



**AGENDA PAPERS FOR
ACCOUNTS AND AUDIT COMMITTEE**

Date: Wednesday, 20 November 2013

Time: 6.30 p.m.

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

A G E N D A	PART I	Pages
1.	ATTENDANCES To note attendances, including Officers and any apologies for absence.	
2.	MINUTES To receive and if so determined, to approve as a correct record the Minutes of the meeting held on 26 September 2013.	1 - 4
3.	ANNUAL GOVERNANCE STATEMENT 2012/13 - UPDATE ON SIGNIFICANT GOVERNANCE ISSUE: RECORDS AND INFORMATION MANAGEMENT To note a report of the Records and Information Systems Manager.	5 - 8
4.	ANNUAL GOVERNANCE STATEMENT 2012/13 - UPDATE ON SIGNIFICANT GOVERNANCE ISSUE: LOCALITY PARTNERSHIPS To consider a report of the Head of Partnerships and Performance.	9 - 14
5.	TRANSFORMATION PROGRAMME PRESENTATION To receive a presentation from the Transformation Programme Manager.	
6.	UPDATE ON PAYROLL ISSUE RAISED IN THE 2012/13 EXTERNAL AUDIT FINDINGS REPORT To consider a report of the Director of Human Resources.	To Follow

7. **THE ANNUAL AUDIT LETTER FOR TRAFFORD COUNCIL - YEAR ENDED 31 MARCH 2013**
To receive a report from the Council's External Auditor. 15 - 28
8. **AUDIT COMMITTEE UPDATE**
To receive a report from the Council's External Auditor. To Follow
9. **TREASURY MANAGEMENT 2013-14 MID-YEAR PERFORMANCE REPORT**
To note a joint report of the Executive Member for Finance and the Director of Finance. 29 - 38
10. **REVENUE BUDGET MONITORING 2013/14 - PERIOD 6 (APRIL TO SEPTEMBER 2013)**
To note a joint report of the Executive Member for Finance and the Director of Finance. 39 - 74
11. **AUDIT AND ASSURANCE REPORT FOR THE PERIOD JULY TO SEPTEMBER 2013**
To note a report of the Audit and Assurance Manager. 75 - 86
12. **ACCOUNTS AND AUDIT COMMITTEE - WORK PROGRAMME - 2013/14**
To consider a report of the Audit and Assurance Manager. 87 - 90
13. **URGENT BUSINESS (IF ANY)**
Any other item or items which by reason of special circumstances (to be specified) the Chairman of the meeting is of the opinion should be considered at this meeting as a matter of urgency.

THERESA GRANT
Chief Executive

Membership of the Committee

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

Further Information

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

Ian Cockill, Democratic Services Officer
Tel: 0161 912 1387
Email: ian.cockill@trafford.gov.uk

This agenda was issued on **Tuesday, 12 November 2013** by the Legal and Democratic Services Section, Trafford Council, Trafford Town Hall, Talbot Road, Stretford M32 0TH

ACCOUNTS AND AUDIT COMMITTEE

26 SEPTEMBER 2013

PRESENT

Councillor M. Whetton (in the Chair).

Councillors Mrs. L. Evans (Vice-Chairman), C. Boyes, B Brotherton, P. Myers and T. Ross.

In attendance: Director of Finance (Mr. I. Duncan),
Head of Financial Management (Mr. I. Kershaw),
Audit and Assurance Manager (Mr. M. Foster),
Finance Manager (Mr. D. Muggerridge),
Investigations Manager (Mr. D. Wright),
Principal Audit and Assurance Team Leader (Mr. J. Miller),
Democratic Services Officer (Mr. I. Cockill).

Also in attendance: Mr. M. Waite and Ms. H. Stevenson, Grant Thornton UK LLP.

APOLOGIES

An apology for absence was received from Councillor J. Baugh.

12. MINUTES

RESOLVED: That the Minutes of the meeting held on 27 June 2013 be approved as a correct record and signed by the Chairman.

13. BENEFIT FRAUD INVESTIGATION 2012/13 ANNUAL REPORT

The Investigations Manager submitted a report outlining the Council's responsibilities towards tackling benefit related fraud perpetrated against the authority and providing details of the team's performance during the period April 2012 to March 2013. The report also provided details of the outcomes of activity over the period and outlined the team's plans for 2013/14.

RESOLVED: That the report be noted.

14. REVIEW OF THE COUNCIL'S ARRANGEMENTS FOR SECURING FINANCIAL RESILIENCE

The Committee received the External Auditor's review of the Council's arrangements for securing financial resilience and Managements' draft response to the review.

Members of the Committee welcomed the overall conclusion that whilst the Council faced financial challenges ahead with significant reductions in future government funding its current arrangements for securing financial resilience were good.

RESOLVED: That the report be noted.

15. THE AUDIT FINDINGS FOR TRAFFORD COUNCIL - YEAR ENDED 31 MARCH 2013

The Committee received a report of the External Auditor, Grant Thornton UK LLP, highlighting the key matters arising from the audit of the Council's financial statements for the year ended 31 March 2013.

Further to the report, Mick Waite, the Engagement Lead from Grant Thornton advised Members of a revision regarding the Council's system of internal control and consequential changes to pages 6 and 26 together with the insertion of new pages numbered 16a and 29a. Replacement pages concerning the issue of accessing payroll contracts of employment were tabled at the meeting and the Director of Finance reported that management was preparing a response which would be presented to a future meeting of the Committee.

The Engagement Lead also advised that Grant Thornton could not formally conclude the audit and issue an audit certificate until their work on the Council's Whole of Government Accounts was complete, however, he was satisfied that this would not have a material effect on the financial statements or on the value for money conclusion.

RESOLVED –

- (1) That the report be noted.
- (2) That the Director of Finance, the Finance and Audit and Assurance Teams and all other staff involved in the audit, be thanked for their good work.

16. ANNUAL STATEMENT OF ACCOUNTS 2012/13

Further to Minute No. 4 of the previous meeting held on 27 June 2013, the Director of Finance submitted a report presenting the redrafted Final Accounts for 2012/13, accommodating the changes agreed with the external auditor Grant Thornton, following their audit.

The Committee's attention was drawn to a change affecting the main statements which was also discussed in the external auditor's Audit Findings report considered at the meeting (Minute No. 15 refers). The Director of Finance stated that the change was technical in nature and had no impact on the financial standing of the Council. The effect of correcting for the matter was:

An adjustment of £2.582 million had been made within the Revaluation Reserve and Capital Adjustment Account (CAA) in respect of historic revaluation adjustments to the value of Investment Property, which since the introduction of International Reporting Standards are now held within the CAA.

All changes, the majority of which were cosmetic, were detailed in the report.

RESOLVED –

- (1) That the Final Accounts for 2012/13, be approved.
- (2) That the Director of Finance and his team and the Council's external auditor be commended for their efforts in producing these accounts.

17. ANNUAL GOVERNANCE STATEMENT 2012/13

Further to Minute No. 9 of the previous meeting held on 27 June 2013, the Audit and Assurance Manager submitted a report providing the final version of the 2012/13 Annual Governance Statement.

The final version was substantially the same as the draft with only a small number of wording amendments in Section 3, under CIPFA (The Chartered Institute of Public Finance and Accountancy) / SOLACE (Society of Local Authority Chief Executives and Senior Managers) principles 1, 2 and 4 to reflect recent developments. The significant governance issues were as reported in the draft Statement.

RESOLVED: That the 2012/13 Annual Governance Statement be approved.

18. REVENUE BUDGET MONITOR

The Committee received, for information, a joint report of the Executive Member for Finance and Director of Finance detailing the outcomes of the monitoring of the Council's revenue budget for the first four months of the financial year which was presented to the Executive on 23 September 2013.

Members of the Committee welcomed the quality of information provided in the report and were assured that the external auditor tracks all budget monitoring reports, in addition to regular meetings with the Director of Finance and the Audit and Assurance Manager.

RESOLVED: That the revenue budget monitoring information for the period April to July 2013, be noted.

19. STRATEGIC RISK REGISTER - 2013/14 QUARTER 2

The Audit and Assurance Manager submitted an update report on the strategic risk environment for quarter two of 2013/14 including the arrangements in place to manage each of the strategic risks.

The report advised that three strategic risks had been added to the Register since the last update to Committee on 20 March 2013 (Minute No. 44 refers) and that six had been removed to be managed at an operational level.

RESOLVED: That the report be noted.

20. AUDIT AND ASSURANCE REPORT FOR THE PERIOD APRIL TO JUNE 2013 (Q1)

The Audit and Assurance Manager submitted a report summarising the work of Audit and Assurance during the period April to June 2013 and providing ongoing assurance to the Council on the adequacy of its control environment.

RESOLVED: That the report be noted.

21. ACCOUNTS AND AUDIT COMMITTEE - WORK PROGRAMME - 2013/14

The Audit and Assurance Manager submitted a report setting out the updated work plan for the Committee for the 2013/14 Municipal Year and outlining the areas to be considered at each of its meetings.

RESOLVED: That, with the inclusion of the Human Resources Records matter raised earlier in relation to the accessing of payroll contracts of employment (Minute 16 refers), the 2013/14 work programme be noted.

The meeting commenced at 6.30 p.m. and finished at 8.27 p.m.

Agenda Item 3

TRAFFORD COUNCIL

Report to: Accounts and Audit Committee
Date: 20 November 2013
Report for: Information
Report of: Records and Information Systems Manager

Report Title

Annual Governance Statement 2012/13 – update on significant governance issue : Records and Information Management

Summary

This brief report provides an extract from the 2012/13 Annual Governance Statement outlining one of the significant governance issues identified for further development through 2013/14 i.e. Records and Information Management.

It includes a brief update on work undertaken to date and further work planned in respect of this issue which will be referred to by the Records and Information Manager at the Committee meeting.

Recommendation

The Accounts and Audit Committee is asked to note the report for information which the Records and Information Systems Manager will make reference to when attending the Committee to update members on the current position.

Contact person for access to background papers and further information:

Name: Paula Titterington – Records and Information Manager
Extension: 3212

Background Papers:

2012/13 Annual Governance Statement

Annual Governance 2012/13 Statement – Significant Governance Issue : Records and Information Management

1. Introduction

Detailed below is an extract from the 2012/13 Annual Governance Statement followed by a brief update on actual progress made to date in respect of records and information management.

2. Annual Governance Statement 2012/13 Extract

The following detail was included in sections 5.3 and 5.4 of Trafford Council's 2012/13 Annual Governance Statement :

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

Detailed below are significant governance issues and a summary of the actions planned to address these in 2013/14.

2012/13 Issues and Action Planned 2013/14

1. Records Management

As part of the records management programme the Council tendered for an EDRMS solution but the initial solution identified was found not to meet the Council's requirements so the process of obtaining a suitable solution is still in progress.

This has not stopped the programme of works as work is continuing to improve business processes around managing the lifecycle of Trafford Council records, reviewing the current security model and implementing changes to meet 'best practice'. All work carried out to date on the cutover activities will be used in this next phase and therefore it has been a 'value added' activity as part of the journey to improve our records management practices.

The Information Security Governance group is now fully formed and a number of work streams are in progress including reviews of current policies and procedures, gap analysis, registration with ICT connections for working with Health teams plus a number of bespoke training packages to improve the education and understanding of employees regarding information security and information governance.

3. Updated position (November 2013)

Significant work took place during 2012/2013 to prepare teams for the cutover activities associated with the implementation of an Electronic Document and

Records Management solution (EDRMS). These activities included records and information management practices, policies and procedures and assistance with meeting legal and statutory obligations placed on the Council.

A procurement exercise was carried out and a supplier and solution was chosen to deliver the Council's requirements. A strict milestone payment regime was set to ensure that the Council had a solution delivered which was 'fit for purpose'. During the implementation phase the supplier was only able to reach milestone one as ICT carried out vigorous testing of the solution against criteria of Information Governance and the end user experience and concluded that the supplier was unable to deliver to the original requirements. Consequently, the contract was cancelled and all monies paid to date recovered.

Due to the delay of the project and the move back into the Town Hall imminent, the requirement to reduce the paper footprint was high on the agenda. Therefore, a digitisation project has taken place to scan all HR, Finance, Legal Services, and Children, Families and Wellbeing operational records and host these on a temporary platform with a plan to migrate these into the EDRMS. These records currently stand at 1.2 million.

In addition to the digitisation project the Council have secured a contract for offsite storage/retrieval and destruction of records that are no longer required for operational reasons but are required for legal or statutory obligations to be kept in accordance with the Council's Records Retention and Destruction Policies.

A new Project Executive has joined Trafford Council overseeing the CRM and EDRMS Projects. The current status of procuring a solution is at the Soft Market Testing Phase, where the Project Team have taken on board lessons learned from the previous project and are looking at the solutions available in the market place that will meet both the Council's technical and functional requirements. After which a procurement exercise will take place to re-tender for a partner to help us deliver a solution. There will be a staged delivery resulting in a softer rollout ensuring that teams gain the most benefit from the new improved processes that will be delivered by the EDRMS. The expected timeframe for the first implementations is May 2014.

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Agenda Item 4

TRAFFORD COUNCIL

Report to: Accounts and Audit Committee
Date: 20 November 2013
Report for: Information
Report of: Head of Partnerships and Performance

Report Title

Annual Governance Statement 2012/13 – update on significant governance issue : Locality Partnerships

Summary

This brief report provides an extract from the 2012/13 Annual Governance Statement outlining one of the significant governance issues identified for further development through 2013/14 i.e. the development of Locality Partnerships.

It also includes a brief update on the progress of the Locality Partnerships.

Recommendation

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

Contact person for access to background papers and further information:

Name: Jayne Stephenson
Extension: 1231

Background Papers: none

Annual Governance 2012/13 Statement – Significant Governance Issue : Locality Partnerships

1. Introduction

Detailed below is an extract from the 2012/13 Annual Governance Statement followed by a brief update on actual progress made to date in respect of one of the significant governance issues referred to in the Statement i.e. re the development of Locality Partnerships.

2. Annual Governance Statement 2012/13 Extract

The following detail was included in sections 5.3 and 5.4 of Trafford Council's 2012/13 Annual Governance Statement :

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

Detailed below are significant governance issues and a summary of the actions planned to address these in 2013/14.

2012/13 Issues and Action Planned 2013/14

2. Locality Partnerships

..... the Council has set out its commitment to involve residents and devolve services to local communities. This includes the introduction of four Locality Boards from April 2013 to be launched with a role in engaging the community, understanding local needs and coordinating existing plans and activities.

The Locality Partnerships will be developed during 2013/14 and transform from shadow form to full status. During the first year a Locality Assessment and action plan will be developed, alongside terms of reference and a code of conduct. An outcomes framework will also be developed, linked to the action plan, and will focus on not only quantitative outcomes but also qualitative outcomes and experiences.

The governance framework includes reporting to the Stronger Communities Board and the Trafford Partnership Executive.

3. Updated position (November 2013)

3.1 Trafford has established Locality Partnerships, made up of Councillors, partners including the police, health services and council, and Community Ambassadors. There are four Locality Partnerships (*note name changes*) that will comprise of the following areas:

- Old Trafford & Stretford - Gorse Hill, Longford, Stretford, Clifford
- South - Altrincham, Bowdon, Broadheath, Hale Barns, Hale Central, Timperley, Village
- Urmston & Partington - Bucklow St Martins (Partington), Davyhulme East, Davyhulme West, Flixton, Urmston
- Sale - Bucklow St Martins (Sale), Ashton upon Mersey, Brooklands, Priory, Sale Moor, St Marys

3.2 Their purpose is to:

- Increase resident and community involvement in local democracy and decision making, increasing service responsiveness and accountability
- Increase involvement in local priority setting
- Increase volunteering, increasing social cohesion, community capacity and resilience
- Enable improved engagement with residents and communities

3.3 They will do this by:

- Enabling the community to contribute to the solution to key challenges, ensuring improvements are more sustainable and more effective, whilst influencing public sector services to redeploy resources more effectively
- Brokering engagement between strategic partner organisations and local residents and communities, utilising more effective methods of engagement

Progress to-date

- 3.4 Since being launched in April 2013, the four Locality Partnerships have met three times. Overall, the feelings across the four partnerships are that they were well attended, with a good atmosphere, balanced views and a drive to take action and make a positive impact. Each partnership has its own terms of reference, setting out their vision, purpose, role and values, which they developed at their first meetings in June.
- 3.5 Each partnership has a Chair Team, made up of a Councillor (who is the LP Chair), Community Ambassador and Statutory Partner. Memberships of these have been agreed, and they are working closely together to drive forward the partnership, set agendas and manage activity. The Chair and Community Ambassador of each LP now attend the Strong Communities Board, ensuring a link between the strategic partnership and localities.
- 3.6 Each partnership is developing a common understanding of the capacity, talent, skills, knowledge, connections, relationships and physical assets in the locality, aligning the data and information with their local knowledge and the views of local people. Workshops took place in late July, and from these have emerged initial themes for the partnerships to focus on:
- Sale - maximising the economic and health benefits of Sale Town Centre
 - South - intergenerational activity, child obesity and anti-social behaviour
 - U&P – using park and greenspace to tackle obesity in children and families
 - OT&S – Child obesity and healthy eating, education attainment and youth employment

These themes have been further explored at the meetings held in September, with working groups and action plans being developed.

- 3.7 In addition to their identified themes, the partnerships will consider strategic issues which come through the Strong Communities Partnership or other Thematics. At the meetings in September they discussed Trafford College's Community Learning resources, and future agenda items include Winter Planning and Trafford's Core Strategy. Thematics are welcome to suggest agenda items via the Partnerships Team.

- 3.8 Many of the Locality Partnership members are involved in delivering the projects developed at the Partnership Event. In total there are 14 projects across the four localities, with four projects receiving £2500 start-up funding on the day. These projects will sit within the Locality Partnership action plan, enabling the partnership to support immediate activity and engage with a wider audience. So far, there has been a successful multi-agency event in Sale Moor, engagement work with businesses in Old Trafford, establishment of a community food growing project in the South of the borough and an innovative training scheme for young people is being developed in Urmston and Partington. For more information on the projects visit www.traffordpartnership.org/aboutus/partnershipevent
- 3.9 In addition, having been invited to shortlist the Council's Voluntary Sector Grant applications, the Locality Partnership Chairs and members had a lead role at the four voting events which took place on the 22nd and 29th June. 538 residents attended, up 20% from last year..
- 3.10 Both the South and Old Trafford & Stretford LPs have agreed, in principle, to undertake a Street Association pilot.

Partnership Chair debrief meetings

- 3.11 After each round of LP meetings the chair teams come together to provide feedback on how their partnerships are progressing and any issues / challenges arising. This allows for the sharing of best practice and to identify any emerging themes which can be approached at a strategic level. The last LP Chair meeting to take place was on 17th October, with at least two of the three LP chair teams in attendance and in two instances all three members were in attendance which demonstrates the leadership and commitment the chair teams have to their partnerships.
- 3.12 The positive observations:
- High levels of expectation/ engagement, especially in OT & Stretford and also Sale which demonstrates the need for a locality focus
 - Setting of priorities (s2.3) has provided a focus for the LPs to begin to develop local solutions to local need/opportunities.
 - Each Partnership is different in its approach to the meeting formats

- The Sale chair team are actively seeking engagement with neighbourhood partnerships e.g. Sale West, Sale Moor, Sale Town Centre to explore how they can work together and avoid duplication of effort / resources
- There is real energy and creativity being demonstrated
- Development of a sub-group structure to ensure activity is progressed in between meetings, also helps to maintain the energy described above
- Welcomed the offer of Trafford College to seek the support of the LPs to develop the Community Learning programme
- Attendance – in most instances there is at least a two third attendance, however this dipped for the August meeting

3.13 Challenges identified

- Maintaining the energy and innovation including ‘quick wins’ e.g. CeSaw community safety event in Sale
- OT & Stretford have a two community ambassador vacancies and also space to expand – process agreed to ensure the right people / organisations are attracted
- Exploration of communication/engagement techniques/channels, including Social Media to both increase the profile of the LPs and engagement with the wider community.

Activity in the pipeline

- 3.15 To support the profile of the LPs it has been agreed to develop the Trafford Partnership branding and tailor to the LPs. This will allow for both a recognised ‘corporate’ brand whilst supporting the individual nature of each locality.
- 3.16 As part of the review process which seeks to regularly review the effectiveness of the LPs, a half day event will be held in January 2014, where all members of the LPs will be invited along to share their journey, best practice and areas for improvement. The Partnership is also seeking to secure Cormack Russell, founder of the ABCD concept (Asset Based Community Development), or present by virtual link, this will be supported by examples of this approach in the community from both the Lostock area (Forever Manchester).



The Annual Audit Letter for Trafford Council

Year ended 31 March 2013

October 2013

Page 15

Mick Waite
Engagement Lead
T 0161 234 6347
E mick.j.waite@uk.gt.com

Helen Stevenson
Audit Manager
T 0161 234 6354
E helen.i.stevenson@uk.gt.com



Contents

Section	Page
1. Executive summary	3-5
2. Audit of the accounts	6-7
3. Value for Money	8-9
4. Certification of grant claims and returns	10-11

Appendices

A Reports issued and fees

Section 1: Executive summary

01. Executive summary
02. Audit of the accounts
03. Value for Money
04. Certification of grant claims and returns

Executive summary

Purpose of this Letter

Our Annual Audit Letter ('Letter') summarises the key findings arising from the following work that we have carried out at Trafford Council ('the Council') for the year ended 31 March 2013:

- auditing the 2012/13 accounts and Whole of Government Accounts submission (Section two)
- assessing the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (Section three)
- certification of grant claims and returns (Section four).

The Letter is intended to communicate key messages to the Council and external stakeholders, including members of the public. We reported the detailed findings from our audit work to those charged with governance in the Audit Findings Report on 26 September 2013.

Responsibilities of the external auditors and the Council

This Letter has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission (www.audit-commission.gov.uk).

The Council is responsible for preparing and publishing its accounts, accompanied by an Annual Governance Statement. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources (Value for Money).

Our annual work programme, which includes nationally prescribed and locally determined work, has been undertaken in accordance with the Audit Plan that we issued in March 2013 and was conducted in accordance with the Audit Commission's Code of Audit Practice ('the Code'), International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

Audit conclusions

The audit conclusions which we have provided in relation to 2012/13 are as follows:

- an unqualified opinion on the accounts which give a true and fair view of the Council's financial position as at 31 March 2013 and its income and expenditure for the year
- an unqualified conclusion in respect of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources
- an unqualified opinion on the council's Whole of Government Accounts submission
- our work on the certification of grant claims is on-going and will be reported in our Grant Certification report upon completion of our work

Executive summary (continued)

Key areas for Council attention

We summarise here the key messages arising from our audit for the Council to consider as well as highlighting key issues facing the Council in the future.

During the year we concluded an objection to the Council's 2011/12 annual accounts in relation to the issue of fines for littering from vehicles. The Council took action to revise its processes and has subsequently ceased issuing penalty notices for littering to registered keepers of vehicles. We concluded that there was no subsequent formal audit action required under the Audit Commission Act 1998 and issued the audit certificate for 2011/12 in April 2013.

The Council has a good track of managing its financial performance. For 2012/13, the Council achieved an underspend of £2.5m (1.6%) against its revenue budget and achieved a budgeted savings and increased income target of £12.2m.

The Council has set a two year Financial Plan up to 2014-15 supplemented with further medium term planning through to 2018-19. The Plan to the end of 2014/15 sets out the requirement to meet a budget gap of £38.9m with a combination of efficiencies, new income and reserves, changes to terms and conditions and other saving

There are significant challenges ahead which will require further transformation to achieve savings while securing high quality services. The Council's disciplined and structured approach, will help ensure it meets these challenges successfully .

Acknowledgements

This Letter has been agreed with the Director of Finance and will be presented to the Accounts and Audit Committee on 20 November 2013.

We would like record our appreciation for the assistance and co-operation provided to us during our audit by the Council's staff.

Section 2: Audit of the accounts

- 01. Executive summary
- 02. Audit of the accounts**
- 03. Value for Money
- 04. Certification of grant claims and returns

Audit of the accounts

Audit of the accounts

The key findings of our audit of the accounts are summarised below:

Preparation of the accounts

We received draft financial statements and accompanying working papers at the start of our audit, in accordance with the agreed timetable. The financial statements submitted for audit were yet again of very good quality, delivered by an effective closedown process and supported by comprehensive working papers.

Issues arising from the audit of the accounts

We did not identify any material audit adjustments in the statement of accounts that affected the Council's reported assets and liabilities. We identified a small number of adjustments to enhance disclosures and the presentation of the accounts, together with one non-material classification error relating to an adjustment from a prior year.

Whilst our work did not identify any control weaknesses within the Council's financial systems, we identified a control weakness in the filing and accessing of prime payroll records, which the Council is taking action to address.

Annual governance statement

We concluded that the Annual Governance Statement was consistent with our knowledge of the Council and did not identify any areas which required amendment.

Conclusion

In accordance with international standards of auditing, before giving our opinion on the accounts, we are required to report significant matters arising from the audit to 'those charged with governance' (identified as the Accounts and Audit Committee at the Council). We presented our report to the Audit Committee on 26 September, and summarise only the key messages in this Letter.

We issued an unqualified opinion on the Council's 2012/13 accounts on 30 September 2013, meeting the deadline set by the Department for Communities and Local Government. Our opinion confirms that the accounts give a true and fair view of the Council's financial position and of the income and expenditure recorded by the Council.

During the year we determined an objection to the 2011/12 accounts. We decided that no further formal audit action was required, and we issued a Statement of Reasons to that effect on 27 February 2013. The certificate of closure of the 2011/12 audit has since been issued.

Section 3: Value for Money

01. Executive summary
02. Audit of the accounts
03. Value for Money
04. Certification of grant claims and returns

Value for Money

Scope of work

The Code describes the Council's responsibilities to put in place proper arrangements to:

- secure economy, efficiency and effectiveness in its use of resources
- ensure proper stewardship and governance
- review regularly the adequacy and effectiveness of these arrangements.

We are required to give a VFM conclusion based on the following two criteria specified by the Audit Commission which support our reporting responsibilities under the Code:

The Council has proper arrangements in place for securing financial resilience. The Council has robust systems and processes to manage effectively financial risks and opportunities, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.

The Council has proper arrangements for challenging how it secures economy, efficiency and effectiveness. The Council is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

Key findings

Securing financial resilience

We have undertaken a review which considered the Council's arrangements against the three expected characteristics of proper arrangements as defined by the Audit

Commission:

- financial governance
- financial planning
- financial control.

Overall our work concluded that whilst the Council faces financial challenges, particularly from 2015/16 onwards, its current arrangements for securing financial resilience are good. There is appropriate challenge and support from members, and the Council prepares and keeps under review its medium term financial plan. There are good arrangements in place to monitor and manage revenue and capital budgets, and there are regular reports during the year to management and members on financial and service performance.

Challenging economy, efficiency and effectiveness

We have reviewed whether the Council has prioritised its resources to take account of the tighter constraints it is required to operate within and whether it has achieved cost reductions and improved productivity and efficiencies. Our work examined the robustness of the Council's arrangements for delivery of savings and increased income which together amounted to £12.2m for 2012/13, and its plans for delivering further net savings of £38.9m over the next two years to the end of 2014/15.

The Council has responded well to the challenges of the Local Government Finance Settlement, delivering savings successfully, and targeting its resources effectively. There are significant challenges ahead which will require further transformation to secure savings and secure quality services. The Council's disciplined and structured approach, will help ensure it meets these challenges successfully.

Overall VFM conclusion

On the basis of our work, and having regard to the guidance on the specified criteria published by the Audit Commission, we are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2013.

Section 4: Certification of grant claims and returns

- 01. Executive summary
- 02. Audit of the accounts
- 03. Value for Money
- 04. Certification of grant claims and returns**

Certification of grant claims and returns

Introduction

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

Approach and context to certification

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

Key messages

Our work on certification of grant claims and returns is on-going. Our work to date has not identified any issues which we wish to highlight. The detailed findings of our work will be reported in our Grant Certification report upon completion of our work.

Appendices

Appendix A: Reports issued and fees

We confirm below the fee charged for the audit and other services.

Fees	Per Audit plan £	Actual fees £
Audit Fee	156,119	156,119
Grant certification fee	21,500	TBA
Total fees	177,619	TBA

Fees for other services

Service	Fees £
Additional testing on 2009/10 and 2010/11 Housing benefits claims	1,845
Additional audit work to consider and decide an objection on the 2011/12 accounts	15,740

Reports issued

Report	Date issued
Audit Plan	March 2013
Audit Findings Report	September 2013
VfM – Financial Resilience Report	September 2013
Annual Audit Letter	October 2013



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TRAFFORD COUNCIL

Report to: Accounts & Audit Committee – 20 November 2013
Executive – 3 December 2013

Report for: Decision

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

Report Title

Treasury Management 2013-14 Mid-Year Performance Report

Summary

In accordance with the CIPFA Code of Practice adopted by the Council, this report provides an update on the progress of the treasury management activities undertaken for the first half of 2013/14.

- **Debt Activity:-**

No new borrowings to finance the capital programme were taken and due to unfavourable market conditions no debt restructuring exercises were undertaken. At 30 September the Council's external debt was £100.4m.

- **Investment Activity:-**

The priorities when undertaking any investment continue to be security first, liquidity and then rate of return. During the first half of 2013/14 the annualised investment rate of return from proactive cash flow management was 0.71% with income generated from investment interest currently on target to meet the 2013/14 budgeted provision of £(0.5)m. The level of return is 0.35% or £(145)k above the comparable performance indicator of the average 7-day London Interbank **BID** interest rate. At 30 September the Council's level of investments was £64.m.

- **Prudential Indicators:-**

During the first half of 2013/14 the Council complied with its legislative and regulatory requirements, including compliance with all treasury management prudential indicators.

Recommendations

That the Accounts & Audit Committee & Executive be requested to:

1. Note the Treasury Management activities undertaken in the first half of 2013/14.

Contact person for background papers:
Graham Perkins – Technical Accountant Extension: 4017

Relationship to Policy Framework/Corporate Priorities	Value for Money
Financial	The Council did not encounter any cash flow liquidity difficulties and all investment income was received on time.
Legal Implications:	No legal implications arising from this report
Equality/Diversity Implications	Not applicable
Sustainability Implications	Not applicable
Staffing/E-Government/Asset Management Implications	Not applicable
Risk Management Implications	The monitoring and control of risk underpins all treasury management activities. The main risks are of adverse or unforeseen fluctuations in interest rates and security of capital sums.
Health & Wellbeing Implications	Not applicable
Health and Safety Implications	Not applicable

1. BACKGROUND

1.1 Each year in order to comply with the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code), the Accounts & Audit Committee together with the Executive will receive the following reports:

- annual treasury strategy for the year ahead (February)
- mid-year update report (November i.e. this report)
- annual report describing the activity undertaken compared to the strategy (June).

For information, Full Council receives the annual strategy and activity report for approval.

1.2 The Council operates a balanced budget from which the treasury management operations ensures that day to day cash flow events are adequately planned, with surplus monies being invested in low risk counterparties ensuring that cash flow requirements are met whilst optimising the investment return.

1.3 Another function of the treasury management service is the management of longer term cash by either arranging long or short term loans or using longer term cash flow surpluses and restructuring existing debt to meet Council risk or cost objectives.

1.4 Treasury management in this context is defined as:
“The management of the local authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

1.5 This mid-year report has been prepared in compliance with CIPFA’s Code of Practice on Treasury Management, and covers the following:

- Economic Update (section 2)
- Treasury Position (section 3)
- Debt Activity (section 4)
- Investment Activity (section 5)
- Risk Benchmarking (section 6)
- Prudential and Performance Indicators (section 7)
- Other Activity Update (section 8)
- Recommendations (section 9)

2. ECONOMIC UPDATE

2.1 During the first half of 2013/14, the main economic headlines were as follows:

UK

- a triple dip recession was avoided and predictions of continued gloom and doom have evaporated with a number of prominent organisations, among them the Bank of England and OECD, raising their growth projections for this year and beyond,
- economy showed signs of recovering as demonstrated by growth of 0.3% and 0.7% in quarters 1 and 2 of 2013 respectively;
- industrial output is recovering;
- household spending rose during the summer from increases in retail sales, mortgages, house prices and new motor registrations in spite of squeezed incomes;
- the 3 month unemployment average to July fell from 7.8% to 7.7% when compared to the previous quarter;
- Government deficit is starting to reduce;
- Consumer Price Inflation (Government target is 2%) grew slightly from 2.4% in April to 2.7% in September;
- The Monetary Policy Committee (MPC) maintained both the Bank Rate at 0.5% and the level of quantitative easing at £375bn;

- under the guidance of the new Bank of England's Governor Mark Carney, the MPC in August provided forward guidance that the Bank Rate will only be reviewed when unemployment falls to 7% which is not expected to occur until mid-2016;
- The Bank of England extended its Funding for Lending scheme into 2015, thereby encouraging banks to increase its lending to small and medium size businesses;
- the housing market was given a boost with the launch of the Government's Help to Buy scheme which is aimed at first time buyers by providing equity loans to borrowers;
- whilst talk of a house price bubble is already being discussed, the Bank of England has been instructed to take evasive action if it believes lending levels become problematic.

Eurozone

- a return to growth was reported in quarter 2, the first time in 6 quarters although the economy still remains in a fragile situation;
- currency pressures and sovereign debt uncertainties continue and could re-emerge after the German election.

US & Rest of the World

- the US Federal bank has suggested that it may reduce its asset purchase (quantitative easing) scheme earlier than anticipated however no date has been announced for this;
- US Congress passed a bill to raise the federal debt limit on 16 October, just hours before the nation risked default;
- US unemployment rate has fallen from a high of 8.1% to 7.3%;
- the US housing market is starting to show signs of recovering;
- Growth in the US is struggling to establish above 3%, a level considered critical in ensuring recovery becomes self-sustaining;
- China might have recovered from its growth deceleration it is still too early to be certain;
- India is submerged in a currency crisis;
- Brazil's recovery appears to have faltered.

2.2 Economic forecasting continues to remain difficult to undertake as a result of so many external factors influencing the UK economy (volatility in bond yields, continual movement in investor confidence and fears between favouring more risky assets, equities, or safer bonds). The economic outlook for the next 6 months currently forecasts the following major events;

UK

- positive growth encountered in the first 2 quarters of the year is set to continue;
- Bank Rate is unlikely to rise until mid-2016;
- CPI is forecast to fall to 2.0% in 2015;
- economy is still vulnerable to overseas markets.

Eurozone

- growth will remain weak although most Eurozone countries are now starting to see a return to growth;
- European Central Bank is to maintain its central policy rate at 0.5%;
- Greece will probably need another, but smaller bailout in the near future;
- concerns over the Spanish economy remain;
- the consequences from the bail out in March 2013 has done huge damage to the Cypriot economy and many commentators now consider it is only a matter of time before either another bailout is needed or the country leaves the Euro.

US & Rest of the World

- the passing of a US Federal budget for the new financial year starting on 1 October and raising of the debt ceiling in mid-October proved to be problematic with numerous government departments temporarily closing until the issue was settled;
- it is unlikely that US interest rates will increase until at least mid-2015;
- concerns remain around an unbalanced economy in China;

2.3 Interest rate forecasts are provided by the Council's treasury management advisors Capita and the table below outlines the latest situation as at mid-September 2013:

	2013-14 Original Forecast%	2013-14 Revised Forecast%	2014-15 % Revised Forecast%	2015-16 % Revised Forecast%
UK Bank Rate	0.50	0.50	0.50	0.50
Investment Rates				
3 month	0.50	0.40	0.40	0.40
1 Year	1.00	0.80	0.80	1.00
PWLB Loan Rates				
5 Year	1.65	2.20	2.30	2.70
25 Year	3.80	4.25	4.45	4.85

2.4 As a result of the economic position the Council will continue to take a cautious approach to its treasury management strategy.

3. TREASURY POSITION

3.1 The Council's debt and investment position at the beginning and midway through the current financial year is as follows:

	31 March 2013			30 September 2013		
	Principal (£m)	Total (£m)	Interest Rate (%)	Principal (£m)	Total (£m)	Interest Rate (%)
DEBT						
Fixed rate:						
- PWLB	44.5			44.4		
- Market	25.0	69.5	5.55	25.0	69.4	5.55
Variable rate:						
- PWLB	0.0			0.0		
- Market	31.0	31.0	4.58	31.0	31.0	4.58
Total debt		100.5	5.25		100.4	5.25
INVESTMENTS						
- Fixed rate	32.4			52.5		
- Variable rate	19.8			11.5		
Total Investments		52.2	0.88		64.0	0.84
NET ACTUAL DEBT		48.3			36.4	

Net actual debt = Total debt less Total Investments

3.2 When reviewing the table above, it is important to note that the investment figures fluctuate daily, reflecting funds that were available on a temporary basis due to timing issues such as precept payments, receipt of grants and progress on the capital programme.

4. DEBT ACTIVITY

- 4.1 The Council, at 31 March 2013, was under borrowed by £47m, as its total capital financing requirement (CFR), underlying need to borrow for capital purposes, is higher than its actual level of external debt, £147.6m compared to £100.5m respectively and this situation is set to continue for the foreseeable future.
- 4.2 The Council's under borrowed position reflects historical decisions taken to fund its borrowing requirement from its own funds (cash supporting its reserves & balances) rather than taking on any new debt. This prudent approach, which has been widely adopted by other councils, is due to the high "cost of carry" i.e. the difference between long-term debt interest rates (4.5%) and the average return available from short term investments (0.84%).
- 4.3 For 2013/14 the Council's (CFR) position, will fall by £(1.3)m reflecting the difference between the level of new capital expenditure financed by borrowing compared to the statutory minimum revenue provision, which reduces indebtedness.
- 4.4 However given that the Council's CFR is higher than the actual level of external debt, there is no need for the Council to prematurely reduce its levels of debt, by the value of £(1.3)m. This course of action would incur additional costs from early breakage payments.
- 4.5 In the current economic climate, debt rescheduling opportunities have been limited due to the high breakage penalty (premium) costs which would need to be incurred. Therefore during the first half of the year no debt restructuring has been undertaken.
- 4.6 For reference the maturity structure of the debt portfolio has not changed significantly from that previously reported in the 2012/13 Outturn report.

5. INVESTMENT ACTIVITY

- 5.1 The investment strategy, in accordance with the Code of Conduct, stipulates that the Council's priority when undertaking any investment is to ensure that the security of funds is the first consideration with liquidity and appropriate level of return consistent with this approach is achieved.
- 5.2 In order to ensure the security of funds is maintained, a "voluntary" internal action was taken prior to 2013/14, not to directly place investments with any Euro zone institution whilst the current economic uncertainty continued. This is despite certain Euro zone banks meeting the minimum credit criteria stipulated by the Council. This course of action will remain in place until it is considered that conditions have improved from their current state.
- 5.3 As highlighted at Section 2, the investment market continues to be very difficult. Earning the level of interest rates seen in previous decades is impossible as investment rates are low and in line with the 0.5% Bank rate. Indeed the introduction of the Funding for Lending scheme has reduced market investment rates even further and it is widely acknowledged investment returns are likely to remain low for some time.
- 5.3 The Council's temporary investments at 30/09/2013 were £64.0m and were invested in the following categories;

Sector	Country	Value (£m)
Banks	UK	41.7
Money Market Funds	UK	0.8
Local Authority	UK	5.0
Banks	Rest of World	16.5
Total		64.0

The maturity structure of the investment portfolio was as follows:

	31 March 2013 (£m)	30 September 2013 (£m)
Instant Access	19.8	11.5
Under 1 year	32.4	47.5
Under 3 years	0.0	5.0
Total	52.2	64.0

5.4 During the first half of the year, a total of 171 temporary investments were undertaken by the Council's in house treasury management team in an environment of historically low interest rates. The table below details the results of these activities, which clearly illustrates the Council outperforming the 7day LIBID benchmark, a recognised market performance indicator, by 36 basis points whilst ensuring that all risk was kept to a minimum. Currently the performance for investment interest to be earned for 2013/14, is in line with the budget of £0.5m.

Average temporary Investment (£m)	Average interest rate earned %	Average 7 day LIBID rate %	Additional interest earned (£k)
82.2	0.71	0.36	145

- 5.5 None of the institutions in which investments were placed had any difficulty in repaying and the list of institutions in which the Council invests is kept under continuous review.
- 5.6 During the first half of the year the Council had no liquidity difficulties due to proactive cash flow management and no temporary borrowing was undertaken.
- 5.7 A breakdown of the Council's investments, as at 30 September 2013 is provided at Appendix A for reference.

6. RISK BENCHMARKING

- 6.1 In accordance with the Code of Practice and Department for Communities and Local Government Investment Guidance, appropriate security and liquidity benchmarks are used by Officers to monitor the current and future potential risk conditions and undertake any corrective action to the operational strategy if required.
- 6.2 These benchmarks are simple guides to maximum risk (not limits) and so may be breached from time to time, depending on movements in interest rates and counterparty criteria.
- 6.3 During the first half of 2013/14 the Director of Finance can confirm that no benchmarks, which were set in the Strategy report in February 2013, were breached as shown from the information below;
- **Security** – This table shows the benchmark for the Council's investment portfolio for each individual year and reflects the level of potential default when compared to the historic default rates.

	1 year	2 years	3 years
Original maximum default rate	0.09%	0.04%	0.14%
Position at 30.09.13	0.01%	0.00%	0.13%

- **Liquidity** – In respect of this the Council set liquidity facilities/benchmarks of:

Bank overdraft - £0.5m
Liquid short term deposits of at least £20m available with a week's notice.

Weighted Average Life (WAL) benchmark expected to be 6 months, with a maximum of 3 years.

For the first half of 2013/14 the above liquidity arrangements were complied with and at 30 September 2013 the WAL of its investments was 4.8 months.

- **Yield** - The local measure of the yield benchmark is to achieve a return above the 7 day LIBID rate.

For the first half year of 2013/14 the investment interest return averaged 0.71%, against a 7 day LIBID rate of 0.36%.

- **Origin** – This stipulated that no more than 40% of the Council's total investments to be directly placed with non-UK counterparties at any time.

For the first half of 2013/14 the maximum level during this period was 29%.

7. PRUDENTIAL AND PERFORMANCE INDICATORS

- 7.1 In accordance with CLG Guidance, the CIPFA prudential Code and the CIPFA Code of Practice on Treasury Management, the Council has in place a total of 11 prudential indicators ensuring that the Council's capital expenditure plans and borrowing remain robust, prudent and sustainable.
- 7.2 These indicators were originally set in February 2013 for the forthcoming year and have been updated to reflect new major capital schemes i.e. Local Authority Mortgage Scheme added to the Council's capital programme since this date.
- 7.3 All indicators are monitored on a monthly basis and during the first half of 2013/14 it can be reported that no breaches occurred.
- 7.4 The Council's Audit & Assurance Service, as part of their 2012/13 audit plan, undertook a review of the treasury management function. The objective of the review was to provide assurance on the operation of the key controls within the treasury management system. For the 8th year in succession a report was issued stating that the treasury management service offered a High Level of Assurance and for the 5th successive year there were no recommendations required to be implemented as a result of their audit.

8 OTHER ACTIVITY UPDATE

- 8.1 In the Treasury Management 2012/13 Outturn report, Members were provided with an update on the position of the Council's banking services provider, The Co-operative bank, following its credit rating downgrade to sub investment levels by all 3 Credit rating agencies in May 2013.
- 8.2 Since this date, the bank have announced a number of measures it intended to put in place aimed at resolving its long term funding capital gap of £1.5bn which included the Co-operative group putting in capital of £1bn with the balance of £500m coming from its bond and preference shares holders. The bank would then have been floated with the Co-operative Group holding a 70% share.

- 8.3 The bank's creditors led by 2 US hedge funds rejected this plan and a revised deal was finally agreed on 21 October 2013 which enabled the Co-operative Group to remain the single largest stakeholder with 30% control of the bank.
- 8.4 The bank's short and medium term funding levels continue to remain strong and liquid.
- 8.5 The current banking services contract is due to expire on 31 March 2014 and in accordance with the terms and conditions of this agreement, it has been extended by a further 12 months to 31 March 2015.
- 8.6 By adopting this course of action it will enable the Council to undertake a bank tender exercise with at least 2 other Greater Manchester Councils in 2014/15 thereby potentially achieving a more cost effective outcome than if this exercise was to be completed alone.
- 8.7 The Council's Treasury Management advisors are Sector which were part of the Capita group. As a result of a comprehensive review by Capita Plc of all of its brands, it was decided that all businesses within the group should be branded Capita going forward. So, accordingly, Sector's brand changed on Monday 9 September to Capita Asset Services – Treasury Solutions.

9 RECOMMENDATIONS

- 9.1 **That the Accounts & Audit Committee & Executive be requested to;**
 - **note the Treasury Management activities undertaken in the first half of 2013/14.**

Other Options

This report has been produced in order to comply with Financial Regulations and relevant legislation and provides an overview of transactions undertaken during the first half of 2013/14.

Consultation

Information for the period 1 April 2013 to 30 September 2013 was obtained from Capita, the Council's external consultants.

Reasons for Recommendation

The report meets the requirements of both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities. The Council is required to comply with both Codes through Regulations issued under the Local Government Act 2003.

Finance Officer Clearance ...ID.....

Legal Officer Clearance MJ.....

Director's Signature

Breakdown of Investments as at 30 September 2013

Counterparty	Amount £k	Amount £k
UK Institution		
Local Authority		
Greater Manchester Waste Disposal Authority	5,000	5,000
Banks		
Barclays	5,000	
Lloyds	20,000	
Royal Bank of Scotland - Ulster Bank (Belfast)	14,700 2,000	41,700
Money Market Funds		
Federated	370	
Goldman Sachs	50	
Ignis	210	
Morgan Stanley	120	750
Total UK Institutions		47,450
Non UK Institutions		
National Australia bank	5,000	
National Bank of Abu Dhabi	5,000	
Development Bank of Singapore	2,500	
United Overseas Bank	4,000	16,500
Total Non UK Institutions		16,500
Grand Total		63,950

TRAFFORD COUNCIL

Report to: Executive

Date: 18 November 2013

Report for: Decision

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

Report Title:

Revenue Budget Monitoring 2013/14 – Period 6 (April to September 2013).

Summary:

The approved revenue budget for the year is £159.003m. The forecast for the end of the year, as projected following five months of activity, is £157.415m being a net underspend of £(1.6)m, (1.0)% of the budget. This is a movement of £(1.0)m on the previous month primarily due to a refresh of forecasted client numbers in adult social care of £(0.5)m.

In addition, the Learning Disability Recovery plan is forecasted to achieve £(0.6)m of in-year cash savings. The main areas of budget variance are summarised as:

	Forecast	Movement
Activity	£m	£m
Vacancy management & control	(0.9)	(0.3)
Social Services demand led budgets	1.1	(0.5)
Projects/savings rescheduling	0.2	-
Running costs	0.3	(0.1)
New Grant	(0.2)	-
Income	(0.8)	(0.2)
Service Outturn	(0.3)	(1.1)
Additional Airport dividend	(1.3)	-
Other Council-wide budgets	-	0.1
Forecasted outturn	(1.6)	(1.0)
Learning Disability Pool	(0.6)	-

Reserves

The forecast level of General Reserve at year end is £(10.1)m. Deducting future planned commitments the long term balance is £(8.1)m, or £(2.1)m above the minimum level of £(6.0)m.

The net service carry forward reserves at the beginning of the year were £(3.6)m. With a planned use to support savings and change projects of £2.0m, plus a net underspend of £(0.2)m, the projected carry forward is £(1.8)m. The Learning Disability Pool reserve had an adverse brought forward balance of £1.5m, which will be reduced by the recovery plan in-year to £0.9m, with a view to full recovery by the end of next year.

Council Tax

There is an in-year forecasted Council Tax surplus, of £(0.900)m, an improvement of £(0.291)m since last period mainly due to a revised forecast relating to empty property discounts awarded, £(177)k, and a reduction in the number of households claiming Council Tax Support, £(90)k.

Recommendation(s)

It is recommended that:

- a) the latest forecast and planned actions be noted and agreed; and
- b) the changes to the commitments to the General Reserve for support to the Greater Manchester Work Programme Leavers project at £121k, and additional professional fees for Town Centre development of £60k, be approved.

Contact person for access to background papers and further information:

Head of Financial Management Extension: 4302

Background Papers: None

Relationship to Policy Framework/Corporate Priorities	Value for Money
Financial	Revenue expenditure to be contained within available resources in 2013/14.
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
Staffing/E-Government/Asset Management Implications	Not applicable
Risk Management Implications	Not applicable
Health and Safety Implications	Not applicable

Director of Finance:.....**IK**...

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

Signature:

Budget Monitoring - Financial Results

- The approved budget is £159.003m. Based on the budget monitoring for the first 6 months of the year, the overall forecast for the year is £157.415m, being an underspend of £(1.588)m, (1.0)%. Included within this total is a net service underspend of £(0.249)m or (0.2)% of the relevant budget, and underspends in Council-Wide budgets of £(1.339)m or (5.7)% of the relevant budget.
- The Learning Disability (LD) Pool recovery plan is forecasted to achieve £(0.580)m or (2.9)% of cash savings to offset the brought forward adverse balance on the fund of £1.472m. The details of service variances can be found in Annexes 1 to 4, and for Council-Wide, Annex 5:

Table 1: Budget Monitoring results by Directorate	Year end Forecast (£000's)	Percentage %	Period Movement £(000's)	Annex
Children, Families & Wellbeing	37	0.1%	(728)	1
Environment, Transport & Operations	47	0.2%	(7)	2
Economic Growth & Prosperity	-	0.0%	(40)	3
Transformation & Resources	(333)	(1.6)%	(305)	4
Total Service Variances	(249)	(0.2)%	(1,080)	
Council-wide budgets	(1,339)	(5.7)%	25	5
Estimated outturn variance (period 6)	(1,588)	(1.0)%	(1,055)	
Learning Disability Pool	(580)	(2.9)%	17	1
Total Forecasted outturn	(2,168)	(1.4)%	(1,038)	

Table 2: Budget Monitoring results by Executive Portfolio Holder	Year end Forecast (£000's)	Percentage %	Period Movement £(000's)
Supporting Children & Families	8	0.0%	(56)
Education	(27)	(1.5)%	(67)
Adult Social Services	56	0.2%	(605)
Community Health & Wellbeing	-	0.0%	-
Highways & Environment	47	0.2%	(7)
Safe and Strong Communities	50	2.3%	9
Economic Growth & Prosperity	-	0.0%	(40)
Transformation & Resources	(265)	(1.9)%	(344)
Finance	(1,457)	(5.3)%	55
Estimated outturn variance (period 6)	(1,588)	(1.0)%	(1,055)
Adult Social Services (LD Pool)	(580)	(2.9)%	17
Total Forecasted outturn	(2,168)	(1.4)%	(1,038)

Key Month on Month Variations

- The key variances contributing to the period movement of a favourable £(1.038)m are:
 - £(0.510)m favourable movement in Adult Social Care. A refresh of client data has shown that the number of service users across residential, homecare and direct payments is more in line with the budget than previously reported;

- £(0.209)m base budget savings relating to Transformation & Resources Directorate support service costs associated with the new Public Health function;
- £(0.167)m relating to vacancy management within ICT and Legal & Democratic services;
- £(0.111)m higher than expected rental income from Stretford Arndale lettings;
- £(0.100)m reduction in transport costs due to rationalisation of trips following the merger of the Princess Centre and Pathways;
- £(0.070)m one-off NNDR refunds from backdated exemptions and ratable value reductions on Council buildings;
- £0.144m, some of the savings from the proposed changes to staff terms and conditions will not be achieved in full this year;
- Other minor net movements across all other services, £(0.015)m.

MTFP Savings and increased income

4. The Budget included for £(18.5)m of savings and increased income. The table below summarises the current forecasts against this savings target:

Table 3: Savings 2013/14	Budget target (£000's)	End of Year Forecast (£000's)	Variance (£000's)
Transformation savings	(8,131)	(8,132)	(1)
Other savings	(10,389)	(10,389)	
Total	(18,520)	(18,521)	(1)

5. There has been slippage on savings in Groundforce £0.120m pending a review of working conditions and Enforcement £0.214m due to additional staff consultation. These will be mitigated in full from management action taken across the Directorate or use of accumulated balances if required.

Council Tax

6. There have been a number of changes to the overall Welfare system since 1 April 2013, resulting in a lower number of claimants for Council Tax Support (replacement of previous Council Tax Benefit system). With other welfare changes there was some concern about the impact on Council Tax collection levels, and up to the end of September 2013 58.75% of all Council Tax due had been collected, which compares to 59.33% for the same period last year. Whilst this is slightly down, it is in accordance with our assumed collection rate for 2013/14
7. The current forecast is for an additional £(900)k of Council Tax to be due in year above budgeted levels, this is a change of £(291)k since last month, mainly due to a revised forecast relating to discounts awarded to empty and unfurnished properties £(177)k and a reduction in the number of households claiming Council Tax Support £(90)k. The forecast for empty homes discount has been reviewed following evidence that applications have stabilised over the first six months of the revised scheme.

Table 4: Council Tax forecast and surplus estimate for 2013/14	Overall (with all precepts)		Trafford element only	
	£(000's)	£(000's)	£(000's)	£(000's)
Surplus brought forward		(6)		(5)
Changes in Band D equivalents	(557)		(469)	
Empty Homes Premium	(223)		(188)	
Council Tax Support awards	(578)		(487)	
Backdated valuations & discounts	290	(1,068)	244	(900)
Surplus carry forward		(1,074)		(905)

Business Rates

8. The Valuation Office Agency has provided an update on the level of appeals as at 30 September 2013, showing that the amount outstanding has reduced from £156m to £150m. However, since April 2013 £26m of appeals have been 'closed' but £27m of new appeals have been added to the list. Analysis of this data is being evaluated, and at this stage it is too early to provide an accurate position.
9. It is expected that the cost of settled appeals in the future will be significant and this is compounded with the level of backdated payments and potentially the Council could be in a position of triggering the 'safety net' this year which would cost £2.4m. As mentioned, this is still under evaluation and will form part of the considerations for the 2014/15 budget.

Reserves

10. The General Reserve balance brought forward was £(10.6)m, against which there are planned commitments up to the end of 2014/15 of £3.8m. This has increased to accommodate two additional commitments:
 - Additional professional fees for the support of Town Centre development, £60k;
 - Support to the AGMA-wide Work Programme Plus initiative, which is a work stream of Public Service Reform and part of the Greater Manchester Community Budgets pilot. Specifically, the scheme is an 80% Government funded, four-year payment-by-results project to assist those on Employment Support Allowance back into work. Districts will support this scheme by a maximum of 20% pro-rata to the number of claimants, which for Trafford is estimated at 4% at a cost of £121k. However, there is potential for half of this funding to eventually come from the European Social Fund.

11. The addition of the Council-Wide underspend of £(1.3)m provides for a projected 31 March 2015 balance of £(8.1)m, being £(2.1)m above the agreed minimum level of £(6.0)m. The utilisation of reserves is a consideration of the 2014/15 budget and medium term financial planning process.

Table 5: General Reserve Movements	(£000's)
Balance 31 March 2013 (subject to audit confirmation)	(10,643)
Commitments in 2013/14:	
- Planned use for 2013/14 Budget	906
- One-off projects from 2012/13 brought forward	98
- Planned use for one-off projects 2013/14	832
- Council-wide budgets underspend	(1,339)
Balance 31 March 2014	(10,146)
- Planned use for 2014/15 Budget	2,094
Projected balance after known commitments	(8,052)

12. Service balances brought forward from 2012/13 were a net £(3.6)m. After planned use to support one-off projects and adjusting for the estimated outturn, there is a projected net surplus of £(1.752)m to be carried forward to 2014/15 (Table 6). There is also an outstanding balance on the Learning Disability Pool of £0.892m, however, there is a recovery plan to bring the pool back into balance by the end of 2014/15 (see Annex 1).
13. The use of Service reserve balances during the year is detailed in Annexes 1 to 4 of the report. However the main highlights include :
- invest to save projects in CFW of £0.803m;
 - £0.126m committed on re-phased projects per the 2012/13 outturn report in EGP with the remaining balance £0.186m earmarked to supplement 2013/14 project work, plus provide one-off mitigation if income levels continue to be adversely affected by the economic climate;
 - Transformation Support within T&R of £0.177m and £0.185m set aside for Land Charges Claims.

Table 6: Service balances	B/f April 2013 (£000's)	Forecast Movement in-year (£000's)	Forecast Balance (£000's)
Children, Families & Wellbeing	(1,427)	886	(541)
Environment, Transport & Operations	(439)	284	(155)
Economic Growth & Prosperity	(312)	312	0
Transformation & Resources	(1,389)	333	(1,056)
Total All Services (Surplus)/Deficit	(3,567)	1,815	(1,752)
Learning Disability Pool	1,472	(580)	892
Total (Surplus)/Deficit	(2,095)	1,235	(860)

Recommendations

14. It is recommended that the latest forecast and planned actions be noted and agreed, and the changes to General Reserve commitments approved.

TRAFFORD MBC

Report to: CFW Directorate Management Team
 Date: 17 October 2013
 Report for: Discussion
 Report author: CFW Finance Managers

Report Title

**Revenue Budget Monitoring 2013/14 – Period 6
 (April 2013 to September 2013 inclusive)**

1 Outturn Forecast

- 1.1 The approved revenue budget for the year is £82.587m. The projected outturn is £82.044m which is £(0.543)m under the approved budget (0.86%), a £(0.711)m favourable movement from the August forecast.
- 1.2 The £(711)k net favourable movement in the month is a result of:
- £(666)k favourable movement in placement costs across the Directorate. There has been a higher exit rate from services compared to that reported in period 5.
 - £(45)k favourable variances mainly on staff costs from managed vacancies.

2 Explanation of Variances

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

Supporting Children & Families and Education Portfolios - £(123)k favourable movement.

- Despite a number of actions to reduce demand and the cost of placements, there has been an unexpected increase in client numbers generating a net overspend of £510k in external placement costs and £263k of internal costs. This has been mitigated in year by the use of a one-off Intensive Fostering Grant of £(198)k and other income of £(10)k.
- There is an anticipated surplus of adoption income of £(423)k. This is being generated through the approval of 35 adopters and their use by other Local Authorities for which we can charge £(27)k per placement. However, the activity supporting the identification of suitable families is supported by grant that cannot be guaranteed in the long term.
- School Support Services saving of £(183)k mainly as a result of staff posts being held vacant £(106)k, additional income received £(118)k and other variances £41k.
- Commissioning projected saving of £(78)k from staff savings and other variances.

- MARAS predicted overspend of £150k: Home to School transport pressure of £207k, staff posts vacant £(67)k, additional income of £(14)k and other variances £24k, and
- Children's Centres and Early Years underspend of £(50)k, relating to staffing and resources.

Adult Social Care Portfolio - £(605)k favourable movement

- A decrease in placement costs. The equivalent of a net decrease of 50 service users in Older People's due to more people leaving the service than expected; £(526)k, 9 service users leaving services in Physical Disabilities; £(60)k and reduced package costs in Mental Health; £(33)k.
- Other minor variances of £14k in Support Services.

Learning Disabilities (LD) Pooled Budget - £17k adverse movement

- A reduction in managed staff vacancies £17k.

- 2.2 The main reason for the shift in client numbers between period 5 and 6 is unclear. There are established trends in the numbers of discharges and admissions to services generally with the numbers of discharges reducing in the summer months and increasing during winter. This year the reduction in discharges was in line with previous trends but the length of time the numbers of admissions exceeded discharges was longer than that seen in previous years. Whether this is a result of a shift in the mortality rate, complexity of client needs, this year's summer heat wave or information system recording processes is difficult to determine and is being investigated.
- 2.3 The budget depends on the successful implementation and delivery of two key savings plans to reduce demand; Telecare £(400)k and Reablement £(500)k. Whilst the plans have been implemented the effectiveness of the plans on the reduction in demand is currently being analysed and assessed.

3 Learning Disabilities Pooled Fund

- 3.1 At the beginning of the year the LD Pool had a carry forward adverse balance of £1,472k, and a recovery plan to deliver cash savings against budget over two financial years to address this. The 2013/14 target is for an outturn balance of £900k. The projected outturn is £892k.
- 3.2 The Deputy Corporate Director has re-phased the recovery plan, and included additional initiatives. As a result of the movement in period 5 additional urgent work is being undertaken to recover the position:
- A review of all existing and projected placements
 - Expansion of telecare and reablement into Learning Disabilities services
 - Additional services identified for retendering
 - High cost and out of borough placements review
 - Accommodation development to reduce cost of provision
- 3.3 The updated plan is shared with the Trafford Clinical Commissioning Group (CCG), which replaced the previous Primary Care Trust delivery partner. The Council and the CCG will target the outstanding balance to bring the LD Pool into balance by 31 March 2015.

4 Service carry-forward reserves

- 4.1 At the beginning of April 2013 the Children, Families and Wellbeing Directorate had accumulated balances of £(1,427)k carried forward from previous financial years.
- 4.2 The remaining carry-forward balances at the end of the year after taking into account the outturn position are:

Table 1: Utilisation of Carry forward Reserve 2013/14 –	(£000's)
Balance brought forward 1 April 2013	(1,427)
Specific expenditure assigned against the reserve re: invest to save	803
Specific expenditure committed from 2012/13	46
P6 Forecast Outturn	37
Balance carried forward at 31 March 2014	(541)

Table 2: Utilisation of Carry forward Reserve 2013/14 – Learning Disabilities Pooled Fund	(£000's)
Balance brought forward 1 April 2013	1,472
P6 Forecast outturn cash movement	(580)
Balance carried forward at 31 March 2014	892

- 4.3 Any use of the reserves will be managed to ensure that it has a positive impact on the following year's budget e.g. invest to save initiatives.

5 Management Action

- 5.1 Key to the delivery of the budget, especially for Adult Social Care is management of demand, placement costs and delivery of the Learning Disabilities Pooled Fund Recovery Plan. The Directorate will focus on
- Monitoring the impact of the changes in activity and discharges from services seen in period 6. Putting in place action to mitigate the budget pressure.
 - Delivery the Learning Disability Pooled Fund Recovery Plan in partnership with Trafford Clinical Commissioning Group.
 - Monitoring of the impact on demand of the Telecare and Reablement budget savings
 - Continuous review of all placements to ensure the most effective provision is made

Period 6 Projected Outturn revenue expenditure and income variances

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

Budget Book Format (Objective analysis)	Full Year Budget (£000's)	P6 Outturn (£000's)	P6 Outturn variance (£000's)	P5 Outturn variance (£000's)	P5 – P6 movement (£000's)	Ref
Education Portfolio						
Dedicated Schools Grant	0	0	0	19	(19)	CFW1
Transfer to Dedicated Schools Grant Reserve	0	0	0	(19)	19	CFW1
Education Early Years' Service	988	961	(27)	40	(67)	CFW6
Connexions Service	863	863	0	0	0	
Sub-total	1,851	1,824	(27)	40	(67)	
Supporting Children & Families Portfolio						
Children's Social Services	15,295	15,497	202	211	(9)	CFW2
Children with Complex & Additional Needs	2,034	1,974	(60)	(52)	(8)	CFW2
Support Services to CYP	3,662	3,479	(183)	(203)	20	CFW3
Commissioning	1,681	1,603	(78)	(21)	(57)	CFW4
Multi Agency Referral & Assessment Service (MARAS)	4,150	4,300	150	152	(2)	CFW5
Youth Offending Service	574	574	0	0	0	
Children's Centres	2,213	2,190	(23)	(23)	0	CFW6
Sub-total	29,609	29,617	8	64	(56)	
Adult Social Services Portfolio						
Older People	20,250	20,115	(135)	264	(399)	CFW7
Physical Disabilities	4,194	4,205	11	94	(83)	CFW8
Equipment & Adaptations	801	779	(22)	(12)	(10)	CFW9
Mental Health	3,415	3,607	192	223	(31)	CFW10
Other Adult Services	746	730	(16)	81	(97)	CFW11
Strategic & Support Services	896	922	26	3	23	CFW12

Adaptations	(52)	(53)	(1)	(2)	1	CFW13
Housing Services	1,247	1,271	24	25	(1)	CFW14
Community Services	252	256	4	4	0	CFW15
Equalities & Diversity	184	157	(27)	(19)	(8)	CFW16
Sub-total	31,933	31,989	56	661	(605)	
Community Health & Wellbeing Portfolio						
Public Health	(829)	(829)	0	0	0	
Sub-total	(829)	(829)	0	0	0	
Total	62,564	62,601	37	765	(728)	
Learning Disabilities Pooled Fund	20,023	19,443	(580)	(597)	17	CFW17
Total	82,587	82,044	(543)	168	(711)	

Business Reason / Area (Subjective analysis)	P6 Outturn (£000's)	P5 Outturn (£000's)	P5-P6 movement (£000's)	Ref
DSG Reserve				
DSG Reserve B/Fwd.	(2,453)	(2,453)	0	
Spend on DSG Reserve	1,853	1,853	0	CFW1
Minor variances	0	(18)	18	
DSG projected underspend	(600)	(618)	18	
Transfer to DSG Reserve	600	618	(18)	
Children, Families & Wellbeing				
Management of staff vacancies	(264)	(220)	(44)	CFW3,4,5,6,7,8, 10,11,15,17
External care packages and commissioned services	69	735	(666)	CFW2,8,9,10,14, 17
Delay in closure of establishments	94	91	3	CFW7
Transport costs	207	208	(1)	CFW5
Other running costs	106	16	90	CFW3,5,12,13
Grant income	(198)	(198)	0	CFW2
Adoption income	(423)	(423)	0	CFW2
Other income	(134)	(41)	(93)	CFW3
Sub-total	(543)	168	(711)	
Total	(543)	168	(711)	

NOTES ON VARIANCES AND PERIOD MOVEMENTS

Supporting Families & Children Portfolio, Education Portfolio

Within the DSG

CFW1 – DSG Reserve b/fwd.

- The DSG reserve brought forward balance is £(2.453)m. There are likely to be commitments against this in 2013/14 of £1.853m. This leaves an underspend of £(0.600)m. This underspend will be carried forward to 2014/15. Further variances will come to light once the full impact of the new academic year is known. (e.g. increased pupil numbers).
- The Funding Forum was made aware of this reserve at the July 2013 meeting and proposals will be forwarded at a future meeting on how to utilise this. It is very likely that some of it will be distributed to schools on a one off basis. Further details can be sought by accessing the July 2013 Funding Forum report.

Non DSG Variances £(19)k favourable

CFW2 – Children's Social Care £142k adverse (Includes Children with Complex & Additional Needs)

- Despite a number of actions to reduce demand and the cost of placements, there has been an unexpected increase in client numbers generating a net overspend of £510k in external placement costs and £188k overspend in staffing and other costs of £75k. This is despite a significantly reduced unit cost per week over the last three years due to the placement strategy implemented. The increased demographics are in line with national trends and increased child population overall in Trafford. The increase has been mitigated in year by the use of a one-off Intensive Fostering Grant of £(198)k and other income of £(10)k.
- Fortunately the overspend is largely off-set for 2013-14 by an anticipated surplus adoption income of £(423)k. This is being generated through the approval of 35 adopters and their use by other Local Authorities for which we can charge £(27)k per placement. This level of grant and income cannot be guaranteed in future.

CFW3 – Support Services £(183)k favourable

- This saving is mainly as a result of staff posts being held vacant £(106)k, increased buy back income received from Academy schools £(108)k, further additional income received totalling £(10)k and other variances of £41k.

CFW4 – Commissioning £(78)k favourable

- The favourable variance is due to staff posts being held vacant £(49)k, and other variances totalling £(29)k.

CFW5 – MARAS £150k adverse

- The projected overspend is as a result of a Home to School transport pressure of £207k, vacant staffing posts of £(67)k, additional income received £(14)k and other variances of £24k.

CFW6 – Children’s Centres and Early Years £(50)k favourable

- The projected underspend of £(50)k within Children’s Centre’s and Early Years is due to a saving on both staffing posts and resources across the teams.

Adult Social Care Portfolio £56k adverse

CFW7 – Older People £(135)k favourable

- **Care Management/Assessment £(277)k favourable**
Due to managed vacancies within the Social Work, Assessment, Reablement and Screening teams.
- **Residential and Nursing Care/Home Care/Day Care/Direct Payments - £49k adverse**
In previous periods demand had been within expected levels, period 6 has seen a net decrease of 59 service users across residential, homecare and direct payments services reducing costs by £(526)k. The main reason for the net decrease is that there have been significantly more people leaving services.
- **Katherine Lowe House and The Princess Centre - £93k adverse**
Delays in the closure of Katherine Lowe House (£78k) and the Princess Centre (£15k) resulting in additional costs being incurred.

CFW8 – Physical Disabilities £11k adverse

- **Care Management/Assessment £(63)k favourable**
Due to managed vacancies within the Social Work teams.
- **Residential and Nursing Care/Home Care/Direct Payments - £74k adverse**
One additional residential placement costing £45k more than budgeted, 1 additional homecare placement; £12k and 1 existing placement were package costs have increased; £17k.

CFW9 – Equipment & Adaptations - £(22)k favourable

- **External Minor Adaptations - £(22)k favourable**
The volume of repair call out is projected to be slightly lower than estimated in the budget.

CFW10 – Mental Health - £192k adverse

- **Care Management and Assessment £(63)k favourable**
Due to managed vacancies within the Community Mental Health Team.

- **Residential and Nursing Care/Home Care/Direct Payments/Supported Living £255k adverse**
There are 5 residential service users with significantly higher than budgeted costs and one homecare user higher than budgeted.

CFW11 - Other Adult Services £(16)k favourable

- **Emergency Duty Team £84k adverse**
Due to projected staff costs due to current workload.
- **Transport Services - £(100)k favourable**
Rationalisation of trips following merger of Princess Centre and Pathways.

CFW12 - Strategic & Support Services - £26k adverse

- **Finance Team £26k adverse**
Due to higher than expected client services costs.

CFW13 - Adaptations - £(1)k favourable

- **Adaptations Income £(1)k favourable**
Due to projected over achievement in adaptations fee income.

CFW14 - Housing Services - £24k adverse

- **Supporting People £24k adverse**
Underachievement in income contribution.

CFW15 - Community Services - £4k adverse

- **Community Services £4k adverse**
Underachievement in income contribution.

CFW16 – Equalities & Diversity - £(27)k favourable

- **Equalities & Diversity £(27)k favourable**
Due to managed vacancies in the Team £(16)k and a projected underspend in the events budget £(11)k.

Learning Disabilities Pooled Fund

CFW17 – Learning Disabilities - £(580)k favourable – Pooled Fund Arrangement

- **Residential and Nursing Care/Home Care/Direct Payments £(613)k favourable**
The impact of the recovery plan on projected demand.
- **Daycare £(8)k favourable**
The new method of service provision at the Meadowside Centre has delivered a saving higher than estimated.
- **Care Management/Assessment £41k adverse**
Agency cover for long term sick and additional resource to deliver recovery plan.

TRAFFORD MBC

Report to: ETO Directorate Management Team
 Date: 16 October 2013
 Report for: Discussion
 Report author: ETO/EGP Finance Manager

Report Title
Revenue Budget Monitoring 2013/14 – Period 6 (April to September 2013)
1. Forecast Outturn for the Year

- 1.1 The approved revenue budget for the year is £29.193m. The forecast outturn before management action is £29.240m, which is £0.047m over the approved budget (0.2%). There are some minor movements this month, with an overall favourable change of £(0.007)m since the last report.
- 1.2 Action to manage budget pressures will continue throughout the remainder of the year (see paragraph 2) and a nil variance is expected as a result. The results of this action will be included in the outturn as soon as considered realisable.
- 1.3 The Directorate has also brought forward balances of £(0.439)m from previous years. This includes £(0.202)m earmarked specifically to mitigate one-off budget pressures (paragraph 3), of which £0.047m is currently expected to be utilised based on the forecast outturn.
- 1.4 This is the fourth monitoring report of the financial year and certain information used to produce the forecast outturn can be subject to external factors and may require amending accordingly. For example, the Directorate budget can be adversely affected by weather conditions, and income streams by the wider economic climate. Any remaining brought forward balances may also be used to mitigate such pressures during the year.

2. Summary of Variances

- 2.1 The overall net variance reflects a number of individual under and overspends across the diverse areas of the Directorate:
- Re-profiling of savings from the review of Enforcement due to additional staff consultations £0.214m;
 - Re-profiling of Groundforce staff savings pending the ongoing review of working conditions (e.g. overtime) £0.134m;
 - Public Protection licencing income – continuing adverse effect of economic climate £0.070m;
 - Traffic Management costs for major events – additional costs £0.054m;
 - Street Lighting – prices in the new energy contract are higher than anticipated at the start of the year £0.035m;
 - Additional costs from the extension of the Parking enforcement contract prior to full re-tendering exercise during the year £0.033m;

- Deletion of the Head of Operations post part year saving (revenue element) £(0.030)m;
- The full closure of Oakfield Road car park has taken longer than predicted when setting the budget and income is £(0.153)m higher than expected for the full year;
- Other Parking income higher than expected £(0.034)m;
- Income in Bereavement Services has continued to be higher than expectations £(0.112)m;
- School crossing patrols ongoing net vacancies £(0.050)m;
- Rebate expected from transport leasing contractor £(0.050)m;
- Waste Management – underspends on the waste collection contract, refurbishing of existing dustbin stock, plus miscellaneous other running costs totalling £(0.030)m;
- Other net underspend £(0.034)m.

2.2 The management action plan being implemented includes numerous steps to ensure that essential services are delivered within budget throughout the year. These will be monitored throughout the year and reflected in the forecast outturn for the service areas accordingly:

- Only necessary spending on supplies and services to be approved;
- Reduced use and greater control of overtime and travel expenses;
- Monitoring and evaluation of existing and potential new income streams;
- Analysis of rechargeable work for both revenue and capital schemes;
- Additional improvements to efficiency through service redesign and better procurement;
- Potential to accelerate future savings proposals.

3. Reserves

3.1 At the end of 2012/13 the Directorate had a surplus on accumulated balances of £(0.439)m, which was carried forward to 2013/14. This was a result of the successful management of budget pressures in 2012/13, plus generated surpluses to assist in mitigating future pressures (if required) while sustainable solutions are implemented.

3.2 The planned use of these balances is shown below. The current balance of £(0.155)m is being held to cover potential budget pressures from external factors, such as from adverse weather or reductions in income. Any balance remaining at year end will be carried forward to support services in 2014/15 accordingly.

Utilisation of Carry forward Reserve 2013/14	(£000's)
Surplus balance brought forward at 1 April 2013	(439)
Traded service investment projects c/f	132
Car Parking – contract cost/income	105
Period 6 forecast outturn (adverse)	47
Balance after known commitments	(155)

4. Savings

- 4.1 The approved Directorate budget includes savings of £(3.011)m, (9.3)% as follows:

	Budget (£000's)	Outturn (£000's)	Variance (£000's)
Increased and new income	(307)	(307)	0
Efficiencies and others	(605)	(575)	30
Policy Choice	(2,099)	(1,795)	304
Mitigating action across ETO	0	(334)	(334)
Total ETO	(3,011)	(3,011)	0

- 4.2 The shortfall of £0.334m relates to re-profiling of savings in Enforcement and Groundforce above. These are to be mitigated in full from management action taken across the Directorate, or by the use of accumulated balances if required.

5. Recommendations

- 5.1 It is recommended that the forecast outturn and mitigating management action be noted.

Period 6 Forecast Outturn revenue expenditure and income variances.

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

Budget Book Format (Objective analysis)	Full Year Budget (£000's)	P6 Forecast Outturn (£000's)	P6 Outturn Variance (£000's)	P5 Outturn Variance (£000's)	P5 – P6 Movement (£000's)	Ref
Highways & Environment Portfolio						
Highway and Network Management, incl. Traffic & Transportation	5,130	5,169	39	30	9	ETO1
School Crossing Patrols	512	462	(50)	(50)	0	ETO2
Parking Services	(150)	(322)	(172)	(179)	7	ETO3
Groundforce	4,593	4,720	127	127	0	ETO4
Bereavement Services	(998)	(1,104)	(106)	(93)	(13)	ETO5
Sustainability & Greenspace	410	375	(35)	(35)	0	ETO6
Waste Management (incl. WDA levy)	18,661	18,631	(30)	(20)	(10)	ETO7
Public Protection	806	866	60	60	0	ETO8
Environmental Enforcement	30	244	214	214	0	ETO9
Directorate Strategy & Business Support	471	471	0	0	0	
Sub-total	29,465	29,512	47	54	(7)	
Operational Services for Education	(272)	(272)	0	0	0	
Total Forecast Outturn Period 6	29,193	29,240	47	54	(7)	

ETO Business Reason / Area (Subjective analysis)	P6 Outturn Variance (£000's)	P5 Outturn Variance (£000's)	P5 – P6 Movement (£000's)	Ref
Highways and Network Management				
Traffic Management costs - events	54	54	0	
Fee income shortfall	8	8	0	
Transport rebates	(25)	(25)	0	
Staffing vacancies	(30)	(30)	0	
Energy – Street Lighting	35	35	0	
Other running costs	(3)	(12)	9	
Sub-total	39	30	9	ETO1
School Crossing Patrols - vacancies	(50)	(50)	0	ETO2
Parking Services				
Additional income – Oakfield Road	(153)	(160)	7	
Additional income - others	(34)	(34)	0	
Contract extension one-off costs	33	33	0	
Staffing and running costs	(18)	(18)	0	
Sub-total	(172)	(179)	7	ETO3
Groundforce				
Re-profiling of staff/equipment savings	134	134	0	
Overtime/other additional running costs	18	18	0	
Transport rebates	(25)	(25)	0	
Sub-total	127	127	0	ETO4
Bereavement Services				
Essential maintenance costs	6	6	0	
Income above budget	(112)	(99)	(13)	
Sub-total	(106)	(93)	(13)	ETO5
Sustainability & Greenspace				
Vacancy, supplies & services	(35)	(35)	0	ETO6
Waste Management				
Refurbishment and reduced demand for bin replacement	(10)	(10)	0	
Contract costs	(10)	(10)	0	
Running costs	(10)	0	(10)	
Sub-total	(30)	(20)	(10)	ETO7

ETO Business Reason / Area (Subjective analysis)	P6 Outturn Variance (£000's)	P5 Outturn Variance (£000's)	P5 – P6 Movement (£000's)	Ref
Public Protection				
Income shortfall including licencing	70	70	0	
Mitigating action – hold on filling vacancies	(10)	(10)	0	
Sub-total	60	60	0	ETO8
Environmental Enforcement				
Re-profiling of staff/equipment saving	214	214	0	ETO9
Director & ETO Business Support				
Staffing and Running costs	0	0	0	
Total Forecast Outturn Period 6	47	54	(7)	

ADDITIONAL NOTES ON FORECAST OUTTURN VARIANCES

ETO 1 – Highways & Network Management - £0.039m (adverse)

Traffic management costs associated with major events are estimated at £0.054m above budget for the year. These costs have arisen due to clarification on the statutory responsibilities, and are being addressed in the Medium Term Financial Plan. A number of options are also being evaluated up to reduce this pressure.

Forecast fee income in Highways and Transportation is £0.008m less than budgeted for the year.

The overall adverse variance also includes expected receipt of rebates from the vehicle leasing contractor £(0.025)m;

There is an underspend on staffing arising from a vacant managerial post £(0.030)m;

Street Lighting energy costs are projected to be £0.035m higher than budgeted as a result of recent increases in the annual energy supplier contract.

ETO 2 – School Crossing Patrols – £(0.050)m (favourable)

There is a forecast underspend on staffing of £(0.050)m due to the ongoing difficulties in the filling of vacancies, which has continued from 2012/13. Leavers and new starters have broadly matched each other in recent months, which has meant the net staffing level has not increased as intended.

ETO 3 – Parking Services – £(0.172)m (favourable)

The approved budget included assumptions regarding the partial, then full closure of Oakfield Road car park during the year as part of the regeneration of Altrincham Town Centre. The re-phasing of the town centre project has resulted in forecast income above budget of £(0.153)m, an adverse movement of £0.007m since last reported.

Other car parking income continues to be above expectations, following on from 2012/13, £(0.034)m.

The contract for Parking enforcement has been extended for a further 12 months while a full tender exercise is undertaken. The extension has increased costs by £0.033m from the previous contract period which has now expired. The new contract will be awarded from April 2014.

Action to control general running costs and the holding of vacancies gives rise to an expected underspend of £(0.018)m.

ETO 4 – Groundforce - £0.127m (adverse)

Savings associated with staffing, supplies, vehicles and equipment have been re-profiled, and a review is underway regarding revised terms and conditions, overtime and procurement accordingly. There is forecast adverse variance of £0.134m this year. The review is informing the management action plan to bring future spend in line with budget, plus balances have been carried forward from 2012/13 to be utilised as one-off mitigation, if required.

Other supplies, services and overtime costs are forecast to be £0.018m above budget. An element of this relates to one-off reactive service requests, which are often out of normal working hours. The review of the service above will also look to address these issues.

Receipt of rebates from the vehicle leasing contractor is expected to be £(0.025)m for the year.

ETO 5 – Bereavement Services £(0.106)m (favourable)

Net income levels for the year are expected to exceed the budget by £(0.112)m, and follows the levels from the last financial year. This is a favourable movement of £(0.013)m since last reported. Running costs above budget of £0.006m relate to essential works.

ETO 6 – Sustainability and Greenspace £(0.035)m (favourable)

Management action to control running costs, plus staff vacancies, gives rise to a predicted underspend of £(0.035)m.

ETO 7 – Waste Management £(0.030)m (favourable)

An underspend of £(0.010)m is expected relating to a reduction in the forecast purchase cost of replacement bins. This correlates to an increase in the refurbishing of existing bin stock and also a reduction in demand generally.

There is an underspend of £(0.010)m based on estimates of the waste collection contract costs for the year. Other running costs are now expected to be underspent by £(0.010)m from last reported.

ETO 8 – Public Protection £0.060m (adverse)

There is a predicted shortfall in income of £0.070m across the service. This relates in particular to licencing, which is due to lower levels of applications received. This is to a large extent related to the economic climate and has continued from the last financial year. This will also be assessed as part of the Medium Term Financial Plan.

The shortfall is expected to be partly mitigated through a variety of management actions to control costs throughout the year, including a delay in filling vacant posts £(0.010)m. The management action plan includes for possible further restrictions on staffing vacancies.

ETO 9 – Environmental Enforcement £0.214m (adverse)

The savings associated with the review of Enforcement have been re-profiled following additional staff consultations. This has resulted in a forecast adverse variance of £0.214m for the year. The management action plan for ETO is looking to address the adverse variance in-year. The variance was identified very early in this financial year and the Directorate was also able to identify and earmark balances from the 2012/13 accounts to mitigate this variance, if required.

TRAFFORD MBC

Report to: EGP Directorate Management Team
 Date: 17 October 2013
 Report for: Discussion
 Report author: EGP/ETO Finance Manager

Report Title

Revenue Budget Monitoring 2013/14 – Period 6 (April to September 2013)

1. Forecast Outturn

- 1.1 The approved revenue budget for the year is £3.298m. The forecast outturn is for a nil variance against budget. This is a £(0.040)m favourable movement from last reported. This includes £(0.111)m from the confirmation of final rent levels for 2012/13 relating to Stretford Arndale, which is offset by a number of adverse variances across the Directorate.
- 1.2 The Directorate has balances of £(0.312)m brought forward from previous years which are largely related to re-phased project costs, but are also available to mitigate any future adverse variance, should they arise.

2. Explanation of Variances

- 2.1 The forecast outturn variances are summarised below, with more detail at Appendix 1:
- Shortfall in property rent income of £0.093m due to the on-going adverse effect of the economy, primarily on town centre rents (e.g. Stamford Centre). This is £0.025m higher than previously reported and relates to a number of properties;
 - Rental income from airport land is £(0.019)m higher than budgeted, and is based on the notification received from Manchester City Council in March this year;
 - Confirmation of the final 2012/13 rental income from Stretford Arndale by the agents of the owners was received in September, at £(0.111)m higher than had been anticipated;
 - Facilities management staffing is £0.045m above budget due to the later than planned disposal of a number of properties. This is an adverse movement of £0.015m due to further re-phasing of certain disposals;
 - There is a forecast staffing underspend across EGP relating to the ongoing restructure and appointments to vacancies £(0.075)m, which is an adverse movement of £0.010m since the last report;

- Planning Application fees income predicted shortfall is £0.050m. Building control income is forecast to be higher than planned by £(0.040)m, a reduction of £0.010m since last month;
- Fee income from housing improvement capital schemes is a net £0.046m less than budget due to a reduced volume of property sales;
- Shortfall in income of £0.011m due to re-phasing of the implementation of Green Deal.

3. Reserves

- 3.1 At the end of the last financial year the Directorate had £(0.312)m of balances brought forward from previous years, of which £0.126m is committed on re-phased projects per the 2012/13 outturn report.
- 3.2 The remaining balance is earmarked to supplement 2013/14 project work, plus provide one-off mitigation should income levels continue to be adversely affected by the economic climate, or for other budget pressures during the year.

Utilisation of Carry forward Reserve 2013/14	(£000's)
Surplus balance brought forward at 1 April 2013	(312)
Re-phasing of projects from 2012/13	126
Forecast outturn P6	0
Committed on 2013/14 projects plus mitigation for potential future budget pressures	186
Balance after forecast outturn/commitments	0

4. Savings

- 4.1 The approved Directorate budget includes savings of £(0.696)m, (21.1)% as follows:

	Budget (£000's)	Outturn (£000's)	Variance (£000's)
Increased and new income	(122)	(122)	0
Efficiencies and others	(351)	(351)	0
Policy Choice	(223)	(178)	45
Total EGP	(696)	(651)	45

- 4.2 The shortfall of £0.045m relates to savings in Facilities Management staffing which have needed to be re-profiled due to the disposal of certain buildings taking longer than had been planned. This will be mitigated by management action taken across the Directorate, or by the use of accumulated balances if required.

5. Recommendations

- 5.1 It is recommended that:
- The forecast outturn variance of £nil for 2013/14 be noted.

Period 6 Forecast Outturn revenue expenditure and income variances

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

Budget Book Format (Objective analysis)	Full Year Budget (£000's)	P6 Forecast Outturn (£000's)	P6 Outturn Variance (£000's)	P5 Outturn Variance (£000's)	P5 – P6 Variance (£000's)	Ref
Economic Growth & Prosperity Portfolio						
Asset Management	1,118	1,135	17	78	(61)	EGP1
Planning & Building Control	174	139	(35)	(45)	10	EGP2
Strategic Planning & Development	525	519	(6)	(6)	0	
Economic Growth	711	690	(21)	(21)	0	
Housing Strategy	522	567	45	34	11	EGP3
Directorate Strategy & Business Support	248	248	0	0	0	
Total Forecast Outturn Period 6	3,298	3,298	0	40	(40)	

EGP Business Reason / Area (Subjective analysis)	P6 Outturn Variance (£000's)	P5 Outturn Variance (£000's)	P5 – P6 Movement (£000's)	Ref
Asset Management				
Investment Property Rental Income:				
- Stamford Centre - shortfall	34	34	0	
- Other properties - shortfall	45	20	25	
- Airport - surplus	(19)	(19)	0	
- Stretford Arndale 12/13 final rent	(111)	0	(111)	
Community buildings – income/running costs	14	14	0	
Facilities Management - staffing	45	30	15	
Asset Management – staffing vacancies	(12)	(12)	0	
Other minor running cost variances	21	11	10	
Sub-total	17	78	(61)	EGP1
Planning & Building Control				
Planning applications income shortfall	50	50	0	
Building Control income surplus	(40)	(50)	10	
Staffing vacancies	(45)	(45)	0	
Sub-total	(35)	(45)	10	EGP2
Strategic Planning & Development				
Staffing/running costs savings	(6)	(6)	0	
Sub-total	(6)	(6)	0	
Economic Growth				
Staffing/running costs savings	(21)	(21)	0	
Sub-total	(21)	(21)	0	
Housing Strategy				
Housing improvements capital fee income shortfall	46	46	0	
Green Deal income re-phased implementation	11	0	11	
Staffing/running cost savings	(12)	(12)	0	
Sub-total	45	34	11	EGP3
Total Forecast Outturn Period 6	0	40	(40)	

NOTES ON OUTTURN VARIANCES

EGP1 – Asset Management - £0.017m (adverse)

The effect of the economy is continuing to adversely affect rents across the property portfolio, including Stamford Centre £0.034m, and Community Buildings £0.014m. Other investment property is expected to have a shortfall of £0.045m, which is an adverse movement of £0.025m since last reported. Airport rent is expected to be £(0.019)m above budget following notification in March from Manchester City Council of new rent levels for the next five years.

For Stretford Arndale, the Agents for the owners have managed to continue to make a number of short term lettings to ensure the number of vacant units is minimised and this has held up gross rental income. This is despite rent reductions on the bigger units of around 40% upon lease renewals. The year-end rental payment notified during September is hence £(0.111)m higher than expected.

Facilities Management staffing is expected to be £0.045m above budget, an adverse movement of £0.015m since the previous report. The associated saving has needed to be re-profiled as the planned disposal of buildings is taking longer than expected.

There are a number of staffing and minor running cost variances which net to an adverse £0.009m across Asset Management.

EGP2 – Planning and Building Control – £(0.035)m (favourable)

Income from planning fees is forecast to be £0.050m less than budget, which is due to external economic conditions.

Building control income is forecast to be above budget by £(0.040)m, which is an adverse movement of £0.010m since last reported based on the latest weekly income monitoring figures. This includes some capital related income plus the service has been successful in competing with other external providers.

Planning and building control fees are continuing to be monitored on a weekly basis.

An underspend from staffing vacancies is predicted to be £(0.045)m, and the filling of these posts will be addressed by the ongoing restructure of EGP.

EGP3 – Housing Strategy – £0.045m (adverse)

This includes an adverse variance of £0.046m relating to Housing Improvement fee income. The cost of housing improvement work is recouped when properties are sold in the future, and the sale proceeds are reinvested in new works to top up the existing capital programme. Where new improvement works are carried out, this generates fee income for the service to recover the Council's management and administration costs. There has been a reduction in the number of property sales due to the adverse economic climate and this has reduced the availability of capital funds for new works. Fee income has, hence, reduced compared to that expected in the revenue budget. This will be taken forward in the Medium Term Financial Plan.

Shortfall in income of £0.011m is reported this month due to re-phasing of the implementation of Green Deal. Savings from staff vacancies are unchanged at £(0.012)m, with the vacancies being addressed through the restructure of EGP.

TRAFFORD MBC

Report to: Transformation & Resources Directorate Management Team
Date: 17 October 2013
Report for: Discussion
Report author: T&R Finance Manager

Revenue Budget Monitoring 2013/14 – Period 6 (April 2013 – September 2013 inclusive)
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1 Outturn

1.1 The current approved revenue budget for the year is £20.324m. The outturn of £19.991m is £(0.333)m below the approved budget. This is a £(0.305)m favourable movement since last month.

1.2 The £(305)k favourable movement in the month is a result of:

£(209)k favourable variance on savings from support services that the council can provide within its existing resources for Public Health functions. This budget was loaded in Partnerships & Performance but related to all back-office service areas. This is a sustainable saving and has been included in the 2014/15 MTFP savings.

£(167)k favourable variance on staff costs, mainly in ICT, resulting from revising the likely dates when vacant positions will be filled and Legal & Democratic as a result of the staffing review.

£43k adverse variance caused by one-off costs incurred to migrate numbers to the new, lower cost, telephony supplier.

£(2)k adverse collective variances on other running costs.

£35k adverse variance on Proceeds of Crime income.

£(5)k favourable collective variance on other income streams.

2 Reserves

2.1 The Directorate has accumulated balances of £(1.389)m brought forward from 2012/13. Over the year the surplus balance will be used to ensure that the Directorate can meet and sustain the challenges of the future, including support for the Transformation Programme. The table overleaf summarises the projected movement during 2013/14:

Table 1: Utilisation of Carry Forward Reserve 2013/14	£000's
Balance b/f 1 April 2013	(1,389)
Planned use in 2013/14	
Land Charges Claims	185
Transformation Support	177
LGG Support	56
CCTV/ Control room marketing and set up costs	55
Waterside Arts Centre – Marketing and Venue Improvements	50
Library improvements	40
ICT textlink and contracts	34
EDRMS	30
Altrincham Forward	20
Trafford Today	12
Legal Case Management System	7
2013/14 Outturn	(333)
Remaining Balance at 31 March 2014	(1,056)

- 2.2 In 2013/14 and future years the surplus balance will be used to ensure that the directorate can meet and sustain the challenges of the future, particularly ensuring support for the Transformation Programme.

3 Welfare Reform

- 3.1 In the six months of operation, Trafford Assist has made awards to 1,123 different individuals with a total value of £80,280. The total value of awards are shown in the table below:

Item	Awards	Value
Furniture	263	£61,868
Paypoint (cash)	644	£9,321
Food	880	£9,091
Total	1,787	£80,280

- 3.2 The Trafford Assist scheme is within budget after the first six months in operation. There are no plans to adjust the qualifying criteria at this stage, as demand on the scheme may increase when other Welfare Benefit changes are introduced and during the winter. The scheme continues to receive favourable comments from customers, DWP and other Partners particularly about positive intervention and signposting.
- 3.3 In addition to the above, 616 awards, out of 898 requests, for Discretionary Housing Payment have been made amounting to £170,078. This is in line with budgeted expectations.

Period 6 Forecasted Outturn revenue expenditure and income variances

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

Budget Book Format (Objective analysis)	Full Year Budget (£000's)	P6 Forecast Outturn (£000's)	P6 Outturn variance (£000's)	P5 Outturn variance (£000's)	P5 to P6 Movement (£000's)	Note ref
Transformation and Resources Portfolio						
Legal & Democratic	1,935	2,035	100	162	(62)	T&R2,6
Communications & Customer Services	6,865	6,738	(127)	(76)	(51)	T&R1,4,6
Partnerships & Performance	2,691	2,473	(218)	8	(226)	T&R3
Strategic Human Resources	2,350	2,338	(12)	(8)	(4)	T&R4
Corporate Leadership and Support	367	359	(8)	(7)	(1)	
sub-total	14,208	13,943	(265)	79	(344)	
Finance Portfolio						
Finance Services	3,944	3,826	(118)	(148)	30	T&R1,5
sub-total	3,944	3,826	(118)	(148)	30	
Safe and Strong Communities						
Culture & Sport	2,172	2,222	50	41	9	T&R6
sub-total	2,172	2,222	50	41	9	
Total	20,324	19,991	(333)	(28)	(305)	

Business Reason / Area (Subjective analysis)	P6 Outturn variance (£000's)	P5 Outturn variance (£000's)	P5 to P6 movement (£000's)	Note ref
Management of Vacancies	(316)	(149)	(167)	T&R1
Court Costs and Legal fees	143	163	(20)	T&R2
Running costs relating to Public Health	(209)	0	(209)	T&R3
Running Costs	49	(12)	61	T&R4
Proceeds of Crime Income	35	0	35	T&R5
Income	(35)	(30)	(5)	T&R6
Total	(333)	(28)	(305)	

NOTES ON PROJECTED VARIANCES

T&R1

There are a number of posts which were held vacant whilst staffing structures were being reviewed, particularly in ICT (£166k) and Revenues & Benefits (£145k).

T&R2

Legal expenses are forecast to be £143k adverse to budget due to a continuing increase in childcare cases and a number of new development projects.

T&R3

Savings from support services that the council can provide within its existing resources for Public Health functions are £(209)k. This budget is included within Partnerships & Performance but related to back office services across T&R. This sustainable saving has been included within the T&R MTFP for 2014/15.

T&R4

Running costs are being tightly controlled to remain within budget. However, the initiative to reduce sickness levels has impacted on utilisation of Occupational Health services causing an increased forecast adverse variance of £46k within HR.

T&R5

The number of new Proceeds of Crime cases and timing of receipts of existing cases has been reviewed. There is now a forecast shortfall in income of £35k.

T&R6

There is forecast to be a favourable variance on income of £(35)k, particularly on Registrars and ICT but offset by a shortfall in income in the Waterside Arts Centre.

TRAFFORD MBC

Report to: Director of Finance
 Date: 17 October 2013
 Report for: Information
 Report author: Head of Financial Management

Report Title

Revenue Budget Monitoring 2013/14 – Period 6 Outturn - Council-Wide Budgets (April 2013 to September 2013 inclusive)

1 Outturn Forecast

- 1.1 The current approved revenue budget for the year is £23.602m. The outturn forecast is £22.263m, which is £(1.339)m under budget, and an adverse movement of £0.025)m since last month.
- 1.2 Appendix 1 details the variances from the approved budget and the period movement from the previous forecast by both function and activity, which in summary are:

Treasury Management - £(1.321)m relating to Manchester Airport Group dividend received above budget;

Members expenses - £(0.030)m, relating to the voluntary 1.9% reduction in allowances and savings in telephony and other running costs;

One-off NNDR refunds from backdated Exemptions and Rateable Value reductions on Trafford buildings £(0.070)m;

Housing and Council Tax Benefits overpayment recovery net variance of £(0.063)m;

Some of the savings from the proposed changes to staff terms and conditions will not be achieved in full this year, £0.144m;

There were a number of other minor variances across Council Wide budgets in the sum of £0.001m for the year.

2 Service carry-forward reserve and Recommendations

- 2.1 The underspend within Council-wide budgets is transferred to the General Reserve, as detailed in the summary report.

Period 6 Forecasted Outturn revenue expenditure and income variances

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

Budget Book Format (Objective analysis)	Full Year Budget (£000's)	P6 Forecast Outturn (£000's)	P6 Outturn variance (£000's)	P5 Outturn variance (£000's)	P5 to P6 movement (£000's)	Ref
Finance Portfolio						
Precepts, Levies & Subscriptions	17,852	17,856	4		4	
Provisions (bad debts & pensions)	1,742	1,886	144		144	C-W4
Treasury Management	8,366	7,050	(1,316)	(1,331)	15	C-W1
Insurance	659	659				
Members Expenses	944	914	(30)	(25)	(5)	C-W2
Grants	(6,283)	(6,291)	(8)	(8)		
Other Centrally held budgets	322	189	(133)		(133)	C-W3
Total	23,602	22,263	(1,339)	(1,364)	25	

Business Reason / Area (Subjective analysis)	P6 Outturn variance (£000's)	P5 Outturn variance (£000's)	P5 to P6 movement (£000's)	Ref
Treasury Management:				
- Investment Income	(1,305)	(1,320)	15	C-W1
- Debt Management cost savings	(11)	(11)		C-W1
Members Allowances	(30)	(25)	(5)	C-W2
Grants	(8)	(8)		
NNDR refunds	(70)		(70)	C-W3
Housing & Council Tax Benefits	(63)		(63)	C-W3
Staff terms and conditions	144		144	C-W4
Precepts, Levies & Subscriptions	4		4	
Total	(1,339)	(1,364)	25	

NOTES ON PROJECTED VARIANCES

C-W1 – Treasury Management - £(1.316)m (favourable), £0.015m (adverse) movement.

The Council has now received a total dividend from Manchester Airport Group of £(2.321)m, which is £(1.321)m in excess of the budgeted figure. This includes a one-off allocation of £(0.969)m relating to the higher than expected levels of cash balances held in Stansted Airport at the time of acquisition. The base budget for 2014/15 will be amended to reflect the dividend expected from Trafford's new share allocation in the expanded group.

The adverse movement in the month of £0.015m relates to rephasing of the Land Sales programme resulting in lower cash balances and therefore reduced investment interest.

Other minor variances of £(0.010)m.

C-W2 – Members Allowances - £(0.030)m (favourable), £(0.005) (favourable) movement.

All 63 Trafford Members agreed to take a voluntary 1.9% reduction in the value of their allowances. This will generate a saving of £(0.016)m. Other minor savings from telephony and running costs are also expected of £(0.014)m.

C-W3 – Other Centrally held budgets - £(0.133)m (favourable)

NNDR Refunds - £(0.070)m (favourable)

A number of backdated Exemptions and Rateable Value reductions to Trafford buildings has generated one-off income of £(0.070)m.

Housing & Council Tax Benefits - £(0.063)m (favourable)

There is a net forecast variance of £(63)k within the Housing Benefit and Council Tax Benefit budgets; this consists of a pressure of £0.120m within the Housing Benefit budget, largely as a result of overpayments associated with reported benefit fraud cases, offset by a recovery of overpaid Council Tax Benefit from previous financial years of £(0.183)m.

Whilst the pressure associated with the Housing Benefit budget affects the current financial year, the pattern is dependent on the rate at which reported fraud cases become known to the Council and the success of recovery. It is difficult to predict if this level of activity will continue in to the future, however this may require the budget to be realigned if the pattern persists. In addition, whilst the credit from the recovery of overpaid Council Tax Benefit has been used to alleviate the in-year pressure, it too is difficult to predict and will eventually taper off as the Council Tax Benefit scheme was replaced on 1 April 2013 with the new Council Tax Support Scheme.

C-W4 – Provisions - £0.144m (adverse)

A budget saving of £(0.180)m was set aside for the part-year effect of proposed changes to staff terms and conditions. Some of these savings will not now be achieved in full this year.

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TRAFFORD COUNCIL

Report to: Accounts and Audit Committee
Date: 20 November 2013
Report for: Information
Report of: Audit and Assurance Manager

Report Title

Audit and Assurance Report for the Period July to September 2013.

Summary

The purpose of the report is:

- **To provide a summary of the work of Audit and Assurance during the period July to September 2013.**
- **To provide ongoing assurance to the Council on the adequacy of its control environment.**

Recommendation

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

Contact person for access to background papers and further information:

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

Background Papers: None



TRAFFORD
COUNCIL

Audit and Assurance Service Report July to September 2013

Date: 20 November 2013

1. Purpose of Report

This report summarises the work of the Audit and Assurance Service between July and September 2013. At the end of the year, these quarterly reports will be brought together in the Annual Internal Audit Report which will give the Audit and Assurance Service's opinion on the overall effectiveness of the Council's control environment during 2013/14.

2. Planned Assurance Work

Key elements of the 2013/14 Work Plan include:

- Fundamental Financial Systems reviews.
- Annual corporate governance review and completion of the Annual Governance Statement for 2012/13.
- Audits of council partnership arrangements.
- Continued review of risk management arrangements and provision of guidance.
- Review of Corporate Procurement Arrangements and value for money arrangements.
- ICT audit reviews.
- Anti fraud and corruption work.
- Ongoing advice to services and input / advice in respect of key projects across the Council, including supporting the council's transformation agenda.
- School audits and other establishment audit reviews.
- Audit reviews of other areas of business risk.

3. Main areas of focus – Q2 2013/14

Work in this quarter covered a number of the main themes listed above including :

- Completion of the Corporate Governance review and final 2012/13 Annual Governance Statement;
- Fundamental financial system reviews;
- Completion and issue of a number of school and other establishment audit reports.
- Supporting a corporate review of systems and processes within the Environment, Transport and Operations Directorate.
- Completion of an audit review of corporate processes supporting business continuity arrangements.
- Reporting on the audit review of the ICT Data Centre.

Points of information to support the report:

Audit Opinion Levels (RAG reporting) :

Opinion – General Audits

High – Very Good

Medium / High – Good

Medium – Adequate

Low / Medium - Marginal

Low – Unsatisfactory

Green

Green

Green

Amber

Red

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

Report Status:

Draft reports:

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

Final reports:

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

Breadth of coverage of review (Levels 1 to 4)

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

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

Level of Risk Associated with Opinion Level and Breadth of Coverage

This provides an estimate of the level of risk given the audit opinion provided and breadth of coverage of the review.

High Risk (H) – Red Opinion / Level 3 or 4

Medium Risk (M) – Red Opinion / Level 1 or 2 , or
Amber Opinion / Level 2, 3 or 4.

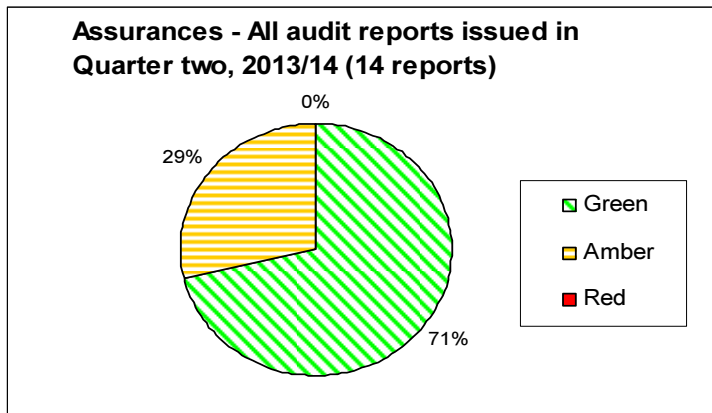
Low Risk (L) – Green Opinion or Amber Opinion / Level 1.

Summary of Assurances for 2nd Quarter 2013/14

Q2 – 2013/14

9 final reports and 5 draft reports

Chart 1 – Analysis of Assurance by Opinion Levels (Quarter 2)



Year to Date (up until 30 September 2013)

21 final reports and 7 draft reports

Chart 2 - Analysis of Assurance by Opinion Levels (Year to Date)

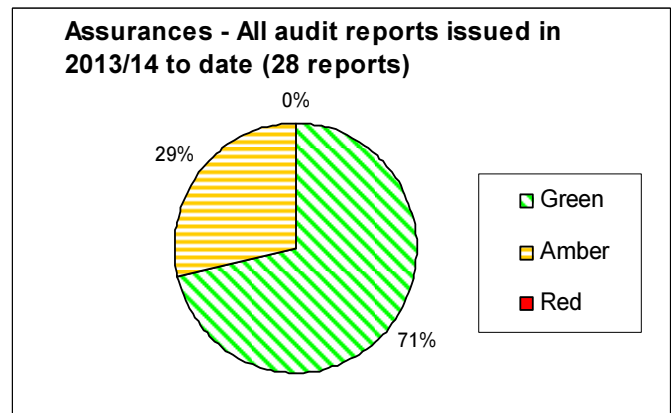


Chart 1 shows that good or at least adequate levels of control were in place for 71% of areas reviewed, which also reflects the position for the year to date Chart 2).

4. Overall Conclusions

A total of 14 audit reports were issued in the quarter, nine final reports and five draft reports. For 10 of the 14 reports issued, at least an adequate (Medium or above) opinion was given.

This included four High Opinions for four fundamental financial systems reviews (Final reports - Treasury Management, National Non-Domestic Rates and Draft Reports - Budgetary Control and Accounts Receivable) and one Medium/High opinion (Draft report - Debt Recovery).

The business continuity audit report was finalised (having been reported at draft stage in the 2012/13 Annual Internal Audit Report). The Low/Medium opinion reflected the ongoing work required in embedding business continuity processes at service level including monitoring arrangements across individual service areas.

There were two school final audit reports issued in the quarter (1 Medium opinion and one Low/Medium). For the latter, a follow up audit review will be undertaken in 2014/15.

As reported in Section 7, all recommendations made in the final reports issued have been accepted.

Other final reports issued during the period were

- Youth Offending Service (Medium/High)
- Old Hall Residential Unit (Medium)

Other draft reports issued during the period were:

- ICT Data Centre (audit opinion to be confirmed when the final report is issued).
- Integrated Children's System / Electronic Common Assessment Framework (Low/Medium). A number of recommendations were made in respect of system security, all of which were agreed in an action plan and progress will be followed up by Audit.

During the period, the Audit and Assurance Service also issued a report on its annual review of Corporate Governance arrangements which supported the process for agreeing the final version of the Annual Governance Statement, which was approved by the Accounts and Audit Committee at its 26 September 2013 meeting.

The Service also contributed to a corporate review of ETO systems and processes which included the issuing of a number of audit reports (Carrington Weighbridge, Fuel Cards and Stores reviews) details of which are covered in section 5 and 6.

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

5. Summary of Audit & Assurance Opinions Issued – Q2: 2013/14

REPORT NAME (DIRECTORATE) / (PORTFOLIO) by Coverage Level (1-4)	-OPINION -R/A/G -Date Issued	COMMENTS
FINAL REPORTS		
Level 4 Reports :		
Treasury Management 2012/13 (T&R) / (Finance)	High (GREEN) (9/8/13)	Ongoing compliance with controls in place has resulted in a high level of assurance being maintained for this year.
National Non-Domestic Rates 2012/13 (T&R) / (Finance)	High (GREEN) (30/9/13)	Ongoing compliance with controls in place has resulted in a high level of assurance being maintained for this year.
Business Continuity (T&R and Authority Wide) / (Transformation and Resources)	Low/Medium (AMBER) (5/9/13)	The Civil Contingencies Act 2004 (CCA) places a duty on local authorities to establish and maintain Business Continuity Plans and to ensure that organisations delivering services on its behalf can still deliver to the required extent in an emergency. The Authority completed a major update of its approach to business continuity management in 2009 which included development of procedural guidance, training and standard templates which are in place. As from May 2012, following changes to service structures, a number of officers within the Partnerships and Performance team have been designated as responsible for offering advice and guidance to staff on Business Continuity. The audit report concluded that given the revised arrangements it is acknowledged that further work is required to embed procedures particularly in relation to ongoing monitoring of business continuity arrangements across services. An action plan has been agreed and the review will be followed up as part of the 2014/15 Internal Audit Plan.
Fuel Cards (ETO & Authority Wide) / (Highways and Environment)	Medium (GREEN) (29/7/13)	This review included both review of the existing system and procedures and also advising on future developments planned given revised processes are currently being developed. A working group reflecting appropriate service areas (including representation from Audit) has been established with the aim to improve monitoring systems and processes including processes for regular monthly checks of usage of fuel cards. The overall "Medium" opinion given in the previous review remains with a revised audit opinion to be considered when a further full review is undertaken in 2014/15. This will assess the impact of revised fuel card monitoring processes currently being introduced.
Level 2 Reports:		
Carrington Depot Waste transfer system follow up review (ETO) / (Highways and Environment)	Medium * (GREEN) (9/7/13)	This was a follow up review, focussing on audit recommendations previously made. Initial findings highlighted a number of recommendations remained outstanding from the previous review resulting in the audit opinion remaining as "Medium". Audit continued to work with the service area through the quarter to agree remaining actions required and by the end of the period, seven of the eight outstanding recommendations had been implemented with one in progress. A full review will be undertaken in 2014/15 with a view to providing an updated audit opinion.
Youth Offending Service (CFW) / (Supporting Children and Families)	Medium / High (GREEN) (19/8/13)	Testing revealed a good level of compliance with controls covering most business risks. Recommendations were made in relation to reviewing and updating business continuity plans and also ensuring independent checks are part of the systems for maintaining petty cash imprest and inventory records.
Level 1 Reports :		
Old Hall Road Residential Unit (CFW) / (Supporting Children and Families)	Medium (GREEN) (23/7/13)	Overall, adequate standards of control were found to be in place. Recommendations made included procedures for maintaining and checking the petty cash imprest account, introducing independent inventory checks and ensuring service guidance is followed in respect of handovers of cash between individuals.

Stretford High School (CFW) / (Education)	Low/Medium (AMBER) (31/7/13)	There is a need to improve controls for a number of business risks to ensure adequate processes are in place to meet the requirements set out in the DfE Schools' Financial Value Standard. Recommendations were made across a number of areas including ordering and payment procedures, monitoring of lettings of the premises and maintenance of the school fund. An action plan has been agreed and recommendations will be followed up as part of a future audit review in 2014.
St Teresa's RC Primary School (CFW) / (Education)	Medium (GREEN) (24/9/13)	The audit found areas of good practice, but there is a need to improve controls for a number of areas to ensure associated risks are managed effectively. Improvements include introducing a greater division of duties within certain financial processes and ensuring there is up to date procedural documentation in place for financial / administrative systems.
<u>DRAFT REPORTS</u>		
<u>Level 3 Reports :</u>		
Budgetary Control 2012/13 (T&R) / (Finance)	High (GREEN) (25/9/13)	Ongoing compliance with controls in place has resulted in a high level of assurance being maintained for this year.
Debt Recovery 2012/13 (T&R) / (Finance)	Medium/High (GREEN) (30/9/13)	There have been significant improvements in systems since the previous audit review. Overall a good standard of control was found to be in place. To further improve existing processes a recommendation was made for Directorate level monthly reports to be taken from the Debt Recovery System (ASH) to be shared with relevant services to help enable issues to be managed at the point of service provision.
Accounts Receivable 2012/13 (T&R) / (Finance)	High (GREEN) (30/9/13)	Effective standards of control were found to be in place within the Revenues and Benefits Service.
ICT Data Centre (T&R) / (Transformation and Resources)	To be agreed (AMBER) (17/9/13)	The review was completed by Salford Audit Services on behalf of Trafford Audit and Assurance Service. This is a draft report which is currently shown as "Amber" as it includes reference to a number of queries to be clarified in response to draft recommendations made. An agreed opinion will be issued with the final report and a summary of findings will be included in a future update.
Integrated Children's System / Electronic Common Assessment Framework (CFW) / (Supporting Children and Families)	Low / Medium (AMBER) (21/8/13)	The purpose of the review was to assess the effectiveness of information security controls in place for the Children's care and case recording systems, ICS and ECAF. A number of recommendations have been made in relation to system security including the introduction of a process for the approval of new accounts, strengthening password security arrangements and system monitoring. (A final report has since been issued, to be reported in quarter three, with all recommendations accepted and included in an agreed action plan, with progress to be followed up and reported by Audit).

6. Other Assurance Work

There is a significant amount of work undertaken by the Service that does not result in an audit opinion being given. There is ongoing work such as the provision of advice; conducting investigation work; co-ordinating the update of the Council's Strategic Risk Register and undertaking financial appraisals of contractors.

In addition to the above, other work undertaken during Q2 included:

- Issue of the 2012/13 Corporate Governance review report and completion of the Council's 2012/13 Annual Governance Statement which was approved by the Accounts and Audit Committee in September 2013.
- Two training sessions in July 2013 held for school governors on the role of Internal Audit including a presentation on fraud awareness.
- A presentation given on the Role of Internal Audit at an induction event in September 2013 for new Head teachers of Trafford schools.

Environment, Transport and Operations Review

- Providing input to an ongoing corporate review of systems and processes within the Environment, Transportation and Operations Directorate. In addition to undertaking or following up on reviews included in the Audit Plan (Carrington

Weighbridge and Fuel Cards reviews are listed in Section 5) this has also included review work to support the corporate process. As part of this, a significant piece of work undertaken was in relation to the operation of the Stores at Carrington Depot.

- In respect of the Stores, work included reviewing procedures, providing advice and carrying out an investigation of a number of issues in relation to the controls for the issue of stock items, undertaking stock checks and monitoring material usage. As part of this ongoing review work, a number of recommendations have been made to improve controls, particularly in relation to the Stores function and the Street Lighting team. This has assisted the ETO Directorate in producing and implementing an improvement plan.

Risk Management

- As part of planned work in the first half of 2013/14, Audit and Assurance has reviewed and updated existing risk management guidance available on the Council's intranet. This has included the update of a number of guidance documents. This includes the existing risk management service guidance; guidance on examples of risks and possible actions to review / address these; protocols for risk management reporting and also guidance for report writing in respect of risk management.
- The risk management e-learning tool, completed in 2012/13, has now been added to the Council's Virtual College e-learning site, available to access through the intranet.
- As part of ongoing liaison with relevant contacts across the Council's Directorates, in the second half of the year the Audit and Assurance Service is in the process of sharing the updated guidance / good practice.

7. Impact of Audit Work – Improvements to the Control Environment

Key indicators of the impact of Audit and Assurance are: (a) Acceptance of Recommendations (b) Implementation of them.

Acceptance of Recommendations

- For the nine final reports issued during the quarter, **all 93 recommendations made have been accepted.**
- In the year to date, **97% of all recommendations made (211 out of 217) have been accepted** (Service annual target is 95%).

Implementation of audit recommendations

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

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

In terms of the **fundamental financial systems reviews**, for the five audit reports issued, **all audit opinions had been maintained** compared to the previous year (Budgetary Control, NNDR, Treasury Management) **or improved** (Accounts Receivable improving from Medium/High to High and Debt Recovery improving from Low to Medium/High).

As listed in section 5, a follow up audit was completed in this quarter of the Carrington Weighbridge Waste Transfer review. By the end of September 2013, seven of the eight recommendations had been implemented with one in progress.

Good progress was also indicated in respect of two other follow ups in the quarter. For Kings Road Primary School, 13 out of 17 recommendations had been implemented with four being progressed. A follow up through self-assessment of the audit review of the Council's arrangements for assessing contractors prior to submission of tenders (Pre-Qualification Questionnaire process) was completed. For this review, four of the five recommendations had been implemented to date.

To summarise **in respect of the year to date**, where specific follow up reviews have taken place through audits or self assessments (six reviews in total), **82% of recommendations have been implemented, 14% are in progress and 4% yet to be implemented.**

8. Performance against Audit & Assurance Annual Work Plan

Appendix A shows an analysis of time spent to date against planned time for the 2013/14 Operational Internal Audit Plan

As at the end of quarter two, 675 audit days were spent to date (against profiled, planned allocated days of 589 days).

There are some variations to note between planned and actual time taken against particular categories of work. In terms of financial systems review work, as at the end of September 2013, this is greater than planned. This is explained by the actual time spent being less than planned in the previous year as reported in the 2012/13 Annual Internal Audit Report. Review work originally planned to commence in March was delayed until the current year.

Time spent in respect of Anti-Fraud and Corruption work is also greater than planned. This is accounted for by higher than expected time on investigation activity between June and September 2013, the relevant pieces of work having now concluded and reported as appropriate. Subject to resource availability in the second half of 2013/14, it is currently expected that this variance will be met by contingency time allocated in the Plan.

For areas where lower than anticipated time has been spent in the period, it is expected that increased time will be spent in quarters three and/or four. Based on current resources, it is expected that all key areas of work will be completed or progressed as planned. This is being kept under review and CMT / Accounts and Audit Committee will be advised in the quarter three update if there are any changes to this position.

9. Planned / Ongoing Work for Quarter 3, 2013/14

Progress will continue to be made in completing each category of work in the audit plan. Areas of focus will include :

- Issue of the final audit report in respect of Section 106 Planning Agreements (final report actually issued in October 2013).
- Issue of report on Information Governance (draft report actually issued in October 2013).
- Issue of report from the Corporate Health and Safety internal audit review.
- Issue of further reports in respect of fundamental financial systems.
- Ongoing input to the Environment, Transport and Operations Directorate review.
- Commencement / progression of a number of other audits across the audit plan including audits in respect of the Local Welfare Assistance Scheme (Trafford Assist) and also an audit of arrangements for collecting income from staff car parking.
- Ongoing review of data matches as part of the National Fraud Initiative with the aim of reporting on outcomes in an update to the Accounts and Audit Committee in the final quarter of 2013/14.

APPENDIX A

2013/14 Operational Plan: Planned against Actual Work (as at 30 September 2013)

<u>Category</u>	<u>Details</u>	<u>Planned Days 2013/14</u>	<u>Planned Days (up to 30/9/13)</u>	<u>Actual Days (as at 30/9/13)</u>
Fundamental Systems	Completion of fundamental systems reviews including annual reviews relating to 2012/13. Planning and commencement of 2013/14 fundamental systems reviews.	200	115	146
Governance	Corporate Governance Reviews. Collation of supporting evidence and production of the 2012/13 Annual Governance Statement Audit reviews of governance arrangements for the Council's significant partnerships.	100	55	40
Corporate Risk Management	Progression of actions to support the Council's Risk Management Strategy including review of risk management processes and awareness raising and provision of guidance to services and partnerships.	40	20	12
Anti-Fraud and Corruption	Work supporting the Anti- Fraud and Corruption Strategy, including raising awareness of supporting guidance to promote measures to prevent, deter or detect instances of fraud and corruption. Continued work in supporting the National Fraud Initiative. Investigation of referred cases, including if applicable those highlighted through the National Fraud Initiative.	180	85	143
Procurement / Value for money	Review of procurement / contract management arrangements across the council including systems in place and associated arrangements to secure value for money.	100	30	16
ICT Audit	Reviews to be completed in line with the ICT audit plan. Investigation of misuse of ICT and awareness raising regarding appropriate use of ICT.	100	45	52
Schools	School Audit reviews Support the Council in raising awareness with schools of the DfE Schools Financial Value Standard (SFVS).	190	55	71
Establishments	Reviewing governance and control arrangements across a range of establishments.	80	30	14
Assurance – Other Key Business Risks	Selected on the basis of risk from a number of sources including senior managers' recommendations, risk registers and internal audit risk assessments. Reviews will include authority wide issues and areas relating to individual service areas.	150	65	79
Service Advice / Projects	General advice across all services. Support and advice to the organisation in carrying out key projects ensuring new systems, functions and procedures provide for adequate controls and good governance arrangements.	110	54	84

Financial Appraisals	Financial Assessments of contractors and potential providers	70	35	18
TOTAL		1320 *	589	675

*Note: There are 1450 planned available days in total but 130 days relate to contingency.

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TRAFFORD COUNCIL

Report to: Accounts and Audit Committee
Date: 20 November 2013
Report for: Information
Report of: Audit and Assurance Manager

Report Title

Accounts and Audit Committee – Work Programme – 2013/14

Summary

This report sets out the updated work plan for the Committee for the 2013/14 municipal year.

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

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

Recommendation

The Accounts and Audit Committee is asked to note the 2013/14 work programme.

Contact person for access to background papers and further information:

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

Background Papers: None

Committee Meeting Dates	Areas of Responsibility of the Committee					
	Internal Audit	External Audit	Risk Management	Annual Governance Statement / Corporate Governance	Anti- Fraud & Corruption Arrangements	Accounts
27 June 2013	Agree Committee's Work Programme for 2013/14 (including consideration of training and development) Training & Development – Draft accounts (provided outside committee)					
	- 2012/13 Annual Internal Audit Report	- Audit Progress Report		- Review 2012/13 draft Annual Governance Statement - Accounts and Audit Committee 2012/13 Annual Report to Council		- Review 2012/13 draft accounts - Treasury Management Annual Performance 2012/13 - Insurance Performance Report 2012/13.
26 September 2013						
	- Q1 Internal Audit Monitoring Report	- Audit Findings Report - Financial Resilience Report	- Strategic Risk Register Monitoring Report	- 2012/13 Annual Governance Statement (final version)	- Benefit Fraud Investigation 2012/13 Annual Report	- Approval of Annual Statement of Accounts 2012/13 - Revenue Budget Monitoring Report (April to July 2013).
20 November 2013	Training and Development – Presentation on the Transformation Programme					
	- Q2 Internal Audit monitoring report	- Annual Audit Letter - Audit Update	(Risk Management Update within Q2 Internal Audit monitoring report).	- Consider improvement actions taken in 2013/14 in respect of 2012/13 governance issues : (a) Locality Partnerships (b) EDRMS.		- Treasury Management : mid year review - Update on 2012/13 External Audit Findings Report Recommendation (Re payroll documentation) - Revenue Budget Monitoring Report.

Committee Meeting Dates	Areas of Responsibility of the Committee					
	Internal Audit	External Audit	Risk Management	Annual Governance Statement / Corporate Governance	Anti- Fraud & Corruption Arrangements	Accounts
11 February 2014	- Q3 Internal Audit monitoring report	- Audit Update		- Report on arrangements for 2013/14 Annual Governance Statement - Consider improvement actions taken in 2013/14 in respect of 2012/13 governance issues.		- Treasury Management Strategy - Reserves Update
25 March 2014	- 2014/15 Internal Audit Plan - Public Sector Internal Audit Standards Update and Internal Audit Charter.	- Audit Opinion Plan - Grant Claims report - Audit Update	- Strategic Risk Register Monitoring Report	- Consider improvement actions taken in 2013/14 in respect of a 2012/13 governance issue.	- Anti Fraud & Corruption / National Fraud Initiative update	

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