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**TRAFFORD
COUNCIL**

AGENDA PAPERS FOR ACCOUNTS AND AUDIT COMMITTEE

Date: Tuesday, 19 March 2024

Time: 6.30 pm

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

A G E N D A	PART I	Pages
1.	ATTENDANCES	
	To note attendances, including Officers and any apologies for absence.	
2.	DECLARATIONS OF INTEREST	
	Members to give notice of any interest and the nature of that interest relating to any item on the agenda in accordance with the adopted Code of Conduct.	
3.	QUESTIONS FROM MEMBERS OF THE PUBLIC	
	A maximum of 15 minutes will be allocated to public questions submitted in writing to Democratic Services (democratic.services@trafford.gov.uk) by 4 p.m. on the working day prior to the meeting. Questions must be within the remit of the Committee or be relevant to items appearing on the agenda and will be submitted in the order in which they were received.	
4.	MINUTES	1 - 4
	To receive and if so determined, to approve as a correct record the Minutes of the meeting held on 7 th February 2023.	
5.	STRATEGIC RISK REGISTER UPDATE: CLIMATE CHANGE EMERGENCY	5 - 26
	To receive a report from the Head of Climate Change & Sustainability Place.	

Accounts and Audit Committee - Tuesday, 19 March 2024

6. **CHILDREN SERVICES UPDATE - HIGH NEEDS FUNDING BLOCK** 27 - 36
To receive a report from the Director of Education.
7. **EXTERNAL AUDIT PROGRESS REPORT UPDATE - MAZARS** 37 - 60
To receive a report from the Council's External Auditor.
8. **BUDGET MONITORING REPORT 2023/24: PERIOD 10 (APRIL 2023 - JANUARY 2024)** 61 - 80
To consider a report from the Executive Member for Finance, Change & Governance and the Director of Finance and Systems.
9. **ACCOUNTING CONCEPTS AND POLICIES** 81 - 110
To consider a report from the Executive Member for Finance, Change and Governance and the Director of Finance and Systems.
10. **AUDIT AND ASSURANCE SERVICE - INTERNAL AUDIT OPERATIONAL PLAN 2024/25** 111 - 154
To receive a report from the Audit and Assurance Manager.
11. **STRATEGIC RISK REGISTER (MARCH 2024 UPDATE)** 155 - 190
To receive a report from the Audit and Assurance Manager.
12. **RISK MANAGEMENT POLICY AND STRATEGY** 191 - 206
To receive a report from the Audit and Assurance Manager.
13. **ACCOUNTS AND AUDIT COMMITTEE - WORK PROGRAMME - 2023/24** 207 - 210
To consider a report of the Audit and Assurance Manager.
14. **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.

SARA TODD
Chief Executive

Accounts and Audit Committee - Tuesday, 19 March 2024

Membership of the Committee

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

Further Information

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

Stephanie Ferraioli, Governance Officer
Tel: 0161 912 2019
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ACCOUNTS AND AUDIT COMMITTEE

7 FEBRUARY 2024

PRESENT

Councillors: B. Brotherton (in the Chair), J. Lloyd (Vice-Chair), J. Axford,
J. Brophy, M. Cordingley, M. Welton

In attendance

Jeannie Platt	Independent Member
Paul James	Chief Digital Officer
Michael Worthington	Cyber Security Officer
Jon Thomson	Head of IT Operations
Lorraine Cox	Director of Procurement, STAR
Elizabeth McKenna	Assistant Director of STAR
Alastair Newall	External Auditor, MAZARS
Graeme Bentley	Director of Finance and Systems
Mark Foster	Audit and Assurance Manager
Frank Fallon	Finance Manager
Dylan Butt	Councillor

1. APOLOGIES

An apology for absence was received from Councillor Baskerville, Carter and Whetton.

2. DECLARATION OF INTEREST

There was no declaration of interest against any of the items for tonight's Agenda.

3. QUESTIONS FROM MEMBERS OF THE PUBLIC

No questions from members of the public were received.

4. MINUTES

RESOLVED – That the minutes of the meeting held on 23rd November 2023 be noted as a true and correct record.

5. EXCLUSION RESOLUTION

Motion (Which may be amended as Members think fit):

- That the public be excluded from this meeting during consideration of the first item on the agenda STRATEGIC RISK UPDATE: Cyber Security presentation by the Chief Digital Officer, 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.

6. STRATEGIC RISK UPDATE - CYBER SECURITY

The Chief Digital Officer presented a report update on Cyber Security.

RESOLVED – That the report be noted.

7. PROCUREMENT UPDATE – STAR UPDATE

The Assistant Director of STAR presented an update for the Committee informing of the growth of the team; two new partners, St Helens and Knowsley Council have now joined STAR.

The Assistant Director illustrated some of the activities undertaken with partners that have benefited Trafford Council in relation to local spend and informed that STAR’s ambition is to reduce its costs and increase its income to provide better value for the annual fee the Council pays to run its operations.

STAR will attend the next Health Scrutiny Committee meeting in March explaining further their involvement with NHS partners.

RESOLVED:

- 1) That STAR attend the next Health Scrutiny Committee meeting
- 2) That the report update be noted.

8. AUDIT PROGRESS REPORT

External Auditor MAZARS presented a verbal update for Members relating to the audit for 2022-23. He informed this is not completed yet due to the consultation from the Department for Levelling Up, Housing and Communities which has not been published yet and thus it is not known the impact it will have on the audit. He also clarified that the deadline for the completion of this work is September 2024. Work is also ongoing on the audit for 2023-24.

RESOLVED – That the verbal update be noted.

9. ASETT INVESTMENT STRATEGY UPDATE

The Director of Finance and Systems presented an update regarding the Governance arrangements related to the Strategy and the Investment Strategy Board. Members raised several questions which the Director of Finance and Systems responded to.

RESOLVED – That the report be noted.

10. TREASURY MANAGEMENT ANNUAL STRATEGY REPORT

The Finance Manager presented the annual Treasury Management Strategy which set out the Debt and Investment Strategy, policy on MRP and forecasted Prudential Indicators for the next three years.

RESOLVED – That the report be noted.

11. BUDGET MONITORING 2023-24 - PERIOD 8 (APRIL TO NOVEMBER 2023)

The Director of Finance and Systems presented the Budget Monitoring report for period 8 to Members informing this had been presented to Executive in January. It provides a positive movement since the last monitoring position on the forecasted outturn, with a projected underspend of £0.6M.6. There were a number of areas in the budget which were a cause for concern, most notably in children's services with projected overspends on placements and home to school transport. These pressures had been accommodated into budget plans for 2024/25.

He stated that the SEN school budget is a sizeable challenge in terms of the financial cost, projecting a deficit of about £7M this year on the High Needs Budget with a cumulative deficit of c£10m forecast at year end.

RESOLVED – That the report be noted.

12. 2023-24 AUDIT AND ASSURANCE SERVICE UPDATE REPORT OCTOBER TO DECEMBER 2023

The Audit and Assurance Manager introduced the 2023-24 Audit and Assurance Service report for the period of October – December 2023 which focused on 6 final audit reports where the recommendations issued had been accepted by management with 3 reporting a Substantial level of assurance and 3 a Reasonable one.

He informed Members of the work the team has carried out in relation to anti-fraud and corruption and the National Fraud Initiative. The team has also carried out advisory work with STAR to review procurement processes in respect of certain lower value contracts.

The Audit and Assurance Manager reported that the team is on target to issue a planned target of 30 reports for 2023/24, with 23 reports completed by December 2023.

RESOLVED – That the report be noted.

13. ACCOUNTS AND AUDIT COMMITTEE WORK PROGRAMME 2023-24

The Audit and Assurance Manger informed that the next meeting would be the last in the municipal year and that all items initially agreed as part of the Committee work programme had been explored. At the March meeting, Members will be able to receive a report on climate emergency risk mitigation which will be presented by the newly appointed member of staff.

RESOLVED – That the update be noted.

14. URGENT BUSINESS (IF ANY)

There was no urgent business to discuss.



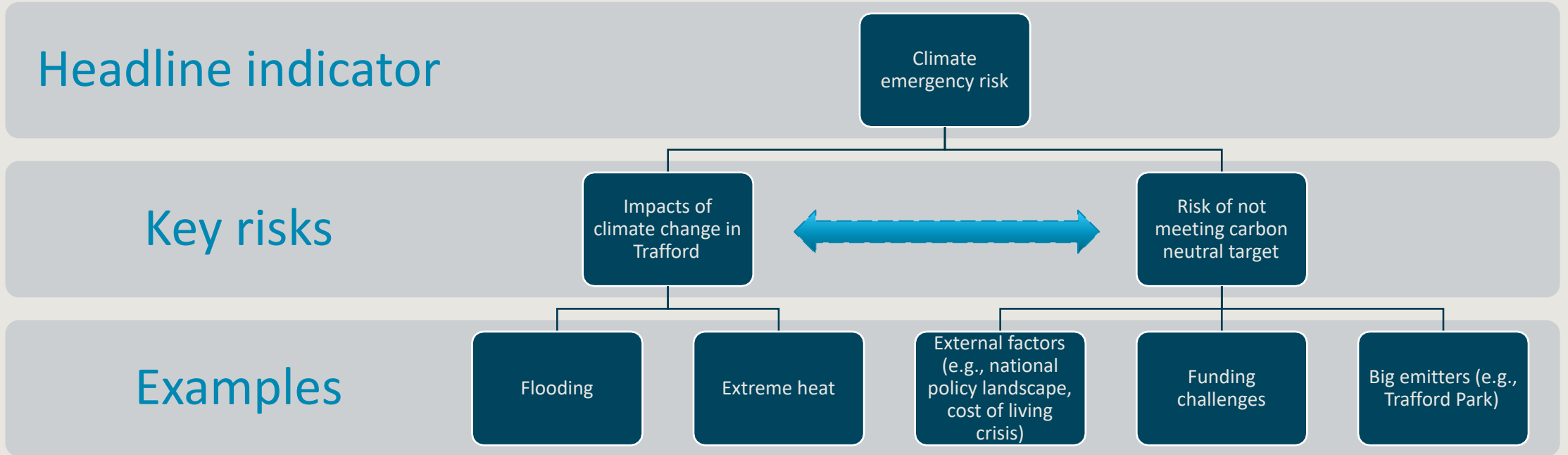
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Climate Emergency Risk

Update for Accounts and Audit Committee – 19 March 2024

Two main risks

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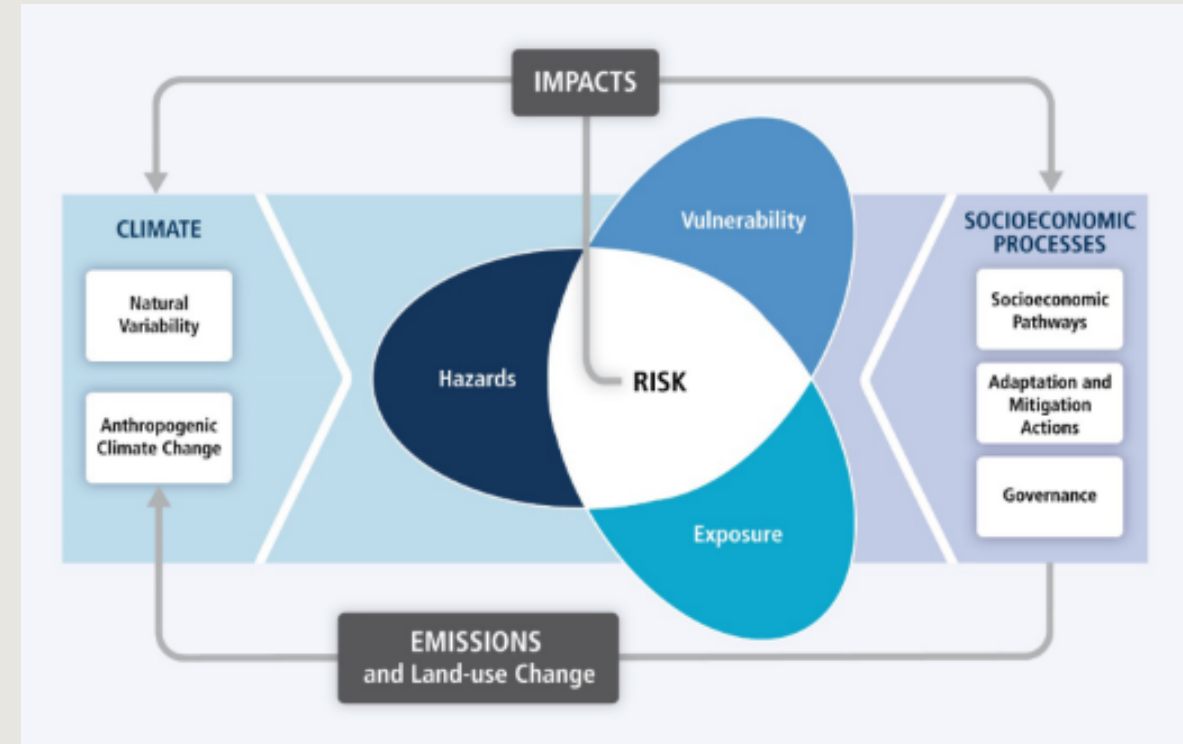
>> Focus for this presentation – climate change impacts <<

Climate change impacts

Introduction

- **Risk of climate impacts is a function of:**
 - **Climate hazards** (e.g., flooding, extreme heat, water stress etc)
 - **Exposure** to those hazards
 - **Vulnerability** to the hazards
- **Examples of climate risks...risks to:**
 - Natural environment and assets
 - Species and habitats
 - Soil quality
 - Infrastructure
 - Risks to bridges and pipelines from flooding and erosion
 - Risks to energy generation from reduced water availability
 - Health, Communities and the Built Environment
 - Risks to health from high temperatures
 - Risks to cultural heritage
 - Business and industry
 - Risks to businesses from flooding or water scarcity
 - Risks to UK finance sector from climate change overseas

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<https://www.metoffice.gov.uk/binaries/content/assets/metofficegovuk/pdf/research/ukcp/ukcp18-guidance---how-to-use-the-land-projections.pdf>

Costs of inaction

- If current policies are maintained, total costs of climate change damages are projected to be ~2.5% of Greater Manchester's GDP by 2050 and ~6.5% by 2100
- Climate change will increase the frequency and intensity of climate hazards, and so the costs
- Adaptation actions can help reduce impacts and costs

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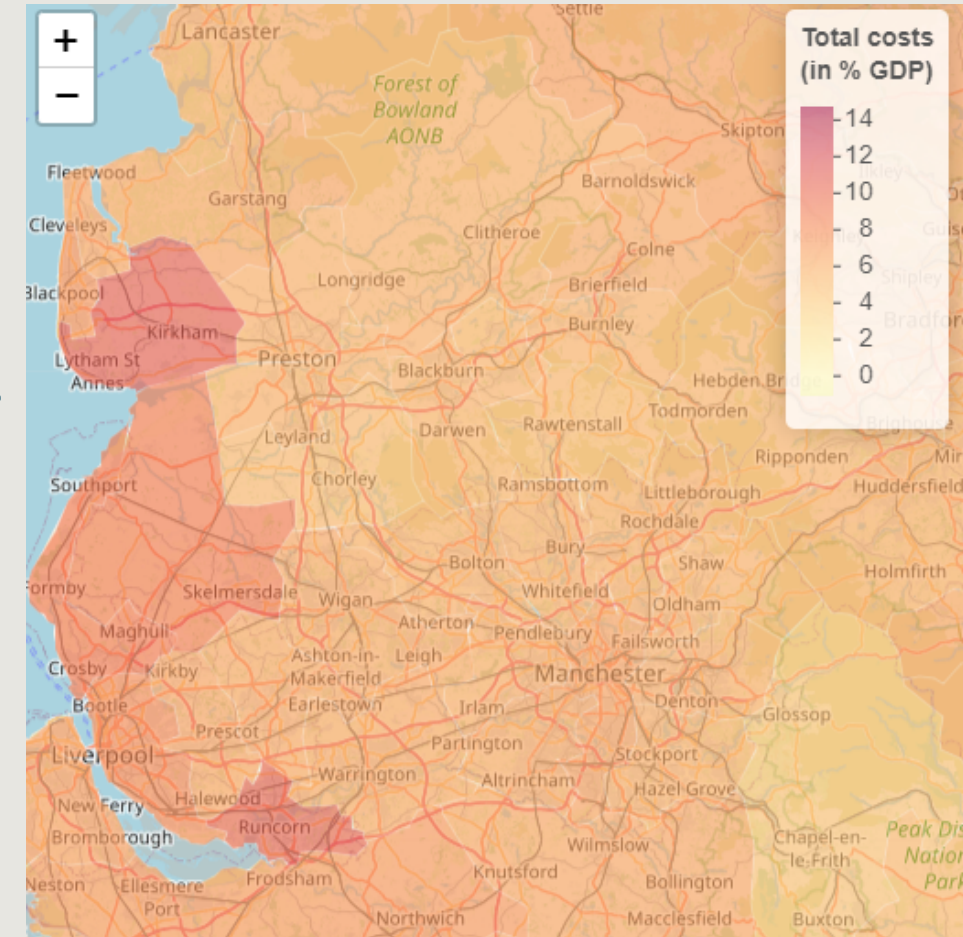
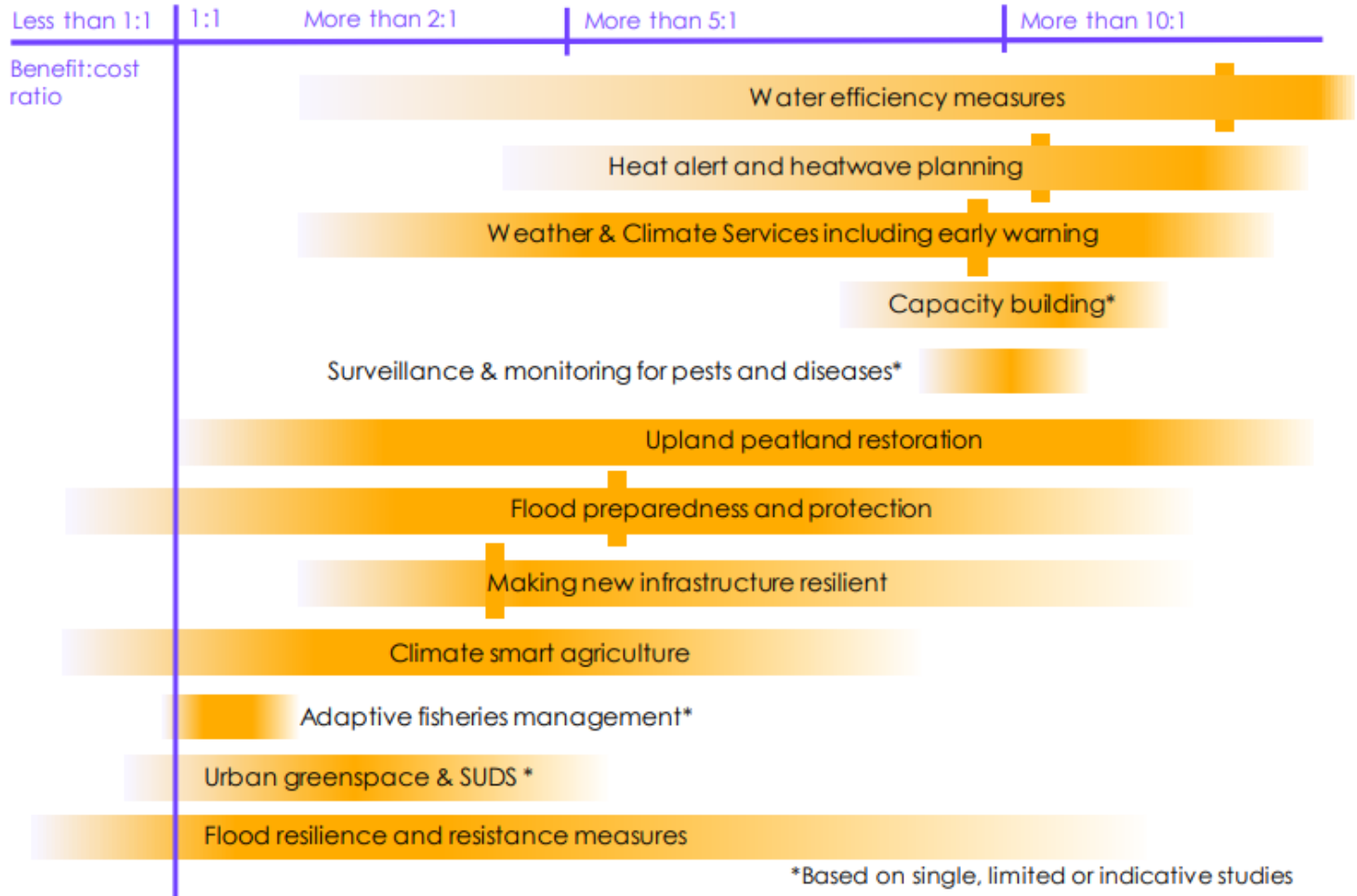


Figure 4 Benefit-cost ratios of adaptation measures included in CCRA3



- **Some adaptation actions have extremely high net benefits**

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- Vertical bar shows the average Benefit-Cost Ratio, where this data exists

Examples of local impacts

Heatwaves

- July 2022 extreme heat event led to ~3000 excess deaths in England
- Rail infrastructure failure, agricultural impacts, over-heating in hospitals etc.
- Number of 'Met Office Heatwave' events per year projected to increase from ~1/year in 2020, to between 2-5 events/year by 2100, under medium emissions scenario

Floods

- GM Boxing Day Floods 2015
- 2,250 homes and 500 businesses in the city-region were flooded
- More than 31,200 properties lost power supplies
- Damage to infrastructure totalled £11.5m
- Winter precipitation projected to increase by ~8% for most of GM by 2070s, under medium-emissions scenario
- North-West GM >10% increase

Work so far

- Trafford adaptation strategy published 2009.
- Work already being taken to address climate risks:
 - Flooding
 - Protecting green spaces
 - Planning policy
 - Impact on public health

ADAPTING TO CLIMATE CHANGE IN TRAFFORD
A strategy to identify and deal with the new risks and challenges.



Flooding

- We work in partnership with organisations and individuals responsible for managing flood risk from other sources (EA, UU, Canal & River Trust, Residents & Businesses, Riparian landowners)
- Recording and investigating any significant flooding
- Establishing and maintaining a flood risk asset register
- Identifying potential flood risk/alleviation projects and funding avenues
- Amey a statutory consultee on surface water drainage proposals for planning applications
- Regulating drainage strategies to ensure they accommodate storm events up to and including the 1 in 100 year + 45% allowance for Climate Change, whilst providing betterment on surface water run-off rates on the pre-development scenario.
- Pushing and actively promoting green SuDs on all developments. The implementation of Schedule 3 of the Flood and Water Management Act 2010 will assist greatly with this.

Adapting our green spaces

- Using nature-based interventions to manage flooding, provide shading, prevent soil erosion etc.
- **For example – William Wroe former golf course**
 - Fields in Trust status to protect the site
 - Carrying out feasibility work on wetland reclamation



- **Street tree and woodland creation in line with GM Tree and Woodland Strategy.**

Planning policy and place shaping

- **Climate resilience reflected in planning policy**
 - 2012 Local Plan. E.g., core policy L5 (climate change) – developers required to demonstrate that account has been taken of flood risk and that the proposed development incorporates flood mitigation and management measures.
 - PfE – specific policies on resilience (JP-S 4), flood risk/water environment (JP-S 5), biodiversity and geodiversity (JP-G 8).
- **Component of place shaping plans, e.g., Civic Quarter Area Action Plan, Trafford Wharfside Masterplan etc.**

Impacts on public health

- Monitor monthly temperatures in GM/Trafford to see if there is a link to increase in numbers of E-coli blood stream infection and Clostridioides difficile.
- Work with Adult Services on importance of hydration messages in summer (e.g., to tackle increase in UTIs)
- Considering scope for public health needs assessment on climate change

THE HEALTH EFFECTS OF CLIMATE CHANGE

STATE OF EVIDENCE 2023

A comprehensive and authoritative summary of the scientific evidence on the health effects of climate change, potential implications of these risks for public health, and research gaps

A LARGE & GROWING EVIDENCE BASE

highlights diverse and substantial threats to health from climate change

MANY RISKS ARE PREVENTABLE

through adaptation at low levels of warming

EFFECTIVE INTERVENTION

Despite substantial evidence of risk, the evidence base on effective interventions is less developed and should be prioritised

HEATWAVES

Extreme heat will lead to a increase in the number of deaths and other health effects due to warming temperatures and an ageing population: up to 10K deaths per year due to extreme heat by the 2050s under a high-warming scenario without adaptation

**Chikungunya virus
Dengue virus
West Nile virus**

Infectious vector-borne diseases that could become transmissible in London and other parts of the UK with the establishment of the Asian tiger mosquito *Aedes albopictus* and spread of *Culex* mosquitoes

FLOODING

The greatest health impacts of flooding in the UK are on mental health: people who experience flooding are at higher risk of depression, anxiety, and post-traumatic stress disorder

FOOD SECURITY

Our dependence on food from highly climate-vulnerable countries is projected to increase, potentially impacting stable food supplies, particularly for fresh fruits and vegetables

WIN-WIN STRATEGIES

- Nature-based solutions, early action
- Reducing existing health inequalities
- Supporting behavioural transitions
- Supporting for vulnerable populations
- Embedding health in climate planning
- Embedding climate in public health practice

WIDER BENEFITS FOR HEALTH

Mitigation and adaptation actions can generate further health benefits, for example:

- Reduced air pollution
- Safer and healthier homes
- Shade protection from heat
- Greenspaces for mental health
- Healthy behavioural shifts
- Less pressure on health and care services

RESEARCH GAPS

Advance understanding of **intervention effectiveness** including economic assessment

Advance research into **mental health & behaviour**

Improve climate-health **modelling**

Increase emphasis on **equity and vulnerable populations & settings**

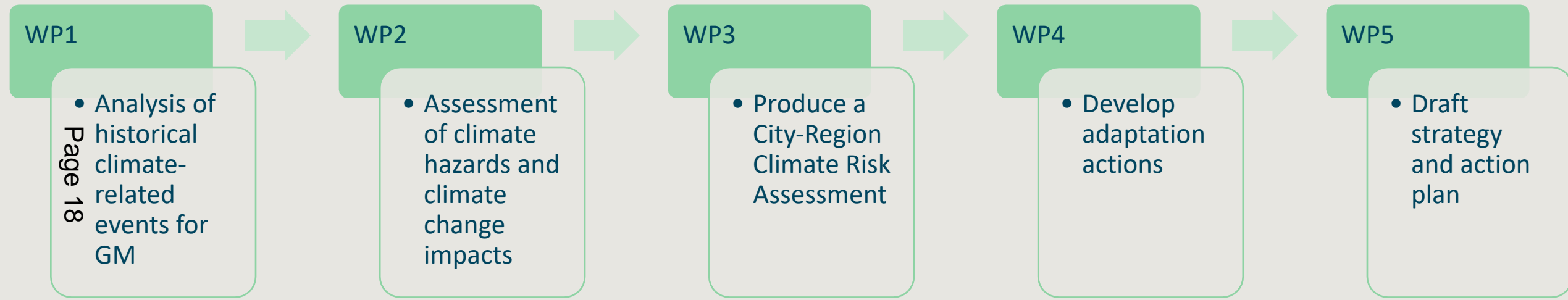
Develop & coordinate standardised **metrics & indicators**

Assess **co-benefits, cascading & compound risks**

Overall climate adaptation strategy

- **This year – GMCA working with districts to develop a GM-wide Adaptation Strategy and Action Plan**
- **Aim:**
 - To create a shared vision, strategy and action plan for an adapting Greater Manchester City-Region.
 - To develop a strategic framework for adapting Greater Manchester to climate change.
 - To support and enable the city-region to effectively adapt to climate change, with key pillars of collaboration, transformative action, and just adaptation.
 - To ensure joined-up thinking by connecting in GM-wide adaptation action with existing and upcoming key plans, policies and activities, including mitigation-related, to enable delivery of adaptation actions

GM-wide Adaptation Strategy and Action Plan



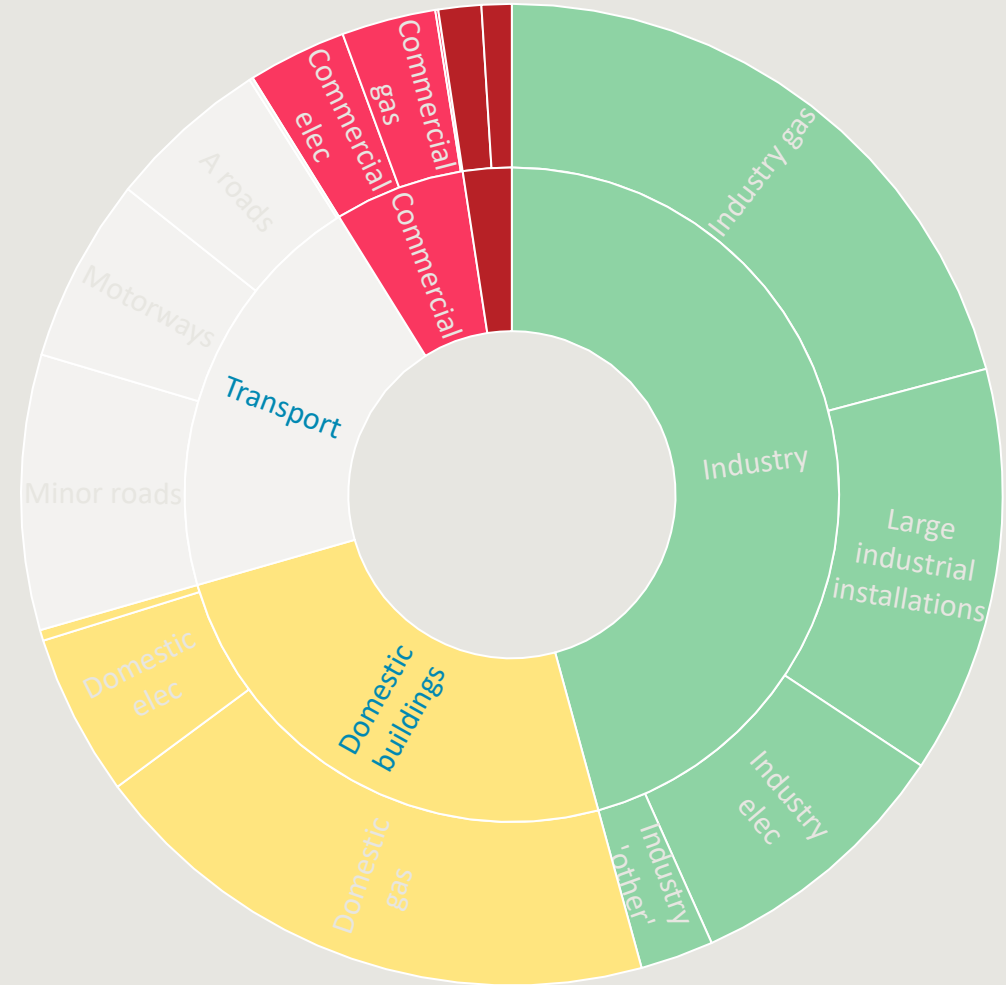
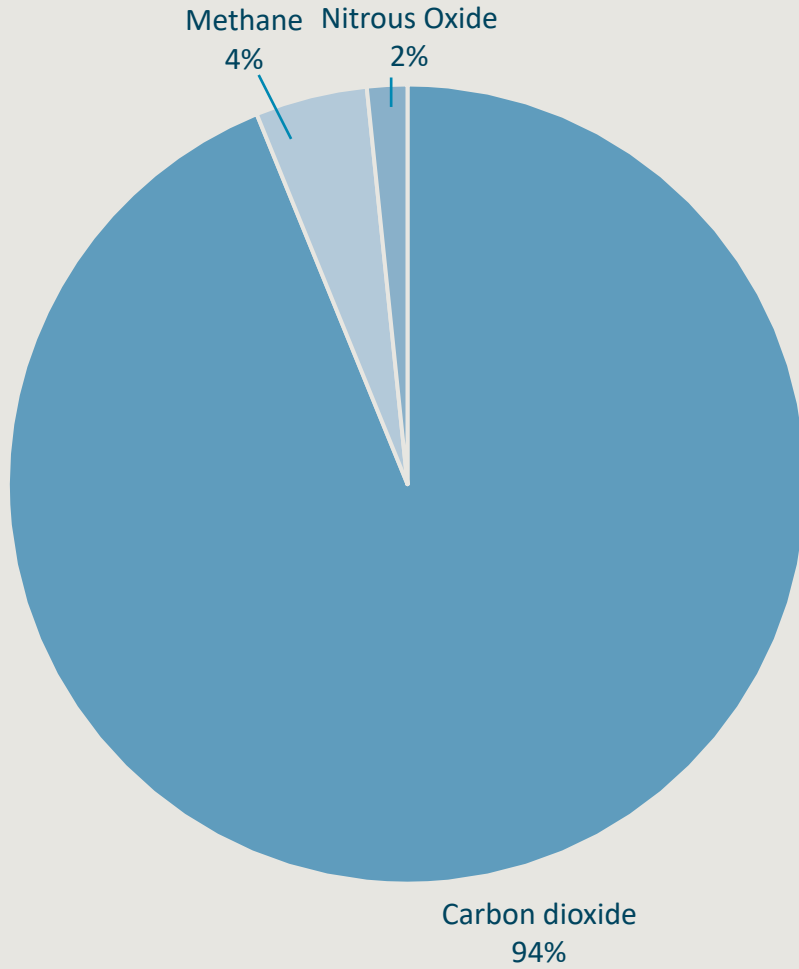
- **Due to conclude by end of year**
- **Feeding in to next GM five year environment plan**

Next steps

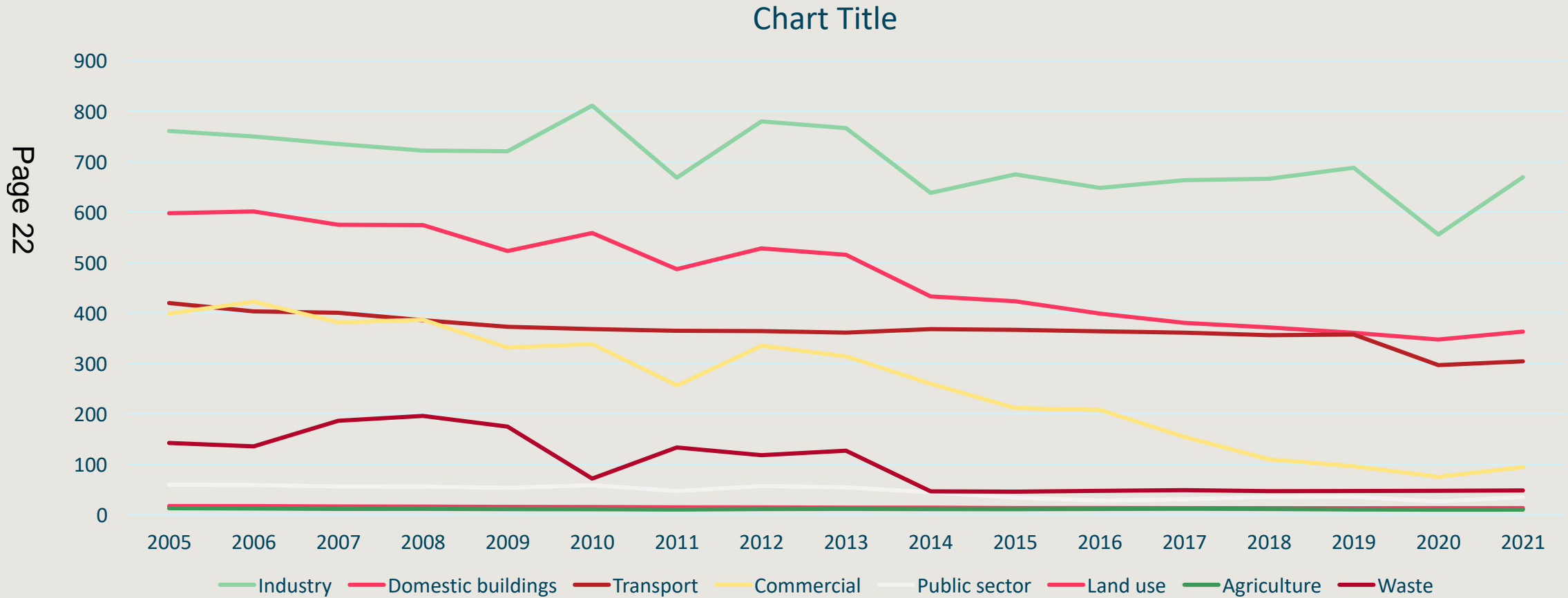
- **Continue to engage with GMCA and other districts on the development of the GM-wide Adaptation Strategy and Action Plan**
- **Socialise and embed the strategy and action plan into Council operations and policy**
- **Consider what further work will be needed to build on and ‘Traffordise’ the strategy and action plan**

Becoming carbon neutral

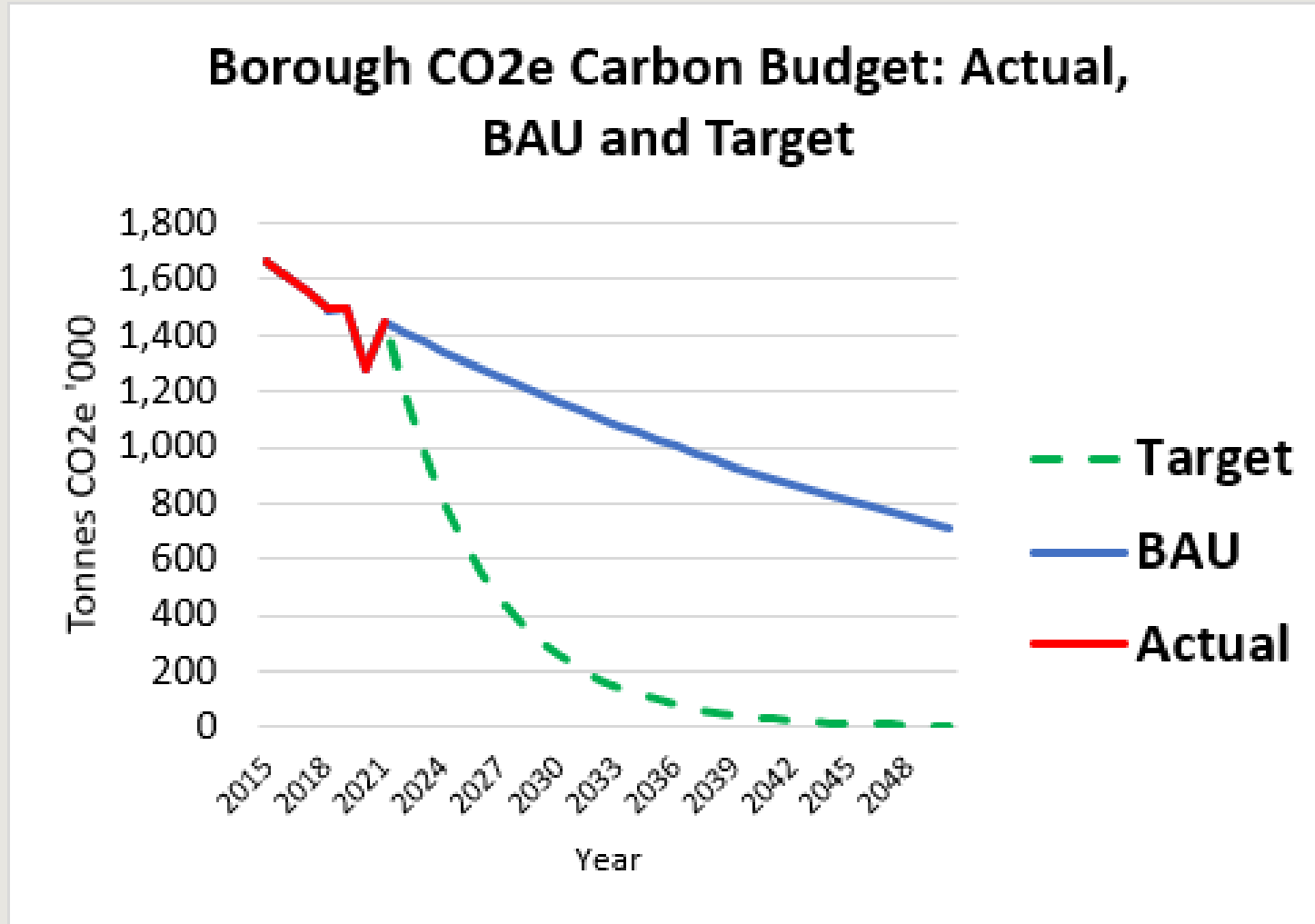
Trafford's GHG emissions in 2021



And since 2005, by sector



Rate of emissions reductions needs to ramp up



Examples of key actions

Industry

- Launching Bee Net Zero Trafford Park Partnership
- Talking to partners about attracting investment to Trafford Park

Public buildings

- Working with 2 primary schools to assess viability of solar PV
- Refurb of Altrincham Leisure Centre and applied for funding for Partington and Stretford

Building retrofit

- Promoting support – ECO4 and Your Home Better
- Working with GMCA on devo deal

Transport

- Investing in active travel infrastructure
- Supporting active travel options - bike libraries, schools streets, funding for cargo bikes
- Be.EV partnership delivering charging infrastructure

Heat decarbonisation

- Assessing scope for heat networks, e.g., Civic Quarter.
- Working with GMCA on heat zoning pilot.

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TRAFFORD COUNCIL

Report to: Accounts and Audit Committee
Date: 19th March 2024
Report for: Information
Report of: Karen Samples: Director of Education

Report Title: High Needs Deficit Management Plan

1. Purpose of the Report

To update the committee on the Dedicated Schools Grant High Needs Block Deficit Management Plan.

2. Recommendations

To note the actions in place to manage the High Needs Block Deficit.

3. Current High Needs Block position

The HNB has been the recipient of some of the biggest increases in funding due to the pressures to fund and support the SEND system. In FY 2018/19, the HNB was £26m, and now 5 years later it is £42m, yet still overspending due to the demand for SEND provision over the period. Without new interventions the high needs deficit is forecast to continue to increase and is not financially sustainable.

The DfE's Safety Valve (SV) and Delivering Better Value (DBV) programmes target local authorities with the biggest DSG deficits. The SV programme was introduced in 2020 and targets the authorities with the highest percentage deficits. The DBV programme, introduced in 2022, targets authorities with slightly smaller deficits. In addition, the Education and Skills Funding Agency (ESFA) is working with the remaining authorities that have DSG deficits. The purpose of all three programmes is that participating authorities will establish sustainable high needs budgets.

Whilst Trafford is not part of the SV and DBV programmes, we meet with representatives from the Education & Skills Funding Agency team within the DfE, to present our current position as detailed in the deficit management plan and discuss the actions we are taking to mitigate against the increased spend.

The DSG deficit management plan requires 2 versions to be calculated: mitigated and unmitigated. The mitigated forecast is after accounting for the cost reduction and/or invest to save measures in place. The unmitigated forecast is prior to accounting for any cost reduction and/or invest to save measures in place; a 'do nothing' forecast and assumes numbers and costs will continue to rise at current levels.

The tables below set out both positions.

Unmitigated HNB position

	2024/25 (£m)	2025/26 (£m)	2026/27 (£m)
HNB Grant	42.288	43.566	44.863
Projected spend	52.637	57.961	64.281
In-year deficit	10.349	14.405	19.418
Cumulative deficit	21.698	36.103	55.521

Mitigated HNB position

	2024/25 (£m)	2025/26 (£m)	2026/27 (£m)
HNB Grant	42.288	43.556	44.863
Projected spend	51.229	54.176	58.562
In-year deficit	8.941	10.620	13.699
Cumulative deficit	20.290	30.910	44.609

Assumptions of growth in HNB funding are as follows:

Assumptions	2024/25	2025/26	2026/27
HNB funding growth	3%	3%	3%

4. Growth in Education, Health & Care Plans

Pressure on the HNB in Trafford is directly related to the increasing number of children and young people with an Education, Health and Care Plan (EHCP).

The number of school-aged children and young people with an EHC plan has increased over the last 2 years by 19% and Trafford's percentage of EHC plans is higher than the national figure at 4.8%. (Nat 4.2%) The highest number of young people with an EHC plan are in the North and West localities of the borough.

10.8% of pupils are being support through SEN Support, which is below the national average. (Nat 12.9%).

5. DSG HNB Deficit Management Plan update

Contained within the HNB Deficit Management Plan submitted to the DfE are a number of mitigating items Trafford are implementing to reduce the pressure on the High Needs Block. These focus on 2 key areas: managing demand and increasing sufficiency.

6. Managing the demand for EHC Plans: Preventative Support

a. Early Years and Early Identification

Reducing costs through managing demand for EHC plans has involved rolling out the Graduated Approach to SEND across all our Early Years settings and schools aimed at the early identification of children's needs and delivery of appropriate support. There has been an increase in demand for EHCPs for children who are

in the 0-7 age group, many of whom have speech and communication needs possibly linked to the impacts of reduced socialisation during the COVID-19 pandemic.

Every child in Trafford has a named Health Visitor and targeted support is provided to families with a child with SEND when needed. Specialist health visitor support is offered with children with significant needs via the **Trafford Early Development Service (TEDS)** which provides home-based portage outreach support to those aged 0-4years and liaises with early education settings where appropriate.

To further enhance early identification of emerging need and consistency of approach, a new Integrated Approach to the 2-2.5-year developmental review has been co-produced and is being rolled out borough wide.

Our **multiagency SEND Panel for Early Years** is proactively used to allocate funding to early education settings for eligible 2 and 3-year-old children to support access and inclusion of the early education entitlement with funding level being allocated in line with need. Support and provision have increased year on year with 174 children supported via their early education setting to date this academic year (September - June). Recent changes have included an enhanced transition grant for children with complex needs to ensure children can access early education as soon as possible whilst provision maps and plans are co-produced.

Trafford is actively involved in the Greater Manchester Early Years Delivery Model (EYDM), an integrated model with specific points of contact with the baby/child and family. Trafford's Early Years **Speech, Language and Communication pathway** is well developed with support offered at universal, targeted and specialist level. The use of WellComm/ Big Book of Ideas along with the Trafford Assessment of Speech Sounds (TASS) at a universal level across all group based private, voluntary, and independent settings and school nurseries ensures early identification of need and support is available to all children.

We are also developing and evolving our social emotional wellbeing and development pathway. A **'Feel Good' Early Years programme** is in place for early education settings to help support and identify emerging social and emotional needs. This incorporates the evidence-based assessment ASQ3 (SE) and the Emotional Literacy Support Assistant (ELSA) approach which has been co-produced with early years practitioners specifically for use with early years children.

b. Support in schools

The Local Authority SEND Inclusion Services is made up of Educational Psychology Service (EPS), SEN Advisory Service (SENAS) and Sensory impairment support Service (TSISS).

SENAS offer specialist advice relating to Autism and Social Communication, Physical and Medical Needs, Specific Learning Difficulties. The service works collaboratively with SENCOs in Trafford and we have recently funded Cluster Lead SENCOs to provide SEND development work to our schools. They have seconded time with the aim of improving consistency of SEN Support processes and provision across Trafford starting with effective provision mapping and leading on moderation of SEN support and Requests for EHC.

Moving forward SENCOs will be supported by SENAS to moderate their SEN support plans and we will develop quality assurance processes for EHC needs assessment requests.

In response to the increased demands around Social and Emotional Mental Health needs, the EPS offer is inclusive of evidenced-based programmes to schools to build capacity and a whole school approach to emotional health and wellbeing.

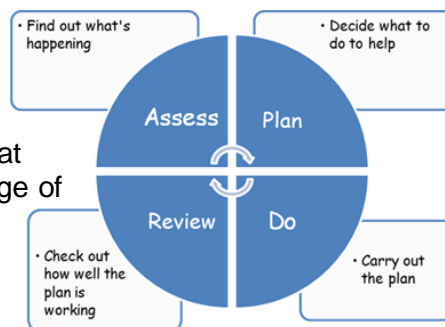
As part of our commitment to develop Trafford schools to be autism-friendly, we submitted a successful bid to Greater Manchester to take forward the Autism in Schools work. The aim of the project is to develop autism friendly practice, parent support groups and peer support for pupils. This will ultimately be implemented in 6 schools in Trafford.

We have also implemented Mental Health Support Teams across 33 schools with a further roll-out in train.

c. Ordinarily Available Provision

Ordinarily Available Inclusive Provision is the range of activities, opportunities and strategies that are offered as basic good practice to meet a range of additional needs without the need for a formal diagnosis or specialist support.

It is expected that most children will have their needs met by universal and mainstream services through an ethos of best practice and reasonable adjustments in line with the SEND Code of Practice. Ordinarily Available Inclusive Provision guidance sits within the universal section of Trafford’s Graduated Approach.



Currently, an Early Years version has been developed in collaboration with Early Years professionals, practitioners, health colleagues, parents and Information Advice and Support Officers from across Greater Manchester and a Primary School version will be prioritised next.

d. Trafford’s Inclusion Charter and the work of the Inclusion Collaborative

The Inclusion Charter will be a framework around which schools, colleges and the local authority can fulfil a shared commitment to inclusion.

The chart below, highlights the number of pupils with an EHC Plan across the different year groups. This reflects the spike in the number of requests and issued plans at the end of Key Stage 2 in readiness for transition into secondary school.

Continuing to prioritise inclusive practice in Trafford is key to reducing the demand for EHC Plans and building parental confidence in our secondary sector. This will be achieved through the development of high-quality training, self-evaluation materials and an evidence-based design process. The Trafford collaborative group of professionals will work together to design, deliver and reflect on this work.

The expectation is that traction on this change programme will be realised in the 2023/24 academic year.

e. Establishing a robust workforce strategy to strengthen quality of SEN Support

To build confidence and trust in the quality of SEN Support, a robust workforce strategy for all partners is required. This will be a priority across the SEND Partnership this year.

Currently we know that Autism and SEMH are growing needs and long waiting time for diagnosis can compound some of the challenges. There is support available through SENAS, MHST in schools and the Autism in Schools Project, but this is

not available to all schools and children/young people and there is variation in the take-up of the training offer. A Strategy will be informed by the lived-experience of our children and families and will be co-produced by partners to ensure it is cohesive, joined-up, evidence-based and impactful.

We have funded 6 lead SENCOs who will also support the quality assurance of SEN Support provision in schools with an aim to improve consistency of planning, provision-mapping and practice. This includes the quality assurance of requests for assessments.

7. **Sufficiency Planning**

The Council has a statutory duty to secure sufficient school places that meet the needs of children and young people with special educational needs and disabilities (SEND). To support the achievement of this duty the Council has received an allocation of £4.729m High Needs Capital Provision for 2022/23 and £3.680m for 2023/24.

In Trafford, children with additional needs benefit from excellent mainstream and special school provision. However, there is very limited capacity to meet increasing demand for places in both primary and secondary settings in the future.

Our strategic priorities are to increase capacity within local specialist provision, including small specialist classes within mainstream schools, to meet the increasing demands for places. We are committed to supporting our schools and settings within the borough to meet this increasing demand as we believe that local provision offers the best outcomes for the children and young people of Trafford. This fits with our commitment to the Trafford Inclusion Charter and the aims of the DfE's SEND/AP Improvement Plan.

Small specialist classes (SSC) have been developed to make sure most pupils with complex special educational needs can have their additional needs met within a mainstream school. These classes are usually for around 10 pupils with an Education, Health and Care Plan (EHCP). Staff are experienced and trained in the specialism of each class as well as general special and additional needs. Pupils from the SSC often spend time in the mainstream classes in the school when they show themselves able to cope with the social and educational demands of this provision in particular areas of the curriculum, and they are fully integrated into general school life.

Below is an overview of the **pre-16 placement** provision in Trafford currently:

SSC/Resourced provision	Number of places Sept 23	Specialist provision	Number of places Sept 23
Acre Hall Primary	30	Delamere	119
Barton Clough Primary	20	Pictor	114
Firs Primary	20	Orchards	120
Moorlands Juniors	10	Longford Park	75
Wellfield Infants	8	Brentwood	96
Wellfield Juniors	10	Manor	164
Lostock School	30	Egerton	64
Wellington School	22		
Total	150	Total	752

Below are tables which illustrate the average costing of placements for SEND provision.

A. Trafford Special Schools

2024/25	Top-ups	Place Funding	Total
	£	£	£
Pictor	14,243	10,000	24,243
Delamere	11,845	10,000	21,845
Brentwood	12,803	10,000	22,803
Longford Park	9,733	10,000	19,733
Egerton	15,105	10,000	25,105
Manor	8,239	10,000	18,239
Orchards	10,087	10,000	20,087

These are the budgeted average costs of pupils in Trafford special schools in 2024-25. Each pupil has a primary need descriptor and the funding for the pupils depends on the value attached to those descriptors. The £10k place funding is set by Department for Education and has not increased for a number of years. Special schools face large inflationary pressures, not least because teaching assistants have had 10% increases for the last 2 years.

B. Costs in settings excluding Trafford schools and academies

Pre 16	Total cost	Average cost
	£	£
NMSS (including StJV)	1,819,441	41,351
Independent Special Schools	3,337,261	52,145
Other LA Special Schools	198,128	11,007
Other LA Mainstream	458,263	5,801
Alternative Provision	161,595	17,955
TOTALS	5,974,688	27,919

C. Costs in settings excluding Trafford schools and academies

Post 16	Total cost	Average cost
Trafford College	557,926	12,680
Other Post 16 colleges	770,507	8,197
Alternative Provision	668,758	15,553
OLA Schools	75,308	7,531
NMSS (including StJV)	306,547	30,655
Independent Special Schools	661,799	66,180
Specialist Provision	1,301,972	68,525
TOTALS	4,342,817	18,882

D. Total cost projections in non-Trafford schools (pre and post 16)

The adjusted costs below have factored in the additional SSC places that have been created and the reduction in prices due to improved commissioning arrangements.

Financial year	Cost	Average cost
2023/24	14,028,858	16,943
2024/25	15,894,696	17,451
2025/26	18,008,691	17,975
2026/27	20,403,847	18,514

E. Trafford Mainstream Top-ups (pre-16)

The adjusted costs below have factored in mitigations to bring down the cost and volume of EHCPs

Year	Numbers	Total amount (£m)	Average cost (£)
2018/19	720	2,934	4,073
2019/20	790	3,562	4,509
2020/21	921	4,130	4,484
2021/22	971	4,724	4,865
2022/23	1,093	5,859	5,360

2023/24	1,012	8,053	7,957
2024/25	1,144	8,270	7,229
2025/26	1,190	9,101	7,649
2026/27	1,237	10,032	8,107

What we are seeing is requests for the higher band funding increasing.

The table below illustrates the allocation of capital funding to the various schemes:

HIGH NEEDS (SEND) CAPITAL PROVISION PROGRAMME – TABLE 2		£m
Allocation c/f from previous report (Jul '21)		0.122
Savings/overspend from previous SEND capital & High Needs capital schemes		0.132
2022-23 allocation		4.729
2023-24 allocation		3.680
Total		8.663
School	Work	Estimated Cost £m
Brentwood School	Adaptations to 2 classrooms for Year 7 cohort	0.044
Delamere School	Creation of nurture space for individual	0.060
High Needs Service	Robots to support remote access to the classroom	0.016
Brentwood School	Expansion of 45 places and option to consider individualised learning spaces	4.400
Longford Park School	Phase 2 – Creation of a further 2 classroom spaces for 16 pupils	0.540
Egerton School	Creation of sixth form provision	2.700
Primary School in Central	EOI- Additional Small Specialist Class – KS1 & KS2	0.640
Primary School in North	EOI- Additional Small Specialist Class – KS1 & KS2	0.250
		£m
Total Cost of schemes to be approved		8.650
Total Allocation Available		8.663
Balance still to allocate		0.013

As part of the SEND Ambitions Plan, a sufficiency strategy is being developed to scope out further potential projects to meet anticipated needs dependent on the financial envelope available to us.

8. Strengthened Commissioning Arrangements

We have undertaken a number of needs analysis and commissioning activity to help inform what more we need to do to meet the needs of our children and families and to

drive forward our joint commissioning activity including an Early Help Needs analysis that provides a review of the effectiveness of existing LA commissioned contracts.

In addition, we are developing a Dedicated SEND Needs Analysis and a SEND Commissioning strategy that is overseen through a joint commissioning steering group. We are actively working towards this being a 3-year strategy recognising the challenging financial climate and level of change required across the system.

Changes that we have adopted to strengthen our system wide governance and to ensure strong connectivity with the integrated care board arrangements have included reshaping our dedicated Children's Commissioning Board, that reports directly into the Trafford Locality Board (our local ICB arrangements). This is aimed at promoting a whole system line of sight to commissioning and transformation activity, including funding pressures and the SEND system.

9. Conclusion

The main risk against this budget remains the rising number of children and young people with Education, Health and Care Plans (EHCPs).

There also remains the risk of rising inflation prices for SEND provision in out of borough and independent settings where provisions are also seeking over inflationary prices to deal with pressures. However, this can be partly mitigated by strengthening effective commissioning arrangements.

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Audit Progress Report

Trafford Metropolitan Borough Council

Accounts and Audit Committee March 2024

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2. National publications

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01

Section 01:

Audit Progress and Audit Planning

Audit progress

Purpose of this report

This report provides the Audit Committee's 19th March 2024 meeting with an update on the status of the 2022/23 Audit

Financial Statements (2022/23)

The 2022/23 Council's accounts were published on 30th November 2023. The audit of the 2022/23 accounts has yet to commence as we are awaiting the outcome of the consultation process on the government's proposal to clear the backlog in local government audits.

In late February, the Department for Levelling up, Housing and Communities (DLUHC) published a joint statement setting out the proposals to clear the backlog. The joint statement and the full consultation proposals, which ran until 7 March 2024, can be found using the following links:

[Local audit delays: Joint statement on update to proposals to clear the backlog and embed timely audit - GOV.UK \(www.gov.uk\)](#)

<https://www.gov.uk/government/consultations/addressing-the-local-audit-backlog-in-england-consultation/addressing-the-local-audit-backlog-in-england-consultation>

The consultation proposes putting a date in law of the 30th September 2024 (the "backstop date"), by which point local bodies would publish audited accounts for all outstanding years up to and including 2022/23. The report notes that the backstop date coming into effect is likely to be a factor in local auditors issuing a greater number of modified or disclaimed opinions on outstanding accounts, where there is not enough time to complete all audit work before the deadline. It is auditors' statutory duty to report on Value for Money (VFM) arrangements, this remains a high priority in governments' proposals.

To ensure that delays do not re-emerge once the backlog of local body audit opinions has been cleared, DLUHC proposes to put further backstop dates into law for the publication of audited accounts by local bodies. These would cover the five-year audit appointments awarded in 2022 by Public Sector Audit Appointments (PSAA) running from financial years 2023/24 to 2027/28. The backstop date for the audit of the 2023/24 accounts is proposed to be 31 May 2025. The measures are being suggested as a way for auditors to rebuild assurance over several audit cycles, as a result of the anticipated increase in modified and disclaimer opinions, due to the backstop date.

Furthermore, the National Audit Office have launched a four-week consultation seeking views on changes to the Code of Audit Practice, which sets out how local auditors in England meet their responsibilities under the Local Audit and Accountability Act 2024. One of the consultation proposals is that the Auditor's Annual Report is published each year by 30 November and summarises the audit work completed in the previous 12 months. The NAO consultation also ran until 7 March 2024 and can be found using the following link:

[Code of Audit Practice Consultation - National Audit Office \(NAO\)](#)

Following the completion of the consultation process we will discuss with management the impact on the audit of the 2022/23 financial statements and will report the outcome to the Committee.

Audit progress

Value for Money Arrangements (2022/23 and 2023/24)

As part of the consultation the NAO have included a proposal for a fixed annual deadline of 30 November for publication of the Auditor’s Annual Report, which contains our commentary on the arrangements the Council has in place to secure value for money.

A fixed date may mean that, due to the proposed deadlines for publication of audited accounts for financial years 2023/2024 to 2027/2028, we issue our annual report before we have completed the audit of the financial statements. The NAO’s proposals are that the Auditor’s Annual Report includes all audit work completed in the previous 12 months. We are keen to report our commentary on the Council’s value for money arrangements on a timely basis and well in advance of the NAO’s proposed November deadline. With that in mind we intend to complete our work on the Council’s arrangements for 2022/23 and 2023/24 together and will report the outcome as soon as is practically possible. We will discuss the timing of the work with management and will report the timetable and outcome of the work to the Accounts & Audit Committee.

02

Section 02:

National publications

National publications

	Publication/update	Key points
National Audit Office		
1	NAO Report: Condition of school buildings	The NAO has published its report Condition of school buildings which examines whether the Department for Education (DfE) is achieving its objective to ensure the school estate in England contains the safe and well-maintained school buildings that it regards as essential for a high-quality education.
2	NAO report – Investigation into the homes for Ukraine scheme	The NAO has published its investigation into the Homes for Ukraine scheme. The UK government launched the Homes for Ukraine scheme (the scheme) on 14 March 2022, following the Russian invasion of Ukraine in February 2022. The scheme enables people in the UK to act as sponsors for Ukrainian nationals and their families seeking refuge from the war, with individuals being granted three-year visas to stay in the UK, with full access to public services, benefits, and other support.
3	NAO insight - Financial management in government: strategic planning and budgeting	The NAO has published a good practice guide in financial management. The guide is aimed at senior finance leaders in government departments and other public bodies. It sets out the first stage in the financial management lifecycle: strategic planning and budgeting.
4	NAO report - Approaches to achieving net zero across the UK	The NAO has published its report on Approaches to achieving net zero across the UK. This report is a joint piece of work between the public audit offices of the four UK nations – Audit Scotland, Audit Wales, NAO and Northern Ireland Audit Office – and has been produced with engagement from each respective government or administration. It sets out the UK and devolved governments' legislation, policy, strategy, governance and monitoring arrangements, relevant to achieving net zero greenhouse gas emissions.
5	NAO Report Reforming adult social care in England	In 2019, the government promised to “fix the crisis in social care”. Following the COVID-19 pandemic, in September 2021 Department of Health & Social Care (DHSC) published Build Back Better: Our Plan for Health and Social Care. The NAO report looks at how DHSC is responding to the challenges facing adult social care in England, and its progress with delivering the reforms set out in the 2021 white paper.
6	NAO Departmental overviews	The NAO has published the following department overviews. They summarise the key information and insights that can be gained from the NAO's examinations of the departments and related bodies in the sector in England and annual reports and accounts.

National publications

	Publication/update	Key points
7	NAO report: Resilience to flooding	The NAO last reported on government's management of flood risk in November 2020. This report looks at the government's long-term ambition "to create a nation more resilient to future flood and coastal erosion risk" and, in the more immediate term, whether the Department for Environment, Food, & Rural Affairs (Defra) and the Environment Agency (EA) are delivering value for money after two years of the capital programme. The report assesses Defra's progress against the backdrop of its 2020 policy statement and EA's 2020 strategy and EA's performance in maintaining existing flood defence assets.
8	NAO Departmental overview: Education	The NAO has published its Departmental overview for Education which supports the Education Committee in its examination of the Department for Education's (DfE's) spending and performance. It summarises information and insights gained from examinations of the DfE and related bodies across the sector in England and the DfE's annual report and accounts.
9	NAO Departmental overview: Department for Work and Pensions 2022-23	The NAO has published its Departmental Overview of the Department for Work and Pensions (DWP) 2022-23. DWP spent more than £240 billion in 2022-23 to deliver welfare, pensions and child maintenance policy. The overview summarises information and insights gained from the NAO's examinations of DWP and related bodies and DWP's annual report and accounts.
10	NAO Insight: Overcoming challenges to managing risks in government	The NAO has published a guide Overcoming challenges to managing risks in government aimed at senior leaders and risk practitioners across government.
11	NAO Departmental Overview: Cabinet Office 2022-23.	The NAO has published its departmental overview of the Cabinet Office 2022-23. It summarises the key information and insights that can be gained from the NAO's examinations of the Cabinet Office and related bodies across the sector in England and the Cabinet Office's annual report and accounts.
12	NAO Departmental overview: Department for Levelling Up, Housing & Communities 2022-23	The NAO has published the Departmental Overview: Department for Levelling Up, Housing & Communities (DLUHC) 2022-23. It summarises the key information and insights that can be gained from the NAO's examinations of DLUHC and related bodies in the sector in England and DLUHC's Annual Report and Accounts.
13	NAO insight: Good practice in annual reporting	The NAO has published a good practice guide on annual reporting which sets out principles of annual reporting. The guide showcases real-world examples of good practice for annual reporting from organisations from the public, private and charity sectors, who are leading the way.
14	NAO insight: Whistleblowing in the civil service	The NAO has published a guide for people who deal with whistleblowers, investigate concerns or manage whistleblowing processes in government organisations.

National publications

	Publication/update	Key points
Other		
15	Consultation on changes to statutory guidance and regulations: Minimum Revenue Provision	DLUHC consulted on the statutory guidance and final form of the Minimum Revenue Provision Regulations.
16	Call for views on new local authority capital flexibilities	DLUHC sought views on a set of options with respect to capital flexibilities and borrowing, to be managed locally, that could be used to encourage and enable local authorities to invest in ways that reduce the cost of service delivery and provide more local levers to manage financial resources.
17	HM Treasury consultation: Non-investment Asset Valuation – Exposure Draft	Draft HM Treasury has published its consultation on proposals for changes that will affect Financial Reporting Manual (FReM) adaptations and interpretations of International Accounting Standard 16 Property Plant and Equipment (IAS 16) and adaptations of International Accounting Standard 38 Intangibles (IAS 38), in respect of the measurement of assets.
18	HM Treasury consultation: Phase 2 Exposure Draft for Task Force on Climate-related Financial Disclosure (TCFD) -aligned disclosure in annual Reports	HM Treasury has published its consultation on new climate-related financial disclosures in entity-level annual reports that align with the Task Force on Climate-related Financial Disclosure (TCFD) recommendations.
19	FRC's report on the quality of major local audits	The Financial Reporting Council (FRC) has published its report on the quality of major local audits which summarises the FRC's regulatory approach for financial years up to and including the year ended 31 March 2023 and sets out the findings from the 2022-23 inspections cycle.

National Publications

1. NAO report - Condition of school buildings

The NAO has published its report Condition of school buildings which examines whether the Department for Education (DfE) is achieving its objective to ensure the school estate in England contains the safe and well-maintained school buildings that it regards as essential for a high-quality education. The evaluative criteria for assessing value for money include whether DfE has:

- a good understanding of the condition of school buildings
- appropriate arrangements to allocate funding for school buildings in line with need
- effective ways to support the sector.

The report covers:

- the school system and DfE's overarching school building maintenance approach (Part One)
- DfE's understanding of the condition of school buildings (Part Two)
- how DfE matches funding to need (Part Three).

Conclusions:

DfE is accountable for providing those bodies responsible for school buildings with the funding and support to enable them to meet their responsibility to ensure school buildings are safe and well maintained. Following years of underinvestment, the estate's overall condition is declining and around 700,000 pupils are learning in a school that the responsible body or DfE believes needs major rebuilding or refurbishment.

Most seriously, DfE recognises significant safety concerns across the estate, and has escalated these concerns to the government risk register.

Although it has made progress in the last year, DfE currently lacks comprehensive information on the extent and severity of these safety issues, which would allow it to develop a longer-term plan to address them. It has announced that, where RAAC is identified in schools, it will provide funding to mitigate any immediate risk.

[Condition of school buildings - National Audit Office \(NAO\) report](#)

National Publications

Publications continued

2. NAO Report – Investigation into the Homes for Ukraine Scheme

The NAO has published its investigation into the Homes for Ukraine scheme. The UK government launched the Homes for Ukraine scheme (the scheme) on 14 March 2022, following the Russian invasion of Ukraine in February 2022. The scheme enables people in the UK to act as sponsors for Ukrainian nationals and their families seeking refuge from the war, with individuals being granted three-year visas to stay in the UK, with full access to public services, benefits, and other support.

Any adult is able to act as a sponsor providing they pass eligibility checks conducted by the Home Office and local authorities. Sponsors must commit to hosting for a minimum of six months and can claim thank you payments from government for providing suitable accommodation for Ukrainians to live in of £350 per month for the first 12 months, and then £500 for the next 12 months. In addition, the local authority where the sponsor is based receives a one-off payment of £10,500 per arrival (reduced to £5,900 for all arrivals after 31 December 2022) to help with support and integration needs.

The scheme is jointly run by the Department for Levelling Up, Housing & Communities (DLUHC) and the Home Office, who established a joint taskforce in March 2022. The Home Office primarily leads on operational matters relating to the processing of visas and checks on the suitability of the sponsor. DLUHC leads on all aspects of the scheme from the point of arrival of Ukrainians into the UK, working closely with local authorities and devolved governments.

Scope of the report

The first people to arrive in the UK under the scheme are now halfway through their permitted stay, and the emergency phase of the UK government's response to the Ukraine refugee crisis has come to a close. This report aims to increase transparency by taking stock of what has been achieved to date, for what cost, and what can be learned. The report sets out:

- how the scheme was set up at speed and the scheme objectives
- arrival numbers and the checks conducted on applicants and sponsors
- the funding provided
- challenges and future risks with the scheme

This investigation does not seek to examine and report on the value for money of the scheme.

[Investigation into the Homes for Ukraine scheme - NAO report](#)

National Publications

Publications continued

3. NAO insight - Financial management in government: strategic planning and budgeting

The NAO has published a good practice guide in financial management aimed at senior finance leaders in government departments and other public bodies. It sets out the first stage in the financial management lifecycle: strategic planning and budgeting. Planning in a strategic and realistic way gives organisations the best chance to thrive – to help inform trade-offs and operate in an effective and efficient way.

The guide outlines how finance leaders can plan strategically and realistically to:

- Align strategy and planning
- Make planning inclusive
- Plan dynamically
- Address optimism bias
- Deal with risk and uncertainty

The insights have been drawn from NAO reports, the experiences of NAO audit teams, and the thoughts of a range of senior finance decision-makers.

[Financial management in government: strategic planning and budgeting - NAO insight](#)

National Publications

Publications continued

4. NAO report - Approaches to achieving net zero across the UK

The NAO has published a report – Approaches to achieving net zero across the UK. This report is a joint piece of work between the public audit offices of the four UK nations – Audit Scotland, Audit Wales, NAO and Northern Ireland Audit Office – and has been produced with engagement from each respective government or administration. It sets out the UK and devolved governments' legislation, policy, strategy, governance and monitoring arrangements, relevant to achieving net zero greenhouse gas emissions.

This work has several aims:

- To set out how the responsibilities and powers for achieving the net zero target are split between the UK government and each of the devolved governments.
- To provide insight and stimulate public discussion on each UK nation's overall approach to achieving net zero.
- To support the scrutiny of governments' arrangements to achieve net zero.
- To lay the foundations for potential further work on climate change by the UK's public audit offices.

The report include the following key themes:

- The four nations have different emissions profiles and varied approaches to achieving net zero, but the choices they make must ultimately deliver net zero at the UK level.
- Given the different net zero targets, carbon budgets and policies across the nations, there will be opportunities for the governments to learn from each other.
- Achieving net zero in any one nation depends on UK-level action, and vice versa.
- Effective working relationships and close engagement between the UK and devolved governments will be vital to achieving the overall aim of net zero.

<https://www.nao.org.uk/reports/approaches-to-achieving-net-zero-across-the-uk/>

National Publications

Publications continued

5. NAO report - Reforming adult social care in England

Following the COVID-19 pandemic, in September 2021 Department of Health & Social Care (DHSC) published Build Back Better: Our Plan for Health and Social Care. The NAO report looks at how DHSC is responding to the challenges facing adult social care in England, and its progress with delivering the reforms set out in the 2021 white paper. The report examines:

- key pressures and challenges in adult social care in England;
- DHSC's response to increasing pressures in adult social care during 2022; and
- how DHSC is delivering reform and progress against its commitments

The report concludes that DHSC's 10-year vision for adult social care reform was broadly welcomed by the sector as a step forward. But rising inflation compounded long-standing pressures and led DHSC to re-prioritise money and activity to provide local authorities and care providers with some much-needed financial stability.

The sector remains challenged by chronic workforce shortages, long waiting lists for care and fragile provider and local authority finances. Although there are some early signs of improvement in some of the areas, it remains to be seen whether these trends will continue and at what cost.

Two years into its 10-year plan, DHSC has delayed its charging reforms, scaled back system reform, and is behind on some aspects of its revised plan. It has a long way to go if it is to deliver its ambitions. If DHSC is to successfully reform adult social care, it will need to manage some significant risks, including its own capacity and that of local government to resume charging reform activity alongside system reform.

To maximise its chances of succeeding, DHSC will need to make sure it understands how the different strands of its reforms relate to each other, and the cumulative impact on local authorities and other stakeholders. It must be clear what the critical steps are, manage delivery against those closely and put in place governance needed to manage delivery risks effectively.

Adult social care reform has been an intractable political challenge for decades, and in 2019 DHSC raised expectations that it would be addressed. Working with the sector, DHSC now needs to demonstrate how it is delivering on these plans.

[Reforming adult social care in England - NAO report](#)

National Publications

Publications continued

6. NAO Departmental overviews

The NAO has published the following department overviews. They summarise the key information and insights that can be gained from the NAO's examinations of the departments and related bodies in the sector in England and annual reports and accounts:

Department for Transport: Spends £41 billion each year to support the transport network that helps get people and goods travelling around the UK

Home Office: Spends some £25 billion each year with the aims of keeping UK citizens safe and our borders secure, reducing crime; tackling terrorism; enabling the legitimate movement of people and goods to support economic prosperity; and tackling illegal migration.

<https://www.nao.org.uk/overviews/department-for-transport-2022-23/>

<https://www.nao.org.uk/overviews/departmental-overview-2022-23-home-office/>

National Publications

Publications continued

7. NAO report: Resilience to flooding

The NAO last reported on government's management of flood risk in November 2020. This report looks at the government's long-term ambition "to create a nation more resilient to future flood and coastal erosion risk" and, in the more immediate term, whether the Department for Environment, Food, & Rural Affairs (Defra) and the Environment Agency (EA) are delivering value for money after two years of the capital programme. The report assesses Defra's progress against the backdrop of its 2020 policy statement and EA's 2020 strategy and EA's performance in maintaining existing flood defence assets.

The report covers:

- the government's long-term ambition and objectives and Defra's governance, understanding and management of flood risk
- progress on the capital programme to build new flood defences and risks to future delivery
- EA's performance in maintaining flood defence assets

The report concludes that to combat the growing dangers from flooding, the government has doubled its capital funding in England for the six years to 2027. To manage the larger capital programme and record levels of investment, Defra has intensified its scrutiny and is taking steps with EA to develop a more granular understanding of flood risk.

However, the capital funding is forecast to deliver protection to far fewer properties by 2027 than was promised when the capital programme was launched. Due to underspending in the first two years of the programme, EA will need to achieve record levels of investment in the remaining four years of the programme to spend the full £5.2 billion allocated to the programme. There is a risk that value for money will be further eroded if projects are accelerated or new projects are introduced too quickly to meet this level of investment.

On top of this, EA's maintenance of its assets is not optimising value for money. For the lack of £34 million in annual maintenance funding for 2022-23, more than 200,000 properties are at increased risk of flooding. At the same time, EA underspent by £310 million in the first two years of the capital programme.

Neither Defra nor EA assessed whether using some of this underspend to meet the shortfall in its maintenance budget in 2022-23 would have provided better value for money than deferring it to later in the capital programme.

The government acknowledges that building new flood defences and maintaining existing ones is no longer enough and that a wider range of interventions is now needed to build resilience against increasing flood risk. Although the government's vision for flood resilience stretches to the year 2100 and EA has a number of strategic objectives for 2050, it has not set a target for the level of flood resilience it expects to achieve and has not mapped out any solid plans beyond 2026 to bridge the gap between its shorter-term actions and long-term objectives. This will make it difficult for the government to make rational and informed decisions about its priorities, measure its progress or plan effective investment for the long term.

<https://www.nao.org.uk/reports/resilience-to-flooding/>

National Publications

Publications continued

8. NAO Departmental overview: Education

The NAO has published its Departmental overview for Education which supports the Education Committee in its examination of the Department for Education's (DfE's) spending and performance. It summarises information and insights gained from examinations of the DfE and related bodies across the sector in England and the DfE's annual report and accounts. In 2022-23, the DfE spent £83 billion to meet its responsibilities for children's services and education, including early years, schools, further and higher education policy, apprenticeships, and wider skills in England.

<https://www.nao.org.uk/overviews/department-for-education/>

9. NAO Departmental overview: Department for Work and Pensions 2022-23

The NAO has published its Departmental Overview of the Department for Work and Pensions (DWP) 2022-23. DWP spent more than £240 billion in 2022-23 to deliver welfare, pensions and child maintenance policy. The overview summarises information and insights gained from the NAO's examinations of DWP and related bodies and DWP's annual report and accounts.

[Department for Work and Pensions 2022-23 - NAO overview](#)

10. NAO Insight: Overcoming challenges to managing risks in government

The NAO has published a guide Overcoming challenges to managing risks in government aimed at senior leaders and risk practitioners across government.

The guide outlines 10 approaches to overcome these challenges and each approach is supported by an outline of why this is a priority for government; case studies and quotes; and practical tips.

The guide has been drawn from insights from NAO's reports and insight teams, as well as the thoughts of a range of leaders and practitioners from NAO audited bodies and external organisations across industry and academia.

<https://www.nao.org.uk/insights/overcoming-challenges-to-managing-risks-in-government/>

National publications

Publications continued

11. NAO Departmental overview: Cabinet Office

The NAO has published its departmental overview of the Cabinet Office 2022-23. As a central department, the Cabinet Office performs various strategic and coordinating functions – in particular, overseeing how departments implement Cabinet decisions and the Prime Minister’s priorities. It also has responsibility for key strategic policy areas such as national security, and for providing direction to departments to improve how they operate.

The Cabinet Office spends approximately £1 billion each year to support the Prime Minister and Cabinet, to lead and coordinate the government’s response to cross-departmental challenges and to act as the corporate headquarters for the government.

[Cabinet Office 2022-23 - National Audit Office \(NAO\) overview](#)

12. NAO Departmental overview: Department for Levelling Up, Housing & Communities 2022-23

The NAO has published the Departmental Overview: Department for Levelling Up, Housing & Communities (DLUHC) 2022-23. It summarises the key information and insights that can be gained from the NAO’s examinations of DLUHC and related bodies in the sector in England and DLUHC’s Annual Report and Accounts. DLUHC spends around £33 billion each year to support people, places and communities.

[Department for Levelling Up, Housing & Communities 2022-23 - NAO overview](#)

National publications

Publications continued

13. NAO insight: Good practice in annual reporting

The NAO has published a good practice guide on annual reporting which sets out principles of annual reporting grouped into four areas:

- Supporting accountability
- Transparency
- Accessibility
- Understandability

The guide showcases real-world examples of good practice for annual reporting from organisations from the public, private and charity sectors, who are leading the way.

[Good practice in annual reporting - National Audit Office \(NAO\) insight](#)

14. NAO insight: Whistleblowing in the civil service Communities 2022-23

The NAO has published a guide for people who deal with whistleblowers, investigate concerns or manage whistleblowing processes in government organisations for example those who might:

- work in HR policy
- work in a team that oversees progress with whistleblowing cases
- design whistleblowing processes
- be the first point of contact for whistleblowers who raise concerns by email or phone
- investigate concerns raised by whistleblowers
- be a nominated officer or senior member of staff that people can raise concerns with

Every organisation is different, so there is no single approach to follow for improving whistleblowing. This guide is not a comprehensive list of everything but it does set out areas to be mindful of and what other organisations find helps them.

[Whistleblowing in the civil service - NAO insight](#)

National publications

Publications continued

15. Consultation on changes to statutory guidance and regulations: Minimum Revenue Provision

DLUHC consulted on the statutory guidance and final form of the Minimum Revenue Provision Regulations. Further details and the consultation itself can be found here:

[Consultation on changes to statutory guidance and regulations: Minimum Revenue Provision - Department for Levelling Up, Housing and Communities - Citizen Space](#)

The consultation closed on 16 February 2024 however the link provides information on the key issues that were consulted on.

16. Call for views on new local authority capital flexibilities

DLUHC is sought views on a set of options with respect to capital flexibilities and borrowing, to be managed locally, that could be used to encourage and enable local authorities to invest in ways that reduce the cost of service delivery and provide more local levers to manage financial resources.

[Call for views on new local authority capital flexibilities - Department for Levelling Up, Housing and Communities - Citizen Space](#)

The consultation closed on 31 January 2024 however the link provides information on the key options that were consulted on.

17. HM Treasury consultation: Non-investment Asset Valuation – Exposure Draft

Draft HM Treasury has published its consultation on proposals for changes that will affect Financial Reporting Manual (FRm) adaptations and interpretations of International Accounting Standard 16 Property Plant and Equipment (IAS 16) and adaptations of International Accounting Standard 38 Intangibles (IAS 38), in respect of the measurement of assets. The changes flow from HM Treasury's thematic review of non-investment asset valuations and the exposure draft covers the whole UK public sector, which is the boundary for the Whole of Government Accounts.

The document contains HM Treasury's proposed changes to the valuation of non-investment assets as discussed and agreed by the Financial Reporting Advisory Board. Its publication forms part of due processes for any such changes. It is a technical document that sets out the rationale for HM Treasury's conclusions, and the detail of proposed changes to the FRm.

[Non-investment Asset Valuation - Exposure Draft 23 \(01\) - GOV.UK \(www.gov.uk\)](#)

National publications

Publications continued

18. HM Treasury consultation: Phase 2 Exposure Draft for Task Force on Climate-related Financial Disclosure (TCFD) -aligned disclosure in annual Reports

HM Treasury has published its consultation on new climate-related financial disclosures in entity-level annual reports that align with the Task Force on Climate-related Financial Disclosure (TCFD) recommendations.

The Phase 2 Exposure Draft addresses the recommended disclosures for the Risk Management and Metrics and Targets pillars of the TCFD framework. These requirements follow on from the TCFD-aligned disclosure application guidance for Phase 1 of TCFD implementation, published in July 2023.

This Exposure Draft covers the whole UK public sector, which is the boundary for the Whole of Government Accounts.

The proposed effective date for central government bodies is 1 April 2024, with Phase 2 disclosures required in annual reports and accounts for 2024-25 on a comply or explain basis. Other public sector bodies should follow the direction from their respective relevant authority. Public sector bodies may choose to voluntarily apply this guidance - in full or in part.

[TCFD-aligned disclosure Exposure Draft for Phase 2 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/tcfd-aligned-disclosure-exposure-draft-for-phase-2)

National publications

Publications continued

19. FRC's report on the quality of major local audits

The Financial Reporting Council (FRC) has published its report on the quality of major local audits which summarises the FRC's regulatory approach for financial years up to and including the year ended 31 March 2023 and sets out the findings from the 2022-23 inspections cycle.

There were six health and four local government audits selected for inspection in the 2022-23 cycle. The audits inspected had year-ends in March (or in one case May) 2021 (local government) and March 2022 (health). For local government audits, inspections were selected from those finished in the 2022 calendar year (regardless of the financial year the audit related to) due to the challenges brought on by the backlog.

Therefore, more audits were inspected from the health sector and as a result, the findings in the report are more indicative of audit quality in the health sector. All financial statement audits were assessed as good or limited improvements required. Areas requiring limited improvements included:

- Audit procedures regarding completeness and accuracy of expenditure.
- On the audit of one NHS Trust, the inspection concluded that audit procedures were not sufficiently tailored to address the impact of backlog maintenance.

In terms of value for money (VfM) inspections, six related to health and three local government bodies. This is less than the number of financial statement audits inspected because the auditor's work on VfM arrangements was not complete on one audit that was inspected. All VfM inspections were assessed as good or limited improvements required. Areas requiring limited improvements included:

- Risk assessment procedures not being performed in a timely manner.
- Not considering the arrangements in place at the body to manage, monitor and oversee its subsidiaries.
- The audit team not updating their initial risk assessment or reporting to consider how the body had achieved its outturn financial position.

[FRC publishes report on the quality of major local audits amid delays in local government](#)

Contact

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Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

*where permitted under applicable country laws.

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TRAFFORD COUNCIL

Report to: Executive

Date: 18th March 2024

Report for: Information

Report of: Executive Member for Finance, Change and Governance and the Director of Finance and Systems

Report Title:

Budget Monitoring 2023/24 Period 10 (April 2023 to January 2024)

Summary:

The purpose of this report is to inform Members of the 2023/24 projected outturn figures relating to both Revenue and Capital budgets. It also summarises the projected outturn position for Council Tax and Business Rates.

The outturn forecast has improved from Period 8 £0.59m underspend to Period 10 £1.60m underspend, a positive movement of £1.01m, in part, because of the management actions introduced during the year to control expenditure.

Recommendation(s)

It is recommended that the Executive:

- a) Note the updated summary positions on the revenue budget and capital programme.

Contact person for access to background papers and further information:

David Muggeridge, 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

	<p>set by the Council when it agreed the budget for 2023/24 at the Council Meeting on 15 February 2023.</p> <p>Revenue and capital expenditure to be contained within available resources in 2023/24.</p>
Legal Implications:	None arising out of this report
Equality/Diversity Implications	None arising out of this report
Sustainability Implications	None arising out of this report
Resource Implications e.g Staffing / ICT / Assets	Not applicable
Risk Management Implications	Not applicable
Carbon Reduction	Not applicable
Health & Wellbeing Implications	Not applicable
Health and Safety Implications	Not applicable

EXECUTIVE SUMMARY

- 1.1. In a change from previous detailed monitoring reports, this Period 10 report focuses on a high level summary of the estimated outturn and significant changes from the Period 8 monitor. A detailed report will resume for the final outturn position.
- 1.2. There is a net projected outturn underspend of £1.60m and a favourable movement of £1.01m from Period 8, largely because of management action plans to control in year spending (see section 1.9 for more detail). Detail of the net revenue outturn is displayed in Table 1 below. An analysis of the net service budget is shown in Table 2 with further details included in Annex 1.

Table 1 – Net Revenue Outturn				
Service Directorate	2023/2024 Budget £000	Outturn £000	Full Year Variance £000	Change from Prior Period £000
Children’s Services	49,056	52,232	3,176	(12)
Adult Services	60,855	58,728	(2,127)	(415)
Public Health	13,374	13,052	(322)	(147)
Place	38,356	38,287	(69)	14
Strategy & Resources	10,605	10,187	(418)	(147)
Finance & Systems	9,671	9,750	79	(70)
Legal & Governance	3,575	3,837	262	10
Total Directorate Budgets	185,492	186,073	581	(767)
Council-wide budgets	24,314	20,632	(3,682)	(248)
Net Service Budgets	209,806	206,705	(3,101)	(1,015)
General Fund Financing	(209,806)	(208,306)	1,500	0
Net Revenue Outturn	0	(1,601)	(1,601)	(1,015)

Table 2 – Analysis of Net Service Budget

	Variance £000	Movement from Prior Period £000
Directorate Budgets		
Children's placements	2,110	174
Children's Home to School Transport	1,012	7
Running costs – S17 payments (Childrens)	839	46
Adult Social Care demand	(638)	(116)
Foster Parents Inflation pressures	252	0
Contribution from Inflation Risk Reserve Foster Parents Inflation	(252)	0
Market Sustainability & Improvement Fund (Adults)	(1,088)	0
Staffing (Children's, Adults, Public Health)	(914)	(353)
Staffing (all other areas)	(1,629)	(235)
Strategic Property	246	98
Energy Costs	(1,286)	(300)
Planning Income	683	75
Other	1,246	(163)
Directorate Budget Sub-Total	581	(767)
Council Wide		
Treasury Management	(3,406)	(330)
Inflation 23/24 pay award	700	0
Contribution from Inflation Risk Reserve	(700)	0
Housing Benefit	612	122
Contribution from Housing Benefit Risk Reserve	(612)	(122)
Release of general contingency	(350)	0
Council Wide Other	74	82
Council Wide Sub-Total	(3,682)	(248)
Net Service Budgets	(3,101)	(1,015)

1.3. The areas below have significantly contributed to the favourable movement of £1.01m from Period 8 to Period 10:

- **Staffing - £2.54m favourable outturn forecast, £588k favourable movement -** Due to delays in recruitment, service restructures and management action to control in-year spend.
- **Energy - £1.29m favourable outturn forecast, £300k favourable movement -** The property energy budget was increased by 200% in 2023/24 to address the escalating costs of inflation. The current position demonstrates how the new contract for purchasing energy has been able to take advantage of the reductions in energy costs during the year and has also been supplemented by energy saving measures.
- **Treasury management - £3.41m favourable outturn forecast, £330k favourable movement -** Due to the high interest environment and the way the Council has

managed its cash balances to limit costly borrowing and effective management of surplus cash to generate investment income. Higher cash volumes due, in part to the repayment of investments, has contributed to the movement this period.

- **Children's Services - £3.94m adverse outturn, £227k adverse movement** – pressures caused across Placements, Home to School Transport and Section 17 payments, reflecting patterns in demand and complexity of cases as previously reported.

1.4. **General Fund Financing (Funding)**

- **Council Tax** – In Period 10 the outturn forecast is £0.92m surplus which has slightly deteriorated by £36k, mostly due to an increase in the number of exemption and disregard cases.
- **Business Rates** - Period 10 has seen an adverse net outturn of £2.08m, a favourable movement of £100k since Period 8. The overall shortfall is due to a number of flagship stores at the Trafford Centre being empty whilst refurbishment works are undertaken. This shortfall will need to be met from the Business Rate Risk Reserve.

1.5. **Earmarked Reserves** – There has been no significant change in the estimated balance of earmarked reserves as estimated at 31 March 2024, as reported in the Final Budget Report for 2024/25.

1.6. **Savings** - A forecast outturn of £11.73m, with only 3 schemes forecasting a shortfall of £135k. Mitigating action has been identified on 1 scheme of £100k reducing the net shortfall to £35k.

1.7. **Capital Programme** – Minor changes to the capital programme budget as a result of an increase in funding in year of £430k which is comprised of £60k grant received for Network Improvements and £370k Highway Maintenance Grant. A full update will be given at Period 12.

1.8. **Dedicated Schools Grant** – Period 10 outturn forecast is £7.17m adverse, which is a £200k adverse movement from Period 8. The DSG Reserve is estimated to have a combined deficit at year end is £10.0m.

1.9. **Management Action plans** – the reported underspend has been influenced because of management action plans to control the in-year spend. The following are some of the measures undertaken:

- **Children** – A monthly high-cost placement panel is already in place and well established, however its Terms of Reference have been refreshed to incorporate a multi-agency approach. Revisiting all options for home to school transport. Regarding Section 17 an exercise to analyse all increases and the reasons. Subsistence payments are now authorised by a Head of Service. Reviewing delegated decision making in respect of entry into care - preventative panel has been established.
- **Adults** - All Exceptional top ups and 24hr care placements of £850+ per week are managed by the Senior Leadership Team (SLT). Any Discharge to Assess placements outside of Block booking and/or one to one support is

discussed/agreed by SLT daily. Non-traditional ways of meeting need are considered by SLT rather than direct teams. Service managers will continue to review care required/level of need.

- **Place** – Rent reviews on some commercial property. Review of all uncommitted spend. Review of Regent Road car park. A review of planning income charges and in-year increases made effective from January 2024.
- **Council-wide** - The current management action, which included a policy on vacancy management and a review of all non-essential spend will remain in place for the foreseeable future.

1.10. The scale of the challenge faced in the medium term means that the Council must continue to, 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:

- a) Note the updated summary positions on the revenue budget and capital programme.

Other Options

No Applicable.

Consultation

Not Applicable

Reasons for Recommendation

To inform Members of the 2023/24 projected outturn figures relating to both Revenue and Capital budgets and summarise the projected outturn position for Council Tax and Business Rates.

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

Legal Officer Clearance DS

G. Bentley

DIRECTOR'S SIGNATURE

Main variances, changes to budget assumptions and key risks

The main variances contributing to the projected underspend of £1.60m, any changes to budget assumptions and associated key risks are highlighted below:

Table : Main variances	Forecast Variance (£000's)	Explanation/Risks
Children's Services	3,176	<p>Projected outturn variance £3.176m adverse, favourable variance of £12k.</p> <p>Below is the projected position on children's placements and other budget areas.</p> <ul style="list-style-type: none"> • £2.110m over budget on Children's placements (note 1); • £767k under budget on staffing (note 2); • £1.012m over budget on home to school transport (note 3). • £821k over budget on other running costs and income across the service (note 4); <p>Note 1 Children's placements are expected to overspend by £2.110m. This is an adverse movement of £174k. The reasons for this movement are as follows:</p> <ul style="list-style-type: none"> • £497k new placements • £18k new step ups • £205k delayed step downs • £214k price increases <p>These are offset by £760k of step downs, children leaving care and contingency being utilised. There is £137k of contingency remaining for new placements between now and the end of the year.</p> <p>This overspend assumes that the £1m savings target will be met. 26 children who are expected to be stepped down have been identified and are being closely monitored.</p> <p>The numbers of children as at the end of January compared to those at the end of November are as follows:-</p> <ul style="list-style-type: none"> • children in care 377, an increase of 6 • child protection 223, a decrease of 6 • children in need 624, a decrease of 80 <p>Note 2 The favourable variance in staffing is £767k. This is a favourable movement of £233k from P8 due to the further delay of the Intensive</p>

		<p>Family Support, Trafford Team Together and Family Hubs restructure and a number of unfilled vacancies across the service. The service continues with its redesign and recruitment drive during 2023/24 and it has been assumed in the projections that this will be complete in the following financial year.</p> <p><u>Note 3</u></p> <p>The projected overspend on Home to School Transport is £1.012m, this is an adverse movement of £7k from P8.</p> <p>Savings have been realised on a couple of the runs due to the use of Q-routes, a system which helps automate route planning, resulting in reducing passenger mileage and travel time. This is a part of the new system that has been implemented to manage school runs from September. It is hoped that once the system is fully implemented, further efficiencies will be made.</p> <p><u>Note 4</u></p> <p>The adverse variance in running costs and income across the service is £821k, an adverse movement of £40k, as outlined below:</p> <p>-</p> <ul style="list-style-type: none"> • £133k adverse variance on Partington & Sanyu nurseries, an adverse movement of £8k; • £688k adverse variance in running costs, income and minor variances, an adverse movement of £32k due to: <ul style="list-style-type: none"> ➤ S17 – There has been an adverse movement of £46k within the s17 spend, the adverse variance is now £839k. Managers have been instructed to ensure that authorisation is sought for essential spend only within this area of the budget and close analysis of the spend continues. ➤ £151k favourable variance on other running costs and income, a favourable variance of £14k. <p>At present, there is a grant for Supporting Families (SF) of £811k within the Children’s Services budget of which £701k has been allocated. The payment of this grant depends on meeting clear performance measures against 10 outcomes and 34 criteria being implemented alongside regression checks. Grant funding for future years is reliant on the achievement of outcomes and is therefore not guaranteed. Rigorous monitoring against the measures is in place.</p>
Adult Services	(2,127)	<p>Projected outturn £2.172m favourable variation a favourable movement of £415k from period 8.</p> <p>Below is the projected position on Adult clients and other budget areas.</p>

		<ul style="list-style-type: none"> • £638k favourable variance on Adults Clients a favourable movement of £116k from period 8 (note 1); • £401k favourable variance on staffing and running costs, a £299k favourable movement (note 2); • Other Risks (note 3) • Market Sustainability and Improvement Fund £1.088m favourable variance nil movement from P8 (note 4). <p><u>Note 1</u> Adults Clients projected £638k favourable 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"> • supporting the NHS with rapid discharges from hospitals as they deal with the backlog of patients waiting treatments • increased mental health support • assessing the impact of the cost of living and inflationary pressures on client contributions. • an aging population within the borough and demographic pressures • workforce pressures across the health and social care system. <p>Packages of Care – The projected outturn position is a £638k favourable variance, a favourable movement of £116k from P8. The favourable movement is due to a lower impact on projections from demand and costs increases than anticipated. Within this projection is a remaining contingency of £94k.</p> <p>Savings – The savings target for 23/24 is £1.131m and £943k have been achieved to date. It is assumed that the savings target will be achieved in full by the end of the financial year.</p> <p>Discharge to Assess –The government announced additional funding with effect from 1 April 2023 for Adult Social Care to enable local authorities to continue to expediate hospital discharges, the Trafford locality received an allocation of £2.197m to be utilised to maintain capacity in Discharge to Assess Beds and temporary homecare until the 31 March 2024. In addition, the Council has elected to direct a further £1.289m of funding towards this programme meaning the total budget for 23/24 amounts to £3.486m. It is anticipated that this budget will be utilised in full by the end of the financial year.</p>
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Note 2

The projected outturn position for staffing and running costs is a £401k favourable variance, a favourable movement of £299k from period 8.

The £401k favourable variance is made up of:-

- £171k adverse variance in the DOLS service due to forecasted expenditure above budget on external DOLS assessments.
- £231k projected favourable variance on Assistive Technology and equipment based upon year to date activity.
- £395k favourable variance on staffing costs with the majority of this being realised across the Mental Health teams due to significant issues with recruitment and retention.
- £54k adverse variance on running costs and other minor variations.

Also included within the £401k net variance is £130k of funding from Homes for Ukraine, a £392k contribution from reserves in the Internal supported living service and £59k funding from the Urgent and Emergency Care Fund.

Savings – The savings target for 23/24 is £50k. It is assumed that the savings target will be achieved in full by the end of the financial year.

Internal Supported Living Service – Work to assess the cost of a safe staffing establishment aligned with the individual needs of the whole cohort for 2023/24 and future years has now been completed and the estimated financial envelope required has been included within the Medium Term Financial Plan from the 24/25 financial year. As at period 10 the service is forecasting an overspend of £392k this is mitigated by a planned contribution from reserves in this financial year.

Note 3

Ascot House is a Council owned building that is currently dual purpose. The Council operates a 9 bedded Discharge to Assess unit within the building, in addition to this there is a 36 bedded Intermediate care service operated by Manchester Foundation Trust and Commissioned by NHS Trafford Integrated Care Board.

The Intermediate Care service is operated on a pass through arrangement, whereby a large proportion of the overall staffing costs are recharged to Manchester Foundation Trust (MFT) by the Council. Due to significant financial pressures MFT have signalled their intention to limit pass through costs from the Council to £1.854m in this financial year. Projections suggest that the Council

		<p>will incur £2.267m in costs relating to the service leaving a pressure of £413k.</p> <p>There has been no resolution to this matter and therefore the Council has been forced to reduce funding available to support Hospital discharge capacity to mitigate the pressure in this financial year.</p> <p><u>Note 4</u> £1.088m favourable variance.</p> <p>The government announced the Market Sustainability and Improvement Fund (workforce) on the 28 July 2023. The announcement confirmed an additional allocation of £1.438m for the Council. The grant has target areas as part of the fund conditions, at least one of which must be identified for use of the funding:</p> <ul style="list-style-type: none"> • increasing fee rates paid to adult social care providers in local areas • increasing adult social care workforce capacity and retention • reducing adult social care waiting times <p>The Council will apply the fund to partially offset costs of uplifts confirmed in the Fair Price for Care and to support pressures on Mental Health and Learning Disability providers, to enhance the Council's Social Care and Commissioning workforce. In addition, following successful implementation of an overtime scheme for social workers to reduce waiting times, this will be further continued. £350k has been allocated to new commitments with the remaining £1.088m being used to offset the costs of provider uplifts applied at the start of the financial year. All of this supports the three target areas.</p>
Public Health	(322)	Public Health is forecasting a £322k favourable variance as at period 10 a favourable movement of £147k from period 8. This is due to projected expenditure on staffing below budget of £147k and £175k below budget on running costs and activity related budgets.
Place	(69)	<p>Total forecast outturn variance £(69)k favourable, an adverse movement of £14k.</p> <p>Place Revenue Budget £(315)k favourable, a favourable movement of £(85)k:</p> <ul style="list-style-type: none"> • Energy costs are £1.286m below the figure predicted when the budget was set in February 2023. This underspend is £300k higher than last reported following ongoing analysis of bills from the Council's new energy contracts since April, and in particular bills from the winter period. The new contracts includes a flexible buying strategy to take advantage of favourable market fluctuations across the year. There are

		<p>also the effects of energy saving measures to reduce consumption.</p> <ul style="list-style-type: none"> • There are increased property running costs of £62k (increased by £11k) including Sale Waterside and Trafford Town Hall security. All other running costs are £70k above budget (increased by £31k). • There are projected shortfalls in income of £423k in Parking Services, in particular due to the delayed opening of Regent Road car park (increased by £98k), £354k Building Control (increased by £173k due to market conditions) and £63k from rental income at Altrincham Market and operational buildings (unchanged). • Estates savings have now exceeded expectations by £150k due to a number of successful business rate appeals and backdated (improved by £1k). There is a £60k saving shortfall from the installation of EV points which has now been rephased to later years. • Additional projected income above budget includes Altair £120k, Manchester Airport £75k (increased by £24k) and other let estate £19k. Outdoor media advertising is forecast to be £128k above budget (increased by £106k based on contract returns over the pre-Christmas period). • Staff vacancies for the year are currently estimated at £463k (excluding the ringfenced Planning account) (increased by £34k), which is approximately 5.4% of the staffing budget. This is offset by a Directorate-wide efficiency saving of £346k. • The Planning service is a ringfenced account and has a shortfall in income of £683k, which is offset by an underspend of £135k in staffing, running costs and reserve contributions. This is a forecast net overspend of £548k for the year (increased by £68k). <p>Strategic Investment Programme £246k adverse, adverse movement of £98k;</p> <p>The forecast net outturn forecast is £5.84m, which is a shortfall of £246k against the net budget of £6.09m. This is an adverse change from the previous period of £98k which is mainly attributable to a slower than anticipated usage of agreed debt facilities in 2023/24, with income hence being rephased into 2024/25.</p>
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Strategy & Resources	(418)	<p>Total forecast outturn variance £(418)k favourable, a favourable movement of £(147)k.</p> <ul style="list-style-type: none"> • Staff costs are estimated to be £686k less than budget across the Directorate based on actual and forecast vacancies across the whole year, which is 6.8% of the total staffing budget. This is £98k higher than last reported. • Running costs are forecast to be £8k underspent, which is an adverse movement of £14k. • Income is projected to be £138k above budget and has increased by £63k. The overall projection includes net £181k additional income from Bereavement Services (increased by £123k), £11k from Flixton House (reduced by £4k) and £83k from the Music Service trading account (reduced by £25k). These are offset by shortfalls of £19k in Catering and Cleaning trading services (reduced by £36k), £74k Waterside Arts Centre (increased by £50k), £44k SLA and other income (increased by £17k). <p>These are offset by the budgeted Directorate-wide efficiency saving target of £414k.</p>
Finance & Systems	79	<p>Total forecast outturn variance £79k adverse, a favourable movement of £(70)k.</p> <ul style="list-style-type: none"> • Staff costs are estimated to be £357k less than budget across the Directorate based on actual and forecast vacancies for the whole year, which is 3.6% of the total staffing budget. This is a favourable movement of £100k. • Running costs are forecast to be overspent by £268k across all services (increased by £32k including Exchequer legal fees). The overspend includes £200k relating to Trafford Assist, as reported previously, which is due to continuing additional uptake in demand. Other running cost increases include for ICT system contract extensions. • Income is projected to be £81k above budget (increased by £2k). The additional income includes £100k confirmed from CCG for ICT services which had been expected to reduce in the budget. <p>These are offset by the budgeted Directorate-wide efficiency saving target of £249k.</p>

Legal and Governance	262	<p>Total forecast outturn variance £262k adverse, an adverse movement of £10k.</p> <ul style="list-style-type: none"> • Staff costs are estimated to be £123k below budget (increased by £3k) and includes for agency costs covering vacancies and service demand. • Running costs are projected to be overspent by £350k (increased by £5k) which includes for additional court costs and legal fees based on updated forecasts of demand, particularly in social care. The overall overspend includes local election costs being £89k higher than expected associated with additional workload demand from the “all out” election in May 2023. • There is a projected shortfall in income of £35k compared to budget, which has increased by £8k. The overall shortfall includes £68k in land charges and £22k in capital fee income which is related to staff vacancies. This is offset by SLA and other income of £36k above budget assumptions and £19k from Registration Services.
Council-wide	(3,682)	<p>Projected Outturn variance, £3.682m favourable, a favourable movement of £248k since period 8.</p> <p>Pay Award</p> <p>The 2023/24 Local Government pay award has been agreed. As previously reported this has resulted in an additional pressure of £0.7m which will be neutralised by a draw down from the Inflation Risk Reserve.</p> <p>Treasury Management</p> <p>Due to the continuing high interest environment, the Council has managed its cash balances to limit costly borrowing while investing any surplus cash to generate investment income to support the revenue budget. This careful cash management has allowed a saving of £3.406m in financing costs in 2023/24, a £330k favourable variance from period 8. This movement from the previous period is due to improved investment forecasts relating to higher cash balances in the final quarter of the year.</p> <p>Housing Benefit</p> <p>The Housing Benefit budget has a projected Outturn overspend (payments made, less subsidy and overpayment recovery) of £612k, an adverse movement of £122k since period 8.</p> <p>Work is now complete on the 2022/23 Subsidy claim where ‘Technical errors’ had been misclassified as ‘LA Errors’ and this has generated a small increase in Subsidy.</p> <p>However, the current Housing Benefit Subsidy budget pressures being felt across all local authorities is having a significant impact within Trafford. As the percentage of emergency/temporary</p>

		<p>accommodation cases increase, and in particular within the Private Rented Sector, rents are significantly higher than the Governments Local Housing Allowance rate. This can lead to significant losses as these rents attract less subsidy.</p> <p>In recognition of this national issue, an additional £400k was transferred to the Housing Benefit Overpayments Reserve at the end of 2022/23 to cover this, giving a total reserve of £900k to cover any pressure in the 2023/24 budget. Therefore, no impact on the Council-wide projected outturn figure above.</p> <p>The on-going impact on future budgets has been included in the Medium-Term Financial Plan 2024/25.</p> <p>Audit Fees £140k</p> <p>Additional ‘fee variations’ above budget have already been incurred by the Council following a number of recent ‘extended’ audits, in particular the 2021/22 Statutory Statement of Accounts and the Housing Benefit Subsidy claims relating to 2019/20, 2020/21 and 2021/22.</p> <p>Due to the delay in the completion of these audits it has also been necessary to estimate the likely ‘fee variations’ on subsequent audits up to and including 2023/24.</p> <p>The impact on the 2023/24 budget is therefore a total worst case scenario estimated at £140k.</p> <p>The on-going impact on future budgets has been included in the Medium-Term Financial Plan 2024/25.</p> <p>Coroner’s Budget</p> <p>The projected costs of Trafford’s share of the South Manchester Coroners’ service is currently expected to be £41k higher than budget, no change since period 8.</p> <p>Contingencies</p> <p>The Council-wide budget currently includes a general contingency of £2.33m. There are currently a number of commitments totalling £1.87m plus a £0.35m saving was released in period 6, leaving an uncommitted balance of £110k, a decrease of £0.6m since period 8.</p> <p>Enhanced Pension payments</p> <p>Recurrent savings relating to enhanced pension costs were previously highlighted in the 2022/23 Outturn report. And these savings have been included in our budget plans for 2024/25.</p> <p>Estimated savings for 2023/24 of £150k are included in the Council-wide figures above, no change since period 8.</p> <p>Government Grants</p>
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		<p>The final announcement for the 2023/24 Services Grant was received in June 2023 at £1.47m, which is £58k above budget, no change since period 8.</p> <p>Savings</p> <p>The Council-wide budget includes a saving of £200k for Digital Strategy, which includes £100k not achieved in 2022/23. Timescales for the Council's Digital Strategy programme have been delayed pending further development of the platform. Mitigating savings have been identified within the CRM licenses budget and will be used to offset the savings shortfall in the current year.</p> <p>Other minor adverse variations of £101k.</p>
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Dedicated Schools Budget	7,166	Projected Outturn variance, £7.166m adverse, an adverse movement of £20k since period 8.																							
		<table border="1"> <thead> <tr> <th>P10 monitoring</th> <th>Grant £000</th> <th>Forecast outturn £000</th> <th>P10 variance £000</th> </tr> </thead> <tbody> <tr> <td>Schools Block</td> <td>109,149</td> <td>109,109</td> <td>(40)</td> </tr> <tr> <td>Central Schools Services Block</td> <td>1,495</td> <td>1,430</td> <td>(65)</td> </tr> <tr> <td>High Needs Block</td> <td>34,428</td> <td>41,699</td> <td>7,271</td> </tr> <tr> <td>Early Years Block</td> <td>17,848</td> <td>17,848</td> <td>0</td> </tr> <tr> <td>TOTAL DSG</td> <td>162,920</td> <td>170,086</td> <td>7,166</td> </tr> </tbody> </table>	P10 monitoring	Grant £000	Forecast outturn £000	P10 variance £000	Schools Block	109,149	109,109	(40)	Central Schools Services Block	1,495	1,430	(65)	High Needs Block	34,428	41,699	7,271	Early Years Block	17,848	17,848	0	TOTAL DSG	162,920	170,086
P10 monitoring	Grant £000	Forecast outturn £000	P10 variance £000																						
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High Needs Block	34,428	41,699	7,271																						
Early Years Block	17,848	17,848	0																						
TOTAL DSG	162,920	170,086	7,166																						

There was a negative HNB reserve of £4.138m at the start of the financial year and this is forecast to rise to £11.409m by 31/3/24.

DSG Reserve	1 April 2023 £000's	P10 Forecast outturn £000's	31 March 2024 Projection £000's
Schools Block (SB)*	(2,329)	1,316	(1,013)
Central Schools Services Block (CSSB)	(335)	(65)	(400)
High Needs Block (HNB)	4,138	7,271	11,409
Early Years Block (EYB)	1	0	1
TOTAL DSG Reserve (surplus)/deficit	1,475	8,522	9,997

* £772k is being utilised from the Growth Fund reserve as agreed by Schools Funding Forum to fund 23/24 school budgets, a further £397k from the Growth Fund reserve is being used for Growth in 23/24, £174k has been drawn down for Trafford Alternative Education Provision (TAEP), £13k is required from the Redundancy reserve offset by a contribution to the Maternity reserve of £40k.

The size of the “deficit reserve” is now a material balance and is impacting on both the levels of cash balances the Council has and overall investment returns; the opportunity cost of this is estimated to be £498k in 2023/24.

There is the risk that the number of EHCPs will continue to grow and dependence on costly out of borough places will increase as capacity in borough isn't sufficient, which will impact on our ability to reduce the deficit.

Work continues to take place on the DSG deficit management plan with proposals and options being discussed with the DfE. The plan has been scrutinised by the SEND Board and has been presented to Funding Forum.

The statutory override for the DSG ends in 2025/26 which means that if this is not extended, the deficit will transfer back to the

		Council's total Earmarked Reserves, which has serious financial implications for the authority.
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Agenda Item 9

TRAFFORD COUNCIL

Report to: Accounts and Audit Committee
Date: 19 March 2024
Report for: Decision
Report of: Executive Member for Finance, Change and Governance and the
Director of Finance and Systems

Report Title:

Accounting Concepts and Policies

Summary:

This report explains the accounting concepts and policies that will be used in preparing the 2023/24 annual accounts.

There are no material changes to the Accounting Policies for 2023/24.

Recommendation(s)

It is recommended that:

- a) The Accounts and Audit Committee is requested to approve the accounting concepts and policies that will be used in completing the 2023/24 annual accounts.
- b) Note the changes in accounting standards issued but not yet adopted until 2024/25 in respect of accounting for leases.

Contact person for access to background papers and further information:

David Muggeridge, 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	Not Applicable
Financial	None arising out of this report
Legal Implications:	None arising out of this report
Equality/Diversity Implications	None arising out of this report
Sustainability Implications	None arising out of this report
Carbon Reduction	None arising out of this report
Resource Implications e.g. Staffing / ICT / Assets	Not applicable
Risk Management Implications	Not applicable

Health & Wellbeing Implications	Not applicable
Health and Safety Implications	Not applicable

Executive Summary

General Principles - The statutory accounts are prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom in 2023/24 (the Code), supported by International Financial Reporting Standards (IFRS).

Main Assumption - is that the Council's accounts are prepared on a **going concern** basis, ie will continue in operational existence for the foreseeable future.

The Council's accounting policies are the specific principles, conventions, rules and practices that are applied consistently in preparing and presenting the annual accounts (full list included in Appendix 1).

Some Key Policies

- Accruals of income and expenditure - Economic activity is accounted for in the year that it relates, not simply when cash payments are made or received.
- Accounting for Non Current Assets - Covers how assets are classified and recognised on the balance sheet including property, plant and equipment, investment property, heritage assets and assets held for sale; treatment of future valuations, depreciation and impairment.
- Accounting for Financial Instruments (financial assets and liabilities) - Covers how financial assets (eg general cash investments, loans and equity shareholdings) are held on the balance sheet and how changes in "fair value" in those assets are accounted for.
- Employee Benefits and Pensions - Covers how benefits payable during employment, post employment and termination are accounted for, including pensions.
- Schools - Details the types of schools and their accounting transactions which are included in the Council's accounts.
- Group Accounts - How other entities, where the Council has significant controlling interest, are included in the accounts, for example Trafford Leisure CIC and Trafford Bruntwood LLP.

Changes in Policies 2023/24

Changes in accounting standards and policies:-

- Appendix 2 provides a summary of the changes relating to 2023/24. It should be noted that all of the changes for 2023/24 are either points of technical clarity, are not relevant to Trafford or their application need not be applied due to materiality and as such do not require any update to the accounting policies from those used for the 2022/23 annual accounts.

1. Introduction

- 1.1. This report details the accounting policies that will be used in the preparation of the 2023/24 accounts.

2. Accounting Concepts and Policies

- 2.1. The Council's accounting concepts and policies are the specific principles, conventions, rules and practices that are applied in preparing and presenting the annual accounts. These accounting concepts and policies have to be disclosed as a note to the annual accounts.
- 2.2. The accounting concepts and policies to be used in the preparation of the 2023/24 annual accounts are attached in Appendix 1. Changes to the code are attached in Appendix 2 and it should be noted that all of the changes are either points of technical clarity, are not relevant to Trafford or their application need not be applied due to materiality and as such do not require any update to our accounting policies from those used for the 2022/23 annual accounts.

3. Changes in Policies Issued but not yet adopted

- 3.1. Where a new standard has been published but has not yet been adopted by the Code, local authorities are required to disclose information relating to the impact of the accounting change. These are generally standards which are due to apply in the following financial year.
- 3.2. A disclosure is suggested which includes the title of the new standard, the nature of the change and a discussion of the estimated impact of the introduction of the new standard. If an estimate cannot be made on a reasonable basis because, for example, the base data required to estimate the impact is not available, then the financial statements should clearly explain that this is the case.

4. Significant delays in publication of Local Authority audited accounts

- 4.1. The Accounts and Audit (amendment) Regulations 2022 came into force on 22 July 22 and for 2022/23, the statutory deadline for unaudited accounts reverted

back to the original requirement in the Accounts and Audit regulations 2015 which requires unaudited accounts to be published by 31 May 2023 and audited accounts published by 30 September 2023. However, only 1% of English Local Authority 2022/23 audited accounts were published by 30 September 2023.

4.2. DLUHC have issued a short consultation in respect of clearing the backlog of unaudited accounts. They have proposed a backstop date of 30 September 2024 for when all audited accounts up to 2022/23 must be published. The consultation closed on 7 March 2024 and the outcome is still unknown.

4.3. The consultation proposes dates for which published audited accounts must be available for the financial years 2023/24 to 2027/28. These being as follows :-

- 2023/24: 31 May 2025 (which will also be the publication date for 2024/25 unaudited accounts)
- 2024/25: 31 March 2026
- 2025/26: 31 January 2027
- 2026/27: 30 November 2027
- 2027/28: 30 November 2028

In all years the deadline for the publication of unaudited accounts will remain as the 31st May.

5. **Deferred implementation of IFRS 16**

5.1. The 2023/24 code has deferred mandatory implementation of IFRS 16 (leases) to 2024/25.

5.2. Currently there is a distinction between finance leases and operating leases which require two kinds of accounting treatments. A leasing contract is an agreement in which the lessor (owner of the equipment) conveys to the lessee (user), the right to use the equipment in return for a payment over a particular period of time. There are currently two lease classifications:-

- **A finance lease** is a leasing arrangement wherein the lessee makes lease payments to the lessor for the use of the asset, whose related risk and reward (of ownership) is also transferred to the lessee. Typically, before the end of the lease term, the lessee makes a payment of a residual value of the leased asset to the lessor and gets ownership of the asset.
- **An operating lease** is a leasing arrangement wherein the lessee makes periodic (monthly) lease payments to the lessor as a consideration for use of the asset; however the lessee has no right of ownership of the leased asset during or after the lease term.

- 5.3. Finance leases are currently accounted for as acquisitions (with the asset being shown on the balance sheet, together with a liability to pay for the asset acquired). In contrast, operating leases have been treated as rental payments charged to the income and expenditure account.
- 5.4. Under IFRS16 the main impact for lessees is to remove the traditional distinction between finance leases and operating leases, with all substantial leases to be accounted for using the acquisition approach (as used currently for finance leases), recognising the rights acquired to use an asset.
- 5.5. In accounting terms, this will require the relevant leased asset (eg vehicle, land, premises) to be included on our balance sheet as though we own it, offset by an equal liability showing the total value of the lifetime lease payments. The regular lease payments in our income and expenditure statement will be replaced with payments broken down into the loan repayment, interest charges and service charges. In addition, depreciation will be accounted for in line with our policy for similarly owned assets.
- 5.6. There are certain leases, for instance low value assets and leases less than 12 months old, which will be exempt from the need to apply the revised requirements.
- 5.7. The Council is currently reviewing the impact of the requirements under IFRS16 and gathering details from service areas of contracts which may now be recognised as containing leases. It is too early to state the size of the impact this will have on our statement of accounts with any degree of certainty, however initial observations are thought to be minimal.

6. Recommendations

- 6.1. The Accounts and Audit Committee is requested to approve the accounting concepts and policies that will be used in completing the 2023/24 annual accounts.
- 6.2. Note the changes in accounting standards issued but not yet adopted until 2024/25 in respect of accounting for leases.

3a. Accounting Concepts

The Statement of Accounts summarises the Council's transactions for the 2023/24 financial year and its position at the year-end 31 March 2024. The Council is required to prepare an Annual Statement of Accounts by the Accounts and Audit Regulations 2015 which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (The Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 21(2) of the Local Government Act 2003.

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

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

Underlying Assumptions

Going Concern

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

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

Primacy of Legislation Requirements

In accordance with the Code, where an accounting treatment is prescribed by law then it has been applied, even if it contradicts accounting standards. The following are examples of

legislative accounting requirements which have been applied when compiling these accounts:

- Capital receipts from the disposal of property, plant and equipment are treated in accordance with the provisions of the Local Government Act 2003.
- The Local Government Act 2003 requires the Council to set aside a minimum revenue provision.

3b. Accounting Policies

(a) Accruals of Income and Expenditure

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

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

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

Non Domestic Rates (NDR)

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

Council Tax

- Council Tax income included in the Comprehensive Income & Expenditure Statement for the year will be treated as accrued income. Both NDR and Council Tax income will be recognised in the Comprehensive Income & Expenditure Statement in the line Taxation & Non-Specific Grant Income. As a billing authority the difference between the NDR and Council Tax included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund shall be taken to the Collection Fund Adjustment Account and reported in the Movement in Reserve Statement. Each major preceptor's share of the accrued NDR and Council Tax income will be available from the information that is required to be produced in order to prepare the Collection Fund Statement. The income for Council Tax and NDR is recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the authority, and the amount of the revenue can be measured reliably.
- Revenue relating to such things as Council Tax and NDR shall be measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.
- The Balance Sheet includes the authority's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Accounting for Business Improvement District

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

(c) Acquisitions and Discontinued Operations

There are no acquisitions or discontinued operations to report.

(d) Cash and Cash Equivalents

Cash is represented by cash in hand and demand deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Demand deposits will include accounts where additional funds may be deposited and withdrawn at any time without prior notice e.g. a bank current account.

Cash equivalents are investments instantly repayable to the Council on demand which are readily convertible to known amounts of cash with insignificant risk of change in value. These

will be balances held in Call Accounts and Money Market Funds with associated accrued interest.

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

(e) Exceptional Items

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

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

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

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

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

(g) Charges to Revenue for Non-Current Assets

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

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

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

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution

from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses, and amortisation are replaced by Minimum Revenue Provision (MRP). This adjusting transaction is done through the Movement in Reserves Statement with the Capital Adjustment Account charged with the difference between the two amounts.

(h) Employee Benefits

Benefits Payable During Employment

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

Termination Benefits

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

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

Post Employment Benefits

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

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

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

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

The Local Government Pension Scheme

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

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

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

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

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

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

Service cost comprising:

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;

- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Council Wide Costs;
- net interest on the net defined benefit liability i.e. net interest expense for the Council - the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement - this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period - taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

Remeasurement comprising:

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

Contributions paid to the Greater Manchester Pension Fund:

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

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

Discretionary Benefits

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

(i) Events After the reporting Period

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

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

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

(j) Financial Instruments

Financial Liabilities (Debt and Interest Charges)

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

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

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

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

managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

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

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

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

Financial Assets Measured at Amortised Cost

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

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

Expected Credit Loss Model

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

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

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

Loans

- Group 1 – Manchester Airport Group Loans - The Council has made three loans to Manchester Airport Group. An initial loan was made in 2009/10, another loan was made in 2018/19 specifically for the development of Terminal 2 and a further loan advance was made during 2020/21 in respect of financial support for Covid-19 pandemic. Loss allowances for these loans will be assessed on an individual basis using common industry-related risk characteristics and the financial health of the company.
- Group 2 – Loans made under Investment Strategy – The scope of the Council’s investment strategy covers direct investment in properties (see policy covering investment property) as well as loans made to third party developers. The fair value of these loans are assessed using historic default rates for equivalent assets provided by our treasury advisors. Additional loss allowances will be assessed on an individual basis depending on the structure of the loan and its associated development.
- Group 3 – Town Centre Loans – The Council offers an interest-free loan scheme for businesses that want to occupy ground floor, vacant premises in Altrincham, Sale, Urmston or Stretford town centres to part-fund works, overheads and marketing costs that are needed to bring a vacant unit back into use. The loans are advanced in two instalments and the first instalment is made within Long Term Debtors and Prepayments. Once the second instalment is made, the debt is transferred into our debtor collection system and appears in Short Term Debtors. Due to the immaterial value of these loans, Credit losses will be calculated under the simplified approach adopted for all Trade Debtors.
- Group 4 - Homestep Loans – these are loans provided to first time buyers to assist key workers to purchase a home. The amount advanced has been included as a long term debtor and is repayable when the property is sold. Credit losses are considered, but the council has assessed there to be no potential loss implications.

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

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

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

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

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

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

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

- Level 3 inputs – unobservable inputs for the asset.

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

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

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

Fair Value through Other Comprehensive Income (FVOCI)

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

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

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

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

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

(k) Foreign Currency Translation

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are re-converted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

(l) Government Grants and Contributions

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

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

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

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

(m) Heritage Assets

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

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

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

Trafford Town Hall Collection

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

Historic Buildings

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

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

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

Heritage Assets not reported on the balance sheet

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

(n) Intangible Assets

Intangible assets do not have physical substance but are controlled by the Council, for example software licences. Intangible assets are capitalised when it is expected that the future economic benefits or service potential will flow to the Council.

(o) Interests in Companies and Other Entities

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

In addition, a community interest company (CIC) was established during 2015/16 for the provision of leisure. Trafford Leisure CIC Ltd has been included in group accounts since 2016/17.

Trafford Council also has interests in three Joint Venture Companies, Trafford Bruntwood LLP is a Joint Venture Company with K Site Ltd (a wholly owned Subsidiary of Bruntwood Development Holdings Ltd) and Trafford Bruntwood (Stretford Mall) and Trafford Bruntwood (Stamford Quarter) are joint venture companies with Bruntwood Development Holdings Ltd with each investor owning a 50% share in each of the companies.

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

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

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

(p) Inventories and Long-Term Contracts

Inventories are included in the Balance Sheet at the lower of cost or net realisable value. The cost of inventories is assigned using the weighted average costing formula.

Work in progress on capital projects is included in the Balance Sheet within Assets Under Construction at historic cost.

(q) Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually

according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. Statutory arrangements do not allow any gains or losses from a change in fair value to have an impact on the General Fund Balance and are therefore reversed out through the Movement in Reserves Statement to the Capital Adjustment Account.

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

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

(r) Joint Ventures

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

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

(s) Leases

The Council has not voluntarily adopted IFRS 16 and has instead treated leases as below.

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

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

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

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

The Council as Lessee

Operating Leases

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

The Council as Lessor

Operating Leases

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

(t) Overheads and Support Services

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

(u) Property, Plant and Equipment (PPE)

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

Recognition

All expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis. Expenditure on assets is capitalised, provided that the item yields benefits to the Council for a period of more than one year and can be

measured reliably. Routine repairs and maintenance of PPE are charged direct to service revenue accounts.

Measurement

Assets are initially measured at cost comprising:

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

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

- Infrastructure - Highways infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost – opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April 1994, which was deemed at that time to be historical cost. Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount. The authority has determined in accordance with Regulation 30M England of the Local Authorities (Capital Finance and Accounting) (England/Wales) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil;
- Community and assets under construction - depreciated historical cost;
- surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant’s perspective;
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use.

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

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

Depreciation

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

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

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

- vehicles, plant and equipment between 3 and 8 years;
- Infrastructure assets between 10 and 40 years. Depreciation is provided on the parts of the highways network infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives. Depreciation is charged on a straight-line basis. Useful lives of the various parts of the highways network are assessed by the Chief Highways Engineer using industry standards where applicable as follows:

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

- all other property, including community assets between 10 and 60 years;

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

Revaluation and Impairment Losses

Assets are reviewed annually at each year end for any impairment or revaluation loss. Where a loss has occurred on an asset used by the service these are written off to the

Revaluation Reserve, where a balance exists, or charged to the service revenue account where there is no remaining balance on the Revaluation Reserve.

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

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

Disposals and Non-current Assets Held for Sale

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

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

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

Disposals and derecognition of Infrastructure Assets

When a component of the network is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet is written off to the 'Other operating expenditure' line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement, also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). The written-off amounts of disposals are not a charge against council tax, as the cost of noncurrent assets is fully provided for under separate arrangements for capital financing. Amounts are transferred to the capital adjustment account from the General Fund Balance in the Movement in Reserves Statement.

Capital Receipts

Capital receipts from the disposal of assets are treated in accordance with provisions of the Local Government Act 2003. They can be used to fund capital expenditure in the year, to

meet debts or other liabilities, or used to cover payments to the Secretary of State under receipts pooling arrangements.

(v) Schools

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

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

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

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

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

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

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

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

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

- fair value of the services received during the year - debited to the relevant service in the Comprehensive Income and Expenditure Statement;
- finance cost - an interest charge on the outstanding Balance Sheet Liability, debited to Interest Payable and Similar Charges in the Comprehensive Income and Expenditure Statement;
- contingent rent - increases in the amount to be paid for the property arising during the contract, debited to Interest Payable and Similar Charges in the Comprehensive Income and Expenditure Statement;

- payment towards liability - applied to write down the Balance Sheet liability towards the PFI operator;
- lifecycle replacement costs - recognised as Property, Plant and Equipment on the Balance Sheet.

(x) Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

Contingent Liabilities

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

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

Contingent Assets

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

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

(y) Reserves

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

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

Insurance

The Council essentially self-insures on its major risk areas and operates with significant excess levels, for example liability insurance policies and property insurance. A provision is maintained to cover costs for which it is responsible for liability claims and a reserve is maintained for property related costs.

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

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

(aa) VAT

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

(ab) Fair Value Measurement

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

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

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

When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest

and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

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

Level 3 – unobservable inputs for the asset or liability.

Schedule of changes

The key accounting changes principally introduced by the *Code of Practice on Local Authority Accounting in the United Kingdom 2023/24*, including:

- a) Amendments to IAS 8, which clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors.
- b) Amendments to IAS 1, which helps prepares to provide more focused and proportionate information on accounting policies.
- c) A temporary relief to the accounting adjustments for infrastructure assets. If the Local Authority chooses to apply this temporary relief, the Code requires that additional information is provided to explain an authority's rationale for this decision.
- d) The prescriptions of the Code for infrastructure assets in predecessor Codes.
- e) Confirmation of the transitional reporting requirements of the new standards introduced in the 2023/24 Code, while also having regard to requirements in relation to voluntary adoption of IFRS 16.
- f) Confirmation of the new standards introduced to the 2023/24 Code.

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TRAFFORD COUNCIL

Report to: Accounts and Audit Committee
Date: 19 March 2024
Report for: Approval
Report of: Audit and Assurance Manager

Report Title

Audit and Assurance Service – Internal Audit Operational Plan 2024/25

Summary

The purpose of the report is to provide, at a high level, the proposed Internal Audit Operational Plan for 2024/25.

The report sets out planned work for the year but acknowledges that this remains flexible and subject to review as needed during the year.

The report also includes, in the appendices, the Internal Audit Charter and Strategy. These were previously presented to CLT and the Accounts and Audit Committee in March 2023 and since then, an update has been made to the Internal Audit Charter to reflect changes in line management reporting with the Counter Fraud function transferring from Exchequer Services to Audit and Assurance in July 2023. This is reflected in Sections 4.1 and 8.1 of the Internal Audit Charter.

Recommendation

The Accounts and Audit Committee is asked to approve the 2024/25 Internal Audit Plan.

Contact person for access to background papers and further information:

Name: Mark Foster – Audit and Assurance Manager
Email: mark.foster@trafford.gov.uk

Background Papers: None

Background Information

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	Not directly applicable to this report
Sustainability Implications	Not directly applicable to this report
Carbon Reduction	Not directly applicable to this report
Staffing/E-Government/Asset Management Implications	Not directly applicable to this report
Risk Management Implications	See Financial Implications
Health and Safety Implications	Not directly applicable to this report



TRAFFORD
COUNCIL

Internal Audit Operational Plan 2024/25

Date: March 2024

1. Introduction

- 1.1 The 2024/25 Internal Audit Operational Plan identifies the work to be undertaken by the Audit and Assurance Service during the year. This report describes its method of compilation and presents, at a high level, the 2024/25 Plan for approval.

2. Background

- 2.1 There continues to be significant ongoing challenges faced by local authorities in delivering effective services with limited resources, particularly with prolonged inflationary pressures and demands on services. This highlights how important it is that local authorities manage resources effectively, manage risks and consider opportunities to help achieve the corporate priorities. As part of this, councils need to ensure effective governance arrangements, systems and controls are in place to ensure value for money is achieved and the risk of fraud or error is minimised. Internal Audit work aims to support the organisation by providing independent review of systems, processes and controls and provides a mechanism for identifying improvement actions required by the organisation.
- 2.2 Each year the Audit and Assurance Service sets out its annual internal audit plan for review by the Corporate Leadership Team (CLT) and approval by the Accounts and Audit Committee. Subsequent updates are then provided to CLT and the Accounts and Audit Committee through the year highlighting the work undertaken and progress against key areas of the plan. Actual work undertaken during the year against work planned is set out in the Annual Head of Internal Audit Report.
- 2.3 Whilst this Plan covers a full year, it is acknowledged that there must be flexibility and where needed it will be revised during the year to take account of changes. This will be reflected in further updates during the year.
- 2.4 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).
- 2.5 The Audit and Assurance Service’s approach to undertaking internal audit work is set out in the following documents:
- Internal Audit Charter (This defines the purpose, authority and principal responsibilities of Internal Audit – See Appendix 3)

- Internal Audit Strategy (This details the arrangements in place to deliver internal audit so as to ensure that the objectives of the Audit and Assurance Service are met and the scope of it understood – see Appendix 4).
 - Quality Assurance Programme (This sets out how the Service monitors its work to ensure adherence with standards; that it operates in an effective and efficient manner; and through its work adds value to the organisation – See Appendix 5).
- 2.6 In respect of the above, the Internal Audit Charter has been updated to reflect service reporting changes during 2023/24 with the Counter Fraud Team transferring to the Audit and Assurance Service in July 2023. The Charter, Strategy and Quality Assurance Programme are expected to be reviewed further to take into account future expected changes in the Public Sector Standards by the end of 2024/25.

3. Compilation of the Internal Audit Plan

- 3.1 The Operational Internal Audit Plan is produced to take into account coverage of risks and associated controls in place. At the end of the year an audit opinion is given as to the overall adequacy and effectiveness of the Council's control environment, which encompasses internal control, risk management and governance. An important consideration is that the plan should include good coverage across the Council's services and systems.
- 3.2 A number of factors are taken into account in compiling the plan based on statutory obligations, the Council's corporate priorities and an assessment of risks. Factors such as materiality, business risks, inherent risks and time since the area was last reviewed are taken into account.
- 3.3 The Internal Audit Plan takes account of risks in relation to financial resilience with reviews covering financial systems and budgetary control (See 5.2). Time will also be allocated to review strategic risks relating to cyber security and information governance (See 5.7).
- 3.4 There is audit coverage across the Council's Corporate Directorates to reflect the Council's corporate priorities set out in the Corporate Plan and areas of strategic and operational risk. For instance, a variety of service audits are included within the Plan (as referred to in Section 5.9). The Corporate Directorates provide input to the plan through liaison with the Audit and Assurance Service throughout the year and through information provided such as through risk registers, action plans, self-assessments and control / governance issues raised.
- 3.5 The Audit and Assurance Service has a number of obligations to take into account in producing the plan. This includes time set aside for the Service to work with CLT to facilitate reporting and provide review of the Council's Strategic Risk Register (See 5.4) and input to the review of the Council's

Annual Governance Statement (5.3). A specific category of audit time is also included to reflect the requirement for internal audit checks of information supporting particular grant claims. (See 5.10).

- 3.6 The risk of fraud and corruption is considered as part of planning a wide range of audits and also dedicated work in relation to fraud risks takes place. This will include continuing to co-ordinate, with other teams, the Council's work in relation to the National Fraud Initiative (See 5.5). For 2024/25, this will include reporting on final outcomes from previous NFI exercises as well as submitting relevant data as part of the forthcoming exercise later in 2024.
- 3.7 There is a programme of planned audits in place of the Council's maintained schools which includes providing assurance that schools are operating in accordance with the Schools Financial Value Standard (See 5.8).
- 3.8 Plans take into account other audit, assurance or development work being undertaken in particular areas. This includes audit work by the External Auditor. Where applicable, plans also consider possible support in relation to other external inspection e.g. Ofsted and Care Quality Commission. Where appropriate, account will also be taken of other internal reviews which may relate, for instance, to work in relation to the Council's Finance and Change Programme and also the work of Scrutiny. Where appropriate, the Internal Audit Plan will be revised through the year.
- 3.9 Plans include co-ordination with partners to provide assurance. This includes ongoing liaison with other Internal Audit sections as part of the STAR Shared Procurement Service to co-ordinate planned work (Where appropriate, Audit will liaise with other Internal Audit teams in other Authorities). Consideration of governance and controls in relation to the Council's joint ventures are also reflected in planning (See 5.6).
- 3.10 Time is allocated to follow up on control issues previously raised in 2023/24, including previous audit review work, to assess progress in implementing action plans, particularly where areas for improvement in controls have been identified. The plan highlights a number of follow up audits.
- 3.11 The amount of time available to undertake the annual plan is identified, and individual areas of work selected taking into account the above factors. A contingency is also held to allow for unforeseen circumstances, including additional work or a reduction in available staffing resources.
- 3.12 For reporting and monitoring purposes the plan is divided into a number of categories, but it should be noted that there are significant areas of overlap between them.

- 3.13 There are a variety of activities undertaken to fulfil the plan and in addition to conducting internal audit reviews which result in the issuing of audit reports, work may also include issuing guidance and advice, providing input to council policies and procedures and providing input to project / working groups (See 5.11). The Service also facilitates the production of a number of corporate reports presented to the Accounts and Audit Committee.
- 3.14 The report does not include reference to all work to be undertaken during the year. As issues are raised or areas of risk are identified on an ongoing basis, other areas are included through the year and existing plans reviewed. For some areas, further elements of planning may take place during the year and therefore detailed plans are not available at the commencement of the year. For instance, plans in relation to IT and procurement audits are currently being developed during March 2023. Regular updates to CLT and the Accounts and Audit Committee will include reference to new work included in the work plan through the year. The plan is flexible and during the year adjustments may be made to accommodate any changes in the control environment and to consider emergent risks. Supporting the plan set out in this report are further plans detailing work allocated to individual staff.
- 3.15 Time is set aside for the completion of reviews which had been included as part of the 2023/24 Plan. Work completed or in progress in 2023/24 and work carried forward to 2024/25 will be reflected in the Annual Head of Internal Audit Report to be completed by June 2024. For some reviews, suggested timing during the year has been agreed and where applicable, this is indicated in the report. There are also other reviews that have been considered as part of audit planning which are expected to be undertaken in 2025/26.
- 3.16 Assumptions in respect of available audit days are considered to provide the total planned days. For 2024/25, there are 840 available operational audit days based on internal staffing resources plus resources purchased from Salford Internal Audit Services of up to 50 days to undertake ICT audit work. There are currently 2 vacant posts within the Audit and Assurance Service and in planning available resources, this is based on these posts being filled from October 2024.
- 3.17 In addition to the 840 planned days shown, it should be noted that further time is allocated for a number of other activities undertaken that are not reflected in the analysis as they are not attributable to one particular category of work but support the audit process. These include support to the Accounts and Audit Committee, liaison with the External Auditor (Mazars), development of audit systems, procedures and guidance, networking with other North West Internal Audit groups to share good practice, information gathering in support of the production of the audit plan etc. Separate additional time allocations are given to individual staff to undertake these activities.

4. Reporting / Performance Monitoring

- 4.1 Through the year, progress updates will be provided to CLT and the Accounts and Audit Committee (through periodic updates and the Annual Head of Internal Audit Report) which will refer to details of the performance and impact of audit and progress against the plan. This will include details of:
- Actual progress made against planned work for each category of the Audit Plan.
 - Number of audit reports issued against that planned. For Quarter 1, a target of 6 audit reports (comprising opinion reports, consultancy reports and grant sign-offs) to be completed to final or draft stage. Targets for the remainder of 2024/25 to be set out in the Q1 Audit and Assurance update. (See Appendix 1 for planned reports to be issued during 2024/25 and early 2025/26).
 - Updates on significant work completed, not included in the 2024/25 Internal Audit Plan.
 - The impact of audit recommendations made in terms of both initial acceptance and also implementation (the latter identified through follow up audit work).
 - A summary of feedback from managers in respect of client surveys, which is detailed in the Annual Head of Internal Audit Report.
- 4.2 Where reviews or other key areas identified in the 2024/25 Plan are not undertaken as scheduled, this will be reported in subsequent updates including in the 2024/25 Annual Head of Internal Audit Report.
- 4.3 Updates through the year will also include commentary on Audit resources available if there are issues that may impact on completion of the plan.

5. Internal Audit Plan Coverage 2024/25

- 5.1 The plan is compiled to ensure coverage across a wide and diverse range of areas of risk in relation to services, systems and thematic areas of coverage. Each of the main categories of work is described in the paragraphs below.

In Appendix 1, there is a summary of the planned work and an estimated time is allocated to each category. It includes a listing of audit reports to be issued. This also indicates reviews where reports are expected to be issued in quarter one of 2024/25.

In Appendix 2, there is an explanation of the audit opinion levels. These have been established in line with guidance from CIPFA.

5.2 Financial Systems

Audit coverage includes review of core financial systems that provide key inputs for the production of the material balances in the Council's accounts. Previous assurance obtained in earlier audits will be taken into account in planning the level of audit coverage within individual reviews.

There continues to be significant challenges in managing risks relating to the Council's financial position and this is reflected as one of the Council's highest strategic risks. Ongoing assurance will be sought on the management of financial risks and where appropriate audits will consider actions to address such risks.

Coverage will include review of the following systems during the year:

- Payroll - Review of systems, procedures and internal controls, including review of progress regards any issues covered in previous audits. This is expected to commence in Quarter 3 of 2024/25.
- Budgetary Control - Review rescheduled from the 2023/24 Plan of budgetary control processes to include coverage of previous agreed improvement actions and consideration of good practice.
- Accounts Payable - Further review expected to commence in the final quarter of 2024/25 to include covering reviews of changes in processes since the previous review and further progress made in addressing previous recommendations, as reported in 2023/24.
- Purchase Cards – Further review expected around Quarter 3 or 4 of systems in place following the change in card provider from RBS to Lloyds, which will include review of progress in respect of previous audit recommendations.
- Accounts Receivable - a review is currently in progress to provide advice on possible system improvements, taking into account a survey of system users. An advisory report will be produced by Q1 2024/25.
- Council tax - Review expected to commence around March 2025 covering systems, procedures and internal controls, including taking account of any changes in processes since the last review completed in 2022.

In relation to Adult Social Care:

- A draft report covering Adult Social Care Payments (Liquid Logic/ContrOCC system) has been produced in 2023/24 and is due to be finalised with agreed management responses. Once finalised, further related work will be considered for 2024/25.

In relation to Children's Services:

- A draft report covering Children's Social Care Payments (Liquid Logic/ContrOCC system) was produced in 2023/24 and is due to be finalised with agreed management responses. Once finalised, any further related work will be considered.

Time will also be set aside for other issues and developments arising in respect of financial systems where further audit input or advice may be appropriate. Audit and Assurance will also consider other sources of assurance including updates from Financial Management, assessments against the CIPFA Financial Management Code and findings from the External Auditor. Where applicable, any updates to the Plan will be agreed with the Section 151 Officer.

5.3 Governance

Audit and Assurance will continue to provide a role in reviewing the compilation of the Council's Annual Governance Statement (AGS). The AGS is required to be produced in accordance with the Accounts and Audit Regulations 2015 and is collated and produced by Legal and Governance.

Audit and Assurance will provide feedback where appropriate on the process for the production of the 2023/24 AGS including commenting on the content of the draft AGS with reference to the CIPFA/SOLACE Governance framework and guidance. Audit and Assurance will also provide assurance as required to be reflected in the AGS.

It is anticipated that updated guidance on the AGS will be published by CIPFA later in 2024/25 and Audit will consider details in liaison with Legal and Governance regards the production of the AGS for future years.

It should be noted that within other sections of this report, planned audit work also includes reviewing developments in relation to a number of significant governance issues highlighted in the 2022/23 AGS such as audit coverage in relation to information governance and financial management.

Time may also be used in the plan to provide internal audit input to reviewing other governance issues across the Council, including issues within the Council and through joint ventures and other partnerships.

Where appropriate, Audit will liaise with partner organisations and time will be allocated for any assurance required to be provided in relation to Greater Manchester (GM) wide issues. This may include liaison with counterparts in other GM Councils, the Greater Manchester Combined Authority (GMCA), NHS and other organisations.

5.4 Risk Management

Time is allocated to review existing risk management arrangements across the Council and ensuring processes are evidenced. This will include continuing to facilitate the ongoing update of the Strategic Risk Register. This provides assurance in respect of the highest strategic risks faced by the Authority in terms of the management and ongoing monitoring and mitigating actions for those risks - Risks such as in relation to financial resilience, climate change, safeguarding responsibilities, cyber security, information governance, and in relation to the management of joint venture arrangements.

Audit will continue to review the effectiveness of reporting processes for the strategic risk register and where appropriate provide suggestions or recommendations for consideration by CLT.

An internal audit report covering the Council's business continuity arrangements, was issued in January 2023. This included an action plan to further develop arrangements in place. This issue has continued to be reported as a strategic risk during 2023/24 and through 2024/25, Audit will continue to liaise with the Place Directorate to monitor progress regards the action plan.

In respect of another strategic risk, an audit of corporate health and safety processes was completed in June 2023 with a Substantial level of assurance provided and in 2024/25, agreed actions from this review will also be followed up.

Issues in relation to other areas of strategic risk are also reflected in audits within this plan within other sections of the report. In addition, during the year as part of ongoing audit planning, there will be consideration of other audit work directly covering strategic risk areas and work may be added to this year's Plan or included in future plans.

In terms of corporate risk management, the Service maintains corporate risk management guidance, available on the Council's intranet, which where applicable will be further updated during the year.

5.5 Anti-Fraud & Corruption

Fraud and corruption risks are considered as part of audit planning for individual audit reviews and where appropriate recommendations are made to reduce the risk of fraud.

The Service will continue to support the National Fraud Initiative (NFI), the national data-matching exercise, co-ordinated by the Cabinet Office, designed to help participants identify possible cases of error or fraud. Audit will liaise with other services to ensure the Council provides data in accordance with the requirements of the NFI 2024/25 exercise. The

Service will also co-ordinate any reporting of outcomes from existing exercises and will reflect details in the 2023/24 Annual Head of Internal Audit Report.

Specific cases of suspected internal fraud or theft referred to the Audit and Assurance Service will be subject to investigation during the year.

The Internal Audit and Counter Fraud teams within the Audit and Assurance will continue to work with other services as required to review policies and guidance in relation to the Anti-Fraud and Corruption Strategy, and where applicable publicise any updates to these as appropriate. This will include updating guidance on the existing Audit and Assurance intranet site.

5.6 **Procurement / Contracts / Value for Money**

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.

As part of internal audit planning in relation to the STAR Shared Procurement Service, Audit liaises with both STAR and the Internal Audit sections of the other partner authorities (Stockport, Rochdale, Tameside, Knowsley and St Helens Councils). Audit plans are agreed and relevant findings shared to ensure a co-ordinated audit process. As at the time of this report being issued, planned audit review work for 2024/25 was subject to discussion with details to be finalised by the end of March 2024. As part of discussions, this will include:

- Consideration of any findings from a current review of STAR's income collection processes to ensure there are adequate and effective processes in line with its charging policy. (Lead – Tameside Council)
- Further to recent developments in reporting arrangements, agreement to start an audit review in the first quarter of 2024/25 on processes within STAR to support reporting on the delivery of Social Value.
- Consideration of other audit review work during the year including issues in relation to the new Procurement Act. Any further planned audit work will be included in the Quarter 1 2024/25 Audit and Assurance update report.

During 2023/24, Audit has liaised with the Development and Estates Service and been provided with information to evidence governance arrangements and ongoing contract monitoring processes regards the joint ventures set up with Bruntwood, which form a key part of the Council's asset investment strategy. It is noted that the Service is conducting a contracts review and Audit will consider subsequent developments and agree any further coverage. This will take into account good practice guidance from CIPFA.

Plans for an audit of contract monitoring in relation to parking enforcement were rescheduled as a new contract is expected to be in place by April 2024 so an audit is planned for later in 2024/25.

Other review work across the Audit Plan, covered in other sections, includes consideration of aspects of procurement and contract monitoring. In respect of the One Trafford Partnership, there will be coverage of complaints processes alongside a review of corporate complaints procedures (see 5.9).

5.7 Information Governance (IG) / Information, Communications and Technology (ICT)

This block of work covers both ICT auditing as well as the review of information governance processes across the Council. Risks in relation to cyber security and information governance are monitored on the Council's strategic risk register.

The audit of ICT covers the review of procedures, processes and controls across a range of computer systems and technical solutions. Salford Internal Audit Services undertake a significant part of this work and also contribute to audit planning in respect of this area. At the time of this report, audit planning work for 2023/24 is in progress through liaison with IT and Digital. At present the following areas are being considered for future review:

- IT Disaster Recovery – a review of cloud and non cloud-based applications across services and how recovery is planned and prioritised in event of significant outages.
- Vulnerability Management - a review to determine how the identification, monitoring and reporting of IT environment vulnerabilities is managed.
- Cloud-based Access Management – how the authentication and access rights of users to systems, networks and data is managed (with focus on cloud-based usage).
- IT Asset Management – a review of the business practice involving management and optimisation of the purchase, deployment, maintenance, utilisation and disposal of IT assets within the Council.

Agreed coverage will be reflected in the Quarter 1 Audit and Assurance update.

Audit work also encompasses wider information governance aspects. Whilst assurance has been received through regular updates on the strategic risk register, a delay to internal audit reviews in this area had been agreed as the Information Governance function has been subject to a service review. It is agreed that planned audits will resume and initially it is expected that, later in 2024, there will be an audit review of processes to manage the risks of data breaches. This will include reviewing existing

processes and considering developments further to previous audit findings in this area reported in 2022.

Assurance on other aspects will be sought through strategic risk register updates such as in respect of actions to improve performance in processing Subject Access Requests; Freedom of Information requests and also developments in reviewing records management in the Council.

Later in the year, further planned audit work will be agreed. Audit will also consider the Council's assessment submitted for the mandatory NHS Data Security and Protection Toolkit to gain assurance and assist in future audit planning.

5.8 Schools

As part of the Schools Financial Value Standard (SFVS), schools are required each year to submit a declaration to show adherence to the Standard. The audit work programme takes into account the standards expected when evaluating the adequacy and effectiveness of internal controls, governance and risk management at individual schools. Information provided in SFVS assessments submitted is utilised by Audit and Assurance to assist in planning and undertaking school audits.

Audit will continue to liaise with relevant services, including Finance and Education Services, in relation to schools related issues including sharing findings and considering risk areas and future planned audit coverage.

It is planned during 2024/25, that at least 8 school audits will be completed in addition to further reviews commencing by the end of the year. Audit reports will be issued as part of each review.

School audit reviews undertaken in 2023/24 will be followed up to assess progress in implementing audit recommendations.

5.9 Assurance – Other Strategic and Service Risks

Time is allocated to reviewing risk areas derived from a number of sources not covered within other categories of the plan, including director's / senior managers' recommendations, risk registers and areas identified by the Audit and Assurance Service. Reviews may cover individual services, functions and authority wide issues and risks to ensure a broad coverage of audit work across the Council.

For service-related reviews, risks reviewed may encompass a number of areas of control such as procedures and responsibilities, adherence to legislation, budgetary control, Payroll/HR related processes, risk management, security (of cash, assets and data), expenditure, income collection and recording, data quality, performance monitoring, and information governance. Reviews may also include consideration of

performance improvements and benchmarking with other organisations, and coverage of other risks specific to the objectives of the service under review.

The following audit reviews from the 2023/24 Internal Audit Plan are expected to be in progress by the end of March 2024 with reports to be issued in early 2024/25:

- Catering Services (Strategy and Resources)
- Housing Standards (Place)

A number of audit reviews were originally scheduled to commence by the end of Q4 2023/24 but at the request of the relevant services have been rescheduled to start in 2024/25. These are as follows:

- Blue Badges (Strategy and Resources) - Audit to review systems, procedures and controls. The review will take place after the introduction of a new system, expected to be implemented by June 2024 and the review is planned for Q2 in 2024/25.
- Recruitment processes (Strategy and Resources) – New systems are being implemented during 2024 and an audit is planned to review these, starting in the final quarter of 2024/25.
- Section 106 / Community Infrastructure (Place) - Review of systems and controls in relation to the receipt of income or other benefits which are used to fund infrastructure to mitigate the effects of the development or improve facilities for the community.
- Tree Unit (Place) - review of risk management processes in place for managing the inspection and maintenance of trees. This will include consideration of the new system in place.
- Building Control (Place) - Audit to include systems and processes for dealing with Building Regulation applications.
- School Admissions (Children's Services) – Review of systems and controls in respect of Schools Admissions. Managing risks associated with the demand for school places is currently on the Council's strategic risk register. Review expected to commence around Q2 in 2024/25.
- Hayeswater Contact Centre (Children's Services) – Audit review of financial administration agreed to be undertaken in Q1 or Q2.
- Deprivation of Liberty Safeguards (Adults Services) – Work in relation to safeguarding processes covering systems and processes in place to ensure the Council has effective processes to meet statutory requirements. This review is likely to start around Q3.

Other audits included in the 2024/25 Plan are as follows:

- Corporate complaints (Strategy and Resources / Authority-wide) – Review of processes in place following the implementation of a new system in early 2024/25. The review will include coverage of central

processes as well as service level responses, which will include the One Trafford Partnership.

- Libraries Service review (Strategy and Resources) - Review to be undertaken of service-wide financial and administrative processes supporting the operation of individual libraries.
- Let Estates (Place) – Audit will undertake a review to assess processes in place further to developments that have been made in this area with the introduction of new systems and processes.
- Supporting Families Programme (Children’s Services) - Provide assurance on systems and process in line with requirements set out by the Greater Manchester Combined Authority.
- Care Leaver payments (Children’s Services) - Review to assess systems and controls in place supporting the administration of payments to care leavers, including consideration of any previous audit recommendations.
- Section 17 Payments (Children’s Services) – Review of processes for administering payments relating to purposes set out in Section 17 of the Children’s Act in relation to children in need and their families.
- Home to School Transport (Children’s Services) – review around Q3 2024/25 to include new systems in place for administering applications and for route management. Review will also include further follow up of previous audit findings.
- Adult Direct Payments (Adult Services) – A draft report was produced during 2023/24 and is to be finalised. Further work in this area will be considered later in 2024/25.
- Adaptations (Adult Services) – A report was previously issued in February 2023 and assurance will be obtained on progress regards previous recommendations.

For the above reviews, Audit and Assurance will contact individual services to agree the detailed scope of the reviews prior to any work being undertaken.

There will also be time allocated to follow up audits undertaken in 2023/24. This will include the following:

- Bereavement Services (Strategy and Resources)
- Cleaning Services (Strategy and Resources)
- Sale Waterside Arts Centre (Strategy and Resources)
- Outdoor Advertising (Place)
- Safety at Sports Grounds (Place)

Other audits may be added to the Plan during 2024/25 and as part of discussions with various services, other areas are being considered for audits in 2025/26.

5.10 Data Quality/Grant Claims

A block of time is included in the plan for review of grant claims and other data quality checks made through the year where the internal audit function is required as part of the review/sign off process.

There is expected to be a requirement for Audit input to sign off the 2023/24 grant claim in respect of the Disabled Facilities Grant and submit to the Department for Levelling Up, Housing & Communities.

Audit will be notified of other grant claims and returns to be checked at various stages during the year. Work actually completed will be reported in Audit updates through the year and in the Annual Head of Internal Audit Report.

5.11 Service Advice / Project support

The Audit and Assurance Service provides advice across the Council on governance, control and risk issues. In addition to areas listed elsewhere in this report, time is set aside for the provision of ongoing service advice. This may take the form of responses to ad hoc queries, issuing guidance, and liaison with services. It may include, for instance, support and advice as part of project groups and system boards and liaison with services in respect of the development of new systems, processes and associated controls. This could include for instance, consideration of issues arising from the Council's Finance and Change Programme.

There may also be time set aside to provide support in relation to preparation for external inspection. For example, Audit may provide some input in liaison with Adult Services ahead of any future CQC inspection.

The Audit and Assurance intranet site includes information on the role of Audit and associated guidance for services in respect of risk management, governance and anti-fraud and corruption. This will be updated where appropriate through the year.

Account will always be taken of the primary objective of Internal Audit to complete assurance work and approval would be sought from CLT and the Accounts and Audit Committee before any significant unplanned consultancy work is agreed which would impact on the Internal Audit Plan.

2024/25 Operational Audit Plan – Allocation in Days

Appendix 1

Category	Details	Impact of Audit and Assurance's work	Estimated Days
Financial Systems	<p>Coverage, includes audits of fundamental financial systems reviews as described in section 5.2:</p> <p>Advice in relation to consideration of new systems / system development.</p> <p>Audit Reports planned to be issued in 2024/25 include the following:</p> <ul style="list-style-type: none"> - Accounts Receivable (Strategy and Resources) - Payroll (Strategy and Resources) - Budgetary Control (Finance and Systems/Authority-wide) - Purchase Cards (Finance and Systems) <p>Other audits to commence in 2024/25 include:</p> <ul style="list-style-type: none"> -Accounts Payable (Finance and Systems) -Council Tax (Finance and Systems) -Other review work to be confirmed as part of finalising existing audits in relation to Adults and Children's Services. 	<p>Assurance on the operation of material business critical systems. Improvements in control environment supporting the achievement of corporate priorities, effective financial management, good governance and supporting the Council's position in respect of its external audit review.</p>	120

<p>Governance</p>	<p>Coverage as described in section 5.3:</p> <p>Corporate Governance / AGS (Legal and Governance) – to liaise with Legal and Governance, including providing comment on processes supporting the AGS, and its content with reference to the CIPFA/SOLACE Governance framework and guidance.</p> <p>Advice / assurance in respect of governance issues and ongoing liaison with services to consider further audit reviews.</p>	<p>Provision of assurance on the effectiveness of governance arrangements in place within the Council to support the achievement of Council objectives and priorities.</p> <p>The Annual Governance Statement provides assurance to the public on the effectiveness of governance arrangements and enables the establishment of corporate improvement priorities.</p>	<p>20</p>
<p>Corporate Risk Management</p>	<p>Coverage as described in section 5.4. includes:</p> <p>Facilitating, and reviewing the effectiveness of, the maintenance of the Council’s strategic risk register.</p> <p>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.</p> <p>Follow-up of previous audit reviews to include:</p> <ul style="list-style-type: none"> - Business Continuity (Place/Authority-wide) - Health and Safety (Strategy and Resources) 	<p>Assisting the Council to review the effectiveness of risk management leading to improvements in service delivery, achievement of objectives and improvements in the allocation of resources. The work also supports the Council in evidencing good practice undertaken when subject to inspection and review.</p>	<p>50</p>

Anti-Fraud & Corruption	<p>Coverage as described in section 5.5:</p> <p>Co-ordinate the Council's activity in respect of the National Fraud Initiative in accordance with Cabinet Office requirements.</p> <p>Contributing to investigations of referred cases of suspected theft, fraud or corruption.</p> <p>Other work to support the Anti-Fraud and Corruption Strategy, including working with other relevant services to review existing strategy, policies and guidance.</p>	<p>Contributes to the maintenance of high standards of conduct and governance. Provides assurance on the management of the risks of fraud and corruption. Advice to services on the improvement of controls in place to reduce potential risks, e.g. financial loss and reputational damage.</p>	<p>80</p>
Procurement / Contracts / Value for money	<p>Coverage as described in section 5.6:</p> <p>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).</p> <p>Audit Opinion Reports to include: STAR:</p> <ul style="list-style-type: none"> - Social Value (Lead:Trafford Council)* - Other audits for 2024/25 to be confirmed and will be confirmed as part of the 2024/25 Q1 Audit and Assurance update. <p>Other:</p> <ul style="list-style-type: none"> - Parking Enforcement contract 	<p>Assurance and challenge on the adequacy of procurement arrangements. Contributes to improvements in service delivery and the achievement of value for money for the Council.</p>	<p>65</p>

Information Governance / Information, Communications and Technology	<p>Coverage as described in section 5.7:</p> <p>ICT Audit reviews and advice. Planned audits to include:</p> <ul style="list-style-type: none"> - Access Management - Vulnerability Management - IT Disaster Recovery - Asset Management <p>Information governance reviews and advice. To include:</p> <ul style="list-style-type: none"> - Audit of processes to support management of risk in relation to data breaches. 	<p>Specialised technical advice and assurance on the adequacy of controls surrounding ICT systems. Assurance to managers who place significant reliance on ICT systems for the delivery of services. Contribution to the review and further development of the Council's information governance arrangements.</p>	<p>80</p>
Schools	<p>Coverage as described in section 5.8:</p> <p>Providing assurance on the control environment within schools, supporting schools in ensuring awareness of requirements within the DfE Schools' Financial Value Standard.</p> <p>Audit reviews of schools: At least 8 school audits to be completed during the year (Children's Services). Final audit opinion reports expected to be issued include</p> <ul style="list-style-type: none"> - All Saints Catholic Primary* - Altrincham C of E* - Templemoor Infants - Seymour Park Community Primary - Moss Park Primary - At least 3 other school audits to be completed. Other audits to commence or be planned in by the end of 2024/25 to be confirmed during the year. 	<p>Supports improvements in standards of governance and control in schools and supports process to enable achievement of standards set by the DfE.</p>	<p>90</p>

	<p>Follow-up of progress for all school audits completed in 2023/24 with updates to be obtained from management.</p>		
<p>Assurance – Other Strategic and Service Risks</p>	<p>Coverage as described in section 5.9:</p> <p>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.</p> <p>Audits to commence in 2024/25 with reports to be issued during 2024/25 or Q1/2 of 2025/26:</p> <ul style="list-style-type: none"> - Catering Services (Strategy and resources) * - Blue Badges (Strategy and Resources) - Libraries Service (Strategy and Resources) - Complaints (Strategy and Resources / Authority-wide) - Recruitment (Strategy and Resources) - Supporting Families (Children's Services) * - Home to School Transport (Children's Services) - Schools Admissions (Children's Services) 	<p>This work enables Internal Audit to provide a breadth of assurance across the Council that there are adequate governance and control arrangements in place, that policies and procedures are being implemented, that risks are being managed, and outcomes delivered.</p>	<p>230</p>

	<ul style="list-style-type: none"> - Hayeswater Contact Centre (Children's Services)* - Care Leaver payments (Children's Services) - Section 17 payments (Children's Services) - Deprivation of Liberty Safeguards (Adult Services) - Adaptations (Adult Services) - Direct Payments (Adult Services) - Let Estates (Place) - Building Control (Place) - Housing Standards (Place) - Tree Unit (Place) - Section 106 / Community Infrastructure Levy (Place) - Other audits where applicable, to be agreed with individual services during the year. <p>Follow-up of previous audit reviews where internal audit reports have been issued in 2023/24 to include:</p> <ul style="list-style-type: none"> - Bereavement Services (Strategy and Resources) - Cleaning Services (Strategy and Resources) - Sale Waterside Arts Centre (Strategy and Resources) - Outdoor Advertising (Place) - Safety at Sports Grounds (Place). 		
Grant claims checks / Data Quality	<p>Coverage as described in section 5.10: Internal audit checks of grant claims / statutory returns and other checks as required.</p> <p>Audit and Assurance to be advised through the year of grant claims, review</p>	Ensuring the Council adheres to requirements in submitting relevant grant claims where Internal Audit input is required, providing assurance regarding the accuracy of data and supporting information reviewed.	25

	<p>work and other returns to be checked/signed off. To include:</p> <ul style="list-style-type: none"> - Disabled Facilities Grant (Adult Services) - To be advised of others during 2024/25 		
Service Advice / Projects	<p>Coverage as described in section 5.11:</p> <p>General advice and guidance, both corporately and across individual service areas.</p> <p>Support and advice to the organisation in contributing to working groups and projects in relation to governance, risk and control issues.</p>	<p>Support to services, groups, project teams etc. around the relevance and application of corporate policies, procedure rules and good governance arrangements.</p> <p>Contributing to the delivery of effective project outcomes including input to the consideration of key risks and appropriate controls considered in the development of new systems, functions and procedures.</p>	40
		Total Allocated Days	800
		Contingency (To cover additional / unexpected work and any unexpected reductions in available staff days).	40
		Total Planned Days	840
		Available Days	840
		Surplus/Deficit for Year	0

* Denotes draft opinion report to be issued by Quarter 1 of 2024/25.

Audit Opinion Levels

For the above reviews listed where an audit opinion report is to be issued, an audit opinion will be provided as per the framework below:

Audit Opinion Level	Description
Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
Very Low or No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.



TRAFFORD
COUNCIL

Internal Audit Charter

Audit and Assurance Service (March 2024)

TRAFFORD COUNCIL

AUDIT AND ASSURANCE SERVICE - INTERNAL AUDIT CHARTER

1. Introduction

- 1.1 Section 151 of the Local Government Act 1972 requires Councils to “make arrangements for the proper administration of their financial affairs”. More specific requirements are detailed in the Accounts and Audit Regulations 2015 in that the relevant authority 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.”
- 1.2 The Internal Audit Charter describes the purpose, authority and principal responsibilities of the Internal Audit function at Trafford which is provided by the Audit and Assurance Service.
- 1.3 The Audit and Assurance Service is required to operate in accordance with the UK Public Sector Internal Audit Standards. The Standards are mandatory for all internal auditors working in the UK Public Sector.

2. Definitions

Internal Audit

- 2.1 “Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.” (Public Sector Internal Audit Standards).
- 2.2 CIPFA provide further details in their PSIAS Local Government Application Note: “Internal audit provides an independent and objective opinion to the organisation on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control. It may also undertake consulting services at the request of the organisation, subject to there being no impact on the core assurance work and the availability of skills and resources.

The “Board” and “Senior Management”

- 2.3 The Public Sector Internal Audit Standards (PSIAS) require that the internal audit charter defines the terms ‘board’ and ‘senior management’ in relation to the work of internal audit. For the purposes of internal audit work, the ‘board’ refers to the Council’s Accounts and Audit Committee which has delegated responsibility for overseeing the work of internal audit. The term senior management will be defined on an individual basis according to individual context but will usually refer to the Corporate Leadership Team (CLT).

3. Mission of Internal Audit and Core Principles for the Professional Practice of Internal Auditing

3.1 The Mission of Internal Audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight. In order to achieve this, in accordance with the PSIAS, it should operate in accordance with the following core principles:

- Demonstrates integrity
- Demonstrates competence and due professional care
- Is objective and free from undue influence (independent)
- Aligns with the strategies, objectives and risks of the organisation
- Is appropriately positioned and adequately resourced
- Demonstrates quality and continuous improvement.
- Communicates effectively
- Provides risk-based assurance
- Is insightful, proactive, and future-focused.
- Promotes organisational improvement.

4. Status

4.1 The Audit and Assurance Service is within the Council's Finance and Systems Directorate. It comprises the Council's Internal Audit and Counter Fraud functions.

4.2 Internal Audit's authority derives directly from its statutory responsibilities and the Procedure Rules established by the Council.

4.3 The responsibility for the production and execution of the internal audit plan and subsequent audit activity rests with the Audit and Assurance Manager. The Audit and Assurance Manager reports to the Director of Finance and Systems (Section 151 Officer) but will also report directly to the Chief Executive where required.

5. Reporting Lines

5.1 The work of the Audit and Assurance Service is reported directly to the Chief Executive; to Members via the committee charged with responsibility for audit and governance (The Accounts and Audit Committee, defined by the term "Board" under PSIAS) and to Executive Members. The work of the Accounts and Audit Committee is also reported annually to the Council.

5.2 Internal audit assignments are the subject of formal reports. These reports are sent to the relevant Corporate Director and Head of Service together with relevant managers. The Executive member with portfolio responsibility, Chief Executive, Director of Finance and Systems and External Audit will receive copies of the internal audit reports. The Monitoring Officer will also receive copies of audit reports at the discretion of the Audit and Assurance Manager. Reports are issued initially as drafts and, following agreement as to contents and responsibility for implementing recommendations, a final report is issued. The Accounts and Audit Committee is provided with a listing on a periodic

basis of each audit report, summarising the findings and stating the audit opinion given.

6. Independence

- 6.1 The Audit and Assurance Service will be sufficiently independent of the activities being audited so that auditors are able to make impartial and effective professional judgements and recommendations.
- 6.2 Internal Audit will determine its priorities in consultation with the Accounts and Audit Committee.
- 6.3 The Audit and Assurance Manager will report impartially in his or her own name.
- 6.4 Where internal audit staff have a perceived or real conflict of interest in undertaking a particular piece of audit work (whether for personal reasons or through managing or undertaking any non-audit duties), this will be managed through the internal audit management and supervisory process. Work will be re-assigned where appropriate. Staff are required to declare any potential conflict of interest and a signed declaration from each member of staff is required on an annual basis. In the event that the Audit and Assurance Manager has responsibility for any activity relating to non-audit duties, to ensure independence is not impaired, the Audit and Assurance Manager would not be directly involved in the audit of this activity and arrangements would be agreed with the Section 151 Officer.
- 6.5 Adequate budgetary resources will be made available to enable the Internal Audit function to maintain its independence.

7. Responsibilities

- 7.1 The main objective of the Audit and Assurance Service is to provide the Council with an independent and objective opinion on the Council's control environment.
- 7.2 The Audit and Assurance Service should play a key role in shaping the ethics and standards of the Council and where appropriate, act as a catalyst for change and improvement.
- 7.3 The scope of internal audit work will cover all the Council's activities and encompass both the financial and non-financial aspects of the control environment. This includes activities undertaken in partnership with other organisations where assurance will be sought in accordance with agreed protocols including access rights.
- 7.4 Internal audit work comprises an independent and objective review of the control environment. The key elements of the control environment include:
 - (a) Establishing and monitoring the achievement of the organisation's objectives
 - (b) The facilitation of policy and decision-making ensuring compliance with established policies, procedures, laws and regulations – including how risk

management is embedded in the activity of the council, how leadership is given to the risk management process, and how staff are trained or equipped to manage risk in a way appropriate to their authority and duties

- (c) Ensuring the economical, effective and efficient use of resources, and for securing continuous improvement in the way in which the council's functions are exercised, having regard to a combination of economy, efficiency and effectiveness
- (d) The financial management of the Council and the reporting of financial management
- (e) The performance management of the Council and the reporting of performance management.

- 7.5 The Council's assurance and performance management framework will be taken into consideration when determining the work of Internal Audit. The key elements of the assurance and performance management framework are:
- Risk management both at the strategic and operational levels
 - The monitoring of key Council objectives and targets by the Corporate Leadership Team
 - Business planning - the identification and monitoring of key business targets by individual services
 - Self-assessments by managers of the operation of controls for which they are responsible
 - Reviews by External Audit
 - Reviews by other external agencies
 - Scrutiny reviews
 - Previous work of Internal Audit and the Accounts and Audit Committee.
- 7.6 Particular attention will be devoted to any aspects of the control environment affected by significant changes within the organisation's risk environment.
- 7.7 The Audit and Assurance Manager will also make a provision, in the scope of Internal Audit's work, to form an opinion where key systems are operated by the Council on behalf of other bodies or other bodies are operating key systems on behalf of the Council.
- 7.8 Where the Council works in partnership with other organisations, the role of Internal Audit will be defined on an individual basis.
- 7.9 The Audit and Assurance Manager will give an opinion on the operation of the Council's control environment, which encompasses internal control, risk management and governance. This is set out in the annual Head of Internal Audit report.
- 7.10 The Audit and Assurance Service will also take a lead role in supporting the work of the Accounts and Audit Committee. This will include co-ordinating the committee's work programme in agreement with Committee Members and supporting the Committee to report on its work undertaken.

8. Fraud and Corruption

- 8.1 The Audit and Assurance Service, comprising the Internal Audit and Counter Fraud functions, works with other services including Human Resources and Legal Services to maintain the Council's anti-fraud and corruption policy, strategy and supporting guidance. The Service also works with others to raise awareness of anti-fraud measures across the Council and fraud risks are considered as part of Internal Audit review work.
- 8.2 The Audit and Assurance Manager will be informed of suspected or detected fraud, corruption or impropriety, so that he or she can consider the adequacy of the relevant controls and evaluate the implications of fraud and corruption for his or her opinion on the internal control environment.

9. Access

- 9.1 The Audit and Assurance Service will have unrestricted direct access to all Members, council personnel, records (whether manual or computerised), cash, stores, and other assets and may enter council property or land to obtain such information and explanations considered necessary to fulfil the responsibilities of an internal audit function. Such access shall be granted on demand and not be subject to prior notice and will also extend to partner bodies or external contractors working on behalf of the authority insofar as such access relates to work carried out or services provided on behalf of or in partnership with the authority. In respect of issues where clarity may be required in relation to access rights e.g. in relation to specific partnership arrangements, Audit and Assurance will seek advice, e.g. from relevant service areas such as Legal Services.

10. Limitations of Internal Audit Responsibilities

- 10.1 In seeking to discharge the responsibilities detailed above, and in line with the responsibilities of Internal Audit set out in section 7 above, it should be noted that the Internal Audit function is not responsible for:
- Controlling the risks of the authority.
 - Establishing and maintaining systems of internal control.
 - Determining operational policies or procedures.

11. Resources

- 11.1 The Audit and Assurance Manager will hold a relevant professional qualification; have wide experience of audit and management and will be responsible for ensuring that the Audit and Assurance Service is appropriately staffed in terms of numbers, grades, qualification levels and experience.
- 11.2 The Audit and Assurance Manager will ensure that appropriate provision is made for maintaining and developing the competence of audit staff. All internal auditors will undertake a programme of continuing professional development to maintain and develop their skills. A record of training and development undertaken and planned will be maintained.

11.3 The Audit and Assurance Manager is responsible for ensuring that the resources of the Audit and Assurance Service are sufficient to meet its responsibilities and achieve its objectives. If a situation arose whereby it was concluded that resources were insufficient this will be formally reported to the Section 151 Officer, Chief Executive and, if the position is not resolved, to Members charged with responsibility for audit and governance (Accounts and Audit Committee).

12. Consultancy

12.1 Consultancy comprises the range of services, other than assurance services, provided by Internal Audit to assist management in meeting the objectives of the Council. This may include facilitation, process design, training, and advisory services. The Audit and Assurance Manager will be responsible for deciding what level of consultancy support Internal Audit can provide. The scope of any consultancy work will be agreed with management and will only be undertaken where resources permit without impacting on the planned annual assurance process.

12.2 In the event that the Service has previously performed consulting services, in planning the allocation and scoping of future assurance work, account will be taken of consultancy work performed in that area to ensure that independence and objectivity is not impaired.

12.3 Account will always be taken of the primary objective of Internal Audit to complete assurance work and approval would be sought from the Accounts and Audit Committee before any significant unplanned consultancy work is agreed which would impact on the Internal Audit Plan.

13. Review

13.1 The Internal Audit Charter will be subject to regular review, the results of which will be reported for approval by the Corporate Leadership Team and the Accounts and Audit Committee.

Mark Foster
Audit and Assurance Manager
March 2024



TRAFFORD
COUNCIL

Internal Audit Strategy

Audit and Assurance Service (March 2024)

TRAFFORD COUNCIL AUDIT AND ASSURANCE SERVICE

INTERNAL AUDIT STRATEGY

1. Introduction

- 1.1 The Internal Audit Charter defines the purpose, authority and principal responsibilities of Internal Audit. The Internal Audit Strategy set out in this document details the arrangements in place to deliver internal audit so as to ensure that the objectives of the Audit and Assurance Service are met and the scope of it understood.
- 1.2 The Audit and Assurance Service is required to deliver a risk-based audit plan in a professional independent manner, to provide the Council with an opinion on the level of assurance it can place upon the internal control environment (which encompasses internal control, risk management and governance); and, where applicable, to make recommendations to improve it.
- 1.3 The Strategy Statement below sets out the key requirements for ensuring the Audit and Assurance Service fulfils its role effectively. The Statement sets out the overarching vision and aims of the Service. Details of how these requirements are to be met are set out in sections 3 to 8 of the Strategy.

2. Strategy Statement

- 2.1 The Mission and Core Principles for Internal Audit are defined in the Internal Audit Charter, in accordance with the Public Sector Internal Audit Standards (PSIAS) and the Audit and Assurance Service should work to these in its planning and service delivery. (See Section 3.1 of the Internal Audit Charter).
- 2.2 The Audit and Assurance Service plays a key role in shaping the ethics, values and standards of the Council. The Service should be professional, challenging and innovative, acting as a catalyst for change and improvement by:
 - Ensuring its work adds value and maximises assurances to the Council about its positive impact on the achievement of corporate objectives and service delivery;
 - Having a sound knowledge of the organisation, being forward looking and aware of local, regional and national agendas and their impact on the Council;
 - Ensuring the service is flexible, works in partnership with managers, invests in good working relationships with all stakeholders and responds effectively to the changing needs of the Council;
 - Having sufficient resources to effectively deliver the vision and uphold professional standards, particularly officer resources with the number, skills mix, knowledge and experience to achieve this.

3. Service Provision

- 3.1 The Internal Audit function is provided by the Audit and Assurance Service, which is within 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.

- 3.2 Internal audit services to the Council are currently provided by in-house resources and are complemented by bought-in resources as follows:
- Specialist ICT audit resources are provided by Salford Internal Audit Services. This arrangement was originally agreed by the Association of Greater Manchester Authorities as part of a review of joint working whereby Salford City Council provide specialist resources for use by all the Greater Manchester authorities. These specialist resources are used to complement in-house resources.
 - Internal audit resources will be bought-in if the Audit and Assurance Manager, in agreement with the Director of Finance and Systems, considers this to be necessary to ensure completion of the internal audit plan, and if resources permit this approach. The engagement of bought-in internal audit resources will be reported to Members charged with the responsibility for audit and governance. (Recognition will be given to potential conflicts of interest where bought in internal audit resources also provide non internal audit services to the Council).
- 3.3 The Audit and Assurance Manager is responsible for ensuring that all internal audit work complies with the Internal Audit Charter and the Public Sector Internal Audit Standards.

4. Audit Planning

- 4.1 A risk based Audit and Assurance Service plan will be produced on an annual basis. Work will be planned to ensure adequate assurance is provided towards the completion of the Council's Annual Governance Statement.
- 4.2 Resources will be allocated taking into account assurance levels required, risks involved and the potential impact of the work. The planned programme of work will be informed by:
- assurance required to be provided as a Council
 - assurance gained from other sources other than internal audit work including external audit and other inspectorates, service self-assessments etc.
 - knowledge and understanding of the organisation including future priorities and potential impacts
 - detailed consultation with key stakeholders.
- 4.3 Factors to be taken into account when undertaking a risk assessment of auditable areas will take account of the council's assurance and performance management framework including:
- Risk management both at the strategic and operational levels
 - Monitoring of key council objectives and targets by the Corporate Leadership Team
 - Directorate and Service Business Planning arrangements

- Governance and control self-assessments by managers of the operation of controls for which they are responsible
- Reviews by External Audit and other external agencies
- Other internal reviews including scrutiny work
- Previous internal audit and Accounts and Audit Committee findings.

4.4 The Annual Internal Audit Plan lists the areas to be audited and the resources required. Audit reviews and other programmes of work will focus both on strategic and operational issues. To ensure adequate flexibility, audit work will involve a number of different methods of delivery i.e. traditional internal audit reviews; provision of guidance; awareness raising; advice to project / working groups etc. The plan will be prepared to ensure:

- Fundamental financial systems are reviewed on a cyclical basis.
- Adequate resources are set aside for anti-fraud and corruption work including investigating suspected cases and raising awareness across the Council.
- Adequate resources are included to enable reviews of the Council's corporate governance and risk management arrangements.
- The Council's ICT systems and information governance processes are subject to adequate internal audit coverage.
- Procurement and contracts arrangements across the council are reviewed.
- Internal Audit fulfils its role in auditing schools, supporting the process by which schools are required to meet the Schools Financial Value Standard.
- Adequate coverage of other key business risks including individual coverage of authority-wide issues, individual services, establishments, partnerships, programmes and projects.

4.5 Provision is made to follow up work completed in previous periods. The plan also contains a contingency for unforeseen changes which may necessitate a change in priorities.

4.6 The Internal Audit Plan is flexible and will be kept under review and will be revised to take account of changes in the risk environment. Significant changes in the plan will be reported to the Corporate Leadership Team and to the Accounts and Audit Committee.

5. **Service Delivery**

5.1 There will be close working with management in agreeing the scope of individual audit assignments. The planning and scoping process takes into account any significant factors, developments and key risks to ensure the internal audit review of that area will add value for the Council.

5.2 The ongoing development of the Audit and Assurance Service's knowledge base will provide an effective source of information as part of the planning process. Knowledge will be developed by various means including ongoing liaison and discussion with managers and other key stakeholders.

5.3 Individual Audit and Assurance projects will have, within the overall project time allocation, planned time to allow the Audit and Assurance Officer(s) to research

and build their knowledge of the area (proportionate to the nature/complexity of the review).

- 5.4 The Audit and Assurance Manager will ensure that there are documented protocols and procedures for planning and conducting audits, setting out the standards for the service. These will be set out in the Audit Manual. The Audit and Assurance Manager will monitor performance against the standards set out in the Audit Manual and other relevant documents.

6. Reporting

- 6.1 Reporting arrangements for the Audit and Assurance Service are set out in protocols which form an integral part of the Service's Audit Manual.
- 6.2 The approach to reporting, delivering opinions and supporting conclusions, and developing associated improvement actions will be flexible. This will be to ensure that officer resources are effectively utilised, the needs of recipient managers/stakeholders are met, the necessary assurance is provided and the form of reporting maximises ownership and impact of resulting improvement actions / organisational change being recommended.
- 6.3 For individual audit assignments, where internal audit recommendations are made, these will be discussed with management prior to the issue of audit reports. The findings from the audit will be reported, clearly identifying and explaining the key risks and control weaknesses, with the relative priority of recommendations clearly communicated. Following each audit, the client manager will have the opportunity to provide feedback via the client satisfaction survey.
- 6.4 Progress against the annual internal audit plan will be monitored by the Audit and Assurance Manager and reported to the Corporate Leadership Team and to the Accounts and Audit Committee on a regular basis.
- 6.5 The Audit and Assurance Service will give an overall opinion each year on the Council's risk management, control and governance arrangements to support the Annual Governance Statement. The Internal Audit opinion on the control environment will be given in the Annual Head of Internal Audit Report, which will be presented to the Corporate Leadership Team and the Accounts and Audit Committee.

7. Staffing / Resources

- 7.1 In order to deliver the Internal Audit Strategy and comply with professional standards, it is important that the Audit and Assurance Service comprises staff with the appropriate skills and experience.
- 7.2 Audit and Assurance officers are expected to undertake continuing professional development as appropriate and undertake training / development activities, both for personal development and to ensure there is an effective skills balance within the Service.

- 7.3 The Service operates personal development and review processes in line with the Council's policy as well as professional good practice. Ongoing training and development needs are identified as part of this process. In addition to internal training, such as through e-learning, shadowing the work of colleagues etc., available training provided by key providers such as CIPFA and IIA is considered and where appropriate included within the ongoing programme of training. Training and development needs are reviewed regularly.
- 7.4 The Service has a clearly defined code for staff encompassing ethics, conduct and values in accordance with the Public Sector Internal Audit Standards. Staff are required to complete and sign a declaration statement in line with the PSIAS Code of Ethics.
- 7.5 If resources, including staffing, are insufficient for the Audit and Assurance Service to provide an opinion on the control environment, the Audit and Assurance Manager will report this to the Director of Finance and Systems, Chief Executive and to the Accounts and Audit Committee.

8. Ongoing Development Actions

- 8.1 The Service reviews its procedures, systems and working methods on a regular basis. This includes a review, at least annually, against the Public Sector Internal Audit Standards through either an internal or external assessment. Details are reported to the Accounts and Audit Committee within the Head of Internal Audit Annual Audit Report. The Service has a Quality Assurance Improvement Programme setting out its quality review processes in place which includes details in respect of both internal and external assessments (See Appendix 5).
- 8.2 There are a number of areas that are subject to ongoing or periodic review to ensure standards are maintained and where possible improvements made. The following will continue to be considered as part of ongoing service planning and monitoring of performance:
- Consider the ongoing appropriateness / application of audit procedures and protocols both in ensuring these continue to meet the organisation's requirements and remain in accordance with the Public Sector Internal Audit Standards.
 - Continue to consider and where appropriate, adopt, various approaches to audit reporting taking into account client feedback.
 - Continue to consider training and development needs of staff to ensure there remains adequate knowledge and expertise in specific areas of audit activity.
 - As part of ongoing audit planning, continue to consider the approach to gathering assurance including collaboration with other Internal Audit providers e.g. in respect of audit reviews of partnerships and other arrangements where there is collaboration between organisations.
 - Continue to consider appropriate means of raising awareness of key governance and control issues. Ensure content on the Audit and Assurance Intranet site is regularly reviewed to ensure it is up to date and provides effective guidance.

- Ensure methods of working take into account any changes in the organisational structure, accommodation issues, technology, agile working protocols etc.

9. Review

- 9.1 The Internal Audit Strategy will be subject to regular review, the results of which will be reported to the Accounts and Audit Committee and the Corporate Leadership Team.

Mark Foster
Audit and Assurance Manager
March 2024



TRAFFORD
COUNCIL

Quality Assurance Improvement Programme - Audit and Assurance Service

Audit and Assurance Service (March 2024)

TRAFFORD COUNCIL AUDIT AND ASSURANCE SERVICE

Quality Assurance Improvement Programme

1. Introduction

- 1.1 The Audit and Assurance Service Quality Assurance and Improvement Programme (QAIP) is in place to provide reasonable assurance to the various stakeholders of the Internal Audit activity that the Service:
- Performs its work in accordance with its Charter, which is consistent with the Public Sector Standards' (PSIAS) definition of Internal Auditing and Code of Ethics;
 - Operates in an effective and efficient manner; and
 - Is perceived by stakeholders as adding value and improving Internal Audit's operations.
- 1.2 The QAIP covers Internal Audit activity in accordance with the PSIAS Standard 1300 (Quality Assurance and Improvement Programme), including:
- Monitoring the Internal Audit activity to ensure it operates in an effective and efficient manner;
 - Ensuring compliance with the PSIAS' Definition of Internal Auditing and Code of Ethics;
 - Helping the Internal Audit activity add value and improve organisational operations;
 - Undertaking both periodic and on-going internal assessments (Standard 1311); and
 - Commissioning an external assessment at least once every five years, the results of which are to be communicated to the Accounts and Audit Committee (in accordance with Standard 1312 and 1320).

2. Internal Assessments

- 2.1 In accordance with PSIAS Standard 1311, internal assessments are undertaken through both on-going and periodic reviews.

On-going Reviews

- 2.2 Continual assessments are conducted through:
- Management supervision of each audit review;
 - Audit policies and procedures used as set out in in the Internal Audit Strategy and Audit Manual for each assignment in order to comply with appropriate planning, fieldwork and reporting standards;
 - Review and approval of all final reports including recommendations and levels of assurance by the Audit and Assurance Manager.
 - Feedback from audit clients obtained through a client survey issued following each internal audit review. A summary analysis of responses received is included in the Annual Head of Internal Audit report.

- Monitoring of internal performance to feed into regular reporting to the Corporate Leadership Team and Accounts and Audit Committee.

Periodic Review

2.3 Periodic assessments/reviews are conducted through:

- Reporting through the year in periodic updates and annual reporting to the Corporate Leadership Team and the Accounts and Audit Committee on the work of Internal Audit. This includes presenting the Internal Audit Plan for approval; periodic updates of progress against the Plan and work completed for the year reflected in the Annual Head of Internal Audit Report.
- Annual self-assessment against the Public Sector Internal Audit Standards with a summary of the outcome of this exercise reported in the Annual Head of Internal Audit Report, including any key improvement actions planned.
- Performance review of individual audit staff through the Council's corporate processes.

3. External Assessments

3.1 External assessments will appraise and express an opinion about Internal Audit's conformance with the PSIAS' Definition of Internal Auditing and Code of Ethics and include recommendations for improvement, as appropriate.

Frequency of External Assessment

3.2 An external assessment will be conducted at least every five years, in accordance with the PSIAS. Appointment of the External Assessor and scope of the External Assessment will be agreed with the Section 151 Officer and Chair of the Accounts and Audit Committee.

Scope of External Assessment

3.3 The scope of the external assessment will consist of the following elements of Internal Audit activity:

- Conformance with the Standards, Definition of Internal Auditing, the Code of Ethics, Internal Audit's Charter, plans, policies, procedures, practices, and any applicable legislative and regulatory requirements;
- Integration of the internal audit activity into the Council's governance and reporting framework;
- Processes undertaken by Internal Audit;
- The mix of knowledge, experiences, and disciplines within the staffing structure;
- A determination whether Internal Audit adds value to governance, risk management and internal control within the Council.

3.4 Results of external assessments will be provided to the Accounts and Audit Committee. The external assessment report will be accompanied by a written action plan in response to recommendations identified. Any significant areas of non-compliance will be reported in the Annual Head of Internal Audit Report and where applicable, considered for inclusion in the Annual Governance Statement.

4. Review of the QAIP

4.1 This document will be appropriately updated following any changes to the PSIAS or Internal Audit's operating environment and will be reviewed on a regular basis.

Audit and Assurance Service : March 2024

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TRAFFORD COUNCIL

Report to: Accounts and Audit Committee
Date: 19 March 2024
Report for: Discussion
Report of: Audit and Assurance Manager

Report Title

Strategic Risk Register 2023/24 (March 2024 update)

Summary

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

Recommendation

The Accounts and Audit Committee 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 February 2024 for each risk unless otherwise stated.

2. **THE STRATEGIC RISK ENVIRONMENT – RISK EXPOSURE AND PERFORMANCE MANAGEMENT**

- 2.1 CLT agree the risks to be included in the strategic risk register and provide updates on risks under their remit.
- 2.2 This report contains an update on each of the strategic risks, including recent developments, progress made in managing each risk and further plans.
- 2.3 In terms of changes since the last strategic risk update there has been one new risk added:

- Risk 6 – Risk that rising thresholds of acute population health needs (e.g. mental health, BMI etc) lead to system efforts being increasingly focussing on the short term, responding to presenting need. This detracts from protecting proportionate investment necessary for putting in place and sustaining longer term, more cost-effective approaches for early intervention and prevention to improve population and wellbeing outcomes.

and three changes in the risk scores:

- Risk 1 regards the Council's Medium Term Financial Position – Whilst this is still considered a high risk, given the Council has recently approved a balanced budget, the risk score has reduced from 25 to 20.
 - Risk 14 ("Significant disruption as a consequence of health protection incidents" - Note the description has changed to include measles outbreaks) which shows an increase from a risk score of 8 (Low) to 12 (Medium).
 - Risk 7 (Demand for School Places) which shows a decrease from a score of 20 (High) to 15 (Medium).
- 2.4 The risk charts in section 2.5 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 17 strategic risks which are set out in Section 3.

2.5 **Comparison of Risk Levels November 2023 and March 2024**

IMPACT **Risk Levels – November 2023**

Very High(5)	1	6	3	1	
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

IMPACT **Risk Levels – March 2024**

Very High(5)	1	7	3		
High (4)	1		2	1	
Medium (3)		1	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 (March 2024)

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 (Review of Relative Needs and Resources previously Fair Funding) and the review of the business rate retention system with a planned reset potentially in 2026/27 and uncertainty of the sharing arrangements of the 100% GM retention scheme. (Finance & Systems / Finance and Governance).	4	5	20 High	↓ Decrease in Risk Score
Corporate Priorities	All			
Existing Controls and Risk Mitigation	<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 within the 2024/25 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. 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>			

	Review of earmarked reserves on a triannual basis (draft and final budget preparation and closedown). Review covers adequacy and robustness of each reserve.
<p>Update (February 2024) (Recent actions, performance updates, developments, emerging issues etc).</p>	<p>In respect of 2023/24 the Period 8 estimated outturn is a net underspend of £590k. This is an improvement from previous monitors and reflects the effectiveness of our financial management practices and additional controls put in place to contain the forecast adverse outturn anticipated earlier in the year. Significant pressures are being felt in Childrens Placements and Home to School Transport. Higher than anticipated inflation has resulted in excess costs of the local government pay award, however higher interests rates have resulted in a favourable return on investments of surplus cash above budget.</p> <p>It is imperative that effective financial management continues and existing spend controls remain in place during the year to ensure the forecast outturn remains favourable and avoids any undue call on the limited earmarked reserves. Various contingency budgets remain in place and will continue to be released as the year progresses. Any favourable outturn will be used to bolster the Budget Support Reserve to help provide a buffer to manage the budget gap identified in our MTFP.</p> <p>The Final Budget for 2024/25 and MTFS for 2025/27 was approved by Council on 21st February 2024. A budget gap of £17.80m in 2024/25 has been bridged by £6.21m of savings and efficiencies, £6.01m increase in Council Tax and £5.58m use of reserves. The estimated budget gap for the next two financial years 2025/26 and 2026/27 stands at £29.6m, with £15.4m in 2025/26.</p> <p>The Director of Finance is required by law to report independently to the Executive and Council his own opinion as to the robustness of the budget estimates and the adequacy of the financial reserves.</p> <p>In his opinion the budget gap cannot be addressed through transformational savings alone and will also need a rebalancing of the Council's overall funding position. During 2023, further work was commissioned to seek external advice of the Council's funding position which concluded that Trafford is one of the lowest funded authorities in the country and that this funding gap is widening each year. Further, that this rebalancing will only be achieved through Government intervention which could come from either a restructure of Local Government finance or additional flexibility to increase Council Tax above the referendum level.</p> <p>Given the size of the remaining gap for 2025/26 and 2026/27 it will be important to ensure sufficient and timely progress is made during the year to achieve material in-roads to reduce the budget deficit. To support the Finance and Change Programme, it is recommended that Executive give consideration to engage with CIPFA to conduct an external assurance review as a prudent next step to look at the Council's financial management and governance arrangements.</p> <p>This pattern is not unique to Trafford, with a recent survey by the Special Interest Group of Municipal Authorities identifying that 26 of their 47 member authorities could issue a Section 114 notice in the next two years, with five currently deciding whether to issue one imminently.</p>

	<p>The Autumn Statement 2023 did not announce any new funding from that announced in the previous year's announcement, however as a result of national lobbying by Members of Parliament, the LGA and County Council Network, highlighting the financial distress within Local Government, further resource of £600m was announced at the Final Settlement in February 2024. Although the additional allocation of funding was welcome news, and is a positive sign that the Government is willing to acknowledge the growing financial pressures within local government, it does not address the totality of the budget deficit locally or nationally over the next three years. Given the overall economic outlook, uncertainty in availability of national resource, increasing demand pressures and size of the budget gap, the overall risk score has remained at 25.</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 High Needs deficit position, such that by the end of 2023/24 this could be as high as £10.0m, and as high as £44m by 2026/27.</p> <p>Without new interventions the high needs deficit is forecast to continue to increase over the MTF5 period and is not financially sustainable. This creates a significant and unresolved financial risk to the Council. The Council is actively engaged with the Department for Education and is part of the Northwest SEND Change Programme Partnership to identify mitigations which may reduce the growth in costs.</p>
<p>Further Actions Required / Planned</p>	<p>All existing management action needs to continue for the foreseeable future in managing the adverse outturn position in the current financial year. It is essential that the Council preserves its limited earmarked reserves to maintain a cushion to support the financial planning for 2024/25 onwards.</p> <p>The outlook beyond 2024/25 is still extremely challenging and it is essential that the Finance and Change Programme resume the financial planning process early in the financial year to:-</p> <ul style="list-style-type: none"> ➤ Maintain close control of the 2024/25 monitoring position; ➤ Ensure effective monitoring of the in-year savings programme; ➤ Review and mitigate where possible any developing pressures that arise to ensure an unplanned use of reserves is not required; ➤ Generate the maximum level of capital receipts as it can from land disposals; ➤ Identify opportunities for further savings that will be an essential requirement for 2025/26 and where possible accelerate delivery in 2024/25. ➤ Continue to lobby Government department to address the shortcomings in the current model to distribute resources. <p>Given the size of the remaining gap for 2025/26 and 2026/27 it will be important to ensure sufficient and timely progress is made during the year to achieve material in-roads to reduce the budget deficit. To support the Finance and Change Programme, it is recommended that Executive give consideration to engage with CIPFA to conduct an external assurance review as a prudent next step to look at the Council's financial management and governance arrangements.</p>

	Officers need to continue to work with the DfE and regional partners to identify solutions to control the rising DSG deficit.				
Risk Number 2		Likelihood (L)	Impact (I)	Risk Score (L x I) High Medium Low	Change in Risk Score
Climate Change Emergency (Place / Sustainability and Climate Change)		5	4	20 High	↔ No Change
Corporate Priorities	Addressing our Climate Emergency				
Existing Controls and Risk Mitigation	Climate change can be addressed firstly through adaption - actions that are designed to promote greater resilience to more extreme weather events. Secondly it can be addressed through mitigation – actions that are intended to slow or avoid the more severe climatic impacts by reducing our greenhouse gas emissions. It should be noted that the UK accounts for around 2% of global emissions and Trafford will be a small fraction of that. Alone Borough actions cannot possibly hope to affect Climate change – however our effectiveness will come via influencing and leadership to affect wider change. There are also a host of other co-benefits from climate action, such as lower air pollution levels, healthy and active lifestyles, more comfortable homes, reduced energy bills.				
Update (February 2024) (Recent actions, performance updates, developments, emerging issues etc).	<p>The Trafford Park Bee Net Zero Partnership is being launched in March. Working with GMCA and the Growth Company, the Partnership will offer businesses on Trafford Park support to decarbonise.</p> <p>Building on the first phase of feasibility on the Civic Quarter Heat Network, a detailed project development has started to develop an outline business case for a preferred option for the network.</p> <p>More work has been carried out across Trafford to publicise the Energy Company Obligation phase 4 funded Home Energy Improvements for vulnerable and low income households.</p> <p>Working with two schools in Trafford to assess viability for rooftop solar PV, as part of GMCA's Powering our Schools programme.</p> <p>Programme of active travel schemes also underway.</p> <p>Data on the Council's own carbon emissions for 2022/23 shows an 8% reduction since the previous year and a 26% reduction over the last 5 years.</p>				

	<p>Working closely with GMCA and other GM districts in the development of a GM-wide adaptation strategy and action plan.</p> <p>Programme of urban tree planting and woodland creation agreed with City of Trees for the 23/24 planting season under Defra and Forestry Commission funded programmes including Northern Forest, Trees for Climate and Grow Back Greener.</p> <p>Approval of Longford Park NLHF Delivery Phase bid including Longford Brook de-culverting and SUDS scheme, with further work alongside UU and EA, plus successful Defra/Natural England 'Lost Wetlands' feasibility funding for Natural Flood Management and Nature Recovery at the former William Wroe Golf Course site.</p> <p>Partnership work commenced via GMCA Environment Team' Adaptation workstream and working group, looking at hazard mapping across GM to help GM councils understand risk and impact, which will inform future work in Trafford.</p> <p>Partnership work with GMCA, GMEU, Natural England and The Wildlife Trusts on the GM Local Nature Recovery Strategy and preparation for mandatory Biodiversity Net Gain in 2024.</p>
<p>Further Actions Required / Planned</p>	<p>Planned actions include:</p> <p>Develop and begin delivery of a One Trafford Partnership Decarbonisation Plan – plan now in progress but awaits full completion.</p> <p>Local area Energy Plan to be developed further - GMCA are developing a Strategic Outline Business Case that seeks to identify funding and finance, Trafford is collaborating on the project.</p> <p>Deliver Public Sector Decarbonisation Scheme on Altrincham Leisure Centre – works underway and due for completion in summer 2024.</p> <p>Prepare a pipeline of projects to decarbonisation the corporate estate - Partington and Stretford Leisure centres decarbonisation are part of the PSDS 3c bid (circa £3.5m).</p> <p>Start delivering decarbonisation support to businesses on Trafford Park through the Trafford Park Bee Net Zero Partnership.</p>

Risk Number 3		Likelihood (L)	Impact (I)	Risk Score (L x I) High Medium Low	Change in Risk Score
<p>Trafford Council must ensure that it and 3rd parties acting on their behalf are handling personal/ sensitive and commercial data securely both in technology and physical terms and in accordance with legislation and Trafford Council's policies and procedures.</p> <p>The following areas of risk have been identified:</p> <ul style="list-style-type: none"> • Compliance risks • SAR delays • FOI compliance • Data breaches • Mandatory Training <p>(Legal and Governance) / Finance and Governance)</p>		4	5	20 High	↔ No Change
Corporate Priorities	All				
Existing Controls and Risk Mitigation	<ul style="list-style-type: none"> • Reviews of data incidents: to identify problem areas; and to implement controls to mitigate against reoccurrence. • Mandatory Data Protection and Information Security training modules are in place. • 'Basic' data protection training is in place for staff who do not process personal data in the course of their roles. • DSP Toolkit submission for 2024. This annual activity forms part of the IG annual work plan. • The Council has a Senior Information Risk Owner (SIRO) and Data protection Officer (DPO) to provide independence on the effectiveness of the Council's data protection controls. • A revised security incident management policy to account for the legislative changes has been produced and available to staff on the IG intranet. 				
Update (February 2024) (Recent actions, performance updates,	<ul style="list-style-type: none"> • Reviews of data incidents: to identify problem areas; and to implement controls to mitigate against reoccurrence. 				

<p>developments, emerging issues etc).</p>	<ul style="list-style-type: none"> ○ Data breach reports will be reviewed and authorised by the Data Protection Officer to ensure overview and consistency of outcomes and recommendations. ○ The service will work with internal audit later in the year to address problem areas and strengthen the controls in place. <ul style="list-style-type: none"> ● 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. <ul style="list-style-type: none"> ○ The service continues to work with the Workforce and Core Strategy to maximise engagement and overall compliance with the mandatory training across the Council. ○ HR now includes compliance data in the monthly workforce report and dashboard. The reporting is reviewed by CLT and DMT, providing greater oversight and accountability across the Council. The compliance rate has been consistently high (89/90%) throughout the year. ○ The Council is procuring a new eLearning system for implementation in April 2024. The aspiration is that this will interact with existing systems, drawing through live data which will enable compliance to be more accurately monitored and promoted. ○ The service has been working with Workforce and Core Strategy to understand and identify responsibility for the training requirements of shared NHS and school staff in respect of data security matters. ● DSP Toolkit submission for 2024. This annual activity forms part of the IG annual work plan. <ul style="list-style-type: none"> ○ The Council's 2023 submission was prompt and within timescale. ○ The Council was assessed as approaching standards, indicating that the minimum legal standards were met. In collaboration with IT, an action plan was developed and following re-submission, the Council is now assessed as meeting standards. The Council is now meeting more than just the basic legal requirements. ○ Discussion and preparation has commenced with key stakeholders across the Council to assess the requirements and ensure prompt submission for 2024. ○ It is anticipated the Council will continue to meet standards. ● Resources and structure of the team has been reviewed with a view to improving resilience and support for the service. <ul style="list-style-type: none"> ○ The service redesign is progressing and once complete, will address the current lack of capacity to implement significant change. ○ Staff consultation on the service redesign concluded on 15th December 2023 and the new structure was implemented as of 1st January 2024. Recruitment activity has commenced and an Information Governance Manager is in post as of 5th February 2024. Associated recruitment activity continues and will stabilise the team and introduce resource at senior and administrative levels.
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	<ul style="list-style-type: none">○ Once the new structure of the team is embedded, the full review will be completed and a full programme plan developed and implemented to address identified areas of risk and measures to control/mitigate those risks.● The IAB to be reviewed in respect of role and remit and to be re-established.<ul style="list-style-type: none">○ This will be progressed following completion of the service redesign.○ Aspirations are to work jointly with Business Intelligence to implement a board that can oversee both Data Governance and IG, and also to align this with IT and Digital and the Digital Strategy in place.○ 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 2022-2023 against the annual target of 95% set by the ICO:<ul style="list-style-type: none">○ Q1 – 78%○ Q2 – 73%○ Q3 – 72%○ Q4 – 73%● Timeliness of FOI requests in 2023-2024 against the annual target of 95% set by the ICO:<ul style="list-style-type: none">○ Q1 - 70%○ Q2 - 73%○ Q3 – 72%
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FOI Received 2022/23	2022									2023		
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Allocated	0	0	0	0	0	0	0	0	1	1	3	3
Completed within 20 w/d	83	86	78	60	58	56	50	68	48	82	68	89
Completed outside 20 w/d	27	21	21	19	24	22	22	19	21	31	25	23
% Completed within 20 w/d	75%	80%	79%	76%	71%	72%	69%	78%	69%	72%	71%	77%
Completed	110	107	99	79	82	78	72	87	69	113	93	112
Completion Rate	100%	100%	100%	100%	100%	100%	100%	100%	99%	99%	97%	97%
Total Received	110	107	99	79	82	78	72	87	70	114	96	115

FOI Received 2023/24	2023									2024		
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Allocated	1	1	2	2	1	1	3	13	10	61	61	-
Completed within 20 w/d	65	76	75	75	80	68	86	83	61	93	15	-
Completed outside 20 w/d	36	25	28	22	33	25	34	18	12	7	0	-
% Completed within 20 w/d	64%	75%	71%	76%	70%	72%	70%	73%	73%	58%	20%	-
Completed	101	101	103	97	113	93	120	101	73	100	15	-
Completion Rate	99%	99%	98%	98%	99%	99%	98%	89%	88%	62%	20%	-
Total Received	102	102	105	99	114	94	123	114	83	161	76	0

- Not all SAR and FOI requests are processed centrally by the IG team. The Place and Children’s Social Care Directorates process their own enquiries which are sent out in the name of individual Directors. The individual requests and supporting information are not held centrally but are held on the systems used by those directorates. 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.
- Discussions are also underway with Children’s Social Care with aspirations to change how SARs from care leavers are processed. The aim is to be able to disclose in the first instance a bundle of key records that would provide a summary of key events, as this would cut down on the waiting times often involved and therefore improve outcomes but would also ease some pressure in dealing with often voluminous cases.
- An action plan will be developed to improve compliance rates once capacity has increased with the service redesign. The compliance rates will be reported to the IAB to ensure accountability and continued improvement.

- Records management.
 - As part of the Microsoft 365/ Dynamics 365 migration process, discussions were undertaken between key stakeholders across the Council in respect of retention policies and data archiving policies insofar as they relate to digital data.
 - The ICT service captured SharePoint retention requirements from services across the Council as part of this ongoing work.

	<ul style="list-style-type: none"> ○ The Council engaged an external consultant to refresh the Corporate Retention Policy and maintains this engagement to ensure timely and accurate updates. ○ Work has commenced in reviewing the position with archived hard copy records so that actions can be put in place to ensure that we can manage this risk and that we have a cost effective solution in place. ○ Information Asset Management will be reviewed and refreshed in conjunction with reestablishing the IAB. 			
Further Actions Required / Planned	<ul style="list-style-type: none"> • Mandatory Data Protection and Information Security training modules – work continues to maximise compliance across the Council as identified above. • DSP Toolkit submission for 2024 – work has commenced to ensure prompt compliance with the 2024 submission. • The service redesign continues to be progressed and recruitment activity as part of that process will address the current lack of resource, skill and workforce stability, which is impacting upon the ability to implement significant change. Steps are being taken as identified above to improve performance within current resource capabilities. • The service must develop the review of the IG team function and monitor this on a regular basis. • The service must explore the creation of IG champions across the Council to emulate the function of the IAB and the merits of its reestablishment. • Work is ongoing in connection with the Microsoft 365/ Dynamics 365 migration process as identified above. • Quarterly reporting on Data matters to CLT to be restarted. 			
Risk Number 4	Likelihood (L)	Impact (I)	Risk Score (L x I) High Medium Low	Change in Risk Score
Leisure Services – The Leisure Investment Programme including: - <ul style="list-style-type: none"> • Progress of Leisure Centre refurbishments • Councils ongoing subsidy levels for Trafford Leisure. (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 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 final deficit position of £325k. 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 (February 2024) (Recent actions, performance updates, developments, emerging issues etc).	<p>Sport England (SE) have confirmed £1.3m of grant funds. In October 2023 SE were approached for a further £300k to improve additional out of scope items including reverberation issues at 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>In October the Council were successful in another grant award. This was a total of £263k from the government's Swimming Pools Fund (phase 1 revenue), which will support the in-year position. A further £62k was awarded in February 2024 to support capital works for Urmston Leisure Centre. Stretford and Sale were unsuccessful.</p> <p>PSDS applications for Leisure sites including Stretford and Partington have also been submitted to support the Council's investment and carbon reduction savings and outcomes.</p> <p>In February 2023, 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 (RIBA stage 3). Full project budget is currently £23.3m. Options have been worked up that consider the cost and impact on design and business case informed by the outcome of the pending PSDS application, outcome is anticipated in March 2024.</p>

	<p>Work to progress the revised Operating Agreement between Trafford Leisure and the council is ongoing with engagement of TL board. In November 2023, HMRC issued revised guidance on the status of VAT for Leisure Services. To ensure that the Council can fully realise any benefits from these changes, legal services have commissioned expert external advice to consider the legal, contractual, procurement and subsidy implications. This revised guidance has impacted on the timescales for developing the full operating agreement. A full briefing report has been submitted to the Executive Member for discussion at February 2024 executive briefing including a revised timeline.</p>			
Further Actions Required / Planned	<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. The council is currently negotiating an agreed position on the 24/25 budget and uplift to accommodate RLW.</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) have completed a 5-year business plan across the leisure estate. This will help provide assumptions on the subsidy required over this period.</p>			
Risk Number 5	Likelihood (L)	Impact (I)	Risk Score (L x I) High Medium Low	Change in Risk Score
Economic Uncertainty affecting residents and businesses. (Place / Authority-wide)	4	4	16 High	↔ No Change
Corporate Priorities	All			
Existing Controls and Risk Mitigation	<p>Due to the trend of interest rates and inflation rises, increased utility costs and Covid-lag and its affects on the workforce, there remains a high degree of economic uncertainty impacting on residents and business. This issue is led by the bigger global and national economic picture and therefore trickles down at the local level. However, there are a number of measures in place to try and support residents and businesses.</p> <p>The Trafford Inclusive Economy Delivery Plan (approved by the Executive in February 2023) is a focused and longer-term plan to complement Corporate and Directorate Priorities. The actions contained within the Plan are ultimately aimed at delivering the Council's Strategic Vision ie. 'Trafford – where all our residents, businesses and communities</p>			

	<p>prosper.’ The Plan has been produced to clearly set out a number of key themes and related projects/activities in a delivery orientated approach.</p> <p>The Plan contains six themes as follows:</p> <ul style="list-style-type: none"> • Business Support • Town Centres -Regeneration-Shared Prosperity Fund • Employment and Skills • Communities, Social Value and VCFSE Support • Climate Change/Green Economy • Development Framework <p>To support delivery of the Plan, the Council was awarded c£1.8m of UK Shared Prosperity fund monies (to utilise by March 2025) which is a cross-Council approach to support communities and businesses in the borough. The areas of activity include:</p> <ul style="list-style-type: none"> • Inclusive and Vibrant Town Centres • Greening Trafford Park • Social Value Co-ordination • Creative Trafford • Active Trafford • Cycle Hubs • Trafford Heritage Programme • Public Health in Art • Libraries Community Engagement programme
<p>Update (February 2024) (Recent actions, performance updates, developments, emerging issues etc).</p>	<p>The focus continues on delivery of the IEDP and the UK SPF projects which are monitored on a monthly basis. Employment and skills initiatives to support residents are being delivered, such as through the comprehensive job clubs programme and digital inclusion project. Wider activity is being co-ordinated by the GMCA , such as utilisation of the Adult Education Budget. A Business Relationship Programme is currently being developed, in partnership with GM Business Growth Hub and Midas, to develop closer links with key businesses in the borough, what support is required and to gain first-hand knowledge of ‘on the ground issues’. As part of the SPF Inclusive and Vibrant Town Centres project, a grant to support shop front improvements for businesses in the four town centres is also being developed to support their growth and sustainability.</p>

Further Actions Required / Planned	<p>The successful delivery against the IEDP actions will assist in mitigating against the risks around economic uncertainty.</p> <p>The IEDP is a 'live' document and may be amended over time as circumstances changes and new issues arise.</p>			
Risk Number 6	Likelihood (L)	Impact (I)	Risk Score (L x I) High Medium Low	Change in Risk Score
<p>There is a risk that rising thresholds of acute population health needs (for example mental health, BMI etc) lead to system efforts being increasingly focussing on short term, 'downstream' action (responding to presenting need). This detracts from protecting proportionate investment upstream which is necessary for putting in place, embedding and sustaining longer term, more cost-effective approaches for early intervention and prevention to improve population health and wellbeing outcomes.</p> <p>(Authority-Wide)</p>	4	4	16 High	New Risk
Corporate Priorities	Reducing health inequalities			
Existing Controls and Risk Mitigation	<p>Ringfencing investment of Public Health grant for early intervention and prevention work and not diverting it to prop up service provision.</p> <p>Working collegiately (across the system) to protect investment in and evaluation of the impact of workstreams that are aiming to bolster early intervention and prevention such as Neighbourhood Networks, Community Hubs, social prescribing. Whilst this is undoubtedly the right approach it requires someone within the system to fulfil a role as strategic convenor and this requires dedicated capacity.</p>			
Update (February 2024) (Recent actions, performance updates, developments, emerging issues etc).	<p>Emerging issues:</p> <ol style="list-style-type: none"> 1. A significant amount of PH budget is allocated annually to fund CAMHS. There is a risk that if this is rediverted to fund more upstream work it will have a destabilising effect on CAMHS service provision. 2. lack of strategic oversight for the various ways that social prescribing is happening across Trafford weakens our ability as a system to draw together meaningful measures of impact. Options paper on future funding of Elemental (system for monitoring social prescribing) tabled by Public Health at February 24 Health and Social Care Board 			

Further Actions Required / Planned	<ol style="list-style-type: none"> 1. Further work through Mental Health JSNA to understand population mental health and wellbeing needs to ensure appropriate targeting of resource upstream. 2. Preservation of funding invested in early intervention/prevention mental health and wellbeing work and escalation to All Age Mental Health Group of any associated risk of disinvestment because of funding shifting to more acute end services. 3. Setting up of a working group to provide strategic oversight of more cohesive approach to social prescribing in Trafford with agreed means for recording and analysing impact. 4. Scoping and development of a framework to help collect data to enable us to assess impact of longer-term cross cutting prevention work (e.g. Neighbourhood networks). 			
Risk Number 7	Likelihood (L)	Impact (I)	Risk Score (L x I) High Medium Low	Change in Risk Score
Demand for school places under-estimated and/ or additional school places are not delivered to satisfy increased demand. (Children's Services / Children's Services).	3	5	15 Medium	↓ Decrease in Risk Score
Corporate Priorities	Reducing health inequalities / Supporting people out of poverty			
Existing Controls and Risk Mitigation	<ul style="list-style-type: none"> • Thorough review based on GP population data is undertaken each year taking into account migration, recent and planned housing developments. • The Education and Early Years Capital Report, giving the analysis of and projecting the increased demand for school places is now being implemented and is updated annually. • Briefings to Leader, Portfolio Holder and Corporate. • Tailored application advice is provided for parents in areas of high demand to help secure Y7 places for Trafford residents, with a robust communication strategy implemented. • Regular meetings with DfE Place Planning Teams to monitor sufficiency and impact of inbound migration are in place. 			

<p>Update (February 2024) (Recent actions, performance updates, developments, emerging issues etc).</p>	<p>Primary Places: In the normal admissions round for entry into reception in September 2023 and 2024 there were sufficient places for our residents with surplus places in all areas. The most significant surpluses are in the Altrincham planning area and the Stretford planning area.</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. This is the assessed position at the end of autumn term on 31 December 2023:</p> <ul style="list-style-type: none"> • In Year 6 every school in Sale East is full and additional children have been admitted above the published admission number. • In Year 3 every school in Sale West is full and additional children have been admitted above the published admission number. There are only 4 vacancies remaining in Year 2 and 4 vacancies in Year 6. • In Altrincham there are only 5 vacancies remaining in Year 6, all within a bulge class that was stepped up. • This means that there are insufficient places in these year groups in Sale and Altrincham. • After implementation of a range of measures to increase capacity, Sale and Altrincham now have vacancies in every other year group. • 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. <p>Secondary Places: In the normal admissions round for entry into Y7 in September 2023 there was just enough capacity to offer a place to everyone who applied. However, 191 Trafford children, predominantly resident in Altrincham and Sale, could not be allocated places at any of their preferred schools and were allocated places at the nearest school with a vacancy. 110 of these places were in other areas of Trafford. At the end of the allocation every secondary school in Trafford was full and many schools allocated places above their published capacity.</p> <p>In the normal admissions round for entry into Y7 in September 2024, the draft position is that there is enough capacity to offer a place to everyone who applied. However, 74 Trafford children could not be allocated places at any of their preferred schools and were allocated places at the nearest school with a vacancy. 31 of these places were in other areas of Trafford. At the end of the allocation every secondary school in Trafford was full and many schools allocated places above their published capacity.</p> <p>Through the various mitigations and the declining birth rate we have successfully managed to meet our sufficiency requirements. The governance, systems and processes that are in place mean the position is continuously monitored and action taken.</p>
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Further Actions Required / Planned	Actions			
	<p>School Places & 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"> • Capital scheme underway at Altrincham College to create an additional 60 places per year group. This was originally scheduled to deliver places from September 2024, project challenges mean this has slipped to 2025. • School rebuild monies secured for Sale High School and Stretford Grammar School. • Capital scheme at Firs Primary School to create 30 additional places per year group now open in Sale West. • Permanent expansions completed at Templemoor Infant School and Moorlands Junior School in Sale East creating 30 additional places per year group from September 2023. All these places now open, with the exception of YR and Y1 as these places are not currently needed. • Permanent expansion completed at Willows Primary School in Altrincham creating 15 additional places per year group from September 2023. Places now open in Y3, Y4, Y5 and Y6. Places not yet opened in key stage one as not currently needed. • Additional 30 temporary places continue for school year 2023/24 in Y6 bulge class at Broomwood Primary School in Altrincham. • Additional 30 temporary places continue for school year 2023/24 in Y5 bulge class at Woodheys Primary School in Sale West. • Feasibility study underway for permanent expansion proposal at Broadoak School in Partington to create 60 additional places per year group from September 2026. • Continue to update and review the most recent GP registration data, taking into account recent and planned housing development and pupil flows to the independent sectors and non-Trafford schools. • Annually review catchment areas for primary schools to ensure that the available places are targeted most effectively. 			
Risk Number 8	Likelihood (L)	Impact (I)	Risk Score (L x I) High Medium Low	Change in Risk Score
Impact of Statutory Inspections (Authority-wide) Children’s Social Care services continue to be subject Inspections of Local Authority Children Services (ILACS) by Ofsted. Local Authority Adult Social Care Departments are subject to an inspection regime from the Care Quality Commission (CQC) which is now live, using a newly developed framework. It is also proposed that Integrated Care Systems will be subject to CQC inspection under the 2022 Health	3	5	15 Medium	↔ No Change

<p>and Care Act with each Integrated Care Board (ICB) being reviewed to consider how health and social care work together. This is due to come on stream during spring 2024/5.</p> <p>In addition Area SEND inspections for Local Areas (in respect of children and young people with Special educational Needs and Disability including Alternative Provision for education) were introduced in April 2023. This replaced the previous SEND inspection framework and is a partnership inspection conducted by CQC and Ofsted and is an inspection of education, health and care systems.</p> <p>Although these inspections are carried out independently of each other, there is natural overlap between them. Should the outcome of a statutory inspection deem a service to be rated inadequate, then it can have significant reputational risk for the Council (and health partners). It will also have significant financial impact on the Council’s Medium Term Financial Plan if additional resources are required to rectify areas identified as requiring immediate improvement by the inspection regime.</p> <p>Ultimately, if the inspections identify systemic failings in service delivery and practice, then the Government has, in certain circumstances, powers to mandate that appointed Commissioners are sent into the Council to directly oversee the functions identified as being inadequate.</p>					
Corporate Priorities	All				
Existing Controls and Risk Mitigation	<ul style="list-style-type: none"> • Significant experience of the Ofsted and SEND inspection framework in Children and Young People Services. Systems and processes in place to embed service improvement and management of inspection processes, • Governance in place to ensure activity takes place to demonstrate compliance and continuous improvement in all areas of Children’s services. • Children’s Social Care Services have been inspected and are no longer judged to be Inadequate. • An Ambitions plan and Ambitions for Children Board is in place to oversee and provide challenge in respect of Children’s Social Care Effectiveness. • The risks will be monitored and covered in future budget setting and monitoring reports. • Established partnership governance is in place in respect of SEND. This includes having an independent Chair of the SEND Board 				
Update (February 2024) (Recent actions, performance updates, developments, emerging issues etc).	<ul style="list-style-type: none"> • Ofsted/CQC conducted a SEND Area inspection in October 2023 and the report was published on the 27 December 2023. In response to the recommendations contained within the letter, the co-produced SEND Ambitions plan has refreshed to reflect the system wide improvement activity. The SEND Ambitions Plan is inclusive of strengthened wide system governance including health arrangements. Progress against the plan was reported back to Ofsted/CQC on 14 February 2024. • Adult Social Care carried out a self-assessment against the proposed CQC framework and this was appraised by the LGA through a Peer Challenge process in September 2023 with the final report received from the LGA in December 2023. The findings from the Peer Challenge have informed the <i>Improving Lives Everyday</i> Development 				

	Plan which details the required areas of improvement, with a phased approach of delivery over the next two years. Progress against this detailed programme plan is to be overseen by an independently chaired Development Board with the first meeting taking place 26 February 2024.			
Further Actions Required / Planned	See above.			
Risk Number 9	Likelihood (L)	Impact (I)	Risk Score (L x I) High Medium Low	Change in Risk Score
Breach of health and safety legislation leading to prosecution under the Corporate Manslaughter Act and other Health and Safety Regulations. (Strategy and Resources / Finance and Governance)	3	5	15 Medium	↔ No Change
Corporate Priorities	All			
Existing Controls and Risk Mitigation	<ul style="list-style-type: none"> • Corporate Health and Safety Management System in place • Corporate Health and Safety Policy and guidance • 'Your Safety, Your Wellbeing' health and safety initiative in place to support effective health and safety management. • Six month and annual report to CLT/ JCP and Council. Quarterly JCC reports • Health and Safety Improvement Plan reviewed annually • Robust incident monitoring and investigation • Competent HSU advisory service • Proactive services and school audit programme • Specialist fire safety and moving and handling support in place. • Ongoing programme of staff training • Monitoring arrangements for contractors including the One Trafford Partnership • Delivery of employee health and wellbeing. 			

<p>Update (February 2024) (Recent actions, performance updates, developments, emerging issues etc).</p>	<ul style="list-style-type: none"> • The Trafford Internal Security Review Group has completed an assessment (including incident data analysis) of physical security measure improvements at Trafford Town Hall and Sale Waterside. A report made recommendations for a number of physical improvements at both locations which have now been agreed. The programme of works includes improvements at TTH Multistorey car park, TTH Reception turnstiles, TTH Staff entrance, Sale Waterside reception desk, interview rooms at both sites, improved CCTV provision at both sites and access pass system upgrades. • The Schools Capital Team have coordinated extensive surveys of the potential presence of RAAC (Reinforced Autoclaved Aerated Concrete) in schools where the Council is the responsible body with programmes of investigation in 2019, 2021 and recently in 2023 following the DfE communications. No schools, where Trafford is the responsible body for the school building, have been identified with confirmed or suspected RAAC. • The HSU have recently held meetings with the Estates team at Trafford MBC, where it was discussed that the Estates team will notify the HSU of up-coming projects where the HSU can provide H&S support/advice to the Estates team who will manage the projects. 				
<p>Further Actions Required / Planned</p>	<ul style="list-style-type: none"> • Continued delivery of the schools' health and safety SLA audit programme and service audits as prioritised under the 'Your Safety, Your Wellbeing' initiative. • Delivery of the programme of security physical improvements works at TTH and Sale Waterside as highlighted through the Trafford Internal Security Review Group. 				
<p>Risk Number 10</p>		<p>Likelihood (L)</p>	<p>Impact (I)</p>	<p>Risk Score (L x I) High Medium Low</p>	<p>Change in Risk Score</p>
<p>The Council does not fulfil its statutory duties and all accompanying policy requirements in terms of identifying and safeguarding vulnerable children. (Children's Services / Children's Services)</p>		<p>3</p>	<p>5</p>	<p>15 Medium</p>	<p>↔ No Change</p>
<p>Corporate Priorities</p>	<p>Reducing health inequalities / Supporting people out of poverty</p>				

Existing Controls and Risk Mitigation	<p>Ambitions for Children Board and Ambitions Plan</p> <p>Chief Executive and Lead Member Assurance Meetings in place quarterly</p> <p>TSSP Governance strengthened.</p> <p>Policy, Procedures and Guidance in Place</p> <p>Performance Management, Quality Assurance & Supervision Framework in place</p> <p>Investing in Our People Strategy developed and continually reviewed.</p> <p>Organisational Development Programme in relation to Social Work Practice and Oversight in place.</p>
Update (February 2024) (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 & Children' 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 OSFETD on 12th May 2023. This has been updated in October 2023.</p> <p>In February 2023 the Improvement Notice was lifted as a result Trafford are no longer subject to statutory intervention although our year of support continues.</p> <p>The Improvement Board was replaced by an Ambitions for Children Board which is chaired by Leader of the Council. This Board has now met on 4 occasions. 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>
Further Actions Required / Planned	<p>Ambitions for Children Board to continue in place and received an Annual Report regarding the Ambitions Plan. At the next meeting they to receive an overview of the specific actions.</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"> • Quality of Out of Hours provision (Emergency Duty Team) – Service Development Plan in place, commissioning external review and plan to undertake a workshop with ASC and CSC.

	<ul style="list-style-type: none"> Support to homeless 16/17-year-olds – DULUC re-visit took place in February 2024 – further actions in progress. Supervision – commissioned a coaching and mentoring approach for our managers and leaders. 				
Risk Number 11		Likelihood (L)	Impact (I)	Risk Score (L x I) High Medium Low	Change in Risk Score
A successful Cyber Security Attack could lead to sensitive data being compromised, denial of access to the Council’s computing services or severe degradation or loss of control of those services. (Finance & Systems / Finance and Governance)		3	5	15 Medium	↔ No Change
Corporate Priorities	All				
Existing Controls and Risk Mitigation	<ul style="list-style-type: none"> The Council has partnered with an experienced security provider (The Networking People (TNP)) who provide consultation, strategy, and technical steer on all aspects of ICT Security. TNP have detailed processes for data security which are accredited to ISO27001. Their Information Security Management System (ISMS) is audited annually to ensure continuing compliance. The Council continues to maintain its compliance to data and cyber security frameworks such as the Payment Card Industry (PCI) Framework and the Data Security and Protection Toolkit. All Desktop Services are now running Windows 10 which is locked down to a Trafford standard build to avoid further deployment of non-standard software. Encryption defence is installed on all devices. Use of memory sticks and external devices is restricted, and any device will be encrypted. Enforcement of an Acceptable Use Policy across the Council. The Council continues to maintain the best practices set out by Central Government and keeps abreast of current Security trends via 3rd party consultancy and membership of external bodies e.g., Northwest Warning, Advice and Reporting Point (WARP). The Council has partnered with an external company to provide online mandatory training courses that all staff must take and pass within a given time frame. These courses include but are not limited to: Data Protection Act 1998; Fraud Awareness; Freedom of Information Act 2000 & Information Security. An internal cyber security group meets monthly to review and manage the Council’s cyber defences and processes. Progress against the audit review recommendations is monitored at the meetings. IT Managers have attended the National Cyber Security Centre / iNetwork Cyber Resilience Training Programme. 				

	<ul style="list-style-type: none"> • A phishing awareness campaign began during 2021 to provide employees and Councillors with ongoing security awareness training. The campaign has successfully raised awareness of phishing risks and continues to run as phishing is one of the main threats. • The IT & Digital Service have undertaken a cyber audit on the Trafford IT environment in conjunction with the Department for Levelling Up, Housing and Communities (DLUHC). A Cyber Treatment Plan has been agreed following the audit, with planned improvement supported by funding. One of the main improvements is a Cloud backup storage solution which was procured in August 2022. This provides offsite secure backups to allow recovery in the event of a cyber-attack and ensure our M365 hosted data is also backed up. We are in the final stages of implementation with the majority of the Council's data now being backed up via the cloud solution. • Audits have identified applications exist on the Trafford network that are no longer supported by the software vendor. The unsupported applications are therefore not protected from the latest security threats. Work continues upgrading, replacing, or decommissioning unsupported applications but this will be an ongoing activity. • Creation of an internal Cyber Security Team and recruitment to the two posts was completed in December 2022.
<p>Update (February 2024) (Recent actions, performance updates, developments, emerging issues etc).</p>	<p>Trafford Council's first Cyber Security awareness month took place in November 2023. The campaign focussed on staff protecting themselves online in the run up to Christmas as staff who change their behaviour in the personal environment bring that into the office environment. The awareness month was a great success with over 1,550 staff completing cyber security training during the period.</p> <p>80% of the recommendations in the Cyber Security Audit report (2020) have been delivered and the remaining 20% have either been superseded or no longer applicable. A new baseline of the Council's cyber security posture will be captured through a Cyber Assurance Framework (CAF) review scheduled for April. The CAF is a comprehensive approach developed by the National Cyber Security Centre for assessing the extent to which cyber risks are being managed by an organisation. The review will consist of a series of interviews with IT personnel followed by a report including recommended improvements.</p> <p>A Cyber Security Assurance update was presented to the Accounts and Audit Committee on 6th February 2024. A 10-minute presentation was followed by 45 minutes of questions from the committee members.</p>
<p>Further Actions Required / Planned</p>	<p>The business case for investment in an Automated Policy and Compliance Manager solution is to be developed and considered.</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>

	Windows Auto Patching is to be tested and a business case for implementation considered. Windows Auto Patching is a cloud service which automates the process of updating devices. The tool could potentially reduce the work needed to plan and implement Windows updates.				
Risk Number 12		Likelihood (L)	Impact (I)	Risk Score (L x I) High Medium Low	Change in Risk Score
Asset Investment Strategy (Finance & Systems / Finance and Governance).		3	5	15 Medium	↔ No Change
Corporate Priorities	All				
Existing Controls and Risk Mitigation	<p>Approval of acquisitions, senior debt lending and other capital investments are made by the Investment Management Board following technical due diligence by external property advisors CBRE, supplemented by cost consultants, valuers and legal advice.</p> <p>Performance monitoring is undertaken for all investments on a regular basis, looking at the current market conditions, tenant strength and also an annual valuation of the asset. Monitoring is reported to both the Executive and the Investment Management Board.</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>Update (February 2024) (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 and this strategy will continue to be adopted during 2024/25.</p> <p>The most recent budget monitor reported to Executive in January 2024 reported current year net income which is now forecast at £5.9m with a total level of committed investments of £355m; this included a number of new investments that have been approved by the Investment Management Board in recent months.</p> <p>Security of the Council's investments remains the overriding priority and is why the Strategy focussed on lower-risk assets. The investment properties were acquired for longer term income stream stability and whilst this remains strong there are a small number of properties which are currently the subject to rent reviews in line with lease agreements. The post-Covid working environment, interest rate rises and economic uncertainty have combined to increase the risk environment for the Asset Investment Strategy over the last 12 months. The overall risk score remains currently unchanged given the existing controls but this could change.</p> <p>The income streams from the investment, with the Council's joint venture partner Bruntwood, in Stretford Town Centre is impacted by the town centre regeneration scheme and therefore borrowing costs related to the acquisition of the asset are being financed from the earmarked risk reserve and will be for a temporary period until the redevelopment is completed.</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 last 12 months.</p> <p>To continue to review the risk position with regard to each investment asset in light of the wider economic environment.</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>			
<p>Risk Number 13</p>	<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Likelihood (L)</p>	<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Impact (I)</p>	<p>Risk Score (L x I) High Medium Low</p>	<p>Change in Risk Score</p>
<p>Loss / absence and retention of staff within the organisation. (Strategy and Resources / Finance and Governance).</p>	<p>3</p>	<p>5</p>	<p>15 Medium</p>	<p>↔ No Change</p>

Corporate Priorities	All
Existing Controls and Risk Mitigation	<ul style="list-style-type: none"> ▪ People Strategy framed around employee journey and 4 pillars, Attract & Recruit, Engage & Sustain, Grow & Develop and Sustain. ▪ CLT Monthly Workforce Report. ▪ HRBP continuous review of leadership structure and creation of new senior management roles and interim arrangements to ensure sufficient breadth of leadership capacity and succession. ▪ Executive Search Framework in place. ▪ Succession planning strategy implemented for business critical & senior posts. ▪ Strengthening of the senior leadership team- introduction of new Corporate and Directorate level posts to strengthen leadership capacity. ▪ Opportunity for permanent recruitment for critical posts, with relocation available to ensure the widest candidate base. ▪ Smart working styles and flexible working. ▪ Recognition of high performers through various schemes (Cheers for Peers, EPIC Star & Time to Shine Awards) ▪ Access to SOLACE development programme for rising stars to aid succession planning and talent management. ▪ Access to Executive Coaching if identified for personal development. ▪ Fully funded Leadership and management development/qualification available e.g. Operational Manager to MBA Level. ▪ Health & Well-being strategy in place. ▪ ‘Your Safety, Your Wellbeing’, campaign launched to refocus on the steps we should all be taking to finish the working day, safe and well every day. ▪ Robust wellbeing offer with tools support in place, which is a current review and refresh is being undertaken. ▪ Support (OD) to design bespoke personal development plans for senior leaders identified at “risk” or potential for the future/ready for growth. ▪ Coaching strategy & offer in place to support personal and professional development with one to one development and wellbeing coaching available to senior managers alongside executive coaching. ▪ b- Heard Engagement Survey and analysis of results at senior leadership level supports to identify areas of attention and focus. ▪ Leaders Let’s Talk Sessions relaunched in face to face to support senior leadership engagement alongside annual leadership summit. ▪ Performance Mgt framework in place (Check-in’s) supporting conversations around wellbeing, performance and career development.
Update (February 2024) (Recent actions, performance updates, developments, emerging issues etc).	<ul style="list-style-type: none"> ▪ Refresh of the people strategy and engagement sessions with key stakeholders. ▪ Specific Work with Senior Managers on Wellbeing and Retention about to be undertaken to support the refresh of the people strategy.

	<ul style="list-style-type: none"> Development of a more formalised succession planning approach is to take place. With the aims of identifying a pool of talent along with development plans to step up into positions as required and adopts a proactive/planning approach alongside development of leadership behaviours. 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. Wellbeing (as identified in the b-heard 2022 survey for senior managers as an area of focus) was a key theme at October's Leadership Summit, and themes will be carried forward into the new leaders Let's Talk 2024 sessions. Introduction of a new Level 7 Executive Leadership Programme (supported through the apprenticeship levy) with a Public and North-West Focus to support those wishing to Leap into executive leadership. Mutual Aid (if required) and Succession Plans/Interviews in place for key roles that have been/soon to be vacated e.g. Emergency Planning Officer and Strategic Health and Safety Officer. 				
Further Actions Required / Planned	<ul style="list-style-type: none"> Pilot Cohort (Level 7 Executive leadership programme) to take place with colleague volunteers starting in 2024. Relaunch of People strategy. Planned June 2024. Career development pathways from entry level to more senior level to be developed (pending approval from CLT). Framework & approach developed and embedded (talent and succession) along with senior leadership development programme to support those identified as potential/ready for growth. Actions developed and implemented from bespoke Senior Leadership b-Heard workshop. Continued focus on wellbeing at Leaders Let's Talk Events and Leadership Summit. Corporate induction and onboarding to be developed. 				
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 health protection incidents particularly measles outbreaks. (Authority-Wide)		4	3	12 Medium	↑ Increase in Risk Score
Corporate Priorities	Reducing health inequalities				
Existing Controls and Risk Mitigation	UKHSA manage health protection incidents, Trafford Council Public Health Team and DPH are accountable at a place level.				

Update (February 2024) (Recent actions, performance updates, developments, emerging issues etc).	<p>Trafford's Public Health Team continue to work with UKHSA to prepare for, monitor and respond to communicable disease incidents and outbreaks.</p> <p>The team have been busy supporting Trafford settings with a range of outbreaks over recent months. There is a current risk of measles outbreaks in Greater Manchester, with confirmed cases in 5/10 boroughs. Trafford has been preparing for measles outbreak for 12 months and has no cases at time of drafting this risk.</p>				
Further Actions Required / Planned	<ul style="list-style-type: none"> • Trafford's Health Protection Board is the formal governance route. • Fortnightly multi-disciplinary brief. • Measles specific: <ul style="list-style-type: none"> ○ Multi-agency Measles Preparedness Group established that will transition into an incident management team if required. ○ Communication with MFT to ask for mutual aid if required to support measles outbreak if IPC team continue to work at capacity. ○ Funding from NHSE/GM ICB to support work to increase MMR update-funding will be used to increase capacity to support programme of work. ○ Engagement with GM measles preparedness. ○ Local setting specific sessions have been delivered to primary care, early years and education settings and social care colleagues. The sessions include key information about what measles is, how it spreads, how to contact a case and support to improve MMR uptake. ○ Communications out to all parents/carers of children in a Trafford early years or education setting. 				
Risk Number 15		Likelihood(L)	Impact(I)	Risk Score (L x I) High Medium Low	Change in Risk Score
The One Trafford Partnership fails to deliver services to the required standard or fails to deliver required efficiency savings. (Place / Environment and Regulatory Services)		2	5	10 Medium	↔ No Change
Corporate Priorities	All				
Existing Controls and Risk Mitigation	<ul style="list-style-type: none"> • Contract commenced on 4th July 2015. • Task and Finish Working Group reported to Exec in Feb 2019. • Appraisal into future service delivery models conducted in July 2019 • Review of all council governance on the contract has been undertaken. • Governance structure in place to oversee service delivery at a strategic and operational level. 				

	<ul style="list-style-type: none"> Business Continuity Plan in place but is being reviewed to reflect current issues. 												
Update (February 2024) (Recent actions, performance updates, developments, emerging issues etc).	<ul style="list-style-type: none"> 7 year review of all contract services to improve systems, processes and communication within the contract – Update to Council presented September 2023, met with support from all sides. Completion of the legal documents is envisaged by the end of the financial year. Uplift in performance noted as part of the 7 year Review particularly in waste. Take over of Amey has lessened the risk of parent company changes. New management showing commitment to invest and commitment to the leader and senior officers. Reviewed the work programme which includes service improvement plans, cyclical plans for all transactional services, health and safety risk assessments and methods of working. refresh of all business continuity plans to ensure services are maintained in the event of planned or unplanned events. Reorganisation of Client team has been completed. This has strengthened resilience and knowledge base and increased capacity to deliver projects. As part of 7 year review complete reorganisation by TUPE of recycling team back from Amey on June 1st 2023. In September 2023 moved likelihood of risk down to 2 from 3, This reflects the improved relations between the Council and Amey. 												
Further Actions Required / Planned	7 year review to be finished with improved governance for the contract taking into account improved working relationship. Rebate mechanism to be finalised for Capital and legal agreement to be ratified by end of financial year 2023/4 (slight delay due to legal negotiations).												
Risk Number 16	<table border="1"> <thead> <tr> <th>Likelihood(L)</th> <th>Impact(I)</th> <th>Risk Score (L x I)</th> <th>Change in Risk Score</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td>High Medium Low</td> <td></td> </tr> <tr> <td>3</td> <td>3</td> <td>9 Medium</td> <td>↔ No Change</td> </tr> </tbody> </table>	Likelihood(L)	Impact(I)	Risk Score (L x I)	Change in Risk Score			High Medium Low		3	3	9 Medium	↔ No Change
Likelihood(L)	Impact(I)	Risk Score (L x I)	Change in Risk Score										
		High Medium Low											
3	3	9 Medium	↔ No Change										
Delay in completing the Business Continuity (BC) Programme Project, resulting in an increased risk that the Council may fail to deliver Council services in the event of significant disruption. (Authority-wide)													
Corporate Priorities	All												
Existing Controls and Risk Mitigation	Corporate Business Continuity Plan and Policy in place, updated 2022. All services provided a Business Continuity Service Lead (BCSL) as a Single Point of Contact. BCSL's offered and received a one to one session to complete Business Impact Analyses (BIAs) and Business Continuity Plans (BCPs). CLT sighted on all work undertaken and have full agreement. Testing of plans undertaken, and recommendations shared with BCSL's. Business continuity shared portal established, and all plans and documents stored on a SharePoint.												

Update (February 2024) (Recent actions, performance updates, developments, emerging issues etc).	<p>(From Oct 2023 update. 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.</p> <p>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.</p> <p>In September 2023 the Emergency Planning Manager who has day to day oversight of Business Continuity left the Council. Whilst responsibility for Business Continuity rests with individual services, this lack of oversight inevitably increases the risk that procedures will not be completed in a timely fashion. Accordingly, the risk score has been increased.</p> <p>New Emergency Planning Manager now in post from Jan 2024, with attendance in Feb 2024 at training for the Certificate in Business Continuity Institute (CBCI). Once completed this new V7 certification will provide grounding for a review and update to the existing BC arrangements within the council, the response mechanisms, supply chains reliance’s and Strategic, Tactical & Operational BC plans.</p>			
Further Actions Required / Planned	<p>Further consideration regards progressing action plan in respect of audit recommendations made.</p> <p>Annual review of all BIAs and BCPs will need to be completed and signed off by relevant senior officers.</p>			
Risk Number 17	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
Corporate Priorities	Reducing health inequalities, Supporting people out of poverty			
Existing Controls and Risk Mitigation	<p>A range of mitigating controls have been put in place including:</p> <ul style="list-style-type: none"> 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. 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. 			

	<ul style="list-style-type: none"> • A devoted Adult Protection phoneline for members of the public to directly contact social care to raise safeguarding concerns. • Daily Risk Meetings, for the optimum management of individual cases, takes place with ASC, GMP, Children Social Care, Mental Health, and Achieve (Drug & Alcohol Service). This enhanced information sharing provides a multi-agency review of cases.
<p>Update (February 2024) (Recent actions, performance updates, developments, emerging issues etc).</p>	<p>Operational safeguarding The LGA Peer Review report has now been received and signed off. The report did identify the safeguarding hub as a strength of Trafford's operational safeguarding model, but questioned if the current model made the best use of resources for operational safeguarding overseen in the locality teams. In Feb 2024, the LGA identified a consultant to conduct the 5 day feasibility review of operational safeguarding. This review is now scheduled to take place in April 2024 and as planned will look at quantitative and qualitative data to give an independent in- depth review of our operational practice model.</p> <p>The Business Intelligence team have brought in additional consultation to support ASC to created dashboard for all performance data to enable better analysis and monitoring of performance data - this will include a safeguarding adults dashboard.</p> <p>Strategic Safeguarding Adults updates</p> <p>A decision was made in Feb 2024 that the Trafford Strategic Safeguarding Partnership (TSSP) that covered both safeguarding adults and children would be revised, creating a separate Safeguarding Adults Board to focus on adult safeguarding. Some shared resources and sub- groups will remain to ensure alignment and best use of resources. A separate Safeguarding Adults Board will ensure there is a strong aligned approach across the relevant partners organisations to drive multi-agency operational practice.</p> <p>A multi-agency performance group is being established which will be a sub- group of the Safeguarding Adults Board entitled the Safeguarding Effectiveness sub- group. This group will utilise the safeguarding dashboard that is being created and also oversee data from partners organisations to ensure that safeguarding adults multi-agency performance is analysed and informs improvement work.</p> <p>An effective Safeguarding Adults Review (SAR) sub-group has been established and the Adults Board Manager has oversight of all current SARs and processes are in place to capture any potential new ones.</p>
<p>Further Actions Required / Planned</p>	<ul style="list-style-type: none"> • Planned review of resources and leads for strategic safeguarding adults in ASC. • Possible additional actions that result from the LGA Feasibility review.

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TRAFFORD COUNCIL

Report to: Accounts and Audit Committee
Date: 19 March 2024
Report for: Information / Approval
Report of: Audit and Assurance Manager

Report Title

Risk Management Policy Statement and Strategy

Summary

The Council's Risk Management Policy Statement and Strategy have recently been reviewed.

There are no fundamental changes proposed to the Authority's Policy Statement and Strategy but both have been refreshed to reflect changes since the previous versions were issued.

The Policy Statement sets out the Authority's overall position regarding its approach to risk management. The Strategy document sets out the expected arrangements to be in place to ensure there are adequate risk management processes across the Council.

Recommendation

The Accounts and Audit Committee is asked to approve the Council's Risk Management Policy Statement and Strategy.

Contact person for access to background papers and further information:

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

Background Papers:

None

Risk Management Policy Statement and Strategy

1. Introduction

The purpose of this report is to provide the Accounts and Audit Committee with the refreshed Risk Management Policy Statement and Strategy for review and approval.

2. Background

The Council has had an established Risk Management Policy Statement and Strategy for a number of years which is reviewed periodically to ensure it remains appropriate and effective. In line with the Audit and Assurance Service Plan, the Policy Statement and Strategy has recently been reviewed and updated.

The existing Policy and Strategy, previously issued in March 2017, are included as part of the Risk Management guidance, available on the intranet, under [Risk Management Process \(trafford.gov.uk\)](http://trafford.gov.uk)

3. Update of the Risk Management Policy and Strategy

There are no fundamental changes proposed but the Policy Statement and Strategy have been refreshed to reflect minor changes since the previous versions were issued. This includes updating of the protocols for risk management reporting. In particular, this is to reflect current processes in relation to the monitoring and reporting of strategic risks and developments in reporting arrangements since the last review. This is reflected in Section 4 of the Policy Statement, 4.1 and 4.11 of the Strategy and Appendix A.



TRAFFORD
COUNCIL

Risk Management Policy Statement

March 2024

Risk management Policy Statement:

Versions:

September 2004

November 2005

January 2007

January 2008

February 2009

March 2013

March 2017

March 2024

Risk Management Policy Statement

1. Introduction

- 1.1 Trafford Council is responsible for the provision of a diverse range of services, and it is essential that the Authority protects and preserves its ability to continue to provide these services by ensuring its assets, both tangible and intangible, are protected against loss and damage.
- 1.2 The Accounts and Audit Regulations set out requirements related to the Council's systems of internal control, and the review and reporting of those systems. The Regulations require Councils to have a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes the arrangements for the **management of risk.**"
- 1.3 The management of risk is central to the achievement of all Trafford Council's key objectives. If risks are not controlled or managed, this could greatly affect the Council's ability to discharge its responsibilities and achieve its objectives. Effective management of risks is an essential part of good governance.
- 1.4 It is acknowledged that services are provided by the Council through a variety of delivery models and through working with a range of partners. Whilst the Risk Management Policy Statement and Strategy refer throughout the documents to the Council's risk management, it is intended that this reflects the various types of service models in place, including arrangements in partnership with other organisations.
- 1.5 Effective risk management can reduce the total cost of risk and enhance the delivery of services provided. Ongoing financial pressures facing local authorities particularly highlight the need to ensure effective arrangements for managing risks are in place. Risk management is not just about managing threats; it is also about identifying opportunities. Risks management needs to be considered in assessing opportunities, for instance in considering potential benefits and costs arising from a decision to be made such as an investment decision or choice of a new system.
- 1.6 Effective risk management processes therefore provide the Council with a means of:
- improving strategic, operational and financial management;
 - securing robust operational and service performance;
 - maximising opportunities;
 - minimising threats, or negative events, which might result in the Council failing to meet its objectives.

2. Trafford Council's Approach to Risk Management

- 2.1 The risk management process involves the identification, assessment, prioritisation, control, review and management reporting of risk.
- 2.2 The Council's overriding approach to risk management is that it acknowledges it will always be faced with risks, but it is the Council's policy to adopt a proactive approach to risk management to achieve its objectives.

2.3 Although it is accepted that risk will not be totally eliminated, the Council is committed to the management of risk in order to:

- ensure that the Authority's policies are put into practice;
- ensure the Authority's values are met;
- ensure that laws and regulations are complied with;
- ensure that high quality services are delivered efficiently;
- safeguard Members, employees, customers, service users, pupils and all other persons to whom the Council has a duty of care;
- protect its property including buildings, equipment, vehicles and all other assets and resources;
- maintain effective control of public funds and ensure that human, financial and other resources are managed efficiently and effectively;
- protect and improve the environment;
- protect and promote the reputation of the Council, and
- maximise benefits from opportunities available to the Council.

2.4 Risk is managed by systematically identifying, analysing and evaluating, costing effectively, controlling and monitoring the risks that endanger the people, property, reputation and financial stability of the Council. Risks need to be considered in managing the delivery of both ongoing service provision and specific projects. Risks need to be managed whether functions / services are provided in-house or through other methods of delivery and through working with partners. If risks are not controlled, this can result in a loss of resources that could have been directed to front-line provision and meeting the Council's key objectives.

2.5 It is important that all aspects of risk are considered in the broadest sense, i.e. not just insurable risks as the majority of risks are not insurable. The Council needs to consider potential opportunities as well as threats. Risk management implications need to be considered in all key decisions affecting the Council.

3. Responsibility of Corporate Directorates

3.1 All Corporate Directorates and associated service areas must embrace risk management as part of service planning, financial management and performance management processes. Responsible officers need to consider what may prevent corporate/service objectives being achieved i.e. the principal risks should be identified.

3.2 As part of this, all Corporate Directorates should maintain risk registers which identify and analyse the principal risks. These should also detail and evaluate action plans for managing and monitoring the risks. This should include risks relating to partnership arrangements in place and major projects being undertaken.

3.3 Managers responsible for projects need to ensure risks are recognised and managed to minimise the possibility of the project failing and to ensure potential threats and opportunities are considered in meeting the project's objectives. A project risk log should be maintained.

- 3.4 Ownership of principal risks should be assigned to managers with sufficient authority to assign resources to control those risks. Responsibilities for managing risks should be clearly assigned to particular individuals, groups or sections as appropriate, details of which should be recorded in the risk registers.
- 3.5 All services within the Council must engage in this process. Directors and managers have the responsibility and accountability for managing the risks within their own work areas. It is also, however, the responsibility of all Members and employees to take into account risks in carrying out their duties. There must be commitment throughout the organisation to gain the benefits of effective risk management and achieve the Council's objectives.
- 3.6 All Corporate Directorates should review their risk registers on a regular basis. This should include ensuring significant risks considered to be of a strategic nature are escalated to the Corporate Leadership Team (CLT) (see Section 4. Strategic Risks). Whilst this is an ongoing process throughout the year, it is expected that Directorate level risk registers are fully reviewed and updated at least on an annual basis which should form an important part of the service planning process.

4. Strategic Risks

- 4.1 The Authority maintains a Strategic Risk Register (SRR). This contains the strategic, medium to long term risks the Authority is likely to face in achieving its high level vision and corporate objectives, as identified by the leadership of the organisation, the Executive and CLT. The SRR refers to the relevant Directorates responsible for managing and monitoring the risks; controls in place and any planned actions to manage the risks. CLT has a responsibility to ensure that strategic risks are adequately managed as, given their nature, the occurrence of the risk may severely impact on the Council's achievements and performance. The SRR is reviewed on a regular basis by CLT to ensure that there is adequate monitoring and control of risks and due regard is given to any emerging risks. In accordance with its terms of reference to review the adequacy of risk management arrangements, the Accounts and Audit Committee is provided with regular updates in respect of the SRR.

5. Risk Management Reporting

- 5.1 Reporting arrangements relating to risk management are contained in the Council's Risk Management Strategy in an agreed protocol. This is to ensure that roles of officers and Members are defined and adequate reporting arrangements are in place for risk management issues to be taken into account in policy and decision-making.

6. Review of Risk Management Policy Statement

- 6.1 This Policy statement will be reviewed on a regular basis and updated as necessary. Any significant changes will be referred to and approved by CLT and the Accounts and Audit Committee.



TRAFFORD
COUNCIL

Risk Management Strategy

March 2024

Risk management Strategy:

Versions:

November 2005

September 2009

March 2013

March 2017

March 2024

Risk Management Strategy

1. Introduction

- 1.1 Risk is something that could happen which may have an impact on the achievement of the Authority's objectives, at service level, authority-wide or working in partnership with other organisations. Risk management is the culture and processes that are directed towards the effective management of potential opportunities and threats to the organisation. Risk management is a key element of effective corporate governance. It involves identifying, assessing, managing and controlling the principal risks facing an authority, enabling it to identify the key actions it must take to deliver its main goals.
- 1.2 Ongoing financial pressures faced by local authorities highlight the need to ensure effective arrangements for managing risks are in place. Effective risk management arrangements are essential for enabling high quality decision making to take place in utilising available resources.
- 1.3 The Authority's Risk Management Strategy sets out the arrangements expected to be in place for maintaining effective risk management.

2. Background

- 2.1 Corporate risk management processes in the Authority have been developed over a number of years. Documented guidance is available on the Authority's intranet site.
- 2.2 The Authority's strategic risk register contains the strategic risks the Authority is likely to face in achieving its high level vision and corporate objectives and actions required for managing / monitoring the risks. All Corporate Directorates are required to maintain risk registers on an ongoing basis.
- 2.3 It is important that there are adequate arrangements in place for identifying, assessing, reporting and managing risks. The Accounts and Audit Regulations 2015 set out requirements related to the Council's systems of internal control, and the review and reporting of those systems. The Regulations require Councils to "have a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes the arrangements for the management of risk." The Council is required to produce an Annual Governance Statement which includes an assessment of its processes for managing risks.

3. Risk Management Policy Statement

- 3.1 The Risk Management Policy Statement sets out the Authority's overall position regarding its approach to risk management. It highlights potential benefits to be gained from effective risk management. The Council's overriding approach to risk management is that it acknowledges it will always be faced with risks, but it is the Council's policy to adopt a proactive approach to risk management to achieve its objectives. Although it is accepted that risk will not be totally eliminated, the Council is committed to the management of risk to ensure it adequately considers both threats to achievement of its

objectives and also potential opportunities that arise. The Policy Statement states that the Authority must embrace risk management as part of planning and other processes.

4. Risk Management Strategy

4.1 The purpose of the Risk Management Strategy is to ensure that effective risk management arrangements are implemented in practice. The Strategy needs to ensure that:

- Risk management across the Council is used to evaluate risks linked to both opportunities and threats.
- Risk management is clearly and consistently integrated and embedded in the culture of the Council.
- There is support and ownership of risk management by Members and senior officers.
- There is adequate accountability with procedures and responsibilities clearly established at corporate and service levels.
- There are adequate cost effective controls in place for risk management directed to activities that reflect the Authority's objectives.
- All Corporate Directorates identify and analyse their principal risks.
- There is adequate control and monitoring of risks, with risks reviewed on a regular basis.
- All principal risks, including details of who is responsible for managing the risk and how they are managed are recorded, where applicable, in Service/Directorate and / or Strategic risk registers.
- Services manage their risks as part of business planning and performance monitoring providing assurance on the effectiveness of risks being managed.
- Strategic and authority-wide risks are adequately reflected in the risk management process e.g. risks relating to areas such as financial management; health and safety; safeguarding; climate change; emergency planning; business continuity; and information governance (including those relating to Data Protection, Freedom of Information, Records Management and IT Security).
- Project management arrangements incorporate effective risk management processes.
- Risks associated with different service models in place are considered as part of risk management processes e.g. shared services, joint ventures, strategic partnerships etc.
- Adequate information is provided to Members to ensure that risk is explicitly taken into account in key decisions.
- Adequate guidance and support is provided regarding the risk management process to ensure adequate awareness and to ensure there are adequate skills for the identification, assessment and control of risks.
- Risk awareness is embedded in working practices and requires the inclusion of all staff in the process.
- The risk management process in the Authority forms a key part of the control assurance framework and the process for producing the Annual Governance Statement.

Accountability

- 4.2 Members and staff must be aware of their respective roles in managing risks and ensure risks are taken into account when making decisions. All Members and officers are responsible for ensuring effective risk management. Risk should be considered in decision-making and the overall approach to risk should be consistent with the Authority's key objectives. This includes assessing risks both in relation to threats e.g. safeguarding issues and also potential opportunities e.g. in considering investment decisions. Risk management implications must be considered as part of all Executive decisions.
- 4.3 The strategy refers to the management of risks by services but this is intended to also incorporate project teams, authority wide groups and partnership representatives as well as individual services.
- 4.4 It is the responsibility of the Corporate Leadership Team (CLT) and the Accounts and Audit Committee to monitor the adequacy of the Authority's overall approach to risk management. CLT and the Accounts and Audit Committee are responsible for approving the Risk Management Policy and ensuring there is an effective Risk Management Strategy.
- 4.5 All managers have responsibility and accountability for managing the risks within their own service areas. However, to be successfully managed, risk awareness must be embedded in all working practices and therefore requires the inclusion of all staff in the process.

Resources

- 4.6 Risk management should be an integral part of the budget setting and performance management framework. Resources should be allocated according to priorities which include addressing the highest risks to the Authority and also considering potential benefits and costs in informing decision-making.

Identification and Analysis of Risks (Operational and Strategic)

- 4.7 In identifying risks, services need to consider what may prevent corporate / service objectives being achieved i.e. identify the principal risks. Risks may be internally or externally generated (from local, national or international sources). The risks may relate to strategic or operational matters. Risks may arise from partnership arrangements, relate to specific projects or ongoing service provision.
- 4.8 Once risks are identified, an assessment needs to be made about the level of risk that is considered acceptable (i.e. the Council's risk appetite). In assessing the level of the potential risk, this can be classified by considering two basic factors – the likelihood of the risk actually occurring, and secondly, the impact that occurrence would have on the ability to achieve corporate and service objectives.
- 4.9 A framework is in place for identifying and analysing risks. Risk register templates with accompanying guidance are included as part of risk management guidance available on the intranet. In summary, this sets out that once the principal risks have been identified a simple risk assessment methodology should be used to enable services to carry out risk

assessments in order to prioritise risks. This methodology is applicable to identifying opportunities as well as threats i.e. in considering potential impact, this will be in terms of positive consequences which are considered alongside any costs and other negative consequences.

- 4.10 Corporate Directorates should undertake risk assessments on a regular basis and maintain risk registers at Service / Directorate levels as appropriate. Risk registers should be made available where requested for review by Internal Audit. Significant risks identified at a Directorate level which are considered to be of a strategic nature should be escalated to the CLT and considered for inclusion on the Strategic Risk Register if appropriate.
- 4.11 The Strategic Risk Register (SRR) contains the strategic, medium to long term risks (or barriers) the Authority is likely to face in achieving its high level vision and corporate objectives, as identified by the leadership of the organisation, the Executive and CLT. The SRR refers to actions required and the Corporate Directorates responsible for managing and monitoring the risks. CLT has a responsibility to ensure that strategic risks are adequately managed as, given their nature, the occurrence of the risk may severely impact on the Council's achievements and performance. The SRR is reviewed on a regular basis to ensure that there is adequate monitoring and control of risks and due regard is given to any emerging risks. The SRR is reported through the year to CLT and the Accounts and Audit Committee.
- 4.12 The SRR is updated and reported on a regular basis. Whilst it is the responsibility of Trafford Council to maintain its own SRR and ensure that strategic risks are adequately addressed, it may be considered appropriate for independent assistance to be obtained from time to time to provide assurance on the adequacy of the register. Whilst this has not occurred in recent years, external risk management specialists have been utilised on occasion to provide assistance in respect of reviewing the SRR.

Control and Monitoring

- 4.13 Decisions must be made both corporately and by services regarding what levels of risk are tolerable and what can be done to manage them. In simple terms there are four main responses to risk – tolerate the risk; transfer the risk to another organisation; terminate the activity that is generating the risk (if possible); or treat the risk by taking action to mitigate it.
- 4.14 The methods chosen to deal with risks should be reflected in service objectives and plans and in the allocation of resources (financial, human or otherwise).
- 4.15 Risk management is not a one-off exercise. Risks should be monitored on an ongoing basis and re-evaluated as appropriate. Risk registers should include arrangements to manage the risk, an evaluation of the effectiveness of these and any further improvement actions required to manage the risks as effectively as is feasible and practical. Significant issues regarding the management of risks, such as actions to be taken, should be reflected in service plans.

Responsibilities for Managing Risks

- 4.16 To ensure there is adequate accountability for managing specific risks, it is important that responsibilities for monitoring / managing risks are clearly assigned to particular posts / groups / sections as appropriate. The respective completed risk registers should reflect this.

Business Planning

- 4.17 Corporate Directorates should identify and manage risks as part of their service business planning process. Consideration of risks and associated required controls should be part of the process for considering priorities and the allocation of resources both within services and for the Authority as a whole. In making decisions and allocating resources according to the risk of pursuing or not pursuing opportunities, the positive potential impact should be considered against any potential costs and other negative consequences.

Project Risks

- 4.18 It is vital to the success of any project that the project manager recognises and manages associated risks. A clear understanding of the risks and mitigating actions are vital to the project's success. An escalation route for identified risks should be communicated to the project team and risk reviews should be a standing item on Project Board agendas. A major project should not fully commence until an initial risk identification and analysis has been carried out and a risk log created.

Partnership Risks

- 4.19 The nature of partnership working requires working across existing organisational boundaries and takes various forms. This may provide many benefits but also can bring increased levels of risk to service delivery. Risks must be considered that arise out of such working to ensure objectives are achieved.

Reporting and Decision Making

- 4.20 There must be adequate reporting arrangements to ensure that risks identified are addressed and taken into account in decision-making processes. There should be adequate escalation procedures for identifying, reporting and addressing risks.
- 4.21 Detailed reporting arrangements are documented through an agreed risk management reporting protocol (see appendix A).
- 4.22 It is essential that there are adequate reporting arrangements on risk management to the Executive. Risk implications should be considered in all Executive decisions. Risk management should be embedded in policy making, performance management, strategic and financial planning.
- 4.23 All services must have an adequate process for reporting on principal risks, in particular through monitoring of progress against service plans but also through ensuring all

officers are aware that risk implications must be reported when recommending particular courses of action. Risks should be reviewed on a regular basis within service management teams and there should be a suitable escalation procedure with any significant issues reported to senior management and / or Members as appropriate.

- 4.24 Strategic risks must be reviewed on a regular basis. Any significant issues relating to the management of particular strategic risks should be reported to CLT. The Accounts and Audit Committee are provided with regular updates in respect of the SRR.

Guidance and Support

- 4.25 Guidance and support is required to ensure that Members and officers are aware of their responsibilities. A range of guidance is available in respect of risk management on the Council's intranet including examples of risk, controls to address risks and guidance on the risk management process. The Council's Induction Course covers risk management at a high level and links to the Council's intranet for detailed information.

Governance / Control Framework

- 4.26 As a statutory requirement the Council is required to produce an Annual Governance Statement which includes details of the standard of its internal control systems in place to achieve its objectives and manage risks. It is therefore important that there are clearly defined arrangements in place for identifying, reporting and managing risks. The Council should demonstrate that risk management process forms an integral part of its internal control systems. To achieve this, the risk management framework and procedures outlined above should be adhered to.

5. Conclusions

- 5.1 This Strategy sets out the key arrangements required to ensure that adequate risk management structures and processes in the Authority are maintained and improvements are made where appropriate in order that key risks are effectively addressed and controlled, and risks adequately considered in pursuing potential opportunities. The Risk Management Strategy will be reviewed on a regular basis to ensure risk management continues to be an integral part of service planning, delivery and performance management.

Trafford Council - Protocols For Risk Management Reporting

1. Introduction

This protocol document sets out the requirements at Trafford Council for reporting on risk management issues. It sets out arrangements in respect of general policy / strategy and the reporting of strategic and operational level risks.

2. Risk Management Policy Statement and Strategy

The Policy Statement and Strategy will be reviewed and updated on a regular basis and approved by CLT and the Accounts and Audit Committee. Updates in respect of issues relating to the Risk Management Strategy will be reported to CLT / Accounts and Audit Committee as required.

3. Strategic Risks

- Strategic risks will be monitored on an ongoing basis. Reports on strategic risks, co-ordinated by the Audit and Assurance Service, will be presented to CLT on a regular basis throughout the year as agreed by CLT.
- The Accounts and Audit Committee will receive strategic risk monitoring reports as part of its agreed work programme.
- The Executive should be informed of any significant issues or emerging risks. Risk implications should be included in all Executive Decision reports.

4. Directorate / Service Risks

- Within individual Corporate Directorates and service areas, risks should be reviewed regularly within senior management teams. There should be a suitable escalation procedure with any significant issues reported to senior management and / or Members as appropriate. Escalated risks should be considered for inclusion on the Strategic Risk Register. Risk management should be considered as part of service planning, financial management and performance management arrangements, including any developments in these arrangements.

TRAFFORD COUNCIL

Report to: Accounts and Audit Committee
Date: 19 March 2024
Report for: Information
Report of: Audit and Assurance Manager

Report Title

Accounts and Audit Committee – Work Programme – 2023/24

Summary

This report sets out the work plan for the Committee for the 2023/24 municipal year i.e. items covered during the year in addition to the agenda for the March 2024 meeting.

It outlines areas considered by the Committee at each of its meetings, over the period of the year. The work programme has assisted in ensuring that the Committee has met its responsibilities under its terms of reference and maintained focus on key issues and priorities as defined by the Committee.

Recommendation

The Accounts and Audit Committee is asked to note 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

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
27 September 2023	Training briefing – Understanding the Prudential Indicators.					
208	- Internal Audit Monitoring Report (Q1 2023/24)	- 2021/22 Audit Completion Report	- Strategic risk update: School Places.	- 2022/23 Annual Governance Statement	- Counter Fraud Team Update Report	-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)

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)	- 2021/22 Auditor's Annual Report - 2021/22 Audit Completion Follow-up Letter	- Strategic Risk Register Report. (See Financial Management – Insurance Performance 2022/23)			- Treasury Management: 2023/24 Mid-Year Performance Report - 2022/23 Insurance Performance Report -Financial Management Code Update - 2023/24 Budget Monitoring, project updates and Prudential Indicator Reports, Period 6

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
7 February 2024	Treasury Management (Briefing session arranged on 23 Jan 2024, ahead of the February 2024 Committee meeting)					
	- Internal Audit Monitoring Report (Q3 2023/24)	-External Audit Update	- Strategic risk update: Cyber Security		(National Fraud Initiative update, within Internal Audit monitoring report)	- Asset Investment Strategy Update - Treasury Management Strategy - 2023/24 Budget Monitoring, project updates and Prudential Indicator Reports (Period 8) - Procurement update (STAR)
10 March 2024	- 2024/25 Internal Audit Plan / Internal Audit Charter and Strategy	- External Audit Progress Report	- Strategic Risk Register Report - Strategic risk update: Climate change -Risk Management Policy and Strategy			- 2023/24 Budget Monitoring, project updates and Prudential Indicator Reports (Period10) -Accounting Policies -Briefing on High Needs Funding Block