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**TRAFFORD
COUNCIL**

AGENDA PAPERS FOR ACCOUNTS AND AUDIT COMMITTEE

Date: Monday, 29 July 2019

Time: 6.30 p.m.

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

A G E N D A	PART I	Pages
1. ATTENDANCES		
To note attendances, including Officers and any apologies for absence.		
2. QUESTIONS FROM MEMBERS OF THE PUBLIC		
A maximum of 15 minutes will be allocated to public questions submitted in writing to Democratic Services (democratic.services@trafford.gov.uk) by 4 p.m. on the working day prior to the meeting. Questions must be relevant to items appearing on the agenda and will be submitted in the order in which they were received.		
3. MINUTES		1 - 4
To receive and if so determined, to approve as a correct record the Minutes of the meeting held on 19 th June, 2019.		
4. COUNTER FRAUD AND ENFORCEMENT TEAM ANNUAL REPORT 2018/19		5 - 10
To consider a report of the Counter-Fraud and Enforcement Manager.		
5. 2018/19 AUDIT COMPLETION REPORT		To Follow
To consider a report from the Council's External Auditor.		
6. CORPORATE GOVERNANCE CODE		11 - 44
To consider a report of the Corporate Director, Governance and Community Strategy.		

7. **2018/19 FINAL ANNUAL GOVERNANCE STATEMENT** To Follow
To consider a report of the Corporate Director, Governance and Community Strategy.
8. **BUDGET MONITORING 2018/19 PERIOD 12 OUT-TURN REPORT (APRIL 2018 - MARCH 2019)** 45 - 78
To consider a report of the Executive Member for Finance and Investment and of the Corporate Director, Finance and Systems.
9. **2018/19 ACCOUNTS** To Follow
To consider a report of the Corporate Director, Finance and Systems.
10. **STRATEGIC RISK REGISTER UPDATE** To Follow
To consider a report of the Audit and Assurance Manager.
11. **BUDGET MONITORING 2019/20 - PERIOD 2 (APRIL - MAY 2019)** 79 - 94
To consider a report of the Executive Member for Finance and Investment and of the Corporate Director, Finance and Systems.
12. **ACCOUNTS AND AUDIT COMMITTEE 2019/20 WORK PROGRAMME** 95 - 98
To consider a report of the Audit and Assurance Manager.
13. **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.
14. **EXCLUSION RESOLUTION**
Motion (Which may be amended as Members think fit):

That the public be excluded from this meeting during consideration of the remaining items on the agenda, because of the likelihood of disclosure of “exempt information” which falls within one or more descriptive category or categories of the Local Government Act 1972, Schedule 12A, as amended by The Local Government (Access to Information) (Variation) Order 2006, and specified on the agenda item or report relating to each such item respectively.

PART II

15. **UPDATE ON THE OUTCOME OF WORK UNDERTAKEN BY THE EXTERNAL AUDIT IN RESPONSE TO CORRESPONDENCE RECEIVED IN ACCORDANCE WITH THE LOCAL AUDIT & ACCOUNTABILITY ACT 2014**

To receive an oral report from the Council's External Auditor.

NOTE: The information contained in this report is exempt, and therefore not for publication, as it falls within one or more descriptive category or categories (Para. 1) of the Local Government Act 1972, Schedule 12A, as amended by The Local Government (Access to Information) (Variation) Order 2006.

SARA TODD

Chief Executive

Membership of the Committee

Councillors B. Brotherton (Chair), E. Patel (Vice-Chair), C. Boyes, G. Coggins, J. Dillon, A. Duffield, P. Lally, J. Lloyd and A. Mitchell, and Mrs. J. Platt.

Further Information

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

J. Maloney, Democratic and Scrutiny Officer,

Tel: 0161 912 4298

Email: joseph.maloney@trafford.gov.uk

This agenda was issued on Thursday, 18th July 2019 by the Legal and Democratic Services Section, Trafford Council, Trafford Town Hall; Talbot Road, Stretford, Manchester, M32 0TH.

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ACCOUNTS AND AUDIT COMMITTEE

19 JUNE 2019

PRESENT

Councillors B. Brotherton (in the Chair), G. Coggins, J. Dillon, A. Duffield, A. Mitchell and L. Patel; and Mrs. J. Platt (Independent Member).

IN ATTENDANCE

Deputy Director of Finance (G. Bentley),
Corporate Director, Governance and Community Strategy (J. Le Fevre),
Audit and Assurance Manager (M. Foster),
Democratic and Scrutiny Officer (J.M.J. Maloney).

ALSO IN ATTENDANCE

Ms. K. Murray and Mr. T. Rooney (Mazars).

APOLOGIES

Apologies for absence were received from Councillors C. Boyes, P. Lally and J. Lloyd.

1. QUESTIONS FROM MEMBERS OF THE PUBLIC

It was reported that no questions had been received in relation to the agenda for the current meeting.

2. MEMBERSHIP OF THE COMMITTEE 2019/20

The Committee received for information details of its membership, as determined by the Annual Meeting of Council on 22nd May, for the municipal year 2019/20.

RESOLVED – That the Committee's membership be noted.

3. TERMS OF REFERENCE OF THE COMMITTEE 2019/20

The Committee received for information and noted its Terms of Reference as determined by the Annual Meeting of Council on 22nd May.

RESOLVED – That the Committee's Terms of Reference be noted.

4. MINUTES

RESOLVED – That the Minutes of the meeting held on 26th March, 2019 be approved as a correct record and signed by the Chair.

5. CORPORATE GOVERNANCE CODE

The Corporate Director, Governance and Community Strategy, was in attendance to brief the Committee on the key points of the Council's Corporate Governance Code, which sets out the key systems, policies and procedures that comprise the Authority's governance framework, to be adhered to by both officers and elected Members..

The Code is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' issued in 2016/17; is reviewed and updated regularly as required, and approved by the Corporate Leadership Team and Accounts and Audit Committee, to reflect any changes in governance arrangements.

This report before the Committee set out the proposed updated Code, reviewed by Corporate Leadership Team and updated to take account of developments in 2018/19. It set out the seven key governance principles underpinning the Council's operations, and the detailed activities, procedures and structures which supported them.

An opportunity was provided for Members to raise questions on the report's content. These concentrated on the review timescale for the Code, the nature of changes made and mechanisms to secure staff engagement.

RESOLVED –

- (1) That the content of the current draft Annual Corporate Governance Code be noted.
- (2) That it be noted that the final version of the Code will be presented for approval by this Committee in July 2019.

6. 2018/19 DRAFT ANNUAL GOVERNANCE STATEMENT

The Corporate Director, Governance and Community Strategy, was in attendance to introduce the Council's Draft 2018/19 Annual Governance Statement (AGS), prepared in order to meet the statutory requirement set out in the Accounts and Audit Regulations 2015. It set out detail of the Council's arrangements for compliance with the principles established by the Corporate Governance Code (referred to in the previous Minute).

The content of the current draft AGS had been reviewed and agreed by the Corporate Leadership Team, and reflected significant changes to the governance environment identified and now set out in the Statement. It had been updated following feedback received from the Council's Internal Audit service.

Both the Annual Governance Statement and Corporate Governance Code had been developed taking into account the updated framework and guidance on the AGS issued by CIPFA/SOLACE in April 2016.

Accounts and Audit Committee (19.6.19)

Members were briefed on those significant corporate issues which were likely to feature in the current year; and an opportunity was provided for Members to raise questions on the report's content. It was noted that an updated report was to be presented to the Committee at its July meeting.

RESOLVED –

- (1) That the content of the draft Annual Governance Statement be noted.
- (2) That it be noted that the final version of the Annual Governance Statement will be presented to this Committee for approval in July 2019 following sign off by the Chief Executive and Leader of the Council.

7. EXTERNAL AUDIT PROGRESS REPORT AND 2019/20 FEE LETTER

Karen Murray and Tommy Rooney (Mazars) were in attendance to introduce a report setting out current progress in delivering the responsibilities of the External Auditor. Interim detailed work and testing had been undertaken, and there were no significant matters which currently required reporting to the Committee. Further reports would be made to the Committee in due course, in the normal way. Members' attention was drawn to a schedule of national publications of potential interest to the Committee in carrying out its work. The Committee was also advised of the background to the 2019/20 External Audit Fee Letter, including an agreed addition to the 2018/19 provisional fee arising from work undertaken following an enquiry from an elector.

RESOLVED – That the content of the report be noted.

8. 2018/19 TREASURY MANAGEMENT ANNUAL PERFORMANCE REPORT

The Executive Member for Finance and Investment and Corporate Director, Finance and Systems submitted a report setting out the out-turn position in relation to treasury management activities undertaken during 2018/19. For the benefit of new Members of the Committee, the Deputy Director of Finance provided an introduction to the main key features of treasury management activity, and the processes and timescales for reporting to the Committee. An opportunity was provided for members to raise questions on the content of the report. These focussed on clarifying the significance of a number of technical terms, and on the checks, balances and review mechanisms associated with treasury management decision making.

RESOLVED – That the Committee advise the Council to note:

- That no prudential and treasury indicators were breached during 2018/19.
- The Treasury Management activities undertaken in 2018/19.

9. 2018/19 ANNUAL HEAD OF INTERNAL AUDIT REPORT

The Audit and Assurance Manager submitted a report which provided a summary of the work of the Audit and Assurance Service during 2018/19 and an opinion on the overall adequacy and effectiveness of the Council's control environment, encompassing internal control, risk management and governance, during 2018/19. In discussion, Members raised queries regarding the criteria used for determining the overall satisfaction level, the process for reviewing areas of particular concern or where recommendations had only been implemented in part, and the nature and extent of work undertaken outside the specific Audit Plan, on a responsive basis.

RESOLVED – That the content of the report be noted.

10. ACCOUNTS AND AUDIT COMMITTEE 2018/19 ANNUAL REPORT

The Audit and Assurance Manager drew attention to the key features of a report of the Committee's 2018/19 Chair and Vice-Chair, presenting the Committee's Annual Report which was to be referred to Council. An opportunity was provided for Members to raise questions on the report's content.

RESOLVED – That the content of the report be noted.

11. ACCOUNTS AND AUDIT COMMITTEE 2019/20 WORK PROGRAMME

The Audit and Assurance Manager introduced a report setting out the proposed work plan for the Committee for the 2019/20 municipal year, noting the plan's intentionally flexible and responsive character. In the light of Members' interest in the area of Business Continuity, it was noted that this would generally feature within the broader Strategic Risk Register report, though, in accordance with Members' discussion at the previous meeting, a more focussed report could be brought to the Committee if desired. It was noted that a specific update on cyber security was planned for the Committee's meeting in March 2020. In discussion, it was agreed that it would be helpful for the relevant reports / presentations from the March 2019 meeting to be circulated to these Members who had joined the Committee in the interim.

RESOLVED – That the 2019/20 work programme for the Committee be approved.

The meeting commenced at 6.30 p.m. and finished at 7.36 p.m.

TRAFFORD COUNCIL

Report to: Accounts and Audit Committee
Date: 29th July 2019
Report for: Information
Report of: Counter Fraud & Enforcement Manager

Report Title

Counter Fraud & Enforcement Team (CFT) : 2018/19 Annual Report

Summary

The report:

- outlines the Council's fraud prevention and detection performance and activities in 2018/19 and
- outlines the team's plans for 2019/20

Recommendation

The Committee is asked to note the content of the report.

Contact person for access to background papers and further information:

Name: David Wright – Counter Fraud & Enforcement Manager

Extension: 2228

Background Papers:

None

1.0 Introduction

- 1.1 Local Authorities have a statutory duty under section 151 of the Local Government Finance Act 1972 to make arrangements for the proper administration of their financial affairs.
- 1.2 The Council operates a Counter Fraud and Enforcement Team to ensure a continued commitment to the authorities' zero tolerance towards fraud

2.0 Counter Fraud and Enforcement Team

- 2.1 The team is based within Exchequer Services located at Sale Waterside – whose main remit is to investigate Revenues related matters such as Council Tax Support, Council Tax discounts & exemptions, Non Domestic rates liability avoidance and Social Care Fraud.
- 2.2 Over the last 12 months the team has spent the vast majority of its time and resources supporting a rolling Council Tax Single Person discount review that has been undertaken on behalf of the authority by a 3rd party company. The review has targeted householders claiming the discount where credit based data had highlighted that there may be additional person(s) residing in the property. Using this risk based approach meant that review forms were only issued where there was doubt over entitlement. A breakdown of the outcomes of the review in relation to accounts reviewed during 2018/18 can be seen below:

Table 1

No. of Accounts Canvassed	5525
Admission of non Eligibility	712
Non responders	830
Total removed	1542

An additional aspect of the review was to further investigate account holders who had responded to the review by confirming that they continued to be eligible to receive the discount when the data obtained strongly indicated that this statement was false. An example of such a case can be seen below in **Case Study 1**

- 2.3. In addition to working closely with teams based within the Exchequer Services department, the team also receives referrals from other teams located within the authority, such as Trading Standards, Environmental Health, and the Direct Payments Audit team. A high value example of the benefits of this closer partnership working can be seen at **Case Study 2** below.

- 2.4 The team has also seen a rise in referrals linked to adult social care financial irregularities and expertise is now growing in this field to equip the investigators to be able to fully support these referrals. These are mainly being referred through the teams newest additions - 2 Recovery Litigation Officers, who provide an effective and valuable service to support and enhance the enforcement of debts already owed to the Council. The team previously worked within the Council's Accounts Receivable team, however, it has become clear that the type of work they are involved in can often be linked to financial misuse - where a person who was supposed to have been acting in the best interests of the service user (often a close family member) has not been doing - and therefore this work seems more closely linked to the Counter Fraud team.

Case Study 1

An investigation was set up in relation to a Council Tax account holder who had responded to the SPD review to state that they remained eligible for the discount despite that the fact there was a large amount of credit related data (eg mortgage/bank accounts/insurance) that linked an additional person to the property going back for a number of years. When interviewed about this the taxpayer admitted that her partner had been living with her since the birth of their eldest child in 1999 but claimed that it was down to pressure from her partner that she had continued to claim the discount. Consequently her partner was also interviewed and admitted that they had actually been living together as far back as 1996. The subsequent removal of the discount resulted in additional Council tax liability of £6118 being created, leading to criminal proceedings being taken against both parties. This was the first time that the authority had taken such action in relation to a Council tax discount related offence. Both persons were subsequently convicted of fraud against the authority and sentenced to serve community orders. The additional council tax liability has been repaid in full.

Case Study 2

An investigation was carried out after information was received from the Councils' Environmental Health team who had been out to visit a property that had fallen into disrepair after it had been left empty for a number of years. The EH officer had confirmed with the occupier that she had indeed moved out of the property "some time ago". However the occupier of the address was claiming Council Tax Support and Council Tax discount on the basis that she was resident there.

The claimant, after initially claiming that she was still using the address, was then interviewed, and admitted that she had indeed left the address and was living at another address outside of the borough. As a result of this, her discount and Council tax support were cancelled back to April 2011, with recovery of the resultant Council Tax liability raised which amounted to £9.3k currently in the process of being recovered

Table 2 below shows the amount of income generated by the investigations element of the team during the 2018/19 financial year:

Table 2 – Counter Fraud & Enforcement Team Investigations

	Amount (£)
Council Tax Discount Cancellations	196.7k
Council Tax Exemption Cancellations	3.2k
Council Tax Support/ Council Tax Benefit Overpayments	55.8k
Non-Domestic-Rate, Liability Irregularities (net)	8.2k
Social Care Finance	141.5k
Total	405.4k

Table 3 below shows the amount of debt recovered by the litigation officers employed by the authority during the last 2 financial years since they became part of the team

Table 3 – Counter Fraud & Enforcement Team Recovery

Year	Amount (£)
2017/18	402.7k
2018/19	587.7k

5.0 Planned activity for 2019/20

5.1 Over the next 12 months it is anticipated that the Counter Fraud and Enforcement Team will continue to develop into other areas of investigation.

The main priorities for the team will be to:

- **Work closely with Internal Audit and Exchequer Services to use our joint expertise to help combat all types of fraud being perpetrated against the Council, in particular in relation to Council Tax, Non Domestic Rates & Adult Social Care**
- **Take the lead role in an ongoing Council Tax Single Person discount review.**
- **Take the lead role in a Small Business Rate Relief Review**
- **Further increase expertise in adult social care financial abuse matters**
- **Support the National Fraud Initiative data matching exercise**
- **To progress cases in a timely manner that have been referred for the consideration of civil proceedings in relation to debts owed to the authority**

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TRAFFORD COUNCIL

Report to: Accounts and Audit Committee
Date: 29 July 2019
Report for: Approval
Report of: Corporate Director of Governance and Community Strategy

Report Title

Corporate Governance Code

Summary

Trafford Council maintains a local code of corporate governance which sets out the key systems, policies and procedures that comprise the Authority's governance framework. This document is reviewed and updated regularly as required, and approved by the Corporate Leadership Team and Accounts and Audit Committee, to reflect any changes in governance arrangements.

The Council's Annual Governance Statement is prepared each year (in accordance with the Accounts and Audit Regulations 2015) and reflects an annual review against the commitments set out in the Council's Corporate Governance Code.

Trafford Council's Code of Corporate Governance is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. <http://www.trafford.gov.uk/about-your-council/budgets-and-accounts/docs/Corporate-Governance-Code-2017.pdf>

This report sets out the proposed updated Corporate Governance Code which has been reviewed by CLT. The Code has been updated, both to take account of developments in 2018/19 and also the updated framework and guidance issued by CIPFA/SOLACE in 2016/17 "Delivering Good Governance in Local Government". This sets out 7 key governance principles and the code was updated in 2017 to align with the revised framework.

Members are asked to note that the performance framework is still in development at this stage, as it was when the Committee received the draft version. The Corporate Governance Code will be updated again as soon as the framework has been approved and the revised version will be brought to the Accounts and Audit Committee.

Once reviewed and approved by the Accounts and Audit Committee, the updated Corporate Governance Code will be included on the Council's website.

The Committee received a draft version at their last meeting and no further comments were received.

Recommendation

The Accounts and Audit Committee are asked to approve the Corporate Governance Code.

Contact person for access to background papers and further information:

Name: Alexander Murray – Democratic and Scrutiny Officer
Extension: 4250

Background Papers:

None



TRAFFORD
COUNCIL

CORPORATE GOVERNANCE CODE

July 2019

Trafford Council Corporate Governance Code

1. What do we mean by governance?

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

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

2. Trafford's commitment

Trafford Council, as a public organisation, is committed to ensuring the highest possible standards of governance in order to fulfil its responsibilities:

1. To engage in effective partnerships and provide leadership for and with the community.
2. To ensure the delivery of high quality local services whether directly or in partnership or by commissioning.
3. To perform a stewardship role which protects the interests of local people and makes the best use of resources.
4. To develop citizenship and local democracy.

Openness, inclusion, integrity and accountability are fundamental principles by which the Council operates.

3. The Governance Framework

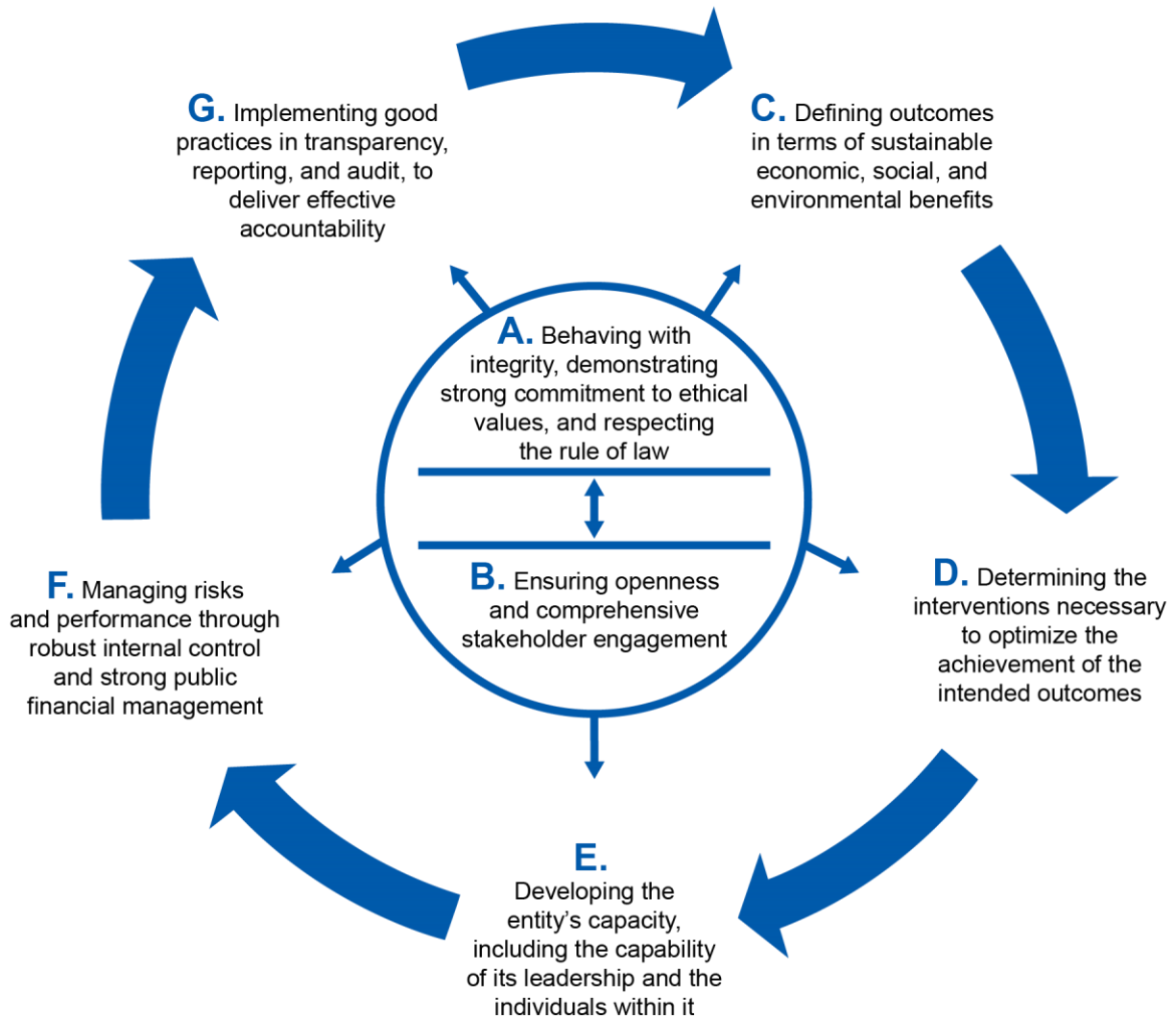
In order to ensure the fulfilment of its commitment, the Council operates a governance framework which provides a structure to support the Council's approach to governance.

Trafford Council has based its governance framework on the guidance produced in the publication 'Delivering Good Governance in Local Government' produced by the Chartered Institute of Public Finance & Accountancy (CIPFA) and the Society of Local Authority Chief Executives & Senior Managers (SOLACE) and has been updated to reflect the revised Local Government Framework published in 2016, which is aligned to the International Framework: Good Governance in the Public Sector (CIPFA / IFAC, 2014).

The International Framework defines governance as 'the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved'.

The framework emphasises that good governance is dynamic and that the entity as a whole should be committed to improving governance on a continuing basis through a process of evaluation and review

Achieving the Intended Outcomes While Acting in the Public Interest at all Times



Section 7 of the Code sets out in detail how the Authority is committed to meet the requirements of this framework.

4. How we will ensure that we deliver on these principles of good governance

Maintain a local code of corporate governance

In accordance with best practice requirements, Trafford Council maintains a local code of corporate governance which sets out the key systems, policies and procedures that comprise the Authority's governance framework. This document is reviewed and updated regularly as required and approved by the Corporate Leadership Team and Accounts and Audit Committee, to reflect any changes in governance arrangements.

Undertake an annual review of governance arrangements

The Authority will undertake an annual review to evaluate the position against the commitments set out in the Council's Corporate Governance Code, the effectiveness of governance arrangements and to ensure continuing compliance with best practice.

Where appropriate, action plans will be produced to ensure any significant weaknesses are identified, are addressed and there is continuous improvement in the system of corporate governance.

Findings and recommendations from this exercise will be reported via the Corporate Leadership Team. This will be used to inform the production of the Annual Governance Statement, with significant issues reported publicly through this process.

Report publicly on compliance with governance arrangements in the Annual Governance Statement

The Authority will produce an Annual Governance Statement (AGS) in accordance with the Accounts and Audit Regulations 2015. This will be published and will accompany the Council's Annual Statement of Accounts. It will state what arrangements the Council has in place to ensure the effectiveness of its governance framework and how the Council has followed its stated governance principles. It will also highlight any areas the Council considers to require significant improvement; and refer to the actions planned to address them.

The Accounts and Audit Committee will review the robustness of the AGS. The Chief Executive and the Leader are required to sign off the agreed final version of the AGS.

5. Responsibilities

Every Council officer and member has a responsibility to ensure their personal conduct and the organisation's governance arrangements are always of the highest standard possible.

Senior managers have a responsibility for reviewing governance standards in their areas of responsibility and for identifying and implementing any necessary improvement actions. Improvement actions should be reflected in the appropriate business plans.

The Chief Executive and Leader will ensure that an annual review is completed of corporate governance arrangements and give assurances on their adequacy in the published Annual Governance Statement, accompanying the Statement of Accounts.

The Corporate Leadership Team will ensure that the Corporate Governance Code is reviewed regularly to reflect ongoing developments and planned improvements to the governance framework; and agree any amendments. The Code will be approved by the Accounts and Audit Committee. Significant changes will be referred to the Council's Executive for approval.

6. Communication

The Corporate Governance Code and Annual Governance Statement will be reported publicly with a copy available on the Authority's website.

7. Trafford Council's Governance Framework

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law

Behaving with integrity

- Ensuring members and officers behave with integrity, and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation
- Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should be based on the Seven principles of public life (Nolan principles)
- Leading by example and using these standard operating principles or values as a framework for decision making and other actions
- Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure they are operating effectively.

In accordance with requirements of the Localism Act 2011, the Council reviewed and adopted its **Members Code of Conduct** incorporating procedures for notification of disclosable pecuniary interests, personal interests and hearing procedures. Protocols set out the arrangements for dealing with complaints about the code of conduct for members.

All staff are required to abide by an **Employee Code of Conduct** setting out the expected standards of behaviour. It is a requirement for all new employees to read and sign up to this as part of the staff induction procedure.

Arrangements are in place requiring members and employees of the Authority to not be influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders. **Guidance to Officers on Gifts & Hospitality** sets out the circumstances where these may be accepted, and how these should be declared and recorded.

The Council has adopted a set of **Corporate Values** embedded within its policies, procedures and strategies. The Council's competency framework outlines the organisation's values and the behaviours expected of employees when fulfilling their roles and these are cascaded through the PDR process.

The organisation's shared values act as a guide for decision making and as a basis for developing positive and trusting relationships within the Authority.

The authority has an **Anti-Fraud & Corruption Strategy**, Policy and

	<p>supporting guidance to discharge its responsibility to safeguard public funds and promote a 'zero tolerance' culture to fraud and corruption.</p> <p>The Council has adopted a Confidential Reporting Code and supporting guidance, which sets out the whistle blowing protocols for reporting, responding to and monitoring of issues of concern.</p>
<p>Demonstrating strong commitment to ethical values</p> <ul style="list-style-type: none"> ➤ Seeking to establish, monitor and maintain the organisation's ethical standards and performance ➤ Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation ➤ Developing and maintaining robust policies and procedures which place emphasis on ethical values ➤ Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards expected by the organisation 	<p>The Standards Committee has within its role, the promotion and maintenance of high standards of conduct of Members and the responsibility to oversee the effective operation of the Code of Conduct for Members. Responsibility for the regulation of employee conduct is set out in the Council's Disciplinary Policy.</p> <p>The financial management of the Council is conducted in accordance with the Financial Procedure Rules and Contract Procedure Rules incorporated within Part 4 of the Constitution.</p> <p>The Council's Contract Procedure Rules set out the agreed protocols for procurement and tendering for contracts including post contract arrangements, and are harmonised across the three Councils participating in STAR Procurement, the shared procurement service for Stockport, Trafford and Rochdale Councils. Protocols ensure that there is separation of roles within the procurement process, and all relationships of a business / private nature with existing or potential contractors should be declared.</p> <p>The Employee Code of Conduct specifies that to avoid bias and ensure appointments are made on the basis of merit, where applicants are related to or have close personal relationship with an employee; this officer should not be involved in the appointment process.</p> <p>Systems and processes for financial administration, financial control and</p>

	<p>protection of the Authority's resources and assets are designed and monitored to conform to appropriate ethical standards.</p>
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<p>Respecting the rule of the law</p> <ul style="list-style-type: none"> ➤ Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to the relevant laws and regulations ➤ Creating the conditions to ensure that the statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements ➤ Striving to optimize the use of full powers available to the benefit of the citizens, communities and other stakeholders ➤ Dealing with breaches of legal and regulatory provisions effectively ➤ Ensuring corruption and misuse of power are dealt with effectively 	<p>The Constitution sets out how the Council will operate to deliver services and perform its functions within the wider legal framework. Part 3 sets out Responsibility for Functions at Committee and Executive portfolio level. It also sets out the proper officer arrangements for delivering specific legislative requirements.</p> <p>The Authority actively recognises the limits of lawful activity placed on it but also strives to utilise powers to the full benefit of communities. It recognises the limits of lawful action and observes both the specific requirements of legislation and the general responsibilities placed on authorities by public law.</p> <p>The Council has appointed a Chief Executive responsible and accountable to the Authority for all aspects of operational management. The functions of the Head of Paid Service, Monitoring Officer and Chief Financial Officer are set out in the Constitution.</p> <p>The Council’s Corporate Director of Governance and Community Strategy is designated as “Monitoring Officer”. It is the function of the Monitoring Officer to oversee and monitor compliance with legislation and the Council’s established policies and procedures.</p> <p>The Council’s Corporate Director of Finance and Systems is designated as Chief Finance Officer, in accordance with Section 151 of the Local Government Act 1972. Periodic assessment is undertaken to ensure compliance with the governance standards as set out in the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010). The Council’s Chief Finance Officer, has responsibility for the legality of the Council’s financial transactions.</p> <p>The Contract Procedure Rules set out the protocols by which the Council</p>
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shall enter into Contracts in accordance with both UK and EU regulations.

The Authority seeks timely professional advice on matters that have legal or financial implications, which is recorded in advance of decision making and used appropriately.

The **Monitoring Officer** will, after consulting with the Head of Paid Service and the Chief Finance Officer, report to the full Council or to the Executive, in relation to an Executive function, if she considers that any proposal, decision or omission would give rise to unlawfulness or has given rise to maladministration. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered.

Responsibility for the regulation of employee conduct is set out in the Council's **Disciplinary Policy**. A range of **Human Resource policies** in place are designed to help ensure the proper conduct of staff and to ensure the workforce is appropriately skilled to deliver the Council's aims and objectives.

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Principle B: Ensuring openness and comprehensive stakeholder engagement

Openness

- Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness
- Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reason for keeping a decision confidential should be provided
- Providing clear reasoning and evidence of decisions in both public records and explanations to stakeholders and being explicit about criteria, rationale and conclusions used. In due course, ensuring that the impact and consequences of those decisions are clear
- Using formal and informal consultation and engagement to determine the most appropriate and effective interventions / course of action

The Council publishes a wide range of information, statistics and data in accordance with, and indeed beyond the expectations of, the Local Government Transparency Code (2015).

The Authority as a whole is open and accessible to the community, service users and its staff and has made a commitment to openness and transparency in all its dealings, subject only to those specific circumstances where it is proper and appropriate to do so.

Part 4 of the Constitution sets out the **Access to Information Procedure Rules** including the rights to attend meetings and access summons, agenda and reports. Where major 'key' decisions are to be discussed or made, these are set out in a notice published at least 28 days before a decision is made.

Council decisions are based on public **consultation** including the budget proposals. Meetings where decisions are made and scrutinised are open to the public, except where exempt information is disclosed. Those making decisions, whether for the Authority or in partnership, are required to be provided with information that is fit for purpose – clear, timely, relevant, accurate and complete and gives clear explanations of issues and implications on both a financial and non-financial basis.

Engaging comprehensively with institutional stakeholders

- Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholders relationship are clear so that the outcomes are achieved successfully and

Trafford Council is a member of the **Greater Manchester Combined Authority**, run jointly by the leaders from the 10 councils governed by a fully elected mayor, working with other local services, business and community to improve the city region with powers and accountabilities that bring decision making closer to the local people.

The Council is the lead organisation of the **Trafford Partnership**, which

<p>sustainably</p> <ul style="list-style-type: none"> ➤ Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively ➤ Ensuring partnerships are based on: <ul style="list-style-type: none"> -Trust -A shared commitment to change -A culture that promotes and accepts challenge among partners -the added value of partnership working is explicit. 	<p>provides a key role engaging with residents and the community to ensure that priorities and actions at strategic level reflect the needs of local people. Four Locality Partnerships act as wider engagement networks for all stakeholders including residents and community groups. Each has its own Terms of Reference and The Locality Partnership Chairs sit on the Trafford Partnership Strong Communities Board.</p> <p>In accordance with the requirements of the Health & Social Care Act 2012, a Health & Wellbeing Board has been established. Supporting this, the Council has in place a number of strategic partnership arrangements governed through Section 75 Partnership Agreements.</p> <p>The Council set up wholly owned community interest company (CIC), Trafford Leisure from 1st Oct 2015 to deliver leisure services across the borough. The company has a Board of Directors appointed responsible for compliance with general company law and CIC regulatory requirements.</p> <p>From April 2019 The Council set up the Trafford Integrated Youth Offer which is principally an in-house service supported by a small number of specialist commissioned services including; Talk-Shop, Youth Offending Service and Outreach Youth work.</p> <p>When working in partnership, members are clear about their roles and responsibilities individually and collectively in relation to the partnership and the authority.</p>
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Engaging with individual citizens and service users effectively

- Establishing a clear policy on the types of issues that organisations will meaningfully consult with or involve individual citizens, service user and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes
- Ensuring that communications methods are effective and members and officers are clear about their roles with regard to community engagement
- Encouraging, collecting and evaluating the views and experiences of communities, citizen and service users and organisations of different backgrounds including reference to future needs
- Implementing effective feedback mechanisms in order to demonstrate how their views have been taken into account
- Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity
- Taking account of the interests of future generations of tax payers and service users.

The **Strategy for Building Strong Communities** provides a strategic 'home' for the Locality Working programme, clearly demonstrating how Locality Working is intrinsically linked with other key strategic agendas, providing a practical way of delivering Early Help and Prevention, Public Service Reform, Shaping Demand, Community Action and Third Sector Infrastructure Support. Through **Asset Based Community Development** Locality projects align strategic priorities to the needs and assets of the communities,

Through the Trafford partnership structure, each **Locality Partnership** is supported by an **Enabling Group** with a core membership of Councillors, Service Providers and Community Ambassadors to oversee engagement events and locality projects and to ensure the work of the Locality Partnerships are aligned to the strategic priorities of the borough.

Through the '**Be Bold be the Difference**' campaign, a range of training/awareness sessions have been rolled out to staff working with the community to understand how community groups can function alongside the Council to achieve shared goals. **Community Builders** and **Community Connectors** are in place to connect people in neighbourhoods so that all resources working in localities have a common understanding of what's available

The Council undertakes regular consultation in relation to policy change and spending proposals. There are a range of consultation mechanisms in place for public and Council employees including an online forum, network events, focus group and surveys.

Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits

Defining outcomes

- Having a clear vision which is an agreed formal statement of the organisation's purpose and intended outcomes including appropriate performance indicators, which provides the basis of the organisation's overall strategy, planning and other decisions
- Specifying the intended impact on, or change for, stakeholders, including citizen and service users. It could be immediately or over the course of a year or longer
- Delivering defined outcomes on a sustainable basis within the resources that will be available
- Identifying and managing risks to the achievement of outcomes
- Managing service users expectations effectively with regard to determining priorities and making the best use of resources available

Trafford's **Corporate Plan**, agreed by the Executive in March 2019, sets out the **Council's Vision** of;

“Working together to build the best future for everyone in Trafford”

This vision is to be achieved through the delivery of **7 Corporate Priorities** which have been developed in consultation with staff and partners. The **7 Priorities** are;

- Building Quality, Affordable and Social Housing
- Health and Wellbeing
- Successful and Thriving Places
- Children and Young People
- Pride in Our Area
- Green and Connected
- Targeted Support

To support the **Corporate Plan**, a number of **Directorate plans, Service/Team Plans**, and the **Medium Term Financial Plan**. The **Core Strategy** agreed in 2012 sets out the **Council's spatial policy framework** for delivering the development and change needed to realise the Council's vision for the Borough up to 2026. It includes plans relating to economic, social and environmental issues and how these will shape the future of Trafford.

As part of the wider Greater Manchester Health & Social care devolution, the **Trafford Locality Plan** developed in collaboration with the Trafford Clinical Commissioning Group was agreed in March 2016. This sets out the vision and principles for development of a fully

	integrated health & social care system to be implemented by 2020.
<p>Sustainable economic, social and environmental benefits</p> <ul style="list-style-type: none"> ➤ Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision ➤ Taking a longer terms view in regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisations intended outcomes and short term factors such as the political cycle or financial constraints ➤ Determining the wider public interest associated with balancing conflicting interests between achieving the various social, economic, and environmental benefits, through consultation where possible, in order to ensure appropriate trade offs ➤ Ensuring fair access to services. 	<p>The Council's Medium Term Financial Strategy provides a rolling 3 year plan aligned to the authority's strategic objectives and includes a:</p> <ul style="list-style-type: none"> ➤ Medium Term Financial Plan which details the Council's revenue budget ➤ 3 year Capital Programme and developing Investment Strategy ➤ Treasury Management Strategy. ➤ Efficiency Plan which details the Council's approach to deliver efficiencies with all of this underpinned by a set of Prudential Indicators, designed to ensure capital borrowing is affordable and does not place undue burden on the Councils revenue budget. <p>Trafford continues to develop a multi-year Locality Plan which sets out the transformational change in conjunction with health partners to deliver health and social care integration.</p> <p>To support longer term decision making, committee reports require that proposed options set out any implications in relation to the policy framework, corporate priorities, financial, legal, resource and sustainability issues as well as equality and diversity, and health & wellbeing. The report should indicate also whether consultation is required on the outcome of the decision</p> <p>In accordance with the Equality Act 2010, the Council complies with the Public Sector Equality Duty to consider the needs of people who are disadvantaged or suffer inequality when making decisions regarding its service provision and policies. The Council has implemented detailed guidance and procedures for staff to ensure that an Equality Impact Assessment is undertaken in relation to all proposed changes in</p>

	<p>policy, strategy, functions and internal structures.</p> <p>The Council is a signatory to the GMCA Social Value Policy and has developed its own Social Value guidance for staff and suppliers which demonstrates a commitment to obtaining additional social value in accordance with the Public Services (Social Value) Act 2012 from its third party controllable spend.</p> <p>The Council has also developed its own response to the GMCA Social Value Policy designed to help potential bidders understand more about social value and how to make social value commitments when bidding for a contract with Trafford Council.</p>
<p>Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes</p>	

Determining interventions

- Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with these options. therefore ensuring best value is achieved however services are provided
- Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land, assets and bearing in mind future impacts.

To support decision making, the **committee reporting** templates require officers to set out the proposed decision and alternative courses of action supported by robust analysis of available options. All proposals are subject to sign off by Finance and Legal, Corporate Director and Executive portfolio holder.

The Council's **budget setting process** is informed by public consultation and through the annual **budget scrutiny review** considers risks and robustness of policy choices, with feedback used to inform policy decisions.

The Council has **Joint Consultative Committee** arrangements in place which act as a regular method of consultation between the Council and the Trade Unions. This enables the Trade Unions to have input into human resource issues including proposed organisational and policy changes.

The TraffordDataLab **website** provides free public access to view statistical data about the borough including the **Joint Strategic Needs Assessment** which Trafford Council and Trafford Clinical Commissioning Group have equal and joint duties to prepare under the Health and Social Care Act 2012.

The **Trafford Data Lab** and **Performance teams** provide data and analysis to support the (re)design of services, reduction and reshaping of demand on services and attracting investment into the Borough.

Planning interventions

- Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets
- Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered
- Considering and monitoring risks facing each partner when working collaboratively including shared risks
- Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances
- Establishing appropriate key performance indicators as part of the planning process in order to identify how the performance of services and projects is to be measured
- Ensuring capacity exists to generate information required to review service quality regularly
- Preparing budgets in accordance with organisational objectives, strategies and medium term financial plan
- Informing medium and long term resource planning by drawing up realistic estimates of revenue or capital expenditure aimed at a sustainable funding strategy.

The **Corporate Plan** sets out the key deliverables for the coming year supported by individual Directorate and Service business plans, which connect service objectives and associated actions to the community vision and corporate priorities.

The **Corporate Leadership Team (CLT), Executive and Scrutiny Committee** receive regular monitoring and exception reports on the achievement of corporate objectives. In addition, regular performance reports are issued to Corporate Directors and Executive Portfolio holders containing performance data specific to their remit.

The **Programme Management Office (PMO)** defines and maintains standards for managing Transformation projects, to co-ordinate management information, provide best practice advice, guidance and templates for project management through the **Business Change Project lifecycle**, and to provide specialist consultancy in areas such as business case development, risk management and benefits realisation.

The **Transformation Programme** has defined programme governance arrangements in place. Significant projects for the Council have a Corporate Leadership Team lead, and all have a Senior Responsible Officer (SRO) and Financial Support Officer. Benefits realisation tracking and a summary of project delivery and exceptions is reported monthly to the Transformation Board.

Optimising achievement of intended outcomes

- Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints
- Ensuring the budget process is all inclusive, taking into account the full cost of operations in the medium and longer term
- Ensuring the medium term financial strategy sets out the context for ongoing decisions on significant delivery issues or responds to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimizing resource usage
- Ensuring the achievement of social value through planning and commissioning services. The Public Services (social value) Act 2012 states that this is ‘the additional benefit to the community over and above the direct purchasing of goods, services and outcomes

The Council’s **Medium Term Financial Strategy (MTFS)** is a 3 year rolling document updated as changes in conditions / assumptions are known. The Council is required to set and approve a balanced robust budget and Council Tax level, and consults annually on its budget proposals which are subject to scrutiny review.

The budget setting process takes into consideration the assessment by the Chief Finance Officer of the robustness of the budget estimates and adequacy of the general reserve; Executive responses to the scrutiny review; outcome of staff and Trade Union consultation; and Equality Impact Assessment in relation to each proposal.

The Council has established a collaborative Procurement shared service organisation with Stockport and Rochdale Councils (STAR Procurement), with the aim to reduce overheads, increase economies of scale and provide collective expertise and resilience.

The Authority has agreed a **Procurement Strategy** which establishes how the councils can use procurement to focus activity on delivery of outcomes and realise corporate priorities, and highlights the importance of the procurement function throughout the lifecycle of service delivery, from initial inception through to contract management

In response to the Public Services (Social Value) Act 2012 the Greater Manchester Combined Authority (GMCA) has written a **Social Value Policy** which sets out how councils can increase prosperity of their local communities through procurement activity as an added benefit. STAR Procurement has produced local guidance to support this. All tenders advertised by **STAR Procurement** aim to capture social value aligned to the delivery of service, goods and work contracts.

Principle E: Developing the entity's capacity, including the capability of its leadership, and the individuals within it

Developing the entity's capacity

- Reviewing operations, performance use of assets on a regular basis to ensure their continuing effectiveness
- Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the authority's resources are allocated so that outcomes are achieved effectively and efficiently
- Recognising the benefits of partnerships and collaboration working where added value can be achieved
- Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources

The Authority has put arrangements in place to measure and review the quality of service for users including mechanisms to identify and deal with failure in service delivery for both internal and collaborative working arrangements. Management information is available to enable monitoring of service quality effectively and regularly. The Council is committed to using benchmarking and seeks external advice where necessary to inform decisions.

As part of the **Greater Manchester Devolution** and supporting work programmes, and at local level through the **Corporate Plan** and **Health Integration** Transformation programmes, the Council is committed to deliver service transformation through collaboration and integration. Programme management and governance is in place to deliver transformational change.

The **Transformation Programme** takes into account consideration of training and development needs across the Council providing skills transfer across the organisation.

A succession planning strategy formalises an approach to ensure that key skills are not lost to the Council whilst up-skilling staff to take on higher graded roles. Successors will be identified at senior manager level and targeted development initiatives provided to ensure that the Council is equipped to flex the workforce to react to resource and skills gaps.

Developing the capability of the entity's leadership and other individuals

- Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained
- Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body
- Ensure the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads the authority in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and balance for each other's authority
- Developing the capabilities of members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to the changing legal and policy demands as well as economic, political and environmental changes and risks by:
- Ensuring members and staff have access to induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged.

The Council's **Constitution** provides a clear statement of how it operates, and the respective roles and responsibilities of the Executive and non-Executive members. The Constitution also sets out responsibility for carrying out the Council's functions at committee level, delegation to individual executive members, and the Scheme of Delegation to Officers. The sections on delegated authority are reviewed and approved annually.

Member Officer Relations Protocols provide guidance to help build good working relations between members and officers. Article 15 of this document sets out the protocols and the role of the Monitoring Officer to monitor and review the operation of the constitution. The Council reviews elements of the Constitution each year at its annual meeting.

The **Officer Employment Procedure Rules** set out the terms and conditions for remuneration of employees. A **Pay Policy Statement** is published on an annual basis which provides transparency regarding the Council's approach to setting pay for its employees. The Council has agreed a **Members Allowance Scheme** setting out the level of financial allowance that members may receive.

The Authority puts arrangements in place to ensure that statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the organisation.

All new employees are required to complete a **Corporate Induction Module** which includes a number of mandatory elements including the employees' code of conduct, fraud awareness and the Acceptable Use Policy. **Member Induction Training** is undertaken each year.

- Ensuring members and officers have appropriate skills, knowledge and resources and support to fulfil their roles and responsibilities and ensuring they are able to update their knowledge on a continuing basis
- Ensuring personal, organisational and system wide development through shared learning, including lessons learnt from governance weakness both internal and external
- Ensuring that there are structures in place to encourage public participation.

There is a behavioural based competency framework and staff appraisal process in place which supports the cascade of corporate objectives and values through to individual employee targets. All staff members are required to complete an annual **Personal Development Review. One to one meeting guidance** and a template to record discussions has been made available for managers so that a consistent approach to supervision is adopted across the Council. The Council has taken a strategic approach to **Absence Management** and ongoing performance is monitored as part of the Authority's Performance Management Framework.

The **Member Development Strategy** describes how Councillors will be supported to develop in their changing role as community advocates and leaders. **Personal Development Reviews** are undertaken to ensure that members are provided with the necessary training and development support.

The Council operates an **Internal Apprenticeship Scheme** providing training and mentoring opportunities for Trafford residents. There are arrangements in place designed to encourage individuals from all sections of the community to engage with, contribute to, and participate in the work of the Authority through the **Locality Partnership** networks and involvement in co-produced locality projects, which provide innovative solutions to local issues.

Principle F: Managing risks and performance through robust internal control and strong public financial management

Managing risk

- Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making
- Implementing robust and integrated risk management arrangements and ensuring that they are working effectively
- Ensuring that responsibilities for risk management are clearly allocated

Risk management is embedded into the culture of the organisation. The Council has a **Risk Management Policy Statement, Strategy, and protocol** for monitoring and reporting risk. These explain the methodology which provides a comprehensive framework for the management of risk throughout the Council.

The **Council's Strategic Risk Register** identifies the key risks the Council is likely to face in achieving its high level corporate objectives. In accordance with the Council's Risk Management Policy Statement, Corporate Directors and the Accounts and Audit Committee review the associated arrangements in place for improving control and mitigating risks faced by the Council.

To support change, the Council's **Programme Management Methodology** ensures that risk logs are maintained for each project to track emerging risks/issues and ensure they are escalated to senior management where necessary.

The Council's **Business Continuity Management** procedure requires each service area to produce an annual **Business Impact Analysis** to identify the risks to the Council in relation to service continuity. The Business Impact Analysis then informs the development of **Business Continuity Plans** for priority service functions.

The **Health & Safety Policy** sets out the council's approach and responsibilities, including risk assessment and incident reporting processes. The Council's **Health and Safety Unit** provide oversight and support this through provision of advice and training, and monitoring compliance, with regular updates to CLT and the Executive.

Managing performance

- Monitoring service delivery effectively including planning, specification, execution and independent post implementation review
- Making decisions based on relevant, clear, objective analysis and advice pointing out the implications and risk inherent in the organisation's financial, social and environmental position and outlook
- Ensuring an effective oversight and scrutiny function which encourages constructive challenge and debate on policies and objectives before, during, and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible
- Providing members and senior management with regular reports on service delivery plans and progress towards achievement of outcomes
- Ensuring there is consistency between specification stages such as budget and post implementation e.g. financial statements.

The Council's **Performance Management Framework** sets out the key deliverables for the coming year comprised of individual **Directorate** and **Service business plans**, which connect service objectives and associated actions to the **Corporate Plan**.

The **Corporate Leadership Team (CLT)** and **Executive** receive regular monitoring and exception reports on the achievement of corporate objectives. In addition, a monthly performance report is issued to Corporate Directors and Executive Portfolio holders containing performance data specific to their remit.

The Council has in place a **Scrutiny Committee**, Health **Scrutiny Committee**, and Children and Young People's Scrutiny Committee which provide the scrutiny of decisions made, service delivery, and policy development and implementation. The Scrutiny Committee have the ability to "call in" decisions made by the Executive, which is detailed within the Council's Constitution.

The Council has an approved **Corporate Complaints Policy** and guidance with regular reporting to senior management.

Robust internal control

- Aligning the risk management strategy and policies on internal control with achieving objectives
- Evaluating and monitoring the authority's risk management and internal control on a regular basis
- Ensuring counter fraud and anti-corruption arrangements are in place
- Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance and risk management and control is provided by the internal auditor
- Ensuring an audit committee or equivalent group or function independent of the executive and accountable to the governing body:
 - provides a further sources of effective assurance regarding arrangements for managing risk and maintaining an effective controls environment
 - that its recommendations are listened to and acted upon

Operational managers have responsibility for managing risks and ensuring implementation of a robust system of internal control within their service area.

The Audit and Assurance Service delivers the Council's **Internal Audit** function which is responsible for reviewing the quality and effectiveness of systems of internal control, risk management, and governance. It operates in general conformance with the Public Sector Internal Audit Standards and the CIPFA Statement on the Role of the Head of Internal Audit (2010).

The Council operates an **Accounts and Audit Committee** whose role is to monitor and evaluate the Council's corporate governance, risk management and internal control arrangements. The committee regularly reviews its work practices against the guidance set out by CIPFA.

A risk based **Internal Audit work plan** is reviewed each year by the Corporate Leadership Team and Accounts & Audit Committee. Throughout the year the Audit and Assurance Manager reports on progress against the plan, outcomes of individual audit reviews and the impact of audit work.

The **Annual Head of Internal Audit Report** presented to the Accounts and Audit Committee provides an opinion on the overall adequacy and effectiveness of the control environment, which encompasses internal control, risk management and governance.

Managing data

- Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data including processes to safeguard personal data
- Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies
- Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring.

To ensure the Authority meets best practice and legislative requirements, an **Information Security Governance Board** has been established which meets regularly to provide strategic direction and oversight of Information governance across the council.

The Senior Information Risk Officer has been assigned to oversee and review information governance issues / information risks and information security, and a **Caldicott Guardian** with responsibility to protect service user and carers' interests regarding the use of confidential and personally identifiable data. A **Data Protection Officer** as required by the GDPR is in place.

The Council has adopted an **Information Governance Framework** supported by a suite of policies supported by awareness raising and mandatory annual staff training in data protection, freedom of information and information security.

The Council is working with **GM Connect** and Greater Manchester authorities, Trafford CCG and other partners to implement and monitor effective data sharing throughout Greater Manchester. Although **Data Sharing agreements and protocols** have been adopted based on the GM wide model, they require further amendments to be compliant when GDPR is effective from May 2018.

To ensure compliance with **Data Protection and Freedom of Information** legislation, the Council has adopted a policy, procedures and a dedicated Information Governance team to provide support and guidance to employees.

Users of the Trafford ICT network are required to sign up to the authority's **Acceptable Use Policy** to confirm acceptance of agreed responsibilities and standards to prevent misuse of equipment or

	<p>networks.</p> <p>The Council has engaged a third party provider to provide IT Security capacity and capability working with the in house ICT service to ensure appropriate safeguards are in place, monitor the firewall perimeters and provide accredited security advice. A best practice review of IT Security policies has been undertaken aligned to the recommendations from the Information Commissioners Office's Audit.</p> <p>Trafford Council is compliant with Public Sector Network (PSN) requirements and as such subject to independent penetration testing on both the internal and external network.</p> <p>The Council has assigned Information Asset Owners who are responsible for ensuring information quality and security for their service areas and to maintain an Information Asset Register.</p> <p>The Council has adopted a Records Management Policy and has a comprehensive records retention and disposal schedule covering all services.</p> <p>Case File Recording Policies are in place to ensure the accuracy of service user information for systems that support the provision of care. Data analyst and performance staff regularly review data quality for key systems.</p>
<p>Strong public financial management</p> <ul style="list-style-type: none"> ➤ Ensuring financial management supports both long term achievement of outcomes and short term operational and financial performance ➤ Ensuring well developed financial management is integrated at all levels of planning and control, including management of 	<p>The Council's Medium Term Financial Strategy provides a rolling 3 year plan aligned to the authority's strategic objectives. The Efficiency Plan sets out the Council's approach to deliver efficiencies over a 4 year period.</p> <p>The Council has a clearly defined 3 year Capital Programme and Treasury Management Strategy. The Council Prudential Indicators</p>

<p>financial risk and controls</p>	<p>are designed to ensure capital borrowing is affordable and does not place undue burden on the Councils revenue budget. This will be updated at least annually as part of the budget setting process.</p> <p>The Council's financial framework keeps its commitments in balance with available resources. There are arrangements in place to ensure compliance with CIPFA's Prudential Code for Capital Finance in Local Authorities and CIPFA's Treasury Management Code. The capital budget is monitored and reported to the CLT and Executive each quarter.</p> <p>The Authority has defined Budgetary Control Procedures in place. Revenue Budget Monitoring reports are reported to the Corporate Leadership Team and the Executive on a regular basis to enable monitoring of income and expenditure levels, to ensure that commitments are within available resource levels and corrective action is taken when necessary. The Accounts and Audit Committee also receives the budget monitoring reports at its meetings through the year.</p>
<p>Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability</p>	
<p>Implementing good practice in transparency</p> <ul style="list-style-type: none"> ➤ Writing and communicating reports to the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate ➤ Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand 	<p>The Council has policies and procedures in place to support compliance with the Freedom of Information Act 2000 requirements and has a Publication Scheme in place.</p> <p>The Council publishes a range of information to support the requirements of the Local Government Transparency Code. Details of all invoice payments to suppliers, senior officer salaries, contract register and members' expense claims are published online.</p> <p>The Council has a corporate Marketing and Communications function in place to oversee internal and external communication and</p>

ensure these arrangements are operating effectively. Guidance to members and officers has been provided in relation to press releases, use of the Council logo and social media.

The Council has a range of communication channels in place through its website **trafford.gov.uk**, social media channels and press releases. Face to face and telephone contact is provided through the **Access Trafford contact centre**, and a network of libraries. Webcast of full Council meetings are available live and on demand through the **Public-i website. All of the Council's other Committees which are held in public and do not contain restricted information are webcast and available through the Council's YouTube Channel.**

An assessment of service user needs has been carried out as part of the Council's work to implement the **Accessible Information Standards** for health & social care.

Implementing good practices in reporting

- Reporting at least annually on performance, value for money and the stewardship of resources
- Ensuring members and senior management own the results
- Ensuring robust arrangements for assessing the extent to which the principles contained in the framework have been applied and publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good governance
- Ensuring the framework is applied to jointly managed and shared service organisations as appropriate
- Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar organisations.

The Council publishes details of its strategy and performance plans on its website **trafford.gov.uk**. Bi-annual performance reports against the **Corporate Plan** are reported to the Executive with the mid-year report also going to CLT. Objectives and priorities at Corporate, Directorate, and Service level are continuously monitored as management data is refreshed and RAG rated. Any objectives or priorities rated as RED will be the subject of exception reporting and escalated to the level above, with Corporate level issues being escalated to both CLT and the Executive.

Regular updates on the Council's financial position are reported to CLT, the Executive, and Accounts & Audit Committee. The Annual Financial Statements, revenue and capital budget reports, Treasury Management updates, and quarterly financial health indicators are all published on the Council website.

In accordance with statutory requirements the audited Statement of accounts an External Auditor's certificate and audit opinion are made available for inspection and published online.

The authority undertakes an annual review of the effectiveness of its governance arrangements against the **CIPFA/SOLACE** framework for Corporate Governance. The Authority's Corporate Governance Code and Annual Governance Statements are published online.

Information in relation to partnership activity and performance is reported through the Trafford Partnership website **traffordpartnership.org.uk**

Assurance and effective accountability

- Ensuring that recommendations for corrective action made by external audit are acted upon
- Ensuring an effective internal audit service with direct access to members in place which provides assurance with regard to governance arrangements and recommendations acted upon
- Welcoming peer challenge, review and inspections from regulatory bodies and implementing recommendations
- Gaining assurance on risks associated with delivering services through 3rd parties and that this is evidenced in the annual governance statement
- Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met

The **External Auditor's Annual Governance Report** and Annual Audit Letter are reported to the Accounts & Audit Committee and published online.

The Audit and Assurance Manager reports quarterly to the **Accounts and Audit Committee** on progress against the Internal Audit work plan, and provides assurance in relation to the effectiveness of the control environment and acceptance and implementation of audit recommendations. **For individual Internal Audit** reviews, findings are reported to the relevant managers, Heads of Service, Corporate Director, Chief Executive, Executive Portfolio holder and External Auditor.

The Authority is subject to periodic inspection by external bodies including **OFSTED** and **Care Quality Commission**. Inspection findings are published online and action taken to address any recommendations made.

The Authority's **Annual Governance Statement (AGS)** identifies significant governance issues including risks in relation to 3rd party delivery and sets out the Authority's commitment to continuous improvement. The Accounts and Audit Committee receives updates in relation to issues within the AGS.

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TRAFFORD COUNCIL

Report to: Executive
Date: 24 June 2019
Report for: Information
Report of: The Executive Member for Finance and Investment and the Corporate Director of Finance and Systems

Report Title:

Budget Monitoring 2018/19 – Period 12 (April 2018 to March 2019).

Summary:

The purpose of this report is to inform Members of the 2018/19 draft outturn figures relating to both Revenue and Capital budgets, the level of General and Service Reserves. It also summarises the final unaudited position for Council Tax and Business Rates within the Collection Fund

Recommendation(s)

It is recommended that the Executive:

- a) note the report and the outturn position showing a budget underspend of £1.783m, which will be transferred to the Budget Support Reserve;
- b) note the creation of a new earmarked reserve of £1.5m to support an improvement plan in Children's services, following the recent 'inadequate' report from Ofsted;
- c) note and agree the other changes to reserves as detailed in paragraph 8 and Appendix 2.

Contact person for access to background papers and further information:

David Muggeridge, Finance Manager, Financial Accounting Extension: 4534

Background Papers: None

Relationship to Policy Framework/Corporate Priorities	Value for Money
Financial	Revenue and Capital expenditure to be contained within available resources in 2018/19.
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

REVENUE BUDGET

Budget Monitoring - Financial Results

1. Based on the pre-audit outturn for the year, the Council will underspend its budget by £1.783m, comprising a net underspend on service and corporate budgets of £0.154m and additional funding of £1.629m. This is an overall favourable movement of £0.531m since last period.

Service Expenditure Summary Position

2. The pre-audited service revenue outturn position shows an underspend figure of £0.154m. This compares to a period 10 underspend of £0.443m.
3. The adverse movement of £0.289m is made up of a number of movements since period 10 and is explained below, with more detail given in Table 2:

Funding Summary Position

4. Additional funding from business rates, particularly from Section 31 grants and a saving on the level of tariff payments, has been generated of £1.629m, a favourable movement of £0.820m since period 10.
5. Detailed below in Table 1 is a summary breakdown of the service and funding variances against budget, with Table 2 providing a more detailed explanation of the variances:

Table 1: Budget Monitoring results by Service	2018/19 * Revised Budget (£000's)	Un- audited Outturn (£000's)	Variance (£000's)	Percent- age
Children's Services	32,336	32,952	616	1.90%
Adult Services	47,976	48,117	141	0.29%
Public Health	12,228	12,245	17	0.14%
Place	23,844	22,911	(933)	(3.91)%
People	2,742	2,642	(100)	(3.65)%
Finance & Systems	6,993	6,540	(453)	(6.48)%
Governance & Community Strategy	7,433	7,444	11	0.15%
Total Directorate Budgets	133,552	132,851	(701)	(0.52)%
Council-wide budgets	30,694	31,241	547	1.78%
Net Service Expenditure variance	164,246	164,092	(154)	(0.09)%

Funding				
Business Rates (see para. 14)	(67,619)	(69,248)	(1,629)	(2.41)%
Council Tax (see para. 10)	(94,497)	(94,497)	-	
Reserves	(1,630)	(1,630)	-	
Collection Fund surplus	(500)	(500)	-	
Funding variance	(164,246)	(165,875)	(1,629)	(2.41)%
Net Revenue Outturn variance	0	(1,783)	(1,783)	
Dedicated Schools Grant	128,624	127,248	(1,376)	(1.07)%

* There have been no budget virements since the Period 10 Budget Monitoring Report.

Main variances, changes to budget assumptions and key risks

6. The main variances contributing to the net service expenditure underspend of £0.154m and the adverse movement of £0.289m are highlighted below:

Table 2: Main variances	Forecast Variance (£000's)	Explanation/Risks
Children's Services	616	<p>Outturn variance £616k adverse, a £293k favourable movement since P10:</p> <ul style="list-style-type: none"> ➤ £0.957m above budget in children's placements; a favourable movement of £55k. (Note 1); ➤ £0.405m additional home to school transport costs; a favourable movement of £7k (Note 2); ➤ £0.746m underspends relating to staff vacancies (£388k), additional grant income (£104k) and running cost savings (£254k); a favourable movement of £231k. (Note 3). <p>Note 1 The outturn position is a gross overspend of £1.212m across children's placements which is partially offset by a one off underspend of £0.255m on the Regional Adoption Agency (Adoption Counts).</p> <p>The favourable movement of £55k is mainly due to £106k additional asylum seeker grant offset by net increases across children's placements of £51k.</p> <p>The number of children in care as at the end of March was 419, an increase of 13 from that last reported at the end of January.</p> <p>As at 31/03/19 £1.548m of savings has been achieved via the planned de-escalation of Children's placements, against a target of £0.900m.</p> <p>The service continues to make the most cost effective decisions for children entering care without compromising on outcomes and safety. The priority is using family based care as the preferred option.</p> <p>Note 2 The Home to School Transport (Trafford Travel Co-ordination Unit) service continues to experience high demand.</p> <p>The overspend on transport runs at the year-end amounts to £405k. There are a number of new and expanded "runs" which have resulted in higher contractor costs for commissioned transport. The</p>

		<p>Service continues to promote independent travel training for young people and car mileage payments to parents as a package of flexible travel assistance solutions for families; this helps reduce demand for transport.</p> <p>Note 3 The favourable movement of £231k is mainly due to one off underspends in relation to commissioned services of £167k and the remaining £64k due to minor variances.</p>
Adult Services	141	<p>Outturn variance £141k adverse, a £520k favourable movement since P10:</p> <ul style="list-style-type: none"> ➤ £986k adverse variance in the Adults Client Budget; an adverse movement of £166k (Note 1) ➤ £339k reduction in costs due to vacancies and one off savings in running costs; a favourable movement of £180k (Note 2) ➤ £506k reduction in costs due to a review of the Adult Social Care bad debt provision; a favourable movement of £506k. (Note 3) <p>Note 1 The main area of volatility across adults is in the client budget.</p> <p>The market continues to be complex and there is a significant challenge for the service to procure care at framework prices. At the end of the financial year £2.680m has been spent on care exceeding framework prices an increase of £77k from period 10. This is over and above the amount that was anticipated when setting the budget hence the £986k overspend on Adults client costs.</p> <p>The remaining movement of £89k relates to the net change in demand for services.</p> <p>The service continues with its initiatives to reduce these cost pressures by:</p> <ul style="list-style-type: none"> • Increasing the number of providers of the Stabilise and Make Safe service (SaMS), ensuring that clients can increase/maintain their independence and reduce demand for residential/nursing and homecare services; • exploring alternative contracting arrangements; • increasing the use of technology. <p>Within the 2018/19 budget there was a savings target</p>

		<p>of £2.620m. This has been overachieved by £227k, mainly due to the Stabilise and Make Safe (SaMS) programme.</p> <p>During the 2018/19 financial year additional funding of £946k was received for winter pressures and this allocation has been spent in full. The funding has enabled additional:-</p> <ul style="list-style-type: none"> • placement capacity in residential and nursing settings; • homecare packages; • reablement through discharge to assess beds; • resource to tackle delayed discharges from hospital. <p><u>Note 2</u> The favourable movement of £180k is predominantly due to an underspend on client aids and equipment due to additional equipment purchases falling within the capitalisation policy than previously anticipated.</p> <p><u>Note 3</u> An in-depth review of Adult Social care debts has been carried out as at 31/03/2019 and following completion the bad debt provision has been reduced by £301k. This is as a result of the council's 95% debt recovery rate and its strong performance in recovering amounts subject to litigation. In addition to this the budgeted contribution to the provision for 2018/19 is also not required, resulting in a further £205k underspend.</p>
Public Health	17	<p>Outturn variance £17k adverse, a £219k favourable movement since P10:</p> <p>The service has been under significant pressure this year to reduce its expenditure by £700k. This being the risk share agreement in place as a result of the overspend on the community services contract by Pennine Care NHS Foundation Trust (over £1.8m).</p> <p>The service has therefore reduced expenditure in other areas of its budget by £683k to mitigate as far as possible this pressure in the financial year. Many of the expenditure areas that have been reduced are in relation to preventive services and are one off savings.</p> <p>The service continues to review this position for 2019/20.</p>

Place	(933)	<p>Outturn variance £933k favourable, a £58k adverse movement since P8</p> <ul style="list-style-type: none"> ➤ one-off business rate refunds (net of fees) relating to Sale Waterside and Trafford Town Hall of £949k; ➤ staff cost underspend from vacancies of £514k, which is £320k in excess of the savings target and equates to approximately 9.6% of the overall staffing budget. The underspend has increased by £16k since period 10. Efforts are continuing to fill vacant posts and a number of services are also in the process of restructuring; ➤ net surplus income from property rents, car park income and other fees of £83k. This is £110k less than period 10, and in particular includes for a reduction in the Stretford Mall backrent for 2017 and 2018 notified from the managing agents in March; ➤ partly offset by a net budget pressure in running costs of £420k across all services, a favourable movement of £35k since period 10, including: <ul style="list-style-type: none"> ➤ £196k from waste management disposal costs relating to an increase in trade/bulky waste and fees for bulking of other waste; ➤ a permanent increase in business rates of £87k relating to a number of Car Parks, offset by one-off business rate refunds (net of fees) of £222k; ➤ one-off running costs of £122k for surplus properties awaiting disposal; ➤ other one-off costs of £237k across a number of services, including rates, utilities, property maintenance. ➤ Note – The Planning service has an underspend of £222k from staff vacancies and additional income which is ring fenced for re-investment in the service in line with government regulations resulting in a neutral impact on the final outturn. The underspend has been carried forward to 2019/20 through reserves accordingly. <p>Period movement £58k net adverse:</p> <ul style="list-style-type: none"> ➤ Stretford Mall backrent adverse movement £342k (as above); ➤ Additional income from Station House
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		<p>backrent £100k (one-off), garden waste charges £52k (one-off), road access permits £19k, outdoor media advertising £20k and day to day lettings £23k;</p> <ul style="list-style-type: none"> ➤ Waste disposal costs have reduced by £65k; ➤ Growth and Regulatory services favourable movement of £86k across a number of areas; ➤ Increased utility costs £31k; ➤ other minor net adverse movements £50k.
People	(100)	<p>Outturn variance £100k favourable, a £190k favourable movement since P10:</p> <ul style="list-style-type: none"> ➤ Staff costs are underspent by £218k due to vacancies during the year, which is 4.4% of the staffing budget. This is £28k in excess of the savings target. ➤ There is a one-off additional cost associated with the changes to the Council's Executive Management structure of £101k; ➤ Additional income above budget mainly from traded services of £176k. There is a trading loss at Flixton House of £39k due to redevelopment works, now complete. Other running costs are £37k underspent; ➤ the favourable movement of £190k since the period 10 report mainly relates to additional trading surpluses from catering/cleaning and Human Resources £112k, increase in the staff underspend £53k, and other net movements including general running costs £25k across a number of services.
Finance & Systems	(453)	<p>Outturn variance £453k favourable, a £265k favourable movement since P10:</p> <ul style="list-style-type: none"> ➤ Staff costs are underspent by £400k due to vacancies during the year, which is 5.5% of the staffing budget. This is £117k in excess of the savings target. The main areas of vacancies are Exchequer services, where staff turnover is traditionally high, and ICT, which reflects the current difficulties in recruiting to this service and a pending restructure. ➤ net underspend on running costs of £285k which is mainly from lower ICT maintenance contracts and a reduction in billing costs for Council tax (e.g. reduced printing, postages etc.).

		<ul style="list-style-type: none"> ➤ Income is £51k above budget including £22k from ICT SLA's with schools and also from Exchequer grants received/confirmed in February/March. ➤ the favourable movement of £265k since the period 10 report relates mainly to the reduction in Exchequer running costs above, plus £53k of additional income and £19k from staff vacancies.
Governance & Community Strategy	11	<p>Outturn variance £11k adverse, a £70k favourable movement since P10:</p> <ul style="list-style-type: none"> ➤ Staff costs are underspent by £431k due to vacancies during the year, which is 6.4% of the staffing budget. This is £171k in excess of the savings target. The main areas of vacancies are in Legal Services, which reflects challenges in recruitment for this sector, and the Access Trafford contact centre, where staff turnover is traditionally high. ➤ net running costs above budget of £36k, including demand led legal costs; ➤ a shortfall of £228k compared to budget, relating to trading activity at Sale Waterside Arts Centre; ➤ surplus income of £82k, including additional SLA income in Legal Services; ➤ the favourable movement of £70k since the period 10 report relates to staff vacancies £30k, additional net SLA income, mainly Legal Services £40k.
Council-wide budgets	547	<p>Outturn variance £0.547m adverse, a £1.788m adverse movement since P10:</p> <p>The overall variance is a result of a mix of savings on corporate budgets including Treasury Management, additional income from our Investment Strategy and the release of a number of Council Wide contingencies and provisions. These net savings total £0.953m, an adverse movement of £0.288m since period 10. In addition there have also been some significant contributions to reserves (see below) of £1.5m since period 10:-</p> <ul style="list-style-type: none"> ➤ £472k additional net income generated from the Investment Strategy. This is a favourable movement of £27k since the last report; ➤ Treasury Management savings of £307k mainly relating to a significant debt

		<p>restructuring exercise in the year. This is extra to the additional MAG dividend of £2.038m which has already been transferred to the MAG Dividend Reserve as previously reported.</p> <ul style="list-style-type: none"> ➤ Release of contingency budgets of £294k, a minor favourable movement of £5k since the last report; ➤ The net Housing Benefit budget (payments made, less subsidy and overpayment recovery) is below budget by £196k, largely as a result of reduced subsidy and lower collection rates of prior years' housing benefit overpayments as more claimants move to Universal Credit. This is an adverse movement of £406k since Period 10; ➤ The Government recently announced additional grant resources in 2018/19 and 2019/20 to cover costs which may arise following Brexit. Unitary councils are expected to receive £210k over the two years. The exact details of the grant are yet to be determined so in the meantime these funds have been transferred to an earmarked reserve, resulting in a neutral impact on the 2018/19 outturn position. ➤ Other net savings of £76k across a number of budgets. <p>Reserve Transfers</p> <p>An amount of £1.5m is recommended to be transferred to a newly created reserve to support:-</p> <ul style="list-style-type: none"> • New investment in Children's Services will be necessary following the recent Ofsted inspection; it is recommended that £1.5m is transferred to a specific reserve to cover additional expenditure requirements in 2019/20 with any ongoing costs built into future budget plans. <p>Use of the reserves will be closely monitored and reported to Executive during the course of 2019/20.</p>
Funding	(1,629)	See paragraph 14 below.
Dedicated Schools Grant	(1,376)	High Needs Block: In year underspend caused by the award of additional grant to support high needs expenditure, savings in special school place funding due to an

		<p>increase in out of borough pupils in Trafford schools and a saving on early years budgets.</p> <p>This underspend will be transferred to the central DSG reserve to give an end of year balance of £2.305m; an element of this is ringfenced in respect of de-delegated sums from the school's budget with the remainder able to support future pressures within the high needs block.</p>
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MTFP Savings and increased income

7. The 2018/19 budget is based on the achievement of permanent base budget savings and increased income of £9.97m (see para. 1 above). The draft forecast outturn shows that £10.489m (105.1%) of the savings target have been achieved giving a surplus of £0.506m.

Table 3 – Transformation & Business as Usual Projects	Savings Target £	Savings Achieved £	Surplus \ (shortfall) £
Original Target Agreed at Budget Council February 2018	9,973,000	10,488,890	515,890
Add savings in 2018/19 brought forward from the 2017/18 programme:-	10,000	0	(10,000)
Adjusted Target	9,983,000	10,488,890	505,890
Of which:-			
Transformation Projects	3,746,000	4,620,890	874,890
Business As Usual	6,237,000	5,868,000	(369,000)

Those projects in exception are listed in Appendix 1.

RESERVES

8. The Council's usable reserves at 31st March 2019 are £72.34m, a reduction of £2.67m over the year.

Table 4 - Usable Reserves	2017/18 £m	2018/19 £m	Change £m
Specific	6.82	8.16	1.34
Smoothing	9.60	15.19	5.59
Business Rate Growth Pilot Reserve	6.69	8.78	2.09
Budget Support	5.33	5.48	0.15
Service C/fwd	4.56	3.23	(1.33)
Airport Investment Reserve	4.96	0.00	(4.96)
NDR Deficit/Levy	5.26	1.59	(3.67)
Earmarked Reserves	43.22	42.43	(0.79)
General Reserve	6.00	7.00	1.00
Capital Related Reserves	17.48	12.29	(5.19)
School Related Reserves	8.31	10.62	2.31
Total Usable Reserves	75.01	72.34	(2.67)

Details of all reserve movements is shown in Appendix 2 with the major changes as follows:-

- Increase in the general reserve from £6m to £7m met from a transfer from Insurance Reserves, as referred to in the budget report for 2019/20 and agreed by Executive in February 2019
 - Increase in the MAG Group Dividend smoothing reserve of £2m from the additional dividend received in year, this will be used to cushion the revenue impact of any downturn in airport dividend and previously agreed by Executive
 - Increase in the Business Rate Smoothing Reserve £2.5m from redistribution of unutilised monies from the 2017/18 Business Rate Growth Pilot, less planned £0.4m to support the 2018/19 budget, as previously agreed by Executive.
 - A new reserve of £1.5m for investment in Children's Services following the recent Ofsted inspection, referred to in this report.
 - An increase in the Transformation Fund Reserve of £2.2m from Trafford's share of match funding yet to be drawn down
 - Increase in the Interest Rate Smoothing Reserve £0.98m, mainly due to timing differences on debt repayment
 - Increase in the Asset Investment Strategy Risk Reserve £0.2m
 - Reduction in capital related reserves £5.2m, used in the application of financing capital expenditure in 2018/19.
 - Reduction in the Airport Investment Reserve of £5.0m as a result of the full advance being made to Manchester Airport for the new loan facility.
 - A High Needs Support Reserve of £0.58m has been created to meet the potential demand related to Children with higher needs.
 - A net increase in Budget Support Reserve of £0.2m, consisting of £1.6m application to support the 2018/19 budget as agreed by Executive in February 2018, plus the transfer of the in-year budget surplus of £1.8m, as per para.9 below.
 - An increase in the Major Projects and DSG Reserve of £0.6m financed from the transfer of other earmarked reserves to cover the potential abortive and risk costs of major projects and to cover schools with deficits who transfer to academy status.
9. The outturn position affords the opportunity to replenish reserves and therefore rather than retain the underspend of £1.8m in the General Reserve or service earmarked reserves it is proposed that this amount be transferred to the Budget Support Reserve to provide cushion for future years budgets.

COLLECTION FUND

Council Tax

10. The 2018/19 surplus on the Council Tax element of the Collection Fund is shared between the Council (84%), the Police & Crime Commissioner for GM (12%) and GM Fire & Rescue Authority (4%). The total surplus brought forward as at 1 April 2018 was £2.18m of which the Council's share was £1.82m. A figure of £0.593m was planned to be released to support the 2018/19 budget, of which Trafford's share was £0.5m.

11. During the year there was a surplus on the Collection Fund of £84k, however backdated valuations of £113k reduced this to a small deficit of £29k. Better than expected collection rates relating to historic debt contributed over £0.63m, resulting in a total in-year surplus of £0.6m.
12. As at 31 March 2019 the accumulated balance on the Collection Fund was £2.18m consisting of the balance brought forward of £2.18m less agreed application of £0.593m plus the in year surplus of £0.6m. The Council's share of this is £1.80m, and is planned to support the 2019/20 and 2020/21 budget.
13. Council Tax collection rate as at 31st March 2019 was 98.1%, which has met our target for the year.

Business Rates

14. The 2018/19 budget included anticipated growth in retained business rates and related S31 grants of £9.89m. During the year there was significant volatility in the rating system as a result of building demolitions, refurbishments and appeals relating to major infrastructure projects. Demolitions and refurbishments saw a reduction in total Rateable Value of £7.5m which equated to approximately £3.6m in reduced income, some significant historic appeals were settled during the year which were met from our existing appeals provision. The award of mandatory and discretionary reliefs over those budgeted resulted in a further reduction in income of £1.4m. A general review of the remaining appeals provision resulted in an amount of £4m being released due to major appeals being dismissed by the VOA during the year. The net effect of the above resulted in a net deficit on the Collection Fund of £1.05m, of which the Council's share is £1.04m.
15. The deficit on the Collection Fund has been offset by a number of positive movements relating to business rates items within the General Fund; these include a favourable adjustment in our Tariff payment of £0.86m relating to 2017/18, additional Section 31 Grants associated with Small Business Rate Relief including an adjustment relating to 2017/18 totalling £0.93m and a lower No Detriment Payment of £0.07m to Greater Manchester Combined Authority due to the lower growth. The net impact of the General Fund items is a £1.85m surplus, however an amount of £1.04m has been transferred to a separate reserve to meet the Council's share of the Collection Fund deficit mentioned above, resulting in an overall net surplus of £0.82m for the financial year. The table in Appendix 3 shows the components of the above in detail.
16. As previously reported, in addition to the core rates budget, a one off receipt of £3.31m is due from Greater Manchester Combined Authority which represents Trafford's share of unutilised monies from the 2017/18 Business Rates Growth Pilot contributions. A figure of £2.5m has been transferred to the Business Rates Growth Pilot Reserve to smooth any volatility in future year's business rates, as those being experienced in the current year. This has left a net surplus of £0.81m which has been used to partially offset the in-year budget pressures.

17. Business Rates collection rate as at 31st March 2019 was 98.65% compared to a targeted collection rate of 97.8%.

Transformation Fund

18. The Trafford locality was awarded £22m in October 2017 from the Greater Manchester (GM) £450m Transformation Fund delegated to Greater Manchester Heath & Social Care Partnership (GMHSCP) by NHS England.
19. Over the four years of the fund, costs were estimated to be £52m funded from GMHSCP (£22m), match funding (£10.6m) and associated benefits (£19.4m). The expected cumulative benefits over the 4 years were expected to be £72m with annual on going net benefits in 2020/21 of £15m as set out in the table below:

Establishment	Expenditure Over the 4 Years £m	Funding of Expenditure				Annual Recurrent Benefits by 20/21 £m	Annual Recurrent Net Costs by 20/21 £m	Net Recurrent Benefits by 20/21 £m
		GMHSCP £m	Match funding £m	Benefits £m	Total £m			
Council	15.9	6.2	6.0	3.7	15.9	7.7	3.3	4.4
CCG	34.4	14.1	4.6	15.7	34.4	18.0	7.4	10.6
Joint	1.7	1.7			1.7			
Total	52.0	22.0	10.6	19.4	52.0	25.7	10.7	15.0

20. The table below sets out the position for the 2 years to the 31st March 2019 for each organisation:

Organisation	Expenditure				Funded by			Overall Benefit		
	Revised Budget £'000	Actual £'000	Variance £,000	Cfwd £'000	GMHSCP £'000	Match Funding £'000	Total £'000	Target £'000	Actual £'000	Variance £'000
Council	7,807	5,486	(2,321)	528	3,317	2,169	5,486	8,649	8,695	46
CCG	14,234	7,090	(7,144)	2,302	3,776	3,314	7,090	10,284	2,796	(7,488)
Joint	1,221	429	(792)	792	429	0	429	0	0	0
Total	23,262	13,005	(10,257)	3,622	7,522	5,483	13,005	18,933	11,491	(7,442)

21. There is an underspend of £10.3m as at the 31st March 2019, of which £3.6m will be carried forward. Not all of this was to be funded by transformation fund/match funding; £6.7m was to be met from recycled benefits.
22. The reasons for the underspend are mainly as a result of delays in the implementation of some schemes whilst options or requirements are fully scoped out (e.g. homecare), or evaluated to consider roll out on a wider scale. There has also

been a cessation in other schemes (e.g. provider development work stream) which have been reviewed. Approval has been given to re-purpose these monies and work is underway on a schedule of schemes that this will cover. An update on this will be provided in the first monitoring report for 2019/20.

23. The cumulative benefits to be realised from these schemes was £18.9m. However due to delays mentioned above and some schemes not achieving their anticipated benefits the forecast is £11.5m; an underachievement of £7.4m. The Council is on target to deliver their overall benefits with the underachievement being attached to CCG schemes. The impact of under achieving on benefits is that underspends in expenditure which were to be met by recycled benefits cannot be carried forward and the organisation has to find alternative means of bridging the gap, be it through one-off funds which may require repaying back the following year or alternative savings.

CAPITAL PROGRAMME

24. Capital expenditure for 2018/19 amounted to £103.16m as summarised in the following table:-

Table 6 - Capital Investment Programme 2018/19	Revised Budget £m	2018/19 Expenditure £m	Variance £m
Service Analysis:			
Children's Services	13.96	6.65	(7.31)
Adult Social Care	2.59	2.70	0.11
Place	64.16	34.56	(29.60)
Governance & Community Strategy	1.97	0.83	(1.14)
Finance & Systems	1.93	0.34	(1.59)
General Programme Total	84.61	45.08	(39.53) (*)
Asset Investment Fund	256.31	58.08	(198.23)
Total Programme	340.92	103.16	(237.76)

(*) The underspend against budget has been anticipated during the course of the year and referenced in previous monitoring reports. The major reasons for this relate mainly to a re-profiling of the budgets for the investment in the leisure strategy and elements of the schools basic need programme, with more detail provided at Paragraph 31.

GENERAL CAPITAL PROGRAMME

25. The major areas of investment included :

School Improvements - £6.65m:-

- Expansion & Basic Need Works - £4.04m
- Capital Maintenance & Access works - £1.78m
- SEND and Healthy Pupils Funding works - £0.43m
- Improvements via Devolved Formula Capital - £0.40m

Adult Social Services - £2.70m:-

- Disabled Facilities Grants - £2.54m
- Assistive Technology / Aids & adaptations - £0.16m

Major works on Public & Operational Buildings - £1.67m

- Public Building Repairs & DDA Improvements - £1.39m
- Broadheath Community Centre - £0.28m

Regeneration Projects - £14.36m

- Lancashire CCC - New hotel development - £0.10m
- Altrincham and Stretford Town Centre - £0.21m
- Altrincham Library & Community Facility - £1.91m
- Town centres business grants - £0.10m
- Flixton House refurbishment - £0.76m
- Manchester Airport – Strategic Investment - £11.28m

Highway & Transport Related Improvements - £17.52m

- Integrated Transport Improvements - £2.06m
- Metrolink extension contribution - £5.00m
- Altrincham Interchange contribution - £0.65m
- Highway Structural Maintenance (inc. Bridges) - £9.26m
- Street Lighting Programme - £0.55m

Sport, Recreation & Culture and Recycling - £1.82m

- Improvements to parks, open spaces and play areas - £0.27m
- Sport & Leisure Centre developments – £1.03m
- Waste collection and recycling Initiatives - £0.15m
- Additional Burial Land - £0.37m

ICT and CCTV Investment £ 0.36m

- CRM Upgrade - £0.20m
- CCTV – Cameras and monitoring desk improvements - £0.01m
- Range of ICT initiatives - £0.15m

Financing of General Capital Expenditure

26. The expenditure was financed predominantly from grants and external contributions, supplemented by receipts derived from the sale of surplus assets and a small level of specific reserves and borrowing. The actual levels applied are shown below:

Table 7 :Financing of Capital Investment Expenditure 2018/19	Budget £m	Actual £m
Internal Resources		
Capital Receipts	14.29	6.12
Specific Reserves & Revenue	13.05	10.19
Borrowing	29.50	6.96
Sub-Total	56.84	23.27
External Resources		
Grants & Contributions	27.77	21.81
Total Programme	84.61	45.08

27. Sufficient capital resources will be available to cover all the expenditure re-profiled from 2018/19 to future years. No grants and contributions are at risk of clawback and will therefore be available in later years.

Performance against budget and explanation of major variances

28. The original budget for 2018/19 was approved at £54.12m in February 2018 but this has subsequently been revised during the year for new grant approvals and other changes approved by the Executive resulting in a revised budget of £84.61m as at Period 10.
29. Final expenditure of £45.08m represents an overall variance of £39.53m. Capital expenditure by its nature can be “lumpy” and difficult to project and in a good number of situations the Council does not have total control on when the expenditure will be incurred. An explanation of the variations by service area is shown in Appendix 4.
30. The level of capital investment expenditure equates to 53% of the revised budget and a summary of the major variances is shown below.

Table 8: Actual Capital Expenditure compared to Revised budget 2018/19	£m
Revised Budget (P10)	84.61
Actual	45.08
Variance	(39.53)
Explained By:-	
Re-profiling to future years	(39.08)
Acceleration	0.37
Additional	0.95
Savings	(1.77)
Total	(39.53)

31. Whilst the revised budget was approved at £84.61m the expected outturn for the year has been reported to Executive as part of the regular monitor reports.
32. There has been a significant level of net re-profiling of £38.71m and detail at an individual scheme level is shown in Appendix 5. To a large extent this can be explained by a number of key areas:-
- a) Leisure Strategy Programme – an element of rephasing on the Urmston leisure centre refurbishment scheme which is now on-site and re-profiling of the budgets in respect of the rebuild schemes planned for Altrincham and Stretford.
 - b) Schools maintenance and expansion works – the size of the programme of works for the basic need schemes (provision of extra primary school places), means that any reprogramming will result in significant budget rephasing.
33. During 2018/19 additional expenditure of £0.95m has been incurred on a number of projects of which £0.60m has been financed from specific resources. These include to :

- a) £170k relating to the new depot facilities at Tatton House which has been funded by reserve,
 - b) £370k of highway works relating to the new of Carrington Relief Road which is to be funded by grant from Homes England and TfGM due in 2019/20.
 - c) £26k of highways works relating to cycleways and pedestrian facilities funded by TfGM grant.
 - d) £21k of highway works has been done under S278 of the Highways Act,
 - e) £13k of parks infrastructure works funded by S106 contributions
34. A further £351k of additional costs across a range of schemes have been incurred on schemes supported by Trafford resources and these can be financed by savings on other schemes (See para 12).
35. Total savings of £1.77m have been achieved, albeit £0.77m is on schemes supported by ring-fenced resources. A number of savings have been identified on schemes totalling £1.00m supported by Trafford resources as detailed in Appendix 6. The first call on these savings is to cover in-year overspends of £351k; the balance of £646k will be made available in 2019/20 to support new capital expenditure required on highway infrastructure safety improvements at key sites across the borough.

ASSET INVESTMENT FUND

36. The Council's Investment Strategy was approved by the Executive in July 2017 when approval was given to increase the Asset Investment Fund to £300m, supported by prudential borrowing, to support the approach. By the end of 2018/19 ten transactions have been agreed by the Investment Management Board at a total capital cost of £175.50m.
37. This investment has provided a net benefit to support the revenue budget in 2018/19 of £1.67m, which is £472k above the budgeted target for the year.

Table 9 : Asset Investment Fund	2017/18 £m	2018/19 £m	Commitment £m	Total £m
Total Investment Fund				300.00
Cost				
K Site, Stretford:-				
Equity in Trafford Bruntwood LLP	0.62	8.48	3.15	12.25
Development Loan to Bruntwood	0.62	8.48	3.15	12.25
Sonova House, Warrington	12.17			12.17
DSG, Preston	17.39			17.39
Grafton Centre incl. Travelodge Hotel, Altrincham	10.84			10.84
Provision of debt financing for residential development	3.13	(3.13)		0
Trafford Magistrates Court		4.07		4.07
The Fort, Wigan		13.93		13.93
Sainsbury's, Altrincham		25.59		25.59
Brown Street, Hale		0.66	5.55	6.21
The Crescent, Salford			60.80	60.80
Total investments	44.77	58.08	72.65	175.50
Balance available (*)				124.50

(*) The amount available is £224.5m based on approval by Council in February 2019 to increase the Fund by a further £100m

Prudential Indicators and Local Indicators

38. The Council is required to maintain these indicators which are designed to show that its capital expenditure plans are prudent, affordable and sustainable. Detailed in Appendix 7 are the actual capital programme related indicators agreed in February 2018, and updated in February 2019. No indicators were breached in 2018/19.

Issues / Risks

39. The main risk in the area of the capital programme is the timely delivery of the programme and this situation will continue to be closely monitored and any issues will be reported as and when they arise.

Recommendations

40. It is recommended that the Executive:

- a) note the report and the outturn position showing a budget underspend of £1.783m, which will be transferred to the Budget Support Reserve;
- b) note the creation of a new earmarked reserve of £1.5m to support an improvement plan in Children’s services, following the recent ‘inadequate’ report from Ofsted;
- c) note and agree the other changes to reserves as detailed in paragraph 8 and Appendix 2.

Other Options

Not Applicable

Consultation

Not Applicable

Reasons for Recommendation

Not Applicable

Finance Officer Clearance ...GB.....
Legal Officer Clearance DS.....



CORPORATE DIRECTOR’S SIGNATURE

Transformation & Business as Usual Projects in exception	Total savings to be achieved 2018/19 £	Total achieved 2018/19 £	Variance £	Reason for variance
Continuation Children's Programme	900,000	1,548,382	648,382	The service continues to exceed expectations and is achieving further savings, most notably from high cost external residential placements ceasing.
Reshaping Continuation Adults Programme	1,479,000	1,280,067	(198,933)	Underachievement due to the reshaping programme being in it's fifth year of operation. Many care packages are at the optimum level. There has been significant savings made in the last few months from CHC.
Single Handed Care	141,000	1,173	(139,827)	The project commenced in January after lengthy delays. Savings have not been achieved due to the complexities of the agreed process with internal and external providers. The project will continue into 19/20 and the remainder of the savings target is expected to be achieved.
Stabilise and Make Safe (SAMS) 2018/19 - moving from 11 - 14 average completions p/w	200,000	765,268	565,268	SAMS has performed above expectations, costs of SAMS have been reduced and the output continues to be strong.
Sub-total Transformation			874,890	

Transformation & Business as Usual Projects in exception	Total savings to be achieved 2018/19 £	Total achieved 2018/19 £	Variance £	Reason for variance
CCTV New Trading Model	20,000	1,000	(19,000)	Technical issues with the new operating model had reduced the ability to generate income from business development earlier in the year. The ongoing capital investment in systems and infrastructure is also expected to improve the position from April 2019.
Waterside Arts Centre	100,000	0	(100,000)	Ongoing capital investment in the facility and further business development is anticipated to improve the position later in the year to enable a sustainable financial position to be achieved from 2019/20.
Review of PFI contract	250,000	0	(250,000)	Negotiations are continuing with the PFI provider to secure savings, however savings in the accounting for financing costs on the PFI scheme have been achieved in Treasury Management.
Sub-total Business as usual			(369,000)	
Total			505,890	

Page 67

Appendix 2

Trafford Council Reserves Movement 2018 to 2019	Balance 31.3.18	Spend/ (income) 2018/19	Transfer to/from reserves 2018/19	Balance 31.3.19
Earmarked Reserves:				
Specific Reserves				
Insurance Reserve	(2,683)	(187)	1,000	(1,870)
Economic Development Reserves	(1,042)	198	0	(844)
Libraries and Customer Services Reserve	(156)	50	0	(106)
Transformation Reserve	(197)	197	0	0
Civic Vehicle Replacement	(23)	(9)	0	(32)
Voluntary Sector Grants Reserve	(148)	(73)	0	(221)
Community Safety Reserve	(378)	42	0	(336)
Employment Rationalisation Reserve	(1,610)	166	0	(1,444)
LAA Performance Reward Grant Reserve	(113)	(2)	0	(115)
STAR Procurement Reserve	(317)	(394)	0	(711)
Prepaid Revenue Grants Reserve	(154)	154	0	0
Major Projects and DSG Academy Transfer Reserve	0	89	(698)	(609)
Sports Partnership Reserve	0	(145)	0	(145)
Planning income reserve	0	(221)	0	(221)
Children Action Fund Reserve	0	(1,500)	0	(1,500)
Total Specific Reserves	(6,821)	(1,635)	302	(8,154)
Smoothing Reserves				
Elections Reserve	(324)	77	0	(247)
Interest Rate Reserve	(311)	(980)	0	(1,291)
Waste Levy Reserve	(1,470)	396	0	(1,074)
Winter Maintenance Reserve	(120)	0	0	(120)
Exchequer Services Reserve	(324)	139	0	(185)
One Trafford Partnership	(2,249)	143	0	(2,106)
Transformation Fund Reserves	(2,885)	(2,212)	0	(5,097)
Housing Benefit Overpayments Reserve	(427)	0	0	(427)
Legal Services Reserve	0	22	(200)	(178)
Local Search Litigation Costs Reserve	(250)	150	0	(100)
Strategic Investment Property Risk Reserve	0	(189)	0	(189)
High Needs Support Reserve	0	(572)	0	(572)
Leisure Centre Redevelopment Risk Reserve	0	(150)	0	(150)
Manchester Airport Group Dividend Reserve	(1,245)	(2,038)	0	(3,283)

EU Exit Funding Reserve	0	(105)	0	(105)
Member ICT Reserve	0	(70)	0	(70)
Total Smoothing Reserves	(9,605)	(5,389)	(200)	(15,194)
Other Earmarked Reserves				
Business Rates Reserve	(6,689)	(2,087)	0	(8,776)
Budget Support Reserve	(5,331)	(152)	0	(5,483)
Directorate Service Carry Forward	(4,557)	429	898	(3,230)
Airport Investment Reserve	(4,962)	4,962	0	0
NDR Deficit Reserve	(5,256)	3,666	0	(1,590)
Total Earmarked Reserves	(43,221)	(206)	1,000	(42,427)
Other Reserves				
General Fund Reserve	(6,000)	0	(1,000)	(7,000)
Capital Related Reserves	(17,483)	5,190	0	(12,293)
Balances held by schools under a scheme of delegation	(7,331)	(923)	0	(8,254)
Dedicated Schools Grant (DSG)	(929)	(1,376)	0	(2,305)
Synthetic Pitch Replacement Reserve	(48)	(15)	0	(63)
Total Other Reserves	(31,791)	2,876	(1,000)	(29,915)
Total Usable Reserves	(75,012)	2,670	0	(72,342)

	Budget 50% £	Budget 100% 2018/19 £	Actual 50% £	Actual 100% 2018/19 £	Variance £	Comment
Rateable Value	(380,344,256)	(380,344,256)	(372,829,876)	(372,829,876)	7,514,380	Reduction in Rateable Value due to demolitions and refurb resulted in a loss of income of £3.6m
Gross Rates Payable	(182,565,243)	(182,565,243)	(172,307,219)	(172,307,219)	10,258,024	In addition to the reduction in Rateable Value, £6.4m was repaid due to appeals. Total loss in rates of £10.3m
Transitional Adjustments and Mandatory & Discretionary Reliefs	15,865,758	15,865,758	17,311,993	17,311,993	1,446,235	Increase in Reliefs (Small Business Rate Relief) resulted in lower income of £1.4m (partially offset by increase in Section 31 compensation grants)
NET RATES PAYABLE	(166,699,485)	(166,699,485)	(154,995,226)	(154,995,226)	11,704,259	
Accounting Adjustments (Appeals & BDP) & Cost of Collection	12,636,373	12,636,373	1,983,113	1,983,113	(10,653,260)	Budgeted contribution of £10m for appeals relating to 18/19 has been offset by a contribution of £6.4m to meet costs of historic appeals settled in year, plus a further £4m reduction in total appeals following a reassessment of the provision
NNDR Collection Fund Income	(154,063,112)	(154,063,112)	(153,012,113)	(153,012,113)	1,050,999	Net impact of above lines resulted in a deficit on the Collection Fund of £1.05m

	Budget 50% £	Budget 100% 2018/19 £	Actual 50% £	Actual 100% £	Variance £	Comment
Local Share	(75,490,925)	(152,522,480)	(74,975,935)	(151,481,992)	1,040,488	Trafford Shares (99%) of the Collection Fund Defiict
Tariff	36,901,771	87,609,184	36,476,832	86,750,634	(858,550)	Reduction in Tariff due to prior year adjustment
Retained Business Rates	(38,589,154)	(64,913,296)	(38,499,103)	(64,731,358)	181,938	Overall impact on Retained Business Rates £181k shortfall
Baseline Funding Level	(35,031,471)	(57,725,323)	(35,031,471)	(57,725,323)		
Growth	(3,557,683)	(7,187,973)	(3,467,632)	(7,006,035)	181,938	Shortfall in Retained Rates (as above)
SAICA Renewable Energy	(80,952)	(80,952)	(80,952)	(80,952)	0	
Section 31 Compensation Grants	(3,748,522)	(7,299,897)	(4,277,504)	(7,825,031)	(525,134)	Benefit from additional Section 31 Grants relating to Small Business Rates Relief plus one off from adjustment from 17/18
GM Pool Levy	3,250,289	0	3,176,098	0	0	
GM Pool Levy Rebate at 33%	(1,083,430)	0	(1,058,699)	0	0	
Growth/(Decline) to Baseline	(5,220,298)	(14,568,822)	(5,708,689)	(14,912,018)	(343,196)	
GM Pilot 'No Detriment' Over Payment	0	9,349,607	0	9,203,328	(146,279)	Lower No Detriment payment as a result of lower rates income
GM Pilot 'No Detriment Rebate at 50%	0	(4,674,804)	0	(4,601,664)	73,140	Lower rebate from above
Grant adjustments from 17/18	0	0	0	(394,974)	(394,974)	SBRR one off from adjustment from 17/18
Renewable Energy Disregard prior year adjustment	0	0	0	(9,651)	(9,651)	Adjustment relating to 17/18
Business Rates Benefit	(5,220,298)	(9,894,019)	(5,708,689)	(10,714,979)	(820,960)	

CAPITAL OUTTURN 2018/19

The Council spent £103.16m on capital schemes last year. A summary analysis of this by Directorate is shown below, together with further detail on re-profiling, acceleration, overspending and savings.

				← Variance Explained By →			
General Programme	Budget 2018/19	Outturn 2018/19	Variance	Re- Profiling	Acceleration	Add'n Expend	Saving
Directorate	£m	£m	£m	£m	£m	£m	£m
Children' s Services	13.95	6.65	(7.30)	7.41	(0.12)	(0.01)	0.02
Adult Social Care	2.59	2.69	0.10	0.06		(0.18)	0.01
Place	64.17	34.57	(29.60)	29.41	(0.25)	(0.76)	1.20
Governance & Community Strategy	1.97	0.83	(1.14)	1.12			0.03
Finance & Systems	1.93	0.34	(1.59)	1.08			0.51
General Programme Total	84.61	45.08	(39.53)	39.08	(0.37)	(0.95)	1.77
Capital Investment Fund	256.31	58.08	(198.23)	198.23			
Total Programme	340.92	103.16	(237.76)	237.31	(0.37)	(0.95)	1.77

Note : Savings column includes £769k of un-available underspends

An analysis of major areas of re-profiling for the General Capital Programme

	Budget 2018/19	Actual	Variance	Percentage	Net Reprofiling
	£m	£m	£m		£m
Children's Services					
Schools	13.51	6.65	(6.86)	49%	6.85
- Basic Need : Expansion schemes	7.84	4.04	(3.80)		3.80
- Maintenance Programme	3.72	1.76	(1.96)		1.96
- Devolved Formula Capital	1.35	0.40	(0.95)		0.95
- Other Schemes	0.60	0.45	(0.15)		0.14
Children's Social Care Services	0.44	0.00	(0.44)	0%	0.44
- Foster Carers – Accommodation Improvements	0.28	0.00	(0.28)		0.28
- Other Schemes	0.16	0.00	(0.16)		0.16
Total	13.95	6.65	(7.30)	48%	7.29
Adult Social Care					
Adults Social Care Services	2.59	2.69	0.10	104%	0.06
Total	2.59	2.69	0.10	104%	0.06
Place					
Corporate Landlord	2.22	1.67	(0.55)	75%	0.71
- DDA Programme	0.23	0.09	(0.14)		0.13
- Public Building Repair Programme	1.59	1.07	(0.52)		0.52
- Other Schemes	0.40	0.51	0.11		0.06
Regeneration & Strategic Planning	16.02	13.60	(2.42)	85%	2.59
- Manchester Airport - Investment	11.28	11.28	0.00		0.00
- Altrincham – Library / Community Facility	1.74	1.91	0.17		0.00
- Altair Development	1.14	0.01	(1.13)		1.13

- Altrincham & Stretford Public Realm	0.93	0.21	(0.72)		0.72
- 9/11 Market Street, Altrincham	0.24	0.00	(0.24)		0.24
- Other Schemes	0.69	0.19	(0.50)		0.50
Leisure & Sports	20.33	1.03	(19.30)	5%	19.27
- Urmston Leisure Centre	6.73	0.56	(6.17)		6.17
- Altrincham Leisure Centre	13.03	0.14	(12.89)		12.89
- Other Schemes	0.57	0.33	(0.24)		0.21
Housing Services	0.35	0.01	(0.34)	3%	0.26
Highways	22.99	17.46	(5.53)	76%	5.16
- Traffic & Transport	9.64	7.71	(1.93)		1.18
- Structural Maintenance Programme	12.07	9.11	(2.96)		2.96
- Bridges Programme	1.28	0.26	(1.02)		1.02
- Other Schemes	0.00	0.38	0.38		0.00
Bereavement Services	0.56	0.37	(0.19)	66%	0.05
Environmental Services & Greenspace	1.52	0.41	(1.11)	27%	0.99
- Parks & Play Areas – Infrastructure	0.81	0.25	(0.56)		0.56
- Trio Bins – “Re-cycling on the Go”	0.18	0.05	(0.13)		0.13
- Other Schemes	0.53	0.11	(0.42)		0.30
Parking Services	0.18	0.02	(0.16)	11%	0.13
Total	64.17	34.57	(29.60)	54%	29.16
Governance & Community Strategy					
Partnerships & Communities	1.97	0.83	(1.14)	42%	1.12
Finance & Systems					
Information Technology	1.93	0.34	(1.59)	18%	1.08
General Capital Programme Total	84.61	45.08	(39.53)	53%	38.71

CAPITAL PROGRAMME 2018/19- Overspends and savings

Overspends	£000's	Financed by
Relocation of Depot Facilities	170	Reserve contribution
Carrington Relief Road	370	Grant
Highways related schemes	18	TfGM Grant
Highways - S278 works	21	S.278 contributions
Parks infrastructure works – John Leigh Park	12	S.106 contributions
Partington Day Nursery	9	Grant
Altrincham – Library / Community Facility	172	Capital receipts
Disabled Facilities Grants	179	Capital receipts
Total Overspends	951	
Savings		
Cycle City Ambition Programme (*)	220	TfGM grant
Residents Parking Schemes (*)	417	Developer contributions
Altrincham Interchange (*)	104	Developer contributions
Other minor savings (*)	28	S.106 contributions
CRM Project	509	Capital receipts
Additional Burial Land	138	Capital receipts
New Recycling Bins	106	Capital receipts
Highways related schemes	120	Capital receipts
Housing Grants	83	Capital receipts
ICT Projects	27	Capital receipts
Assistive Technology	14	Capital receipts
Total	1,766	

Note:

Of the £1.77m of savings an element (*) was financed from specific ring-fenced resources totalling £769k. The balance of £1.0m is from savings on schemes financed from capital receipts; the first call is to meet overspends of £351k identified above, leaving a balance of £646k available to support highway infrastructure safety improvements at key sites in 2019/20.

Prudential Indicators – 2018/19

The figures below show the Council's actual prudential indicators for 2018/19 and estimates for the following three years.

Capital Prudential Indicators	2018/19 Estimate £m	2018/19 Actual £m	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m
Capital Expenditure:					
General Programme	83.80	45.08	67.93	32.99	11.36
Investment Strategy	256.31	58.08	100.00	0.00	0.00
Capital expenditure - the table above shows the capital expenditure incurred in 2018/19 and the estimated expenditure to be incurred for following three years.					
Capital Financing Requirement as at 31 March	473.49	251.56	547.77	546.48	532.66
Capital Financing Requirement (CFR) - this reflects the estimated need to borrow for capital investment (i.e. the anticipated level of capital expenditure not financed from capital grants and contributions, revenue or capital receipts).					
Financing Cost to Net Revenue Stream	5.6%	5.0%	4.5%	6.3%	6.3%
Financing costs to net revenue stream - this indicator shows the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the Council's net revenue stream. The movement from 2019/20 to 2020/21 reflects a change to the Minimum Revenue Provision calculation in respect of the completion of Investment Fund Reserve.					
Incremental Impact on Band D Council Tax (£)	£0.00	£0.00	£0.00	£0.00	£0.00
Incremental impact on band D council tax – reflects the incremental impact on the Council Tax arising from new borrowing undertaken in order to finance the capital investment decisions taken by the Council during the budget cycle. The figures above reflect that any additional borrowing is supported by revenue savings or external support.					

Local Indicators for the Asset Investment Strategy	2018/19 Estimate £m	2018/19 Actual £m	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m
Gross Commercial Income	5.19	5.19	8.09	8.26	5.21
Gross Commercial Income – this is the total estimated level of income to be received from the acquisitions of commercial property and provision of senior debt finance and is required to support new debt costs associated the transactions, with any balance supporting the overall revenue budget.					
Net Commercial Income Stream	1.37	1.67	2.41	2.68	0.75
Net Commercial Income Stream – this is the estimated level of income net of any borrowing and other costs to be received from the acquisitions of commercial property and provision of senior debt finance.					
External Interest Cost	(1.32)	(1.38)	(3.04)	(2.93)	(2.10)
External Interest Cost – this is the interest cost of the new debt required to cover the capital cost of the new commercial activity.					
Minimum Revenue Provision (2.0% = 50 years)	(0.95)	(0.95)	(1.33)	(1.33)	(1.33)
Minimum Revenue Provision - this is the amount of income set aside as a provision for the repayment of the debt, required to cover the capital cost of the new commercial activity.					
Risk Reserve	(0.10)	(0.19)	(1.07)	(1.07)	(0.79)
Risk Reserve - this is the amount of income set aside to reserve as contingency in the event of a reduction in commercial income levels.					
Gross Commercial Income as proportion of Net Budget	3.16%	3.16%	4.78%	4.57%	2.73%
Gross Commercial Income as proportion of Net Budget – this illustrates the proportion of the net budget which is supported by the new commercial income streams.					

TRAFFORD COUNCIL

Report to: Executive

Date: 15 July 2019

Report for: Information

Report of: The Executive Member for Finance and Investment and the Corporate Director of Finance and Systems

Report Title:

Budget Monitoring 2019/20 – Period 2 (April to May 2019).

Summary:

The purpose of this report is to inform Members of the current 2019/20 forecast outturn figures relating to both Revenue and Capital budgets. It also summarises the latest forecast position for Council Tax and Business Rates within the Collection Fund.

Recommendation(s)

It is recommended that the Executive:

- a) note the report, the changes to the Capital Programme as detailed in paragraph 16 and the capitalisation of interest costs on the Brown St, Hale redevelopment scheme as detailed in Paragraph 24.

Contact person for access to background papers and further information:

David Muggeridge, Finance Manager, Financial Accounting Extension: 4534

Background Papers: None

Relationship to Policy Framework/Corporate Priorities	Value for Money
Financial	Revenue and Capital expenditure to be contained within available resources in 2019/20.
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

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Other Options

Not Applicable

Consultation

Not Applicable

Reasons for Recommendation

Not Applicable

Finance Officer ClearanceGB.....

Legal Officer ClearanceDS.....

CORPORATE DIRECTOR'S SIGNATURE 

REVENUE BUDGET

Budget Monitoring - Financial Results

1. The approved budget agreed at the 20 February 2019 Council meeting is £169.94m. In determining the budget an overall gap of £13.44m was addressed by a combination of additional resources of £6.59m, including projected growth in business rates, council tax and use of reserves and £6.85m of service savings and additional income.
2. Based on the budget monitoring for the first 2 months of the year the forecast outturn is an overspend of £1.871m. At this early stage of the financial year a cautious approach is taken when projecting budgets and a prudent level of contingency budget for future growth in client numbers is included in the demand led service areas within children's and adults. Further work is continuing in an attempt to reduce public health expenditure which should also help the position.
3. Detailed below in Table 1 is a summary breakdown of the service and funding variances against budget, with Table 2 providing an explanation of the variances:

Table 1: Budget Monitoring results by Service	2019/20 Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)	Percentage
Children's Services	35,443	37,105	1,662	4.7%
Adult Services	49,062	49,368	306	0.6%
Public Health	12,219	12,782	563	4.6%
Place	34,797	34,963	166	0.5%
People	3,254	3,327	73	2.2%
Finance & Systems	7,487	7,406	(81)	(1.1)%
Governance & Community Strategy	7,735	7,804	69	0.9%
Total Directorate Budgets	149,997	152,755	2,758	1.8%
Council-wide budgets	19,940	19,053	(887)	(4.5)%
Net Service Expenditure variance	169,937	171,808	1,871	1.1%
Funding				
Business Rates (see para. 13)	(66,489)	(66,489)		
Council Tax (see para. 9)	(99,500)	(99,500)		
Reserves	(2,624)	(2,624)		
Collection Fund surplus	(1,324)	(1,324)		
Funding variance	(169,937)	(169,937)	0	0%
Net Revenue Outturn variance	0	1,871	1,871	1.1%
Dedicated Schools Grant	133,608	133,346	(262)	(0.2)%

Budget Adjustments and Virements

There have been a small number of budget re-alignments between children's and adults services totalling £5k.

Main variances, changes to budget assumptions and key risks

4. The main variances contributing to the projected overspend of £1.871m, any changes to budget assumptions and associated key risks are highlighted below:

Table 2: Main variances	Forecast Variance (£000's)	Explanation/Risks
Children's Services	1,662	<p>Projected outturn variance £1.662m adverse</p> <ul style="list-style-type: none"> ➤ £1.564m above budget on Children's placements (Note 1); ➤ £0.098m above budget on home to school transport and nurseries (note 2) <p>Note 1 The variance of £1.564m is as a result of a continuing rise in demand and increasing costs of children's placements which is in contrast to the assumptions in the budget. At the budget setting process the number of children in care as at the end of January 2019 was 406. This number as at the end of May 2019 is 427, an increase of 21. The service is now close to full capacity with the use of in-house foster carers so are utilising more Independent Foster Agencies (IFA's) which are at a higher cost. Some of the young people in out of borough residential care have plans to move to family based care but timelines for these have had to be reviewed to ensure these are safe moves and there has also been an increase in the number of young people requiring out of borough residential care. Additionally the service has also seen an increase in the number of children receiving aftercare who have complex needs.</p> <p>Within the projected forecast there is an anticipated reduction in costs of £1.2m as the service constantly monitors the progress and possible next steps for young people in care.</p> <p>A demand risk contingency of £1.1m is also included to cover any further demand and potential timeline changes to the anticipated reductions mentioned above.</p> <p>The above position assumes that the £573k identified</p>

		<p>savings target will be achieved in full and as at the 31/05/18 £438k of this has been achieved.</p> <p>The service is working on strategies to minimise the forecasted overspend and will attempt to make the most cost effective decisions for Children entering care without compromising on outcomes for Children and safety. The service is actively pursuing options that will allow Children currently placed outside of the borough in high cost external placements to return to Trafford which would result in cost reductions, maximising internal sufficiency. The service is also adopting new working methods in the form of Restorative Practice and No Wrong Door (post October) aimed at improving early help and reducing the need for the escalation of Children through the service.</p> <p><u>Note 1a</u> As a consequence of the increase in demand current projections indicate there is a potential £380k of additional staffing costs over budget this is because a decision was made last year to recruit above establishment levels to avoid vacancies affecting services. However at this stage it is anticipated that these costs will be offset by underspends that will materialise as a natural result of vacancies occurring throughout the financial year and will be monitored closely.</p> <p><u>Note 1b</u> The service has operated at speed to address the issues raised in the recent OFSTED Report by increasing capacity at the front door and bringing in additional agency social workers and team leaders. There is an Improvement Board in place that is monitoring the development and implementation of an Improvement Plan which outlines the actions and resources required. A one-off budget of £1.5m for 2019/20 has been set aside for this with commitments to date of £1.4m to make the immediate changes needed. The budget process for 2020/21 includes an additional recurrent budget of £1m to support long-term approaches to embed improvements.</p> <p><u>Note 2</u> The Home to School Transport service continues to</p>
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		<p>experience high demand and increasing costs and although the full extent of projected costs will not be known until demand is confirmed when the new school year commences in September, current forecasts show that the service will be £74k overspent at the year end.</p> <p>Finance will continue to work with the service to monitor levels of overspend throughout the financial year although demand for services remains high.</p> <p>The remainder of the overspend, £24k, is due a shortfall in anticipated income at the Sanyu and Partington nurseries.</p>
Adult Services	306	<p>Projected Outturn variance £306k adverse</p> <p>The main area of volatility across adults is in the client budget and the reason for the adverse variance is largely due to the continuing complexity in the market. There is a significant challenge for the service to procure care at framework prices and although the budget incorporated an element for this the forecast position is expected to be higher than anticipated.</p> <p>Within the projection there is a demand risk contingency budget of £1.2m set aside for additional increases in demand/cost pressures throughout the financial year.</p> <p>The 19/20 budget includes a savings target of £0.560m. To date £162k has been realised and it is expected that the target will be achieved in full.</p> <p>The service continues with its initiatives to reduce these cost pressures by:</p> <ul style="list-style-type: none"> • Increasing the use of the short term recovery services within the Stabilise and Make Safe service (SaMS), ensuring that clients can increase/maintain their independence and reduce demand for residential/nursing and homecare services; • Extending the use of equipment solutions to meeting needs through the Right Care for you programme; • Exploring alternative contracting and payment arrangements including block purchasing; • Increasing the use of technology; • Exploring further programmes across learning

		<p>disability and mental health services to manage demand and costs of care to support the budget planning for 20/21.</p> <p>Note 1 The service continues to be under pressure due to increased demand across all assessment teams, which is causing a backlog of case allocation, and the need to prevent delayed transfers of care from hospitals which is increasing the need to use agency staff. As a consequence current projections indicate there is a potential £150k of additional staffing costs over budget, this is partly due to a decision made last year to recruit above establishment level to avoid services suffering as a result of vacancies. However at this stage it is anticipated that these costs will be offset by underspends that will materialise as a natural result of vacancies occurring throughout the financial year.</p>
Public Health	563	<p>Projected Outturn variance £563k adverse.</p> <p>The service is under significant pressure this year to reduce its expenditure in order to mitigate the increasing costs of the Community Services contract currently provided by Pennine Care NHS Foundation Trust and due to transfer to the new provider in October 2019. The additional cost pressure amounts to £1.641m which has been offset by a number of planned savings amounting to £0.997m and a projected underspend on staffing of £56k and running costs of £25k.</p> <p>The planned savings of £0.997m above are not all recurrent; £418k is one-off in nature. This means that there is currently a predicted shortfall in recurrent savings of £1.062m and this may present a pressure on next year's budget.</p> <p>The service is continuing to explore further options for savings for this year and for 2020/21.</p> <p>Based on the performance in achieving the level of savings to date it has allowed the release of an element of the risk contingency held in the council wide budget specifically to mitigate against the delivery of these savings.</p>
Place	166	<p>Projected outturn variance £166k adverse:-</p>

		<ul style="list-style-type: none"> ➤ staff cost underspend from vacancies of £150k, which is 3.1% of the overall staffing budget and £87k in excess of the Directorate-wide efficiency savings target. ➤ £192k shortfall in income from Stretford Arndale turnover rent, continuing from 2018/19. ➤ additional one-off costs of £119k associated with surplus properties awaiting disposal/re-development. ➤ £50k for backlog of tree maintenance. ➤ £160k one-off additional income from Regent and Oakfield Road car parks remaining open longer than expected, and £26k other parking income. ➤ Building control trading account has a forecast net deficit of £57k for the year. ➤ Other minor variances, including property costs/income £21k. <p>Note – The Planning service budget is ring-fenced in line with government regulations resulting in a neutral impact on the forecast outturn. There was a £222k underspend in 2018/19 which has been carried forward to 2019/20 through reserves accordingly. Currently there is a projected underspend of £203k from staff vacancies and £119k in running costs, fully offset by a shortfall in income against target of £322k.</p>
People	73	<p>Projected outturn variance £73k adverse:-</p> <ul style="list-style-type: none"> ➤ Staff costs are underspent by £66k due to vacancies during the year, which is 2.3% of the staffing budget. ➤ Running costs are £59k above budget including £35k relating to a trading deficit at Flixton House. ➤ Additional income above budget mainly from traded services of £48k. ➤ The above are offset by the budgeted Directorate-wide efficiency saving target of £128k.

Finance & Systems	(81)	<p>Projected outturn variance £81k favourable:-</p> <ul style="list-style-type: none"> ➤ Staff costs are underspent by £134k due to vacancies during the year, which is 1.4% of the staffing budget. The main areas of vacancies are Exchequer services, where staff turnover is traditionally high, and ICT, which reflects the current difficulties in recruiting to this service and a pending restructure. ➤ Net underspend on running costs of £102k. This includes a £67k underspend in Finance Exchequer Services, mainly in council tax billing and printing costs, and a £35k reduction in central ICT maintenance contract costs. ➤ Income is £32k above budget relating to ICT external SLA work (e.g. with schools). ➤ The above are offset by the achievement of the budgeted Directorate-wide efficiency saving target of £187k.
Governance & Community Strategy	69	<p>Projected outturn variance £69k adverse:-</p> <ul style="list-style-type: none"> ➤ Staff costs are underspent by £295k due to vacancies during the year, which is 4.1% of the staffing budget. This is £102k in excess of the Directorate-wide efficiency saving target. The main areas of vacancies are in Legal Services, which reflects challenges in recruitment for this sector, and the Access Trafford contact centre, where staff turnover is traditionally high. ➤ Net running costs above budget of £32k, including demand led legal costs; ➤ A shortfall of £95k compared to budget, relating to trading activity at Sale Waterside Arts Centre. ➤ Income shortfall of £44k including £31k relating to CCTV trading.
Council-wide budgets	(887)	<p>Projected outturn variance £887k favourable:-</p> <ul style="list-style-type: none"> ➤ Release of contingencies totaling £700k due to the achievement of public health savings and to cover the shortfall in ground rent income from Stretford Mall (see above). ➤ Additional income, including a rebate from the

		<p>GMCA £250k.</p> <p>➤ Treasury Management – net costs of £63k relating mainly to the early repayment of the £4m loan held by Lancashire County Cricket Club.</p>
Dedicated Schools Grant	(262)	<p>Projected outturn variance £262k favourable</p> <p>It is projected that there will be an underspend of £262k on the DSG. An element of this relates to there being a number of vacancies on the SEN central and sensory impairment teams. The number and cost of Education and Health Care Plans continue to rise, albeit based on the first two months of activity projections indicate a small saving against predicted increased levels.</p>

MTFP SAVINGS AND INCREASED INCOME

- The 2019/20 budget is based on the achievement of permanent base budget savings and increased income of £6.855m (see para. 1 above). At this stage the latest forecast indicates that the savings programme is currently on target.

RESERVES

- The balance brought forward as at 1 April 2019 of usable reserves was £72.34m. A full analysis of all reserve movements will be reported on a quarterly basis to the Executive starting with the period 4 monitoring report.

TRANSFORMATION FUND

- An update on the delivery of the projects financed from Transformation Funding will be provided on a quarterly basis starting with the period 4 monitoring report.

COLLECTION FUND

Council Tax

- The 2019/20 surplus on the Council Tax element of the Collection Fund is shared between the Council (82%), the Police & Crime Commissioner for GM (13%) and GM Fire & Rescue Authority (5%). The total surplus brought forward as at 1 April 2019 was £2.18m.
- During the first two months of the year there has been a significant increase in the number of claims for Discounts and Reliefs which has seen a reduction in budgeted income of £0.81m. An initial full review to substantiate the award of discounts and reliefs is currently underway which will help to reduce this shortfall and it is expected to be completed by October 2019. In addition there has been a one-off release of 'credits held' of £1.60m, this relates to historical overpayments

by previous council tax payers, who have now left the area and cannot be traced.

10. As at 31 May 2019 the end of year surplus balance is forecasted to be £1.29m, after the application of £1.58m of brought forward surplus and £100k of backdated valuations. The Council's share of this is £1.05m, and is planned to support future budgets in the MTFP.
11. Council Tax collection rate as at 31 May 2019 was 20.90%, compared to the target of 20.91%.

Business Rates

12. The 2019/20 budget included anticipated growth in retained business rates, related S31 grants and redistribution of prior year surpluses of £13.29m. Projecting business rates is by its nature complex and prone to variation, therefore only quarterly updates will be given throughout the year. That said there continues to be pressure on achieving such a level of overall benefit; since the budget was set the overall rateable value of properties has continued to fall and together with a late adjustment to grant levels by MHCLG and some substantial backdating of appeal costs could mean that a potential funding shortfall will arise in 2019/20. To mitigate this a full review of the provision held to cover the cost of successful business rate appeals is being undertaken and an updated projection will be given in the period 4 monitoring report.
13. Business Rates collection rate as at 31 May 2019 was 20.64% compared to a targeted collection rate of 19.51%.

CAPITAL PROGRAMME

14. The value of the indicative 2019/20 Capital Programme set in February 2019 was £167.93m and included £100.00m for the Asset Investment Fund phased to 2019/20 (see Para.9). Taking into account re-phasing from 2018/19, changes to government grant allocations and new external contributions the budget is currently estimated at £261.67m. The changes to the budget are detailed below and are summarised as follows :

Table 3 - Capital Investment Programme 2019/20	Approved Programme £m	Changes £m	Current Programme £m
Service Analysis:			
Children's Services	21.81	(8.10)	13.71
Adult Social Care	3.41	(0.37)	3.04
Place	41.76	2.65	44.41
Governance & Community Strategy	0.05	1.34	1.39
Finance & Systems	0.90	1.08	1.98
General Programme Total	67.93	(3.40)	64.53
Asset Investment Fund	100.00	97.14	197.14
Total Programme	167.93	93.74	261.67

15. Amendments to General Capital Programme

➤ **Rephasing from 2018/19 - £38.71m**

As reported in the 2018/19 Outturn Report a number of schemes did not complete in 2018/19 as expected and budgets totaling £38.71m have been re-phased into 2019/20 and later years.

➤ **Reprofiling from 2019/20 - £(45.13)m**

The opportunity has been taken to review major budgets originally phased to 2019/20 where delivery is now expected to be phased across the 3 year programme. These include:

- **Schools Places Expansion Programme (£15.00m):** A grant of £18.10m has been awarded for 2019/20. A report to the Executive on 24 June 2019 approved the programme of works and as a result the expectation is that £3.10m will be spent this year with the balance phased across 2020/21 (£12.00m) and 2021/22 (£3.00m).
- **Leisure Strategy Programme (£25.00m):** The plans for the replacement Altrincham and Stretford Leisure Centres will commence once work at Urmston Leisure Centre is complete. As a result the majority of the budgets original phased to 2019/20 have been re-profiled across 2020/21 (£4.00m) and 2021/22 (£21.00m) in line with expected start and completion dates.
- **Public Realm Works (£4.25m) :** The next phases of the works at both Altrincham and Stretford town centres are currently being drawn up and

as a result the works have been re-profiled across 2020/21 and 2021/22.

- **Schools - Devolved Formula Capital (£0.50m):** Individual schools have the responsibility for spending this annually awarded grant. However the schools have three years in which to invest the monies. As a result £0.50m has been re-profiled to reflect this flexibility and takes into account the history of spend across a number of years.

➤ **Changes to government grant allocations - £170k**

These include an increase to disabled facilities grants of 160k and schools capital maintenance grant of £12k and a reduction to the schools devolved formula capital grant (£2k).

➤ **New schemes and changes to existing budgets - £2.85m**

- As agreed in the 2018/19 Outturn Report £646k of identified savings has been added to support major highway infrastructure safety improvements at key sites across the borough.
- A grant of £2.68m from Highways England has been awarded for the cycle improvement works along the River Mersey, including a new bridge at Jacksons Boat and improved cycle routes from Urmston to Sale Water Park.
- The IT system supporting the Early Years Provider Hub will end in December 2019 and requires replacement. A new system to be provided by Liquid Logic has been identified as a suitable replacement. The cost of the new system is £97k and can be financed DSG reserve.
- The provision of accommodation for care leavers no longer requires capital investment as alternative provision has been identified with service providers. As a result the budgets of £580k have been removed from the Capital Programme.

16. Resourcing of the capital investment programme is made up of both internal and external funding. Details of this are shown in the table below.

Table 4 - Capital Investment Resources 2019/20	Approved Programme £m	Changes £m	Current Programme £m
External:			
Grants	26.37	(7.91)	18.46
Contributions	14.16	(1.28)	12.88
Sub-total	40.53	(9.19)	31.34
Internal:			
Receipts requirement	5.66	6.40	12.06
Borrowing	119.58	94.91	214.49
Reserves & revenue contributions	2.16	1.62	3.78
Sub-total	127.40	102.93	230.33
Total Resourcing	167.93	93.74	261.67

17. When setting the three year programme in February 2019 an over-programming position of £2.94m was agreed. As a result of the removal of the two schemes reported above this has reduced to £2.36m.

Status and progress of projects

18. This section aims to give certainty about delivery and the level of outturn performance that can be expected. For the first time in setting a capital budget the report for 2019/22, approved in February 2019, provided appendices which detailed the projects for a number of “block” allocations in 2019/20. These cover highways, corporate landlord and greenspace and has allowed for earlier design and programming with the expectation that all schemes will be delivered in year.
19. As part of the monitoring process a record of the “milestones” reached by each project is kept to show the progress of the scheme from inclusion in the Programme through to completion.
20. At this early stage of the year delivery of the programme is still being drawn-up and details for scheme progress are still being finalised. Whilst it is anticipated that investment for the year will be £64.53m analysis across milestones will be provided in future reports and any amendments for outturn projections will be reported.

ASSET INVESTMENT PROGRAMME

21. The Council’s Investment Strategy was originally approved by the Executive in July 2017 when approval was given to set the Asset Investment Fund at £300m, supported by prudential borrowing. As part of the 2019/20 budget setting a further £100m was approved taking the fund up to £400m.
22. To date ten transactions have been agreed by the Investment Management Board at a total capital cost of £176.04m with actual costs incurred totalling £102.85m by the end of 2018/19. This investment to date has already provided a net benefit to support the revenue budget in 2018/19 of £1.67m which will continue into 2019/20 and later years.
23. The current level of commitment stands at £73.19m and relates to :
 - The purchase of Site K, Stretford was completed in April 2018 and the joint venture company with Brunwood has been set up to progress the development of the site.
 - The proposed residential development of the Brown Street site in Hale is to be undertaken by Trafford at a gross cost of £7.16m, inclusive of capitalised interest financing costs of £153k. The projected development value will be £8.81m, giving a net surplus of approximately £1.65m which is in line with the financing assumptions for the overall capital programme.
 - The fund is to provide a debt facility of £60.80m to a developer for the construction of a new residential development at The Crescent, Salford. The provision of this facility was approved by the Investment Management Board as compliant with the Investment Strategy objective of delivering a financial return to support the Council’s revenue budget in addition to providing regeneration to the wider Greater Manchester economic area.

Table 5 : Asset Investment Fund	2017/18 £m	2018/19 £m	Commitment £m	Total £m
Total Investment Fund				400.00
Cost				
K Site, Stretford:-				
Equity in Trafford Bruntwood LLP	0.62	8.48	3.15	12.25
Development Loan to Bruntwood	0.62	8.48	3.15	12.25
Sonova House, Warrington	12.17			12.17
DSG, Preston	17.39			17.39
Grafton Centre incl. Travelodge Hotel, Altrincham	10.84			10.84
Provision of debt financing for residential development	3.13	(3.13)		0
Trafford Magistrates Court		4.07		4.07
The Fort, Wigan		13.93		13.93
Sainsbury's, Altrincham		25.59		25.59
Brown Street, Hale		0.66	6.50	7.16
The Crescent, Salford			60.80	60.80
Total investments	44.77	58.08	73.60	176.45
Balance available				223.55

Issues / Risks

24. The main risk in the area of the capital programme is the timely delivery of the programme and this situation will continue to be closely monitored and any issues will be reported as and when they arise.

Recommendations

25. That the Executive note the report, the changes to the Capital Programme as detailed in paragraph 16 and the capitalisation of interest costs on the Brown St, Hale redevelopment scheme as detailed in Paragraph 24.

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TRAFFORD COUNCIL

Report to: Accounts and Audit Committee
Date: 29 July 2019
Report for: Information
Report of: Audit and Assurance Manager

Report Title

Accounts and Audit Committee – Work Programme – 2019/20

Summary

This report sets out the work plan for the Committee for the 2019/20 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 2019/20 work programme.

Contact person for access to background papers and further information:

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

Background Papers: None

Committee Meeting Dates	Areas of Responsibility of the Committee					
	Internal Audit	External Audit	Risk Management	Governance (including Annual Governance Statement)	Anti- Fraud & Corruption Arrangements	Accounts / Financial Management
19 June 2019	Agree Committee's Work Programme for 2019/20 (including consideration of training and development). Training session on Treasury Management to be provided outside of the Committee on 12 June 2019.					
	- 2018/19 Head of Internal Audit Annual Report	- Audit Progress Report and 2019/20 Fee Letter		- 2018/19 Draft Annual Governance Statement - Corporate Governance Code - Accounts and Audit Committee 2018/19 Annual Report to Council		-Treasury Management update (Annual Performance Report 2018/19) -2018/19 Revenue Budget Monitoring Outturn and Capital Investment Programme Outturn reports (to be circulated outside of the meeting by early July 2019).
23 July 2019	Accounts and Audit Committee meeting prior to Extraordinary meeting of Council on 23 July 2019					
						Treasury Management – Revision to the Investment Strategy

Committee Meeting Dates	Areas of Responsibility of the Committee					
	Internal Audit	External Audit	Risk Management	Governance (Including Annual Governance Statement)	Anti- Fraud & Corruption Arrangements	Accounts/Financial Management
29 July 2019	Training & Development/Presentation – Covering the draft accounts, financial outturn position and update on business rates and the investment strategy (Provided outside of the Committee meeting on 4 July 2019).					
		- 2018/19 Audit Completion Report	- Strategic Risk Register monitoring report.	- 2018/19 Annual Governance Statement (final version) - Corporate Governance Code (2019 final version)	- Counter Fraud and Enforcement Team Annual Report 2018/19	- Approval of Annual Statement of Accounts 2018/19 - Budget Monitoring Report (final outturn 2018/19) - Budget Monitoring Report (Period 2 2019/20)
6 October 2019	- Internal Audit monitoring report	- 2018/19 Annual Audit Letter	- Strategic Risk Register monitoring report / risk updates. (Also see Financial Management - Insurance Performance Report 2018/19)			- Treasury Mgt : 2019/20 mid- year performance report - Insurance Performance Report 2018/19 - Budget Monitoring Report (Period 4 2019/20) - Budget Monitoring Report (Period 6 2019/20) to be circulated outside of meeting in Nov 2019.

Page 97

Committee Meeting Dates	Areas of Responsibility of the Committee					
	Internal Audit	External Audit	Risk Management	Governance (Including Annual Governance Statement)	Anti- Fraud & Corruption Arrangements	Accounts/Financial Management
5 February 2020	Training session on Treasury Management to be provided outside of the Committee in January 2020.					
	- Internal Audit monitoring report	-Grant Claims summary - Audit Strategy Memorandum & Audit Progress report		- Report on arrangements for 2019/20 Annual Governance Statement.	(Anti-Fraud update, within Internal Audit monitoring report).	- Treasury Management Strategy - Budget Monitoring Report (Period 8 2019/20). - Procurement update (STAR)
24 March 2020	- 2020/21 Internal Audit Plan	- Audit Progress Report	- Strategic Risk Register monitoring report - Strategic risk update - Cyber Security			- Budget Monitoring Report (Period 10 2019/20).

24 March 2020
Page 98