

# Public Document Pack



**TRAFFORD  
COUNCIL**

## **AGENDA PAPERS FOR ACCOUNTS AND AUDIT COMMITTEE**

**Date: Wednesday, 21 June 2023**

**Time: 6.30 pm**

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

<b>A G E N D A</b>	<b>PART I</b>	<b>Pages</b>
1. <b>NOMINATION OF CHAIR</b>		
To confirm appointment of the Chair and Vice Chair.		
2. <b>COMMITTEE MEMBERSHIP</b>		
To confirm Committee membership for the new municipal year.		
3. <b>ATTENDANCES</b>		
To note attendances, including Officers and any apologies for absence.		
4. <b>DECLARATION OF INTEREST</b>		
To receive a declaration of interest from Members.		
5. <b>MINUTES</b>		1 - 6
To receive and if so determined, to approve as a correct record the Minutes of the meeting held on 14 <sup>th</sup> March 2023.		
6. <b>QUESTIONS FROM MEMBERS OF THE PUBLIC</b>		
A maximum of 15 minutes will be allocated to public questions submitted in writing to Democratic Services ( <a href="mailto:democratic.services@trafford.gov.uk">democratic.services@trafford.gov.uk</a> ) 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.

7. **EXTERNAL AUDIT PROGRESS REPORT** 7 - 20  
To consider a report from the External Auditors (MAZARS).
8. **2022/23 DRAFT ANNUAL GOVERNANCE STATEMENT** 21 - 54  
To consider a report from the Director of Legal and Governance and Monitoring Officer.
9. **2022/23 REVENUE BUDGET MONITORING OUTTURN AND CAPITAL INVESTMENT PROGRAMME OUTTURN REPORTS** 55 - 130  
To consider a report from the Executive Member for Finance, Change and Governance and Director of Finance and Systems.
10. **EXTERNAL ASSESSMENT OF INTERNAL AUDIT: REPORT BY THE CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY** 131 - 152  
To consider a report from the Audit and Assurance Manager.
11. **2022/23 ANNUAL HEAD OF INTERNAL AUDIT REPORT** 153 - 190  
To consider a report from the Audit and Assurance Manager.
12. **STRATEGIC RISK REGISTER UPDATE REPORT - JUNE 2023** 191 - 218  
To consider a report from the Audit and Assurance Manger.
13. **ACCOUNTS AND AUDIT COMMITTEE 2022/23 ANNUAL REPORT** 219 - 238  
To consider a report from the Chair and Vice Chair of the Accounts and Audit Committee 2022/23.
14. **ACCOUNTS AND AUDIT COMMITTEE - WORK PROGRAMME - 2023/24 - FOR APPROVAL** 239 - 242  
To consider a report from the Audit and Assurance Manager.
15. **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.
16. **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.

### **SARA TODD**

Chief Executive

### Membership of the Committee

Councillors B. Brotherton (Chair), J. Lloyd (Vice-Chair), J.M. Axford, O.J. Baskerville, J. Brophy, G. Carter, M. Cordingley, D. Jerrome, M.P. Whetton and Platt.

### Further Information

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

Stephanie Ferraioli, Governance Officer

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This agenda was issued on **Tuesday, 13 June 2023** 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

14<sup>TH</sup> MARCH 2023

### PRESENT

Councillors: Brotherton, (Chair), Lloyd (Vice-Chair), Carter, Ennis, Hassan, Thompson

#### In attendance

Karen Murray	External Auditor, Mazars
Graeme Bentley	Director of Finance and Systems
Dave Muggeridge	Head of Financial Management
Mark Foster	Audit and Assurance Manager
Frank Fallon	Finance Manager
Nikki Royle	Strategic Finance Manager
James Parry	Lawyer
Jeannie Platt	Independent Member
Stephanie Ferraioli	Governance Officer

### 1 ATTENDANCES

An apology for absence was received from Councillor Morgan, Whetton and Whitham.

### 2. DECLARATION OF INTEREST

There was no declaration of interest to be disclosed.

### 3. QUESTIONS FROM THE PUBLIC

No question from members of the public were received.

### 4. MINUTES

RESOLVED – That the minutes of the meeting held on 1<sup>st</sup> February 2023 be noted as a true and correct record.

## **5. STRATEGIC RISK REGISTER – 2022/23 (MARCH 2023 UPDATE)**

This latest update of the Strategic Risk Register highlights 16 risks on the register. One of the risks, relating to the impact of statutory changes within Adults and Children's Services, has been revised to reflect risks in relation to the impact of external inspections of those areas.

There was discussion regards the strategic risk relating to information governance. Legal Services provided an update to the Committee regards plans and actions being taken to improve performance and future strategic risk updates will reflect this.

Councillor Carter raised a query regards mandatory training in relation to information governance and was advised that a 95% completion target was in place. The fact that the training must be completed every 12 months results in the expiry of training completion for certain staff and it is therefore not practical that 100% completion would be reported.

RESOLVED – That the update be noted.

## **6. ANTI-FRAUD AND CORRUPTION STRATEGY**

The Committee received a report setting out the Council's revised Anti-Fraud and Corruption Strategy, Policy and supporting guidance. Supporting the Strategy are a number of policies and guidance including the Anti-Money Laundering Policy and Procedures which were reviewed and updated during 2022/23.

It notes a number of policies and guidance that are not all included in the report here but do support the overall strategy will be subject to future review which include prosecution and procedures to recover money due.

In discussions, it was noted there are delays in criminal proceedings due to a shortage of staff at the Magistrates although recruitment is ongoing

Further to a query raised by Councillor Carter regards recovering money due, Legal Services advised that through due diligence and appropriate response from investigating officers, monies due can be recovered and associated policies supporting this were subject to future review.

RESOLVED – That the Committee approve the revised Anti-Fraud and Corruption Strategy.

## **7. AUDIT PROGRESS REPORT**

The External Auditor presented a brief update informing Committee Members that the 2021/22 audit was ongoing. There is currently nothing coming out of the audit that the Committee should be concerned about. They have also started working with Trafford Council's Finance team on the 2022/23 audit.

The Auditor highlighted that the second part of the report refers to relevant documentation that Members may find useful reading given their role within the Council.

Councillor Carter was concerned that the team was falling behind schedule but was reassured that the delays relate to sector-wide accounting issues and delays are being experienced across the country because of this.

RESOLVED – That the update be noted.

## **8. BUDGET MONITORING REPORT 2022/23: PERIOD 10 (APRIL 2022 – JANUARY 2023)**

The Director of Finance and Systems presented the latest budget monitoring report reported to the Executive on 13/3/23. The approved budget for 2022/23 agreed at the 16 February 2022 Council meeting was £192.57m. The current projected forecast outturn is an adverse £29k comprising an underspend on the controllable Service budgets of £5.943m plus an overspend caused by factors outside the Council's control, mainly associated with the high levels of inflation of £5.972m.

Councillor Carter requested an explanation of the MRP and this was given by the Director of Finance and Systems.

Councillor Thompson asked what re-profiling meant regards some rephasings on specific capital schemes. She was told that it is difficult to profile right when a set capital programme is intended to be delivered over a number of years, so it will necessitate reprofiling over the years.

RESOLVED – That the update be noted.

## **9. 2022/23 ANNUAL GOVERNANCE STATEMENT: APPROACH/TIMETABLE**

The Audit and Assurance Manager presented a report setting out the approach for producing the 2022/23 Annual Governance Statement (AGS), on behalf of the Legal and Governance Director. It was noted that the draft AGS will be presented to Members for review at the next meeting.

Regulations requires that each year we review governance arrangements and report on the effectiveness of these through the AGS. This process is coordinated by Legal

and Governance but requires input from officers across the Council. The Committee will be able to comment before the document is finalised by the end of September 2023 which will be in line with accounts deadlines.

RESOLVED – That the update be noted.

## **10. AUDIT AND ASSURANCE SERVICE – INTERNAL AUDIT OPERATIONAL PLAN 2023/24**

The Audit and Assurance Manager presented the internal audit plan for 2023/24 which had been agreed by CLT; Internal Audit operates in accordance with its Charter and Strategy which are included in the report for information and are unchanged from last year.

The plan covers audit resources, areas to be covered and performance monitoring. Updates will be provided through the year regards progress against the plan.

The Plan covers various categories of activity e.g. procurement, anti-fraud work, reviews in relation to schools with estimated time planned. It is acknowledged that required time can be variable as at this stage not all required work will be known eg issues arising through the year, Audit being advised through the year of work in relation to grant checks etc.

RESOLVED - That the 2023/24 internal operational plan be approved.

## **11. ACCOUNTING CONCEPTS AND POLICIES**

The Strategic Finance Manager highlighted the details of policies and concept to compile accounts for 2022/23 and how assets are managed and requested the Committee to approve the report presented today. The Strategic Finance Manager responded to some points of clarification from Cllrs.

RESOLVED – That the report be approved.

## **12 ACCOUNTS AND AUDIT COMMITTEE – WORK PROGRAMME – 2022/23**

The Audit and Assurance Manager informed Members that the annual report for the work carried out through 2022/23 will be produced and then shared at the next Accounts and Audit Committee meeting before being taken to Council.

He also reminded Members that this was the last meeting of the municipal year and that most planned areas have been covered by the Committee throughout the current year with other items to be considered for inclusion in 2023/24.



### **13 URGENT BUSINESS**

There was no urgent business to be discussed.

### **14 EXCLUSION RESOLUTION**

There were no items to be considered under the Exclusion Resolution.

Meeting ends: 19.34 pm

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# Audit Progress Report

## Trafford Metropolitan Borough Council

Accounts and Audit Committee  
Page 7  
21 June 2023



1. Audit Progress and Audit Planning
2. National publications

Page 8

# 01

Section 01:

## **Audit Progress and Audit Planning**

# Audit progress

## Purpose of this report

This report provides the Accounts and Audit Committee's 21 June 2023 meeting with an update on the status of the 2021/22 and 2022/23 audits. It also includes, at Section 2, a summary of recent national reports and publications for your information.

## 2021/22 Audit

The position on the key elements of the 2021/22 audit is summarised below.

### *Financial Statements audit*

We have substantially completed our audit in respect of the financial statements for the year ended 31 March 2022.

We are currently completing our work on the Council's valuations of property, plant and equipment and investment properties. This includes dealing with responses to the queries we have raised with your finance team and valuer.

In our previous external audit progress report we highlighted a national accounting issue in relation to infrastructure assets, which could not be progressed at that time of our report until the CIPFA and Department for Levelling Up, Housing and Communities (DLUHC) had resolved the expected accounting treatment and issued relevant guidance to Councils. The guidance was issued on 11 January 2023 and we have liaised with your finance team to determine the impact on the Council's financial statements.

We are satisfied that, the Infrastructure balances and transactions are not materially misstated.

# Audit progress – 2021/22 Audit

## ***Financial Statements audit (continued.....)***

Since the date of the Committee's last meeting a further national issue has emerged which is relevant to the 2021/22 draft financial statements. Actuaries carrying out the Pension Fund triennial valuations have informed the Council that their work in updating membership and other assumptions has resulted in material changes to the 31 March 2022 valuation reports used to prepare the 2021/22 draft financial statements. Following the receipt of updated guidance from CIPFA on this matter, the Council needs to obtain an updated IAS19 report from the Actuary in order to assess the impact on the Council's 2021/22 accounts.

We will update the Committee at the next meeting on the current position and report the results of our work in our Audit Completion Report which we will issue at the conclusion of the audit.

## ***Value for Money arrangements***

We plan to complete and report our VFM arrangements work alongside our audit opinion on the 2021/22 accounts.

## ***Whole of Government Accounts (WGA) work***

Our work in relation to whole of the government accounts (WGA) also remains outstanding.

We will complete this once the audit of the financial statements can be concluded.

# Audit progress – 2022/23 Audit

## 2022/23 Audit

Professional standards and PSAA requirements mean we need to rotate your engagement lead. We intend to make this change for the 2022/23 audit and Alastair Newall, Director in our Manchester office, will assume responsibility.

Alastair has over 25 years of public sector audit experience and is registered as a Key Audit Partner in line with requirements of the Local Audit & Accountability Act.

Audit planning will commence as soon as we conclude the work on the 2021/22 accounts. We expect to present an Audit Strategy Memorandum to your Committee in September 2023. This will include the detailed timetable for the delivery of our work which we will agree with your team.



# 02

Section 02:

## **National publications**

# National publications

	Publication/update	Key points
<b>National Audit Office (NAO)</b>		
1	Good practice in annual reporting	The NAO published an interactive guide that provides examples of good practice in annual reporting.
2	Tackling Fraud and Corruption in Government	This report sets out the recent trends from NAO audits and reports, reviews how well-placed government is to understand and tackle fraud and corruption across government and sets out insights from their work and engagement with experts on what more government can do to better prevent fraud and corruption.
3	Digital Transformation	This report evaluates government's approach to addressing the underlying issues of why past attempts at digital transformation have run into problems.
<b>Department for Levelling Up, Housing and Communities</b>		
4	Department consultation – public inspection of Category 1 authority accounts 2022/23	The Department for Levelling Up, Housing & Communities (DLUHC) is requesting views on the current deadline for category 1 authorities to make their draft accounts available for public inspection.
5	Levelling up enquiry on Local Audit	The Levelling Up, Housing and Communities Committee has launched an inquiry into financial reporting and audit, examining a range of issues relating to the purpose and understanding of local audit and the impact of local authority accounts and audit findings.
<b>Other</b>		
6	ICAEW Vision for Local Audit	The Institute for Chartered Accountants in England and Wales (ICAEW) has published its vision for local audit to accompany the recent publication of a Memorandum of Understanding (MoU) between the Department of Levelling Up, Housing and Communities (DLUHC) and the Financial Reporting Council (FRC).

Page 14

# NATIONAL PUBLICATIONS

## National Audit Office

### 1. Good practice in Annual Reporting – February 2023

The NAO has published an [interactive guide](#) that provides examples of good practice in annual reporting, drawing on examples from the public sector and other organisations shortlisted for the Building Public Trust Awards, which recognise trust and transparency in corporate reporting.

The guide draws on examples of good practice for annual reporting from organisations who are leading the way in this area. These examples are grouped by the sections of an annual report:

- Strategy
- Risk
- Operations
- Governance
- Measures of success
- Financial performance
- External factors

It also provides further examples where bodies have made their reports easier to understand with the use of graphics, clear and accessible language and signposting. The list is not definitive, but the NAO hopes it provides ideas for all bodies in both the public and private sector to think about as they plan their annual reporting for 2022-23.

# NATIONAL PUBLICATIONS

## National Audit Office

### 2. Tackling Fraud and Corruption against Government – March 2023

Since the start of the COVID-19 pandemic, government has recorded a higher level of fraud in the accounts we audit. This reflects the nature of the government's response to the pandemic, including the rapid implementation of large new spending and loan programmes that came with an unusually high risk of fraud.

This report sets out the recent trends from NAO audits and reports, reviews how well-placed government is to understand and tackle fraud and corruption across government and sets out insights from their work and engagement with experts on what more government can do to better prevent fraud and corruption.

The report follows NAO previous work which found government did not have a good understanding of fraud before the pandemic. In NAO's 2016 [Fraud landscape review](#), they found a large disparity between the level of fraud and error that the UK government reports and the level reported in other countries and the private sector. NAO also found there were few incentives for departments to record and report the true scale of potential fraud; a lack of data or metrics to evaluate performance in detecting and preventing fraud; and mixed capability across departments to tackle fraud.

The report can be found at the following link:

<https://www.nao.org.uk/reports/tackling-fraud-and-corruption-against-government/>

### 3. Digital Transformation in Government – Addressing the Barriers - March 2023

This report evaluates government's approach to addressing the underlying issues of why past attempts at digital transformation have run into problems. NAO focus on the approach to transforming government, how the Central Digital and Data Office, its Roadmap and departmental leaders will support and promote this, and whether senior business leaders across government have a suitable level of digital capability.

The report can be found at the following link:

<https://www.nao.org.uk/reports/digital-transformation-in-government-addressing-the-barriers/>

# NATIONAL PUBLICATIONS

## Department for Levelling Up, Housing and Communities

### 4. Department Consultation on public inspection of Category 1 authority accounts 2022/23 – February 2023

In March 2021 The Accounts and Audit (Amendment) Regulations 2021 amended the requirements about when accounts must be made available for public inspection for the 2020/21 and 2021/22 accounts, and provided that the period for the exercise of public rights needed to commence on or before the first working day in August in the following financial year.

For 2022/23, the statutory requirement for category 1 authorities is to make accounts available for public inspection for a period that includes the first 10 working days of June, effectively requiring them to be published by 31 May at the latest.

The Government is minded for this deadline to remain in place, but is interested in hearing stakeholders views via a short consultation.

<https://consult.levellingup.gov.uk/redmond-response-team/request-for-views-draft-accounts-deadline/>

### 5. Levelling Up Committee launches inquiry on local audit – March 2023

The Levelling Up, Housing and Communities Committee has launched an inquiry into financial reporting and audit, examining a range of issues relating to the purpose and understanding of local audit and the impact of local authority accounts and audit findings.

The inquiry will scrutinise the role of audit in local accountability and democracy and the extent to which accounts provide a clear picture of the financial sustainability and resilience of a local authority.

The inquiry is also likely to explore how local authority financial reporting could be made more accessible, the role of local audits in acting as ‘red flag’ for action by councils to address financial issues, and how auditors in local government could work together to share best practice.

The Committee welcomes written evidence on the terms of reference, which fall under the following headings:

- Users and uses of local authority accounts and audit
- Understandability and accessibility of local authority accounts and audit
- Making local authority accounts meet the needs of users better
- Addressing findings in audits and sharing best practice

<https://committees.parliament.uk/work/7348/financial-reporting-and-audit-in-local-authorities/news/186485/levelling-up-committee-launches-inquiry-on-local-audit/>

# NATIONAL PUBLICATIONS

## ICAEW

### 6. ICAEW Publishes its Vision for Local Audit – March 2023

The Institute for Chartered Accountants in England and Wales (ICAEW) has published its vision for local audit to accompany the recent publication of a Memorandum of Understanding (MoU) between the Department of Levelling Up, Housing and Communities (DLUHC) and the Financial Reporting Council (FRC).

The ICAEW welcomes the MoU, which covers the role of the 'shadow' system leader for local audit pending the establishment of the Audit, Reporting and Governance Authority (ARGA). The ICAEW also believes more needs to be done urgently if the local financial reporting and audit crisis is to be resolved.

The ICAEW's vision for local audit is designed to prompt discussion, identifying a series of challenges the ICAEW believes need to be overcome, and actions it supports to address those challenges. These are grouped into the following areas:

- Improve financial reporting to enhance transparency and accountability
- Deliver high-quality local audits on a timely basis
- Strengthen financial management and governance
- Reform finances to ensure value for money and protect the public interest
- Build a thriving profession that is highly valued

<https://www.icaew.com/insights/viewpoints-on-the-news/2023/mar-2023/ICAEW-publishes-its-vision-for-local-audit>

# Contact

## Mazars

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## TRAFFORD COUNCIL

**Report to:** Accounts and Audit Committee  
**Date:** 21<sup>st</sup> June 2023  
**Report for:** Decision  
**Report of:** Director of Legal and Governance  
**Report Title**

**Draft Annual Governance Statement – 2022/23**

### **Summary**

This report sets out the Draft 2022/23 Annual Governance Statement (AGS). The preparation and publication of an Annual Governance Statement is necessary to meet the statutory requirement set out in the Accounts and Audit Regulations.

The content of the draft AGS has been reviewed and agreed by CLT. This has included agreeing significant governance issues detailed within the AGS. The AGS has been produced taking into account both the framework and guidance on the AGS issued by CIPFA/SOLACE in April 2016.

The final version of the AGS will consider any further feedback from the Accounts and Audit Committee and will accompany the Council's Accounts. The final version will be signed off by the Leader and Chief Executive.

### **Recommendation**

The Accounts and Audit Committee considers the content of the draft Annual Governance Statement.

The Accounts and Audit Committee notes that the final version of the Annual Governance Statement must be approved by 30 September 2023. The final version will be presented for approval by the Committee, prior to sign off by the Chief Executive and Leader.

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

Name: Alexander Murray – Governance Officer  
Extension: 4250

**Background Papers:** None



# TRAFFORD COUNCIL

## **ANNUAL GOVERNANCE STATEMENT 2022/23**

## **Executive Summary**

The 2022/23 municipal year has seen great changes in leadership nationally with the passing of Her Majesty Queen Elizabeth II in September of 2022 and the subsequent transfer of power to King Charles III. In addition to this national change Trafford went through a local change in leadership following the election of Andrew Western as Member of Parliament for Stretford and Urmston after his successful by-election campaign in December 2022. Councillor Tom Ross was appointed as Leader by full Council in January 2023. There have also been large changes in leadership within the local health system with the dissolution of Trafford CCG and the creation of the Integrated Care System. This transition has seen Trafford Council's Chief Executive Sara Todd named as the Place Based Lead for the Trafford Locality which will greatly strengthen the relationships between the leadership of the Council and its partners within the health service.

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

Trafford Finances have continued to present a challenge for the whole Council with the agreed budget requiring £11.8M in savings across all departments along with £7.4M in reserves, and £5.7M from a 4.99% council tax increase to address the £24.9M budget gap for 2023/24. In addition to the usual budgeted pressures, during 2022/23 the Council faced nearly £6m of unbudgeted pressures caused mainly by the impacts of inflation and rising demand. Through vacancy and Treasury management those additional pressures were able to be subsumed within the Council's 2022/23 budget with minimal impact upon service delivery.

The 2021/22 Annual Governance Statement saw the removal of the Ofsted report from the significant governance issues for the first time since Trafford Council was found to be inadequate in May 2019. The Council had a full inspection by Ofsted in December 2022 and received a grade of "Requires improvement to be good", which shows significant improvement achieved within the service since 2019, but also shows that the Council has work to do to achieve its ambition of being outstanding.

## **1. Scope of Responsibility**

- 1.1 Trafford Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. The Council are also responsible for ensuring that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively. Trafford Council has a duty under the Local Government Act 1999 to make arrangements to continuously improve how its functions are exercised, with regards to a combination of economy, efficiency and effectiveness.
- 1.2 This overall responsibility requires Trafford Council put in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.
- 1.3 Trafford Council has approved and adopted a corporate governance code, consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. A copy of the Authority's code is available at: <http://www.trafford.gov.uk/about-your-council/budgets-and-accounts/downloadable-documents.aspx>. This statement explains how Trafford Council has complied with the code and meets the requirement of Accounts and Audit (England) Regulations 2015, regulation 6, that all relevant bodies have to prepare an annual governance statement.

## **2. Purpose of the Governance framework**

- 2.1 The governance framework comprises the systems and processes, culture and values by which the Authority is directed and controlled. The framework covers the Council's activities through which; it is accountable to, engages with, and leads its communities. It also enables the Authority to monitor performance against strategic objectives and evaluate whether those objectives are fit for purpose.
- 2.2 The system of internal control forms a significant part of the framework and is designed to manage risk. However, it can only reduce risk of failure and provide reasonable, not absolute, assurance of effectiveness. The system of internal control is an ongoing process designed to identify and prioritise risks to the achievement of Trafford Council's policies, aims and objectives. The system also ensures that identified risks are evaluated, according to their likelihood and potential impact, and managed efficiently, effectively, and economically.
- 2.3 The governance framework has been in place at Trafford Council for the year ending 31 March 2023 and up to the date of approval of the statement of accounts.

### 3. The Governance Framework

3.1 The Authority has adopted a local governance framework consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' 2016 edition. Trafford Council's Corporate Governance Code details how the Authority meets the requirements of the framework and is aligned to the principles of good governance in local government set out in the CIPFA framework: Good Governance in the Public Sector (CIPFA, IFAC, 2014):

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law
- Ensuring openness and comprehensive stakeholder engagement
- Defining outcomes in terms of sustainable economic, social and environmental benefits
- Determining the interventions necessary to optimise the achievement of the intended outcomes
- Developing the entity's capacity, including the capability of leadership and the individuals within it
- Managing risk and performance through robust internal control and strong public financial management
- Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

3.2 The Annual Governance Statement sets out how the Authority has complied with the Code and meets with the Accounts and Audit Regulations 2015 (as amended). The Authority also meets the requirements of the Accounts and Audit Regulations in relation to the publication of a statement on internal control through the publication of the Annual Governance Statement. It is subject to detailed review by the Accounts and Audit Committee when they consider the final Statements of Account but before they approve the Statement of Accounts.

3.3 The Authority's financial management arrangements are consistent with a number of the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016). The key principles for which there is compliance are that the Chief Financial Officer (Corporate Director of Finance and Systems):

- is actively involved and is able to bring influence on the Authority's financial strategy;
- leads the whole Authority in the delivery of good financial management;
- directs a fit for purpose finance function; and
- is professionally qualified and suitably experienced.

In addition, the Statement requires that the Chief Finance Officer should report directly to the Chief Executive and be a member of the leadership team, with a status at least equivalent to others.

The Corporate Director of Finance and Systems (the Chief Finance Officer and designated Section 151 officer) is a member of and attends the meetings of the Corporate Leadership Team.

3.4 The key elements of the system and processes that comprise the Authority’s governance framework are outlined in this Annual Governance Statement. The Statement demonstrates the effectiveness of the Council’s governance arrangements during 2022/23 in line with the seven governance principles.

CIPFA SOLACE Principle A.	Key Elements of Trafford Framework
<p><b>Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</b></p>	<ul style="list-style-type: none"> <li>• Constitution</li> <li>• Members Code of Conduct</li> <li>• Register of Interests</li> <li>• Standards Committee</li> <li>• Corporate Governance Code</li> <li>• Employee Code of Conduct</li> <li>• Disciplinary Policy</li> <li>• ICT Acceptable Use Policy</li> <li>• Anti-Fraud &amp; Corruption Strategy</li> <li>• Confidential Reporting Code</li> </ul>
<p><b>How we demonstrated effectiveness in 2022/23</b></p>	
<p>During the 2022/23 municipal year a review of Councillors’ remuneration, covered in Part 6 of the Constitution, was undertaken by an independent remuneration panel. The outcomes of the review were submitted to the Annual Council Meeting held on <a href="#">Wednesday, 24<sup>th</sup> May 2023</a> and if agreed will be implemented in the 2023/24 municipal year.</p> <p>The Council’s Planning Code of Practice was updated following agreement at the Council meeting held <a href="#">Wednesday, 27<sup>th</sup> July 2022</a>. The update addressed changes to the Committee since the code was first introduced in 2017 and formalised some of the Committee’s common practices.</p> <p>The Standards Committee considered the publication of Councillor addresses as part of the register of interests at their meeting on <a href="#">Thursday, 22<sup>nd</sup> September 2022</a>. The Committee’s recommendations were submitted alongside the report to full Council for consideration on <a href="#">Wednesday, 12<sup>th</sup> October 2022</a> where it was agreed that Trafford Councillors’ addresses would not be published publicly. Following this decision, the Council retains the complete register of interests but when published only the area a Councillor lives in for example “Address in Trafford” is made publicly available.</p> <p>Councillor Andrew Western stepped down as Leader of the Council in January 2023 following his Election as Member of Parliament for the Constituency of Stretford and</p>	

Urmston in December 2022. Councillor Ross was appointed as Leader of the Council and a report detailing the subsequent changes to the Council's governance arrangements was submitted at an Extraordinary Council meeting on [Wednesday, 4<sup>th</sup> January 2023](#).

The 2021/22 Annual Report for the Counter Fraud and Enforcement Team was presented to [Accounts and Audit Committee on 28 September 2022](#) outlining fraud prevention and detection activities and further planned work in 2022/23. During 2022/23, the Council's Counter Fraud team have continued to investigate suspected fraud and any irregularities. During 2022/23, the investigations undertaken were primarily in relation to council tax, business rates, social care finance and COVID-19 Business Support Grants. A report on work for the year will be provided by the Council's Counter Fraud Manager to the Accounts and Audit Committee in September 2023.

The Council participates in the National Fraud Initiative (NFI) data matching exercise. An update was provided by the Audit and Assurance Service to the [Accounts and Audit Committee on 1 February 2023](#) setting out details regarding data submitted as required to the Cabinet Office during the year.

The Council's Anti-Fraud and Corruption Strategy was updated during the year and approved by the [Accounts and Audit Committee on 14th March, 2023](#). The Council's Whistleblowing Policy and Anti-Money Laundering Policy, two of a range of policies to support the Council's overall Anti-Fraud and Corruption Strategy, were reviewed and updated during 2022/23.

Several IT policies were updated at the beginning of 2023 including the Trafford Council Acceptable Use Policy; Information Security Policy; Access Controls Policy; and Network Security Policy. The policies are in the final stage of sign off and will be shared with the workforce via a series of communications. The intention is to bring the policies to life and raise awareness with high-risk areas via engaging bulletins and the IT Security training modules. A similar approach has been successful with raising awareness on phishing e-mails.

Changes to the Council's Disciplinary Policy have been made further due to ACAS publishing new advice on staff suspensions at work. The focus is on ensuring that employees are only suspended if it is appropriate and ensuring there is support for employee mental health and wellbeing – this is in recognition of the huge impact of suspension. The revised version is being finalised through the normal sign-off process.

CIPFA SOLACE Principle B.	Key Elements of Trafford Framework
<p><b>Ensuring openness and comprehensive stakeholder engagement</b></p>	<ul style="list-style-type: none"> <li>• Decision Making Protocols</li> <li>• Access to Information Procedure Rules</li> <li>• Consultation, including Budget Consultation</li> <li>• Trafford Partnership Board &amp; Strategic Boards</li> <li>• Public Service Reform Board &amp; Operational Group</li> <li>• Building Strong Communities Strategy</li> <li>• Locality Working Programme</li> <li>• Joint Strategic Needs Assessment</li> <li>• Local Care Alliance</li> <li>• Joint Commissioning Board</li> <li>• GMCA</li> </ul>
<p><b>How we demonstrated effectiveness in 2022/23</b></p>	
<p>Consultation and engagement were undertaken on a number of key strategic documents and policy changes during the course of the year. These included:</p> <p>The results of consultation on the facility mix for Altrincham, Stretford, and Sale leisure centres, which was reported to the <a href="#">Executive in July 2022</a>. Further consultation was undertaken across the leisure estate to inform the Leisure Investment Programme during the year.</p> <p>Following the successful application to the governments Levelling Up Fund the refurbishment of Partington Sports Village was included in the Leisure Investment Programme. Further community consultation on the refurbishment is ongoing and will feed into the overall designs.</p> <p>The public consultation to support of a Community Asset Transfer of Old Trafford Sports Barn was concluded. The transfer process is ongoing as the Council is seeking to secure a favourable outcome for the community asset transfer.</p> <p>The adoption of the Civic Quarter Area Action Plan, which had been subject to extensive statutory consultation and an examination in public, was approved by <a href="#">Council in January 2023</a>;</p> <p>Consultation was undertaken on proposals to apply to the Secretary of State to allow the Council to use powers relation to moving traffic offences, which were approved by the <a href="#">Executive in January 2023</a>;</p> <p>Consultation on proposals to establish a Temporary Stopping Place for Gypsy, Roma, and Travellers has begun following approval from the <a href="#">Executive in January 2023</a>;</p>	

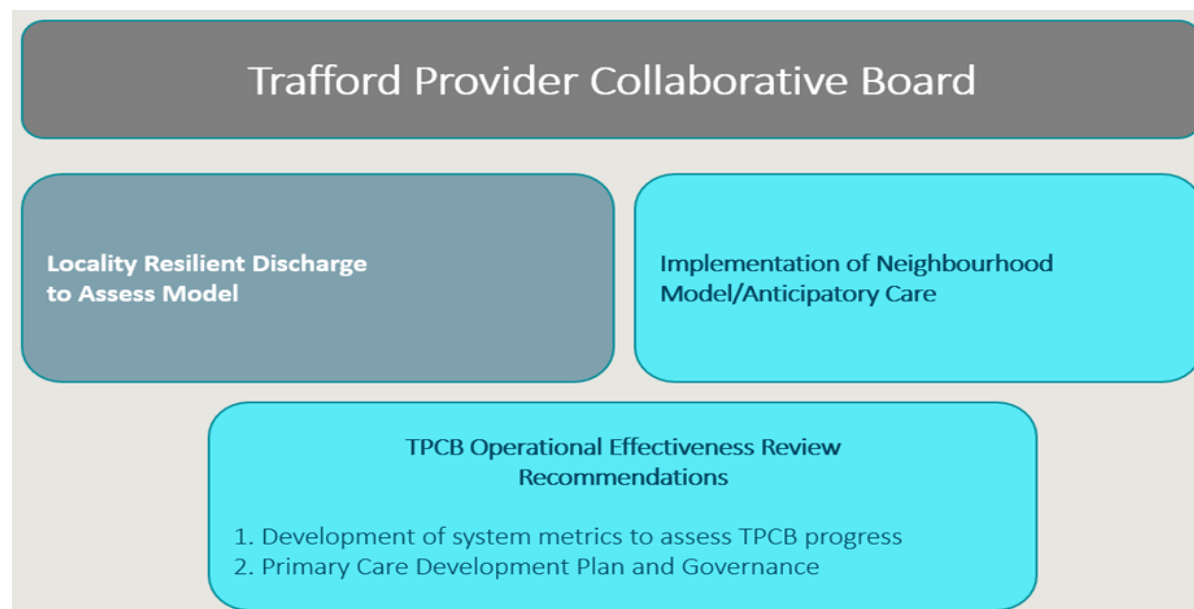


At the Executive meeting [in January 2023](#) a set of proposals to implement a new operating model for tennis courts in parks were presented and it was agreed that extensive consultation on those proposals would be undertaken.

The results of a consultation on the new Trafford Moving Strategy, the Council's strategy for physical activity, was reported to the [Executive in March 2023](#) and the strategy was adopted.

The [Executive Meeting in March 2023](#) also approved the new Walking, Wheeling and Cycling Strategy, which had been developed through extensive consultation and engagement during the year.

**Local Care Alliance:** Trafford's Local Care Alliance was stood down at the end of 2021 as part of the transition to the **Trafford Provider Collaborative Board (TPCB)** in 22/23, as mandated by the Greater Manchester Integrated Care System. The membership was revised, a new interim Terms of Reference was agreed and submitted to the newly established Trafford Locality Board (TLB). The TPCB agreed its guiding principles, values, and ways of working. The TPCB also undertook a prioritisation exercise to create its annual priority programmes of work for 22/23, which is summarised below:



In the latter part of 22/23, an enhanced prioritisation process was launched with the aim to have a refreshed set of priorities for 2023/24 in place by April.

The Trafford **Joint Commissioning Board (JCB)** was disbanded in 2021 as part of the transition to the mandated **Trafford Locality Board (TLB)**, as required by GM Integrated Care System. The TLB first met in April 2022 with a membership that was built upon that of the JCB and enhanced through the addition of new partners. A Terms of Reference were created which outlined the TLB's purpose as a consultative forum to inform partners decision-making and to ensure decisions are aligned as far as

possible across those organisations, as well as being a forum to manage the relevant section 75 arrangements. The Terms of Reference were approved in anticipation of the formal establishment of an Integrated Care System (Originally April 2022 but deferred until July 2022), with confirmation of delegated authority due from Greater Manchester Integrated Care System in March 2023. Following the delegation, an updated Terms of Reference for Trafford Locality Board was formally submitted to GM Integrated Care System governance in April 2023 for approval.

CIPFA SOLACE Principle C	Key Elements of Trafford Framework
<b>Defining outcomes in terms of sustainable economic, social, and environmental benefits</b>	<ul style="list-style-type: none"> <li>• Corporate Plan</li> <li>• Trafford Local Plan</li> <li>• Trafford Locality Plan</li> <li>• Physical Activity Vision</li> <li>• Medium Term Financial Strategy</li> <li>• Trafford Recovery Plan</li> <li>• Investment Management Strategy</li> </ul>

**How we demonstrated effectiveness in 2022/23**

The Corporate Plan, supported by individual Service Business Plans, the work of the GMCA, and the Trafford Locality Plan set out the immediate and long-term vision of the Council. The 2022/23 budget delivered within the agreed resource allocation, supported this vision: -

The financial challenge faced by the Council during 2022/23 has been difficult and compounded by increases in demand placed upon Council services. This has been caused by two main factors; the ongoing impacts of the Covid Pandemic and the economic turbulence and uncertainty faced during the year leading to a rise in both the inflation rates and interest rates. Inflationary impacts alone have cost the Council a projected c£5m during 2022/23 due to the rising cost of energy bills, spiralling wage inflation and other contract prices. This unbudgeted pressure has been managed, in part, by management controls particularly around the management of staff vacancies, digital transformation, and changes to the way the Council sets money aside to repay its long-term debt. The latest budget monitoring report as of month 10 was reporting a broadly break-even position.

To achieve the long-term financial targets, the Council set a budget for the financial year 2023/24 at its meeting on the [15<sup>th</sup> of February 2023](#), which was supported by an appropriate assessment of risk by the Director of Finance and Systems. All the expected post pandemic risks along with the ongoing economic and inflation risks were considered within the budget report. Measures to address the budget gap of £24.9m and deliver a balanced budget for 2023/24 included a rise in the level of council tax by 4.99% (generating an estimated £5.7m in revenue), a one-off use of reserves of £7.4m, and a savings programme of £11.8m. A Finance and Change Board was established during the year with a dedicated focus on closing the budget gap. The risk assessment undertaken as part of the budget setting process reflected

the uncertainty high levels of inflation were having on council budgets, which included energy, fuel, and food inflation as well as construction costs.

The financial resilience of the Council was supported by the agreed Reserves Policy, which is subject to regular review underpinning the long-term financial resilience of the Council. The reserves and balances available to the Council to support its immediate financial resilience are therefore important in the context of managing a period of potential significant financial turbulence.

The Trafford Local Plan progressed significantly during 2022/23 with the examination of the Places for Everyone Plan - a joint development plan between nine of the Districts of Greater Manchester. The Places for Everyone Plan will form the central document of the Council's Local Plan, alongside other statutory development plans. As well as supporting strategic and policy sessions in the Autumn, the Council led off site-specific hearings for Timperley Wedge and Carrington in January and March.

In January the Council adopted the Civic Quarter Area Action Plan to guide the development and regeneration of the area around Trafford Town Hall.

The Executive adopted an Inclusive Economy Recovery Plan in February 2021. This plan set out the Council's approach to support residents and businesses to recover from the economic impact of the Covid-19 pandemic. The plan has been kept under review, and an updated Inclusive Economy Delivery Plan was approved by the [Executive in February 2023](#). The report provided an update on delivery against the recovery plan, noting some key achievements, including:

- £12m of financial support to Trafford based companies through the Additional Restrictions Grant
- Skills Support for the Workforce supported 121 businesses and 291 Trafford residents
- ESOL co-ordinator recruited, 1218 assessments completed and 615 people placed on a course/offered a suitable opportunity

The revised Plan aligns with the new Corporate Strategy, and links to the Poverty Strategy and the Council's response to the cost-of-living crisis. The plan contains six themes:

- Business support
- Town centres
- Employment and skills
- Communities, social value and VCFSE support
- Climate change/green economy
- Development Framework

The Council continues to invest in its town centres and strategic locations. In 2023/24 work will start on the regeneration of Stretford Mall, public realm improvements in Kingsway and on Lumina Village. Foundation, in the Stamford Quarter, will complete in the summer, as will the latest phase of public realm work in Altrincham. The Council will work with partners to support the continued regeneration of Stanley Square, Sale and a new masterplan will be commissioned for Urmston.

The Council adopted an Asset Investment Strategy in July 2017. The strategy sets out the Council's plans to enable economic regeneration and provide a sustainable income stream to support the Council's budget. The strategy is kept under regular review to ensure it remains aligned with Corporate priorities and the latest guidance, and a revised version was approved at Budget Council in February 2022. The Investment Objective is "to promote TBC's strategic priorities while creating a sustainable income stream to support local services", and the strategy has supported investment in our town centres, the Civic Quarter and Altrincham, and supported the development of residential properties, office space and commercial units in Trafford and the sub-regional economic area.

The **Trafford Locality Plan** 2019-24 was [Refreshed](#) in 2021 to reflect that while the borough's aspirations remain the same, some operational deliverables have changed in response to the COVID-19 pandemic. While Trafford continued to implement the core deliverables of the Locality Plan, work was ongoing across the system to respond to the pandemic which created positive partnership working practices, values, and behaviours. 2021 also saw the establishment of Integrated Care Systems and the requirement of having a new Health and Social Care system in place by April 2022, this changing context and journey were also reflected within in the Locality Plan Refresh.

A review of what had been delivered by the plan so far was begun in Q4 of 2022. The review outlined the distance travelled with a focus on key achievements, what hadn't been done and why, work that was ongoing, and new deliverables that had been added following the original publication of the Locality Plan and/or 2021 Refresh. These findings were presented back to the Trafford Locality Board and Provider Collaborative Board in 2023. A further review of the Locality Plan will take place in 23/24 following the publication of the GM ICP Strategy.

Between January and March 2023, the Trafford Locality Board worked alongside partners from across the health and social care system to define its priorities. The outcome of this work is to be shared for approval across the system from April 2023 onwards.

CIPFA SOLACE Principle D	Key Elements of Trafford Framework
<p><b>Determining the interventions necessary to optimise the achievement of the intended outcomes</b></p>	<ul style="list-style-type: none"> <li>• Modernisation Programme</li> <li>• Corporate Plan</li> <li>• Medium Term Financial Plan</li> <li>• Efficiency Plan</li> <li>• Capital Strategy</li> <li>• Social Value Framework</li> <li>• Equality Strategy</li> <li>• Children’s Services Improvement Plan</li> </ul>
<p><b>How we demonstrated effectiveness in 2022/23</b></p>	
<p>The Council’s capital strategy and capital programme were approved at the Budget Council meeting on <a href="#">Wednesday, 16<sup>th</sup> February 2023</a>. The capital strategy set out the principles that underpin the programme, aligned to the Medium-Term Financial Strategy, statutory service delivery, and the corporate objectives. The three-year capital programme included investment of £199m into the Council’s assets, including £3.5m of over-programming which is considered prudent given the scale of the programme. The programme is funded through a combination of external resources, including government grants and developer contribution, capital receipts, and prudential borrowing.</p> <p>The capital programme is developed through the submission of business cases to an internal bidding process. Proposals are assessed based on deliverability and alignment with the capital programme priorities and are approved by CLT and the Executive. The total level of funding available is determined in line with the MTFS.</p> <p>A Capital Programme Board was established in 2022/23, with the Corporate Director of Place as chair and the Director of Finance and Systems as vice-chair, to improve delivery of the current programme and development of future years schemes. Bi-monthly updates are provided to the Executive on delivery against programme and scheme variations as part of the Finance update.</p> <p>Trafford’s Corporate <b>Equality Strategy (2021 – 2025)</b> was first published in 2021 and outlines four equality objectives of: inclusive leadership, improving the representativeness of our workforce, reducing health inequalities, and reducing hate crime. Our strategy for health inequalities follows the NHS Core20PLUS5 principles, focusing on the 20% most deprived population (according to the national Index of Multiple Deprivation), plus population groups experiencing multiple inequalities, in five</p>	

clinical areas of focus which are: maternity, severe mental illness, chronic respiratory disease, early cancer diagnosis, and hypertension case-finding.

Ofsted conducted an inspection under the Inspection of Local Authority Children's Services Framework (ILACS). The inspection took 3 weeks with the first week being held offsite which involved data and evidence submission by the Council. The onsite process involved meeting with practitioners and some managers. The inspection team also spoke with parents, carers, and to some children and young people, as well as some teachers. The inspectors looked at partnership working through the evidence presented by the Council but primarily through children's records and what the team could see about interventions and their effectiveness. The inspection covered every aspect of Children's Social Care from Early Help to Adoption. The inspection was 'unannounced' with the three-week process commencing on Monday 14th November when formal notification was received via a phone call.

The overall outcome of the inspection was that Trafford requires improvement to be good across all areas. The inspectors provided the Council with more detailed feedback which highlighted strengths and weaknesses with the report identifying the following six areas where the Council needed to improve.

- The quality of out-of-hours service provision to offer a more comprehensive and timely service for children.
- The support for homeless children over 16.
- The support to children in care to help them understand their entitlements and how they can influence the shaping and developing of children's services.
- The use of direct work and life-story work to gain the voice of the child and to support children's understanding of their life history.
- The support for care leavers in preparing for their transition to independence.
- The quality and frequency of supervision.

Other than the improved rating the main positive to be taken from the review was that each of the six areas identified were already known to the Council with plans in place for improvement, as demonstrated within the 8 Ambitions plan. The feedback from Ofsted has reaffirmed the Council's concerns and helped to focus efforts to achieve the desired improvement. In response to the report detailed action plans have been laid out to address the areas highlighted by Ofsted. Following the improved rating Trafford is now moving out of intervention but will be looking to maintain some of the strong governance arrangements that have helped the Council to achieve the current level of improvement and which will hopefully lead to further improvement culminating in the attainment of Trafford's ambitions. A full update on the inspection, its findings, and the Council's next steps was delivered to the Children and Young People's Scrutiny Committee on the [14<sup>th</sup> February 2023](#).

Trafford created a Social Value (SV) Charter in 22/23 which was signed off on [24<sup>th</sup> October 2022 by Trafford Executive](#). Trafford has a steering group which is driving SV improvement.

CIPFA SOLACE Principle E	Key Elements of Trafford Framework
<p><b>Developing the entity’s capacity, including the capability of its leadership and the individuals within it</b></p>	<ul style="list-style-type: none"> <li>• People Strategy</li> <li>• Change Strategy</li> <li>• Member Development Strategy</li> <li>• Members’ Training Plan</li> <li>• Members’ Induction Process</li> <li>• Employee Training &amp; Development Plan</li> <li>• Corporate Induction Procedure</li> <li>• Employees Personal Development Review (PDR)</li> <li>• Staff Health &amp; Wellbeing Strategy</li> <li>• Absence Management Strategy</li> </ul>
<p><b>How we demonstrated effectiveness in 2022/23</b></p>	
<p>In 2022 the Council started work on the refresh of the people strategy. To date this has comprised of collating intelligence and data alongside a period of engagement with Directorate Management Teams, Staff Forum Groups, Trade Union Members, Staff, and Executive Members. The outputs of this work will support the delivery of a refreshed strategy in late 2023.</p> <p>Within 2022 work continued towards the priorities and objectives outlined in the people plan, one of which was to become a real living wage employer. The council implemented real living wage supplements to 320 members of staff from January 2023 and subsequently achieved accreditation as a real living wage employer from the real living wage foundation in early 2023.</p> <p>During 2022/23 the Council offered a full calendar of learning events to all staff. The calendar included mandatory training alongside optional learning sessions and courses to support colleagues with their personal and professional development in areas such as presentation skills, leading personal change, and digital upskilling. The council’s EPIC Manager programme continued to run throughout 2022 with 21 cohorts having completed the programme to date. A Human Resources Toolkit consisting of talks and learning events for managers on HR Specific topics such as Fixed Term Contracts was rolled out during 2022/23. All together a total of 115 learning events were run in 2022/2023.</p> <p>In addition to the EPIC manager programme Trafford’s wider learning offer is supported through the e-learning platform Me-learn. In 2022/23 a total of 19,5562 e-learning courses were completed by Trafford colleagues and partners. The council</p>	



also provides staff with opportunities to gain a fully funded professional qualification through the upskill and apprenticeship programmes. From 2021 to April 2023 over 100 colleagues achieved a formal qualification through those programmes.

The council runs several internal programmes related to supporting aspiring and established managers to succeed in their roles. The Leap into Management (L3) programme, which is delivered in partnership with Salford College, is on its second cohort and a Level 5 in-house programme (Leap into Leadership) was launched in March 2023. The Council also facilitates programmes in coaching and offers the social work degree apprenticeship. The Social Work Degree is open to staff to apply within Children's and Adults Services and the 4<sup>th</sup> cohort started in September 2022.

All staff have access to the EPIC check-in process and should have an EPIC check in at least once every 6 months. The EPIC Check ins are designed to support discussions and conversations around staff Members wellbeing, performance targets, values, as well as to support their personal, professional, and career development. The paperwork for EPIC check ins was refreshed in 2022 and several new online support tools were developed for managers and staff members. This included the development of a working well passport which is a living document that travels with colleagues as they move jobs/roles within the authority to support their wellbeing and avoid them having to re-apply for support during their career with the Council. The passport and check in tools are all promoted and signposted through the virtual check in training sessions.

The Council offers a coaching service to all colleagues and managers. Colleagues can access one to one coaching with a professional internal coach to support their development and/or to support their wellbeing. A total of 48 colleagues have accessed this service to date.

A succession planning strategy is in place to ensure key skills are retained and staff are upskilled to enable them to take on higher graded roles. Successors have been identified at senior manager level and targeted development initiatives provided to ensure that the Council's workforce is equipped to meet new and emerging demands. The Council has developed several career graded posts to support managers in attracting, developing, and retaining talent for difficult to fill roles where specific skills/qualifications are required.

In June 2022 the Council launched the b-Heard staff engagement survey, which had a response rate of 43%. The survey focused on 7 key areas specific to engagement including "My manager", Leadership, Fair Deal, Giving something back, "My Team", and Wellbeing. The outputs of the survey were used to formulate and share the corporate commitments and actions to support engagement at the Council with staff. Directorates and teams received their own results to enable them to formulate action plans at a local level.

The Council continued to deliver quarterly Let's Talk Engagement sessions for managers and colleagues. The face-to-face events offered staff and leaders the



opportunity to hear from and engage with the Chief Executive, the Leader of the Council and the Corporate Leadership Team. The events also provided staff the opportunity to network with other staff members and to share their thoughts and feedback on key subject areas.

The Council continued the delivery of the Health & Wellbeing Strategy 'EPIC You', which comprises of initiatives and activities aimed at improving organisational effectiveness and is organised around four key themes.

- Healthy Lifestyle
- Mental wellbeing
- Focus on Musculoskeletal (MSK) Health
- Health & Safety

In January 2023, the Council launched a new internal health and safety initiative 'Your Safety, Your Wellbeing'. Which was developed to refocus and engage with services on the fundamentals of safety and wellbeing and ensure that colleagues continue to safely finish their working day, every day.

The initiative includes:

- A dedicated intranet resource page with bite size guides.
- Monthly communications on key risk and wellbeing issues.
- 'Team focus' on certain teams to show why safety and wellbeing are an integral part of service delivery.
- A targeted service monitoring and audit programme.

During 2022/23 the Council delivered several initiatives to further support staff members with their safety and wellbeing. Events were run by an internal network of Mental Health First Aiders and included monthly Tea and Talk sessions, one to one sessions, and corporate support of national health and wellbeing campaigns. The Staff Active Travel Group was set up to encourage staff to use more active and sustainable travel through participation in campaigns and by hosting annual local cycling/walking activities for staff at Council offices.

Absence Management –a robust approach to managing employee absences including sickness absence has been put in place and the Corporate Leadership Team monitor levels monthly. The HR Operations team support services in dealing with more complex cases in line with Council policies and guidance.

The Member Development Steering Group continued to meet in 2022 and progressed items relating to Councillors' development needs. A dedicated learning and development intranet page houses resources and learning materials for executive members alongside advertising any internal/external learning and development opportunities/events.

During 2022 a framework was designed to support a "buddy" scheme specifically for new members. Alongside this scheme a member induction programme was

designed and delivered in 2022 to support the effective onboarding of new executive members. This programme comprised of sessions delivered by the Chief Executive, Corporate Leadership Team, and relevant Heads of Services with the opportunity to also attend external events and further internal workshops that focussed on skills and knowledge development.

A programme of continuous professional development (CPD) has been progressed throughout 2022/23, with a focus on finance, equality, and climate challenge. Members have made use of free resources from the Local government Association including their climate hub and training. Consultants have delivered Traveller and Transgender Awareness sessions for members to help support work in their wards. Continuous Professional Development requirements were submitted to the steering group in March 2023, which has helped to shape the future learning and development offer in 2023/2024.

CIPFA SOLACE Principle F	Key Elements of Trafford Framework
<p><b>Managing risks and performance through robust internal control and strong public financial management</b></p>	<ul style="list-style-type: none"> <li>• Financial Procedure Rules</li> <li>• Contract Procedure Rules</li> <li>• Treasury Management Strategy</li> <li>• Scrutiny Committees and Protocols</li> <li>• Risk Management Strategy &amp; Policy Statement</li> <li>• Strategic Risk Register</li> <li>• Internal Audit Strategy</li> <li>• Accounts &amp; Audit Committee</li> </ul>
<p>How we demonstrated effectiveness in 2022/23</p>	
<p>The Council monitors and regularly reviews its Strategic Risk Register to ensure key risks are being managed. Update reports were presented through the year to the Corporate Leadership Team and the <a href="#">Accounts and Audit Committee</a>.</p> <p>By the end of March 2023, the highest risks in the strategic risk register related to uncertainty over the Council’s medium term financial position; addressing the climate change emergency; risks in relation to information governance; risks in relation to delivering Leisure Services across the Borough; and dealing with increased demand for school places. The strategic risk reports highlighted responsibilities and ongoing actions to manage the risks identified.</p> <p>The Internal Audit Plan 2022/23 incorporated coverage of various key financial systems and other business risks. Updates of work undertaken were provided to the Corporate Leadership Team and the <a href="#">Accounts and Audit Committee</a> during the year. The Annual Report of the Head of Internal Audit for 2022/23 stated that based on findings from planned audit reviews undertaken during 2022/23, for most reviews at least reasonable levels of assurance have been gained that the systems, procedures</p>	

and controls in place to manage risks and deliver objectives are operating to a satisfactory standard.

There has been a range of internal audit reviews undertaken during the year across each of the main areas of the Audit Plan. Some areas of planned audit work were rescheduled with the aim of providing assurance during 2023/24 and these are reflected in subsequent audit plans. Outcomes from follow-up internal audit work of areas previously reviewed demonstrates that progress continues to be made in improving levels of control. Further action was highlighted for some areas reviewed which will be subject to follow-up in 2023/24.

Given the above, based on assurance gathered during 2022/23, the Internal Audit Opinion is that, overall, a reasonable level of assurance can be given that the control environment encompassing internal control, risk management and governance, is operating to a satisfactory standard.

2022/23 was the first year in implementing the outcomes of the in-depth Scrutiny review which were approved by Council in March 2022. The implementation involved closer working with Executive Members along with lead officers, particularly in relation to work programming. Due to several factors, which included disruption to the Committee's meeting schedule due to the passing of Queen Elizabeth II, the Parliamentary By-election for the Stretford and Urmston Constituency, and resourcing issues over the year, it was not possible to implement all the recommendations from the review.

All STAR authorities use the standard Contract Procedure Rules (CPRs) contained within their constitutions which was approved by the submission to the [Council on 23<sup>rd</sup> March 2022](#) have now been implemented. There have been no change to CPRs in 22/23.

CIPFA SOLACE Principle G	Key Elements of Trafford Framework
<b>Implementing good practices in transparency, reporting and audit to deliver effective accountability</b>	<ul style="list-style-type: none"> <li>• Council Website</li> <li>• Freedom of Information Publication scheme</li> <li>• Trafford Partnership Data Lab</li> <li>• Marketing and Communications Team</li> <li>• Annual Financial Statements</li> <li>• Annual Governance Statement</li> <li>• Annual Scrutiny Report</li> <li>• Corporate Plan</li> </ul>
<b>How we demonstrated effectiveness in 2022/23</b>	
Information on the Council's decision making is open and transparent and continues to be published on the website. This includes publishing open data through the Council's website, data.gov.uk and the Trafford Data Lab's website	

(trafforddatalab.io). Improvements continue to be made to the scope and quality of information the Council publishes via digital channels. A revised set of design principles is being used to shape new and adapt existing digital content to ensure information and services are accessible and easy to use.

As the Council's External Auditors, Mazars LLP provided regular updates to the [Accounts and Audit Committee](#) through the year. The External Auditor's Annual Reports for 2021/22 and 2022/23 are due to be reported to Accounts and Audit Committee meetings in 2023/24. It was confirmed during the year by Public Sector Auditor Appointments (PSAA) that Mazars LLP are appointed to audit the accounts of Trafford Council for the next five years covering 2023/4 to 2027/28.

An external assessment of Internal Audit was undertaken by CIPFA in March 2023 and will report that the Internal Audit function operates in general conformance with the Public Sector Internal Audit Standards. The findings report is to be presented to the Accounts and Audit Committee in June 2023.

As life returns to some sort of normality after the Covid pandemic Trafford Council's Communications and Marketing Team has been at the forefront of getting key messages out to residents, businesses, and other key stakeholders about how the Council will help the borough recover.

The last 12 months saw the economy fully open up across Trafford as restrictions were lifted. However, there was still an element of caution among parts of the population who needed reassurance. This saw close partnership working with our key stakeholders, for example in the NHS, to deliver joined-up and meaningful content to reassure the public. There was a priority on making sure communications around the 'new normal' were in plain English to ensure the messages to residents and other key stakeholders were easily understood.

There was an emphasis on communicating the three corporate priorities especially around supporting people out of poverty as the cost of living continued to hit people hard during the year. Communications focussed on the help that was available to people who were struggling to pay their bills.

The team continued to produce monthly reports outlining its work for the Corporate Leadership Team and for the Executive so its work can be properly scrutinised to make sure it remains in line with the Council's key corporate objectives. This has included analytics of its media coverage, whether that has been positive or negative, and engagements levels with social media output.

The team will continue to work hard to ensure key stakeholders see for themselves the transparent nature of the work the Council does.

#### 4. Review of effectiveness

4.1 Trafford Council's Corporate Governance Code sets out the Authority's responsibility to undertake a review of the effectiveness of its governance framework on an annual basis. The review is informed by the work of the Council's executive managers, the Head of Internal Audit's annual report, by the external auditor's comments, and the results of reviews and inspections.

4.2 The processes applied, the sources of assurance obtained in maintaining and reviewing the effectiveness of governance arrangements, and, as part of that, the systems of internal control include the following:

Management Controls	Independent Assurance	External Assurance
<ul style="list-style-type: none"><li>• Financial Management</li><li>• Programme Management</li><li>• Performance Management</li><li>• Risk Management</li><li>• Legal</li></ul>	<ul style="list-style-type: none"><li>• Internal Audit</li><li>• Scrutiny</li><li>• Health &amp; Safety</li></ul>	<ul style="list-style-type: none"><li>• External Audit</li><li>• Other inspectorate e.g. OSTED, CQC</li><li>• Sector led improvement e.g. LGA</li></ul>

4.3 These governance functions are described in more detail within the Council's Corporate Governance Code and specific assurances or improvements delivered during 2022/23 are detailed in Sections 3 and 5 of this Statement.

4.4 The review of the effectiveness of the governance framework by the Accounts and Audit Committee concluded that the arrangements continue to be fit for purpose in accordance with the governance framework. The areas which have been addressed and those which are to be addressed with new actions are set out in Section 5.

## 5. Significant Governance issues

- 5.1 The Council takes its responsibilities and duties seriously with regard to ensuring continuous improvement in the way that its functions are exercised and in the consideration of economy, efficiency and effectiveness.
- 5.2 In the 2021/22 Annual Governance Statement a number of significant governance issues were identified. Below are the details of those significant governance issues followed by the action that the Council has taken in 2022/23 to address them.

2021/22 Significant Issues	Action Taken 2022/23
<p><b>Continued impact of COVID</b> - Covid 19 continues to have a major impact in the borough. There are three main ways in which this is felt.</p> <p>Firstly, the impact on population health and the increase in health inequalities. Obesity rates, including in children, have increased, as has the proportion of people who are drinking excessive amounts of alcohol. These behavioural changes will add to the burden of disease in our population. We are mitigating this through our health promotion and behaviour change programmes, but these take time to show results.</p> <p>Secondly, the impact of the reduction of services, particularly health and education, in the pandemic has led to a backlog of activity and a need for remedial action to catch up. However, capacity within services is limited and public needs and expectations are high.</p> <p>Thirdly, there is a risk of further waves, or a vaccine resistant variant emerging. This could require standing up of testing or contact tracing, or a reintroduction of social isolation measures. We have retained a core workforce to support any such actions and they are</p>	<p>The Council no longer has any dedicated resources to reduce the risk of Covid, or to respond to any outbreaks. However, by and large Trafford is now seeing high levels of both acquired and natural immunity, and regular vaccination is still being offered to high-risk groups. The Council continues to support care homes with infection prevention control measures and in the absence of a new variant with high morbidity/mortality and high rates of vaccine escape, Trafford is moving into endemic management.</p> <p>The risk score is low to medium, which recognises the continued risk of new COVID variants and potential challenges in winter 2023. Rates continue to fluctuate, although in the summer the risk reduces. All project level risks have been reviewed, with residual risks assigned to appropriate owners. Business continuity plans have also been revised. With the reduction in dedicated resources along with the reduction in rates, the likelihood of a significant outbreak has reduced but the impact, should this occur, would be high.</p>

2021/22 Significant Issues	Action Taken 2022/23
<p>employed until 31<sup>st</sup> March 2023. We have also ensured that our learning from the pandemic is recorded and included in the organisation's outbreak and business continuity plans are able to do so. A range of programmes to support residents and businesses to mitigate economic impact have been introduced.</p> <p>The Health and Social Care Group has progressed both strategic and operational work providing support to Care Homes, Direct Payments services, Home Care, Drug and Alcohol services and Domestic Abuse and, training for care providers. Commissioners have sought assurance of business continuity from all service providers. The group works closely with CCG, primary care and the Trafford Local Care Organisation</p> <p>The Children's Social Care and Health is working towards trying to secure placement stability for Looked After Children, staffing resilience for maintaining front line critical services, children's health and wellbeing, youth justice and cohesion and advising supporting school and educational settings.</p> <p>With the current high rates of infection in Trafford and the national lockdown in place, the plans for staff returning to work have been put on hold and staff are being encouraged to work from home wherever possible.</p> <p>The vaccination programme is underway, led by the CCG, and while uptake is excellent overall, there are inequalities emerging within this, which we are working to address.</p>	

Page 43

2021/22 Significant Issues	Action Taken 2022/23
<p>We have also recruited a neighbourhood-based community engagement team to work in localities on community engagement and behaviour change, and vaccination uptake in relation to COVID.</p>	
<p><b>Climate Change Emergency</b> - All available indicators suggest that climate change is already occurring and will, if anything, become more prominent. The impact is considered to be high as a minimum (very high without mitigation) as the consequence of climate change give rise to unpredictable and severe weather events occurring with increased regularity. These will in turn have significant impacts on the environment, economy and society. In short, the impacts are wide ranging and cross cutting in character.</p> <p>Trafford will continue to address this on a number of fronts with the completion of two studies looking at the greening of Trafford Park and its transition to a low carbon future. Complimentary work is underway to prepare for a heat network around the Civic Quarter and Stretford. The Public sector decarbonisation programme is ongoing, along with the expansion of the EV charging network in the Borough and the delivery of new active travel schemes.</p>	<p>Action has progressed on Climate change mitigation and adapting to the change which is already ‘baked in’ to climatic conditions. In 2022/23 the Council commissioned two key studies on a Low Carbon and Greener Trafford Park. These are complimentary studies aimed at preparing this extensive industrial area for low emissions and low carbon business in future years. At the same time there is an ambition to create a greener environment, better suited to active travel for employees – and creating a healthier more resilient business location. Both studies were reported to the Council’s Executive in March.</p> <p>Meanwhile funding has been received for the next phase of feasibility for the Civic Quarter Heat Network. In addition, the public sector decarbonisation scheme continues to be rolled out as does our work to install EV charging at appropriate locations throughout the Borough.</p> <p>In order to accelerate delivery of these programmes of work a new Head of Climate Change has been established and will be recruited in early 2023/24.</p>
<p><b>Financial Management and the Medium Term Financial Position</b>  - The Council’s budget gap for 2023/24 and 2024/25 is currently estimated at £35.4m, with £25.8m in 2023/24; this takes into account</p>	<p>During 2022/23 the Council has been faced nearly £6m of unbudgeted pressures caused mainly due to the impacts of inflation and rising demand particularly in children’s placement</p>

page 14



2021/22 Significant Issues	Action Taken 2022/23
<p>the current estimate of the impact of inflation. It is fair to say there is still a large amount of uncertainty in the projections and a range of budget assumptions have been included in the forecast position. Since February a Finance and Change Board has met to develop a sustainable savings programme to address this position. In October a draft budget report was presented to Executive on proposals to help balance the 2023/24 budget. This report identified that significant work had been achieved but a gap of £8.5m still remained and therefore the work of the Board will continue to identify proposals to bridge this position. The Executive is clear that reserves cannot be relied upon to bridge the remaining gap due to their precariously low level.</p> <p>The financial landscape continues to be uncertain and despite setting a balanced budget for 2022/23 there are some underlying pressures in children’s placement costs, home to school transport and wage and energy price pressures which are currently estimated to exceed the budget by £6m (period 6 position). This will put pressure on the delivery of Council services during the year if additional funding isn’t received from Government which is now highly unlikely. Reforms affecting both children’s and adult services will impact on medium term budget planning, particularly the planned reforms related to adult social care charging which are due to be implemented by 1/10/2023. These will have serious adverse impacts on the Council’s budget and ability to recruit both social work and finance staff to administer the new proposals.</p>	<p>costs and home to school transport provision of c£2.6m. To address this management action was taken around the management of staff vacancies which has helped address some of the financial challenge but the key measure that was reviewed during the year was the approach the Council takes to set aside resources to pay for the repayment of its long-term debt. The change in approach is still done in compliance with statutory guidance but means lower amounts are set aside in the short-term. Not doing this would have entailed the Council having to utilise more earmarked reserves in year; a position which would have significantly weakened the Council’s overall financial resilience. A combination of these measures has allowed the Council to broadly break-even in 2022/23 (based on the latest budget monitoring position).</p> <p>Despite setting a balanced budget for 2023/24 there remains significant financial pressure on the budget and uncertainty as the ongoing impacts of inflation and additional demand for Council services rises. The Finance and Change Board will continue and focus its activity in two ways; one will be the delivery of the existing savings programme in 2023/24, the other will be on the identification of a new programme of savings for 2024/25 and 2025/26.</p>

2021/22 Significant Issues	Action Taken 2022/23
<p data-bbox="128 269 499 297"><b>Information Governance</b></p> <p data-bbox="128 339 1087 456">The 2021/22 Annual Governance Statement contained a very detailed update on the Council's Position in relation to Information Governance which covered the following areas;</p> <ul data-bbox="176 488 1052 971" style="list-style-type: none"> <li data-bbox="176 488 428 521">• <b>Data Security</b></li> <li data-bbox="176 561 1052 594">• <b>Data Protection Act 2018 and FOI Act 2000 compliance</b></li> <li data-bbox="176 634 432 667">• <b>FOI Requests</b></li> <li data-bbox="176 708 310 740">• <b>SARs</b></li> <li data-bbox="176 781 443 813">• <b>Data breaches</b></li> <li data-bbox="176 854 852 886">• <b>NHS Data Security and Protection Toolkit</b></li> <li data-bbox="176 927 558 971">• <b>Records Management</b></li> </ul> <p data-bbox="128 976 1087 1052">The full version is available from page 43 of <a href="https://trafford.gov.uk/2021-22-Final-Annual-Governance-Statement.pdf">2021-22-Final-Annual-Governance-Statement.pdf (trafford.gov.uk)</a>.</p>	<p data-bbox="1108 269 1990 386">Data breach reports are being reviewed and authorised by the Head of Legal &amp; Governance to ensure overview and consistency of outcomes and recommendations.</p> <p data-bbox="1108 440 1990 724">The service has been working with Workforce and Core Strategy to maximise engagement and overall compliance with mandatory training across the Council. The service has also been working with Workforce and Core Strategy to understand and identify responsibility for the training requirements of shared NHS and school staff in respect of data security matters.</p> <p data-bbox="1108 777 1990 1357">Not all SAR and FOI requests are processed centrally by the IG team. The Place and Children's Social Care Directorates process their own enquiries which are sent out in the name of individual directors. The individual requests and supporting information are not held centrally but are held on the systems used by those directorates. There is currently no mechanism in place to secure oversight of these processes, deadlines and timelines of responses being provided by individual directorates. As part of the Microsoft 365/Dynamics 365 migration process, discussions are underway between key stakeholders across the Council and as part of those discussions, digital solutions are being explored to improve and automate processes where possible to accurately measure and improve performance.</p>

2021/22 Significant Issues	Action Taken 2022/23
	<p>Records management: As part of the Microsoft 365/ Dynamics 365 migration process, discussions are underway between key stakeholders across the Council in respect of retention policies and data archiving policies insofar as they relate to digital data. The ICT service has captured SharePoint retention requirements from services across the Council as part of this ongoing work.</p>
<p><b>Amey Contract</b> - The Council will continue to actively manage the Amey contract within the performance management framework and contractual mechanisms available. The Council will conclude the seven year review, setting out a new contractual relationship and performance framework for the second half of the contract</p>	<p>Performance by Amey through the One Trafford Partnership improved through 2022/23, particularly in the Waste service where performance targets were consistently met in the second half of the year. The Estates Service was brought back into the Council in February 2022, by mutual agreement; further agreement has been made to bring the Waste Minimisation team into the Council, subject to staff consultation.</p> <p>A new structure was agreed to strengthen the Council client team, with a particular focus on waste, active travel and highways, with recruitment taking place through the year.</p> <p>Work on the seven year review was progressed during the year and key areas of principle agreed through a series of working groups. The review is expected to be completed by summer 2023.</p>
<p><b>Joint Venture partner fails to deliver services to the required standards</b> - The Covid-19 pandemic has delayed negotiations and the JV Partner's performance during the period has</p>	<p>The response to this is covered under the Amey Contract section above and these two sections have been combined going forward.</p>

2021/22 Significant Issues	Action Taken 2022/23
<p>continued to be generally good, though inconsistent. Action will be taken to address underperformance in line with the mechanisms set out in the contract.</p> <p>Work to achieve significant improvements in the delivery of the contract are ongoing with Member oversight and input from stakeholders, including residents. The 7-year review process review process has been extended due to COVID interference with evaluation and negotiation and is due to complete in 2022/23. A separate review of current governance arrangements is also scheduled for 2022/23.</p>	
<p><b>Leisure Services</b> - The refurbishment programme will deliver improved facilities that will support the Councils corporate and borough wide strategic priorities. Through tailored place-based programming, centres will help address health inequalities and improve community health and wellbeing outcomes.</p> <p>The revenue budget and reserves approved by Council in February 2022 included support for a full range of leisure provision for 2022/23 and over the medium term. Plans for the refurbishment of Altrincham, Stretford and Sale leisure centres continue, with the aim of works commencing on Altrincham in the new year, subject to planning permission. In addition, a Levelling Up Fund bid has been submitted for Partington Sports village.</p> <p>To further mitigate risk related to the Leisure investment, the Council have commissioned independent due diligence and updates of the</p>	<p>The Council adopted and launched Trafford Moving the boroughs physical activity and sports strategy, to improve health and wellbeing and reduce health inequalities. Trafford Moving is underpinned by the Council's investment in the phased refurbishment of its Leisure Centre Investments. Planning permission for Altrincham Leisure Centre was granted in in November 2022 and the centre will re-open in August 2024. A revised programme of physical activity is in place while refurbishment is carried out.</p> <p>The Council was successful in its application to the governments Levelling Up Fund and was awarded £18.3m in January 2023 for the refurbishment of Partington Sports Village. Village. Business plans for Stretford and Partington, are being developed supported by Max Associates to ensure a sustainable leisure offer. Stretford was approved by the Executive to follow Altrincham in the phased refurbishment</p>

2021/22 Significant Issues	Action Taken 2022/23
<p>business plans for each centre by Leisure consultants, Max Associates.</p> <p>Progressing work on a new operating agreement for Trafford Leisure is a priority for 2022/23.</p>	<p>programme and progressed to RIBA stage 3. A new and detailed Operating Agreement is being progressed between the Council and its Leisure provider and is due for completion in November 2023.</p>
<p><b>Impact of Brexit</b> - The true impact of Brexit both in terms of challenges and opportunities have tended to be masked by onset of the pandemic. It is only in 2022 as regular activity has substantially resumed that the impacts become more obvious.</p> <p>The majority of companies operating within Trafford have adjusted to the restrictions on trade with Europe and the changes in workforce. However, uncertainties remain, especially with ongoing changes linked to the Northern Ireland Protocol, which could result in further trading restrictions through 2022/23 should relations with the EU deteriorate. In contrast, the economic benefits of Brexit are less obvious and will take longer to be established.</p>	<p>2022/23 continued to see significant economic turmoil, exacerbated by the war in Ukraine, with high energy prices, and sustained levels of inflation. The cost of living crisis was a key concern through the year, and a range of activities were undertaken in partnership with the Community Hubs and Registered Provider partners to mitigate the impact of this. The Council adopted an Inclusive Economy Recovery Plan, setting out its proposals to support the economy to grow, support inward investment, skills and training and develop the green economy.</p>

## Significant Governance Issues 2023/24

5.3 The Council is committed to achieving its objectives through good governance and continuous improvement. Going forward, the Council will continue to ensure the effective delivery of its objectives and manages its resources to meet the ongoing financial challenges being faced. Detailed below are significant governance issues and actions planned to address these in 2023/24.

<p><b>Climate Change Emergency</b></p>	<p>The Council is committed to meeting net zero by 2038, has an adopted carbon neutral action plan, and a multi-agency Climate Change and Air Quality commission. Two reports on greening Trafford Park were completed during the year, setting out a pathway to significantly reduce carbon emissions from the Park, improving the environment, enabling active travel, whilst maintaining economic output. Developing proposals to implement these plans will be a key focus of 2023/24. A new post of Head of Climate Change has been established to provide greater focus on this key priority, with additional posts also established to focus on Trafford Park.</p>
<p><b>Medium term financial position</b></p>	<p>Despite setting a balanced budget for 2023/24 significant budget gaps of £7m and £10m exist for 2024/25 and 2025/26 respectively. It will be imperative that the Finance and Change programme continues in the short and medium term with a dual focus and supporting the delivery of the already identified savings programme whilst also focussing on new ideas that will be required if the Council is to have a sustainable financial position in the future. Reserve balances are at a low level and reliance cannot be placed on these to support the budget position. A large element of the savings programme in 2023/24 is comprised of “corporate” related savings which to a large extent have been exhausted and will not be an answer to balance future budget pressures with the focus likely to fall on front line services.</p>
<p><b>Information Governance</b></p>	<p>Two IT and Digital Cyber Security Officers are now in place and are making good progress on improving the council’s cyber security posture. There is a considerable backlog of improvement required but significant progress is planned for 23/24. The initial submission for the 2023 NHS Data Security and Protection Toolkit has been submitted and is under review by audit. The Council is expecting to achieve all of the mandatory requirements and to meet the standard when the submission is presented in June 23.</p> <p>The Council plans to introduce a new training dashboard in May 2023 and a new Training IT system in May 2024, which will enable compliance to be more accurately monitored and promoted.</p>

	<p>The service redesign is continuing and in 2023/24 the Council will undertake recruitment activity to address the current lack of capacity. The project team will continue to develop the review of the IG team function and to explore the creation of IG champions across the Council to emulate the function of the IAB and the merits of its reestablishment.</p>
<p><b>Demand for School Places</b></p>	<p><b>Primary Places:</b></p> <p>In the normal admissions round for entry into reception and in September 2022 there were sufficient places for our residents with surplus places in all areas. The admission round for September 2023 is still being finalised but there are sufficient places in all areas.</p> <p>However, the surge of in-year applications continues to have an impact on primary places and has created pressure in the secondary sector as children move up.</p> <p><b>Secondary Places:</b></p> <p>In the normal admissions round for entry into Y7 in September 2023 there was just enough capacity to offer a place to everyone who applied. However, 191 Trafford children, predominantly resident in Altrincham and Sale, could not be allocated places at any of their preferred schools and were allocated places at the nearest school with a vacancy. 110 of these places were in other areas of Trafford. At the end of the allocation every secondary school in Trafford was full and many schools allocated places above their published capacity.</p> <p>Projects have been completed or are planned over the course of 2023/24 to deliver:</p> <ul style="list-style-type: none"> <li>• 60 College places per year group from September 2024.</li> <li>• 30 additional Primary places per year group from February 2023.</li> <li>• 45 additional infant/primary school places per year group from September 2023.</li> <li>• 135 temporary additional places in Y5 and Y6.</li> <li>• 30 temporary additional places in Y4</li> <li>• 30 temporary additional places in Y2</li> </ul> <p>In addition to securing extra capacity, the Council will also:</p> <ul style="list-style-type: none"> <li>• Continue to update and review the most recent GP registration data,</li> <li>• Annually review catchment areas for primary schools to ensure that the available places are targeted most effectively.</li> </ul>

	<ul style="list-style-type: none"> <li>• Implement EYES Schools Admission module for enhanced monitoring and reporting on in-year applications and impact of inbound migration.</li> <li>• Hold regular meetings with DfE Place Planning Teams to monitor sufficiency and impact of inbound migration.</li> <li>• Explore provision of a new secondary school in Sale/Altrincham area.</li> <li>• Deliver tailored application advice for Altrincham and Sale parents in the transfer cohort for September 2023 to help secure Y7 places for Trafford residents and develop a robust communication strategy.</li> </ul>
<b>Leisure Services</b>	<p>The Council will ensure refurbishment continues at Altrincham Leisure Centre, scheduled to re-open in August January 2024. The Council will also ensure that public consultation continues throughout 23/24 at each stage of the design process for Stretford Leisure Centre and Partington Sports Village. Independent scrutiny and validation of the business plans for each centre will be provided by Max Associates to support the Council in ensuring that investment in its Leisure estate provides value for money and delivers the Councils Strategic Objectives, as set out in the Strategic Objectives Planning Model (SOPM) and the Councils Corporate Plan. The Operating Agreement between the Council and Trafford Leisure will provide a robust governance and reporting framework against agreed service standards, asset management and financial and legal agreements. Following approvals, the Operating agreement is being developed for inception due November 2023.</p>
<b>Economic Uncertainty</b>	<p>The Government target is to half inflation by the end of 2023, though it remained above 10% in April 2023. The prospect of further increases in interest rates threaten to remain a brake on the housing sector with house prices remaining generally static, which could see a slow down in development activity. The economic outlook remains uncertain with predicted growth low, though unemployment rates also remain low. The Council believes that it has an important role to maintain confidence in the Trafford economy and to continue to enable inward investment. The regeneration of our town centres will continue, with works starting on the King Street and Kingsway in Stretford, the completion of the Foundations development in the Stamford Quarter alongside the public realm improvements, and a new masterplan for Urmston.</p> <p>The Council will also continue to use its' Investment Strategy to support appropriate development. Subject to the final outcome of the Examination in Public the anticipated adoption of Places for Everyone will establish the planning policy basis to enable development in our strategic locations alongside investment in critical infrastructure. Working with partners in GM</p>



	the Council will ensure it maximises the potential of the Trailblazer devo deal to deliver inclusive economic growth for all our communities.
<b>Amey Contract</b>	The seven year review will complete in 2023/24, establishing a new contractual basis for the contract, alongside revised governance arrangements and amended performance management framework. Work will also be progressed on Microsoft Dynamics, the new CRM system, which should improve the customer journey of reporting service requests. Maintaining and improving the uplift in performance will enable greater focus on service change, maximising the potential benefits of the partnership to support investment in infrastructure and green spaces.

The Council is committed to achieving its objectives through good governance and continuous improvement. Going forward, the Council will continue to ensure it delivers its objectives and manages its resources to meet the ongoing financial challenges being faced.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

**Councillor Tom Ross**  
**Leader of the Council**

**Sara Todd**  
**Chief Executive**

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## TRAFFORD COUNCIL

**Report to: Accounts and Audit Committee**

**Date: 21<sup>st</sup> June 2023**

**Report for: Consideration**

**Report of: Executive Portfolio holder for Finance and Governance and the  
Director of Finance and Systems**

**Report Title:**

**Budget Monitoring 2022/23 Period 12 (April 2022 to March 2023)**

### **Summary:**

The purpose of this report is to inform Members of the 2022/23 summary outturn figures relating to both Revenue and Capital budgets.

It also summarises the outturn position for Council Tax and Business Rates within the Collection Fund.

The report is divided into three parts:-

- **Part 1** – Provides at “At a Glance” high level summary of the key aspects of the budget monitoring position
- **Part 2** – An Executive Narrative of the Outturn and Outlook
- **Part 3** – A list of annexes containing specific detail on the individual directorate positions, collection fund (the position on council tax and business rates), capital programme, asset investment strategy, savings programme and schools budgets.

### **Recommendation(s)**

**It is recommended that the Executive:**

- a) note the report and the revenue outturn position showing a budget underspend of £56k, which has been transferred to the Budget Support Reserve;
- b) note the Reserves position as detailed in Section 4 and Annex 4;
- c) note the final Capital Programme outturn position as detailed in Section 6 and Annex 6.

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

David Muggerridge, Head of Financial Management      Extension: 4534

Background Papers: None

Relationship to Policy Framework/Corporate Priorities	Value for Money
Relationship to GM Policy or Strategy Framework	Expenditure is aligned to meet the priorities with the Corporate Plan which is aligned to the GM policy and strategy where required.
Financial	It is the responsibility of the Executive to operate within the budgetary framework set by the Council when it agreed the budget for 2022/23 at the Council Meeting on 16 February 2022.  Revenue and capital expenditure has been contained within available resources in 2022/23.
Legal Implications:	Non arising out of this report
Equality/Diversity Implications	None arising out of this report
Sustainability Implications	None arising out of this report
Resource Implications e.g. Staffing / ICT / Assets	Not applicable
Risk Management Implications	Not applicable
Carbon Reduction	Not applicable
Health & Wellbeing Implications	Not applicable
Health and Safety Implications	Not applicable

## PART 1 - At a Glance Executive Summary

In a change from previous detailed monitoring reports, this period 12 report provides an “At a Glance Executive Summary” which focuses on a high level summary of the year end outturn and significant changes from the Period 10 monitor. Supporting annexes provide detailed explanations and movements.

### At a Glance Sections

- Section 1 - Revenue Service Budget Outturn and Variance
- Section 2 - Revenue Funding Budget Outturn and Variance
- Section 3 - Collection Fund – Business Rates and Council Tax
- Section 4 - Earmarked Reserve movements
- Section 5 - Delivery of in-year savings programme
- Section 6 - Capital and Asset Investment Programme and Prudential Indicators
- Section 7 - Dedicated Schools Grant Outturn

## Total Revenue Budget 2022/2023

Approved Revenue Budget

Outturn at Period 12

**£192.57m**

**£56k Underspend**

Comprising of Underspend on Service Revenue Budgets of **£1.056m** underspend, offset by an overspend on funding budgets (Business Rates) of **£1.00m**  
(See - Section 1 Service Budgets and Section 2 Funding Budget)

Movement since Prior Period

**£85k Favourable**

## Section 1- Revenue Service Budget

### Revenue Service Budget 2022/2023

Approved Revenue Service Budget

Outturn at Period 12

**£192.57m**

**£1.056m Underspend**

Comprising of

Overspend on Directorate Budgets

Underspend on Council Wide Budgets

**£2.62m**

**£3.68m**

Movement since Prior Period

**£1.085m Favourable**

**Table 1 - At a Glance – Variance by Service Directorate**

Service Directorate	2022/2023 Budget £000	Outturn (£000's)	Full Year Variance £000	Change from Prior Period £000
Children's Services	44,978	46,074	1,096	(591)
Adult Services	57,485	56,688	(797)	334
Public Health	12,918	12,414	(504)	(240)
Place	31,317	34,674	3,357	(194)
Strategy & Resources	9,715	9,050	(665)	(60)
Finance & Systems	8,482	8,340	(142)	(135)
Governance & Community Strategy	2,724	3,003	279	(57)
<b>Total Directorate Budget/Act/Variance</b>	<b>167,619</b>	<b>170,243</b>	<b>2,624</b>	<b>(943)</b>
Council-wide budgets	24,953	21,273	(3,680)	(142)
<b>Net Service Budget/Act/Variance</b>	<b>192,572</b>	<b>191,516</b>	<b>(1,056)</b>	<b>(1,085)</b>

**Table 2 - At a Glance – Variance by cause**

<b>Directorate Budgets</b>	<b>Variance (£000's)</b>	<b>Movement from Prior Period</b>	<b>Comment Ref</b>
Children's placements	701	(585)	10
Children's Home to School	1,408	94	9
Adults demand	(139)	42	
Adults new grants (ASCDF and Ukrainian)	(620)	(13)	6
Staffing (Children's, Adults, Public Health)	(1,896)	(233)	2
Staffing (all other areas)	(1,325)	(204)	2
Strategic Property	1,495	102	8
Energy Inflation	1,276	(84)	7
Savings not met	396	95	
Other	1,328	(157)	11
<b>Directorate Budget Sub-Total</b>	<b>2,624</b>	<b>(943)</b>	
<b>Council Wide</b>			
Treasury Management	(6,971)	(366)	1
COVID contingency	(1,500)	0	3
Release of remaining general contingency	(1,674)	(1,674)	4
Bolstering of Reserves for replacement of Core Finance System	1,750	1,750	4
Inflation 22/23 pay award and 23 24 estimate	4,612	0	7
Savings not met (held in CW)	100	0	
Enhanced Pension on historic Early Retirements	(229)	(229)	5
Release of provision balances	(200)	(200)	5
Council Wide Other	432	577	11
<b>Council Wide Sub-Total</b>	<b>(3,680)</b>	<b>(142)</b>	
<b>Net Service Budgets</b>	<b>(1,056)</b>	<b>(1,085)</b>	

Further details on individual directorate positions are included at **Annex 1**.

### **Favourable Outturn Movements**

- Treasury Management – a favourable outturn of £6.97m** resulted from a favourable £4.38m from a revision to the Minimum Revenue Provision (MRP) policy as agreed at 15<sup>th</sup> February 2023 Council and from higher than expected returns on short-term investments due to increase in interest rates which resulted in a favourable £2.7m above budget. A contribution has been made towards the Interest Rate Smoothing Reserve of £500k to absorb a potential increase in borrowing costs over the short-term. **A favourable movement of £366k from Period 10.**
- Staffing budgets** across all service areas have **underspent by £3.22m**, a favourable movement of £437k since last reported. This is an area of significant underspend, largely due to difficulties in recruitment and the management controls introduced in the year.

3. **Covid contingency** - The balance of the centrally held COVID-19 contingency budget of **£1.50m was not required** during the year.
4. **Release of Remaining General Contingency of £1.67m and bolstering Finance and Systems Reserve** – a favourable movement of £1.67m at year end as a result of releasing the remaining balance of the General Contingency in full. As such the unused contingency balance of £1.67m was released at year end. This one off amount has been redirected towards the Finance and Systems Reserve to be utilised towards the impending upgrade or replacement of our core finance system.
5. **Historic Enhanced Pension and Review of Provisions – a favourable outturn of £429k** related to a yearend review of provisions and enhanced pension costs. A favourable movement of £429k since Period 10. It is likely that these areas will deliver recurrent savings and will be reflected in our budget plans for 2024/25.
6. **Additional Grants** – Expenditure has been charged up to additional grants rather than base budget relating to the Hospital Discharge Programme and Ukrainian Refugee Support, **a favourable movement at year end of £620k, a favourable movement of £13k since Period 10.**

#### **Adverse Outturn Movements**

7. **Inflation – total adverse pressure of £5.89m during the year (£1.28m Place and £4.6m Council Wide)** – local government pay award for 2022/23 £3.11m above budget (Council Wide), plus £1.28m for energy (Place). A favourable £0.08m movement since Period 10. The Inflation Risk Reserve was increased by £1.5m (Council Wide) in order to help smooth the impact of the pressure caused by the 2023/24 pay award, as agreed at Period 10.
8. **Strategic Investment Programme** – The Strategic Investment Property Portfolio has delivered a net benefit to the revenue budget in 2022/23 of £5.72m. This is **£1.50m lower** than budget (£102k adverse movement from Period 10) due to economic factors affecting some of the income particularly from the town centre investments.
9. **Home to School Transport** pressures have increased in the period by £94k **to £1.408m** due to the continued increase in demand in passenger numbers, additional costs for fuel and complexity of cases.
10. **Children’s placements - £701k** overspend a favourable movement of £585k in the period largely due to forecast placements not taking place, the release of the remaining contingency and a reduction in the actual cost of existing placements. Savings of £1.36m included in the budget have been achieved in full.
11. **Other net adverse movements of £1.76m across all areas** (£1.32m Service areas £432k Council Wide); an adverse movement of £420k since last reported. This includes pressure on delivery of some aspects of the savings programme from 2021/22 of £200k relating to estates and business rate reviews, shortfalls in income from parking £230k and pressure relating to Housing Benefit subsidy £530k. Adverse movement since Period 10 £420k largely relates to Housing Benefits subsidy losses.



## Section 2 – Revenue Funding Budget

### Revenue Funding Budget 2022/2023

Approved Revenue Funding Budget

Business Rates £68.54m

Council Tax £112.60m

Reserves £11.43m

**Total £192.57m**

Outturn at Period 12

Business Rates **£1.0m adverse**

Council Tax on budget

Reserves on budget

**£1.0m Adverse**

Uncertainty in timing of benefit from major refurbishments at Trafford Centre.

**Business Rates Risk Reserve bolstered in 2022/23 by £1.0m**

Adverse movement since prior Period

**£1.0m**

- Outlook - There is a significant risk in forecasting temporary pressures caused by delays in major refurbishments and new sites at the Trafford Centre. Will continue to be monitored in the next financial year. The Business Rate Risk Reserve will be utilised to smooth any timing issues in the delivery of benefits and has been **bolstered as part of the year end outturn by £1.0m** specifically to reflect the impact of further delays.

## Section 3 – Business Rates and Council Tax

### Business Rates and Council Tax

#### Total Budget

Business Rates £68.54m

Council Tax £112.60m

### 2022/23 Favourable Outturn is released in 2023/24 - comparison with assumptions at Period 8

#### Business Rates

Outturn £10.9m favourable

Shortfall over previous assumptions at P8  
£0.32m will be repaid in 2024/25

#### Underlying Outturn Themes

Review of historic provisions for appeals and better debt collection released **+£20.5m**

Shortfall in Gross Rates, largely due to major refurbishments at Trafford Centre **-£14.0m**

Other changes, incl lower level of Covid reliefs, benefit from better sharing agreement with GMCA and bolstering of business rate risk reserve **+£4.7m**

In-Year Collection Rate **98.28%**

#### Council Tax

Outturn £0.6m favourable

Improvement over previous assumptions at P8  
£0.2m will be released in 24/25

#### Underlying Outturn Themes

Shortfall due to higher level of Discounts (single person) **£0.8m**

Favourable lower level of Council Tax Support  
**£0.5m**

Favourable Collection Rate **£1.1m**

Adverse pressure from backdated claims  
**£0.2m**

In-Year Collection Rate **97.36%**

**Council Tax** – Further details in **Annex 2**,

Outlook - **no major concerns on future budget assumptions. Possible increase in Tax Base in future budget plans to reflect better cash collection.**

**Business Rates** – Further details in **Annex 3**,

Outlook - There is a significant risk in forecasting the temporary pressures caused by delays in major refurbishments, changes and new sites at the Trafford Centre. Will continue to be monitored in the new year. The Business Rate Risk Reserve will be utilised to smooth any timing issues in the delivery of benefits and has been **bolstered as part of the year end outturn by £1.0m** specifically to reflect the impact of further delays.

## Section 4 – Earmarked Reserves

### Earmarked Reserves (excluding COVID)

Opening Balance April 2022

**£69.09m**

Closing Balance March 2023

**£73.94m**

Increase in the year

**£4.85m**

The outturn position has given the Council the further opportunity to review the adequacy of reserves, particularly to address the ongoing pressures regarding the high level of inflation and providing for the replacement of the core finance system.

Earmarked Reserves – Further details in **Annex 4**, key themes.

The key movements of £4.85m include contributions to Reserves of £13.82m and contributions from Reserves of £8.97m.

Contributions to Reserves of **£13.82m** includes :-

- **£5.74m** to the Budget Support Reserve of benefit from prior years Business Rates and Council Tax surpluses which will be released to support our budget plans as previously agreed.
- **£1.75m** to the Finance and Systems Reserve for replacement of the core finance system will be due a major upgrade or full replacement in the near future.
- **£1.5m** to Inflation Risk Reserve to cover potential costs of higher inflation (pay award).
- **£0.96m** to Budget Support Reserve from surplus reserves from Greater Manchester Combined Authority.
- **£0.54m** to Interest Rate Smoothing Reserve to cover potential higher borrowing costs over the medium term.
- **£0.73m** to Leisure Centre Risk Reserve representing the underspend in 2022/23 carried forward to support trading over the medium term as the leisure investment programme progresses.
- **£1.29m** related to major long term project budgets crossing the financial year end eg Homelessness Prevention, Homes for Ukraine, held within the Economic Development Reserve, Earmarked Service Reserves and Housing Benefit Risk Reserve.
- **£1.0m** to replenish Reserves as planned following COVID (£0.5m Budget Support and £0.5m Council Tax Risk)
- **£0.06m** Favourable Outturn to Budget Support Reserve
- Other movements **£0.25m**

Contributions from reserves of **£8.97m** includes :-

- **£4.33m** from Budget Support Reserve to support the budget as planned. (note a further £7.1m has been drawn down from the COVID General Reserve for budget support as planned).

- **£0.59m** from the Budget Support to support Transformation and Change activities.
- **£0.50m** net draw down from the Business Rate Risk Reserve to smooth the impact of timing differences from the receipt of income.
- **£1.30m** from the Strategic Investment Programme Reserve to smooth a shortfall in income caused by adverse trading conditions.
- **£2.13m** from the Hospital Discharge and Adults Service Earmarked Reserves to support spending plans in these areas.

# Section 5 – Delivery of In-year savings programme

## Savings Programme 2022/2023

Savings Target

**£5.32m**

Savings Achieved

**£3.82m (72% Achieved)**

Below Target by

**£1.46m**

Further details in **Annex 5**

The largest shortfall was £1.04m from the Investment Strategy Programme largely due to economic factors affecting some of the income particularly from the town centre investments. Budget reliance from this programme has been reduced by £1.5m in our 2023/2024 budget plans. Other savings which have not been achieved will continue to be reported within the 2023/24 monitoring.

## Section 6 – Capital Programme and Prudential Indicators

### Capital Programme 2022/2023

Revised Capital  
Programme for the year  
**£58.22m**

Outturn at Period 12

**£48.87m (84% Spent)**

Underspend for the year  
**£9.35m**

Movement from Previous Period  
**£4.05m lower**

### Prudential Indicators

Capital Expenditure Indicators - all are below target due to slippage on the programme

External Debt Indicators - No limits or operational boundaries were breached in 2022/23.

Affordability Indicators - net income from commercial and service investments as % of revenue budget above target by 1% (7.9% vs 8.9%) but within budgeted income levels.

#### Further details in **Annex 6**

A budget underspend of £9.35m, a movement of £4.05m since last period, largely due to slippage on School's programmes £2.05m and Highways schemes £0.98m.

Areas of significant investment during the year included **£12.27m** School Improvements, Highways and Transport **£16.13m** (including £9.06m on Highways and Structural Maintenance), Leisure and Sport **£4.47m** (including £2.12m de-carbonisation of Leisure Centres), Regeneration Projects **£7.60m** and **£2.86m** on Public & Operational Buildings (including £2.19m de-carbonisation of Council Buildings).

The Capital Programme Board made up of both senior officers and those delivering schemes has met on a regular basis throughout the year and it has had a positive impact on the effective management of schemes. The board will be updating the 2023/24 budget accordingly which will be detailed as part of the Period 4 capital monitoring report in 2023/24.

Prudential indicators are now reported quarterly as part of the Capital monitoring report. All approved prudential indicators for Capital Expenditure and External Debt are within target.

Affordability Indicators - a new indicator has been made a requirement for Local Authorities to review net income from commercial and service investments as a percentage of the Authority's net revenue stream. Comparison done to determine reliance on income and proportionality. Actual was 8.9% against target of 7.9%. Income was higher due to pipeline income received towards the end of the year not in original projection. Actual still deemed a proportionate level.

## Asset Investment Fund

Maximum Approved Limit

**£500m**

Commitments agreed to date by Investment  
Management Board

**£311.5m**

Amount Currently Expended

**£268.4m**

These investments are forecast to generate a net benefit to the revenue budget in 2022/23 of £5.72m, a shortfall of £1.50m compared to the budget.

Key variances included a shortfall in income from new pipeline schemes £1.12m, shortfall in three joint ventures £1.31m from reduce trading income as the retail sites recover from the impact of COVID, shortfalls due to early repayment of a key developer loan £0.87m and reduced contributions to Risk Reserve.

The Risk Reserve started the year at £6.31m and £1.25m was used as part of the mitigation of the income pressures. The closing balance of £5.06m is considered to be sufficient in relation to the portfolio risks.

No new debt facilities have been approved since the previous period.

## Section 7 – Schools Related Expenditure

### Dedicated Schools Grant

Schools, Central and Early Years Blocks - **Underspend £0.71m**

High Needs Block - **Overspend £2.22m**

Total Outturn

**£1.51m Adverse**

#### DSG Reserve

Combined Deficit balance brought forward March 2022 overdrawn **£0.07m**

Combined Deficit carried forward March 2023 overdrawn **£1.48m**

Of which High Needs overdrawn **£4.10m**

Details in **Annex 7**

**Schools Related Expenditure (Dedicated Schools Grant this is a separate ring fenced account and not part of general outturn detailed above)** – There is a net overspend across all four grant blocks of £1.51m, a favourable movement of £327k from period 10. An overspend of £2.22m in the High Needs Block has been offset by underspends on the remaining blocks.

There is a brought forward overdrawn High needs block reserve of £1.99m, leaving a deficit at year end of £4.10m. Funding for HNB has increased by £3.9m in 2023/24 which is a welcome recognition that the existing funding is not sufficient. Work continues to take place on the deficit with a HNB sub-group of the funding forum which is working on a report to summarise options for longer term savings.



# PART 2 – Executive Narrative Summary of Outturn and Outlook

## Revenue Outturn Summary

1. **There is a net pre-audit outturn underspend of £56k for the year, a favourable movement of £85k since Period 10.**
  - 1.1. It is fair to say that projecting the financial outturn during the year has been challenging given the level of uncertainty in the economy from the conflict within Ukraine and the continuing high levels of inflation.
  - 1.2. The additional pressures caused by inflation during 2022/23 at £4.39m were significantly higher than the provisions included in the approved budget. The cost of the 2022/23 Local Government pay award at approximately 6% across the pay scale caused a pressure of £3.11m and a further £1.28m resulted from additional energy costs.
  - 1.3. Given the scale of the pressures, an Inflation Risk Reserve of £3.00m was established at the end of 2021/22 to help absorb some of the inevitable inflationary pressures in 2022/23. As reported in the period budget monitoring reports, it was anticipated that the reserve would be required to cover the in-year pressures. However, following a review of the Council's debt repayment (MRP) policy at Period10, this released £4.38m effectively negating the forecast deficit and removing the need to use the reserve.
  - 1.4. The ongoing pressures regarding the prolonged high levels of inflation, which remains close to historical highs at 8.7% in the 12 months to May 2023, continues to be of particular concern in 2023 onwards. The cost of the provisional 2023/24 pay award, which has recently been rejected following a Trade Union led employee vote, will result in significant pressures against budget plans. Although energy prices are currently following a downward trajectory, the recent experience of the price hikes during 2022 is a demonstration on how volatile the world energy markets can be and assumptions should not be made that stability has returned.
  - 1.5. Early work in preparing the Period 2 2023/24 budget monitoring report is highlighting service related inflationary pressures above budget in a number of areas such as Foster Care Allowances, in addition preliminary discussions with out of borough childcare providers are suggesting pressures well in excess of assumptions.
  - 1.6. As reported at Period 10, it was considered prudent that the favourable service outturn is used to bolster the Inflation Risk Reserve, before the year end, in order to help smooth the impact of the pressure caused by the 2023/24 pay award. The inflation risk reserve was therefore increased by £1.50m to give a closing balance of £4.50m.
  - 1.7. With regard to the net outturn position, the following issues are worthy of being highlighted along with issues to consider on their impact on future plans :-  
**Service underspends include: -**
    - **Treasury Review of Minimum Revenue Provision (MRP)** – The review of the MRP policy, which was initially proposed as a budget saving for 2023/24, and agreed at the February 2023 Budget Council, was also applied in 2022/23 and released a benefit of

£4.38m. This significant figure effectively neutralised the forecast overspend which was projected during the mid-year monitoring reports.

- **Treasury Budget** - The average interest rate at the time of setting the budget was 0.75% and increased to 4.25% by the end of the year. This saw a subsequent increase in the average investment rate, which generated additional investment income of £2.70m. Through management of the cash flow, the Council has avoided taking on any significant new debt in 2022/23, which has saved £570k of interest costs. This saving has been used to make a contribution of £500k to the Council's Interest Rate Smoothing Reserve, to mitigate against adverse borrowing or investment market conditions in future years. In addition to the MRP savings mentioned above this resulted in a net position for Treasury Management of £6.97m favourable variance to budget.
- **Staffing budgets** net underspend of £3.22m (£1.90m largely due to delays in recruiting and service redesign, in Adults Services, Children's Services and Public Health and £1.33m other services). This underspend was a significant factor in the overall favourable outturn, however it is of particular concern that posts supporting critical services should not remain vacant in the long term. As such, active recruitment and marketing campaigns continue to promote the social care career opportunities within the Council. Whilst significant underspends on staffing budgets are welcomed from a finance perspective, they should not become a recurrent theme if the recruitment exercises are successful.
- **General Contingency** – The General Contingency budget held within Council Wide at approximately £2.00m provides a sufficient buffer to absorb unforeseen circumstances and could have been called upon to meet the unbudgeted costs of inflation, had the revised MRP policy not been implemented. As such the unused contingency balance of £1.70m was released at year end.
- **Increase reserve for replacement of Core Finance of £1.75m** – the Council's Core Finance system will be due a major upgrade or full replacement within the next three years. Preliminary investigation work has commenced on options appraisal along with neighbouring authorities in the same position. Resources are constrained within the capital programme; however the favourable release of the remaining General Contingency above has allowed **£1.75m to be set aside in the Finance and Systems Reserve for the project.**
- **Historic Enhanced Pension and Review of Provisions – a favourable outturn of £432k** related to a year end review of provisions and enhanced pension costs. The Council has a budget of £2.30m towards meeting the additional costs of enhanced pension payments relating to historic organisation wide restructures. The costs of these enhancements are diminishing over time and could now be considered material enough to release as a budget saving in our future plans.
- **Additional Grants** – Expenditure has been charged up to additional grants rather than base budget relating to the Hospital Discharge Programme and Ukrainian Refugee Support, **a favourable movement at year end of £620k, a favourable movement of £13k since Period 10.**

### **Pressures include:-**

- **Inflation – total adverse pressure of £5.89m during the year (£1.28m Place and £4.61m Council Wide)** – the local government pay award for 2022/23 £3.11m above budget (Council Wide), plus £1.28m for energy (Place). A favourable £0.08m movement since Period 10. The Inflation Risk Reserve was increased by £1.50m (Council Wide) in order to help smooth the impact of the pressure caused by the 2023/24 pay award, as agreed at Period 10.
- **Strategic Investment Programme** – These investments were budgeted to generate a net revenue benefit in 2022/23 of £5.72m. The net income at year end was £4.22m leaving a shortfall of £1.50m. The overall shortfall is largely due to delays in developer loans being drawn down, delays in schemes in the pipeline and lower trading income due to wider economic fallout at retail investment sites. Our budget plans for 2023/24 include a reduction of £1.50m to remove some of the reliance on the programme.
- **Home to School Transport** pressures of £1.41m due to increases in demand and complexity of cases in the current passenger numbers during the year and additional costs for fuel. An increase of £1.30m has been added to our 2023/24 budget to address this pressure, although work continues to ensure suitable challenge and value for money is achieved.
- **Children’s placements** £701k overspend a favourable movement of £585k in the period largely due to forecast placements not now taking place, the release of the remaining contingency and a reduction in the actual cost of existing placements. Savings of £1.36m included in the budget have been achieved in full.
- **Other net adverse movements of £1.76m across all areas** (£1.32m Service areas £432k Council Wide); an adverse movement of £420k since last reported. This includes pressure on delivery of some aspects of the savings programme from 2021/22 of £200k relating to estates and business rate reviews, shortfalls in income from parking £230k and pressure relating to Housing Benefit subsidy £530k. Adverse movement since Period 10 £410k largely relates to Housing Benefits subsidy losses.

## **Revenue Budget Funding and Collection Fund**

### **1.8. Council Tax**

- 1.8.1. At Period 8, which is used for the 2023/24 budget plans, a council tax surplus of £473k was forecast, largely due to lower awards for Council Tax Support along with better than expected collection of in year and historic debt but offset by a reduction in the taxbase due to higher than expected discounts (single person discounts). The benefit from the estimated outturn will be released in 2023/24.
- 1.8.2. As a result of the economic uncertainty a Council Tax Risk Reserve was created and bolstered by £500k in line with our plans.
- 1.8.3. The year-end outturn is now £618k, of which the Council’s share is £504k and has resulted in a favourable variance above that at Period 8 of £143k (£118k Council share). This one off amount will be released in 2024/25 and will feed into the Medium Term Financial Plan to help close the budget gap in that year.

## **1.9. Business Rates**

- 1.9.1. The estimated outturn for Business Rates Collection Fund at Period 8 was a favourable £12.23m compared to budget. This was largely as a result of a one off review of the level of provisions held for historic appeals but also included a reduction in gross rates due to delays in major refurbishments at the Trafford Centre. The benefit of the estimated outturn will be released in 2023/24.
- 1.9.2. The actual outturn on the Rates Collection Fund was a favourable £11.90m and has resulted in an adverse variance of £0.33m which will need to be repaid to the Collection Fund in 2024/25.
- 1.9.3. The General Fund elements of the rates budget, which are interdependent on the Collection Fund, had an actual shortfall against budget of £2.47m. This shortfall largely related to timing issues on the release of the benefits mentioned above. The Business Rates Risk Reserve has been utilised to neutralise and smooth the impact of this pressure in 2022/23 and will be repaid in 2023/24 in line with our plans.
- 1.9.4. There was a net benefit of £1.70m from the Greater Manchester Rates Sharing agreement (no detriment payment less rebate). This has largely resulted because of the renegotiated sharing agreement, which has seen Trafford retain 75% of rates growth and was previously 50%.
- 1.9.5. The rates income has also been impacted by delays in major retail refurbishments at the Trafford Centre. As such, the Business Rates Risk Reserve has been bolstered by £1.0m to reflect the potential for further delays into 2023/24. This has resulted in an overall adverse outturn on the General Fund of £1.0m.

## **1.10. Earmarked Reserves**

- 1.10.1. A full review of all reserves was completed as part of the 2023/24 budget preparations and was reported in detail in the final budget report presented to Council in February 2023.
- 1.10.2. The year-end close down provides an opportunity for a further review of reserves to address evolving pressures and issues since the final budget report was agreed.
- 1.10.3. Earmarked Reserves, excluding COVID related, have increased by £4.85m from a balance brought forward of £69.09m to a closing balance of £73.94m.
- 1.10.4. Reductions included those which were planned, such as the use of £4.33m to support the 2022/23 budget, draw downs from various Adults Services reserves which hold resource received in advance for the Hospital Discharge Programme and Transformation Fund and separately those to support the Strategic Investment Programme. Planned increases included £5.74m to the Budget Support Reserve of benefit from prior years Business Rates and Council Tax surpluses which will be released to support our future budget plans as previously agreed.

- 1.10.5. Significant movements, which were not anticipated at the start of the year, include the top up of the Inflation Risk Reserve by £1.50m to cover the anticipated additional cost of the 2023/24 Local Government Pay Award and £1.75m held within the Finance and System Reserve for anticipated replacement costs of the core Finance system. There have been net movements of £0.5m on the Business Rates Risk Reserve which includes separate elements to address various timing issues in the release of benefits relating to 2022/23 and future uncertainty in the 2023/24 budget.

## **1.11. Outlook and Summary**

- 1.11.1. The economic uncertainty will continue to be felt for some time to come and must be managed alongside a significant budget gap of £17.1m in our Medium Term Financial Plan for 2024/25 to 2025/26.
- 1.11.2. The fact that the year-end outturn is largely neutral is due to the adoption of the revised MRP Policy which negated the inflationary impact of the pay award and energy crisis. Windfalls were also achieved due to delays and difficulties in staff recruitment and improved income due to increases in investment interest rates.
- 1.11.3. Some recurrent themes, both positive and negative, which were identified during the early monitoring report, such as the pressures in Home to School Transport, the Strategic Investment Programme and the favourable increase in investment income have been reflected to a degree in our budget plans for 2023/24. In addition, there are several underspends, such as the reduction in enhanced pension contributions, which will be reflected in our MTFP when preparing the 2024/25 budget.
- 1.11.4. However, a number of underspends, such as staffing vacancies, are largely one off in nature and cannot readily be used to reduce the recurrent budget gap, although long term vacancies are challenged during budget planning, and must continue to be.
- 1.11.5. Although inflation is showing signs of reducing, it remains to be higher than originally forecast and will continue to be an area of uncertainty for some time. Additional pressures from the 2023/24 pay award will add to the budget gap in 2024/25. The Inflation Risk Reserve has been bolstered in 2022/23 to help address the risks over the medium term.
- 1.11.6. Significant one off benefits of approximately £11.0m have been released from Business Rates and are included in our future budget plans. There remains a high degree of uncertainty in the timing of income from rates due to the ongoing major refurbishments at the Trafford Centre and the Business Rates Risk Reserve, which has been used in 2022/23 to smooth the timing of benefits, is likely to be called upon again.
- 1.11.7. The unused contingency revenue budgets were another area which were released at year end and rather than contribute to the net outturn position, an opportunity was used to bolster the Finance and Systems Reserve to be utilised towards financing the impending upgrade or replacement of our core finance system.

1.11.8. The management action undertaken during the mid-part of the year, which included a policy on vacancy management and a review of all non-essential spend, undoubtedly had a positive effect in managing our services within the budget. Although the outturn was largely neutral, the substantial budget gap faced over the medium term would indicate that the policy should remain in place for the foreseeable future.

1.11.9. The budget plans for 2024/25 are being prepared and the gap which stood at £17.10m in February 2023 for the following two years is being updated for evolving pressures such as higher inflation and themes from the 2022/23 outturn. The scale of the challenge faced means that the Council must continue to deliver its existing savings programme, identify significant permanent savings, lobby the Government to address the unfairness of the funding formula and maintain prudent financial management.

**Recommendations**

It is recommended that the Executive:

- note the report and the revenue outturn position showing a budget underspend of £56k, which has been transferred to the Budget Support Reserve;
- note the Reserves position as detailed in Section 4 and Annex 4;
- note the final Capital Programme outturn position as detailed in Section 6 and Annex 6.

**Other Options**

No Applicable.

**Consultation**

Not Applicable

**Reasons for Recommendation**

Not applicable

**Finance Officer Clearance** .....DM.....

**Legal Officer Clearance** .....DS.....

**DIRECTOR'S SIGNATURE** ...GB.....

## **PART 3 - Annexes**

### Main variances, changes to budget assumptions and key risks

The main variances contributing to the projected underspend of £1.056m, any changes to budget assumptions and associated key risks are highlighted below:

Table : Main variances	Forecast Variance (£000's)	Explanation/Risks
Children's Services	1,096	<p><b>Outturn variance £1.096m adverse, favourable movement of £591k.</b></p> <p>Below is the outturn position on children's placements and other budget areas.</p> <ul style="list-style-type: none"> <li>• £701k over budget on Children's placements, favourable movement of £585k (note 1);</li> <li>• £1.371m under budget on staffing, favourable movement of £125k (note 2);</li> <li>• £1.408m over budget on home to school transport, an adverse movement of £94k (note 3).</li> <li>• £358k over budget on other running costs and income across the service, adverse movement of £25k (note 4);</li> </ul> <p><b>Note 1</b> Children's placements outturn position is an overspend of £701k, a favourable movement of £585k.</p> <p>Contingency of £101k was utilised between Period 10 and 12 and was not sufficient to cover the increase in new placement costs of £169k. This has been offset by those placements no longer taking place £345k and a reduction in the actual cost of some places compared to forecasts £308k.</p> <p>The savings of £1.358m included in the budget have been achieved through a combination of work undertaken during 21/22 and its full year impact, planned and additional reductions for 22/23 and a review of funding received from health towards placements.</p> <p>The numbers of children as at the end of March compared to those at the end of January are as follows:-</p> <ul style="list-style-type: none"> <li>• children in care 353, an increase of 7</li> <li>• child protection 222, no change</li> <li>• children in need 786, a decrease of 85</li> </ul> <p><b>Note 2</b> The favourable variance in staffing is £1.371m, favourable movement of £125k and is due to delays and difficulties in recruiting. The overall position is one-off in nature as the service continued with</p>



		<p>its redesign and recruitment drive during 2022/23. The final position includes £128k set aside in the children’s reserve for particular difficulties in recruiting to the Complex Needs Team in which the recruitment of agency staff until continue to October 2023.</p> <p>The staffing savings included in the budget of £110k have been achieved this year through permanent reductions and delays in recruiting as mentioned above.</p> <p><b>Note 3</b> The overspend in Home to School Transport is £1.408m, an adverse movement of £94k due to:</p> <ul style="list-style-type: none"> <li>• the continued increase in demand with further applications being received; and</li> <li>• increases in contract prices.</li> </ul> <p><b>Note 4</b> The adverse variance in running costs and income across the service is £358k, an adverse movement of £25k as outlined below: -</p> <ul style="list-style-type: none"> <li>• £28k adverse variance on Partington &amp; Sanyu nurseries, £22k favourable movement. The variance is due to a shortfall in income overall but the favourable movement since February is due to underspends on staffing due to holding vacancies.</li> <li>• £450k adverse variance in running costs, adverse movement of £97k. The variance is due to: -</li> <li>• one off costs to support a young person in hospital £208k adverse, no movement,</li> <li>• S17 costs £353k adverse, adverse movement of £68k. S17 payments are made where, for children in need, the authority identifies the needs for these children and ensures that the family are given the appropriate support in enabling them to safeguard and promote the child’s welfare. As with placements the type of need required by each family can vary depending on the complexities. A review of all S17 payments is currently taking place to assess likely future years requirements.</li> <li>• Other costs £111k favourable, adverse movement of £29k.</li> <li>• £121k favourable variance on income and minor variances, £51k favourable movement due to higher than anticipated income received by the Education Psychology service.</li> </ul>
Adult Services	(797)	<p><b>Outturn variance £797k favourable, an adverse movement of £334k from P10.</b></p> <p>The impact of the legacy of COVID-19 and post pandemic recovery had a significant bearing on the service during 2022/23 in terms of demand with people accessing care and support demonstrating</p>

		<p>increased acuity. This impact was felt across the health and social care system. Despite the challenges and in part due to additional in year ring-fenced grants from central Government, the Adults Directorate managed to deliver within the allocated budget.</p> <p>The areas of favourable variance and pressures are outlined below:</p> <ul style="list-style-type: none"> <li>• £12k adverse variance on adult clients (Note 1), £137k adverse movement from period 10.</li> <li>• £1.162m favourable position on staffing and running costs a favourable movement of £156k. (Note 2)</li> <li>• £353k to support short term pressures on the budget for 23/24 (note 3); adverse movement of £353k.</li> </ul> <p><b>Note 1</b> Adult clients £12k adverse outturn variation.</p> <p>This budget remains high in complexity and volatility as it is in part driven by wider system pressures in health in addition to direct adult social care demands.: -</p> <ul style="list-style-type: none"> <li>• assessing the impact people experiencing long covid</li> <li>• assessing the long-term impact on people unable to access services during this period now requiring care and support</li> <li>• supporting the NHS with rapid discharges from hospitals as they deal with the backlog of patients waiting treatments</li> <li>• increased mental health support</li> <li>• an aging population within the borough and demographic pressures</li> <li>• workforce pressures across the health and social care system</li> </ul> <p><b>Packages of Care</b> – The outturn position is £139k favourable outturn, but after a shortfall in savings of £151k a net £12k adverse variance an adverse movement from P10 of £137k (Including savings).</p> <p><b>Savings</b> – The savings target for 22/23 is £219k and £68k savings have been achieved in this financial year. The savings target has therefore been under achieved by £151k an adverse movement from P10 of £95k.</p> <p><b>Discharge to Assess</b> – Between April 2020 and March 2022 national funding was available in the form of the hospital discharge fund. However, the funding ceased from April 2022 and local plans were required to sustain the operating model.</p> <p>To meet this the Council and Trafford CCG, now known as NHS Greater Manchester Integrated Care (Trafford Locality), established</p>
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		<p>a joint one-off fund to support hospital discharges during 2022/23 to enable the model to be reviewed as recurring budgets held by both organisations were not sufficient.</p> <p>The government announced additional funding with effect from 22 September 2022 for Adult Social Care to enable local authorities to continue to expediate hospital discharges, the Trafford locality received an allocation of £2.2m that enabled increased capacity in Discharge to Assess Beds and additional homecare until the 31 March 2023. The funding has been utilised in full.</p> <p>On 13 January 2023 the Government announced Discharge funding for step down care an additional £200m fund nationally resulting in additional funding for the Trafford Locality for Step down care until the 31 March 2023. Trafford has utilised £558k of this funding in the 2022/23 financial year.</p> <p><b><u>Note 2</u></b></p> <p>The outturn position for staffing and running costs is a favourable variance of £1.162m a favourable movement of £156k from P10.</p> <ul style="list-style-type: none"> <li>• £1.433m favourable variance on staffing a favourable movement of £156k from P10. The favourable variance is due to the following: - <ul style="list-style-type: none"> <li>- £201k of funding received for the Social Care workforce supporting Ukrainian refugees.</li> <li>- £148k of Adult Social Care Discharge Funding (ASCDF) for additional agency social work costs, no movement from P10.</li> <li>- £271k of ASCDF for bed-based Hospital Discharge costs, no movement from P10.</li> <li>- £813k expenditure below budget on staffing costs a favourable movement of £143k due to significant ongoing problems with recruitment and retention across the social care and commissioning workforce.</li> </ul> </li> <li>• Absorbed within the above favourable variance on staffing is an overspend in the internal supported living service of £401k and adverse movement of £20k this is partially because of staff absences and the requirement to source cover from agency and casual workers to maintain safe staffing levels. The pressure also relates to an increase in resident complexity resulting in an increase in the additional hours of support needed by some of the individuals in the service. Work to assess the cost of a safe staffing establishment aligned with individual needs of the whole cohort for 2023/24 and future years is ongoing.</li> </ul>
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		<ul style="list-style-type: none"> <li>• £211k favourable variance on client equipment due to lower than anticipated activity no movement of from P10.</li> <li>• Other minor variances £19k favourable no movement from P10.</li> <li>• The savings target on Liberty Protection Safeguards of £100k has not been achieved in this financial year due to the date of implementation which is set by central government being deferred until 2025. Alternative delivery methods have been explored to achieve this.</li> </ul> <p><b>Note 3.</b> Due to a range of short-term pressures in the service including repairs to Council owned care homes £353k of the underspend in Adult Social Care has been set aside for 2023/24 budget pressures.</p>
Public Health	(504)	<p><b>Outturn variance £504k favourable, a favourable movement of £240k from P10.</b></p> <p>This favourable position is due to staffing £113k an adverse movement of £15k from P10, £159k on activity related budgets a £107k favourable movement from P10 and £232k favourable position on contract related costs and other running costs, a favourable movement of £148k from P10.</p>
Place	3,357	<p><b>Total outturn variance £3.357m adverse, a favourable movement of £194k.</b></p> <p><b>Place Revenue Budget £1.862m adverse, a favourable movement of £296k:</b></p> <ul style="list-style-type: none"> <li>• Pressures include includes £123k relating to property costs (reduced £109k), including ongoing security costs at Trafford Town Hall, residual utility bills for properties disposed in 2021, and one-off costs associated with the PFI review of Sale Waterside.</li> <li>• There are also estates savings of £195k not achieved in the current year but are on track to be realised in 2023/24. The business rates saving of £50k has now been achieved as previously reported. There is also a £50k saving from installation of EV points which has now been rephased to 2023/24.</li> <li>• There is a shortfall in building control income of £197k (reduced by £11k), which is offset by a related underspend in staffing/running costs. Net parking income is also £415k below budgeted target (£88k increase) due to later implementation of fee changes approved by Council in February 2022, rephased opening of Regent Road car park and ongoing effects of COVID-19 on demand compared to pre-pandemic from earlier in the year.</li> <li>• Additional income above budget includes Altair £120k (unchanged) and outdoor media income £69k (increased by</li> </ul>

		<p>£46k). Net other property rent income is £3k below budget (£27k adverse movement)</p> <ul style="list-style-type: none"> <li>• Other minor movements across all services are net neutral (adverse movement of £6k).</li> <li>• There is an overall staffing underspend of £505k relating to vacancies across the year (excluding the ringfenced Planning account)(increase of £117k), which is approximately 6.7% of the staffing budget. This is offset by a Directorate-wide efficiency saving of £104k.</li> <li>• The Planning service is a ringfenced account and has a shortfall in income of £561k (reduced by £29k) which is offset by an underspend of £368k in staffing, running costs and reserve contributions (reduced by £3k). This is a net overspend of £193k for the year (£26k net favourable movement).</li> <li>• The Council continues to support trading income losses from the Trafford Leisure CIC, of which £1.189m was included in the Council’s approved 2022/23 budget. Trading for the year has been better than expected in a number of areas and also staff costs lower than planned due to vacancies and some recruitment challenges. The year end outturn is £326k and also takes account of the closure for refurbishment of Altrincham Leisure Centre from the end of December 2022. The overall underspend will be carried forward in reserve to support trading in the new financial year and over the medium term as the leisure investment programme progresses.</li> <li>• Increased costs relating to energy inflation of £1.276m, a small favourable movement of £84k since Period 10.</li> </ul> <p><b>Strategic Investment Programme £1.495m adverse, an adverse movement of £102k:</b></p> <p>The Strategic Investment Property Portfolio has delivered a net benefit to the revenue budget in 2022/23 of £5.721m. This is £1.495m lower than budgeted due to economic factors affecting some of the income particularly from the town centre investments (£102k adverse movement).</p>
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Strategy & Resources	(665)	<p><b>Total outturn variance £665k favourable, a favourable movement of £60k.</b></p> <ul style="list-style-type: none"> <li>• Staff costs are £532k less than budget across the Directorate based on actual vacancies across the whole year, which is 5.6% of the total staffing budget and £9k higher than last reported;</li> <li>• Running costs are £126k underspent, which is £30k higher than last reported, mainly related to the Modernisation team;</li> <li>• Other Income is £239k above budget, which is £22k higher than last reported. This includes £150k from the traded Music Service (reduced by £25k), £93k Bereavement Services (increase of £42k), £8k from Flixton House (reduced by £3k), £50k from staff parking (increased by £32k), £72k from SLAs in Human Resources (increased by £69k including £41k GMSS) and other income net surplus £3k (£7k favourable change). This is offset £84k from Catering and Cleaning (adverse movement of £126k including food costs and effect of strike days), a £27k shortfall in income from libraries (reduced by £4k) and £26k Waterside Arts Centre (reduced by £22k).</li> </ul> <p>These are offset by the budgeted Directorate-wide efficiency saving target of £231k, which has been achieved in full.</p>
Finance & Systems	(142)	<p><b>Total outturn variance £142k favourable, a favourable movement of £135k.</b></p> <ul style="list-style-type: none"> <li>• Staff costs are £292k less than budget across the Directorate based on vacancies for the whole year, which is 3.3% of the total staffing budget and £21k higher than last reported;</li> <li>• Running costs are underspent by £63k (favourable movement of £103k including £61k relating to lower court costs and legal fees in Exchequer Services);</li> <li>• Income is £21k below budget (reduced by £12k), which relates to ICT trading services with schools.</li> </ul> <p>These are offset by the budgeted Directorate-wide efficiency saving target of £191k.</p>

Legal and Governance	279	<p><b>Total outturn variance £279k adverse, a favourable movement of £57k.</b></p> <ul style="list-style-type: none"> <li>• Staff costs are estimated to be £4k above budget and includes for agency costs covering vacancies and service demand. This has reduced by £57k since last reported;</li> <li>• Running costs are overspent by £133k (increased by £21k) and mainly relates to legal fees associated with workload demand;</li> <li>• There is a shortfall in income of £52k compared to budget (reduced by £21k). This overall shortfall includes £32k in capital fee income (increased by £1k) which is related to staff vacancies, £3k shortfall in traded services (reduced by £17k), £26k shortfall in land charges (reduced by £6k) and £43k reduced grant income in the electoral registration service. Registrars income is £52k above budget (reduced by £1k).</li> </ul> <p>The above is offset by the budgeted Directorate-wide efficiency saving target of £90k.</p>
Council-wide	(3,680)	<p><b>Projected Outturn variance, £3.680m favourable, a favourable movement of £142k since Period 10</b></p> <p><b>Treasury Management</b></p> <p>In February 2023, the Council agreed to an update of Minimum Revenue Provision (MRP) policy to allow for the annual charge to be calculated on an annuity basis from the 1st April 2022. The effect of this is a reduced charge in year, from that budgeted, by £4.38m.</p> <p>The average interest rate at the time of setting the budget was expected to generate investment income of £433k. There were, however, successive increases in the Bank of England base rate in year, with the rate at year end being 4.25%, up from 0.75% in April 2022. This saw a subsequent increase in the average investment rate, which generated additional investment income of £2.70m.</p> <p>Through management of the cash flow, the Council has avoided taking on any significant new debt in 2022/23, which has saved £0.57m of interest costs. This saving will be used to make a contribution of £0.50m to the Council's Interest Rate Smoothing Reserve, to mitigate against adverse borrowing or investment market conditions in future years.</p> <p>Other net adverse variances against budget of £0.18m, giving a net position for Treasury Management of £6.97m favourable variance to budget.</p> <p><b>Contingencies</b></p>

		<p>The central COVID contingency of £1.500m has been released in full, as previously reported.</p> <p>£1.674m saving from releasing the remaining balance of the General Contingency in full.</p> <p>The shortfall in the 2022/23 pay award of £3.112m (no change since Period 10) previously reported has now been included within the Councilwide figure above.</p> <p><b>Contribution to Reserves</b></p> <p>The Council's Core Finance system will be due a major upgrade or full replacement within the next three years and an amount of £1.75m has been transferred to Reserves to cover the costs of this project.</p> <p>An amount of £1.5m has been transferred to the Inflation Risk Reserve (no change since Period 10) previously reported to support the 2023/24 pay award has now been included in the Councilwide figure above.</p> <p><b>Historic Enhanced Pension and Review of Provisions</b></p> <p>Savings of £429k relating to a year end review of provisions and enhanced pension costs. It is likely that these areas will deliver recurrent savings and will be reflected in our budget plans for 2024/25.</p> <p><b>GMCA Transport Levy</b></p> <p>The final GMCA Transport levy was lower than the budget agreed in February by £154k.</p> <p><b>Housing Benefit</b></p> <p>The Housing Benefit budget has an Outturn overspend (payments made, less subsidy and overpayment recovery) of £129k, an adverse movement of £38k since period 10. A late notification has indicated that there is a potential pressure of up to £400k relating to the 2020/21 and 2021/22 Subsidy claims and an equivalent amount has therefore been transferred to the Housing Benefit Overpayments Reserve to cover this. The current reserve of £500k previously set aside for this budget has not been utilised and is therefore also still available to support the budget in 2023/24.</p> <p><b>Savings Proposals</b></p> <p>The Digital Strategy saving of £100k has not been achieved in 2022/23 and has been delayed until 2023/24 in the Medium Term Financial Plan. No change since period 10.</p> <p><b>Greater Manchester Advance Pension Payment</b></p> <p>A final saving of £69k above budget from the three yearly advance pension payment, an adverse movement of £36k since period 10.</p> <p><b>Other Budgets</b></p>
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		A net adverse movement across a number of budgets of £126k
Dedicated Schools Budget	1,513	<p><b>Outturn variance £1.513m adverse, a favourable movement of £327k from Period 10.</b></p> <p><b>Schools Block (SB)</b></p> <p>There is an underspend of £584k in the Schools Block, a favourable movement of £80k. This movement is due to further growth fund applications not being required until 2023/24. This will be held in reserve and ring-fenced for future growth requirements, a falling rolls fund for schools will also be considered.</p> <p><b>Central School Services Block (CSSB)</b></p> <p>There is an underspend of £122k, a favourable movement of £62k. This movement is due to a further reduction in the utilisation of the primary targeted fund (£30k); an underspend in the School Admissions budget (£21k); and an under spend within the budgets held for Schools Funding Forum and NNDR adjustments (£11k). The £50k underspend within the primary targeted fund will be held in a reserve and ring-fenced for future requirements. The remaining £72k underspend can be used to offset the overspend within the High Needs Block.</p> <p><b>Early Years Block (EY)</b></p> <p>The EY block was overspent by £88k in 2021/22. This was due to the final funding allocation and numbers of funded children not being known until after the January census count. This overspend has been recovered in 2022/23 due to the lagged nature of the funding. There is a small overspend in 2022/23 of £1k.</p> <p><b>High Needs Block (HNB)</b></p> <p>The HNB is overspent by £2.218m, a favourable movement of £188k from P10. This is made up of a £1.32m in year overspend on the budget set and the budget set is £898k more than the grant allocation received.</p> <p>The £1.320m overspend is :</p> <ul style="list-style-type: none"> <li>• £572k Education Health Care Plans – this is an adverse movement of £91k from P10 due to 15 additional Education Health Care Plans being issued. The over spend is due to numbers rising from 906 to 949 (costing £306k) and increased complexity of need (costing £266k);</li> <li>• £144k further education placements - funding an additional 24 placements at £6k each with no additional grant. Additional funding in the current formula is not provided by central government for any increases in 19-25 year olds;</li> <li>• £532k out of borough placements - this is a favourable movement of £245k due to 19 students leaving their settings, saving £215k, and actual prices being lower than estimated saving £30k. The over spend is due to the average cost of</li> </ul>

placements rising from £24,050 to £26,368 which has cost £927k, offset by a slight reduction in demand (from 417 to 400) saving £395k.

- £427k special schools due to additional places and top-up being funded during the year at Delamere, Brentwood, and The Orchards. This is an adverse movement of £68k again due to 13 additional places being funded.
- This is offset by £355k of underspends in sensory impairment and behaviour and attendance, a favourable variance of £101k due to receipt of additional exclusion income and over PAN spend less than estimated.

There was a negative high needs block reserve brought forward of £1.992m, which would have increased to £4.210m but the application of the CSSB under spend of £72k leaves an overall HNB deficit of £4.138m.

Even though additional HNB funding of £3.9m was allocated following the autumn statement for the financial year 2023/24, it is still insufficient to keep up with increasing costs over the years. The Council is currently receiving an element of low-level support from the Department of Education (DfE) who have been able to provide some advice and guidance on helping to control the growing high needs deficit. Discussions are at the early stages to identify mitigations but this is unlikely to be in the form of additional funding at this stage. Without new interventions the high needs deficit is forecast to continue to increase and is not financially sustainable.

### DSG reserves

The overall DSG reserve shows a deficit position of £1.475m as detailed in the table below.

DSG deficit position	reserves brought forward 22/23 £'000	contribution to reserves 22/23 £'000	transfer between reserves 22/23 £'000	balance carried forward 22/23 £'000
De-delegated (SB)	(707)	96		(611)
EY	88	(87)		1
Growth Fund	(960)	(584)		(1,544)
Primary Targeted	(285)	(50)		(335)
Crucial Crew	(1)	1		0
CSSB	0	(72)	72	0
TAEP	(59)	(115)		(174)
High Needs	1,992	2,218	(72)	4,138
<b>TOTAL</b>	<b>68</b>	<b>1,407</b>		<b>1,475</b>

## Collection Fund

## Council Tax Outturn 2022/2023 Detailed

- As at year end, there is a favourable outturn on the Council Tax element of the Collection Fund of £618k, of which the Council's share is £504k. The Fund is shared between the Council (81.4%), the Police & Crime Commissioner for GM (12.8%) and GM Fire & Rescue Authority (5.8%).
- The table below summarises the outturn by theme as at year end. The estimated outturn surplus as at Period 8 monitor was the figure used in the preparation of the 2023/2024 budget and has therefore been used for comparison against outturn. There has been a favourable movement of £145k since period 8, of which Trafford's share of £118k will subsequently be released in 2024/2025.

Summary of Council Tax Collection Fund Movements	Period 8 Full Collection Fund £000	Period 12 Full Collection Fund £000	Movement P12 to P8 (improvement)/deterioration £000	Period 12 Trafford Share £000
<b>In Year Position</b>				
Shortfall in Tax Base	419	761	342	619
Better than expected Cash Collection (current year and historic debt)	(719)	(1,051)	(332)	(856)
Local Council Tax Support Scheme	(338)	(481)	(143)	(391)
Other Movements (Backdated discounts etc.)	165	153	(12)	124
<b>Sub-Total In Year Position</b>	<b>(473)</b>	<b>(618)</b>	<b>(145)</b>	<b>(504)</b>

- A summary of the of key components of the outturn and impact on future years is as follows:-
  - The Tax base has dropped by £761k largely due to an increase in discounts and exemptions (e.g. single person discount) and also a delay in new developments coming online. This is a negative movement of £342k since Period 8. The recurrent pressure associated with an increase in single person discounts has partially been reflected in our budget plans for 2023/2024. The Council will continue to undertake regular checks and challenges on the legitimacy of claims for discounts throughout the year.
  - The collection of debt for both in year and prior year is better than expected and £1.05m has been released from the amount set aside for the provision for bad debt. This is a positive movement of £332k since Period 8.
  - Local Council Tax Support is lower than budget by £481k a positive movement of £143k since Period 8.

- The combined positive effect of the above, albeit largely one off in nature from the favourable collection of historic debt, gives an in year surplus of £618k, of which the Council's share is £504k.
- At Period 8 the outturn was forecast at £473k of which the Council's share was £385k and this estimated surplus was built into our budget for 2023/24. The difference between the actual outturn and estimate of £118k will be released in 2024/25 in line with regulations. This one off figure will feed into the Medium Term Financial Plan to help close the budget gap in 2024/2025.

### Collection Fund

#### Business Rates Outturn 2022/2023 Detailed

1. The Business Rates budget for 2022/23 of £68.54m and comprises Collection Fund and General Fund elements. Projecting business rates is by its nature complex and prone to variation, in addition the impact of COVID-19 relief grants added further uncertainty to the accuracy of projections during the year.
  2. In order to support businesses with the impacts of COVID-19, the Government continued to provide various rate relief packages in 2022/23 for retail and hospitality businesses. The relief has been accounted for in the Collection Fund and Council has been compensated for the loss in rates income via a Section 31 within its General Fund. The level of relief and award of grant when compared with budget, although neutral overall, has resulted in timing differences in the accounting arrangements which has required the use of the Business Rates Risk Reserve during the year.
  3. Details of the various components of the Rates budgets are shown in Annex 3(a) and a summary of the key themes is as follows :-
    - 3.1 **Collection Fund** - A favourable outturn in the Collection Fund of £11.901m which compares with £12.225m favourable at Period 8. In line with regulations, the Period 8 figure will be released from the Collection Fund in 2023/24. As the actual outturn is now £11.901m the shortfall of £0.324m will need to be repaid to the Collection Fund in 2024/25. An amount of £0.324m will be charged to the 2022/23 General Fund and transferred to a Rates Deficit Reserve for repayment in 2024/25.
- The favourable outturn in the Council's share of the Collection Fund of £11.901m consisting of
- a shortfall in gross rates of £14.05m largely due to the temporary removal of several large redevelopments at the Trafford Centre and delays in new sites being registered on the rating list. An element of backdated income relating to 2022/23 will be received in 2023/24.
  - a significant reduction in the amount of COVID reliefs, resulting in a benefit of £5.16m to the Collection Fund when compared to budget. Note the reduction in reliefs has a subsequent impact on the level of compensation grants within the General Fund, resulting in an indirect pressure against budget.
  - A benefit of £20.52m of accounting adjustments, predominantly due to the release of historic business rates appeals provision, following several large cases being dismissed by the VOA.

3.2 **General Fund** - A £1.0m adverse outturn in the General Fund, with pressures alleviated by using the Business Rate Risk Reserve to offset the indirect timing pressures caused by lower rate relief compensation grants. Plus a £1.0m top up of the Rates Risk Reserve to reflect a potential shortfall in income in 2023/24. The key themes related to the General Fund are:-

- Pressure of £4.15m caused by a lower number of rates relief compensation grants (as described above, the lower award of reliefs has resulted in a benefit within the Collection Fund, which will be released in 2023/24).
- Net benefit of £1.70m from the Greater Manchester Rates Sharing agreement (no detriment payment less rebate). This has largely resulted because of the renegotiated sharing agreement, which has seen Trafford retain 75% of rates growth.
- A benefit of £0.31m from the distribution of the National Levy surplus, as announced in the Spring 2023 budget.
- A contribution of £0.324m to the Rates Deficit Reserve as mentioned above.
- A contribution from the Business Rates Risk Reserve of £2.47m to neutralise the impact on the General Fund from the net effect of the pressures (largely the relief compensation grants). Our budget plans include for the Rates Risk Reserve to be repaid in 2024/25.
- A contribution to the Business Rates Risk Reserve of £1.0m to reflect a potential shortfall in rates income in 2023/24 due to ongoing major refurbishments at the Trafford Centre.

4. **Impact on Future Years** – Business Rates represents a significant source of income for the Council and a small change in circumstances can have a considerable impact. Many large units at the Trafford Centre continue to undergo redevelopment and this represents a challenge when forecasting and budgeting. Even sites which are known to have been completed require a formal valuation by the VOA and this is a further cause for delay, although backdated income will be due from the time the site was available for use.

The pressures caused by major refurbishments will continue to be monitored throughout the year, however this uncertainty reinforces the importance of holding a suitable balance in the Business Rate Risk Reserve to absorb any variations for unforeseen events. As such the Rates Risk Reserve has been bolstered by £1.0m to reflect the potential for further delays into 2023/24. The year-end balance in the Rates Risk Reserve is £5.44m.

**Business Rates Budget**

**Appendix 3(a)**

Business Rates	Budget 100%	Actual 100%	Variance	Comments
	2022/23 £	2022/23 £	£	
<b>Business Rates - Collection Fund</b>				
Gross Rates Payable	(183,719,154)	(169,673,121)	14,046,034	Reduction in gross rateable income due to several large retail sites undergoing refurbishment at the Trafford Centre and also the resulting footfall in neighbouring shops. These reductions are temporary and were expected to be completed in early 2022/23. In addition, a new flagship store site was not recorded on the rating list by year end despite opening in May 2022. Back dated benefits are expected to be released during 2023/24, however will cause a pressure in 2022/23 against budget which will be smoothed through the use of the Business Rate Risk Reserve.
Transitional Adjustments and Mandatory & Discretionary Reliefs	19,689,884	19,299,762	(390,122)	Minor reduction in the level of Mandatory and Discretionary reliefs from budget.
Extended Relief due to COVID-19	17,889,421	12,734,255	(5,155,166)	Reduction in income due to the award of COVID-19 reliefs (retail, hospitality and CARF). The level of reliefs awarded was lower than assumed at budget, resulting in a positive impact on the Collection Fund of £5.16m. The cost of this relief is made good by the Government via a section 31 Grant paid to the General Fund. Although as a result of the lower award of reliefs (benefit to Collection Fund), this is reflected in lower General Fund

				grants when compared with budget (pressure in General Fund).
Accounting Adjustments (Appeals & BDP) & Cost of Collection	7,026,318	(13,496,042)	(20,522,360)	Budgeted contribution of £5.1m for appeals relating to 2022/23 has been reduced by £386k. Following a substantial review of the accumulated historic provision for appeals which stood at an opening balance of £44.2m, a further £19.6m has been released due to some big cases being dismissed by the VOA or settled at a lower rate than provided. In addition, better than anticipated collection of in year and historic debt resulting in £1.333m favourable adjustment.
<b>Collection Fund Budget and Actual Income 100%</b>	<b>(139,113,532)</b>	<b>(151,135,145)</b>	<b>(12,021,613)</b>	The net impact of above lines resulted in a net surplus on the Collection Fund of £12.02m of which the Council share is £11.9m.
<b>Collection Fund Budget and Actual Income - Trafford Share 99%</b>	<b>(137,722,396)</b>	<b>(149,623,793)</b>	<b>(11,901,397)</b>	<b>This compares with a forecast at Period 8 of £12.225m.</b>
<b>Business Rates – Trafford General Fund</b>				
Local Share	(137,722,396)	(149,623,793)	(11,901,397)	Trafford's Share (99%) of the Collection Fund surplus is £11.901m. This is lower than the estimate at Period 8 of £12.225m by £0.324m. The Period 8 estimate will be distributed to the Council in 2023/24, however the shortfall will



				need to be repaid to the Collection Fund by the Council in 2024/25. A contribution of £0.324m will be made in 2022/23 to a deficit reserve to cover this repayment (see Footnote 1)
<b>Trafford's Share of Collection Fund</b>	<b>(137,722,396)</b>	<b>(149,623,793)</b>	<b>(11,901,397)</b>	
Tariff	95,022,543	95,022,543	0	in line with budget
Section 31 Compensation Grants	(29,576,763)	(25,426,652)	4,150,111	The reduction in S31 grants is due to the lower award of extended retail relief, offset by new awards under the CARF scheme. Net pressure in the General Fund of £4.15m.
SAICA Renewable Energy	(82,944)	(82,944)	0	
GM Pilot 'No Detriment' Payment	8,725,643	10,669,231	1,943,588	Increased no detriment payment as a result of the overall surplus on the Collection Fund (increase in growth to baseline).
GM Pilot 'No Detriment Rebate	(4,362,822)	(8,001,923)	(3,639,102)	Increase in the no detriment rebate due to renegotiation of the growth pilot sharing agreement with GMCA, previously set at 50%, however agreed to increase to 75% for a further year.
Distribution of National Levy Surplus		(305,423)	(305,423)	Distribution of National Levy surplus as announced in Spring Budget
Release of difference in est and act deficit 20/21 in 22/23	(1,974,000)	(1,975,820)	(1,820)	Small error in budget loading. Reduce cont to reserve below so nil effect
Move 50% to of above release to Business Rate Risk Reserve (to smooth)	987,000	988,820	1,820	See above
Estimated Covid 20/21 deficit (Gross) spread over three years	1,773,322	1,773,322	0	in line with budget

Government Support at 75% of estimated full 20/21 deficit via TIG Reserve	(1,329,991)	(1,329,991)	0	in line with budget
Release 21/22 estimated surplus	(3,784,806)	(3,784,806)	0	in line with budget
Transfer estimated rates surplus to Budget Support Reserve	3,784,806	3,784,806	0	in line with budget
Contribution to Business Rate Deficit Reserve		323,992	323,992	Contribution to Rates Deficit Reserve re over distribution of estimated 2022/23 surplus, repayable to Collection Fund in 2024/25 (see footnote 1)
Shortfall in the General Fund met from Business Rate Risk Reserve		(323,992)	(323,992)	Additional contribution from Business Rates Risk Reserve to cover shortfall in over distribution of 22/23 surplus to avoid impact on General Fund in 2022/23. (see Footnote 2).
Shortfall in the General Fund met from Business Rate Risk Reserve		(2,149,174)	(2,149,174)	Contribution from Business Rates Risk Reserve to cover impact on General Fund from lower than budgeted Section 31 Grants (see Footnote 3)
Contribution to Business Rates Risk Reserve		1,000,000	1,000,000	Bolstering the Business Rate Risk Reserve by £1m to absorb potential temporary shortfall in rates income in 23/24 due to major refurbishments at the Trafford Centre
<b>Total Budget/ Actual/ Variance</b>	<b>(68,540,408)</b>	<b>(79,441,805)</b>	<b>(10,901,397)</b>	
Benefit within the Collection Fund (footnote 1)			(11,901,397)	
Benefit within the General Fund			1,000,000	
			<b>(10,901,397)</b>	

**Footnote 1** - The surplus on the Collection Fund was estimated at £12.225m in Period 8 and in line with regulations, this figure will be released from the Collection Fund in 2023/24 and as such has been included in our budget plans. The actual benefit at year end was £11.901m which will result in an overpayment of £0.324m and will need to be repaid to the Collection Fund in 2024/25. A contribution will be made to the Rates Deficit Reserve to hold this balance until it is repaid.

**Footnote 2** - - In order to avoid the impact of the £0.324m mentioned in Footnote 1 impacting on the General Fund, a contribution will be made from the Business Rate Risk Reserve to compensate for this pressure.

**Footnote 3** - The overall impact on the General Fund is a shortfall of £2.149m largely associated with a shortfall in the level of Section 31 compensation grants, due to lower reliefs being awarded in the Collection Fund. This shortfall will be mitigated by a contribution from the Business Rate Risk Reserve as agreed at Period 8. Budget plans include for the Risk Reserve to be replenished in 2023/24.

1. A full review of all reserves was completed as part of the 2023/2024 budget preparations and was reported in detail in the final budget report presented to Council in February 2023.
2. The year end close down provides an opportunity for a further review of reserves to address evolving pressures and issues since the final budget report was agreed. As previously mentioned, the headline rate of inflation poses a significant risk for the Council. As such the Council has utilised its favourable outturn to bolster its Inflation Risk Reserve and also the Finance and Systems Reserve by £2.0m for replacement of the core finance system will be due a major upgrade or full replacement in the near future.
3. Usable reserves, excluding COVID, have increased from a balance brought forward of £69.09m to £73.94m at year end. The table below shows the movements by category with details of all reserve movements shown in Annex 4(a).

Usable Reserves	Opening Balance 1/4/2022 £m	Closing Balance 31/03/2023 £m	Change £m
Budget Support Reserve	11.65	13.51	1.86
Smoothing and Business Risk	18.85	21.94	3.09
Strategic Priority	11.60	10.77	(0.83)
Corporate	1.00	1.88	0.88
Corporate - General Reserve	9.50	9.50	0.00
Service Area Priorities	16.49	16.34	(0.15)
<b>Earmarked Reserves (exc COVID-19)</b>	<b>69.09</b>	<b>73.94</b>	<b>4.85</b>
COVID-19 Accounting Reserves	48.14	(8.41)	(56.55)
Capital Related Reserves	22.65	22.46	(0.19)
School Related Reserves	14.24	11.61	(2.63)
<b>Total Usable Reserves</b>	<b>154.12</b>	<b>99.60</b>	<b>(54.52)</b>

4. The key movements of £4.85m include contributions to Reserves of £13.82m and contributions from Reserves of £8.97m.

Contributions to Reserves of **£13.82m** includes :-

- **£5.74m** to the Budget Support Reserve of benefit from prior years Business Rates and Council Tax surpluses which will be released to support our budget plans as previously agreed.
- **£1.75m** to the Finance and Systems Reserve for replacement of the core finance system will be due a major upgrade or full replacement in the near future.

- **£1.5m** to Inflation Risk Reserve to cover potential costs of higher inflation (pay award).
- **£0.96m** to Budget Support Reserve from surplus reserves from Greater Manchester Combined Authority.
- **£0.54m** to Interest Rate Smoothing Reserve to cover potential higher borrowing costs over the medium term.
- **£0.73m** to Leisure Centre Risk Reserve representing the underspend in 2022/23 carried forward to support trading over the medium term as the leisure investment programme progresses.
- **£1.29m** related to major long term project budgets crossing the financial year end eg Homelessness Prevention, Homes for Ukraine, held within the Economic Development Reserve, Earmarked Service Reserves and Housing Benefit Risk Reserve.
- **£1.0m** to replenish Reserves as planned following COVID (£0.5m Budget Support and £0.5m Council Tax Risk)
- **£0.06m** Favourable Outturn to Budget Support Reserve
- Other movements **£0.25m**

Contributions from reserves of **£8.97m** includes :-

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

**£2.13m** from the Hospital Discharge and Adults Service Earmarked Reserves to support spending plans in these areas

#### **Transfers within Reserves (neutral impact for info only)**

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

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

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

- **£0.19m reduction in Capital Reserves** consisting of additional capital grant income received in year and yet to be drawn down to support the future programme.
- **£2.63m reduction in Schools Reserves** largely due to pressures in the High Needs Block budget

Trafford Council Reserves 2022 to 2023	Balance 31.3.22 £000	(Spend)/ income 2022/23 £000	Transfer to/(from) reserves 2022/23 £000	Balance 31.3.23 £000	Net Movement £000
<b>Budget Resilience</b>					
<b>MTFP Budget Resilience, innovation and Change Reserve (BRICR)</b>					
To provide a cushion and to support the MTFP as the Council continues its recovery from the financial impacts of the pandemic. It will support the budget gap over the short-term and provide the necessary investment in the innovation and change programme which will support in delivery of a balanced budget in later years	11,651	1,607	250	13,508	1,857
<b>Sub-Total Budget Resilience</b>	<b>11,651</b>	<b>1,607</b>	<b>250</b>	<b>13,508</b>	<b>1,857</b>
<b>Smoothing and Business Risk</b>					
<b>Business Rates Reserve</b>					
The business rate risk reserve was established to be used to offset the risk of significant fluctuations in business rates income (which are more significant under the 100% business rates retention pilot) and to help smooth income at the point of the business rates reset	5,929	(484)	0	5,445	(484)

<b>Insurance Reserve</b>					
Funds earmarked to cover the cost to the Council for future insurance claims due to the large excess levels on the property insurance policies. It is also utilised to carry out various risk management initiatives and to cover the cost of historic claims which may fall on the Council (MMI).	1,539	161	0	1,700	161
<b>Employment Rationalisation Reserve</b>					
To cover the cost of rationalising the employment of staff by the Council (e.g. redundancy costs)	800	0	0	800	0
<b>Housing Benefit Overpayments Reserve</b>					
Reserve established to smooth the volatility in the recovery of Housing Benefit overpayments.	500	400	0	900	400
<b>Synthetic Pitch Replacement Reserve</b>					
This will be used towards replacing synthetic pitches across the Borough	108	15	0	123	15
<b>Local Search Litigation Costs Reserve</b>					
Reserve established as a contingency for potential back claims regarding changes in local search litigation costs	78	(14)	0	64	(14)
<b>Civic Vehicle Replacement</b>					
Replacement of mayoral vehicle	24	(23)	0	1	(23)
<b>Waste Levy Reserve</b>					



To smooth the effects on the Council's budget of movements in the waste levy over the medium term	1,351	133	0	1,484	133
<b>Winter Maintenance Reserve</b>					
To provide emergency funds to cover the costs of highway & footway maintenance during periods of adverse weather conditions.	120	0	0	120	0
<b>Elections Reserve</b>					
To smooth the elections budget across the 4 year Municipal cycle.	263	(158)	0	105	(158)
<b>Interest Rate Reserve</b>					
To smooth the effect on the Council's budget of volatile movements in interest rates and to provide a risk contingency on strategic loan advances.	2,567	540	0	3,107	540
<b>Exchequer Services Reserve</b>					
Accumulated underspend of unspent grants (ring-fenced for activities such as fraud work, ICT systems, Universal Credit)	333	482	0	815	482
<b>EU Exit Funding Reserve</b>					
Government funding to be used to enhance capacity and capability within local authorities in preparation for EU Exit related activities	249	(13)	(5)	231	(18)
<b>Sale PFI Reserve</b>					
Reserve to hold the final bullet payment for Sale PFI Scheme	1,232	87	0	1,319	87

<b>Admin Building Cyclical Maintenance Reserve</b>					
To provide a reserve sufficient to cover major lifecycle maintenance and unexpected costs associated with the maintenance and repair of all major administrative sites.	761	(37)	0	724	(37)
<b>Council Tax Risk Reserve</b>					
Reserve to manage risk of shortfall in Council Tax Income due to uncertainty in take up of LCTSS/Hardship.	0	500	0	500	500
<b>Inflation Risk Reserve</b>					
Inflation Risk Reserve established in 2021/22 to manage and smooth the impact of escalating inflation rates and impact during financial year.	3,000	1,500	0	4,500	1,500
<b>Sub-Total Smoothing and Business Risk</b>	<b>18,854</b>	<b>3,089</b>	<b>(5)</b>	<b>21,938</b>	<b>3,084</b>
<b>Strategic Priority</b>					
<b>Transformation Fund Reserves</b>					
Monies allocated from Greater Manchester Health and Social Care Partnership for the transforming of health and social care services. This money is to be used on the activities that were laid out in the Transformation programme and some of this money will be allocated to the CCG for their share of programme costs.	1,823	(237)	0	1,586	(237)
<b>Strategic Investment Fund Risk Reserve</b>					
Reserve established as a contingency for potential loss of income, additional cost due to delays in investment property fund	6,309	(1,304)	0	5,005	(1,304)
<b>Leisure Centre Redevelopment Risk Reserve</b>					

Reserve to manage the risk during leisure centre refurbishment programme. Particularly loss of income, changes in assumptions for demand, inflation.	1,628	729	0	2,357	729
<b>Children Action Fund Reserve</b>					
Specific reserve to cover additional expenditure requirements in 2019/20 following the 2019 Ofsted inspection.	69	(25)	0	44	(25)
<b>Bus Reform</b>					
£1.5m has been set aside for the contribution to Bus Reform with a target date of 2024/25.	1,500	0	0	1,500	0
<b>Major Projects and DSG Academy Transfer Reserve and Future Gov</b>					
Major Projects can result in abortive costs and the transfer of schools with deficits can also result in costs which need to be written off and so a small reserve has been created to protect against these two write off risks.	275	0	0	275	0
<b>Total Strategic Priority</b>	<b>11,604</b>	<b>(837)</b>	<b>0</b>	<b>10,767</b>	<b>(837)</b>
<b>Corporate</b>					
<b>NDR Deficit Reserve</b>					

Reserve established towards meeting Trafford's share of the NDR Deficit. This is a requirement of collection fund accounting.	289	324	0	613	324
<b>STAR Procurement Reserve</b>					
STAR revenue budget under/overspends to be carried forward. Commitment to spend is approved by STAR Board (Stockport, Trafford, Rochdale and Tameside). Ring-fenced reserve for members of STAR	527	(255)	0	272	(255)
<b>Planning income reserve</b>					
A reserve established to hold surplus planning income in line with Government requirements to reinvest increases in fee income towards improvements in planning services. This is a ring fenced reserve with specific statutory conditions attached to it.	186	(131)	0	55	(131)
<b>Council Tax Smoothing</b>					
Reserve established to absorb the timing differences in the treatment of collection/ distribution Council Tax Surplus/deficits	0	940	0	940	940
<b>General Fund Reserve</b>					
This is the reserve that the Council is required to hold to protect against in year financial shocks. This was increased in 2021/2022 and should be seen as a minimum level given the size of our overall revenue budget.	9,500	0	0	9,500	0
<b>Total Corporate</b>	<b>10,502</b>	<b>878</b>	<b>0</b>	<b>11,380</b>	<b>878</b>
<b>Specific Area Priority</b>					
<b>ICT development</b>					

Reserve established to ensure there are funds available for the replacement of equipment such as ICT and to smooth out maintenance costs as a result of the Digital Investment programme.	1,259	(51)	150	1,358	99
<b>Economic Development Reserves</b>					
Reserve set aside specifically for economic development related projects.	1,438	411	(155)	1,694	256
<b>Libraries and Customer Services Reserve</b>					
Funds earmarked for ICT upgrades plus additional costs associated with the new Altrincham library.	68	(57)	0	11	(57)
<b>Voluntary Sector Grants Reserve</b>					
Carry forward of prior year spend due to slippage on projects - committed on schemes.	29	(24)	0	5	(24)
<b>Community Safety Reserve</b>					
Investment in Community Safety initiatives.	351	7	0	358	7
<b>Modernisation</b>					
Hold rolling balance of Modernisation Team budget underspend for future commitment	306	(235)	0	71	(235)
<b>One Trafford Partnership</b>					
Established to hold contractor penalty payments to be invested in one-off Partnership schemes.	1,973	(12)	0	1,961	(12)
<b>Sports Partnership Reserve</b>					
Ring-fenced funding from Sports Partnership to be used on specific projects	378	(323)	0	55	(323)
Service Carry Forward Place	1,014	329	(240)	1,103	89
Service Carry Forward Governance and Community	59	(34)	0	25	(34)

Service Carry Forward Finance and Systems	864	1,880	0	2,744	1,880
Service Carry Forward Strategy and Resources	724	125	0	849	125
Service Carry Forward Children's Services	27	212	0	239	212
Service Carry Forward Adults Services	4,398	(834)	0	3,564	(834)
Adults Discharge to Assess	3,286	(1,295)	0	1,991	(1,295)
Service Carry Forward People and Traded Services	317	(5)	0	312	(5)
<b>Total Specific Area Priority</b>	<b>16,491</b>	<b>94</b>	<b>(245)</b>	<b>16,340</b>	<b>(151)</b>
<b>Total Earmarked Reserves (exc COVID)</b>	<b>69,102</b>	<b>4,831</b>	<b>0</b>	<b>73,933</b>	<b>4,831</b>
<b>Other Reserves</b>					
<b>COVID-19 Budget Resilience and Smoothing</b>					
<b>COVID General Reserve</b>					
The grant reserve was established in 2019/20 to hold the unspent balance of the first tranche of Government grant received in 2019/20 to support local Covid-19 related pressures. Drawn down in full to support 2022/23 budget.	7,097	(7,097)	0	0	(7,097)
<b>Council Tax Compensation Grant Covid (75%)</b>					
The Tax Income Guarantee (TIG) Grant compensated councils for 75% of specific losses in Council Tax recovery caused by COVID-19. The TIG for Council Tax was £0.767m and held in this reserve to be drawn down over three years in line with our medium term budget assumptions as agreed in February 2021.	510	(258)	0	252	(258)
<b>Business Rates Compensation Grant Covid (75%)</b>					
The Tax Income Guarantee (TIG) Grant compensated councils for 75% of specific losses in Business Rates recovery caused by COVID-19. £3.99m was held in this reserve to be drawn down over the next three years in line	2,660	(1,330)	0	1,330	(1,330)

with our medium term budget assumptions as agreed in February 2021.					
<b>NDR Rates Exceptional Deficit Reserve (Section 31 Grants)</b>					
Holding reserve for Section 31 Grants compensating for Business Rates Relief Deficit caused by COVID Rates Reliefs. Will be fully drawn down over two years.	37,870	(47,860)	0	(9,990)	(47,860)
<b>Total COVID-19 Budget Resilience and Smoothing</b>	<b>48,137</b>	<b>(56,545)</b>	<b>0</b>	<b>(8,408)</b>	<b>(56,545)</b>
<b>Capital Related Reserves</b>					
Consists of capital receipts, grants and contributions which can only be used to fund capital expenditure and are all allocated to support the current capital programme	22,649	(192)	0	22,457	(192)
<b>Balances held by schools under a scheme of delegation</b>					
These are balances which belong to individual schools and are just held by the Council on their behalf.	14,235	(2,621)	0	11,614	(2,621)
<b>Rounding - Detailed Table to Summary Table</b>	<b>(3.00)</b>			<b>(11.00)</b>	
<b>Total Usable Reserves</b>	<b>154,120</b>	<b>(54,527)</b>	<b>0</b>	<b>99,585</b>	<b>(54,527)</b>

Savings Programme

ANNEX 5

Theme/Title	Service Area	Budget 2022/23 £000's	Outturn Projection 2022/23 £000's	Gross Variance 2022/23 P12 £000's	Mitigating action undertaken in year £000's	overall net variance in year after mitigating action £000's	Description of Saving	Financial RAG 22/23	Financial RAG 23/24	Financial RAG comments
Children Placements	Children's	(1,358)	(1,358)	0	0	0	A review of demand and placements for looked after children.	GREEN	GREEN	Achieved
Review Family Time (Contact) service	Children's	(45)	(24)	21	(21)	0	Review of staffing establishment to follow a realignment of the service.	AMBER	AMBER	The review of the service may be delayed, how ever there are underspends across the staffing budget. The permanency of these savings w ill be review edthroughout the year as the service review takes place.
Staffing Efficiencies	Children's	(65)	(43)	22	(22)	0	Review of staffing establishment outside of the main redesign programme.	AMBER	AMBER	The review of the service may be delayed, how ever there are underspends across the staffing budget. The permanency of these savings w ill be review edthroughout the year as the service review takes place.
Direct payments (DP)	Adults	(50)	(12)	38	0	38	Increase the uptake in DP usage to reduce commissioned or other expenditure.	AMBER	AMBER	This review is on going and is dependent upon the level of uptake during the year.
Smoking Cessation	Adults	(40)	(40)	0	0	0	Reduce the prevalence of community smoking and thereby reduce long-term health conditions that result and the support required.	AMBER	AMBER	This project is underw ay and w ill be assessed at quarterly intervals
Weight Management	Adults	(16)	(16)	0	0	0	Reduce the prevalence of community obesity and thereby reduce long-term health conditions that result and the support required.	AMBER	AMBER	This project is underw ay and w ill be assessed at quarterly intervals
Liberty Protection Safeguards (LPS)/Portal – Reshaping.	Adults	(100)	0	100	0	100	The implementation of the LPS scheme and a w hole systemportal w hich will drive through efficiencies and costs savings.	AMBER	AMBER	This saving is dependent upon changes in legislation and it is not yet clear w hen this w ill be enacted.



Learning Disabilities - supported accommodation	Adults	(113)	0	113	0	113	Working with providers to identify efficiencies that can be achieved in the learning disability supported living accommodation contracts.	AMBER	AMBER	Work is underway with providers
Review of estates income	Place	(90)	(90)	0	0	0	Realignment of 21/22 savings assumed in 22/23	GREEN	GREEN	Achieved
Electric vehicle (EV) charging points	Place	(50)	0	50	0	50	Expand number of EV charging points on a revenue share model	AMBER	AMBER	Work ongoing with provider to determine final site allocation and business model. Saving has been slipped to 2023/24 in the Council's Medium Term Financial Plan.
Strategic Investment Income	Place	(1,040)	0	1,040	0	1,040	Recycling of receipts to maintain net income at achievable levels	RED	RED	Ongoing MTFP issue
Waste disposal levy	Place	(1,000)	(1,000)	0	0	0	Savings in waste disposal costs charged through the GM contract. Achieved by improved recycling and use of smoothing reserve.	AMBER	AMBER	Tonnages continue to be monitored post pandemic. Reserves planned in budget to smooth over two years.
Resident parking permits and parking charges	Place	(100)	(80)	20	0	20	A range of measures will be undertaken to ensure charges are suitable whilst also recognising potential impact on users, businesses and the environment.	AMBER	GREEN	Delay in implementing the fee changes approved in February.
Safety at Sports Grounds certificates	Place	(20)	(20)	0	0	0	Increased charge to better recover costs.	GREEN	GREEN	Increased fees to cover costs – MUFC, LCCC, Altrincham FC and Sale Rugby
Decarbonisation of Public Sector Buildings	Place	(75)	(75)	0	0	0	Expected energy savings	GREEN	GREEN	Achieved
Traded Services	Strategy & Resources	(148)	(148)	0	0	0	Traded Services income - increase in charges to offset pay and cost inflation.	GREEN	GREEN	Achieved
Flexible use of capital receipts/one off resources to cover transformational activity (phase 1)	Strategy & Resources	(500)	(500)	0	0	0	To utilise the flexibility in the use of capital receipts to fund transformational activity.	GREEN	GREEN	Flexible use of capital receipts/one off resources to cover transformational activity i.e. Modernisation Team to be partially self financing in the future
Traded Services	Finance & Systems	(37)	(37)	0	0	0	Traded Services income - increase in contributions to offset pay and cost inflation.	GREEN	GREEN	Achieved

Civic function/ Mayoral Attendant/Car	Governance and Community Strategy	(54)	(54)	0	0	0	A range of temporary measures.	GREEN	GREEN	Achieved
Voluntary Redundancy/Severance Scheme	All Services	(211)	(211)	0	0	0	Introduction of a VR/VS scheme which allow s colleagues to apply to leave the Council's employment through voluntary means. Year 2 impact of 2020/21 scheme.	GREEN	GREEN	Achieved
9 day fortnight	Council Wide	(10)	(10)	0	0	0	Continuation of the voluntary scheme	GREEN	GREEN	
Additional Savings from Advanced Pension Payment	Council Wide	(100)	(100)	0	0	0	Realisation of recurrent savings from advance pension payment	GREEN	GREEN	Realisation of savings achieved over current budget
Digital Strategy	Council Wide	(100)	0	100	0	100	Increased use of digital technology to deliver better and more efficient services.	RED	AMBER	Increased investment in technology to deliver efficiencies (streamlining processes etc) Savings yet to be identified
<b>TOTAL SAVINGS AND INCOME PROPOSALS</b>		<b>(5,322)</b>	<b>(3,818)</b>	<b>1,504</b>	<b>(43)</b>	<b>1,461</b>				

**CAPITAL PROGRAMME**

1. The updated budget for 2022/23 was approved by the Executive in September 2022 and included the reprogramming from the 2021/22 budget with a revised approved general programme of £58.22m. Subsequently during the year the forecast expenditure has been revised to reflect re-phasing and any new approvals to give the position forecasted at period 10. Where such changes have been made, these have been reported in relevant capital monitoring reports to the Executive with explanations provided. The final outturn position for the year 2022/23 for the general capital programme is £48.87m which is £9.35m under the revised approved programme, and £4.05m less than reported at period 10. A summary of these variances is detailed in Annex 6a.
2. Of the £9.35m of expenditure under the revised approved budget (£58.22m) £5.30m has already been reported to Members as part of the capital programme monitoring during the year with £4.05m being explained in this capital outturn report.
3. During the year the Capital Programme Board made up of both senior officers and those delivering schemes has met on a regular basis and it has had a positive impact on the effective management of schemes. The board will be considering this outturn report and updating the 2023/24 budget accordingly which will be detailed as part of the Period 4 capital monitoring report in 2023/24. This will aim to reflect a programme of works that is both deliverable and utilises resources to prioritise those schemes within the programme where risks exist.

**GENERAL CAPITAL PROGRAMME OUTTURN (£48.87m)**

4. The final outturn position for the general capital programme is £48.87m which is £4.05m less than reported at Period 10 (P10) as summarised in the table below:

<b>Table 1 :- Capital Investment Programme 2022/23</b>	<b>Approved Programme £m</b>	<b>P10 Forecast £m</b>	<b>2022/23 Outturn Expenditure £m</b>	<b>Variance P10 to Outturn £m</b>
<b>Service Analysis:</b>				
Children's Services	16.75	14.67	12.62	(2.05)
Adult Social Care	3.82	2.82	2.66	(0.16)
Place	35.79	33.47	32.12	(1.35)
Governance & Community Strategy	0.05	0.05	0.01	(0.04)
Finance & Systems	1.81	1.91	1.46	(0.45)
<b>General Programme Total</b>	<b>58.22</b>	<b>52.92</b>	<b>48.87</b>	<b>(4.05)</b>

5. The overall spend of £48.87m includes the following major areas of investment:

**School Improvements - £12.27m:**

- Capital Maintenance & Access works - £1.84m
- Expansion & Basic Need works - £8.71m
- SEND and Healthy Pupils Funding works - £1.24m
- Improvements via Devolved Formula Capital - £480k

**Children Social Care - £350k:**

- Children's Portal/Liquid Logic - £342k
- Other Schemes - £8k

**Adult Social Services - £2.66m:**

- Disabled Facilities Grants - £2.43m
- Assistive Technology / Agile Working - £231k

**Major works on Public & Operational Buildings - £2.86m:**

- Public Building Repairs & Equalities Improvements - £531k
- De-carbonisation of Council Buildings - £2.19m
- Other Schemes- £145k

**Regeneration Projects - £7.60m:**

- Future High Street Fund - £2.08m
- Altrincham Town Centre Public realm works - £1.42m
- Trafford Water – Infrastructure - £4.09m
- Other Schemes - £8k

**Highway & Transport Related Improvements - £16.13m:**

- Highway Structural Maintenance - £9.06m
- Street Lighting - £1.04m
- Integrated Transport Schemes - £1.60m
- Bridges Programme - £443k
- Carrington Road improvements - £3.99m

**Leisure and Sport - £4.47m:**

- Leisure Centre Strategy and Improvements - £2.26m
- De-carbonisation of Leisure Centres - £2.12m
- Football Facility Provision - £83k
- Other Schemes - £13k

**Environmental Services and Green Spaces - £795k:**

- Parks and Play Areas Infrastructure - £763k
- Other Schemes - £32k

**Community Safety - £148k:**

- CCTV – Phase 2 - £148k

**Parking Services - £112k:**

- Pay and Display Machines/Signs and Software - £112k

### **Governance and Communities - £8k:**

- Partnership and Communities - £8k

### **Finance and Systems – £1.46m:**

- Range of ICT initiatives - £1.46m

## **Performance and explanation of major variances**

6. As described above there was an overall movement of £4.05m in the outturn compared to Period 10. Capital expenditure by its nature can fluctuate and be difficult to forecast across a single financial year, and can also be affected by factors outside the Council's direct control. An explanation of the variations by Directorate is shown in Table 2 below with a more detailed breakdown in Annex 6(a).

<b>Table 2</b>				<b>Variance Explained By</b>		
				<b>Net Re-Profiling</b>	<b>Add'n Expend</b>	<b>Saving</b>
<b>General Programme</b>	<b>Period 10 2022/23</b>	<b>Outturn 2022/23</b>	<b>Variance</b>			
<b>Directorate</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Children's Services	14.67	12.62	(2.05)	(2.05)	-	-
Adult Social Care	2.82	2.66	(0.16)	(0.16)	-	-
Place	33.47	32.12	(1.35)	(1.38)	0.17	(0.14)
Governance & Community Strategy	0.05	0.01	(0.04)	(0.04)	-	-
Finance & Systems	1.91	1.46	(0.45)	(0.45)	-	-
<b>General Programme Total</b>	<b>52.92</b>	<b>48.87</b>	<b>(4.05)</b>	<b>(4.08)</b>	<b>0.17</b>	<b>(0.14)</b>

7. The overall variance of £4.05m includes £4.08m relating to re-profiling and acceleration, significant key variances are explained in detail below with all variances detailed in Annex 6(a):

### **Children's Services**

- £(879)k of Basic Need funding has been reprofiled;
  - Firs Primary School £(307)k – there was slight re profiling against the revised forecast but the scheme is now complete and has been handed over, with the main block being handed over early in the new year with the internal works now complete.
  - Blessed Thomas Holford College £(283)k – Again as above a slight reprofiling against revised forecasts for settlement of retentions and final accounts to be settled with the scheme now being complete with the hand over undertaken.

- Moorland Junior School £(578)k – there has been slight rephasing of budget with the scheme currently on site nearing completion with anticipated completion being during school summer holidays.
- A small number of Other Schemes £289k – where some work was undertaken ahead of schedule and where other is currently underway on the schemes and are expected to complete imminently.
- £(1.03)m of re-profiling occurred across Schools Capital Maintenance;
  - Moss Park Infants Rewire works £(236)k – This work has started with a phased approach of delivery with the school to minimise disruption as much as possible utilising school holidays.
  - Sale High School – Reroofing works £(251)k – This scheme is now complete and remaining resources are to be potentially reallocated to support decarbonisation works that have been undertaken at the school. If these resources are not required they will be utilised to support additional maintenance works requiring funds.
  - Decarbonisation Contribution to school works £(100k) – Work on this scheme is reaching completion and awaiting final accounts for level of support needed, once finalised any unallocated resources as above will be utilised to support additional maintenance works.
  - School Health and Safety Monies £(79)k – This is a reactive allocation and as such is only used when urgent works are identified.
  - A number of other schemes £(361)k – small maintenance schemes where work is either underway or expected to be undertaken imminently.
- £160k of Devolved Formula Capital was carried out earlier than forecast, this grant is a rolling three year allocation given directly to schools, as a result this enables schools to have flexibility on when they can spend the resources and as such makes it difficult to forecast when this spend is incurred.
- £(160)k of SEND works reprofiled into the current year on a number of small schemes where work has now been carried out or will be undertaken imminently.

## **Place**

Re-profiling has occurred on a number of project areas:

- £552k of Future High Street Fund preliminary works have been carried out ahead of the previously reported schedule. This early completion of design works and contract awards will allow work to start on site soon. The scheme is progressing well towards the current deadline for the grant related expenditure of March 2024.
- £(486)k of works being undertaken as part of the council asset portfolio, with works on health and safety, smarter working and decarbonisation of buildings being reprofiled, work on these schemes is still scheduled to be completed with elements already being completed in the current year

- £198k of works as part of the leisure strategy relating to works at Altrincham leisure centre have been delivered ahead of forecast, this is as a result of works as part of the decarbonisation scheme already happening and the contractor being on site delivering this programme of works.
- £(95)k of integrated transport schemes have been reprofiled in relation to work around active travel, this is now expected to be completed next year.
- £(269)k of works as part of the CRSTS – Key network programme delivering the highways element of the scheme has been rephased to facilitate delivery at a more appropriate time of the year.
- £(97)k on bridge assessments where resources have been committed to assessing requirements needed on works with the programme to deal with any potential issues being delivered in this financial year.
- £(263)k of non-urgent Street lighting and furniture lighting maintenance has been reprofiled to prioritise replacement of assets which had been identified as requiring immediate action following condition surveys.
- £(165)k for Carrington Relief Road and Rationalisation works has been reprofiled but will be utilised imminently. Progress with the rationalisation element is progressing well with significant drawdown by the developer being made.
- £(436)k for Parks and Greenspaces – a new strategic approach assessing priorities has been undertaken for path and drainage works in parks, this had led to a slight delay in delivery but work is now well underway to deal with required works in priority order.

### **Finance & Systems**

- £(445)k of re-profiling linked to ICT investment across a number of schemes. It is to be noted that all schemes within the programme are being delivered with good progress being made.
8. There are a small number of schemes where there have been variances as a result of overspends of £171k and underspends of £135k, these variances will be managed within the overall approved programme.

### **Financing of General Capital Programme Expenditure**

9. The general capital programme expenditure of £48.87m was financed predominantly from grants and external contributions and borrowing, supplemented by specific reserves and receipts. The actual levels applied are shown below:

<b>Table 3: Financing of General Capital Expenditure 2022/23</b>	<b>Outturn 2022/23</b>
--	------------------------

	£m
<b>Internal Resources</b>	
Capital Receipts	0.21
Specific Reserves & Revenue	1.51
Borrowing	8.48
<b>Sub-Total</b>	<b>10.20</b>
<b>External Resources</b>	
Grants & Contributions	38.67
<b>Total Financing</b>	<b>48.87</b>

10. Where grant funding has been utilised or reprofiled to later years in the capital programme this has been done in accordance with the specific grant conditions.
11. The total level of usable receipts for 2022/23 was £0.84m compared to the assumed budgeted level of £2.25m as at P10 which is £1.41m less than anticipated for the year. As a result there will be the requirement to undertake a level of short term borrowing which will be repaid once receipts are realised. The overall level of receipts assumed within the approved three year capital programme is still expected to be achieved, the timing and size of receipt can vary but will be managed within the overall expectations. The following table details how the available £0.84m has been utilised:

	£m
<b>Available Capital Receipts</b>	<b>0.84</b>
Less Disposal Costs and PFI MRP	0.37
Flexible use of Receipts for Transformation	0.26
Receipts to Fund 2022/23	0.21
<b>Balance of Capital Receipts to Fund Capital Programme</b>	<b>0.00</b>

There is a programme of disposals and developments from which receipts realised are used to support the capital programme which was reported as part of the Strategic Land Review Programme to the Executive in February 2023.

The current approved capital programme includes a level of overprogramming which has to be managed over the delivery period of the programme. There is an ongoing risk that if receipts are lower, or received later than assumed there may be the need for additional borrowing in both the short and long term which has the potential to incur increased revenue costs, or a reduction in the number of approved schemes able to be delivered. The programme of disposals and development is continually under review with new opportunities being explored. Any changes in assumed levels of receipts will be reported as part of the capital monitoring updates and appropriate decisions on delivery can be made if required.



## 12. **Asset Investment Fund**

Asset Investment Fund currently stands at a maximum approved limit of £500m, supported by prudential borrowing, to support the Council's Investment Strategy. The transactions that have been agreed by the Investment Management Board (IMB) to date have a total current committed cost of £311.45m, of which £268.44m has currently been expended.

The balance of the approved £500m which is available for further investment is £188.55m (Table 3 below)

<b>Table 3: Asset Investment Fund</b>	<b>Prior Years Spend</b> £m	<b>Repayments</b> £m	<b>Actual Spend 2022/23</b> £m	<b>Future Years Commitment</b> £m	<b>Total</b> £m
<b>Total Investment Fund</b>					<b>500.00</b>
<b>Property Purchase:</b>					
Sonova House, Warrington	12.17	-		-	12.17
DSG, Preston	17.39	-		-	17.39
Grafton Centre incl. Travelodge Hotel, Altrincham	10.84	-		-	10.84
The Fort, Wigan	13.93	-		-	13.93
Sainsbury's, Altrincham	25.59	-		-	25.59
<b>Sub Total</b>	<b>79.92</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>79.92</b>
<b>Property Development:</b>					
Sale Magistrates Court	5.32	-	1.05	-	6.37
Brown Street, Hale	9.01	(6.12)	0.15	-	3.01
Former sorting office, Lacy Street, Stretford	0.90	-	-	-	0.90
GMP Site, Chester Road, Old Trafford	-	-	-	0.64	0.64
Care Home Purchase & Remediation	2.31	-	0.13	0.59	3.03
Tamworth	0.13	-	-	0.26	0.39
Various Development Sites	0.33	-	0.33	-	0.66
<b>Sub Total</b>	<b>18.00</b>	<b>(6.12)</b>	<b>1.66</b>	<b>1.49</b>	<b>15.03</b>
<b>Equity:</b>					
Stretford Mall, Equity	8.82	-	0.50	-	9.32
Stamford Quarter, Equity	16.97	-	3.02	5.23	25.22
K Site, Stretford Equity	11.21	-	0.52	0.52	12.25
<b>Sub Total</b>	<b>37.00</b>	<b>-</b>	<b>4.04</b>	<b>5.75</b>	<b>46.79</b>
<b>Development Debt:</b>					
Bruntwood; K site	11.11	-	0.42	0.72	12.25
Bruntwood; Stamford Qtr./Stretford Mall	25.82	-	3.52	5.22	34.56
CIS Building, Manchester	60.00	(25.80)		-	34.20
Castle Irwell, Salford	18.70	(19.55)	0.85	-	0.00
Castle Irwell, Salford – Phase 2	3.74	-	7.28	0.39	11.41
Hale Library	1.29	-	2.53	1.02	4.84
Network Space, Broadheath	-	-	6.69	14.81	21.50
Sunlight House	-	-	22.20	4.80	27.00
Barton Dock Road, Trafford Park	-	-	3.13	8.81	11.94
<b>Sub Total</b>	<b>120.66</b>	<b>(45.35)</b>	<b>46.62</b>	<b>35.77</b>	<b>157.70</b>
<b>Total Capital Investment</b>	<b>255.58</b>	<b>(51.47)</b>	<b>52.32</b>	<b>43.01</b>	<b>299.44</b>
Albert Estate Investment	17.62	(5.61)		-	12.01
<b>Total Investment</b>	<b>273.20</b>	<b>(57.08)</b>	<b>52.32</b>	<b>48.79</b>	<b>311.45</b>
<b>Balance available</b>					<b>188.55</b>

These investments are forecast to generate a net benefit to the revenue budget in 2022/23 of £5.72m, a deficit of £1.50m compared to the budgeted net target.

Key Variances include :

- The 2022/23 budget assumed additional net income of £3.4m from schemes that were yet to be committed to. This figure represented the recycling of funds from schemes that have matured and been repaid, such as the Crescent. As part of this recycling challenge, three new debt investments were agreed by the IMB and included in the outturn, Sunlight House, Network Space and Barton Dock Road, providing an additional £0.14m, £0.06m and £0.08m respectively in 2022/23. In addition, the IMB approved an extension to the existing CIS Tower facility, which provided an additional £2.0m of net income in year.
- The net returns from the Council's debt investment in the Albert Estate have reduced by £0.15m due to a partial repayment of the loan from £17.62m to £12.01m.
- A shortfall in returns from the Council's three joint ventures with Bruntwood of £1.31m, required to cover the Council's borrowing costs on the acquisition of the town centre assets in Stretford and Altrincham. This shortfall is a result of reduced trading income as the sites recover from the impact of Covid-19 on the retail sector, and prepare for regeneration schemes on both sites. This shortfall was met from reserves in 2022/23, with the reserve balance to be replenished when the sites return to surplus.
- A payment of £0.28m made in year to resolve a tenancy dispute at the Grafton Centre. The Centre otherwise finished the year with a small trading deficit of £0.01m.
- During the year, the facility agreed with the Hut Group matured and was officially cancelled without any drawdowns taking place for the primary facility. Despite not being utilised, the facility provided a revenue return to the Council of £2.8m since its agreement in 2019 from commitment fees. The cancellation of the facility reduced the expected net return in 2022/23 by £0.87m.
- Higher returns to the value of £0.27m on debt facilities which are linked to variable interest rates.
- The Risk Reserve level at the start of the year was £6.31m. This level of reserve is currently considered to be sufficient in relation to the immediate risks that the portfolio is exposed to. Therefore, the Council made reduced contributions in 2022/23, and a net £1.25m was instead used as part of the mitigation of the income pressures.
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<b>Risk Reserve B/F</b>	<b>6,309</b>
<b>Contribution to support borrowing costs</b>	<b>(1,254)</b>
<b>Risk Reserve C/F</b>	<b>5,055</b>

### **Prudential and Local Indicators**

- 13.** The Prudential Code requires authorities to look at capital expenditure and investment plans in light of the overall organisational strategy and resources and ensure that decisions are being made with sufficient regard to the long-term financing implications and potential risks to the authority.
- 14.** Revision to the Prudential Code in 2021 added further requirements for Local Authorities to monitor and report against all forward looking prudential indicators on at least a quarterly basis. In addition, a new indicator has been made a requirement for Local Authorities to review net income from commercial and service investments as a percentage of the Authority's net revenue stream. Target was based excluding pipeline projects. In 2022/23, this percentage was 8.9%, which is deemed to be a proportionate level.
- 15.** No limits or operational boundaries placed on the Council's external debt activities were breached in 2022/23.
- 16.** Further information, and the indicators themselves, can be found in Appendix 6b.

## Annex 6a

An analysis of major areas of re-profiling for the General Capital Programme		Period 10 2022/23	Outturn 2022/23	Variance	%	Net Re-profiling	Overspend	Savings
		£m	£m	£m		£m	£m	£m
<b>Children's Services</b>								
	<b>Schools</b>	<b>14.20</b>	<b>12.27</b>	<b>-1.93</b>	<b>-14%</b>	<b>-1.93</b>	<b>0.00</b>	<b>0.00</b>
	- Basic Need : Expansion schemes	9.95	8.71	-0.88		-0.88	0.00	0.00
	- Maintenance Programme	2.89	1.84	-1.05		-1.05	0.00	0.00
	- Devolved Formula Capital	0.32	0.48	0.16		0.16	0.00	0.00
	- SEND Programme	1.40	1.24	-0.16		-0.16	0.00	0.00
	<b>Children's Social Care Services</b>	<b>0.47</b>	<b>0.35</b>	<b>-0.12</b>	<b>-26%</b>	<b>-0.12</b>	<b>0.00</b>	<b>0.00</b>
	- Foster Carers – Accommodation Improvements	0.13	0.01	-0.12		-0.12	0.00	0.00
	- Children's Portal/Liquid Logic	0.30	0.34	0.04		0.04	0.00	0.00
	- Other Schemes	0.04	0.00	-0.04		-0.04	0.00	0.00
	<b>Total</b>	<b>14.67</b>	<b>12.62</b>	<b>-2.05</b>	<b>-14%</b>	<b>-2.05</b>	<b>0.00</b>	<b>0.00</b>
<b>Adult Social Care</b>								
	- Disabled Facilities Grant	2.36	2.43	0.07		0.07	0.00	0.00
	- Right Care For You	0.10	0	-0.10		-0.10	0.00	0.00
	- Assistive Technology/ Agile Working	0.36	0.23	-0.13		-0.13	0.01	0.00
	<b>Total</b>	<b>2.82</b>	<b>2.66</b>	<b>0.16</b>	<b>-6%</b>	<b>0.00</b>	<b>0.01</b>	<b>0.00</b>

	Period 10 2022/23	Outturn 2022/23	Variance	%	Net Reprofilin g	Overspend	Savings
<b>Place</b>							
<b>Corporate Landlord</b>	<b>3.31</b>	<b>2.86</b>	<b>-0.45</b>	<b>-14%</b>	<b>-0.49</b>	<b>0.11</b>	<b>-0.07</b>
- Public Buildings Repairs	0.62	0.53	-0.09		0.13	0.11	-0.07
- De-carbonisation Programme	2.28	2.19	-0.09		-0.09	0.00	0.00
- Other Schemes	0.41	0.14	-0.27		0.27	0.00	0.00
<b>Regeneration &amp; Strategic Planning</b>	<b>7.28</b>	<b>7.60</b>	<b>0.32</b>	<b>4%</b>	<b>0.28</b>	<b>0.04</b>	<b>0.00</b>
Future High Street Fund	1.52	2.08	0.56		0.56	0.00	0.00
Town Centre Public Realm Works	1.04	1.42	0.38		0.38	0.00	0.00
Trafford Waters - Infrastructure	4.05	4.09	0.04		0.00	0.04	0.00
Other schemes	0.28	0.01	-0.27		-0.27	0.00	0.00
<b>Sport, Recreation &amp; Culture and Recycling</b>	<b>4.28</b>	<b>4.47</b>	<b>0.19</b>	<b>4%</b>	<b>0.19</b>	<b>0.00</b>	<b>0.00</b>
- Leisure Centre Strategy and Improvements	1.96	2.26	0.30		0.30	0.00	0.00
De- carbonisation Leisure Centres	2.11	2.12	0.01		0.01	0.00	0.00
Football Facility Provisions	0.12	0.08	-0.04		-0.04	0.00	0.00
- Other Schemes	0.09	0.01	-0.08		-0.08	0.00	0.00
<b>Environmental Services and Green Spaces</b>	<b>1.22</b>	<b>0.80</b>	<b>-0.42</b>	<b>-34%</b>	<b>0.43</b>	<b>0.02</b>	<b>-0.01</b>
- Parks and Play Areas Infrastructure	1.22	0.80	-0.42		-0.43	0.02	-0.01

	Period 10 2022/23	Outturn 2022/23	Variance	%	Net Reprofilin g	Overspend	Savings
<b>Parking Services</b>	<b>0.13</b>	<b>0.11</b>	<b>-0.02</b>	<b>-15%</b>	<b>-0.02</b>	<b>0.00</b>	<b>0.00</b>
Parking Services	0.13	0.11	-0.02		-0.02	0.00	0.00
<b>Highways</b>	<b>17.11</b>	<b>16.13</b>	<b>-0.98</b>	<b>-6%</b>	<b>-0.92</b>	<b>0.00</b>	<b>-0.06</b>
- Highways Structural Maintenance	9.35	9.06	-0.29		-0.29	0.00	-0.08
- Integrated Transport Schemes incl Cycling and Walking Schemes	1.77	1.60	-0.17		-0.17	0.00	0.00
- Street Lighting	1.30	1.04	-0.26		-0.26	0.00	0.00
- Bridges Programme	0.54	0.44	-0.10		-0.10	0.00	0.00
Carrington Road Improvements	4.15	3.99	-0.16		-0.16	0.00	0.00
<b>Community Safety</b>	<b>0.14</b>	<b>0.15</b>	<b>0.01</b>	<b>7%</b>	<b>0.01</b>	<b>0.00</b>	<b>0.00</b>
CCTV	0.14	0.15	0.01		0.01	0.00	0.00
<b>Total</b>	<b>33.47</b>	<b>32.12</b>	<b>-1.35</b>	<b>-4%</b>	<b>-1.38</b>	<b>0.17</b>	<b>-0.14</b>
<b>Governance &amp; Community Strategy</b>							
Partnerships & Communities	0.05	0.01	-0.04	<b>-80%</b>	-0.04	0.00	0.00
<b>Finance &amp; Systems</b>							
Information Technology	1.91	1.46	-0.45	<b>-24%</b>	-0.45	0.00	0.00
<b>General Capital Programme Total</b>	<b>52.92</b>	<b>48.87</b>	<b>-4.05</b>	<b>-8%</b>	<b>-4.08</b>	<b>0.17</b>	<b>-0.14</b>

The Prudential Code for Capital Finance in Local Authority was reviewed and updated following a consultation with Local Authorities in November 2021. The Code requires that the Council report and monitor Prudential Indicators on at least a quarterly basis during the financial year. These indicators are designed to support and record local decision making in a manner that is publicly accountable.

These indicators are approved and set by the Council in February each year as part of the wider budget setting process.

The prudential indicators cover the three areas in which the Council is required to report and monitor:

### Capital expenditure indicators:

- **Estimates of capital expenditure;** Actual total capital expenditure for previous financial year and estimates of spend for the following three years. Variances found here from the approved indicator level to the current forecast level are due to revisions to the programme, reported through the regular Capital Budget Monitoring and approved by the Executive.
- **Estimates of capital financing requirement;** this reflects the estimated need to borrow for capital investment (i.e. the anticipated level of capital expenditure not financed from capital grants and contributions, revenue or capital receipts).

Prudential Indicators -	2022/23			2023/24	2024/25	2025/26
	Forecast	Actual	Variance	Forecast	Forecast	Forecast
Outturn 2022/23	£m	£m	£m	£m	£m	£m
<b>Capital Expenditure</b>						
Capital expenditure - General Programme	66.06	48.87	-17.19	91.49	65.80	41.87
Capital expenditure - Investment Strategy	66.18	52.37	-13.81	109.09	66.59	13.58
<b>Capital expenditure - Total</b>	<b>132.24</b>	<b>101.24</b>	<b>-31.00</b>	<b>200.58</b>	<b>132.39</b>	<b>55.45</b>
<b>Capital Financing Requirement (CFR)</b>	<b>447.65</b>	<b>412.06</b>	<b>-35.59</b>	<b>579.09</b>	<b>653.12</b>	<b>687.26</b>

### External debt indicators

- **Authorised limit for external debt;** This is a key prudential indicator and represents a control on the maximum level of external debt that the Council



will require for all known potential requirements. It includes headroom to cover the risk of short-term cash flow variations that could lead to temporary borrowing and any potential effects arising from bringing “off balance sheet” leased assets onto the balance sheet in compliance with IFRS 16.

- **Operational boundary for external debt;** calculated on a similar basis as the authorised limit but represents the likely level of external debt that may be reached during the course of the year and is not a limit
- **Gross debt and the capital financing requirement;** The Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2022/23 and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue or speculative purposes.

Prudential Indicators -	2022/23		2023/24	2024/25	2024/25
Outturn 2022/23	Approved Limit	Actual Performance	Approved Limit	Approved Limit	Approved Limit
	£m		£m	£m	£m
<b>External Debt</b>					
Authorised limit for external debt - Capital Programme	220	Within Limit	240	250	260
Authorised limit for external debt - Investment Strategy	275	Within Limit	375	450	475
Authorised limit for external debt - Other long-term liabilities	3.8	Within Limit	3.5	3.1	3.1
<b>Authorised limit for external debt - Total</b>	<b>498.8</b>	Within Limit	<b>618.5</b>	<b>703.1</b>	<b>738.1</b>
Operational boundary for external debt - Capital Programme	200	Within Limit	220	230	240
Operational boundary for external debt - Investment Strategy	275	Within Limit	375	450	475
Operational boundary for external debt - Other long-term liabilities	3.8	Within Limit	3.4	3	2.6
<b>Operational boundary for external debt - Total</b>	<b>478.8</b>	Within Limit	<b>598.4</b>	<b>683</b>	<b>717.6</b>
Gross debt and the capital financing requirement		Within Limit			
<b>Actual external debt (£m)</b>		<b>318.17</b>			

### Affordability indicators

- **Estimates of financing costs to net revenue stream;** this indicator shows the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the Council’s net revenue stream. This demonstrates the affordability and proportionality of that borrowing by comparing it to the Council’s net revenue stream as a whole.
- **Estimates of net income from commercial and service investments to net revenue stream;** This indicator compares income, net of operational costs but not financing costs, from commercial investments to the Council’s

net revenue stream. As before, this comparison allows for consideration for the Council's reliance on that income and its proportionality.

Prudential Indicators - Outturn 2022/23	2022/23			2023/24	2024/25	2025/26
	Forecast	Actual	Variance	Forecast	Forecast	Forecast
	%	%	%	%	%	%
<b>Affordability</b>						
Financing Costs to net revenue stream	3.60%	3.40%	-0.20%	3.40%	3.10%	3.30%
Net Income for commercial and service investments to net revenue stream	7.90%	8.90%	1.00%	8.50%	7.10%	6.80%

(\*) - Actual was 8.9% against target of 7.9%. Income was higher due to pipeline income received towards the end of the year not in the original projection. Actual still deemed a proportionate level.

## Dedicated School Grant

	Outturn (£000's)	Explanation/Risks
Dedicated Schools Grant	1,513	<p><b>Outturn variance £1.513m adverse, a favourable movement of £327k from Period 10.</b></p> <p><b>Schools Block (SB)</b> There is an underspend of £584k in the Schools Block, a favourable movement of £80k. This movement is due to further growth fund applications not being required until 2023/24. This will be held in reserve and ring-fenced for future growth requirements, a falling rolls fund for schools will also be considered.</p> <p><b>Central School Services Block (CSSB)</b> There is an underspend of £122k, a favourable movement of £62k. This movement is due to a further reduction in the utilisation of the primary targeted fund (£30k); an underspend in the School Admissions budget (£21k); and an under spend within the budgets held for Schools Funding Forum and NNDR adjustments (£11k). The £50k underspend within the primary targeted fund will be held in a reserve and ring-fenced for future requirements. The remaining £72k underspend can be used to offset the overspend within the High Needs Block.</p> <p><b>Early Years Block (EY)</b> The EY block was overspent by £88k in 2021/22. This was due to the final funding allocation and numbers of funded children not being known until after the January census count. This overspend has been recovered in 2022/23 due to the lagged nature of the funding. There is a small overspend in 2022/23 of £1k.</p> <p><b>High Needs Block (HNB)</b> The HNB is overspent by £2.218m, a favourable movement of £188k from P10. This is made up of a £1.32m in year overspend on the budget set and the budget set is £898k more than the grant allocation received.</p> <p>The £1.320m overspend is :</p> <ul style="list-style-type: none"> <li>• £572k Education Health Care Plans – this is an adverse movement of £91k from P10 due to 15 additional Education Health Care Plans being issued. The over spend is due to numbers rising from 906 to 949 (costing £306k) and increased complexity of need (costing £266k);</li> <li>• £144k further education placements - funding an additional 24 placements at £6k each with no additional grant. Additional</li> </ul>

funding in the current formula is not provided by central government for any increases in 19-25 year olds;

- £532k out of borough placements - this is a favourable movement of £245k due to 19 students leaving their settings, saving £215k, and actual prices being lower than estimated saving £30k. The over spend is due to the average cost of placements rising from £24,050 to £26,368 which has cost £927k, offset by a slight reduction in demand (from 417 to 400) saving £395k.
- £427k special schools due to additional places and top-up being funded during the year at Delamere, Brentwood, and The Orchards. This is an adverse movement of £68k again due to 13 additional places being funded.
- This is offset by £355k of underspends in sensory impairment and behaviour and attendance, a favourable variance of £101k due to receipt of additional exclusion income and over PAN spend less than estimated.

There was a negative high needs block reserve brought forward of £1.992m, which would have increased to £4.210m but the application of the CSSB under spend of £72k leaves an overall HNB deficit of £4.138m.

Even though additional HNB funding of £3.9m was allocated following the autumn statement for the financial year 2023/24, it is still insufficient to keep up with increasing costs over the years. The Council is currently receiving an element of low-level support from the Department of Education (DfE) who have been able to provide some advice and guidance on helping to control the growing high needs deficit. Discussions are at the early stages to identify mitigations but this is unlikely to be in the form of additional funding at this stage. Without new interventions the high needs deficit is forecast to continue to increase and is not financially sustainable.

#### **DSG reserves**

The overall DSG reserve shows a deficit position of £1.475m as detailed in the table below.

<b>DSG deficit position</b>	<b>reserves brought forward 22/23 £'000</b>	<b>contribution to reserves 22/23 £'000</b>	<b>transfer between reserves 22/23 £'000</b>	<b>balance carried forward 22/23 £'000</b>
De-delegated (SB)	(707)	96		(611)
EY	88	(87)		1
Growth Fund	(960)	(584)		(1,544)
Primary Targeted	(285)	(50)		(335)
Crucial Crew	(1)	1		0
CSSB	0	(72)	72	0

		TAEP	(59)	(115)		(174)
		High Needs	1,992	2,218	(72)	4,138
		<b>TOTAL</b>	<b>68</b>	<b>1,407</b>		<b>1,475</b>

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# External Quality Assessment of Conformance to the Public Sector Internal Audit Standards

## Trafford Metropolitan Borough Council's Internal Audit Service

Final Report

Lead Associate: Ray Gard, CPFA, FCCA, CFIIA, DMS

Quality Assessment: Diana Melville, FCPFA

16 May 2023

# Trafford Metropolitan Borough Council's Internal Audit Service

## Table of contents

<b>Section</b>	<b>Title</b>	<b>Page</b>
1	Introduction	3
2	Background	3
3	Validation process	3
4	Opinion	4
5	Areas of full conformance	5
6	Areas of partial conformance	11
7	Areas of no conformance	11
8	Survey results	11
9	Issues for management action	11
10	Definitions	12
11	Disclaimer	14
	Appendix A - Summary of survey results	15
	Appendix B – Management action plan	16



## 1. Introduction

- 1.1 Internal audit within the public sector in the United Kingdom is governed by the Public Sector Internal Audit Standards (PSIAS), which have been in place since 1<sup>st</sup> April 2013 (revised 2016 and 2017). All public sector internal audit services are required to measure how well they are conforming to the standards. This can be achieved through undertaking periodic self-assessments, external quality assessments (EQA), or a combination of both methods. However, the standards state that an external reviewer must undertake a full assessment or validate the Internal Audit Service's own self-assessment at least once in a five-year period.

## 2. Background

- 2.1 The Internal Audit Service provides internal audit and consultancy services to Trafford Metropolitan Borough Council. The Chief Audit Executive is the Council's Audit and Assurance Manager. He is supported by a Principal Audit and Assurance Team Leader, a Principal Audit and Assurance Officer, and three Senior Audit and Assurance Officer posts (one of which was vacant at the time of the EQA).
- 2.2 The Audit and Assurance Manager is an experienced internal audit professional who is a CCAB accountant (CIPFA). The Principal Audit and Assurance Team Leader is also an experienced internal audit professional and is also a CCAB accountant (ACCA) who recently obtained the CISA qualification. The Principal Audit and Assurance Officer holds AAT, CIPFA Counter Fraud and CIPFA Diploma in Public Audit qualifications, whilst the Senior Audit and Assurance Officers hold Chartered Institute of Internal Audit qualifications. One of the Senior Audit and Assurance Officers also gained the CIPFA Diploma in Public Audit.
- 2.3 From an operational perspective, the Internal Audit Service is part of the Finance and Systems Directorate and the Audit and Assurance Manager reports directly to the Director of Finance and Systems, who is the Council's Section 151 Officer. The Audit and Assurance Manager meets frequently with the Section 151 Officer and attends regular meetings of the Finance and Systems Directorate Management Team. He also attends meetings through the year with the External Auditor and the Council's Monitoring Officer. He attends all meetings of the Council's Accounts and Audit Committee and has direct access to the Chair of the Committee. Regular reports on the audit plan, progress on delivering the plan and the annual opinion and outturn, are made to the Corporate Leadership Team and the Accounts and Audit Committee. In addition to relevant senior and service management, the Chief Executive and relevant Executive Portfolio holder receive a copy of all audit opinion reports.
- 2.4 The Internal Audit Service has been operating under PSIAS since its launch in 2013, and this is the second external quality assessment (EQA) that they have commissioned, the previous one being in 2018 and was also undertaken by CIPFA.
- 2.5 Internal Audit has an audit manual that provides the auditors with a comprehensive guide to all aspects of performing an internal audit or consultancy assignment and is cross referenced to the PSIAS and the LGAN. The Service uses standard templates for all terms of reference, engagement working papers, testing schedules, and audit reports, with completed documents retained in the Service's dedicated network drive. Supervision of the engagements takes place at every stage of the process and is recorded on the appropriate documentation.
- 2.6 There is a quality assurance process in place that includes internal and external quality assessments of the Service, reviews of live engagements, a post-audit client feedback survey, and final clearance of all completed reports by the Audit and Assurance Manager, all of which feed into the Internal Audit Service's Quality Assurance and Improvement Programme (QAIP).

### 3. Validation Process

- 3.1 This validation of the Service's self-assessment comprised a combination of a review of the evidence provided by Internal Audit; a review of a sample of completed internal audits; a survey that was sent to and completed by a range of stakeholders; and interviews with key stakeholders, using MS Teams. The interviews focussed on determining the strengths and weaknesses of Internal Audit and assessed the Service against the four broad themes of Purpose and Positioning; Structure and Resources; Audit Execution; and Impact.
- 3.2 The Internal Audit Service provided a comprehensive range of documents that they used as evidence to support their self-assessment, and these were available for examination prior to and during this validation review. These documents included the:
- self-assessment against the standards;
  - quality assurance and improvement plan (QAIP);
  - evidence file to support the self-assessment;
  - the audit charter;
  - the annual report and opinions
  - the audit plan and strategy;
  - audit procedures manual;
  - a range of documents and records relating to the team members;
  - progress and other reports to the Accounts and Audit Committee.

All the above documents were examined during this EQA.

- 3.3 The main phase of the validation process was carried out during the week commencing 20 March 2023, with further work and interviews undertaken during the following weeks. This phase of the EQA involved a review of a sample of audit files and interviews with a wide sample of key stakeholders. Overall, the feedback from the interviewees was positive with clients valuing the professional, knowledgeable, and objective way the Internal Audit Service delivered their services.
- 3.4 A survey was sent to a range of key stakeholders and the results analysed during the review. Details of the survey findings have been provided to the Audit and Assurance Manager and a summary table has been included in this report.
- 3.5 The assessor reviewed examples of completed audits, to confirm his understanding of the audit process used at the Council, and to determine how Internal Audit has applied the PSIAS and LGAN in practice.

### 4. Opinion

**It is our opinion that the self-assessment for the Trafford Metropolitan Borough Council's Internal Audit Service is accurate, and we therefore conclude that the Internal Audit Service GENERALLY CONFORMS to the requirements of the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note.**

- 4.1 The table below shows the Internal Audit Service’s level of conformance to the individual standards assessed during this external quality assessment:

Standard / Area Assessed	Level of Conformance
Mission Statement	<b>Generally Conforms</b>
Core principles	<b>Generally Conforms</b>
Code of ethics	<b>Generally Conforms</b>
Attribute standard 1000 – Purpose, Authority and Responsibility	<b>Generally Conforms</b>
Attribute standard 1100 – Independence and Objectivity	<b>Generally Conforms</b>
Attribute standard 1200 – Proficiency and Due Professional Care	<b>Generally Conforms</b>
Attribute standard 1300 – Quality Assurance and Improvement Programmes	<b>Generally Conforms</b>
Performance standard 2000 – Managing the Internal Audit Activity	<b>Generally Conforms</b>
Performance standard 2100 – Nature of Work	<b>Generally Conforms</b>
Performance standard 2200 – Engagement Planning	<b>Generally Conforms</b>
Performance standard 2300 – Performing the Engagement	<b>Generally Conforms</b>
Performance standard 2400 – Communicating Results	<b>Generally Conforms</b>
Performance standard 2500 – Monitoring Progress	<b>Generally Conforms</b>
Performance standard 2600 – Communicating the Acceptance of Risk	<b>Generally Conforms</b>

## 5. Areas of full conformance with the Public Sector Internal Audit Standards

### 5.1 Mission Statement and Definition of Internal Audit

The mission statement and definition of internal audit from the PSIAS are included in the audit charter.

## 5.2 Core Principles for the Professional Practice of Internal Auditing

*The Core Principles, taken as a whole, articulate an Internal Audit function's effectiveness, and provide a basis for considering the organisation's level of conformance with the Attribute and Performance standards of the PSIAS.*

The clear indication from this EQA is that the Core Principles are embedded in Internal Audit's procedures and working methodologies and they are a very competent, experienced, and professional Service that conforms to all ten elements of the Core Principles.

## 5.3 Code of Ethics

*The purpose of the Institute of Internal Auditors' Code of Ethics is to promote an ethical culture in the profession of internal auditing, and is necessary and appropriate for the profession, founded as it is on the trust placed in its objective assurance about risk management, control, and governance. The Code of Ethics provides guidance to internal auditors and in essence, it sets out the rules of conduct that describe behavioural norms expected of internal auditors and are intended to guide their ethical conduct. The Code of Ethics applies to both individuals and the entities that provide internal auditing services.*

The clear indication from this EQA is that the Internal Audit Service conforms to the Code of Ethics, and this is embedded in their procedures, and their audit methodologies. The code of ethics is part of their overarching culture and underpins the way the Service operates.

## 5.4 Attribute Standard 1000 – Purpose, Authority and Responsibility

*The purpose, authority and responsibility of the Internal Audit activity must be formally defined in an internal audit charter, consistent with the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework (the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Standards, and the Definition of Internal Auditing). The internal audit charter must be reviewed regularly and presented to senior management and the audit panel for approval.*

There is an audit charter in place, and this is reviewed on an annual basis. We reviewed this document and found it to be comprehensive and well written and contains all of the elements that the PSIAS expects to be included in an audit charter. We are satisfied that the Internal Audit Service conforms to attribute standard 1000 and the LGAN.

## 5.5 Attribute Standard 1100 – Independence and Objectivity

*Standard 1100 states that the Internal Audit activity must be independent, and internal auditors must be objective in performing their work.*

The need for independence and objectivity is an integral part of any Internal Audit Service's culture. The Audit and Assurance Manager reports in his own name directly to the Corporate Leadership Team and to the Accounts and Audit Committee. All employees declare any potential impairment to their independence or objectivity on an annual basis.

We have reviewed the Internal Audit Service's procedures and their standard documentation; their quality assurance and improvement plan; and a small sample of completed audit files. We have also reviewed their reporting lines and their positioning within the organisation. The Audit and Assurance Manager does not currently have responsibilities for functions other than Internal Audit, although this will change in July 2023 when the Council's Counter Fraud function will be transferred to the Audit and Assurance Manager. At this point the audit charter should be revised to reflect the changed management responsibilities and should include the safeguards that are in

place to maintain his independence and objectivity. The audit charter includes a section on the independence and objectivity of the Internal Audit Service, including the process that will be followed should there be any impairment to the independence of the Audit and Assurance Manager or the Service as a whole. Where there have not been any impairments, it is good practice to include a statement confirming this in the Audit and Assurance Manager's annual report.

We have made two advisory suggestions regarding these observations in section 9 of this report. We are however satisfied that the Internal Audit Service conforms with attribute standard 1100 and the LGAN.

## 5.6 **Attribute Standard 1200 – Proficiency and Due Professional Care**

*Attribute standard 1200 requires the Internal Audit Services' engagements are performed with proficiency and due professional care, having regard to the skills and qualifications of the staff, and how they apply their knowledge in practice.*

It is evident from this EQA that the Internal Audit Service has a professional, experienced, and suitably qualified workforce. The Audit and Assurance Manager is an experienced internal audit professional who is a CCAB accountant (CIPFA). The Principal Audit and Assurance Team Leader is also an experienced internal audit professional and is also a CCAB accountant (ACCA) who recently obtained the CISA qualification. The Principal Audit and Assurance Officer holds AAT, CIPFA Counter Fraud and CIPFA Diploma in Public Audit qualifications whilst the Senior Audit and Assurance Officers hold Chartered Institute of Internal Auditor qualifications. One of the Senior Auditors also gained the CIPFA Diploma in Public Audit.

From our discussions with the Audit and Assurance Manager, it is evident that Internal Audit are struggling to fill the vacant Senior Audit and Assurance Officer post in its structure, largely due to the dire shortage nationally of qualified and experienced internal auditors and finance professionals wanting to work in the public sector. Occasionally internal audit services manage to find a suitably qualified and experienced candidate for a vacant post, but in the current climate this is often not the case, and as such internal audit services are having to explore alternative solutions.

While there is no quick solution to resolving this issue, a longer-term solution would be to consider introducing a career graded trainee or apprentice post to Internal Audit's structure with the post holder following one of the recognised training or apprenticeship programmes, such as the Accounting Technicians or the Institute of Internal Auditors Apprenticeship schemes, or the CIPFA graduate training programme if they hold a higher education qualification. These apprentice or trainee posts could be dedicated to Internal Audit, or they could be part of a wider trainee scheme for the Directorate as a whole. Consideration could also be given to having secondees to the Service from other parts of the Council, or even undergraduate work placements from one of the universities. To assist with this process, we suggest that in addition to steps planned to fill the vacant post, the Audit and Assurance Manager considers succession planning for the other posts (as the Service has a mature workforce), that includes a skills and competencies matrix for the career graded trainee or apprentice posts, based on the CIPFA guide "The Excellent Internal Auditor, Good Practice Guide to Skills and Competencies". We have included an action relating to this in section 9 of this report.

The Service has a contract with another Greater Manchester Local Authority for specialist IT audit services, although, all the Team members have sufficient knowledge of the operation of high-level IT controls that they can incorporate these in their testing for the audits they undertake.

The Standards require internal audit services to consider the use of data analytics when performing their audit reviews. The Service has a licence for the IDEA data analytics software and has started to make use of this tool when they are performing audits, with

the Principal Audit and Assurance Team Leader having the greatest knowledge of the IDEA application. The Service has a data analytics strategy in place which sets out how they will develop the use of data analytics within the Council, including the use of other tools such as Power BI. Notwithstanding the above, there is an opportunity to further broaden the use of data analytics by making use of external sources of data for benchmarking purposes, such as the local authority data held in the CIPFA statistics and 'Nearest Neighbour Model' applications, which the Council should already have access to. These are now adaptable tools that should not be overlooked, particularly when auditors are preparing the terms of reference for audits as benchmarking can highlight areas where there may be scope to add value to the Council's operations, or at least challenge the current thinking. We have included this as an advisory action for management to consider in section 9 of this report.

It is evident from this review that the Internal Audit Service's employees are experienced and well qualified and perform their duties with due professional care. We are therefore satisfied that the Internal Audit Service complies with attribute standard 1200 and the LGAN.

#### **5.7 Attribute Standard 1300 – Quality Assurance and Improvement Programmes**

*This standard requires the Head of Audit to develop and maintain a quality assurance and improvement programme that covers all aspects of the Internal Audit activity.*

The Internal Audit Service has developed an effective quality assurance process which feeds into their quality assurance and improvement programme that ensures engagements are performed to a high standard. Supervision of audit engagements is carried out at all stages of the audit. Evidence of the supervision is recorded throughout the audit process and recorded in the audit files. The Service uses post audit client satisfaction surveys for every audit they undertake, and in addition to the quinquennial EQA, carry out annual self-assessments of their conformance to the Standards and the LGAN. All these feed into the Service's quality assurance and improvement plan (QAIP). Updates on completing the actions in the QAIP are made to the Accounts and Audit Committee although the information provided is limited and could be enhanced to provide the Committee with a greater understanding of how the Service is improving. We have included this observation in the action plan at section 9 of this report as an advisory action for management to consider.

We have examined the supporting evidence provided by the Internal Audit Service during this EQA and notwithstanding the observation above, we are satisfied that they conform to attribute standard 1300 and the LGAN.

#### **5.8 Performance Standard 2000 – Managing the Internal Audit Activity**

*The remit of this standard is wide and requires the Chief Audit Executive to manage the Internal Audit activity effectively to ensure it adds value to its clients. Value is added to a client and its stakeholders when Internal Audit considers their strategies, objectives, and risks; strives to offer ways to enhance their governance, risk management, and control processes; and objectively provides relevant assurance to them. To achieve this, the Chief Audit Executive must produce an audit plan and communicate this and the Service's resource requirements, including the impact of resource limitations, to senior management and the Audit and Risk Committee for their review and approval. The Chief Audit Executive must ensure that Internal Audit's resources are appropriate, sufficient, and effectively deployed to achieve the approved plan.*

*The standard also requires the Chief Audit Executive to establish policies and procedures to guide the Internal Audit activity, and to share information, co-ordinate activities and consider relying upon the work of other internal and external assurance and consulting service providers to ensure proper coverage and minimise duplication of efforts.*

*Last, but by no means least, the standard requires the Chief Audit Executive to report periodically to senior management and the Audit Committees on Internal Audit's activities, purpose, authority, responsibility, and performance relative to its plan, and on its conformance with the Code of Ethics and the Standards. Reporting must also include significant risk and control issues, including fraud risks, governance issues and other matters that require the attention of senior management and/or the audit committee.*

The Internal Audit Service has a comprehensive audit manual in place that covers all aspects of the Internal Audit Service.

The Service have developed comprehensive planning processes that take into consideration the Council's risks and objectives; the risk management and governance frameworks; the Council's objectives and priorities; any other relevant and reliable sources of assurance that are available; key issues identified by managers during planning meetings; the Service's own risk and audit needs assessments; and any emerging risks identified through horizon scanning and networking with other organisations. The Service produces a high-level risk-based operational audit plan that is underpinned by a detailed tactical audit plan that is aligned to the Council's objectives and is designed to provide the Council with relevant assurance on their governance, risk management and control frameworks. The audit plan is reviewed and approved by the Corporate Leadership Team and the Accounts and Audit Committee.

Details of the completed audits, together with regular updates on the progress being made on delivering the audit plan and the performance of the Internal Audit Service, are reported regularly to the Corporate Leadership Team and the Accounts and Audit Committee. An annual report and opinion are also issued at the end of the year and presented to the Corporate Leadership Team and the Accounts and Audit Committee.

The clear indication from this EQA is that the Internal Audit Service is managed effectively and conforms to standard 2000 and the LGAN.

#### **5.9 Performance Standard 2100 – Nature of Work**

*Standard 2100 covers the way the Internal Audit activity evaluates and contributes to the improvement of the organisation's risk management and governance framework and internal control processes, using a systematic, disciplined and risk-based approach.*

This is the approach adopted by the Internal Audit Service and is embedded in their working methodologies. During this EQA, we reviewed a sample of completed audits and examined them to see if they conformed to standard 2100, the LGAN and Internal Audit's own methodologies. We found that all the sample audit files examined during the EQA complied with all three.

The clear indication from this EQA is that the Internal Audit Service conforms to performance standard 2100 and the LGAN.

#### **5.10 Performance Standard 2200 – Engagement Planning**

*Performance standard 2200 requires Internal Auditors to develop and document a plan for each engagement, including the engagement's objectives, scope, timing, and resource allocations. The plan must consider the organisation's strategies, objectives, and risks relevant to the engagement.*

The Service has an audit manual and robust supervision processes in place that include engagement planning and meets the requirements of the PSIAS. From the sample of audit files that we examined during the EQA we found that they all conformed to standard 2200, the LGAN, and the Service's own audit procedures, and we therefore conclude that Internal Audit conforms to performance standard 2200 and the LGAN.

#### 5.11 **Performance Standard 2300 – Performing the Engagement**

*Performance standard 2300 seeks to confirm that Internal Auditors analyse, evaluate and document sufficient, reliable, relevant, and useful information to support the engagement results and conclusions, and that all engagements are properly supervised.*

As we have mentioned above, the Internal Audit Service has an audit manual, sound supervision arrangements, and quality assurance processes in place that meet the requirements of the standards. We reviewed the evidence provided in support of the Service's self-assessment, together with a sample of audit files to see if they conformed to the standards, and Internal Audit's own working methodologies. We found that all the evidence we examined conformed to the standards and Internal Audit's own procedures and methodologies. We therefore conclude that Internal Audit conforms to performance standard 2300 and the LGAN.

#### 5.12 **Performance Standard 2400 – Communicating Results**

*This standard requires Internal Auditors to communicate the results of engagements to clients and sets out what should be included in each audit report, as well as the annual report and opinion. When an overall opinion is issued, it must take into account the strategies, objectives and risks of the clients and the expectations of their senior management, the audit committee and other stakeholders. The overall opinion must be supported by sufficient, reliable, relevant, and useful information. Where an internal audit function is deemed to conform to the PSIAS, reports should indicate this by including the phrase "conducted in conformance with the International Standards for the Professional Practice of Internal Auditing".*

The Service's procedures and supervision processes cover the communication of results of individual audits and meet the requirements of the PSIAS. During the EQA we reviewed the evidence provided in support of the Service's self-assessment and the audit reports issued for a sample of audits to establish if they conformed to the standards. We found that all the evidence we examined conformed to the standards and Internal Audit's own procedures and methodologies.

We also reviewed the progress and annual reports presented to the Accounts and Audit Committee and found that these also conformed to the standards and the Service's own internal procedures.

We therefore conclude that the Internal Audit Service conforms to performance standard 2400 and the LGAN.

#### 5.13 **Performance Standard 2500 – Monitoring Progress**

There is a comprehensive follow-up process in place, the objective of which is to monitor the client's progress towards the implementation of agreed actions. The results of the follow-up reviews are reported to the Accounts and Audit Committee. From this EQA, it is evident that the Internal Audit Service conforms to performance standard 2500 and the LGAN.

#### 5.14 **Performance Standard 2600 – Communicating the Acceptance of Risk**

Standard 2600 considers the arrangements which should apply if the Chief Audit Executive has concluded that management at the client's services have accepted a level of risk that may be unacceptable to the organisation. Situations of this kind are expected to be rare, consequently, we did not see any examples of this during this review. From this EQA, it is evident that the Internal Audit Service conforms to performance standard 2600 and the LGAN.



## 6. Areas of partial conformance with the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note

- 6.1 There are no areas of partial conformance with the Public Sector Internal Audit Standards or the CIPFA Local Government Application Note.

## 7. Areas of non-conformance with the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note

- 7.1 There are no areas of non-conformance with the Public Sector Internal Audit Standards or the CIPFA Local Government Application Note.

## 8. Survey results

- 8.1 Overall, the results of the survey of key stakeholders were positive with respondents valuing the services provided by them. The overall number of 'do not agree' responses were very low with most respondents agreeing or partially agreeing with the survey statements. The detailed findings from the survey have been shared with the Audit and Assurance Manager to enable them to explore the responses in more depth. A summary of the survey results is included in this report at Appendix A.

## 9. Issues for management action

- 9.1 From our review of the Service's self-assessment we have noted there are some operational issues that the Audit and Assurance Manager has already identified, such as updating the audit manual, further development of data analytics, enhancing the Service's staff training programme, and strengthening the Anti-fraud and Corruption arrangements which already form part of the Service's QAIP. We have therefore not included these as actions for management to consider.

We have however identified six advisory issues from this EQA that management need to consider. Five relate to the operation of the service and not the Service's conformance to the standards, and one is a generic issue relating to the future of the PSIAS for the Audit and Assurance Manager to consider. These are all set out in the management action plan at appendix B.

## 10. Definitions

Level of Conformity	Description
<b>Generally Conforms</b>	The Internal Audit Service complies with the standards with only minor deviations. The relevant structures, policies, and procedures of the internal audit service, as well as the processes by which they are applied, at least comply with the requirements of the individual Standard, the element of the Code of Ethics, and the Local Government Application Note in all material respects. This means that there is general conformance to a majority of the individual Standards, elements of the Code of Ethics, or the Local Government Application note, and at least partial conformance to the others.
<b>Partially Conforms</b>	The Internal Audit Service is endeavouring to deliver an effective service however, they are falling short of achieving some of their objectives and/or generally conforming to a majority of the individual Standards, elements of the Code of Ethics, or the Local Government Application note and at least partial conformance to the others. There will usually be significant opportunities to improve the delivery of effective internal audit, and enhance conformance to the Standards, elements of the Code of Ethics, and/or the Local Government Application Note. The Internal Audit Service may be aware of some of these opportunities and the areas they need to develop. Some identified deficiencies may be beyond the control of Internal Audit and may result in actions for Senior Management or the Board of the organisation to address.
<b>Does Not Conform</b>	The Internal Audit Service is not aware of; not making efforts to comply with; or is failing to achieve many/all of the individual Standards, elements of the Code of Ethics, or the Local Government Application Note. These deficiencies will usually have a significant adverse impact on Internal Audit's effectiveness and its potential to add value and are likely to represent significant opportunities for improvement to Internal Audit. Some identified deficiencies may be beyond the control of Internal Audit and may result in recommendations to Senior Management or the Board of the organisation.

Action Priorities	Criteria
<b>High priority</b>	The Internal Audit Service needs to rectify a significant issue of non-conformance with the standards. Remedial action to resolve the issue should be taken urgently.
<b>Medium priority</b>	The Internal Audit Service needs to rectify a moderate issue of conformance with the standards. Remedial action to resolve the issue should be taken, ideally within a reasonable time scale, for example six months.

<b>Low priority</b>	The Internal Audit Service should consider rectifying a minor issue of conformance with the standards. Remedial action to resolve the issue should be considered but the issue is not urgent.
<b>Advisory</b>	These are issues identified during the course of the EQA that do not adversely impact the service's conformance with the standards. Typically, they include areas of enhancement to existing operations and the adoption of best practice.

The co-operation of the Audit and Assurance Manager and the Principal Auditor in providing the information requested for the EQA, is greatly appreciated. Our thanks also go to the Chair of the Accounts and Audit Committees and the key stakeholders that made themselves available for interview during the EQAs and/or completed the survey.

Ray Gard, CPFA, FCCA, FCIIA, DMS

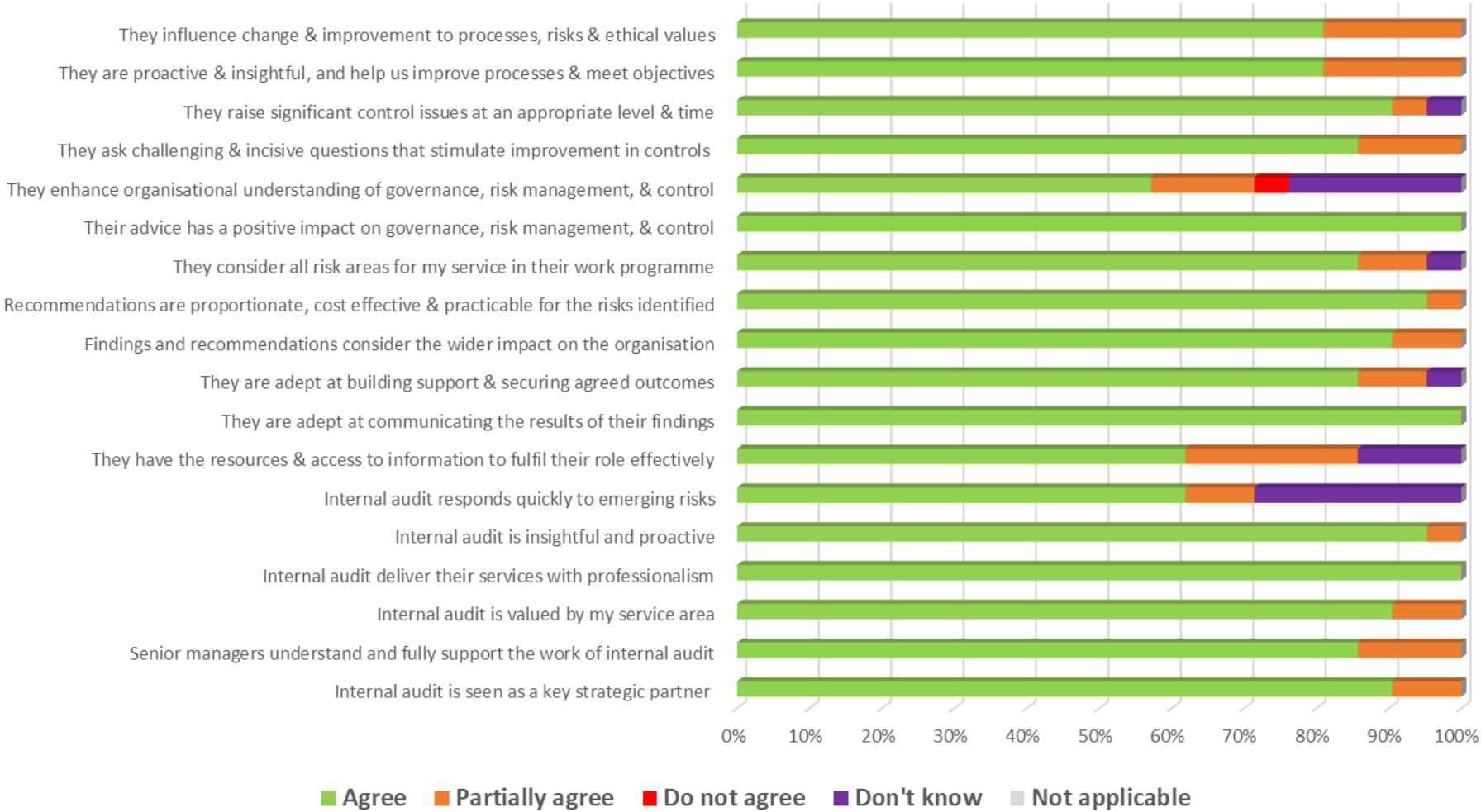
16 May 2023

## 11. Disclaimer

This report has been prepared by CIPFA at the request of the Trafford Metropolitan Borough Council, and the terms for the preparation and scope of the report have been agreed with them. The matters raised are only those that came to our attention during our work. Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, we have only been able to base findings on the information and documentation provided to us. Consequently, no complete guarantee can be given that this report is necessarily a comprehensive statement of all the issues that exist with their conformance to the Public Sector Internal Audit Standards that exist, or of all the improvements that may be required.

The report was prepared solely for the use and benefit of Trafford Metropolitan Borough Council's Internal Audit Service, including the Officers and elected Members of the Council, and to the fullest extent permitted by law, CIPFA accepts no responsibility and disclaims all liability to any other third party who purports to use or rely, for any reason whatsoever on the report, its contents, conclusions, any extract, and/or reinterpretation of its contents. Accordingly, any reliance placed on the report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk.

Trafford Metropolitan Borough Council Internal Audit EQA - Survey Response



**Management action plan**

<b>1. Revise the audit charter when the Counter Fraud function moves under the Audit and Assurance Manager (Advisory)</b>	
<b>Rationale</b>	<b>Agreed Action</b>
At the time of the EQA, the Audit and Assurance Manager did not have responsibility for functions other than Internal Audit. However, this will change in July 2023 when the Council's Counter Fraud function will be transferred to the Audit and Assurance Manager. Once this change in managerial responsibilities takes place, the Audit and Assurance Manager should revise the audit charter to reflect the current position, and ensure adequate safeguards are in place to maintain his, and the Service's, independence and objectivity.	The Internal Audit Charter is reviewed on a regular basis and approved by the Accounts and Audit Committee. As part of reviewing the Charter in 2023/24, any service changes will be taken into account in updating the document. Internal Audit Charter to be included as an item on the Accounts and Audit Committee work programme for review during 2023/24.
<b>Action Responsibility</b>	<b>Audit and Assurance Manager</b>
<b>Deadline</b>	<b>Internal Audit Charter review to be listed on Accounts and Audit Committee work programme (produced June 2023) with relevant item to be presented to an agreed meeting in 2023/24.</b>

<b>2. Add a statement on impairments to the annual report and opinion (Advisory)</b>	
<b>Rationale</b>	<b>Agreed Action</b>
The audit charter includes a section on the independence and objectivity of the Internal Audit Service, including the process that will be followed should there be an impairment to the independence of the Audit and Assurance Manager or the Service as a whole. The audit charter is however designed to be a forward-looking document, whereas the annual report and opinion is a reflection on the audit year that has just ended. It is therefore good practice to include a statement in the annual report confirming that there have not been any impairments to the independence or objectivity of the Audit and Assurance Managers or the Internal Audit Service. If there has been an impairment, these should be included in the annual report, together with details of the action taken to resolve the issue.	This detail will be incorporated within the 2022/23 Annual Head of Internal Audit Report and future annual reports.
<b>Action Responsibility</b>	<b>Audit and Assurance Manager</b>
<b>Deadline</b>	<b>June 2023</b>

<b>3. Consider introducing trainee or apprentice internal auditor posts to address recruitment issues (Advisory)</b>	
<b>Rationale</b>	<b>Agreed Action</b>
<p>Consideration should be given to introducing a career graded trainee or apprentice post to Internal Audit's structure to try and resolve the recruitment problem. The post holder would follow one of the recognised training or apprenticeship programmes, such as the Accounting Technicians or the Institute of Internal Auditors Apprenticeship schemes, or the CIPFA graduate training programme if they hold a higher education qualification. These apprentice or trainee posts could be dedicated to Internal Audit, or they could be part of a wider trainee scheme for the Directorate as a whole. Consideration could also be given to having secondees to the Service from other parts of the Council, or even undergraduate work placements from one of the universities. To assist with this process, we also suggest that in addition to steps planned to fill the vacant post, the Audit and Assurance Manager produces a skills and competencies matrix for the career graded trainee or apprentice posts, based on the CIPFA guide "The Excellent Internal Auditor, Good Practice Guide to Skills and Competencies".</p>	<p>The Service will continue to consider its resource capacity during the year which will include further action to fill the vacant post and consider resources available with future service changes in relation to the transfer of the Counter Fraud team. Taking into account the above developments during the year, the Service will review this issue to consider future action. This includes consideration of grade levels for any vacant posts and career graded trainee or apprenticeship posts, taking into account the relevant CIPFA guidance.</p>
<b>Action Responsibility</b>	<b>Audit and Assurance Manager</b>
<b>Deadline</b>	<b>March 2024</b>



<b>4. Use of benchmarking data when scoping audits (Advisory)</b>	
<b>Rationale</b>	<b>Agreed Action</b>
There is an opportunity to further broaden the use of data analytics by making use of external sources of data for benchmarking purposes, such as the local authority data held in the CIPFA statistics and 'Nearest Neighbour Model' applications, which the Council should already have access to. These are now adaptable tools that should not be overlooked, particularly when auditors are preparing the terms of reference for audits as benchmarking can highlight areas where there may be scope to add value to the Council's operations, or at least challenge the current thinking.	Benchmarking is considered as part of some audit reviews, but we will explore the use of available information for future audit work. This will include liaising with financial management regards information available.
<b>Action Responsibility</b>	<b>Audit and Assurance Manager</b>
<b>Deadline</b>	<b>Ongoing action</b>

<b>5. More detailed updates on the QAIP to the Accounts and Audit Committee (Advisory)</b>	
<b>Rationale</b>	<b>Agreed Action</b>
Updates on completing the actions in the QAIP are made to the Accounts and Audit Committee although the information provided is limited and could be enhanced to provide the Committee with a greater understanding of how the Service is improving.	This will be considered as part of future reporting including detail to be reflected in the Annual Head of Internal Audit Report.
<b>Action Responsibility</b>	<b>Audit and Assurance Manager</b>
<b>Deadline</b>	<b>Ongoing action</b>

<b>6. Consultation on the International Professional Practice Framework (IPPF) (Advisory)</b>	
<b>Rationale</b>	<b>Agreed Action</b>
<p>Management should be mindful of the fact that a consultation on revising the Institute of Internal Auditors global International Professional Practice Framework (IPPF) which is incorporated into the PSIAS, commenced on 1 March 2023. Whilst this will not impact on the Service's current level of conformance, any changes to the Standards arising from the consultation may affect the Service's conformance in the medium term. It is therefore suggested that the Audit and Assurance Manager considers the contents of the consultation document and keeps a watching brief on the developments to the Standards and how this may impact the Service in the medium term.</p>	<p>The Audit and Assurance Manager will continue to monitor developments regards any future changes in standards to inform the service's approach to support ongoing conformance.</p>
<b>Action Responsibility</b>	<b>Audit and Assurance Manager</b>
<b>Deadline</b>	<b>Ongoing action</b>



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## TRAFFORD COUNCIL

**Report to:** Accounts and Audit Committee  
**Date:** 21 June 2023  
**Report for:** Information  
**Report of:** Audit and Assurance Manager

### Report Title

**Annual Report of the Head of Internal Audit 2022/23**

### Summary

The purpose of the report is:

- To provide a summary of the work of the Audit and Assurance Service during 2022/23.
- To provide an opinion on the overall adequacy and effectiveness of the Council's control environment (which encompasses internal control, risk management and governance) during 2022/23.

### Recommendation

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

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

Name: Mark Foster – Audit and Assurance Manager  
Contact: [mark.foster@trafford.gov.uk](mailto:mark.foster@trafford.gov.uk)

**Background Papers:**

None

*Implications:*

Relationship to Corporate Priorities	The scope of the work of Internal Audit may cover all of the Council's corporate priorities.
Relationship to GM Policy or Strategy Framework	Where appropriate, Internal Audit will liaise with GM partners and where applicable, undertake joint working in carrying out planned work.
Financial	<p>In accordance with the Accounts and Audit Regulations 2015, it is a requirement that the Council "must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance." The Audit and Assurance Service must undertake its work in accordance with the Public Sector Internal Audit Standards (PSIAS).</p> <p>The work of internal audit may cover a diverse range of service areas, functions and areas of risk covering both financial controls and wider aspects of internal control, risk management and governance.</p>
Legal Implications	See Financial Implications
Equality/Diversity Implications	See above
Sustainability Implications	See above
Carbon Reduction	See above
Staffing/E-Government/Asset Management Implications	See above
Risk Management Implications	See above
Health and Safety Implications	See above



**TRAFFORD**  
**COUNCIL**

## **Audit & Assurance Service**

# **Annual Report of the Head of Internal Audit 2022/23**

**June 2023**

## **CONTENTS**

### **Part One – Overview of Work Completed and Main Conclusions**

Summary and Overall Opinion

1. Introduction and Background
2. Internal Audit Opinion for 2022/23
3. Work Planned and Completed

### **Part Two – Detailed Findings**

4. Detailed Analysis of Work Completed
5. Management Response to Internal Audit Work
6. Performance against Audit Plan
7. Conformance with the Public Sector Internal Audit Standards

### **Appendices**

- A: Quarter 4 2022/23 – Internal Audit Reports Issued
- B: 2022/23 Internal Audit Plan (Planned Work and Actual Days Spent)
- C: Audit Opinion Reports 2022/23 – Reports Issued / Future work planned



## Part One - Overview of Work Completed and Main Conclusions

### SUMMARY AND OVERALL OPINION

The Annual Report of the Head of Internal Audit sets out details of the work of the Audit and Assurance Service during 2022/23. The most important aspect of the Annual Audit Report is to give an independent and objective opinion as to the overall adequacy and effectiveness of the Council's control environment during 2022/23.

Through its work, the Audit and Assurance Service aims to provide support to the organisation in its aim to maintain effective governance arrangements and a sound control environment; ensure effective systems are in place to manage risks including the risk of fraud and also demonstrate value for money.

Internal Audit is a statutory function, and the Audit and Assurance Service is required to undertake its work in accordance with internal audit standards. Following an external assessment of the internal audit function carried out in March 2023, the Chartered Institute of Public Finance and Accountancy (CIPFA) reported that the Service is working in general conformance with the Public Sector Internal Audit Standards.

During 2022/23, the Service has issued reports, made recommendations and provided guidance to services to identify improvement actions required by the organisation and agree actions to address these. The Audit and Assurance Service also follows up the implementation of recommendations to ensure that improvements are actually occurring.

The Audit Opinion is based on internal audit work undertaken during the year. It is an important component of the Council's Annual Governance Statement which will accompany the Council's Annual Accounts for 2022/23. It should be noted that the report relates to areas reviewed by Internal Audit up to 31 March 2023. Any further issues relating to work undertaken after that time are covered in future update reports through the year to the Corporate Leadership Team and the Accounts and Audit Committee.

Based on findings from planned audit reviews undertaken during 2022/23, for most reviews at least reasonable levels of assurance have been gained that the systems, procedures and controls in place to manage risks and deliver objectives are operating to a satisfactory standard. Outcomes from follow-up internal audit work of areas previously reviewed demonstrates that progress continues to be made in improving levels of control. Further action was highlighted for some areas reviewed which will be subject to follow-up in 2023/24. There has been a range of audit work undertaken during the year across each of the main areas of the Audit Plan. Some areas of planned audit work were rescheduled with the aim of providing assurance during 2023/24 and these are reflected in subsequent audit plans.

Given the above, based on assurance gathered during 2022/23, the Internal Audit Opinion is that, overall, a reasonable level of assurance can be given that the control environment encompassing internal control, risk management and governance, is operating to a satisfactory standard.

## **1. INTRODUCTION AND BACKGROUND**

- 1.1 The purpose of the Annual Report of the Head of Internal Audit is to detail the work of the Audit and Assurance Service during 2022/23. The report provides an opinion as to the overall adequacy and effectiveness of the Council's control environment during 2022/23.
- 1.2 Internal Audit is a statutory function and must undertake its work in accordance with the Public Sector Internal Audit Standards (PSIAS). It is a requirement of PSIAS that an annual internal audit report is written and presented to the organisation.
- 1.3 The Internal Audit function is provided by the Audit and Assurance Service, which is part of the Finance and Systems Directorate. Day to day management is the responsibility of the Audit and Assurance Manager who reports to the Director of Finance and Systems (Section 151 Officer). The Service maintains independence in its reporting as set out in its Charter and associated procedures.
- 1.4 During 2022/23, the establishment of the Audit and Assurance Service comprised 6 full time equivalent (FTE) staff.
- 1 Audit and Assurance Manager,
  - 1 Principal Audit and Assurance Team Leader
  - 1 Principal Audit and Assurance Officer
  - 3 Senior Audit and Assurance Officers (1 vacancy during 2022/23).
- 1.5 In addition to in-house resources, Salford Internal Audit Services provided support in respect of elements of the ICT Internal Audit Plan. The Audit and Assurance Service also worked with other Internal Audit providers where appropriate such as Stockport, Rochdale and Tameside Councils in respect of the STAR Shared Procurement Service.
- 1.6 During 2022/23, it was agreed that the Council's Counter Fraud team will be transferring from Exchequer Services to the Audit and Assurance Service in July 2023 and the Council's Counter Fraud Manager will report to the Audit and Assurance Manager.
- 1.7 The approach to internal audit work adopted at Trafford is set out in the Internal Audit Charter and Strategy (which were included in the report to CLT and the Accounts and Audit Committee in March 2023 with the 2023/24 Internal Audit Plan). The Internal Audit Charter describes the purpose, authority and principal responsibilities of the Internal Audit function provided by the Audit and Assurance Service. The Internal Audit Strategy describes the arrangements in place to deliver internal audit so as to ensure that the objectives and scope of the Service are met, thereby enabling Internal Audit to provide an opinion on the operation of the control environment. The Strategy covers audit resources, planning, service delivery and reporting.

## 2. **INTERNAL AUDIT OPINION FOR 2022/23**

- 2.1 The Head of Internal Audit is required to give an annual opinion on the adequacy and effectiveness of the Council's internal control environment. The opinion supports the Annual Governance Statement. **The Internal Audit Opinion for 2022/23 is as follows.**

**Based on findings from planned audit reviews undertaken during 2022/23, for most reviews at least reasonable levels of assurance have been gained that the systems, procedures and controls in place to manage risks and deliver objectives are operating to a satisfactory standard.**

**Outcomes from follow-up internal audit work of areas previously reviewed demonstrates that progress continues to be made in improving levels of control. Further action was highlighted for some areas reviewed which will be subject to follow-up in 2023/24.**

**There has been a range of audit work undertaken during the year across each of the main areas of the Audit Plan. Some areas of planned audit work were rescheduled with the aim of providing assurance during 2023/24 and these are reflected in subsequent audit plans.**

**Given the above, based on assurance gathered during 2022/23, the Internal Audit Opinion is that, overall, a reasonable level of assurance can be given that the control environment encompassing internal control, risk management and governance, is operating to a satisfactory standard.**

### 2.2 Factors determining the opinion are as follows

- Audit Opinion reports were issued through the year covering a range of services, functions, systems and processes including financial system audits, ICT Audits, schools, service and contracts related reviews. (See Section 4 and Appendices A to C). Of the final audit reports issued during the year, all opinion reports issued provided substantial or reasonable assurance that controls were adequate and effective with the exception of 1 final report providing limited assurance. (See 3.4 to 3.6).
- For all final reports issued, action plans were agreed to implement recommendations made with the aim of improving arrangements for governance, risk management and internal control. All recommendations set out in final reports issued during the year have been agreed by management (See 5.1 to 5.3).
- Areas identified in the previous year as requiring improved standards of control were followed up by Audit in 2022/23 and progress was being made in implementing recommendations. Follow up review work undertaken during the year has identified that, overall, of the areas reviewed 92% of recommendations previously made had either been fully implemented or implemented in part / or were in progress. (See 5.5 to 5.10 for an analysis of follow up audit reviews both for Council and schools related reviews).

- Key strategic risks have continued to be monitored through the year, with risk updates reported through the year to highlight actions being taken. Audit and Assurance has contributed to the review and update of the Strategic Risk Register which has been reported to the Corporate Leadership Team and the Accounts and Audit Committee. This has included reviewing and revising the strategic risk reporting format, further to a benchmarking exercise undertaken during 2022/23. Risks relating to uncertainty over the Council's medium term financial position continued to be one of the highest risks on the strategic risk register. It is acknowledged that there are considerable financial challenges to address, particularly with the ongoing effects of inflation pressures and it noted that the Finance and Change Board will need to both monitor the delivery of savings for 2023/24 and also develop a savings programme for future years. (See 4.3).
- Strategic risks are also reflected where applicable as part of significant issues in the Council's Annual Governance Statement. The 2021/22 AGS, approved in November 2022, identified a number of significant governance issues for continued action in 2022/23. Updates on all significant issues will be included in the 2022/23 draft AGS to be agreed by the Corporate Leadership team and due to be reviewed by the Account and Audit Committee in June 2023. (See 4.2).
- The Audit and Assurance Service has continued to contribute to anti-fraud and corruption activity and where appropriate worked in liaison with other services including the Counter Fraud and Enforcement team. The Service has continued to co-ordinate work, in liaison with other services, in relation to the National Fraud Initiative (See 4.4).
- The Service continues to contribute to the review of information security and governance processes across the Council and development of action plans through its work. Regards work in relation to the information governance function, whilst most audit review work was deferred at the request of the service due to an ongoing service review, risks in this area continue to be subject to monitoring and reporting through the strategic risk register and Annual Governance Statement (See 4.6).
- The Service ensured the Council met requirements in respect of the completion and sign off of grant claims where there was a requirement from government that Internal Audit provided assurance regards the claims made. Based on audit work completed, adequate assurance was obtained to support the claims made in relation to all grants subject to audit review during the year, relating to various service areas across the Council (See 4.9).
- In terms of any audit reviews in progress by the year-end, based on findings to date, whilst these may include reporting of a number of control improvements and recommended actions to address these, there were no reviews where a less than reasonable opinion is currently expected. (See 3.6).
- The audit opinion for 2022/23 also reflects assurance provided through the year from a number of sources which are reflected throughout the report such as ongoing monitoring including financial management and the Council progressing improvement actions following external inspection.

2.3 A detailed analysis of the internal audit work undertaken by the Audit and Assurance Service during 2022/23 is provided in this report.

### **3. WORK PLANNED AND COMPLETED**

- 3.1 Details of work undertaken during the year have been reported in quarterly updates to the Accounts and Audit Committee through the year.
- 3.2 An analysis of planned audit work against actual work undertaken is set out in Appendix B which provides references to the different categories of audit work undertaken as detailed in Section 4 of this report.
- 3.3 Details of the internal audit reports issued are shown in Appendix C. Further detail in relation to audit reports issued are set out in the respective Audit and Assurance update reports presented to CLT and the Accounts and Audit Committee through the year. Appendix A provides detail in relation to audit reports issued during the final quarter of 2022/23.

#### **Analysis of Audit Opinions**

- 3.4 For each audit report issued, one of four possible opinions is given. The four opinions are also denoted as Red/Amber/Green. These opinion levels were introduced from April 2021, taking into account guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA). The following table shows the number of final reports issued during 2022/23 for each opinion level. (Reports issued are listed in Appendix C).

<b>LEVEL OF ASSURANCE</b>	<b>R/A/G STATUS</b>	<b>DESCRIPTION</b>	<b>NUMBER OF FINAL REPORTS ISSUED 2022/23</b>
<b>Substantial Assurance</b>	<b>Green</b>	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.	<b>12</b>
<b>Reasonable Assurance</b>	<b>Green</b>	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.	<b>7</b>
<b>Limited Assurance</b>	<b>Amber</b>	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.	<b>1</b>
<b>Very Low or No Assurance</b>	<b>Red</b>	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.	<b>0</b>
<b>Other final reports</b>		Other audit reports issued – see notes below *	<b>3</b>
<b>Grants</b>		Based on the checks undertaken, adequate assurance was obtained to support claims made in relation to grants requiring Internal Audit sign off (See Section 4.9)	<b>6</b>
<b>TOTAL</b>			<b>29</b>

\*Reports include 2 audit reviews where it was agreed that overall the direction of travel is improving compared to the previous audits, but further reviews will be completed later in 2023 where a new audit opinion will be provided to take into account ongoing developments. The other audit was completed as an advisory review which resulted in good practice guidance being shared to promote improvements in control.

- 3.5 As shown above, in respect of the final audit reports issued during the year, substantial or reasonable opinions were provided for all final audit opinion reports issued with the exception of one report with limited assurance. Compared to last year, there has been an increase in the percentage of substantial assurance opinions (60% compared to 38% in 2021/22) which is due to an increase in substantial audit opinions issued relating to school audits. Excluding schools, 40% of audits provided a substantial level of assurance (as per 2021/22) with the remaining audits providing reasonable assurance (60% in 2022/23 compared to 50% in 2021/22).
- 3.6 A full listing of reports issued, and associated audit opinions is given in Appendix C. It should be noted that there were two other reviews where draft reports had been issued by year-end and other reviews where work is in progress at year-end (as also shown in Appendix C). At the time of writing, whilst other reports to be issued will include reporting of a number of control improvements and recommended actions to address these, there were no reviews where a less than reasonable opinion is currently expected. Details, however, will be confirmed through updates in 2023/24.
- 3.7 During 2022/23, where there was a requirement that Internal Audit were required to provide a declaration to support specific grant claims made, Internal Audit completed checks and provided assurance as required which is detailed in Section 4.9.
- 3.8 The Audit and Assurance Service shares internal audit findings and reports with a wide group of stakeholders within the organisation including Executive Members, the Accounts and Audit Committee, Corporate Leadership Team, managers across the Authority and External Audit.

### **Other Assurance and Support Provided Across the Council**

- 3.9 In addition to undertaking internal audit reviews and issuing audit opinion reports, the Audit and Assurance Service has contributed to a number of activities including the following which are covered further in Section 4 of the report:
- Risk management: Audit has continued to facilitate the update of the Council's strategic risk register and in liaison with the Corporate Leadership Team ensured regular reporting during 2022/23 to the Accounts and Audit Committee. During the year, Audit undertook a review of the existing risk register, taking into account practice in other local authorities, and a new reporting format and supporting guidance was subsequently implemented.
  - Working in liaison with Democratic Services to provide input and support to the process for producing the 2021/22 AGS and in planning the approach for the production of the 2022/23 AGS to ensure relevant requirements of the Accounts and Audit Regulations are met.
  - Issuing review findings and providing associated guidance to all Trafford schools on IT security and governance to assist in improving standards of control.

- Further to audits undertaken, developments during the year of the Service's use of data analytics, with liaison with Adults' Services to identify areas for development in processes for administering and monitoring social care payments.
- Liaison with a number of services across the Council further to audit work undertaken in the previous year to discuss and advise on developments being made to improve levels of control ahead of any further follow-up audit work.
- Providing other guidance and support (which included updating of the dedicated site on the intranet for the Audit and Assurance Service which provides information and guidance).



## Part Two – Detailed Findings

### 4. **DETAILED ANALYSIS OF WORK COMPLETED**

Section 2 gave the overall Internal Audit Opinion on the operation of the control environment during 2022/23 and provided a summary of internal audit work undertaken on which the opinion is based. This section provides a more detailed analysis.

#### 4.1 **Fundamental Financial Systems**

4.1.1 This is a key area of internal audit work providing assurance regarding the controls in place for the Authority's key financial systems. Details of progress made during the year is set out below.

4.1.2 As also listed in Appendix C, five final audit reports were issued during the year and all audit opinions issued provided Reasonable or Substantial Assurance:

Reported in the April to June 2022 Audit and Assurance update:

- Trafford Assist: Household Support Fund (Substantial Assurance). An audit review was completed of procedures for administering payments in respect of the Household Support Fund grant funding which had been made available during the previous year. The funds were used to provide support to households who would otherwise struggle to buy food, or pay essential utility bills or meet other essential living/housing costs. The funds were administered using the Council's Trafford Assist software and the review confirmed that overall there were appropriate arrangements in place to ensure that payments are only made to those applicants who meet the criteria per the Council's Policy.

Reported in the July to September 2022 Audit and Assurance update:

- Adults' Direct Payments (Reasonable Assurance). The review covered processes to support the administration of direct payments, made to individuals to meet eligible care and support needs. This review followed up on previous recommendations and whilst it was noted that good progress was being made with implementation of recommendations, further developments were to be made including completion and approval of the Direct Payments Policy and further development of performance management arrangements.
- Adults' Social Care Payments. This review identified that progress was continuing to be made to address previous audit recommendations. Further improvements were identified to be made in some areas such as setting up contract details and payment arrangements promptly on the ContrOCC system. Audit will continue to work with Adults' Services in reviewing the ongoing development of processes for the effective monitoring of payments and consider an updated audit opinion further to developments being made (Also see 4.10.2 re Service Advice).

Reported in the October to December 2022 Audit and Assurance update:

- Council Tax (Substantial Assurance). The review concluded that there were adequate and effective procedures and controls in place for the management and administration of

the council tax system and processes. A small number of recommendations were made to enhance existing processes.

- Payroll system (Substantial Assurance). The review concluded that there were adequate and effective payroll procedures and controls in place. It was noted that recommendations made in the previous audit report issued in January 2021 had been implemented, reflected in the updating of procedural guidance notes. The report also reflects ongoing actions and plans by Greater Manchester Shared Services (GMSS) to ensure the continued development of existing processes.

- 4.1.3 Appendix C lists other reviews in progress or not yet commenced by year-end. This included an audit of the Council's treasury management processes, later reported in April 2023 with a Substantial Level of Assurance and details will be reflected in the first Audit and Assurance update in 2023/24. An audit of Children's Social care payments was also in progress with a report expected in June 2023. Any other previously planned work not yet commenced in respect of financial systems has been agreed for inclusion in the 2023/24 Internal Audit Plan.
- 4.1.4 In terms of reporting on the Council's financial management, there was regular reporting of budget monitoring through 2022/23 with reports submitted through the year to the Executive and Accounts and Audit Committee. These highlight ongoing actions to ensure effective budgetary control is maintained in response to current challenges, particularly in relation to significant inflationary pressures. It is noted that the outlook beyond 2023/24 continues to be challenging and the Finance and Change Board will need to both monitor the delivery of the savings programme for 2023/24 and also develop a programmed approach to the identification of a robust savings programme to address the current budget gap for 2024/25 and 2025/26.
- 4.1.5 Outcomes from the external audits of the Council's accounts will be reported to the Accounts and Audit Committee during 2023/24 and where applicable, any controls issues raised will be considered as part of future internal audit planning.

(Also see section 4.2.5 below regards compliance with the Financial Management Code).

## 4.2 **Governance**

- 4.2.1 The Audit and Assurance Service has a key role in providing assurance on the standards of governance and internal control in the Authority. A range of audit reviews of systems and functions, as set out in the rest of this report, were completed in 2022/23 included coverage of governance arrangements including consideration of roles, responsibilities and procedures in place to meet service priorities and objectives.
- 4.2.2 The requirement to produce an Annual Governance Statement (AGS) is set out in the Accounts and Audit Regulations. The Legal and Governance Directorate coordinate the production of the Annual Governance Statement in liaison with Officers and Members as set out in the approach / timetable agreed by the Accounts and Audit Committee each year. In order to complete this, corporate governance arrangements are reviewed with reference to the CIPFA/SOLACE Framework for Corporate Governance in Local Government. This includes identifying sources of assurance to

provide evidence that the Council's governance arrangements comply with the CIPFA/SOLACE framework. The framework consists of a set of principles covering issues such as ethics/values; stakeholder engagement; sustainable economic, social and environmental benefits; policies and procedures; capacity and training; management of risks and transparency/reporting arrangements.

- 4.2.3 Audit and Assurance continued to work with Legal and Governance to provide advice on the process for producing the 2021/22 AGS. Audit also provided comment following review of the Draft AGS prepared by Legal and Governance. These were taken into account in producing the Final AGS, which was presented to the Accounts and Audit Committee for approval at its November 2022 meeting. Audit and Assurance has continued to liaise with Legal and Governance to provide advice in planning for the preparation of the 2022/23 AGS. As part of this, Audit has highlighted some areas for further development to consider which includes reviewing the Council's Corporate Governance Code to ensure it is up to date.
- 4.2.4 The final approved 2021/22 AGS, presented to the Accounts and Audit Committee for approval in November 2022, included a number of significant governance issues highlighted for continued progression in 2022/23 including actions in managing the Council's medium term financial position; developments identified to improve information governance; review of the One Trafford Partnership with Amey; addressing the climate change crisis; managing increased demand for school places; developments in governance supporting the delivery of leisure services; and actions to support businesses and residents in the current economic climate. Updates on all significant issues will be included in the 2022/23 AGS to be agreed by the Corporate Leadership team and reported as a draft document for review by the Accounts and Audit Committee in June 2023.
- 4.2.5 Councils are expected to demonstrate that they are complying with the Financial Management Code, produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and reflect details on this in the AGS. This sets out the standards of financial management expected for local authorities. The aim of the Code is to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. An assessment against the Code was completed by Financial Management and details of compliance were reported to the Accounts and Audit Committee in July 2022. Whilst general compliance was demonstrated, a number of further actions to enhance this were set out and a further update is expected to be provided to the Accounts and Audit Committee at a meeting later in 2023.

#### 4.3 **Risk Management**

- 4.3.1 The Audit and Assurance Service continued to facilitate the review and update of the Council's strategic risk register through liaison with CLT. This ensures that the Council formally identifies and monitors key risks to the achievement of Council objectives.
- 4.3.2 During 2022/23, Audit undertook a review of the format of the existing strategic risk register, which included benchmarking with other authorities. An updated format, with supporting guidance, was recommended for use by the Corporate Leadership Team which was established from March 2023.

- 4.3.3 Reports setting out the strategic risk register and key developments in the management of risks have been submitted to, and reviewed by, CLT through the year. The Accounts and Audit Committee were provided with update reports in meetings through 2022/23. The strategic risk reports highlighted responsibilities and ongoing actions to manage the various risks.
- 4.3.4 Risks relating to uncertainty over the Council's medium term financial position continued to be one of the highest risks on the strategic risk register. There were regular progress updates provided including budget monitor reporting through the year by Financial Management (See 4.1.4). Regular updates were also provided in relation to the asset investment strategy to support regeneration and achieve additional income to support the council's budget position. There was also reporting to the Executive in February on the Council's leisure investment programme which makes a key contribution to the Council's corporate priorities.
- 4.3.5 Action is being taken to address risks in relation to economic uncertainty through the Trafford Economic Delivery Plan. The Plan, reported to the Executive in February 2023, was updated to reflect changing circumstances to reflect ongoing recovery from the pandemic, taking account of the Council's new Corporate priorities and current challenges such as tackling poverty and the cost of living crisis.
- 4.3.6 Risks in relation to safeguarding vulnerable children are also within the strategic risk register. It was noted that following a further inspection across the range of Early Help and Children's Social Care Services, OFSTED published a report in January 2023 to conclude that the service was no longer inadequate. The report highlighted many areas of good practice and also areas to continue to improve. Following this, notification was received from government in February 2023 that the Improvement Notice had been lifted, and as a result Trafford are no longer subject to statutory intervention although a year of support will continue. In respect of statutory inspections, a new risk was added to the strategic risk register during the year to reflect the impact on the Authority of inspections of Children's Services by OFSTED, and also within Adult Social Care with the new inspection regime established by the Care Quality Commission in 2023/24.
- 4.3.7 In terms of planned internal audit reviews of strategic risks, a further audit review of business continuity was reported in January 2023. It was reported that good progress had been made in progressing some previous audit recommendations, but further developments were required such as ensuring all services have in place up to date business impact analyses and business continuity plans, which also help to inform IT Disaster Recovery planning. There is expected to be further audit review work on this area later in 2023 when an updated audit opinion will be reported.
- 4.3.8 A planned audit review of health and safety was in progress by year-end and findings will be reported later in 2023. Updates on actions in respect of managing health and safety risks were continued to be provided through strategic risk updates. There were regular communications to staff from the Council through the year providing guidance and support setting out Council procedures regards health and safety and wellbeing.
- 4.3.9 Other internal audit coverage in 2022/23 covering areas of strategic risk include cyber security (See Section 4.6.3) and the One Trafford Partnership with Amey (See 4.5.7). Some other strategic risk

areas were included for coverage as part of the agreed Internal Audit Plan for 2023/24. These include actions in relation to addressing climate change; adult safeguarding processes; information governance processes, recruitment and systems in relation to school places/admissions.

#### 4.4 **Anti-Fraud and Corruption**

4.4.1 Audit work in this area relates to reviewing measures in place to reduce the risk of fraud and corruption and, where appropriate, undertaking investigative work. This work forms an important part of the Council's approach to ensuring high standards of conduct are in place.

##### **National Fraud Initiative**

4.4.2 The Audit and Assurance Service continued to co-ordinate the Council's participation in the National Fraud Initiative (NFI), a nationwide data matching exercise designed to help participating bodies identify possible cases of error or fraud and detect and correct any consequential under or overpayments from the public purse. In the previous exercise in 2021/22, errors amounting to overpayments of £45k (relating to COVID-19 small business grants and Council Tax Support) were identified for subsequent recovery. During 2022/23, the Service co-ordinated the submission of Council data to the Cabinet Office NFI team (as reported as part of the October to December 2022 Audit and Assurance update report) and the subsequent matches were received by the year-end.

4.4.3 The Service is liaising with other services including the Council's Counter Fraud team to ensure key data matches are followed up in 2023/24. This includes support to an ongoing investigation in relation to one of the matches. Details of progress and outcomes from following up the data matches, will be reported in Audit updates later in 2023/24.

##### **Other Activity**

4.4.4 Audit continued to liaise with Legal Services to review existing anti-fraud related policies and procedures and provide input in respect of updates to existing procedures and provision of guidance. During 2022/23, the Council's Anti-Money Laundering and Whistleblowing Policies were updated, and a refreshed Anti-Fraud and Corruption Strategy was approved, as reported to the Accounts and Audit Committee in March 2023.

4.4.5 In terms of investigations, the Council's Counter Fraud team, currently within Exchequer Services, have continued to undertake investigations in to suspected fraud and irregularities. During 2022/23, these were primarily in relation to council tax, business rates, social care finance and COVID-19 Business Support Grants. A report on work for the year is due to be provided by the Council's Counter Fraud Manager to the Accounts and Audit Committee in September 2023.

## **4.5 Procurement / Contracts**

- 4.5.1 Audit and Assurance undertakes reviews of procurement arrangements and processes to ensure the Council strives to achieve value for money and undertakes procurement in accordance with relevant legislation and the Contract Procedure Rules.
- 4.5.2 As part of internal audit planning, the Service continues to liaise with the STAR Shared Procurement Service and Internal Audit sections of the partner authorities (Stockport, Rochdale and Tameside Councils). Audit plans are co-ordinated and relevant findings from work shared to ensure an efficient audit process. There was regular liaison during the year with STAR for updates on developments, progress regards previous audit recommendations and considering future plans.
- 4.5.3 Reports were provided by STAR during the year to the STAR Joint Committee covering performance updates and various developments including preparation for the new Procurement Bill. A presentation on STAR was also provided to the Accounts and Audit Committee in February 2023. This included ongoing developments of processes to achieve Social Value in procurement. It was noted that STAR is introducing updated arrangements for reporting on Social Value, and it was agreed that an internal audit review is included later in 2023/24 Internal Audit Plan to cover these processes.
- 4.5.4 Further to the Council's Contract Procedure Rules (CPRs) being updated, with changes taking effect from October 2022, STAR provided guidance to staff on the changes which included updates to the CPRs re obtaining quotations, modifications to contracts and considering Social Value. It was agreed, in respect of the CPRs, an audit review would be undertaken by Rochdale Council of processes regards contract extensions, which is currently in progress.
- 4.5.5 An audit of the In-Tend system was undertaken by Stockport Council, the system having been acquired by STAR to use to support contract management processes, initially with the aim of utilising it for the contracts register with a potential view to rolling out the system further to services across the Councils to support contract management. The audit was at draft findings stage by year-end and Stockport Council will share findings with the other STAR authorities to consider any relevant issues and inform any future audit planning.
- 4.5.6 Audit is providing input to support STAR in reviewing its processes regards Risk Based Sourcing (RBS) at Trafford Council with an aim to target local businesses that can supply contracts. Below threshold contracts are targeted and relevant risk questions formulated in a supplier questionnaire, with the aim to provide a more streamlined, efficient approach for businesses. Any advice from audit input in reviewing this process will be shared with STAR to help further improvements.
- 4.5.7 In terms of a key strategic risk, there was regular reporting in the strategic risk register regards the One Trafford Partnership between the Council and Amey. It is noted that to achieve significant improvements in the delivery of the contract, the Council is continuing to undertake a review, following activation of the contractual 7 year review clause. This has given the opportunity to consider any changes to the contract for improvements and

efficiencies with a process which has included Member oversight and stakeholder input. In respect of the One Trafford Partnership, as part of the 2022/23 Internal Audit Plan it was agreed that a contract monitoring audit would be undertaken of Waste Services. An audit was completed in January 2023 providing a reasonable level of assurance with a small number of recommendations made to further enhance arrangements in place (See Appendix A).

- 4.5.8 Going forward, it was agreed as part of the 2023/24 Internal Audit Plan, that there will be coverage in respect of the joint ventures set up with Bruntwood which are key regeneration projects and part of the Council's asset investment strategy. The scope of such a review will be agreed and is expected to include coverage of governance and performance monitoring taking into account good practice guidance from CIPFA.
- 4.5.9 Consideration of procurement / contracts aspects is also included in other categories of audit work including financial systems (per 4.1), schools (per 4.7), Other Business Risks (4.8) and Grant claims (4.9).

#### **4.6 ICT Audit / Information Governance**

- 4.6.1 Audit work is undertaken to cover a range of issues in relation to IT procedures, processes and controls, and information governance arrangements. Cyber Security, Business Continuity / Disaster Recovery and Information Governance continue to be identified as significant risks to the authority as reported through the Strategic Risk Register updates. The Audit and Assurance Service commissions Salford Internal Audit Services to undertake some of this work who provide specialist IT Audit Services for a number of authorities.
- 4.6.2 Ongoing changes in ways of working, including large numbers of staff regularly working from home and other locations, highlights the importance of effective information security and governance arrangements, which are required to support such developments.
- 4.6.3 Cyber Security continued to be monitored through 2022/23 as one of the Council's strategic risks. An audit review was originally undertaken in 2020/21 to provide management with an evaluation of the Council's cyber security arrangements. The review concluded that most key risks are being managed but further work was required to further strengthen controls in place. A follow-up review was completed during 2022/23 and noted progress continues to be made. A number of developments are being made as part of wider delivery programmes including the current Microsoft M365 migration programme; the FreshService programme covering developments in IT service management tools and the Business Continuity programme. Funding had previously been agreed for a cyber security post and this was filled during the year. Strategic risk report updates on cyber security have set out developments and plans during the year.
- 4.6.4 A review of ICT governance and security in schools was completed. The review was completed initially through surveys to Trafford schools to understand existing arrangements in place for IT Security and Governance with a view to providing guidance and support. The

work also included visits to a sample of schools to provide advice and guidance. An advisory report was subsequently issued to Trafford schools highlighting areas of risk and signposting schools to best practice guidance including the National Cyber Security Centre, DfE resources and other sources of available support. In addition, Salford IT Audit Services produced guidance notes on a number of identified risk areas covering protecting IT servers in schools; IT Asset Disposals & Recycling; due diligence of 3<sup>rd</sup> Party IT Providers and engaging with Cloud Service Providers. Internal Audit will continue to work with relevant Council services and in partnership with Salford IT Audit Services, to consider further audit review coverage and to support development of best practice standards in Trafford schools.

- 4.6.5 Trafford Council's ICT and Digital team provides IT services and associated support across the Council. The main point of contact for the end users is the council's ICT service desk which records incidents and provides 'first line' support. A new service management system, Freshservice has been implemented to support the operation of the service desk. Salford Internal Audit Services previously undertook a consultancy review which set out issues to consider in developing use of the system and it is planned that a post implementation audit review of the system will be undertaken during 2023.
- 4.6.6 It is acknowledged there are a number of developments taking place in respect of ICT across the Council, including the roll-out of Microsoft 365. Audit is continuing to liaise with IT and Digital Services as part of ongoing audit planning to identify further potential review work.
- 4.6.7 There were updates on information governance included in the strategic risk register which included reference to responses to data breaches and also performance in relation to handling subject access requests and freedom of information requests. A service review is being undertaken to review areas for improvement and implement service improvements. It was agreed that given the Information Governance function is subject to a service review, any planned internal audit work would be deferred until revised arrangements were in place.
- 4.6.8 The Council is required to provide a submission for the NHS Data Protection and Security Toolkit each year. This submission is mandatory for organisations to complete to access NHS data and systems. There was liaison during 2022/23 with the Information Governance team to provide independent audit input ahead of the annual submission completed in June 2022. In terms of the 2022/23 submission to be completed by June 2023, where areas for development are identified these will be considered for possible further review as part of audit planning.
- 4.6.9 During 2022/23, IT and Digital Services continued to promote an awareness raising campaign through the provider, Boxphish, on cyber security with a number of topics covered during the period through e-learning. Staff continue to be required to complete mandatory e-learning in relation to data protection, freedom of information and information security.



## **4.7 Schools**

- 4.7.1 As part of the Schools Financial Value Standard (SFVS) designed by the Department for Education, schools are required to compile evidence to support adherence to the Standard on an annual basis. It is noted that in accordance with SFVS, all schools have submitted a self-assessment for 2022/23. Information submitted is available to Audit and Assurance to assist in planning school audits.
- 4.7.2 Areas covered in internal audit reviews reflect the requirements of the SFVS with the aim of providing assurance on conformance with the Standard and where identifying areas for improvement, making recommendations to address risks. Areas covered in the audits include governance arrangements such as the role of the Governing Body and senior staff; budgetary control; purchasing; payroll processes; income collection, security of cash and other assets; and information security and governance.
- 4.7.3 Within the Internal Audit Plan it was planned that 10 school audits would be undertaken in 2022/23. By the end of the year, 10 final audit reports had been issued and further reviews were planned to commence during 2023/24 (See Appendix B). Overall, it was found that there were generally sound systems of governance, risk management and control in place. In terms of opinion levels, of the 10 reviews, a Substantial level of assurance was provided in respect of 8 schools and a Reasonable Level for another school.
- 4.7.4 There was one school audit completed where a Limited Level of assurance was provided as reported in the Audit and Assurance update report for October to December 2022 and a follow-up audit review has been included in the 2023/24 Internal Audit Plan to follow-up progress in implementing the recommendations made.
- 4.7.5 Summary findings from all the school audit reviews were included in relevant Audit and Assurance updates issued through the year. Where areas for improvement in controls were identified, agreed actions plans were established.
- 4.7.6 During the year there was follow up by Audit in relation to 4 other schools to confirm progress in implementing previous recommendations made in 2021/22. Good progress in implementing recommendations is highlighted by the analysis regarding audit follow ups with 95% of previous recommendations made having been implemented or are no longer applicable (See 5.9).
- 4.7.7 Audit and Assurance continued to liaise with Financial Management and Children's Services to assist in following up issues raised at particular schools, ongoing audit planning and, where applicable, to provide advice to schools. (Also see Section 4.6.4 re IT audit work in relation to schools).

## **4.8 Other Business Risks**

- 4.8.1 This comprises various work that does not fall into one of the categories referred to above but represents areas of business risk. This includes reviews of specific services and

functions within individual Directorates. Risks reviewed encompassed a number of areas of control such as procedures and responsibilities, adherence to legislation and internal procedures, budgetary control, Payroll/HR related processes, risk management, security (of cash, assets and data), purchasing, income collection and recording and other areas of risk specific to the service under review.

4.8.2 Detailed below are reports issued or in progress by the end of March 2023. For final reports, details of overall findings were included in the respective update reports for CLT and the Accounts and Audit Committee.

**Final Reports issued:**

Reported in the April to June 2022 Audit and Assurance update:

- Licensing follow-up audit (Place) – Reasonable Assurance: Some areas for improvement in relation to policies and procedures were identified in the previous audit and where progress has yet to be made an action plan was agreed to be progressed during 2022/23.

Reported in the October to December 2022 Audit and Assurance Update:

- Home to School Transport (Children's Services) – Reasonable Assurance but further to issues raised during the year, an audit review to be undertaken in 2023/24 to cover processes for checks of contractors and follow-up of any recommendations made.

See Appendix A for reports issued in final quarter of 2022/23:

- Adaptations Service (Adult's Services) – Reasonable Assurance
- Registration Services (Legal and Governance) – Substantial Assurance

4.8.3 A review in respect of Supporting Families (Children's Services) was completed in order to provide assurance required for the Greater Manchester Combined Authority (GMCA). By the year-end, details were shared with the GMCA of the draft report and a final report was later issued in April 2023 providing a "Reasonable" level of assurance (further details will be reflected in the next Audit and Assurance update report covering April to June 2023).

4.8.4. As planned a review of Let Estates commenced towards the end of the year to follow-up progress regards the implementation of previous recommendations made. A Limited Level of Assurance was reported in the previous audit in March 2022. This lower opinion level reflected a number of control improvements required but the findings were based on the Service prior to it being transferred back from being provided by Amey as part of the One Trafford Partnership to an in-house service within the Place Directorate. A follow-up audit review was in progress by year-end and a final report has since been issued in April 2023 which highlights significant improvements made with a revised opinion level of "Reasonable" being provided. Further details will be reflected in the update report for April to June 2023.

4.8.5 There were four other audits in progress by the year-end with final reports to be issued later in 2023. These are as follows:

- Safety at Sports Grounds (Place)

- Outdoor Media (Place)
- Bereavement Services (Strategy and Resources)
- Sale Waterside Arts Centre (Strategy and Resources)

4.8.6 Planning commenced on other reviews, and through liaison with individual Corporate Directorates, any planned reviews not commenced by the year-end were considered and where appropriate included in the 2023/24 Internal Audit Plan as detailed in Appendix C.

#### **4.9 Grant Claims /Data Quality**

4.9.1 Audit is required to carry out checks to support information contained in certain grant claims made during the year to meet national requirements in relation to funding received.

4.9.2 During 2022/23, based on the checks undertaken, adequate assurance was obtained to support the claims made in relation to the following grants:

- Public Sector Decarbonisation Scheme Phase 1 2020/21 (completed June 2022 and reported in the April to June 2022 Audit and Assurance update report).
- Local Authority Test and Trace Contain Outbreak Management Fund 2020-21 and 2021-22 (Completed September 2022 and reported in the July to September Audit and Assurance update report).
- Universal Drug Treatment Grant 2021/22 (completed July 2022 and reported in the July to September Audit and Assurance update report).
- Local Transport Capital Block Funding (Pothole Fund) 2021/22 (Completed September 2022 and reported in the July to September Audit and Assurance update report).
- Local Authority Test and Trace Support Scheme Funding 2020/21 and 2021/22 (Completed September 2022 and reported in the July to September 2022 Audit and Assurance update report).
- Disabled Facilities Grant 2021/22 (completed October 2022 and reported in the October to December 2022 Audit and Assurance update report).

4.9.3 Any further expected grant claims to be reviewed are included in the 2023/24 Internal Audit Plan but Audit is also advised through the year on other grants to be reviewed and where known, these will be added to the Plan.

#### **4.10 Service advice / Projects**

4.10.1 Advice was provided through the year across the Council on governance and control issues across various Council Services. In undertaking audit reviews, in addition to the issue of reports with findings and recommendations, where appropriate Audit provides independent advice during the process to support services in improving standards of control.

4.10.2 There has been Audit input through attendance at Systems Board meetings within Adults and Children's Services. In addition to internal audit reports issued (see 4.1) Audit has worked with Adults' Services during the year in reviewing processes in relation to social care payments including

sharing findings through the use of data analytics to highlight queries and issues for follow up to assist in improving existing processes. Advice and support is also reflected elsewhere in earlier sections of this report e.g. re schools audit, risk management and governance.

- 4.10.3 The Audit and Assurance intranet site was updated during the year and includes information on the role of Audit and associated guidance for services in respect of risk management, governance and anti-fraud and corruption.
- 4.10.4 Audit continued to provide support to the Accounts and Audit Committee and issued a number of reports through the year as detailed in the 2022/23 Accounts and Audit Committee Annual Report.

## **5. MANAGEMENT RESPONSE TO INTERNAL AUDIT WORK**

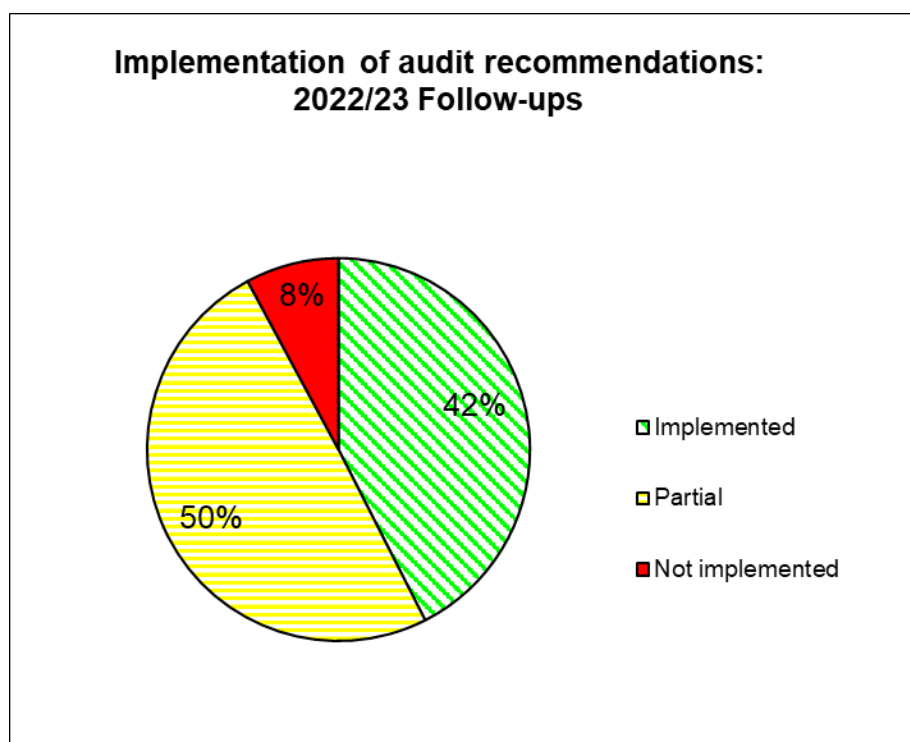
- 5.1 This section sets out the response to, and impact of, internal audit work during the year. Key indicators of Audit and Assurance's impact are:
- Acceptance of recommendations
  - Implementation of them.

### **Acceptance of Recommendations**

- 5.2 All audit recommendations made during the year were accepted by management. All of the 68 new recommendations made during the year were accepted i.e. 100% (compared to 98% in 2021/22).
- 5.3 It should be noted that there were a number of other recommendations made during the year reflected in work in progress by the end of March 2023 and details regarding acceptance of these will be reflected in Audit and Assurance updates once respective reports are finalised in 2023/24.
- 5.4 Whilst it is important that audit recommendations made are agreed by management, it is also important that these are implemented in practice to ensure control improvements are being made as a result of the audit findings. Progress on this is analysed below.

### **Implementation of audit recommendations**

- 5.5 A number of internal audit reviews are followed up approximately 12 months after the issue of the final report to ascertain what progress has been made in implementing recommendations. This may be either through a further audit review or through manager self- assessment.
- 5.6 Details of individual follow up reviews completed during the first three quarters of the year are set out in the respective Audit and Assurance update reports issued through the year. Details of the outcome from the follow-ups in the final quarter of 2022/23 are included in Appendix A.
- 5.7 For all follow up work undertaken, an analysis of the percentage of recommendations implemented at the time of the respective follow up reviews is shown in the following chart.



- 5.8 From the reviews undertaken, of a total of 127 recommendations followed-up during 2022/23, it was reported that 54 (42%) had been implemented at the time of the follow up audit reviews (compared to 46% reported in 2021/22). A further 63 (50%) have been partially implemented / implementation was in progress (compared to 49% in 2021/22). Only 10 recommendations (8%) had not been implemented (compared to 5% in 2021/22). For reviews where implementation of a number of recommendations are still in progress, these are included in the 2023/24 Internal Audit Plan for further follow-up.
- 5.9 It should be noted that of the above 127 recommendations analysed above, 20 of these related to school audits and it was reported that 19 of these 20 recommendations had been implemented which highlighted that audit recommendations made in schools had largely been implemented to contribute to improvements in standards of control at the relevant schools.
- 5.10 There are a number of other follow-up audit reviews which were in progress by year-end. Details will be reported as part of further updates in 2023/24.

### **Client feedback**

- 5.11 A client questionnaire is sent out with each audit report canvassing managers' views on the audit review. The questionnaire covers the audit approach; audit report issued and usefulness of the audit as an aid to management. For 2022/23, the responses were favourable from the completed questionnaires received. There were 11 survey responses received and responses provided to the individual questions were either "Very Good" (91%) or "Good" (9%) in relation to the various aspects

of the audit process (Based on 4 possible levels of “Very Good”, “Good”, “Satisfactory” and “Inadequate”). The survey also asked regards the level of improvement in internal control expected to be achieved following the audit review. 10 of the 11 responses confirmed that as a result of the audit, it is expected there will be improvements in the standard of control and management of risks.

- 5.12 In addition, as part of the PSIAS External Assessment of Internal Audit undertaken in March 2023, CIPFA distributed a survey to a selection of Councillors and Officers regards the Internal Audit service provided. Overall, positive results were provided and are detailed within the separate Assessment report by CIPFA.
- 5.13 The analyses of recommendations, follow-ups and client responses demonstrates an overall positive response to internal audit work which contributes to continued improvements in governance and control arrangements across the Council.

## 6. **PERFORMANCE AGAINST AUDIT PLAN**

- 6.1 In the 2022/23 Internal Audit Plan, a target was set of 30 audit assignments (comprising opinion reports, consultancy reports and grant sign-offs) to be completed in 2022/23 to final or draft stage. There were 23 final audit reports and 2 draft reports issued, in addition to 6 grant sign offs which totalled 31 audit assignments. Assurance was obtained across each main area of the Internal Audit Plan. It is noted there were some areas where, at the request of services, reviews have been scheduled for inclusion in the 2023/24 Internal Audit Plan. Appendix C shows details of audit opinion reports issued during the year and further work planned for 2023/24. A list of grant checks completed is shown as part of Appendix B.
- 6.2 Total time allocated to carry out the Operational Audit Plan was set at 870 days (with an additional contingency of 50 days). This was calculated by subtracting overheads e.g. training, sickness etc. from the time available for each auditor. It should be noted that in addition to the operational plan days, additional time was taken for other activities that are not attributable to one particular category of work but support the audit process. In 2022/23, this included continued support to the Accounts and Audit Committee, liaison with the External Auditor, networking with other North West Internal Audit groups to share good practice, and liaison with services to gather information in support of the production of the audit plan. Actual time spent delivering the Plan was 804 days (92.4% of the chargeable planned target of 870 allocated days). There has been a vacancy in the team which accounts for the actual time being less than planned although this has been mitigated with the use of contingency time in the plan.
- 6.3 Available resources were considered through the year to ensure account was taken of priorities, including in relation to statutory duties, specific deadlines and risk areas to follow up from previous years, ensuring such work was completed as planned e.g. in relation to the certification of grant claims, input to the Annual Governance Statement, National Fraud initiative deadlines, follow-up audits etc. An analysis of planned operational audit time against actual days spent in 2022/23 is shown in Appendix B.

## **7. CONFORMANCE WITH THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS**

- 7.1 The Audit and Assurance Service carries out its work in general conformance with the Public Sector Internal Audit Standards and the CIPFA Statement on the Role of the Head of Internal Audit.
- 7.2 It is a requirement that the Annual Head of Internal Audit Report provides a statement on conformance with the Public Sector Internal Audit Standards (PSIAS).
- 7.3. The Standards incorporate a number of aspects including:
- Ethics (incorporating integrity, independence, objectivity, confidentiality and competency).
  - Purpose, authority and responsibility of Internal Audit.
  - Standards (including planning, undertaking and managing audit assignments, monitoring, communication, due professional care, quality assurance and improvement).
- 7.4 As part of the PSIAS, it is a requirement for there to be an external assessment of the Internal Audit function at least every five years. An external assessment was undertaken in March 2023 by CIPFA and a final report is to be shared with the Accounts and Audit Committee in June 2023. **In respect of the assessment against PSIAS, CIPFA has 3 possible opinion levels (Generally conforms; partially conforms and does not conform). CIPFA's overall opinion was that the Audit and Assurance Service generally conforms to PSIAS.**
- 7.5 There were some advisory points made as part of the external assessment report to consider going forward and an agreed action plan has been produced to consider these issues which is included in the final version of assessment report. Actions planned include:
- Further review during 2023/24 of the Internal Audit Charter to reflect any developments in the Service including the expected transfer of the Counter Fraud Team to the Audit and Assurance Service;
  - For future reporting, to consider reflecting in Annual Head of Internal Audit reports further details in relation to service improvement and also details regard confirmation of audit independence;
  - Consider the use of CIPFA statistics to inform planning for internal audit reviews;
  - Consideration of issues regards future recruitment and succession planning within the Service; and
  - Ongoing monitoring and consideration of the impact on the Service of any future changes in internal audit standards.
- 7.6 The planned actions will be progressed through 2023/24 and progress regards service developments reflected in future Audit and Assurance reporting.
- 7.7 The Internal Audit Charter sets out that the Service will be sufficiently independent of the activities being audited so that auditors are able to make impartial and effective professional judgements and recommendations. It is confirmed that during 2022/23 there were no impairments to independence.

- 7.8 In accordance with its Quality Assurance and Improvement Programme, the Service continued to report on its work through the year to both CLT and the Accounts and Audit Committee which included both updates on progress against the 2022/23 Plan; the impact of audit work; client feedback and approval of the Internal Audit Plan for 2023/24.
- 7.9 As previously highlighted in the 2021/22 Annual Head of Internal Audit Report, during 2022/23 it was planned with the ongoing development of Council IT systems including the implementation of Microsoft 365, work would be undertaken to review systems and procedures to use for documenting and storing internal audit work. During the year, existing systems were reviewed which included decommissioning the Internal Audit Management System, TeamMate, and producing updated audit working paper templates using existing Council systems. There is also ongoing development of the use of IT systems to support data analytics work as part of undertaking audit reviews which will continue to be developed in 2023/24.



**INTERNAL AUDIT REPORTS ISSUED IN QUARTER 4 2022/23**

**Points of Information**

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

**Levels of Assurance:**

<b>Substantial</b>	- Very Good	<b>Green</b>
<b>Reasonable</b>	- Good	<b>Green</b>
<b>Limited</b>	- Marginal	<b>Amber</b>
<b>Very Low or no assurance</b>	- Unsatisfactory	<b>Red</b>

\*Indicates this is a revised opinion given following a review of progress made in implementing recommendations made in the previous audit review. This opinion is based only on the areas tested and assumes the controls reviewed as part of the previous audit, that were not covered as part of this follow up audit, have been maintained.

**Report Status:**

**Draft reports:**

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

**Final reports:**

incorporate management comments and responses to audit recommendations, including planned improvement actions. **An opinion** is stated in each audit report / assessment to assess the standard of the control environment.

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

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

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

REPORT NAME (DIRECTORATE) / (PORTFOLIO) by Coverage Level (1-4)	-OPINION -R/AG -Date Issued	COMMENTS
<b>FINAL REPORTS</b>		
<b><u>Level 4 Reports:</u></b>		
<b>Business Continuity (Place/Authority-Wide) (Finance and Governance)</b>	N/A -See Comments (31/1/23)*	A follow-up audit was undertaken to assess progress in implementing previous audit recommendations. At the time of the review in January 2023 it was reported that 3 of the 11 previous recommendations had been implemented with the other 8 being in progress. It was agreed that a further review would be undertaken later in 2023 to assess developments regards the remaining actions including regards further updating of some business impact analyses and business continuity plans plus testing of plans. An Opinion Level will be provided as part of this review. Based on progress made to date and providing that further progress continues to be made as set out in the Action Plan in the report), it is expected that a Reasonable Level of Assurance would be given.
<b><u>Level 2 Reports:</u></b>		
<b>Adaptations Services (Adults' Services) / (Adult Social Care)</b>	<b>Reasonable (GREEN)</b> (31/1/23)*	The audit reviewed the controls in place for the administration of housing adaptations. It identified progress made addressing previous audit recommendations with 7 recommendations fully implemented with progress being made on all remaining 9 recommendations. Future actions recommended include the review and update of the Housing Assistance Policy to reflect developments in recent years and the further development of customer service standards.
<b>Registration Services (Legal and Governance) / (Finance and Governance)</b>	<b>Substantial (GREEN)</b> (17/1/23)	The audit included review of procedures and controls in place within Registration Services to ensure compliance with regulations and covered policies & procedures in place, fees and charges, issuing of certificates and collection and monitoring of income. The audit concluded that effective procedures are in place and no recommendations were made.
<b>Waste Services Contract Monitoring (Place)/ (Environmental Services)</b>	<b>Reasonable (GREEN)</b> (22/2/23)	There are appropriate governance arrangements in place for monitoring the contract. During the last year the Service has established a new team structure to support the process of monitoring delivery of the contract. There are regular meetings of the One Trafford Partnership Board and there is also a Contract Management Group which is attended by representatives from Amey and the Council. There are also a number of sub-groups reviewing particular areas. There is regular monitoring of key performance indicators including identifying reasons where performance is below target. It was noted that overall performance has been improving but there is a review of the performance indicator framework to identify where improvements can be made. A small number of audit recommendations were agreed including improvements in logging of decisions and actions from monitoring meetings; recording of performance data validation checks and also developing processes for trend monitoring of complaints.

**DRAFT REPORTS**

**Level 3 Reports:**

<b>Supporting Families (Children's Services)/ (Children's Services)</b>	By 31 March 2023, a draft report had been shared with management and also the Greater Manchester Combined Authority, as part of a commitment of Greater Manchester local authorities to undertake regular audits to provide assurance that local systems and processes meet the minimum standards of the Supporting Families Programme. A final report was later issued in April 2023 and will be reported in the April to June 2023 Audit and Assurance update report.
<b>Treasury Management (Finance and Systems) / (Finance and Governance)</b>	By 31 March 2023, a draft report had been shared. A final report was issued in April 2023 and will details will be reported in the April to June 2023 Audit and Assurance update report.

**OTHER REPORTS**

<b>ADVISORY REPORT: IT Security and Governance in Schools (Children's Services) / (Children's Services - Education)</b>	N/A (20/2/23)	Further to an advisory report being issued to all schools in December 2022 covering findings from a review of IT security and governance which provided guidance for schools to consider, a report was issued to relevant Council Services (Children's Services and IT and Digital) to include recommended actions going forward to further support schools including the issuing of further guidance on cyber security during 2023/24.
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**Quarter 4 2022/23**

**Acceptance of Recommendations**

From the final audit opinion reports issued during the quarter (as listed above)all 12 of the recommendations made were accepted.

**Follow up - Implementation of Recommendations**

In addition to the follow up audits completed as listed above (Adaptations and Business Continuity), in respect of one other audit previously completed in 2021/22, during the quarter, details of progress made in implementing the recommendations made were provided to Audit and Assurance as follows:

- St. Alphonsus RC Primary School (Children's Services/Education) – All of the 5 recommendations previously agreed were reported as being implemented.

**APPENDIX B**

**2022/23 Operational Plan: Planned Work and Actual Days Spent**

<b><u>Category</u></b>	<b><u>Details</u></b>	<b><u>Planned Allocated Days 2022/23</u></b>	<b><u>Actual Days 2022/23</u></b>
<b>Financial Systems</b>	<p><b>Completion of fundamental financial systems reviews</b></p> <p>See Section 4.1 for work completed and Appendix C for audit opinion reports issued and planned.</p>	165	162
<b>Governance</b>	<p><b>Corporate Governance / Annual Governance Statement (AGS) – to liaise with Legal and Governance, including providing comment on processes supporting the AGS, and its content with reference to the CIPFA/SOLACE Governance framework and guidance.</b></p> <p><b>Advice / assurance in respect of governance issues and ongoing liaison with services to consider further audit reviews.</b></p> <p>See Section 4.2 for work completed.</p>	25	10
<b>Corporate Risk Management</b>	<p><b>Facilitating the updating of the Council’s strategic risk register.</b></p> <p><b>Actions to support the Council’s Risk Management Strategy including provision of guidance, independent review of existing risk management arrangements and, where applicable, recommend areas for development.</b></p> <p>See 4.3 for work completed and Appendix C for opinion reports produced and planned.</p>	50	59
<b>Anti-Fraud and Corruption</b>	<p><b>Co-ordinate the Council’s activity in respect of the National Fraud Initiative in accordance with Cabinet Office requirements.</b></p> <p><b>Contributing to investigations of referred cases of suspected theft, fraud or corruption.</b></p> <p><b>Other work to support the Anti-Fraud and Corruption Strategy, including working with other relevant services to review existing</b></p>	80	57

	<p><b>strategy, policies and guidance.</b></p> <p>See Section 4.4 for work completed.</p>		
<b>Procurement / Contracts/ Value for money</b>	<p><b>Review of procurement / contract management arrangements including systems in place and associated arrangements to secure value for money (Work will include liaison with the STAR Procurement Service and partner authority auditors).</b></p> <p>See Section 4.5 for work undertaken and planned and Appendix C for reports issued and planned.</p>	50	49
<b>Information Governance / Information, Communications and Technology</b>	<p><b>ICT Audit reviews and advice, including reviews conducted by Salford Internal Audit Services.</b></p> <p><b>Information Governance audit reviews</b></p> <p>See Section 4.6 for work completed and planned and Appendix C for audit opinion reports issued.</p>	85	58
<b>Schools</b>	<p><b>Providing assurance on the control environment within schools, supporting schools in ensuring awareness of requirements within the DfE Schools' Financial Value Standard.</b></p> <p><b>Audit reviews of schools: At least 10 school audit final reports to be issued during the year</b></p> <p><b>Follow-up of progress for audits completed in 2021/22.</b></p> <p>See Section 4.7 for work completed and Appendix B for list of 10 school audit reports issued.</p>	135	125
<b>Assurance – Other Business Risks</b>	<p><b>Audits selected on the basis of risk from a number of sources including senior managers' recommendations, risk registers and internal audit risk assessments. Reviews include authority wide issues and areas relating to individual services, establishments and functions. Includes new audit reviews, follow up audits and gaining assurance from service updates.</b></p> <p>See Section 4.8 for work completed and Appendix C for opinion reports issued and planned.</p>	180	199

<b>Grant claims checks / Data Quality</b>	<p><b>Internal audit checks of grant claims / statutory returns and other checks as required. Grants included in the 2022/23 Plan were as follows:</b></p> <ul style="list-style-type: none"> <li>- <b>Contain Outbreak Management Fund (Q1)</b></li> <li>- <b>Disabled Facilities Grant (Q3).</b></li> </ul> <p><b>Audit and Assurance were advised through the year of other grant claims, review work and other returns to be checked/signed off.</b></p> <p>As referred to in section 4.9, grant checks completed for the following:</p> <ul style="list-style-type: none"> <li>- Public Sector Decarbonisation Scheme Phase 1 2020/21</li> <li>- Local Authority Test and Trace Contain Outbreak Management Fund 2020-21 and 2021-22</li> <li>- Universal Drug Treatment Grant 2021/22</li> <li>- Local Transport Capital Block Funding (Pothole Fund) 2021/22</li> <li>- Local Authority Test and Trace Support Scheme Funding 2020/11 and 2021/22</li> <li>- Disabled Facilities Grant 2021/22</li> </ul>	35	31
<b>Service Advice / Projects</b>	<p><b>General advice and guidance, both corporately and across individual service areas.</b></p> <p><b>Support and advice to the organisation in contributing to working groups and projects in relation to governance, risk and control issues.</b></p> <p>See Section 4.10 for work undertaken.</p>	65	54
<b>TOTAL</b>		<b>870*</b>	<b>804</b>

\* Note there was a further contingency of 50 days within the 2022/23 Plan.

**Audit Opinion Reports 2022/23**

<b><u>Audit Opinion Reports: Title / (Corporate Directorate)/ (Executive Portfolio as at 31/3/23)</u></b>	<b><u>Status</u></b>	<b><u>Opinion Level</u></b>	<b><u>Future plans (where final report not yet issued)</u></b>
<b>Financial Systems</b>  - Payroll (Strategy and Resources) - Household Support Fund - Trafford Assist (Finance and Systems) - Adults' Social Care Payments (Adults' Services)  - Adults' Direct Payments (Adult Services) - Children's Social Care Payments (Children's Services) - Council Tax (Finance and Systems) - Treasury Management (Finance and Systems) - Accounts Payable (Finance and Systems) - Budgetary Control (Finance and Systems/Authority-wide)	Final report issued 11/11/22 Final report issued 13/6/22  Final report issued 5/9/22  Final report issued 8/8/22 In progress Final report issued 31/10/22 Draft report issued 24/3/23  - -	<b>Substantial</b> <b>Substantial</b>  N/A*  <b>Reasonable*</b> - <b>Substantial</b> - - -	Completed Completed  Further review in 2023/24 Plan to provide an updated audit opinion. Completed Final report to be issued in 2023/24 Completed Final report issued April 2023 Included in 2023/24 Internal Audit Plan Included in 2023/24 Internal Audit Plan
<b>Risk Management</b>  - Business Continuity (Place/Authority-Wide)  - Health and Safety (Strategy and Resources / Authority-wide)	Final report issued 31/1/23  In progress	N/A*  -	*Further review in 2023/24 Plan to provide an updated audit opinion. Final report to be issued in 2023/24
<b>Procurement /Contracts /Value for money</b>  - In-Tend system / Contracts Register (Strategy and Resources) (Stockport – lead) - Contract Extensions (Rochdale – lead)	Draft findings produced  In progress	-  -	Final report to be issued in 2023/24  Final report to be issued in 2023/24

Trafford Council  
Audit and Assurance Service  
Annual Report of the Head of Internal Audit 2022/23

Page 188

<ul style="list-style-type: none"> <li>- Waste Services (Place)</li> </ul>	Final report issued 22/3/23	<b>Reasonable</b>	Completed
<p><b>ICT Audit / Information Governance</b></p>			
<ul style="list-style-type: none"> <li>- Cyber Security (Finance and Systems)</li> </ul>	Final report issued 25/7/22	<b>Reasonable*</b>	Completed
<ul style="list-style-type: none"> <li>- IT Governance and Security in Schools (Children's Services /Finance and Systems)</li> </ul>	Final advisory report issued 20/2/23	N/A	Completed
<p>(Note: any planned information governance audits agreed to be deferred to 2023/24 further to service review of the Information Governance team)</p>			
<p><b>Schools</b></p>			
<p>10 school audit reviews (Children's Services):</p>			
<ul style="list-style-type: none"> <li>- Stretford Grammar</li> </ul>	Final report issued 3/5/22	<b>Reasonable</b>	Completed
<ul style="list-style-type: none"> <li>- St. Anne's CE Primary</li> </ul>	Final report issued 29/6/22	<b>Substantial</b>	Completed
<ul style="list-style-type: none"> <li>- Trafford Alternative Education</li> </ul>	Final report issued 30/11/22	<b>Limited</b>	Completed. Follow up audit in 2023/24
<ul style="list-style-type: none"> <li>- St. Mary's CE Primary, Sale</li> </ul>	Final report issued 20/5/22	<b>Substantial</b>	Completed
<ul style="list-style-type: none"> <li>- Victoria Park Junior</li> </ul>	Final report issued 29/6/22	<b>Substantial</b>	Completed
<ul style="list-style-type: none"> <li>- St. Michael's CE Primary</li> </ul>	Final report issued 20/7/22	<b>Substantial</b>	Completed
<ul style="list-style-type: none"> <li>- Cloverlea Primary</li> </ul>	Final report issued 13/10/22	<b>Substantial</b>	Completed
<ul style="list-style-type: none"> <li>- St. Monica's RC Primary</li> </ul>	Final report issued 14/9/22	<b>Substantial</b>	Completed
<ul style="list-style-type: none"> <li>- Sale High</li> </ul>	Final report issued 28/11/22	<b>Substantial</b>	Completed
<ul style="list-style-type: none"> <li>- Well Green</li> </ul>	Final report issued 19/12/22	<b>Substantial</b>	Completed
<p><b>Assurance – Other Business Risks</b></p>			
<ul style="list-style-type: none"> <li>- Adaptations Service (Adults' Services)</li> </ul>	Final report issued 20/2/23	<b>Reasonable*</b>	Completed
<ul style="list-style-type: none"> <li>- Home to School Transport (Children's Services)</li> </ul>	Final report issued 14/10/22	<b>Reasonable</b>	Completed. Follow up audit in 2023/24
<ul style="list-style-type: none"> <li>- Supporting Families (Children's Services)</li> </ul>	Draft report issued 30/3/22	-	Final report issued April 2023
<ul style="list-style-type: none"> <li>- Licensing follow-up (Place)</li> </ul>	Final report issued 4/5/22	<b>Reasonable*</b>	Completed
<ul style="list-style-type: none"> <li>- Building Control (Place)</li> </ul>	-	-	Included in 2023/24 Internal Audit Plan
<ul style="list-style-type: none"> <li>- Safety at Sports Grounds (Place)</li> </ul>	In progress	-	Final report to be issued in 2023/24
<ul style="list-style-type: none"> <li>- Cleaning Services (Strategy and Resources)</li> </ul>	Planning commenced	-	Final report to be issued in 2023/24
<ul style="list-style-type: none"> <li>- Registration Service (Legal and Governance)</li> </ul>	Final report issued 17/1/23	<b>Substantial</b>	Completed
<p>Other reviews originally planned to commence by Q4</p>			



**Trafford Council**  
**Audit and Assurance Service**  
**Annual Report of the Head of Internal Audit 2022/23**

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<p>2022/23 with final reports due in 2023/24:</p> <ul style="list-style-type: none"> <li>- Outdoor Media (Place)</li> <li>- Let Estates follow-up (Place)</li> <li>- Recruitment Services (Strategy and Resources)</li> <li>- Bereavement Services (Strategy and Resources)</li> <li>- Schools' Catering (Strategy and Resources)</li> <li>- Sale Waterside Arts Centre (Strategy and Resources)</li> </ul>	<p>In progress</p> <p>In progress</p> <p style="text-align: center;">-</p> <p>In progress</p> <p style="text-align: center;">-</p> <p>In progress</p>	<p style="text-align: center;">-</p> <p style="text-align: center;">-</p> <p style="text-align: center;">-</p> <p style="text-align: center;">-</p> <p style="text-align: center;">-</p> <p style="text-align: center;">-</p>	<p>Final report to be issued in 2023/24</p> <p>Final report issued April 2023</p> <p>Included in 2023/24 Internal Audit Plan</p> <p>Final report to be issued in 2023/24</p> <p>Included in 2023/24 Internal Audit Plan</p> <p>Final report to be issued in 2023/24</p>
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*\*Included a follow up audit review*

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## TRAFFORD COUNCIL

**Report to:** Accounts and Audit Committee  
**Date:** 21<sup>st</sup> June 2023  
**Report for:** Discussion  
**Report of:** Audit and Assurance Manager

### Report Title

**Strategic Risk Register 2023/24 (June 2023 update)**

### Summary

**The Accounts and Audit Committee is asked to consider this report which provides an update on the strategic risk environment, setting out developments relating to the management of each of the Council's strategic risks.**

### Recommendation

**The Accounts and Audit Committee notes the report.**

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

Mark Foster – Audit & Assurance Manager. Email: mark.foster@trafford.gov.uk  
Peter Morris – Senior Audit & Assurance Officer. Email: peter.morris@trafford.gov.uk

### **Background Papers:**

None

## **1. INTRODUCTION**

- 1.1 The Council's Strategic Risk Register (SRR) contains the strategic risks the Council is likely to face in achieving its high level corporate objectives.
- 1.2 In accordance with the Council's Risk Management Policy, the Corporate Leadership Team (CLT) provides regular periodic updates on the strategic risk environment and in particular performance in managing the specific risks incorporated within the SRR.
- 1.3 This report is based on information provided by risk owners in May/early June 2023 for each risk unless otherwise stated.

## **THE STRATEGIC RISK ENVIRONMENT – RISK EXPOSURE AND PERFORMANCE MANAGEMENT**

- 2.1 CLT agree the risks to be included in the strategic risk register and provide updates on risks under their remit.
- 2.2 This report contains an update on each of the strategic risks, including recent developments, progress made in managing each risk and further plans.
- 2.3 In terms of changes since the last strategic risk update reported in March 2023, there has been a decrease in the risk score for one of the risks:
  - Risk 14 (Significant disruption as a consequence of COVID-19 and winter pressures) which shows a decrease from a risk score of 12 (Medium) to 8 (Low).
- 2.4 The risk charts in section 2.6 show an analysis of the current strategic risks. The charts analyse the levels of risk exposure in terms of impact and likelihood. The number of strategic risks for each risk level is shown. There are 16 strategic risks which are set out in Section 3.
- 2.5 As part of the Accounts and Audit Committee work programme, in addition to strategic risk register updates through the year, further updates on specific risks within the strategic risk register will be considered as part of planning future agenda items for the Accounts and Audit Committee work programme.

2.6 Comparison of Risk Levels March 2023 and June 2023

**IMPACT** **Risk Levels – March 2023**

Very High (5)		7	4	
High (4)	1	1	1	1
Medium (3)	1			
Low (2)				
Very Low (1)				
	Very Low (1)	Low (2)	Med. (3)	High (4)
				Very High (5)

**LIKELIHOOD**

**IMPACT** **Risk Levels – June 2023**

Very High(5)		7	4	
High (4)	2		1	1
Medium (3)	1			
Low (2)				
Very Low (1)				
	Very Low (1)	Low (2)	Med. (3)	High (4)
				Very High (5)

**LIKELIHOOD**

High Risk
Medium Risk
Low Risk

### 3. Strategic Risks (June 2023)

Red (High Risk)	Amber (Medium Risk)	Green (Low Risk)
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Risk Number 1	Likelihood (L)	Impact (I)	Risk Score (L x I) High Medium Low	Change in Risk Score
Continuing uncertainty regarding the Council's medium term financial position given the reliance that exists on support from Central Government, cost pressures within the existing budget (compounded by the current high levels of inflation) and major changes that are planned concerning the reform of local government funding (Fair Funding) and the review of the business rate retention system with a planned full reset potentially in 2025/26 and uncertainty of the sharing arrangements of the 100% GM retention scheme. (Finance & Systems / Finance and Governance).	4	5	20 High	↔ No Change
<b>Corporate Priorities</b>	All			
<b>Existing Controls and Risk Mitigation</b>	<p>Regular budget bi-monthly monitoring to the Executive, covering all aspects of the Council's budget, including revenue, capital programme and investment strategy, prudential indicators, reserves, collection fund and school budgets.</p> <p>A Finance and Change Programme established (2022) to enhance our structured response to the significant budget issues and to provide strategic direction and proactive governance around the management of our Finance and Change programme.</p> <p>Recurrent pressures identified from in-year budget monitoring are fed into the Medium Term Financial Strategy (MTFS) and as such are reflected with the 2023/24 budget and later years</p> <p>Implementation and compliance of CIPFA Financial Management Code</p> <p>A robust Medium Term Financial Strategy and Plan covering a detailed period of 3 years and plus 2 at high level to accommodate a time period of 5 years to highlight the longer term uncertainty and delays in the Fairer Funding review and business rates reset and impact of COVID-19. THE MTFP is updated on a regular basis throughout the year and is a key tool in preparation of the draft and final budget papers.</p> <p>Review of earmarked reserves on a triannual basis (draft and final budget preparation and closedown). Review covers adequacy and robustness of each reserve.</p>			

<p><b>Update (May 2023)</b> (Recent actions, performance updates, developments, emerging issues etc).</p>	<p>In respect of 2022/23 the outturn position was a net underspend of £56k despite having been a projected overspend of £4.97m at period 8. A change in the MRP policy was agreed at February 2023 Budget Council and released sufficient to address a large element of the current deficit.</p> <p>Balanced budget proposals for 2023/24 presented to Council in February. Addressed a number of unresolved budget pressures identified in 2022/23 monitoring (e.g. Home to School Transport).</p> <p>Remaining budget gap of £6.95m and £10.13m in 2024/25 and 2025/26 respectively as at February 2023. Draft MTFP has been updated to reflect 2023/24 pressures (additional cost of provisional pay award over budget, base pressures in Supporting People). The concern is that the stubbornly high levels of inflation will adversely impact this position. It is important that the focus of the Finance and Change Programme remains on balancing the budget over the medium term. Given the reliance on “corporate” solutions in previous years, more focus will inevitably need to be placed on the making savings on more forward facing services in order to meet future budget gaps.</p> <p>First round of budget workshops for 2024/26 with Exec/CLT has been scheduled for July 2023. Updated gap will be presented and initial business cases discussed.</p> <p>Extension of the 100% Rates Pilot has been confirmed for ten years but uncertainty on rates reset and sharing agreement with GM remains.</p> <p>In respect of the school budgets and the Dedicated Schools grants, whilst these are kept separate from the Council’s budget, they are showing a growing deficit position such that by 2025/26 this could be as high as £8.3m, fuelled largely by the increasing pressures on the High Needs budget. Government announced SEND and Alternative Provision strategy in March 2023. Further resource of £2.6bn was announced to address pressures. Pilot authorities to be engaged in regional partnerships to explore improvements prior to legislation being introduced.</p>
<p><b>Further Actions Required / Planned</b></p>	<p>All necessary management action needs to continue for the foreseeable future given the ongoing budget gap. Inflation pressures (pay award, energy inflation) continue to remain high and are likely to add to budget pressures. Whilst some element of earmarked reserve was created to offset the impact of the ongoing budget gap and inflationary pressures the strategy has been to minimise the use of reserves in 2022/23 to maintain a cushion of reserves to support the financial planning for 2023/24 onwards.</p> <p>The Council is a participant of the F20 Group (20 lowest funded Councils) and engagement is progressing with DLUHC to raise the issues facing with the current method used to distribute resources.</p> <p>The outlook beyond 2023/24 is still extremely challenging and the Finance and Change Board will need to develop plans to closely monitor the savings programme delivery for 2023/24 and also develop a programmed approach to the identification of a robust savings programme to address the remaining budget gap for 2024/25 and 2025/26.</p> <p>Officers need to continue to work with the DfE to identify solutions to control the rising DSG deficit.</p>

Risk Number 2		Likelihood (L)	Impact (I)	Risk Score (L x I) High Medium Low	Change in Risk Score
<b>Climate Change Emergency (Place / Sustainability and Climate Change)</b>		5	4	20 High	↔ No Change
<b>Corporate Priorities</b>	Addressing our Climate Emergency				
<b>Existing Controls and Risk Mitigation</b>	Climate Change can be addressed firstly through adaption - actions that designed to promote greater resilience to more extreme weather events. Secondly it can be addressed through mitigation – actions that are intended to slow or avoid the more severe climatic impacts. These are primarily focussed on reductions in local Carbon Emissions. It should be noted that The UK accounts for around 2% of global emissions and Trafford will be a small fraction of that. Alone Borough actions cannot possibly hope to affect Climate change – however our effectiveness will come via influencing and leadership to affect wider change.				
<b>Update (May 2023)</b> (Recent actions, performance updates, developments, emerging issues etc).	<p>Work has been completed on two studies for the greening of Trafford Park; these were reported to the Executive in March</p> <p>First phase of feasibility on the Civic Quarter Heat Network has been completed – with Consultants presenting their findings on 5 June.</p> <p>Further work ongoing on the development of EV infrastructure - 17 charge points installed and a further 30 are planned in 2023.</p> <p>Your Home Better: 'Willing to Pay' Home Energy Improvements launched May 2022</p> <p>Programme of active travel schemes also underway.</p>				
<b>Further Actions Required / Planned</b>	<p>Planned actions include:</p> <p>Develop and begin delivery of a One Trafford Partnership Decarbonisation Plan</p> <p>Local area Energy Plan to be developed further</p> <p>Deliver Public Sector Decarbonisation Scheme on Altrincham Leisure Centre</p> <p>Launch of Energy Company Obligation phase 4 funded Home Energy Improvements</p>				



	<p>Prepare a pipeline of projects to decarbonisation the corporate estate</p> <p>Net Zero Trafford Park: Develop a delivery plan based on the Greening &amp; Low Carbon Trafford Park studies</p>				
<b>Risk Number 3</b>		<b>Likelihood (L)</b>	<b>Impact (I)</b>	<b>Risk Score (L x I)</b>  High Medium Low	<b>Change in Risk Score</b>
<p>Trafford Council must ensure that it and 3<sup>rd</sup> parties acting on their behalf are handling personal/ sensitive and commercial data securely both in technology and physical terms and in accordance with legislation and Trafford Council's policies and procedures.</p> <p>The following areas of risk have been identified:</p> <ul style="list-style-type: none"> <li>• Compliance risks</li> <li>• SAR delays</li> <li>• FOI compliance</li> <li>• Data breaches</li> <li>• Mandatory Training</li> </ul> <p>(Legal and Governance) / Finance and Governance)</p>		4	5	20 High	↔ No Change
<b>Corporate Priorities</b>	All				
<b>Existing Controls and Risk Mitigation</b>	<ul style="list-style-type: none"> <li>• Reviews of data incidents: to identify problem areas; and to implement controls to mitigate against reoccurrence.</li> <li>• Mandatory Data Protection and Information Security training modules are in place.</li> <li>• 'Basic' data protection training is in place for staff who do not process personal data in the course of their roles.</li> <li>• DSP Toolkit submission for 2023. This annual activity forms part of the IG annual work plan.</li> <li>• The Council has a Senior Information Risk Owner (SIRO) and Data protection Officer (DPO) to provide independence on the effectiveness of the Council's data protection controls.</li> <li>• A revised security incident management policy to account for the legislative changes has been produced and available to staff on the IG intranet.</li> </ul>				

**Update (May 2023)**  
(Recent actions, performance updates, developments, emerging issues etc).

- Reviews of data incidents: to identify problem areas; and to implement controls to mitigate against reoccurrence.
  - Data breach reports are being reviewed and authorised by the Head of Legal & Governance to ensure overview and consistency of outcomes and recommendations.
- Mandatory Data Protection and Information Security training modules are in place.
- ‘Basic’ data protection training is in place for staff who do not process personal data in the course of their roles.
  - The service has been working with Workforce and Core Strategy to maximise engagement and overall compliance with the mandatory training across the Council.
  - The service has been working with Workforce and Core Strategy to understand and identify responsibility for the training requirements of shared NHS and school staff in respect of data security matters.
  - The Council plans to introduce a new training dashboard in May 2023 and a new Training IT system in May 2024 (May 24), which will enable compliance to be more accurately monitored and promoted.
- DSP Toolkit submission for 2023. This annual activity forms part of the IG annual work plan.
  - Discussion and preparation is underway by key stakeholders across the Council to ensure prompt submission.
- Resources and structure of the team has been reviewed with a view to improving resilience and support for the service.
  - The service redesign is progressing and once complete, will address the current lack of capacity to implement significant change.
- Project team established to undertake a full service review.
- As part of the service review, the project team to develop and implement a full programme plan addressing each identified area of risk and measures to control/mitigate those risks.
  - IG Action Plan & Project Timeline created and fortnightly meetings in place to ensure regular review.
- The IAB to be reviewed in respect of role and remit and to be re-established.
  - The service is exploring this with Workforce and Core Strategy.
  - Outline plan/initial thoughts: propose each department nominates an IG Champion to take ownership of all IG issues within the department, full terms of reference to be agreed, information campaign to pitch requirements to service leads, selection/recruitment and post recruitment training for IGCs.
- Timeliness of FOI requests in 2023 against the annual target of 95% set by the ICO:
  - Q1 – 78%
  - Q2 – 72%
  - Q3 – 71%
  - Q4 – 69%
- Not all SAR and FOI requests are processed centrally by the IG team. The Place and Children’s Social Care Directorates process their own enquiries which are sent out in the name of individual Directors. The individual requests and

	<p>supporting information are not held centrally but are held on the systems used by those directorates. There is currently no mechanism in place to secure oversight of these processes, deadlines and timelines of responses being provided by individual directorates.</p> <ul style="list-style-type: none"> <li>○ As part of the Microsoft 365/Dynamics 365 migration process, discussions are underway between key stakeholders across the Council and as part of those discussions, digital solutions are being explored to improve and automate processes where possible to accurately measure and improve performance.</li> </ul> <ul style="list-style-type: none"> <li>• Records management. <ul style="list-style-type: none"> <li>○ As part of the Microsoft 365/ Dynamics 365 migration process, discussions are underway between key stakeholders across the Council in respect of retention policies and data archiving policies insofar as they relate to digital data.</li> <li>○ The ICT service has captured SharePoint retention requirements from services across the Council as part of this ongoing work.</li> </ul> </li> </ul>
<p><b>Further Actions Required / Planned</b></p>	<ul style="list-style-type: none"> <li>• Mandatory Data Protection and Information Security training modules – work continues to maximise compliance across the Council as identified above.</li> <li>• DSP Toolkit submission for 2023 – work is ongoing to ensure prompt compliance with the 2023 submission.</li> <li>• The service redesign continues to be progressed and recruitment activity as part of that process will address the current lack of capacity, which is impacting upon the ability to implement significant change. Steps are being taken as identified above to improve performance within current resource capabilities.</li> <li>• The project team continue to develop the review of the IG team function and monitor this on a regular basis as identified above.</li> <li>• The project team continue to explore the creation of IG champions across the Council to emulate the function of the IAB and the merits of its reestablishment.</li> <li>• Work is ongoing in connection with the Microsoft 365/ Dynamics 365 migration process as identified above.</li> <li>• Quarterly reporting on Data matters to CLT to be restarted.</li> </ul>

Risk Number 4	Likelihood (L)	Impact (I)	Risk Score (L x I) High Medium Low	Change in Risk Score
<p><b>Demand for school places under-estimated and/ or additional school places are not delivered to satisfy increased demand.</b></p> <p><b>(Children's Services / Children's Services).</b></p>	4	5	20 High	↔ No Change
<b>Corporate Priorities</b>	Reducing health inequalities / Supporting people out of poverty			
<b>Existing Controls and Risk Mitigation</b>	<ul style="list-style-type: none"> <li>• Thorough review based on GP population data undertaken each year taking into account migration, recent and planned housing developments.</li> <li>• The Education and Early Years Capital Report, giving the analysis of and projecting the increased demand for school places is now being implemented and is updated annually.</li> <li>• Briefings to Leader, Portfolio Holder and Corporate Director</li> </ul>			
<p><b>Update (June 2023)</b> (Recent actions, performance updates, developments, emerging issues etc).</p>	<p><b>Primary Places:</b> In the normal admissions round for entry into reception in September 2023 there were sufficient places for our residents with surplus places in all areas.</p> <p>However the surge of in-year applications continues to have an impact on primary places and has created pressure in the secondary sector as children move up.</p> <ul style="list-style-type: none"> <li>• In Years 2, 4, 5 and 6 every school in Sale East is full and additional children have been admitted above the published admission number. There is only 1 vacancy in Y1.</li> <li>• In Years 3, 5 and 6 every school in Sale West is full and additional children have been admitted above the published admission number.</li> <li>• In Years 5 and 6 every school in Altrincham is full and additional children have been admitted above the published admission number.</li> <li>• This means that there are insufficient places in these year groups in Sale and Altrincham.</li> <li>• Places above the admission number will continue to be allocated through the appeals process and fair access protocol in line with Trafford's determined admission arrangements.</li> <li>• After implementation of a range of measures to increase capacity, Altrincham now has vacancies in every other year group.</li> </ul> <p><b>Secondary Places</b></p>			

	<p>In the normal admissions round for entry into Y7 in September 2023 there was just enough capacity to offer a place to everyone who applied. However, 191 Trafford children, predominantly resident in Altrincham and Sale, could not be allocated places at any of their preferred schools and were allocated places at the nearest school with a vacancy. 110 of these places were in other areas of Trafford. At the end of the allocation every secondary school in Trafford was full and many schools allocated places above their published capacity.</p>
<p><b>Further Actions Required / Planned</b></p>	<p><b>Actions</b>  School Places &amp; Capital Board and Place Shaping Board have oversight of school place planning and school expansion projects. Key activity to mitigate risk:</p> <ul style="list-style-type: none"> <li>• Capital scheme underway at Altrincham College to create an additional 60 places per year group. This was originally scheduled to deliver places from September 2024 but project challenges mean this may now be September 2025.</li> <li>• School rebuild monies secured for Sale High School and Stretford Grammar School.</li> <li>• Capital scheme at Firs Primary School to create 30 additional places per year group from February 2023 in Sale West.</li> <li>• Proposals underway to permanently expand Templemoor Infant School and Moorlands Junior School in Sale East to create 30 additional places per year group from September 2023. 30 places in Y5 brought online in temporary accommodation from September 2022.</li> <li>• Proposal underway to permanently expand Willows Primary School in Altrincham by 15 places per year group from September 2023. 15 additional places have been created as an emergency measure in Years 5 and 6 ahead of the permanent expansion.</li> <li>• 30 additional places in Y4 and 30 in Y5 brought online November 2022 and 30 places in Y2 scheduled for January 2023 at Broadheath Primary School in Altrincham.</li> <li>• Additional 30 temporary places in Y5/Y6 in bulge class at Broomwood Primary School in Altrincham.</li> <li>• Additional 30 temporary places in Y5/Y6 in bulge class at Woodheys Primary School in Sale West through conversion of specialist space. Option to extend this arrangement for further 2 years from September 2023.</li> <li>• Continue to update and review the most recent GP registration data, taking into account recent and planned housing development and pupil flows to the independent sectors and non-Trafford schools.</li> <li>• Annually review catchment areas for primary schools to ensure that the available places are targeted most effectively.</li> <li>• Regular meetings with DfE Place Planning Teams to monitor sufficiency and impact of inbound migration.</li> <li>• Exploration of provision of new secondary school in Sale/Altrincham area took pace but not feasible.</li> <li>• Fragmentation of governance arrangements makes it increasingly difficult to affect the allocation/availability of places in the secondary sector. Trafford is the Admissions Authority for only one of its 19 secondary schools and, therefore, has limited direct powers in relation to place planning and admissions policies.</li> <li>• Tailored application advice for Altrincham and Sale parents in the transfer cohort for September 2023 helped secure Y7 places for Trafford residents and robust communication strategy developed. Will be replicated for September 2024 cohort.</li> </ul>

Risk Number 5	Likelihood (L)	Impact (I)	Risk Score (L x I) High Medium Low	Change in Risk Score
Leisure Services (Place/ Authority wide)	4	5	20 High	↔ No Change
Corporate Priorities	Reducing Health Inequalities / Addressing our climate crisis			
Existing Controls and Risk Mitigation	<p>In February 2022 Executive approved £52.1m into the capital programme to cover the costs of the proposed refurbishment of Altrincham, Sale and Stretford Leisure Centres. Subsequent Executive budget monitoring reports have increased this budget to £56.2m to include for assumed grant funding of £1.3m from Sport England and £2.8m funding relating to the Public Sector Decarbonisation Scheme (PSDS), both relating to Altrincham Leisure Centre. Following the completion of RIBA stage 4 in March 2023, the capital refurbishment budget for Altrincham excluding grant funded PSDS is £20m and in line with the budget agreed by the Executive.</p> <p>The revenue budget approved by Council in February 2022 included support to Trafford Leisure (CIC) of £1.1m for a full range of leisure provision for 2022/23 and over the medium term. This includes an ongoing annual revenue budget of £700k supported by use of reserves accumulated from prior years. This also includes the identification and funding of revenue costs to support business disruption during the leisure centre refurbishment programme. Due to increases in interest rates, affecting the cost of borrowing related to the redevelopment schemes, it is likely that additional subsidy from the Council will be required in future years. To mitigate this risk the Council is working with Trafford Leisure on an ongoing basis to reduce this subsidisation, which has seen the forecasted subsidisation of 22/23 reduced from £1.2m to a re-forecasted deficit of £325k as of March 2023. This is a reduction in the forecasted deficit of £865k.</p> <p>To further mitigate this risk, the Council is working to reduce the ongoing subsidisation of Trafford Leisure through developing a revised operating agreement that will ensure the necessary governance and reporting mechanisms are in place including, legal and financial agreements, property leases and service standards. Service outcomes will be aligned to the wider strategic objectives of the Council.</p>			
Update (May 2023) (Recent actions, performance updates, developments, emerging issues etc).	<p>Sport England have confirmed £1.3m of grant funds to support the refurbishment of Altrincham Leisure Centre.</p> <p>The Department for Levelling Up has confirmed £18.3m of grant funding to support the refurbishment of Partington Sports Village.</p> <p>The government are currently being lobbied nationally to extend support to Leisure Centres due to rising fuel prices and impact on swimming provision</p>			

	<p>A successful planning application was received for the proposal to place an additional 3G football pitch on Partington Sports Village. This has further been supported by final approval from the Football Foundations Board of Trustees for the grant. This is a grant award of £800k towards the total project cost of £1.04m. The 3G pitch will support the health and wellbeing outcomes for the locality and provide an additional revenue for Trafford Leisure.</p> <p>In February 23 the Council executive approved Stretford Leisure Centre to follow Altrincham Leisure centre in the phasing of the leisure investment programme, and that it progresses to the next stage of pre-construction (public consultation and RIBA stage 3).</p> <p>Work to progress the revised Operating Agreement between Trafford Leisure and the council is ongoing.</p>			
<b>Further Actions Required / Planned</b>	<p>The council has agreed on a deficit position for Trafford Leisure in 23/24 and this includes an agreement on Pay Award to support the attainment of Trafford Leisure as a Real Living Wage employer.</p> <p>A key risk across the investment period has been the financial impact on Trafford Leisure and the ability to maintain business continuity of service provision during the works through a robust displacement programme. With phasing on the Leisure Investment programme now confirmed and using the 23/24 agreed budget position, an independent Leisure Consultant (Max Associates) will be conducting a 5 year business plan across the leisure estate. This will help provide assumptions on the subsidy required over this period.</p> <p>In autumn of 2023, PSDS funding will become available for applications. Leisure sites including Stretford and Partington will be put forward as part of a wider portfolio of Council assets to benefit from this scheme.</p>			
<b>Risk Number 6</b>	<b>Likelihood (L)</b>	<b>Impact (I)</b>	<b>Risk Score (L x I)</b> High Medium Low	<b>Change in Risk Score</b>
<b>Economic Uncertainty (Place / Authority-wide)</b>	4	4	<b>16 High</b>	↔ <b>No Change</b>
<b>Corporate Priorities</b>	All			

<b>Existing Controls and Risk Mitigation</b>	<p>The Council has developed three new Corporate Priorities and as such there has been a requirement to amend the Inclusive Economy and Recovery Plan to reflect the new Corporate Priorities. The new Plan, the Inclusive Economy Delivery Plan, (considered and agreed by the Executive on the 20 February 2023) maintains the Council's commitment to support businesses to grow and for communities to develop and become resilient. The new Plan has a strong focus on addressing the causes and effects of poverty on residents and seeks to strengthen support for the VCFSE Sector in their support for the most vulnerable residents. As part of supporting businesses within the borough, a successful bid was made under the UK Shared Prosperity Fund Communities and Place Intervention theme which seeks finance to carry out a range of projects across the Council. There is just under £1.8m available to the Council to cover years 2023/24 and 2024/25. At present, due to delays from central government, the Council is still awaiting sign off of its credible plan which will release the funding to deliver the associated projects.</p> <p>As part of the Council's support for businesses, a key focus of activity will be updating the Council's Invest in Trafford website to provide guidance and information to businesses on adapting to new ways of working through Brexit transition with a particular focus on attracting inward investment and exports. As part of the preparedness funding received from Government to help mitigate the effects of Brexit, a series of activities have been identified to spend remaining Brexit finances which will help ensure that businesses and communities in Trafford benefit from any new opportunities that are presented.</p>
<b>Update (May 2023)</b> (Recent actions, performance updates, developments, emerging issues etc).	<p>The Council was notified in late December that it had indicatively been awarded in the region of £1.77 million to deliver against projects contained within the Communities and Place Investment Priority from the UK Shared Prosperity Fund, this will enable a range of projects to be delivered within Trafford that support both businesses and communities during the cost of living crisis. The Council has submitted a credible plan to GMCA which in turn will submit all GM authorities' credible plans to government and upon central government sign off will release finances to the Council. The delays in this area have meant the project timelines and funding profiles have required amending. In addition, the Council has been informed that it is not allowed to demonstrate any carry forward of in year funding which presents challenges in the way projects can be structured and delivered.</p> <p>In addition, the new Inclusive Economy Delivery Plan has been agreed and continues to be monitored and updated on a monthly basis. The Inclusive Economy Delivery Plan concentrates on supporting businesses, residents and Trafford's communities and has a strong focus on addressing poverty and climate change.</p> <p>The new Inclusive Economy Delivery Plan replaces the previous Inclusive Economy Recovery Plan which saw 97% of actions either completed or on target.</p>
<b>Further Actions Required / Planned</b>	<p>Delivering against the actions contained within the new Inclusive Economy Delivery Plan will be a key focus over the next two years and the successful delivery against the Plan's actions will be key in mitigating the risks around economic uncertainty.</p> <p>The Plan is a 'live' document and may be amended over time as circumstances changes and new issues arise.</p>



Risk Number 7		Likelihood (L)	Impact (I)	Risk Score (L x I) High Medium Low	Change in Risk Score
<p><b>Impact of Statutory Inspections (Authority-wide)</b></p> <p>Ofsted have conducted Inspections of Local Authority Children Services since 2018 using an agreed framework which is now well established. Local Authority Adult Social Care Departments will be subject to an inspection regime from the Care Quality Commission (CQC) commencing from April 2023, with the first inspections taking place from October 2023 using a newly developed framework. It is also proposed that Integrated Care Systems will be subject to CQC inspection under the 2022 Health and Care Act with each Integrated Care Board (ICB) being reviewed to consider how health and social care work together. This is not yet in place but may come on stream during the back end of 2023/4 – a draft framework has been issued by the CQC.</p> <p>Though all three of the inspections are proposed to be carried out independently of each other, there is natural overlap between. Should the outcome of a statutory inspection deem a service to be rated inadequate, then it can have significant reputational risk for the Council (and health partners). It will also have significant financial impact on the Councils Medium Term Financial Plan if additional resources are required to rectify areas identified as requiring immediate improvement by the inspection regime.</p> <p>Ultimately, if the failure is deemed to be catastrophic, then the Government has powers to mandate that appointed Commissioners are sent into the Council to directly oversee the functions identified as being inadequate.</p>		3	5	15 Medium	↔ No Change
<b>Corporate Priorities</b>	All				
<b>Existing Controls and Risk Mitigation</b>	<ul style="list-style-type: none"> <li>• Significant experience of the Ofsted inspection framework in Children and Young People Services. Systems and processes in place to self-assess against the framework.</li> <li>• Governance in place to ensure activity takes place to demonstrate compliance and continuous improvement in all areas of Children's services.</li> <li>• Adult Social Care have carried out a self-assessment against the proposed CQC framework. A Quality Lead has been appointed to oversee the CQC inspection readiness activity linked to existing continuous improvement programme – Improving Lives Every day. An additional staff member has also been seconded into the Quality team to conduct case file audits, working closely with the Quality Lead and Principal Social Worker.</li> <li>• The risks will be monitored and covered in future budget setting and monitoring reports.</li> </ul>				

<p><b>Update (May 2023)</b> (Recent actions, performance updates, developments, emerging issues etc).</p>	<p>Whilst following recent announcements some planned reforms are now subject to delay, the Council is expected to be subject to external inspections in respect of both Children’s Services (SEND Review) and Adults Social Care (CQC Inspection). Planning work is being undertaken in both areas as inspections are due during 2023/4.</p> <p>CQC Inspection:-</p> <ul style="list-style-type: none"> <li>• Regular monitoring of progress against the <i>Improving Lives Every day programme</i></li> <li>• A further update of the CQC self-assessment is to take place in April 2023 following deep dives into the various service areas that make up the Directorate to inform/refresh content.</li> <li>• A peer review has been commissioned from the LGA for 26-28 September 2023 to test the robustness and accuracy of the self-assessment and to identify areas for further improvement prior to any formal inspection from CQC.</li> </ul> <p>SEND Review:-</p> <ul style="list-style-type: none"> <li>• Creation of a revised SEND Board and new chair to become Green Paper compliant</li> <li>• Data cleansing work being undertaken; current capacity to monitor and analyse data is under review</li> </ul>				
<p><b>Further Actions Required / Planned</b></p>	<p>See above.</p>				
<p><b>Risk Number 8</b></p>		<p>Likelihood (L)</p>	<p>Impact (I)</p>	<p>Risk Score (L x I)</p> <p>High Medium Low</p>	<p>Change in Risk Score</p>
<p>Joint Venture partner fails to deliver services to the required standard or fails to deliver required efficiency savings.</p> <p>(Place / Environment and Regulatory Services)</p>		<p>3</p>	<p>5</p>	<p>15 Medium</p>	<p>↔ No Change</p>
<p><b>Corporate Priorities</b></p>	<p>All</p>				

<b>Existing Controls and Risk Mitigation</b>	<ul style="list-style-type: none"> <li>• Contract commenced on 4<sup>th</sup> July 2015.</li> <li>• Task and Finish Working Group reported to Exec in Feb 2019.</li> <li>• Appraisal into future service delivery models conducted in July 2019</li> <li>• Review of all council governance on the contract has been undertaken</li> <li>• Governance structure in place to oversee service delivery at a strategic and operational level.</li> <li>• Business Continuity Plan in place but is being reviewed to reflect current issues.</li> </ul>				
<b>Update (May 2023)</b> (Recent actions, performance updates, developments, emerging issues etc).	<ul style="list-style-type: none"> <li>• Currently commenced 7 year review of all contract services to improve systems, processes and communication within the contract – Update to Council due July 23</li> <li>• Reviewed the work programme which includes service improvement plans, cyclical plans for all transactional services, health and safety risk assessments and methods of working. refresh of all business continuity plans to ensure services are maintained in the event of planned or unplanned events.</li> <li>• Reorganisation of Client team has been completed. This has strengthened resilience and knowledge base and increased capacity to deliver projects.</li> </ul>				
<b>Further Actions Required / Planned</b>	7 year Review to be finished with improved governance for the contract taking into account improved working relationship  As part of 7 year review complete reorganisation by TUPE of recycling team back from Amey on June 1 <sup>st</sup> 2023.				
<b>Risk Number 9</b>		<b>Likelihood (L)</b>	<b>Impact (I)</b>	<b>Risk Score (L x I)</b>  <b>High</b> <b>Medium</b> <b>Low</b>	<b>Change in Risk Score</b>
<b>Breach of health and safety legislation leading to prosecution under the Corporate Manslaughter Act and other Health and Safety Regulations.</b>  <b>(Strategy and Resources / Finance and Governance)</b>		3	5	<b>15</b> <b>Medium</b>	<b>↔</b> <b>No Change</b>
<b>Corporate Priorities</b>	All				
<b>Existing Controls and Risk Mitigation</b>	<ul style="list-style-type: none"> <li>• Corporate Health and Safety Management System in place</li> <li>• Corporate Health and Safety Policy and guidance</li> <li>• ‘Your Safety, Your Wellbeing’ health and safety initiative in place to support effective health and safety management</li> <li>• Six month and annual report to CLT/ JCP and Council. Quarterly JCC reports</li> <li>• Health and Safety Improvement Plan reviewed annually</li> <li>• Robust incident monitoring and investigation</li> <li>• Competent HSU advisory service</li> </ul>				

	<ul style="list-style-type: none"> <li>Proactive services and school audit programme</li> <li>Specialist fire safety and moving and handling support in place</li> <li>Ongoing programme of staff training</li> <li>Monitoring arrangements for contractors including the One Trafford Partnership</li> </ul> <p>Delivery of employee health and wellbeing strategy</p>				
<b>Update (May 2023)</b> (Recent actions, performance updates, developments, emerging issues etc).	<ul style="list-style-type: none"> <li>The current HSE health and safety investigation into a major fatality incident within the borough by the HSE has now concluded. The investigation was supported by the relevant Service, Legal Services, Health and Safety Unit and Insurance Services. The HSE have confirmed that no further action is to be taken against the Council arising from incident. Outcomes and recommendations by the HSE and internal Health and Safety Unit investigation are being progressed by the Service.</li> <li>The Corporate Health and Safety Policy has been reviewed and updated to ensure it reflects current arrangements</li> <li>A refreshed Trafford Internal Security Review Group has been established to identify and manage interventions for the safety and security of staff in our Trafford buildings from volatile and aggressive behaviour.</li> </ul>				
<b>Further Actions Required / Planned</b>	<ul style="list-style-type: none"> <li>Continued delivery of the schools' health and safety SLA audit programme and service audits as prioritised under the 'Your Safety, Your Wellbeing' initiative.</li> </ul>				
<b>Risk Number 10</b>		<b>Likelihood (L)</b>	<b>Impact (I)</b>	<b>Risk Score (L x I)</b> High Medium Low	<b>Change in Risk Score</b>
<p>The Council does not fulfil its statutory duties and all accompanying policy requirements in terms of identifying and safeguarding vulnerable children.</p> <p>(Children's Services / Children's Services)</p>		3	5	15 Medium	↔ No Change
<b>Corporate Priorities</b>	Reducing health inequalities / Supporting people out of poverty				

<b>Existing Controls and Risk Mitigation</b>	<p>Ambitions for Children Board and Ambitions Plan</p> <p>Chief Executive and Lead Member Assurance Meetings in place</p> <p>TSSP Governance strengthened</p> <p>Policy, Procedures and Guidance in Place</p> <p>Performance Management, Quality Assurance &amp; Supervision Framework in place</p> <p>Investing in Our People Strategy continually reviewed</p> <p>Organisational Development Programme in relation to Social Work Practice and Oversight in place</p>
<b>Update (May 2023)</b> (Recent actions, performance updates, developments, emerging issues etc).	<p>The OFSTED ILAC inspection over 3 weeks in November and December 2022 across the range of Early Help &amp; Children's Social Care services judged that the service was no longer Inadequate. This was published in January 2023. The report highlights many areas of good and improving practice. However, there were 6 specific recommendations. An Action Plan highlighting how we are progressing these recommendations was submitted to OFSTED on 12<sup>th</sup> May 2023.</p> <p>In February 2023 the Improvement Notice has been lifted as a result Trafford are no longer subject to statutory intervention although a year of support will continue.</p> <p>A new Ambitions for Children Board has been established which will be chaired by Leader of the Council. A refresh of the Ambitions Plan has been undertaken alongside the Performance Scorecard which incorporates the areas highlighted during the inspection.</p> <p>A Quality Assurance framework is in place which brings together a focus on performance, identifies trends and patterns which is then supported by the implementation of the workforce development strategy. This is underpinned by Directorate and Service Plans that brings a focus on improving quality of practice, performance and engagement with stakeholders.</p>
<b>Further Actions Required / Planned</b>	<p>Ambitions for Children Board first meeting to take place</p> <p>Specific Improvement Plans have been developed to cover the issues raised in the OFSTED Inspection which are relevant to safeguarding, assurance meetings are being established to ensure continued focus and line of sight.</p> <ul style="list-style-type: none"> <li>• Quality of Out of Hours provision (Emergency Duty Team)</li> <li>• Support to homeless 16/17-year-olds</li> <li>• Supervision</li> </ul>

Risk Number 11		Likelihood (L)	Impact (I)	Risk Score (L x I) High Medium Low	Change in Risk Score
<p>A successful Cyber Security Attack could lead to sensitive data being compromised, denial of access to the Council's computing services or severe degradation or loss of control of those services.</p> <p>(Finance &amp; Systems / Finance and Governance)</p>		3	5	15 Medium	↔ No Change
Corporate Priorities	All				
Existing Controls and Risk Mitigation	<ul style="list-style-type: none"> <li>The Council has partnered with an experienced security provider (The Networking People (TNP)) who provide consultation, strategy, and technical steer on all aspects of ICT Security. TNP have detailed processes for data security which are accredited to ISO27001. Their Information Security Management System (ISMS) is audited annually to ensure continuing compliance.</li> <li>The Council continues to maintain its compliance to data and cyber security frameworks such as the Payment Card Industry (PCI) Framework and the Data Security and Protection Toolkit.</li> <li>All Desktop Services are now running Windows 10 which is locked down to a Trafford standard build to avoid further deployment of non-standard software.</li> <li>Encryption defence is installed on all devices.</li> <li>Use of memory sticks and external devices is restricted, and any device will be encrypted.</li> <li>Enforcement of an Acceptable Use Policy across the Council.</li> <li>The Council continues to maintain the best practices set out by Central Government and keeps abreast of current Security trends via 3<sup>rd</sup> party consultancy and membership of external bodies e.g., Northwest Warning, Advice and Reporting Point (WARP).</li> <li>The Council has partnered with an external company to provide online mandatory training courses that all staff must take and pass within a given time frame. These courses include but are not limited to: Data Protection Act 1998; Fraud Awareness; Freedom of Information Act 2000 &amp; Information Security.</li> <li>An internal cyber security group meets monthly to review and manage the Council's cyber defences and processes. Progress against the audit review recommendations is monitored at the meetings.</li> <li>IT Managers have attended the National Cyber Security Centre / iNetwork Cyber Resilience Training Programme.</li> </ul>				

	<ul style="list-style-type: none"> <li>• A phishing awareness campaign began during 2021 to provide employees and Councillors with ongoing security awareness training. The campaign has successfully raised awareness of phishing risks and continues to run as phishing is one of the main threats.</li> <li>• The IT &amp; Digital Service have undertaken a cyber audit on the Trafford IT environment in conjunction with the Department for Levelling Up, Housing and Communities (DLUHC). A Cyber Treatment Plan has been agreed following the audit, with planned improvement supported by funding. One of the main improvements is a Cloud backup storage solution which was procured in August 2022. This provides offsite secure backups to allow recovery in the event of a cyber-attack and ensure our M365 hosted data is also backed up. We are in the final stages of implementation with the majority of the Council's data now being backed up via the cloud solution.</li> <li>• Audits have identified applications exist on the Trafford network that are no longer supported by the software vendor. The unsupported applications are therefore not protected from the latest security threats. Work continues upgrading, replacing, or decommissioning unsupported applications but this will be an ongoing activity.</li> <li>• Creation of an internal Cyber Security Team and recruitment to the two posts was completed in December 2022.</li> </ul>
<p><b>Update (May 2023)</b> (Recent actions, performance updates, developments, emerging issues etc).</p>	<p>IT and Digital are currently in the process of procuring a vulnerability scanner which will help with identifying areas of improvement with our IT security and web applications. It will also assist with meeting the requirements of the frameworks we monitor against such as Cyber Assessment Framework (CAF), Cyber Essentials+, and the Data Security and Protection toolkit (DSPT). This will also strengthen our yearly Public Service Network (PSN) assessment as we can proactively monitor, triage, and remediate against vulnerabilities both internally and on our web facing assets.</p> <p>Improvements are being made with how IT administrators' passwords are managed. This will reduce risk in how we manage our passwords and apply resilience to our system security.</p> <p>The Council experienced an increase in malicious scripts that complete high volumes of online forms with spurious information. The intention is to disrupt Council services by overloading the website. The reCAPTCHA service has been added to many of the online forms which checks that it is a human trying to complete the form and therefore blocks the malicious scripts.</p> <p>The 2023 DSPT assessment work is progressing well. We recently submitted our auditable assertions, and we are now working our way through a high number of non-auditable assertions ready to submit in June. The IT and Digital teams are working through the assertions and demonstrating key security controls and plans of improvement where needed.</p>

<b>Further Actions Required / Planned</b>	<p>The business case for investment in an Automated Policy and Compliance Manager solution is to be developed and considered.</p> <p>Work will continue developing an Unsupported Software Register for the Council to better control the maintenance and control of software accessible on the Council networks. A solution called Nessus Tenable SC may be used to capture and monitor the status.</p> <p>Investigations into Identity Access Management will be progressed focussed on our Microsoft Active Directory environment.</p> <p>Further progress will be made with implementing the Council's Security Information and Event Management (SIEM) tool on our incumbent product called FortiSiem. A second phase will transfer to the Microsoft Sentinel tool which will provide a more integrated solution.</p>			
<b>Risk Number 12</b>	<b>Likelihood (L)</b>	<b>Impact (I)</b>	<b>Risk Score (L x I)</b>  High Medium Low	<b>Change in Risk Score</b>
<b>Asset Investment Strategy (Finance &amp; Systems / Finance and Governance).</b>	3	5	15 <b>Medium</b>	↔ <b>No Change</b>
<b>Corporate Priorities</b>	All			
<b>Existing Controls and Risk Mitigation</b>	<p>Approval of acquisitions and investments is made by the Investment Management Board following technical due diligence by external property advisors CBRE, supplemented by cost consultants, valuers and legal advice.</p> <p>Performance monitoring will be undertaken for all investments on a regular basis, looking at the current market conditions, tenant strength and also an annual valuation of the asset. Monitoring is reported to both the Executive and the Investment Management Board.</p> <p>Annual provision will be set aside from the rental income for repayment of debt, together with an element transferred to a risk reserve.</p> <p>In the event of an adverse movement in asset values then consideration will be given to make further charges to the revenue budget.</p> <p>Compliance with the Prudential Code and adherence to statutory guidance.</p>			



	<p>The Council has three joint ventures with Bruntwood and governance arrangements have been developed for these. A Partnership Board exists with equal representation from the Council and JV partner. Cashflow and business plan information is also regularly reported to the Board. Information is also provided separately to the Council's Executive on the trading performance of each Company.</p>				
<p><b>Update (May 2023)</b> (Recent actions, performance updates, developments, emerging issues etc).</p>	<p>As part of the annual budget setting an updated Investment Strategy was approved by the Council in February 2023. This included a number of relatively minor amendments and maintained the key objective of the Strategy to support regeneration with a priority to in-borough projects.</p> <p>The most recent budget monitor reported to Executive in March 2023 reported an improvement to the current year net income which is now forecast at £5.7m with a total level of committed investments of £311m; this included a number of new investments that have been approved by the Investment Management Board in recent months.</p> <p>Reappointed CBRE through a procurement process as the Council's investment advisors for the next 3 years.</p>				
<p>Further Actions Required / Planned</p>	<p>To continue to review the impact the range of investments is having on the Council's cashflows and borrowing strategy, particularly in light of increases in the Council's borrowing rates from the PWLB over the latter part of 2022/23.</p> <p>To continue to seek new opportunities to support further regeneration and to provide additional income to achieve budget targets.</p> <p>A number of potential investment opportunities are currently subject to due diligence and final approval for a number of schemes will be sought from Investment Management Board over the next few months.</p>				
<b>Risk Number 13</b>		<b>Likelihood (L)</b>	<b>Impact (I)</b>	<p><b>Risk Score (L x I)</b></p> <p>High Medium Low</p>	<p><b>Change in Risk Score</b></p>
<p><b>Loss / absence and retention of staff within the organisation. (Strategy and Resources / Finance and Governance).</b></p>		3	5	15 Medium	<p>↔</p> <p><b>No Change</b></p>
<p><b>Corporate Priorities</b></p>	<p>All</p>				
<p><b>Existing Controls and Risk Mitigation</b></p>	<ul style="list-style-type: none"> <li>▪ People Strategy framed around employee journey and 4 pillars, Attract &amp; Recruit, Engage &amp; Sustain, Grow &amp; Develop and Sustain.</li> <li>▪ CLT Monthly Workforce Report.</li> </ul>				

	<ul style="list-style-type: none"> <li>▪ HRBP continuous review of leadership structure and creation of new senior management roles and interim arrangements to ensure sufficient breadth of leadership capacity and succession.</li> <li>▪ Executive Search Framework in place.</li> <li>▪ Succession planning strategy implemented for business critical &amp; senior posts.</li> <li>▪ Strengthening of the senior leadership team- introduction of new Corporate and Directorate level posts to strengthen leadership capacity.</li> <li>▪ Opportunity for permanent recruitment for critical posts, with relocation available to ensure the widest candidate base.</li> <li>▪ Smart working styles and flexible working.</li> <li>▪ Recognition of high performers through various schemes (Cheers for Peers, EPIC Star &amp; Time to Shine Awards)</li> <li>▪ Access to SOLACE development programme for rising stars to aid succession planning and talent management.</li> <li>▪ Fully funded Leadership and management development/qualification available e.g. Operational Manager to MBA Level.</li> <li>▪ Health &amp; Well-being strategy in place.</li> <li>▪ ‘Your Safety, Your Wellbeing’, campaign launched to refocus on the steps we should all be taking to finish the working day, safe and well every day.</li> <li>▪ Robust wellbeing offer with tools support in place.</li> <li>▪ Support (OD) to design bespoke personal development plans for senior leaders identified at “risk” or potential for the future/ready for growth.</li> <li>▪ Coaching strategy &amp; offer in place to support personal and professional development.</li> <li>▪ One to one development and wellbeing coaching available to senior managers.</li> <li>▪ b- Heard Engagement Survey and analysis of results at senior leadership level supports to identify areas of attention and focus.</li> <li>▪ Leaders Let’s Talk Sessions relaunched in face to face to support senior leadership engagement.</li> <li>▪ Performance Management framework in place (Check-in’s) supporting conversations around wellbeing, performance and career development.</li> </ul>
<p><b>Update (May 2023)</b> (Recent actions, performance updates, developments, emerging issues etc).</p>	<ul style="list-style-type: none"> <li>▪ Refresh of the people strategy and engagement sessions (including senior managers) ongoing.</li> <li>▪ Development of a more formalised succession planning approach is currently underway. To identify a pool of talent along with development plans to step up into positions as required and adopts a proactive/planning approach.</li> <li>▪ HR toolkit Training for Managers is being developed focusing on supporting and developing training around some of the key policies e.g. attendance management, investigatory skills, Fixed term Contract Training.</li> <li>▪ Bespoke piece of work to be completed post b-heard survey with senior leaders focusing on wellbeing. Bespoke piece of work to be completed post b-heard survey with senior leaders focusing on wellbeing.</li> </ul>
<p><b>Further Actions Required / Planned</b></p>	<ul style="list-style-type: none"> <li>▪ Relaunch of People strategy, Planned Sept 2023.</li> <li>▪ Framework &amp; approach developed and embedded (talent and succession).</li> <li>▪ Outline and deploy training.</li> <li>▪ Actions developed and implemented from bespoke Senior Leadership b-Heard workshop.</li> </ul>

Risk Number 14		Likelihood (L)	Impact (I)	Risk Score (L x I) High Medium Low	Change in Risk Score
Significant disruption as a consequence of COVID-19 and winter pressures (Authority-Wide)		2	4	8 Low	Risk Reduced ↓
<b>Corporate Priorities</b>	Reducing health inequalities				
<b>Existing Controls and Risk Mitigation</b>	We no longer have any dedicated resources to reduce the risk of Covid, or to respond to any outbreaks. However, by and large we are now seeing high levels of both acquired and natural immunity, and we are continuing to offer regular vaccination to high risk groups. We continue to support care homes with infection prevention control measures, and in the absence of a new variant with high morbidity/mortality and high rates of vaccine escape, we are moving into endemic management.				
<b>Update (May 2023)</b> (Recent actions, performance updates, developments, emerging issues etc).	<p>Since the last update in February 2023, all dedicated resources for management of Covid-19 have been withdrawn.</p> <p>The risk score remains at low to medium, recognising the continued risk of new COVID variants and potential challenges next winter. Rates continue to fluctuate, although in the summer the risk of co-infection with co-circulating flu and other infections, reduces.</p> <p>All project level risks have been reviewed, with residual risks assigned to appropriate owners. Business continuity plans have also been revised.</p> <p>New hybrid working practices have been established to support ways of working for our staff.</p>				
<b>Further Actions Required / Planned</b>	As predicted in February, with the reduction in dedicated resources along with the reduction in rates, the likelihood of a significant outbreak has reduced but the impact, should this occur, would be high.				

Risk Number 15		Likelihood (L)	Impact (I)	Risk Score (L x I) High Medium Low	Change in Risk Score
Failure of the Adult Safeguarding Systems and Processes to prevent an adult at risk of abuse or neglect from being harmed or a failure of the council to adequately safeguard an adult at risk from neglect or abuse. (Adult Services / Adult Social Care)		2	4	8 Low	↔ No Change
<b>Corporate Priorities</b>	Reducing health inequalities, Supporting people out of poverty				
<b>Existing Controls and Risk Mitigation</b>	<p>A range of mitigating controls have been put in place including:</p> <ul style="list-style-type: none"> <li>Establishing a Safeguarding Hub June 2021 to create one central point for all safeguarding referrals into Adult Social Care. The Safeguarding Hub also represents ASC at multi-agency meetings such as the Daily Risk Meeting, MARAC, MAPPA, and Prevent for consistency of approach</li> <li>Provider concern data is routinely reviewed in the Joint Quality Improvement Board to detect trends and provide a coordinated partnership response to adverse reporting through support and prevention in the first instance.</li> <li>A devoted Adult Protection phoneline for members of the public to directly contact social care to raise safeguarding concerns.</li> <li>Daily Risk Meetings, for the optimum management of individual cases, takes place with ASC, GMP, Children Social Care, Mental Health, and Achieve (Drug &amp; Alcohol Service). This enhanced information sharing provides a multi-agency review of cases</li> </ul>				
<b>Update (June 2023)</b> (Recent actions, performance updates, developments, emerging issues etc).	Since last update further changes to in relation to operational practice of safeguarding practice have been made. Following a review and consultation with staff a decision was made that the safeguarding hub would focus on safeguarding issues that involved provider services. This has led to a number of benefits that ensures themes are picked up in provider services relating to safeguarding issues.				
<b>Further Actions Required / Planned</b>	<p>No further actions are planned in relation to operational safeguarding.</p> <p>The directorate has actions planned in relation to strategic safeguarding and the statutory duty to have a well- functioning Safeguarding Adults Board. Actions include:</p> <ul style="list-style-type: none"> <li>Appoint Safeguarding Adults Board Business Manager</li> <li>Review membership of the SAB</li> </ul>				

	<ul style="list-style-type: none"> <li>Review strategic priorities of the SAB</li> <li>Review sub-groups of the SAB</li> </ul> <p>It is recommended that the risk stays on the risk register whilst the strategic safeguarding risks relating to a fully functioning Safeguarding Adults Board is addressed.</p> <p>However, it is advised that the overall risk will remain due to the nature of safeguarding work where there is always a level of risk.</p>				
<b>Risk Number 16</b>		<b>Likelihood (L)</b>	<b>Impact (I)</b>	<b>Risk Score (L x I) High Medium Low</b>	<b>Change in Risk Score</b>
<b>Delay in completing the Business Continuity (BC) Programme Project, resulting in an increased risk that the Council may fail to deliver Council services in the event of significant disruption.</b>  <b>(Authority-wide)</b>		2	3	6 Low	↔ No Change
<b>Corporate Priorities</b>	All				
<b>Existing Controls and Risk Mitigation</b>	Corporate Business Continuity Plan and Policy in place, updated 2022. All services provided a Business Continuity Service Lead (BCSL) as a Single Point of Contact. BCSL's offered and received a one to one session to complete Business Impact Analyses (BIAs) and Business Continuity Plans (BCPs). CLT sighted on all work undertaken and have full agreement. Testing of plans undertaken, and recommendations shared with BCSL's. Business continuity shared portal established, and all plans and documents stored on a SharePoint.				
<b>Update (May 2023)</b> (Recent actions, performance updates, developments, emerging issues etc).	Service leads have been contacted in April in order to progress the 2023 update of the Business Impact assessments and Business Continuity Plans – as both need to be 'living' documents taking account of changes in circumstance and risk. The lessons of the 'Mighty Oak Exercise' on a national power outage need to be factored into this process. Services who were unable to complete BIAs and BCPs in 2022 have been approached to facilitate completion this year.				
<b>Further Actions Required / Planned</b>	Further consideration regards progressing action plan in respect of audit recommendations made.  Annual review of all BIAs and BCPs will need to be completed and signed off by relevant senior officers.				



## TRAFFORD COUNCIL

**Report to:** Accounts and Audit Committee  
**Date:** 21 June 2023  
**Report for:** Information  
**Report of:** Cllr Barry Brotherton and Cllr Judith Lloyd - Chair and Vice-Chair, Accounts & Audit Committee (2022/23)

### Report Title

**Accounts and Audit Committee Annual Report to Council 2022/23.**

### Summary

**The report sets out the 2022/23 Annual Report of the Accounts and Audit Committee to be submitted to Council.**

### Recommendation

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

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

**Name:** Mark Foster – Audit and Assurance Manager  
**Email:** [mark.foster@trafford.gov.uk](mailto:mark.foster@trafford.gov.uk)

### **Background Papers:**

**None**

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**TRAFFORD**  
**COUNCIL**

Accounts and Audit Committee  
Annual Report  
To Council

2022-2023

**CONTENTS**

<b>FOREWORD BY CHAIR OF THE ACCOUNTS AND AUDIT COMMITTEE</b> .....	Page 2
<b>INTRODUCTION</b>	
Role of the Committee.....	Page 3
Purpose of the Report.....	Page 3
Membership of the Committee.....	Page 3
<b>ACCOUNTS AND AUDIT COMMITTEE – SUMMARY OF WORK COMPLETED</b> .....	Page 5
<b>2022/23 – THE WORK OF THE ACCOUNTS AND AUDIT COMMITTEE</b>	
Internal Audit.....	Page 7
External Audit.....	Page 9
Risk Management.....	Page11
Corporate Governance and the Annual Governance Statement.....	Page12
Anti-Fraud & Corruption Arrangements.....	Page13
Accounts/Financial Management.....	Page15

**FOREWORD BY THE CHAIR AND VICE-CHAIR OF THE ACCOUNTS AND AUDIT COMMITTEE**

*The Accounts and Audit Committee has met regularly through 2022/23 and continued to fulfil its role to provide independent assurance to the Council and the public on the effectiveness of the Council's governance, financial management, risk management and internal control arrangements.*

*The Committee has continued to cover a broad range of work through the year, gaining assurance from a number of sources, both within the Council and from our External Auditor. The Committee has been updated regularly through the year on how the Council is addressing key risks including current financial challenges it faces such as those related to the impact of significant inflationary pressures.*

*In undertaking our role, we continue to consider good practice and in planning future work, we will take into account Audit Committee guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) during the year.*

*This report sets out the work of the Committee during 2022/23.*



**Councillor Barry Brotherton  
Chair, Accounts and Audit Committee 2022/23**



**Councillor Judith Lloyd  
Vice-Chair, Accounts and Audit Committee 2022/23**

## **INTRODUCTION**

### **Role of the Committee**

The purpose of the Accounts and Audit Committee is to:

- provide independent assurance on the adequacy of the risk management framework and the associated control environment,
- undertake independent scrutiny of the Authority's financial and non-financial performance to the extent that it affects the Authority's exposure to risk and weakens the control environment, and
- oversee the financial reporting process.

The Committee takes into account relevant statutory requirements and national guidance in undertaking its role. It was noted that the Chartered Institute of Public Finance and Accountancy (CIPFA) issued updated guidance for Audit Committees during 2022/23 and ongoing practice will continue to be reviewed taking into account good practice.

Assurance is gathered by the Committee from a number of sources including from the work of Finance Services (including Financial Management and Internal Audit), External Audit (provided by Mazars) and the Legal and Governance Directorate. Relevant officers within these areas attended various meetings throughout the year. This was supplemented by assurance and guidance from other sources where this was considered appropriate, for example from Council managers and external advisors. At each meeting, Committee Members received reports and presentations and were able to assess information, raise queries and seek further information where requested.

### **Purpose of the Report**

The purpose of this report to Council is to:

- summarise the work undertaken by the Accounts and Audit Committee during 2022/23 and the impact it has had.
- provide assurance to the Council on the fulfilment of the Committee's responsibilities.

### **Membership of the Committee**

The Accounts and Audit Committee's Terms of Reference state that the membership of the Committee shall comprise 9 Members, be politically balanced and shall not include any Members of the Executive. A non-voting member, with appropriate skills and experience, may be co-opted on to the Committee with the approval of the Council.

2022/23 Accounts and Audit Committee – Annual Report to Council

Accounts and Audit Committee Membership	
2022/23	2023/24
Cllr Barry Brotherton (Chair)	Cllr Barry Brotherton (Chair)
Cllr Judith Lloyd (Vice Chair)	Cllr Judith Lloyd (Vice Chair)
Cllr Ged Carter	Cllr Ged Carter
Cllr Shaun Ennis	Cllr Jill Axford
Cllr Waseem Hassan	Cllr Olly Baskerville
Cllr Rose Thompson	Cllr Mike Cordingley
Cllr Graham Whitham	Cllr Daniel Jerrome
Cllr Dave Morgan	Cllr Jane Brophy
Cllr Michael Whetton	Cllr Michael Whetton
Mrs. Jeannie Platt*	Mrs. Jeannie Platt*

\*Non-voting co-opted Member.

## **ACCOUNTS AND AUDIT COMMITTEE – SUMMARY OF WORK COMPLETED**

The Accounts and Audit Committee agreed a programme of work at the start of 2022/23 in order to continue to meet its responsibilities. Areas covered by the Committee during the year, in line with its remit, included:

- Internal Audit,
- External Audit,
- Risk Management,
- Corporate Governance, Internal Control and the Annual Governance Statement
- Anti-Fraud and Corruption, and
- Financial management and the production of the Statement of Accounts.

The Committee gained independent assurance from a number of sources during the year to support its work. This included the work of External Audit, Financial Management, Internal Audit and managers across the Council. At its meetings held during the year, these sources of assurance were reported to the Committee on a regular basis encompassing all the themes identified in the Committee's Terms of Reference. The Committee reviewed information received at each meeting and provided challenge and feedback to officers and external auditors, therefore fulfilling its responsibilities during 2022/23.

The work programme included regular updates on the work of External Audit and Internal Audit including audit plans and findings from work completed; budget monitoring reports received through the year; updates on the Council's strategic risk register; treasury management updates on activity and approval of the treasury management strategy. There were also updates on anti-fraud and corruption measures, insurance activity, and an update on procurement activity from the STAR Shared Procurement Service.

The Council's External Auditor, Mazars, reported through the year to the Committee on progress with its work. It was noted during the year that there was a delay in completing the 2021/22 accounts audit due to national technical issues, and these are currently being considered by the Financial Reporting Council, CIPFA and the Department for Levelling Up, Housing and Communities. It was reported to the Committee that the results of the audit work in terms of the outcomes of the audit and reporting on the Council's value for money arrangements will be set out to the Committee in 2023/24. By the end of March 2023, whilst the audit was not complete given the above, it was reported there were no matters to bring to the attention of the Committee at that stage.

The work programme for the year also included training and awareness for Committee Members. During 2022/23, this included a briefing session outside of the Committee meetings covering the Council's Treasury Management arrangements. The Chair of the Accounts and Audit Committee attended a training webinar on Audit Committees provided by CIPFA. CIPFA also provided training through a webinar for independent audit committee members which was attended by the current Independent Member on the Council's Accounts and Audit Committee.

CIPFA published updated guidance for Audit Committees in 2022/23 and the Committee takes this guidance into account in establishing arrangements and planning its work. The Committee has reviewed and updated its terms of reference for 2023/24 and will consider future training needs in order to support its ongoing role.

The Committee has met through the year in accordance with its work programme, with meetings held during 2022/23 on 20 July, 28 September, 24 November, 1 February and 14 March. More detail of the work undertaken by the Committee at each of its meetings are set out in the rest of this report.

**Accounts and Audit Committee – Work Completed During 2022/23**

**Internal Audit**

Role of the Committee in relation to Internal Audit:

- Review and approve (but not direct) the Internal Audit Charter, Internal Audit Strategy and Internal Audit resourcing.
- Review and approve (but not direct) the annual Internal Audit work programme. Consider the proposed and actual audit coverage and whether this provides adequate assurance on the organisation’s main business risks. Review the performance of Internal Audit.
- Receive summary Internal Audit reports and seek assurance on the adequacy of management responses to Internal Audit advice, recommendations and actions plans.
- Review arrangements for co-operation between Internal Audit, External Audit and other review bodies, and ensure that there are effective relationships which actively promote the value of the audit process.
- Receive the Annual Head of Internal Audit Report and Opinion.

<b>Work Completed</b>	<b>Outcome/ Impact</b>
<p><b>July 2022</b></p> <p>The Annual Head of Internal Audit Report was presented which provided an opinion on the adequacy and effectiveness of the Council’s control environment during 2021/22 based on Internal Audit work undertaken during the period. A detailed update on work undertaken in the final quarter of 2021/22 was also provided.</p> <p>It was noted that planned internal audit work in 2021/22 had been subject to some changes due to the impact of the pandemic across the Council. There had, however, continued to be a range of internal audit work undertaken during the year across each of the main areas of the Internal Audit Plan, which enabled an audit opinion to be given.</p> <p><b>September 2022, November 2022 and February 2023</b></p> <p>The progress of Internal Audit work undertaken by the Audit and Assurance Service during 2022/23 was reported to the Committee through the year. This included summary findings from individual audit reviews, responses to audit reports, progress in implementing the annual audit plan and performance of the Audit and Assurance Service.</p>	<p>The Annual Head of Internal Audit Report provided the Committee with an overview of the control environment (encompassing governance, internal control and risk management) reviewed by Internal Audit. The Committee was able to raise queries to request further information where applicable and obtain assurance in respect of Internal Audit performance.</p> <p>Based on assurance gathered during 2021/22, the Internal Audit Opinion was that, overall, a reasonable level of assurance can be given that the control environment encompassing internal control, risk management and governance, was operating to a satisfactory standard.</p> <p>Updates included details of areas reviewed where controls were found to be operating to a satisfactory standard and others within the Council where control improvements were identified, and audit recommendations made accordingly.</p>



Internal Audit (Continued)	
Work Completed	Outcome/ Impact
<p><b>March 2023</b>                      The 2023/24 Internal Audit Plan was presented to the Committee. The report set out planned work for the year which also acknowledged that this remained flexible and subject to review as needed during the year. The report also included the Internal Audit Charter and Strategy.</p>	<p>Members approved the 2023/24 Internal Audit Plan.</p> <p>It was also noted that Internal Audit would be subject to an external assessment of conformance with the Public Sector Internal Audit Standards (as required at least every five years) and a report from CIPFA would be shared at the next Accounts and Audit Committee meeting.</p>

**External Audit**

The role of the Committee in relation to External Audit is:

- To review and consider proposed and actual External Audit coverage and its adequacy, and consider the reports of External Audit and other inspection agencies.
- To receive updates from External Audit on findings and opinions (including the audit of the annual financial statements and the value for money conclusion) and seek assurance as to the adequacy of management’s response to External Audit advice, recommendations and action plans.
- To review arrangements made for co-operation between External Audit, Internal Audit and other review bodies.

Work Completed	Outcome/ Impact
<p><b>July 2022</b> The Committee received the External Audit Strategy Memorandum from Mazars which outlined its audit approach and plan to deliver the audit for the year ended 31 March 2022. The report also set out the External Audit fees.</p>	<p>The Committee was able to monitor plans in respect of external audit work.</p>
<p><b>All meetings – July, September, November 2022 and February, March 2023</b> The Committee received progress reports updates through the year by Mazars on the progress made in delivering its responsibilities as the Authority’s external auditor.</p> <p>Updates included progress being made in respect of the 2021/22 accounts audit. It was noted that there was a delay in completing the audit due to a national technical issue in respect of accounting for infrastructure assets which has since been resolved later in 2022/23. By March 2023, it was reported to the Committee that the results of the work will be set out in the Audit Completion Report which will be presented to the Committee at a future meeting.</p> <p>Further to the completion of the accounts audit, the Committee was advised that Mazars will report on their work reviewing the Council’s arrangements for delivering value for money in the Auditor’s 2021/22 Annual Report.</p> <p>The Committee was also advised that further to the completion of the above, planning will commence on the 2022/23 audit.</p> <p>At each of the meetings through the year, the External Auditor shared details of a number of</p>	<p>The Committee was able to continue monitoring progress in respect of external audit work.</p> <p>In respect of the 2021/22 audit of the accounts, as at the last Committee meeting of 2022/23, whilst the audit was not complete given the national issues impacting on the completion of the audit and approval of the accounts, it was reported there were no matters to bring to the attention of the Committee at that stage.</p> <p>The Committee’s attention was drawn to a number of useful information sources and documents covering various national developments and guidance.</p>

External Audit (Continued)	
Work Completed	Outcome/ Impact
<p>national publications within the progress reports, which might be of interest to the Committee's Members in undertaking their role.</p> <p>As part of the progress update for the March 2023 meeting, Members were advised that Mazars had been appointed as the Council's External Auditor going forward from 2023/24 to 2027/28. Prior to the March meeting, Committee Members had the opportunity, in line with good practice, to meet privately with the External Auditor outside of the main Committee meeting.</p>	

**Risk Management**

The role of the Committee in relation to risk management:

- Review the adequacy of arrangements for identifying and managing the organisation’s business risks – including the Council’s risk management policy and strategy and their implementation.
- Review the robustness of the strategic risk register and the adequacy of associated risk management arrangements.
- Receive and consider regular reports on the risk environment and associated management action.

<b>Work Completed</b>	<b>Outcome/ Impact</b>
<p><b>July 2022</b></p> <p>The Committee was provided with a report on the Council’s Strategic Risk Register. The report provided an update on the strategic risk environment, including updates on each of the risks on the risk register, including where applicable, changes in risk levels.</p>	<p>The Committee received assurance on the arrangements for reviewing key strategic risks.</p> <p>The Committee sought further information on a number of areas of risk and it was also agreed that further detail would be provided at a future meeting in 2022/23 in respect of the Council’s information governance arrangements (See details re March 2023 meeting).</p>
<p><b>September 2022</b></p> <p>A report was submitted by Financial Management providing details of the Council’s insurance performance in 2021/22, which included details in respect of insurance costs and claims activity during the period.</p>	<p>Members asked questions in respect of insurance arrangements and gained assurance that these are regularly reviewed.</p>
<p><b>November 2022</b></p> <p>The Committee received a further update report on the Council’s Strategic Risk Register.</p>	<p>The Committee continued to monitor arrangements for the management of strategic risks and noted a number of changes in risks and risk levels.</p>
<p><b>March 2023</b></p> <p>The Committee received its final update of 2022/23 on the strategic risk register. Additional detail was also provided in respect of one of the strategic risks, Information Governance, with a verbal update provided by Legal Services.</p>	<p>Members reviewed assurance regards planned actions to address risks and noted a further update on another of the strategic risks, Cyber Security, would be included in the Committee’s work programme for 2023/24.</p>

**Corporate Governance, Internal Control and the Annual Governance Statement**

The role of the Committee in relation to the above is to:

- Review effectiveness of corporate governance and internal control across the organisation and the adequacy of action taken to address any weaknesses or control failures.
- Conduct a review of the draft Annual Governance Statement, which is a key assurance statement required to be completed each year in accordance with the Accounts and Audit Regulations.
- Approve the final version of the Annual Governance Statement.

<b>Work Completed</b>	<b>Outcome/ Impact</b>
<p><b>July 2022</b> A report setting out the 2021/22 draft Annual Governance Statement (AGS) was presented to give Members the opportunity to review the content of the AGS prior to it being finalised.</p>	<p>The Committee were able to consider the AGS at draft stage prior to it being finalised later in the year.</p>
<p><b>November 2022</b> The final version of the AGS was submitted to the Committee. It was noted that the document had been updated since the previous meeting to take into account updated details regards some of the significant governance issues including the Council’s financial position.</p>	<p>The Committee approved the 2021/22 AGS.</p>
<p><b>March 2023</b> A report setting out the proposed approach / timetable to ensure compliance with the production of an AGS for 2022/23 was presented, noting a draft version was due to be completed by the end of May 2023, in accordance with national deadlines.</p>	<p>Procedures and responsibilities of Members and Officers in the process for producing and approving the 2022/23 AGS were agreed. It was noted that the Accounts and Audit Committee would have the opportunity to review the draft document at a future meeting, prior to the AGS being finalised.</p>

**Anti - Fraud & Corruption Arrangements**

The role of the Committee is to:

- Review and ensure the adequacy of the organisation’s Anti - Fraud & Corruption policy and strategy and the effectiveness of their application throughout the Authority.
- Review and ensure that adequate arrangements are established and operating to deal with situations of suspected or actual fraud and corruption.

<b>Work Completed</b>	<b>Outcome/ Impact</b>
<p><b>September 2022</b></p> <p>The Committee received a report of the Counter Fraud and Enforcement team outlining the Councils’ fraud prevention and detection performance and activities in 2021/22, as well as the team’s plans for 2022/23.</p> <p>In terms of 2021/22, it was noted that the team continued to provide support to the processing and payment of the various Business Support Grants introduced at various stages of the pandemic. The team also investigated potential fraudulent applications. Other key areas of work in 2021/22 included investigations in relation to Council tax discounts; Council tax support and Non-Domestic Rates. It was also reported that the team also have a role to carry out formal recovery action in relation to certain debts owed by to the Authority. The report included case study examples to show how the team contributes to fighting fraud and protecting public funds. The Committee is expected to receive an update on counter-fraud work undertaken in 2022/23 at its meeting in September 2023.</p>	<p>The Committee was able to ask questions on Council processes and was provided with assurance that the Council is continuing to investigate suspected fraud and support both fraud prevention and detection.</p>
<p><b>February 2023</b></p> <p>As part of the quarterly Audit and Assurance Service update report, this included an update on progress made by the Council in contributing to the National Fraud Initiative: a nationwide data matching exercise, designed to help participating bodies identify possible cases of error or fraud and detect and correct any consequential under or overpayments from the public purse. Details were provided of the categories of data submitted to the Cabinet Office as part of the exercise. Updates on outcomes from the investigation of subsequent data matches are to be provided to the Committee later in 2023/24.</p>	<p>The Committee gained assurance that the Council was continuing to support the National Fraud Initiative.</p>

<p><b>March 2023</b> The Committee received a report which set out the Council's updated Anti-Fraud and Corruption Strategy, including associated policies and guidance to support counter-fraud measures.</p>	<p>The Committee approved the updated Anti-Fraud and Corruption Strategy.</p>
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**Accounts / Financial Management**

The role of the Committee is to:

- Approve the Council’s Annual Statement of Accounts including subsequent amendments.
- Consider the External Auditor’s report on the audit of the Council’s annual financial statements.
- Be responsible for any matters arising from the audit of the Council’s accounts, including the auditor’s opinion on the accounts, identification of any misstatements, comments on the accounting and internal control systems and qualitative aspects of accounting practices and financial reporting.

Work Completed	Outcome/ Impact
<p><b>July 2022</b> A report was submitted on treasury management activities for the previous financial year (2021/22).</p> <p>The Director of Finance and Systems submitted a report which provided an update on the Council’s assessment of its position in respect of the Financial Management Code issued by CIPFA.</p> <p>The Committee received a report setting out 2021/22 outturn figures relating to both revenue and capital budgets. It also summarised the outturn position for Council Tax and Business Rates within the Collection Fund. It was noted in respect of the revenue outturn position for 2021/22 there was an underspend of £1.53m which was transferred to the Budget Resilience, Innovation and Change Reserve.</p>	<p>Accounts and Audit Committee Members were able to undertake prior scrutiny of treasury management reports prior to reporting to the Executive and Council, meeting the requirements of the CIPFA Code of Practice on Treasury Management.</p> <p>Assurance was gained that the Council can demonstrate compliance with the Financial Management Code with an action plan in place for areas where evidence of compliance could be enhanced further.</p> <p>Members had the opportunity to seek assurance on a number of aspects of the report, including in relation to the financial position going forward with the impact of inflation, such as in relation to energy and pay costs.</p>
<p><b>September 2022</b></p> <p>(See Risk Management: September 2022 meeting – insurance update provided by Financial Management).</p>	
<p><b>November 2022</b> A report was presented providing an update on the progress of the treasury management activities undertaken for the first half of 2022/23.</p>	<p>The Committee was able to monitor treasury management performance during the year, in line with the CIPFA Code of Practice on Treasury Management.</p>



<b>(Accounts/Financial Management continued)</b>	
<b>Work Completed</b>	<b>Outcome/ Impact</b>
<p><b>February 2023</b>                      A Treasury Management report was submitted setting out the Council’s strategy for 2023/24 – 2025/26. This included the strategy for investments, borrowing, and the minimum revenue provision in terms of the amounts set aside for debt repayment.                      (In advance of the February meeting, as part of training for Committee Members a briefing session was provided in January 2023 to focus on issues within the Treasury Management Strategy report).</p> <p>The Committee received a presentation by the STAR Shared Procurement Service, providing an update on achievements and plans to further develop the approach to achieving social value through procurement.</p>	<p>The Accounts and Audit Committee asked questions on the content of the report and recommended that the Council approve the various elements of the Treasury Management Strategy. Future training was also discussed with consideration to be given for scheduling further sessions.</p> <p>Members raised questions in respect of a number of aspects covered including processes for recording and reporting on social value and requesting further detail from STAR regards Trafford Council procurement activity.</p>
<p><b>March 2023</b>                      A report was circulated to Accounts and Audit Committee Members which explained the accounting concepts and policies which would be used in preparing the 2022/23 annual accounts.</p> <p>Members were advised that the 2021/22 audited accounts were to be finalised and would be reported to a future Committee meeting.</p>	<p>Members were advised there were no material changes currently expected to the Accounting Policies for the 2022/23 accounts but were advised to note changes in accounting standards to be adopted in 2024/25 in respect of accounting for leases.</p> <p>The Accounts and Audit Committee is to be advised regards completion of the final audited accounts for 2021/22, noting the process for completion and audit of the accounts had been subject to delay, largely as a result of national accounting issues in respect of infrastructure assets.</p>
<p><b>All meetings</b>                      The Accounts and Audit Committee received budget monitoring reports at each of the meetings through the year. This included the budget outturn position for 2021/22 at its July 2022 meeting and updates through the year on the latest position for 2022/23 at each of the other meetings. Updates reflected monitoring and actions taken to manage a number of financial pressures including inflation.</p>	<p>The Committee reviewed budget monitoring reports and provided challenge through the year in relation to the information provided, both through discussions in the meetings, and where applicable further information provided to Members in response to queries raised.</p>

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## TRAFFORD COUNCIL

**Report to:** Accounts and Audit Committee  
**Date:** 21 June 2023  
**Report for:** Approval  
**Report of:** Audit and Assurance Manager

### Report Title

**Accounts and Audit Committee – Work Programme – 2023/24**

### Summary

**This report sets out the proposed work programme for the Committee for the 2023/24 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. It should be noted that whilst each agenda item is listed against particular meeting dates, this is currently subject to change depending on the timing of the completion of the audits of the 2021/22 and 2022/23 accounts. The work programme will be updated further to reflect changes in the timing of particular items through the year.**

### Recommendation

**The Accounts and Audit Committee is asked to approve the 2023/24 work programme.**

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

**Name:** Mark Foster – Audit and Assurance Manager  
**Email:** [mark.foster@trafford.gov.uk](mailto:mark.foster@trafford.gov.uk)

**Background Papers:** None

Committee Meeting Dates	Areas of Responsibility of the Committee					
	Internal Audit	External Audit	Risk Management	Governance (including Annual Governance Statement)	Anti- Fraud & Corruption Arrangements	Accounts / Financial Management
21 June 2023	Agree Committee's Work Programme and consider training in 2023/24*					
	- 2022/23 Head of Internal Audit Annual Report -External Assessment of Internal Audit	- External Audit Progress Report	- Strategic Risk Register Report	- 2022/23 Draft Annual Governance Statement - Accounts and Audit Committee 2022/23 Annual Report to Council		-2022/23 Revenue Budget Monitoring Outturn and Capital Investment Programme Outturn Reports
22 September 2023 Page 240	- Internal Audit Monitoring Report (Q1 2023/24)	- 2021/22 Audit Completion Report - 2021/22 Auditor's Annual Report -Audit Strategy Memorandum 2022/23		- 2022/23 Annual Governance Statement	- Counter Fraud Team Update Report	-Approval of Annual Statement of Accounts 2021/22 -Treasury Management update (Annual Performance Report 2022/23) - 2023/24 Budget Monitoring, project updates and Prudential Indicator Reports (Period 4) -Financial Management Code Update

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
23 November 2023	- Internal Audit Monitoring Report (Q2 2023/24)	-External Audit Progress Report	- Strategic Risk Register Report.  (See Financial Management – Insurance Performance 2022/23)			- Treasury Management : 2023/24 Mid-Year Performance Report - Insurance Performance Report 2022/23 - 2023/24 Budget Monitoring, project updates and Prudential Indicator Reports (Period 6) - Procurement update (STAR)
7 February 2024	- Internal Audit Monitoring Report (Q3 2023/24)	- 2022/23 Audit Completion Report (Mazars)	- Strategic risk update: Cyber Security		(Anti-Fraud and Corruption update, within Internal Audit monitoring report)	- Approval of Annual Statement of Accounts 2022/23 - Treasury Management Strategy - 2023/24 Budget Monitoring, project updates and Prudential Indicator Reports (Period 8)

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 March 2024	- 2024/25 Internal Audit Plan - Internal Audit Charter and Strategy	-2022/23 Auditor's Annual Report	- Strategic Risk Register Report	- Report on arrangements for 2023/24 Annual Governance Statement		- 2023/24 Budget Monitoring, project updates and Prudential Indicator Reports (Period10) -Accounting Policies

\*Note training to be included as part of the annual work programme to be held either as part of, or in addition to, the Committee meetings above.

<b>Accounts and Audit Committee Training / briefing sessions</b>
<p>Sessions in 2023/24 to include **:</p> <ul style="list-style-type: none"> <li>- Treasury Management (3 sessions across the year to coincide with the timing reports are presented to the Committee)</li> <li>- 2022/23 Financial Outturn / Statement of Accounts (date tbc)</li> <li>- What can go wrong? Understanding the Prudential Indicators (Sept 2023 – when the P4 Budget Monitor is presented)</li> <li>- School Budgets and the Dedicated Schools Grant (Nov 2023 - when the P6 Budget Monitor is presented)</li> <li>- Major Investments update (Feb 2024 – when the P8 Budget Monitor is presented)</li> </ul>

\*\* content of training sessions can be amended to suit Members' training needs