

## TRAFFORD COUNCIL

**Report to:** Accounts and Audit Committee  
**Date:** 28 June 2017  
**Report for:** Information / Comments  
**Report of:** Audit and Assurance Manager

### Report Title

Draft Annual Governance Statement – 2016/17

### Summary

This reports sets out the Draft 2016/17 Annual Governance Statement (AGS). The preparation and publication of an Annual Governance Statement is necessary to meet the statutory requirement set out in the Accounts and Audit Regulations 2015.

The content of the draft AGS has been reviewed and agreed by CLT. This has included agreeing significant governance issues detailed in the AGS. The draft AGS has also been shared with External Audit to accompany the 2016/17 draft accounts.

In compiling the Annual Governance Statement for 2016/17, an exercise has been undertaken to also update the Council's Corporate Governance Code to reflect any developments or changes during the year. Both the AGS and Corporate Governance Code have been produced taking into account the updated framework and guidance on the AGS issued by CIPFA/SOLACE in April 2016. A separate report has been produced which highlights the proposed updated Corporate Governance Code.

The final version of the AGS will take into account any further feedback and will be presented to the Accounts and Audit Committee in September 2017 to accompany the Council's Accounts. This final version will be signed by the Chief Executive and Leader.

### Recommendation

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

The final version of the Annual Governance Statement, signed off by the Chief Executive and Leader, will be presented for approval by the Accounts and Audit Committee in September 2017.

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

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

Name: Paula Liew – Principal Auditor

Extension: 1232

**Background Papers:**

None



# TRAFFORD COUNCIL

## **DRAFT** **ANNUAL GOVERNANCE STATEMENT** **2016/17**

**(June 2017)**

## **1. Scope of Responsibility**

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

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

- 2.1 The governance framework comprises the systems and processes, culture and values by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Trafford Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at Trafford Council for the year ended 31 March 2017 and up to the date of approval of the statement of accounts.

### **3. The Governance Framework**

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

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

3.2 The key elements of the system and processes that comprise the Authority's governance framework are outlined in this Annual Governance Statement, describing how the Authority can demonstrate the effectiveness of governance arrangements during 2016/17 with reference to each of the seven governance principles.

CIPFA SOLACE Principle A.	Key Elements of Trafford Framework
<b>Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</b>	<ul style="list-style-type: none"> <li>• Constitution</li> <li>• Employee Code of Conduct</li> <li>• Members Code of Conduct</li> <li>• Register of Interests</li> <li>• Disciplinary Policy</li> <li>• ICT Acceptable Use Policy</li> <li>• Anti-Fraud &amp; Corruption Strategy</li> <li>• Confidential Reporting Code</li> <li>• Standards Committee</li> <li>• Corporate Governance Code</li> </ul>
How we demonstrated effectiveness in 2016/17	
<p>The Constitution, committee membership and delegated functions were reviewed and approved by Full Council on 25 May 2016. The Standards Committee met throughout 2016/17 receiving updates from the Monitoring Officer in relation to local standards and best practice developments e.g. Information Governance.</p> <p>The protocols setting out the dispensations which allow members to participate in council business where a disposable pecuniary interest has been disclosed, introduced in 2012, were reviewed by the Standards Committee in November 2016. All members are to complete a Register of Interests which is published online detailing disclosable pecuniary interests, other interests and provide a record of gifts &amp; hospitality received.</p> <p>A Planning Committee Code of Practice was approved at Standards Committee in March 2017, setting standards of probity and conduct for members and officers dealing with planning related matters.</p> <p>A refreshed new starter induction guide and checklist for staff is in place which includes a number of mandatory elements such as Data Protection, Information Security, Employees' Code of Conduct, Fraud Awareness and the Acceptable Use Policy.</p> <p>The Council has reviewed and updated its Anti-Fraud &amp; Corruption Strategy in March 2017. Improvements to the Council website have been made to enable online reporting of suspected fraud. The Council's Whistleblowing Policy is currently subject to review.</p> <p>The 2015/16 Annual Report for the Counter Fraud and Enforcement team was presented to the Accounts &amp; Audit Committee in Sept 2016 outlining fraud prevention and detection activities and planned work through partnership and collaboration across Council departments and external agencies. The team has primarily focussed on revenues related fraud relating to Council tax and Business rates. An annual report for 2016/17 will be reported to the Accounts and Audit Committee by September 2017.</p>	

The Authority has updated its Corporate Governance Code reporting against the principles of the revised CIPFA local governance framework 2016 (based on the International Framework: Good Governance in the Public sector (CIPFA/ IFAC 2014).

CIPFA SOLACE Principle B.	Key Elements of Trafford Framework
<b>Ensuring openness and comprehensive stakeholder engagement</b>	<ul style="list-style-type: none"> <li>• Decision Making Protocols</li> <li>• Access to Information Procedure Rules</li> <li>• Budget Consultation</li> <li>• Trafford Partnership Board &amp; Strategic Boards</li> <li>• Public Service Reform Board &amp; Operational Group</li> <li>• Building Strong Communities Strategy</li> <li>• Locality Working Programme</li> <li>• Joint Strategic Needs Assessment</li> </ul>
How we demonstrated effectiveness in 2016/17	
<p>Public and staff consultation on the 2017/18 budget proposals took place between September to December 2016 through a range of media including a dedicated website, online survey, stakeholder events, live webcasts and social media. The theme was 'Taking the Trafford Pound further' and incorporated various proposals themed around the overall strategy / key interventions (see Principle C). Outcomes of the public consultation were published alongside the budget proposals in February 2017.</p>	
<p>Other examples of consultation exercises in the year included the Greater Manchester Spatial Framework, All Age Transport Policy, Conservations Area Guidance and Economic and draft Economic and Housing Growth Framework. The Altrincham Business Improvement District was established in April 2016 following a process which included consultation over an 18 month period.</p>	
<p>The Council as part of the Greater Manchester Combined Authority and through its integrated partnership governance framework, is working to deliver transformational change under the Public Service Reform and Health &amp; Social Care integration programmes. The PSR Strategic and Operational Boards provide oversight and engage stakeholders in development of new operating models for Trafford based on four place based multi-agency teams, one for each of Trafford's locality areas and a strengths and community asset based approach to service delivery. Evidence was gathered for this approach during 2016 through the two One Trafford Response test weekends and Reshaping Social Care '3 conversations' pilots, and will be further developed through the Place Based pilot in the North locality in early 2017/18.</p>	
<p>During 2016/17 Locality working has been supported through the development of Enabling groups: a small team of residents, councillors and agency representatives who lead the work programme in each area. As part of our 'Be Bold be the Difference'</p>	

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

The Council commissions Pulse Regeneration to deliver the 'Thrive' contract, infrastructure support for social enterprise, capacity building and volunteering. The Voluntary, Community, Social Enterprise (VCSE) Strategic Forum has been established to build positive relationships across the sectors and to recruit VCSE representatives to the Trafford Partnership Strategic Boards to increase influence.

CIPFA SOLACE Principle C	Key Elements of Trafford Framework
<b>Defining outcomes in terms of sustainable economic, social and environmental benefits</b>	<ul style="list-style-type: none"> <li>• Together Trafford 'Vision 2031'</li> <li>• Core Strategy</li> <li>• Trafford Locality Plan</li> <li>• Physical Activity Vision</li> <li>• Medium Term Financial Strategy</li> </ul>
How we demonstrated effectiveness in 2016/17	
<p>During 2016/17 the Council has continued to review its strategy to reflect local and national changes including devolution, financial gap and future funding arrangements, Greater Manchester Public Service Reform framework and integration.</p> <p>The 'Together Trafford - Vision 2031' based on the premise 'No one will be held back and no one left behind' has been developed in partnership with key agencies, and through engagement with voluntary, community and faith representation. Feedback from the Partnership Strategic Boards on the vision and identified interventions were presented to the Trafford Partnership Board in January 2017. This will be used to inform the development of a place based strategy guided by two principles:</p> <ul style="list-style-type: none"> <li>• People: the council will help residents to help themselves and each other</li> <li>• Place: to create a place where people want to live, stay, learn, work, invest and relax</li> </ul> <p>To support the vision, seven interventions (short - medium term priorities) have been developed which underpin the Council's Annual Delivery Plan and Medium Term Financial Plan:</p> <ul style="list-style-type: none"> <li>• Mersey Valley becomes a significant visitor attraction that connects the North to the South of the Borough</li> <li>• Creating a national beacon for sports, leisure and activity for all- Make Trafford a Destination of Choice</li> <li>• Accelerate housing and economic growth so everyone benefits</li> <li>• Supporting communities and businesses to work together to design services, help themselves and each other</li> <li>• One Trafford: Behaviour Change and Building Stronger Communities</li> </ul>	



- Developing a wider education and skills offer that better connects people to jobs
  - Optimising technology to improve lives and productivity
- (See Section 5.3 Significant Governance Issues 2017/18 - Delivery of Together Trafford - Vision 2031).

To support the devolution of Health & social care funding to Greater Manchester from 1<sup>st</sup> April 2016, Trafford Council and health partners agreed a 5 year Locality Plan in March 2016 which sets out the principles of change and framework for enhanced, integrated and co-commissioned health & social care offer in the borough.

A Physical Activity Vision has been developed through a collaborative approach with the aim to improve health & social outcomes for residents in Trafford by getting the inactive, active and increasing everyone’s level of physical activity, in conjunction with the Sport & Physical Activity Partnership and Health & Wellbeing Board. A Physical Activity Strategy and implementation plans are now under development. The Leisure Strategy project aims to develop an overarching Leisure Strategy aligned to Vision 2031.

CIPFA SOLACE Principle D	Key Elements of Trafford Framework
<b>Determining the interventions necessary to optimise the achievement of the intended outcomes</b>	<ul style="list-style-type: none"> <li>• Transformation Programme</li> <li>• Annual Delivery Plan</li> <li>• Medium Term Financial Plan</li> <li>• Efficiency Plan</li> <li>• Capital Investment Programme</li> <li>• Social Value Framework</li> </ul>
How we demonstrated effectiveness in 2016/17	
<p>During 2016 the Council accepted a multi-year government funding settlement which will provide a greater level of financial stability over the next few years with guaranteed levels of mainstream government funding. To qualify for this an Efficiency plan was produced and will be reviewed annually as part of the budget setting process.</p>	
<p>The 2017/20 Efficiency plan sets out proposals to deliver the savings required to close the funding gap through the transformation agenda, building on the foundations of the Reshaping Trafford programme which has already delivered efficiency and transformational savings. Transformational change will be in conjunction with partners as part of the PSR agenda delivered through the Trafford Partnership structures and continuing work on the 2031 vision and Together Trafford brand with our partners.</p>	
<p>Trafford Council is working in collaboration with Trafford Clinical Commissioning Group (CCG) and key partners to develop an all age integrated framework for Service Reform based on a new operating model for the whole of public services in Trafford.</p>	
<p>On 1 April 2016, Trafford Council and Pennine Care NHS Foundation Trust signed a two-year partnership agreement to enable delegation of functions and integrated</p>	

provision under the flexibilities set out in Section 75 of the Health act 2006 for an all age integrated health & social care service in Trafford. During 2016/17 a new senior management structure has been implemented and an All Age Front Door bringing together Children's Multi Agency Referral & Team and Adult Screening teams. The partnership agreement was refreshed in February 2017 to further align service delivery and support Phase 2 delivery in 2017/18.

Following a strategic review of leisure facilities across the borough, investment of £24m has been agreed as part of the authority's Capital Programme and project management is in place to deliver this. An assessment of outdoor leisure and sporting facilities (Playing Pitch strategy) has been undertaken with the aim to broaden sustainable access to a wide range of sporting and leisure opportunities and provide a sustainable strategic framework, as a fundamental enabler to improved health & wellbeing outcomes.

Supported by Trafford Council, Greater Manchester Police (GMP) embarked on a programme to transform its HR function to provide a more streamlined, cost effective and higher quality service to meet the needs of its officers and staff. A soft launch of the new service: Greater Manchester Shared Service with co-located staff at Trafford Town Hall went live in December 2016 with formal 'go-live' in March 2017.

In July 2016 the Council has entered the 2nd year of the joint venture contract with Amey LG to manage a range of environmental services including the previous in-house service and the domestic and commercial waste contract. Contract governance and monitoring arrangements have been established and savings delivered against target. During 2016 a Scrutiny Task & Finish Group has carried out a review of the contract to measure progress to date, and in March 2017 presented recommendations for improvement to performance reporting, communications and transparency.

The Trafford Youth Trust was established as a Community Interest Company in March 2016 with the aim to move from a council led to independent led organisation which can provide a partnership framework against which youth provision will be commissioned, and develop effective strategies to increase investment in youth services. To date the Trust has awarded £210,000 funding, some of which has been invested to deliver a mix of seven targeted and universal services throughout the borough, managed by six providers.

The Trafford Social Value group was established to coordinate social value activity across Trafford with relevant partner agencies aligned to the Greater Manchester Combined Authority (GMCA) Social Value Policy to ensure that capital investment provides added social, environmental and economic value for residents of Trafford. The STAR Shared Procurement Service has produced guidance for business in bidding for tenders. Contract and performance monitoring procedures are being developed.

CIPFA SOLACE Principle E	Key Elements of Trafford Framework
<p><b>Developing the entity’s capacity, including the capability of its leadership and the individuals within it</b></p>	<ul style="list-style-type: none"> <li>• Supporting Change to Happen Strategy 2014-17</li> <li>• Member Development Strategy</li> <li>• Members’ Training Plan</li> <li>• Members’ Induction Process</li> <li>• Employee Training &amp; Development Plan</li> <li>• Corporate Induction Procedure</li> <li>• Employees Personal Development Review (PDR)</li> <li>• Staff Health &amp; Wellbeing Strategy</li> <li>• Absence Management Strategy</li> </ul>
<p>How we demonstrated effectiveness in 2016/17</p>	
<p>The One Trafford Estate programme aims to assess, understand and plan to create a portfolio of assets for cross organisational working, portfolio reduction and to create a multifunctional hub for each locality.</p> <p>A Supporting Change to Happen strategy is in place which identifies areas of good practice and sets out further improvements required through use of technology, training and leadership support. A new suite of learning and development courses were available throughout 2016/17 for staff to equip them with tools, techniques and skills to manage their own personal transition to work successfully in the new delivery models. The courses included Leadership and Management, Commercial Skills workshops, Coaching for Improved Performance, Strength Based Conversations, Project Management and Strategic Influencing and Stakeholder Management.</p> <p>Trafford Council is the lead authority on the development of a Greater Manchester (GM) training procurement framework. The new dynamic purchasing system (DPS) went live in January 2017. The Council is also a partner in the GM e-learning platform. A large proportion of the mandatory training is delivered via the Council’s e-learning platform which enables it to monitor and report on compliance rates. Training and Development Plans are in place at directorate level and cross council, which are refreshed and updated annually.</p> <p>A succession planning strategy has been developed that formalises an approach to ensure that key skills are not lost to the Council whilst up-skilling staff to take on higher graded roles. Successors will be identified at senior manager level and targeted development initiatives provided to ensure that the Council is equipped to flex the workforce to react to resource and skills gaps.</p> <p>In August 2016 a Staff Health &amp; Wellbeing Strategy was adopted with the aim to coordinate existing workplace activities, use a collaborative approach and improve organisational effectiveness organised around four key themes</p> <ul style="list-style-type: none"> <li>• Healthy Lifestyle</li> <li>• Mental wellbeing</li> </ul>	

- Safe and healthy workplace
- Workforce engagement.

An action plan has been drawn up to monitor delivery of the agreed outcomes through evaluation of sickness absence, injury & accident data, occupational health records and staff surveys. A Core Strategy group has been established and in collaboration with key partners is focusing on a range of interventions, including improved mental wellbeing support for managers and staff e.g. through reviewing available services, improved signposting of this support, and the provision of relevant staff awareness and training.

A new Member Training Plan is in place with a training programme delivered during the year including safeguarding, leadership and the changing role of the Councillor. A Leadership Development Programme was rolled out throughout 2016/17 that delivered a range of community based leadership interventions. The Members Induction Guide was also refreshed and updated.

The Member Development Steering Group which is responsible for the development of training and development opportunities for all Members continues to meet on a regular basis to agree priorities for development and review and evaluate learning and development programmes. The Council continues to demonstrate compliance with Level 1 of the North West Employers Organisation Members Charter which ended in 2016. However the Council is working towards retaining the award in 2017.

Trafford in partnership with Pure Innovations, Trafford College and CMFT (Central Manchester Foundation Trust) has implemented a Supported Internship scheme which is now in its 4th year. The aim of the internship is to develop employability skills in the real work place for cohorts of 10 young people with learning difficulties and/or other disabilities, resulting in City & Guilds qualification. Securing sustainable paid employment for the young people is the ultimate goal of the scheme, with either the host employer or elsewhere.

The Council's Internal Apprenticeship scheme which was launched in 2011 has had around 140 recruits in a broad range of disciplines and 48 of these have secured permanent employment with the Council. In addition to these there are 10 existing members of staff undertaking a higher level apprenticeship in Leadership & Management (Level 5) and 2 former apprentices undertaking a level 3 in Business Administration.

CIPFA SOLACE Principle F	Key Elements of Trafford Framework
<p><b>Managing risks and performance through robust internal control and strong public financial management</b></p>	<ul style="list-style-type: none"> <li>• Financial Procedure Rules</li> <li>• Contract Procedure Rules</li> <li>• Treasury Management Strategy</li> <li>• Scrutiny Committees and Protocols</li> <li>• Risk Management Strategy &amp; Policy Statement</li> <li>• Strategic Risk Register</li> <li>• Internal Audit Strategy</li> <li>• Accounts &amp; Audit Committee</li> </ul>
<p>How we demonstrated effectiveness in 2016/17</p>	
<p>The Council's net revenue budget for 2016/17 is £146.70m and outturn expenditure on service expenditure shows an overall underspend of £4.32m. In terms of overall funding a sharp rise in business rate appeals has given rise to a shortfall in funding from business rates in the year which has been offset from the service savings above.</p> <p>The overall budget gap for 2016/17 was £22.64m and was addressed by a combination of additional resources of £6.26m, including projected growth in business rates, council tax and general reserve and £16.38m of service savings and additional income. This target was amended during the year to reflect the decision made by the Executive to amend the policy on social care transport reducing the overall target to £16.1m.</p> <p>The outturn figures shows that £15.50m of the savings target have been achieved. The transformation programme will over-achieve slightly against its savings target by £27k, the business as usual and corporate savings show a shortfall of £220k and the recovery of Continuing Health Care costs from the CCG show a shortfall of £403k, giving an overall shortfall of £596k. This will be met by underspends in other non-savings related budget lines.</p> <p>The budget for 2017/18 was approved by the Executive in February 2017 and sets out the Council's Medium term Financial strategy 2017/18 to 2019/20 including income and savings proposals to address the funding gap of £47.7m over next 3 years. The plan is a rolling document which is updated as changes in assumptions and conditions are known. (See Section 5.3 Significant Governance Issues 2017/18 - Medium Term Financial Position / Savings).</p> <p>A 3 year Capital investment programme for 2017/20 has been approved for £109.16m with £65.73m profiled to be undertaken in 2017/18. Work is underway to develop an Investment Strategy with £20m allocated to generate sustainable income streams to support the council's revenue budget using its favourable prudential borrowing position.</p> <p>The Council has signed up with 11 neighbouring authorities to the Greater</p>	

Manchester Business Rates Pool, which will have the benefit of ensuring that levies payable on business rate growth are retained within Greater Manchester rather than paid to Government. The Council has negotiated that it will retain a third of any future levy payments whilst in the GM Pool.

The annual Budget Scrutiny exercise took place during November to December 2016 with the report submitted to the Executive in January, which provided a formal response in February 2017. The outcome of this is that a further review of the Budget Scrutiny process will be undertaken to inform the 2017/18 budget setting process with the aim to ensure that Scrutiny receive sufficient detail on budget proposals and risk assessment methodology.

The 2016/17 Scrutiny work programme also focused on the provision of Leisure within Trafford; Home to School Transport; and income and savings projections. In addition, Task and Finish reviews of the One Trafford Partnership contract delivery and the Education, Health & Care Plan (EHCP) process were undertaken, both reviews concluded in March 2017. Official reports and recommendations are being considered by the relevant Executive Members.

Over the course of the year the Health Scrutiny Committee focused upon the Single Hospital Service, changes at Trafford General Urgent Care Centre and the development of Trafford Coordination Centre (TCC). Due to the extensive changes taking place within the Health and Social Care sector, and to ensure agenda items receive sufficient attention, it has been agreed that the number of meetings is to be increased in 2017/18 from four to six.

The Scrutiny Committee also ran two Task and finish Groups examining End of Life Care and Young People's Wellbeing. The End of Life Care group only performed preliminary investigations as they found the services to be in excellent condition. The Young People's Wellbeing group found a number of work streams being undertaken in this area and work is in progress, due to be reported in September 2017. In addition, the Joint Health Scrutiny Committee received regular updates on the New Health Deal for Trafford.

Progress against the Annual Delivery Plan (ADP) was reported quarterly through CLT and the Executive and monthly dashboard to portfolio holders. The ADP has a number of performance indicators. Of the details reported, there are 21 'Green' indicators (on target), 4 'Amber' (performance within an agreed percentage of the target) and 4 'Red' (below target). Where underperformance is identified, exception reports are produced detailing the initiatives underway to address these issues through Transformation and business as usual activities. The 2017/18 ADP was approved by the Executive in March 2017 and is aligned to the Vision 2031 priorities.

The Council continues to regularly review and monitor its Strategic Risk Register with updates to CLT and the Accounts & Audit Committee. The March 2017 report identified 16 strategic risks faced by the Council, each risk being managed by

nominated staff / groups within the Council. An Information Risk Register has been collated and is monitored through the Information Security Governance Board.

The Information Security Governance Board has established an action plan of key areas for improvement within the Council. The ISGB met regularly throughout 2016/17 to review progress on the implementation of these tasks throughout the Council.

The Authority continues to monitor risks in relation to Cyber security. The authority is PSN compliant, subject to independent penetration testing on both the internal and external network, and demonstrates compliance with Level 2 of the NHS Information Governance Toolkit.

During 2016 a 3rd party service provider has been appointed to provide additional ICT security capacity and capability, manage the firewall perimeters and provide accredited security advice. This has also included a full best practice review of Council IT Security policies mapped against ISO27001 standards.

The Council has acknowledged where further work is required to ensure it maintains effective business continuity management and have robust data recovery processes in place. (See Section 5.3 Significant Governance Issues 2017/18 - Business Continuity).

The Internal Audit 2016/17 work plan incorporated coverage of key financial systems and other business risks. Quarterly updates of work undertaken were provided to the Corporate Leadership Team and the Accounts and Audit Committee through the year. The Annual Report of the Head of Internal Audit for 2016/17 states that based on internal audit work undertaken during the year, the Internal Audit Opinion is that, overall, the control environment is operating to a satisfactory standard. The report states that follow up audit work in areas previously reviewed demonstrates that continuing improvements in controls are being made to address risks previously identified. Where areas for improvement have been identified during 2016/17, actions have been agreed with management which will be followed up in 2017/18.

The Internal Audit function operates in general conformance with the Public Sector Internal Audit Standards. The Council's assurance arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010).

In accordance with the Local Audit & Accountability Act 2014, a review of available options for future appointment of the external auditor was considered by the Accounts & Audit Committee during 2016/17. In common with most other local authorities, it was approved by Council in February 2017 to undertake the procurement via use of the sector led body Public Sector Audit Appointments (PSAA).

CIPFA SOLACE Principle G	Key Elements of Trafford Framework
<p><b>Implementing good practices in transparency, reporting and audit to deliver effective accountability</b></p>	<ul style="list-style-type: none"> <li>• Council Website</li> <li>• Freedom of Information Publication scheme</li> <li>• Trafford Partnership Data Innovation and Intelligence Lab</li> <li>• Marketing and Communications Team</li> <li>• Annual Financial Statements</li> <li>• Annual Governance Statement</li> <li>• Annual Scrutiny Report</li> <li>• Annual Delivery Plan</li> </ul>
<p>How we demonstrated effectiveness in 2016/17</p>	
<p>The External Auditor’s Annual Letter 2015/16 was presented to Accounts &amp; Audit Committee in November 2016 providing an unqualified opinion on the financial statements and identified that in all significant aspects, proper arrangements were in place to secure value for money.</p> <p>The Council welcomes external challenge and during 2016/17 commissioned a Local Government Association (LGA) Peer Review’ and also an Information Commissioner’s Office Data Protection audit. The findings and recommendations from the LGA Peer Review were publicised in March 2017.</p> <p>The Information Commissioner’s office review provided an overall “Reasonable” Assurance rating in relation the areas reviewed. An improvement plan will be implemented to address the recommendations made and incorporated within the Information Security Governance Board 2017/18 annual work plan, with regular updates to the Corporate Leadership Team. (See Section 5.3 Significant Governance Issues 2017/18 - Information Governance).</p> <p>During 2016/17, Ofsted and the Care Quality Commission (CQC) conducted a joint inspection to judge the effectiveness of Trafford in implementing the reforms for children and young people who have special educational needs and/or disabilities (SEND), as set out in the Children and Families Act 2014. The report highlights a number of strengths and some areas of improvement which the Council is working to address.</p> <p>A review was also completed in September 2016 by the CQC of adult services in respect of assessment and reablement, rapid response and 24 hour supported living. The report included an action plan for areas requiring addressing. A further inspection was completed in May 2017 which noted significant improvement since the September inspection with services rated by the CQC as “Good”.</p> <p>During 2016/17, the Council made significant improvement with responding to Freedom of Information (FOI) requests within their statutory timescale of 20 working days. The average response rate throughout 2016/17 was 87%, with a peak monthly</p>	



rate of 96%. The Council will continue to monitor closely FOI compliance to ensure statutory obligations are met.

The Council continues to publish a range of open data through its website and the InfoTrafford website. Through the Greater Manchester Data Synchronisation Programme, the Council has developed a collaborative approach and has overcome barriers local authorities face in making data available in properly open formats. The work of the Trafford Data, Innovation and Intelligence Lab supports the objectives of the Council and its partners to provide information to support policy making, inform commissioning and support investment decisions. The Lab has delivered the 1st year of a 3 year EU project to open up public data, focusing on worklessness and employment.

Progress in relation to addressing significant governance issues is formally reported both through the strategic risk reporting and the process for producing the Annual Governance Statement.

#### 4. Review of effectiveness

4.1 Trafford Council’s Corporate Governance Code sets out the Authority’s responsibility to undertake a review of the effectiveness of its governance framework on an annual basis. The review of effectiveness is informed by the work of the executive managers within the Authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit’s annual report, and also by comments made by the external auditors and the results of other reviews / inspections.

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

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

- 4.3 These governance functions are described in more detail within the Council's Corporate Governance Code and specific assurances or improvements delivered during 2016/17 are detailed in Sections 3 and 5 of this Statement.
- 4.4 We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Accounts and Audit Committee, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are set out in Section 5.**

## 5. Significant Governance issues

- 5.1 The Council takes seriously its responsibilities and duties with regard to ensuring continuous improvement in the way its functions are exercised and in consideration of economy, efficiency and effectiveness.
- 5.2 In response to the 2015/16 review of internal control governance, and the identification of particular significant governance issues, the Council has taken action to address these through actions in 2016/17. Detailed below are the significant governance issues highlighted in the 2015/16 Annual Governance Statement followed by action taken in 2016/17.

2015/16 Significant Issues	Action Taken 2016/17
<p><b>Medium Term financial position / savings</b></p> <p>The medium term outlook is that the Council will still need to make savings in excess of £47m over the three years from 2017/18 to 2019/20, a significant proportion of this being in 2017/18. Continued action will be required by the Council to address these budget challenges.</p>	<p>The approved budget for 2016/17 was £146.7m which included a budget gap of £22.64m, addressed in part from additional resources of £6.26m and savings of £16.38m. The savings target was amended during the year to reflect the decision made by the Executive to amend the policy on social care transport reducing the overall target to £16.1m.</p> <p>The outturn shows that £15.5m of the savings target was achieved. The transformation programme will over-achieve slightly against its savings target by £27k, the business as usual and corporate savings show a shortfall of £220k and the recovery of Continuing Health Care costs from the CCG show a shortfall of £403k, giving an overall shortfall of £596k. This will be met by underspends in other non-savings related budget lines.</p> <p>The budget for 2017/18 is £160.83m and included meeting a budget gap of £25.4m. This was bridged through the identification of savings and new income proposals of £15.57m, additional business rate income of £2.53m and an increase in council tax comprising a general increase of 1.99% and 3% increase in respect of the adult social care precept worth a combined £4.2m.</p> <p>During the year the Council agreed an efficiency Plan which meant that the Council would secure the stability of a multi-year financial settlement.</p>

2015/16 Significant Issues	Action Taken 2016/17
	<p>Whilst the majority of the in-year savings programme was successfully delivered the pressure on business rate income and growth to support the budget was magnified. This was due to the large numbers of new appeals against rateable values caused by large infrastructure projects in and around Trafford Park and the Trafford Centre.</p>
<p><b>Transformation Programme delivery</b></p> <p>The delivery of programme outcomes and benefits realisation was identified as a significant risk to the Authority with a projected saving target for 2016/17 of £9.94m.</p> <p>Key activities for the year included the GM Shared service, Youth Trust and Health integration.</p> <p>Revised programme governance and assurance reporting are in place to deliver savings.</p>	<p>As referred to above, the overall budget gap in 2016/17 to be met from savings was £16.1m. The final level of savings was £15.5m, a shortfall of £596k which has been met from non-saving related budgets.</p> <p>The Transformation Projects outturn of £7.412m delivers a surplus of £27k against the savings target of £7.385m. As at 26 April 2017, there are:</p> <ul style="list-style-type: none"> <li>• 13 projects recommended for closure</li> <li>• 9 are recommended to carry forward (with a specific approach proposed)</li> <li>• There are 4 projects recommended for monitoring in 2017/18 for full-year effect savings delivery.</li> </ul> <p>Key achievement in 2016/17 related to:</p> <ul style="list-style-type: none"> <li>- GMSS in partnership with GMP</li> <li>- Trafford Youth Trust</li> <li>- Trafford Leisure</li> <li>- A new CCTV delivery partnership with Salford Council</li> <li>- An all age, integrated health and social care partnership agreement and management structure with Pennine Care NHS Foundation Trust</li> <li>- ICT integrations with the Trafford Coordination Centre</li> <li>- Remodelled social care provision</li> <li>- One Trafford Response.</li> </ul>

2015/16 Significant Issues	Action Taken 2016/17
	<p>It is proposed the Reshaping Trafford programme will close, replaced by the Together Trafford Vision 2031 Transformation Portfolio. As part of this process a closedown report and lessons learnt will be produced.</p>
<p><b>Public Service Reform (PSR)</b></p> <p>The PSR programme is aligned to the Health and Social Care integration programme with the aim of creating a single New Operating Model across partners for Trafford based on a 4 locality place-based model, to co-ordinate service provision, making full use of community assets, Voluntary, Community and Social Enterprise services and adopting a single key-worker approach.</p> <p>Supporting work streams are being developed as part of a 3-5 year programme, and proposed the Perfect Weekend- a cross-partnership exercise to observe, assess and analyse how demand is managed in Trafford across a 24/7 timeframe in order to inform redesign of services to improve outcomes for Trafford residents.</p> <p><b>A further action reported in the 2015/16 AGS for 2016/17 (headed under “Devolution”) related to the GM Work and Skills programme. This reported that the programme focuses on ten priorities and an action plan has been developed for each of the priorities which detail short, medium and long term actions. Many of these priorities can be progressed in the short</b></p>	<p>In March 2016, the Greater Manchester Combined Authority issued guidance for all 10 member local authorities to provide a consistent vision and framework for the delivery of Integrated Public Service Reform. As part of the framework, a set of key design principles were issued which would underpin locally devised reform models. These principles will be integrated across a range of Transformation projects to ensure that the reform of key public services is planned and delivered in a co-ordinated and sustainable way, with a strong focus on locality led solutions, dedicated support, and a greater emphasis on prevention and early help. E.g: All Age Front Door, Integrated Health &amp; social care, One Trafford Estate, Complex Dependency and sustainability of the Troubled Families programme, Keeping Families Together and Place Based Integration</p> <p>During 2016 the One Trafford Response exercise utilised the Trafford Co-ordination Centre to test the multi-agency approach to provide a single point of access to services and to provide live time information to inform holistic case management and intelligent commissioning. This involved 181 staff across 21 organisations, and feedback and analysis has been used to inform the development of the place based pilot– North area Old Trafford and Stretford is due to commenced in spring 2017.</p> <p>An agreed vision for placed based working and design principles have been developed based on the One Trafford response exercise and approved by the PSR Strategic Board. The Governance structures engage stakeholders through the PSR operational Group and VCSE Strategic forum.</p> <p>Reform of Work and Skills now sits within the PSR programme and as such the Working Well programme reports to the PSR Governance structures.</p>

2015/16 Significant Issues	Action Taken 2016/17
<p><b>term via a range of deliverables that GM is already committed to pursuing to implement the November 2014 and November 2015 Devolution Agreements.</b></p>	<p>Programme issues are reported initially to the PSR Operational Leads group and where necessary escalated up to the PSR Board for Senior Leader action. Referrals ceased for the Working well pilot at the end of March 2017 and the provider continues to work for up to two years with existing clients. The Working Well Expansion programme is still being rolled out and brings in new cohorts of claimants including lone parents and job seeker allowance claimants leaving the Department for Work and Pensions. There are currently over 700 clients on the programme in Trafford and 37 have so far moved into work. The Manchester Growth Company is now delivering both the Working Well Expansion and the complementary Skills for Employment programme. Work has also progressed on the development of the new Work and Health programme which will replace Working Well later this year.</p>
<p><b>Locality partnerships</b> Further work required to ensure the Asset Based Community Development (ABCD) and Community Builder Programmes are embedded in the new Place Based Integration work stream.</p> <p>Through the role of the Partnership and Communities Team and campaigns, to provide direct support enabling neighbourhood partnerships to become more resident-led. To run the 2016 Voluntary Sector Grants programme in-house to generate in the region of £35k efficiency savings.</p> <p>To develop a performance framework and outcomes measurement tool to demonstrate how locality projects are delivering against strategic priorities and for the Trafford Partnership Data Innovation and Intelligence Lab to map / track projects that have</p>	<p>During 2016/17 Locality working has been supported through the development of Enabling groups: a small team of residents, councillors and agency representatives who lead the work programme in each area (shifting power from council to community).</p> <p>Community Builders and Community Connectors are in place to connect people in neighbourhoods so that all resources working in localities have a common understanding of what's available.</p> <p>As part of the 'Be Bold be the Difference' campaign, a range of training and awareness sessions have been rolled out to staff through social media and Enabling groups, working with the community to understand how community groups can function alongside the council to achieve shared goals.</p> <p>A range of Locality Partnership events were delivered across the borough in relation to environment, youth activities, physical activity and health and wellbeing attended by over 400 people from the community, agencies and businesses.</p>

2015/16 Significant Issues	Action Taken 2016/17
<p>received grant funding and businesses in Trafford.</p>	<p>The Council's £100,000 voluntary sector grants scheme was delivered (42 community projects, 25 micro-grants to residents, 1500 residents voted at 4 community events).</p> <p>Further work identified includes:</p> <ul style="list-style-type: none"> <li>-Continue to develop PSR to follow locality working principles of co-production, sharing information and resources, to bring in a wider range of stakeholders and communities to deliver true co-production. This will be achieved by co-locating communities officers trained in Community Building and with strong links to the local VCSE in the new place based multi-agency team</li> <li>-To embed locality working in organisations, through workforce strategy.</li> <li>-To ensure realistic timescale and resource available to embed new relationships and culture across partner agencies, a delivery plan for the Building Strong Communities Strategy is being developed.</li> </ul> <p>The Locality project closed and will be merged into Vision 2031.</p>
<p><b>Information Governance</b></p> <p>Further action is required to embed information governance across the Council through the role of the Information Governance Team providing advice to support key projects and monitoring of key activities through the Information Security Governance Board Work plan.</p> <p>The Council is committed to undertake a voluntary audit from the Information Commissioner's Office during 2016/17, working to improve response times to Freedom of Information Requests</p>	<p>The Information Security Governance Board established an action plan of key areas for improvement within the Council. The ISGB met regularly throughout 2016/17 to review progress on the implementation of these tasks throughout the Council. Progress is monitored by CLT, and data protection and information security risks are reported through the Strategic Risk Register.</p> <p>A Corporate Information Risk Register has been compiled and is monitored as a standing item at the ISGB meetings.</p> <p>Key work undertaken included review and update of Information Governance policies and procedures for responding to Freedom of Information and Subject Access Requests. A staff awareness campaign was delivered with roll out of refresher Information Governance Training for staff who process</p>

<b>2015/16 Significant Issues</b>	<b>Action Taken 2016/17</b>
	<p>personal and/or sensitive information. Staff completion rates for the Data Protection training and Information Security training is much improved with rates for successful completion at 92% and 91% respectively.</p> <p>The Information Commissioner’s Office audit was carried out during January 2017; the scope covered:</p> <ul style="list-style-type: none"> <li>• Data protection governance</li> <li>• Training and awareness</li> <li>• Subject access requests</li> </ul> <p>This provided a ‘reasonable’ level of assurance that processes and procedures are in place and delivering data protection compliance. This is the second highest level of assurance that can be awarded. The report includes an action plan setting out recommendations for improvement in existing arrangements to reduce the risk of non-compliance with the Data Protection Act.</p> <p>The NHS Information Governance toolkit assessment was completed and submitted in accordance with the prescribed timeframe.</p> <p>The Council’s statutory response times to FOI requests has significantly improved during 2016/17 compared to previous years. Improvements have been made in completing overdue requests.</p>
<p><b>Devolution /GM Work and Skills Programme</b></p> <p>See Significant Issue above “Public Service Reform” in respect of the GM Work and Skills Programme. This activity is now covered as part of that programme.</p>	<p>See above re Public Service Reform.</p>



2015/16 Significant Issues	Action Taken 2016/17
<p><b>Business Continuity</b></p> <p>Improvements are required in Council processes in relation to business continuity both in respect of service procedures and central IT disaster recovery processes. This is to ensure the Council's services have robust continuity arrangements in place in the event of disruptions occurring. Action is taking place to improve arrangements and will continue to progress during 2016/17.</p>	<p>During 2016/17 Business Impact analysis has been updated for the majority of service areas including identification of Recovery Point Objective (RPO) and Recovery Time Objective (RTO) for IT system restoration, and to prioritise and identify single points of failure. Quarterly reporting to the Transformation, Performance and Resources (TPR) group has taken place during 2016/17 and monitoring of the improvement action plan.</p> <p>The Trafford Data centre model is currently structured through on premise and co-location hosting through an internal ICT function and data centre at Trafford Town Hall (TTH) and a backup site at Sale Waterside. The Council has been considering the Cloud option for all new service provisions especially when the non-functional business requirements specify disaster recovery. An investment decision is required in relation to the legacy investment in the Council data centre, and to support this further work has been undertaken to map the current state ICT Architecture capability.</p> <p>The Transformation and Resources Directorate have undertaken an ICT Architecture Review of the Trafford ICT landscape with the purpose of documenting and understanding our current ICT architecture capability. The objective of this exercise was to collate our current ICT capability into industry recognised ICT Architecture groupings. It is proposed to maintain and develop our ICT Capability Landscape via the engagement of an external Design Authority Partner (DA) who can provide enterprise, solution and infrastructure architecture capability on a call off basis to supplement the existing Trafford ICT team.</p> <p>The Head of ICT attended the April 2017 TPR meeting to update on work required to develop IT DR capacity and to discuss how this can be aligned to the overall business continuity management approach.</p>

## Significant Governance Issues 2017/18

5.3 The Council is committed to achieving its objectives through good governance and continuous improvement. Going forward, the Council will continue to ensure the Council effectively delivers its objectives and manages its resources to meet the ongoing financial challenges being faced. Detailed below are significant governance issues and actions planned to address these in 2017/18.

<p><b>Delivery of ‘Together Trafford-Vision 2031’</b></p>	<p>‘Together Trafford Vision 2031’ based on the premise “No one will be held back and no one left behind” has been developed in partnership with key agencies, and through engagement with voluntary, community and faith representation.</p> <p>Vision 2031 consists of a number of major programmes and other projects. These include:</p> <ul style="list-style-type: none"> <li>- The Vision and Strategy programme</li> <li>- Public Service Reform</li> <li>- Health and Social Care Integration</li> <li>- The Social Care Sustainability Programme</li> <li>- The Investment and Place Shaping Programme.</li> </ul> <p>The governance structure supporting Vision 2031 has been designed, with the overarching responsibility sitting with the Trafford Partnership Board. Underpinning the Vision 2031 delivery portfolio are seven key interventions (See pages 8&amp;9).</p> <p>The Council’s 2017/18 Annual Delivery Plan has been aligned with the Vision 2031 interventions there will be regular reporting to the Executive through the year on progress.</p>
<p><b>Medium Term Financial Position / savings</b></p>	<p>Further work will be required to address the residual budget gap of £13.19m in 2018/19 and £6.05m in 2019/20. In the longer term it is aimed that Vision 2031 will deliver sustainable benefits but there is significant pressure to identify savings/additional income that will support the budget in the short term. A number of actions will be progressed.</p> <p>The Council is developing an Investment Strategy aimed at generating additional income streams to support the revenue budget.</p>

	<p>As part of the preparation to the full implementation of 100% Business Rates Retention in 2019/20 the Government is carrying out a needs review which will take account of the cost of providing services locally. The Council intends to play a full part in this review.</p>
<p><b>Information Governance</b></p>	<p>An action plan has been put in place to implement the recommendations from the ICO review and will be monitored through the ISGB. The ICO will carry a six month follow up on progress undertaken through self-assessment.</p> <p>The Authority is currently planning to ensure implementation of the requirements of the EU General Data Protection Regulations (GDPR) for May 2018. In addition, a collaborative approach to review the various changes and requirements introduced by GDPR is being undertaken at GM Level which will feed into the Council's work plan on this.</p> <p>Going forward, there will be significant work around Public Service Reform (PSR) in order to review and improve ways of working to remove areas of duplication of work. Currently, the One Trafford Response programme is the first significant PSR project underway and IG have been involved from the outset to review concepts and to provide advice on the data protection considerations to be resolved prior to its implementation.</p>
<p><b>Business Continuity</b></p>	<p>There will be ongoing monitoring of business continuity through the Strategic Risk Register and quarterly updates to the Transformation, Performance and Resources (TPR) group.</p> <p>An approach is to be agreed for the review of the business requirements (including Business Impact Analysis refresh) and to update system restoration priorities to inform ICT investment decisions.</p> <p>A market tender for an external Design Authority Partner (DA) will be issued in May 2017.</p> <p>The Capability Landscape will be fully costed in terms of ongoing revenue and annual capital spend, and benchmarked via the Society of Information Technology Management to provide CLT with a 'value for money' position on the capability landscape which can be linked to future decisions and business cases. It is aimed to start the benchmark process in April 2017.</p>

	<p>On behalf of the Audit and Assurance Service, Salford IT Audit Services will assess the Capability Landscape in terms of a Disaster Recovery readiness and determine whether existing solutions can meet business recovery time and point objectives (RTO and RPO) or to consider alternative solutions.</p> <p>A set of Trafford Architecture ‘rule of the road’ will be adopted to ensure we maintain the standardisation features of the existing landscape and avoid introducing complexity based on duplication or poor investments. These standards will be reviewed and enhanced by our Design Authority partner when appointed.</p> <p>Trafford have invested in a backup solution which has the capability to recover a service to an offsite location using the backup data. Trafford will test the solution using a desktop Proof of Concept by June 2017.</p> <p>As part of the 2017/18 Capital Plan the ICT capability at Sale will be enhanced with specific focus on increasing the network bandwidth and resilience; enhancing the facilities environment power and cooling and upgrading the server infrastructure.</p>
--	---

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

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

*(Note: Final version of the 2016/17 Annual Governance Statement to be signed off, in September 2017, by the Chief Executive and Leader of the Council).*