



TRAFFORD COUNCIL

ANNUAL GOVERNANCE STATEMENT 2017/18

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 2018 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 2017/18 with reference to each of the seven governance principles.

CIPFA SOLACE Principle A.	Key Elements of Trafford Framework
Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	<ul style="list-style-type: none"> • Constitution • Employee Code of Conduct • Members Code of Conduct • Register of Interests • Disciplinary Policy • ICT Acceptable Use Policy • Anti-Fraud & Corruption Strategy • Confidential Reporting Code • Standards Committee • Corporate Governance Code
How we demonstrated effectiveness in 2017/18	
<p>The Constitution, committee membership and delegated functions were reviewed and approved by Full Council on 24 May 2017. The Standards Committee met twice in the 2017/18 receiving updates from the Monitoring Officer in relation to local standards and best practice developments such as around Information Governance, Members awareness of standards issues and reports from the Ombudsman. The Committee also responded to consultations about the future of the standards regime.</p> <p>The Executive and Scrutiny Committee also considered a report following the annual letter from the LG Ombudsman which set out the overall position regarding complaints in the year.</p> <p>All members complete a Register of Interests which is published online detailing disclosable pecuniary interests, other interests and provide a record of gifts & hospitality received. Members are asked to review their declarations and update their interests where appropriate. The Council’s Members Allowances Scheme is also published on the Council’s website.</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 and was introduced during 2017/18.</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 an agreed Anti-Fraud & Corruption Policy and Strategy, Fraud Response Plan and Whistleblowing Policy. Details of how to report suspected fraud are included on the Council website. Following the update of fraud reporting details on the website in the previous year, referrals of suspected fraud can be reported to the Council using an online form. A review of the Whistleblowing Policy is planned for</p>	

2018/19.

The 2016/17 Annual Report for the Counter Fraud and Enforcement team was presented to the Accounts & Audit Committee in September 2017 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, Business rates & Adult social care funding misuse. An annual report for 2017/18 will be reported to the Accounts and Audit Committee by September 2018.

The Council continues to participate in the National Fraud Initiative (NFI) data matching exercise. An update on outcomes was provided to the Accounts and Audit Committee in February 2018 with a further update included in the Annual Head of Internal Audit Report 2017/18.

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).

The Council now has a harmonised Procurement Strategy for 2017-20, which was agreed at the Stockport, Trafford and Rochdale (STAR) Joint Committee meeting in August 2017.

CIPFA SOLACE Principle B.	Key Elements of Trafford Framework
Ensuring openness and comprehensive stakeholder engagement	<ul style="list-style-type: none">• Decision Making Protocols• Access to Information Procedure Rules• Budget Consultation• Trafford Partnership Board & Strategic Boards• Public Service Reform Board & Operational Group• Building Strong Communities Strategy• Locality Working Programme• Joint Strategic Needs Assessment
How we demonstrated effectiveness in 2017/18	
<p>The Council continues to maintain its decision making protocols and is transparent in its decision making, complying fully with access to information requirements. The Council webcasts full Council meetings with 1400 people viewing debates.</p> <p>A number of consultation exercises were carried out in 2017/18 including a major consultation on the Stretford Masterplan. The findings of the public consultation on the draft Refreshed Stretford Masterplan fed into revised plans and on-going engagement with residents is planned. Consultations on certain aspects of the budget and local schemes were also carried out in the year. A staff consultation</p>	

exercise on the extension of the mandatory leave scheme was carried out and staff were consulted on the proposed integration between the Council and CCG.

In 2017/18, the approach to community engagement through locality partnerships has been aligned with the Trafford Vision 2031. There are seven interventions which require locality engagement, involving communities and partners in shaping priorities and delivering action with different approaches to local engagement. For example, in Partington and Carrington new relationships have been formed with a small group of residents to lead the engagement of residents and agencies in developing and delivering a 2031 vision for the local area. This new community-led approach has been very successful so far, and will be tried in other areas of the borough in 2018/19.

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 & 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 integrated place based multi-agency teams, one for each of Trafford's locality/ neighbourhood 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. This led to the One Trafford Response (OTR) model for integrated place-base working, which has been tested in the Stretford area since May 2017. Using learning from the Stronger Families whole family key-worker approach partners have worked differently with over 50 individuals and families with a range of complex needs, sharing information more effectively to ensure people get the right sort of support at the right time. OTR is now being rolled out as part of a wider Place-Based Early Help approach through a whole borough workforce and leadership development framework. This will induct and upskill all staff from across all partners, including GPs, schools and the Voluntary sector to work in new ways, providing earlier and more co-ordinated interventions with residents. The workforce programme will begin in late April 2018 and seeks to train up to 1000 staff in the first 12 months.

The Council continues to support the voluntary sector to take positive action, through its £80,000 community grants scheme which saw 38 groups funded decided by community voting events. In addition 66 micro-grants were awarded to residents to kick-start small projects, as well as a £40,000 equality grants scheme supporting projects to increase physical activity in diverse communities. The Council continues to commission Thrive Trafford to provide capacity building, funding, volunteering and business engagement support to local voluntary, community and social enterprise (VCSE) organisations.

CIPFA SOLACE Principle C	Key Elements of Trafford Framework
Defining outcomes in terms of sustainable economic, social and environmental benefits	<ul style="list-style-type: none"> • Together Trafford ‘Vision 2031’ • Core Strategy • Trafford Locality Plan • Physical Activity Vision • Medium Term Financial Strategy
How we demonstrated effectiveness in 2017/18	
<p>During 2017/18 the Council has continued to review its strategy to reflect local and national changes including devolution, future funding arrangements, the Greater Manchester Reform framework for whole system reform, including Health and Social Care integration.</p> <p>Our ‘Trafford - Vision 2031’ based on the premise ‘No one will be held back and no one left behind’ continues to be developed in partnership with key agencies, and through engagement with voluntary, community and faith representation. A communication campaign to increase awareness amongst our staff, residents and businesses will be launched over the summer of 2018 guided by two principles:</p> <ul style="list-style-type: none"> • People: the council will help residents to help themselves and each other • Place: to create a place where people want to live, stay, learn, work, invest and relax <p>Supporting the vision, the seven interventions (short - medium term priorities) underpins the Council’s Annual Delivery Plan and Medium Term Financial Plan. The interventions are as follows:</p> <ul style="list-style-type: none"> • Mersey Valley becomes a significant visitor attraction that connects the North to the South of the Borough • Creating a national beacon for sports, leisure and activity for all- Make Trafford a Destination of Choice • Accelerate housing and economic growth so everyone benefits • Supporting communities and businesses to work together to design services, help themselves and each other • One Trafford: Behaviour Change and Building Stronger Communities • Developing a wider education and skills offer that better connects people to jobs • Optimising technology to improve lives and productivity <p>Trafford has progressed the first year of delivery against its 5 Year Health and Social Care Locality Plan with a focus on integrating strategic commissioning functions between the Council and the CCG; planning for a Care Complex to provide end of life and intermediate care and respite facilities; developing a Local Care Alliance for health and social care providers; providing multi-disciplinary teams in care homes to</p>	

reduce emergency hospital admissions; co-locating pharmacies in GP practices; and creating a New Primary Care organisation as a new organisational form for GP practices to work together to improve local services to residents.

The Council's Physical Activity Vision "*By 2031 every resident is moving more, everyday*" has been formally launched. The Physical Activity Strategy and Implementation Framework identifies outcomes across the life course with a particular focus on increasing activity in certain cohorts: women and girls, disability groups; older people and more deprived communities. The Leisure Strategy project aims to develop an overarching Leisure Strategy aligned to Vision 2031.

The Council's Medium Term Financial Strategy has continued to be reviewed and updated throughout the year and as part of the updated budget approach the Council approved a new Investment Strategy in July 2017. The objective of this being to support the Council's financial resilience over the next few years and offer an alternative solution that can be used to address future budget gaps.

CIPFA SOLACE Principle D	Key Elements of Trafford Framework
Determining the interventions necessary to optimise the achievement of the intended outcomes	<ul style="list-style-type: none"> • Transformation Programme • Annual Delivery Plan • Medium Term Financial Plan • Efficiency Plan • Capital Investment Programme • Social Value Framework
How we demonstrated effectiveness in 2017/18	
<p>The Council continues to monitor its performance through the Annual Delivery Plan and the delivery of transformation outcomes are monitored through the Corporate Leadership Team. Progress in delivering ADP outcomes was good with a high number of indicators meeting their targets. Both the Executive and Scrutiny Committee consider ADP quarterly reports and exception reports are provided to demonstrate how performance which is not at target will be improved.</p> <p>During 2016 the Council accepted a multi-year government funding settlement which provided a greater level of financial stability over the next few years with guaranteed levels of mainstream government funding. Despite this in determining the budget for 2017/18 an overall budget gap of £25.37m was addressed by a combination of additional resources of £9.80m and £15.57m of service savings and additional income.</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. The Executive and CCG Governing Body agreed to move to the next phase of</p>	

integration with effect from 1 April 2018. This will involve the formation of a Joint Committee, management, commissioning and shared support services.

Following a strategic review of leisure facilities across the borough, planned investment of £46m has been agreed as part of the authority's Capital Programme and project management is in place to deliver this. The delivery of individual schemes to be the subject of individual business cases. 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. Progress is underway with the refurbishment of Urmston Leisure Centre in the first phase of works. Design scope is underway for a new leisure centre on the site of the existing one in Altrincham. Further evaluation work is required on the cost benefit of building a new Sale Leisure Centre or to refurbish the existing site.

The original proposals to refurbish Stretford Leisure centre have been superseded with the proposals for UA92 which improve the commercial viability to build a new Leisure Centre. The exact location will be determined through the Civic Quarter Master-Planning work. Once determined detailed designs will be developed from the indicative designs prepared to date.

Council officers are now considering a number of requests for Long Term Security of Tenure for sports clubs and associations in Trafford with the aim to broaden access, helping to ensure that the clubs are sustainable and facilitating them to explore grant funding opportunities to lever investment in to facilities.

The Council is at feasibility stage with the Parklife Programme which seeks to establish up to 3 all-weather multi-pitch sites for the promotion of grass roots football in Trafford. Trafford Leisure continues to develop the GP referral scheme which has seen over 1200 referrals since it was launched in 2017 and all GP practices signing up to an MOU.

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. In 2017/18 the Trust invested £310,000 through its grants programme, supporting 42 of Trafford's VCSE organisations through the small, medium and large grant to support 2,400 young people.

The Trafford Social Value Group brings officers from across Council Directorates, alongside partner organisations, to support contract managers to maximise additional social, environmental and economic contributions from contracts in line with the Greater Manchester Combined Authority (GMCA) Social Value Policy.

STAR have achieved its target of 10% average Social Value weighting in tenders are

set to achieve target of 50% of contracts resulting in measurable Social Value, and have delivered Social Value and Risk Based training to Commissioners during 2017/18.

STAR are working with the AGMA Procurement Hub in developing a tool for reporting Social Value outcomes across Greater Manchester.

CIPFA SOLACE Principle E	Key Elements of Trafford Framework
Developing the entity's capacity, including the capability of its leadership and the individuals within it	<ul style="list-style-type: none"> • Supporting Change to Happen Strategy • Member Development Strategy • Members' Training Plan • Members' Induction Process • Employee Training & Development Plan • Corporate Induction Procedure • Employees Personal Development Review (PDR) • Staff Health & Wellbeing Strategy • Absence Management Strategy

How we demonstrated effectiveness in 2017/18

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. In December 2017, Trafford Council was awarded £85,000 as a grant from the 'One Public Estate' programme to undertake a 'Locality Asset Review'. The review will be undertaken early in 2018/19 and will bring the whole public sector within the borough together, to assess the size of the public estate required for the future delivery of improved services. A strategic plan will be developed to achieve the efficient estate that Trafford's public services require. In addition, further assessments and pilot projects will be performed to understand how best to provide working spaces that can be shared by a broad range of public sector colleagues to support the integration and service improvements sought throughout the sector.

A Supporting Change to Happen strategy is in place which identifies areas of good practice and supports the workforce through organisational change by offering a range of tailored improvement opportunities through better use of technology, training and leadership support. A suite of learning and development interventions were available throughout 2017/18 for staff to equip themselves with tools, techniques and skills to manage their own personal transition to work successfully in the new delivery models.

Training and Development Plans are in place at directorate level and cross council, which are refreshed and updated annually. The Training offer is delivered both face to face and via the e-learning platform and offers access to coaching opportunities and

relevant qualifications via the Apprenticeship levy.

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 have been identified at senior manager level and targeted development initiatives will be provided to ensure that the Council is equipped to flex the workforce to react to resource and skills gaps.

A review of the Performance Development Review process in 2017 will see a more streamlined process being introduced for the 2018/19 appraisal cycle based on employee feedback.

Senior managers took part in #leadingGM leadership programme that brought together a range of leaders across the public sector system in Greater Manchester to network with peers, review and discuss new organisational models, systems thinking and design new ways of working.

Managers have also accessed the Apprenticeship levy for leadership qualifications and we continue to offer qualification career paths in professional services.

A Staff Health & Wellbeing Strategy is in place with a number of initiatives and activities to improve organisational effectiveness organised around four key themes

- Healthy Lifestyle
- Mental wellbeing
- Safe and healthy workplace
- Workforce engagement.

Absence Management continues to be monitored at Member and Corporate Leadership level and is a key target in the Annual Delivery Plan.

A Member Training Plan is in place with an induction programme for all new Members and a training programme delivered during the year. 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 is working towards retaining its compliance with Level 1 of the North West Employers Organisation Members Charter.

CIPFA SOLACE Principle F	Key Elements of Trafford Framework
Managing risks and performance through robust internal control and strong	<ul style="list-style-type: none">• Financial Procedure Rules• Contract Procedure Rules• Treasury Management Strategy• Scrutiny Committees and Protocols

public financial management	<ul style="list-style-type: none"> • Risk Management Strategy & Policy Statement • Strategic Risk Register • Internal Audit Strategy • Accounts & Audit Committee
How we demonstrated effectiveness in 2017/18	
<p>The Council's net revenue budget for 2017/18 is £160.83m and in determining the budget an overall budget gap of £25.37m was addressed by a combination of additional resources of £9.80m and £15.57m of service savings and additional income. Outturn expenditure on service expenditure showed an overall underspend of £2.71m. This comprises a net overspend on Directorate expenditure of £680k reflecting expenditure pressure on social care services and savings on corporate budgets and additional business rate funding.</p>	
<p>The outturn figures show that £14.7M of the savings target has been achieved.</p>	
<p>The budget for 2018/19 was approved by the Executive in February 2018 and sets out the Council's Medium Term Financial strategy 2018/19 to 2020/21 including income and savings proposals to address the funding gap of £40.67m 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 2018/21 has been approved for £144.65m with £59.42m profiled to be undertaken in 2018/19.</p>	
<p>In July 2017 the Council approved an Investment Strategy and approval was given to increase the capital programme such that £300m, supported by prudential borrowing, would be made available to support the Strategy. The objective of this being to support the Council's financial resilience over the next few years and offer an alternative solution that can be used to address future budget gaps. During the year a number of investment assets were acquired together with some debt finance support for new residential development. This provided an income stream during 2017/18 and later years capable of supporting the revenue budget.</p>	
<p>To mitigate the risks of the approach nationally recognised investment advisors are being used as part of the due diligence process with emphasis placed on securing investments in low risk assets.</p>	
<p>Further risk mitigation is being undertaken through the creation of a "Risk Reserve" through the ring-fencing of an element of the returns and an allowance for debt repayment (in accordance with national regulations). All investments are scrutinised by an Investment Management Board which includes cross-party representation.</p>	
<p>The Council has signed up with 11 neighbouring authorities to the Greater Manchester Business Rates Pool, which will have the benefit of ensuring that levies</p>	

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 December 2017 with the report submitted to the Executive in January 2018. The Executive provided their formal response to the Budget Scrutiny report in February 2018. The outcome of this is that a further review of the Budget Scrutiny process will be undertaken to inform the 2018/19 budget setting process with the aim to ensure that Scrutiny receive sufficient detail on budget proposals and risk assessment methodology.

The 2017/18 Scrutiny work programme also focused on the Leisure Strategy, Fire Safety within Trafford, and the Capital Investment Strategy. In addition, a Task and Finish review of the Council's CRM system was undertaken, which concluded in January 2018. The Task and Finish Group's report and recommendations were submitted to the Executive for a response at the end of January 2018, however further issues with the CRM's implementation were identified. The service agreed to submit a formal response to the Scrutiny Committee in due course with an updated timeline for implementation.

Following the publication of the Communities and Local Government Committee's First Report of Session 2017-19 on the Effectiveness of Local Authority Overview and Scrutiny Committees, Trafford's Scrutiny Committee conducted a local review of the Authority's Scrutiny arrangements. A Task and Finish group was formed to review the published report and its recommendations, with a view to applying this to improve Scrutiny within the Council. Whilst the DCLG report explicitly stated that it was focused only upon Overview and Scrutiny, Trafford's Scrutiny Committee feel that many of the recommendations within this report are equally relevant to the Trafford Health Scrutiny Committee. The report's recommendations were currently being considered by the Executive.

Over the course of the year the Health Scrutiny Committee focused upon the Single Hospital Service, the Integration of Trafford Council with Trafford CCG, and the results of the CQC Local Review conducted in October 2017.

The Council continues to regularly review and monitor its Strategic Risk Register with update reports presented to CLT and the Accounts & Audit Committee. The March 2018 report identified 15 strategic risks faced by the Council, each risk being managed by nominated staff / groups within the Council.

The Information Security Governance Board has established an action plan of key areas for improvement within the Council following the ICO Audit in 2017. The plan has been refined to enable the Council to meet the requirements of the General Data Protection Regulations which come into force on 25 May 2018. The ISGB met regularly throughout 2017/18 to review progress on the implementation of these tasks throughout the Council. An Information Governance Risk Register is monitored

through the Information Security Governance Board. The Council have appointed the Director of Legal and Democratic Services as its Data Protection Officer.

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.

A third 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.

The Internal Audit 2017/18 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 2017/18 states that based on internal audit work undertaken during the year, the Internal Audit Opinion is that, overall, the control environment (which encompasses governance, internal control and risk management) 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 further areas for improvement have been identified during 2017/18, actions have been agreed with management which will be followed up in 2018/19.

The Council's assurance arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010). An external assessment of Internal Audit was completed by CIPFA and reported in January 2018 that the Internal Audit function operates in general conformance with the Public Sector Internal Audit Standards.

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. 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). In December 2017, the PSAA confirmed the appointment of Mazars LLP to audit the accounts of Trafford Council for five years, for the accounts from 2018/19 to 2022/23.

In 2017-18, STAR Procurement continued to provide the shared procurement service for Stockport, Trafford and Rochdale Councils and wider GMCA public sector partner organisations. In the period, it delivered combined savings of £5.2m. and introduced local investment and risk-based sourcing to its supported Councils. STAR co-hosted

a joint-Council ‘meet the buyer’ event to share forthcoming opportunities with local suppliers and SMEs. STAR continued to support its Councils with the capture of Social Value through the procurement of third party contracts and created over 90 employment opportunities and over 280 apprenticeship and training opportunities for its Councils’ communities.

CIPFA SOLACE Principle G

Key Elements of Trafford Framework

Implementing good practices in transparency, reporting and audit to deliver effective accountability

- Council Website
- Freedom of Information Publication scheme
- Trafford Partnership Data Innovation and Intelligence Lab
- Marketing and Communications Team
- Annual Financial Statements
- Annual Governance Statement
- Annual Scrutiny Report
- Annual Delivery Plan

How we demonstrated effectiveness in 2017/18

The External Auditor’s Annual Letter 2016/17 was presented to Accounts & Audit Committee in December 2017 providing an unqualified opinion on the financial statements and identified that in all significant aspects, the Council put in place arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2017.

During 2017/18, the Care Quality Commission (CQC) conducted a local system review to judge the effectiveness of Trafford to understand how people move through the health and social care system with a focus on the interfaces between services.. The report was published in early 2018 and highlights a number of strengths and some areas of improvement which the Council is working to address.

During 2017/18, the Council continued to make significant improvement with responding to Freedom of Information (FOI) requests within their statutory timescale of 20 working days. The Council will continue to monitor closely FOI compliance to ensure statutory obligations are met and over 80% of requests are dealt with in time. Reports are submitted to the Corporate Leadership Team on a quarterly basis on performance.

The Council’s Scrutiny Committees carried out a number of reviews and considered a range of reports at their meetings through the year. These are detailed above.

Information on the Council’s decision making is open and transparent and published on the website. The Council continues to publish a range of open data through its website, data.gov.uk and the Trafford Data Lab’s website (trafforddatalab.io). It also

publishes data on grants to voluntary and community organisations on 360Giving. The work of the Trafford Data Lab supports the objectives of the Council and its partners by providing information to support policy making, commissioning and investment decisions. Thematic profiles and interactive maps are available on their website and guidance on appropriate data visualisations and publishing data is given. The Lab is also involved in an EU-funded Horizon 2020 project with the DWP that focusses on using linked open statistical data to help to reduce worklessness.

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 systems of internal control include the following:

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

4.3 These governance functions are described in more detail within the Council’s Corporate Governance Code and specific assurances or improvements delivered during 2017/18 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 2016/17 review of internal control governance, and the identification of particular significant governance issues, the Council has taken action to address these through actions in 2017/18. Detailed below are the significant governance issues highlighted in the 2016/17 Annual Governance Statement followed by action taken in 2017/18.

2016/17 Significant Issues	Action Taken 2017/18
<p>Medium Term financial position / savings</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</p>	<p>During the course of 2017/18 the MTFP was continually reviewed to reflect changes in budget assumptions around pay and price inflation, changes in Government funding and growing demand pressure on social care services. This exercise identified the budget for the three year period from 2018/19 of £40.67m, including £22.95m for 2018/19.</p> <p>The budget gap in 2018/19 was met by a combination of new funding and income of £17m, including:-</p> <ul style="list-style-type: none"> ○ A 4.99% increase in the council tax (2.99% general increase and 2% for adult social care) and increase in tax base £6m; ○ Additional business rate revenues (mainly from the 100% GM pilot) £5.4m; ○ Net income from investment properties as part of the developing Investment Strategy £1.2m; ○ Additional MAG dividends and shareholder loan returns £1.6m; ○ Use of Budget Support Reserve £1.6m; ○ Other £1.2m, and; ○ continuation of savings programmes of £6m.

2016/17 Significant Issues	Action Taken 2017/18
<p>locally. The Council intends to play a full part in this review.</p>	<p>The level of business rate revenues now supporting the budget give rise to a significant risk in 2020/21 when the national reset of business rate baselines will take place and therefore part of our reserves strategy over the next two years reflects this risk and where possible resources will be retained to mitigate this.</p> <p>An amount of £2.2m will be left in the Budget Support Reserve to support the MTFS in later years.</p> <p>The remaining budget gap after the current round of budget proposals is £6.25m and £8.85m in 2019/20 and 2020/21 respectively.</p>
<p>Delivery of ‘Together Trafford-Vision 2031’</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"> - The Vision and Strategy programme - Public Service Reform - Health and Social Care Integration 	<p>24 projects across three themes have been undertaken; 14 projects having savings and the remaining projects focussing on the Vision 2031 programme, the transformation of a wide range of Council services and the development of partnerships have been completed. This has realised savings of £8.8m.</p> <p>Monthly updates on progress have been presented to the Vision Board; with regular ‘deep dive’ presentations delivered to review issues and any associated risks to savings.</p> <p>Regular tours of the Vision have been carried out for partners, staff, Youth Cabinet and residents with presentation and workshops delivered to the Youth Assembly and the Strong Communities, Locality Partnerships</p>

2016/17 Significant Issues	Action Taken 2017/18
<p>- The Social Care Sustainability Programme</p> <p>- The Investment and Place Shaping Programme.</p> <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&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>A communication campaign to increase awareness amongst our staff, residents and businesses will be launched over the summer guided by two principles:</p> <ul style="list-style-type: none"> • People: the council will help residents to help themselves and each other • Place: to create a place where people want to live, stay, learn, work, invest and relax
<p>Information Governance</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</p>	<p>Following the ICO audit, an action plan to address the recommendations was put in place. A desk based follow-up was completed in October 2017 to measure the extent to which the Council has implemented the agreed recommendations.</p> <p>The ICO acknowledged the progress the Council is making against the scope areas, having completed 36 of the 61 recommended actions. Most notably implementing key recommendations relating to Governance such as:</p> <ul style="list-style-type: none"> • appointing a Data Protection Officer (DPO), • implementing KPIs, and • formalising reporting procedures to the Corporate Leadership Team.

2016/17 Significant Issues	Action Taken 2017/18
<p>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>They highlighted that further work was on-going in relation to other areas in particular:</p> <ul style="list-style-type: none"> • reviewing all IG policies. • A training strategy relating to data protection had yet to be developed and implemented. <p>An action plan to prepare the Council for GDPR has been agreed and is being implemented. A core project team reviews progress on a weekly basis and progress reports are made to the ISGB and to Corporate Leadership Team.</p>
<p>Business Continuity</p> <p>There will be ongoing monitoring of business continuity through the Strategic Risk Register and quarterly updates.</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>Some progress has been made in this area but full progress is linked to a solution to our Disaster recover arrangements.</p> <p>A significant number of Business Impact Assessments were completed across services towards the end of 2016/17 and a prioritisation schedule is being drafted to allow for a rolling programme of BIA completion rather than all being due at the same time.</p> <p>Our processes for BIAs and Business Continuity Plans for each service will be reviewed in 2018/19 as part of considering an integrated approach to business continuity with the CCG.</p>

2016/17 Significant Issues	Action Taken 2017/18
<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</p>	<p>A Tender was produced for a partner and a three year contract was awarded to Actica who will act as our external partner</p> <p>An ICT Capability Landscape has been created and is in use as a working document that is regularly updated. The ICT Capability Landscape will be used by the successful DA (Actica) to inform the council of future spend and ongoing revenue costs.</p> <p>Actica have produced a draft set of architecture principals to be reviewed by both ICT and the business.</p> <p>Some work has taken place at Sale Waterside and more is scheduled but it has been agreed that Sale Waterside is not an ideal location for a DR site and alternative options are now being considered and costed. This will be scheduled for June 2018</p>

2016/17 Significant Issues	Action Taken 2017/18
<p>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>	

Significant Governance Issues 2018/19

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 2018/19.

<p>Delivery of Vision 2031'</p>	<p>The Vision 2031' seeks to secure improved outcomes for individuals and communities in Trafford and relies on our partnership with key agencies, and through engagement with voluntary, community and faith organisations.</p> <p>Vision 2031 consists of a number of major programmes and other projects. These include:</p> <ul style="list-style-type: none"> - Public Service Reform - Health and Social Care Integration - The Social Care Sustainability Programme - The Investment and Place Shaping Programme <p>These form major programmes of work with a dependency also on delivering a sustainable health and social care system.</p> <p>Each requires specific and additional capacity to secure the outcomes; Some of the funding to do this has been sought through the GM Transformation Fund but is linked to milestones and outcomes.</p> <p>A programme of work is being scoped in detail and from that flows the resource requirements at that seek to secure a sustainable organisation in the future and ensure that all Trafford residents can benefit regardless of demographic background and whether that's better health outcomes, better educational outcomes that help secure good quality jobs for Trafford residents.</p> <p>The significant challenge and risk intrinsically linked on the capacity to progress whole system change, investment and alignment with all our partners.</p> <p>Sustainability Programme Proposals will be brought forward as a matter of urgency to mitigate this</p>
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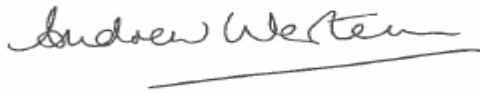
	risk wherever possible.
Medium Term Financial Position / savings	<p>Action is needed to identify how the remaining budget gaps of £6.25m and £8.85m in 2019/20 and 2020/21 respectively.</p> <p>In the longer term it is still the ambition that Vision 2031 will deliver sustainable benefits but the significant pressure in the short term caused by inflationary increases in pay, cost of goods and services and the spiralling social care costs causes significant financial pressure to continue to deliver sustainable budget savings. The integration with the CCG and the transformational activity to service delivery, pump-primed with Transformation Funding should alleviate some pressure in the sector. The Investment Strategy will also provide an alternative income stream that will help to balance the budget in the short term.</p> <p>Business rate growth continues to be a significant source of funding to the council but this carries its own risks given the reset of business rate baselines in 2020/21 when a new 75% retention scheme will be introduced. Work is also underway for on a new system of fair funding from 2020/21 which will involve a full review of the cost of providing services locally and the Council continues to play a part in this review.</p>
Business Continuity	<p>This has been carried forward due to the level of progress made in 2017/18. A number of actions still need to be actioned</p> <ul style="list-style-type: none"> • Business Continuity and Disaster Recovery • Back-up Solutions • Identification of a Disaster Recovery Site <p>A report on the actions and timescales will be submitted to the Corporate Leadership Team in early 2018/19.</p>
UA92 / Stretford Masterplan	<p>The Council's Refreshed Stretford Masterplan was approved by the Executive in January 2018 following a ten week public consultation. The plans will encourage significant private investment, maximise the impact of the University Academy 92 (UA92) concept to deliver an innovative higher education facility in Stretford/Old Trafford, deliver new leisure facilities, facilitate improvements in public spaces, and support the delivery of new housing and town centre uses</p>

	<p>University Academy 92 (UA92) is being delivered in Trafford through a partnership between the Council, the Class of 92, Lancaster University, Microsoft, Bruntwood and Trafford College. UA92 is also supported by Manchester United and Lancashire County Cricket Club. The new UA92 Campus Quarter will be located on the former Kellogg’s office site on Brian Statham Way/Talbot Road (acquired by the Council in 2017) and is being delivered by the Council in partnership with Bruntwood. A planning application will be submitted in Spring 2018 for the refurbishment of the building and the campus building will be leased by the Council/Bruntwood JV to UA92 and Microsoft. Further work to prepare a masterplan for the surrounding Civic Quarter area will be progressed in 2018.</p> <p>To secure the regeneration of Stretford Town Centre the Council will support the creation of more attractive and outward facing development, introduction of a wider mix of uses, development of the evening economy and delivery of new leisure and residential uses. The Council is progressing a CPO/land acquisition process in relation to land and buildings that are not currently in its ownership but required to deliver the Refreshed Masterplan. The delivery of further public realm improvements will provide a significantly enhanced gateway to the Town Centre, help to alleviate the severance caused by the A56 and Kingsway, and provide an improved physical environment.</p> <p>There are significant economic, social and community benefits that will be delivered through these regeneration proposals which are set out in more detail in the Refreshed Stretford Masterplan. The Council is committed to a process of ongoing consultation and engagement with the community throughout the delivery of UA92 and the Refreshed Masterplan proposals.</p>
<p>Trafford Council and Trafford CCG Integration</p>	<p>The Executive have agreed to a number of proposals to implement this programme. The Trafford Council Chief Executive has been appointed to the Accountable Officer for NHS Trafford Clinical Commissioning Group and agreed the further alignment of functions within Trafford Council and NHS Trafford Clinical Commissioning Group.</p> <p>A period of assurance in relation to financial resilience of both organisations is being carried out by the Accountable Officer and Joint Chief Finance Officer and a further report will be brought back to Executive in the summer to update on progression of these proposals.</p>

Investment Strategy	<p>The Executive's approved an Investment Strategy to assist the Council in creating a balanced portfolio of investment assets in September 2017. The Strategy is fully aligned with the Medium Term Financial Plan and Capital Strategy, and sets out the scale and type of investments the Council will pursue in order to generate a financial return to support both the revenue budget and economic wellbeing of the Borough.</p> <p>The Council has put in place risk management arrangements, including appointing CBRE to provide investment advice on potential investments. Investment decisions are subject to full due diligence and made under the authority of the cross-party Investment Management Board.</p> <p>The Council will continue to manage this programme through the Investment Management Board and will continue to take professional advice. The Investment Strategy will be subject to an annual review, investment assets will be re-valued as required to as part of active asset management and appropriate management action will be taken as required.</p>
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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.

A handwritten signature in black ink that reads "Andrew Western". The signature is written in a cursive style and is underlined with a single horizontal line.

Councillor Andrew Western
Leader of the Council
24 September 2018

A handwritten signature in black ink that reads "Jim Taylor". The signature is written in a cursive style.

Jim Taylor
Interim Chief Executive
24 September 2018