

ACCOUNTS AND AUDIT COMMITTEE

30 JUNE 2015

PRESENT

Councillor A. Mitchell (in the Chair).

Councillors J. Baugh, C. Boyes, B. Brotherton, D. Butt, N. Evans and T. Ross.

In attendance

Director of Finance (Mr. I. Duncan),

Audit and Assurance Manager (Mr. M. Foster),

Technical Finance Manager (Mr. G. Bentley),

Finance Manager (Mr. D. Muggeridge),

Children's Family and Wellbeing Client Finance Manager (Mr. P. Herd),

Principal Audit and Assurance Team Leader (Mr. J. Miller),

Insurance Officer (Ms. C. Whyte),

Senior Democratic and Scrutiny Officer (Mr. I. Cockill).

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

1. MEMBERSHIP OF THE COMMITTEE 2015/16, INCLUDING CHAIRMAN, VICE-CHAIRMAN AND OPPOSITION SPOKESPERSON

The Chairman welcomed Councillor Nathan Evans to his first meeting as a Member of the Committee and advised that, after an absence of a few years, he was returning to serve on the Accounts and Audit Committee.

RESOLVED: That the Membership of the Committee for the 2015/16 Municipal Year, as appointed at the Annual Meeting of the Council held on 28 May 2015 and set out below, be noted:

Councillors Baugh, Boyes, Brotherton, Butt (Vice-Chairman), Evans, Mitchell (Chairman) and Ross (Opposition Spokesperson).

2. VARIATION IN THE ORDER OF THE AGENDA

The Committee consented to vary the order of the agenda and consider Agenda Item 9 – Insurance Report following Agenda Item 4 - Minutes.

Note: These minutes are set out in the order of the agenda.

3. TERMS OF REFERENCE

RESOLVED: That the Committee's Terms of Reference, as agreed at the Annual Meeting of the Council held on 28 May 2015, be noted.

4. MINUTES

RESOLVED: That the Minutes of the meeting held on 24 March 2015, be approved as a correct record and signed by the Chairman.

5. PRESENTATION ON SCHOOLS FUNDING

The Committee received a presentation from the Children's Family and Wellbeing Client Finance Manager providing an overview of the Dedicated Schools Grant for Trafford and a comparison of funding arrangements against other authorities.

Members also received an explanation of the Pupil Premium Grant which provided extra funding for every child who had been on Free School Meals at some point over the last 6 years. Councillor Baugh asked how many pupils this equated to and the Finance Manager agreed to advise on the numbers.

The Committee was grateful for the provision of such comprehensive and useful information on this matter and given the probable financial constraints to schools, suggested that the presentation document be circulated to Head Teachers and Chairs of Governors. The Director of Finance informed Members that the Council would consult with the Schools Forum on the most appropriate way of sharing this information. In addition, an electronic version of the presentation would be circulated to Members of the Committee.

RESOLVED: That the presentation be noted and the Finance Manager be thanked for providing the Committee with really helpful information.

6. PRE-AUDITED ACCOUNTS 2014/15

The Director of Finance submitted the full pre-audited Statement of Accounts for the year ended 31 March 2015. The Committee also received the 2014/15 Revenue Budget Monitoring Outturn and Capital Investment Programme Outturn reports which had been presented to the Executive on 29 June 2015.

The Director of Finance outlined the key features in the Accounts and highlighted that the outturn for the year was £3.925 million below the original budget set in February 2014. The Committee was also advised that the final surplus on the Business Rate Retention scheme for 2014/15 was largely due to the approach taken by the Council when the new arrangements were introduced.

RESOLVED –

- (1) That the Committee notes the Accounts 2015, prior to submission to the external auditor and public inspection.
- (2) That the Director of Finance be thanked for the production of the Accounts and that the Committee conveys appreciation for all the hard work and effort of his team.

7. TREASURY MANAGEMENT ANNUAL PERFORMANCE 2014/15

The Executive Member for Finance and the Director of Finance submitted a joint report reviewing treasury activities for the past financial year, in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice as adopted by the Council.

Accounts and Audit Committee
30 June 2015

RESOLVED: That the Committee advises the Council:

- (i) of the Treasury Management activities undertaken in 2014/15;
- (ii) that no prudential limits were breached during 2014/15; and
- (iii) that both the CIPFA Code of Practice on Treasury Management and CIPFA Prudential Code for Capital Finance were fully complied with.

8. TREASURY MANAGEMENT STRATEGY - THE LOCAL AUTHORITIES' PROPERTY INVESTMENT FUND

The Executive Member for Finance and the Director of Finance submitted a joint report proposing a new investment instrument be added to those currently permitted to be used, as outlined in the Council's Treasury Management Strategy approved 18 February 2015.

RESOLVED: That the Committee recommends to Council the following elements for approval:

- inclusion of the Local Authorities Property Investment fund into the current Investment strategy;
- maximum duration funds can be placed in an investment instrument be extended from 3 years to 10 years however this extension only applies to monies placed in this fund;
- maximum level of funds to be placed into this fund be set at £10 million;
- the Prudential indicator for Upper limit for sums invested over 364 days be amended from £60 million 2015/16, £60 million 2016/17 and £50 million 2017/18 to £70 million 2015/16, £70 million 2016/17 and £60 million 2017/18 and a new category be incorporated under the existing Investment criteria, as detailed at Appendix A to the report.

9. INSURANCE REPORT 2014/15

The Director of Finance submitted a report providing a summary of insurance performance for 2014/15. The report provided an update on performance in respect of the major classes of insurance, the current budget position and the insurance profile after the Joint Venture contract for services previously provided by the Highways Team.

Members asked whether the Joint Venture could increase the risk of claims and were reassured that the contract would be managed by a series of Key Performance Indicators and contained a penalty mechanism if these were not met. Ultimately, the annual fee could be adjusted should the claims experience deteriorate.

Questioned about the 9 outstanding high value claims, as at 31 March 2015, the Insurance Officer agreed to confirm to Councillor Boyes how many were highway tripping claims.

RESOLVED: That the report be noted.

10. AUDIT PROGRESS REPORT

Members received a report from Grant Thornton UK LLP on the progress at June 2015, in delivering its responsibilities as the Authority's external auditor.

The report also highlighted key emerging national issues and developments and a number of challenge questions in respect of the emerging issues.

The Committee acknowledged the key messages from Grant Thornton's second welfare report 'Easing the burden: The impacts of welfare reform on local government and social housing sector' and requested an assessment from the Trafford perspective.

RESOLVED: That the Committee notes the report and that the Director of Finance will prepare a report on the issues and risks of the welfare reform agenda in the context of Trafford.

11. ANNUAL INTERNAL AUDIT REPORT 2014/15

The Audit and Assurance Manager submitted a report providing an opinion on the standard of internal controls during 2014/15 and a summary of the work of the Audit and Assurance Service during the period.

RESOLVED: That the report be noted.

12. DRAFT ANNUAL GOVERNANCE STATEMENT 2014/15

The Audit and Assurance Manager submitted a report setting out the Draft 2014/15 Annual Governance Statement (AGS) following its review by the Corporate Management Team (CMT) and a sub-group of the Accounts and Audit Committee, namely, the Chairman (Councillor Mitchell), Vice-Chairman (Councillor Butt) and Opposition Spokesperson (Councillor Ross).

The report advised that the AGS would take into account any feedback or further developments through June to September 2015. The final version, signed off by the Leader of the Council and Chief Executive, would be presented for approval by the Committee in September 2015 to accompany the Council's Accounts.

RESOLVED: That the Committee notes that:

- (a) the delegated Sub-Group of the Accounts and Audit Committee has reviewed the content of the 2014/15 Annual Governance Statement and also the additional detail added within the Corporate Governance Code; and
- (b) 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 2015.

13. ANNUAL ACCOUNTS AND AUDIT COMMITTEE REPORT 2014/15

The Committee considered the draft Accounts and Audit Committee Annual Report for 2014/15 prepared by the 2014/15 Chairman and Vice-Chairman for submission to the Council.

RESOLVED: That the 2014/15 Annual Report of the Accounts and Audit Committee be noted and presented to the Council for information.

14. ACCOUNTS AND AUDIT COMMITTEE - WORK PROGRAMME - 2015/16

The Audit and Assurance Manager submitted a report setting out the Committee's proposed work plan for the 2015/16 Municipal Year, outlining the areas to be considered by the Committee at each of its meetings over the period of the year. The work plan would help to ensure that the Committee met its responsibilities under its Terms of Reference and maintained focus on key issues and priorities, as defined by the Committee.

The transfer of Children's Health Services to the local authority in October 2015 was suggested as a possible work area, in terms of the budget value to Trafford of the services and any areas of risk. Members were advised that this would be raised with Health Scrutiny and subject to that discussion may be added to the work programme.

RESOLVED –

- (1) That the 2015/16 work programme be approved.
- (2) That the Committee notes that the Public Health issue relating to the transfer of Children's Health Services to the local authority from October 2015 shall be considered as a potential item for either the Health Scrutiny Committee or its own work programme.

The meeting commenced at 6.30 p.m. and finished at 8.28 p.m.