

**Committee:** SHARED REVENUES AND BENEFITS SERVICE JOINT COMMITTEE

**Date:** TUESDAY, 27<sup>TH</sup> JUNE 2017

**Venue:** FUNCTION ROOM, FIRST FLOOR, TOWN HALL, LANCASTER ROAD,  
PRESTON PR1 2RL

**Time:** 4.30 P.M.

## A G E N D A

### **PART A (Open to Press and Public)**

1. **Appointment of Chair and Vice-Chair**

To receive nominations for the appointment of a Chair and Vice-Chair of the Shared Revenues and Benefits Service Joint Committee for the 2017/18 Municipal Year.

2. **Chair's Announcements**

- Fire Procedures / Mobile Phones / Rest Rooms
- *"Members of the Public, committee members and officers are reminded that under the Openness of Local Government Bodies Regulations 2014, the press and Public may film, audio record, photograph and use social media whilst the meeting is in progress, for Part A items only, and as long as no disruption is caused to the meeting. Anyone filming is asked to focus their attention on elected members rather than other visitors".*  
(To be read out if visitors present).

3. **Notification of Substitute Members (if any)**

4. **Declarations of Interests**

To receive any declarations of interest from Members.

5. **Minutes** (Pages 1 - 2)

To confirm the minutes of the Shared Revenues and Benefits Service Joint Committee meeting held on 14<sup>th</sup> February 2017.

6. **Shared Service Annual Governance Statement 2016/17** (Pages 3 - 10)

Report enclosed.

7. **Shared Service - (Unaudited) Annual Statement of Accounts 2016/17** (Pages 11 - 26)

Report enclosed.

8. **Shared Service - Business Plan 2017** (Pages 27 - 53)

Report enclosed.

9. **Date of Next Meeting**

The next meeting of the Shared Revenues and Benefits Service Joint Committee will be held on Tuesday 12 December at 4.30 pm in the Lancaster City Council offices.

**Queries regarding this Agenda**

Please contact Julie Grundy, Head of Member Services, Preston City Council.

## Shared Revenue and Benefits Service Joint Committee

---

### Shared Revenue and Benefits Service Joint Committee 14 February 2017

#### Present:

Councillor Rawlinson	– Chair, Cabinet Member for Resources, Preston City Council
Councillor Whitehead	– Vice-Chair, Cabinet Member for Finance, Revenues and Benefits, Lancaster City Council
Councillor Blamire	– Leader of Lancaster City Council
Councillor Rankin	– Leader of Preston City Council

#### Also in attendance:

Mr A Robinson	– Head of Shared Service/Deputy Director
Ms N Muschamp	– Chief Officer (Resources)/Section 151 Officer, Lancaster City Council
Ms J Wilding	– City Treasurer/Section 151 Officer, Preston City Council
Mr S Cox	– Principal Accountant, Preston City Council
Ms D Chambers	– Democratic Services Manager/Monitoring Officer, Lancaster City Council

#### SRB11 Chair's Announcements

There were none.

#### SRB12 Notification of Substitute Members (if any)

There were none.

#### SRB13 Declarations of Interests

There were none.

## Shared Revenue and Benefits Service Joint Committee

---

### SRB14 Minutes

**Resolved** – That the minutes of the meeting of the Shared Revenues and Benefits Service held on 20 June 2016, be noted and signed as a correct record.

### SRB15 Date of Next Meetings

The next meeting of the Shared Revenues and Benefits Joint Committee would be due in July, actual date to be arranged.

### SRB16 Exclusion of the Press and Public

**Resolved** - “That the public be excluded from this meeting during consideration of the following item of business on the grounds that there is likely to be disclosure of exempt information which is described in the paragraphs of Schedule 12A to the Local Government Act 1972 which are specified against the heading to the item, and that in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing it.”

### SRB17 Shared Service Budget 2017/18 - Revenues and Benefits (Paragraph 3)

The Deputy Director of Customer Services (Head of Revenues and Benefits Shared Service) submitted a report on the Shared Service, in line with the Shared Service Agreement between Lancaster City Council and Preston City Council, providing the latest budget monitoring 2016/17 to enable the Joint Committee to approve the budget for 2017/18. The Principal Accountant (Preston City Council) presented the report to Members.

**Resolved** – That the Joint Committee:

- (i) Noted the latest budget monitoring for the Shared Service as detailed in Appendix A to the report;
- (ii) approved the budget for 2017/18 for the Shared Service as detailed in Appendix B to the report; and
- (iii) delegated to the S151 Officers of each Council (by agreement), to determine the cost sharing ratio for contributions to and from the overall Shared Service budget.

<b>Report to Joint Committee</b> <b>Meeting to be held on 27<sup>th</sup> June 2017</b>	<b>Electoral Ward Affected</b> <b>ALL</b>
<b>Report submitted by: Director of Corporate Services (Preston City Council)</b>	
<b>SHARED SERVICE – ANNUAL GOVERNANCE STATEMENT 2016/17</b> <b>Revenues &amp; Benefits (Appendix A refers)</b>	

## 1. Summary

- 1.1 This report informs Members on the content of the Annual Governance Statement for 2016/17. The Annual Governance Statement is set out in **Appendix A**.

## 2. Decision Required

- 2.1 Joint Committee Members are asked to approve the Annual Governance Statement as set out in **Appendix A** to this report.

## 3. Information

- 3.1 The Accounts and Audit (England) Regulations 2011, paragraph 4(3) (b) requires the relevant body or committee to approve an Annual Governance Statement, prepared in accordance with proper practices in relation to internal control. This statement should then accompany the Annual Statement of Accounts.
- 3.2 The Regulations provide that the Annual Governance Statement must be approved at a meeting of the authority or delegated committee.
- 3.3 The Framework Guidance states that the Governance Statement should cover all the significant corporate systems, processes and controls, spanning the whole range of the authority's activities, including in particular those designed to ensure that:
- The authority's policies are implemented in practice
  - High quality services are delivered efficiently and effectively
  - The authority's values and ethical standards are met
  - Laws and regulations are complied with
  - Required processes are adhered to
  - Financial statements and other published performance indicators are accurate and reliable
  - Human, financial, environmental and other resources are managed efficiently and effectively

- 3.4 In reviewing the internal controls and subsequently approving the Annual Governance Statement for 2016/17, Joint Committee Members will require assurances on the effectiveness of the governance framework and how this addresses the key risks faced by the partner authorities.
- 3.5 In order to provide that assurance, the Annual Governance Statement has been produced in accordance with the guidance and best practice contained within the Framework Guidance contained in the CIPFA/SOLACE publication “Delivering Good governance in Local Government” and is set out in **Appendix A** to this report.
- 3.6 A summary table documenting recent audit work undertaken in relation to the Shared Service is provided in **Appendix B** as further assurance.

#### **4. Implications**

- 4.1 The Regulations provide that the Annual Governance Statement accompanies the Annual Statement of Accounts.
- 4.2 All financial implications are reflected in the Annual Statement of Accounts that accompanies this report.

#### **5. Impact Statement**

- 5.1 Good governance leads to good management, good performance, good stewardship of public money, good public engagement and ultimately good outcomes for citizens and service users. It enables the authority to pursue its vision effectively as well as underpinning that vision with mechanisms for control and management of risk. The Governance Statement provides the citizens and service users with evidence of the effectiveness of the Shared Service/Partnership governance arrangements.

#### **Background Documents:**

Background documents open to inspection in accordance with Section 100D of the Local Government Act 1972:

Paper	Date	Contact/Directorate/Ext
“Delivering Good Governance in Local Government - Framework” (CIPFA/SOLACE)	2016	Caron Parmenter Monitoring Officer Tel: 01772 906373

#### **Contact for further information:**

Ally Brown	01772 906392	Director of Corporate Services
------------	--------------	--------------------------------

**REVENUES & BENEFITS SHARED SERVICE  
ANNUAL GOVERNANCE STATEMENT  
2016/17**

**1. Scope of Responsibility**

1.1 The role of the Shared Revenues and Benefits Service Joint Committee (“the Joint Committee”) (under S101(5) and S102 of the Local Government Act 1972 and S20 of the Local Government Act 2000 and all other enabling powers) is to discharge the functions delegated to it by the Executives of Preston City and Lancaster City Councils as specified in the Shared Revenues and Benefits Service Agreement (“the Agreement”). The Terms of Reference of the Joint Committee require;

- That those delegated functions relating to Revenues and Benefits are delivered through the Joint Committee within the budget and to agreed standards;
- That Preston City Council and Lancaster City Council remain fully informed and engaged

To this end the Joint Committee requires robust reporting and performance management arrangements in place that meet the requirements of each partner authority.

1.2 The CIPFA/SOLACE Code of Corporate Governance (“the Code”) is designed for local authorities and other public bodies which engage directly with the community. The Joint Committee’s lines of communication and accountability are different, but the principles of the Code apply. To this extent, the Joint Committee is responsible, jointly with the partner authorities, for ensuring that there are sound systems of internal control in place to facilitate the effective exercise of their functions. These include arrangements for the management of risks and for maintaining high standards of corporate governance.

**2. The Purpose of the Governance Framework**

2.1 The governance framework outlines the systems, processes, culture and values by which the Joint Committee is directed and controlled, to ensure a quality, cost effective service is delivered to each partner authority.

2.2 The Joint Committee is not a free standing body in its own right. Appropriate arrangements for the good governance of its affairs must therefore be made, drawing upon the established good governance practices at both Preston City Council and Lancaster City Council.

**3. The Governance Environment**

3.1 As employees of Preston City Council, officers within the partnership are subject to the governance processes that are in operation at Preston City Council.

3.2 Reference should be made to the respective financial statements of each partner authority for full details of their corporate governance arrangements.

3.3 The following paragraphs describe the key elements of the systems, processes, and performance management arrangements which are in place and which constitute the system of governance which is specific to the Joint Committee.

### **4. The Shared Revenues and Benefits Service Agreement**

- 4.1 The Agreement sets out the basis for the Shared Service and its operation. It sets out the standard and quality of services to be provided.
- 4.2 The Agreement provides that the Joint Committee be made up of two Executive Members from each partner authority. The Joint Committee meets at least two times in a municipal year and holds its Annual General Meeting every year before 31 July.
- 4.3 Advice is given to the Joint Committee by the S151 Officers at both Lancaster City Council and Preston City Council. The Head of Member Services at Preston City Council is the Secretary to the Joint Committee.
- 4.4 The Head of Shared Service provides performance monitoring reports to the Joint Committee upon request. Furthermore, the Head of Shared Service and the Section 151 Officer at Preston City Council present reports at each annual meeting of the Joint Committee providing the following details;
- A statement showing progress against the objectives in the business plan;
  - A summary of the revenue account and a statement of capital spending. This includes the distribution or use of any revenue surpluses and the financing of any capital expenditure; and in the event of a deficit, a statement of the corrective action taken or to be taken;
  - As and when required by the Chief Executive or the Section 151 Officer of each partner authority the Joint Committee shall produce such other reports as may reasonably be required.
- 4.5 A key requirement of the partnership is that it meets the key reporting timetables for each Council to ensure that it complies with all internal, external and statutory requirements.

### **5. Business Improvement Planning**

- 5.1 The Shared Revenues and Benefits Service Agreement is supplemented by a Shared Service Business Plan (“SSBP”) which sets out the specific projects and performance targets which need to be delivered in the forthcoming year.
- 5.2 In addition to the regular Joint Committee meetings the Head of the Shared Service reports periodically to the Section 151 Officer of each partner authority.

### **6. Risk Management**

- 6.1 The risks associated with the successful delivery of the Shared Service are recorded in a Risk Log within the SSBP. The key risks facing the Shared Service at this stage of its development are;
- ICT and other associated systems
  - Reduction in the quality of service and/or performance – i.e. the Shared Service fails to deliver the desired outcomes.
  - The implications arising out of the Government’s agenda for welfare reform (including Universal Credit).
- 6.2 The SSBP contains a range of actions aimed at mitigating these risks.

6.3 The Risk Register has been reviewed as part of the process of compiling the SSBP for 2016.

### 7. Workforce Planning

7.1 One of the key actions in setting up the Shared Service in 2011 was the implementation of a Workforce Strategy following staff consultation. This;-

- Sets out the core purpose , values and guiding principles for the partnership, in line with those of each partner authority, and
- Identifies and addresses any staff development needs.

7.2 Workforce planning has helped to deliver quality and cost effective services. The majority of the Shared Service improvements have been achieved because the right people with the right knowledge, skills and behaviours are deployed in the right positions throughout the structure. This philosophy continues to date.

7.3 At times of change, consultation takes place with frontline staff. They are fully involved and understand their role in the process, which provides re-assurance and commitment.

7.4 Long term workforce planning provides the opportunity to link training and development needs with future skill requirements. Strategies can then be devised to meet these needs. eg. Universal Credit

### 8. Scrutiny & Audit

8.1 Accounts relating to the Shared Service are subject to a full audit and open to inspection by the Joint Committee and each partner authority. A key role of the Joint Committee is to ensure that effective external audit arrangements are in place and that each Council is able to carry out a meaningful scrutiny of its performance.

8.2 Internal audit for the Shared Service is provided by the Lancaster City Council Internal Audit service, which reports separately to the Audit Committees of each partner authority. The internal audit service is delivered by an in-house team operating to professional standards as set out in the '*CIPFA Code of Practice for Internal Audit in Local Government 2006.*'

8.3 For the 2016/17 financial year, the Internal Audit Manager has been able to provide a positive assurance statement regarding the systems, policies and procedures operated by the Shared Service, without any significant control issues or failures having been identified.

8.4 The two Councils work to different assurance scales:

Preston:	Full; Substantial; Reasonable; Limited; Minimal
Lancaster:	Maximum; Substantial; Limited; Minimal

8.5 Audit work in relation to the academy Revenues & Benefits application was carried out by representative auditors from Lancashire County Council.

### 9. Review of Effectiveness

9.1 The Joint Committee has a responsibility to review the effectiveness of its governance arrangements and to demonstrate continuous improvement. This is informed by the work of

Members and the partnership's Senior Management Team. Additional assurance is provided by support services, the internal audit service and by any work of external audit.

9.2 At future annual meetings the Business Plan will contain performance data to show performance against agreed targets together with draft financial statements. Any service issues will be outlined for Members' consideration.

## 10. Enhancing our Governance Arrangements

10.1 The emphasis is on embedding the newly created governance and performance management arrangements as set out above.

10.2 Officers seek to continuously improve and to review lessons learned from previous financial years.

### Signatures

Chair of the Shared Services Joint Committee \_\_\_\_\_

Vice chair of the Shared Services Joint Committee \_\_\_\_\_

S151 Officers of the Partner local authorities \_\_\_\_\_

\_\_\_\_\_

Secretary of the Shared Services Joint Committee \_\_\_\_\_

**June 2017**

**Revenues & Benefits Shared Service  
Internal Audit Reports Issued 2016/17:**

Note: The two Councils work to different assurance scales:

Preston: Full; Substantial; Reasonable; Limited; Minimal  
Lancaster: Maximum; Substantial; Limited; Minimal

Job No	JOB_TITLE	Report Date	Assurance Opinion	Assurance Opinion Text
16/0986	Housing Benefit Subsidy Claim – Modified Schemes (Lancaster)	15/02/17	Substantial	Substantial assurance opinion has been awarded on the basis that arrangements were strengthened to ensure the correct treatment of war pensions within the benefit system going forward.
16/0987	Housing Benefit Subsidy Claim – Modified Schemes (Preston)	11/04/17	Substantial	Substantial assurance opinion has been awarded on the basis that all disregards were appropriately administered within the housing benefit system (Academy) therefore ensuring that the correct amount of subsidy is claimed in relation to these. Documentation was also available to support war pension breakdowns where appropriate.
16/0988	Housing Benefit Overpayment Classifications (Lancaster)	20/04/17	Substantial	Substantial assurance has been given on the basis that no overpayment misclassifications were identified. Classifications were found to be in line with DWP guidance and an appropriate audit trail was available to support each overpayment and the classification awarded.
16/0989	Housing Benefit Overpayment Classifications (Preston)	20/04/17	Substantial	Substantial assurance has been given on the basis that the overall error rate has reduced significantly since the last audit was carried out. Only one minor discrepancy was identified during testing which has since been rectified.

<b>Job No</b>	<b>JOB_TITLE</b>	<b>Report Date</b>	<b>Assurance Opinion</b>	<b>Assurance Opinion Text</b>
16/0990	Welfare Reforms 1% Rent Reductions (Lancaster)	28/04/17	Substantial	Substantial assurance has been given on the basis that the correct rent reductions had been applied in relation to all the cases tested during the course of this review.
16/0991	Welfare Reforms 1% Rent Reductions (Preston)	18/05/17	Substantial	Substantial assurance has been given on the basis that the correct rent reductions had been applied in relation to all the cases tested during the course of this review.

<b>Report to Joint Committee</b> <b>Meeting to be held on 27<sup>th</sup> June 2017</b>	<b>Electoral Ward Affected</b> All
<b>Report submitted by : City Treasurer (Preston City Council)</b>	
<b>SHARED SERVICE (UNAUDITED) ANNUAL STATEMENT OF ACCOUNTS 2016/17</b>	

## 1. Summary

- 1.1 The Host Authorities Section 151 Officer is responsible for the preparation of the Revenues and Benefits Shared Services Statement of Accounts which provide a true and fair view of the financial position of the Shared Service at the accounting date and its income and expenditure for the year ended 31 March 2017.
- 1.2 This Partnership prepared its Annual Accounts and supporting financial statements in accordance with applicable laws and regulations and in line with the Code of Practice on Local Authority Accounting in United Kingdom 2016/17 (The Code).

## 2. Decision Required

- 2.1 To approve the unaudited Revenues and Benefits Statement of Accounts for 2016/17 as set out in **Appendix A**.

## 3. Revenues and Benefits Statement of Accounts Information

- 3.1 The accounts have been prepared by Preston City Council as the Host Authority
- 3.2 These accounts will be summarised as part of the 2016/17 main Statutory Accounts of both Councils.
- 3.3 The Accounts represent all of the income and expenditure occurred by the Shared Service between 1<sup>st</sup> April 2016 and 31<sup>st</sup> March 2017. The expenditure, as pre agreed by the Joint Committee, is split 50/50 between Preston City Council and Lancaster City Council.
- 3.4 The Comprehensive Income and Expenditure Statement states that the Shared Service income and expenditure net off to zero.

## 4. External Audit

- 4.1 The Shared Service statement of accounts does not require auditing as the income/expenditure is subsumed within each Partner Authorities main statement of accounts which are subject to external audit.

4.2 The accounts as presented by this report are unaudited.

**5. Conclusion**

5.1 The deadline for the internal production for the Partnerships unaudited Statement of Accounts for 2016/17 has been achieved.

**Background Documents:**

Background documents open to inspection in accordance with Section 100D of the Local Government Act 1972:

Paper	Date	Contact/Directorate/Ext
Statement of Accounts 2016/17	27 <sup>th</sup> June 2017	Preston City Council, Section 151 Officer

**Contact for further information:**

Stephen Cox	01772 906053	Principal Accountant
-------------	--------------	----------------------



**REVENUES & BENEFITS SHARED  
SERVICE**

**STATEMENT OF ACCOUNTS  
2016/17**

**LANCASTER CITY COUNCIL  
PRESTON CITY COUNCIL**

<b>CONTENTS</b>	<b>Page</b>
Narrative Report	3
Statement of Responsibilities for the Statement of Accounts	7
Core Financial Statements	8
Notes to the Core Financial Statements	10
Glossary	14

## Narrative Report

### 1. Introduction

The purpose of the Revenues and Benefits Shared Service is to provide for the efficient and effective collection of Local Taxation and the administration of Housing Benefit and Council Tax Support for both Preston City Council and Lancaster City Council under a Joint Committee.

The service commenced on the 1<sup>st</sup> July 2011 and is based in both Preston and Lancaster with Preston City Council being the Host Council.

The Revenues and Benefits service plays a very important part in the delivery of front line services and the collection of local taxes. It is very much part of the front line customer service provision and yet has strong links throughout each Council to key support functions such as finance, legal services, ICT and others. External partnership working with the Department for Work and Pensions and Citizens Advice Bureau, as well as external verification and auditing, make these services regulatory in nature.

### 2. Financial Performance of the Shared Service 2016/17

#### a. Revenue Budget

The outturn for the 2016/17 financial year and comparison to budget are set out below:

	Latest Budget £'000	Actual £'000	Variance £'000	
<b>Service Expenditure</b>				
Management	156	158	2	(A)
Business Rates	383	385	2	(A)
Council Tax	940	935	(5)	(F)
Operations	339	342	3	(A)
Housing Benefits	1,751	1,750	(1)	(F)
<b>Service Expenditure Total</b>	<b>3,569</b>	<b>3,570</b>	<b>1</b>	<b>(A)</b>
<b>Income</b>				
Fylde Borough Council	4	4	0	
Preston City Council	1,827	1,783	(44)	
Lancaster City Council	1,783	1,783	0	
<b>Income Total</b>	<b>3,614</b>	<b>3,570</b>	<b>(44)</b>	
<b>Total</b>	<b>-45</b>	<b>-</b>	<b>45</b>	

The Joint Committee approved a Shared Service expenditure budget for 2016/17 of £3,614k (excluding Fylde Borough Council income) in December 2015. Since then this has been adjusted during the year:

- £90k of ongoing vacant posts within the Shared Service have been released.
- Funding has been received from the Department of Work and Pensions. This has increased budgets by £45k (one-off) and incurred matching costs for ICT projects.

The latest 2016/17 expenditure budget was £3,569k

Both Preston City Council and Lancaster City Councils contributions to the shared service were increased to account for the additional funding received from the Department of Work and Pensions. Only Lancaster's budget was reduced to reflect £90k underspend on vacant posts. Preston's was kept constant as it balances to nil within Preston City Council's accounts as an internal recharge.

Both Councils agreed that actual costs associated with the Shared Service should be shared equally (after the adjustment for Fylde income) during 2016/17. Where variances arise between budget and outturn, these would also be shared equally. As a result both Councils paid an equal amount into the Shared Service, £1,783k.

The Shared Service underspent its original budget for 2016/17 of £3,610k by £40k.

The Shared Service overspend its latest budget for 2016/17 of £3,569k by £1k. This overspend was mainly due to:

<b>Variance</b>		
<b>£'000</b>		
(12)	(F)	underspend on employee costs
(5)	(F)	underspend on professional fees
10	(A)	overspend on print and post costs
10	(A)	overspend on ICT
(2)	(F)	other minor underspends
<u>1</u>	<b>(A)</b>	

In addition to the £90k underspend on vacant posts that was identified mid-year, a further £12k was underspent on employee costs due to the natural turnover of staff.

Print and post costs along with ICT costs are the largest non-staffing expenditure incurred by the shared service. Costs for these during 2016/17 are slightly higher than previous years, but they are under constant review to ensure that they are minimised, with budgets adjusted to reflect future anticipated spend.

**b. Expenditure Split by Council**

	£'000
Preston City Council	3,537
Lancaster City Council	<u>33</u>
	<u><b>3,570</b></u>

Preston City Council's expenditure is significantly higher than Lancaster City Council's because, as the Host Council, it employs all the Revenues and Benefits staff.

Central overheads are absorbed by the Councils that incur them and are not recharged into the Shared Service.

**c. Capital Expenditure**

The Shared Service does not own any assets and did not incur any capital expenditure during 2016/17.

**d. Retirement Benefits**

All employees employed in the provision of the Shared Service are employees of Preston City Council and as such are part of the Local Government Pensions Scheme (LGPS), which is a defined benefit scheme. More detail is provided in the Statements of Accounting Policies and in the notes to the Core Financial Statements of Preston City Council.

## e. Accounting for the Partnership

All transactions of the Shared Service are accounted for within the accounts of one of the partner Councils. The information within these Shared Service Statement of Accounts has been extracted from the partner's financial records.

The partnership is classed as a Jointly Controlled Operation between Preston City Council and Lancaster City Council

## 3. Explanation of the Financial Statements

The Shared Service Statement of Accounts sets out the Shared Service's income and expenditure for the year, and its financial position at 31 March. The format and content of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the Code) and the Service Reporting Code of Practice 2016/17 (SeRCOP) and comprises core and supplementary statements.

### a. The Core Financial Statements:

•**Movement in Reserves Statement:** this statement shows a summarised view of the movement in year on the different reserves held by the Shared Service, analysed into 'usable reserves' (those which can be applied to fund expenditure) and 'unusable reserves' (those which cannot be used to fund expenditure).

•**Income and Expenditure Statement:** this statement shows the accounting cost in the year of providing services in accordance with general accounting practices rather than actual cost of services funded through taxation.

•**Balance Sheet:** this sets out the Shared Service's assets and liabilities as at 31st March 2017 and how these are funded.

•**Cash Flow Statement:** summarises the inflows and outflows of cash arising from transactions with third parties.

•**Notes to the Core Financial Statements:** assist in the interpretation of the Accounts by summarising significant accounting policies and other explanatory information.

### b. The Supplementary Financial Statements:

•**Statement of Responsibilities for the Statement of Accounts:** identifies the officers who are responsible for the proper administration of the Shared Service's financial affairs.

•**Annual Governance Statement:** gives assurance on effectiveness of the Shared Service's Governance arrangements including its monitoring and evaluation of its code of governance and highlighting any planned changes in the coming period. This statement is included as a separate report to the Joint Committee.

•**Glossary:** an explanation of some of the key technical terms used in these statements of accounts.

## 4. Conclusion

In conclusion, the Shared Service has a proactive approach to financial forecasting and budget management with extensive systems and procedures in place. In 2016/17 the Shared Service has in overall terms achieved its financial targets and aspirations and has worked successfully within reduced budgets to deliver services.

**5. Access to further information**

If you would like to receive further information about the Statement of Accounts please contact Accountancy Services at Preston Town Hall, Lancaster Road, Preston, PR1 2RL.

Jackie Wilding  
City Treasurer  
(Section 151 Officer)

## Statement of Responsibilities for the Statement of Accounts

### The Partnership's Responsibilities

The Partnership is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In these Councils, that officer is the chief financial officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- approve the Statement of Accounts

### The Chief Financial Officer's Responsibilities.

The City Treasurer and Chief Officer (Resources) are responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA (Chartered Institute of Public Finance & Accountancy) 2016/17 Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the City Treasurer and Chief Officer (Resources) have:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the local authority Code;

The City Treasurer and Chief Officer (Resources) have also:

- kept proper accounting records which were up to date; and,
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

### The Chief Financial Officer's Certification

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Partnership at the reporting date and of its expenditure and income for the year ended 31 March 2017.

Signed

Chair of the Joint Committee

J. Wilding  
City Treasurer  
Preston City Council  
Host Council

N. Muschamp  
Chief Officer (Resources)  
Lancaster City Council

Date

## **Core Financial Statements**

### **Introduction to the Core Financial Statements**

The Statement of Accounts contain a number of different elements which are explained below:

### **Movement in Reserves Statement**

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the Shared Service, analysed into 'usable reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement shows how the movements in year of the Councils' reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to Council Tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

As the Shared Service does not have a General Fund Balance and does not raise Council Tax, this statement does not apply.

### **Comprehensive Income & Expenditure Statement**

This statement shows the accounting cost in the year of providing services in accordance with generally accepted practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost.

### **Balance Sheet**

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Shared Service. The net assets (assets less liabilities) are matched by the reserves held by the Shared Service.

The Shared Service has nil net assets and nil reserves.

### **Cash Flow Statement**

The Cash Flow Statement shows the changes in cash and cash equivalents of the Shared Service during the reporting period. The statement shows how the Shared Service generates and uses cash and cash equivalents.

## Comprehensive Income &amp; Expenditure Statement

2015/16 £'000		Note	2016/17 £'000
	<b>Service Expenditure</b>		
154	Management		158
342	Business Rates		385
954	Council Tax		935
340	Operations		342
1,832	Housing Benefits		1,750
<u>3,622</u>	Net Operating Expenditure	3	<u>3,570</u>
	<b>Service Income</b>		
16	Fylde Borough Council		4
1,803	Lancaster City Council		1,783
1,803	Preston City Council		1,783
<u>3,622</u>	Total Sources of Finance	3	<u>3,570</u>
<u>-</u>	Surplus/Deficit for the year		<u>-</u>

## Balance Sheet

As at 31st March 2016 £'000		Note	As at 31st March 2017 £'000
50	Debtors		101
77	Cash	4	(42)
<u>127</u>	<b>Total Current Assets</b>		<u>59</u>
127	Creditors	5	59
<u>127</u>	<b>Total Current Liabilities</b>		<u>59</u>
<u>-</u>	<b>Net Assets</b>		<u>-</u>

## Cash Flow Statement

2015/16 £'000		2016/17 £'000
<u>-</u>	<b>Surplus/deficit for the year</b>	<u>-</u>
128	(Increase)/decrease in debtors	(51)
(31)	Increase/(decrease) in creditors	(68)
<u>97</u>	<b>Net cash inflow/(outflow) from operating activities</b>	<u>(119)</u>
<u>97</u>	<b>Net increase/(decrease) in cash</b>	<u>(119)</u>

## Notes to the Core Financial Statements

### 1. Accounting Policies

#### i. General Principles

The Statement of Accounts summarises the Shared Services transactions for the 2016/17 financial year and its position at the year-end of 31 March 2017. The accounts are prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost.

#### ii. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the provision of services is recognised when the Shared Service can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Shared Service.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Where revenue and expenditure have been recognised, but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

#### iii. Employee Benefits

##### a. Benefits Payable During Employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave and non-monetary benefits (eg cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Shared Service.

##### b. Termination Benefits

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

##### c. Retirement Benefits

Employees of the Shared Service are employed by Preston City Council and contribute at the Preston City Council rate into the Local Government Pensions Scheme administered by Lancashire County Council. The scheme provides defined benefits to members, earned as employees work for the Council.

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the scheme attributable to the Shared Service are included on Preston City Council's 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, etc and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices, using a real discount rate determined by reference to market yields at the balance sheet date based on high quality corporate bonds.
- The assets of the pension fund attributable to the Shared Service are included in Preston City Council's Balance Sheet at their fair value.

It is impossible to determine the Shared Service's share of assets and liabilities of the Local Government Pensions Scheme as distinct from those of Preston City Council's. Additionally, the Shared Service is not responsible for a major service and the public expenditure consequences of the Shared Service's operations are relatively insubstantial. The Shared Service is therefore exempt from accounting for a defined benefit scheme and the Notes to the Core Financial Statements have been prepared using the principle that would be applied to defined contribution schemes i.e. recognising the contributions payable for the year and not accruing any underlying pension asset/liability.

#### **iv. Events after the Balance Sheet Date**

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

The Shared Service had no events after the Balance Sheet Date.

#### **v. Provisions**

Provisions are made where an event has taken place that gives the Shared Service a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

The Shared Service currently has no provisions.

#### **vi. Reserves**

The Councils set aside specific amounts as reserves for future policy purposes or to cover contingencies. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year.

The Shared Service has no reserves, however both Preston City Council and Lancaster City Council hold reserves for use by the Shared Service when appropriate expenditure is incurred.

#### **vii. Value Added Tax**

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

The Shared Service relies on the VAT registrations of the two partner Councils and submits its claims via these. In addition to this Preston City Council has HMRC approval to account for VAT in respect of the Shared Service under the VAT registration of Preston City Council.

## **viii. Government Grants and Contributions**

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Shared Service when there is reasonable assurance that the Shared Service will comply with the conditions attached to the payments, and the grants or contributions will be received.

Amounts recognised as due to the Shared Service are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Government grants are held by the receiving Council (both Preston City Council and Lancaster City Council) on behalf of the Shared Service until the conditions are met.

## **ix. Central Support Service Overheads**

Central overheads are absorbed by the Councils that incur them and are not recharged into the Shared Service.

## **x. Financial Liabilities**

Creditors are the Shared Service's only financial liabilities. These are disclosed on the Balance Sheet at amortised cost.

## **xi. Financial Assets**

Debtors are the only financial assets and are included in the balance sheet at cost.

## **2. Expenditure and Funding Analysis**

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources. It shows how this expenditure is allocated for decision making purposes between the Shared Service's directorates/services/departments.

As the Shared Service contains a single segment (providing Revenues and Benefits Services), this statement does not apply.

## **3. Income and Expenses for Constituent Councils**

The costs of Shared Services are split equally between Preston and Lancaster City Councils.

Support service charges from the two Councils are absorbed in each Council's own accounts and are not recharged into the Shared Service.

The IAS 19 pension adjustments are absorbed in Preston City Council's accounts.

#### 4. Cash and Cash Equivalents

The Shared Service does not have its own bank accounts or borrowing facilities. As the Host Council, Preston City Council receives all receipts and makes the majority of payments on behalf of the Shared Service.

The cash position is a notional one and reflects the timing of invoice payments rather than cash assets.

#### 5. Creditors

At the year-end £59,409 is accrued for transactions that relate to 2016/17.

#### 6. Officer Remuneration

One Senior Officer received remuneration, excluding employer's pension contribution, of £65,000 - £69,999.

Post Title	Salary (Including fees & Allowances) £'000	Pension contributions £'000	Total Remuneration including pension contributions 2016/17 £'000
Head of Shared Service & Deputy Director Customer Services	67	8	75

#### 7. Related Party Transactions

The Shared Service has the following related parties:

Preston and Lancaster City Councils	- Partner Authorities
Central Government	- Provider of Grant Funding
Fylde Borough Council	- Revenue Advice

#### 8. Ultimate Controlling Partner

Neither of the partners has ultimate control of the Shared Service.

#### 9. External Audit Fees

There are no external audit fees as the Shared Service Statement of Accounts does not require external auditing. The income and expenditure are subsumed within each Partner Authorities main Statement of Accounts which are subject to external audit.

#### 10. Leases

The Shared Service has not entered into any leasing arrangements.

#### 11. Date Accounts Authorised for Issue

The Statement of Accounts includes any necessary disclosures in respect of events after the balance sheet date up to 27<sup>th</sup> June 2017.

## Glossary

### Accounting Policies

The rules and practices adopted that determine how transactions and other events are reflected in financial statements.

### Accruals

The concept is that income is recorded when it is earned rather than when it is received and expenses are recorded when goods or services are received rather than when the payment is made.

### Budget

A statement of the Shared Service's spending plans for revenue over a specified period of time.

### Creditors

Amounts owed by the Shared Service for work done, services rendered or goods received for which payment has not been made by the Balance Sheet date.

### Current Assets

Current assets are items that are reasonably expected to be readily converted into cash.

### Current Liabilities

Amounts which will become payable or could be called in within 12 months of the reporting period.

### Debtors

Amounts owed to the Shared Service for work carried out, services rendered or goods provided by the Shared Service for which income has not been received by the Balance Sheet date.

### Events after the Balance Sheet Date

These are events, favourable or adverse, that occur between the Balance Sheet date and the date when the Statement of Accounts are authorised for issue.

### Financial Year

The Councils' and Shared Service's financial year runs from the 1st April to 31st March.

### Government Grants

Assistance by Government and inter-Government agencies and similar bodies, whether local, national or international, in return for past or future compliance with certain conditions relating to the activities of the Shared Service.

### Housing Benefits

This is financial help to persons on low income to meet, in whole or part, their rent. Benefit is paid by Local Councils but Central Government refunds part of the cost of the benefits and of the running costs of the services to Local Councils.

### International Financial Reporting Standards (IFRS)

Defined Accounting Standards that must be applied by all reporting organisations to their financial statements, in order to provide a true and fair view of the organisation's financial position, and enable a direct comparison with financial statements of other organisations.

### Materiality

The concept that any omission from or inaccuracy in the Statement of Accounts should not be so large as to affect the understanding of those statements by the reader.

### Reserves

Amounts set aside in one year's accounts which can be spent in later years. Reserves are often earmarked for specific purposes, including the funding of future defined Shared Service initiatives.

### Revenue Expenditure

This is money spent on the day-to-day running costs of providing services. It is usually of a constantly recurring nature and produces no permanent asset.

<b>Report to:</b> <b>Shared Revenues &amp; Benefits Service - Joint Committee</b> Meeting to be held on 27 <sup>th</sup> June 2017	<b>Electoral Ward Affected:</b>  All
<b>Report submitted by:</b> <b>Deputy Director (Customer Services) - Head of Shared Service</b>	
<b>Report title:</b> <b>BUSINESS PLAN 2017</b> <b>(Shared Revenues &amp; Benefits Service)</b>	

## 1. SUMMARY

- 1.1 Lancaster City Council and Preston City Council entered a formal shared service arrangement with effect from 1 July 2011 to provide a Revenues and Benefits service across both City Council areas.
- 1.2 In line with the agreement this report introduces a refreshed Business Plan for 2017, covering a 3 year period 2017 – 2020, incorporating the key performance indicators for the service together with ongoing projects and future challenges.
- 1.3 The Business Plan also contains a financial appraisal of the 2016/17 outturn position, and the budget requirement for 2017/18, approved at the previous meeting.

## 2. DECISION REQUIRED

- 2.1 The Joint Committee is asked to consider and approve the Business Plan for 2017.

## 3. INFORMATION

- 3.1 Revenues and Benefits have responsibility for a range of customer focused services, including the collection of local taxation and the administration of Housing and Council Tax Benefit.
- 3.2 The vision is to achieve the best results we can by continuing to challenge, develop and integrate the service areas, working with our customers and partners to deliver an accessible, responsive and cost effective Revenues & Benefits service to both Councils.
- 3.2 Appended to this report as **Appendix 1** is the revised Business Plan for the Shared Service, covering a three year period 2017 - 2020. The business planning process is key to setting out the priorities for the coming year and provides direction as to how the service will achieve those priorities.
- 3.3 In developing this Business Plan consideration has been given to:

- Service delivery in relation to customers and value for money principles
  - Future direction of both Councils in relation to the welfare reform agenda
  - The mitigation of identified risks
- 3.4 Total budgets for both Councils have previously been formally approved and the Business Plan sets out the detailed budget position for the shared service for 2017/18, developed in line with these overall budget projections. It also contains a review of the Shared Services financial performance during 2016/17.
- 3.5 To develop future years' budgets, existing arrangements will continue as follows:
- This year's draft be updated for pay and inflationary increases to provide base budget projections for the next three years
  - Previously agreed savings proposals covering a three year period 2015 – 2018 will be built into future budgets, and any opportunities for further savings will be examined and agreed with Section 151 Officers and Portfolio Holders
  - Linked to the outcome of consultation and other development in the Government's planned welfare reforms, any re-allocation of resources or potential growth needs to be agreed in the same way
- 3.6 In terms of cost sharing, given the ongoing changes arising from welfare reform and the long term impact of implementing Universal Credit, it is considered that there is nothing to warrant a change in the current arrangement to share budget costs equally across the two Councils. However, the arrangement will be monitored and reviewed as part of any future budget setting process.
- 3.7 The outcome from the above is fed into each authority's own budget process, ensuring that relevant Members and other Officers are kept up to date with any issues arising, being considered and addressed in a co-ordinated way.
- 3.8 Whilst the Corporate Enquiry Team continues to be located within Revenues in the short term, it is not considered to be part of the shared service, and will report separately to each Audit Committee as part of future governance arrangements.

## 4. IMPLICATIONS

- 4.1 The shared service has built a strong record of business transformation and achieving efficiency savings. Savings to date have been achieved primarily by reducing staffing costs with reductions achieved by natural wastage and voluntary redundancy.

- 4.2 The shared service is now focussing on economies of scale and efficiencies in service delivery through technology and the digital agenda, as we strive to maintain performance levels for customers, at a reduced cost.
- 4.3 Officers from financial services are involved in developing the business plan and advise as appropriate. At the same time, the direct input from other support services should be recognised, in maintaining standards of service delivery.
- 4.4 There are no legal implications arising from this report.

**5. IMPACT STATEMENT**

- 5.1 The operation as a shared service has no direct impact on service users and front line services remain untouched.
- 5.2 Preston City Council’s living wage and fair employment policy is applied in evaluating any newly created posts arising from the shared service structure.

**6. REASON FOR DECISION**

- 6.1 The approval of this Business Plan will supplement arrangements for improved service delivery, resulting in efficiencies at a lower overall cost to both Councils.

**7. ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

- 7.1 Not applicable.

**8. REASON FOR INCLUSION IN PART B, IF APPROPRIATE**

- 8.1 No applicable

**Any representations made in accordance with the Public Notice of Forward Plans of Key Decisions**

Name: Organisation: Comments:

“N/A”

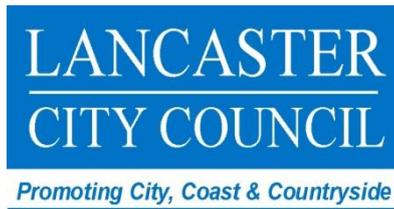
**Background Documents:**

Background documents open to inspection in accordance with Section 100D of the Local Government Act 1972:

<b>Paper</b>	<b>Date</b>	<b>Contact/Directorate/Ext</b>
Report to Cabinet – Preston Shared Services for Revenues and Benefits	6 April 2011	Caron Parmenter Monitoring Officer 01772 906373
Report to Cabinet – Lancaster Shared Services for Revenues & Benefits	19 April 2011	Nadine Muschamp Head of Financial Services 01524 582138

**Contact for further information:**

Adrian Robinson	Tel. (01772) 906023	Deputy Director (Customer Services) Head of Shared Service (Revenues & Benefits)
-----------------	------------------------	---



**BUSINESS PLAN  
2017/18**

**REVENUES & BENEFITS  
SHARED SERVICE**

**LANCASTER CITY COUNCIL  
&  
PRESTON CITY COUNCIL**

**(This Plan will be refreshed annually)**

June 2017

**INDEX**

	<b>Page</b>
<b>Vision Statement</b>	<b>2</b>
<b>Statement of Purpose</b>	<b>2</b>
<b>Service Overview</b>	<b>2</b>
<b>Customers &amp; Stakeholders</b>	<b>3</b>
<b>Contribution to Council Policies</b>	<b>4</b>
<b>Key Service Objectives</b>	<b>4</b>
<b>Other Major Responsibilities</b>	<b>5</b>
<b>Key Projects</b>	<b>5</b>
<b>Financial appraisal</b>	<b>7</b>
<b>Equality Impact Assessments</b>	<b>10</b>
<b>Performance</b>	<b>10</b>
<b>Risk Analysis</b>	<b>12</b>
<b>Future Development</b>	<b>12</b>
<b>Three year Horizon</b>	<b>13</b>
<b>Appendix A (Establishment structures)</b>	<b>15</b>
<b>Appendix B (Equality Impact Assessment – Action Plan)</b>	<b>18</b>
<b>Appendix C (Performance Table)</b>	<b>21</b>
<b>Appendix D (Risk Log)</b>	<b>22</b>

**VISION STATEMENT:**

*To achieve the best results we can by continuing to challenge, develop and integrate the service areas, working with our customers and partners to deliver an accessible, responsive and cost effective Revenues & Benefits service to the customers of both Councils.*

**STATEMENT OF PURPOSE:**

The Revenues and Benefits service will:

- Bill and collect Council Tax and Non-Domestic rates;
- Administer Housing Benefit and Council Tax Support;
- Administer welfare reforms and work in partnership with DWP to roll out Universal Credit
- Assist our customers to access financial advice and support.

**SERVICE OVERVIEW:**

The Business Plan outlines the way that management and staff work together to deliver necessary improvements and efficiencies. The service recognises the requirement to reduce spend and will create efficiencies by removing duplication and creating economies of scale.

The Revenues and Benefits service sits as part of the Customer Services Directorate within Preston City Council, and as part of the Resources Directorate within Lancaster City Council and features:

- Council Tax
- National Non Domestic Rates
- Benefits (Assessment, Interventions & Control)
- Administration

The current establishment for the existing service areas has contracted further and now totals 94.6 full time equivalent (FTE) posts, split as follows.

- 3.8 staff in Senior Management Team
- 44.2 staff in Benefits
- 25.5 staff in Council Tax
- 11.6 staff in Business Rates
- 9.5 staff in Operations and Performance

The following table provides a summary of the indicative staffing levels, shown as full time equivalents (FTEs), including transition levels from the original old to the new structure. This does not include any Customer Service staff as they do not form part of the shared service establishment.

**Table 1 Staffing Comparison:**

Permanent Staff	Original Structure			Shared Service	
	Preston	Lancaster	Total	Shared Service	Overall Reduction
Senior Managers	3	3	6	3.8	<b>2.2</b>
Managers	5.8	10.8	16.6	7.9	<b>8.7</b>
Team Leaders	6.3	14	20.3	11.85	<b>8.45</b>
Officers (*)	19	13.7	32.7	9.35	<b>23.35</b>
Processors (**)	42.06	52.5	94.56	57.4	<b>37.16</b>
Admin Staff	4.1	3.5	7.6	4.3	<b>3.3</b>
<b>Totals</b>	<b>80.26</b>	<b>97.5</b>	<b>177.76</b>	<b>94.6</b>	<b>83.16</b>

(\*) includes System Support, QA Officer, Training Officer, Appeals Officers, Visiting Officers & Secretariat.

(\*\*) includes Benefit Assessors and Council Tax/Business Rate processors.

The organisational structure for the shared service is shown at **Appendix A**.

The service has a reducing benefits caseload which currently stands at 25,857 (14,088 at Preston and 11,769 at Lancaster) and has an increasing number (126,539) of households for Council Tax purposes. There are 10,707 business premises liable for National Non Domestic Rates, which is also an increase on last year.

**CUSTOMERS & STAKEHOLDERS:**

We continue to develop excellent working relationships with our customers and stakeholders, including:

- All residents of the two districts;
- The business community;
- Benefit customers;
- Landlords/Agents;
- Elected representatives.
- Other Council services;
- Department for Work and Pensions;
- Pensions Service;
- Jobcentre Plus;
- Valuation Office Agency;
- Rent Service;
- Tribunal Service;
- Advice Agencies – CAB & Welfare Rights Service;

- Department for Communities & Local Government;
- Enforcement Agents;
- Solicitors;
- Estate Agents;
- Other local authorities;
- Courts;
- Police;
- Rating Advisers

### **CONTRIBUTION TO COUNCIL PRIORITIES:**

This Business Plan is directly shaped by corporate priorities at both Councils:

- Delivering well run, value for money services, demonstrating good governance, openness and transparency.

We continue to contribute towards corporate priorities in our day to day work; by participating in corporate projects and by achieving our key service objectives. Our performance will help ensure that Council priorities can be achieved. This is by ensuring that sufficient resources are maintained and wherever possible streamlined and standard processes are put into place alongside systems that support new found ways of partnership working.

### **KEY SERVICE OBJECTIVES:**

In preparing the objectives and targets for this plan, the Shared Service management team has reviewed all of the known influences on the service. These include customer needs, staff needs/issues, the overall environment, performance issues and the various changes associated with improving the service provided.

#### **Key Service Objectives for the Shared Service for 2017/20 are:**

- To deliver cost effective services that provide value for money;
- To provide customer focussed accessible services, prioritising and publicising e-services and self-serve options for customers; reducing the need for customers to contact their Council in person or by letter/telephone/email.
- To implement service changes in line with welfare reform and manage the impact these changes have on our customers, offering advice and assistance to those affected by the changes.
- To maximise income and minimise hardship under the Council Tax Support Scheme, paying the right amount of support to the right people at the right time;

**General Service Objectives:**

- To encourage a strong culture of good performance in relation to cost;
- To promote the principles of fairness, equality of opportunity, social inclusion and poverty reduction through service provision;

**OTHER MAJOR RESPONSIBILITIES:**

**Collection and Administration of Council Tax and National Non-Domestic Rates**

To provide a customer focussed, cost effective and accessible local taxation service that provides value for money and facilitates:

- the maintenance of accurate and up to date databases used to administer Local Taxation systems;
- the prompt issue of bills to all liable persons, net of entitlements, and to operate a fair and sensitive debt collection policy, acknowledging that there are instances of genuine need at this time of economic recession, but also recognising that customers have a responsibility to pay their debts;
- the operation and development of efficient, cost effective collection and recovery procedures;
- working within new Government guidelines and with outside agencies to help, advise and encourage the business community through the difficult economic climate.

**Management and administration of Housing Benefit and Council Tax Support**

To provide a customer focussed, cost effective accessible benefits service that provides value for money and contributes to the broader objectives of reducing worklessness, homelessness and poverty by:

- ensure prompt and accurate payment of housing benefit and council tax support;
- reducing the levels and risks of fraud and error and taking appropriate action;
- minimising housing benefit overpayments and maximising the recovery of those that occur, so as not to cause specific hardship to those most in need;
- building effective relationships with local landlords and outside agencies, aimed at assisting with affordable housing and minimising the risk of homelessness;
- maximising subsidy.

### KEY PROJECTS

The Revenues and Benefits Service has an established Change Management process to identify, prioritise, resource and manage a range of projects.

Specific projects for 2017/18 include:

- Manage the requirements and continued roll-out of Universal Credit and its impact on customers;
- Roll out E-claim to Lancaster (Live at Preston) – to allow customers, stakeholders and partners to submit electronic claims via the Council's website, generating savings on print and improving processing times;
- Continue to publicise the availability of Capita Self-Serve/Connect through the Council portals – to allow customers, stakeholders and partners to access documentation relating to benefits, council tax and non-domestic rates via the Council's website;
- Consider extending the Inform solution at Lancaster (Automated telephony) to support Customer Services and encourage channel shift.
- Right Benefit Initiative (RBI) will replace FERIS with effect from 1<sup>st</sup> April 2017 as part of the continued drive to reduce Housing Benefit (HB) fraud and error. The funding is being paid to LA's to focus purely on combating incorrect earnings.

**FINANCIAL APPRAISAL****2016/17**

The original Shared Service expenditure budget for 2016/17 was £3,614k. The budget was reduced during the year for the removal of ongoing vacant posts (£90k) and increased to reflect grant income received to offset costs incurred on various central government initiatives (£45k). The final Shared Service expenditure budget for 2016/17 was £3,569k.

There is no budget for central overheads i.e. HR and Finance. As already pre-agreed, these are absorbed by the Council that incurs them and are not recharged into the Shared Service.

Both Councils have agreed that direct costs associated with the service should be shared equally between the two authorities (after the adjustment for Fylde income). Where variances arise between budget and outturn, these would also be shared equally.

All external grant income received from both Councils, transferred to the Shared Service, has been allocated as part of the financing of the Shared Service.

The outturn expenditure as at 31st March 2017 is £3,570k which has resulted in an overspend against the latest budget of £1k (but an underspend compared its original budget of £44k). The £1k overspend was mainly due to:

**Table 1: 2016/17 Variance Analysis**

Variance		
£'000		
(12)	(F)	underspend on employee costs
(5)	(F)	underspend on professional fees
10	(A)	overspend on print and post costs
10	(A)	overspend on ICT
(2)	(F)	other minor underspends
<u>1</u>	(A)	

**Notes to Table 1:**

(F) - Favourable Variance

(A) - Adverse Variance

In addition to the £90k underspend on vacant posts that was identified mid-year, a further £12k was underspent on employee costs due to the natural turnover of staff.

Print and post costs along with ICT costs are the largest non-staffing expenditure incurred by the shared service. Costs for these during 2016/17 are slightly higher than previous years, but they are under constant review to ensure that they are minimised, with budgets adjusted to reflect future anticipated spend.

A comparison of budget to actual expenditure is set out below in Table 2:

**Table 2: Summary Comparison 2016/17 Budget to Actual**

	Latest Budget £'000	Actual £'000	Variance £'000	
<b>Service Expenditure</b>				
Management	156	158	2	(A)
Business Rates	383	385	2	(A)
Council Tax	940	935	(5)	(F)
Operations	339	342	3	(A)
Housing Benefits	1,751	1,750	(1)	(F)
<b>Service Expenditure Total</b>	<b>3,569</b>	<b>3,570</b>	<b>1</b>	<b>(A)</b>
<b>Income</b>				
Fylde Borough Council	4	4	0	
Preston City Council	1,827	1,783	(44)	
Lancaster City Council	1,783	1,783	0	
<b>Income Total</b>	<b>3,614</b>	<b>3,570</b>	<b>(44)</b>	
<b>Total</b>	<b>-45</b>	<b>-</b>	<b>45</b>	

**Notes to Table 2:**

- Both Preston City Council and Lancaster City Council contributions to the Shared Service were increased to account for the additional funding received from the Department for Work and Pensions. Only Lancaster's budget was reduced to reflect the £90k underspend on vacant posts. Preston's was kept constant as it balances to nil within Preston City Council's accounts as an internal recharge.
- The final 2016/17 variance to budgeted expenditure is an overspend of £1k. This overspend has been split equally between both Councils.

**2017/18**

The 2017/18 budget approved by the Joint Committee on the 14<sup>th</sup> February 2017, together with prior year comparison, is shown below:

**Table 3: Approved 2017/18 Budgets**

	Original Budget 2016/17 £'000	Budget 2017/18 £'000
<b>Service Expenditure</b>		
Management	156	169
Business Rates	346	430
Council Tax	974	927
Operations	341	347
Housing Benefits	1,797	1,717
<b>Service Expenditure Total</b>	<b>3,614</b>	<b>3,590</b>
<b>Income</b>		
Fylde Borough Council	-4	-4
Preston City Council	-1,805	-1,793
Lancaster City Council	-1,805	-1,793
<b>Income Total</b>	<b>-3,614</b>	<b>-3,590</b>
<b>Total</b>	<b>-</b>	<b>-</b>

**Notes to Table 3:**

1. The 2017/18 budget is a net reduction of £24k on the original 2016/17 budget.

The difference consists of:

- 1% pay award, staff increments and pension increase;
- £95k employee cost savings due to removal of vacant posts

2. Grant funding and equivalent expenditure will adjust the 2016/17 budgets during the course of the year.

## EQUALITY IMPACT ASSESSMENT

The Shared Service is focussed on the prompt delivery of high quality accessible services to the people of Lancaster and Preston. The service seeks to proactively overcome barriers to participation faced by those not currently accessing its services. ie. translation of documentation and publishing information leaflets in an “Easy Read” format. Staff are committed to working with partners and stakeholders to help make both areas a more equal and fair place to access services. The Benefits Manager and the Business Support Manager now sit on the Internal Equalities Group to ensure that equality issues are considered when making any service changes or decisions and also to ensure that we minimise the impact these changes may have on equality affected groups.

Maximising income and minimising hardship are key objectives of the Service. By addressing these objectives there will be a positive impact on all residents and visitors to the districts from all backgrounds, as increased benefit take-up will help tackle poverty and deprivation, whilst putting money back into local communities.

An Equality Impact Assessment Action Plan is reproduced as **Appendix B**.

## PERFORMANCE

Performance management is an important component of the shared service arrangement and is a key measure in terms of:

- Developing a sustainable operation;
- Maintaining a positive and pro-active partnership.

Performance standards are uniform where possible across the shared service organisation. The current deprivation ranking for Preston is (48) and for Lancaster is (117) with the lowest number reflecting higher levels of deprivation. This deprivation ranking has an effect on collection rates and the targets for Council Tax and Business Rates are different for each authority to reflect this disparity.

Senior managers work with peers and stakeholders at both Councils and with external bodies, to measure and maintain performance levels.

**Appendix C** details general performance data for the service. However, in recognition of the economic situation, the service continues to set realistic targets for 2017/18 based on staffing resources, recent trends and previous year performance.

A financial target is to deliver a balanced budget for 2016/17 and 2017/18 as set out in the financial appraisal within this Business Plan.

## Performance Appraisal 2016/17

- **Local Taxation**

The Council Tax teams achieved 94.2% (Preston) and 96.4% (Lancaster) in-year collection for Council Tax. A credible outcome, given the impact of Council Tax Support (Preston) and the continuing downturn in the economy, which has hit taxpayers' ability to pay.

The teams work hard to effectively target the "won't pays" as opposed to the "can't pays". Our data analysis continues to show that the tax-payers affected by the welfare reform changes are the ones who are facing the most difficulty in paying their Council Tax, as expected.

NDR collection rate for 2016/17 achieved 96.1% (Preston) and 99% (Lancaster). Unfortunately, the economic climate continues to have a detrimental effect on the ability of businesses to make payment, but some assistance has been provided for those small businesses facing a substantial rise as a result of the recent revaluation in April 2017. Rate avoidance tactics in relation to empty rate charges in the form of claiming charitable and de-minimus occupation continue to have a significant impact upon collection rates.

The focus is to optimise performance in what continues to be a difficult environment and to effectively manage new government initiatives and encourage businesses in both cities to take advantage of reliefs that may be available.

A full revaluation of all business rate properties is now complete and the new list came into effect on 1st April 2017. The next revaluation is due in 2022.

All BIDS have been renewed and the new Morecambe BID is now in place.

- **Benefits**

The Benefit Service gave a steady performance in 2016/17, improving on processing times for changes in circumstances (8 days) whilst new claims were processed in 24 days.

The Control teams have worked tirelessly in a difficult environment to recover benefit overpayments from the poorer members of society. For both local authorities more money has been collected than in the previous financial year.

The Revenues & Benefits Service achieved a good level of performance in most operational areas during 2016/17 but 2017/18 promises to be another challenging year as welfare reforms continue to "bite" and Universal Credit continues its roll out at both authorities.

**RISK ANALYSIS**

Risk management aims to keep the shared service programmes exposure to risk at an acceptable level.

A full risk analysis has been undertaken on all work areas and a risk log has been developed, with full details reproduced in **Appendix D**.

The table below identifies any key critical impact risks in this approach and suggests appropriate mitigating action to reduce these risks.

No.	Risk	Mitigation
1.	ICT & Systems	<ul style="list-style-type: none"> <li>• Maintenance contracts in place with demanding service levels.</li> <li>• Dedicated Account Managers in respect of critical IT systems/providers.</li> <li>• Business continuity plans developed and tested.</li> <li>• Capita Remote Support contract in place for Academy systems.</li> <li>• Regular updates and de-briefs between project leaders, the project manager and Service Heads.</li> </ul>

**FUTURE DEVELOPMENT**

• **Universal Credit**

Lancaster City Council is now full digital service from 27<sup>th</sup> July 2016. Full service means that UC is open to all new claims from all claimant types, including anyone who is on existing benefits or Tax Credits and has had a change in circumstances that would naturally trigger a new claim to Universal Credit, meaning the entire household would migrate to the full service.

There have been no changes at Preston since last year.

A Data Sharing Agreement is in place between the Councils and DWP for 2017/18.

Welfare Benefits and Debt Advice continue to provide personal budgeting support for Preston customers. This service is provided by the Contact Centre in Lancaster, but take up at both sites is still very slow.

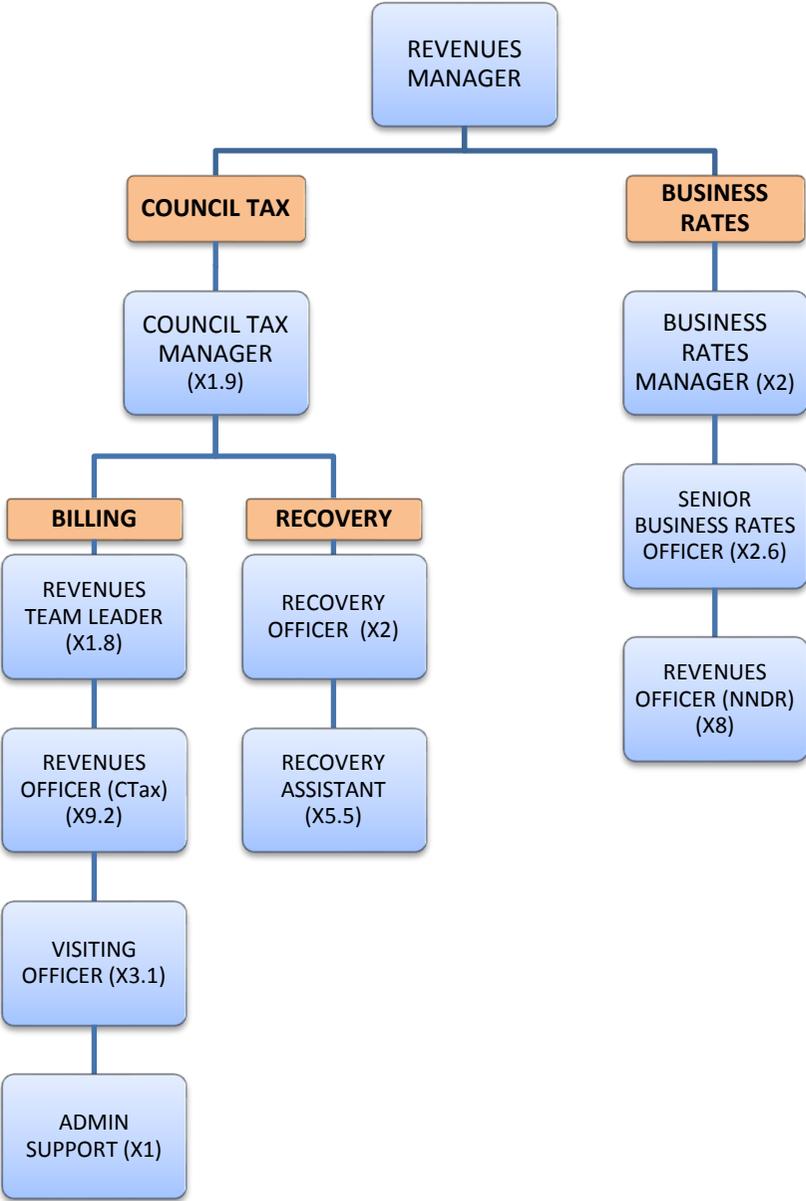
The official figure for the number of UC claims in Preston has been confirmed as 2784, but the current number of actual claims affected by Universal Credit is 684, an increase from June 2016 when it stood at 611.

The official figure for the number of UC claims in Lancaster has been confirmed as 7,399, but the current number of claims affected by Universal Credit is 1,577, an increase from 340 in June 2016.

**THREE YEAR HORIZON**

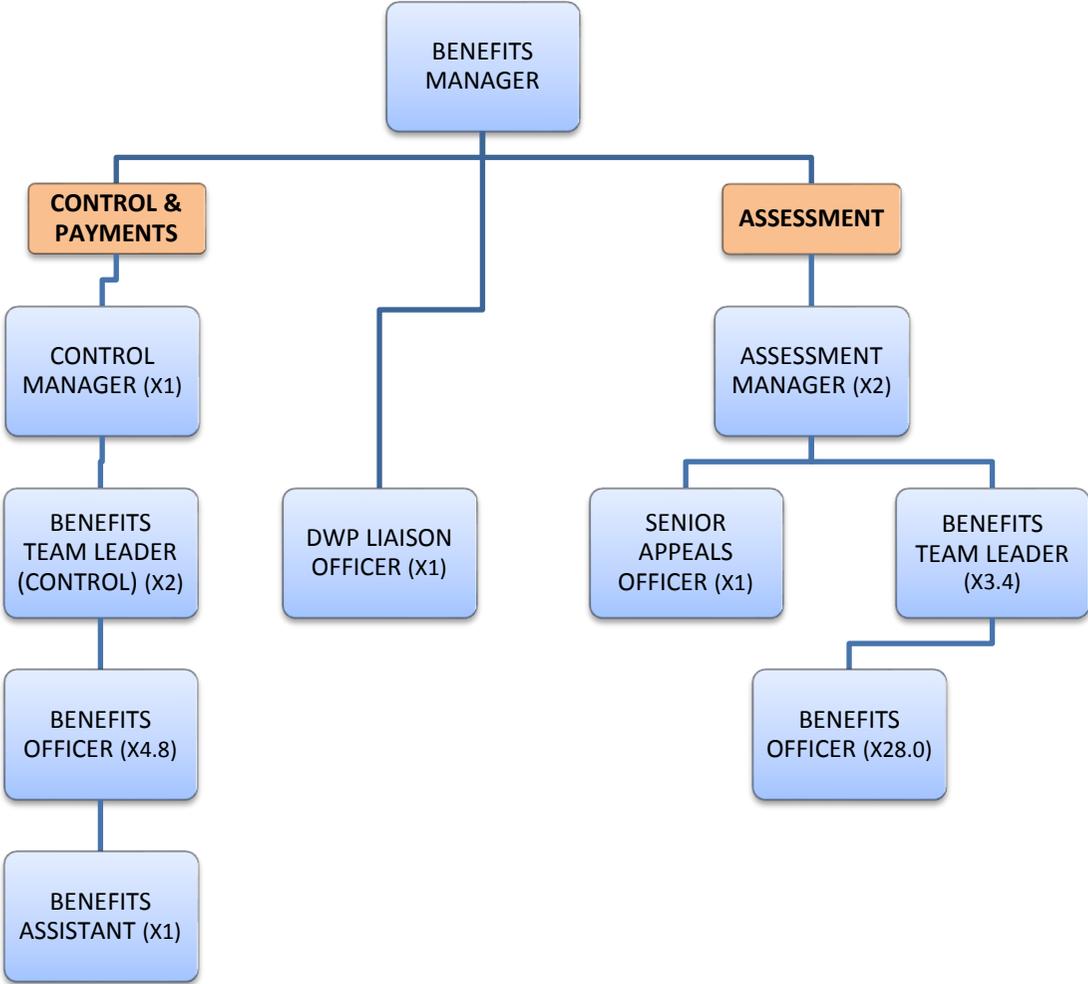
- To maintain a good standard of Benefits processing with ever reducing resources. However, ongoing welfare reforms and the difficulties with introduction of Universal Credit will continue to challenge the way in which the Benefits service is delivered.
- Progress and embrace new technology by developing and introducing e-solutions, mobile working, performance management, quality assurance and e-capture technology, in order to contribute to the section's efficiency targets.
- To ensure that staffing structures and resources are fit for purpose in our ever changing environment, shifting resources to areas of greatest need to achieve optimum results.
- The high rise in consumer debt, coupled with the Council Tax Support scheme for Preston and technical changes imposed at both sites, impacts on the ability to reach stretching in-year collection targets for Council Tax and Housing Benefit overpayments.

# REVENUES SERVICE



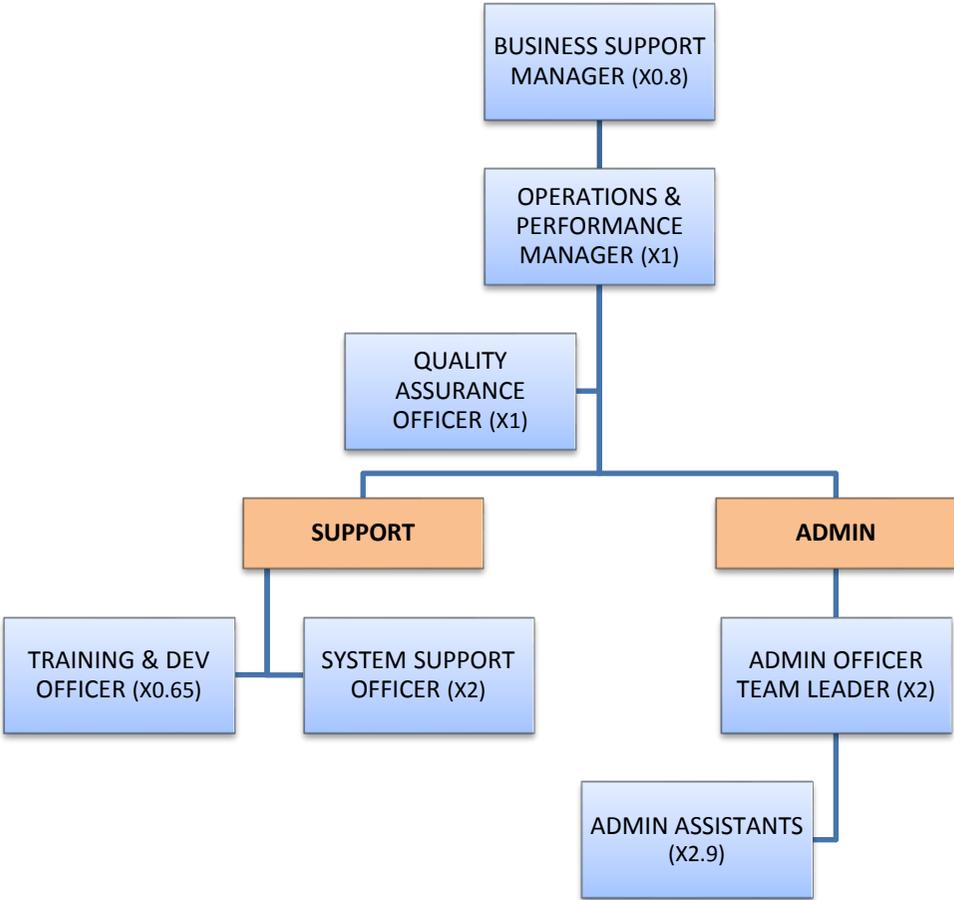
**NOTE:** (i) The structures do not reflect actual line management responsibility.  
(ii) Total Staff = 38.1 FTE's

# BENEFITS SERVICE



**NOTE:** (i) The structures do not reflect actual line management responsibility.  
(ii) Total Staff = 45.2 FTE's

# OPERATIONS SUPPORT SERVICE



**NOTE:** (i) The structures do not reflect actual line management responsibility.  
(ii) Total Staff = 10.3 FTE's

**Action Plan**

Description of Concern	Adverse issues identified	Action Required	Targets / Measure	Date Due	Responsible Officer	Monitoring
Lack of knowledge in the community.	Under-claiming of benefits.	Ensure communications are suitable ie: easy read, large font etc. To devise an easy read document for the exceptional hardship fund.	Produce & publicise information in a format that will reach members of the community that need it most.	Ongoing	Business Support Manager	
	Debt recovery processes.	Face to face and telephone advice as well as information published on-line.		Ongoing	Revenues Manager	
	Hardship	Corporate Events  Use Social Networking sites.		As & when  Ongoing	Benefits Manager	

Description of Concern	Adverse issues identified	Action Required	Targets / Measure	Date Due	Responsible Officer	Monitoring
	Reduction in benefits and impact on peoples finances and lifestyles	Work with Strategic Housing, Council Housing and other housing providers together with other agencies such as Lancashire Wellbeing, Welfare Rights, CAB		Ongoing	Supported by Community Engagement	
Equality data	Gaps in knowledge	Continuing dialogue with Community Groups at each authority  Monthly equality monitoring of the customers who apply for discretionary hardship and exceptional hardship payments.	Attend relevant meetings and forums	Ongoing		

<b>Description of Concern</b>	<b>Adverse issues identified</b>	<b>Action Required</b>	<b>Targets / Measure</b>	<b>Date Due</b>	<b>Responsible Officer</b>	<b>Monitoring</b>
Potential Homelessness	As above	Work with Strategic Housing to ensure no greater risk of homelessness.  Liaison Meetings  Publicity on the new scheme.	To minimise the detrimental affects the scheme will have on people	Ongoing   Ongoing	Benefits Manager   Benefits Manager	Welfare Reform Group   DHP Panel
Ex Armed Forces Personnel are at increased risk of homelessness	As above	Work with Community Engagement to ensure and raise awareness of the scheme through relevant forums.	As above	As above	Benefits supported by the Community Engagement Team	Benefits supported by the Community Engagement Team
Child Poverty	As above	Work with VCFS and other partners including Children's Centre's and schools to promote CTAX Support scheme	As above	As above	Benefits supported by the Community Engagement Teams	Benefits supported by the Community Engagement Teams

Description of Concern	Adverse issues identified	Action Required	Targets / Measure	Date Due	Responsible Officer	Monitoring
Disabled people are not aware of or use the CTAX Support scheme / do not apply to hardship fund if needed	As above	As above	As above	As above	Benefits supported by the Community Engagement Teams	Benefits supported by the Community Engagement Teams
Capacity for some groups to be incentivised to Work ie including:-  Ex offenders Carers Disabled people	Some communities are disproportionately reflected in unemployment figures due to responsibilities / employment history etc	Work with partners including DWP, Homeless Action, Carers Centre, Probation, BME Forum, PUKAR to tailor work clubs / promote CTAX Support scheme / Hardship fund	As above	As above	Benefits supported by the Community Engagement Teams	Benefits supported by the Community Engagement Teams

**Performance & Targets**

Performance Definition	Year 2016/17 Target		Year 2016/17 Performance		Year 2017/18 Target	
	Preston	Lancaster	Preston	Lancaster	Preston	Lancaster
<b>Revenues</b>						
% of Council Tax collected within year demanded	94%	96.8%	94.2%	96.4%	94.2%	96.4%
% of NNDR collected in year demanded	96.6%	98.8%	96.1%	99%	96.2%	98.8%
<b>Benefits</b>	<b>Shared Service</b>		<b>Shared Service</b>		<b>Shared Service</b>	
Average turnaround time for new claims (measured in days)	23		24		23	
Average turnaround time for changes in circumstances	10		8.1		10	
% recovered of Housing Benefit overpayments raised during the year	65%	70%	65.67%	78.69%	65%	70%
% recovered of Housing Benefit overpayments raised in previous years.	26%	35%	26.89%	29.34%	26%	30%

**REVENUES & BENEFITS SHARED SERVICE RISK LOG**

	<b>Risk Description</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Mitigation</b>
1.	ICT & Systems	Low	Critical	<ul style="list-style-type: none"> <li>• Maintenance contracts in place with demanding service levels.</li> <li>• Dedicated Account Managers for high profile systems.</li> <li>• Business continuity plans developed and tested.</li> <li>• PRINCE2 accredited ICT project managers.</li> <li>• Regular updates and de-briefs between project leaders, the project manager and heads of service.</li> <li>• Capita Remote Support for Academy Systems.</li> <li>• Disaster Recovery testing carried out.</li> </ul>
2.	Reduction in quality of service and/or performance - Shared Service fails to deliver the desired outcomes	Low	Significant	<ul style="list-style-type: none"> <li>• Continuously review staffing structure to ensure it remains fit for purpose.</li> <li>• Contingency plans in place to enable input of additional resources from either site to minimise risk during early stages.</li> <li>• Set realistic performance targets.</li> <li>• Overview by Joint Committee and S151 Officers.</li> </ul>
3.	Welfare Reform	High	Significant	<ul style="list-style-type: none"> <li>• Universal Credit (i.e. transferring responsibility for paying housing costs from the LA to DWP) when forecasting staffing numbers required to perform the residual tasks associated with UC.</li> <li>• Shortfall in income through the introduction of Localised Council Tax Support Scheme and not being able to collect from customers who have previously not paid Council Tax. Pressure on Revenues teams to maintain collection rates.</li> <li>• Lack of information on changes to the benefits systems from DWP and DCLG poses a risk for Council's that they will not forecast income/ expenditure/resources accurately (in addition to grants being cut).</li> </ul>