



**TRAFFORD  
COUNCIL**

**AGENDA PAPERS FOR  
ACCOUNTS AND AUDIT COMMITTEE**

**Date: Tuesday, 10 February 2015**

**Time: 6.30 p.m.**

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

<b>A G E N D A</b>	<b>PART I</b>	<b>Pages</b>
1.	<b>ATTENDANCES</b>  To note attendances, including Officers and any apologies for absence.	
2.	<b>MINUTES</b>  To receive and if so determined, to approve as a correct record the Minutes of the meeting held on 19 November 2014.	1 - 4
3.	<b>ACCOUNTS AND AUDIT COMMITTEE PROGRESS REPORT AND EMERGING ISSUES AND DEVELOPMENTS FOR TRAFFORD COUNCIL (JANUARY 2015)</b>  To receive a report from the Council's External Auditor.	5 - 22
4.	<b>TREASURY MANAGEMENT STRATEGY 2015/16 - 2017/18</b>  To consider a joint report of the Executive Member for Finance and the Director of Finance.	To Follow
5.	<b>RESERVES AND PROVISIONS</b>  To consider a report of the Director of Finance.	To Follow
6.	<b>ANNUAL GOVERNANCE STATEMENT 2014/15 - APPROACH / TIMETABLE</b>  To consider a report of the Audit and Assurance Manager.	23 - 30

## **Accounts and Audit Committee - Tuesday, 10 February 2015**

### **7. ANNUAL GOVERNANCE STATEMENT 2013/14 - UPDATE ON SIGNIFICANT GOVERNANCE ISSUE: LOCALITY PARTNERSHIPS**

To consider a report of the Head of Partnerships and Communities. To Follow

### **8. REVENUE BUDGET MONITORING 2014/15 - PERIOD 8 (APRIL TO NOVEMBER 2014)**

To consider a report of the Executive Member for Finance and Director of Finance which was presented to the Executive meeting on 26 January 2015. 31 - 78

### **9. BUDGET MONITORING ACTION PLAN UPDATE (JANUARY 2015)**

To consider a report of the Audit and Assurance Manager. To Follow

### **10. AUDIT AND ASSURANCE REPORT FOR THE PERIOD OCTOBER TO DECEMBER 2014**

To note a report of the Audit and Assurance Manager. 79 - 90

### **11. ACCOUNTS AND AUDIT COMMITTEE - WORK PROGRAMME - 2014/15**

To note a report of the Audit and Assurance Manager. 91 - 94

### **12. URGENT BUSINESS (IF ANY)**

Any other item or items which by reason of special circumstances (to be specified) the Chairman of the meeting is of the opinion should be considered at this meeting as a matter of urgency.

## **THERESA GRANT**

Chief Executive

### Membership of the Committee

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

### Further Information

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

Ian Cockill, Democratic Services Officer

Tel: 0161 912 1387

Email: [ian.cockill@trafford.gov.uk](mailto:ian.cockill@trafford.gov.uk)

## **Accounts and Audit Committee - Tuesday, 10 February 2015**

This agenda was issued on **Thursday, 29 January 2015** by the Legal and Democratic Services Section, Trafford Council, Trafford Town Hall, Talbot Road, Stretford M32 0TH

Any person wishing to photograph, film or audio-record a public meeting is requested to inform Democratic Services in order that necessary arrangements can be made for the meeting.

Please contact the Democratic Services Officer 48 hours in advance of the meeting if you intend to do this or have any queries.

This page is intentionally left blank

## ACCOUNTS AND AUDIT COMMITTEE

19 NOVEMBER 2014

### PRESENT

Councillor M. Whetton (in the Chair).

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

#### In attendance

Director of Finance	(I.Duncan)
Acting Corporate Director of Transformation and Resources	(J. Hyde)
Director of STaR Shared Procurement	(S. Robson)
Audit and Assurance Manager	(M. Foster)
Transformation Programme Manager	(S. Maynard)
Principal Audit and Assurance Officer Team Leader	(H. Carnson)
Democratic Services Officer	(R. Smithson)

#### Also in attendance

M. Waite, Grant Thornton UK LLP  
H. Stevenson, Grant Thornton UK LLP  
M. Thomas, Grant Thornton UK LLP

### 29. MINUTES

RESOLVED: That the Minutes of the meeting held on 25 September 2014 be approved as a correct record and signed by the Chairman.

### 30. PRESENTATION ON THE STAR SHARED PROCUREMENT SERVICE

The Committee received a presentation from the Director of STaR Shared Procurement outlining the details of the STaR Procurement organisation. The presentation included information on the Governance and Performance Framework, objectives, current activity and delivered savings.

RESOLVED: That the presentation be noted.

### 31. TRANSFORMATION PROGRAMME/ RESHAPING TRAFFORD PRESENTATION

The Committee received a presentation from the Transformation Programme Manager outlining the details of the Transformation's team's outputs and outcomes from 2013/14, planned activity for 2014/15 and potential future challenges. Included within the Information presented was the current savings positions and the rebranding of the transformation programme to 'Reshaping Trafford'.

RESOLVED: That the presentation be noted and a further update on the Transformation Programme be submitted to the Committee in due course.

**Accounts and Audit Committee  
19 November 2014**

**32. 2013/14 ANNUAL AUDIT LETTER**

The Committee received the Council's Annual Audit Letter for the year ended 31 March 2014, summarising the key findings arising from the work of the External Auditor, Grant Thornton.

The Chair noted that this would be Mick Waite's last meeting as the Council's External Auditor due to retirement. The Chair thanked Mick for his efforts and contribution to the work of the Committee with these comments endorsed and seconded by other members of the Committee

RESOLVED: That the Committee notes the key messages and audit conclusions, including the key areas for Council attention.

**33. AUDIT COMMITTEE UPDATE**

Members received a report from Grant Thornton UK LLP on the progress at November 2014, in delivering its responsibilities as the Authority's external auditor.

The report also provided a summary of emerging national issues and developments relevant to the Council and included a number of challenge questions in respect of the emerging issues.

The new External Auditor Mick Thomas from Grant Thornton was introduced and welcomed to the Committee.

RESOLVED: That the Committee noted the report.

**34. TREASURY MANAGEMENT 2014-15 MID-YEAR PERFORMANCE REPORT**

The Executive Member for Finance and the Director of Finance submitted a joint report providing an update on the progress of the treasury management activities undertaken for the first half of 2014/15.

RESOLVED: That the Treasury Management activities undertaken in the first half of 2014/15 be noted.

**35. BUDGET MONITORING ACTION PLAN**

The Committee received a joint report of the Audit and Assurance Manager, Transformation Programme Manager and Acting Director of Human Resources. Following the issue of the report setting out findings from the investigation relating to the Council's budget monitoring requirements, an Action Plan was subsequently agreed as presented to the Committee on 25 September 2014. This report provided an update on the current position against each of the planned actions listed.

RESOLVED: That the Budget Monitoring Investigation Action Plan Update be noted.

**Accounts and Audit Committee  
19 November 2014**

**36. BUDGET MONITORING REPORT**

The Committee received, for information, a joint report of the Executive Member for Finance and Director of Finance detailing the outcomes of the monitoring of the Council's revenue budget for the first 5 months of the financial year which was presented to the Executive on 27 October 2014.

It was noted that information on period 6 was now known to the Director of Finance with the budget showing an improved financial position.

RESOLVED: That the revenue budget monitoring information for the period April to August 2014, be noted.

**37. 2014/15 STRATEGIC RISK REGISTER UPDATE**

The Audit and Assurance Manager submitted an update report on the strategic risk environment for 2014/15 including the arrangements in place to manage each of the strategic risks.

RESOLVED –

- (1) That the report be noted.
- (2) That the Committee also notes that to provide further understanding of risk levels, where possible, further details in relation to relevant performance and financial information should be included as part of future updates in respect of a number of risks relating to the CFW Directorate (Adult Social Services and Community Wellbeing).

**38. AUDIT AND ASSURANCE REPORT FOR THE PERIOD JULY TO SEPTEMBER 2014 (Q2)**

The Audit and Assurance Manager submitted a report providing a summary of the work of Audit and Assurance during the period July to September 2014 and providing on-going assurance to the Council on the adequacy of its control environment.

RESOLVED: That the report be noted.

**39. ACCOUNTS AND AUDIT COMMITTEE - WORK PROGRAMME - 2014/15**

The Audit and Assurance Manager submitted a report setting out the updated work plan for the Committee for the 2014/15 Municipal Year and outlining the areas to be considered at each of its meetings.

RESOLVED: That the report be noted.

The meeting commenced at 6.33 p.m. and finished at 8.43 p.m.

This page is intentionally left blank



# Accounts and Audit Committee progress report and emerging issues & developments for Trafford Council

Year end 31 March 2015

January 2015

**Mike Thomas**

Director

T 0161 214 6368

E [mike.thomas@uk.gt.com](mailto:mike.thomas@uk.gt.com)

**Helen Stevenson**

Audit Manager

T 0161 234 6354

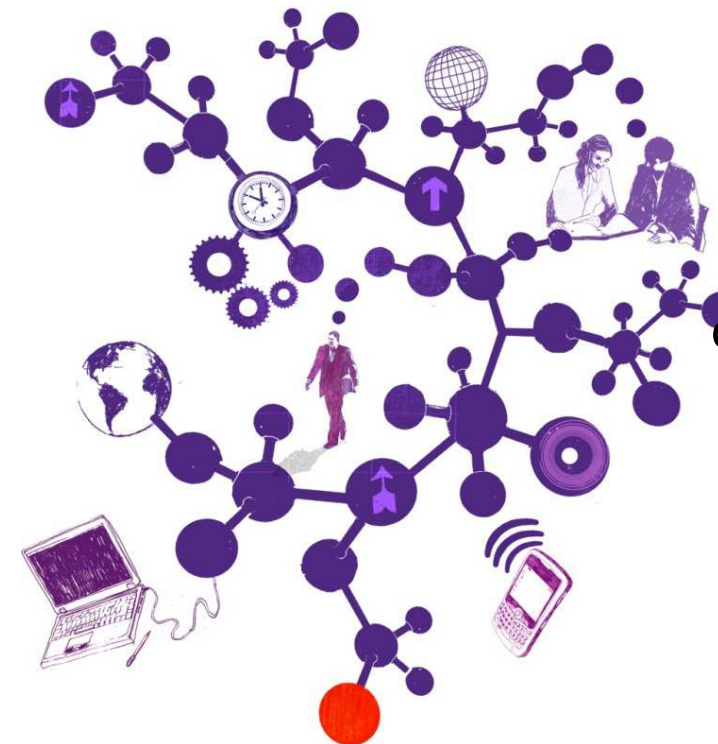
E [helen.l.stevenson@uk.gt.com](mailto:helen.l.stevenson@uk.gt.com)

**Andrew McNeil**

Audit Executive

T 0161 912 4560

E [andrew.mcneil@uk.gt.com](mailto:andrew.mcneil@uk.gt.com)



Agenda Item 3

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

---

# Contents

<b>Section</b>	<b>Page</b>
Introduction	4
Progress at January 2015	5-6
The 2014-15 Audit	
Emerging issues and developments	
Grant Thornton	7
Accounting and audit issues	8-12
Local government guidance	13-15

Page 7

# Introduction

This paper provides the Accounts and Audit Committee with a report on progress in delivering our responsibilities as your external auditors. The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you; and
- a number of challenge questions in respect of these emerging issues which the Committee may wish to consider.

Members of the Accounts and Audit Committee can find further useful material on our website [www.grant-thornton.co.uk](http://www.grant-thornton.co.uk), where we have a section dedicated to our work in the public sector (<http://www.grant-thornton.co.uk/en/Services/Public-Sector/>). Here you can download copies of our publications including:

- **Rising to the challenge: the evolution of local government**, summary findings from our fourth year of financial health checks of English local authorities
- **2020 Vision**, exploring finance and policy future for English local government
- **Where growth happens**, on the nature of growth and dynamism across England

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Audit Manager.

**Mike Thomas** Engagement Lead **T:** 0161 214 6368 **M:** 0788 045 6173 **E:** [mike.thomas@uk.gt.com](mailto:mike.thomas@uk.gt.com)

**Helen Stevenson** Engagement Manager **T:** 0161 234 6354 **M:** 0788 045 6209 **E:** [helen.l.stevenson@uk.gt.com](mailto:helen.l.stevenson@uk.gt.com)

# Progress at January 2015

Work	Planned date	Complete?	Comments
<p><b>2014-15 Accounts Audit Plan</b> We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on the Council's 2014-15 financial statements.</p>	March 2015	On Track	<p>We have issued our fee letter for 2014-15 which includes our outline proposals.</p> <p>Our more detailed plan will be shared with management and issued at the next Accounts and Audit Committee.</p>
<p><b>Interim accounts audit</b> Our interim fieldwork visit includes:</p> <ul style="list-style-type: none"> <li>• updating our review of the Council's control environment</li> <li>• updating our understanding of financial systems</li> <li>• review of Internal Audit reports on core financial systems</li> <li>• early work on emerging accounting issues</li> <li>• early substantive testing</li> <li>• Initial Value for Money planning and risk assessment.</li> </ul>	From January 2015	On Track	<p>We have commenced our planning and interim work and this will be reported as part of our planning document.</p>
<p><b>2014-15 final accounts audit</b> Including:</p> <ul style="list-style-type: none"> <li>• audit of the 2014-15 financial statements</li> <li>• proposed opinion on the Council's accounts</li> <li>• proposed Value for Money conclusion.</li> </ul>	June to September 2015	On Track	<p>Our work will start with the receipt of the draft final accounts in June 2015. We will prepare an Audit Findings Report and present this to the Committee prior to issuing our audit report.</p> <p>We will complete our work on Whole of Government accounts (WGA) in line with the submission deadline in early October.</p>

# Progress at January 2015

Work	Planned date	Complete?	Comments
<p><b>Value for Money (VfM) conclusion</b></p> <p>We will give our statutory VfM conclusion on the arrangements to secure economy, efficiency and effectiveness based on two criteria, specified by the Audit Commission, related to the Council's arrangements for:</p> <ul style="list-style-type: none"> <li>• securing financial resilience – focusing on whether the Council is managing its financial risks to secure a stable financial position for the foreseeable future</li> <li>• challenging how it secures economy, efficiency and effectiveness – focusing on whether the Council is prioritising its resources within tighter budgets and improving productivity and efficiency.</li> </ul>	September 2015	On track	<p>We will complete a risk assessment and set out a planned programme of VfM work to inform our 2014-15 conclusion.</p> <p>We will report our overall conclusions on VfM in our Audit Findings report.</p>
<p><b>Annual Audit Letter</b></p> <p>Our Annual Audit Letter will summarise the findings from our 2014-15 audit.</p>	October 2015	On track	We will issue our report summarising our work and circulate this to members as required.
<p><b>Grants Report 2013-14</b></p>	February 2015	Issued	Attached at Appendix 1 is the summary findings letter from our review of the Council's 2013-14 grant claims.

# Rising to the challenge

## Grant Thornton

Our national report, Rising to the Challenge, the Evolution of Local Government, was published in December and is available at: <http://www.grant-thornton.co.uk/en/Publications/2014/Rising-to-the-challenge---The-evolution-of-local-government/>

This is the fourth in our series of annual reports on the financial health of local government. Like previous reports, it covers key indicators of financial performance, strategic financial planning, financial governance and financial control. It also includes case studies of best practice and a comparison to the NHS. This year it has been extended to use benchmarking information on savings plans and budget performance.

The overall message is a positive one. What stands out is how well local authorities have navigated the first period of austerity in the face of ever increasing funding, demographic and other challenges. Many authorities are forecasting financial resilience confidently in their medium term financial strategy. This reflects an evolution in financial management that would have been difficult to envisage in 2010. However, there remains much to be achieved if the sector is to become sustainable in the long term, and authorities should consider if their:

- medium- to long-term strategy redefines the role of the authority creatively
- operational environment will adapt, working in partnership with other authorities and local organisations
- strategy looks beyond the traditional two- to three-year resource planning horizon
- organisational culture is aligned to where the authority needs to be in the medium to long term
- senior leadership teams – both officers and members – have the necessary skills and capacity to ensure delivery against the medium-term challenges
- corporate governance arrangements ensure effective oversight and scrutiny of the organisation as it adapts to the challenges it faces.

The importance of these actions will be magnified if local government devolves further, particularly in relation to fiscal devolution. The new-found confidence of local government in responding to the medium-term challenges will be tested significantly by the second phase of austerity.

Hard copies of our report are available from your Engagement Lead or Audit Manager.

# Accounting for schools

## Accounting and audit issues

### Accounting for schools

The debate about the recognition of school land and buildings on local authority balance sheets (which most commentators had thought settled) has been reignited. Grant Thornton is taking a leading role in trying to resolve this unexpected development.

In March, CIPFA/LASAAC Code concluded that under IFRS 10, maintained schools (but not free schools or academies) meet the definition of entities that need to be consolidated in group accounts. However, rather than requiring local authorities to prepare group accounts, the CIPFA/LASAAC Code requires local authorities to account for maintained schools within their single entity accounts. This includes school income and expenditure as well as assets and liabilities. The general expectation in the sector was that:

- the vast majority of voluntary aided, voluntary controlled and foundation schools would be recognised on local authority balance sheets
- a small number of school buildings that are provided at no charge by a religious body and where there was a realistic possibility that they could be taken back by their owners would be treated as assets of the religious body and so not recognised on the local authority balance sheet.

However, at the CIPFA conference in November, CIPFA clarified that it considers that most voluntary aided and voluntary controlled school buildings would **not** be recognised on the balance sheet. This is because the religious bodies have a legal right to take back these assets. Nor does CIPFA consider the position for foundation school building to be clear cut and local judgement would need to be applied. We have not seen evidence that would support the view taken by CIPFA and have concerns about:

- whether the treatment proposed by CIPFA complies with the Code
- the significant practical implications for the sector
- the potential for inconsistent accounting treatments depending on local judgement.

We are working with the Audit Commission, CIPFA and the other audit firms suppliers to try to seek a practical way forward as soon as possible.

Continued overleaf .....



# Accounting for schools (continued)

## Accounting and audit issues

We will continue to share the latest developments with officers. In the mean time we would recommend that you continue your preparations for recognising school land and building including:

- identifying those schools where school buildings are owned by third parties (such as church dioceses) and determining under what circumstances the buildings could be taken back by the third party
- obtaining valuations for school land and buildings for each of the three balance sheet dates (1 April 2013, 31 March 2014, 31 March 2015)
- obtaining sufficient information to enable the authority to restate its revaluation reserve and capital adjustment account.

## Challenge questions

Has your Director of Finance put in place a plan to address the changes in accounting for schools?

Page 13

# Group accounting standards

## Accounting and audit issues

The CIPFA Code has adopted a new suite of standards for accounting for subsidiaries, associates and joint arrangements. These changes affect how local authorities account for services delivered through other entities and joint working with partners.

The key changes for 2014/15 are to:

- the definition of control over 'other entities'. The revised definition is set out in IFRS 10 and determines which entities are treated as subsidiaries
- the accounting for joint arrangements. This now follows IFRS 11 and includes changes to the definition of joint ventures and how joint ventures are consolidated in group accounts
- disclosures in relation to subsidiaries, joint arrangements, associates and unconsolidated entities as set out in IFRS 12.

### Changes to the definition of control over 'other entities'

Control was previously defined in terms of power to govern the financial and operating policies of an entity. IFRS 10 sets out three elements for an investor to be considered as controlling an investee (all of which must be met):

- the investor has the rights to direct the relevant activities of the investee (relevant activities being the ones that determine the return for the investors – the return could be in the form of a service rather than money)
- the investor has exposure, or rights, to variable returns from its involvement with the investee
- the investor has the ability to use its power over the investee to affect the amount of the investor's returns.

In the commercial sector, this is generally thought to have resulted in more entities being treated as subsidiaries. However, the change is in both directions: some subsidiaries have been redefined as associates. Local authorities with investments in 'other entities' will need to consider whether:

- they control any entities using the new definition. Local authorities will need to pay particular attention to special purpose vehicles and any other entities where there was a close judgement call under the old IAS 27
- there is a need for a prior period adjustment.

# Group accounting standards (continued)

## Accounting and audit issues

### Changes to accounting for joint arrangements

Joint arrangements are contractual arrangements between two or more parties where there is joint control. IFRS 11 makes three key changes from IAS 31:

- there are now only two types of joint arrangements: joint operations and joint ventures
- In a joint operation the investing parties have rights and obligations in relation to the arrangement's assets and liabilities, whereas in a joint venture the parties have rights to the arrangement's net assets. IFRS 11 bases its definition of joint ventures on the substance of the arrangement rather than legal status. It is for the entity to assess whether a joint arrangement is a joint operation or joint venture by considering its rights and obligations arising from the arrangement. To do this the entity needs to consider the structure and legal form of the arrangement, the terms agreed by the parties and any other relevant facts and circumstances. Appendix B to IFRS 11 provides further explanation and examples of joint operations and joint ventures.

local authorities are still required to consolidate joint ventures in their group accounts but must now do so using the equity (single line) method. The option for proportionate (line-by-line) consolidation has been removed.

The key challenge for most local authorities will be determining whether their joint arrangements are joint ventures or joint operations. The difference should be clear from the contract but in some cases judgement may be required. Local authorities that have previously used the proportionate consolidation method will need to account for the move to equity accounting as a prior period adjustment.

### Disclosure of interests in other entities

IFRS 12 makes consistent the requirements for disclosures in relation to subsidiaries, joint arrangements, associates and unconsolidated entities. It includes the need for transparency about the risks to which the reporting entity is exposed as a consequence of its investment in such arrangements.

### Challenge questions

- Has your Director of Finance assessed the potential impact of these standards for the authority's financial statements?

# Earlier closure and audit of accounts

## Accounting and audit issues

DCLG is consulting on proposals to bring forward the audit deadline for 2017/18 to the end of July 2018. Although July 2018 is almost 4 years away, both local authorities and their auditors will have to make real changes in how they work to ensure they are 'match-fit' to achieve this deadline. This will require leadership from members and senior management. Local government accountants and their auditors should start working on this now.

Top tips for local authorities:

- make preparation of the draft accounts and your audit a priority, investing appropriate resources to make it happen
- make the year end as close to 'normal' as possible by carrying out key steps each and every month
- discuss potential issues openly with auditors as they arise throughout the year
- agree key milestones, deadlines and response times with your auditor
- agree exactly what working papers are required.

## Challenge questions

- Has your Director of Finance put in place a plan to address the earlier close date?

# Financial sustainability of local government

## Local government guidance

In November the National Audit Office published their report on the [Financial Sustainability of Local Government](#).

The report concludes that Local authorities have coped well with reductions in government funding, but some groups of authorities are showing clear signs of financial stress. The Department for Communities and Local Government has a limited understanding of authorities' financial sustainability and the impacts of funding cuts on services, according to the National Audit Office.

The Government reduced its funding to local authorities by an estimated 28% in real terms between 2010-11 and 2014-15. Further planned cuts will bring the total reduction to 37% by 2015-16, excluding the Better Care Fund and public health grant. Although there have been no financial failures in local authorities in this period, a survey of local auditors shows that authorities are showing signs of financial pressure. Over a quarter of single tier and county councils had to make unplanned reductions in service spend to deliver their 2013-14 budgets. Auditors are increasingly concerned about local authorities' capacity to make further savings, with 52% of single tier and county councils not being well-placed to deliver their medium-term financial plans.

There are significant differences in the scale of funding reductions faced by different authorities. Authorities that depend most on government grant are the ones most affected by funding reductions and reforms. This was an outcome of policy decisions to tackle the fiscal deficit by reducing public spending, and for local authority funding to offer incentives for growth.

Local authorities have tried to protect spending on social care services. Other service areas such as housing services and culture and leisure services have seen larger reductions. While local authorities have tried to make savings through efficiencies rather than by reducing services, there is some evidence of reduction in service levels.

According to the NAO, however, the Department does not monitor in a coordinated way the impact of funding reductions on services, and relies on other departments and inspectorates to alert it to individual service failures. In consequence, the Department risks becoming aware of serious problems with the financial sustainability of local authorities only after they have occurred.

The Department's processes for assessing the capacity of authorities to absorb further funding reductions are also not sufficiently robust.

# Kerslake report on Birmingham City Council

## Local government guidance

Sir Bob Kerslake published his report, [The way forward: an independent review of the governance and organisational capabilities of Birmingham City Council](#), on 9<sup>th</sup> December.

Commissioned by the Secretary of State this comes off the back of well publicised failures in Children's Services and the Trojan Horse issue in Birmingham Schools. It includes some tough messages for Birmingham City, but there are issues that resonate with all large local authorities.

The report's recommendations include the following.

Page 18

- The Council needs an external Improvement Board to show that it is making the changes it needs to effectively serve its population.
- Internal governance needs fundamental change, including the relationship between members and officers, how it plans for the future, a stronger corporate core and a programme of culture change.
- The Council needs more political clarity, moving away from annual thirds elections and reducing the number of members. This includes redesigning the model for representative governance.
- Medium term financial planning needs greater clarity, and the Council cannot assume that it will get any additional Government support.
- In moving from a 20,000 people organisation in 2010 to a 7,000 people one by 2018 the Council needs fit for purpose workforce planning.
- Devolution within the Council and across the City needs simplifying and a greater outcome focus.
- Partnership working needs redefining, with the Council moving away from a 'Big Brother' approach.
- The Council needs to work with the other West Midland MBCs to make the combined authority a reality that delivers jobs and prosperity to the region.

## Challenge questions

- Have Trafford Council considered whether there are lessons or issues from the report that it also needs to action?

# Local government financial reporting remains strong

## Local government guidance

The Audit Commission published its report, [Auditing the Accounts 2013/14: Local government bodies](#), on 11<sup>th</sup> December.

Financial reporting was consistently strong for most types of principal local authority in 2013/14 when compared to the previous financial year. This year the Commission has congratulated 16 bodies where auditors were able to issue an unqualified opinion and a VFM conclusion on the 2013/14 accounts by 31 July 2014, and the body published audited accounts promptly. Although, as only 21 principal bodies have managed to publish their audited accounts by 31 July since 2008/09, a move to bring the accounts publication date forward is likely to cause significant challenges for the majority of public bodies.

The Commission reports that auditors were able to issue the audit opinion by 30 September 2014 at 99 per cent of councils, 90 per cent of fire and rescue authorities, 97 per cent of police bodies, all other local government bodies and 99 per cent of both parish councils and internal drainage boards. This is consistent with last year for most groups, but an improvement for councils and small bodies compared to 2012/13.

Eight principal authorities were listed where the auditor was unable to issue an opinion by the 30<sup>th</sup> September deadline.



© 2015 Grant Thornton UK LLP. All rights reserved.

'Grant Thornton' means Grant Thornton UK LLP, a limited liability partnership.

Grant Thornton is a member firm of Grant Thornton International Ltd (Grant Thornton International). References to 'Grant Thornton' are to the brand under which the Grant Thornton member firms operate and refer to one or more member firms, as the context requires. Grant Thornton International and the member firms are not a worldwide partnership. Services are delivered independently by member firms, which are not responsible for the services or activities of one another. Grant Thornton International does not provide services to clients.

**[grant-thornton.co.uk](http://grant-thornton.co.uk)**



Ian Duncan  
Director of Finance  
Trafford MBC  
Trafford Town Hall  
Talbot Road  
Stretford, M32 0YT.

28 January 2015

Dear Ian

**Certification work for Trafford Council for year ended 31 March 2014**

We are required to certify certain claims and returns submitted by Trafford Council ('the Council'). This certification typically takes place six to nine months after the claim period and represents a final but important part of the process to confirm the Council's entitlement to funding.

Arrangements for certification are prescribed by the Audit Commission, which agrees the scope of the work with each relevant government department or agency, and issues auditors with a Certification Instruction (CI) for each specific claim or return.

We have certified one claim (housing benefits subsidy) under the Audit Commission arrangements for the financial year 2013/14. We issued a qualification letter to the DWP reporting on a number of issues. The main issue related to misclassification of overpayments. Similar findings have been included in qualification letters for previous years and are fairly common reporting issues for this claim.

The detail of the claim certified is set out in Appendix A.

The scale fee set by the Audit Commission for the Council for the certification of 2013/14 claims is £21,284.

Yours sincerely

For Grant Thornton UK LLP

**Appendix A - Details of claims and returns certified for 2013/14**

<b>Claim or return</b>	<b>Value</b>	<b>Amended?</b>	<b>Amendment (£)</b>	<b>Qualified?</b>	<b>Comments</b>
Housing benefits subsidy claim	£66,114,254	No	Nil	Yes	We issued a Qualification Letter to the DWP reporting on a number of issues. As in previous years the main issue related to misclassification of overpayments.

## TRAFFORD COUNCIL

**Report to:** Accounts and Audit Committee  
**Date:** 10 February 2015  
**Report for:** Information / Approval  
**Report of:** Audit and Assurance Manager

### Report Title

**Annual Governance Statement 2014/15 – Approach / Timetable**

### Summary

The preparation and publication of an Annual Governance Statement is necessary to meet the statutory requirement set out in Regulation 4 of the Accounts and Audit Regulations 2011. This report sets out the action plan / timetable to ensure compliance with the production of an Annual Governance Statement for 2014/15.

In facilitating the production of the Annual Governance Statement, the Audit and Assurance Service will use the guidance issued by CIPFA/SOLACE in December 2012 as a reference point throughout the process.

The Accounts and Audit Committee have a role in reviewing the robustness of the statement prior to sign off by the Chief Executive and Leader. As has been the practice in previous years, the report proposes delegation of responsibility for this task to a smaller working group of the Committee.

### Recommendation

The Accounts and Audit Committee is asked to

- (a) Note the timetable / action plan;
- (b) Agree to delegate responsibility for reviewing the robustness of the Annual Governance Statement to a working group made up of the Chairman, Vice Chairman and opposition spokesperson.

### Contact person for access to background papers and further information:

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

### **Background Papers:**

- Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives (SOLACE) – “Delivering Good Governance in Local Government : Framework” (2012).
- CIPFA / SOLACE – “Delivering Good Governance in Local Government : Guidance Note for English Authorities \ 2012 Edition
- CIPFA Finance Advisory Network – The Annual Governance Statement Rough Guide for Practitioners.

## 1. Introduction

- 1.1 The Accounts and Audit Regulations 2011 set out requirements related to the Council's systems of internal control, and the annual review and reporting of those systems.
- 1.2 The Regulations require Councils to have a sound system of internal control which facilitates the effective exercise of the Council's functions and which include the arrangements for the management of risk.
- 1.3 In addition, the Regulations require the Council to conduct a review at least once in a year of the effectiveness of its systems of internal control. Following the review the Council must approve an **Annual Governance Statement** which then accompanies its Statement of Accounts. This assurance statement is made by the Chief Executive and Leader of the Council.
- 1.4 The Annual Governance Statement (AGS) should be prepared in accordance with "proper practices in relation to internal control". Proper practices relate to guidance set out in the CIPFA/SOLACE publication "Delivering Good Governance in Local Government Framework" and supporting guidance associated with this (referred to in section 2 of this report).
- 1.5 Since the 2011 Regulations came into effect the deadline for completing the AGS is 30 September each year. CIPFA recommends as best practice, however, that a full draft version of the AGS should accompany the statement of accounts by the end of June.
- 1.6 This report sets out the Council's approach and timetable for producing its AGS for 2014/15. **No significant changes to the approach are planned, compared to the previous year.**

## 2. Governance

- 2.1 Governance is about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

It comprises the systems, processes and controls, and cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate lead their communities.

Good governance leads to good management, good performance, good stewardship of public money, good public engagement and, ultimately, good outcomes for citizens and service users. Good governance enables an authority to pursue its vision effectively as well as underpinning that vision with mechanisms for control and management of risk.

*(Source: CIPFA / SOLACE – Delivering Good Governance in Local Government).*

2.2 Effective governance arrangements are required to be in place to ensure that:

- the Authority's policies are implemented in practice;
- the Authority's values and ethical standards are met;
- laws and regulations are complied with;
- required processes are adhered to;
- financial statements and other published information are accurate and reliable;
- human, financial and other resources are managed efficiently and effectively, and;
- high-quality services are delivered efficiently and effectively.

The CIPFA/SOLACE framework provides a structure to assist authorities with their approach to governance and the production of the Annual Governance Statement. In producing the 2014/15 AGS, the guidance will be taken into account throughout the process.

2.3 Authorities are encouraged to test their governance arrangements against the principles contained in the Framework. The Framework adopts six core principles that must be considered when defining good governance:

- Focusing on the purpose of the authority and the outcomes for the community and creating and implementing a vision for the local area.
- Members and officers working together to achieve a common purpose with clearly defined functions and roles.
- Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
- Developing the capacity and capability of members and officers to be effective.
- Engaging with local people and other stakeholders to ensure robust public accountability.

2.4 In order to meet the expectations of the Corporate Governance framework, local authorities are expected to do the following:

- Review their existing governance arrangements against the Framework.
- Maintain a local code of governance, including arrangements for ensuring its ongoing application and effectiveness.
- As required in the Accounts and Audit Regulations 2011, prepare an **Annual Governance Statement** in order to report publicly on the

extent to which they comply with their own code on an annual basis, including how they have monitored the effectiveness of their governance arrangements in the year, and on any planned changes in the coming period.

- 2.5 Trafford Council's Corporate Governance Code (last updated in June 2014) reflects the core principles outlined in the CIPFA Framework and states the arrangements in place to ensure governance arrangements are reviewed annually and reported on through the AGS.

### **3. The Process to Support the Annual Governance Statement**

- 3.1 The Audit and Assurance Service is responsible for facilitating the production of the AGS. It is important to recognise that it is not a document owned by the audit function – it is the Authority's statement on its governance processes. The proposed timetable reflects input from officers and members to the process.
- 3.2 The following arrangements are in place to enable the production of the AGS in 2014/15.

#### **a) Annual Review of Corporate Governance (Assurance Gathering process)**

The Audit and Assurance Service is responsible for undertaking an annual assessment to evaluate the position against the Council's Corporate Governance Code.

This will include an assurance mapping exercise to identify potential sources of assurance available with the aim of:

- Mapping all systems / processes in relation to which assurance is required in accordance with the existing CIPFA framework.
- Identifying existing sources of assurance to confirm that key controls / risks are operating / managed effectively. Sources include:
  - **Management Controls** including legal compliance, performance management, and risk and financial reporting functions operating at corporate and directorate level;
  - **Internal assurance** including Internal Audit, other compliance functions and internal review work;
  - **External assurance** e.g. External auditor and other inspectorates, partner's compliance functions etc.

The Audit and Assurance Service will facilitate the coordination and reporting of available assurance evidence: both internal and external, (including consideration of the extent that reliance can be placed on the assurance

available). This will require support from managers in providing the appropriate information required. Findings and recommendations from this exercise will be reported via the Corporate Management Team and any significant issues reported publicly through the AGS.

In addition, as part of this process, the Council's Corporate Governance Code will be reviewed, and updated if applicable, to ensure it remains appropriate and up to date in accordance with CIPFA guidance.

## **b) Production and Approval of the Annual Governance Statement**

- Input from members and officers to produce and approve the 2014/15 AGS. This includes:
  - Directors and senior managers, with co-ordination from the Audit and Assurance Service to contribute to the content of the Statement.
  - CMT, Directors and senior managers to review the adequacy/robustness of the Statement.
  - Accounts and Audit Committee Sub Group to review the draft Statement and the process supporting it.
  - Sharing of the Statement with the External Auditor.
  - Chief Executive and Leader to agree the draft AGS which is then to be presented to the Accounts and Audit Committee at its June 2015 meeting.
  - Accounts and Audit Committee to approve the final version of the AGS, which is signed by the Chief Executive and Leader, and accompanies the Council's final accounts at the September 2015 meeting.

The planned timetable for the process of producing the AGS is in Appendix A.

The recommended elements of the process based on CIPFA guidance is represented in Appendix B.

## **4. Benefits of the Process**

- 4.1 It should be noted that whilst compliance with legislation is of course of great importance, the information provided by this exercise is of benefit to the Council as the process provides an assessment of governance arrangements across the Council, and also identifies where strengths and areas for improvement exist in those arrangements. Where applicable, associated action plans should be established where areas for development / improvement are identified.

## Appendix A

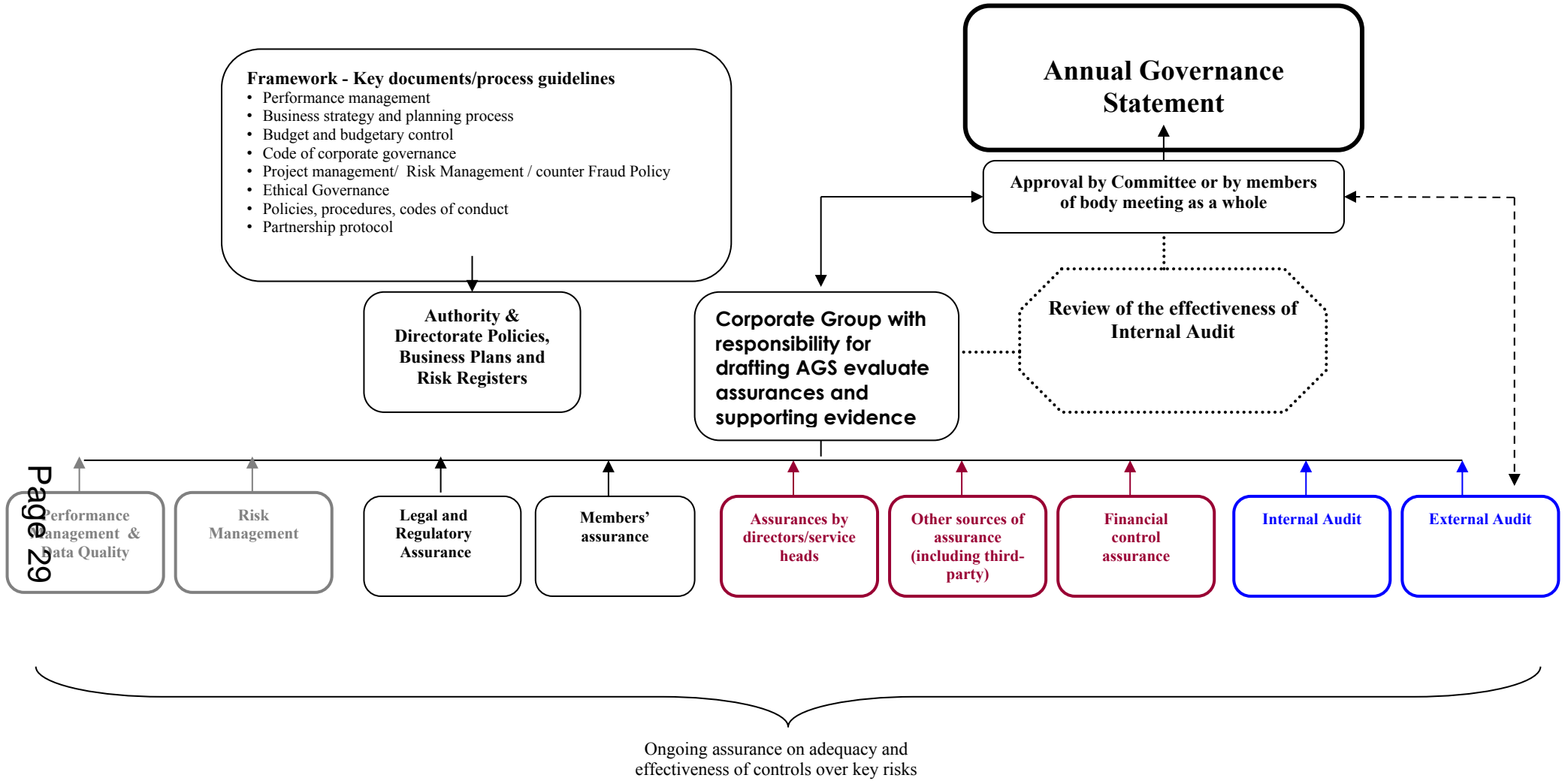
### Action Plan to enable the production of the Annual Governance Statement for 2014/15

Actions Required	Timescale
<ul style="list-style-type: none"> <li>CMT / Accounts and Audit Committee to receive report outlining the Authority's approach to the Annual Governance Statement for 2014/15.</li> </ul>	February 2015
<ul style="list-style-type: none"> <li>Obtain assurance on risk management processes / management of strategic risks – final update of Strategic Risk Register for 2014/15 to be agreed by TPR&amp;CMT and reported to the Accounts and Audit Committee.</li> </ul>	March 2015
<ul style="list-style-type: none"> <li>Audit and Assurance review and evaluation of the Authority's actual position in relation to its Corporate Governance Code.</li> </ul>	May 2015
<ul style="list-style-type: none"> <li>Production of the Annual Internal Audit Report and opinion – based on work completed by the Audit and Assurance Service during 2014/15 providing assurance relating to key systems, procedures and controls in place across the Council.</li> </ul>	May 2015
<ul style="list-style-type: none"> <li>Complete collation of evidence to support the production of the draft Statement including both internal and external assurance.</li> </ul>	May 2014
<ul style="list-style-type: none"> <li>Production of a first draft of the Annual Governance Statement for review by / comment from senior officers, members and the External Auditor (co-ordinated by the Audit and Assurance Service in consultation with CMT).</li> </ul>	Draft AGS shared with CMT – early June 2015 & Grant Thornton – mid June 2015
<ul style="list-style-type: none"> <li>Accounts &amp; Audit Committee (through appointed working group) to review robustness of the Annual Governance Statement.</li> </ul>	Mid June 2015
<ul style="list-style-type: none"> <li>The Audit and Assurance Service to co-ordinate production of the draft Annual Governance Statement incorporating the above.</li> </ul>	Mid June 2015
<ul style="list-style-type: none"> <li>Completed Draft Annual Governance Statement for 2014/15 to be agreed by the Chief Executive and Leader and presented to the Accounts and Audit Committee.</li> </ul>	End of June 2015.
<ul style="list-style-type: none"> <li>Final Annual Governance Statement 2014/15, signed by the Chief Executive and Leader, to be submitted to accompany the final accounts and approved by the Accounts and Audit Committee.</li> </ul>	September 2015



# ANNUAL GOVERNANCE STATEMENT FRAMEWORK

## Appendix B





## TRAFFORD COUNCIL

**Report to: Executive**

**Date: 26 January 2015**

**Report for: Information**

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

**Report Title:**

Revenue Budget Monitoring 2014/15 – Period 8 (April to November 2014).

**Summary:**

The revised revenue budget approved at the Council meeting on 17 September 2014 is £156.134m. The forecast for the end of the year, as projected following eight months of activity, is £153.639m being a net underspend of £(2.495)m, (1.6)% of the budget. This is a favourable movement of £(1.767)m since the last report.

The main areas of budget variance are summarised as:

<b>Activity</b>	<b>Forecast £m</b>	<b>Movement £m</b>
Increased demand and unit costs for Children in Care placements	0.7	0.2
Adult Services client costs	(0.5)	(0.5)
Adult Services provision for doubtful debts	0.5	0.5
LD Pool release of budget provision for transitional cases	(0.8)	(0.8)
Additional external income, including SLA's	(0.4)	-
Rephased base budget savings	0.4	-
In year savings not met (incl. Terms & Conditions)	0.6	-
Vacancy management	(1.4)	(0.3)
Deprivation of Liberty assessment costs	0.3	0.2
Manchester Airport Group Dividend	(1.0)	(1.0)
Other variances	(0.1)	(0.1)
Additional Income from Business Rates available in 2014/15	(0.8)	-
<b>Forecast outturn</b>	<b>(2.5)</b>	<b>(1.8)</b>

**Reserves**

The opening balance of the General Reserve was £(11.0)m, and after taking into account approved and proposed use and commitments, the forecasted closing balance is £(9.3)m, which is £(3.3)m above the Council established minimum level of £(6.0)m.

In addition, the net service carry forward reserves at the beginning of the year was £(4.004)m, and after taking into account planned use and commitments, and the service Directorates' outturn the forecasted closing balance is £(0.392)m surplus (excluding LD Pool).

There is a current deficit on the Learning Disability Pooled Fund of £3.0m. This will be considered with the CCG and proposals brought forward. An in-year underspend on the Learning Disability budget of £(0.656)m, and included in the forecast outturn for

CFW, will be used to reduce the commitment on the General Reserve above (see Table 5).

**Council Tax**

The surplus brought forward of £(0.5)m, will be increased by an in-year forecasted surplus of £(1.1)m. After taking account of the planned use of £0.4m to support the base budget and another £0.2m for backdated valuation and discount appeals, the total surplus forecasted to be carried forward is £(1.0)m. The Council’s share of this surplus is £(0.9)m, and is planned to support future budgets in the MTFP.

**Business Rates**

As originally reported at Period 6 an estimated surplus of £(3.489)m is projected for 2014/15, Trafford’s share being £(0.855)m. Details will be updated when the VOA provide their next quarterly update on outstanding and settled appeals in late December 2014. Under the rules which govern the scheme, this estimated figure cannot be included in the General Fund until 2015/16.

Section 31 grants which compensate the Council for the Government’s extension of the Small Business Rate Relief/Retail Relief Discount Schemes and further income from renewable energy schemes which is wholly retained by the Council, remain unchanged as reported in Period 6 at £(0.844)m. This grant is included in the forecast outturn of £155.433m.

**Recommendation(s)**

**It is recommended that:**

- a) the latest forecast be noted and agreed;

**Contact person for access to background papers and further information:**

David Muggeridge, Finance Manager, Financial Accounting                      Extension: 4534

**Background Papers:** None

**Implications:**

Relationship to Policy Framework/Corporate Priorities	Value for Money
Financial	As set out above
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

**Director of Finance:.....ID.....**

**Director of Legal & Democratic Services:....JLF.....**

**DIRECTOR’S SIGNATURE .....**

## Budget Monitoring - Financial Results

1. The revised budget approved at the 17 September 2014 Council meeting is £156.134m. Based on the budget monitoring for the first 8 months of the year, the overall forecast for the year is £153.639m, being an underspend of £(2.495)m, (1.6)%, a favourable movement of £(1.767)m since the last report.
2. The details of service variances can be found in Annexes 1 to 3, and for Council-Wide, Annex 4:

<b>Table 1: Budget Monitoring results by Directorate</b>	<b>Year end Forecast (£000's)</b>	<b>Percentage %</b>	<b>Period Movement (£000's)</b>	<b>Annex</b>
CFW – Children's Services	799	2.6%	152	1
CFW – Adult Social Services	(689)*	(1.2)%	(762)	1
CFW – Public Health	-	-	-	1
Economic Growth, Environment & Infrastructure	(358)	(1.1)%	(2)	2
Transformation & Resources	(314)	(1.8)%	(178)	3
<b>Total Service Variances</b>	<b>(562)</b>	<b>(0.4)%</b>	<b>(790)</b>	
Council-wide budgets	(1,933)	(9.5)%	(977)	4
<b>Estimated outturn variance (period 8)</b>	<b>(2,495)</b>	<b>(1.6)%</b>	<b>(1,767)</b>	

*CFW – Children, Families & Wellbeing*

<b>Table 2: Budget Monitoring results by Executive Portfolio Holder</b>	<b>Year end Forecast (£000's)</b>	<b>Percentage %</b>	<b>Period Movement (£000's)</b>
Children's Services	799	2.6%	152
Adult Social Services	(689)*	(1.2)%	(762)
Community Health & Wellbeing	-	-	-
Environment & Operations	(159)	(0.6)%	1
Economic Growth & Planning	(199)	(4.1)%	(3)
Communities & Partnerships	108	3.4%	(14)
Transformation & Resources	(155)	(1.4)%	(132)
Finance	(2,200)	(9.2)%	(1,009)
<b>Estimated outturn variance (period 8)</b>	<b>(2,495)</b>	<b>(1.6)%</b>	<b>(1,767)</b>

\* £(0.656)m will be used to reduce the commitment on the General Reserve (see Table 5).

### Key month on month variations

3. The key variances contributing to the period movement of a favourable £(1.767)m are:
  - £0.234m adverse movement in Children in Care costs relating mainly to an increase in placements;
  - £(0.460)m favourable movement in Older People's client costs, relating mainly to a one-off efficiency saving of the Carers Personalisation contract of £(0.202)m and a phased release of the winter resilience provision of £(0.167)m;

- £0.500m increase in the provision for doubtful debts in respect of residential and domiciliary care income;
- £(0.800)m relating to the release of the provision for additional costs arising as children transition into Adult Learning Disability Services between the ages of 18 and 25;
- £(0.255)m vacancy management across all Directorates;
- £(1.000)m Manchester Airport Group interim dividend payment not budgeted for;
- Other net minor variances, £0.014m.

### MTFP Savings and increased income

4. The 2014/15 base budget, or permanent budget, is based on the achievement of permanent base budget savings and increased income of £(13.776)m.
5. The following table summarises the overall forecasted achievement of the total base budget savings target for 2014/15 of £(13.776)m; noting the potential shortfall, proposed action to mitigate this shortfall in 2014/15 and action taken in the draft budget proposals for 2015/16

<b>Table 3: Base budget savings</b>	<b>Total (£000's)</b>
Total Savings delivered or in progress	(12,725)
Budget savings required	(13,776)
<b>Shortfall</b>	<b>1,051</b>
<b>To be met by:</b>	
Re-phased savings from T&R reserve in 14/15	
• HR Restructure	(91)
• Partnerships & Communities Restructure	(93)
• Legal Service Restructure	(36)
• Design and Print (T&R)	(113)
Re-phased savings from EGEI reserve in 14/15	
• Parks Maintenance	(47)
• Town Centre Advertising	(16)
• Property Referral Fees Advertising	(3)
• Moving Travel Offences	(30)
Alternative savings in CFW in 14/15	
• Home to School Transport (overachievement against savings target)	192
<b>Sub-total – alternative savings</b>	<b>(237)</b>
Savings without alternative solutions:	
• Information & Advice savings (CFW)	34
• Design and Print (cross Directorate)	39
• Terms and Conditions (CFW)	423
• Children in Care Placements	218
• Shortfall in Adoption Fee Income	100
<b>Total</b>	<b>814</b>

6. Approximately 92% of base budget savings have been or are forecasted to be delivered:
- Of the £1.051m shortfall, £0.583m relates to CFW, £0.333m T&R and £0.096m EGEI and £0.039m across all Directorates relating to a delay in the award of the print contract.
  - There are some savings that are delayed in 2014/15 £(0.237)m but the full effect is still expected to be delivered in the 2015/16 budget;
  - There are savings that will not be delivered, of which £0.423m relates to terms and conditions within CFW and, at the time of preparing the draft budget, £0.146m relating to Children in Care Placements. In addition there is a further £0.016m relating to the full year effect of reduced Town Centre Advertising Income. These savings pressures, totaling £(0.585)m have been built into the draft budget proposals for 2015/16. The pressure in Children in Care Placements has since increased to £0.218m.
7. A further in-year savings target of between £(2.5)m and £(3.3)m was agreed at Council on 17th September as part of the budget realignment process to address pressures within the CFW Directorate. The decommissioning of Voluntary and Community Sector grants saving proposal is currently projecting a surplus of £(0.004)m, and along with an overachievement of £(0.589)m against the vacancy freeze saving has resulted in an overall estimated overachievement of £(0.593m) against the savings target of £(2.5)m.

## Council Tax

8. The brought forward surplus on the Council Tax element of the Collection Fund has shared ownership between GM Fire & Rescue Authority and Police & Crime Commissioner, as well as the Council.
9. After eight months of activity, the total Council Tax in-year surplus is forecasted at £(1.171)m, with the Council's share of this being £(0.984)m. After taking account of the planned application to support the 2014/15 budget, £0.356m, and reductions as a consequence of back-dated valuations and awards of discounts or exemptions of £0.250m, the end of year total balance is forecasted to be £(1.023)m, of which the Council's share is £(0.859)m. The Medium Term Financial Plan assumes use of the Collection Fund surplus at similar levels to 2014/15 into the future.

<b>Table 4: Council Tax surplus</b>	<b>Overall</b>		<b>Trafford</b>	
	<b>£(000's)</b>	<b>£(000's)</b>	<b>£(000's)</b>	<b>£(000's)</b>
<b>Surplus brought forward</b>		<b>(458)</b>		<b>(385)</b>
Changes in Band D equivalents	43		36	
Empty Homes Premium	(110)		(92)	
Council Tax Support awards	(1,104)		(928)	
Banding valuations & discounts	250	(921)	210	(774)
In-year application of surplus		356		300
<b>Forecasted surplus carry forward</b>		<b>(1,023)</b>		<b>(859)</b>

10. The majority of the in-year surplus has been generated from pro-active interventions in unreported changes of circumstances, which has reduced the need for Council Tax Support. This means that the correct award of Support is made earlier and reduces the amount of overpayments that have to be collected subsequently. Some of the in-year increase also relates to an increase in empty homes premium, however, this initiative cannot be guaranteed into the future as the purpose of the policy is to discourage empty properties and to encourage bringing them into the housing market. There has been a minor movement in the forecast surplus of £(0.006)m since last month. The Benefit caseload has reduced by 88 cases since October. There has been a total reduction of 581 cases in the eight months since March, which is a 3% reduction in the live benefit caseload out of a current total of 18,460. A review of sole occupier discounts has commenced and this is forecast to have further positive impact on the tax base

### **Business Rates**

11. 2014/15 will be the second year of operation of the new business rates retention scheme. The Government has established a target yield figure, or baseline, and 24.5% of yield above target is retained by the Council. However, 49% of any shortfall against the target is charged to the Council up to a safety net maximum cost to the Council of £2.433m.
12. The projected surplus of £(3.489)m and Trafford's share thereof of £(0.855)m as originally reported at Period 6 has not changed. The projections will be updated when the VOA provide their next quarterly update on outstanding and settled appeals in late December. Under the rules which govern the scheme, this estimated figure cannot be included in the General Fund until 2015/16.
13. In addition, as originally reported in Period 6, the additional Section 31 grants received in 2014/15 to compensate the Council for the Government's extension of the Small Business Rate Relief/Retail Relief Discount Schemes and further income from renewable energy schemes, remains at £(0.844)m. These grants are available in year and will form part of the estimated outturn. The level of grant can change during the year due to the actual award of Small Business Rate Relief and projections may vary accordingly.



## Reserves

14. The General Reserve balance brought forward is £(11.0)m, against which there are planned commitments up to the end of 2014/15 of £3.1m. The addition of the Council-wide underspend of £(1.9)m and the proposed support to help deliver future CFW savings of £0.5m provides for a projected balance as at 31 March 2015 of £(9.3)m which is £(3.3)m above the approved minimum level of £(6.0)m:

<b>Table 5 : General Reserve Movements</b>	<b>(£000's)</b>
<b>Balance 31 March 2014 (subject to audit confirmation)</b>	<b>(10,980)</b>
<b>Commitments in 2014/15:</b>	
- Planned use for 2014/15 Budget (agreed 19 Feb 2014)	2,007
- Additional support for Adult Services (agreed at Council 17 September 2014)	1,582
- Learning Disability budget in-year underspend	(656)*
- Support to help deliver future CFW savings (agreed by Executive 1 December 2014)	500
- Planned use for one-off projects 2014/15	207
- Council-wide budgets underspend	(1,933)
<b>Balance 31 March 2015</b>	<b>(9,273)</b>

\* The additional support for Adult Services agreed at Council on 17 September 2014 as part of the 2014/15 revenue budget re-alignment report included a temporary budget increase of £2.367m for Learning Disabilities. Any in-year savings within this budget will therefore be used to reduce the commitment on the General Reserve of £1.582m agreed above.

15. Service balances brought forward from 2013/14 were a net £(0.982)m. After planned use to support one-off projects and adjusting for the estimated outturn, there is a projected net deficit of £1.974m to be carried forward to 2015/16 (Table 6).

	<b>b/f April 2014 (£000's)</b>	<b>Forecast Movement in-year (£000's)</b>	<b>Forecast Balance (£000's)</b>
<b>Table 6: Service balances</b>			
Communities, Families & Wellbeing	(871)	1,277	406
Economic Growth, Environment & Infrastructure	(1,155)	726	(429)
Transformation & Resources	(1,978)	1,609	(369)
<b>Total All Services (Surplus)/Deficit</b>	<b>(4,004)</b>	<b>3,612</b>	<b>(392)</b>
<b>Learning Disability Pool (a)</b>	<b>3,022</b>	<b>-</b>	<b>3,022</b>
<b>Total (Surplus)/Deficit</b>	<b>(982)</b>	<b>3,612</b>	<b>2,630</b>

Note:

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

The use of reserve balances during the year are detailed in the Directorate reports attached as Annexes.

## **Recommendations**

16. It is recommended that:
  - a) the latest forecast be noted and agreed.

## TRAFFORD COUNCIL

Report to: CFW Senior Leadership Team  
 Date: 18 December 2014  
 Report for: Discussion  
 Report author: CFW Finance Managers

Report Title:

**Revenue Budget Monitoring 2014/15 – Period 8 (April to November 2014).**

**1 Outturn Forecast**

- 1.1 This is the sixth CFW Directorate Monitoring Report for 2014/15 and reflects variances against the realigned budget as approved by the Executive.
- 1.2 The revised revenue budget for the year for CFW is £84.889m. The projected outturn for CFW is now £84.999m, which represents an overspend of £110k on approved budget (0.13%).
- 1.3 This represents a favourable movement from period 7 of £(610)k due to:
- £322k adverse movement in Children’s Social Services relating to a reduction in adoption income £94k, increase in client care packages £219k and £9k other minor variances.
  - £(92)k favourable movement on home to school transport due to new contractual arrangements for the new academic year.
  - A favourable movement due to additional SEN grant contribution £(53)k.
  - £(25)k favourable movement across other Children’s Services Budgets.
  - A one-off efficiency saving of £(202)k as a result of the re-engineering of the Carers Personalisation contract.
  - A £(167)k favourable variance due to a reduction in the assumed use of the winter resilience budget provision for care packages.
  - The release of £(800)k of the provision for additional costs arising as children transition into Adult Learning Disability Services between the ages of 18-25.
  - £100k additional transport costs for adults remaining in Education services.
  - £500k increase in the provision for doubtful debts following a high level review of current and historical debt outstanding.
  - the delivery of the residual Ascot House savings target of £(73)k.
  - £(103)k favourable variance arising from staffing vacancies within Older People’s, Mental Health and Learning Disability Services.
  - £(17)k favourable variance across other Adults budget.

## 2 Explanation of Variances

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

### Children's Social Services (Including Children with Complex Needs) - £1,371k adverse variation from budget

1. £757k adverse variance on client care packages of which £539k relates to increased numbers and £218k increase in unit costs;

Service	Budget Service Users	Budget Average weekly cost	Gross Budget	Actual Service Users	Average weekly cost	Actual Gross Forecast	Variance Service Users	Variance Gross Forecast
	No.	£	(£000's)	No.	£	(£000's)	No.	(£000's)
Welfare secure	0.3	5,068	90	0.3	5,090	90	0.0	0
External Children's Homes	4.6	3,342	796	8.0	3,185	1,325	3.4	529
Agency foster care	29.8	842	1,307	36.7	853	1,626	6.9	319
In-house foster care	97.4	270	1,373	92.3	299	1,435	-5.1	62
Family and friend foster care	109.6	180	1,031	111.6	190	1,104	2.0	73
Asylum seekers	1.7	272	24	1.7	170	15	0.0	-9
Special Guardianship	33.0	159	274	31.0	145	234	-2.0	-40
Assisted Residence Allowances	26.0	96	130	25.0	102	133	-1.0	3
Aftercare	n/a		347	n/a		445	n/a	98
Supported Lodges	n/a		255	n/a		208	n/a	-47
Youth Homeless	n/a		185	n/a		166	n/a	-19
Stay in Care Placements	n/a		70	n/a		0	n/a	-70
Adoption	20.0		976	13.0		752	-7.0	-224
CAN respite	2.6	1,674	227	2.6	1,674	234	0.0	7
CAN long term care	3.4	2,448	434	4.2	2,283	524	0.8	90
CAN Home from Home	n/a		239	n/a		186	n/a	-53
CAN Direct payments/personalisation	n/a		376	n/a		414	n/a	38
<b>Total</b>			<b>8,134</b>			<b>8,891</b>		<b>757</b>

2. £353k shortfall in income, most of which relates to adoption income of £287k;
3. £95k adverse variance on running costs;
4. Staff vacancies of £(61)k and an adverse variance of £127k relating to the non-achievement of savings in relation to changes in terms and conditions. This is due to the number of exemptions in connection with critical front line services.
5. An adverse variance of £100k due to non-achievement of the adoption income saving.

**Children's Staff Management of vacancies – favourable variance £(362)k**

There is a favourable variance of £(379)k in relation to the management of staff vacancies across all of Children's Services (£(61)k included in Children's Social Services above).

**Children's Terms and Conditions Savings Unachieved – adverse variance £220k**

An overspend of £220k relating to the non-achievement of savings in relation to changes in terms and conditions. This is due to the number of exemptions in connection with critical front line services. £127k is included in Children's Social Services above.

**Children's Education Early Years Additional Income - favourable variance £(86)k**

Mainly from additional income relating to the Education Psychology SLA to Schools.

**Home To School Transport – Favourable Variance £(192)k**

The new contractual arrangements for the 2015/16 academic year are projected to save an additional £(192)k in this financial year over and above the existing target of £(100)k and managing estimated demographic pressures of £90k.

**Children's Services Running Costs Favourable Variance £(86)k.**

There are favourable variances totalling £(86)k in relation to running costs across all children's services.

**Adults and LD Pool – £(689)k favourable variation from budget:**

1. Base budget and additional in year savings not achieved (See Section 3.6) - £232k adverse.
2. A recent Supreme Court judgment, which effectively lowered the threshold for what constitutes deprivation of liberty in care (DOLS), has resulted in additional assessment costs for all local authorities, which for Trafford is £251k.
3. In year savings of £(373)k due to vacant posts, particularly within Older People's Services (£193)k, Mental Health £(60)k, Benefits Advice £(36)k, and LD Day Care and Reablement £(95)k.
4. A one-off efficiency saving of £(202)k as a result of the re-engineering of the Carers Personalisation contract.
5. A £(167)k favourable variance due to a reduction in the assumed use of the winter resilience budget provision for care packages.
6. The release of £(800)k of the provision for additional costs arising as children transition into Adult Learning Disability Services between the ages of 18-25. This is a one-off saving released following the start of the new school year as final decisions are made regarding which students remain in education.
7. £500k increase in the provision for doubtful debts following a high level review of current and historical debt outstanding.
8. Other variances amounting to a net underspend of £(130)k.

## **Public Health – nil variance from budget:**

The Public Health budget is funded through a ring-fenced grant. Any underspend against this grant in the current year will therefore be carried forward to 2015/16. The projected variations relating to Public Health are set out and explained in detail in Appendix 1 and summarised below:

- Management of vacancies - £(57)k favourable, and
- Other income - £(97)k favourable as a result of non-recurrent income from Community Safety for Test on Arrest, £(22)k and a £(75)k contribution from the CCG in respect of Dementia Advice contracts.

This will leave a current unallocated grant balance of £154k for which proposals will be brought forward to support Public Health priorities.

### **3. Forecasting and Risk**

#### **3.1 2014/15 Base Budget Savings**

The council's overall budget for 2014/15 includes £(13,776)k of savings of which £(7,390)k relates to CFW. The table in Appendix 2 shows the current assumptions made regarding the delivery of in-year savings targets within the forecasts set out in this report.

Of the 34 savings proposals a total of 29 are expected to be achieved in full and one is expecting to overachieve. The remaining 5 schemes projecting a shortfall of £0.582m are as follows:

1. Children in Care placements - £218k. This saving proposal was linked to a plan to reduce unit costs for CIC placements (see CFW2 for further details).
2. Home to School Transport £(192)k. The reorganisation of home to school contracts has resulted in a larger saving but is in reality the 15-16 saving being achieved early.
3. Terms and Conditions (CYPS & Adults) - £423k shortfall due to the number of exemptions in relation to the delivery of front line services.
4. Adoption Placement fees - £100k savings relating to income from other local authorities will not be achieved, as the number of adopters now exceeds the number of children awaiting adoption.
5. Advice & Information – this is the CFW share of a Council Wide savings target which still remains a pressure in CFW.

#### **3.2 Additional In Year Savings**

There are also £(3.3)m of additional in year savings which were approved as part of the CFW budget re-alignment report, of which it was assumed that £(2.5)m would be achieved in year. A list of these savings and the current projection against the re-based budget of £(2.5)m are also included in Appendix 2.

Of the 18 savings proposals a total of 16 are expected to be achieved in full with the remaining 2 schemes projecting a net surplus of £(0.593)m as follows:

1. Voluntary & Community Sector – £(4)k overachievement due to higher than anticipated funds returned by VCS providers.
2. Vacancy Management - the in year target for vacancy management savings is £(580)k, of which it was assumed that £(209)k would be achieved in year as part of the budget realignment. However, this savings target has been overachieved by £(589)k mainly due to posts held vacant pending 2015/16 savings implementation.

### **3.3 Provision for Doubtful Debts**

The Council collects approximately £9.5m each year from clients towards the cost of their residential or domiciliary care package. This is a means tested assessment of a client's ability to pay and some of the debt is deferred i.e. not collected, until a client's assets are sold which can mean debt is not collected for some years. Also the health and wellbeing of a client is taken into account when considering the recovery of debt.

A high level review of current and historical debt outstanding has been carried out and it is considered prudent that £500k is earmarked in the Council's current year's financial plans for the possibility that some debt may not be collected; this would be in addition to the sum of £400k which is already earmarked from previous years. Putting this in context, total bills of £85m have been raised since 2005 and therefore the earmarked provision is equivalent to 1.06% of the total debt raised. The Council will continue to maximise income collection but if any debt is ultimately written off this will be done in accordance with the Council's agreed procedures.

### **3.4 Care Packages**

This is the sixth monitoring report of the financial year based on eight months of actual activity and the information available to produce the forecast outturn will be refined and subject to change as the year progresses.

Adult CFW supports the most vulnerable people in the borough and as such the budgets are demand led. Variations in the number and unit cost of care packages has led to significant variations in demand levels, which have not previously been fully reflected in the budget.

2014/15 budgets have now been re-aligned based on the actual cost of all service users up to 31<sup>st</sup> August with a projection to 31<sup>st</sup> March 2015 for all "live" cases at 1<sup>st</sup> December 2014. The following table sets out the number and average weekly unit cost of "live" cases which form the basis of current forecast expenditure:

	Re-aligned 2014/15 Budget			Forecast Outturn (Period 8)			Forecast Variance		
Service	Service Users	Average weekly cost	Gross Budget	Current Service Users	Average weekly cost	Gross Forecast	Service Users	Weekly cost	Gross Forecast
	No.	£	(£000's)	No.	£	(£000's)	No.	£	(£000's)
<b>Older People</b>									
Domiciliary Care	855	156.33	7,096	853	152.92	6,936	(2)	(3.41)	(160)
Direct Payments	155	178.42	1,669	161	172.37	1,660	6	(6.05)	(9)
Residential/Nursing	571	471.06	14,222	555	475.23	14,167	(16)	4.17	(55)
<b>Physical Disability</b>									
Domiciliary Care	143	178.98	1,212	121	187.49	1,142	(22)	8.51	(70)
Direct Payments	189	220.12	2,270	182	222.18	2,296	(7)	2.06	26
Residential/Nursing	30	656.50	947	30	659.07	962	-	2.57	15
<b>Learning Disability</b>									
Day Care	30	265.06	407	31	263.22	410	1	(1.84)	3
Domiciliary Care	49	293.85	799	46	285.78	745	(3)	(8.07)	(54)
Direct Payments	254	297.47	4,220	249	299.31	4,290	(5)	1.84	70
Residential/Nursing	74	1,330.10	4,166	67	1,283.63	3,855	(7)	(46.47)	(311)
Supported Living	88	992.47	4,287	86	961.94	4,434	(2)	(0.53)	147
<b>Mental Health</b>									
Domiciliary Care	46	121.01	244	46	106.02	234	-	(14.99)	(10)
Direct Payments	30	122.65	209	28	124.24	214	(2)	1.59	5
Residential/Nursing	39	561.39	1,135	37	552.25	1,095	(2)	(9.14)	(40)
Supported Living	19	1,298.06	1,092	22	1,218.42	1,154	3	(79.64)	62
<b>Total</b>			<b>43,975</b>			<b>43,594</b>			<b>(381)</b>

**Note: the gross forecast is based on the actual cost of services to date plus a forecast for the remainder of the year based on current users. It is not possible to multiply across the above table as the service users & unit cost only reflect current cases.**



3.5 The above table reflects the current gross cost of services based on individual care packages. However, for financial monitoring purposes, a number of further assumptions have been made which are not reflected in the table:

- Estimated clawback on Direct Payments of £(850)k based on total receipts to date in 2014/15 of £(682)k. The current forecast is consistent with the actual clawback figure in 2013/14 of £(837)k adjusted to reflect growth in the number of service users receiving direct payments.
- An annual reduction of £(200)k against Home Care packages to reflect previous experience that approximately 10% of home care package hours are not used. This has been applied pro rata to the number of months remaining in the year, the assumed reduction from 1<sup>st</sup> December 2014 to 31<sup>st</sup> March 2015 is £(67)k.
- A winter resilience provision of £333k to offset any net growth in care package numbers/costs during the remainder of the financial year. This reflects a reduction in the assumed use of the contingency of £167k from period 7. The use of the contingency is assumed to be weighted pro rata to the number of months remaining and will be released on this basis (Nov £167k, Dec £133k, Jan £100k, Feb £67k and March £33k)

### 3.6 Other Assumptions

A pay award of 1% has been assumed for 2014/15.

## 4. Learning Disabilities Pooled Fund

4.1 At the beginning of the year the LD Pool had a carry forward adverse balance of £3.022m.

4.2 Dialogue is taking place with the Trafford Clinical Commissioning Group (CCG) in order to agree how we collectively address the on-going pressure on the LD Pooled Budget.

## 5. Service carry-forward reserves

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

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

	DSG	CFW – Non LD Pool	CFW LD Pool
	(£000's)	(£000's)	(£000's)
Balance b/f 1 April 2014	(2,777)	(871)	3,022
Troubled Families Grant		(280)	-
Troubled Families Commitments 15-16		280	
Specific commitments in 2014/15	750	511	
P8 Forecast Outturn	124	766*	-
	<b>(1,903)</b>	<b>406</b>	<b>3,022</b>

The DCLG have provided a grant for troubled families, which is not ring-fenced and will not be spent by 31<sup>st</sup> March 2014. There are commitments made to partners for 2015/16.

\*The CFW net overspend of £110k is split £766k non LD and £(656)k LD. The £(0.656)m underspend on Learning Disability budgets will be used to reduce the commitment on the General Reserve of £1.582m previously agreed at Council on 17 September 2014 (see Table 5 in the covering report).

## **6. Management Action**

6.1 The re-aligned CFW budget is dependent on the delivery of additional in-year savings of £(2.5)m. Detailed implementation plans are now underway for these savings.

### **6.2 Resource Allocation Process**

In June 2014, a revised Resource Allocation model was implemented, which now includes a weekly Resource Panel with wider representation including Directors. The aim of the revised model is to ensure that the amount of funding allocated is based on “Just Enough” support principles, to minimise cases agreed outside the Resource Panel and to ensure that the process for agreeing funding for individual packages of care is strengthened, ensuring that both senior operational managers and commissioners scrutinise each case and make best use of available resources, voids, contracts etc.

In addition a further panel has been established to exercise the same level of scrutiny on cases coming out of the internal and external reablement services.

### **6.3 Business Delivery Programme Board**

The Business Delivery Programme Board has recently refreshed the way it works, splitting into three key elements:

- Core Business,
- Financial Business, and
- Learning Disability Business.

This new approach ensures Directors, lead commissioners, Finance Managers and Heads of Operational Services maintain oversight of activity linked to the budget and address key issues relating to financial monitoring reports, monitoring of savings targets, and other budget recovery action taken. A revised approach to escalating issues arising to the CFW Senior Leadership Team has also been agreed.

### **6.4 Financial Tracking and Monitoring**

An overarching Activity Plan has been developed which details all areas of activity linked to the Learning Disability Pooled Budget, including previous Recovery Plans and Business Cases in respect of 2014/15 and 2015/16 savings proposals.

In addition a financial spread sheet has been created to allow reductions to be quantified based on “real time” information. The spread sheet highlights the starting position, reductions projected based on Business Case plans and actual reductions achieved once actions have been implemented and savings realised. The introduction of the facility to track financial changes will support the programme of work and highlight where savings have been achieved and also where there may be areas at risk.

## **6.5 Children in Care Placements Tracking and Monitoring**

The robust tracking and monitoring of placements has been described in detail in the two previous monitoring reports. The next detailed quarterly placement meeting is being brought forward by one month to ensure the planning of 2015/16 resources is as robust as possible.

Staffing resources are also being considered as a part of this exercise in order that workloads can be managed as effectively and efficiently as possible.

### Period 8 Projected Outturn revenue expenditure and income variances

The following tables detail the main variances from the re-alignment revenue budget to the forecasted outturn, in both Management Accounts (“Budget Book”) format and by cause or area of impact of the variance.

Budget Book Format (Objective analysis)	Full Year Revised Budget (£000's)	P8 Forecast Outturn (£000's)	P8 Outturn variance (£000's)	P7 Outturn variance (£000's)	P7 – P8 Movement (£000's)	Ref
<b>Children’s Services Portfolio – DSG Element</b>						
Dedicated Schools Grant	0	124	124	124	0	CFW1
Transfer to Dedicated Schools Grant Reserve	0	(124)	(124)	(124)	0	CFW1
<b>Sub-total – DSG</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Children’s Services Portfolio – Non DSG Element</b>						
Education Early Years’ Service	6,110	5,693	(417)	(266)	(151)	CFW3
Children’s Social Services	15,383	16,715	1,332	1,011	321	CFW2
Children with Complex & Additional Needs	1,943	1,982	39	16	23	CFW2
Commissioning	1,716	1,643	(73)	(70)	(3)	CFW3
Multi Agency Referral & Assessment Service (MARAS)	1,491	1,443	(48)	(49)	1	CFW3
Youth Offending Service	363	370	7	14	(7)	CFW3
Children’s Centres	1,933	1,872	(61)	(52)	(9)	CFW3
Youth Service	1,336	1,356	20	43	(23)	CFW3
<b>Sub-total – Children’s Services</b>	<b>30,275</b>	<b>31,074</b>	<b>799</b>	<b>647</b>	<b>152</b>	
<b>CFW Children’s Total</b>	<b>30,275</b>	<b>31,074</b>	<b>799</b>	<b>647</b>	<b>152</b>	

<b>Budget Book Format (Objective analysis)</b>	<b>Full Year Revised Budget (£000's)</b>	<b>P8 Forecast Outturn (£000's)</b>	<b>P8 Outturn variance (£000's)</b>	<b>P7 Outturn variance (£000's)</b>	<b>P7 – P8 Movement (£000's)</b>	<b>Ref</b>
<b>Adult Social Services Portfolio</b>						
Older People	20,439	20,320	(119)	(98)	(21)	CFW4
Physical Disabilities	4,963	4,935	(28)	(4)	(24)	
Equipment & Adaptations	1,004	1,001	(3)	(3)	0	
Mental Health	3,612	3,521	(91)	(77)	(14)	CFW5
Other Adult Services	854	1,098	244	102	142	CFW6
Strategic & Support Services	967	954	(13)	(2)	(11)	
Adaptations	(64)	(57)	7	8	(1)	
Housing Services	630	604	(26)	(26)	0	CFW7
Community Services	230	226	(4)	(4)	0	
Equalities & Diversity	145	145	0	0	0	
<b>Sub-total</b>	<b>32,780</b>	<b>32,747</b>	<b>(33)</b>	<b>(104)</b>	<b>71</b>	
Learning Disabilities Pooled Fund	22,702	22,046	(656)	177	(833)	CFW8
<b>CFW Adults Total</b>	<b>55,482</b>	<b>54,793</b>	<b>(689)</b>	<b>73</b>	<b>(762)</b>	
<b>Community Health &amp; Wellbeing Portfolio</b>						
Public Health	(868)	(868)	0	0	0	CFW9
<b>CFW Public Health Total</b>	<b>(868)</b>	<b>(868)</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>CFW Total</b>	<b>84,889</b>	<b>84,999</b>	<b>110</b>	<b>720</b>	<b>(610)</b>	

<b>Business Reason / Area (Subjective analysis)</b>	<b>P8 Outturn (£000's)</b>	<b>P7 Outturn (£000's)</b>	<b>P7 – P8 Movement (£000's)</b>	<b>Ref</b>
<b>Children's</b>				
Management of staff vacancies	(362)	(312)	(50)	CFW3
Transport Costs	(192)	(100)	(92)	CFW3
Client Need	539	305	234	CFW2
2014/15 Savings not achieved	538	553	(15)	CFW3
Other running costs	9	79	(70)	CFW3
Income	267	122	145	CFW2,3
<b>Total Children's</b>	<b>799</b>	<b>647</b>	<b>152</b>	
<b>Adults</b>				
Management of staff vacancies	(430)	(297)	(133)	CFW4,5,8,9
Transport Costs	112	12	100	
Client Need	(1,306)	(6)	(1,300)	CFW4,5,8
Reduction in Grant Income	0	0	0	
2014/15 Savings not achieved	232	331	(99)	CFW4,6,9
Other running costs	347	176	171	CFW4,5,6,7,8,9
Other Income	356	(143)	499	CFW4,6,8,9
<b>Total Adults</b>	<b>(689)</b>	<b>73</b>	<b>(762)</b>	
<b>Total CFW</b>	<b>110</b>	<b>720</b>	<b>(610)</b>	

## **NOTES ON VARIANCES AND PERIOD MOVEMENTS**

### **CFW1 – DSG Reserve b/fwd.**

- The brought forward DSG reserve balance is £(2,777)k. £750k of this has been allocated to schools on a one off basis there is an expected overspend on SEN of £374k, a favourable variance on Early Years Provision £(138)k and an underspend on Maternity of £(88)k plus other variances totalling £(24)k. This would leave a year end reserve of £(1,903)k.

### **CFW2 – Children’s Social Services (Including CAN) £1,371k adverse variance**

- There is an overspend of £757k, on client care packages of which £539k relates to increased numbers and £218k increase in unit costs. This is an increase of £219k on the previous month. Plans are being reviewed in line with what was described in paragraph 6.5.
- There is a projected shortfall in adoption income of £387k. £100k relates to the savings target regarding income from other LA’s not being achieved, as the number of adopters now exceeds the number of children awaiting adoption. In addition to the saving not being achieved, there is an additional shortfall in adoption income causing a total pressure of £387k against the base budget. It has now become apparent that in the North West the number of recruited adopters is exceeding the number of children awaiting adoption. The result of this is that associated staffing establishments will have to be reviewed.
- The remaining variances are a reduction in the Staying Put Grant £87k, support costs relating to foster carers £74k, staff management £(61)k and £127k for not achieving the Terms and Conditions saving.

### **CFW3 - Various**

#### **Children’s various Vacancy Management – £(362)k Favourable**

- There are vacancy management savings amounting to £(362)k across all Children’s Services.

#### **Children’s various 2014/15 savings not achieved - £220k Adverse**

- Non-achievement of elements of the terms and conditions saving due to the volume of exemptions required in critical front line services. (£127k already included in Children’s Social Services CFW2 above).

#### **Children’s Home To School Transport- £(192)k Favourable.**

- A favourable variance due to the reorganisation of transport contracts which is a 2015/16 saving that is being achieved early.

#### **Additional Income Across Children’s Services £(86)k Favourable**

- Additional income, mainly relating to the Educational Psychology Service.

## **Running Costs Across Children's Services £(86)k Favourable**

- There are various favourable variances for running costs across Children's services which total £(86)k.

## **CFW4 – Older People £(119)k favourable**

### **Vacancy management - £(193)k favourable:**

- Commissioning management £(94)k favourable and Reablement £(106)k favourable and care management £7k adverse - Vacancies and savings against posts budgeted at top of grade offset by additional agency costs.

### **Client Need- £(427)k favourable:**

- One-off efficiency saving due to the re-engineering of the Carers Personalisation contract £(202)k.
- A reduction in the assumed use of the contingency of £(167)k from period 7. The assumed use of the winter resilience provision is assumed to be weighted pro rata to the number of months remaining and will be released on this basis (Nov £167k, Dec £133k, Jan £100k, Feb £67k and March £33k)
- Other variations in client need £(58)k.

### **Savings not achieved- £3k adverse:**

- Voluntary and Community Sector – in year shortfall as contracts reduced/ceased part way through the year.

### **Other Income - £500k adverse:**

- £500k increase in the provision for bad debts following a high level review of current and historical debt outstanding.

### **Other running costs- £(2)k favourable:**

- Minor variances within other Older People budgets.

## **CFW5 – Mental Health £(91)k favourable**

### **Vacancy management - £(60)k favourable**

- MH Social Workers (60)k favourable - Vacancies and savings against posts budgeted at top of grade offset by agency costs

### **Client Need- £(25)k favourable:**

- Net variations in client need.

### **Other running costs- £(6)k favourable:**

- Minor variances within other Mental Health budgets.



## **CFW6 - Other Adult Services £244k adverse**

### **Vacancy management - £(36)k favourable**

- Benefits Advice (36)k favourable - Vacancies and savings against posts budgeted at top of grade offset by additional agency costs

### **Transport Costs - £12k adverse:**

- Variation in number and cost of routes.

### **Other running costs- £292k adverse:**

- Generic Services - additional Deprivation of Liberty (DOLS) assessment costs £251k.
- Additional costs of £57k in relation to Healthwatch, and
- Other variations in running costs - £(16)k favourable.

### **Savings not achieved- £33k adverse:**

- Information and Advice Review - £33k adverse - this is the CFW share of a Council Wide savings target now split equally across EGEL, CFW and T&R.

### **Other income – £(57)k favourable**

- Increased Healthwatch income £(57)k.

## **CFW7– Housing Services – £(26)k favourable**

### **Other running costs- £(26)k favourable:**

- Contractual savings in year.

## **CFW8– LD Pooled Fund – £(656)k favourable**

### **Vacancy management - £(88)k favourable:**

- Net vacancies within Social Work, In-House Day Care, Supported Living and LD Reablement.

### **Client Need- £(818)k favourable:**

- Release of £(800)k of the provision for additional costs arising as children transition into Adult Services between the ages of 18-25. This is a one-off saving released following the start of the new school year as final decisions are made regarding which students remain in Education.
- Other net variations in client need £(18)k favourable.

### **Savings not achieved- £199k adverse:**

- Terms and conditions savings not achieved due to the number of exemptions relating to the delivery of critical front line services - £203k adverse offset by Voluntary and Community Sector – in year surplus as a result of more funds returned from contractor than estimated £(4)k.

**Transport - £100k adverse**

- Additional recharge from CYPS in respect of adults in Education.

**Other running costs- £(49)k favourable:**

- Other variances within Learning Disability budgets.

**CFW9 - Public Health – nil variance****Vacancy management - £(57)k favourable:**

- Public Health Leaders - £(49)k favourable – vacancies and savings against posts budgeted at top of grade.
- Health Improvement - £(20)k favourable – vacancy management.
- Other Public Health staffing variations - £12k adverse.

**Other running costs- £154k adverse:**

- Unallocated grant balance of £154k arising from overall forecast public health underspends for which proposals will be brought forward to support Public Health priorities.

**Other income - £(97)k favourable:**

- Drug & Alcohol Misuse - £(22)k favourable non recurrent income from Community Safety for Test on Arrest,
- Health & Wellbeing - £(75)k favourable non recurrent income from CCG towards Dementia Advice contracts.

Appendix 2

CFW Base Budget Savings 2014/15		Note	2014/15 Budget (£000's)	Forecast Saving (£000's)	Variance (£000's)
Children in Care Placements	CYPS	1	(480)	(262)	218
Supported Living	CYPS		(50)	(50)	-
MARAS Staffing	CYPS		(50)	(50)	-
Market Management	CYPS		(350)	(350)	-
Increased Use Personal Budgets	CYPS		(25)	(25)	-
Commissioning Integration	CYPS		(20)	(20)	-
Complex Additional Needs	CYPS		(50)	(50)	-
Education Support Services Review	CYPS		(100)	(100)	-
Home To School Transport	CYPS	2	(100)	(292)	(192)
Complex & Additional Needs Personalisation	CYPS		(125)	(125)	-
Terms and Conditions	CYPS	3	(656)	(436)	220
Adoption Placement Fees	CYPS	4	(100)	-	100
Connexions Service	CYPS		(260)	(260)	-
Youth Offending Service	CYPS		(150)	(150)	-
Early Years Childcare	CYPS		(25)	(25)	-
Education Welfare Officers	CYPS		(100)	(100)	-
School Improvement	CYPS		(105)	(105)	-
Grant Assisted Projects (YOS & KEEP)	CYPS		(74)	(74)	-
Reduced Inflation applied to running costs	Adults		(422)	(422)	-
Market Management	Adults		(533)	(533)	-
New models of service in LD reducing placement costs	Adults		(200)	(200)	-
Mental Health - implement Personal Budgets	Adults		(50)	(50)	-
LD Transport - implement Personal Budgets	Adults		(200)	(200)	-
Ascot House - joint service with TPS resulting in efficiencies in running costs	Adults		(100)	(100)	-
Reduce Public Health	Adults		(850)	(850)	-
Telecare	Adults		(400)	(400)	-
Reablement	Adults		(500)	(500)	-
Commissioning Integration (Children's/Adults)	Adults		(20)	(20)	-
Advice & Information - Council wide review	Adults	5	(83)	(50)	33
Pre-payment cards	Adults		(40)	(40)	-
Carers Services	Adults		(50)	(50)	-
Extension of Personalisation Agenda	Adults		(25)	(25)	-
Supporting People	Adults		(399)	(399)	-
Terms and Conditions	Adults	3	(695)	(492)	203
Inflationary increase for rents charged for supported living houses	Adults		(3)	(3)	-
			<b>(7,390)</b>	<b>(6,808)</b>	<b>582</b>

<b>CFW In Year Budget Savings 2014/15</b>		<b>Note</b>	<b>2014/15 Target (£000's)</b>	<b>Assumed in rebased Budget (£000's)</b>	<b>Forecast Saving (£000's)</b>	<b>Variance (£000's)</b>
Music Service	CYPS		(5)	(5)	(5)	-
Early Help Framework	CYPS		(66)	(66)	(66)	-
Complaints and Governance	CYPS		(5)	(4)	(4)	-
Stronger Families	CYPS		(250)	(250)	(250)	-
Area Family Support Team	CYPS		(36)	(18)	(18)	-
Children In care Personal needs	CYPS		(100)	(100)	(100)	-
Education Psychology	CYPS		(50)	(50)	(50)	-
Application of Grants	CYPS		(500)	(500)	(500)	-
Voluntary & Community Sector	Adults	1	(80)	(80)	(84)	(4)
LD – Contract Negotiations	Adults		(150)	(75)	(75)	-
LD – Acceleration of Tenders	Adults		(490)	(245)	(245)	-
LD – Ordinary Residence	Adults		(150)	(75)	(75)	-
LD – Ordinary Residence – Brokering Supported Living	Adults		(7)	(4)	(4)	-
LD – Care Packages	Adults		(9)	(9)	(9)	-
LD – Development Fund	Adults		(13)	(13)	(13)	-
LD – Void Management	Adults		(17)	(9)	(9)	-
Better Care Fund	Adults		(788)	(788)	(788)	-
Vacancy Management	All	2	(580)	(209)	(798)	(589)
			<b>(3,296)</b>	<b>(2,500)</b>	<b>(3,093)</b>	<b>(593)</b>

## TRAFFORD MBC

**Report to:** Economic Growth, Environment and Infrastructure  
**Directorate Management Team**  
**Date:** 18 December 2014  
**Report for:** Discussion  
**Report author:** Finance Manager

Report Title

## Revenue Budget Monitoring 2014/15 – Period 8 (April 2014 to November 2014)

**1. Forecast Outturn for the Year**

- 1.1 The approved revenue budget for the year is £33.429m. The forecast outturn is £33.071m, which is £(0.358)m under the approved budget. This is a net favourable movement of £(0.002)m from the last report and relates to minor movements across the Directorate.
- 1.2 The Directorate has brought forward balances of £(1.155)m from previous years (paragraph 3). These are earmarked for specific project based activity which has been re-phased from previous years, one-off projects to support in-year service efficiencies, and also to mitigate specific one-off budget pressures this year, such as from the Enforcement and Groundforce reviews, if required. The remaining balance based on the projected outturn above is £(0.429)m. This will be held to mitigate any future pressures during the year, such as weather related incidents.

**2. Summary of Variances**

- 2.1 The overall favourable variance of £(0.358)m reflects a number of individual under and overspends across the diverse areas of the Directorate, as detailed in Appendix 1 and summarised below.
- 2.2 There is one-off shortfall in approved savings relating to the Enforcement review (from 2013/14) £0.058m, and Groundforce review £0.047m. This is due to additional time taken for staff and stakeholder consultations. There is also an expected income saving shortfall of £0.030m from moving traffic offences, which is linked to the progress of the AGMA initiative supporting this. Income generation from town centre advertising will not be achieved £0.016m following recent legal advice, and property referral web-site advertising has been re-phased leading to a one-off shortfall of £0.003m this year. Savings will be delivered in full from 2015/16, and for town centre advertising alternative proposals will be progressed through the Medium Term Financial Plan.
- 2.3 The levy paid to Greater Manchester Waste Disposal Authority is expected to be £0.200m higher than budgeted, which is due to weather related increases in the volume of green waste being recycled over the summer. This can be partially mitigated by a negotiated one-off procurement saving in the waste collection contract £(0.150)m.
- 2.4 Favourable one-off income variances are projected from Oakfield Road car park £(0.128)m, rechargeable grounds maintenance costs £(0.039)m, Stretford Arndale rent £(0.067)m and Urmston Town centre rent £(0.048)m. Income is

higher than budgeted from other car parking charges £(0.015)m, GM Road Access Permit Scheme £(0.082)m and planning fees £(0.064)m. There are income shortfalls forecast relating to licencing £0.007m, pest control £0.017m, building control £0.065m and Green Deal £0.040m. Overall projected income is £(0.003)m higher than last reported.

- 2.5 There are a number of favourable variances relating to staffing budgets as a result of turnover or vacancy management £(0.275)m, including £(0.080)m from senior management restructuring, £(0.050)m from school crossing patrols and £(0.050)m Highways. The net underspend on staffing has increased by £(0.006)m since last reported.
- 2.6 Other running cost variances include underspends on Administrative Buildings £(0.056)m and Groundforce £(0.058)m, with overspends projected in Highways/Street Lighting maintenance £0.108m and for a one-off pressure re Altrincham Market £0.029m. Overall projected running costs have increased by £0.007m since the last report.
- 2.7 Management action will continue throughout the year to ensure that essential services are delivered within budget and to seek out opportunities for future financial benefits. This includes:
- Only necessary spending on supplies and services to be approved;
  - Systematic monitoring and evaluation of existing and potential new income streams;
  - Analysis of rechargeable work for both revenue and capital schemes;
  - Additional improvements to efficiency through service redesign and better procurement;
  - Potential to accelerate future savings proposals.

### **3. Reserves**

- 3.1 At the end of 2013/14 the Directorate had a surplus on accumulated balances of £(1.155)m, which was carried forward to 2014/15. This was a result of the successful management of budget pressures in the last two financial years but also includes a number of commitments relating to projects being re-phased across the year end.
- 3.2 The planned use of these balances is shown below. The current balance of £(0.429)m is being held to cover potential budget pressures from external factors, such as from adverse weather or reductions in income. Any balance remaining at year end will be carried forward to support services in 2015/16 accordingly.

<b>Utilisation of Carry forward Reserve 2014/15</b>	<b>(£000's)</b>
ETO Surplus balance brought forward at 1 April 2014	(494)
EGP Surplus balance brought forward at 1 April 2014	(661)
Re-phasing of projects from 2013/14	381
Committed on 2014/15 projects	703
Period 8 forecast outturn (favourable)	(358)
<b>Balance after known commitments</b>	<b>(429)</b>

#### 4. Savings

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

	<b>Budget (£000's)</b>	<b>Outturn (£000's)</b>	<b>Variance (£000's)</b>
Increased and new income	(320)	(271)	49
Efficiencies and others	(786)	(786)	0
Policy Choice	(1,920)	(1,873)	47
Mitigating action across EGEI	0	(96)	(96)
Terms and Conditions	(127)	(127)	0
<b>Total EGEI</b>	<b>(3,153)</b>	<b>(3,153)</b>	<b>0</b>

- 4.2 The income shortfall of £0.049m relates to the delay in implementing the saving relating to moving traffic offences £0.030m (note EGEI1 below) and £0.019m from town centre advertising and property referral fee web-site advertising (EGEI10). In policy choice £0.047m relates to re-phasing of savings in Groundforce (note EGEI4). All these items are to be mitigated in full from management action and other favourable variances across the Directorate, or by the use of accumulated balances if required. The savings will be achieved in full from 2015/16, with alternative measures for town centre advertising progressed through the Medium Term Financial Plan.
- 4.3 In addition, there is a £0.058m shortfall in the saving associated with the review of Enforcement approved in the 2013/14 budget. This is also due to additional staff and stakeholder consultations and the saving is now being delivered in full (from August 2014) (see note EGEI5).

#### 5. Forecasting and Risk

- 5.1 This is the sixth monitoring report of the financial year based on eight months of actual activity and the information available to produce the forecast outturn will be refined and subject to change as the year progresses.
- 5.2 The key assumptions and/or areas of risk in this forecast are:
- GM Waste Disposal Authority levy – each month the WDA notifies GM Councils of variances in the actual tonnages of waste delivered compared to that assumed when setting the levy at the start of the year. This results in an additional cost or rebate per Council. Actual tonnages can be affected by weather and also customer behaviour, for example levels of recycling. There is a £0.200m increase in the levy forecast this year due to the weather (see note EGEI5 below);
  - Fee income from capital works will vary depending on the progress of delivering the approved capital programme during the year – total budgeted fee income for the year is £2.2m;

- Demand led fees and charges income, such as from Parking, Licencing, Planning and Building Control, will vary based on economic conditions and customer behaviour. Bereavement Services income is also affected by external factors. All fees and charges are monitored weekly or monthly, with trends and previous profiles used to inform forecasts;
- Investment property income – this varies depending on economic factors, and includes income from shopping centres (e.g. Stretford Mall) where lettings and rents are the responsibility of the owners of the properties;
- Weather related incidents impact on costs and income, particularly during the winter months. This includes increased winter maintenance costs (gritting etc.), pot hole damage to highways, tree and other infrastructure damage. The Directorate has £0.140m in a Winter Maintenance reserve to smooth these pressures across financial years, if required.
- A pay award of 1% has been assumed for 2014/15. This is in line with the actual award agreed in November for staff earning over £20,400 per annum (full time equivalent) including all non-consolidated elements. For Traded Services (Catering and Cleaning), there are a large number of staff on lower equivalent annual pay where the pay increase is higher than 1% and the effect of this is estimated at £36k over that planned. This is intended to be covered from one-off existing resources.

## **6. Recommendations**

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



**Period 8 Forecast Outturn revenue expenditure and income variances.**

The following tables detail the main variances from the revenue budget to the forecast outturn, and the movements since the last monitoring report in both Management Accounts (“Budget Book”) format and by cause or area of impact of the variance.

<b>Economic Growth, Environment &amp; Infrastructure Budget Book Format (Objective analysis)</b>	<b>Full Year Budget (£000's)</b>	<b>P8 Forecast Outturn (£000's)</b>	<b>P8 Forecast Variance (£000's)</b>	<b>P7 Outturn Variance (£000's)</b>	<b>Period Movement (£000's)</b>	<b>Ref</b>
Highway and Network Management, including Traffic & Transportation	5,151	5,230	79	57	22	EGEI1
School Crossing Patrols	509	459	(50)	(50)	0	EGEI2
Parking Services	(337)	(505)	(168)	(167)	(1)	EGEI3
Groundforce	4,144	4,099	(45)	(45)	0	EGEI4
Bereavement Services	(1,090)	(1,079)	11	3	8	
Sustainability & Greenspace	359	325	(34)	(27)	(7)	
Waste Management (incl. WDA levy)	18,979	19,025	46	50	(4)	EGEI5
Public Protection	602	618	16	30	(14)	
Environmental Enforcement	89	155	66	69	(3)	EGEI6
Directorate Strategy & Business Support	259	179	(80)	(80)	0	EGEI7
<b>Sub-total Environment &amp; Operations Portfolio</b>	<b>28,665</b>	<b>28,506</b>	<b>(159)</b>	<b>(160)</b>	<b>1</b>	
Property and Development	2,608	2,385	(223)	(204)	(19)	EGEI8
Planning & Building Control	(119)	(91)	28	18	10	EGEI9
Strategic Planning & Development	533	525	(8)	(8)	0	
Economic Growth	759	723	(36)	(39)	3	EGEI10
Housing Strategy	596	636	40	37	3	EGEI11
Directorate Strategy & Business Support	459	459	0	0	0	
<b>Sub-total Economic Growth &amp; Planning Portfolio</b>	<b>4,836</b>	<b>4,637</b>	<b>(199)</b>	<b>(196)</b>	<b>(3)</b>	
<b>Operational Services for Education</b>	<b>(72)</b>	<b>(72)</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Total Forecast Outturn Period 8</b>	<b>33,429</b>	<b>33,071</b>	<b>(358)</b>	<b>(356)</b>	<b>(2)</b>	

<b>Economic Growth, Environment &amp; Infrastructure Business Reason / Area (Subjective analysis)</b>	<b>P8 Outturn Variance (£000's)</b>	<b>P7 Outturn Variance (£000's)</b>	<b>Period Movement (£000's)</b>	<b>Ref</b>
<b>Highways and Network Management</b>				
Income shortfall, including moving traffic offences	38	45	(7)	
GMRAPs income above budget	(82)	(82)	0	
Capital fee income shortfall	95	93	2	
Staff vacancies	(50)	(50)	0	
Running costs including depot	108	81	27	
Energy – Street Lighting	(30)	(30)	0	
<b>Sub-total</b>	<b>79</b>	<b>57</b>	<b>22</b>	EGEI1
<b>School Crossing Patrols - vacancies</b>	<b>(50)</b>	<b>(50)</b>	<b>0</b>	EGEI2
<b>Parking Services</b>				
Additional income – Oakfield Road	(128)	(128)	0	
Income – other locations	(15)	(15)	0	
Staffing and running costs	(25)	(24)	(1)	
<b>Sub-total</b>	<b>(168)</b>	<b>(167)</b>	<b>(1)</b>	EGEI3
<b>Groundforce</b>				
Re-profiling of staff/equipment savings	47	47	0	
Other running costs	(58)	(58)	0	
External income	(34)	(34)	0	
<b>Sub-total</b>	<b>(45)</b>	<b>(45)</b>	<b>0</b>	EGEI4
<b>Bereavement Services</b>				
Staffing and maintenance costs	3	3	0	
Income shortfall	8	0	8	
<b>Sub-total</b>	<b>11</b>	<b>3</b>	<b>8</b>	
<b>Sustainability &amp; Greenspace</b>				
Vacancy, supplies & services	(34)	(27)	(7)	
<b>Waste Management</b>				
Staffing and general running costs	(4)	0	(4)	
GM Waste levy – additional green waste recycling	200	200	0	
Waste contract – one-off procurement saving	(150)	(150)	0	
<b>Sub-total</b>	<b>46</b>	<b>50</b>	<b>(4)</b>	EGEI5

<b>Economic Growth, Environment &amp; Infrastructure Business Reason / Area (Subjective analysis)</b>	<b>P8 Outturn Variance (£000's)</b>	<b>P7 Outturn Variance (£000's)</b>	<b>Period Movement (£000's)</b>	<b>Ref</b>
<b>Public Protection</b>				
Staffing and running costs	(8)	(8)	0	
Income shortfalls	24	38	(14)	
<b>Sub-total</b>	<b>16</b>	<b>30</b>	<b>(14)</b>	
<b>Environmental Enforcement</b>				
Re-profiling of staff/equipment saving	58	58	0	
Running costs - vehicles	8	11	(3)	
<b>Sub-total</b>	<b>66</b>	<b>69</b>	<b>(3)</b>	EGEI6
<b>Director &amp; Business Support</b>				
Staffing and Running costs	(80)	(80)	0	EGEI7
<b>Sub-total Environment &amp; Operations Portfolio</b>	<b>(159)</b>	<b>(160)</b>	<b>1</b>	
<b>Property and Development</b>				
Investment Property Rental Income:				
- Stretford Arndale back rent for 2013/14	(67)	(67)	0	
- Urmston Town Centre – one-off surplus	(48)	(48)	0	
- Airport – surplus	(16)	(16)	0	
- Other properties - surplus	(9)	(9)	0	
Community buildings – income/running costs	(2)	4	(6)	
Admin Buildings running costs	(56)	(49)	(7)	
Markets – one-off adjustment to cost recovery	29	29	0	
Other minor running cost variances	(2)	4	(6)	
Major projects capital fee income	(52)	(52)	0	
<b>Sub-total</b>	<b>(223)</b>	<b>(204)</b>	<b>(19)</b>	EGEI8
<b>Planning &amp; Building Control</b>				
Planning applications income	(64)	(72)	8	
Building Control income shortfall	65	65	0	
Staffing including interim support	15	15	0	
Running costs	12	10	2	
<b>Sub-total</b>	<b>28</b>	<b>18</b>	<b>10</b>	EGEI9
<b>Strategic Planning &amp; Development</b>				
Staffing/running costs savings	(8)	(8)	0	

Economic Growth, Environment & Infrastructure Business Reason / Area (Subjective analysis)	P8 Outturn Variance (£000's)	P7 Outturn Variance (£000's)	Period Movement (£000's)	Ref
<b>Economic Growth</b>				
Staffing vacancies	(50)	(53)	3	
Other running costs	(5)	(5)	0	
Town centre advertising income	16	16	0	
Property referral fee website advertising income	3	3	0	
<b>Sub-total</b>	<b>(36)</b>	<b>(39)</b>	<b>3</b>	EGEI10
<b>Housing Strategy</b>				
Green Deal income re-phased implementation	40	40	0	
Staffing and running cost savings	0	(3)	3	
<b>Sub-total</b>	<b>40</b>	<b>37</b>	<b>3</b>	EGEI11
<b>Sub-total Economic Growth &amp; Planning Portfolio</b>	<b>(199)</b>	<b>(196)</b>	<b>(3)</b>	
<b>Total Forecast Outturn EGEI Period 8</b>	<b>(358)</b>	<b>(356)</b>	<b>(2)</b>	

### Summary Variance Analysis Period 8

All Services	Savings £000	Staff £000	Running Costs £000	Income £000	Total Variance £000
Period 7	154	(277)	39	(272)	(356)
Period 8	154	(283)	46	(275)	(358)
Period Movement	0	(6)	7	(3)	(2)

### ADDITIONAL NOTES ON FORECAST OUTTURN VARIANCES

#### EGEI1 – Highways & Network Management - £0.079m (adverse)

Income generation of £(0.030)m is included as a saving in the approved budget from moving traffic offences. This is part of an AGMA initiative to improve safety and traffic flows on major routes and the project has needed to be re-phased into 2015/16.

Running costs are expected to be £0.108m above budget over a number of service areas, which is £0.027m higher than last reported. This mainly reflects latest forecasts of maintenance costs in highways and street lighting. Use of capital and other measures are being reviewed to mitigate this pressure.

Staffing is expected to be £(0.050)m underspent for the year due to vacancies.

There is additional income above budget of £(0.082)m from the Greater Manchester Road Access Permit Scheme, which was implemented during 2013/14.

Fee income from technical and consultancy work charged to capital schemes is predicted to be £0.095m below budget due to the predicted timing of capital works.

Street Lighting energy costs are projected to be £(0.030)m less than budgeted based on latest projected usage volumes and includes the new contract prices from October 2014.

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

There is a forecast underspend on staffing due to vacancies.

**EGEI3 – Parking Services – £(0.168)m (favourable)**

The approved budget for 2013/14 included assumptions regarding the partial, then full closure of Oakfield Road car park during the year as part of the regeneration of Altrincham Town Centre. The re-phasing of the town centre project has resulted in forecast income being £(0.128)m above budget, which has continued from last year.

Other car parking income is projected to be £(0.015)m above target. Resurfacing work at a supermarket car park in Sale is expected to lead to a one-off income shortfall of around £0.035m this year.

**EGEI4 – Groundforce - £(0.045)m (favourable)**

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

Running costs are expected to be £(0.058)m less than budgeted, mainly reflecting a reduction in projected plant and vehicles costs (including fuel). One-off backdated income of £(0.039)m relates to rechargeable grounds maintenance works.

**EGEI5 – Waste Management and Disposal - £0.046m (adverse)**

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

The service has negotiated changes to the waste collection contract which will result in a one-off saving of £(0.150)m. This can be used to part mitigate the disposal levy pressure above, with the balance covered by use of reserves brought forward from 2014/15, if necessary.

**EGEI6 – Environmental Enforcement £0.066m (adverse)**

The 2013/14 saving associated with the review of Enforcement has been re-profiled following additional staff and stakeholder consultations. This has resulted in a forecast overspend of £0.058m for the year. All changes have been implemented at the end of August and the saving achieved in full from this point.

Additional costs relating to vehicles of £0.008m are included in the forecast spend, £(0.003)m lower than previously reported.

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

The restructure and the ETO and EGP Directorates has led to a rationalisation of management costs which is expected to deliver a saving of £(0.080)m on current budgeted staff costs. This will be taken forward in the Medium Term Financial Plan as appropriate.

**EGEI8 – Property and Development - £(0.223)m (favourable)**

The approved budget for 2014/15 included assumptions regarding Urmston Town Centre asset disposal. This has taken longer than had been assumed and rental income has continued beyond expectations giving an additional £(0.048)m one-off benefit this year. The disposal has now been completed.

For Stretford Arndale, the Agents for the owners have continued to maintain a number of short term lettings to ensure the number of vacant units is minimised and this has held up gross rental income. Last month it was reported that the year-end rental payment for 2013/14 of £(0.067)m was received.

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

Improved efficiency in the Major Projects team has continued from the last financial year and forecast for fee income from capital and external projects is £(0.052)m higher than budgeted.

Administrative building running costs are less than expected across the portfolio by £(0.056)m, a favourable movement of £(0.007)m since last reported. This includes £(0.039)m relating to the catering concession at Altrincham Town Hall.

There is a one-off adjustment to cost recovery for Altrincham Market £0.029m.

**EGEI9 – Planning and Building Control – £0.028m (adverse)**

Projected income from planning fees is £0.008m lower than last reported, now giving an overall surplus of £(0.064)m. There is a projected shortfall in income from building control fees of £0.065m and action is underway to address this. Both fees are monitored regularly.

There is a projected overspend on staffing of £0.015m for the year due to the appointment of interim staff to cover vacancies and address the resulting capacity issues. The permanent filling of vacant posts will be addressed by the on-going restructure of the combined Directorate. Running costs are £0.012m above budget and includes investment in ICT to improve efficiency.

**EGEI10 – Economic Growth Team – £(0.036)m (favourable)**

There is an underspend in staffing and running costs of the Altrincham Town Team as service review and potential re-design is implemented in this area.

The income generation proposal relating to town centre advertising will not be achieved due to recent legal advice leading to an overspend of £0.016m. This will be addressed through alternative proposals and progressed in the Medium Term Financial Plan. Income from property referral fees web-site advertising have been re-phased to later in the year giving a predicted shortfall of £0.003m.

**EGE11 – Housing Strategy – £0.040m (adverse)**

There is a predicted shortfall in income of £0.040m from the implementation of Green Deal. This is an on-going pressure and will be addressed in the Medium Term Financial Plan.

## TRAFFORD COUNCIL

Report to: Transformation & Resources Directorate Management Team  
 Date: 18 December 2014  
 Report for: Discussion  
 Report author: Senior Accountant – Transformation & Resources

<b>Revenue Budget Monitoring 2014/15 – Period 8          (April 2014 – November 2014 inclusive)</b>
---

## 1 Outturn

- 1.1 The current approved revenue budget for the year is £17,527k, and after period eight the forecasted outturn is £17,213k, which is a £(314)k, or (1.8)%, underspend position. This is a favourable net movement since the last report of £(178)k.

## 2 Summary of forecast and movements

- 2.1 Detail on the forecasted outturn analysed by service, portfolio and activity is provided at Appendix 1. The following summarises the significant movements from the previous period, with further detail in Appendix 1:
- **Delays in delivering budget savings, £392k adverse forecast, £(9)k favourable movement;** the adverse variance is based on a prudent assessment of both timing and savings level with the monthly movement attributable to further part year savings achieved on the HR restructure which will be fully achieved in April 2015 – see paragraph 3.3 (T&R1).
  - **Delay in telephony, voice and data upgrade, £67k adverse forecast, favourable movement £(7)k;** the voice and data telephony lines will not yield the anticipated savings due to delay in migrating DDI (Direct Dialling) numbers, a contribution towards the cost of the delay is being negotiated with Virgin Media to recover the sum of £100k. The movement in this period relates to a reduction in call charges on ISDN lines. There will also be a potential budget pressure in 2015/16, which will be included in the Council's Medium Term Plan when quantified (T&R2).
  - **Barrister and Court Fees, £77k adverse forecast, no movement;** the quantity of cases being determined in-year and the costs of the individual cases has been on the increase for a number of years. The draft 2015/16 budget includes additional funding to address the budget shortfall in this business activity (T&R3).
  - **Vacancy Management, £(468)k favourable forecast, £(51)k favourable movement;** this relates to a favourable movement in Finance Services of £(29)k and £(22)k in ICT (T&R4).
  - **Running costs variances, £(25)k favourable forecast, adverse movement £20k;** the adverse movement relates to software purchases for the new Library Management System and due to a reduction in the budget.



The total running costs expenditure in period 8 is £99k inclusive of £35k expenditure for “Serving Stories” initiatives, (see below); with related income accounted for under (T&R6) (T&R5).

- **Income variances, £(357)k favourable forecast, £(131)k favourable movement;** this reflects new and additional income streams including increased level of income from capital recharges for legal services work of £(49)k.

Two grants of £(41)k were received in Partnership & Communities, Community Covenant Grant £(35)k, of which £(32.5)k relates to Imperial War Museum for “Serving Stories” initiatives and £(2.5)k to cover running costs within the Local Strategic Partnership (see T&R5).

HR received £(23)k SLA income from Schools, and in Tourist Information Centre income was £(12)k better than anticipated. Miscellaneous income of £(12)k is attributable to other services (T&R6).

### 3 MTFP Savings 2014-15

- 3.1 The Council’s overall budget for 2014/15 includes £(13,776)k of savings of which £(3,006)k relates to T&R. All actions to achieve the T&R full year savings are expected to be completed by 31 March 2015 although the timing of some of these will mean the cash saving in 2014/15 is forecast to be £(2,614)k, which is 87% of the target.
- 3.2 The delay in in-year cash savings of £0.392m into the following year is in respect of the following initiatives.

<b>Table 1: Saving Description</b>	<b>Phased Savings (£000’s)</b>
Human Resources Restructure (a)	91
Partnerships and Communities Restructure (b)	93
Legal Services Restructure (a)	36
Design and Print (c)	113
ICT - Social care - licence fee (d)	59
<b>Total</b>	<b>392</b>

- 3.3 Notes to the above phased savings table:

- (a) As noted at Scrutiny review this is a phased implementation. Proposals are now in place to deliver this saving;
- (b) £225k achieved. It has been reviewed further and there is no movement and the balance is due to lengthened timescale to appoint to structure;
- (c) £107k achieved. Balance to be realised across the Council - a longer contract tendering exercise for printing and photocopying services is currently being undertaken following which this position will be reviewed.
- (d) Linked to rephased Liquid Logic ICT project.

- 3.4 The in-year shortfall against budget has been mitigated by in year net underspends.

## 4 Reserves

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

<b>Table 2: Utilisation of Carry Forward Reserve 2014/15</b>	<b>£000's</b>
Balance b/f 1 April 2014	(1,978)
Delivering Reshaping Trafford and future efficiencies	732
ICT hardware and software upgrades	361
Contingencies	504
Land Charges Claim	185
Improving communications and democratic access	141
2014/15 Outturn	(314)
<b>Remaining Balance at 31 March 2015</b>	<b>(369)</b>

## 5 Main Assumptions

- 5.1 This forecast has been based on eight months of actual activity in 2014/15, compared to the budgeted plan, and where appropriate to previous years. Where adjustments have been made, they have been done in consultation with the relevant manager for any known variance in plans or activity. The key assumptions and/or areas of risk in this forecast are:
- Court costs and Barrister fees; are volatile, with the quantity of cases being determined in-year and the costs of the individual cases being highly variable. The estimated forecast is based on current actuals extrapolated by the previous five years' experience, but will need to be kept under review.
  - Included in the T&R 2014/15 is £592k vacancy factor, which reflects staff turnover and the delays in time to recruit to establishment posts at 3.5%. The current vacancy management forecast of £(555)k favourable variance (T&R 4) assumes that this £(592)k will be fully achieved as per previous year's activity levels. After eight months £37k or 6% of this vacancy factor has not been achieved but the current vacancy levels forecasted assume this will be achieved by the end of the financial year.
  - The £67k adverse variance on the transfer of telephony lines to the new contractor has reduced from £74k and is prudently shown at the maximum for the whole year. By period 8 the adverse variance is £67k, with a reduction of £(7)k from last period. Any further contribution towards the additional in-year costs from the contractor will be taken into consideration.
  - Waterside Arts Centre ticket sales income is based on previous year's activity. Income is variable dependent upon the entertainment programme and customer demand. At this stage of the year it is difficult to forecast total annual income with certainty, as the Christmas period typically generates 50%, or around £(130)k, of the gross annual income. Christmas

bookings have now begun but it is too early for comparisons with last year's sales.

- A pay award of 1% has been assumed for 2014/15. The new pay award equates to approximately 1% and there is no additional pressure for 2014/15 financial year.

### Period 8 Forecasted Outturn revenue expenditure and income variances

The following tables detail the main variances from the revenue budget to the forecasted outturn and the movements since the last monitoring report, in both Management Accounts (“Budget Book”) format and by cause or area of impact of the variance. Note the full year budget has been reduced by £(69)k in respect of virements P&C (£17k Secondment), Culture & Sports (£4k Maintenance) and £48k for 2 Drivers transferred from Access Trafford to EGEI.

Budget Book Format (Objective analysis)	Full Year Budget (£000's)	P8 Forecast Outturn (£000's)	P8 Outturn variance (£000's)	P7 Outturn variance (£000's)	P7 to P8 Movement (£000's)	Note ref
<b>Transformation and Resources Portfolio</b>						
Legal & Democratic	2,491	2,470	(21)	37	(58)	T&R1,3
Communications & Customer Services	5,838	5,736	(102)	(46)	(56)	T&R1,2
Strategic Human Resources	2,068	2,063	(5)	10	(15)	T&R1
Corporate Leadership and Support	368	341	(27)	(24)	(3)	
<b>sub-total</b>	<b>10,765</b>	<b>10,610</b>	<b>(155)</b>	<b>(23)</b>	<b>(132)</b>	
<b>Finance Portfolio</b>						
Finance Services	3,614	3,347	(267)	(235)	(32)	
<b>sub-total</b>	<b>3,614</b>	<b>3,347</b>	<b>(267)</b>	<b>(235)</b>	<b>(32)</b>	
<b>Communities and Partnerships</b>						
Partnerships & Communities	1,529	1,612	83	94	(11)	T&R1
Culture & Sport	1,619	1,644	25	28	(3)	
<b>sub-total</b>	<b>3,148</b>	<b>3,256</b>	<b>108</b>	<b>122</b>	<b>(14)</b>	
<b>Total</b>	<b>17,527</b>	<b>17,213</b>	<b>(314)</b>	<b>(136)</b>	<b>(178)</b>	

Business Reason / Area (Subjective analysis)	P8 Outturn variance (£000's)	P7 Outturn variance (£000's)	P7 to P8 Movement (£000's)	Note ref
Delay in savings implementation	392	401	(9)	T&R 1
ISDN line upgrade delay	67	74	(7)	T&R 2
Court Costs and Legal fees	77	77	0	T&R 3
Management of Vacancies	(468)	(417)	(51)	T&R 4
Running Costs	(25)	(45)	20	T&R 5
Income	(357)	(226)	(131)	T&R 6
<b>Total</b>	<b>(314)</b>	<b>(136)</b>	<b>(178)</b>	

## NOTES ON PROJECTED OUTTURN VARIANCES

- **£392k adverse, phasing of base budget savings** (discussed in Section 3); action will be taken in year on the various initiatives to achieve £(3,006)k in savings within the Directorate. However, five of these will be delayed causing a part year adverse effect in 2014/15. Underspends in other areas, and in-year cash savings will be used to mitigate this loss (T&R1).
- **£67k adverse, delay in telephony, voice and data upgrade**; the migration of voice and data telephony lines between contractors has been delayed (T&R2).
- **£77k adverse, Barrister and Court fees**; primarily due to current activity levels relating mainly to childcare caseload and the cost of such legal action (T&R3).
- **£(468)k favourable, vacancy management**; Communications, Human Resources, Revenues and Benefits, Internal Audit and ICT services have been recently subject to reviews, staff turnover and posts being held back for 2015/16 savings. This net variance has reduced to £66k adverse variance compared to £95k in period 7 and the reduction is due to not engaging temporary staff during period 8 therefore the forecast had to be revised. However, £66k adverse variance is mitigated by £(257)k underspend in Revenue & Benefits service, which is due in part to secondments and externally funded project work (T&R4).
- **£(25)k favourable, running costs; £20k adverse movement** is due to purchase of memory for virtual server. (T&R 5).
- **£(357)k favourable, income**; there are favourable income variances across the T&R Directorate including Legal & Democratic £(119)k (STaR and Troubled Families Programme), Access Trafford £(30)k (Blue Badge), Finance £(72)k (secondments and SLA income), HR £(62)k (Stopgap placement, salary sacrifice, LAA and training income), Partnership & Communities £(74)k (Home Office funding) (T&R 6).

## TRAFFORD COUNCIL

Report to: Director of Finance  
 Date: 18 December 2014  
 Report for: Information  
 Report author: Finance Manager Financial Accounting

**Report Title**

**Revenue Budget Monitoring 2014/15 – Period 8 Outturn - Council-Wide Budgets  
 (April 2014 to November 2014 inclusive)**

**1 Outturn Forecast**

- 1.1 The current approved revenue budget for the year is £20.291m. The outturn forecast is £18.358m, which is £(1.933)m under the budget, a favourable movement of £(0.977)m since the last report.
- 1.2 Appendix 1 details by variance area the projected outturn as compared to the approved revenue budget, with the main variances being;
- Manchester Airport Group interim dividend payment £(1.000)m not budgeted for;
  - Proceeds from the planned sale of the Council's interest in Urmston Town Centre, in excess of the figure reported to the Council meeting on 17 September 2014, £(0.054)m;
  - Empty Homes/Single Person Discount Review, one-off fees of £0.045m. As a consequence of the review, the Council will receive additional income from New Homes Bonus grant for each property identified, worth approximately £1,455 per property;
  - Members expenses - savings as a result of changes to the Members Allowances Scheme, £(0.025)m;
  - £(0.844)m additional Section 31 grant relating to the Government's extension of the Small Business Rate Relief/Retail Relief Discount Schemes and further income from renewable energy schemes;
  - £0.056m reduction in the level of Education Services grant;
  - Housing and Council Tax Benefits overpayment recovery net variance of £(0.059)m, an adverse movement of £0.058m since last month;
  - External Audit fees, one-off rebate £(0.021)m offset by additional costs of £0.015m relating to the forensic review of the Council's investigation report into budget monitoring arrangements;
  - VAT refund relating to a claim for backdated commercial waste income, £(0.029)m;
  - Other minor variances, £(0.017)m.

## **2 Service carry-forward reserve**

- 2.1 Other than for the Coroner's Service, Council-Wide budgets do not have their own carry forward reserve, and any underspend will be transferred to the General Reserve, as detailed in the summary report.

## **3 Forecasting and Risk**

- 3.1 This forecast has been based on seven months of actual activity. The activity covered by Council-Wide budgets is varied, and the key assumptions in the October forecast are:
- Average investment rates will be 0.7% with a cash flow of £75.4m.
  - The majority of the Council's loans are at fixed rate interest. The only variable loan of £20m is with the Royal Bank of Scotland at 6.01%. However, there is a smoothing reserve to mitigate large variations from this assumption.
  - Council error in the award of housing benefit will be within threshold limits, and recovery of benefit overpayments will continue at previous activity levels.
  - All contingency budgets for end of year adjustments will be utilised, including the provision for bad and doubtful debts.
  - A pay award of 1% has been assumed for 2014/15.

**Period 8 Draft Outturn revenue expenditure and income variances,**

The following tables detail the main variances from the revenue budget to the forecasted outturn, and the movements since the last monitoring report, in both Management Accounts (“Budget Book”) format and by cause or area of impact of the variance.

<b>Budget Book Format (Objective analysis)</b>	<b>Full Year Budget (£000's)</b>	<b>P8 Forecast Outturn (£000's)</b>	<b>P8 Outturn variance (£000's)</b>	<b>P7 Outturn variance (£000's)</b>	<b>Period Movement (£000's)</b>	<b>Ref</b>
<b>Finance Portfolio</b>						
Precepts, Levies & Subscriptions	17,855	17,859	4	4		
Provisions (bad debts & pensions)	(535)	(544)	(9)	(9)		C-W1
Treasury Management	7,981	6,965	(1,016)	(10)	(1,006)	C-W2
Insurance	775	775				
Members Expenses	926	901	(25)	(25)		C-W3
Grants	(6,804)	(7,597)	(793)	(793)		C-W4
Other Centrally held budgets	93	(1)	(94)	(123)	29	C-W5
<b>Total</b>	<b>20,291</b>	<b>18,358</b>	<b>(1,933)</b>	<b>(956)</b>	<b>(977)</b>	



<b>Business Reason / Area (Subjective analysis)</b>	<b>P8 Outturn variance (£000's)</b>	<b>P7 Outturn variance (£000's)</b>	<b>Period Movement (£000's)</b>	<b>Ref</b>
Urmston Town Centre additional sale proceeds	(54)	(54)		C-W1
Empty Homes/Single Person Discount Review	45	45		C-W1
Treasury Management:				
- MIA interim dividend	(1,000)		(1,000)	C-W2
- Investment Income	(10)	(10)		C-W2
- Debt payments	(6)		(6)	C-W2
Precepts, Levies & Subscriptions	4	4		
Members Expenses	(25)	(25)		C-W3
Grants	(793)	(793)		C-W4
External audit fees	(6)	(6)		C-W5
Housing & Council Tax benefits	(59)	(117)	58	C-W5
VAT Refund	(29)	0	(29)	
<b>Total</b>	<b>(1,933)</b>	<b>(956)</b>	<b>(977)</b>	

## **NOTES ON PROJECTED VARIANCES**

### **C-W1 – Provisions - £(0.009)m (favourable)**

The sale proceeds from the planned sale of the Council's interest in Urmston Town Centre, following its redevelopment, are £(0.054)m in excess of the figure agreed at the Council meeting on 17 September 2014.

A recent exercise has been carried out to confirm whether long term (more than 6 months) empty properties were in fact occupied. The fee for this work is £0.045m made up from an Empty Homes review, £0.033m and a Single Person Discount review, £0.012m. Also, as a consequence of the review of empty homes additional New Homes Bonus grant will be secured for each property identified, worth approximately £1,455 per property.

### **C-W2 – Treasury Management - £(1.016)m (favourable), £(1,006)m favourable movement**

Manchester Airport Group (MAG) has recently announced their interim results for 2014/15 and have paid a total dividend of £31m across the members of the Group, which for Trafford equates to £(1.0)m.

Other minor savings from investment interest and lower debt repayments, £(0.016)m.

### **C-W3 – Members Expenses - £(0.025)m (favourable)**

Changes to the Members Allowances Scheme were approved at the Council meeting on 17 September 2014 following a report from the Independent Remuneration Panel (IRP). The changes will generate annual savings of approximately £(0.036)m. However, a number of the changes are only effective part way through the year and the estimated saving in 2014/15 is £(0.025)m.

#### **C-W4 Grants - £(0.793)m (favourable)**

In 2014/15 the Council will receive additional Section 31 grant to compensate for the loss of income from the Government's decision to extend the Small Business Rate Relief/Retail Relief Discount Schemes. The grant also includes a sum for a renewable energy scheme at Saica paper mill, which is wholly retained by the Council. The grant is worth £(0.844)m in total and the Council has discretion over its use.

A recent notification has been received for the 2014/15 Education Services grant, which at £(3.397)m will be £0.056m below the budget of £(3.453)m. This specific grant is based on pupil numbers in Council maintained schools and may reduce further depending on the final number of schools converting to Academy status during the year.

#### **C-W5 – Other Centrally held budgets - £(0.094)m (favourable), £0.029m adverse movement**

- **Housing & Council Tax Benefits - £(0.059)m (favourable)**

The Council Tax Benefit Scheme ceased in 2013 and was replaced by the Council Tax Support Scheme. Any recovery of overpaid Council Tax Benefit from previous years is retained by the Council and the latest projected outturn for 2014/15 is £(0.139)m, a favourable movement of £(16)k since the last report. The credit from the recovery of overpaid Council Tax Benefit is difficult to predict and will eventually taper off.

There is a net variance of £0.080m within the Housing Benefit budget, a net adverse movement of £0.074m since the previous report.

- **External Audit fees - £(0.006)m**

The Audit Commission has paid rebates to audited bodies, returning some £6.8m to local government, fire and rescue and police bodies. The rebates reflect the efficiency savings achieved by the Commission ahead of its closure in March 2015, Trafford's share being £(0.021)m. There have also been additional one-off costs of £0.015m relating to the forensic review of the Council's investigation report into budget monitoring arrangements.

#### **VAT Refund - £(0.029)m**

HMRC changed the VAT legislation regarding the collection of commercial waste in February 2011 from taxable to non-business (nil rate VAT).

The Council submitted a claim to HMRC initially for 4 years covering June 2007 to March 2011 for £157,474.41.

After negotiations via the CIPFA VAT committee it has been agreed by HMRC that they will pay Local Authorities 20% of the value of this claim. 20% reflects the number of commercial customers who are not registered for VAT, so cannot reclaim the value charged, or are charities. This was a National agreement across all Local Authorities who submitted claims.

## TRAFFORD COUNCIL

**Report to:** Accounts and Audit Committee  
**Date:** 10 February 2015  
**Report for:** Information  
**Report of:** Audit and Assurance Manager

### Report Title

**Audit and Assurance Report for the Period October to December 2014.**

### Summary

**The purpose of the report is:**

- **To provide a summary of the work of Audit and Assurance during the period October to December 2014.**
- **To provide ongoing assurance to the Council on the adequacy of its control environment.**

### Recommendation

**The Accounts and Audit Committee is asked to note the report.**

### Contact person for access to background papers and further information:

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

**Background Papers:** None





# TRAFFORD COUNCIL

## Audit and Assurance Service Report October to December 2014

**Date:** 10 February 2015

### **1. Purpose of Report**

This report summarises the work of the Audit and Assurance Service between October and December 2014. At the end of the year, these quarterly reports will be brought together in the Annual Internal Audit Report which will give the Audit and Assurance Service's opinion on the overall effectiveness of the Council's control environment during 2014/15.

### **2. Planned Assurance Work**

Key elements of the 2014/15 Work Plan include:

- Fundamental Financial Systems reviews.
- Annual corporate governance review work and completion of the Annual Governance Statement for 2013/14.
- Audits of Council partnership arrangements.
- Continued review of risk management arrangements and provision of guidance.
- Review of corporate procurement and value for money arrangements.
- ICT audit reviews.
- Anti fraud and corruption work.
- Ongoing advice to services and input / advice in respect of key projects across the Council.
- School audits and other establishment audit reviews.
- Audit reviews of other areas of business risk.

### **3. Main areas of focus – Q3 2014/15**

Work in this quarter included the following :

- Issue of a number of final audit reports incorporating management responses to draft audit reports previously issued.
- Input to the monitoring of the Budget Monitoring Action Plan.
- Fundamental financial system reviews
- Ongoing support to relevant service areas in undertaking investigations
- Work in co-ordinating the submission of data to the Audit Commission as part of the National Fraud Initiative 2014/15.

#### **Points of information to support the report:**

**Audit Opinion Levels (RAG reporting) :**

##### **Opinion – General Audits**

**High – Very Good**

**Medium / High – Good**

**Medium – Adequate**

**Low / Medium - Marginal**

**Low – Unsatisfactory**

**Green**

**Green**

**Green**

**Amber**

**Red**

**Report Status:**

##### **Draft reports:**

These are issued to managers prior to the final report to provide comments and a response to audit recommendations.

##### **Final reports:**

These incorporate management comments and responses to audit recommendations, including planned improvement actions.

An opinion is stated in each audit report to assess the standard of the control environment.

#### **Breadth of coverage of review (Levels 1 to 4)**

Provides an indication as to the nature / breadth of coverage of the review in terms of which aspects of the organisation's governance and control environment it relates to. Levels are as follows:

- **Level 4 : Key strategic risk or significant corporate / authority wide issue** - Area under review directly relates to a strategic risk or a significant corporate / authority wide issue or area of activity.
- **Level 3 : Directorate wide** - Area under review has a significant impact within a given Directorate.
- **Level 2 : Service wide** - Area under review relates to a particular service provided or service area which comprises for example a number of functions or establishments.
- **Level 1 : Establishment / function specific** - Area under review relates to a single area such as an establishment.

#### **Summary of Assurances for 3rd Quarter 2014/15**

##### **Q3 – 2014/15**

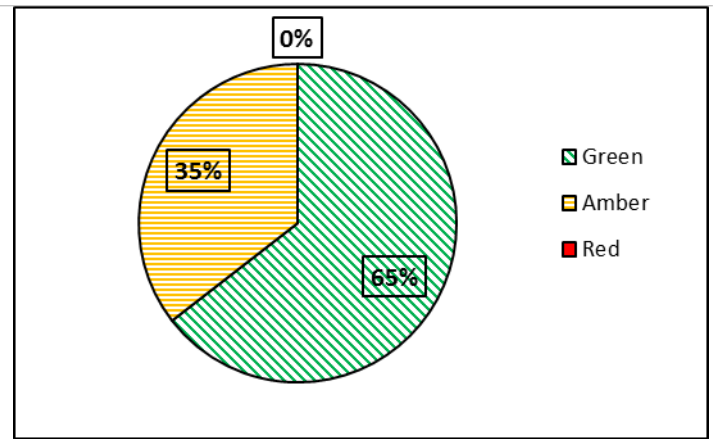
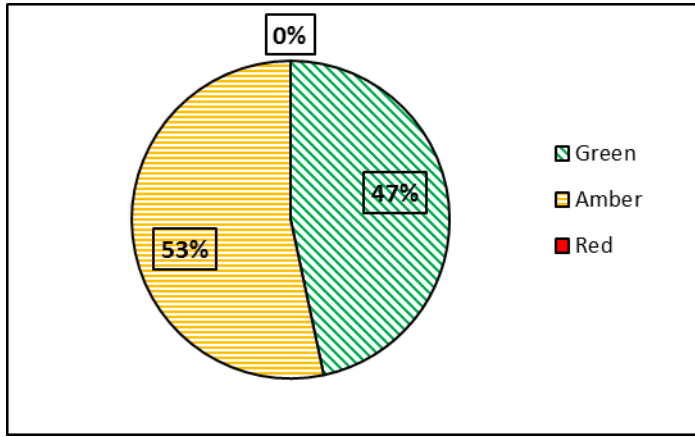
Chart 1 :

Assurances – all audit opinion reports issued in Quarter Three 2014/15 (15 reports – 10 final and 5 draft)

##### **2014/15 to date**

Chart 2 :

Assurances – all audit opinion reports issued in 2014/15 to date (31 reports – 24 final and 7 draft)



#### 4. Overall Conclusions

Fifteen audit reports were issued in the quarter, ten final reports and five at draft stage.

Whilst a number of reviews were completed where at least an “Adequate” (Green) audit opinion was provided (seven reports), there were a significant number of areas where less than “Adequate” (Amber) opinions were given (eight reports). It should be noted, however, that five of the eight “Amber” opinion reports relate to reviews at final report stage that have already been reported as drafts in the Quarter 2 Audit and Assurance update (these relating to Taxi Licensing; Section 17 Payments (Children’s Services); Match day Parking at St Ann’s RC Primary School and audits at Oldfield Brow Primary School and St. Hilda’s C of E Primary School).

The other reviews where a Low/Medium opinion was given were for the following reports which are at draft stage:

- Softbox financial system (Adult Social Care)
- Schools Catering (central monitoring processes)
- Cloverlea Primary School

Two final reports relating to fundamental financial systems were issued, both with High (Green) Opinion Levels (Treasury Management and NNDR).

Other final reports issued where “Green” levels were given were as follows:

- Section 106 Planning Agreements (Medium opinion)
- Music Service (Medium/High)
- St. Monica’s RC Primary School (Medium)

Finally, in terms of Audit Opinion reports issued, the following other “Green” reports were issued at draft stage:

- ICT review of the General Ledger (High)
- Stretford High School (Medium)

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

Work in the period included continued input by Audit and Assurance to a number of other areas, including ongoing monitoring of the budget monitoring investigation action plan. (These are referred to in Section 6).

The Audit and Assurance Service is operating with less staffing resources than originally planned for in 2014/15 as referred to in Section 8. The Service will focus on continuing to progress the Audit Plan and will liaise with relevant service areas if required to consider rescheduling of work. Details will be reported in the 2014/15 Annual Internal Audit Report.

#### 5. Summary of Audit & Assurance Opinions Issued – Q3: 2014/15

REPORT NAME (DIRECTORATE) / (PORTFOLIO) by	-OPINION -R/A/G -Date Issued	COMMENTS
--	------------------------------------	----------

<b>Coverage Level (1-4)</b>		
<b><u>FINAL REPORTS</u></b>		
<b><u>Level 4 Reports:</u></b>		
<b>Treasury Management 2013/14 (T&amp;R) / (Finance)</b>	<b>High (GREEN)</b> (9/12/14)	A high level of assurance has been maintained with ongoing compliance with the established controls in place.
<b>Non-Domestic Rates 2013/14 (T&amp;R) / (Finance)</b>	<b>High (GREEN)</b> (17/12/14)	A high level of assurance has been maintained with ongoing compliance with the established controls in place.
<b>Section 106 Planning Agreements (EGEI &amp; T&amp;R) / (Economic Growth and Planning)</b>	<b>Medium (GREEN)</b> (23/12/14) *	The majority of recommendations made in the previous review reported in October 2013 have been implemented and the opinion has been revised to “Medium” having previously been “Low”. The report issued highlighted there was some further work required to implement a number of remaining recommendations. There is a need to increase activity in relation to undertaking site visits to monitor progress of relevant developments. The new IDOX system recently introduced will help to facilitate improved monitoring of planning developments to identify relevant trigger points. The agreed report action plan also states that revised financial reporting processes are to be introduced.
<b><u>Level 2 Reports :</u></b>		
<b>Taxi licensing (EGEI) / (Environment and Operations)</b>	<b>Low/Medium (AMBER)</b> (12/11/14)	An overall opinion of Low / Medium assurance is given reflecting the findings that, whilst a number of adequate procedures and controls are in place, a number of areas for improvement have been identified to reduce risks. This includes the need to ensure adequate checks and divisions of duties are in place in respect of processing applications and administering income received and banked. Further work is required to ensure adequate documented procedural guidance is in place for license applications, renewals and inspections. A follow up audit will be undertaken in 2015/16 to assess progress against the agreed action plan.
<b>Section 17 payments – Children Act 1989 (CFW) / (Children’s Services)</b>	<b>Low/Medium (AMBER)</b> (23/10/14) *	The objective of the review was to assess controls in place for the administration of Section 17 monies, used to support children in need and their families. It is noted that some progress has been made in implementing previous audit recommendations made. There are, however, a number of recommendations that remain outstanding. In particular, it is important that there are adequate procedures to ensure the necessary approval is obtained and evidenced prior to making Section 17 payments. In addition, full reconciliations of the imprest accounts should take place on a regular basis to account for all monies held and spent. An action plan has been agreed to address all recommendations made.
<b>Music Service (CFW) / (Children’s Services)</b>	<b>Medium/High (GREEN)</b> (22/12/14)	Overall, a good standard of control was found to be in place. It is noted that health and safety processes are being reviewed following the recent move to different premises.
<b><u>Level 1 Reports :</u></b>		
<b>Match day parking at Schools – St. Ann’s RC Primary School (CFW) / (Children’s Services)</b>	<b>Low/Medium (1 x AMBER)</b> (1 school - (7/11/14)	In respect of the review of contract management arrangements, including the monitoring of income received from contractors for match day parking at four schools reviewed, areas for improvement were identified at one school (St. Ann’s RC Primary School). This related to the need to ensure prompt invoicing of amounts due from the contractor and ensuring clearly established arrangements are in place, agreed by the Governing Body, for approving any variations to the contract. All recommendations made have been accepted and will be followed up in 2015/16.
<b>St. Monica’s RC Primary School (CFW) / (Children’s Services)</b>	<b>Medium (GREEN)</b> (11/11/14)	Records were generally maintained to a good standard. Some recommendations were made to make improvements in a number of areas. These include recommendations for the management of assets including the need to bring the inventory of equipment up to date, greater use of security-marking and maintaining a register of equipment taken off site.
<b>St. Hilda’s C of E Primary School (CFW) / (Children’s Services)</b>	<b>Low/Medium (AMBER)</b> (27/11/14) *	It is noted that some progress has been made in implementing previous audit recommendations made. There are, however, a number of recommendations that remain outstanding. These include recommendations in relation to ordering and payment processes, and ensuring an adequate division of duties in respect of income collection and banking. Further follow up of progress will be undertaken in 2015/16.



<b>Oldfield Brow Primary School (CFW) / (Children's Services)</b>	<b>Low/Medium (AMBER) *</b> (22/12/14)	It is noted that some progress has been made in implementing previous audit recommendations made and an action plan was agreed to implement a number of areas outstanding. There are a number of recommendations that remain outstanding. These include recommendations in relation to ensuring an adequate division of duties in the ordering, delivery and payment process plus introducing adequate independent checks in the banking of income. Further follow up of progress will be undertaken in 2015/16.
---	---	--

## **DRAFT REPORTS**

### **Level 4 Reports:**

<b>General Ledger ICT review (T&amp;R)/ (T&amp;R &amp; Finance)</b>	<b>High (GREEN)</b> (5/11/14)	Overall, effective IT controls were found to be in place for managing access to the Council's SAP financial system. Findings will be confirmed in the final audit report issued following receipt of a management response.
---	----------------------------------	---

<b>Softbox system (Adult Social Care) (CFW) / (Adult Social Services and Community Wellbeing)</b>	<b>Low/Medium (AMBER)</b> (17/11/14)	The Softbox system is used within Adult Social Care to record financial assessments and calculate and invoice for any contributions due from clients. The software is also used to calculate and verify the accuracy of provider payments, which are then processed through SAP Accounts Payable. The Softbox system is being replaced during the year through the implementation of the Liquid Logic software and supporting Controcc module. A number of recommendations made were intended to be taken into account in respect of implementation of the new systems. Areas for required improvement included debt monitoring processes. Report findings are currently being considered by management and a final report will be issued to include management responses.
---	---	--

### **Level 2 Reports:**

<b>Schools Catering (EGEI) / (Environment and Operations)</b>	<b>Low/Medium (AMBER)</b> (23/12/14)	The review covered processes operated by the Schools Catering Service, including monitoring of expenditure, income and stocks. A number of recommendations made are being considered by management and will be incorporated in a final report to be issued before the end of 2014/15.
---	---	---

### **Level 1 Reports:**

<b>Cloverlea Primary School (CFW) / (Children's Services)</b>	<b>Low/Medium (AMBER)</b> (13/11/14)	Records across a number of areas were generally maintained to a good standard. There are, however, a number of areas identified for improving controls particularly to ensure adequate internal checks are in place across a number of processes including income collection and purchasing. (Details of the final issued report to be included in a future Audit and Assurance update).
---	---	--

<b>Stretford High School (CFW) / (Children's Services)</b>	<b>Medium * (GREEN)</b> (22/12/14)	The majority of recommendations made in the previous audit review had been implemented. A number of recommendations have been re-iterated in the draft report. (Details of the final issued report to be included in a future Audit and Assurance update).
--	---------------------------------------	--

\*Denotes this 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 Assurance Work**

There is a significant amount of work undertaken by the Service that does not result in an audit opinion report being issued.

There has been ongoing work such as the provision of advice; conducting investigation work; co-ordinating the update of

the Council's Strategic Risk Register and undertaking financial appraisals of contractors.

In addition to the above, other work undertaken during Q3 included:

- Input by the Audit and Assurance Service to the monitoring of the Budget Monitoring Action Plan following the corporate review in 2014/15,
- Providing support to Governor Services in delivering two training presentations to Headteachers and two others to School Governors in respect of planning the scheduling of documents / policies to be reviewed by Governing Bodies through the year.
- Providing some input to the consultation process in reviewing the draft Contract Procedure Rules established by the STaR Shared Procurement Service.
- Co-ordination of the submission of data as required for 2014/15 National Fraud Initiative.
- Ongoing support to relevant service areas in undertaking investigations (a summary of work undertaken to be included in future Audit and Assurance updates).
- Arranging for a reminder to be publicised to Council staff in respect of rules on responding to offers of Gifts and Hospitality.
- Providing support to CFW in reviewing documentation supporting claims for funding made as part of the Council's Stronger Families programme.

## **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 10 final audit opinion reports issued during the quarter:

- **94% of all recommendations made (93 out of 99) have been accepted.**

In the year to date:

- **94% of all recommendations have been accepted (228 out of 243). The Service annual target is 95%.**

### **Implementation of Audit Recommendations**

Final audit reports are followed up to assess progress in implementing improvement actions identified through audit recommendations. Recommendations made by the Audit and Assurance Service are followed up by a number of means. These include:

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

Four follow up final audit reports have been issued in the quarter, which were reported on at draft report stage in terms of progress in implementing recommendations (reported as part of the previous quarter two Audit and Assurance report - Section 106 Planning Agreements; Section 17 Payments; St. Hilda's C of E Primary School and Oldfield Brow Primary School).

Two further follow ups were undertaken in quarter three (ICT controls review of the Integrated Children's System /Electronic Common Assessment Framework (ICS/ECAF) and also a follow up review of Stretford High School). Of the 38 recommendations followed up (28 relating to Stretford High School and 10 relating to the ICT review), the majority of recommendations made in the previous reviews had been implemented (66%) with a further 18% in progress or ongoing. The remaining 16% (6 recommendations relating to Stretford High School were not implemented and were re-iterated).

## **8. Performance against Audit & Assurance Annual Work Plan**

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

As at the end of quarter two, 823 audit days were spent to date (92% of profiled planned time of 893 days). Available Internal Audit resources were less than originally planned for at the start of 2014/15. One Senior Audit and Assurance Officer left the Service in September 2014 (post to be deleted).

Another Senior Audit and Assurance Officer is leaving the Council at the end of January 2015 (decision on vacancy to be made but there will be a further loss of audit time in respect of this post for the remainder of 2014/15). Arrangements will be made to allocate work to other staff where work must be completed in the final quarter of the year. As planned work continues to be progressed, proposed rescheduling of some audit reviews will be undertaken in consultation with relevant services. Details, including commentary of actual work completed against the Audit Plan will be included in the Annual Internal Audit Report.

#### **Client satisfaction surveys (April to December 2014)**

**Client Surveys:** A client questionnaire is sent out with each audit report canvassing managers' views on the conduct of the audit review and its impact. A summary of feedback received is shown below.

QUESTION	V.GOOD	GOOD	SATISFACTORY	ADEQUATE	POOR	% v.good - good
1. Consultation on audit process and audit coverage prior to commencement of the audit	7	3				100%
2. Feedback of findings and liaison during the audit	8	2				100%
3. Professionalism of auditors	8	2				100%
4. Helpfulness of auditors	9	1				100%
5. Timeliness of the review and the draft report	7	2		1		90%
6. Clarity of the report	8	2				100%
7. Accuracy of the report	7	2	1			90%
8. Practicality of the recommendations made	4	4	1			89%
9. Usefulness of the audit as an aid to management	6	4				100%
<b>Total</b>	<b>64</b>	<b>22</b>	<b>2</b>	<b>1</b>		<b>97%</b>

QUESTION	Very Significant	Significant	Moderate	Minor	None
10. What level of improvement, in the standards of control and management of risks, do you expect to see following the audit review?	1	5	1	3	

#### **9. Planned Work for Quarter 4, 2014/15**

##### **Areas of focus will include :**

- Continue to contribute to the corporate process of monitoring the Budget Monitoring Investigation Action Plan.
- Issue of further financial system audit reports and progression / completion of a number of other audits across the audit plan.
- Co-ordination of the Strategic Risk Register update (to be presented to the Accounts and Audit Committee in March 2015).
- Agreeing the planned work / timetable for compiling the 2014/15 Annual Governance Statement.
- Production of the 2015/16 Internal Audit Plan. (The 2014/15 Annual Internal Audit Report will include a listing of work completed in quarter 4 together with details of any 2014/15 planned review work carried forward in to 2015/16).

## APPENDIX A

### 2014/15 Operational Plan: Planned against Actual Work (as at 31 December 2014)

<u>Category</u>	<u>Details</u>	<u>Planned Days 2014/15</u>	<u>Planned Days (up to 31/12/14)</u>	<u>Actual Days (as at 31/12/14)</u>
Fundamental Systems	Completion of annual (2013/14) fundamental systems reviews and other system reviews. Planning of 2014/15 fundamental systems reviews.	230	190	194
Governance	Corporate Governance Review work and collation of other supporting evidence for the production of the 2013/14 Annual Governance Statement  Audit reviews of governance arrangements for the Council's significant partnerships.	80	71	24
Corporate Risk Management	Facilitating the updating of the Council's strategic risk register and other actions to support the Council's Risk Management Strategy	30	20	11
Anti-Fraud and Corruption	Work supporting the Anti-Fraud and Corruption Strategy, including raising awareness of supporting guidance to promote measures to prevent, deter or detect instances of fraud and corruption. Continued work in supporting the National Fraud Initiative. Investigation of referred cases, including if applicable those highlighted through the National Fraud Initiative.	180	135	140
Procurement / Value for money	Review of procurement / contract management arrangements across the Council including systems in place and associated arrangements to secure value for money.	70	40	30
ICT Audit	Reviews to be completed in line with the ICT audit plan. Investigation of misuse of ICT and awareness raising regarding appropriate use of ICT.	90	65	45
Schools	School Audit reviews Support the Council in raising awareness with schools of the DfE Schools Financial Value Standard (SFVS).	170	110	109
Establishments	Reviewing governance and control arrangements across a range of establishments.	70	55	29
Assurance – Other Key Business Risks	Selected on the basis of risk from a number of sources including senior managers' recommendations, risk registers and internal audit risk assessments. Reviews will include authority wide issues and areas relating to individual service areas.	170	105	131
Service Advice / Projects	General advice across all services. Support and advice to the organisation in carrying out key projects ensuring new	100	75	62

	<b>systems, functions and procedures provide for adequate controls and good governance arrangements.</b>			
<b>Financial Appraisals</b>	<b>Financial assessments of contractors and potential providers</b>	35	27	48
<b>TOTAL</b>		<b>1225 *</b>	<b>893</b>	<b>823</b>

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

With the loss of available audit days following the departure of a Senior Audit and Assurance Officer in September 2014 and the departure of another Senior Audit and Assurance Officer from January 2015, this will account for all available contingency time.

This page is intentionally left blank

## TRAFFORD COUNCIL

**Report to:** Accounts and Audit Committee  
**Date:** 10 February 2015  
**Report for:** Information  
**Report of:** Audit and Assurance Manager

### Report Title

**Accounts and Audit Committee – Work Programme – 2014/15**

### Summary

**This report sets out the updated work plan for the Committee for the 2014/15 municipal year.**

**It outlines areas to be considered by the Committee at each of its meetings, over the period of the year. The work programme helps to ensure that the Committee meets its responsibilities under its terms of reference and maintains focus on key issues and priorities as defined by the Committee.**

**The work programme is flexible and can have items added or rescheduled if this ensures that the Committee best meets its responsibilities.**

### Recommendation

**The Accounts and Audit Committee is asked to note the 2014/15 work programme.**

### Contact person for access to background papers and further information:

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

**Background Papers:** None

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



Committee Meeting Dates	Areas of Responsibility of the Committee					
	Internal Audit	External Audit	Risk Management	Governance (Including Annual Governance Statement)	Anti- Fraud & Corruption Arrangements	Accounts
19 November 2014	Presentation on the STaR Procurement arrangements					
	- Q2 Internal Audit monitoring report	- Annual Audit Letter - Audit Update	- Strategic Risk Register Monitoring Report	Consider improvement actions taken in 2014/15 in respect of 2013/14 governance issues : - Presentation on the Transformation programme / Reshaping Trafford - Budget Monitoring Action Plan update		- Treasury Management : mid-year review - Budget Monitoring Report.
16 February 2015						
	- Q3 Internal Audit monitoring report	- Audit Update (including Grant Claims summary)		- Report on arrangements for 2014/15 Annual Governance Statement - Budget Monitoring Action Plan update - Consider improvement actions taken in 2014/15 in respect of a 2013/14 governance issue (Locality Partnerships)		- Treasury Management Strategy - Reserves update - Budget Monitoring Report
24 March 2015						
	- 2015/16 Internal Audit Plan	- Audit Plan - Audit Update	- Strategic Risk Register Monitoring Report	Consider improvement actions taken in 2014/15 in respect of 2013/14 governance issues.	- Anti Fraud & Corruption / National Fraud Initiative update	- Budget Monitoring Report.

