has increased to 25 mostly due to pressures from increasing demand in areas including Children's placements and temporary accommodation. Risk 5 covering Information Governance has reduced due to progress within the team now fully staffed.

The Audit and Assurance Manager informed that the register has been reviewed to reflect the new corporate priorities and further updates will be shared at future meetings.

RESOLVED: That the update be noted.

11. 2024/25 AUDIT AND ASSURANCE SERVICE UPDATE REPORT - JULY TO SEPTEMBER 2024

The Audit and Assurance Manager provided an update on the internal audit work during the period from July to September 2024 with the focus on a number of final audits issued across several areas.

In terms of the opinion levels all audits were either the highest or second highest opinions with one "substantial" and the others were "reasonable" opinions. All recommendations from final audit reports issued in the quarter were accepted.

The Audit and Assurance Manager informed that the team continues to work on the National Fraud Initiative which is based on a two year cycle and the new cycle is about to start. This will see a series of data matching exercises to be set out to investigate and an update on progress will be available at the next meeting.

In section 9 of the report, Members can find a summary of the upcoming work relating to Budgetary Control and Building Control.

He reminded of the upcoming changes in the internal audit standards by CIPFA which are to come into effect in April 2025.

RESOLVED – That the report update be noted.

12. ACCOUNTS AND AUDIT COMMITTEE – WORK PROGRAMME 2024/25

The Audit and Assurance Manager explained that there have been some updates to the work programme and informed Members that an update on Cyber Security will be provided at the meeting in February as previously stated, the climate change update is expected for the meeting in March and the Treasury management training is being arranged and Members will be invited to attend via a TEAMS invite.

RESOLVED – That the report update be noted.

13. URGENT BUSINESS (IF ANY)

Following debate with Members the Chair agreed to set future pre-meetings via TEAMS to allow for informal discussions ahead of the Accounts and Audit Committee meetings.