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AUDIT PANEL

Day:	**Tuesday**
Date:	**16 March 2021**
Time:	**2.00 pm**
Place:	**Zoom**

Item No.	AGENDA	Page No
1.	**APOLOGIES FOR ABSENCE** To receive any apologies for the meeting from Members of the Panel.	
2.	**DECLARATIONS OF INTEREST** To receive any declarations of interest from Members of the Panel.	
3.	**MINUTES** The Minutes of the meeting of the Audit Panel held on 24 November 2020 to be signed by the Chair as a correct record.	1 - 8
4.	**MONTH 9 FINANCE REPORT** To consider a report of the Executive Member for Finance and Economic Growth / Clinical Lead GP / Director of Finance.	9 - 22
5.	**ACCOUNTING POLICIES 2020/21** To consider a report of the Director of Finance / Assistant Director of Finance.	23 - 56
6.	**TREASURY MANAGEMENT STRATEGY 2021/22** To consider a report of the Director of Finance.	57 - 88
7.	**RISK MANAGEMENT AND AUDIT SERVICES PLANNED WORK 2021/22** To consider a report of the Head of Risk Management and Audit Services.	89 - 132
8.	**ANNUAL GOVERNANCE STATEMENT 2019/20 - IMPROVEMENT PLAN PROGRESS UPDATE** To consider a report of the Director of Finance / Head of Risk Management and Audit services.	133 - 142
9.	**CORPORATE RISK REGISTER UPDATE MARCH 2021** To consider a report of the Director of Finance / Risk, Insurance and Information Governance Manager.	143 - 150

From: Democratic Services Unit – any further information may be obtained from the reporting officer or from Louis Garrick, Senior Democratic Services Officer, to whom any apologies for absence should be notified.

Item No.	AGENDA	Page No
10.	**PROGRESS REPORT ON RISK MANAGEMENT AND AUDIT ACTIVITIES APRIL 2020 TO JANUARY 2021** To consider a report of the Head of Risk Management and Audit Services.	151 - 176
11.	**URGENT ITEMS** To consider any additional items the Chair is of the opinion shall be dealt with as a matter of urgency.	

From: Democratic Services Unit – any further information may be obtained from the reporting officer or from Louis Garrick, Senior Democratic Services Officer, to whom any apologies for absence should be notified.

AUDIT PANEL

24 November 2020

Commenced: 14:00 **Terminated:** 15:28

Present:	Councillors Ricci (Chair), Cartey (Deputy Chair), Dickinson, J Fitzpatrick, J Homer, Kitchen, Naylor and Owen Observers - Councillors Ryan and Fairfoull	
In Attendance:	Sandra Stewart	Director of Governance and Pensions
	Kathy Roe	Director of Finance
	Tom Wilkinson	Assistant Director of Finance
	Heather Green	Finance Business Partner
	Wendy Poole	Head of Risk Management and Audit Services
	Martin Nixon	Risk, Insurance and Information Governance Manager
	Karen Murray	Mazars
	Nichola Cooke	STAR Procurement
	Elizabeth McKenna	STAR Procurement
	Paddy Dowdall	Assistant Director of Pensions (Local Investments and Property)

19. DECLARATIONS OF INTEREST

There were no declarations of interest.

20. MINUTES

The minutes of the meeting of the Audit Panel on the 24 November 2020 were approved as a correct record with the amendment that Councillor Fairfoull be recorded as present in the role as an Observer.

21. EXTERNAL AUDIT COMPLETION REPORT

Consideration was given to a report of the Executive Member for Finance and Economic Growth / Director of Finance. The report highlighted the key matters that had arisen from Mazars external audit of the 20-19/20 financial statements for both Tameside MBC and the Greater Manchester Pension Fund.

Karen Murray of Mazars summarised the Audit Completion Reports for Tameside MBC and the Greater Manchester Pension Fund at **Appendices 1 and 2**. In regards to Tameside MBC it was stated that the work was substantially completed on the financial statements and the Value for Money conclusion for the year ended 31 March 2020. It was reported that the materiality at the planning stage of the audit was set at £10.967m using a benchmark of 2%. On final assessment of materiality based on the financial statements and qualitative factor was £11.973m using the same benchmark. Mazars set the trivial threshold level under which individual errors were not communicated to the Audit Panel at £0.359m based on 3% of overall materiality.

It was explained that as part of the planning procedures Mazars considered the risks of material misstatement in Tameside MBC financial statements that required special audit consideration.

Members were reminded of the significant risks identified at the planning stage of the audit in the Audit Strategy Memorandum, Mazars risk assessment was a continuous process.

Karen Murray highlighted the Valuation of Defined Benefit Pension Liability risk, Members were advised that there was a material valuation uncertainty over the valuation of the Pension Fund's property holding. This was disclosed in the notes to the Council's Accounts and, in line with normal practice, Mazars would include reference to this disclosure as an 'emphasis of matter' in the audit report. It was reported that there were no matters arising against the valuation of the Council's investment in Manchester Airport Holdings Limited.

As part of the audit Mazars considered the internal controls in place relevant to the preparation of the financial statements, no new internal control issues had been raised this year. Further, the internal control issues that had been raised last year had been addressed.

In regards to the Value for Money Conclusion it was emphasised that the Council faced a significant challenge in ensuring its financial sustainability over the medium term. This challenge, which was exacerbated by Covid-19, had developed over several years. In addition, the Council continued to face financial pressures arising from demand in some services, most notably Children's services which saw an £8.4m overspend against budget in 2019/20.

In setting the 2020/21 budget, the Council made a number of decisions which included the planned use of a further £12.4m of reserves and use of the dividend income from Manchester Airport to support services in the year. The budget also required the Council to deliver savings in areas including Children's services, in order to mitigate the growing demand led financial pressures. However, the financial position for 2020/21 had become significantly more difficult because of the COVID-19 pandemic.

It was stated that although the Council still had significant levels of earmarked reserves as at 31 March 2020, these would not be sufficient to sustain the Council's financial position over the medium term given the estimated impact of the pandemic.

The arrangements in place for monitoring the financial position would allow the Council to identify any emerging additional pressures or slippage in the delivery of these plans. It was vital, given the scale of what had to be achieved, that management and Executive Members were held to account for delivery of plans. Without this, there was a risk the Council would not be in a position to take timely remedial action, particularly where the action required consultation because it impacted workforce or the level and type of services the Council could provide for residents.

Members of the Audit Panel discussed the importance of meeting the proposed savings.

In regards to the Greater Manchester Pension Fund, it was reported that audit work had been substantially completed on the financial statements for the year that ended 31 March 2020. Karen Murray of Mazars summarised the significant risks raised in the report. It was explained the risks of material misstatement in the Pension Fund's financial statements required special audit consideration. It was explained that there was a significant risk from the valuation of unquoted investments for which a market price was not readily available. Mazars had completed their procedures in respect of this risk and were satisfied that the valuations included within the accounts were supported by the underlying evidence. It was highlighted that Note 2 and the updated Note 2a, had disclosed a material valuation uncertainty in respect of the valuations of the property related investments within the Net Assets Statement.

Mazars concluded that the accounting policies and disclosures complied with the requirements of the Code of Practice on Local Authority Accounting (the Code), appropriately tailored to the Pension Fund's circumstances. It was reported that Mazars discussed with management the impact of Covid-19 on the Fund's financial statements, including potential impact on risks of material misstatement and the increased scrutiny of both GMPF's financial report and the work of auditors.

There were no misstatements that were identified during the course of the audit which management had assessed as not being material.

RESOLVED
That the Audit Panel: -
- **(i) Note that there are no accounting adjustments that havean impact on the Council's General Fund or Usable reserves;**
- **(ii) Agrees to the adjustments and presentational changes to the accounts, as detailed in in the Audit Completion Reports (Appendix 1 – TMBC, Appendix 2 – GMPF attached);**
- **(iii) Notes the Value for Money Conclusion included in the Tameside MBC Audit Completion report (Appendix 1); and**
- **(iv) Confirm that the Council has complied with all matters set out in the Letters of Representation (Appendix A to the Audit Completion reports) which will be signed by the Director of Finance and Chair of Audit Panel.**

22. STATEMENT OF ACCOUNTS 2019/20

Consideration was given to a report of the Executive Member for Finance and Economic Growth / Director of Finance, which detailed the statement of Accounts for Tameside MBC and the Greater Manchester Pension Fund for the year ended 31 March 2020.

The Director of Finance explained that it was necessary to consider the Audit Completion report of the Council's external auditor regarding the Statement of Accounts before approving the audited accounts. The Audit Completion report for the Council and the Greater Manchester Pension Fund, which was administered by the Council, had been considered earlier on this agenda and the adjustments highlighted as part of the audit had been included in the report.

Members were reminded that a small number of presentational amendments had been made to the Statement of Accounts but no changes had been required that fundamentally alter any assessment of the Council's financial position at 31 March 2020 or its income and expenditure for the year then ended.

Members of the Panel discussed the risks that the Council faced and if they had changed in light of Covid and the level of reserves that could be used to manage risk.

RESOLVED
That Members of the Audit Panel
- **(i) Note the findings of external audit reported in the previous agenda item 4;**
- **(ii) Approve the Statement of Accounts for 2019/20, subject to the conclusion of the external audit; and**
- **(iii) Approve delegated authority to the Director of Finance to agree any further presentational amendments to the financial statements arising from the conclusion of the external audit. In the unlikely event of any substantive amendments to the primary statements, these will be discussed with the Chair of Audit Panel prior to the signing and publication of the final audited Statement of Accounts.**

23. ANNUAL GOVERNANCE STATEMENT 2019/20

Consideration was given to a report of the Director of Finance / Head of Risk Management and Audit Services, which presented the Annual Governance Statement for 2019/20 to Members for approval.

The Head of Risk Management and Audit Services reported that the Panel had previously considered the Annual Governance Statement in draft on the 28 July 2020. Consultation with

Members was conducted via email over the summer. The Draft Annual Governance Statement 2019/20 was formally submitted to the External Auditors together with the Draft Statements of Accounts for review on 5 August 2020.

It was stated that all comments received to date had been incorporated into the version which was attached at **Appendix 1** for approval ahead of it being signed by the Executive Leader and Chief Executive. It was reported there had been changes to the improvement plan to reflect the position as at October 2020.

RESOLVED
That the Audit Panel approve the Annual Governance Statement for 2019/20 ahead of it being signed by the Executive Leader and Chief Executive, (Appendix 1).

24. RISK MANAGEMENT AND AUDIT SERVICES PROGRESS REPORT TO 2 OCTOBER 2020

Consideration was given to a report of the Head of Risk Management and Audit Services, which advised Members of the work undertaken by the Risk Management and Audit Service between April and 2 October 2020.

It was reported that the Risk, Insurance and Information Governance Manager commenced in post from 1 July. The recruitment of the two additional Risk, Insurance and Information Governance Officers was a priority and interviews were held at the beginning of September. Two appointments had been made but their positions had notice periods of three months. Work to review the Risk Management System in place was identified as a priority for the new manager and resources had concentrated on updating the Corporate Risk Register.

A number of Data Protection Impact Assessments had been undertaken during the period to ensure that all risks to personal data in relation to new projects and changes to existing processes were assessed to ensure compliance with GDPR and the Data Projection Act 2018.

In regards to internal audit, the Actual Days for the period delivered was 716. The Audit Plan had to be responsive to changing priorities and the Approved Plan of 1,510 days had been revised to reflect the actual work undertaken in Quarters 1 and 2, which included estimates for the work to be undertaken in Quarters 3 and 4. The revised plan totalled 1,520 planned days for 2020/21, which was only 10 days different, however, some of the changes across Directorates were significant. The changes in Growth and Governance reflected the significant support the Internal Audit Team has provided in relation to the payment of grants relating to COVID-19.

The Head of Audit and Risk Management explained that as a result of the grant work, audits not delivered in planned days, loss of a Senior Auditor and additional requests for work that were not in the original Approved Plan, a number of audits need to be removed from the 2020/21.

It was reported that all the preparation work in relation to the National Fraud Initiative (NFI) 2020 had been completed and all the data sets had been uploaded to the secure NFI Website. The results would be made available for review and investigation in January/February 2021. Members were advised there had been 69 referrals which was unprecedented, 64 of these related to the business support grants paid out by the Council. In 26 of the referrals payments had been stopped, in 9 cases the payments were released and in 13 cases there was proven fraud.

NAFN had continued to work very closely with Central Government including the Cabinet Office and the Department for Business Energy and Industrial Strategy (BEIS) in response to COVID-19 business support grant fraud. NAFN was also actively participating in a number of national working groups including the National Economic Crime Centre, Operation Etherin (Understanding the Threat Expert Panel) and the Fraud Advisory Panel.

RESOLVED
That members note the report and the performance of the Service Unit for the period April to 2 October 2020.

25. NFI SUMMARY REPORT

Consideration was given to a report that the Director of Finance / Head of Risk Management and Audit Services. The report provided a summary of the National Fraud Initiative findings from the 2018/20 exercise.

Members were reminded that the National Fraud Initiative (NFI), conducted by the Cabinet Office, involved data matching to help in the prevention and detection of fraud. The NFI was conducted using the data matching powers conferred on the Minister for the Cabinet Office. The National Fraud Initiative Report published in July 2020 was attached at **Appendix 1**. The report included all NFI outcomes recorded in the period 1 April 2018 to 4 April 2020. These outcomes included NFI 2018/19, as well as those from the FraudHub, AppCheck and ReCheck products.

It was highlighted that of £244.7m detected as fraud and error in the period 1 April 218 to 4 April 2020 215.8m occurred in England. The £215.8m of detected fraud, overpayments and errors were outlined to the Panel. The largest risk areas were included Pensions, Council Tax, Housing Benefit, Blue Badges and the Housing Waiting List.

It was reported that NFI introduced new data sets and matches and were usually piloted first to understand the data and the outcomes. During 2018/19 Housing Benefit Claims and Council Tax Reduction Claims were matched to HMRC information and significant savings were identified as shown by Tameside as part of the pilot.

RESOLVED
That the report be noted.

26. CORPORATE RISK REGISTER OCTOBER 2020 UPDATE

Consideration was given to a report of the Director of Finance / Risk, Insurance and Information Governance Manager, which presented the Corporate Risk Register detailed at **Appendix 1**.

It was reported that Risk owners had assisted the Risk, Insurance and Information Governance Manager to review the Corporate Risks they had responsibility for.

The Council had the time to adjust working practices in many areas to accommodate the additional hazards caused by factors such as social distancing, home working and economic impacts. The high risk scores in some areas had been selected due to uncertainty which existed over future developments in coronavirus and the levels of central government funding to be provided in 2021/22. The previous risk 'Failure to meet objectives of the Corporate Plan due to the Covid-19 pandemic' had been removed, with the assessment shifting to analysis of individual Corporate Risks attached to the various plan objectives. This analysis had shown that there were currently a total of 10 Red risks across the register. Although this was a reduction from the 19 Red risks reported in May 2020, this demonstrated the disruption caused by the pandemic when compared to the pre-Covid level of 4 Red in October 2019.

The Risk, Insurance and Information Governance Manager highlighted areas and changes in the Corporate Risk Register. It was stated that risks in Children's Services continued to be high, in particular the medium term financial plan for Children's Services. A new risk had been added to the register in Population Health where objectives for the service had been effected by Coronavirus.

There was a plan to develop 'operational' risk registers for Council Service teams in Quarters 3 and 4 of 2020/21. The intention was to reduce the size of the existing Corporate Risk Register to allow the Single Leadership Team to focus their risk management responsibilities on the over-arching risks to the Council. Risks not retained on the Corporate Register would transfer to the appropriate Service operational register and would be reported by exception to the Single Leadership Team.

RESOLVED
That the Audit Panel approve the Corporate Risk Register at Appendix 1 and note the development work detailed in Section 4 of the report.

27. AUDIT PANEL FORWARD PLAN AND TRAINING

Consideration was given to the Director of Finance / Assistant Director of Finance, which set out the updated forward plan and training programme for the Audit Panel for 2020/21 and 2021/22.

The Audit Panel was the Committee of Tameside Council that undertook the role of the Audit Committee. The terms of reference for the Audit Panel were listed in **Appendix 1**.

To assist the Audit Panel with delivering its terms of reference, officers had prepared the updated work plan for 2020/21 and 2021/22. The work plan outlined in **Appendix 2** set out the areas that should be considered by the Audit Panel and identified proposed training for the coming year if agreed. Members of the panel were asked to consider whether any additional items or training was required, with reference to the core functions listed above and the CIPFA Position Statement: Audit Committees in Local Authorities and Police 2018.

RESOLVED
That the Audit Panel :-
(i) Approve the updated work programme, including training, as set out in Appendix 2; and;
(ii) Note the core functions outlined in Section 2 of the report and the CIPFA Position Statement: Audit Committees in Local Authorities and Police 2018 and consider whether any further training would be beneficial for the Audit Panel.

28. PROCUREMENT UPDATE

Consideration was given to a report of the Executive Member for Finance and Economic Growth / Assistant Director of Finance / Assistant Director of STAR Procurement. The report provided an update on what had been achieved over the last twelve months both for STAR Procurement as a whole and Tameside Council.

Members were reminded that STAR Procurement was a shared service operating across Stockport, Rochdale, Tameside and Trafford Councils, and more recently Trafford CCG and Tameside CCG. STAR Procurement was hosted by Trafford Council. Governance was through the STAR Joint Committee.

Nichola Cooke outlined the 2019/20 key achievements. It was reported that 2019/20 was a successful year for STAR Procurement and its partners. Key achievements included, over £7m in-year savings, 25% Social Value return on contract value equating to over £31m and 57% of all winning bidders were from Greater Manchester. Further, it was reported that Star Procurement had secured 126 trainee and apprentices and 363 employment opportunities.

It was explained that 2020/21 had been a challenging year as STAR procurement supported the Covid-19 response and continued with business as usual activities. Star Procurement's Covid response had included assisting finance teams implementation of supplier relief, a Task and Finish Group was established to support the procurement of PPE. The Star Procurement Covid response included a proactive procurement, which planned to take account of Partners and business capacity and resources and Established a new flexible procurement approach to allow procurement to continue in a volatile and complex marketplace.

It was reported that Tableau for performance management and spend analysis had been implemented and work had taken place on the website and implementation of on-line forms. In addition the new Business Plan developed, ready to be launched in January 2021.

Performance to date in 2020/21 had included £1.56m of savings, over £100k income secured through 6 commissions, over 600 bookings for the Virtual Meet the Buyer event and there had been a 25% social value return on contract value. There had also been a 10 point plan developed to support our local businesses and SME's during the COVID crisis.

Members were advised that savings remained a high priority for STAR Procurement. A Savings Strategy had been developed to ensure that STAR Procurement continued to proactively identify and secure savings now and in the future. The approach would include generating ideas thought the team and wider colleagues, a joint procurement and finance approach and a focus on revenue savings.

RESOLVED
That the report be noted.

29. TREASURY MANAGEMENT MID YEAR REVIEW

Consideration was given to a report of the Executive Member for Finance and Economic Growth / Assistant Director of Finance, which provided a mid-year review of the Council's Treasury Management activities for 2020/21.

The Assistant Director of Finance reported that the Council held £61.320m of investments as at 30 September 2020, with an investment portfolio yield to date of 0.85% against LIBID of -0.06%. At 31 March 2020 the portfolio consisted of £143.090m of investments. The movement was largely in relation to the year-end balance including £54m of grants to be paid to small businesses, along with other advanced payments of grants and the general running down of balances.

It was stated that the Council has previously relied on the PWLB as a major source of funding, it was reconsidering potential alternative sources of borrowing. As at 30 September 2020 the Council's total borrowing was £141.186m and the Council had an outstanding borrowing requirement of £48.063 at 31 March 2020. This was forecast to increase to £68.066m by the end of 2020/21 due to planned capital investment.

Debt rescheduling opportunities had been limited in the economic climate and consequent structure of interest rates. No debt rescheduling had been undertaken during the first six months of 2020/21.

Members were reminded that Tameside Council was the lead council responsible for the administration of the debt of the former Greater Manchester County Council. It was reported that during 2020/21 it was estimated that the total interest payments would be £2.617m at an average interest rate of 6.50%. This compared with 5.65% in 2019/20. No long term borrowing had been taken up in the first six months of 2020/21.

RESOLVED
That the treasury activity and performance be noted.

30. URGENT ITEMS

There were no urgent items.

CHAIR

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Report To:	**AUDIT PANEL**
Date:	16 March 2021
Executive Member / Reporting Officer:	Cllr Ryan – Executive Member (Finance and Economic Growth) Dr Ash Ramachandra – Lead Clinical GP Kathy Roe – Director of Finance
Subject:	**STRATEGIC COMMISSION AND NHS TAMESIDE AND GLOSSOP INTEGRATED CARE FOUNDATION TRUST FINANCE REPORT** **CONSOLIDATED 2020/21 REVENUE MONITORING STATEMENT AT 31 DECEMBER 2020**
Report Summary:	This report covers the Month 9 2020/21 financial position, reflecting actual expenditure to 31 December 2020 and forecasts to 31 March 2021. In the context of the on-going Covid-19 pandemic, the forecasts for the rest of the financial year and future year modelling has been prepared using the best information available but is based on a number of assumptions. Forecasts are subject to change over the course of the year as more information becomes available, the full nature of the pandemic unfolds and there is greater certainty over assumptions. At Month 9, the Strategic Commission is reporting a net forecast overspend of £3.328m by 31 March 2021. The Council is forecasting a year end overspend of £3.8m due primarily to a significant overspend on Children's Social Care services. Additional COVID funding has been announced in recent weeks to support testing and vaccination logistical costs, and the overall position may improve once costs and funding for this work is confirmed. On the assumption that the anticipated COVID top up is received in full, a surplus of £512k is projected at year end on CCG budgets. Further details can be found in **appendix 1**.
Recommendations:	That the Strategic Commissioning Board and Executive Cabinet be recommended to note the forecast outturn position and associated risks for 2020/21 as set out in **Appendix 1**.
Policy Implications:	Budget is allocated in accordance with Council/CCG Policy
Financial Implications: **(Authorised by the Section 151 Officer & Chief Finance Officer)**	This report provides the 2020/21 consolidated financial position statement at 31 December 2020 for the Strategic Commission and ICFT partner organisations. The Council set a balanced budget for 2020/21 but the budget process in the Council did not produce any meaningful efficiencies from departments and therefore relied on a number of corporate financing initiatives, including budgeting for the full estimated dividend from Manchester Airport Group, an increase in the vacancy factor and targets around increasing fees and charges income. The budget also drew on £12.4m of reserves to allow services the time to turn around areas of pressures. These areas were broadly, Children's Services placement costs, Children's Services prevention work (which was to be later mainstreamed and funded from reduced placement costs), shortfalls on car parking and markets income. Each of these services required on-going

	development work to have the impact of allowing demand to be taken out of the systems and additional income generated. There was additional investment around the IT and Growth Directorate Services, to invest in IT equipment, software and capacity and to develop strategically important sites for housing and business development, including key Town Centre masterplans. A delay in delivering the projects that the reserves were funding is likely to mean more reserves will be required in future years, placing pressure on already depleting resources. The NHS was operating under a command and control financial regime for the first six months of 2019/20. Under command and control there was no requirement or expectation that the CCG would deliver efficiency savings. Since October the NHS has entered phase 3 of the COVID recovery process. Under phase 3, financial envelopes have been issued on a Sustainability and Transformation Plan (STP) footprint. In T&G this means that a financial envelope exists at a Greater Manchester level. This report show that local control totals required to deliver against the envelope will be met, however there is risk associated with this. In order to meet the control total QIPP savings of £7,994k are required, against which there is currently a gap of £174k. It should be noted that the Integrated Commissioning Fund (ICF) for the Strategic Commission is bound by the terms within the Section 75 and associated Financial Framework agreements.
Legal Implications: (Authorised by the Borough Solicitor)	Legislation is clear that every councillor is responsible for the financial control and decision making at their council. The Local Government Act 1972 (Sec 151) states that "*every local authority shall make arrangements for the proper administration of their financial affairs…"* and the Local Government Act 2000 requires Full Council to approve the council's budget and council tax demand.
Risk Management:	Associated details are specified within the presentation. Failure to properly manage and monitor the Strategic Commission's budgets will lead to service failure and a loss of public confidence. Expenditure in excess of budgeted resources is likely to result in a call on Council reserves, which will reduce the resources available for future investment. The use and reliance on one off measures to balance the budget is not sustainable and makes it more difficult in future years to recover the budget position.
Background Papers:	Background papers relating to this report can be inspected by contacting : Tom Wilkinson, Assistant Director of Finance, Tameside Metropolitan Borough Council Telephone:0161 342 5609 e-mail: tom.wilkinson@tameside.gov.uk Tracey Simpson, Deputy Chief Finance Officer, Tameside and Glossop Clinical Commissioning Group Telephone:0161 342 5626 e-mail: tracey.simpson@nhs.net

1. BACKGROUND

1.1 Monthly integrated finance reports are usually prepared to provide an overview on the financial position of the Tameside and Glossop economy**.**

1.2 The report includes the details of the Integrated Commissioning Fund (ICF) for all Council services and the Clinical Commissioning Group. The total gross revenue budget value of the ICF for 2020/21 is £980 million.

1.3 Please note that any reference throughout this report to the Tameside and Glossop economy refers to the three partner organisations namely:

- Tameside and Glossop Integrated Care NHS Foundation Trust (ICFT)
- NHS Tameside and Glossop CCG (CCG)
- Tameside Metropolitan Borough Council (TMBC)

2. FINANCIAL SUMMARY (REVENUE BUDGETS)

2.1 At Month 9, the Strategic Commission is forecasting a net overspend of £3.328m by 31 March 2021.

2.2 The Council is forecasting a year end overspend of £3.8m, which is a slight deterioration on the position reported at month 8. This is explored is more detail in appendix 1.Significant pressures remain across Directorates, most significantly in Children's Social Care where expenditure is forecast to exceed budget by £4.134m, with further cost pressures in Adults and Education, and income loss pressures in the Growth Directorate. These are due to underlying financial pressures that the Council would have faced regardless of the COVID pandemic.

2.4 On the assumption that the anticipated COVID top up is received in full, a surplus of £512k is projected at year end on CCG budgets.

2.5 Further detail on the financial position can be found in **Appendix 1.**

3. RECOMMENDATIONS

3.1 As stated on the front cover of the report.

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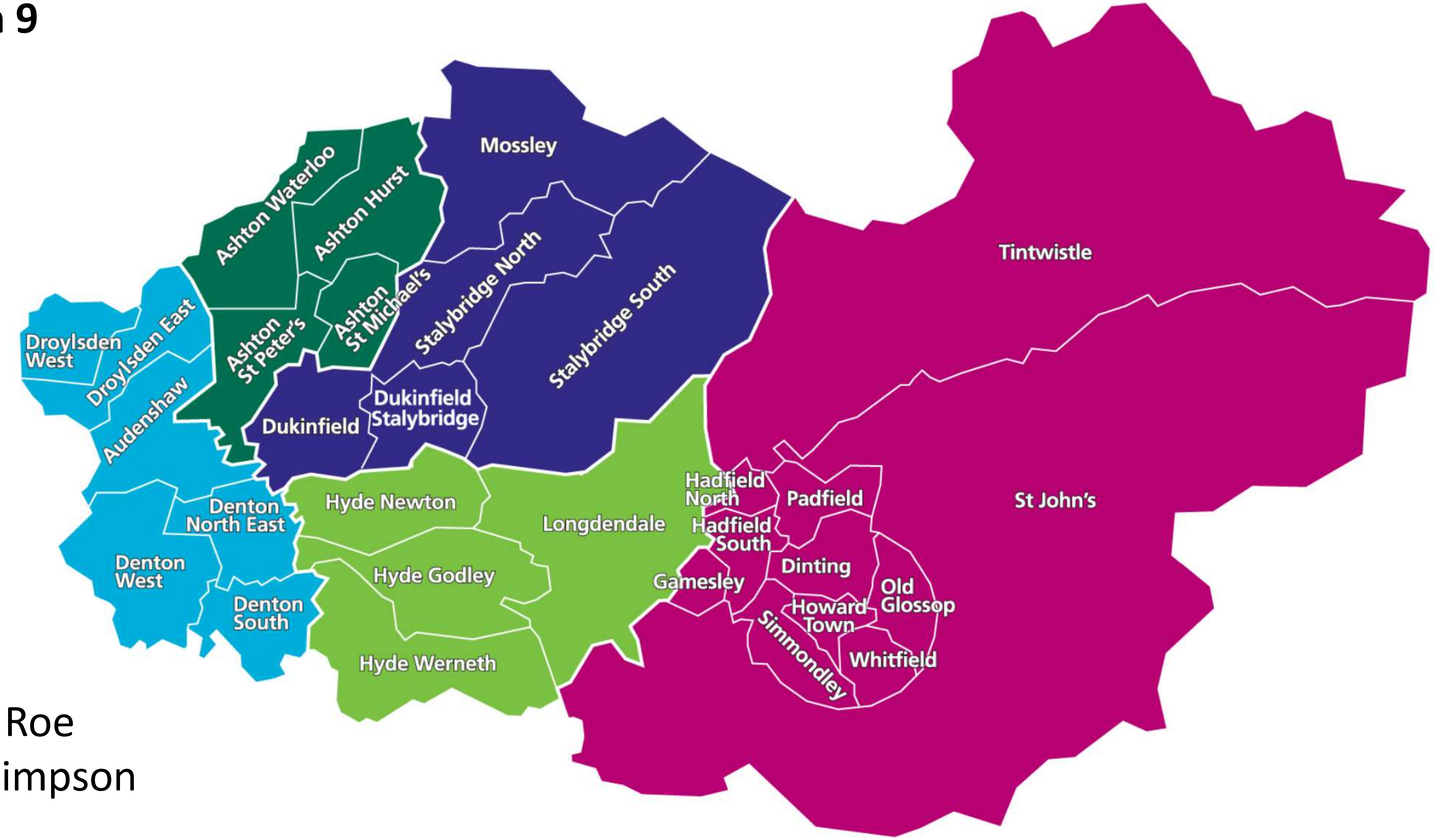
Tameside and Glossop Strategic Commission

Finance Update Report
Financial Year Ending 31st March 2021
Month 9



Kathy Roe
Sam Simpson

Financial Year Ending 31st March 2021 – Month 9

Month 9 Finance Report

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This report covers the Tameside and Glossop Strategic Commission (Tameside & Glossop Clinical Commissioning Group (CCG) and Tameside Metropolitan Borough Council (TMBC)) and Tameside & Glossop Integrated Care Foundation Trust. It does not capture any Local Authority spend from Derbyshire County Council or High Peak Borough Council for the residents of Glossop.

Finance Update Report – Executive Summary

Children's Services
£4,134k overspend

Children's services continue to present the most significant financial risk to the Integrated Commissioning Fund, both for the 2020/21 forecasts and future year budgets.

At M9 the size of the pressure has increased again as a result of an increase in the number and cost of placements.

COVID Top Up

The CCG is showing a YTD overspend of £2,001k, but a surplus of £512k by year end. This relates to anticipated top up payments which have not yet been received.

This is made up of £1,284k from the Hospital Discharge Programme, £20k in relation to the COVID vaccination programme and £696k in reflation to activity with the independent sector.

Our position assumes that the top up will be paid in full, but risk to the position if the funding does not materialise as expected.

Message from the Directors of Finance

The first Tameside & Glossop patients received their COVID vaccine in December 2020. This is a clear and encouraging milestone in our COVID recovery process, with 5 neighbourhood vaccine sites now operational for roll out to the population at large. Our Covid vaccination roll out in Tameside and Glossop is going exceptionally well, with over 18,000 vaccinations carried out by mid January (As at 13 January 2021). This success is a credit to the primary care network teams and GPs, CCG and Council colleagues who have been working flat out to ensure we are vaccinating people in the top priority groups as quickly and safely as possible. T&G are central to the GM vaccination programme, with the ICFT acting as the lead employer for the GM mass vaccination site.

Whilst the vaccine roll out is encouraging, the next few months will remain challenging as COVID infection rates remain high. The impact of the current increases in infection rates and hospital admissions, combined with the economic impact of the third national lockdown, present an increased level of financial risk for the last three months of the year.

Despite the ongoing COVID pressures and prioritisation of the vaccine roll out, planning for 21/22 continues where possible. Work is ongoing to finalise the Council budget proposals for 2021/22, and these will be considered by the Council's Executive Board and Full Council in January. However, CCG planning guidance for 2021/22 has been delayed and the timetable for 21/22 financial planning is not yet clear.

Forecast Position £000's	Expenditure Budget	Income Budget	Net Budget	Net Forecast	Net Variance
CCG Expenditure	440,495	0	440,495	439,983	512
TMBC Expenditure	540,481	(335,202)	205,279	209,119	(3,840)
Integrated Commissioning Fund	**980,977**	**(335,202)**	**645,774**	**649,102**	**(3,328)**

As at Month 9, the Strategic Commission is forecasting a net overspend of £3.328m by 31 March 2021. On the assumption that the anticipated COVID top up is received in full, a surplus of £512k is projected at year end on CCG budgets. Council budgets continue to show a net overall overspend of £3.8m due primarily to a significant overspend on Children's Social Care services. Additional COVID funding has been announced in recent weeks to support testing and vaccination logistical costs, and the overall position may improve once costs and funding for this work is confirmed.

Finance Update Report – Strategic Commission Budgets

Forecast Position £000's	Forecast Position					Net Variance		Net Variance	
	Expenditure Budget	Income Budget	Net Budget	Net Forecast	Net Variance	COVID Variance	Non-COVID Variance	Previous Month	Movement in Month
Acute	217,544	0	217,544	217,641	(97)	0	(97)	36	(133)
Mental Health	44,532	0	44,532	44,609	(77)	0	(77)	(348)	271
Primary Care	92,007	0	92,007	91,763	245	0	245	119	126
Continuing Care	15,021	0	15,021	14,560	461	0	461	352	109
Community	34,694	0	34,694	34,823	(129)	0	(129)	(55)	(74)
Other CCG	32,409	0	32,409	34,301	(1,892)	(2,001)	109	(1,158)	(733)
CCG TEP Shortfall (QIPP)	0	0	0	0	0	0	0	0	0
CCG Running Costs	4,288	0	4,288	4,288	0	0	0	0	0
Anticipated COVID Top Up	0	0	0	(2,001)	2,001	2,001	0	1,055	945
Adults	85,925	(47,187)	38,737	39,177	(440)	0	(440)	(440)	0
Children's Services - Social Care	64,286	(10,288)	53,998	58,131	(4,134)	0	(4,134)	(3,806)	(328)
Education	32,898	(26,500)	6,398	7,081	(684)	(480)	(204)	(684)	0
Individual Schools Budgets	119,722	(119,722)	0	0	0	0	0	0	0
Population Health	15,910	(291)	15,619	18,850	(3,231)	(3,500)	269	(3,231)	0
Operations and Neighbourhoods	80,504	(27,583)	52,921	53,226	(305)	(510)	205	(305)	0
Growth	45,526	(34,537)	10,988	11,811	(822)	(221)	(601)	(822)	(0)
Governance	67,086	(57,556)	9,531	9,620	(90)	39	(129)	(90)	(0)
Finance & IT	9,006	(1,376)	7,630	7,603	27	(29)	56	27	0
Quality and Safeguarding	378	(237)	141	120	21	0	21	21	(0)
Capital and Financing	10,379	(9,624)	756	6,433	(5,678)	(6,474)	797	(5,678)	0
Contingency	3,377	0	3,377	3,385	(8)	(911)	903	(8)	0
Contingency - COVID Costs	0	0	0	28,244	(28,244)	(28,244)	0	(28,244)	0
Corporate Costs	5,486	(301)	5,184	5,009	175	(100)	275	175	(0)
LA COVID-19 Grant Funding	0	0	0	(28,216)	28,216	28,216	0	28,216	0
Other COVID contributions	0	0	0	(11,356)	11,356	11,356	0	11,356	0
Integrated Commissioning Fund	**980,977**	**(335,202)**	**645,774**	**649,102**	**(3,328)**	**(858)**	**(2,470)**	**(3,512)**	**184**

Finance Update Report – Strategic Commission Budgets

Forecast Position £000's	YTD Position			Forecast Position			Variance	
	Budget	Actual	Variance	Budget	Forecast	Variance	COVID Variance	Non-COVID Variance
Acute	162,690	163,623	(933)	217,544	217,641	(97)	0	(97)
Mental Health	32,935	32,501	433	44,532	44,609	(77)	0	(77)
Primary Care	67,617	67,319	299	92,007	91,763	245	0	245
Continuing Care	11,051	10,222	829	15,021	14,560	461	0	461
Community	25,576	25,700	(124)	34,694	34,823	(129)	0	(129)
Other CCG	23,914	26,429	(2,515)	32,409	34,301	(1,892)	(2,001)	109
CCG TEP Shortfall (QIPP)	0	0	0	0	0	0	0	0
CCG Running Costs	3,041	3,032	9	4,288	4,288	0	0	0
Anticipated COVID Top Up	0	0	0	0	(2,001)	2,001	2,001	0
Adults	29,053	34,920	(5,867)	38,737	39,177	(440)	0	(440)
Children's Services - Social Care	40,498	40,848	(350)	53,998	58,131	(4,134)	0	(4,134)
Education	4,319	1,667	2,652	6,398	7,081	(684)	(480)	(204)
Individual Schools Budgets	937	(1,463)	2,400	0	0	0	0	0
Population Health	11,714	6,852	4,862	15,619	18,850	(3,231)	(3,500)	269
Operations and Neighbourhoods	40,583	46,337	(5,754)	52,921	53,226	(305)	(510)	205
Growth	7,722	6,554	1,169	10,988	11,811	(822)	(221)	(601)
Governance	8,077	10,030	(1,953)	9,531	9,620	(90)	39	(129)
Finance & IT	5,935	5,803	132	7,630	7,603	27	(29)	56
Quality and Safeguarding	106	38	68	141	120	21	0	21
Capital and Financing	567	(935)	1,501	756	6,433	(5,678)	(6,474)	797
Contingency	2,532	1,710	822	3,377	3,385	(8)	(911)	903
Contingency - COVID Costs	0	15,821	(15,821)	0	28,244	(28,244)	(28,244)	0
Corporate Costs	3,888	3,049	839	5,184	5,009	175	(100)	275
LA COVID-19 Grant Funding	0	(37,858)	37,858	0	(28,216)	28,216	28,216	0
Other COVID contributions	0	(9,574)	9,574	0	(11,356)	11,356	11,356	0
Integrated Commissioning Func	**482,757**	**452,626**	**30,131**	**645,774**	**649,102**	**(3,328)**	**(858)**	**(2,470)**
CCG Expenditure	326,825	328,826	(2,001)	440,495	439,983	512	0	512
TMBC Expenditure	155,932	123,800	32,132	205,279	209,119	(3,840)	(858)	(2,982)
Integrated Commissioning Func	**482,757**	**452,626**	**30,131**	**645,774**	**649,102**	**(3,328)**	**(858)**	**(2,470)**

Finance Update Report – Headlines

Children's Services

The Directorate is reporting a forecast overspend of £4,134K at period 9 which is an overall adverse increase of £328K from period 8. The forecast overspend is predominantly due to the number and cost of external placements.

The placement forecasts have adversely increased by £562K since period 8; however this increase has been partly offset by reduced employee costs of £170k and additional grant income of £135K. There has also been changes to the forecasts for transfers to reserves which accounts for £45K. The overall adverse increase in the placement forecasts is due in an increase in the external placements forecasts of £523K and an increase in the internal placement forecasts of £39K.

At the end of December the number look after children was 727 a reduction of 1 from the previous month. The increase in the placement forecast is primarily due to an increase in external placement costs for existing LAC.

CCG Position

On the assumption that the anticipated COVID top up is received in full, a surplus of £512k is projected at year end.

This is an improvement from the break even position reported in November. Financial performance for CCGs in 2020/21 is being monitored at an STP level, therefore the surplus in T&G will help to offset pressures elsewhere in the system and help GM to manage within the financial envelope.

A significant driver of the T&G improvement is individualised commissioning. During the first wave of the COVID pandemic, NHSE introduced the Hospital Discharge Programme. This enabled the NHS to quickly move appropriate patients from hospital beds into care homes, allowing acute providers to concentrate on the pandemic response. As such a large number of patients entered care home as part of the Hospital Discharge Programme, with full assessments for CHC or social care support deferred until the pandemic response allowed

A majority of these assessments have now been completed, with a much smaller number of patients qualifying for a full CHC placement than envisaged during the phase 3 planning process. As such projected spend in this area has reduced and a surplus has been generated.

Finance Update Report – Headlines

TMBC YTD Position

A YTD under spend of £32.3m has been reported in the council, against a full year overspend of £3.8m. The YTD position includes all COVID funding received. This funding needs to cover COVID related costs for the rest of this year and also to support expected funding shortfalls in Council Tax and Business Rates in 2021/22. Because of this, the reported YTD position does not fully represent the underlying financial position and the figure should only be used within the wider context of this narrative. A further £8.6m of business rates grants funding is included in the actuals, but not forecasts, because this is due to be repaid to Government in January 2021

Operations and Neighbourhoods Highways

The recent inclement weather has had a significant impact on the budget to support the gritting of the borough's highways. The whole annual budget of £ 0.441m has been utilised at period 9 (at 31 December 2020).

Since this date, there has and there is forecast to be further inclement weather conditions across the borough which will lead to a projected adverse budget variance by 31 March 2021.

The related details will be included in the Directorate period 10 (at 31 January 2021) revenue monitoring report.

QIPP

The CCG has a QIPP target for 2020/21 of £7,994k, which we need to deliver in order to meet our overall financial control total. £6,783k (85%) of the required savings have been banked in the first nine months of the year, with £241k achieved in December. Further savings of £1,211k are expected in future months, which will fully close the gap. This position has improved since last month because of expected savings on CHC.

Work is still required to deliver against this plan, in particular to ensure that appropriate budget management QIPP is identified. But we are confident that the target can be met on an 'in year' basis for 20/21. However because the majority of savings delivered are non recurrent in nature, there remains a significant financial challenge to address in future years.

Tameside and Glossop Integrated Care
NHS Foundation Trust

Month 9 Position

Summary

Trust I&E excluding COVID-19 expenditure:	**(£604k) underspend***
COVID-19 expenditure:	**£1.335m**
Net deficit (I&E + COVID-19 Exp):	**£731k overspend**
GM System Envelope (COVID/Growth):	**(£1.238m)**
Net Surplus:	**(£507k)**

***This includes System financial envelope funding of £2.767m (£16.603m M7-12)**

In Month Movement is £52k Favourable, of which I&E excluding COVID-19 is £145k increase and COVID-19 expenditure is £93k decrease

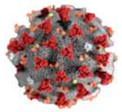
The planned deficit for M9 (based on September plan submission) is c£1.126m and the movement to the M9 reported position of £507k surplus is £1.633m favourable (see following slide)

The Trust is reporting good performance against activity restoration particularly on Diagnostics and Endoscopy, however in some areas still delivering below 100% restoration targets. The ability for the Trust to meet restoration targets is dependent upon the availability of staff and capacity and is not due to financial constraints

NHS
Tameside and Glossop
Integrated Care
NHS Foundation Trust

Financial Overview: In Month Movement

Bridge Movement M9 plan to M9 actuals £1.633m (F)



£352k (F) – Decrease in COVID-19 expenditure

- Sickness Position: The number of covid-19 related absences in December reduced from the previous month resulting in a reduction of bank and agency costs

- ITU: In month 9 there was a reduction in nursing NHSP bank spend as a number of substantive theatre nurses were move into critical care following reduced elective activity

£214k (F) – Non-recurrent items

One off non-recurrent items including recharge to the CCG in relation to GP IT Maintenance (£173k) and other smaller items

£279k (A) – Forecast winter and ward spend not realised:

Winter wards such as ward 30 and ward 43 have largely remained closed meaning that forecast levels of agency and bank spend have not materialised

£262k (F) – Activity related

A reduction in levels of activity compared to plan:

- Reduced theatre and surgical appliance spend
- Critical care occupancy (63% during December)
- Endoscopy activity less than restoration plan

£68k (F) – Income

- Income from SLAs and RTA is higher than forecast

£458k (F) – Forecast assumption not fully materialised

Inability to fully utilise 3rd party outsourced staffing provision due to high demand / workforce challenges

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Agenda Item 5.

Report to:	**AUDIT PANEL**
Date:	16 March 2021
Reporting Officer:	Kathy Roe – Director of Finance Tom Wilkinson – Assistant Director of Finance
Subject:	**ACCOUNTING POLICIES 2020/21**
Report Summary:	This report provides members of the Audit Panel with details of: • the proposed accounting policies for the 2020/21 Statement of Accounts; • the critical judgements made in applying the accounting policies; • assumptions made about the future and other major sources of estimated uncertainty within the 2020/21 accounts.
Recommendations:	The Panel is asked to: • note that there are no proposed changes to the accounting policies for 2020/21 compared to those adopted for 2019/20; and • approve the accounting policies detailed at **Appendix 1** to this report.
Corporate Plan:	The Corporate Plan helps determine the priorities for Council spending, which will be reported using the policies referred to in this report
Policy Implications:	There are no wider policy implications arising from this report.
Financial Implications: (Authorised by the statutory Section 151 Officer & Chief Finance Officer)	There are no direct financial implications arising from this report. The accounting policies determine how the income and expenditure, and assets and liabilities of the Council are reported and represented in the Council's financial statements.
Legal Implications: (Authorised by the Borough Solicitor)	The Council has a statutory duty to produce annual accounts – this report sets out requirements that the Council needs to comply with together with an explanation as to how certain matters are to be treated in the accounts.
Risk Management:	The accounting policies will help to reduce the risk of error or misstatement within the Council's accounts by ensuring a clear framework for financial reporting, consistent with guidance.
Background Information:	The background papers relating to this report and any further information can be obtained from the report writer, Heather Green, Finance Business Partner Telephone:0161 342 2929 e-mail: heather.green@tameside.gov.uk

1 INTRODUCTION

1.1 The Accounting Policies adopted by the Council determine the accounting treatment that is applied to transactions during the financial year and in the preparation of the Statement of Accounts at the year end. They determine the specific principles, bases, conventions, rules and practices that will be applied by the Council in preparing and presenting its financial statements. The accounting policies themselves are published within the Statement of Accounts in accordance with International Financial Reporting Standards (IFRS), as adopted by the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Local Authority Accounting ('the Code').

1.2 The approval of the accounting policies to be applied by the Council demonstrates that due consideration is being given to which policies to adopt and apply and that those charged with corporate governance are fully informed of the policies that are being adopted, prior to the commencement of the preparation of the Statement of Accounts.

1.3 The accounts of the Greater Manchester Pension Fund are included within the Council's Statement of Accounts document each year. However, it should be noted that this report is in relation to the Council only and that the accounting policies and estimates of the Greater Manchester Pension Fund are approved elsewhere.

1.4 As per the practice adopted in previous years, the Panel are requested to endorse the use of the policies underpinning the financial statements within the Statement of Accounts.

2 UPDATES TO THE 2020/21 CODE OF PRACTICE ON LOCAL AUTHORITY ACCOUNTING

2.1 Officers have assessed the accounting policies that are deemed necessary to explain clearly and underpin the accounting treatment of transactions within the Council's Statement of Accounts for 2020/21. In undertaking this assessment a review of all accounting policies previously agreed has been undertaken to check their relevance, clarity, legislative compliance and that they are in accordance with the latest version of 'the Code' and IFRS requirements.

2.2 There are no changes to the Code of Practice on Local Authority Accounting which require changes to the Council's Accounting Policies for 2020/21.

3 COVID FUNDING 2020/21

3.1 During 2020/21 the Council has received a number of new COVID grant funding streams. Each of these grants has different terms and conditions attached to it, and the accounting treatment will be determined by the restrictions placed on the funding. An exercise will be undertaken during March 2021 to review and confirm the correct accounting treatment for these different funding streams.

4 LEASES (IFRS16)

4.1 The revised accounting standard IFRS16 relates to the treatment of assets that are used under lease arrangements. The CIPFA/LASAAC Code Board has determined that the Code of Practice on Local Authority Accounting will adopt the principles of IFRS 16 Leases, for the first time from 2022/23. Previously there had been an expectation that this accounting standard would apply from 2021/22, but this has been deferred.

4.2 IFRS 16 will replace the existing leasing standard, IAS 17, and will introduce significant changes to the way the Council accounts for leases from 1 April 2022. The most significant changes will be in respect of lessee accounting (where a body leases property or equipment from another entity). The existing distinction between operating and finance leases will be removed and instead, the new standard will require a right of use asset and an associated lease liability to be recognised on the lessee's Balance Sheet.

4.3 In order to meet the requirements of IFRS 16, work has already been undertaken to identify and assess all lease arrangements in place within the Council. The information gathered is will be reviewed and updated during the 2021 in preparation for the revised adoption date of 1 April 2022.

5 RECOMMENDATIONS

4.1 As set out on the front of the report.

APPENDIX 1:

STATEMENT OF ACCOUNTING POLICIES FOR 2020/21

STATEMENT OF ACCOUNTING POLICIES FROM 1 APRIL 2020

The Statement of Accounts summarises the Council's income, expenditure, assets and liabilities held and incurred during the 2020/21 financial year, and it's position at 31 March 2021.

The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2014 (as amended), which require accounts to be prepared in accordance with proper accounting practices.

Proper accounting practice for Local government comprises the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the 'Code') which is based on International Financial Reporting Standards and statutory guidance.

The accounting convention adopted in the Statement of Accounts is principally historic cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The Accounting Policies of the Council as far as possible have been developed to ensure that the accounts of the Council are understandable, relevant, free from material error or misstatement, reliable and comparable.

ACCOUNTING PRINCIPLES

a) Going Concern

The Council prepares its accounts on the basis that it remains a going concern; that is that there is the assumption that the functions of the Council will continue in operational existence. In the case of a pending local government reorganisation, where assets and liabilities are due to be redistributed, the Council would still account on the basis of going concern as the provision of services would continue in another Council.

b) **Accruals Concept**

The Council accounts for income and expenditure in the period to which the service has taken place, rather than when cash payments are received or made. Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Equally, where cash has been received or paid which is not yet recognised as income or expenditure, a creditor (income in advance) or debtor (payment in advance) is recorded in the Balance Sheet.

c) **Cost of Services**

The cost of services analysis within the Comprehensive Income and Expenditure Statement (CIES) is shown by Council Directorates in line with the revenue monitoring reports to Executive Cabinet and internal reporting. The CIES reports income and expenditure in accordance with generally accepted accounting practice. The Expenditure and Funding Analysis is then intended to demonstrate how the funding available to the Council (i.e. government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices.

d) **Value Added Tax (VAT)**

Income and expenditure transactions exclude any amounts relating to VAT as currently all VAT collected is payable to HM Revenue and Customs and all VAT paid is recoverable from them.

e) **Changes in Accounting Policy**

Where there is a known future change in accounting policy required by the CIPFA Code, the Council will disclose the following in the notes to the accounts:

- The nature of the change in accounting policy;
- The reasons why applying the new accounting policy provides reliable and more relevant information;
- For both the current reporting period, and the previous year comparatives reported, the extent to which the change in accounting policy would have impacted on the financial statements if it had been adopted in that year;
- The amount of adjustment relating to years previous to those reported in the set of financial statements, had the proposed policy been adopted retrospectively; and
- If retrospective application is impracticable for a particular period, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied. The Council will also disclose information relating to an accounting standard which has been issued but not yet adopted.

f) **Previous Year Adjustments**

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the Council's financial position or financial performance. Where a change is made it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Material errors discovered in prior period figures are corrected retrospectively by way of a prior period adjustment and an appropriate disclosure in the notes to the accounts. A change to the accounting policy may also require that the basis of estimates is changed. This will be disclosed in accordance with the policy on changes to accounting estimates.

g) **Events after the Balance Sheet Date**

Events after the Balance Sheet date are reflected up to the date when the Statement of Accounts is authorised for issue. This date and who gave that authorisation is disclosed in the notes to the accounts, including confirmation that this is the date up to which events after the Balance Sheet date have been considered.

Where a material event is identified after the Balance Sheet date, whether favourable or unfavourable, for which it can be shown that the conditions already existed at the Balance Sheet date, it is an adjusting event and the amounts in the accounts would be adjusted accordingly. However, where a material event is identified which occurred after the Balance Sheet date but it cannot be shown that the conditions existed before the Balance Sheet date, then it is a non-adjusting event and the accounts would not be adjusted (although a disclosure would be made in the notes to the accounts).

h) **Material Items**

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

i) **Contingent Assets and Liabilities**

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

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

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

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is possible but not certain that there will be an inflow of economic benefits or service potential that cannot be reliably measured.

2. CAPITAL ACCOUNTING

a) Recognition

All expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis. Expenditure on the acquisition of an asset, or expenditure which adds to, and not merely maintains, the value of an existing asset, should be capitalised, provided that it yields benefits to the Council and the services it provides for a period of more than one year.

Capital expenditure includes:

- the acquisition, reclamation, enhancement or laying out of land;
- acquisition, construction, preparation, enhancement or replacement of roads, buildings and other structures;
- acquisition, installation or replacement of movable or immovable plant, machinery, apparatus, vehicles and vessels.

In this context, enhancement means works which are intended to:

- Lengthen substantially the useful life of the asset, or
- Increase substantially the market value of the asset, or
- Increase substantially the extent to which the asset can or will be used for the purposes of or in conjunction with the functions of the Council.

Under this definition, improvement works and structural repairs should be capitalised, whereas expenditure to ensure that the non-current asset maintains its previously assessed standard of performance should be recognised in the revenue account as it is incurred.

A de-minimis level of £10,000 has been adopted by the Council in relation to capital expenditure.

b) Measurement

Initially the assets are measured at cost, comprising the purchase price, plus any costs associated with bringing the asset into use. The measurement of an operational asset acquired other than through purchase is deemed to be its current value. The Code requires that non-operational property, plant and equipment classified as surplus assets are measured at fair value.

In accordance with 'the Code', Property, Plant and Equipment is further classified as:

- Other Land and Buildings *
- Infrastructure assets
- Vehicles, Plant and Equipment
- Community Assets
- Assets under Construction
- Surplus Assets

Each of these asset classifications are valued on the base recommended by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by The Royal Institution of Chartered Surveyors (RICS), as follows:

- Infrastructure, Community Assets and Assets Under Construction – depreciated historical cost (DHC)
- Other assets (excluding non-operational property) – current value, determined as the amount that would be paid for the asset in its existing use (EUV)
- Surplus assets (non-operational property, plant and equipment) – fair value

Where there is no market based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value. Where non-property assets (such as Vehicles, Plant and Equipment) have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

*These asset categories are revalued on a five year rolling cycle. The programme of revaluations is continuing on this cyclical basis although values of those assets falling between scheduled valuation dates are reviewed annually to ensure that any material changes to asset valuations is adjusted in the interim period, as they occur. For assets where expenditure of £750,000 or above has been incurred, these are added to the preceding year's revaluation list

c) Revaluation

Revaluation of property is undertaken on at least a five year "rolling programme". A desk top valuation exercise can take place more frequently, however, if the valuer believes that market changes within the year are more significant, an interim valuation will be undertaken. Investment Properties are revalued annually to determine any material change in the carrying value.

A Revaluation Reserve for non-current assets (other than Investment Properties) is held in the Balance Sheet made up of unrealised revaluation gains relating to individual non-current assets, with movements in valuations being managed at an individual non-current asset level.

Movement in the valuation of Investment Properties are charged or credited to the Comprehensive Income Expenditure Statement. Gains arising from the revaluation of Investment Properties are not held within a revaluation reserve.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of the reserves formal implementation. Gains arising before that date were subsequently consolidated into the Capital Adjustment Account. Movements in the valuations of non-current assets do not impact on General Fund Balances and are not a charge or credit to council tax levies.

d) Disposals

Receipts from the disposal of non-current assets are accounted for on an accruals basis. When an asset is disposed of, the value of the asset in the Balance Sheet is written out to the Comprehensive Income and Expenditure Statement, as is the disposal receipt. These amounts are not a charge or receipt to council tax as the cost of non-current assets is fully provided for under separate arrangements for capital financing. The asset value written out is appropriated to the Capital Adjustment Account, the capital receipt is appropriated to the Capital Receipts Unapplied Account, via the Movement in Reserve Statement. Any revaluation gains that have accumulated in the Revaluation Reserve are transferred to the Capital Adjustment Account.

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement element of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the CIES (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council to finance the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on Investment Properties that have yet to be consumed by the Council. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before April 2007, the date that the Revaluation Reserve was created to hold such gains.

Usable Capital Receipts have been used to finance capital expenditure based on the policy of the Council.

Academy Schools are written out of the Council's Balance Sheet at the time that they legally transfer to Academy status. The net book value of the school at the time of the transfer is charged to Other Operating Income and Expenditure within the Comprehensive Income and Expenditure Statement as a loss on disposal/de-recognition.

e) Heritage Assets

Heritage Assets are held for their cultural, environmental or historical associations. With the exception of "Statues and Other Monuments", which by their nature are located across the Borough, they are mainly held in the Council's art galleries and museums.

This collection of Heritage Assets has been secured over many years from a variety of sources, being mainly bequeaths, donations and long term loans. Assets acquired from these sources may have conditions attached which govern how the assets may be managed in the future. Any assets with conditions attached are recognised in Donated Assets as a long term liability in the Balance Sheet until any outstanding conditions cease.

Any acquisitions of Heritage Assets are initially recognised at cost and donations are recognised at valuation with valuations provided by external valuers. The Council's collections of Heritage Assets are accounted for as follows:

- Art Collection;
- Militaria;
- Civic Regalia and Silver; and
- Statues and Other Monuments.

f) Investment Properties

Investment Property is held solely to earn rental income or for capital appreciation or both. Investment Property is initially recognised at cost, but is subject to valuation at fair value at the end of each accounting period. Losses or gains are recognised in the Comprehensive Income and Expenditure Statement.

g) Intangible Assets

Intangible Assets represent non-current assets that do not have physical substance, but are identifiable and are controlled by the Council through custodial or legal rights. All purchased Intangible Assets are capitalised at historical cost in line with 'the Code'.

In line with other non-current assets, their useful economic life is determined based on the length of time that the benefit will accrue to the Council. Based on the best estimate of the useful economic life, the Intangible Asset is charged to the Comprehensive Income and Expenditure Statement over this period.

h) Depreciation / Amortisation Methodology

Depreciation is provided for on all non-current assets with a finite useful life (this can be determined at the time of acquisition or revaluation) according to the following policy:

- In accordance with the Service Reporting Code of Practise, all buildings (but not their land) are depreciated over their remaining useful lives. A land and building split has been determined by the Council's external valuers. Estimates of the useful life are determined for each property and where material for components of those properties as part of the valuation process. These estimates of economic life may vary considerably from property to property.
- Investment Properties are not depreciated, rather an annual review is undertaken of the fair carrying value. Any changes to these values are charged to the Provision of Services within the Comprehensive Income and Expenditure Statement in the period that they occur.
- Infrastructure is depreciated over a 40 year period.

- Vehicles, Plant, and Equipment is depreciated over 10 years or less depending on the nature of the asset.

Depreciation is calculated on a straight-line basis. Depreciation is not charged in the year of asset acquisition. Depreciation is charged to the Comprehensive Income and Expenditure Statement but does not impact on council tax and is written out to the Capital Adjustment Account via the Movement in Reserves Statement. Where non-current assets have been re-valued the current value depreciation will be higher than the historic cost depreciation, this increased depreciation charge is written out against the Revaluation Reserve with an offsetting entry to the Capital Adjustment Account.

i) Charges to revenue for non-current assets

Service revenue accounts, support services and trading accounts are charged with the following amounts to record the real cost of holding non-current assets throughout the year:

- Depreciation attributable to the assets used by the relevant service
- Impairment losses attributable to non-current assets used by the service in excess of the balances held in the Revaluation Reserve
- Amortisation of Intangible Assets attributable to the service

The Council does not raise council tax to cover depreciation, impairment loss or amortisations. The Council does, however, make an annual provision from revenue to reduce its borrowing requirement, (see section m). Depreciation, impairment losses, amortisation and gains or losses on the disposal of non-current assets are therefore written out in the Movement in Reserves Statement, by way of an adjusting transaction within the Capital Adjustment Account.

j) Revenue Expenditure Funded from Capital under Statute

Revenue Expenditure Funded from Capital under Statute represents expenditure which may be properly capitalised, but which does not result in the creation of any non-current asset to the Council. In line with the guidance contained in 'the Code', this expenditure is written off to the Comprehensive Income and Expenditure Statement in the year the expenditure is incurred, because the Council does not control the economic benefits arising from this expenditure.

k) Impairment of Non-current Assets

Assets have been reviewed for any impairment loss in respect of the consumption of economic benefit (e.g. physical damage). Where an impairment loss occurs this would be charged to the service revenue account, with a corresponding entry made to reduce the value of the asset in the Balance Sheet.

To remove the impact of the impairment loss on the budget, a credit entry is made in the Movement in Reserves Statement as a charge to the Capital Adjustment Account.

Impairments reflecting a general fall in prices would be recognised in the Revaluation Reserve, up to the value of revaluation for the individual asset, and any further impairment would be treated as a consumption of economic benefit and charged to the service revenue account.

l) Capital Receipts

Capital receipts (in excess of £10,000) arising from the sale of non-current assets are credited to Capital Receipts Unapplied Account.

Any capital receipts relating to the repayment of former Housing Revenue Account (HRA) mortgages (principal amounts) are subject to provisions included within the Local Government Act 2003. The Council is required to pay a specified amount from these receipts to the national pool. All other capital receipts are usable.

Usable capital receipts are shown separately in the Balance Sheet and can be used either to finance new capital investment, to repay grant received in relation to the asset disposed of, to finance the premium sum arising from the rescheduling of debt, or set aside to reduce the Council's underlying need to borrow.

m) Redemption of Debt (Minimum Revenue Provision)

Where capital expenditure has been financed by borrowing there is a provision for the repayment of debt to be made in accordance with the Minimum Revenue Provision requirements of the Local Authorities ('MRP' - as set out in Capital Financing and Accounting (Amendment) Regulations 2009).

Since 2015/16 the Council has adopted the following policy in relation to calculating the Minimum Revenue Provision

i) Borrowing taken up prior to 01/04/2015 will be provided for using a straight-line method of calculating 'MRP'. A total of £185,215,128 will be provided for in equal instalments over 50 years which will result in an annual charge of £3.704m. The debt will be extinguished in full by 31 March 2065. If the Council elects to make additional voluntary MRP then the annual charge will be adjusted accordingly.

ii) The following will be required in relation to borrowing taken up on or after 01/04/2015.

- For borrowing taken up on or after 1 April 2015, MRP is to be provided for based upon the average expected useful life of the assets funded by borrowing in the previous year. The debt will be repaid on a straight-line basis over the average useful life calculated, meaning the debt will be fully extinguished at the end of period. If the Council elects to make additional voluntary MRP then the annual charge will be adjusted accordingly.
- For certain investment projects it may be deemed more prudent to use the asset life annuity method in order to calculate MRP. In this case the Council will use the annuity method, with the MRP based on the prevailing PWLB interest rate for a loan with a term equal to the estimated life of the project. If the Council uses capital receipts to repay borrowing for the year then the value of MRP which would have otherwise been set aside to repay borrowing will be reduced by the this amount. The level of capital receipts to be applied to redeem borrowing will be determined annually by the Section 151 Officer, taking into account forecasts for future expenditure and the generation of further receipts.
- For any finance leases and any on-balance sheet Public Finance Initiative (PFI) schemes, the MRP charge will be equal to the principle repayment during the year, calculated in accordance with proper practices.
- There will be no MRP charge for any cash backed Local Authority Mortgage Scheme (LAMS) that the Council operates. As for this type of scheme, any future debt liability would be met from the capital receipt arising from the deposit maturing after a five year period. Any repossession losses for this type of scheme would be charged to a LAMS reserve.
- The Council has considered the Statutory Guidance, which recommends a 25 year repayment charge for loans to third parties, and concluded that this provision is not necessary where there is a realistic expectation that the loan will be repaid. The Council considers an MRP charge is not necessary in respect of any loans made to third parties as the debt liability is covered by the existence of a debtor; typically long term depending on the life of the loan. The only expenditure consequence of a loan for an authority is the interest on its cash shortfall whilst the loan is outstanding, so provision for the principal amount would be over-prudent until such time as the assumption has to be made that the loan will not be repaid.

n) Capital Grants and Contributions

The Council recognises capital grants and contributions as being related to capital assets and uses them to fund capital expenditure on those assets. Grants, contributions and donations are recognised as income at the date that the Council has satisfied the conditions of entitlement, and there is reasonable assurance that the monies will be received.

Any grant received before these recognition criteria were satisfied would be held as a creditor. Any grant which had met the recognition criteria but had not been received would be shown as a debtor. This is in line with the Accruals Concept Policy.

Once the recognition criteria above have been satisfied, capital grants are recognised as income in the Comprehensive Income and Expenditure Statement.

In order to not impact on the level of Council Tax, the Council removes the credit from the General Reserves through the Movement in Reserves Statement, and makes a credit to the Capital Grants Unapplied Reserve.

Once expenditure has been incurred on the related asset, the credit is removed from the Capital Grants Unapplied Reserve and credited to the Capital Adjustment Account.

o) Capital Reserves

The Council holds Capital Reserves for the purpose of financing capital expenditure. Reserves will be disclosed as either usable (available to fund capital expenditure) or unusable (reserves held as a result of timing differences associated with recognition of capital expenditure and related financing).

Movements in capital reserves are accounted through the Movement in Reserves Statement.

p) Leases

In line with IFRIC 4, the Council recognises a lease to be any agreement which transfers the right to use an asset for an agreed period in exchange for payment, or a series of payments.

This includes; leases, hire purchase, rental, contracts of service, service level agreements and any other arrangement where the ability to use an asset is conveyed.

q) Defining a Finance Lease

A finance lease is where substantially all of the risks and rewards relating to ownership transfer to the lessee.

Tests to give an indication of the transfer of risk and reward are:

- If the lessee will gain ownership of the asset at the end of the lease term (e.g. hire purchase)
- If the lessee has an option to purchase the asset at a sufficiently favourable price that it is reasonably certain, at the inception of the lease, that it will be exercised
- If the lease term is for the major part of the economic life of the asset even if the title is not transferred. Measures to identify this include:
    - The economic life of the asset is deemed to be that which is consistent with the class of asset in the depreciation policy.
    - The Council recognises ‘major part’ to be 75% of the life of the asset, unless on an individual case basis this would not give a true representation of the substance of the transaction.
- At the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset. Measures to identify this include:
    - Fair value of the leased asset is assessed by a RICS qualified valuer.
    - The present value of the minimum lease payments is calculated by discounting at the rate inherent in the lease.
    - If this rate cannot be determined the incremental borrowing rate applicable for that year is used.
    - The Council recognises ‘substantially all’ to be 75% of the value of the asset, unless on an individual case basis this would not give a true representation of the substance of the transaction.
- The leased assets are of such a specialised nature that only the lessee can use them without major modifications.
- If the lessee cancels the lease, the losses of the lessor, associated with the cancellation are borne by the lessee.
- Gains or losses from the fluctuation in the fair value of the residual accrue to the lessee (e.g. in the form of a rent rebate equalling most of the sales proceeds at the end of the lease).

- The lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than market rent.

A suitably experienced accountant, with assistance from qualified valuers, will make a judgement based on the level of risk and reward held by the Council as to whether an asset is operating or finance.

r) Defining an Operating Lease

The Council recognises an operating lease to be a lease which is not a finance lease. Where the Council is the lessor for an operating lease, normally the asset is classified as an Investment Property. Any rental income is credited to the relevant service income.

s) Lessee Accounting for a Finance Lease

Where the Council is tenant in a property, or is, by definition of IFRIC 4, leasing an asset which is deemed under IAS 17 to be a finance lease the Council will recognise that asset within the asset register, and account for that asset as though it were an owned asset.

The initial recognition of the asset is at the fair value of the property, or if lower, the present value of the minimum lease payments. A liability is also recognised at this value, which is reduced as lease payments are made.

t) Lessor Accounting for a Finance Lease

Where the Council is the lessor for a finance lease, the asset is not recognised in the asset register; however a long term debtor at the present value of minimum lease payments is recognised. Income received is split between capital – credited against the debtor, and finance income – credited to the Comprehensive Income and Expenditure Statement as interest receivable.

u) Lessor Accounting for an Operating Lease

Where the Council is the lessor for an operating lease, normally the asset is classified as an Investment Property. Any rental income is credited to the relevant service income.

v) Service Concession Agreements (Private Finance Initiative (PFI) and other similar contracts)

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. PFI and similar contracts are assessed against criteria within IFRIC 12 Service Concession Arrangements to determine whether the risks and rewards incidental to ownership lie with the Council or the contractor.

Those which lie with the contractor – payments made during the life of the contract are chargeable to revenue as incurred.

Those which lie with the Council – are recognised as an asset in the Balance Sheet for the construction costs of the asset. Once recognised this asset is treated in line with all capital assets. A corresponding long term liability is also recognised at the construction value. Payments made during the life of the contract are split into finance costs, capital costs and service costs.

Determining the split of payments is calculated at the inception of the contract and is based on the inherent interest rate within the original agreement. Finance costs are chargeable to the Comprehensive Income and Expenditure Statement as interest payable. Capital costs reduce the level of liability in the Balance Sheet. Service costs are chargeable to the relevant revenue service expenditure. Pre-payments reduce the level of liability at the start of the contract.

PFI credits are treated as general revenue government grants.

3. REVENUE ACCOUNTING

a) Recognition of Revenue Expenditure

The Council recognises revenue expenditure as expenditure which is not capital.

b) Employee Costs

In accordance with IAS 19, the Council accounts for the total benefit earned by employees during the financial year.

Employee Costs are split into 3 categories; short term benefits, termination benefits and pensions costs.

Short Term Employee Benefits

- Salaries and Wages – The total salary and wages earned by employees during the financial year are charged to the Comprehensive Income and Expenditure Statement. Where the amount accrued exceeds the amount paid at the 31 March, a creditor will be reflected in the accounts.
- Leave Owed, Accumulating Absences – The Council allows employees to earn time off in one period with the resulting cost to the Council in a later period when that time is either taken off or paid to the employee. Examples of this accumulating leave are annual leave, flexi-time and time off in lieu.

If an employee were to leave the Council, cash payment would be made for entitlements such as annual leave; this leave is termed vesting. Where no cash payment would be due, the leave is termed non-vesting.

In order to correctly reflect the cost of time owed to staff, a charge has been made to the Comprehensive Income and Expenditure Statement and a creditor accrual has been reflected in the Balance Sheet. This charge is reflective of the estimated time cost value of all accumulating leave owed to employees. Vesting leave will be charged in full; however non-vesting leave has been adjusted to reflect the turnover of staff.

- Non-accumulating Absences – are periods of leave that cannot be carried forward for use in future periods. Examples include Maternity Leave, Special Leave, Sick Leave and Jury Service. The Council does not recognise non-accumulating compensated absences until the time that the absence occurs.
- Non-monetary Benefits – Where employees have non-monetary benefits (e.g. retirement benefits or life insurance), the associated cost of providing that benefit has been charged to the Comprehensive Income and Expenditure Statement.

Termination benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant service lines in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

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

Pensions Costs

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

- The Teachers' Pension Scheme is a defined benefit scheme administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).

The assets and liabilities of the Teachers' Pension Scheme are not attributable to the Council, therefore the Council accounts for the scheme as if it were a defined contribution scheme. This means that the Children and Education Services line in the Comprehensive Income and Expenditure Statement will only include the Council's contributions payable to the scheme.

- NHS Pension Scheme is a defined benefit scheme administered by EA Finance NHS Pensions.

The assets and liabilities of the NHS Pension Scheme are not attributable to the Council, therefore the Council accounts for the scheme as if it were a defined contribution scheme. This means that the Public Health Services line in the Comprehensive Income and Expenditure Statement will only include the Council's contributions payable to the scheme.

- The Greater Manchester Local Government Pension Scheme, administered by the Council, is accounted for as a defined benefit scheme. The liabilities of the scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method - i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, and projections of future earnings for current employees.

Pension liabilities are measured using the projected unit method, discounted using the rate on high quality corporate bonds of equivalent term to the liabilities. The discount rate is the weighted average of "spot yields" on AA rated corporate bonds.

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

Service cost comprising:

1. Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
2. Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years will be debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
3. Net interest on the net defined benefit liability i.e. net interest expense for the Council - the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the end of the period, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

Re-measurement comprising:

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

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the Pension Fund in the year, not the amount calculated according to the relevant accounting standards. Adjustments are therefore made in the Movement in Reserves Statement.

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The debit balance on the Pensions Reserve therefore shows a shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

Early Retirement, Discretionary Payments

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

c) Lessee Accounting for an Operating Lease

Costs associated with operating leased assets where the Council is the lessee are charged immediately to the Comprehensive Income and Expenditure Statement within the Net Cost of Services on an accruals basis.

d) Revenue Grants and Contributions

Grants, contributions and donations (referred to as grants for the purposes of this policy) are recognised as income at the date that the Council has satisfied the conditions of entitlement, and there is reasonable assurance that the monies will be received. Any grant received before these recognition criteria were satisfied would be held as a creditor (income in advance). Any grant which had met the recognition criteria but had not been received would be shown as a debtor.

Revenue grants will either be received to be used only for a specific purpose, or can be used for general purpose. Those for a specific purpose are recognised in the Comprehensive Income and Expenditure Statement within the Net Cost of Services. Those which are for general purpose are shown within Other Operating (Income) and Expenditure in the Comprehensive Expenditure and Income Statement.

The Council recognises capital grants and contributions as being related to capital assets and uses them to fund capital expenditure on those assets. Grants, contributions and donations are recognised as income at the date that the Council has satisfied the conditions of entitlement, and there is reasonable assurance that the monies will be received.

Any grant received before these recognition criteria were satisfied would be held as a creditor. Any grant which had met the recognition criteria but had not been received would be shown as a debtor. This is in line with the Accruals Concept.

Once the recognition criteria above have been satisfied, capital grants are recognised as income in the Comprehensive Income and Expenditure Statement.

In order to not impact on the level of Council Tax, the Council removes the credit from the General Reserves through the Movement in Reserves Statement, and makes a credit to the Capital Grants Unapplied Reserve.

Once expenditure has been incurred on the related asset, the credit is removed from the Capital Grants Unapplied Reserve and credited to the Capital Adjustment Account.

e) Provisions

Provision has been made in the Comprehensive Income and Expenditure Statement for liabilities that have been incurred by the Council, but where the amounts or dates on which they will arise are uncertain.

Provisions are required to be recognised when the Council has a present obligation, as a result of a past event, where it is probable that an outflow of resources embodying economic benefit or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation, (IAS 37 – Provisions, Contingent Liabilities and Contingent Assets).

When expenditure is incurred to which the provision relates, it is charged directly against the provision in the Balance Sheet and not against the Comprehensive Income and Expenditure Statement.

The Council has made a provision for the costs of settling claims for back pay arising from discriminatory payments incurred before the Council implemented its equal pay strategy. However, statutory arrangements allow settlements to be financed from General Fund Balances in the year that payments actually take place, not when the provision is established. The provision is therefore balanced by an entry within the Capital Adjustment Account (CAA) created from amounts credited to the General Fund Balance in the year the provision was made or modified. The balance within the CAA will be debited back to the General Fund Balance in the Movement in Reserves Statement in future financial years as payments are made.

f) Revenue Reserves

The Council holds usable revenue reserves for the purpose of funding future expenditure. The General Fund Balance represents the balance of reserves to meet short term, unforeseeable expenditure and to enable significant changes in resources or expenditure to be properly managed over the period of the Medium Term Financial Strategy. Earmarked Reserves represent balances where approval has been received to use the reserve for a specific purpose.

Unusable revenue reserves represent timing differences such as those associated with the recognition of retirement benefits, Council tax income and financial instruments.

Movement in reserves are accounted through the Movement in Reserves Statement.

g) Council Tax and Business Rates Recognition

Council Tax and Business Rates income included in the Comprehensive Income and Expenditure Statement includes the Council's share of accrued income recognised by billing authorities in the production of the Collection Fund Statements.

The difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Reserve is taken to the Collection Fund Adjustment Account and reported in the Movement in Reserves Statement.

Billing authorities act as agents, collecting council tax and business rates on behalf of the major preceptors and, as principals, collecting council tax and business rates for themselves. Billing authorities are required by statute to maintain a separate fund (the Collection Fund) for the collection and distribution of amounts due in respect of council tax and business rates. Under the legislative framework for the Collection Fund, billing authorities and major preceptors share proportionately the risks and rewards that the amount of council tax and business rates collected could be less or more than predicted.

The council tax and business rates income included in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council's General Fund. Therefore The difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Reserve is taken to the Collection Fund Adjustment Account and reported in the Movement in Reserves Statement.

The Balance Sheet includes the Council's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

h) Inventories and Work in Progress

Work in progress is valued at the lower of cost (including all related overheads) or net realisable value.

No amounts are included for such items as small stores at Community Services residential homes, or stocks at special schools and outdoor education centres as these are not regarded as having material value due to their size. It is considered that this difference in treatment (together with the exclusion of certain types of stock) does not have a material effect on the values stated.

i) Provisions for bad and doubtful debts

The Council maintains a bad debt provision for any potential non-payment of debtors at each Balance Sheet date. Assessment is made based on the risk of debtors' ability to pay future cash flows due under the contractual terms. This risk is estimated where possible based on historical loss experience, credit rating for a debtor and other impacting factors.

Provisions for bad debts are offset against the debtor amount shown as an asset, the movement in the provision is charged against the relevant service line in the Comprehensive Income and Expenditure Statement.

4. TREASURY MANAGEMENT

a) Financial Instruments

Financial Assets

Financial Assets e.g. investments and debtors are classified into three types – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVPL).

The categorisation of financial assets into these types is dependent on the reason for holding these assets (to collect cash flows, to sell assets or both).

Financial assets are brought onto the balance sheet at fair value when the Council becomes a party to contractual provisions.

Amortised Cost

These assets relate to financial instruments where the amounts received relating to them are solely principal and interest and they are held to generate cash flows (e.g. investments of surplus cash with the government's debt management office or loans to third parties).

The interest received on these assets is spread evenly over the life of these instruments. Any gain or loss in the value of these assets is recognised in the net surplus / deficit on the net provision of services at the point of de-recognition (disposal) or reclassification.

Fair Value through Other Comprehensive Income (FVOCI)

These assets relate to financial instruments where the amounts received relating to them are solely principal and interest but they are held to collect cash and sell the assets (e.g. money market funds). The interest received on these assets is spread evenly over the life of these instruments.

Changes in the fair value of these assets are charged to Other Comprehensive Income and Expenditure. Cumulative gains and losses are charged to the surplus / deficit on provision of services when they are disposed of.

Under capital accounting regulations where these assets were treated as capital expenditure the gain or loss is reversed to an unusable reserve - the Financial Instruments Revaluation Reserve.

Fair Value through Profit and Loss (FVPL)

These assets relate to financial instruments where the amounts received relating to them are not principal and interest (e.g. equity investments).

Dividends received are accounted for at the point they are declared.

Charges in fair value are charged to the surplus / deficit on the net provision of services as they occur.

Under capital accounting regulations where these assets were treated as capital expenditure the gain or loss is reversed through the Movement in Reserves Statement and charged to an unusable reserve - the Capital Adjustment Account. . An equity instrument that has been classed as FVPL can be designated as FVOCI if it is not held for trading (e.g. a strategic investment). Once this designation has been made it cannot be reversed. This designation would mean that any gains and losses would be held in the Financial Instruments Revaluation Reserve.

Credit loss

The Council will recognise a loss allowance for expected credit losses, if applicable, on assets where cash flows are solely principal and interest (i.e. financial instruments measured at amortised cost or FVOCI unless they have been designated as such). This does not apply where the counterparty is central government or another local authority.

At each year end the loss allowance for a financial instrument is calculated as equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

If at year end the credit risk has not increased significantly since initial recognition the loss allowance is measured at an amount equal to twelve month expected credit losses.

Where the financial asset was treated as capital expenditure any losses will be reversed via the Movement in Reserves Statement to the Capital Adjustment Account.

Financial Liabilities

Financial liabilities (e.g. borrowings and creditors) are recognised when the other party has met a commitment under the contract that creates an obligation for the Council to transfer economic benefits. For instance, when the Council takes out a loan, the advance of cash from the lender initiates the obligation to repay at some future date, and the loan would be recognised as a liability on the Balance Sheet when the advance is received.

Charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability multiplied by the effective rate of interest for the instrument. (The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised).

For many of the borrowings that the Council has, this means that the amount shown in the Balance Sheet is the outstanding principal repayable plus accrued interest, and the amount charged to the Comprehensive Income and Expenditure Statement is the amount payable per the loan agreement.

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

Where the Council is in receipt of loans that are interest free or at less than prevailing market interest rates if material, the effective interest rate is calculated so that the value of the financial assistance to the Council by the lender is separated from the financial cost of the transaction. This gain is calculated by working out the net present value of all future cash payments using the interest rate for a similar loan taken by the Council. This results in a lower figure for the fair value of the loan with the difference from the loan received treated as a government grant. This gain is reversed out in the Movement in Reserves Statement to the Financial Instruments Adjustment Account.

Gains and losses on the repurchase or early settlement of borrowing are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase or settlement. However if the repurchase takes place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is deducted from or added to the amortised cost of the new or modified loan. In this scenario the write down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts (amounts paid or received on the rescheduling of a loan) have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact of premiums on the General Fund balance to be spread over the longer of the outstanding period of the replaced loan or the period of the replacement loan or any other shorter period that the Council wishes to choose. Discounts are required to be credited to revenue over a maximum period equal to the outstanding term of the replaced loan or ten years (if shorter). The difference between the amount charged to the Comprehensive Income and Expenditure Statement and the net charge against the General Fund balance is transferred to or from the Financial Instruments Adjustment Account in the Movement of Reserves Statement.

b) **Cash and cash equivalents**

Cash equivalents are short term investments that are of a highly liquid nature. The Council has deemed that deposits held within money market funds are categorised as cash equivalents.

c) **Interests in Companies and Other Entities**

Where the Council has material interests in companies and other entities that have the nature of subsidiaries, associates and joint arrangements, it is required to prepare group accounts. In the Council's own single-entity accounts, the interests in companies and other entities are recorded as investments, i.e. at cost, less any provision for losses. *The Council has identified Inspired Spaces Tameside as an associate but group accounts have not been prepared on the grounds of materiality. Information on financial transactions between the Council and this associate are disclosed as related party transactions.*

APPENDIX 2:

CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The following are critical management judgements in applying the accounting policies of the Council that have the most significant effect on the financial statements. Critical estimation uncertainties are described in Note 44.

Accounting for Schools – Consolidation

In line with accounting standards and 'the Code' on group accounts and consolidation, all maintained schools in the Borough are now considered to be entities controlled by the Council. Rather than produce group accounts the income, expenditure, assets, liabilities, reserves and cash flows of each school are recognised in the Council's single entity accounts.

Accounting for Schools – Balance Sheet Recognition of Schools

The Council recognises schools in line with the provisions of the Code. Schools are recognised on the Balance Sheet only if the future economic benefits or service potential associated with the school will flow to the Council. The Council regards that the economic benefits or service potential of a school flows to the Council where the Council has the ability to appoint the employees of the school and is able to set the admission criteria.

There are generally five categories of schools:

- Community schools
- Voluntary Controlled (VC) schools
- Voluntary Aided (VA) schools
- Foundation/Trust schools
- Academies

Employees at community schools are appointed by the Council and the Council sets the admission criteria. These schools are therefore recognised on the Council's Balance Sheet.

In order to comply with the Code of Practice on Local Authority Accounting the Council wrote to each of the diocese who occupy schools within the borough of Tameside in order to establish the accounting arrangements.

Diocese of Salford, The Church of England Diocese of Chester, The Church of England Diocese of Manchester and Diocese of Shrewsbury have all responded in writing to confirm that the schools occupy the school premises under the direction of the trustees and that the legal ownership resides with the religious body. The Council has also had confirmation that the religious bodies referred to above account for the school buildings within their Balance Sheets.

The legal ownership of Voluntary Controlled School buildings belong to a charity, normally a religious body, therefore the Council does not recognise these non-current assets on the Balance Sheet. However the adjoining school playing fields remain in Council ownership and are therefore included on the Council's Balance Sheet.

Foundation Trust, Voluntary Aided and Academy school employees are appointed by the schools' governing body, which also set the admission criteria. As a consequence the Council does not receive the economic benefit or service potential of these schools and does not recognise them on the Council's Balance Sheet. However the playing fields surrounding Voluntary Aided schools remain in Council ownership and are therefore included on the Council's Balance Sheet.

Type of School	No of Primary School	No of Secondary School	No of Special School	Total	Land on the Balance Sheet £000s	Buildings on the Balance Sheet £000s
Community	25	4	5	**34**	36,201	83,124
Voluntary Controlled (VC)	7	0	0	**7**	1,608	0
Voluntary Aided (VA)	20	2	0	**22**	7,651	13,123
Foundation	0	0	0	**0**	0	0
Foundation Trust	0	0	0	**0**	0	0
Maintained Schools	**52**	**6**	**5**	**63**	**45,461**	**96,247**
Free Schools	0	1	0	1	0	0
Academies	24	9	1	34	0	0
Total	**76**	**16**	**6**	**98**	**45,461**	**96,247**

**As at 31 March 2019.*

Accounting for schools - Transfers to Academy status

When a school that is held on the Council's Balance Sheet transfers to Academy status the Council accounts for this as a disposal for nil consideration on the date that the school converts to Academy status, rather than as an impairment on the date that approval to transfer to Academy status is announced.

Where the Council has entered into construction contracts for replacement schools on behalf of an Academy, the Council charges the cost of construction against Assets Under Construction (part of Property, Plant and Equipment), whilst the Academy is constructed. Once the construction is complete the asset is transferred to Property, Plant and Equipment on the date of transfer to Academy status. The Council accounts for this as a disposal for nil consideration.

Investment Properties

Investment Properties have been identified using criteria under 'the Code', and are those assets held solely for rental income or for capital appreciation, or both. The assessment of Investment Properties using these criteria is subject to interpretation.

Leases

The Council has examined its leases, and classified them as either operational or finance leases. In some cases the lease transaction is not always conclusive and the Council uses judgement in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership. In assessing leases the Council has estimated the implied interest rate within the lease to calculate interest and principal payments.

Funding

There remains uncertainty about future levels of funding for Local Government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

APPENDIX 3:

ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

Property, Plant and Equipment

An asset is depreciated over a useful life that is dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to the individual asset. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance bringing into doubt the useful life assigned to assets. If the useful life of an asset is reduced, the depreciation charge increases and the carrying amount of the asset falls.

An important estimation contained in the accounts is that of the useful economic life of non-current assets (or useful remaining economic life where assets are revalued). This is important as it determines the depreciation charge posted to the Comprehensive Income and Expenditure Statement.

Depreciation is provided for on all non-current assets with a finite useful life (this can be determined at the time of acquisition or revaluation) according to the following policy:

Asset Category	Useful Economic Life
Buildings	2-70 years
Infrastructure assets (such as roads)	40 years
Other non-current assets (such as vehicles, plant and equipment)	10 years or less
Investment properties	Not depreciated - revalued each year
Surplus assets	Not depreciated - revalued each year

All assets held at current value are revalued as a minimum every five years. Specific assets may be valued more frequently depending on the wider economic context, particularly if it is expected that there has been a material reduction in their value during the year.

Depreciation could also be calculated by adopting a fixed policy regarding economic life for each identified class of asset. However, it has been determined by the Council that a ‘catch-all’ policy cannot be as accurate as the case-by-case review that is employed, because of the wide variety of assets held.

Business Rates

Since the introduction of the Business Rates Retention Scheme effective from 1 April 2013, Local Authorities are liable for the cost of successful appeals against business rates charged to businesses in their proportionate share. Appeals are managed by the Valuation Office (VOA) on a case by case basis. The Council cannot be fully aware, at all times, of all changes to businesses and to business premises, and it is the responsibility of the individual business to seek adjustments for their business rates bill where this is appropriate. Therefore, a provision is recognised in the accounts for the best estimate of the possible liability to the Council for business rates appeals, to 31 March 2019. This is calculated using the VOA’s latest list of appeals, which includes information on the average levels of successful and unsuccessful claims.

Debt Impairment

All debts due to the Council are regarded as collectible, unless firm evidence transpires that they are uncollectible and so are ‘bad’ debts. However, some debts which are proving difficult to collect may be properly termed ‘doubtful’. The Council has included an impairment allowance for doubtful debts in the accounts based on a review of the Council’s significant short term debtor balances. In the current economic climate it is not certain that the impairment allowance for doubtful debts would be sufficient. If collection rates were to deteriorate an increase in the impairment allowance would be required.

PFI and similar arrangements

PFI and similar arrangements have been considered to have an implied finance lease within the agreement. In reassessing PFI leases the Council has estimated the implied interest rate within the leases to calculate interest and principal payments. In addition the future RPI increase within the contracts has been estimated as remaining constant throughout the remaining period of the contract.

Pensions Fund Liability

The estimation of the Pension Fund liability depends on a number of complex judgements relating to the discounts used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on Pension Fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. The estimation of the defined benefit obligations is sensitive to the actuarial assumptions. Further information is set out in note 30.

Manchester Airport Group (MAG)

The Council’s shareholding in MAG is valued using the earning based method and discounted cash flow method resulting in the asset being valued at fair value rather than historic cost, therefore requiring an annual valuation. A firm of financial experts and valuers have been engaged by the nine minority local authority shareholders to provide an independent valuation which includes reviewing the financial performance, stability and business assumptions of MAG. The valuation provided is based on estimations and assumptions and therefore should the Council sell its shareholding the value held in these statements may not be realised.

Reserves

A number of assumptions are made regarding the required level of Council reserves. The Government has previously criticised the level of reserves held by councils as being too high. However, the professional consensus is that reserves are more necessary in times of greater risk and uncertainty.

The level of financial risk being faced by the Council continues to increase. Reserves provide a way for the Council to ensure that any unforeseen financial impacts can be absorbed without immediately impacting on frontline service delivery. Currently, potential impacts may arise from a number of sources, including:

- The further significant loss of Government funding.
- Significant changes to local government responsibilities and the unknown impact of these.
- Other cost pressures or national policy changes e.g. the impact of an ageing population and pressures within the local health economy.
- Delays in securing further, significant, ongoing savings targets.
- Volatility of the Business Rates base.
- Potential legal judgements and the confirmation of obligations that led the Council to recognise contingent liabilities in the Statement of Accounts.

These and other factors must be borne in mind when estimating the required level of reserves and the anticipated profile of use.

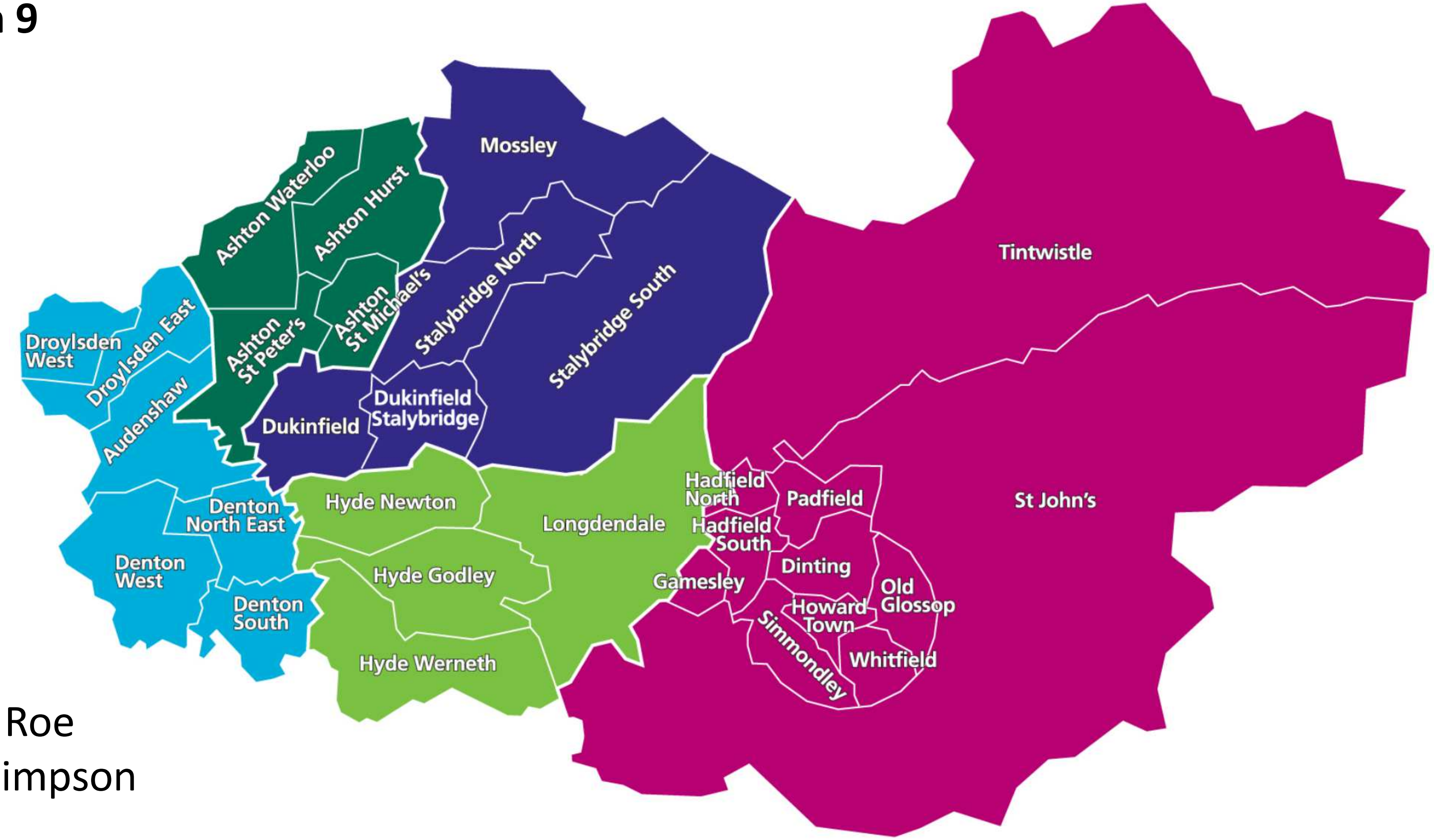
Minimum Revenue Provision

The Council has adopted the following policy in relation to calculating the Minimum Revenue Provision:

- Borrowing taken up prior to 1 April 2015 will be provided for using a straight-line method of calculating MRP. £185.215m will be provided for in equal instalments over 50 years, which will result in an annual charge of £3.704m. The debt will be extinguished in full by 31 March 2065. If the Council elects to make additional voluntary MRP then the annual charge will be adjusted accordingly.
- For borrowing taken up on or after 1 April 2015, MRP is to be provided for based upon the average expected useful life of the assets funded by borrowing in the previous year. The debt will be repaid on a straight-line basis over the average useful life calculated, meaning the debt will be fully extinguished at the end of period. If the Council elects to make additional voluntary MRP then the annual charge will be adjusted accordingly.
- For certain investment projects it may be deemed more prudent to use the asset life annuity method in order to calculate MRP. In this case the Council will use the annuity method, with the MRP based on the prevailing PWLB interest rate for a loan with a term equal to the estimated life of the project.
- If the Council uses capital receipts to repay borrowing for the year then the value of MRP which would have otherwise been set aside to repay borrowing will be reduced by the this amount. The level of capital receipts to be applied to redeem borrowing will be determined annually by the Section 151 Officer, taking into account forecasts for future expenditure and the generation of further receipts.
- For any finance leases and any on-balance sheet Public Finance Initiative (PFI) schemes, the MRP charge will be equal to the principle repayment during the year, calculated in accordance with proper practices.
- There will be no MRP charge for any cash backed Local Authority Mortgage Scheme (LAMS) that the Council operates. As for this type of scheme, any future debt liability would be met from the capital receipt arising from the deposit maturing after a five year period. Any repossession losses for this type of scheme would be charged to a LAMS reserve.
- The Council has considered the Statutory Guidance, which recommends a 25 year repayment charge for loans to third parties, and concluded that this provision is not necessary where there is a realistic expectation that the loan will be repaid. The Council considers an MRP charge is not necessary in respect of any loans made to third parties as the debt liability is covered by the existence of a debtor; typically long term depending on the life of the loan. The only expenditure consequence of a loan for an authority is the interest on its cash shortfall whilst the loan is outstanding, so provision for the principal amount would be over-prudent until such time as the assumption has to be made that the loan will not be repaid.

Tameside and Glossop Strategic Commission

Finance Update Report
Financial Year Ending 31st March 2021
Month 9



Kathy Roe
Sam Simpson

Financial Year Ending 31st March 2021 – Month 9

Month 9 Finance Report

This report covers the Tameside and Glossop Strategic Commission (Tameside & Glossop Clinical Commissioning Group (CCG) and Tameside Metropolitan Borough Council (TMBC)) and Tameside & Glossop Integrated Care Foundation Trust. It does not capture any Local Authority spend from Derbyshire County Council or High Peak Borough Council for the residents of Glossop.

Finance Update Report – Executive Summary

Children's Services
£4,134k overspend

Children's services continue to present the most significant financial risk to the Integrated Commissioning Fund, both for the 2020/21 forecasts and future year budgets.

At M9 the size of the pressure has increased again as a result of an increase in the number and cost of placements.

COVID Top Up

The CCG is showing a YTD overspend of £2,001k, but a surplus of £512k by year end. This relates to anticipated top up payments which have not yet been received.

This is made up of £1,284k from the Hospital Discharge Programme, £20k in relation to the COVID vaccination programme and £696k in reflation to activity with the independent sector.

Our position assumes that the top up will be paid in full, but risk to the position if the funding does not materialise as expected.

Message from the Directors of Finance

The first Tameside & Glossop patients received their COVID vaccine in December 2020. This is a clear and encouraging milestone in our COVID recovery process, with 5 neighbourhood vaccine sites now operational for roll out to the population at large. Our Covid vaccination roll out in Tameside and Glossop is going exceptionally well, with over 18,000 vaccinations carried out by mid January (As at 13 January 2021). This success is a credit to the primary care network teams and GPs, CCG and Council colleagues who have been working flat out to ensure we are vaccinating people in the top priority groups as quickly and safely as possible. T&G are central to the GM vaccination programme, with the ICFT acting as the lead employer for the GM mass vaccination site.

Whilst the vaccine roll out is encouraging, the next few months will remain challenging as COVID infection rates remain high. The impact of the current increases in infection rates and hospital admissions, combined with the economic impact of the third national lockdown, present an increased level of financial risk for the last three months of the year.

Despite the ongoing COVID pressures and prioritisation of the vaccine roll out, planning for 21/22 continues where possible. Work is ongoing to finalise the Council budget proposals for 2021/22, and these will be considered by the Council's Executive Board and Full Council in January. However, CCG planning guidance for 2021/22 has been delayed and the timetable for 21/22 financial planning is not yet clear.

Forecast Position £000's	Expenditure Budget	Income Budget	Net Budget	Net Forecast	Net Variance
CCG Expenditure	440,495	0	440,495	439,983	512
TMBC Expenditure	540,481	(335,202)	205,279	209,119	(3,840)
Integrated Commissioning Fund	**980,977**	**(335,202)**	**645,774**	**649,102**	**(3,328)**

As at Month 9, the Strategic Commission is forecasting a net overspend of £3.328m by 31 March 2021. On the assumption that the anticipated COVID top up is received in full, a surplus of £512k is projected at year end on CCG budgets. Council budgets continue to show a net overall overspend of £3.8m due primarily to a significant overspend on Children's Social Care services. Additional COVID funding has been announced in recent weeks to support testing and vaccination logistical costs, and the overall position may improve once costs and funding for this work is confirmed.

Finance Update Report – Strategic Commission Budgets

Page 50

Forecast Position £000's	Forecast Position					Net Variance		Net Variance	
	Expenditure Budget	Income Budget	Net Budget	Net Forecast	Net Variance	COVID Variance	Non-COVID Variance	Previous Month	Movement in Month
Acute	217,544	0	217,544	217,641	(97)	0	(97)	36	(133)
Mental Health	44,532	0	44,532	44,609	(77)	0	(77)	(348)	271
Primary Care	92,007	0	92,007	91,763	245	0	245	119	126
Continuing Care	15,021	0	15,021	14,560	461	0	461	352	109
Community	34,694	0	34,694	34,823	(129)	0	(129)	(55)	(74)
Other CCG	32,409	0	32,409	34,301	(1,892)	(2,001)	109	(1,158)	(733)
CCG TEP Shortfall (QIPP)	0	0	0	0	0	0	0	0	0
CCG Running Costs	4,288	0	4,288	4,288	0	0	0	0	0
Anticipated COVID Top Up	0	0	0	(2,001)	2,001	2,001	0	1,055	945
Adults	85,925	(47,187)	38,737	39,177	(440)	0	(440)	(440)	0
Children's Services - Social Care	64,286	(10,288)	53,998	58,131	(4,134)	0	(4,134)	(3,806)	(328)
Education	32,898	(26,500)	6,398	7,081	(684)	(480)	(204)	(684)	0
Individual Schools Budgets	119,722	(119,722)	0	0	0	0	0	0	0
Population Health	15,910	(291)	15,619	18,850	(3,231)	(3,500)	269	(3,231)	0
Operations and Neighbourhoods	80,504	(27,583)	52,921	53,226	(305)	(510)	205	(305)	0
Growth	45,526	(34,537)	10,988	11,811	(822)	(221)	(601)	(822)	(0)
Governance	67,086	(57,556)	9,531	9,620	(90)	39	(129)	(90)	(0)
Finance & IT	9,006	(1,376)	7,630	7,603	27	(29)	56	27	0
Quality and Safeguarding	378	(237)	141	120	21	0	21	21	(0)
Capital and Financing	10,379	(9,624)	756	6,433	(5,678)	(6,474)	797	(5,678)	0
Contingency	3,377	0	3,377	3,385	(8)	(911)	903	(8)	0
Contingency - COVID Costs	0	0	0	28,244	(28,244)	(28,244)	0	(28,244)	0
Corporate Costs	5,486	(301)	5,184	5,009	175	(100)	275	175	(0)
LA COVID-19 Grant Funding	0	0	0	(28,216)	28,216	28,216	0	28,216	0
Other COVID contributions	0	0	0	(11,356)	11,356	11,356	0	11,356	0
Integrated Commissioning Fund	**980,977**	**(335,202)**	**645,774**	**649,102**	**(3,328)**	**(858)**	**(2,470)**	**(3,512)**	**184**

Finance Update Report – Strategic Commission Budgets

Forecast Position £000's	YTD Position			Forecast Position			Variance	
	Budget	Actual	Variance	Budget	Forecast	Variance	COVID Variance	Non-COVID Variance
Acute	162,690	163,623	(933)	217,544	217,641	(97)	0	(97)
Mental Health	32,935	32,501	433	44,532	44,609	(77)	0	(77)
Primary Care	67,617	67,319	299	92,007	91,763	245	0	245
Continuing Care	11,051	10,222	829	15,021	14,560	461	0	461
Community	25,576	25,700	(124)	34,694	34,823	(129)	0	(129)
Other CCG	23,914	26,429	(2,515)	32,409	34,301	(1,892)	(2,001)	109
CCG TEP Shortfall (QIPP)	0	0	0	0	0	0	0	0
CCG Running Costs	3,041	3,032	9	4,288	4,288	0	0	0
Anticipated COVID Top Up	0	0	0	0	(2,001)	2,001	2,001	0
Adults	29,053	34,920	(5,867)	38,737	39,177	(440)	0	(440)
Children's Services - Social Care	40,498	40,848	(350)	53,998	58,131	(4,134)	0	(4,134)
Education	4,319	1,667	2,652	6,398	7,081	(684)	(480)	(204)
Individual Schools Budgets	937	(1,463)	2,400	0	0	0	0	0
Population Health	11,714	6,852	4,862	15,619	18,850	(3,231)	(3,500)	269
Operations and Neighbourhoods	40,583	46,337	(5,754)	52,921	53,226	(305)	(510)	205
Growth	7,722	6,554	1,169	10,988	11,811	(822)	(221)	(601)
Governance	8,077	10,030	(1,953)	9,531	9,620	(90)	39	(129)
Finance & IT	5,935	5,803	132	7,630	7,603	27	(29)	56
Quality and Safeguarding	106	38	68	141	120	21	0	21
Capital and Financing	567	(935)	1,501	756	6,433	(5,678)	(6,474)	797
Contingency	2,532	1,710	822	3,377	3,385	(8)	(911)	903
Contingency - COVID Costs	0	15,821	(15,821)	0	28,244	(28,244)	(28,244)	0
Corporate Costs	3,888	3,049	839	5,184	5,009	175	(100)	275
LA COVID-19 Grant Funding	0	(37,858)	37,858	0	(28,216)	28,216	28,216	0
Other COVID contributions	0	(9,574)	9,574	0	(11,356)	11,356	11,356	0
Integrated Commissioning Func	**482,757**	**452,626**	**30,131**	**645,774**	**649,102**	**(3,328)**	**(858)**	**(2,470)**
CCG Expenditure	326,825	328,826	(2,001)	440,495	439,983	512	0	512
TMBC Expenditure	155,932	123,800	32,132	205,279	209,119	(3,840)	(858)	(2,982)
Integrated Commissioning Func	**482,757**	**452,626**	**30,131**	**645,774**	**649,102**	**(3,328)**	**(858)**	**(2,470)**

Finance Update Report – Headlines

Children's Services

The Directorate is reporting a forecast overspend of £4,134K at period 9 which is an overall adverse increase of £328K from period 8. The forecast overspend is predominantly due to the number and cost of external placements.

The placement forecasts have adversely increased by £562K since period 8; however this increase has been partly offset by reduced employee costs of £170k and additional grant income of £135K. There has also been changes to the forecasts for transfers to reserves which accounts for £45K. The overall adverse increase in the placement forecasts is due in an increase in the external placements forecasts of £523K and an increase in the internal placement forecasts of £39K.

At the end of December the number look after children was 727 a reduction of 1 from the previous month. The increase in the placement forecast is primarily due to an increase in external placement costs for existing LAC.

CCG Position

On the assumption that the anticipated COVID top up is received in full, a surplus of £512k is projected at year end.

This is an improvement from the break even position reported in November. Financial performance for CCGs in 2020/21 is being monitored at an STP level, therefore the surplus in T&G will help to offset pressures elsewhere in the system and help GM to manage within the financial envelope.

A significant driver of the T&G improvement is individualised commissioning. During the first wave of the COVID pandemic, NHSE introduced the Hospital Discharge Programme. This enabled the NHS to quickly move appropriate patients from hospital beds into care homes, allowing acute providers to concentrate on the pandemic response. As such a large number of patients entered care home as part of the Hospital Discharge Programme, with full assessments for CHC or social care support deferred until the pandemic response allowed

A majority of these assessments have now been completed, with a much smaller number of patients qualifying for a full CHC placement than envisaged during the phase 3 planning process. As such projected spend in this area has reduced and a surplus has been generated.

Finance Update Report – Headlines

TMBC YTD Position

A YTD under spend of £32.3m has been reported in the council, against a full year overspend of £3.8m. The YTD position includes all COVID funding received. This funding needs to cover COVID related costs for the rest of this year and also to support expected funding shortfalls in Council Tax and Business Rates in 2021/22. Because of this, the reported YTD position does not fully represent the underlying financial position and the figure should only be used within the wider context of this narrative. A further £8.6m of business rates grants funding is included in the actuals, but not forecasts, because this is due to be repaid to Government in January 2021

Operations and Neighbourhoods Highways

The recent inclement weather has had a significant impact on the budget to support the gritting of the borough's highways. The whole annual budget of £ 0.441m has been utilised at period 9 (at 31 December 2020).

Since this date, there has and there is forecast to be further inclement weather conditions across the borough which will lead to a projected adverse budget variance by 31 March 2021.

The related details will be included in the Directorate period 10 (at 31 January 2021) revenue monitoring report.

QIPP

The CCG has a QIPP target for 2020/21 of £7,994k, which we need to deliver in order to meet our overall financial control total. £6,783k (85%) of the required savings have been banked in the first nine months of the year, with £241k achieved in December. Further savings of £1,211k are expected in future months, which will fully close the gap. This position has improved since last month because of expected savings on CHC.

Work is still required to deliver against this plan, in particular to ensure that appropriate budget management QIPP is identified. But we are confident that the target can be met on an 'in year' basis for 20/21. However because the majority of savings delivered are non recurrent in nature, there remains a significant financial challenge to address in future years.

Month 9 Position

Summary

Trust I&E excluding COVID-19 expenditure:	(£604k) underspend*
COVID-19 expenditure:	£1.335m
Net deficit (I&E + COVID-19 Exp):	£731k overspend
GM System Envelope (COVID/Growth):	(£1.238m)
Net Surplus:	(£507k)

*This includes System financial envelope funding of £2.767m (£16.603m M7-12)

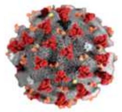
In Month Movement is £52k Favourable, of which I&E excluding COVID-19 is £145k increase and COVID-19 expenditure is £93k decrease

The planned deficit for M9 (based on September plan submission) is c£1.126m and the movement to the M9 reported position of £507k surplus is £1.633m favourable (see following slide)

The Trust is reporting good performance against activity restoration particularly on Diagnostics and Endoscopy, however in some areas still delivering below 100% restoration targets. The ability for the Trust to meet restoration targets is dependent upon the availability of staff and capacity and is not due to financial constraints

Financial Overview: In Month Movement

Bridge Movement M9 plan to M9 actuals £1.633m (F)



£352k (F) – Decrease in COVID-19 expenditure

- Sickness Position: The number of covid-19 related absences in December reduced from the previous month resulting in a reduction of bank and agency costs

- ITU: In month 9 there was a reduction in nursing NHSP bank spend as a number of substantive theatre nurses were move into critical care following reduced elective activity

£214k (F) – Non-recurrent items

One off non-recurrent items including recharge to the CCG in relation to GP IT Maintenance (£173k) and other smaller items

£279k (A) – Forecast winter and ward spend not realised:

Winter wards such as ward 30 and ward 43 have largely remained closed meaning that forecast levels of agency and bank spend have not materialised

£262k (F) – Activity related

A reduction in levels of activity compared to plan:

- Reduced theatre and surgical appliance spend
- Critical care occupancy (63% during December)
- Endoscopy activity less than restoration plan

£68k (F) – Income

- Income from SLAs and RTA is higher than forecast

£458k (F) – Forecast assumption not fully materialised

Inability to fully utilise 3rd party outsourced staffing provision due to high demand / workforce challenges

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Report to:	**AUDIT PANEL**
Date:	16 March 2021
Reporting Officer:	Kathy Roe – Director of Finance
Subject:	**TREASURY MANAGEMENT STRATEGY 2021/22**
Report Summary:	The Treasury Management service is an important part of the overall financial management of the Council's affairs. At 31 December 2020 the Council had £100m of investments which need to be safeguarded, £141m of long term debt, which has been accrued over the years to help to fund the Council's capital investment programmes, and £10m of short term borrowing. The Council is also the lead authority responsible for the administration of the debt of the former Greater Manchester County Council on behalf of all ten Greater Manchester Metropolitan Authorities. As at 31 March 2020, this represented a further £40m of debt. The significant size of these amounts requires careful management to ensure that the Council meets its balanced budget requirement under the Local Government Finance Act 1992. Generating good value for money is therefore essential, in terms of both minimising the cost of borrowing and maximising the return on investments. Under the Local Government Act 2003, the Department for Communities and Local Government issued in March 2010 revised "Guidance on Local Government Investments". The 2003 Act requires an authority "to have regard" to this guidance. Part of this guidance is that "A local authority shall, before the start of each financial year, draw up an Annual Investment Strategy for the following financial year, which may vary at any time. The strategy and any variations are to be approved by the full Council and are to be made available to the public." The Treasury Management Strategy also sets out the estimated borrowing requirement for both Tameside MBC and the Greater Manchester Metropolitan Debt Administration Fund (GMMDAF), together with the strategy to be employed in managing the debt position
Recommendations:	Members of the Audit Panel are asked to note the Treasury Management Strategy for 2021/22, which was approved by Full Council on 23 February 2021.
Corporate Plan:	The Budget aligns with the priorities of the Corporate Plan and Community Strategy.
Policy Implications:	The Treasury Management Strategy supports the policy choices that the Strategic Commission intends to pursue to support the Corporate Plan and Medium Term Financial Plan.
Financial Implications: (Authorised by the statutory Section 151 Officer & Chief Finance Officer)	These are the subject of the report.

Legal Implications: (Authorised by the Borough Solicitor)	The strategy must be prepared in accordance with the Council's financial regulation. The Council is required by statute to set and maintain a balanced budget, careful management of the finances allows the Council to achieve this and this report provides a means for Members to carefully monitor and question the Council’s strategy.
Risk Management:	Failure to properly manage and monitor the Council's loans and investments could lead to service failure and financial loss.
Access to Information:	The background papers relating to this report can be inspected by contacting Heather Green Telephone: 0161 342 2929 e-mail: heather.green@tameside.gov.uk

1. INTRODUCTION

1.1 The Treasury Management service is an important part of the overall financial management of the Council's affairs. At 31 March 2020 the Council had £143m of investments which need to be safeguarded, and £141m of long term debt, which has been accrued over the years to help to fund the Council's capital investment programmes. The Council is also the lead authority responsible for the administration of the debt of the former Greater Manchester County Council on behalf of all ten Greater Manchester Metropolitan Authorities. As at 31 March 2020, this represented a further £40m of debt. The significant size of these amounts requires careful management to ensure that the Council meets its balanced budget requirement under the Local Government Finance Act 1992. Generating good value for money is therefore essential, in terms of both minimising the cost of borrowing and maximising the return on investments.

1.2 Under the Local Government Act 2003, the Department for Communities and Local Government issued in March 2010 revised "Guidance on Local Government Investments". The 2003 Act requires an authority "to have regard" to this guidance. Part of this guidance is that "A local authority shall, before the start of each financial year, draw up an Annual Investment Strategy for the following financial year, which may vary at any time. The strategy and any variations are to be approved by the full Council and are to be made available to the public." This strategy is set out in **Appendix 1**.

1.3 A revised edition of the CIPFA Prudential Code and CIPFA Treasury Management Code of Practice was produced in November 2011. The guidance arising from this Code has been incorporated within this report. In 2017, CIPFA published further updated versions of these Codes which have applied from the 2019/20 financial year, and require a Capital Strategy report to be produced in addition to the Treasury Management Strategy. The Capital Strategy is the Council's framework for the allocation and management of capital resources, taking into account the Council's Corporate Plan. It aims to provide a long term context in which capital decisions are made, the approach for governance for those decisions, and information on the Council's approach towards treasury management and other investments.

1.4 The Treasury Management Strategy also sets out the estimated borrowing requirement for both Tameside MBC and the Greater Manchester Metropolitan Debt Administration Fund (GMMDAF), together with the strategy to be employed in managing the debt position.

1.5 The Local Government Act 2003 is the major legislation governing borrowing and investments by local authorities. Under the Act a Local Authority may borrow money:

(a) For any purpose relevant to its functions under any enactment; or
(b) For the purposes of the prudent management of its financial affairs.

1.6 The Council is only permitted to borrow to finance its capital investment programme, and cannot borrow to fund on-going day to day expenditure, which must be funded from day to day income sources such as council tax, business rate income, government grant or reserves. If an authority does borrow for capital investment purposes it has a duty to ensure that its borrowing is affordable, sustainable and prudent, and must set its own limits on how much it may borrow. The method of doing this is set out in the Prudential Code for Capital Finance in Local Authorities.

1.7 The borrowing limits set by the Council are based on the possibility of borrowing in advance of need, should interest rates be such that it is advantageous to do so. The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (as measured by the Capital Financing Requirement), has not been fully funded with loan debt as surplus cash balances have been utilised instead. This strategy is prudent as investment returns are low and interest rates on borrowing are comparatively high, thus creating a high cost of carry[1] for any borrowing taken up. The Council, along with its advisors, Link Asset Services, will closely monitor rates and take up borrowing at the most advantageous time possible.

1.8 Against this background and the continuing risks within the economic forecast, caution will be adopted with the 2021/22 treasury operations. The Section 151 Officer will monitor interest rates in financial markets and adopt a pragmatic approach in changing circumstances. Borrowing will be undertaken on an assessment of the situation at the time.

2. CODES OF PRACTICE

2.1 The Council's treasury activities are strictly regulated by statutory requirements and a professional code of practice (the CIPFA Code of Practice on Treasury Management – revised 2017) and the Prudential Code. The Council has adopted the CIPFA Code of Practice on Treasury Management. Part of this code is for the Council to set out Treasury Management Practices (TMPs). These are in place and are being adhered to.

2.2 The key objectives of the Prudential Code are to ensure, within a clear framework, that the capital plans of local authorities are affordable, prudent and sustainable and to ensure that treasury management decisions are taken in accordance with good professional practice and in a manner that supports these objectives.

2.3 To demonstrate that local authorities have fulfilled these objectives the Prudential Code sets out the indicators that should be used, and the factors that must be taken into account. The Code does not include suggested indicative limits or ratios as these are for the local authority to set itself. The Prudential Indicators required by the Code are designed to support local decision making and are not comparative indicators.

2.4 This report recommends specific indicators for approval and an affordable borrowing limit for 2021/22. It also recommends an affordable borrowing limit for the Greater Manchester Metropolitan Debt Administration Fund.

2.5 Where appropriate the Council may undertake borrowing for external organisations, and this will be on the basis that the revenue costs are fully reimbursed. This will be done purely for policy reasons.

2.6 Prudential Indicators have been set with regards to: affordability, prudence, sustainability, and value for money, stewardship of assets, service objectives and practicality.

2.7 Local authorities are required to encompass all aspects of the Prudential Code that relate to affordability, sustainability and prudence. When making a decision to invest in capital assets, the Council must ensure that it can meet both the immediate and long-term costs to ensure the long-term sustainability.

2.8 The Prudential Code requires local authorities to consider wider management processes i.e. option appraisal, asset management planning, strategic planning and achievability in accordance with good professional practice. The Strategic Planning and Capital Monitoring Panel and Executive Cabinet are responsible for these areas.

[1] Cost of carry is the difference between the rate of interest paid on a loan against the rate of return received by investing that money. Therefore if a Council has cash balances already, and then takes some long term borrowing, the impact will be to increase the level of cash balances in the short term. For Tameside a 25 year loan would cost c1.7% but could only be invested at around 0.1% resulting in a cost of carry of 1.6% per annum. Whilst cash balances are high it is more prudent to utilise cash balances to fund capital schemes and delay the decision to borrow.

Setting of Prudential Indicators

2.9 The Prudential Indicators for 2021/22 and the following two years must be set before the beginning of the forthcoming year and requires approval by Council as part of the budget approval process. The Section 151 Officer is responsible for ensuring that all matters required to be taken into account are reported to the Council for consideration.

2.10 The system requires a process for controlling prudential borrowing to ensure that all council borrowing remains affordable. The Section 151 Officer is responsible for the centralised control and recommendations for borrowing. The Council is currently in an 'under-borrowed' position meaning that capital expenditure funded from borrowing exceeds the actual level of debt taken up. During 2019/20 £30m of additional prudential borrowing was taken up in accordance with the planned strategy. No further long-term borrowing was taken up during 20/21, however the current capital financing budget assumes a further £30m of borrowing is taken up in 2021/22. The Council's current projected under-borrowed position is £54m, which provides an estimated annual saving of £0.9m in interest costs at prevailing rates. This is further detailed later in paragraph 11.1.

2.11 The planned Prudential Borrowing of £30m in 2021/22 is provisional as the Council will review its available resources on a regular basis throughout the year. The financing of the capital programme at the end of the financial year takes into account an assessment of the capital grants, contributions and capital receipts available at that time which may provide a more cost effective method of financing the Council's capital expenditure. The Council will endeavour to keep Prudential Borrowing and the associated costs to a minimum by utilising other available resources.

Required indicators

2.12 The required Prudential Indicators are set out in **Appendix 5** together with the methodology used to calculate them. The Prudential Indicators have been based on the planned level of borrowing set out above.

2.13 The monitoring frequency for each Prudential Indicator is determined individually. Some are monitored daily as treasury management transactions take place and others less frequently. For some indicators e.g. net external borrowing, trigger points will be set within the monitoring process to highlight when the indicator limits could be breached and allow corrective action to be taken

2.14 The Section 151 Officer will report to Members on the performance of all Prudential Indicators as part of the Capital Programme monitoring process. Some of the Prudential Indicators may need to be revised during the year and these will require approval by the Audit Panel. The indicators will continually change due to factors other than the level of borrowing e.g. – capital expenditure will change when additional grant resources are received.

3. NEED TO BORROW

3.1 The Council's long term borrowing requirement in any year depends on the following factors:-

(a) Existing loans which are due to mature during the year. These will include external loans, and any reduction of internal resources that are temporarily being used to finance capital expenditure.

(b) The amount of capital expenditure that the Council has determined should be financed by borrowing. Under the Prudential Code on Borrowing the Council may determine its own levels of borrowing and is set by the Council as part of the main budget process. The Council is able to borrow in advance of its requirements, when it is considered beneficial to do so.

(c) The amount of outstanding debt required to be repaid during the year, including the "Minimum Revenue Provision" (MRP) and additional voluntary MRP to repay prudential borrowing.

3.2 The Council has some flexibility to borrow funds for use in future years. The Section 151 Officer may do this under delegated power where, for instance, a sharp rise in interest rates is expected, and so borrowing early at fixed interest rates will be economically beneficial or meet budgetary constraints.

3.3 Any borrowing in advance undertaken will be made within the constraints of the Prudential Code. Risks associated with any advance borrowing activity will be subject to appraisal in advance and subsequent reporting through the annual reporting mechanism (the operational limit). The Council may also borrow on a short term basis to finance temporary shortfalls in cash flow.

3.4 In addition to this, the Council can fund capital expenditure by using internal cash balances. Although borrowing is not undertaken to meet this expenditure, it has the effect of reducing the Council’s investments, and therefore changing the net interest payable.

4. TYPES AND DURATION OF LOANS

4.1 There are various types of loan available:-

(a) Short term fixed.
These are loans of less than one year duration where the interest rate is agreed at the start of the loan and remains the same until the loan matures. The duration may last from 1 day to 364 days.

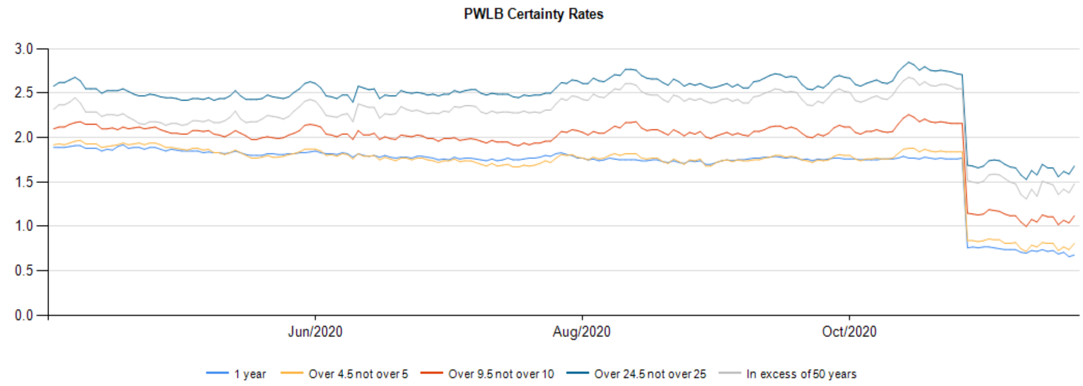
(b) Short term variable.
Less than one year, but the interest rate may change during the life of the loan, usually in line with the market.

(c) Long term fixed
As (a), but greater than one year (may be up to 50 years).

(d) Long term variable
As (b), but life normally between 1 and 10 years.

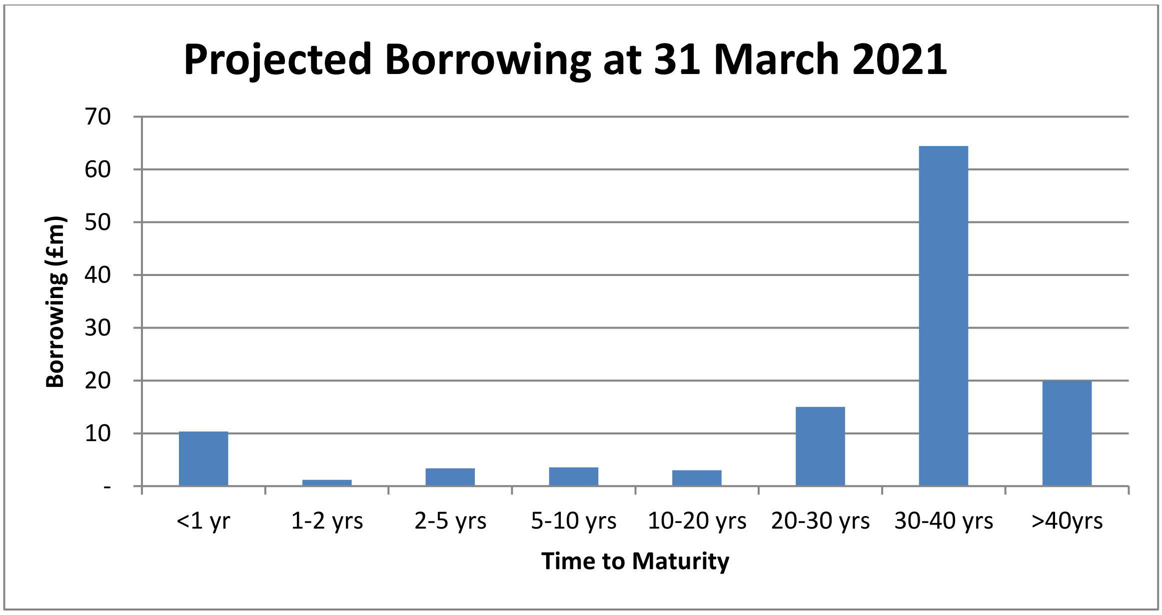
(e) LOBOs (Lender’s Option Borrower’s Option)
These are bank loans where the interest rate is fixed for a number of years (often with an automatic increase built in). At the end of this fixed rate period, the bank may (at pre-set anniversaries) take up an option to change the interest rate. The borrower (Tameside) then has the option to repay the loan if it does not want to pay the new interest rate. The Council can only repay the loan prior to the maturity date without penalty if the lender has taken up their option.

4.2 Interest rates are continually changing and are determined by economic and market conditions. Short term variable rates tend to reflect the current Bank of England Minimum Lending Rate (Bank Rate), but can vary (sometimes by more than 1%) due to market conditions. The on-going uncertainty in the financial markets has caused considerable volatility.



4.3 Long term fixed rates are based on Government Gilts (Bonds issued by the Government which pay a fixed rate of interest) and reflect the future expectations of base rates, inflation and risks within the general economy. They may be markedly different from short term rates, and they may also be volatile. At present interest rates on longer term loans are higher than short term rates due to the relatively low Base Rate, implemented by the Monetary Policy Committee of the Bank of England. The programme of "quantitative easing" undertaken by the Bank of England and the "safe haven" status of the UK continues to restrict gilt interest rates. (Note in the above graph the dramatic fall in November represents the decision to cut the margin over gilts from 180 basis points to 80, bringing it back in line with levels before October 2019).

4.4 Tameside's loan portfolio as at 31st March 2021, assuming no further borrowing is taken, will contain £101m of long term fixed loans from the PWLB, £10m long term fixed bank loans, £30m of LOBOs, and £10m of short term borrowing. The following graph outlines the maturity profile, which shows that there is currently no refinancing risk borne by the Council, whereby it would have to repay any of its existing loans



5. SOURCES OF BORROWING

5.1 Loans to fund the borrowing requirement may be raised from any source approved by the Local Government Act 2003.

The main sources currently available to Tameside are:-

a. The Public Works Loan Board (PWLB) (£101m at 31st March 2021)
b. European Investment Bank (EIB) (no current or planned borrowing)
c. Banks, Building Societies and other financial institutions (£40m at 31st March 2021)
d. Other Local Authorities (£10m at 31st March 2021)
d. Internal cash funds and balances (£54m at 31st March 2021).

Of these, by far the greatest proportion of borrowing taken up is normally obtained from the PWLB.

5.2 The PWLB is, in effect, the Government, and loans raised from this source are generally the cheapest available for their type and duration. Although loans from the PWLB may be obtained at a variable rate of interest, Tameside has normally borrowed at fixed rates and holds no variable PWLB debt.

5.3 Whilst the Public Works Loan Board, part of HM Treasury, is the primary lender to local authorities, the European Investment Bank (EIB) will also provide support for funding infrastructure projects throughout the EU. This source of funding is priced in a similar way to the PWLB, but requires applications for specific projects. These projects must further EU policy requirements and be financially, technically and environmentally viable. They are particularly aimed at regional development issues.

5.4 Borrowing for fixed periods means that the average rate payable is not subject to large year on year volatility which could occur if rates were linked to the base rate of interest.

5.5 Internal funds, such as the Insurance Fund, are paid interest in line with short term rates.

5.6 Traditionally the strategy employed by Tameside and most other Local Authorities is to borrow long term at fixed rates of interest.

5.7 Where appropriate the Council may undertake borrowing for external organisations for policy reasons, and this will be on the basis that the revenue costs are fully reimbursed.

6. RESCHEDULING OF LONG TERM DEBT

6.1 Rescheduling involves the early repayment and re-borrowing of different term PWLB loans, or converting fixed rate loans to variable and vice versa. This can involve paying a premium or receiving a discount, but is intended to reduce the overall interest burden, since the replacement loan (or reduction of investment) is normally borrowed at a lower interest rate.

6.2 The use of rescheduling has traditionally been a valuable tool for the Council, but its success depends on the frequent movement of interest rates, and therefore it cannot be easily estimated for. It will continue to be used when suitable opportunities arise, in consultation with our treasury management advisors, although such opportunities may not occur.

6.3 However, the changes made by the PWLB in 2010 to introduce separate rates for the premature repayment of debt and the increase in the cost of new PWLB borrowing by approximately 1%, has significantly reduced the ability to re-schedule debt. No re-scheduling has been undertaken by the Council since these changes occurred.

6.4 However, the PWLB has continued a scheme to allow a 0.20% reduction on the published borrowing rates, known as the “certainty rate”, for Councils that provide indicative borrowing requirements for the next 3 years. The Council has provided this information and has therefore protected its eligibility for the certainty rate. This does not however commit the Council to a particular course of action.

6.5 With the current yield curve, debt restructuring is likely to focus on switching from longer term fixed rates to cheaper shorter term debt, although the Section 151 Officer and our treasury management advisors will monitor prevailing rates for any opportunities during the year.

6.6 Although a pro-active approach is taken to identify opportunities to re-schedule debt, no such an opportunities have arisen so far in 2020/21, or are foreseen in 2021/22 with the current interest rate climate.

6.7 Consideration will also be given to identify if there is any potential for making savings by utilising cash balances to repay debt prematurely, as short term rates on investments are likely to be lower than rates paid on current debt.

7. CURRENT POSITION – 2020/21

7.1 The original estimate of interest payable for the 2020/21 financial year was £6.162m. Of this £5.962m will be paid externally and the remainder will be paid to various Council funds such as the Insurance Fund. It is anticipated that the outturn position for the year will be slightly below this budget.

8. TAMESIDE MBC'S ESTIMATED NET DEBT POSITION AT 31 MARCH 2021

8.1 Following transactions and activity expected prior to the financial year end it is anticipated that at the end of the current financial year, the Council's net borrowing position will be:-

	£m
PWLB	101.008
Market Loans (incl. LOBOs)	50.000
Total External Borrowing	151.008
Less Sports Trust Debt	-0.958
Less Airport Debt	-0.550
Less Trust Funds, Contractor Deposits etc	-0.151
Less Investments	-81.000
Net Debt Outstanding	68.349

8.2 The estimated position assumes the Council will not take up any further borrowing during 2020/21, to meet the forecast outstanding borrowing requirement as at 31 March 2021 (£54m) and no advanced borrowing for 2021/22 or future years. By postponing borrowing and utilising cash balances, the Council reduces counterparty risk and the financial impact of the current low level of investment returns.

8.3 Prudential borrowing of £4.280m was taken up on 25 July 2008 from the PWLB on behalf of the Tameside Sports Trust, to enable facility improvements. The costs related to this borrowing are met by reducing the annual Council's grant paid to the Sports Trust by an equal amount. The outstanding amount at 31 March 2021 will be £0.958m.

8.4 The Council's total net debt is £68.349m

9. 2021/22 BORROWING REQUIREMENT

9.1 As stated earlier the authorised limits for debt under the Prudential Code allow for borrowing in advance. This will only be done if interest rates for longer term loans are advantageous to the Council and the counterparty risk to the Council on investments is acceptable, or such borrowing will afford an opportunity for debt rescheduling.

9.2 During 2021/22 it is estimated that the following requirement will be needed in respect of the general fund:-

	£m
Capital expenditure (financed by loan)	0.165
Loans maturing	10.369
	10.534
Less MRP repayments	-4.362
Total potential borrowing requirement	6.172

9.3 Therefore the additional outstanding capital borrowing need of the Council will be £6.172m (capital expenditure less provision for debt repayments) during 2021/22.

9.4 The budget for 2021/22 shows that loans and investments outstanding during the year will generate estimated gross interest charges of £6.116m. Under current Local Government accountancy rules no interest is payable in respect of the Council's capital receipts and revenue balances. This has no net effect on the overall finances of the Council.

10. GREATER MANCHESTER METROPOLITAN DEBT ADMINISTRATION FUND (GMMDAF) REQUIREMENT

10.1 Unlike Tameside MBC the GMMDAF incurs no capital expenditure, and therefore the total debt outstanding reduces annually by the amount of debt repaid by the constituent authorities. However, loans are raised to replace those maturing during the year and also for cash-flow purposes.

10.2 At 31 March 2021 it is expected that the fund will have the following outstanding debt:

	£m
PWLB	25.863
Transferred Debt	0.059
Temporary Borrowing/(Investments)	(6.219)
Creditors	1.075
Total Debt	20.779

10.3 The fund's borrowing requirement for 2021/22 is estimated to be:

Long term debt maturing	**£m**
PWLB	18.754
Other	0.036
	18.791
Less principal repayments	(20.779)
Deficit/(Surplus)	(1.988)

10.4 During 2021/22 it is estimated that the total interest payments to the Fund will be £1.391m at an average interest rate of 6.69%. This compares with 6.46% in 2020/21 and 5.65% in 2019/20.

10.5 Further loans may be taken up for either re-scheduling or borrowing early for future years, if prevailing rates are considered attractive.

10.6 GMMDAF is scheduled to come to an end in 2021/22. The remaining payments due from districts are estimated to be as follows:

	Pool Rate %	Principal £m	Interest £m	Debt Outstanding £m
2021/22	6.69	20.779	1.391	nil

11. BORROWING STRATEGY

11.1 The Council has the following anticipated borrowing requirement:-

	2020/21 £m	2021/22 £m
Opening CFR	188.288	203.979
Opening Outstanding Borrowing Requirement	48.063	54.104
Capital Expenditure Financed by Borrowing	19.963	0.165
Loans Maturing	0.35	10.369
MRP	-4.272	-4.771
Annual Requirement	16.041	5.763
New Borrowing in Year	10.000	30.000
Closing CFR	203.979	199.373
Closing Outstanding Requirement	54.104	29.867
Estimated Annual Cost*	0.866	0.478

*note: Estimated cost is the net of interest charges from PWLB less interest earned on cash balances. This is only incurred if borrowing is undertaken.

11.2 As shown above, the Council is currently maintaining an under-borrowed position estimated to be £54m at 31st March 2021. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash has been used. This strategy is prudent as investment returns are low and counterparty risk is high. The Council continues to have a high level of investments, and it is expected that these will continue during the next financial year. The Council will seek to maintain levels of external debt as low as possible, consistent with a consideration of wider risks and benefits. As illustrated in the table above, the Council will save an estimated £0.866m in 2020/21 and £0.478m in 2021/22 as a result of not taking up this borrowing.

11.3 The uncertainty over future interest rates and concerns over counterparty credit worthiness increases the risks associated with treasury activity. The Section 151 Officer will monitor interest rates in financial markets and adopt a pragmatic approach in changing circumstances. PWLB loans may be borrowed in order to reschedule debt or meet the outstanding borrowing need as is felt to be appropriate. The possibility of deferring borrowing until later years to reduce our level of investments and associated counterparty risk will be considered.

11.4 As a result the Council will take a cautious approach to its borrowing strategy and all opportunities explored in conjunction with our treasury management advisors. Borrowing decisions will be based on the circumstances prevailing at the time.

11.5 Long-term fixed interest rates are at risk of being higher over the medium term, and short term rates are expected to rise, although more modestly. The Section 151 Officer, under delegated powers, will take the most appropriate form of borrowing depending on the prevailing interest rates at the time, taking into account the risks outlined above. It is likely that shorter term fixed rates may provide lower cost opportunities in the short/medium term.

11.6 The borrowing rules for the PWLB mean that we are able to borrow our full requirement from them. However, if interest rates in respect of LOBOs, or other market loans are sufficiently attractive, these may be used for Tameside. The length of loans required for LOBOs mean they are unsuitable for the GMMDAF.

12. INTEREST RATES

12.1 The borrowing and investment strategy outlined in the report is based on the following central view forecast, provided by our treasury management advisors (Link Asset Services), showing the movement in longer term interest rates for borrowing and movement in shorter term interest rates for investments.

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Bank Rate	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
5yr PWLB	0.80	0.80	0.80	0.80	0.90	0.90	0.90	0.90
10yr PWLB	1.10	1.10	1.10	1.10	1.20	1.20	1.20	1.20
25 yr PWLB	1.50	1.60	1.60	1.60	1.60	1.70	1.70	1.70
50 yr PWLB	1.30	1.40	1.40	1.40	1.40	1.50	1.50	1.50

12.2 Link Asset Services have also provided the following economic update:
The coronavirus outbreak has done huge economic damage to the UK and economies around the world. After the Bank of England took emergency action in March to cut Bank Rate to first 0.25%, and then to 0.10%, it left Bank Rate unchanged at its subsequent meetings to 16th December, although some forecasters had suggested that a cut into negative territory could happen. However, the Governor of the Bank of England has made it clear that he currently thinks that such a move would do more damage than good and that more quantitative easing is the favoured tool if further action becomes necessary. As shown in the forecast table above, no increase in Bank Rate is expected in the near-term as economic recovery is expected to be only gradual and, therefore, prolonged. These forecasts were based on an assumption that a Brexit trade deal would be agreed by 31.12.20: as this has now occurred, these forecasts do not need to be revised.

Gilt yields and PWLB rates. *There was much speculation during the second half of 2019 that bond markets were in a bubble which was driving bond prices up and yields down to historically very low levels. The context for that was a heightened expectation that the US could have been heading for a recession in 2020. In addition, there were growing expectations of a downturn in world economic growth, especially due to fears around the impact of the trade war between the US and China, together with inflation generally at low levels in most countries and expected to remain subdued. Combined, these conditions were conducive to very low bond yields. While inflation targeting by the major central banks has been successful over the last thirty years in lowering inflation expectations, the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers. This means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. The consequence of this has been the gradual lowering of the overall level of interest rates and bond yields in financial markets over the last 30 years. Over the year prior to the coronavirus crisis, this has seen many bond yields up to 10 years turn negative in the Eurozone. In addition, there has, at* *times, been an inversion of bond yields in the US whereby 10 year yields have fallen below shorter term yields. In the past, this has been a precursor of a recession. The other side of this coin is that bond prices are elevated as investors would be expected to be moving out of riskier assets i.e. shares, in anticipation of a downturn in corporate earnings and so selling out of equities.*

Gilt yields had therefore already been on a generally falling trend up until the coronavirus crisis hit western economies during March 2020. After gilt yields spiked up during the financial crisis in March, we have seen these yields fall sharply to unprecedented lows as investors panicked during March in selling shares in anticipation of impending recessions in western economies, and moved cash into safe haven assets i.e. government bonds. However, major western central banks took rapid action to deal with excessive stress in financial markets during March, and started massive quantitative easing purchases of government bonds: this also acted to put downward pressure on government bond yields at a time when there has been a huge and quick expansion of government expenditure financed by issuing government bonds. Such unprecedented levels of issuance in "normal" times would have caused bond yields to rise sharply. Gilt yields and PWLB rates have been at remarkably low rates so far during 2020/21.

As the interest forecast table for PWLB certainty rates above shows, there is expected to be little upward movement in PWLB rates over the next two years as it will take economies, including the UK, a prolonged period to recover all the momentum they have lost in the sharp recession caused during the coronavirus shut down period. From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment, (as shown on 9th November when the first results of a successful COVID-19 vaccine trial were announced). Such volatility could occur at any time during the forecast period.

Investment and borrowing rates

- ***Investment returns** are likely to remain exceptionally low during 2021/22 with little increase in the following two years.*

- ***Borrowing interest rates** fell to historically very low rates as a result of the COVID crisis and the quantitative easing operations of the Bank of England: indeed, gilt yields up to 6 years were negative during most of the first half of 20/21. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years. The unexpected increase of 100 bps in PWLB rates on top of the then current margin over gilt yields of 80 bps in October 2019, required an initial major rethink of local authority treasury management strategy and risk management. However, in March 2020, the Government started a consultation process for reviewing the margins over gilt rates for PWLB borrowing for different types of local authority capital expenditure. (Please note that Link has concerns over this approach, as the fundamental principle of local authority borrowing is that borrowing is a treasury management activity and individual sums that are borrowed are not linked to specific capital projects.) It also introduced the following rates for borrowing for different types of capital expenditure: -*

    - ***PWLB Standard Rate** is gilt plus 200 basis points (G+200bps)*
    - ***PWLB Certainty Rate** is gilt plus 180 basis points (G+180bps)*
    - ***PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)*
    - ***PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)*
    - ***Local Infrastructure Rate** is gilt plus 60bps (G+60bps)*

As a consequence of these increases in margins, many local authorities decided to refrain from PWLB borrowing unless it was for HRA or local infrastructure financing, until such time as the review of margins was concluded.

On 25.11.20, the Chancellor announced the conclusion to the review of margins over gilt yields for PWLB rates; the standard and certainty margins were reduced by 1% but a prohibition was introduced to deny access to borrowing from the PWLB for any local authority which had purchase of assets for yield in its three year capital programme. The new margins over gilt yields are as follows: -.

- ***PWLB Standard Rate** is gilt plus 100 basis points (G+100bps)*
- ***PWLB Certainty Rate** is gilt plus 80 basis points (G+80bps)*
- ***PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)*
- ***PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)*
- ***Local Infrastructure Rate** is gilt plus 60bps (G+60bps)*

***Investment returns** are likely to remain low during 2020/21 with little increase in the following two years. However, if major progress was made with an agreed Brexit, then there is upside potential for earnings.*

***Borrowing interest rates** were on a major falling trend during the first half of 2019-20 but then jumped up by 100 bps on 9th October 2019. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years. However, the unexpected increase of 100 bps in PWLB rates requires a major rethink of local authority treasury management strategy and risk management. Now that the gap between longer term borrowing rates and investment rates has materially widened, and in the long term Bank Rate is not expected to rise above 2.5%, it is unlikely that this authority will do any further longer term borrowing in the near term.*

13. INVESTMENTS

13.1 The primary objectives of the Council's investment strategy are safeguarding the re-payment of the principal and interest of its investments on time, then ensuring adequate liquidity, with the investment rate of return being the final consideration. The current investment climate continues to have one over-riding risk, counterparty risk. As a result of these underlying concerns officers are implementing a risk averse operational investment strategy.

13.2 The 2017 revised CIPFA Treasury Management Code and the DCLG Investment Guidance requires the consideration and approval of security and liquidity benchmarks. Yield benchmarks are currently widely used to assess investment performance. Discrete security and liquidity benchmarks are a requirement to Member reporting, although the application of these is more subjective in nature. Additional background on the approach taken is attached at **Appendix 3**.

13.3 These benchmarks are not limits and so may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy depending on any changes. Any breach of the benchmarks will be reported, with supporting reasons in the Annual Report.

Security - The Council's maximum security risk benchmark for the current portfolio, when compared to these historic default tables, is:

- 0.03% historic risk of default when compared to the whole portfolio.

Liquidity – In respect of this area the Council seeks to maintain:

- Bank overdraft - £1.60m
- Liquid short term deposits of at least £5m available with a week's notice.

Yield - Local measures of yield benchmark is:

- Investments – Internal returns above the 7 day LIBID rate
- And in addition that the security benchmark for each individual year is:

	1 year	2 years	3 years	4 years	5 years
Maximum	0.05%	0.15%	0.27%	0.40%	0.55%

Note: This benchmark is an average risk of default measure, and would not constitute an expectation of loss against a particular investment.

13.4 Normally when the Council has surplus cash, this is invested to try to ensure that interest earned is optimised with minimal risk of capital loss. Higher interest rates are earned by investing any large amounts on the London money markets, rather than by leaving such sums with the Council's own bank. The Investment Strategy sets out the type of institutions with which the Council may deposit funds for this purpose. The list has been compiled to reflect the creditworthiness of these banks and building societies, rather than the rates of interest payable, as the safety of the asset is the most important consideration. Nonetheless, the interest received from these institutions is competitive.

13.5 The ongoing financial uncertainty has reinforced the need for the Council to ensure it adopts a security based approach to investment strategy.

13.6 The policy allows strategic investments up to £30m for more than 12 months, as reported in **Appendix 1.** Although this policy has not changed, the Council has made efforts to use more of this allocation in order to increase returns.

13.7 In recent years the Council has had a high level of investments and therefore the investment strategy has been aligned with our debt strategy. The strategy for repayment of debt has been dependent on the movement of long term interest rates, and in favourable circumstances this could mean the repayment of tranches of debt. Investments have therefore been managed in-house in order to finance any repayments if necessary. It is expected that this strategy will continue.

13.8 As established in the Mid-Year Treasury Management Activities Report, the Council applies the creditworthiness service provided by its advisors, Link Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- Credit watches and credit outlooks from credit rating agencies;
- CDS spreads to give early warning of likely changes in credit ratings;
- Sovereign ratings to select counterparties from only the most creditworthy countries.

13.9 The Council also holds investments in Money Market Funds (MMFs) which are AAA rated and act, in a similar way to unit trusts, to spread the risk of default across a number of underlying institutions. This type of fund is tightly regulated and viewed as a safe investment.

13.10 EU reform means that the current class of MMF used by the Council - Constant Net Asset Value (CNAV) - were replaced by a new Low Volatility Net Asset Value (LVNAV) class of fund from 21 January 2019. LVNAV funds operate under stricter conditions than the existing CNAV funds, meaning the underlying investments must be valued within a smaller "collar" than with CNAV funds, and also have shorter liquidity limits. This has had no impact on how the Council uses such funds, and no negative impact on their security.

13.11 The Council has a deposit account with the Government Debt Management Office (DMO). As this facility is underwritten by the government, the rates of interest offered by the DMO are substantially below the current market rates. This facility has not been used in 2019/20.

13.12 If concerns over counterparty risk reduce and market conditions are judged suitable, long term borrowing may be taken up by the Council in advance of when it is required for capital purposes. In these circumstances the excess cash will be invested in line with the Council's prudent investment objectives, with security of the asset the highest priority. However, the Council is not allowed to borrow for the express purpose of reinvesting this cash in money market investments to make a return.

13.13 Although security and liquidity are both given priority over yield, the Council still manages to achieve a higher rate of return than the 7 day LIBID benchmark. In 2019/20 the Council achieved a return of 1.04% versus a LIBID of 0.53%, a gain of £577k. In 2020/21 to December 31, a return of 0.76% has been earned against a LIBID of -0.07%. This represents a total yield of £522k and a gain of £575k.

14 INVESTMENTS – PROPOSED CHANGES

14.1 There are no proposed changes to the Council's investment strategy for 2021/22.

15 TREASURY MANAGEMENT ADVISORS

15.1 The Council uses Link Asset Services as its treasury management advisors. Link provides a range of services which include:

- Technical support on treasury matters and capital finance issues;
- Economic and interest rate analysis;
- Debt services which includes advice on the timing of borrowing;
- Debt rescheduling advice surrounding the existing portfolio;
- Generic investment advice on interest rates, timing and investment instruments; and
- Credit ratings/market information service comprising the three main credit rating agencies.

15.2 Whilst the advisers provide support to the internal treasury function, under current market rules and the CIPFA Code of Practice, the final decision on treasury matters remains with the Council. This service is subject to regular review.

15.3 Link Asset Services are currently engaged on a contract which runs to 31 March 2022 with an option to extend to 31 March 2023, following a re-procurement exercise in 2019/20

16. Greater Manchester Pension Fund

16.1 The Council also carries out treasury management activities on behalf of Greater Manchester Pension Fund (GMPF). GMPF holds cash in accordance with its strategic asset allocation as determined by the GMPF Management Panel which may be increased or decreased on a tactical basis by the external investment managers within risk parameters also set by the Panel. As at 31st December 2020 the Pension Fund cash totalled around

£498m.

16.2 The GMPF counterparty list mirrors that of Tameside MBC, along with the following operating constraints:

a) The maximum duration for an investment is 1 year.
b) The maximum investment per counterparty is £75m

16.4 Along with these limits, further constraints are in place for the different categories of cash. The bulk of the fund managers' allocations must be available at short notice; therefore the following constraints are enforced:

a) 35% must be available within one week
b) 70% must be available within two weeks

16.5 Additionally, any strategic allocation to in-house cash must be kept entirely liquid and immediately available.

17. RECOMMENDATIONS

17.1 As set out on the front of the report.

APPENDIX 1

ANNUAL INVESTMENT STRATEGY: FINANCIAL YEAR 2021/22

The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second, and then return.

In accordance with the above guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

Investment Objectives:

The aim of the strategy is to generate a list of highly creditworthy counterparties which will also enable diversification and thus avoidance of concentration risk.

All investments will be in sterling. The general policy objective for this Council is the prudent investment of its treasury balances. This includes monies borrowed for the purposes of expenditure in the reasonably near future (i.e. borrowed 12-18 months in advance of need). The Council's investment priorities are

(a) the **security** of capital and
(b) **liquidity** of its investments.
(c) **optimum return** on its investments commensurate with (a) and (b).

The former Office of the Deputy Prime Minister regulations stated that the borrowing of monies purely to invest or on-lend and make a return is unlawful, and therefore this Council will not engage in such activity.

Creditworthiness policy

This Council applies the creditworthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- CDS spreads to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, credit Watches and credit Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands:

- Yellow 5 years (UK Government debt or equivalent.
- Dark pink 5 years for Enhanced money market funds (EMMFs) with a credit score of 1.25
- Light pink 5 years for Enhanced money market funds (EMMFs) with a credit score of 1.5
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour not to be used

Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour

The Link Asset Services' creditworthiness service uses a wider array of information than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.

Typically the minimum credit ratings criteria the Council use will be a Short Term rating (Fitch or equivalents) of F1 and a Long Term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored regularly. The Council is alerted to changes to ratings of all three agencies through its use of the Link Asset Services' creditworthiness service.

- if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Link Asset Services. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, information on any external support for banks to help support its decision making process.

All institutions which meet the criteria **may** be included on our lending list at the discretion of the Section 151 Officer, although meeting the criteria does not guarantee this.

The criteria may only be changed by the Executive Cabinet.

Monitoring of credit ratings and other market information:

All credit ratings will be monitored regularly. The Council is alerted to changes to ratings of all three agencies through its use of Link Asset Services' creditworthiness service.

If a counterparty or investment scheme's rating is downgraded with the result that it no longer meets the Council's minimum criteria or other market information leads the concerns over the credit quality of that entity, then the further use of that counterparty/investment scheme as a new investment will be withdrawn immediately (however, existing fixed investments must remain in place until they mature).

If a counterparty is upgraded so that it fulfils the Council's criteria, its inclusion may be considered by the Section 151 Officer for approval.

Institutional Limits for Investments:
The Council has previously set limits on investments with individual institutions. These have been set for the Council and the Pension Fund combined. These limits (which will remain in force unless changed by the Executive Cabinet) are:

Currently the overall limit invested by Tameside, the GM Pension Fund and the GMMDAF in one institution should not exceed a combined amount of £95m. Of this £95m, a maximum of £75m may be invested by the Pension Fund, £15m by Tameside and £5m by the GMMDAF.

At any time the maximum should not exceed 20% of the total amount available for investment (at the time of the investment - individually for the Council and the Pension Fund), or the above limits, whichever is less. However, where total investments are less than £100m for the Pension Fund and £25m for Tameside, the upper limits will be £20m and £5m respectively.

The counterparty limit for UK Government bodies (e.g. local authorities and other similar bodies) is £50m. Any such investment would still be highly secure due to the Government-backed nature of these entities.

Investments defined as capital expenditure:
The acquisition of share capital in any body corporate is defined as capital expenditure under Section 16(2) of the Local Government Act 2003. Such investments will have to be funded out of capital or revenue resources and will be classified as 'non-specified investments'. The acquisition of loan capital in a body corporate has recently been relaxed so that it is not treated as capital expenditure and can be used for treasury management activities.

A loan or grant by this Council to another body for capital expenditure by that body is also deemed by regulation to be capital expenditure by this Council. It is therefore important for this Council to clearly identify if the loan has made for policy reasons (e.g. to a registered social landlord for the construction/improvement of dwellings) or an investment for treasury management purposes. The latter will be governed by the framework set by the Council for 'specified' and 'non-specified' investments.

The Council provided a loan of £4.280m (funded by Prudential Borrowing) to the Tameside Sports Trust in 2008/09, to invest in the refurbishment of three existing Leisure Centres within the Borough. This loan was for policy reasons and not for treasury management purposes. The Council also has an investment in Manchester Airport shares of £10.215m. These investments were not part of the Treasury Management strategy.

During 2009/10, Manchester Airport re-negotiated the terms of its loan arrangement with the 10 Greater Manchester Districts; as a result of this agreement the 10 Districts have taken responsibility to service the former Manchester Airport share of the GMMDAF and Terminal 2 Loan Debt. The Airport pays the Districts an annual fixed interest of 12% on the outstanding balance at 9 February 2010. The Airport has agreed to repay the loan to the Council by the end of the agreement in 2055. The re-negotiated loan arrangement was not for treasury management purposes. In 2017/18 the Council granted an additional £11.3m shareholder loan to Manchester Airport Group. This is to be repaid over 40 years at an interest rate of 10%

Manchester Airport
Tameside MBC holds a 3.22% equity share in Manchester Airports Group (MAG). The fair value of the Council's 3.22% shareholding at 31 March 2020 was estimated at £30.2m (£52.7m as at 31 March 2019).

£11.3m was invested in MAG in 2018/19 in the form of a shareholder loan paying 10% interest, and a further £5.6m equity investment was made in 2019/20 and 2020/21 in a new multi-story drop and go car park.

In 2020/21 and additional loan of £9.7m, also at 10%, was made to MAG during the COVID-19 pandemic.

Provisions for Credit-related losses
If any of the Council's investments appeared at risk of loss due to default (i.e. a credit-related loss, and not one resulting from a fall in price due to movements in interest rates) the Council will make revenue provision of an appropriate amount.

Investment Strategy to be followed:
Based on its cash flow forecasts, the Council anticipates its fund balances in 2021/22 to range between £60m and £150m.

Use of investments for rescheduling purposes, or deferring borrowing could substantially reduce these holdings, whereas borrowing earlier than required could increase them.

The minimum percentage of its overall investments that the Council will hold in short-term investments is 50%.

The current financial climate provides operational difficulties. Ideally investments would be invested longer to secure better returns, however uncertainty over counterparty creditworthiness suggest shorter dated investments would provide better security.

The money market interest rates will be constantly monitored, and with the advice of our treasury advisors, the length of investments will be determined in accordance with our own views of future rate movements. In this way we would hope to optimise our investment returns.

Use of Specified and Non-Specified Investments during the Financial Year

There are a number of types of investments which the Council could use. These are outlined in the following tables

Specified investments:
All such investments shall be in sterling with a maximum maturity of 1 year with institutions of high credit quality.

	Minimum Credit Criteria

Term Deposits (including bank cancellable deposits and certificates of deposit) with credit – rated deposit takers (banks and building societies) *	Per Link Asset Services
Term Deposits with the UK Government including Treasury Bills or other Local Authorities	N/A
Money Market Funds	AAA
Debt Management Agency Deposit Facility	N/A

*If forward deposits are made, these will be for a maximum of 1 year from the date of the deal.

Bank cancellable deposits cover a variety of bank deposits where the bank holding the deposit, has the option of repaying at pre-specified times. Such investments normally attract a higher original interest rate.

Non – Specified Investments:
A maximum of 50% (at the time the investments are made) will be held in aggregate in non – specified investments The only types of non-specified investments, with high credit quality, that the Council may use during 2021/22 are:

	Minimum Credit Criteria
Term Deposits exceeding 1 year (including bank cancellable deposits) with credit – rated deposit takers (banks and building societies)	Per Link Asset Services
Term Deposits with the UK Government or other Local Authorities exceeding 1 year	N/A
UK nationalised and part nationalised banks (currently Lloyds Banking Group and Royal Bank of Scotland Group) – investments will be limited to a maximum period of 12 months	N/A
The Council's own bankers if they fail to meet the basic credit criteria.	N/A
Alternative (asset backed) Investments	N/A

Investments of this nature will only be made with the approval of the Section 151 Officer and in line with our treasury management advisors' investment recommendations.

Alternative Investments

A new class of "alternative investments" was added to the Council's list of non-specified investment instruments.

The motivation for this is increased diversification from the current concentration of credit risk on financial institutions, along with the potential for increased returns in the current low interest rate environment whilst still meeting the DCLG requirements regarding security, liquidity, and yield.

A variety of products are available that are secured against real assets such as green energy, timber, leisure, commercial property and private real estate. Thorough due diligence will need to be undertaken on any such products before any investment is made.

The available products fall within two categories; asset backed securities and asset backed pooled investment funds.

Asset backed securities are typically bespoke structures and can be unrated. This increases the need for due diligence, which will likely involve legal advice and also that of external auditors. Asset backed pooled investment funds involve the purchase of shares in a pooled fund or “fund of funds”. These are less bespoke and require less due diligence.

APPENDIX 2

Credit and Counterparty Risk Management

Specified Investments:
All such investments will be sterling denominated, with maturities up to maximum of 1 year, meeting the minimum ‘high’ quality criteria where applicable.

Non-Specified Investments:
These are any investments which do not meet the specified investment criteria or exceeding one year, as outlined in the body of the report. A maximum of 50% will be held in aggregate in non-specified investment

A variety of investment instruments will be used, subject to the credit quality of the institution, and depending on the type of investment made it will fall into one of the above categories.

The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

	Minimum credit criteria / colour band	**Max. maturity period**
DMADF – UK Government	N/A	**6 months**
UK Government gilts	UK sovereign rating	12 months
UK Government Treasury bills	UK sovereign rating	12 months
Bonds issued by multilateral development banks	AAA	6 months
Money market funds	AAA	Liquid
Enhanced money market funds with a credit score of 1.25	AAA	Liquid
Enhanced money market funds with a credit score of 1.5	AAA	Liquid
Local authorities	N/A	12 months
Term deposits with banks and building societies	Blue Orange Red Green No Colour	12 months 12 months 6 months 100 days Not for use
CDs or corporate bonds with banks and building societies	Blue Orange Red Green No Colour	12 months 12 months 6 months 100 days Not for use
Gilt funds	UK sovereign rating	

APPENDIX 3

Security, Liquidity and Yield Benchmarking

These benchmarks are targets and so may be breached from time to time. Any breach will be reported, with supporting reasons in the Annual Treasury Report.

Yield – This benchmarks is currently widely used to assess investment performance.

- Investments – Internal returns above the 7 day LIBID rate

Security and liquidity benchmarks are already intrinsic to the approved treasury strategy through the counterparty selection criteria and some of the prudential indicators.

Liquidity – This is defined as "having adequate, though not excessive cash resources, borrowing arrangements, overdrafts or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives" (CIPFA Treasury Management Code of Practice). In respect of this area the Council seeks to maintain:

- Bank overdraft - £1.600m

- Liquid short term deposits of at least £5m available with a week's notice.

Security of the investments – In context of benchmarking, assessing security is a much more subjective area to assess. Security is currently evidenced by the application of minimum credit quality criteria to investment counterparties, primarily through the use of credit ratings supplied by the three main credit rating agencies (Fitch, Moody's and Standard and Poor's). Whilst this approach embodies security considerations, benchmarking levels of risk is more problematic. One method to benchmark security risk is to assess the historic level of default against the minimum criteria used in the Council's investment strategy. The table beneath shows average defaults for differing periods of investment grade products for each Fitch/Moody's Standard and Poor's long term rating category within each year according to the maturity of the investment.

Years	1	2	3	4	5
AAA	0.04%	0.10%	0.17%	0.26%	0.35%
AA	0.02%	0.04%	0.09%	0.16%	0.24%
A	0.05%	0.15%	0.27%	0.40%	0.55%

As set out earlier, the Council's minimum long term rating will typically be "A-" meaning the average expectation of default for a one year investment in a counterparty with a "A" long term rating would be 0.05% of the total investment (e.g. for a £1m investment the average loss would be £500). This is only an average - any specific counterparty loss is likely to be higher - but these figures do act as a proxy benchmark for risk across the portfolio.

APPENDIX 4

Minimum Revenue Position (MRP) Policy

The Council is required to pay off an element of the accumulated General Fund capital spend each year through a revenue charge (the Minimum Revenue Provision - MRP), although it is also allowed to undertake additional voluntary payments (VRP).

Regulations require Full Council to approve an MRP Statement in advance of each year. The Council is recommended to approve the following MRP Statement. *Additions to the previous policy are in italics.*

Borrowing taken up prior to 1 April 2015 will be provided for using a straight-line method of calculating MRP. £185.215m will be provided for in equal instalments over 50 years, which will result in an annual charge of £3.704m. The debt will be extinguished in full by 31 March 2065. If the Council elects to make additional voluntary MRP then the annual charge will be adjusted accordingly.

For borrowing taken up on or after 1 April 2015, MRP is to be provided for based upon the average expected useful life of the assets funded by borrowing in the previous year. The debt will be repaid on a straight-line basis over the average useful life calculated, meaning the debt will be fully extinguished at the end of period. If the Council elects to make additional voluntary MRP then the annual charge will be adjusted accordingly.

For certain investment projects it may be deemed more prudent to use the asset life annuity method in order to calculate MRP. In this case the Council will use the annuity method, with the MRP based on the prevailing PWLB interest rate for a loan with a term equal to the estimated life of the project. If the Council uses capital receipts to repay borrowing for the year then the value of MRP which would have otherwise been set aside to repay borrowing will be reduced by the this amount. The level of capital receipts to be applied to redeem borrowing will be determined annually by the Section 151 Officer, taking into account forecasts for future expenditure and the generation of further receipts.

For any leases and any on-balance sheet Public Finance Initiative (PFI) schemes, the MRP charge will be equal to the principle repayment during the year, calculated in accordance with proper practices. *In previous years only finance leases were on balance sheet and contributed towards the MRP. However, following the adoption of IFRS 16 in April 2022, all leases will fall on balance sheet and impact the MRP calculation. The full impact of this change is yet to be determined but updates will be provided as part of the regular Treasury Management reporting process.*

There will be no MRP charge for any cash backed Local Authority Mortgage Scheme (LAMS) that the Council operates. As for this type of scheme, any future debt liability would be met from the capital receipt arising from the deposit maturing after a five year period. Any repossession losses for this type of scheme would be charged to a LAMS reserve.

The Council has considered the Statutory Guidance, which recommends a 25 year repayment charge for loans to third parties, and concluded that this provision is not necessary where there is a realistic expectation that the loan will be repaid. The Council considers an MRP charge is not necessary in respect of any loans made to third parties as the debt liability is covered by the existence of a debtor; typically long term depending on the life of the loan. The only expenditure consequence of a loan for an authority is the interest on its cash shortfall whilst the loan is outstanding, so provision for the principal amount would be over-prudent until such time as the assumption has to be made that the loan will not be repaid.

For any Equity Investment or other investments not specified above, the Council will have regard to the MHCLG Statutory Guidance on Minimum Revenue Provision.

The revised MHCLG MRP Guidance provides a disclosure item for any revenue resources over and above of the required MRP applied to capital expenditure within the MRP Policy. The disclosure of the amounts applied allows some flexibility in financing future capital programmes and the implications on the budget. Revenue resources applied to 31 March 2020 as overpayments or VRP were £90.4m

APPENDIX 5

Prudential Indicators

1. Ratio of Financing Costs to Net Revenue Stream

Limit/Indicator	2021/22 %	2022/23 %	2023/24 %
Ratio of financing costs to net revenue stream	5.2	4.8	5.1

This ratio represents the total of all financing costs e.g. interest payable and minimum revenue provision (MRP) that are charged to the revenue budget as a percentage of the amount to be met from Government grants and taxpayers (net revenue stream).

This ratio has been calculated based on the future year's level of borrowing.

2. Capital Financing Requirement (CFR)

Limit/indicator	2021/22 £000	2022/23 £000	2023/24 £000
Core Capital Financing Requirement	199,373	194,598	189,823
Other long term liabilities (e.g. PFI and leases)	97,842	94,304	90,085
Total Capital Financing Requirement	297,215	288,902	279,907

The Capital Financing Requirement is aimed to represent the underlying need to borrow for a capital purpose and is calculated from the aggregate of specified items on the balance sheet. The opening balance at 1 April 2021 has been estimated together with the movement in the Capital Financing Requirement for future years.

Following accounting changes the Capital Financing Requirement now includes any other long term liabilities (e.g. PFI schemes and leases) brought onto the balance sheet. Whilst this increases the Capital Financing Requirement, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes.

From the 2020/21 financial year a new accounting standard on leases (IFRS16) is to be implemented. This will result in a number of leases that would previously have been classified as operating leases being moved on to the Council's balance sheet. This in turn will result in an increase in the level of other long term liabilities and the total CFR. As the Council is still in the data gathering stage of implementing this new standard the level of this increase is not yet know. This indicator will therefore be updated mid-year as part of the regular Capital and Treasury Management reporting process.

The CFR increases by the value of capital expenditure not immediately financed (i.e. borrowing) and is reduced by the annual MRP repayment.

3. Capital Expenditure

Limit/indicator	2021/22 £000	2022/23 £000	2023/24 £000
Capital expenditure	74,881	606	0

This is the estimate of the total capital expenditure to be incurred (from all funding sources) for future years and recommended for approval.

This estimate will continue to be updated as part of the monitoring process as new resources are subsequently identified.

4. Incremental Impact of Capital Investment Decisions

Limit/indicator	2021/22 £000	2022/23 £000	2023/24 £000
For the Band D Council Tax	13	17	17

This is the estimate of the net incremental impact of the capital investment decisions, based on the level of borrowing set out in the report and reflects the total cost of this additional borrowing (interest payments and minimum revenue provision), as a cost on Council Tax. The actual cost will depend on final funding. For every £1 increase on Band D properties, approximately £0.063m would be raised.

5. Operational Boundary and Authorised Limit on External Debt and Other Long Term Liabilities

Limit/indicator	2021/22 £000	2022/23 £000	2023/24 £000
Operational Boundary for external debt	220,710	216,788	224,184
Authorised Limit for external debt	240,710	236,788	244,184

These limits include provision for borrowing in advance of our requirement for future capital expenditure. This may be carried out if it is thought to be financially advantageous to the Council.

The limits are made up as follows:

Limit/indicator	2021/22 £000	2022/23 £000	2023/24 £000
Estimated 31 March 2021	151,008		
Previous year Operational Boundary		220,710	216,788
Add debt maturing in year	10,369	1,222	3,393
Add borrowing for 2021/22 and previous years' requirement not taken up	54,104		
Add borrowing in advance for 2022/23 and future years	10,000	10,000	10,000
Less already borrowed in advance for future years			
Less previous year maturing fall out		(10,369)	(1,222)
Less MRP	(4,771)	(4,775)	(4,775)

Operational Boundary - borrowing	**220,710**	**216,788**	**224,184**
Add allowances for cash flow etc.	20,000	20,000	20,000
Authorised Limit - borrowing	**240,710**	**236,788**	**244,184**

The allowance for cash flow is made up of 2 elements. (a). it is possible that a rescheduling exercise where we borrow prior to repayment could take place. We have allowed £10 million for this. (b). Normally the amount of investments that we currently hold would mean that there would be no need to borrow, however, an allowance of £10 million has been made for liquidity purposes.

We are also required to set operational boundaries and authorised limits for Other Long Term Liabilities (e.g. PFI schemes and finance leases), which are now shown on balance sheet, following recent accounting changes. The table below includes all current PFI schemes and finance leases in place, with an allowance of £1 million for any new agreements that may arise.

Limit/indicator	2021/22 £000	2022/23 £000	2023/24 £000
Operational Boundary for other long term liabilities	97,842	94,304	90,085
Add allowance for new agreements	1,000	1,000	1,000
Authorised Limit for other long term liabilities	98,842	95,304	91,085

The total authorised limit of £340 million (including both external borrowing and other long term liabilities) should be set as the Council's affordable borrowing limit for 2021/22 as required under the provisions of the Local Government Act 2003.

6. Gross Debt and the Capital Financing Requirement.

Limit/indicator	2021/22 £000	2022/23 £000	2023/24 £000
Core capital financing requirement	199,373	194,598	189,823
Gross borrowing	199,373	194,598	189,823

To ensure that medium term debt will only be for a capital purposes, the Council will ensure that the gross external borrowing does not, except in the short term, exceed the highest forecast capital financing requirement (CFR) in any one year.

7. Upper and lower limits on Interest Rate Exposures

Limit/indicator	2021/22 £000	2022/23 £000	2023/24 £000
Upper limit for fixed interest rate exposure	199,373	194,598	189,823
Upper limit for variable interest rate exposure	66,458	64,866	63,274

These limits are in respect of our exposure to the effects of changes in interest rates.

The limits reflect the net amounts of fixed/variable rate debt (i.e. fixed/variable loans less fixed/variable investments).

8. Maturity Structure of Borrowing for the Forthcoming Financial Year

These limits set out the amount of projected borrowing that is fixed rate maturing in each period expressed as a percentage of total projected borrowing that is fixed rate.

		Upper %	Lower %
Upper/lower limit for maturity structure	Under 12 months	15	0
	12 months and within 24 months	15	0
	24 months and within 5 years	30	0
	5 years and within 10 years	40	0
	10 years and above	100	50

Future fixed rate borrowing will normally be for periods in excess of 10 years, although if longer term interest rates become excessive, shorter term borrowing may be used. Given the low current long term interest rates, we feel that it is acceptable to have a long maturity debt profile.

9. Limit for Total Principal Sums Invested for Periods Longer than 364 days

2021/22 £m	2022/23 £m	2023/24 £m
30	30	30

The Council can invest for periods greater than one year providing the counterparty is of sufficient credit quality as per the Link Asset Services credit methodology. It is felt that the amounts shown above should be the limits maturing in future years.

10. Borrowing Limits in Respect of GMMDAF

Operational Boundaries and authorised Limits must also be set for the Greater Manchester Debt Fund. The recommended limits are:

	2021/22 £000	2022/23 £000	2023/24 £000
Operational Boundary – borrowing	20,779	0	0
Authorised Limit – borrowing	35,779	0	0

The difference between the operational boundary and authorised limit allows for temporary cash flow shortages and debt rescheduling where loans are borrowed in advance. The authorised limit of £35.799 million should be set as the affordable borrowing limit for the GMMDAF for 2021/22 as required under the Local Government Act 2003.

The Code also requires compliance with the CIPFA Code of Practice for Treasury Management in the Public Services. The Council has adopted and adheres to this Code.

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Report To:	**AUDIT PANEL**
Date:	16 March 2021
Reporting Officer:	Wendy Poole – Head of Risk Management and Audit Services
Subject:	**RISK MANAGEMENT AND AUDIT SERVICES PLANNED WORK 2021/22**
Report Summary:	The report presents the planned work for the Risk Management and Audit Service for 2021/22.
Recommendations:	1. Members approve the Draft Internal Audit Plan for 2021/22 shown at **Appendix 1** and note the planned work for the Risk, Insurance and Information Governance Team and the National Anti-Fraud Network Data and Intelligence Service. 2. Members approve the Audit Strategy for 2021/22 shown at **Appendix 2.** 3. Members approve the Audit Charter for 2021/22 shown at **Appendix 3.** 4. Members approve the Quality Assurance and Improvement Programme for 2021/22 shown at **Appendix 4**.
Corporate Plan:	Internal Audit supports the individual operations, which deliver the objectives within the Community Strategy.
Policy Implications:	Effective Internal Audit and Risk Management supports the achievement of Council objectives and demonstrates a commitment to high standards of corporate governance.
Financial Implications: (Authorised by the statutory Section 151 Officer and Chief Finance Officer)	Effective Internal Audit assists in safeguarding assets, ensuring the best use of resources and reducing losses due to poor risk management. It also helps to keep insurance premiums to a minimum and provides assurance that a sound control environment is in place.
Legal Implications: (Authorised by the Borough Solicitor	Demonstrates compliance with the Accounts and Audit Regulations 2015.
Risk Management:	By assisting in the effective management of risks, Internal Audit helps to reduce costs and improve service delivery.
Access to Information:	The background papers can be obtained from the author of the report, Wendy Poole, Head of Risk Management and Audit Services by: Telephone: 0161 342 3846 e-mail: wendy.poole@tameside.gov.uk

1. INTRODUCTION

1.1 The report presents the planned work for the Risk Management and Audit Service for 2021/22. It sets out in detail the work of Internal Audit and presents the Annual Audit Plan for 2021/22 for approval. It highlights the planned work in relation to:-

- Counter Fraud/Investigation Work;
- Risk, Insurance and Information Governance Team; and
- National Anti-Fraud Network (NAFN) – Data and Intelligence Services.

2. INTERNAL AUDIT PLANNING PROCESS

2.1 The Internal Audit Service plans its work with a view to achieving the following key objectives:

- Supporting the Council's Vision;
- Providing optimum coverage across all services to ensure the best use of resources;
- Targeting resources towards priority (high-risk) areas;
- Satisfying legislative requirements;
- Providing assurances to Members and Senior Managers as to the effectiveness of the Council's internal controls;
- Responding to the needs of service managers; and
- Maintaining a regular level of audit presence in all areas.

2.2 The plan is reviewed and revised each year to take into account service and legislative changes, which can result in large shifts in priorities and culminates in the production of the Annual Audit Plan.

2.3 The audit management system used ("Galileo") holds the entire list of all audits to be undertaken "the Audit Universe" and this is used as part of the consultation process.

2.4 Audits are prioritised based on an assessment of risk and allocated a numerical risk score which equates to either High, Medium/High, Medium, Low/Medium or Low and the following factors are taken into account:-

- Susceptibility to Error/Fraud;
- Control Environment;
- Sensitivity and Reputation of the Council;
- Complexity;
- Volume and Value of Transactions;
- Management Concerns;
- Management Changes;
- Specific Business Risks/Business Importance;
- Quality, Integrity and Security of Information; and
- Years since Previous Audit.

2.5 Consultation involves Executive Members, Directors, Assistant Directors, Heads of Service and in some cases Service Unit Managers and was carried out during January/February 2021. These meetings help to inform the risk assessments undertaken on audit activities and provide members and officers with the opportunity to discuss areas of concern or provide further details of up and coming changes to structures, key personnel, systems, procedures and/or legislation. In addition to agreeing priority audits, the discussions also include a report on previous audit work undertaken and the level and quality of the service provided. Risks identified in the Corporate Risk Register and other sources of assurance across the Council are also taken into account during the planning process.

2.6 Allegations of fraud investigated during the year together with intelligence gained from external sources (e.g. Chartered Institute of Public Finance and Accountancy Fraud Centre, National Anti-Fraud Network and networking events) are used to identify potential risks and new fraud areas which are then taken into account either directly as an audit or used to inform the audit work scheduled in a particular area.

2.7 Taking all the above information into account, the draft plan is produced. This plan is then balanced to resources and priorities and amended accordingly, as requested audits exceed resources available. This stage of the process is conducted by the Head of Risk Management and Audit Services supported by the Principal Auditors who manage the plans on a day-to-day basis and is based on professional judgement and the potential risk exposure posed to the Council. Audits that cannot be covered in the current plan year are highlighted as priorities for next year's audit plan and held in contingency in case difficulties arise in achieving any of the audits included in the annual plan.

2.8 The Director of Finance (Section 151 Officer) and the Assistant Director of Finance have been consulted to ensure that the levels of coverage will provide the necessary information and assurance to support the Section 151 Officer Role and the preparation of the Annual Governance Statement.

2.9 Whilst the work of Internal Audit, External Audit and Scrutiny are different, consultation takes place during the year to ensure our respective work programmes are complementary and that areas are not "over audited/inspected".

2.10 Liaison is also ongoing with the Tameside And Glossop Clinical Commissioning Group's Internal Auditors (Merseyside Internal Audit Agency) to ensure that internal audit resources are maximised and used efficiently.

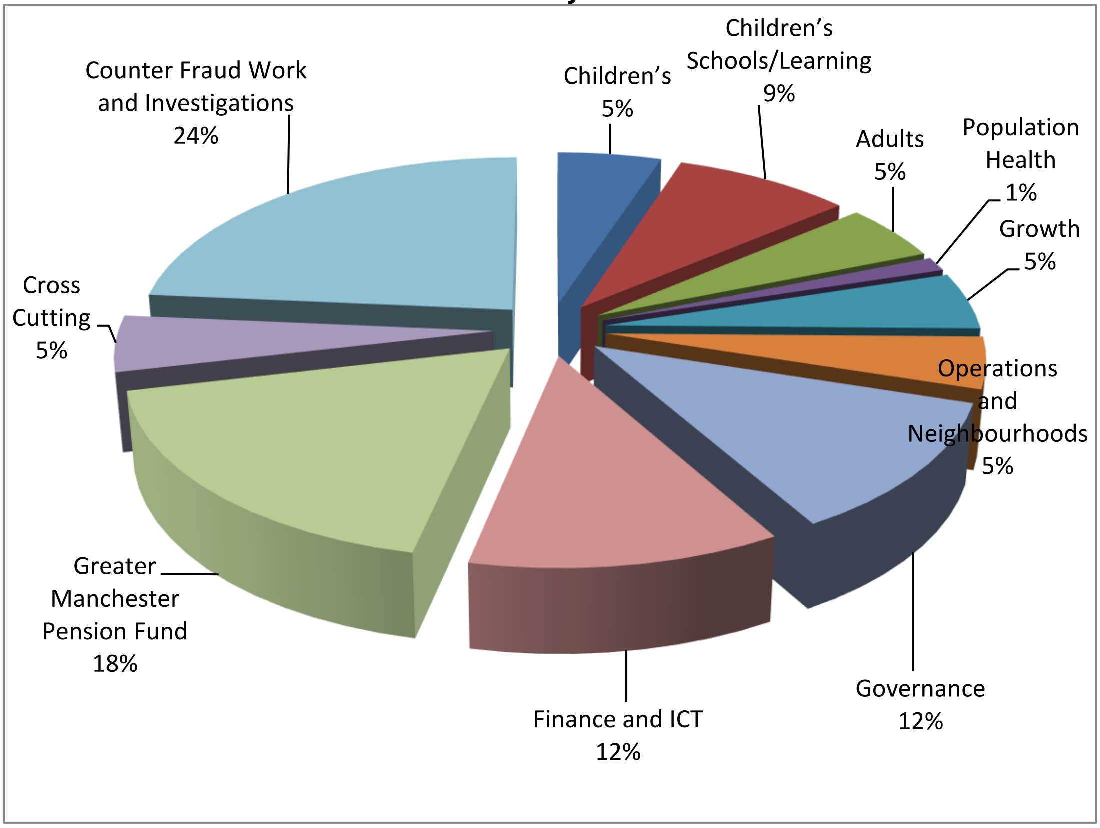
3. INTERNAL AUDIT ANNUAL AUDIT PLAN 2021/22

3.1 The Annual Audit Plan is detailed at **Appendix 1** and is summarised in Table 1 and Pie Chart 1 below and totals 1,665 Days. The Approved Plan for 2020/21 totalled 1,510 which included 1,200 Days on Planned Work and 310 Days on Counter Fraud Work and Investigations.

Table 1 – Annual Audit Plan Summary 2021/22

Service Area / Directorate	Planned Days	%
Children's	85	5
Children's Schools/Learning	146	9
Adults	84	5
Population Health	20	1
Growth	85	5
Operations and Neighbourhoods	77	5
Governance	197	12
Finance and ICT	194	12
Greater Manchester Pension Fund	300	18
Cross Cutting	84	5
Total Planned Days for 2021/22	**1,272**	**76**
Counter Fraud Work and Investigations	393	24
Total Planned Days for 2021/22	**1,665**	**100**

3.2 **Pie Chart 1 – Annual Audit Plan Summary 2021/22**



3.4 The full Annual Audit Plan for 2021/22 is included at **Appendix 1** and details the following:-

- Links to the Corporate Plan;
- Links to the Corporate Risk Register;
- Auditable Area;
- Purpose of the Audit;
- Priority;
- Audit Category; and
- Planned Days for 2021/22.

3.5 Each audit in the plan has been linked to one of the themes within the Corporate Plan as shown below:-

Table 2 – Corporate Plan Themes

Starting Well
Living Well
Ageing Well
Great Place/ Vibrant Economy
Corporate Support and Enabling Services

3.6 Where appropriate each audit has been linked to a risk in the Corporate Risk Register to ensure that the plan is providing audit coverage in the areas deemed to be of significant risk to the Council. For the Greater Manchester Pension Fund audits have been linked to their specific service risk registers.

3.7 Each audit in the Annual Audit Pan has been allocated to an Audit Category which are explained in Table 3 below. Table 4 and Pie Chart 2 present the Annual Audit Plan analysed by those Categories.

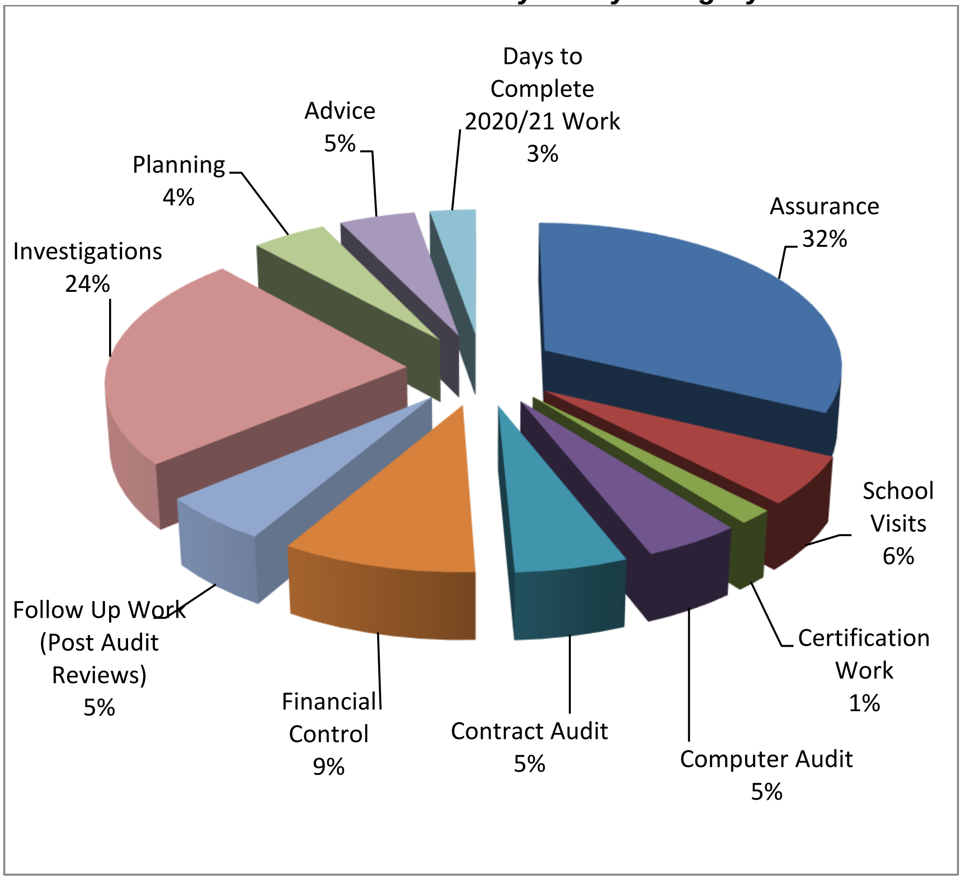
Table 3 – Audit Categories

Category	Description
Assurance	To provide assurance to management that the key risks are being managed and that processes in place are robust and fit for purpose.
Financial Control	A programme of financial system reviews considered high risk to provide assurance that the risks are being managed and the systems in place are robust and fit for purpose.
Advice	Ongoing advice provided at the request of management and stakeholders.
Follow Up	Work undertaken to ensure recommendations documented in Final Reports have been implemented.
School Visits	A programme of school visits identified as highest risk taking into account any key changes in personnel, systems and finances.
Investigation	Ad hoc investigations into suspected fraud, irregularities and information incidents.
Computer Audit	Commissioned audit reviews of a technical nature from Salford Computer Audit Services, combined with reviews to be delivered in-house.
Contract Audit	Reviews on specific procurement activities and contracts considered high risk.
Certification Work	Independent verification work required by grant funding bodies, legislation and Final Accounts certification.

3.8 **Table 4 – Annual Audit Plan 2021/22 Analysed by Category**

Category	Planned Days 2021/22
Assurance	534
School Visits	92
Grant Certification Work	28
Computer Audit	77
Contract Audit	90
Financial Control	155
Follow Up Work (Post Audit Reviews)	89
Investigations	403
Planning	75
Advice	76
Days to Complete 2020/219 Work	46
Total Planned Days 2020/21	**1,665**

3.9 **Pie Chart 2 – Annual Audit Plan Analysed by Category**



3.11 The Annual Audit Plan of 1,665 days detailed above has been balanced to resources available. However, productive days are estimated and any changes to the assumptions used will be reflected during the year and reported to the Audit Panel/Greater Manchester Pension Fund Local Board. One assumption is based on the recruitment of a Senior Auditor and productive days have been included from May 2021.

3.12 As in previous years the demand for audit work has exceeded the days available and therefore the Annual Audit Plan for 2021/22 presented for approval includes only Mandatory and High Risk Audits as defined below:-

- Mandatory – Audits/Audit Processes that need to be included e.g. grant certification work.
- High/Medium/Low – Each audit in the 'Audit Universe' is risk assessed within the Audit Management System 'Galileo' and allocated a numerical score. Those with the highest scores are included in the plan until all available resources have been accounted for.

3.13 The plan will be kept under constant review and regular meetings will be held with Executive Members and the Senior Management Team to ensure that it reflects the keys risks for the Council going forward as it continues to change both in shape and size to meet the financial challenges placed upon it.

4. INTERNAL AUDIT STAFFING

4.1 The structure of the team is shown in Table 5 below. One of the Auditors has just obtained the Chartered Institute of Public Finance and Accountancy (CIPFA) qualification and the other is waiting to start the Association of Accounting Technicians (AAT) supported by the

Apprenticeship Levy. We also have one of the Counter Fraud/Investigators embarking on a further fraud qualification again supported by the Apprenticeship Levy.

4.2 **Table 5 – Internal Audit Staffing Structure**

Post	Qualification	Audit Experience
Head of Risk Management and Audit Services	CIPFA/PGCM	Over 20 Years
Principal Auditor	CIPFA/PGCM	Over 20 Years
Principal Auditor	ACCA/IIA	Over 20 Years
Senior Auditor	CIPFA	Over 20 Years
Senior Auditor	-	Over 20 Years
Senior Auditor	-	Vacant
Counter Fraud/Investigator	CIPFA ACFTech	Over 10 Years
Counter Fraud/Investigator	CIPFA ACFTech	Less than 5 Years
Auditor	CIPFA	Less than 5 Years
Auditor	-	Less than 5 Years

4.3 The Service Unit does not employ a specialist Computer Auditor for the provision of technical computer audit support and this is procured from Salford MBC Computer Audit Services using the AGMA Collaboration Computer Audit Agreement to help deliver the ICT – Computer Audit Plan.

4.4 The Internal Audit Team has complete organisational independence and is not responsible for any non-audit work. Staff are very aware of the need to remain independent and ensure that requests for advice and support do not compromise this position.

4.5 The Head of Risk Management and Audit Services is responsible for the Risk, Insurance and Information Governance Team and is the Council's Senior Information Risk Owner (SIRO), which does challenge her independence. Any reviews conducted in these areas would be reported in the name of an independent manager, namely the Assistant Director of Finance (Deputy Section 151 Officer), to ensure that independence is not compromised or the review would be completed by another Internal Audit Team.

4.6 All members of the Internal Audit Team sign an annual declaration form, and this includes confirming that they have read and agreed to adhere to the Tameside Code of Conduct for Employees and the Public Sector Internal Audit Standards - Code of Ethics.

5. INTERNAL AUDIT REPORTING PROCESS

5.1 At the completion of an audit review a draft report is produced which is issued to the appropriate auditees and managers within the area (this will vary depending on the review, but usually includes members of the senior management team) for them to check the factual accuracy of the report and to provide their management responses to the recommendations identified. Closure meetings are held with all parties to expedite the process.

5.2 A quality control and review process is in place within the team that ensures all audits are conducted to a high standard and that working papers, conclusions and recommendations are sound and justified.

5.3 A final audit report is then produced incorporating the management responses and circulated to: -

- Executive Member – responsible for area under review;
- Chief Executive;
- Director of Governance and Pensions (Monitoring Officer);
- Director of Finance (Section 151 Officer);
- Assistant Director of Finance (Deputy Section 151 Officer);

- Director;
- Appropriate Service Area Managers;
- Financial Management Business Partner; and
- External Audit.

5.4 Six months after completion, a Post Audit Review is undertaken to establish whether the agreed recommendations have been implemented, however, where a low level of assurance is issued the area is re-visited within 3 months. This report is circulated to those members and officers who received the final report so that they can check that progress has been made. Areas of concern are escalated to the Head of Risk Management and Audit Services and/or the Director/Assistant Director of Finance for discussion with the relevant service managers to ensure that progress is made. Post Audit Reviews with significant outstanding items will, in turn, be reported to the Audit Panel.

5.5 All reports issued are reviewed and quality checked within the team by the Principal Auditors before they are released. The Head of Risk Management and Audit Services also reviews all Final Reports and Post Audit Reviews. Low level assurance audits are discussed with Assistant Directors to gain assurance that resources will be targeted to resolve issues identified.

5.6 In addition, progress reports are produced for the Audit Panel, which summarise the audits issued by level of assurance, issues highlighted from completed audits and any concerns resulting from Post Audit Reviews.

5.7 At the end of the financial year, an annual report is produced summarising the work undertaken during the year and providing an opinion on the overall control environment. In broad terms, the opinion is based on the audit opinions issued during the year, the nature of the audits and the type and severity of recommendations made.

5.8 The Internal Audit service conforms to the Public Sector Internal Audit Standards (PSIAS), and this was confirmed by the External Peer Review Assessment in March 2018 and subsequent self-assessment completed for 2018/19 and 2019/20, which were reported to the Audit Panel in June 2019 and June 2020. The self-assessment review based on 2020/21 will be presented to the next meeting of the Audit Panel and this will inform the Review of the Effectiveness of the System of Internal Control required by the Accounts and Audit Regulations 2015 Section 6.

5.9 The self-assessment against the Chartered Institute of Public Finance and Accountancy Statement for the Head of Internal Audit for 2020 will also be reported to the next meeting of the Audit Panel as part of the assurance work for the preparation of the Annual Governance Statement.

6. ANNUAL GOVERNANCE STATEMENT

6.1 The Accounts and Audit Regulations 2015 require audited bodies to conduct a review, at least once a year, of the effectiveness of its systems of internal control. The findings of the review shall be considered by a committee of the relevant body, or by members of the relevant body meeting as a whole, and following consideration, shall approve a governance statement, prepared in accordance with proper practices in relation to internal control.

6.2 The work of Internal Audit is fundamental to the production of this statement as the work conducted provides evidence and ongoing assurance that the systems of internal control have been reviewed and that risks are being effectively managed.

6.3 The Risk Management and Audit Service Annual Report for 2020/21 will be presented to the next meeting of the Audit Panel.

7. INTERNAL AUDIT STRATEGY AND CHARTER

7.1 In order to comply with the Public Sector Internal Audit Standards it is necessary for the Audit Panel to approve the Internal Audit Strategy (attached at **Appendix 2**) and the Internal Audit Charter (attached at **Appendix 3**) annually.

7.2 The Strategy provides an overview of Internal Audit and covers:-

- Introduction;
- Main Drivers in setting the Direction;
- What this means we need to do; and
- How will we do this?

7.3 The Internal Audit Charter is more operational and includes:-

- Background;
- Missions and Definition of Internal Audit;
- Standards;
- Responsibility and Objectives of Internal Audit;
- Responsibility of the Council;
- Independence of Internal Audit;
- Head of Risk Management and Audit (Chief Audit Executive/Head of Audit)
- Relationships;
- Opinion and Non-Opinion Work;
- Fraud;
- Reporting;
- Internal Audit Access Rights; and
- Internal Audit Resources.

8. QUALITY ASSURANCE AND IMPROVEMENT PRORAMME

8.1 Standard 1300 of the Public Sector Internal Audit Standards require:
"That the Chief Internal Auditor must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity".

8.2 The Quality Assurance and Improvement Programme (attached at **Appendix 4**) includes:-

- Introduction;
- Internal Assessments;
- External Assessments;
- Service Development; and
- Review of the Quality Assurance and Improvement Programme.

9. PROACTIVE FRAUD WORK/IRREGULARITY INVESTIGATIONS

9.1 Whilst unplanned in their nature, time is required each year for the investigation of frauds and irregularities that are notified to Internal Audit. There is a dedicated resource within the service unit, which provides support to management to ensure that such problems are dealt with as effectively as possible. A control report is provided in response to investigations/advice and support work to ensure that the control environment is improved to try to minimise any future re-occurrence. Learning points are noted for wider dissemination where appropriate and any recommendations are followed up at a later date by a Post Audit Review to ensure the required improvements have been implemented.

9.2 Resources have increased for Counter Fraud Work and Investigations from 310 to 393 Days as we have a full team in place where as during 2020/21 we covered a Maternity Leave.

9.3 Update reports will be provided as part of the quarterly progress reports provided by the Head of Risk Management and Audit Services.

9.4 Intelligence from all corporate fraud/irregularities notified to Internal Audit is used to:-

- Evaluate our response plan;
- Inform the audit planning process to ensure fraud risks are taken into account; and
- Inform the risk assessment tool within Galileo (audit management system) to ensure all auditable activities are correctly assessed.

10. RISK, INSURANCE AND INFORMATION GOVERNANCE

10.1 The Risk, Insurance and Information Governance Team provide services to the whole Council. During 2019/20 a service review of the team was undertaken and the number of posts increased from two to five. Recruitment is now complete and all posts are occupied, Table 6 below details the team.

Table 6 – Risk, Insurance and Information Governance Team

Post	Qualification/Experience
Risk, Insurance and Information Governance Manager	Insurance Qualification/Local Government and Insurance Sector experience.
Risk, Insurance and Information Governance Officer	Insurance Qualification/Insurance Sector experience.
Risk, Insurance and Information Governance Officer	Insurance Qualification/Insurance Sector experience
Risk, Insurance and Information Governance Officer	Legal Qualification/Insurance Sector experience
Risk, Insurance and Information Governance Assistant	Financial Services experience

10.2 The key priorities for the team during 2021/22 are:-

- To continue to work with the Single Leadership Team to review the Corporate Risk Register ensuring that it is linked to the Corporate Plan Themes and Priorities, to review the process for recording and evaluating risks and develop operational risk registers. A key priority will be to develop the monitoring of risk registers to ensure they are reported appropriately to officers and members.
- To deliver the Information Governance Work Plan which is being developed with the Information Governance Group to ensure that the Council is compliant with all Data Protection legislation.
- To work with senior managers to ensure that Service Area/Units Business Continuity Plans are robust and fit for purpose and regularly reviewed to support management in responding to a major incident.
- To review the insurance database used to ensure it is fit for purpose and that the reporting functionality is efficient and effective.
- To review the information held and introduce regular reports for management in terms of claims received to inform and improve risk management process.
- To continue to support managers to assess their risks as services are redesigned to ensure that changes to systems and procedures remain robust and resilient offering cost effective mitigation and that claims for compensation can be successfully repudiated and defended should litigation occur.
- To attend management team meetings quarterly to provide updates on insurance, information governance, risk management and business continuity.

11. NATIONAL ANTI-FRAUD NETWORK - DATA AND INTELLIGENCE SERVICES

11.1 The National Anti-Fraud Network will continue to work with key stakeholders and partners to further develop the services offered to members to ensure that emerging business needs are met in response to changing legislation. The Head of Risk Management and Audit who continues to Chair the NAFN Executive Board will work with the NAFN Team at Tameside to ensure the key priorities below are delivered:-

- To continue to maintain and where necessary improve operational controls in pursuit of operational excellence to meet Government standards on data and intelligence;
- To work with the Investigatory Powers Commissioner's Office (IPCO) to maintain high standards of integrity and legitimate use for communications data and ensure compliance with the Investigatory Powers Act;
- Following a consultation exercise undertaken during March 2020/21 improvements to services and ICT provision will be reviewed and plans finalised to implement changes and transform the service. There is a pressing need to upgrade the current ICT platform to meet business continuity requirements and potential disaster recovery demands. This also provides an opportunity to integrate existing systems and expand services providing access to new datasets;
- Extending membership to all local authorities, housing associations and wider public bodies;
- Review of NAFN Constitution and Membership Agreement;
- Following a decision on the preferred business solution for transforming the service there will be a need to formally review the NAFN Membership Fee and associated usage charges;
- Roll out of the NAFN e-learning and CPD system including formal certification;
- To complete the enhanced Intelligence Service pilot including case studies and promotion to members; and
- Undertake an options appraisal on procurement of a Customer Relationship Management System ahead of a formal recommendation to the Executive Board.

12. PERFORMANCE MONITORING

12.1 The performance of the service is monitored against targets and performance indicators. Individually auditors are monitored against performance targets and appraisal sheets are completed for audits highlighting issues and potential training needs. Customer questionnaires are also used at the conclusion of each audit to test customer reaction to the audit and to help identify any training needs or service improvements.

12.2 The Audit Plan will be continually monitored via monthly progress meetings between the Audit Management Team and regular update meetings with Executive Members, Senior Managers and External Audit and quarterly reports to the Audit Panel and the Greater Manchester Pension Fund Local Board.

12.3 The performance indicators monitored and measured are detailed in Table 6 below.

Table 6 – Performance Indicators

	Indicator	Target
1	Compliance with Public Sector Internal Audit Standards	100%
2	% of Plan Completed	90%
3	Customer Satisfaction (per questionnaires)	90% of customers "satisfied ≥ 65%"
4	% Recommendations Implemented	90%
5	No. of Irregularities Reported/Investigated	Downward Trend

12.4 The target for achievement is 90% of the agreed plan. However, high priority requests that arise during the year, changes in available audit resources and problem areas highlighted may affect the achievement of this target and result in the need for revisions to the agreed plan. All significant changes are agreed with relevant managers and Executive Members where appropriate and will be brought to the Panel for approval.

12.5 The Public Sector Internal Audit Standards are the benchmark against which the performance and effectiveness of the Internal Audit service will be measured.

13. MEMBER TRAINING

13.1 During the year, general training on Audit, Risk Management, Information Governance, Insurance and Business Continuity will be considered in accordance with member needs with targeted training being provided for members of the Audit Panel and the Greater Manchester Pension Fund Local Board as and when requested.

14. RECOMMENDATIONS

14.1 As set out on the front of the report.

DRAFT INTERNAL AUDIT PLAN 2021/22

APPENDIX 1

CORPORATE PLAN THEME	LINK TO RISK REGISTER	AUDITABLE AREA	PURPOSE OF THE AUDIT	PRIORITY	AUDIT CATEGORY	PLANNED DAYS 2021/22
CHILDRENS						
Starting Well	5 and 6	Early Help Module - LCS	To provide assurance that effective controls are operating effectively in relation to the Early Help Module linked to LCS.	High	Assurance	10
	5 and 6	Safeguarding	To provide assurance that internal controls are in place to ensure that effective safeguarding procedures are in place.	High	Assurance	15
	5 and 6	Childrens Homes	To provide assurance that internal controls are in place to ensure that effective procedures are in place within Children's Homes.	High	Assurance	5
	5 and 6	Fostering	To provide assurance that internal controls are in place to ensure that effective fostering procedures are in place.	High	Assurance	15
	5 and 6	Conference and Review Process	To provide assurance that internal controls are in place to ensure that effective procedures are in place for the Conference and Review Process.	High	Assurance	15
	5, 6 and 9	Transition of Clients From Childrens to Adults Services	To provide assurance that internal controls are in place to ensure that effective procedures are in place for the Transiition of Clients from Children's to Adults.	High	Assurance	15
Audit Management and Support		Planning and Control	Provision of days for planning/controlling the plan including activity reporting, meetings with Senior Management and Executive Members to ensure that changes throughout the year are reflected in the plan where appropriate.	Mandatory	Planning	5
		Advice and Support	Provision of days to support management in the development and maintenance of effective controls in light of new risk exposures and service changes.	Mandatory	Advice	2
		Post Audit Reviews	Follow up work to ensure that audit recommendations have been implemented.	Mandatory	Follow Up	0
		Days required to complete 2020/21 Work		High		3
TOTAL PLANNED DAYS FOR CHILDRENS						**85**
CHILDRENS - SCHOOLS/LEARNING						
Starting Well	18	Primary Schools (12)	To review the Financial Management/ICT Procedures/Information Governance Procedures of the school to ensure robust processes and procedures are in place in accordance with best practice to deliver a strong control environment.	High	School Visits	72
	18	High Schools (2)		High	School Visits	20
	11	Capita One System	To provide assurance that effective controls are operating effectively in relation to the Capita One System.	High	Assurance	15
Audit Management and Support		Planning and Control	Provision of days for planning/controlling the plan including activity reporting, meetings with Senior Management and Executive Members to ensure that changes throughout the year are reflected in the plan where appropriate.	Mandatory	Planning	10
		Advice and Support	Provision of days to support management in the development and maintenance of effective controls in light of new risk exposures and service changes.	Mandatory	Advice	10
		Post Audit Reviews	Follow up work to ensure that audit recommendations have been implemented.	Mandatory	Follow Up	15
		Days required to complete 2020/21 Work		High		4
TOTAL PLANNED DAYS FOR SCHOOLS/LEARNING						**146**
ADULTS						
Ageing Well	3	Home Care	To provide assurance that effective internal controls are in place in respect of Home Care.	High	Assurance	15
	9	Safeguarding - Adult Services	To provide assurance that internal controls are in place to ensure that effective safeguarding procedures are in place.	High	Assurance	15
	9	Out Of Hours	To provide assurance that effective internal controls are in operation in respect of the Out of Hours service.	High	Assurance	15
	1	Budgetary Control and Financial Management	To provide assurance that effective internal controls are in operation in respect of Budgetary Control and Financial Management in Adult Services.	High	Assurance	15

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CORPORATE PLAN THEME	LINK TO RISK REGISTER	AUDITABLE AREA	PURPOSE OF THE AUDIT	PRIORITY	AUDIT CATEGORY	PLANNED DAYS 2021/22
Audit Management and Support		Planning and Control	Provision of days for planning/controlling the plan including activity reporting, meetings with Senior Management and Executive Members to ensure that changes throughout the year are reflected in the plan where appropriate.	Mandatory	Planning	5
		Advice and Support	Provision of days to support management in the development and maintenance of effective controls in light of new risk exposures and service changes.	Mandatory	Advice	5
		Post Audit Reviews	Follow up work to ensure that audit recommendations have been implemented.	Mandatory	Follow Up	8
		Days required to complete 2020/21 Work		High		6
TOTAL PLANNED DAYS FOR ADULTS						**84**
POPULATION HEALTH						
Living Well	12	Contract Monitoring - Sexual Health	To provide assurance that effective controls are in place to monitor the contract to ensure the agreed outcomes are delivered.	High	Contract	15
Audit Management and Support		Planning and Control	Provision of days for planning/controlling the plan including activity reporting, meetings with Senior Management and Executive Members to ensure that changes throughout the year are reflected in the plan where appropriate.	Mandatory	Planning	3
		Advice and Support	Provision of days to support management in the development and maintenance of effective controls in light of new risk exposures and service changes.	Mandatory	Advice	1
		Post Audit Reviews	Follow up work to ensure that audit recommendations have been implemented.	Mandatory	Follow Up	2
		Days required to complete 2020/21 Work		High		0
TOTAL PLANNED DAYS FOR POPULATION HEALTH						**21**
GROWTH						
Great Place Inclusive Growth	12	Monitoring of the Facilities Management Contract	To provide assurance that effective controls are in place in respect of monitoring the contract for Facilities Management.	High	Contract	15
	12	Monitoring Of The Catering Contract	To provide assurance that effective controls are in place in respect of monitoring the Catering Contract.	High	Contract	15
	20	Building Control	To provide assurance that effective controls are in place in respect of building control.	High	Assurance	15
	21	Post Payment Assurance - Discretionary Business Grants	Assurance work to confirm that payments have been made in accordance with the defined scheme.	Mandatory	Assurance	10
	1	Hattersley Collaboration Agreement	To undertake an audit of the Final Accounts.	Mandatory	Certification Work	6
Audit Management and Support		Planning and Control	Provision of days for planning/controlling the plan including activity reporting, meetings with Senior Management and Executive Members to ensure that changes throughout the year are reflected in the plan where appropriate.	Mandatory	Planning	5
		Advice and Support	Provision of days to support management in the development and maintenance of effective controls in light of new risk exposures and service changes.	Mandatory	Advice	4
		Post Audit Reviews	Follow up work to ensure that audit recommendations have been implemented.	Mandatory	Follow Up	10
		Days required to complete 2020/21 Work		High		5
TOTAL PLANNED DAYS FOR GROWTH						**85**
OPERATIONS AND NEIGHBOURHOODS						
Living Well		Homelessness and Advice	To provide assurance that effective controls are in place in respect of the delivery of services to the homeless.	High	Assurance	15
	23	System Sign Off - Welfare Rights	To provide assurance that the new system is robust and fit for purpose.	Mandatory	Assurance	5
Corporate		Bereavement Services	To provide assurance that effective controls are operating effectively in relation to the services provided by Bereavement.	High	Assurance	15

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CORPORATE PLAN THEME	LINK TO RISK REGISTER	AUDITABLE AREA	PURPOSE OF THE AUDIT	PRIORITY	AUDIT CATEGORY	PLANNED DAYS 2021/22
Support and Enabling Services	12	Procurement	To provide assurance that effective controls are in place in respect of the procurement of External Contractors.	High	Contract	15
	1	Local Authority Bus Subsidy Grant	Certification to confirm that expenditure has been incurred in accordance with the grant conditions.	Mandatory	Certification Work	2
Audit Management and Support		Planning and Control	Provision of days for planning/controlling the plan including activity reporting, meetings with Senior Management and Executive Members to ensure that changes throughout the year are reflected in the plan where appropriate.	Mandatory	Planning	5
		Advice and Support	Provision of days to support management in the development and maintenance of effective controls in light of new risk exposures and service changes.	Mandatory	Advice	5
		Post Audit Reviews	Follow up work to ensure that audit recommendations have been implemented.	Mandatory	Follow Up	8
		Days required to complete 2020/21 Work		High		7
TOTAL PLANNED DAYS FOR OPERATIONS AND NEIGHBOURHOODS						**77**

GOVERNANCE						
Corporate Support and Enabling Services	1	Debtors	To provide assurance that effective controls are operating effectively in relation to the Debtors System.	Mandatory	Financial Control	15
	1	Housing Benefits	To provide assurance that effective controls are operating effectively in relation to the Housing Benefits System.	Mandatory	Financial Control	15
	1	Council Tax	To provide assurance that effective controls are operating effectively in relation to the Council Tax System.	Mandatory	Financial Control	15
	11	Data Quality across systems - YOT, Adults, Waste	To undertake assurance checks on the integrity, completeness and accuracy of the data.	High	Assurance	15
	2 and 23	Project Assurance Work	To undertake assurance checks on the integrity, completeness and accuracy of the data.	High	Assurance	10
	1	Monthly Data Collection Teachers Pensions Phase 2	To undertake assurance checks on the integrity, completeness and accuracy of the data.	Mandatory	Assurance	2
	2 and 23	iTRENT Self Service	To ensure that appropriate procedures have been followed prior to implementation and that the system is fit for purpose and secure.	Mandatory	Assurance	3
	1	External Audit Checks - Payroll	To undertake checks on a sample of transactions to ensure that they are appropriate and have been appropriately authorised and correctly accounted for.	Mandatory	Financial Control	10
	1	Registrars Financial Audit	An allocation is included in the Plan each year to review the records and income in respect of individual Registrars, on cyclical basis.	Mandatory	Assurance	5
	1	Members Allowances - Publication	To provide data assurance in relation to the publication of members allowances.	Mandatory	Assurance	3
	6 and 11	ICS Data Checks	To undertake assurance checks on the integrity, completeness and accuracy of the data.	High	Assurance	15
	2 and 23	Greater Jobs/ATS	To provide assurance that the new system is robust and fit for purpose.	High	Assurance	5
	1	Duplicate Payment Exercise	To work with the service to identify potential duplicate payments for investigation.	Mandatory	Assurance	3
	1	Car Allowances Annual Review	To provide data assurance in relation to Car Allowances	Mandatory	Assurance	2
	21	Post Payment Assurance - Business Grants	Assurance work to confirm that payments have been made in accordance with the defined scheme.	Mandatory	Assurance	20
Audit Management and Support		Planning and Control	Provision of days for planning/controlling the plan including activity reporting, meetings with Senior Management and Executive Members to ensure that changes throughout the year are reflected in the plan where appropriate.	Mandatory	Planning	13
		Advice and Support	Provision of days to support management in the development and maintenance of effective controls in light of new risk exposures and service changes.	Mandatory	Advice	25
		Post Audit Reviews	Follow up work to ensure that audit recommendations have been implemented.	Mandatory	Follow Up	11
		Days required to complete 2020/21 Work		High		10
TOTAL PLANNED DAYS FOR GOVERNANCE						**197**

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CORPORATE PLAN THEME	LINK TO RISK REGISTER	AUDITABLE AREA	PURPOSE OF THE AUDIT	PRIORITY	AUDIT CATEGORY	PLANNED DAYS 2021/22
FINANCE AND ICT						
Corporate Support and Enabling Services	11	Information Governance	A review of the arrangements in place in respect of Information Governance.	High	Assurance	15
	1	Risk Management	A review of the arrangements in place in respect of Risk Management systems and procedures.	High	Assurance	15
	2 and 23	Network Management (B/Fwd 2020/21)	This audit will examine the management of the network and the security measures in place to safeguard the Council's systems and information assets.	High	Computer	3
	2 and 23	Access Control Management (B/Fwd 2020/21)	To review the controls in place to provide assurance that 3rd party access to the network and systems is adequately controlled to protect systems and information assets from unauthorised access.	High	Computer	5
	2 and 23	Vulnerability Management (B/Fwd 2020/21)	This audit will examine the management of system in place to ensure that the network is not vulnerable to cyber threats.	High	Computer	5
	2 and 23	ICT Business Continuity and Disaster Recovery (B/Fwd 2020/21)	To provide assurance that the plans in place are robust and that the contingencies included are effective to enable the Council to continue to deliver services in the event of an IT incident.	High	Computer	16
	2 and 23	Physical Security and Environmental Controls	This review will examine the physical security controls over IT infrastructure in various locations across the Borough.	High	Computer	5
	1	Achievement of Savings Plans	To provide assurance that savings plans are being monitored and delivered.	High	Assurance	15
	1	VAT	To provide assurance that internal controls are operating effectively in relation to the VAT processes in place.	Mandatory	Financial Control	15
	1	Monitoring of Capital Programme	To provide assurance that controls are operating effectively in relation to the Montoring of the Capital Programme.	Mandatory	Financial Control	15
	1	Treasury Management	To provide assurance that effective controls are operating in relation to the Treasury Management processes in place.	Mandatory	Financial Control	15
	1	Fixed Assets	To provide assurance that internal controls are operating effectively in relation to the Fixed Asset Register, the valuations used and supporting evidence.	Mandatory	Financial Control	15
	1	George Byron Trust Audit of Accounts	To provide assurance that the accounts presented are in accordance with the supporting information provided.	Mandatory	Assurance	1
	1	External Audit Checks - General Expenditure	To undertake checks on a sample of expenditure transactions to ensure that they are appropriate to the needs of the Council, have been appropriately authorised and correctly accounted for.	Mandatory	Financial Control	10
Audit Management and Support		Planning and Control	Provision of days for planning/controlling the plan including activity reporting, meetings with Senior Management and Executive Members to ensure that changes throughout the year are reflected in the plan where appropriate.	Mandatory	Planning	10
		Advice and Support	Provision of days to support management in the development and maintenance of effective controls in light of new risk exposures and service changes.	Mandatory	Advice	9
		Post Audit Reviews	Follow up work to ensure that audit recommendations have been implemented.	Mandatory	Follow Up	16
		Days required to complete 2020/21 Work		High		9
TOTAL PLANNED DAYS FOR FINANCE AND ICT						**194**
GREATER MANCHESTER PENSION FUND						
	PF Funding 3	AVC's (Contracts with Third parties)	To provide assurance that effective controls are in place for the contract monitoring of third party providers.	High	Assurance	15
	PF Funding 4	Employers Agreements (Covenants)	To provide assurance that effective controls are in place for the contract monitoring of employer covenants.	High	Assurance	15
		Compliance Function	A review is planned of the Compliance function to ensure that appropriate Compliance procedures have been put in place.	High	Assurance	15
		Debtors	To provide assurance that effective controls are operating effectively in relation to the Debtors System.	High	Assurance	15

DRAFT INTERNAL AUDIT PLAN 2021/22

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CORPORATE PLAN THEME	LINK TO RISK REGISTER	AUDITABLE AREA	PURPOSE OF THE AUDIT	PRIORITY	AUDIT CATEGORY	PLANNED DAYS 2021/22
Corporate Support and Enabling Services	PF Admin 28	Agresso Project	To provide support and advice in relation to the development of Agresso within the Pension Fund.	High	Assurance	10
	PF Funding 3	Capital Call Execution Service - Custodian/Local Investments/Agresso	To review the controls in place between the Fund and the Custodian in relation to draw down of funds for local investments	High	Assurance	15
		Property Accounting	To review the property investments accounting process.	High	Assurance	15
	PF Funding 1&2	Fund Manager - Sci Beta	To review the procedures in place in respect of the selected Fund Manager to ensure the controls are operating effectively.	High	Assurance	10
	PF Funding 1	Northern LGPS - NPEP	To review the procedures in place in respect of the Private Equity Pool to ensure the controls are operating effectively.	High	Assurance	15
	PF Admin 12	Restructure - Probation Service	Data verification work in relation to reallocation of members to different employers.	High	Assurance	5
	PF Funding 5 Admin 11	Visits to Contributing Bodies	An allocation of days is included annually for Internal Audit to carry out visits to a sample of Employers. The audit reviews the data held on the Employer's payroll system to ensure that the correct contributions are being paid over to the Pension Fund.	High	Assurance	35
	PF Admin 8	Cyber Security (Salford)	To Review of the processes in place to identify, protect, detect, respond and recover from cyber attacks.	High	Computer	5
	PF Admin 8	MS365 (Salford)	To provide advice, support and assurance that the implementation is controlled, working arrangements are effective and secure.	High	Computer	5
	PF Admin 8	My Pension (Salford)	To provide continued to advice, support and guidance to the next phase of the project.	High	Computer	5
	PF Admin 8	Sharepoint/One Drive (Salford)	To provide advice, support and assurance that the system is configured securely.	High	Computer	6
	PF Admin 8	Website Security (Salford)	To review the security arrangements in place and provide assurance that the controls are working effectively.	High	Computer	7
	PF Admin 13	Changes in LGPS Regulations	To advise and support any changes to the LGPS Regulations that need to be implemented.	High	Assurance	15
	PF Admin 8	Contact Centre (Salford)	To review the controls in place for the new contact centre software.	High	Computer	10
	PF Funding 5 Admin 11	i Connect - Monthly Data Collection (Post Implementation Review)	To provide asurance that the new monthly data collection system is operating effectively.	High	Assurance	15
	PF Admin 22	Investigation of Fraud and Irregularities/NFI	Investigation of irregularities/frauds that may occur and the production of control reports.	Mandatory	Investigations	5
	PF Reputational 19 and 20	Information Security Incidents		Mandatory	Investigations	5
Audit Management and Support		Planning and Control	Provision of days for planning/controlling the plan including activity reporting, meetings with Senior Management and Members to ensure that changes throughout the year are reflected in the plan where appropriate.	Mandatory	Planning	20
		Advice and Support	Provision of days to support management in the development and maintenance of effective controls in light of new risk exposures and service changes.	Mandatory	Advice	15
		Post Audit Reviews	Follow up work to ensure that audit recommendations have been implemented.	Mandatory	Follow Up	15
		Days required to complete 2020/21 Work		High		7
TOTAL PLANNED DAYS FOR GREATER MANCHESTER PENSION FUND						**300**

CROSS-CUTTING						
Living Well	12	Contract Monitoring - Domestic Abuse	To provide assurance that effective controls are in place to monitor the contract to ensure the agreed outcomes are delivered.	High	Contract	15

DRAFT INTERNAL AUDIT PLAN 2021/22

APPENDIX 1

CORPORATE PLAN THEME	LINK TO RISK REGISTER	AUDITABLE AREA	PURPOSE OF THE AUDIT	PRIORITY	AUDIT CATEGORY	PLANNED DAYS 2021/22
Living Well	5, 9 and 21	Direct Payments	To review the procedure in place for Direct Payments in relation to Adults and Children to ensure the controls are operating effectively.	High	Assurance	15
Corporate Support and Enabling Services	1	Grant Work Assurance	To provide assurance in relation to grant certification work.	Mandatory	Certification Work	20
	1	Recruitment and Selection	To provide assurance that effective controls are in place in relation to the recruitment of staff, agency and interim engagements.	High	Assurance	15
	12	Procurement Work - STAR	Review days included in the plan to work in collaboration with the other STAR Councils to provide assurance that effective controls are in place.	Mandatory	Contract	15
Audit Management and Support		Post Audit Reviews	Follow up work to ensure that audit recommendations have been implemented.	Mandatory	Follow Up	4
		Days required to complete 2020/21 Work		High		0
TOTAL PLANNED DAYS FOR CROSS CUTTING						**84**
TOTAL PLANNED DAYS FOR 2021/22						**1,273**
COUNTER FRAUD AND INVESTIGATIONS						**393**
TOTAL DAYS FOR 2021/22						**1,666**

APPENDIX 2

Internal Audit Services

Internal Audit Strategy

2021/22

Tameside Metropolitan Borough

INTRODUCTION

This document sets out the overall strategy for the Internal Audit Service for the 2021/22 financial year and the strategic approach to delivering Internal Audit Services in future years.

This longer-term perspective is necessary to give some indication of how assessed risks will be reviewed, as not all risks can, due to resource constraints, be subject to review within any one year. This longer-term perspective gives direction to service delivery.

MAIN DRIVERS IN SETTING THE DIRECTION

The work of the Internal Audit Team responds to a number of needs, some of a statutory nature, some related to supporting others, and some arising from within the Council itself. In summary, the main service drivers are:-

- The Accounts and Audit Regulations 2015;
- The requirements to meet the service scope and standards set out in the Public Sector Internal Audit Standards 2017;
- The corporate responsibilities for Section 151 of the 1972 Local Government Act and the requirement to provide assurance and support to the appointed Section 151 Officer;
- The requirements of the External Auditor;
- The desire to contribute to the achievement of council priorities, targets and objectives;
- The desire and need to meet the needs of the organisation and internal customers and external customers;
- The contributory role, in assisting with, the embedding and informing about risk management across the Council;
- Seeking to be more efficient and effective in service provision in accordance with good practice and Council policy; and
- The need for the Council to maintain an effective counter-fraud culture.

The Accounts and Audit Regulations 2015 sets out the requirements for local authorities to undertake internal audit:

"A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance."

The Public Sector Internal Audit Standards (PSIAS) 2017 in conjunction with the Chartered Institute of Public finance and Accountancy (CIPFA) Application Note of 2019 provide the mission and definition of internal audit as:-

> ***Mission*** – *To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.*
>
> ***Definition*** – *Internal Auditing is an independent, objective assurance and consultancy activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.*

The PSIAS encompass the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF) as follows:-

- Mission of Internal Audit;
- Definition of Internal Auditing;
- Core Principles for the Professional Practice of Internal Auditing;
- Code of Ethics; and

- The Standards.

Section 151 of the Local Government Act requires the Council (through the Chief Financial Officer) to ensure the proper administration of the Council's financial affairs. The work of the Internal Audit supports the appointed Section 151 Officer to administer the Council's finances in a sound manner related to the associated risks, and it provides information and assurance to the Chief Finance Officer on the extent of proper administration.

The service will continue to strive to be responsive to customers and their individual needs and to add value to the organisation where it can. It largely does this through acting as a control assurance function providing assurance to managers and to the organisation on its internal control and governance arrangements. It also adds value by highlighting inefficiencies and by supporting managers in the assessment and management of risk as new service delivery models are considered.

Advice - Internal Audit staff continuously provide advice on internal control and governance issues, and the management of risks, as risk and control experts. They do this when in the field on their designated audit, or in response to direct approaches to the internal audit office by customers seeking help and support. This helps to ensure the sound and effective control of business, strategic and operational risks within the Council as changes are considered.

Counter Fraud Culture - the work of Internal Audit through testing for and preventing and detecting fraud contributes to the corporate counter fraud culture. The service will also contribute to the Anti-Fraud, Bribery and Corruption Statement of Intent and will participate in activities set out in the Fraud Response Plan.

WHAT THIS MEANS WE NEED TO DO:-

In meeting these drivers and organisational needs, the Internal Audit Service will:-

- Provide assurance on the Council's internal control system, by auditing both financial and non-financial risks;
- Audit the main financial systems and other systems related to possible material misstatements, regardless of comparative risk;
- Deliver risk based assurance on those controls that mitigate significant risks;
- Fully comply with best practice as defined by Public Sector Internal Audit Standards;
- Better integrate the outcomes and other information gathered as part, of the internal audit process, with the risk management processes of the Council;
- Maintain ongoing effective relationships with the External Auditor and deliver complimentary plans of work so as to deliver an efficient audit service collectively, for the Council;
- Ensure that appropriate resources, suitably experienced, and with skills to deliver the whole plan of work are maintained within the Internal Audit Service or procured from approved providers e.g. Shared Services;
- Improve the efficiency and effectiveness of operations of the service;
- Promote good corporate governance and control practices and contribute to a good governance culture; and
- Work in a positive manner alongside customers, supporting them in the effective management of risk and service delivery.

HOW WILL WE DO THIS?

Review the whole internal control environment - We will deliver a comprehensive plan of work such that the key elements of the internal control environment, including non-financial areas are covered on a cyclical basis. This will be evidenced through our Audit Plans. We will use this evidence to deliver an annual opinion on the internal control environment.

Review of Main Financial and Material Systems - We will deliver the review of the risk and controls in the Council's main financial systems on a cyclical basis to support the Chief Finance Officer (Section 151 Officer) to discharge her responsibilities.

A System of Risk-Based Auditing - is fundamental to our ability to comply with the assurance framework requirements that must be in place to comply with professional standards. We will continue to develop our risk based approach to ensure it is effective in providing assurance to managers within the Council and to members. We will continue to identify and review those areas which are most significant to the control of those risks that threaten the achievement of the Council's priorities and objectives.

Compliance with Best Practice – we have developed a methodology to measure our achievement of compliance with the PSIAS. We will monitor ourselves against these professional standards and rectify any gaps that are within our control.

Relationship with Risk Management - We are not responsible for the management of the Council's risks; this is entirely the responsibility of the Council's management. However, we will take account of the corporate risk management processes in the way we relate to managers in the control of risks. We will endeavour to emphasise the importance of risk management to all managers in the Council as part of the delivery of our service. We recognise that through our work we are assisting managers to better understand risk management. This is an important educational/informative role that adds value to the organisation. We will submit information of risks to the corporate owner of the Council's Corporate Risk Register as well as to managers to help keep the registers up-to-date and relevant.

Relationship with External Auditor – we will endeavour to work with the Council's External Auditor to share plans and maintain a process of regular liaison meetings to deliver an effective corporate assurance service to the Council.

Relationship with other Internal Auditors – As the Council continues on its integration journey with health partners we will endeavour to work with other Internal Auditors (Merseyside Internal Audit Agency), share plans and maintain a process of regular liaison meetings to deliver an effective corporate assurance service to the Strategic Commission.

Appropriate Resources – we will endeavour to maintain an effective number of staff to undertake the required workload supported by effective systems of operation. We will apply staff in the most effective way in accordance with their experience and skills and in accordance with the PSIAS.
We will develop the experience of our staff by a development programme that gives them new pertinent skills, through a systematic development and training process. We will procure specialist services from approved suppliers where these skills are not available from within internal resources. The Computer Audit Plan is supplemented by procuring additional days from Salford MBC under the AGMA Computer Audit Shared Service Agreement.

Efficiency Improvements – We seek to minimise the time spent on audits whilst at the same time delivering effective audits. Our efficiency will also support more efficient service delivery by our customers as we try to minimise disruption and distraction to normal service delivery. We will comment on the efficient, economic and effective use of resources where appropriate in our Internal Audit work.

Promoting Good Corporate Governance – in all we do we will seek to promote good corporate governance, including the giving of advice and the assessment of internal controls. We will also contribute to both the Council's counter fraud culture and the development of its Anti-Fraud, Bribery and Corruption Statement of Intent through the programme of anti-fraud checks, and recommending updates to the above document. We will promote this via our work and in coordination with the External Auditor and other key governance managers within the Council.

APPENDIX 3

Internal Audit Services

Internal Audit Charter

2021/22

Tameside
Metropolitan Borough

BACKGROUND

The purpose of this Internal Audit Charter is to define Internal Audit's purpose, authority and responsibility. It establishes Internal Audit's position within the Council and reporting lines; authorises access to records, personnel and physical property relevant to the performance of audit work; and defines the scope of internal audit activities.

This Charter also covers the arrangements for the appointment of the Head of Risk Management and Audit (Chief Audit Executive/Head of Audit) and Internal Audit Staff, and identifies the nature of professionalism, skills and experience required.

The internal Audit function is required to comply with the Public Sector Internal Audit Standards (PSIAS). The Relevant Internal Audit Standard Setters, which includes the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors (CIIA) in respect of local government, have adopted the common set of standards. The initial PSIAS were introduced with effect from 1 April 2013, they were updated in 2017, and recently CIPFA published a Local Government Application Note for the UK PSIAS (February 2019). The PSIAS encompass all of the mandatory elements of the Chartered Institute of Internal Auditors International Professional Practices Framework (IPPF). Compliance with the Standards is subject to an ongoing quality assurance and improvement programme (QAIP) developed and introduced by Internal Audit to ensure continuous compliance with the Standards.

The mission and definition for Internal Audit are defined by the Public Sector Internal Audit Standards and detailed below:

MISSION

To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

DEFINITION

Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

STANDARDS

The Public Sector Internal Audit Standards require that the Internal Audit Charter defines the terms 'board' and 'senior management' in relation to the work of Internal Audit. For the purposes of internal Audit work, the 'board' refers to the Council's Audit Panel/Greater Manchester Pension Fund Local Board which have delegated responsibility for overseeing the work of Internal Audit. Senior management is defined as the Chief Executive and members of the Council's Single Leadership Team.

RESPONSIBILITY AND OBJECTIVES OF INTERNAL AUDIT

Internal Audit is responsible for establishing procedures and applying the required resources to ensure that the service conforms with the Definition of Internal Auditing and the Standards. The members of the Internal Audit Team must demonstrate conformance with the Code of Ethics and the Standards.

The Head of Risk Management and Audit (Chief Audit Executive/Head of Audit) must deliver an annual audit opinion and report that can be used by the organisation to inform its Annual Governance Statement. The Annual Audit Opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. This is the 'assurance role' for internal Audit.

Internal Audit may also provide an independent and objective consultancy service, which is advisory in nature and generally performed at the specific request of the organisation. The aim of the consultancy service is to help line management improve the Council's risk management, governance and internal control. This is the 'Consultancy' role for Internal Audit and contributes towards the overall opinion.

RESPONSIBILITIES OF THE COUNCIL

The Council is responsible for ensuring that Internal Audit is provided with all necessary assistance and support to ensure that it meets the required standards.

The Section 151 Officer will make appropriate arrangements for the provision of an Internal Audit Service. This will include the formal adoption of this Charter by the Audit Panel and the adoption of corresponding elements in the Financial Regulations.

The Council will ensure it has taken all necessary steps to provide Internal Audit with information on its objectives, risks, and controls to allow the proper execution of the Audit Strategy and adherence to internal audit standards. This will include notifying internal audit of any significant changes in key control systems which may affect the Internal Audit Plan.

The Council, through the Chief Executive, Section 151 Officer and other relevant managers, will respond promptly to audit plans, reports and recommendations.

Responsibility for monitoring and ensuring the implementation of agreed recommendations rests with the managers within the Council.

INDEPENDENCE OF INTERNAL AUDIT

The internal Audit activity must be independent and Internal Auditors must be objective in performing their work. The Head of Risk Management and Audit (Chief Audit Executive/Head of Audit) must confirm, at least annually, the organisational independence of the internal audit activity. Internal Audit should have no operational responsibilities within the line management structure.

HEAD OF RISK MANAGEMENT AND (CHIEF AUDIT EXECUTIVE/HEAD OF AUDIT)

The Head of Risk Management and Audit (Chief Audit Executive/Head of Audit) will be appointed in accordance with the Council's Recruitment and Selection Policy and will have sufficient skills, experience and competencies to work with the Single Leadership Team, the Audit Panel and the Greater Manchester Pension Fund Local Board to influence the risk management, governance and internal control of the Council. The Head of Risk Management and Audit (Chief Audit Executive/Head of Audit) is responsible for ensuring that there is access to the full range of knowledge, skills, qualifications and experience to deliver the Audit Plan and meet the requirements of the PSIAS. In addition to internal audit skills, the Head of Risk Management and Audit (Chief Audit Executive/Head of Audit) will specify any other professional skills that may be needed by the Internal Audit Team. The Head of Risk Management and Audit (Chief Audit Executive/Head of Audit) will hold a full, professional qualification, defined as CCAB, CMIIA or equivalent professional membership and adhere to professional values and the Code of Ethics.

RELATIONSHIPS

The Head of Risk Management and Audit (Chief Audit Executive/Head of Audit) reports directly to the Assistant Director of Finance (Deputy Section 151 Officer) and the Director of Finance (Section 151 Officer). The Head of Risk Management and Audit (Chief Audit Executive/Head of Audit), or an appropriate representative of the Internal Audit Team, shall attend meetings of the Audit Panel and the Greater Manchester Pension Fund Local Board unless, exceptionally, the Panel/Board decides that they should be excluded from either the whole meeting or for particular agenda items.

The Head of Risk Management and Audit (Chief Audit Executive/Head of Audit) shall have an independent right of access to the Chair of the Audit Panel and Greater Manchester Pension Fund Local Board. In exceptional circumstances, where normal reporting channels may be seen to impinge on the objectivity of the audit, the Head of Risk Management and Audit (Chief Audit Executive/Head of Audit) may report directly to the Chair of the Audit Panel or Greater Manchester pension Fund Local Board.

Internal Audit and External Audit will agree a protocol for co-operation which will make optimum use of the available audit resources.

SCOPE OF INTERNAL AUDIT

The Head of Risk Management and Audit (Chief Audit Executive/Head of Audit) should develop and maintain a strategy for providing the Chief Executive and the Section 151 Officer economically and efficiently, with objective evaluation of, and opinions on, the effectiveness of the Council's risk management, governance and internal control arrangements. The Audit Plan will be risk based, prepared in consultation with Directorate Management Teams and Executive Members and be presented to the Audit Panel and Greater Manchester Pension Fund Local Board for approval. The Head of Risk Management and Audit's (Chief Audit Executive/Head of Audit) Annual Opinion is a key element in the framework of assurance that the Chief Executive and the Executive Leader of the Council need to inform the completion of the Annual Governance Statement (AGS).

OPINION WORK

The internal Audit activity must evaluate and contribute to the improvement of governance, risk management and control processes using a systematic and disciplined approach that is aligned with all of the strategies, objectives and risks to the Council.

GOVERNANCE

Internal Audit must assess and make appropriate recommendations for improving the governance process in its accomplishment of the following objectives:-

- promoting appropriate ethics and values within the organisation;
- ensuring effective organisational performance management and accountability;
- communicating risk and control information to appropriate areas of the organisation; and
- co-ordinating the activities of and communicating information among the Audit Panel and Greater Manchester Pension Fund Local Board, External and Internal Auditors and management.

RISK MANAGEMENT

Internal Audit must evaluate the effectiveness and contribute to the improvement of risk management processes by assessing that:-

- organisational objectives support and align with the organisation's vision;
- significant risks are identified and assessed;
- appropriate risk responses are selected that align risks with the organisation's risk appetite; and
- relevant risk information is captured and communicated in a timely manner across the organisation, enabling staff, management and the board to carry out their responsibilities.

INTERNAL CONTROL

Internal Audit must assist the organisation in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continuous improvement. The Internal Audit activity must evaluate the adequacy and effectiveness of controls in responding to risks within the organisation's governance, operations and information systems regarding the:

- achievement of the organisation's strategic objectives;
- reliability and integrity of financial and operational information;
- economical, effective and efficient use of resources;
- effectiveness and efficiency of operations and programmes;
- safeguarding the Council's assets and interests from losses of all kinds, including those arising from fraud, irregularity corruption or bribery; and
- compliance with laws, regulations, policies, procedures and contracts.

Internal Audit utilise a dynamic risk based planning system designed to proactively identify audits to address any emerging and developing risks on an ongoing and 'future focussed' basis.

Internal Audit will promote and contribute to continuous ongoing improvements in systems across the Council by identifying and recommending best practice actions following audit work completed.

Where key systems are being operated on behalf of the Council or where key partnerships are in place the Head of Risk Management and Audit (Chief Audit Executive/Head of Audit) must ensure arrangements are in place to form an opinion on their effectiveness.

Where the Council operates systems on behalf of other bodies, the Head of Risk Management and Audit (Chief Audit Executive/Head of Audit) must be consulted on the audit arrangements proposed or in place.

It is management's responsibility to ensure the provision for relevant audit rights of access in any contract or Service Level Agreement the Council enters into, either as provider or commissioner of the service.

NON – OPINION WORK

Internal Audit may provide, at the request of management, a consultancy service which evaluates the policies, procedures and operations put in place by management. A specific contingency should be made in the Internal Audit Plan to allow for management requests and consultancy work.
The Head of Risk Management and Audit (Chief Audit Executive/Head of Audit) must consider the effect on the opinion work before accepting consultancy work or management requests over and above the contingency allowed for in the Internal Audit Plan. In the event that the proposed work may jeopardise the delivery of the Audit Opinion, the Head of Risk Management and Audit (Chief Audit Executive/Head of Audit) must advise the Section 151 Officer before commencing the work. The Head of Risk Management and Audit (Chief Audit Executive/Head of Audit) must consider how the consultancy work contributes towards the overall opinion.

FRAUD

Managing the risk of fraud is the responsibility of line management; however, the Section 151 Officer retains specific responsibilities in relation to the detection and investigation of fraud. The Internal Audit Service provides a counter fraud function that includes undertaking work of a proactive nature, conducting substantive audits in key risk areas as well undertaking some reactive work of an investigatory nature involving suspected fraud. In addition, the service is responsible for maintaining effective counter fraud policies and procedures for the Council including the Counter Fraud, Money Laundering and Bribery and Corruption policies. Internal Audit should be notified of all suspected or detected fraud, corruption or impropriety, to inform their opinion on the control environment and their audit plan.

REPORTING

The Head of Risk Management and Audit (Chief Audit Executive/Head of Audit) will agree reporting arrangements with the Chief Executive and the Section 151 Officer which will include procedures for the:-

- distribution and timing of draft audit reports;
- Council's responsibilities in respect of responding to draft audit reports;
- distribution of finalised audit reports;
- follow up by Internal Audit of agreed recommendations; and
- escalation of recommendations where management responses are judged inadequate in relation to the identified risks.

The Head of Risk Management and Audit (Chief Audit Executive/Head of Audit) will present a formal report annually to the Chief Executive, Section 151 Officer and the Audit Panel and Greater Manchester Pension Fund Local Board giving an opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management, and internal control. This report will conform to the PSIAS for the Head of Risk Management and Audit (Chief Audit Executive/Head of Audit) and will be timed to support the production of the Council's Annual Governance Statement. Reports of progress against the planned work will be presented to the Audit Panel and Greater Manchester Pension Fund Local Board on a regular basis during the year.

INTERNAL AUDIT ACCESS RIGHTS

Designated auditors are entitled, without necessarily giving prior notice, to require and receive from the Council and any associated or contracted bodies including any shared service providers or trading companies:-

- access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature;
- access at all reasonable times to any land, premises, officer and member of the Council;
- the production of any cash, stores or other property of the Council under an officer's and member's control; and
- explanations concerning any matter under investigation.

INTERNAL AUDIT RESOURCES

If the Head of Risk Management and Audit (Chief Audit Executive/Head of Audit) or the Audit Panel and Greater Manchester Pension Fund Local Board consider that the level of audit resources or the terms of reference in any way limit the scope of Internal Audit, or prejudice the ability of Internal Audit to deliver a service consistent with the Definition of Internal Auditing and the Standards, they should advise the Chief Executive and the Section 151 Officer accordingly.

APPENDIX 4

Internal Audit Services

Quality Assurance and Improvement Programme

2021/22

Tameside
Metropolitan Borough

CONTENTS

1. Introduction

1.1 Internal Audit's Quality Assurance and Improvement Programme is designed to provide reasonable assurance to the various stakeholders of the Internal Audit activity that Internal Audit:-

- Performs its work in accordance with its Charter, which is consistent with the Public Sector Internal Audit Standards Mission for Internal Audit, Definition of Internal Auditing and Code of Ethics;
- Operates in an effective and efficient manner; and
- Is perceived by stakeholders as adding value and improving Internal Audit's operations.

1.2 Internal Audit's Quality Assurance and Improvement Programme covers all aspects of the Internal Audit activity in accordance with the Public Sector Internal Audit Standards, Standard 1300 (Quality Assurance and Improvement Programme), including:-

- Monitoring the Internal Audit activity to ensure it operates in an effective and efficient manner;
- Ensuring compliance with the Public Sector Internal Audit Standards, Mission for Internal Audit, Definition of Internal Auditing and Code of Ethics;
- Helping the Internal Audit activity add value and improve organisational operations;
- Undertaking both periodic and on-going internal assessments; and
- Commissioning an external assessment at least once every five years, the results of which are communicated to the Audit Panel and the Greater Manchester Pension Fund Local Board in accordance with Standard 1312.

1.3 The Head of Risk Management and Audit Services is ultimately responsible for the Quality Assurance and Improvement Programme, which covers all types of Internal Audit activities, including consulting.

2. Internal Assessments

2.1 In accordance with PSIAS Standard 1300, internal assessments are undertaken through both on-going and periodic reviews.

On-going Reviews

2.2 Continual assessments are conducted through:

- Management supervision of all engagements;
- Structured, documented review of working papers and draft reports by Internal Audit management;
- Audit Policies and Procedures used for each engagement to ensure consistency, quality and compliance with appropriate planning, fieldwork and reporting standards;
- Internal Quality Control Checklist to ensure consistency of reporting and reduce administrative error (**Appendix A**);
- Feedback from audit clients obtained through Customer Satisfaction Questionnaires at the closure of each engagement (**Appendix B**);
- Monitoring of internal performance targets (**Appendix C**) and annual outturn reporting to the Audit Panel;
- Review and approval of all final reports, recommendations and levels of assurance by the Head of Risk Management and Audit Services and Principal Auditors; and
- Regular team briefings.

Periodic Reviews

2.3 Periodic assessments are designed to assess conformance with Internal Audit's Strategy, Charter, the Public Sector Internal Audit Standards Mission and Definition of Internal Auditing, the Core Principles for the Professional Practice of Internal Auditing, the Code of

Ethics, and the efficiency and effectiveness of Internal Audit in meeting the needs of its various stakeholders. Periodic assessments are conducted through:

- Quarterly Update Reports, presented to the Audit Panel and the Greater Manchester Pension Fund Local Board;
- Annual risk assessments, in accordance with the Audit Charter 2021/22 and the Audit Manual, for the preparation of the annual audit plan;
- Annual review of the Effectiveness of Internal Audit, undertaken by the Head Risk Management and Audit, using the PSIAS standards as the basis for the self-assessment;
- Annual review of compliance against the requirements of this Quality Assurance and Improvement Programme, the results of which are reported to the Audit Panel;
- Feedback from the Director of Finance, the Assistant Director of Finance and Audit Panel to inform the annual appraisal of the Head of Internal Audit, in accordance with Standard 1100;
- Annual Development Reviews conducted for each Internal Auditor based on the principles of the CIPFA Guidance document "The Excellent Internal Auditor" (2010) to inform the appraisal process and identify individual training and development needs.

2.4 Results of internal assessments will be reported to the Audit Panel and the Greater Manchester Pension Fund Local Board annually. The Head of Risk Management and Audit will implement appropriate follow-up to any identified actions to ensure continual improvement of the service.

2.5 Any significant areas of non-compliance with the Public Sector Internal Audit Standards that are identified through internal assessment will be reported in the Review of Internal Audit Report and Head of Risk Management and Audit's Annual Report which are both used to inform the Annual Governance Statement.

3. EXTERNAL ASSESSMENTS

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

Frequency of External Assessment

3.2 An external assessment will be conducted at least every five years, in accordance with the Public Sector Internal Audit Standards. A system of Peer Reviews will be undertaken across the North West Chief Audit Executive Group. The Council's Internal Audit Service was assessed in March 2018 and was judged to conform to the standards, some minor recommendations were made during the Peer Review and these are detailed in Section 4 below.

Scope of External Assessment

3.3 The external assessment will consist of a broad scope of coverage that includes the following elements of Internal Audit activity:

- Conformance with the *Standards*, Mission of Internal Audit, Definition of Internal Auditing, the Code of Ethics, and Internal Audit's Charter, Strategy, plans, policies, procedures, practices, and any applicable legislative and regulatory requirements;
- Integration of the Internal Audit activity into Tameside's governance framework, including the audit relationship between and among the key groups involved in the process;
- Tools and techniques used by Internal Audit;

- The mix of knowledge, experiences, and disciplines within the staff, including staff focus on process improvement delivered through this Quality Assurance and Improvement programme;
- A determination whether Internal Audit adds value and improves Tameside's operations.

3.4 Results of external assessments will be provided to the Director of Finance and the Assistant Director of Finance and the Audit Panel/Greater Manchester Pension Fund Local Board. The external assessment report will be accompanied by a written action plan in response to significant comments and recommendations identified. Any significant areas of non-compliance will be reported in the Annual Report of the Head of Risk Management and Audit and in the Annual Governance Statement.

4. SERVICE DEVELOPMENTS

4.1 One recommendation remains outstanding from the Public Sector Internal Audit Standards External Peer Review conducted in March 2018 which related to the role of the SIRO.

Recommendation	Progress as at February 2021
PSIAS Standard 1130 Consider allocating the formal SIRO designation to a chief officer, even if the internal audit team continues to support the SIRO function	Due to the impact of COVID-19 and capacity issues on the Risk, Insurance and Information Governance Team, the roles relating to Information Governance have not yet been assessed. A Work Plan is now in place and will be monitored by the Council's Information Governance Group. All vacant post were filled in February 2021 and the Risk, Insurance and Information Governance Manager is now reviewing the skills of the Team to enable tasks can be allocated to match individuals strengths and experience.

4.2 Other improvements to processes and procedures for 2021/22 are identified below.

Improvement	Responsible Officer/Proposed Deadline
To review the Post Audit Review process to ensure the process is effective, conducted in a timely manner and reported appropriately. The use of the Audit Management system 'Galileo' will be reviewed to ascertain whether it will realise any further efficiencies in the process.	Auditor – RB Deadline Summer 2021
To review the audit process and the Quality Control Checklist to ensure they work efficiently in the virtual word.	Principal Auditors September 2021
To review the Fraud Response Plan in light of virtual working and the Savings Recording Spreadsheet to ensure it is fit for purpose.	Principal Audit/Fraud Investigators Summer 2021

To continue to work with the Assistant Director of Finance and the Deputy Chief Finance Officer (CCG) to develop a greater understanding of the Clinical Commissioning Group's services to develop an integrated service offering	Head of Risk Management and Audit December 2021

5. REVIEW OF THE QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

5.1 This document will be appropriately updated following any changes to the Public Sector Internal Audit Standards or Internal Audit's operating environment and will be reviewed at least on an annual basis.

APPENDIX A

QUALITY CONTROL CHECKLIST

QUALITY CONTROL CHECKLIST – NON SCHOOL AUDITS			
No.	**Task**	**AUDITOR INITIALS/DATE**	**SUPERVISOR INITIALS/DATE**
1	**ASSIGNMENT PLANNING**		
1.1	Before an audit is allocated, the Principal Auditor needs to speak to the relevant AD and ask if the audit is still relevant and whether there are any issues in the area preventing us from doing the work. Need to ascertain from the AD if there are any: • Ombudsman complaints • Significant CRM complaints • Court Proceedings against the Council • HR Issues • To confirm the Executive Member Principal Auditor to also check with Insurance to ensure there are no insurance issues/claims.		
1.2	If any issues are highlighted, discuss further with HR/Legal to determine whether the audit should go ahead or be postponed.		
1.3	Assignment allocated to auditor(s) from Audit Plan and Galileo updated.		
1.4	Speak to key Auditee to agree the timing of the audit.		
1.5	Familiarisation with audit area by reading/ reviewing: • Business Plan/other background papers/information (Intranet) • Review previous working paper file, report and PAR if applicable and note any outstanding issues, which may impact upon the terms of reference. • CIPFA Matrices • TIS Online • Better Governance Forum		
1.6	Meet with key auditee(s) to discuss and agree the Terms of Reference and the expected dates for the Draft Report and Closure Meeting. Request access to the relevant systems as required. Also request any data downloads/reports that could be obtained to carry out analysis and testing.		
1.7	Draft Terms of Reference for review by Principal/Senior Auditor		

QUALITY CONTROL CHECKLIST – NON SCHOOL AUDITS			
No.	**Task**	**AUDITOR INITIALS/DATE**	**SUPERVISOR INITIALS/DATE**
1.8	Email approved Terms of Reference to: Auditee Director/Assistant Director Chief Executive (SP) Monitoring Officer (SS) Section 151 Officer (KR) AD Finance (Deputy Section 151 Officer) Executive Member(s) ** AD Legal Services AD People and Workforce Development Finance Business Partner External Audit BCC to Head of Risk Management and Audit ** Check the Executive Member(s) is still relevant and whether they have an assistant.		
1.9	Update Galileo with audit start date and the date the Terms of Reference was issued.		
2	**FIELDWORK**		
2.1	For each area of risk being reviewed, identify expected controls that need to be in place to manage those risks. Each risk and its expected controls need to be entered onto Galileo on the Internal Control Evaluation/Action Plan (ICEAP).		
2.2	To ascertain the actual controls in place send a copy of the ICEAP to the auditee and make an appointment to visit them to agree the actual controls.		
2.3	Record the actual controls in place as per management on the ICEAP at the meeting using your laptop where possible to reduce re-working.		
2.4	Compare the actual controls against the expected controls.		
2.5	Where there is no control or the control is unsatisfactory, record this as a finding and make an appropriate recommendation.		
2.6	Where the control appears to be satisfactory identify your testing and complete the testing section within Galileo.		
2.7	Agree test programme and prioritisation of the tests with Principal/Senior Auditor.		

QUALITY CONTROL CHECKLIST – NON SCHOOL AUDITS			
No.	**Task**	**AUDITOR INITIALS/DATE**	**SUPERVISOR INITIALS/DATE**
2.8	Conduct tests and record results in Galileo in the Testing sections, attaching working papers where appropriate. Use IDEA where possible to select samples and also to carry out tests.		
2.9	Monitor time closely to ensure planned days are not exceeded. Ensure you leave yourself with some contingency days to undertake follow up work needed after the Draft Report and working papers have been reviewed by Principal/Senior.		
2.10	If you think you will exceed your planned days, you need to discuss progress with your Principal/Senior to review the scope and testing plan for the audit.		
2.11	Update the ICEAP with test results in terms of concise findings and recommendations.		
2.12	Discuss findings and recommendations with key auditee(s). Do not indicate what level of assurance may be allocated at this stage, in case it is altered when it is reviewed.		
3	**REPORTING**		
3.1	Produce the Draft Report comprising of Executive Summary, ICEAP and appropriate audit opinion.		
3.2	Ensure all required documents in respect of the audit are scanned into Galileo and stored in the working papers section.		
3.3	Pass the completed work and Draft report to Principal/Senior Auditor for review.		
3.4	Review notes compiled by Principal/Senior Auditor and followed up by Auditor concerned.		
3.5	If any HR or legal issues have been identified as part of the audit please arrange to speak to the AD Legal Services or People and Workforce Development for clarification. The objective here is to ensure that Legal agree with the auditee and that HR can give consideration to issues highlighted as there may be wider implications.		
3.6	Auditor to start completion of the Job Appraisal Sheet.		

QUALITY CONTROL CHECKLIST – NON SCHOOL AUDITS			
No.	**Task**	**AUDITOR INITIALS/DATE**	**SUPERVISOR INITIALS/DATE**
3.7	Send Draft Report to each Auditee via e-mail, stating that they will be contacted to arrange a closure meeting to discuss the report and obtain management responses. Inform auditee(s) that they will be expected to have prepared responses to the recommendations and completed the action plan prior to the closure meeting.		
3.8	If a LOW Level of Assurance is given ensure that the appropriate AD is sent a copy of the Draft Report.		
3.9	Update Galileo accordingly.		
3.10	Arrange Closure Meeting within two weeks (of issue date) with all auditees responsible for implementing the recommendations (Principal/Senior Auditor to attend as appropriate).		
3.11	Attend Closure Meeting. At the meeting check again with all present whether there are any: • Ombudsman complaints • Significant CRM complaints • Court Proceedings against the Council • HR Issues • Confirm the Executive Member and/or Assistant Also check again with Insurance to ensure there are no insurance issues/claims?		
3.12	If there are any issues the audit must be discussed with the Head of Risk Management and Audit Services.		
3.13	Compile Final Report, incorporating management responses within the Action Plan. (Also, action to be taken by whom and by when)		
3.14	Final Report reviewed by Principal/Senior Auditor.		
3.15	If any Legal or HR implications (or references to Legal/HR) have come to light in any of the management responses these must be referee to Suzanne Antrobus and Tracy Brennand for clearance before the AD/D is asked to sign off the report.		
3.16	Final Report to be signed off by AD/D – Ask AD/D if any:		

QUALITY CONTROL CHECKLIST – NON SCHOOL AUDITS			
No.	**Task**	**AUDITOR INITIALS/DATE**	**SUPERVISOR INITIALS/DATE**
	• Ombudsman complaints • Significant CRM complaints • Court Proceedings against the Council • HR Issues • To confirm the Executive Member and/or Assistant Also check again with Insurance to ensure there are no insurance issues/claims?		
3.17	Email Final Report to Head of Risk Management and Audit for review before it is issued. If no response is received within two weeks send a reminder email.		
3.18	Once review points have been cleared email Final Report in PDF format to: Auditees Director/Assistant Director, Chief Executive (SP) Monitoring Officer (SS) Section 151 Officer (KR) AD Finance (Deputy Section 151 Officer) Executive Member(s) Finance Business Partner External Audit		
3.19	If the Level of Assurance is LOW email a copy of the report to Councillor Bill Fairfoull, Deputy Executive Leader.		
3.20	Update Galileo accordingly, ensuring that the Level of assurance is entered correctly and that a copy of the Final Report is saved.		
3.21	Email Customer Questionnaire (CQ) and update Galileo accordingly. Add calendar date for follow up in two weeks.		
3.22	If CQ is not returned within two weeks of issue, chase it up and ensure receipt of completed questionnaire. Any problems should be reported to Principal/Senior Auditor.		
3.23	Enter date of receipt and CQ results into Galileo.		
3.24	Job Appraisal Sheet to be completed and discussed with Auditor.		

QUALITY CONTROL CHECKLIST – NON SCHOOL AUDITS			
No.	**Task**	**AUDITOR INITIALS/DATE**	**SUPERVISOR INITIALS/DATE**
3.25	Ensure that Galileo has been updated, a copy of the Final Report uploaded and the Level of Assurance recorded correctly.		
3.26	Auditor to schedule the PAR in calendar for three or six months time depending on level of assurance given.		
3.27	Update the PAR Spreadsheet with details.		
3.28	Scan the completed QCC into Galileo		
4	**FOLLOW UP**		
4.1	Before a Post Audit Review (PAR) is allocated, the Principal Auditor needs to speak to the relevant AD and ask if the PAR is still relevant and whether there are any issues in the area preventing us from doing the work. Need to ascertain from the AD if there are any: • Ombudsman complaints • Significant CRM complaints • Court Proceedings against the Council • HR Issues • To confirm the Executive Member Principal Auditor to also check with Insurance to ensure there are no insurance issues/claims.		
4.2	Principal Auditor to determine the number of days for the PAR and update Galileo accordingly.		
4.3	When allocated with a PAR issue the Post Audit Review documentation to the responsible Officers.		
4.4	Update the PAR spreadsheet.		
4.5	Arrange a meeting to discuss the PAR and obtain confirmation of what action has been taken.		
4.6	Conduct PAR, based upon information obtained/ received. Ensure that adequate testing is undertaken and evidence is obtained and uploaded on to Galileo to support implementation of the recommendation(s).		
4.7	Compile PAR, incorporating management responses and Internal Audit Findings.		
4.8	PAR reviewed by Principal/Senior Auditor.		

QUALITY CONTROL CHECKLIST – NON SCHOOL AUDITS			
No.	**Task**	**AUDITOR INITIALS/DATE**	**SUPERVISOR INITIALS/DATE**
4.9	If any Legal or HR implications (or references to Legal/HR) have come to light these must be referee to Suzanne Antrobus and Tracy Brennand for clearance before the AD/D is asked to clear the report.		
4.10	Obtain sign-off from AD/D - Ask AD/D if any complaints, ombudsman complaints or HR issues are ongoing which may be affected if the PAR were to be issued.		
4.11	Email a copy of PAR to the Head of Risk Management and Audit for comments. Indicate the Level of Assurance given at the audit and whether it contains any outstanding significant recommendations that need to be reported to the Audit Panel or Greater Manchester Pension Fund's Local Board. If no response is received within two weeks send a reminder email.		
4.12	Once review points have been cleared issue PAR (in PDF Format) to all recipients of the Final Report.		
4.13	Update Galileo accordingly		
4.14	Update the PAR Spreadsheet accordingly.		
4.15	Save a copy of the finalised PAR in Galileo.		
4.16	If a follow up PAR is needed, schedule in calendar, update Galileo and the PAR Spreadsheet accordingly.		
4.17	Scan the completed QCC into Galileo		
4.18	When the follow up PAR is due, follow steps 4.1 – 4.17 if applicable.		

APPENDIX B

CUSTOMER SATISFACTION QUESTIONNAIRE

To:	**Date:**
Audit Title:	**Project Ref:**
Auditor:	

In accordance with the concept of Continual Improvement, the Internal Audit Section is continually monitoring and striving to improve its methods of operation, with the aim of giving you a better service.

Part of this process involves obtaining your opinion on individual audits, the process adopted and the conduct of audit staff. **Your comments/feedback is important to us, not only will it be used to improve the audit process but also to identify training needs for individual auditors.**	**Excellent**	**Good**	**Fair**	**Weak**	**Unsatisfactory**
AUDIT PLANNING					
Consultation on audit coverage, process and timing					
AUDIT PROCESS					
Were interruptions to your operations kept to a minimum?					
How well did we achieve the scope and objectives?					
Did the audit cover the relevant business risks?					
QUALITY OF AUDIT REPORT					
Clarity of report					
How well did we communicate the findings of the audit prior to issuing the draft report?					
Accuracy of audit findings					
Value/practicality of audit recommendations					
TIMING					
Duration of the audit					
Timeliness of the draft audit report					
AUDITOR					
Communication with yourself and auditees.					
At the conclusion of the audit how well did the auditor understand the subject?					
Was the auditor responsive to what he/she was told?					
How well were queries that arose during the audit dealt with?					
EQUALITY					
During the audit process have you been treated fairly with regards to ethnicity, gender, disability, age, religion/belief and sexual orientation?					

If Unsatisfactory or Weak is selected please explain why. We cannot improve without knowing the reasons behind these lower scores.

A. Was there anything about the audit that you especially liked/disliked?
B. Do you have any comments about the format of the audit report?
C. Was the audit useful?
D. Was the audit relevant?
E. Have you any suggestions as to how we can improve?

Signed ………………………………………………… **Date** …………………………..

Thank you for taking the time to complete this questionnaire.
Please return it to Wendy Poole, Audit Manager in Room 2.33a or by email (wendy.poole@tameside.gov.uk)

APPENDIX C

INTERNAL AUDIT – PERFORMANCE TARGETS

CATEGORY	DESCRIPTION	NARRATIVE	HOW IT'S MEASURED	TARGET
COMPLIANCE	Public Sector Internal Audit Standards Compliance	Level of compliance with requirements of Public Sector Internal Audit Standards / Local Government Application Note	Annual Self-Assessment / External Assessment (5 yearly)	100%
OUTPUTS	Audit coverage	% of Plan Complete	Audit time recording / workflow management system	90%
OUTPUTS	Audit Impact	% Recommendations Implemented	Audit time recording / workflow management system	90%
QUALITY	Customer Satisfaction	90% of customers "satisfied ≥ 65%"	Customer Satisfaction Questionnaire	100%
OUTPUTS	Fraud Cases	No. of Irregularities Reported/Investigated	Audit time recording / workflow management system	Downward Trend

Report To:	**AUDIT PANEL**
Date:	16 March 2021
Reporting Officer:	Kathy Roe – Director of Finance Wendy Poole – Head of Risk Management and Audit Services
Subject:	**ANNUAL GOVERNANCE STATEMENT 2019/20 – IMPROVEMENT PLAN PROGRESS UPDATE**
Report Summary:	To present the Annual Governance Statement 2019/20 – Improvement Plan Progress Report to Members for comment.
Recommendations:	The Audit Panel is asked to comment on the Annual Governance Statement 2019/20 Improvement Plan Progress Report attached at **Appendix 1**.
Corporate Plan:	Demonstrates proper Corporate Governance.
Policy Implications:	The Governance Statement demonstrates proper compliance with the Accounts and Audit Regulations 2015.
Financial Implications: **(Authorised by the Borough Treasurer)**	Sound corporate governance and proper systems of internal control are essential for the long-term financial health and reputation of the Council.
Legal Implications: **(Authorised by the Borough Solicitor)**	The production of the statement and the review of progress against the improvement plan meet the requirements of the Accounts and Audit Regulations 2015.
Risk Management:	The statement provides assurance that the Council has a sound system of corporate governance in place. It is considered to be an important public expression of how the Council directs and controls its functions and relates to its community.
Access to Information:	The background papers can be obtained from the author of the report, Wendy Poole, Head of Risk Management and Audit Services by: Telephone: 0161 342 3846 e-mail: wendy.poole@tameside.gov.uk

1 INTRODUCTION

1.1 The preparation and publication of an Annual Governance Statement is necessary to meet the requirements set out in Regulation 6 of the Accounts and Audit Regulations 2015. It requires authorities to "conduct a review at least once in a year of the effectiveness of its system of internal control" and "following the review, the body must approve an annual governance statement prepared in accordance with proper practices in relation to internal control".

1.2 The Annual Governance Statement was presented to the Audit Panel on 22 July 2020 as a draft document for review and comment and presented as a final document for approval on 14 November 2020.

1.3 The Annual Governance Statement is based on an Assurance Framework which includes:-

- AGS Self-Assessment Checklists and signed Assurance Statements;
- Head of Risk Management and Audit's Annual Report;
- Annual Review against the Code of Corporate Governance;
- Medium Term Financial Plan/Budget Report;
- Review of System of Internal Audit;
- Annual Audit Letter;
- Role of the Chief Financial Officer;
- Role of the Head of Internal Audit;
- Corporate Plan; and
- Statutory Inspections.

1.4 The Annual Governance Statement details:-

- Section 1 - Scope of Responsibility;
- Section 2 - The purpose of the Governance Framework;
- Section 3 - The Governance Framework;
- Section 4 - Review of Effectiveness;
- Section 5 - Level of Assurance; and
- Section 5 - Conclusion and Signatures

2 IMPROVEMENT PLAN PROGRESS REPORT

2.1 Section 5 of the Annual Governance Statement identified a number of areas for development which were appended to the statement in an Improvement plan. Addressing the issues identified will further enhance the governance framework in place for the Council.

2.2 The Table presented at **Appendix 1** provides a progress report against each development as at February 2021. Some improvements are progressing, however, COVID-19 has caused delays to a number of the improvements identified.

3 RECOMMENDATIONS

3.1 As set out on the front of the report.

Annual Governance Statement 2019/20 – Improvement Plan
Review as at February 2021

Appendix 1

Ref	Area of Review	Improvement Identified for Implementation in 2020/21	Progress Reported As At October 2020	Progress Reported As at February 2021	Improvement Owner and Completion Date
1	2019/20 Vision Tameside (Carry Forward)	Options for Ashton Town Hall will be developed and reports presented to ensure full consideration of the options following the Council's governance process for approval. Vision Tameside – the remaining elements of the project to be completed as COVID-19 restrictions are lifted.	Options appraisal completed, cost planning underway following completion of which a report with recommendations to be drafted.	Options for Ashton Town Hall have been completed and a report is being prepared for discussion with Members in March 2021.	Director of Growth March 2021
2	Children's Services (Carry Forward)	The strengthened 'whole-council' commitment to improving the quality and impact of services for children noted by Ofsted continues to be clearly evident, most notably in relation to the 7 sustainability projects and more widely through the Tameside Safeguarding Children's Partnership. Leaders, both Officers and Members also retain an improved understanding of how well services are working for children and of their key priorities.	Since June 2020, positive progress continues to be made in Children's Services, supported by a range of performance data, but a clear focus remains on improvement and there is a focus on some specific areas, most notably permanency, the number of Cared for Children and placement sufficiency. Improvement plans are now in place in all key areas and are tracked through the appropriate oversight panels such as the Corporate Parenting Board.	Since October 2020, positive progress continues to be made in Children's Services, but significant pressures have entered the system since the last report, with notable increases in both contacts and open cases which has impacted negatively on some areas of performance/timeliness and increased caseloads. Staffing stability, reliance on agency cover and vacancy rates have worsened. A clear focus remains though on improvement and specific areas, most notably permanency, the	Director of Children's Services March 2021

Ref	Area of Review	Improvement Identified for Implementation in 2020/21	Progress Reported As At October 2020	Progress Reported As at February 2021	Improvement Owner and Completion Date
			Oversight of performance continues to be provided through regular performance reviews with lead Members, the CEO, Tameside Safeguarding Children's Partnership and the Children's Improvement Board (CIB), with the CIB now receiving regular highlight reports and in September a detailed updating overview report of all improvement activity across Children's Services post the 2019 ILACs inspection. The 7 Cared for Children Sustainability projects were reported through to Board in September 2020 and will be updated on again in December 2020 The post inspection year of DfE oversight and monitoring, focusing on evidencing continued improvement which was due to end in May 2020, was extended following a decision by the Minister not to allow any current level of DfE engagement with LAs to be reduced during COVID-19. This position is due to be reviewed in November 2020.	number of Cared for Children and placement sufficiency. Improvement plans are actively being worked in all key areas and are tracked through the appropriate oversight panels such as the Corporate Parenting Board. Oversight of performance continues to be provided through regular performance reviews with lead Members, the CEO, Tameside Safeguarding Children's Partnership and the Children's Improvement Board (CIB), with the CIB now receiving regular highlight reports The 7 Cared for Children Sustainability projects have now largely been delivered/remain on track, although there has been some slippage in delivery of additional targeted residential provision, but this is now planned to come on line Spring 2021. The post inspection year of DfE oversight and monitoring, focusing on evidencing continued improvement which was due to end in May 2020, was extended following a decision by the Minister not to allow any current level of DfE engagement with LAs to be reduced during	

Ref	Area of Review	Improvement Identified for Implementation in 2020/21	Progress Reported As At October 2020	Progress Reported As at February 2021	Improvement Owner and Completion Date
			COVID-19 has presented a number of challenges to the service, which have been proactively managed, but recent weeks have seen a significant upturn in demand across all areas.	COVID-19. This was though reviewed in November 2020 and brought to an end. COVID-19 has and continues to present a number of challenges to the service, which have been proactively managed, but the last 5/6 months have seen a spike in activity not seen since 2018/early 2019. A tight market for external residential placements and general increases in looked after children numbers across the country is placing additional financial pressure into the system.	
3	Management of CCTV (Carry Forward)	Capital investment to update the CCTV system will be progressed during 2020/21.	Progress of this review has been delayed due to the pressures of COVID-19. However, the review has now been highlighted as part of the Budgeting Process and will be picked up by the Operations and Neighbourhoods Savings Working Group.	Progress of this review has been delayed due to the pressures of COVID-19. The review is being picked up by the Operations and Neighbourhoods Savings Working Group. The laying of the Council's own fibre optic network (dark fibre) presents opportunities to better link the network and reduce costs to assist with the upgraded system.	Director of Operations and Neighbourhoods March 2021

Ref	Area of Review	Improvement Identified for Implementation in 2020/21	Progress Reported As At October 2020	Progress Reported As at February 2021	Improvement Owner and Completion Date
4	Estates Management (Carry forward)	The ongoing structure changes will be implemented by October 2020. The Strategic Asset Management Plan (SAMP), Disposal Policy, Surplus Property and Freehold Reversions Policy to be considered by Cabinet in July and August 2020. Service and occupational building needs to be reviewed by Oct 2020. Asset Review work to be commissioned Sept 2020.	SAMP has been approved. Disposal Policy has been Approved. Commencement of the disposal work has not yet started due to incomplete service restructure and resource pressures. Freeholds Reversion Policy has progressed and a report is to be presented at a November Board. Asset Review Work is subject to approval of the budget by Executive Cabinet - November 2020.	The “Work Smart” Project is underway, which will provide a plan for future workforce, accommodation and IT needs. Asset Review work and the commissioning of surveys has been approved by Executive Cabinet. The results of the review are due June 2021. The Freehold Reversions Policy has been approved by Executive Cabinet and applications are being processed as per the new policy. Some of the Tranche 1 disposals are now progressing to approval stage to market sites for sale. Secured approvals to close relevant buildings, deep clean as required and on-going Covid-19 safety checks being undertaken for TMBC operational estate. Site identified and associated FM requirements and property management arrangements were put in place for Humanitarian Hub, in response to the Covid-19 Pandemic. Sites identified, licenses, power supplies, soft FM and site management arrangements in	Director of Growth March 2021

Ref	Area of Review	Improvement Identified for Implementation in 2020/21	Progress Reported As At October 2020	Progress Reported As at February 2021	Improvement Owner and Completion Date
				place for Covid-19 Testing and Covid-19 Vaccination sites. Rent Reviews are being undertaken and the income generated by the commercial estate is increasing.	
5	ICT Disaster Recovery and Business Continuity Planning (Carry Forward)	During 20/21, the Council will for the first time have key systems hosted in a Disaster Recovery facility. The implementation of a new backup and recovery system, which will include off site tape storage and the adoption of the new Cyber Security Strategy with associated action plan means the Council is best placed to deal with physical disasters as well as Cyber incidents.	The new Data Centre is scheduled to be completed and handed over for commissioning in Dec 2020. IT systems will begin to be moved from their current location in Rochdale Council's Data Centre in February 2021 with the process completed by May 2021. The Disaster Recovery Centre is now complete and testing of the new infrastructure is underway. The facility will be operational by the end of 2020.	The handover of the new Data Centre has been delayed due to COVID-19 and will now be handed over in March 2021 after which time the in-house IT service will begin the commissioning work ahead of moving in systems from Rochdale. The Disaster Recovery facility located in the Data Centre at Tameside Hospital is now fully operational. The facility is initially being used as a stepping stone for systems moving away from Rochdale ahead of the new DC at AOB being available. To date around 60 of the 200+ systems have been migrated into it. Once the migration to the new DC is complete in June 2021 this facility will become the DR site for all key Council systems.	Director of Finance March 2021

Ref	Area of Review	Improvement Identified for Implementation in 2020/21	Progress Reported As At October 2020	Progress Reported As at February 2021	Improvement Owner and Completion Date
6	Information Governance (Carry Forward)	Compliance with GDPR and the Data Protection Act 2018 are a key priority for the Council and the Risk, Insurance and Information Governance Team. The Action Plan will be reviewed with the new Risk, Insurance and Information Governance Manager, and as capacity is added to the team, the improvements required will be allocated and delivered.	Recruitment to the two vacant posts on the Team was delayed due to COVID-19 and the new starters will not be in post until January 2021. The structure of the team is currently being reviewed to ensure that roles and responsibilities are allocated across all members of the Team. Following that, the Information Governance Plan will be reviewed and developed.	Recruitment to the Risk, Insurance and Information Governance Team is now completed. A draft Information Governance Work Plan was presented to the Information Governance Group at the end of January 2021. Work is now underway to allocate individual tasks and timescales to team members.	Director of Governance and Pensions Director of Finance March 2021
7	Implementation of a Strategic Commissioning Function (Carry Forward)	The Single Leadership Team need to continue to review and identify the appropriate risks across both organisations, on a regular basis including identifying mitigating actions and report on these through the appropriate governance routes in each statutory organisation.	The new Risk, Insurance and Information Governance Manager is drafting a proposed shared approach. Risks across both organisations continue to be managed.	Risks across both organisations continue to be managed and reported through the appropriate governance routes. The NHS white paper on integration and reform will be monitored and managed closely to ensure that all risks are understood and mitigated where appropriate.	Single Leadership Team March 2021
8	Debtors (Carry Forward)	Improvements being introduced to the Debtors System need to be embedded across the Council and these will then be tested by Internal Audit in the latter half of 2020/21 to provide assurance that the overall system is	COVID-19 has affected the progress in this area and the introduction of the new ways of working. Improvements will be assessed and the work plan re-evaluated.	Due to COVID-19 and the processing and payment of support grants to businesses and our most vulnerable individuals by the Exchequer Services team, the Debtors Review has been rescheduled to 2020/21.	Director of Governance and Pensions Director of Finance Revised to June 2021

Ref	Area of Review	Improvement Identified for Implementation in 2020/21	Progress Reported As At October 2020	Progress Reported As at February 2021	Improvement Owner and Completion Date
		working effectively and fit for purpose.	The assessment by Internal Audit will be rescheduled to early 2021/22.		
9	Risk Management System (New)	To review the risk management systems in operation across the Strategic Commission and align them to ensure consistency of approach and reporting.	The Risk, Insurance and Information Governance Manager is now in post. The review has commenced, however, capacity issues are currently affecting progress. Unfortunately, recruitment to the two vacant posts on the Team was delayed due to COVID-19 and the new starters will not be in post until January 2021.	The proposed approach, the updated Risk Management Policy and Strategy and the updated Corporate Risk Register are being reported to the March meeting of the Audit Panel.	Director of Finance Revised to March 2021
10	Budget Monitoring (New)	Following an Internal Audit review, the processes in place are being reviewed and improved to address the concerns raised.	The Post Audit Review (PAR) is ongoing. Improvements are being implemented and assurance will be provided at a future updated once the PAR has been completed.	The PAR has commenced, however, due to capacity issues within the audit team, due to their work supporting the COVID-19 response and the prioritisation of resources within the Finance Team to delivering the budgeting process completion has been delayed.	Director of Finance Revised to March 2021

Report to:	**AUDIT PANEL**
Date:	16 March 2021
Reporting Officer:	Kathy Roe – Director of Finance Martin Nixon – Risk, Insurance and Information Governance Manager
Subject:	**CORPORATE RISK REGISTER REVIEW**
Report Summary:	To present to the Corporate Risk Register detailed at **Appendix 1** for comment and approval.
Recommendations:	Members consider and approve the Corporate Risk Register at **(Appendix 1)** and note the development work detailed in Section 4 of the report.
Corporate Plan:	Managing risks will enable the Council to deliver services safely and in an informed manner to achieve the best possible outcomes for residents
Policy Implications:	Effective risk management supports the achievement of Council objectives and demonstrates a commitment to high standards of corporate governance.
Financial Implications: **(Authorised by the statutory Section 151 Officer & Chief Finance Officer)**	Effective risk management assists in safeguarding assets, ensuring the best use of resources and the effective delivery of services. It also helps to keep insurance premiums and compensation payments to a minimum.
Legal Implications: **(Authorised by the Borough Solicitor)**	The Council has a statutory responsibility to have in place arrangements for managing risks, as stated in the Accounts and Audit Regulations 2015 (amended 2016): 'A relevant authority must ensure that it has a sound system of internal control which includes effective arrangements for the management of risk'. Regularly reviewing the Council's arrangements for risk and updating them as needed ensures that the Council is managing its statutory responsibility. Risk management can relate to legal aspects of the council's business, however, the content of this report does not have any specific legal implications. Legal risks to the organisation are incorporated in the Service plans risk registers. This report is aimed at addressing the requirement that the Council achieves its strategic aims and operates its business, under general principles of good governance and that it identifies risks which threaten its ability to be legally compliant and operate within the confines of the legislative framework.
Risk Management:	Failure to manage risks will impact on service delivery, the achievement of objectives and the Council's Medium Term Financial Plan.

Background Information: The background papers relating to this report can be inspected by contacting Martin Nixon, Risk, Insurance and Information Governance Manager

Telephone: 0161 342 3883

e-mail: martin.nixon@tameside.gov.uk

1. INTRODUCTION

1.1 The report presents the revised and updated Corporate Risk Register for the Council for comment, challenge and approval.

2. WHAT IS RISK MANAGEMENT?

2.1 Risk Management is the process of identifying risks, evaluating their likelihood and potential impact and determining the most effective methods of controlling them or responding to them. It is a means of maximising opportunities and minimising the costs and disruption to the organisation caused by undesired events.

2.2 Corporate Risks are potential barriers to the council achieving its priorities and have the potential to disrupt large parts of our service.

3. CORPORATE RISK REGISTER

3.1 The Corporate Risk Register is attached at **Appendix 1**. It details the risk scores evaluated both in October 2020 and March 2021. All changes are highlighted in blue.

3.2 Risk owners (responsible Assistant Directors or Service Unit Managers) have assisted the Risk, Insurance and Information Governance Manager to review the Corporate Risks they have responsibility for. Review comments have been added to the risk register under Appendix 1 alongside each risk.

3.3 Service delivery, working practices, and the Council's allocation of financial and staff resources continue to be influenced by the Covid-19 pandemic. This is illustrated by the risk scores still being at higher levels than prior to the March 2020 lockdown, as demonstrated by the 'heat map' comparisons provided under item 3.6.

3.4 The key developments highlighted by reviewing the risks in March are detailed below.

Risk	Comment	Risk Rating Oct 2020	Risk Rating March 2021
1	The 2021/22 budget has been balanced and the 2020/21 outturn is likely to be close to budget. A savings delivery tracker and reporting programme has been developed to ensure that delivery of savings is monitored.	25	20
5	Contacts received and open cases in Children's Social Care have increased significantly over the past 5-6 months compared to pre-Covid levels. This trend is being seen nationally and is linked to the theory that issues not reported during lockdown would add to demand during recovery as children return to school.	15	15
8	A comprehensive summary of the Council's pandemic strategy and key mitigations is provided under review comments for this risk under Appendix 1.	25	25
20	The proposed action to ensure the Council has local development plans in place following the dissolving of the GMSF (Greater Manchester	8	8

	Spatial Framework) is included in review comments for this risk under Appendix 1.		
23	ICT Services have increased the risk score for ICT technical vulnerabilities from 15 to 16 (Red). Additional resources are reported as required for to manage delivery of the Council's cyber security strategy agreed in September. It is proposed to delete the last sentence from the Risk 23 review comment when the risk register is reported to the Audit Panel in March as it may put an ICT vulnerability due to lack of capacity in the public domain.	15	16

3.5 This analysis shows that there are currently a total of 12 Red risks across the register. Although this is a reduction from the 19 Red risks reported in May 2020, this still demonstrates the disruption caused by the pandemic when compared to the pre-Covid level of 4 Red risks in October 2019.

3.6 The Corporate risks are summarised in the risk heat maps below:-

Heat Map 1 – October 2020 (23 Risks)

		Impact level				
Likelihood		**Insignificant** (1)	**Minor** (2)	**Medium** (3)	**Major** (4)	**Major Disaster** (5)
Almost Certain	(5)					**2**
Very likely	(4)		**1**	**6**	**6**	
Likely	(3)				**2**	**3**
Unlikely	(2)				**2**	
Very Low	(1)				**1**	

Heat Map 2 – March 2021 (23 Risks)

		Impact level				
Likelihood		**Insignificant** (1)	**Minor** (2)	**Medium** (3)	**Major** (4)	**Major Disaster** (5)
Almost Certain	(5)					**1**
Very likely	(4)			**5**	**8**	**1**
Likely	(3)		**1**	**1**	**1**	**2**
Unlikely	(2)				**1**	**1**
Very Low	(1)				**1**	

4. RISK MANAGEMENT REVIEW

4.1 Work is ongoing to develop a joint risk management system for both the Council and the Tameside and Glossop CCG, and to develop 'operational' risk registers for Directorates. Capacity problems have caused delays in progress during the last quarter.

5. RECOMMENDATIONS

5.1 As set out on the front of the report.

Corporate Risk Register - March 2021 Update

Appendix 1

Corporate Plan Theme	Risk No.	Risk Description	Impact Score	Likelihood score	Risk Rating (Impact/ Likelihood) Oct 2020	Impact Score	Likelihood Score	Risk Rating March 2021	Direction of Travel	Risk Owner (Director)	Responsible AD/SUM	March 2021 Review Comments
Starting Well Living Well Ageing Well Great Place Inclusive Growth	1	The Council is unable to deliver its Medium Term Financial Plan - Failure to deliver services within available budgets and provide for future financial stability, including the maintenance of the Council's resource base and council tax collection and dealing with the current cost pressures and demand levels in Children's Services.	**5**	**5**	**25**	**5**	**4**	**20**	↓	Kathy Roe	Tom Wilkinson	Robust monthly budget monitoring continues throughout the financial year. Financial pressures continue to be highest under Children's Social Care due to changes in the type and mix of placements. In addition a number of the 2019/20 and 2020/21 identified savings across the Council have not been achieved or have been delayed. Special Budget SLT and Board meetings were held in October to consider 2021/22 to 2025/26 Directorate budget proposals, from which a number of strategic savings priorities have been identified and project delivery panels have been established. This allowed 2021/22 budget has been balanced and the 2020/21 outturn is likely to be close to budget. However, there remains a sizeable gap to close, which has been compounded by the pandemic, delayed/non delivery of savings and an uncertain funding outlook. A savings delivery tracker and reporting programme has been developed to ensure that delivery of savings is at the forefront of management attention. An early start to the 2022/23 budget setting process is schedule with the first new proposals planned for the end of June 2021 for consideration.
Corporate Support and Enabling Services	2	Not implementing the latest products or best practice in information technology to ensure that the organisation remains effective and efficient, enabling it to deliver its services.	**2**	**4**	**8**	**2**	**3**	**6**	↓	Kathy Roe	Tim Rainey	The level of risk has reduced due to improvements such as the distribution of new laptops and conversion to Windows 10 for Council users. The decision in February 2021 to accelerate the deployment of the latest Microsoft Office 365 software across the organisation – bringing forward implementation from 2023 to 2021 has further reduced the risk.
Ageing Well	3	Failure to manage the local home care market and care home capacity available to deliver appropriate and timely care packages and appropriate placements for people requiring long term care.	**4**	**4**	**16**	**4**	**4**	**16**	→	Stephanie Butterworth	Sandra Whitehead	The local care home market is experiencing increased costs associated with the Covid-19 pandemic Also statistics confirm care homes operating at only 82% capacity (where it is known that 89% capacity required for the service providers to cover their costs).Adult Services are monitoring the situation and have applied covid procurement rules which has allowed advanced contract payments to assist where required. The Council continues to distribute Government grants to providers with the aim to mitigate the increased costs relating to the pandemic in a timely way.
Great Place Inclusive Growth	4	The property portfolio rationalisation necessary for the delivery of appropriate council wide services is not delivered and consequently savings and capital receipts required to fund the current and future investment programme are not achieved.	**3**	**4**	**12**	**3**	**4**	**12**	→	Jayne Traverse	Paul Smith	The integrated asset management plan is in place and recruitment interviews to the Strategic Asset team are taking place in February 2021.
Starting Well	5	Failing to protect vulnerable children - Vulnerable children are put at risk due to poor systems/processes and reduced service provision.	**5**	**3**	**15**	**5**	**3**	**15**	→	Richard Hancock	Tracy Morris	Tameside's Safeguarding Children's Board and agreed procedures and guidance are in place. Children's have adapted to pandemic conditions by introducing mitigation actions to ensure the Service is maintaining care for vulnerable children. The risk score remains at an increased level due to the expectation that issues not identified during lockdown will require attention during recovery. Contacts and open cases have both now increased signifcantly compared to pre Covid levels over the past 5-6 months.
Starting Well	6	Failure to ensure effective services (ILACS, LAR, YJS etc.) which are highly regarded by regulators and that robust improvement plans are in place NB. likelihood of 4 is driven by SEND	**4**	**4**	**16**	**4**	**4**	**16**	→	Richard Hancock	Tim Bowman	Although significant progress has been made to address the necessary improvements, it is likely that a SEND Local Area Review will conclude that Tameside requires a written statement of action. A new SEND Strategy has been agreed by Executive Cabinet and Improvement Plans are in place for all the identified improvement priorities. There is significant pressure on High Needs budgets. A High Needs Review has been carried out and recovery plans have been submitted to the DfE.
Corporate Support and Enabling Services	7	Failure to effectively implement and monitor the effectiveness of a health and safety management system within the organisation.	**4**	**3**	**12**	**4**	**3**	**12**	→	Ian Saxon	Sharon Smith	The pandemic has brought increased safety risks to the organisation but, through a process of risk assessment, control measures have been introduced to reduce that risk. Buildings which are open have been made Covid-secure, homeworkers have been provided with suitable equipment and training, PPE is provided where there is a virus risk, and schools have been supported in completion of risk assessments. The frequency of changes in guidance and legislation around Covid continue to be monitored by the Compliance Cell.
Living Well	8	Coronavirus has a profound negative impact on health and wellbeing objectives, immediately through direct COVID illness and death; to non-COVID healthcare being displaced or delayed; to short and long-term impact on socio-economic determinants of health and wellbeing.	**5**	**5**	**25**	**5**	**5**	**25**	→	Jeanelle de Gruchy	Debbie Watson	Oubreak Management Plan in place, Testing strategy (LFD and PCR) and contact tracing approach well developed. Training, advice, guidance and support developed to support the Council and partners on Covid prevention, infection control, health & safety, PPE provision - bespoke support to educational settings, workplaces, health and social care settings. Proactive approach to identification of clusters and outbreaks followed by robust multi-agency response. Communications plan is in place - Community champions network and ongoing development of simple clear precise communications, messages, guidance, advice and support via humanitarian hub. Corporate risk assessments completed by all Directorates. Covid governance driving strategic approach to safely managing the risks and threats arising from the Covid-19 pandemic and assurance mechanisms feeding into GM SCG and GM Covid Committee. Daily monitoring of data and Covid rates to inform ongoing startegy to contain Covid.

Corporate Plan Theme	Risk No.	Risk Description	Impact Score	Likelihood score	Risk Rating (Impact/ Likelihood) Oct 2020	Impact Score	Likelihood Score	Risk Rating March 2021	Direction of Travel	Risk Owner (Director)	Responsible AD/SUM	March 2021 Review Comments
Ageing Well	9	Vulnerable adults are put at risk due to poor systems/processes and reduced service provision, impacting on the balance of safeguarding vulnerable people against promoting independence through the allocation of Direct Payments and developing new ways of working to promote independence and resilience.	3	4	12	3	4	12	→	Stephanie Butterworth	Sandra Whitehead	Adults Services have adjusted working practices to fit social-distancing restrictions and put in place mitigations to ensure safeguarding protection to vulnerable adults. Protocols, records, systems of inspection and risk assessments continue to be utilised to control safeguarding risks.
Living Well	10	Increased demand for services due to demographic changes - Tameside is unable to meet the needs of its ageing population and young people with increasingly complex needs transitioning into Adult Services requiring significant savings to be made, or reductions in levels of dependency, to manage rising levels of demand and cost.	4	4	16	4	4	16	→	Stephanie Butterworth	Sandra Whitehead	The Covid-19 economic downturn is anticipated to cause increases in issues such as drug and alcohol abuse, mental health problems and poverty. Many of the consequences will not be realised until future years. The service to vulnerable adults is also subject to uncertainty surrounding 2021 funding. Ongoing work on a prevention strategy will reduce dependency on services.
Corporate Support and Enabling Services	11	The inconsistent application of information standards and controls could result in a significant, unauthorised disclosure of personal and/or special category data.	4	4	16	4	4	16	→	Sandra Stewart / Kathy Roe	Wendy Poole	Homeworking during the pandemic and as we build back and recover is still perceived to have increased the risk level due to the handling of data off-site. A Homeworking Policy is to be prepared to provide guidance on safety, IT and information governance best practice. Additional resources have recently been added to the Risk, Insurance and Information Goverance Team and a Work Plan is now in place to ensure compliant practices are in place across the Council.
Corporate Support and Enabling Services	12	Ineffective procurement and contract monitoring - Procurement does not deliver value for money and is not conducted in line with best practice, PSOs and legislation. The strategic focus on commissioning is less effective due to a lack of skills and capacity to drive the change in culture.	4	3	12	3	3	9	↓	Kathy Roe	Tom Wilkinson	The risk score has reduced because anticipated problems in procuring PPE for infection control purposes now eased. STAR procurement are more embedded within the organisation and have appropriate contract register, monthly spend data and reporting processes in place. A new contract register and management tool is being implemented which will add to existing mitigations for this risk. Additional training has been rolled out for managers to ensure all procuring managers are adequately training. STAR management are attending regular delivery meetings at Assistant Director level to further integrate them into the organisation.
Great Place Inclusive Growth	13	Tameside is unable to exploit growth opportunities and this has a detriment to residents, local businesses and the borough's future prosperity.	3	4	12	3	4	12	→	Jayne Traverse	Gregg Stott	There is continued push on taking forward key startegic sites and town centres working with landowners and the private sector. These future developments will seek to address and provide appropriate provision (including repurposing) and one which will seek flexibility and ability to the changing market. There have been recent success in attracting funding to undertake key investment/development studies and these will continue. In addition there is an expectation of further announcements at Budget around the Levelling Up Fund and UK Shared Prosperity Funding programmes with further detail to follow.
Starting Well Living Well Ageing Well Great Place Inclusive Growth	14	Implementation of a Strategic Commissioning Function across the Council and the CCG may increase the operational and financial risks of the Council whilst the priorities agreed are implemented to improve outcomes for our public whilst creating a more sustainable future for the organisation.	4	4	16	4	4	16	→	Steven Pleasant	Single Leadership Team	The Covid crisis has demonstrated the robustness of the relationship. Whilst in the short term risks have been mitigated through central government funding and command and control within the NHS, the longer term picture will be affected by the NHS white paper and reorganisation at the GM level.
Great Place Inclusive Growth	15	Vision Tameside is not completed on time and in budget and associated leases and service agreements are not finalised in a timely manner.	5	3	15	5	3	15	→	Jayne Traverse	Paul Smith	Citizens Advice Bureau and DWP lease documents are in place and awaiting completion. All information requested in respect of the College lease has been issued to the Legal Service to enable them to complete due diligence and the lease documentation.
Great Place Inclusive Growth	16	Failure to provide an appropriate Civil Contingencies response to an incident or emergency affecting the community or the Council, including the risks relating to extreme weather conditions due to climate change or in	5	2	10	5	2	10	→	Ian Saxon Kathy Roe	Emma Varnam Mike Gurney Wendy Poole	Emergency Plan, Director on Call and Forward Incident Officers are in place, together with Businerss Continuity Plans so that service delivery can continue should an incident occur.
Great Place Inclusive Growth	17	The Council fails to benefit from the opportunities generated from the increased central government devolution to the Greater Manchester Region.	3	4	12	4	4	16	→	Single Leadership Team	Senior Management Group	The council continues to develop its strategies around its town centres, housing and the economy. The pandemic has delayed the governments own "levelling up" agenda, but it is expected that there will be significant packages of support to drive the economic recovery in the post pandemic and Brexit Britain and the Council is getting prepared to take advantage of opportunities that will arise through its covid recovery planning which is aligned to the corporate plan.
Starting Well	18	Failure to ensure there are sufficient high quality school places (including specialist places and early years provision) and that children all have fair access to our schools.	4	4	16	4	4	16	→	Richard Hancock	Tim Bowman	School place planning is considered a high priority. Analysis of pupil numbers going forward is strong, and delays to the capital development programme are being closely monitored by senior management in Children's and Growth, but a level of risk remains.

Corporate Plan Theme	Risk No.	Risk Description	Impact Score	Likelihood score	Risk Rating (Impact/ Likelihood) Oct 2020	Impact Score	Likelihood Score	Risk Rating March 2021	Direction of Travel	Risk Owner (Director)	Responsible AD/SUM	March 2021 Review Comments
Corporate Support and Enabling Services	19	Pension Fund investments do not provide the appropriate/anticipated level of assets to meet liabilities.	**4**	**1**	**4**	**4**	**1**	**4**	→	Sandra Stewart	Tom Harrington Paddy Dowdall	Although the economic effect of the pandemic will cause a short term reduction in income for property assets, long term returns are not anticipated to be affected by the pandemic. Monitoring of the performance of markets and the fund takes place on a regular basis. Pension Fund risk registers was reviewed at the Local Pension Board in January 2021.
Great Place Inclusive Growth	20	The lack of an up to date strategic planning framework and associated local policies to manage development in Tameside.	**4**	**2**	**8**	**4**	**2**	**8**	→	Jayne Traverse	Jayne Traverse	The GM Spatial Framework has been dissolved following the withdrawal from the plan by Stockport MBC. The remaining 9 Council Leaders have agreed to progress a Development Plan Document (DPD) named, 'Places for Everyone'. All of the 9 Councils will progress a report through their respective organisations detailing next steps, including the proposed establishment of a committee to prepare a joint DPD. Tameside will consider the report at Exec Board on 17/02/21, Council on 23/02/21 and Executive Cabinet on 24/03/21. Decisions on the content of the DPD will be the subject of subsequent decisions by Cabinet and Council. The DPD provides the opportunity to enable Tameside Council to meet the Government's requirements for local authorities to have up to date Local Plans in place by December 2023. The scope and detail of individual Council Local Plans is the subject of Government's current planning reforms. The full details are still awaited and primary legislation still to be put in place.
Corporate Support and Enabling Services	21	Failure to prevent or detect acts of significant fraud or corruption with consequent financial or reputational damage to the Council.	**3**	**4**	**12**	**3**	**4**	**12**	→	Kathy Roe	Tom Wilkinson Wendy Poole	Additional grants are available to support residents during the pandemic which unfortunately causes an increased incidence of fraud referrals. There are robust systems in place for the processing of grant payments and suspected fraud is investigated.
Living Well	22	In-effective community cohesion. The community cohesion activities undertaken do not have the required results, of raising awareness, integration and acceptance within the community.	**3**	**4**	**12**	**3**	**4**	**12**	→	Ian Saxon	Emma Varnam	Significant progress has been made in reaching Tameside communities. Communication with the IAG has enabled Tameside to be ahead of the curve in terms of managing Covid rates and has added to the success of the vaccine roll out with speed of delivery and high uptake.
Corporate Support and Enabling Services	23	ICT technical vulnerabilities lead to cyber attacks/exploitation of ICT infrastructure or behavioural vulnerabilities lead to misuse of ICT equipment and the potential loss or destruction of data'.	**5**	**3**	**15**	**4**	**4**	**16**	↑	Kathy Roe	Tim Rainey	In September the Council approved its first cyber security strategy and the associated action plan details the measures that will be implemented to improve the cyber resilience.The Disaster Recovery facility has now been commissioned, along with a new backup and recovery system (including offsite tape backups) to keep data safe and secure. Additional resources are required to ensure the Cyber Security team have the capacity to effectively manage and deliver on this agenda and this requirement forms part of the Digital service review.

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Report To:	**AUDIT PANEL**
Date:	16 March 2021
Reporting Officer:	Wendy Poole – Head of Risk Management and Audit Services
Subject:	**PROGRESS REPORT ON RISK MANAGEMENT AND AUDIT ACTIVITIES APRIL 2020 TO JANUARY 2021**
Report Summary:	To advise members of the work undertaken by the Risk Management and Audit Service between April 2020 and January 2021 and to comment on the results.
Recommendations:	That members note the report and the performance of the Service Unit for the period April 2020 to January 2021.
Corporate Plan:	Internal Audit supports the individual operations, which deliver the objectives within the Corporate Plan.
Policy Implications:	Effective Risk Management and Internal Audit supports the achievement of Council objectives and demonstrates a commitment to high standards of corporate governance.
Financial Implications: **(Authorised by the statutory Section 151 Officer & Chief Finance Officer)**	Effective Risk Management and Internal Audit assists in safeguarding assets, ensuring the best use of resources and reducing losses due to poor risk management. It also helps to keep insurance premiums and compensation payments to a minimum and provides assurance that a sound control environment is in place.
Legal Implications: **(Authorised by the Borough Solicitor)**	This report demonstrates compliance with the Accounts and Audit Regulations 2015 whilst also demonstrating proper administration of the Council's affairs. Internal Audit when engaging and supporting individual operations need to evidence prudent management of affairs to secure economic, efficient and effective use of Council resources
Risk Management:	Assists in providing the necessary levels of assurance that the significant risks relating to the Council's operations are being effectively managed.
Background Information:	The background papers can be obtained from the author of the report, Wendy Poole, Head of Risk Management and Audit Services by contacting: Telephone:0161 342 3846 e-mail: wendy.poole@tameside.gov.uk

1. INTRODUCTION

1.1 This is the third progress report for the current financial year and covers the period April 2020 to 31 January 2021.

1.2 The main objective of this report is to summarise the work undertaken by the Risk Management and Audit Service during the first half of the year in respect of the approved Plan for 2020/21, which was presented to the Audit Panel on 10 March 2020.

2. RISK MANAGEMENT AND INSURANCE

2.1 The Risk, Insurance and Information Governance Team provide services to the whole Council. The key priorities for the team during 2020/21 are: -

- To work with the Single Leadership Team to review the Corporate Risk Register ensuring that it is linked to the Corporate Plan Themes and Priorities and develop operational risk registers. A key priority will be to introduce a robust system of monitoring that risk registers are kept up to date and reported appropriately to officers and members.
- To facilitate the continued implementation of the Information Governance Framework, ensuring that the Council is compliant with all Data Protection legislation.
- To work with senior managers to ensure that Service Area Business Continuity Plans are robust and fit for purpose and that Corporate Business Continuity Plan is regularly updated and reported to the Single Leadership Team. Work to produce a list of critical services needs to be finalised and regularly updated to support management in responding to a major incident. Once updated the plans will need to be tested and a methodology for determining how to introduce a testing regime for both service plans and the corporate plan will need to be devised.
- To work with STAR Procurement to procure Insurance Brokers and Legal Representatives to work with the Council's Insurers in defence of litigated claims.
- To review the insurance database used to ensure it is fit for purpose and that the reporting functionality is efficient and effective.
- To continue to support managers to assess their risks as services are redesigned to ensure that changes to systems and procedures remain robust and resilient offering cost effective mitigation and that claims for compensation can be successfully repudiated and defended should litigation occur.
- To work with schools to ensure advice and support is provided.
- To attend management team meetings quarterly to provide updates on insurance, information governance, risk management and business continuity.

2.2 Recruitment to the Risk, Insurance and Information Governance Team is now complete and all post are now occupied. The Team consists of:-

- 1 x Risk, Insurance and Information Governance Manager, which is a shared role with Rochdale Council on a 60:40 basis
- 3 x Risk, Insurance and Information Governance Officers
- 1 x Risk, Insurance and Information Governance Assistant

The two new Risk, Insurance and Information Governance Officers joined the team in January and February 2021 are making good progress and adding much needed capacity. A work plan across all four disciplines covered by the team (Risk Management, Insurance, Business Continuity and Information Governance) has been reviewed by the Team Manager to ensure all roles and responsibilities are allocated according to individual strengths and experience.

2.3 Work to review the Risk Management System in place has been completed and was reported to the Single Leadership Team on 2 March 2021. A separate Risk Management Report is on the agenda presenting the proposed approach to risk management, the Risk Management Policy and Strategy 2021-2023 and the updated Corporate Risk Register.

2.4 A draft Work Plan in respect of Information Governance was presented to the Information Governance Group at the end of January 2021 and further work is now underway to refine and allocate the tasks with timescales to team members.

2.5 A number of Data Protection Impact Assessments and Sharing/Processing Agreements have been reviewed during the period to ensure that all risks to personal data in relation to new projects and changes to existing processes are assessed and protected to ensure compliance with UK GDPR and the Data Projection Act 2018.

2.6 The insurance renewal process is ongoing, information has been provide to our insurance brokers for presentation to insurers and renewal terms are expected in March in time for renewal on 1 April 2021. The draft Actuarial Review has been provided and is being reviewed before it is presented to Finance for the purpose of reviewing the Insurance Reserve and Provisions for inclusion in the Final Accounts.

2.7 Support and advice has continue to be provided across the Council in the period in relation to COVID-19 to ensure that risk management, insurance and information governance arrangements in place are robust and reflect the changes to service delivery where applicable.

3. INTERNAL AUDIT OVERVIEW

3.1 The Audit Plan approved on 10 March 2020 covered the period April 2020 to March 2021 and totalled 1,510 Days. This was made up of 1,200 days on planned audits and 310 days on reactive fraud work.

3.2 Table 1 provides a summary of progress to 31 January 2021 and details the Approved Audit Plan, Revised Audit Plan Days, Actual Days delivered to 31 January 2021 and the Days left to be delivered in Quarter 4. The Actual Days for the period delivered are 1,197 (841 Days on Planned Work and 356 Days on Counter Fraud Work and Investigations).

3.3 The Audit Plan has to be responsive to changing priorities and therefore the revised plan presented in November 2020 has been further updated to reflect the actual work undertaken in Quarters 1, 2 and 3, including estimates for the work to be undertaken in Quarter 4. The revised Plan as summarised below now totals 1,516 (1,100 Days on Planned Work and 416 Days on Counter Fraud/Investigation Work). Whilst this is only marginally different in total to that reported in November 2020, further changes across Directorates have taken place to accommodate audits being rescheduled due to the impact of COVID-19, additional priority requests received, investigations and Audit’s continued involvement in the payment of grants to support businesses. The days in relation to Counter Fraud Work and Investigations has increased as Principal/Senior Auditors have had to conduct investigations during the year as the Fraud Investigators have been dealing with a large number of referrals in relation to Support Grants provided to Businesses. The details of the changes can be found in **Appendix 1** which provides a detailed breakdown of the 2020/21 Audit Plan and shows; the Auditable Area, Approved Audit Plan 2020/21, Revised Audit Plan 2020/21, Actual Days, Variance/Days to be Deliver in Quarter 4, Status and Level of Assurance.

3.4 Resources within the team have been impacted by the vacancy created by a Senior Auditor retiring in September 2020 as we have been unable to successfully recruit a suitable replacement to date, although recruitment is ongoing. When the plan was presented in November we optimistically included 40 Planned Days to be delivered by the new recruit in

February/March 2021, however, these have now been removed and priority work reassigned across the team. In reality this means that some audits that have been started in this year will not be finished prior to 31 March 2021 and will need to be carried forward to next year's plan.

3.5 Six of the audits being delivered by Salford Computer Audit Services will not be completed in year and will be carried forward in 2021/22 as the team were affected by COVID-19 for two reasons:-

- In the immediate response to the pandemic the audit team were redirected on to corporate priorities at Salford; and
- Delivering audits has been delayed across their client base, as many ICT Services were heavily involved in ensuring staff were able to work from home, which has meant they were faced with trying to deliver a twelve month plan in approximately six months with no additional resource.

3.6 With regards to the grant work Internal Audit has undertaken three roles:-

- To provide advice and support to ensure that robust application procedures and checking regimes were in place to minimise the potential for fraud;
- Processing claims; and
- Reviewing and investigating potential fraudulent claims and the results of this work are summarised in Section 7 (Tables 7 and 8) of the report.

In terms of processing claims we still have one Auditor undertaking this role for two days per week and have committed resources to the end of March 2021 and then our involvement in processing will cease.

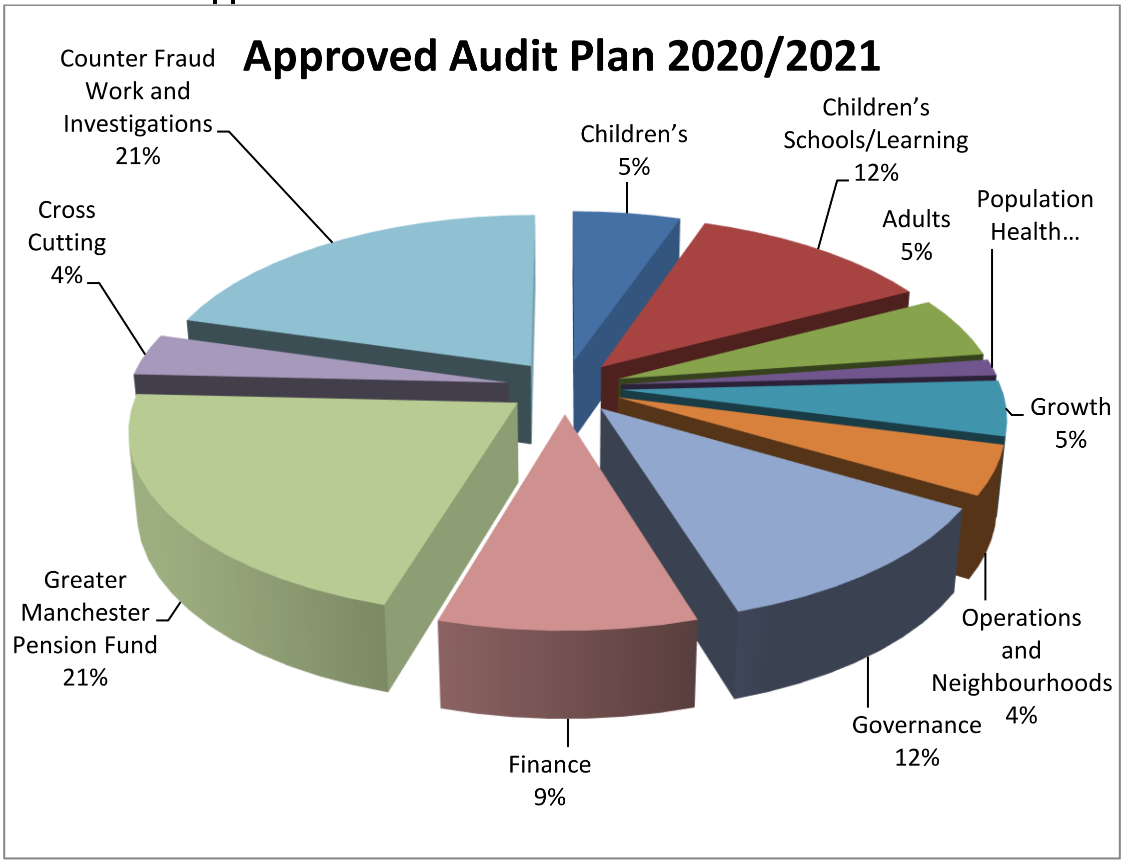
3.7 **Table 1 – Annual Audit Plan Summary 2020/21**

Service Area / Directorate	**Approved Audit Plan 2020/21**	**Revised Audit Plan 2020/21 Nov 2020**	**Revised Audit Plan 2020/21 Jan 2021**	**Actual Days To 31 Jan 2021**	**Days to be Delivered in Q4**
Children's	80	69	70	39	31
Schools/Learning	181	125	124	107	17
Adults	82	43	46	31	15
Population Health	22	3	2	1	1
Growth	74	147	205	171	34
Operations and Neighbourhoods	66	40	41	23	18
Governance	178	228	217	181	36
Finance and ICT	141	119	92	55	37
Greater Manchester Pension Fund	320	320	295	226	69
Crosscutting	56	39	8	7	1
Planned Days 2020/21	**1,200**	**1,133**	**1,100**	**841**	**259**
Counter Fraud Work and Investigations	310	387	416	356	60
Total Days 2020/21	**1,510**	**1,520**	**1,516**	**1,197**	**319**

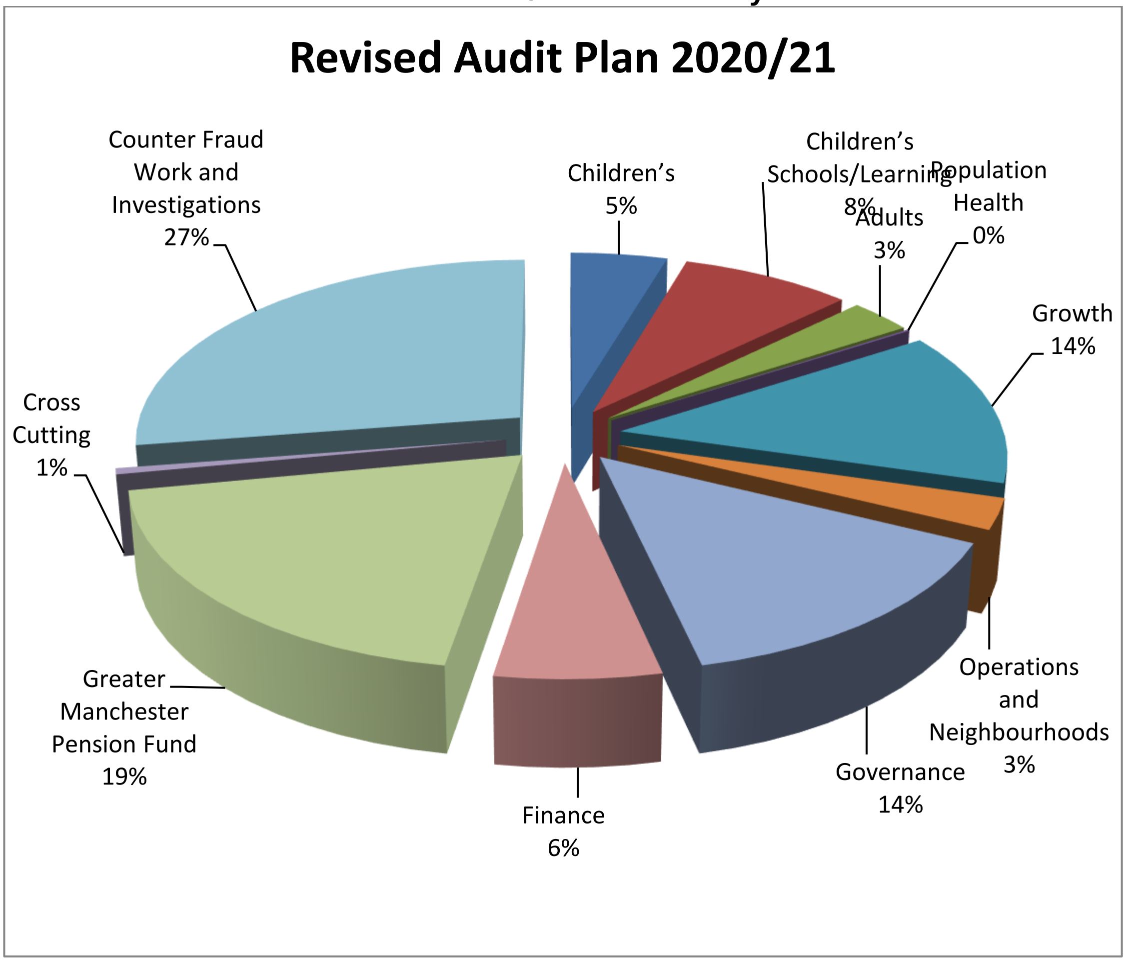
3.8 The Pie Charts below present:-

- Approved Plan 2020/21:
- Revised Plan 2020/21; and
- Actual Days to 31 January 2021.

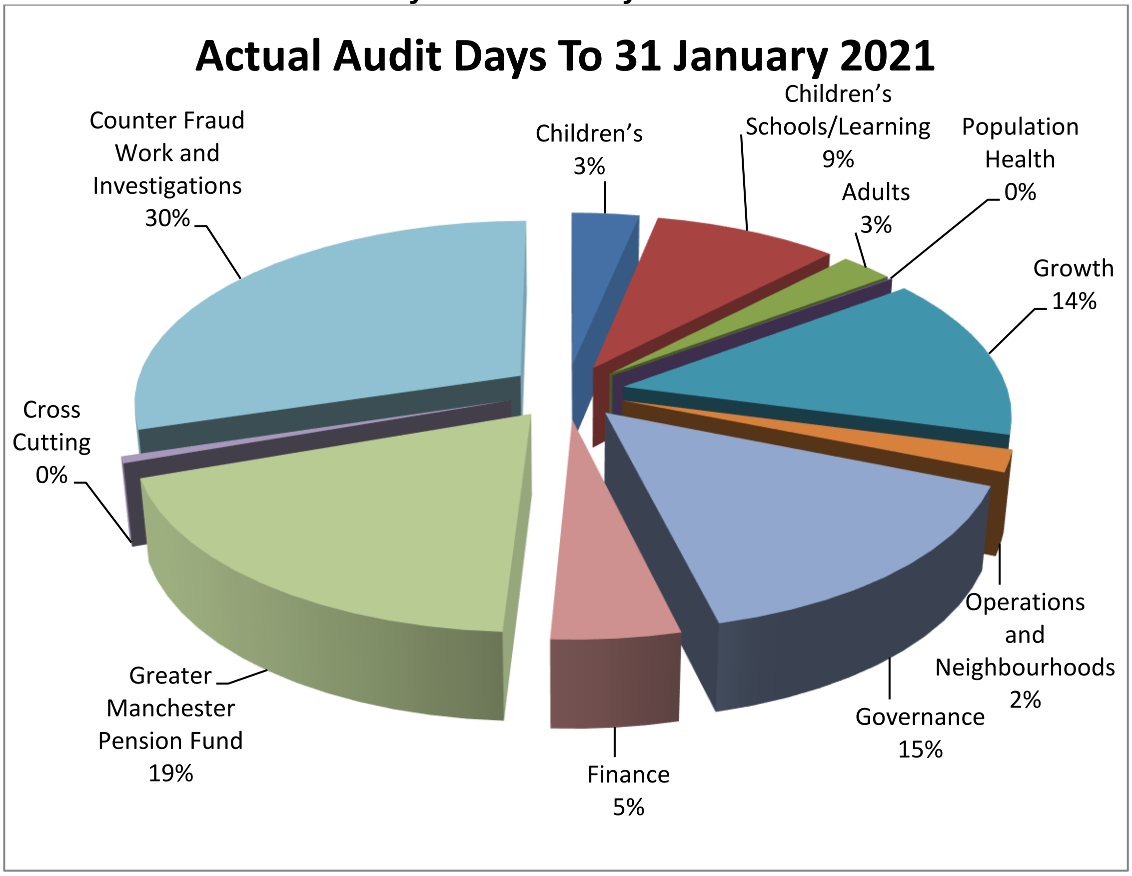
3.9 **Pie Chart 1 – Approved Audit Plan 2020/21**



3.10 **Pie Chart 2 – Revised Audit Plan 2020/21 as at January 2021**



3.11 **Pie Chart 3 – Actual Audit Days to 31 January 2021**



4. AUDIT ACTIVITY TO 31 JANUARY 2021

4.1 Five Final Reports were issued in the period from October 2020 to 31 January 2021 which brings the total to fourteen for the year to data, in relation to systems and risk based audits, the results are summarised in Table 2.

Table 2 – Final Reports System/Risk Based Audits 2020/21

Opinion	Q1	Q2	Q3	Q4	Total To Date	Total for 2019/20
High	2 (2)	0	2 (2)		4 (4)	7 (6)
Medium	1	2 (1)	3 (2)		6 (3)	14 (3)
Low	2	2	0		4	5 (1)
Totals	**5 (2)**	**4 (1)**	**5 (4)**		**14 (7)**	**26 (10)**

Note: The figures in brackets relate to Final Reports issued for the Pension Fund.

4.2 In addition to the Final Reports issued above, five Draft Reports (three in relation to audits which will be given an audit opinion and two controls reports in response to investigations undertaken) have been issued for management review and responses and these will be reported to the Panel in due course.

4.3 Not all work undertaken by the team generates an audit opinion and several pieces of work undertaken in the period fall into this category:-

- Investigation Control Reports and follow Ups;
- GMPF Assurance Work;
- Continued support has been provided to both Exchequer Services and Growth during the quarter in relation to the business support grants funded by the Government in

response to COVID-19, to ensure that the application review processes implemented were robust and designed to minimise the likelihood of fraud;
- Support to Growth in the processing of COVID-19 Discretionary Grants;
- Grant Certification Work; and
- System Sign-Offs.

4.4 Four Final Audit Report were issued in the period from October 2020 to 31 January 2021 which brings the total to nine for the year to date and the results are summarised in Table 3.

Table 3 – Final Reports Schools

Opinion	Q1	Q2	Q3	Q4	Total To Date	Total for 2019/20
High	0	2	1		3	0
Medium	1	1	2		4	12
Low	0	1	1		2	1
Totals	**1**	**4**	**4**		**9**	**13**

4.5 In addition to the final reports issued above, one further audit has been completed and the Draft Reports has been issued to the School for management review and responses and it will be reported to the Panel in due course.

4.6 Post Audit Reviews are undertaken approximately six months after the Final Report has been issued, however, where a low level of assurance is issued the Post Audit Review is scheduled for three months to ensure that the issues identified are addressed. Sixteen Post Audit Reviews have been completed during the period October 2020 to 31 January 20201 and a summary of the findings is presented in Table 4 and details the number of recommendations implemented. The percentage rate of recommendations implemented for the period is 94%. Internal Audit was satisfied with the reasons put forward by management for non-implementation of the recommendations made. A further twenty eight Post Audit Reviews are in progress which will be reported to the Panel at a future meeting.

4.7 **Table 4 – Post Audit Reviews – Recommendations Implemented**

Post Audit Reviews	Recommendations			Comments where Recommendations have not been Implemented
	Made	Implemented		
	No.	No.	%	
Lyndhurst Primary and Nursery	11	11	100	
The Heys Primary School	9	9	100	
Fairfield Road Primary and Nursery	14	14	100	
St Peters C E Primary	15	15	100	
Control Report - Misappropriation of Service Users Monies	22	22	100	
Control Report - Integrated Urgent Care Team	28	28	100	
Control Report - Waste Services Tame Street Depot	9	9	100	

Post Audit Reviews	Recommendations Made	Implemented		Comments where Recommendations have not been Implemented
	No.	No.	%	
Visit to Contributing Body - Bury College	2	2	100	
Visits to Contributing Bodies - Liverpool Hope University	4	4	100	
Hollingworth Primary and Nursery	17	16	94	The outstanding recommendation related to ICT Policy which was due to be presented to Governors after the Post audit Review was issued.
Denton Community College	18	17	94	Work is ongoing to address the issue relating to the Schools ICT Policy with the School's IT Supplier.
St Stephens R C Primary Droylsden	14	12	86	Issues relating to Cash Flow Forecasts and the School's Data Protection Policy were still being addressed by the School at the conclusion of the Post Audit Review.
Arundale Primary and Nursery	13	11	85	The outstanding recommendations relating to Cash Flow Forecasting and the Schools Financial Value Standard (SFVS) Return were being addressed by the school.
Payroll Schools	6	5	83	One issue relating to contracts was identified and is being addressed with the Payroll Team.
Social Media	6	5	83	Approval of the Social Media Policy, needs to be addressed.
Hattersley Collaboration Agreement	8	4	50	Management have agreed to implement the four outstanding recommendations which relate to the timely recovery of costs, evidence to support costs and interest calculations.
	196	**184**	**94**	

5. REVIEW OF INTERNAL AUDIT

5.1 The review of Internal Audit reported to the Audit Panel on 9 June 2020 highlighted that the service is fully compliant with the requirements of the Public Sector Internal Audit Standards (PSIAS).

5.2 The standards require a Quality Assurance and Improvement Programme to be in place and this was presented and approved by the Audit Panel on 10 March 2020. The service developments listed in Table 5 below were included for 2020/21.

Table 5 – Service Developments 2020/21

Developments	Progress Update October 2020	Progress Update January 2021
PSIAS Standard 1130 Consider allocating the formal SIRO designation to a chief officer, even if the Internal Audit Team continues to support the SIRO function.	The Risk, Insurance and Information Governance Manager commenced in post in July 2020. Appointments have been made to the two remaining vacancies in the structure, although agreed start dates are not until January 2021. The work plan will be assessed in Quarter 3 as roles and responsibilities across the new team are determined.	Work Ongoing
Consideration should be given to identifying the skills needed by the audit team to assist the Council with its current transformation programme and provide training and development opportunities to address any skills shortage.	Training is ongoing.	Training is ongoing as identified by individuals in their Annual Development Reviews. Workshops and webinars are attended as and when identified.
Do internal auditors maintain a record of their professional development and training activities?	Training is being recorded.	Training is being recorded.
To review the Post Audit Review process to consider whether the use of the Audit Management system 'Galileo' can realise any further efficiencies in the process.	This project will have to be deferred to 2021/22 due to capacity issues.	This task has now been identified as a development project for one of the Auditors and will be undertaken during 2021/22.
To finalise the review of all corporate documents relating to fraud, bribery and corruption to ensure they are fit for purpose, seeking the appropriate approval and then consider how to effectively disseminate the information to members and officers.	Ongoing.	Ongoing, documents have been drafted and are in the process of being reviewed within the team and by Legal Services.
To continue to work with the Assistant Director of Finance and the Deputy Chief Finance Officer (CCG) to	No progress due to the impact of the Coronavirus Pandemic.	No progress due to the impact of the Coronavirus Pandemic.

Developments	Progress Update October 2020	Progress Update January 2021
develop a greater understanding of the Clinical Commissioning Group's services to develop an integrated service offering.		

6. ANNUAL GOVERNANCE STATEMENT 2019/20

6.1 A review of the Annual Governance Statement Improvement Plan for 2019/20 is on the agenda as a separate item.

7 IRREGULARITIES AND COUNTER FRAUD WORK

7.1 Fraud, irregularity and whistle-blowing investigations are conducted by two members of the Internal Audit Team under the direction of a Principal Auditor and the Head of Risk Management and Audit Services to ensure consistency of approach.

7.2 All investigations and assistance cases are reported to the Standards Panel on a regular basis for challenge and comment and where appropriate further guidance and direction is provided. Liaison with Legal Services takes place on a case by case basis.

7.3 Ongoing assistance cases can range from obtaining information for an investigating officer to actually undertaking some analysis work and providing evidence for the investigatory process. This work can range from analysing expenditure records, internet usage, identification of undeclared assets and assisting other organisations to progress their investigations.

7.4 The number of cases investigated during the period April 2020 to 31 January 2021 are summarised in Table 6.

Table 6 – Investigations Undertaken from April 2020 to 31 January 2021

Detail	No. of Cases April - Nov 2020	No. of Cases April 2020 - Jan 2021
Cases B/Forward from 2019/20	8	8
Current Year Referrals	69	84
Total	**77**	**92**
Cases Closed	28	38
Cases Still under Investigation	49	54
Total	**77**	**92**
Assistance Cases	**19**	**24**

7.5 The above investigations can be categorised by fraud type as shown in the tables below. Table 7 details cases referred to Internal Audit for investigation and Table 8 concentrates on the Business Support Grants referred to Internal Audit for review and assessment.

7.6 **Table 7 – Investigations by Fraud Type**

Fraud Type	No. of Cases	Estimated Value £	Annual Savings £
Adult Social Care	7	80,322	18,404
Business Rates Fraud	75	777,905	N/A
Children's Social Care	2	-	-
Council Tax	1	-	-
Blue Badge	2	-	-
Pensions	1	5,644	-
Procurement	1	-	-
Theft	1	-	N/A
Other	2	-	-
Total	**92**	**863,891**	**18,404**

7.7 The annual savings relate to reduced or cancelled direct care packages which equate to cashable savings for the Council. The Estimated Value shows the value of the fraud and every effort is made to recover these monies.

7.8 **Table 8 – Investigation by Fraud Type – Grants to Businesses**

Fraud Type	No. of Cases	Value £	Value of Fraudulent Claims Still under Investigation £	Payments Stopped To Date £	Value of Grants being Recovered via Invoice £	Value of Grants No Fraud Found £
Business Rates	51	560,000	70,000	160,000	215,000	115,000
Discretionary	24	217,905	15,467	144,669	25,000	32,769
Total	**75**	**777,905**	**85,467**	**304,669**	**240,000**	**147,769**

7.9 With regards to the National Fraud Initiative (NFI) 2020 exercise, the matches have started to be reported back to the Council and some will be allocated to service areas for investigation and other will be managed by the Internal Audit Team. The number of matches, status of the investigation and the number of fraud/errors identified and savings will be reported to future meetings of Audit Panel.

8 NATIONAL ANTI FRAUD NETWORK DATA AND INTELLIGENCE SERVICES

8.1 NAFN exists to support members in their protection of the public purse and acts as an Intelligence Hub providing a single point of contact for members to acquire data and intelligence in support of investigations, enforcement action and debt collection. A breakdown of the membership is provided in Table 90.

Table 9 – NAFN Membership

Member Type	March 2020	June 2020	Sept 2020	Dec 2020
Local Authorities	355	353	355	356
Housing Associations	62	61	62	63
Other Public Bodies	19	19	21	24
Totals	**436**	**433**	**438**	**443**
Registered Users	13,575	13,711	13,867	14,100

8.2 Membership levels have increased for local authorities, housing associations and other public bodies, and the Membership and Communications Officer is currently processing a number of applications across all three groups.

8.3 The number of requests received during Quarters 1, 2 and 3 of 2020/21 as detailed in Table 10 below are significantly lower than the recorded figures for 2019/20, and this reflects the impact of COVID-19 on a range of central and local government services. Corporate Anti-Fraud and Trading Standards Teams have focused on data requests again in response to fraud associated with the Government COVID-19 Business Support Grants.

8.4 On a more positive note, there has been a significant increase in the number of requests received under Investigatory Powers Act (IPA). There are three reasons why this has occurred: firstly, members are seeking more communications data to support their investigations; secondly, there is no requirement to obtain judicial approval from a magistrate court; thirdly, we have expanded our membership to other wider public authorities. Overall, we are on target to meet the annual forecast for such enquiries.

8.5 Our annual Investigatory Powers Commissioner's Office (IPCO) inspection took place in November 2020 and I am pleased to report another successful outcome. The inspection report recorded a single recommendation and four observations of good practice, concluding that "This inspection has demonstrated that the National Anti-Fraud Network has attained a high level of legislative compliance in respect of acquiring communications data".

8.6 **Table 10 – NAFN Requests Received**

Type of Request	2020/21 Q1	2020/21 Q2	2020/21 Q3	2020/21 Q4	2020/21 Total	2019/20 Full Year
General Data Protection	5,162	5,988	5,980		17,130	31,294
Driver and Vehicle Licensing Agency	1,700	2,893	2,885		7,478	14,044
Investigatory Powers Act – Communications Data	335	511	538		1,384	1,725
Prevention of Social Housing Fraud Act/Council Tax Reduction Scheme	2,200	2,502	2,465		7,167	11,638
Type B (Online)	30,412	37,759	38,746		106,917	174,474
Grand Total	**39,809**	**49,653**	**50,614**		**140,076**	**233,175**

8.7 NAFN has continued to work very closely with Central Government including the Cabinet Office and the Business Energy and Industrial Strategy (BEIS) in response to COVID-19 business support grant fraud. NAFN intelligence officers are still working collaboratively with the National Investigation Service (NATIS) reporting to BEIS in relation to business support grant fraud. NAFN is proving an intelligence gathering role on behalf of its members to support this widespread fraud investigation.

8.8 In recognition of this collaborative work, the provision of intelligence to the Department for Business Energy and Industrial Strategy (BEIS), Fraud Alerts and for services provided to members in relation to Business Support Grants NAFN has been nominated for a number of awards as detailed in Table 11.

8.9 **Table 11 - NAFN Award Nomination 2020/21**

Award	Category	Status	Final Outcome
Tackling Economic Crime Awards	Outstanding Prevention Initiative Award	Finalist	Finalist
iNetwork Innovation Awards	Effective Information Sharing and Security Award	Finalist	Pending
	iStandUK Award	Finalist	Pending
	COVID-19 Response Recognition Award	Finalist	Pending
Public Sector Counter Fraud Awards	Partnership Excellence Award	Finalist	Finalist

8.10 The AGM for 2020 was successfully delivered virtually followed by a presentation from the Leadership Team on the long term strategy, including an update on service transformation. The event was well attended and feedback was very positive.

8.11 The NAFN website was updated recently to make is more user friendly, however, the Membership and Communications Officer, together with the Project Manager are about to embark on a major consultation exercise to all members regarding service transformation.

8.12 At the January 2021 Executive Board Meeting the Head of Risk Management and Audit was confirmed as the Chair for the eleventh year.

9 RECOMMENDATION

9.1 As set out on the front of the report.

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Internal Audit Plan 2020/21 - Progress Report to 31 January 2021

Activity Title	Approved Audit Plan 2020/21	Revised Plan Nov 2020	Revised Plan Jan 2021	Jan 2021
CHILDREN'S				
Safeguarding	15.00	0.00	0.00	0.00
Childrens Homes - Review of Expenditure	0.00	0.00	15.00	0.90
Procurement of Placements for Children	20.00	20.00	20.00	14.19
Budgetary Control/Financial Management	0.00	0.77	0.90	0.80
Troubled Families	15.00	10.00	0.00	0.00
Conference and Review Process	15.00	15.00	0.00	0.00
Sign Off Early Years Module	0.00	5.30	5.94	5.94
PAR - Control Report Electronic Signatures	0.00	2.80	2.80	1.90
PAR - Budgetary Control/Financial Management	0.00	5.70	10.00	6.46
PAR - Troubled Families	0.00	1.50	1.50	1.10
Planning and Control	6.00	6.00	6.00	4.80
Advice and Support	2.00	2.00	7.70	2.63
Post Audit Reviews - Childrens	7.00	0.00	0.00	0.00
TOTALS	**80.00**	**69.07**	**69.84**	**38.73**
SCHOOLS/LEARNING				
Greenfield Primary and Nursery	6.00	0.00	0.00	0.00
Pinfold Primary and Nursery	6.00	0.00	0.00	0.00
Arundale Primary and Nursery	0.00	0.10	0.98	0.98
Arlies Primary and Nursery	6.00	0.00	0.00	0.00
Broadbent Fold Primary	6.00	8.60	9.00	8.88
Audenshaw Primary School	6.00	8.60	9.00	8.80
Russell Scott Primary	6.00	0.00	0.00	0.00
Livingstone Primary	6.00	0.00	0.00	0.00
Aldwyn Primary	6.00	0.00	0.00	0.00
Greswell Primary and Nursery	0.00	2.82	2.90	2.80
Hurst Knoll C E Primary	6.00	7.00	9.50	9.12
St Georges C E Primary - Hyde	0.00	2.74	2.80	2.80
St Pauls R C Primary and Nursery Hyde	6.00	7.00	0.00	0.00
St James R C Primary and Nursery Hattersley	6.00	7.00	8.00	7.38
St Marys R C Primary Denton	6.00	0.00	0.00	0.00
St Peters RC Primary and Nursery Stalybridge	6.00	7.00	0.00	0.00
St Raphaels R C Primary	6.00	0.00	0.00	0.00
St Stephens C E Primary Audenshaw	2.50	1.67	1.70	1.70
Canon Burrows C E Primary	0.00	2.55	2.90	2.90
Lady Of Mount Carmel	2.50	1.98	1.90	1.90
Mossley Hollins High	0.00	10.00	0.00	0.00
Hyde Community College	10.00	0.00	0.00	0.00
Alder Community High School	10.00	0.00	0.00	0.00
Oakdale (2 Sited School)	2.50	4.75	4.50	4.50
St.Georges C E Primary Mossley	6.00	7.00	0.00	0.00
Placements for Children with SEN	15.00	0.00	0.00	0.00
Music Service - System Sign Off	0.00	7.73	7.70	7.70
Free School Meal Vouchers	0.00	0.00	8.52	8.52

System Sign Off - Access Education	0.00	0.00	5.00	0.00
Mossley Hollins High - Grant Assurance Work	0.00	2.58	2.60	2.60
PAR - Hollingworth Primary and Nursery	0.00	1.30	1.60	1.60
PAR - Arundale Primary and Nursery	0.00	1.50	1.10	1.10
PAR - Lyndhurst Primary and Nursery	0.00	1.50	1.07	1.07
PAR - The Heys Primary School	0.00	1.75	1.52	1.52
PAR - Fairfield Road Primary and Nursery	0.00	1.80	1.27	1.27
PAR - Greswell Primary and Nursery	0.00	0.00	1.00	0.00
PAR - Ravensfield Primary	0.50	0.00	0.00	0.00
PAR - St Peters C E Primary	0.00	0.95	1.07	1.07
PAR - St Stephens C E Primary Audenshaw	0.00	0.00	1.50	0.00
PAR - St Stephens R C Primary Droylsden	0.00	1.80	1.80	2.50
PAR - St Christophers R C Primary	0.50	0.00	2.50	0.00
PAR - Lady of Mount Carmel	0.00	0.00	1.00	0.00
PAR - Denton Community College	0.00	1.30	1.07	1.07
PAR - Cromwell High School	0.50	0.00	0.00	0.00
PAR - Payroll - Schools	0.00	1.65	1.33	1.33
PAR - Pupil Referral Service	0.00	2.00	2.00	1.81
Planning and Control	10.00	10.00	14.00	10.30
Advice and Support	12.00	10.00	13.00	11.28
Post Audit Review	25.00	0.00	0.00	0.00
TOTALS	**181.00**	**124.67**	**123.83**	**106.51**
ADULTS				
Nursing and Residential Home Contractual Arrangements/Payments	0.00	10.45	10.45	6.40
System Sign Off - Rosta System	0.00	1.50	1.23	1.23
Home Care	15.00	0.00	0.00	0.00
Out Of Hours	15.00	0.00	0.00	0.00
Learning Disabilities Client Accounts	15.00	0.00	0.00	0.00
Contract Monitoring - Care Homes	15.00	15.00	15.00	10.30
Control Report - The Woodlands Care Home	0.00	0.00	2.50	1.53
PAR - Information Incident - Care Homes	0.50	0.56	0.60	0.60
PAR - Control Report Misappropriation of Monies	0.50	0.00	0.35	0.35
PAR - Investigation Security Incident	0.50	1.60	1.60	0.34
PAR - Locality Teams - Care Management	0.00	0.80	0.80	0.59
PAR - Control Report Integrated Urgent Care	1.50	1.05	1.52	1.52
PAR - Homemaker Service	0.00	1.95	2.00	1.83
Planning and Control	5.00	5.00	5.00	3.40
Advice and Support	8.00	5.00	5.00	3.40
Post Audit Reviews	6.00	0.00	0.00	0.00
TOTALS	**82.00**	**42.91**	**46.05**	**31.48**
POPULATION HEALTH				
Active Tameside	0.00	0.50	0.50	0.20
Contract Monitoring - Sexual Health	15.00	0.00	0.00	0.00
PAR - Health Visiting Service	1.00	0.50	0.10	0.10
Planning and Control	3.00	1.50	1.50	0.88
Advice and Support	1.00	0.50	0.30	0.00
Post Audit Reviews	2.00	0.00	0.00	0.00
TOTALS	**22.00**	**3.00**	**2.40**	**1.18**

GROWTH				
Capital Projects - Education	0.00	4.25	3.27	3.27
Capital Projects - Hyde Community College	0.00	19.00	19.00	18.83
Capital Project - Control Report Hyde Community College	0.00	8.00	15.00	10.64
Monitoring of the Facilities Management Contract	15.00	0.00	0.00	0.00
Monitoring Of The Catering Contract	15.00	0.00	0.00	0.00
Hattersley Collaboration Agreement	0.00	6.50	6.54	6.54
Hattersley Collaboration Agreement	5.00	5.90	5.90	2.26
Planning Process	0.00	0.76	0.80	0.80
Planning - System Sign Off	0.00	8.74	8.70	8.70
Building Control	15.00	0.00	0.00	0.00
Disabled Facilities Grant	3.00	0.00	0.00	0.00
Advice - Discretionary Grant Fund	0.00	17.87	17.90	17.90
Processing Discretionary Grants	0.00	60.16	60.10	60.10
Advice - Local Restrictions Support Grant and Additional Restrictions Grant - Discretionary	0.00	0.00	17.00	14.13
Processing - Local Restrictions Support Grant and Additional Restrictions Grant - Discretionary	0.00	0.00	34.00	19.80
Post Payment Assurance Plan - Discretionary Business Grants	0.00	0.00	5.00	3.07
PAR - Capital Projects Education	0.00	4.00	0.00	0.00
PAR - Hattersley Collaboration Agreement	0.00	1.01	1.50	1.50
PAR - Hattersley Collaboration Agreement 18/19	0.00	1.70	1.50	0.00
PAR - Planning Process	0.00	1.50	1.50	0.00
PAR - Section 106 Agreements, Developer Levy and Community Infrastructure Levy	2.00	2.00	2.00	0.30
Planning and Control	5.00	3.00	3.00	2.29
Advice and Support	6.00	2.71	2.50	0.70
Post Audit Reviews	8.00	0.00	0.00	0.00
TOTALS	**74.00**	**147.10**	**205.21**	**170.83**

OPERATIONS AND NEIGHBOURHOODS				
System Sign Off - Transys	0.00	0.00	8.00	3.33
Markets - System Sign Off	0.00	6.25	6.25	0.82
Control Report - Waste Collection	0.00	0.00	6.00	4.99
Control Report - A Bed Each Night (ABEN)	0.00	0.00	5.00	0.82
Health and Safety	15.00	0.00	0.00	0.00
Tame Street Garage	15.00	15.00	0.00	0.00
Local Authority Bus Subsidy Grant	2.00	1.55	1.50	1.50
Welfare Rights System Sign Off	5.00	0.00	0.00	0.00
Accident Reporting System Sign Off	4.00	0.00	0.21	0.21
PAR - Stores and Stock Control	0.00	2.50	4.00	3.65
PAR - Control Report Youth Service	0.50	0.56	0.50	0.50
PAR - Control Report Tame Street	0.50	0.56	0.50	0.50
PAR - Control Report Waste Services	0.50	1.20	0.60	0.60
PAR - Provision of Integrated Transport Service	3.50	3.50	0.24	0.24
PAR - Youth Service	0.00	0.63	0.60	0.60
Planning and Control	5.00	5.00	4.00	2.58
Advice and Support	5.00	3.00	4.00	2.95
Post Audit Reviews	10.00	0.00	0.00	0.00
TOTALS	**66.00**	**39.75**	**41.40**	**23.29**

GOVERNANCE				
Direct Payments	15.00	15.00	0.00	0.00
Determination and Recovery of Adult Service Care and Support Charges	0.00	0.79	0.80	0.80
Clients Financial Affairs - Deputyships and Appointeeships	15.00	0.00	0.00	0.00
Control Report - Raising Council Tax Bills	1.00	0.00	0.00	0.00
Review of Financial Systems - Housing Benefits	4.00	20.20	5.20	5.20
Deferred Payment Scheme	10.00	10.00	2.48	2.48
Award of Grants to Businesses	0.00	7.20	7.20	7.20
Processing Grants to Businesses	0.00	44.79	44.80	44.80
Capita System Review (Salford)	10.00	10.70	5.00	2.60
Advice - Test and Trace Support Payments	0.00	5.20	6.10	6.10
Advice - Local Restrictions Support Grants	0.00	0.00	9.67	9.67
Advice - Wet-Led Pubs Grant	0.00	0.00	3.50	3.50
Post Payment Assurance Plan Business Grants	0.00	0.00	6.00	5.53
Registrars Financial Audit	4.00	3.30	4.00	3.94
Members Allowances - Publication	2.00	2.00	2.59	2.59
Control Report Information Incident	0.00	1.50	1.50	0.00
Advice and Support - Water Interface	0.00	0.60	0.00	0.00
Procure to Pay System	15.00	17.55	23.00	22.00
Payroll System	15.00	15.00	20.00	17.52
Car Allowances Annual Review	2.00	2.00	2.16	2.16
i TRENT Self Service	10.00	8.10	8.10	3.36
Payroll - External Audit Checks	6.00	0.00	0.00	0.00
Agresso Upgrade	0.00	5.50	4.30	4.30
Review of Bank Holiday Pay	0.00	0.00	0.00	0.00
Duplicate Payment Exercise	0.00	1.00	2.50	2.16
Looked After Children's Health	0.00	3.48	3.50	3.50
ICS Data Checks	10.00	10.00	0.00	0.00
PAR - Determination and Recovery of Adult Service Care and Support Charges	0.00	3.00	3.50	0.96
PAR - Control Report - NNDR Fraud	0.00	0.30	1.50	0.00
PAR - Softbox	0.00	1.75	1.75	0.70
PAR - Apprenticeship Levy	0.00	1.39	1.40	1.40
PAR - Review of Bank Holiday Pay	0.00	1.50	1.50	0.65
PAR - Liquid Logic	0.00	0.55	1.00	0.60
PAR - Social Media	0.00	0.70	1.34	1.34
PAR - Looked After Children's Health	0.00	3.00	3.00	0.68
Planning and Control	13.00	12.00	13.00	7.69
Advice and Support	26.00	20.00	26.50	17.97
Post Audit Reviews	20.00	0.00	0.00	0.00
TOTALS	**178.00**	**228.10**	**216.89**	**181.37**
FINANCE				
Information Governance	15.00	0.00	0.00	0.00
Business Continuity	15.00	0.00	0.00	0.00
Review of Financial Systems - General Ledger	4.00	20.00	20.00	19.91
George Byron Trust Audit of Accounts 2019/20	0.00	0.00	1.22	1.22
External Audit Checks - General Expenditure	1.00	0.76	0.80	0.80
External Audit Checks - General Expenditure	10.00	0.00	0.00	0.00

Fixed Asset Register - Sign Off	0.00	0.42	0.40	0.40
Fixed Asset Valuations	5.00	0.00	0.00	0.00
Third Party Supplier Management	0.00	0.93	0.90	0.90
ICT Business Continuity and Disaster Recovery	19.00	19.00	3.00	2.67
Network Security	10.00	10.00	7.00	1.80
Access Control Management	10.00	10.00	5.00	2.00
Vulnerability Management	10.00	10.00	5.00	0.80
Cooperative Network Infrastructure (CNI)	10.00	18.95	18.95	8.68
PAR - Bank Reconciliation Procedures	0.00	2.04	2.00	2.00
PAR - VAT	0.00	0.00	0.00	0.00
PAR - Income Management	0.00	1.50	1.50	0.00
PAR - Control Report Purchase Cards/P. Cash	0.00	1.50	1.50	0.00
PAR - Cyber Security/ISO 27001 Gap Analysis	0.00	1.54	1.60	1.50
PAR - Third Party Supplier Management	0.00	1.50	1.50	0.00
Second PAR - Cyber Security Review	0.00	1.20	1.20	0.35
Planning and Control	10.00	10.00	10.00	7.63
Advice and Support	10.00	10.00	10.00	4.05
Post Audit Reviews	12.00	0.00	0.00	0.10
TOTALS	**141.00**	**119.34**	**91.57**	**54.80**
GREATER MANCHESTER PENSION FUND				
Ill Health Insurance Arrangement	10.00	10.00	10.00	4.46
Debtors	15.00	15.00	0.00	0.00
PAR - Creditors	0.00	2.50	2.50	1.40
Agresso Upgrade	0.00	0.00	2.10	2.10
Custodian Arrangements	15.00	15.00	15.00	2.14
Local Investments	15.00	15.00	15.00	3.07
Compliance Function	15.00	0.00	0.00	0.00
Control Report - Pension Overpayment	0.00	0.50	0.30	0.30
Information Governance/GDPR	3.00	17.50	17.10	17.10
Pension Benefits Payable	15.00	20.50	21.15	21.15
Cyber Security Review (Salford)	10.00	10.00	5.00	3.64
Fund Manager - Stone Harbor	15.00	15.00	15.00	0.42
Transfers Out	10.00	13.80	16.00	15.44
i Connect	15.00	31.00	32.24	32.24
System Sign Off - iKen System	0.00	0.00	5.00	1.13
Altair - Administration to Payroll Upgrade	10.00	10.00	0.00	0.00
Transfer of Assets to New Custodian	2.00	2.45	0.47	0.47
Retirement Process	11.00	12.20	12.08	12.08
My Pension (Salford)	0.00	6.00	8.00	7.27
MS 365 (Salford)	0.00	5.00	8.00	6.85
Pen Test (Salford)	0.00	0.00	2.00	2.00
Control Report - Pension Overpayment - BN	0.00	0.24	0.30	0.30
Information Security Incident	0.00	0.44	0.40	0.40
Visit To Contributing Body - Oldham MBC	0.00	12.00	20.00	18.80
Visit To Contributing Body - Salford CC	0.00	8.70	10.00	9.50
Visits to Contributing Bodies - Jigsaw Homes	0.00	8.80	10.00	7.98
Visit to Contributing Body - University of Bolton	0.70	1.50	1.29	1.29
Visit to Contributing Body - APS Global	0.90	0.00	0.00	0.00
Visits to Contributing Bodies - Liverpool Hope University	0.70	0.10	0.10	0.10

Visits to Contributing Bodies - University of Manchester	0.50	1.35	1.40	1.40
PAR - Visit To Contributing Body - Bury BC	1.20	0.00	0.00	0.00
PAR - Visits to Contributing Bodies - Sodexo	0.00	1.57	1.50	1.50
PAR - Visits to Contributing Bodies - GMCA	0.00	1.54	1.60	1.60
PAR - Visit to Contributing Body - APS Global	0.00	1.15	1.15	0.30
PAR - Visit to Contributing Body - Bury College	0.00	1.50	1.07	1.07
PAR - Visits to Contributing Bodies - Liverpool Hope University	0.00	1.20	0.83	0.83
PAR - Visits to Contributing Bodies - University of Manchester	0.00	1.20	1.50	0.00
PAR - Visit to Oldham MBC	0.00	2.00	2.00	0.84
PAR - First Bus Asset Transfers	0.00	0.50	0.50	0.00
PAR - GLIL	0.00	1.30	1.30	0.77
NFI Data Matching	5.00	2.45	2.45	1.20
Irregularity Investigations	0.00	0.50	0.50	0.00
Visits to Contributing Bodies	75.00	12.00	0.00	5.24
Planning and Control	20.00	20.00	20.00	16.04
Advice and Support	25.00	25.00	25.00	20.19
Advice and Support - Target Address Tracing	0.00	1.51	1.50	1.50
Advice and Support - Mercer Tax Sessions	0.00	0.00	0.44	0.44
Computer Audit Advice	10.00	3.00	3.00	1.14
Post Audit Reviews	20.00	9.00	0.00	0.00
TOTALS	**320.00**	**320.00**	**294.77**	**225.68**
CROSS CUTTING				
Rochdale STAR Audit - New Supplier Set Up	0.00	2.50	2.00	1.50
UK Mail - Advice and Support	1.00	1.50	2.00	1.70
Contingency for GMCAuthority - Grant Work	10.00	0.00	0.00	0.00
Interims, Consultants and Compliance with IR35	15.00	15.00	3.68	3.68
Procurement Work - STAR	20.00	20.00	0.00	0.00
Audit of Final Accounts	10.00	0.00	0.00	0.00
TOTALS	**56.00**	**39.00**	**7.68**	**6.88**

TOTAL PLANNED DAYS 2020/21	**1,200**	**1,133**	**1,100**	**841**

COUNTER FRAUD AND INVESTIGATIONS	**310**	**387**	**416**	**356**

TOTAL AUDIT DAYS 2020/21	**1,510**	**1,520**	**1,516**	**1,197**

APPENDIX 1

Variance	Status	Level of Assurance
0.00	Rescheduled to 2021/22	
14.10	Work in Progress	
5.81	Work in Progress	
0.10	Final Report Issued	Low
0.00	Cancelled for 2020/21	
0.00	Rescheduled to 2021/22	
0.00	Completed	
0.90	Work in Progress	
3.54	Work in Progress	
0.40	Work in Progress	
1.20	Ongoing	
5.07	Ongoing	
0.00	Allocated	
31.11		
0.00	N/A - Academy	
0.00	N/A - Pipeline Academy	
0.00	Completed	Medium
0.00	Rescheduled to 2021/22	
0.12	Final Report Issued	Medium
0.20	Final Report Issued	High
0.00	Rescheduled to 2021/22	
0.00	Rescheduled to 2021/22	
0.00	Rescheduled to 2021/22	
0.10	Final Report Issued	Medium
0.38	Draft Report Issued	
0.00	Completed	Low
0.00	Rescheduled to 2021/22	
0.62	Work in Progress	
0.00	Rescheduled to 2021/22	
0.00	Rescheduled to 2021/22	
0.00	Rescheduled to 2021/22	
0.00	Final Report Issued	High
0.00	Final Report Issued	Low
0.00	Final Report Issued	High
0.00	N/A - Pipeline Academy	
0.00	N/A - Pipeline Academy	
0.00	N/A - Pipeline Academy	
0.00	Final Report Issued	Medium
0.00	N/A - Academy	
0.00	Cancelled	
0.00	Completed	
0.00	Completed	

5.00	Q4	
0.00	Completed	
0.00	Completed	
0.00	Completed	
0.00	Completed	
0.00	Completed	
0.00	Completed	
1.00	Q4	
0.00	Completed	
0.00	Completed	
1.50	Q4	
-0.70	Completed	
2.50	Completed	
1.00	Q4	
0.00	Completed	
0.00	Completed	
0.00	Completed	
0.19	Work in Progress	
3.70	Ongoing	
1.72	Ongoing	
0.00	Allocated	
17.32		
4.05	Work In Progress	
0.00	Completed	
0.00	Rescheduled to 2021/22	
0.00	Rescheduled to 2021/22	
0.00	Cancelled for 2020/21	
4.70	Work In Progress	
0.97	Work In Progress	
0.00	Completed	
0.00	Completed	
1.26	Work In Progress	
0.21	Work In Progress	
0.00	Completed	
0.17	Work In Progress	
1.60	Ongoing	
1.60	Ongoing	
0.00	Allocated	
14.57		
0.30	Draft Report Issued	
0.00	Rescheduled to 2021/22	
0.00	Suspended	
0.62	Ongoing	
0.30	Ongoing	
0.00	Allocated	
1.22		

0.00	Final Report Issued	Low
0.17	Suspended	
4.36	Draft Report issued	
0.00	Rescheduled to 2021/22	
0.00	Rescheduled to 2021/22	
0.00	Completed	
3.64	Work In Progress	
0.00	Final Report Issued	Medium
0.00	Completed	
0.00	Rescheduled to 2021/22	
0.00	Cancelled	
0.00	Completed	
0.00	Completed	
2.87	Work In Progress	
14.20	Work In Progress	
1.93	Work In Progress	
0.00	Rescheduled to 2021/22	
0.00	Completed	
1.50	Q4	
1.50	Q4	
1.70	Work In Progress	
0.71	Ongoing	
1.80	Ongoing	
0.00	Allocated	
34.38		

4.67	Work in Progress	
5.43	Work in Progress	
1.01	Draft Report Issued	
4.18	Work in Progress	
0.00	Cancelled for 2020/21	
0.00	Cancelled for 2020/21	
0.00	Rescheduled for 2021/22	
0.00	Rescheduled for 2021/22	
0.00	Cancelled for 2020/21	
0.35	Work in Progress	
0.00	Completed	
0.00	Completed	
0.00	Completed	
0.00	Rescheduled for 2021/22	
0.00	Completed	
1.42	Ongoing	
1.05	Ongoing	
0.00	Allocated	
18.11		

0.00	Rescheduled to 2021/22	
0.00	Final Report Issued	Low
0.00	Cancelled for 2020/21	
0.00	Completed	
0.00	Rescheduled to 2021/22	
0.00	Cancelled for 2020/21	
0.00	Completed	
0.00	Completed	
2.40	Work in Progress	WIP
0.00	Completed	
0.00	Completed	
0.00	Completed	
0.47	Work in Progress	
0.06	Draft Report Issued	
0.00	Completed	
1.50	Work in Progress	
0.00	Completed	
1.00	Work In Progress	
2.48	Work In Progress	
0.00	Completed	
4.74	Work in Progress	
0.00	See Payroll Audit	
0.00	Completed	
0.00	Final Report Issued	
0.34	Work in Progress	
0.00	Final Report Issued	Low
0.00	Rescheduled to 2021/22	
2.54	Work in Progress	
1.50	Q4	
1.05	Work in Progress	
0.00	Completed	
0.85	Q4	
0.40	Work in Progress	
0.00	Completed	
2.32	Work in Progress	
5.31	Ongoing	
8.53	Ongoing	
0.00	Allocated	
35.52		
0.00	Rescheduled to 2021/22	
0.00	Rescheduled to 2021/22	
0.09	Final Report Issued	Medium
0.00	Completed	
0.00	Completed	
0.00	Cancelled for 2020/21	

0.00	Completed	
0.00	Completed	
0.00	Final Report Issued	Medium
0.33	Work in Progress	
5.20	Work in progress	
3.00	Work in Progress	
4.20	Work in Progress	
10.27	Work In Progress	
0.00	Completed	
0.00	Completed	
1.50	Q4	
1.50	Q4	
0.10	2nd PAR in progress	
1.50	Q4	
0.85	Work in Progress	
2.37	Ongoing	
5.95	Ongoing	
-0.10	Allocated	
36.77		
5.54	Work in Progress	
0.00	Rescheduled to 2021/22	
1.10	Work in Progress	
0.00	Completed	
12.86	Work in Progress	
11.93	Work in Progress	
0.00	Rescheduled to 2021/22	
0.00	Cancelled or Suspended	
0.00	Final Report Issued	Medium
0.00	Final Report Issued	Medium
1.36	Work in Progress	
14.58	Work in Progress	
0.56	Draft Report Issued	
0.00	Completed	
3.87	Work in Progress	
0.00	Rescheduled to 2021/22	
0.00	Completed	
0.00	Final Report Issued	High
0.73	Work In Progress	
1.15	Work in Progress	
0.00	Completed	
0.00	Cancelled or Suspended	
0.00	Completed	
1.20	Work in Progress	
0.50	Work in Progress	
2.02	Work in Progress	
0.00	Final Report Issued	High
0.00	Final Report Issued	High
0.00	Final Report Issued	High

0.00	Final Report Issued	Medium
0.00	Completed	
0.00	Completed	
0.00	Completed	
0.85	Work in Progress	
0.00	Completed	
0.00	Completed	
1.50	Work in Progress	
1.16	Work in Progress	
0.50	Q4	
0.53	Work in Progress	
1.25	Work in Progress	
0.50	Ongoing	
-5.24	Allocated As Needed	
3.96	Ongoing	
4.81	Ongoing	
0.00	Completed	
0.00	Completed	
1.86	Ongoing	
0.00	Allocated	
69.09		
0.50	Work In Progress	
0.30	Work In Progress	
0.00	Cancelled for 2020/21	
0.00	Cancelled for 2020/21	
0.00	Rescheduled to 2021/22	
0.00	Deferred	
0.80		
259		
60		
319		